

ANALYSING BUSINESS ZAKAH PAYMENT TOWARDS KUALA LUMPUR COMPANIES BY THE APPLICATIONS OF MICROSOFT EXCEL

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Abstract: *One of the five pillars of the Islamic faith is zakah, an obligatory form of "charity" that all Muslims are required to pay. Zakah is used to cleanse property, but it is also used to cleanse the hearts of those who pay it of greed and selfishness. Corporate zakah from Muslim businesses is still relatively low, even though annual zakah collections are steadily rising. It is due, in part, to uncertainties regarding the way the Zakah institution is handling the money. The purpose of this study was to ascertain the businesses' business zakah payments to the zakah institution. this study tries to apply the Commitment Trust Theory (TKK) (Morgan & Hunt, 1994). The material benefits and perception are the factors that the researcher looks in the fill gaps when looking at that theory. The perception of zakah Institutions (ZI) and material benefits are the antecedents that impact business zakah payments. To test the hypothesis, 31 questionnaires in total were examined. Data were gathered for this study using questionnaires, a quantitative method of data collection. The study's focus is on Kuala Lumpur, Malaysian businesses that are eligible to pay business zakah. The data was run by Microsoft Excel 2016. According to data from this study, the materials benefits had a favorable impact on business responsibility and encouraged business companies' zakah payment. Additionally, the perceptions of zakah institutions have an impact on how business zakah payers behave in terms of compliance.*

Keywords: *Business Zakah Payment, Material Benefits, Perception of Zakah Payment*

Introduction

As per Qardawi (2000), the literal meaning of *zakah* is to increase and spread. The term "*zakah*" in Arabic refers to the act of purifying something from impurities or dirt. Theologically speaking, it alludes to spiritual cleansing brought about by *zakah* giving. According to Maududi (1988), if someone does not use the wealth that has been bestowed upon them to fulfil Allah's servant's right, then their wealth is impure. It also refers to expansion or growth, which has two aspects: first, achieving spiritual advancement by appeasing Allah; and second, redistributing income (because Islam forbids hoarding and accumulation), which results in increased happiness and in turn spurs growth and production. The transfer of ownership of certain property to particular individuals subject to specific conditions is referred to by the legal term "*zakah*." One of Islam's five pillars is the payment of *zakah*, which requires Muslims to give a portion of their income (based on specific rules and circumstances) to the designated beneficiaries. As stated in Surah At-Taubah (60), the Qur'an names eight groups of beneficiaries: the needy, the impoverished, the *zakah* administrator, those whose hearts are inclined (including recently converted Muslims without financial support), slaves, debtors (debts resulting from legitimate needs), in the cause of Allah (Fi sabilillah), and wayfarers (Ibnu sabil) (Muhammad, 1980).

Zakah is a mandatory religious offering that is part of Islam's five "pillars." It is levied at a base rate of 2.5 percent on savings, gold and silver, and corporate revenues and assets. Islam requires its followers to pay *zakah* in order to assist the impoverished in meeting their basic needs, according to Mohammed (2007). Muslims view *zakah* as a way of "purification" as opposed to just a tax, unlike a traditional tax (Gambling, T. E. & Karim, 1986). In addition, Sulaiman (2003) asserts that *zakah* is essential to society's moral and social well-being in addition to the economy.

Zakah on the profits of business property, be it manufacturing, mining, fishing, shipping, supply, agriculture, services, or similar activities, is known as business *zakah*. It describes any transient worldly asset ('urudh) that is exchanged for a commodity (Al- Zuhayly, 1995). It also includes any immovable asset or property, like a house or building that is exchanged but left unoccupied. When evaluating *zakah*, the whole company is looked at, and the percentage of the business owned by Muslims is used to determine how much *zakah* should be paid. The company that possesses all the physical control over the assets and guarantees their free ownership is the one with full ownership. Thus, *zakah* does not apply to assets held as collateral.

Generally speaking, before business *zakah* can be used, a number of requirements must be satisfied. Three mandatory things have been agreed upon: nisab, haul, and purpose to do business on the products involved. This is despite disagreements amongst the four major sects (Hanafi, Maliki, Syafie, and Hanbali) regarding the mandatory criteria (PPZ MAIWP, 2015). PPZ MAIWP (2015) states that the following five conditions must be satisfied: enough haul, enough nisab, business intention, absolute ownership, and Islam. Surah Al-Baqarah verse 267 contains the evidence used to make *zakah* mandatory on commercial property. The value of the local currency in terms of gold, or 85 grammes, is known as the nisab rate of commercial *zakah*. What is owned at the end of the business year is the haul, or the period used to assess its sufficiency, according to Imams Syafi'i and Malik. This implies that even if there is insufficient gold at the start or middle of the year, the merchant is still required to pay *zakah* if there is more than 85 grammes of gold at the end of the year.

According to the statistic by PPZ MAIWP, 2020 the list of business *zakah* payers, there are 1166 companies registered and have made *zakah* payments in 2020 and received a collection or grand total of RM118,943,243.00. Meanwhile, based on the pivot chart, the five highest *zakah* payments received were from the following companies,

1. Companies Commission of Malaysia
2. Lembaga Tabung Haji
3. Bank Islam Berhad
4. Tenaga Nasional Berhad
5. UMW Holdings Berhad

Apart from that, from the data, it is found that the average of the total business *zakah* payment, or mean, which is RM102,009.64. While the middle value or median recorded as much as RM4,290.50 and for most often cost value or mode record a value of RM500. In this report, there are two factors that we focus about the *zakah* payment which are the factors of material benefit, and perception of *zakah* payments.

Problem Statement

Muslim's business companies pay *zakah* to alleviate poverty and promote equitable wealth distribution. Business *zakah* contributes significantly to *zakah* collection in Malaysia, particularly in Kuala Lumpur. According to a Sinar Harian article, PPZ-MAIWP stated that a total of RM88 million collected for the period January to November 2019 showed a decrease of three percent for the same period last year (Jaafar, 2019). There should be no more excuses for Muslim traders not to pay *zakah* because the law of payment of business *zakah* is clearly stated in the Quran. The simplified payment method should also be able to increase traders' commitment to *zakah* payment. However, many traders continue to refuse to commit to pay *zakah* to *zakah* institutions. (Ghazali, 2019)

The question of why this is still not explained by *zakah* literature in particular. This issue should be investigated to identify the factors that influence *zakah* payers to pay business *zakah* through *zakah* institutions and, hopefully, to answer the related questions. However, studies on this topic in the context of *zakah* are still hard to obtain. When compared to other fields of study, the *Zakah* in reality is unique. This is because not only is the material benefit, perception of *zakah* Institution, and belief in *zakah* related to religion, but the *zakah* environment is also lengthy in terms of law and enforcement. (Ghazali, 2019)

In the present environment, the issue of *zakah* on business is rarely discussed, particularly how to increase the number of businesses *zakah* payers. Today, the *zakah* on wealth exceeds the total *zakah* on business (HalZiah et al., 2011). According to (HalZiah et al., 2011), this is due to the Malaysian *zakah* institution still facing several obstacles in increasing the collection of business *zakah*. This situation cannot happen in the future because *zakah* on business has the potential to be the largest contributor to the amount of *zakah*. However, *zakah* compliance behavior continues to be an issue in many Muslim countries, including Malaysia, which is said to have a poor collection among Muslim entrepreneurs who are required to pay *zakah* on business but fail to do so (Al Jaffri Saad et al, 2014). Apart from that, tax collection is the willingness of the taxpayer to comply with regulations for the country's economic balance, and *zakah* is one of the required Islamic responsibilities that anyone fulfills the necessary requirements for achieving righteousness and a good soul (Khamis et al., 2014).

According to this situation, the main issue is that the collection of *zakah* funds is yet to be effective, and even though there are many businesses in Malaysia, *zakah* collection on business is still low and not optimal. This is because some companies pay their *zakah* business while others do not. To address this issue, the discussion is divided into two parts: *zakah* collection is not yet optimal, and the factor of business *zakah* payment is still unknown. A benchmark against the estimated actual collection potential is required to measure the true achievement of a *zakah* collection. As a result, a study is required to determine the potential of *zakah* collection in order to provide a benchmark for the true achievement of *zakah* collection. The reason for this situation could be a lack of knowledge among the Islamic business community about paying business *zakah* and a lack of motivation among them to fulfill their obligation to pay business *zakah* (Ab Rahman et al., 2021).

As a result, this study fills gaps in previous *zakah* research. To begin, this study takes a fresh look at the factors that influence Mualim Business Company to pay *zakah* legally through *Zakah* Institutions. Second, this study to try to apply the Commitment Trust Theory (TKK) (Morgan & Hunt, 1994). The material benefits and perception are the factors that researcher looks in the fill gaps when looking that theory.

Research Objective

This study intended to determine a few goals, all of which should be taken into consideration in order to ensure that the findings are accurate and in accordance with what the researchers are seeking for. The following are the study's goals:

- i. To examine the relationship between material benefits and business *zakah* payment
- ii. To examine the relationship between the perception of *zakah Institution* and belief and business *zakah* payment.

Research Questions

The following are the research question for this study:

- i. Does material benefit influence business *zakah* payment?
- ii. Does perception of *zakah Institution* influence business *zakah* payment?

Literature Review

The Underlying Study of Trust and Commitment Theory Model and Business *Zakah* Payment

Research is being done on the different facets of business *zakah* in order to examine the different elements that influence how individuals and financial institutions decide which business *zakah* to pay. Some of these studies also examine the differences between business *zakah* and business income tax. The breadth of these studies has expanded due to the growing quantity of research on business *zakah*. A number of these studies concentrate on how owners and the organisations that run it get confused about the payment method. However, studies on trust and commitment to Institution *Zakah* (ZI), particularly in the *zakah* context, are scarce. In contrast to previous studies, the focus of this study is to use the TKK model approach (Morgan & Hunt, 1994) to examine the effect of the variables presented on business *zakah* payers' trust and commitment to ZI.

TKK is based on observations of marketing principles (Morgan & Hunt, 1994). Relationship marketing, according to Morgan and Hunt (1994), encompasses all types of marketing activities between firms and groups of partnership partners such as suppliers (goods and services), buyers

(wholesalers, retailers, and consumers), within organizations (business units, employees, and departments), and external (competitors, government, and nonprofit organisation) that lead to the formation, development, and maintenance of successful reciprocal relationships.

The TKK model (Morgan and Hunt, 1994) was developed as a result of particular observations of the characteristics that permit successful long-term marketing relationships and how those constructs interact (Wilson, R. K., & Eckel, 2011; Morgan and Hunt, 1994; Dwyer, F. R., Schurr, P. H., & Oh, 1987). Trust is defined as faith in a business partner's dependability and integrity, whereas commitment is defined as the desire to preserve a valuable connection with a business partner (Morgan and Hunt, 1994). Both must exist and having just one element is insufficient to produce a beneficial outcome.

Through the use of relationship marketing approaches for the purposes of this study, the two key aspects are the *Zakah* payer (fund contributor), who will be considered the buyer, and *ZI* (fund manager), who will be regarded as the seller. Although there is no physical product produced by *ZI* that *zakah* payers may enjoy, the aspect of services supplied by *ZI* to *zakah* beneficiaries, called *asnaf*, serves as a yardstick in determining how long *zakah* payers will continue to contribute *zakah* through *ZI*. In fact, Rothschild (1979) distinguishes the relationship between fund donors and the entity that manages the fund from the buyer-seller relationship.

Factors That Contribute to The Business *Zakah* Payment Toward Company in Kuala Lumpur, Malaysia

The Preliminary Study of Material Benefits and Business *Zakah* Payment

Material benefits are grants in the form of benefits received directly from the proceeds of a given contribution such as economic benefits through tax deductions (Treiblmaier & Pollach, 2006; Romney-Alexander, 2002; Clotfelter, 1997) and recognition as operating expenses in maximising profits. This is also known as the extrinsic benefit, which occurs when a fund contribution is exchanged for something that benefits the fund contributor (MacMillan et al., 2005; Rempel et al., 1985).

Zakah is an obligatory payment made by Muslims to support those in need and is one of the five pillars of Islam. It is calculated based on the value of an individual's assets and is typically 2.5% of the total value. In the case of businesses, all stock in trade is liable for zakat, including land and real estate that has been bought for the purpose of resale. Raw materials, goods, and loans taken out to acquire zakatable assets can be deducted from the capital before calculating zakat

A study conducted in Bangladesh found that business *zakah* has extensive scope and promising prospects to be an instrument of financing social projects aimed at ensuring social well-being of the disadvantaged. Around thirty-five percent of sample entrepreneurs used business *zakah* funds for fully and partially financing their social projects. On average, annual business *zakah* fund amounts to nearly 144m BDT (around US\$1.7m) per business enterprise

Another study compared and contrasted *zakah* and taxation, especially on the legal, economic, social, ethical, and spiritual aspects. The paper indicates that *zakah* greatly differs from the taxation system. *Zakah* aims not only to achieve religious merit but also to become part of the modern state fiscal policies and share a greater role in removing inequalities in society. The

paper argues that there may be a lack of proper implementation of *zakah* in Muslim countries, which limits the success of the noble aims of *zakah*. Finally, the paper indicates the urgent need for education and the political will of modern governments to ensure the success and survival of *zakah*.

In terms of accounting, *zakah* accounting is a part of shari'a accounting, which affirms that a company or business organization is united with its owner, so he has an obligation to pay zakat. Consequently, the business organization changes its orientation from profit and stockholder-oriented to *zakah*-oriented, conservation of nature-oriented, and stakeholders-oriented. However, the lack of application of the accounting application of zakat, particularly asset calculation example zakat, then this book is more feasible categorised in the areas of management of zakat.

Sole proprietors or partnerships of Islamic business enterprises are defined as receiving these direct benefits through tax rebates from the amount already paid to the *Zakah* Institution in the context of this study and current practise. In comparison to private or public firms, which are only authorised to be recognised as running expenses, the material benefit from the *zakah* paid is an advantage in decreasing their operating tax. Based on Adibah Abdul Wahab & Joni Tamkin Borhan (2014); Mohd Rahim et al. (2011) stated that it should also serve as a strong motivator for them to pay *zakah*. As a result, the material benefits provided to sole proprietorships and potential partnerships should be used to motivate them to pay business *zakah* to *Zakah* Institutions. As a conclusion, this variable is assumed to enhance commitment and is included in the study's conceptual framework. (Ghazali, 2019). Accordingly, this discussion has referred to the hypotheses the following:

H0: There is relationship between material benefits and Business *Zakah* Payment

H1: There is no relationship between material benefits and Business *Zakah* Payment

The Preliminary Study About Perception of *Zakah* Institution and Business *Zakah* Payment

Every year, *zakah* collection for all *Zakah* Institutions in the state has shown an encouraging increase, surpassing the RM2.2 billion mark in 2013. (Berita Harian, 2014). Several factors have contributed to this, including online payment options, salary deductions, the opening of counters in public focus centers, and so on. Despite the fact that this large.

collection has allowed for more distributions to *asnaf*, there have been complaints about the distribution of *zakah* (Ahmad et al., 2009). *Zakah* payers' complaints about this distribution problem have merit because studies have revealed inefficiency in *zakah* Institution (Saad and Abdullah, 2014; Ahmad and Wahid, 2005; Johari, 2013). According to Ahmad, Wahid, and Mohamad (2006), 57.1 percent of *zakah* payers are dissatisfied with *Zakah* Institutions, particularly in terms of *zakah* Institution to *asnaf*.

A study conducted in Bangladesh found that business *zakah* has extensive scope and promising prospects to be an instrument of financing social projects aimed at ensuring social well-being of the disadvantaged. Around thirty-five percent of sample entrepreneurs used business *zakah* funds for fully and partially financing their social projects. On average, annual business *zakah* fund amounts to nearly 144m BDT (around US\$1.7m) per business enterprise. The findings of this research can be used as a guide to promote business *zakah* to finance social programs aimed

at ensuring the well-being of the underprivileged of all societies particularly of Muslim countries representing one-fourth of the world population.

Another study investigated the factors that influence the intention of paying zakat maal through zakat institutions. The study found that paying zakat via institutions provides a better way to assist rightful recipients, and various suggestions are made to zakat managers, policymakers, and muzaki. The research highlights a new perspective by examining the intention of paying zakat maal through institutions with the additional variables of knowledge, trust, and perceived ease of use.

A mail survey was conducted to examine perceived service quality towards zakat institution among 227 Muslim businessmen in one of the states in Malaysia. The study found that the role of Zakat institution in providing service quality is an important factor to attract and influencing corporation to pay Zakat.

In conclusion, the perception of *zakah* institutions and business *zakah* payment has been studied in various contexts. The findings of these studies can be used to promote business *zakah* to finance social programs aimed at ensuring the well-being of the underprivileged of all societies, particularly of Muslim countries representing one-fourth of the world population. Paying zakat via institutions provides a better way to assist rightful recipients, and the role of Zakat institution in providing service quality is an important factor in attracting and influence the corporation to pay Zakat.

Often, the problems with *zakah* that are highlighted in the local media revolve around the poor and needy who are still denied assistance from *Zakah* Institutions. This issue is thought to stem from the *Zakah* Institutions in Malaysia, which is said to violate the principle of *al-awlawiyyat* (priority) in distributing *zakah* (Saad and Abdullah, 2014). According to the principles discussed by Al-Qardhawi (1996), when making decisions, those that bring about a fairer situation, its value and implementation from the standpoint of law and public interest must be priority *Zakah* Institutions. In other words, the main and urgent needs should come first, with the rest following in order of priority depending on the circumstances or needs of the time. For example, in 2009, *zakah* Institution to *asnaf* fi-sabilillah far outpaced distribution to *asnaf* fakir and miskin (Saad and Abdullah, 2014).

The community perceives *Zakah* Institutions's failure to distribute *zakah* money more effectively to include *Zakah* Institutions that are still directly overseen by the State Islamic Religious Council (MAIN) or have been privatised (Ahmad et al., 2009). The general public is unaware whether a *Zakah* Institutions has been privatised only in terms of collection, distribution, or both at the same time. They value the extent to which the *Zakah* Institutions have performed their duties effectively to alleviate the suffering of the poor and the poor who are frequently highlighted by the media to find the *Zakah* Institutions' weaknesses. What is more important is how to deal with negative perceptions so that they have a clear impact on *zakah* payment through formal institutions (Ahmad dan Wahid, 2005).

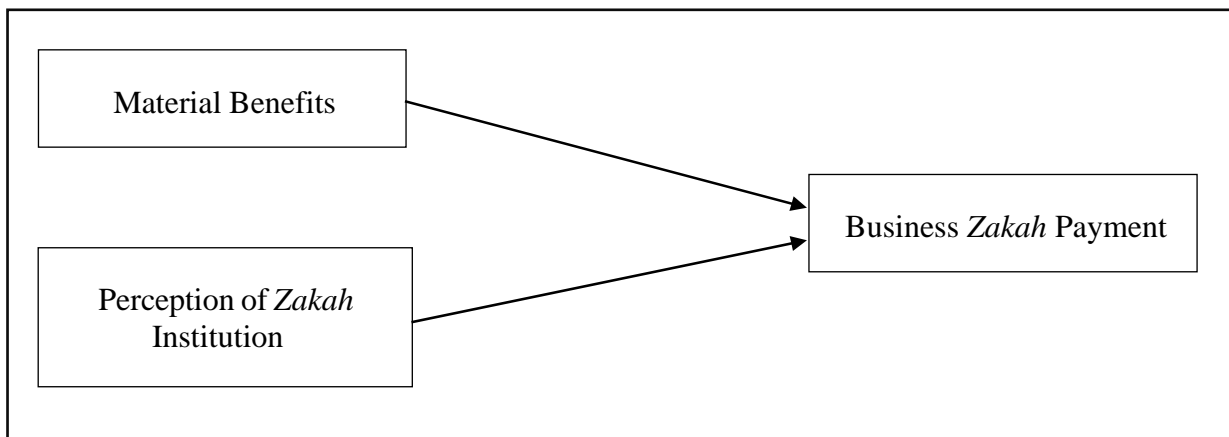
The preceding discussion has led to the conclusion that *Zakah* Institutions must strengthen the perception of *zakah* Institution to *asnaf* because it has the potential to influence the trust of business *zakah* payers in *Zakah* Institutions. In this regard, one of the variables in the conceptual framework of this study is the perception factor of *zakah* Institution. (Ghazali, 2019). Accordingly, this discussion has referred to the hypotheses the following:

H0: There is relationship between perception of *zakah* Institution and Business *Zakah* Payment

H1: There is no relationship between perception of *zakah* Institution and Business *Zakah* Payment.

Conceptual Framework

There are three independent variables which are material benefits, perception of *zakah* Institution and trust while factors that contribute to the business *zakah* payment toward company in Kuala Lumpur is used as dependent variable.



INDEPENDENT VARIABLES

DEPENDENT VARIABLE

Figure 1: Conceptual Framework

Sources: (Treiblmaier & Pollach, 2006; Romney-Alexander, 2002; Clotfelter, 1997), (MacMillan et al., 2005; Rempel et al., 1985), (Polonsky and Macdonald, 2000), (Bekkers & Wiepking, 2011b; Bekkers & Wiepking 2011a), (Barclay, 2004), (Ghazali, 2019), (Adibah Abdul Wahab & Joni Tamkin Borhan, 2014; Mohd Rahim et al., 2011), (Berita Harian, 2014), (Ahmad et al., 2009), (Saad and Abdullah, 2014; Ahmad and Wahid, 2005; Johari, 2013), (Al-Qardhawi, 1996), (HalZlah Md Arif, 2011)

Methodology

In this study, the researcher will use the survey technique method which a quantitative research method which is primary data is obtained through a survey with the selected samples and referred to as the first information or data originally obtained by the researcher on the variable. For the purposes of this study, researchers have decided to use the survey as a method of collecting data. The researchers conducted a survey technique with is selected one CEO or Ahli Lembaga Pengarah as a respondent from the companies who are known and handle the *zakah* business payment to get detailed information about the company as well as future strategy and plans in regard to the responsibility and motivation of corporate *zakah* payment. This section of the questionnaire consists of parts A, B, C, and D. For section A is material benefits, part B is the perception of the *zakah* Institution, part C is the dependent variable (Business *Zakah* Payment) and Part D is for business profile. This measurement item was adapted from the thesis Mohamad Zulkurnai Ghazali, *Business Zakah*, 2019. Added here some survey questions for Part A, B, C, and D. Part A from the factor of material benefits, Part B from the factor of perception of *zakah* Institution, Part C is for business *zakah* payment.

Discussion

Finding and Analysis

Descriptive Analysis (Business Profile)

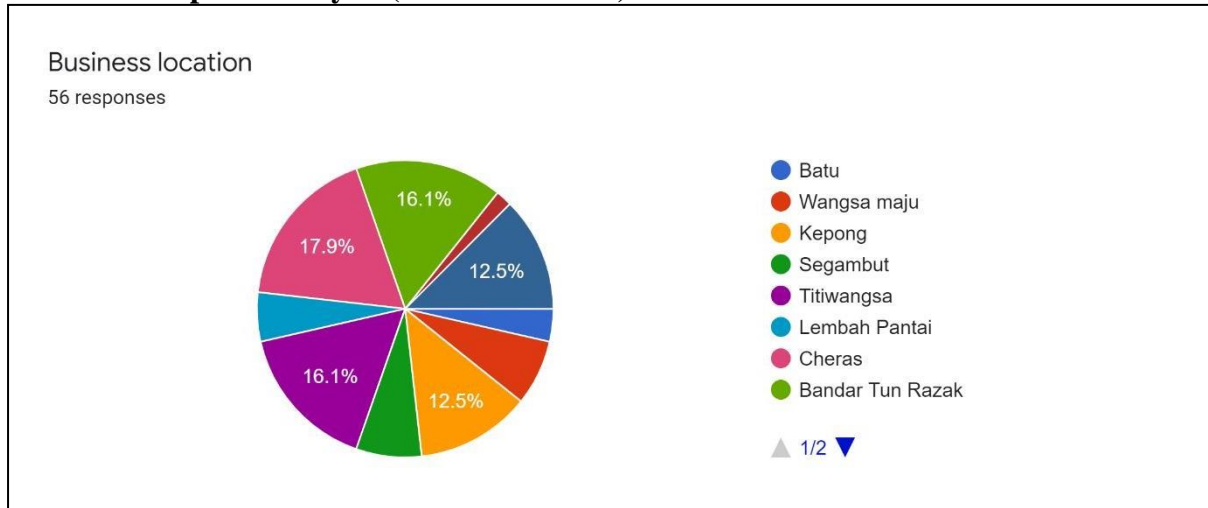


Figure 2: Location of the Business

Based on the pie chart, 17.9 percent of the companies that responded to this survey consisted of companies located in Cheras, while 16.1 percent of companies were in Titiwangsa and Segambut.

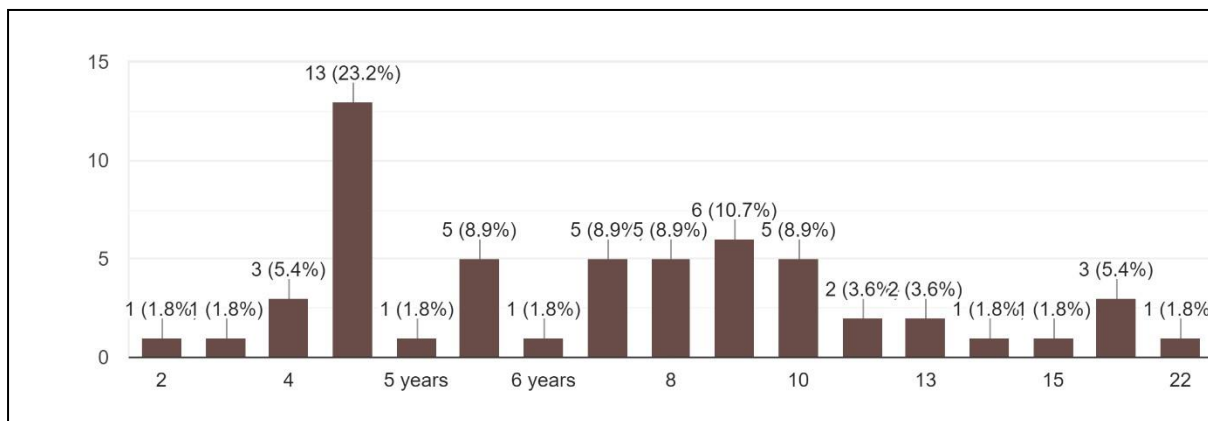


Figure 3: Number of years in Operation

Based on the bar chart, as many as 23.2 percent of companies that pay *zakah* operate for 4 and a half years. This may be because the company is just starting a business so not many employees the company hires.

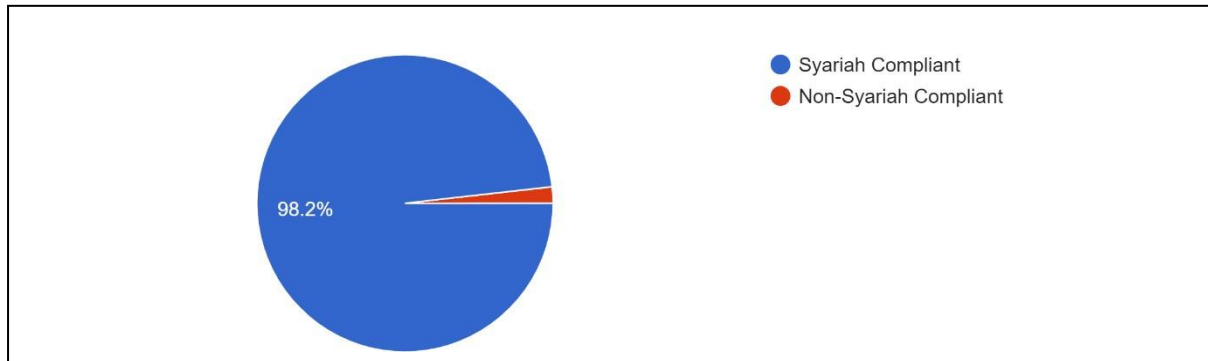


Figure 4: Status of the Business

Based on the pie chart, the majority of companies that pay *zakah* are Shariah -based companies which is 98.2 percent while there are also a few companies that are not Shariah compliant in paying *zakah*.

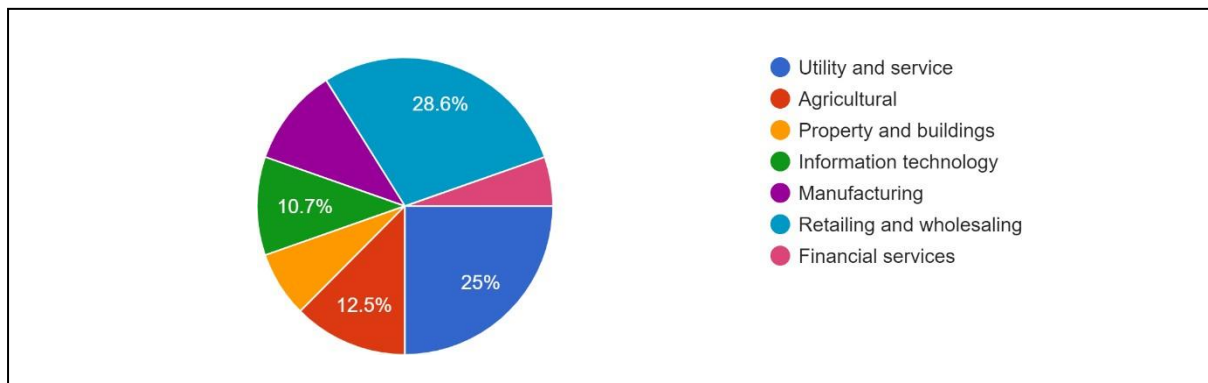


Figure 5: Business Sector

Based on the pie chart, 28.6 percent of companies are retail and wholesale companies that pay *zakah* in Kuala Lumpur. There are also companies that are utilities and services which is 25 percent. Financial service is the least *zakah* - paying business sector in Kuala Lumpur.

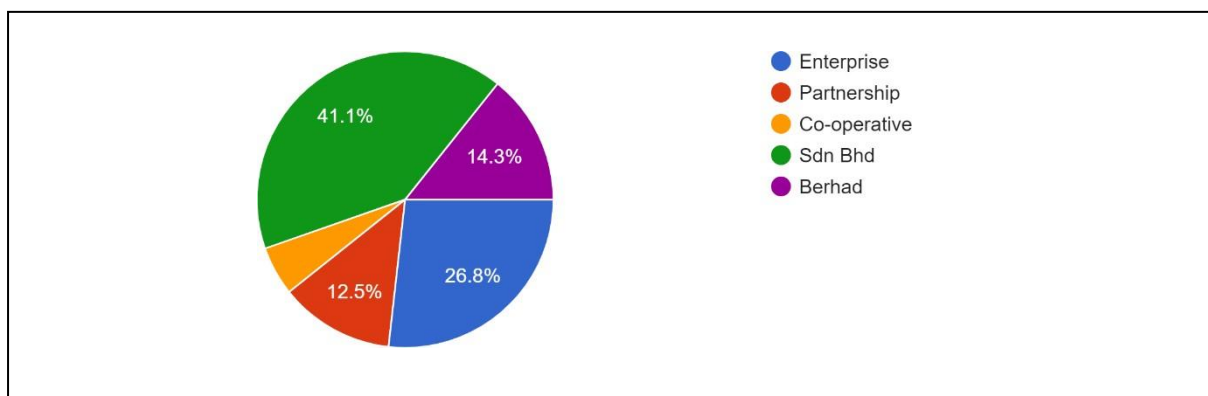


Figure 6: Business Category

Based on the pie chart, the majority of business categories are among private limited companies, “SDN BHD” which is 41.1 percent followed by enterprise companies which is 26.8 percent. Co-operatives are the fewest business categories in Kuala Lumpur to pay *zakah*.

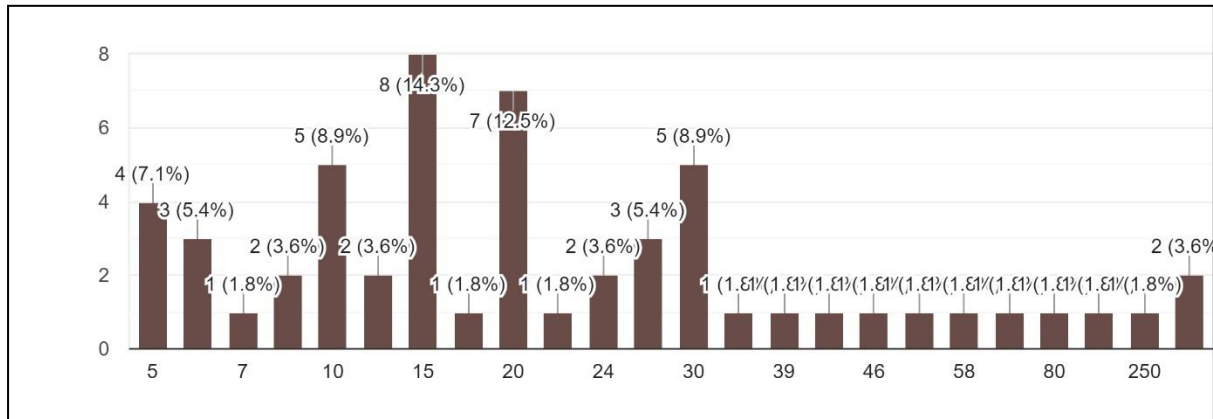


Figure 7: Number of Employees

Based on the bar chart, 14.3 percent of companies that pay *zakah* in Kuala Lumpur have 15 employees followed by 12.5 percent of companies have 20 employees.

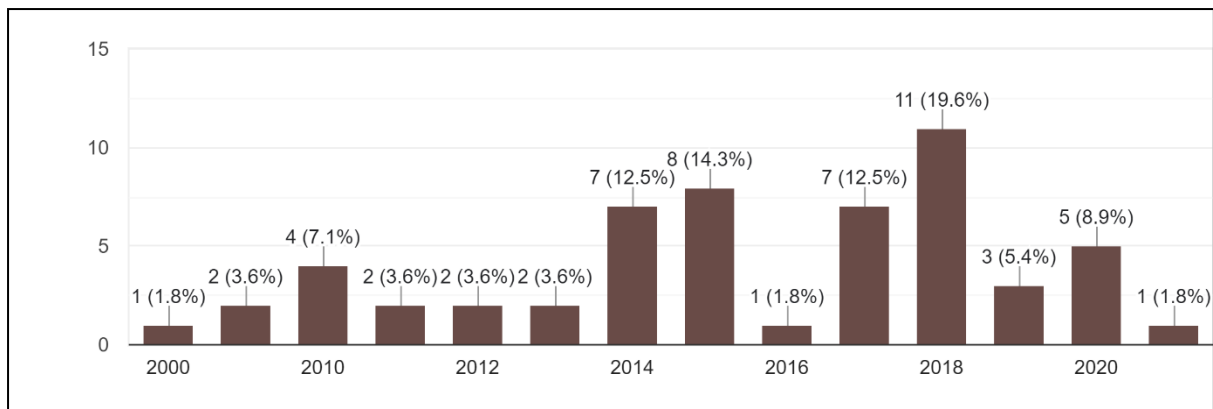


Figure 8: When (in a year) the company first paid *zakah* on business?

Based on the bar chart, the majority of companies pay *zakah* for the first time in 2018, which is 19.6 percent. While the minority of companies started paying *zakah* in 2000, 2016 and 2021 which is 1.8 percent.

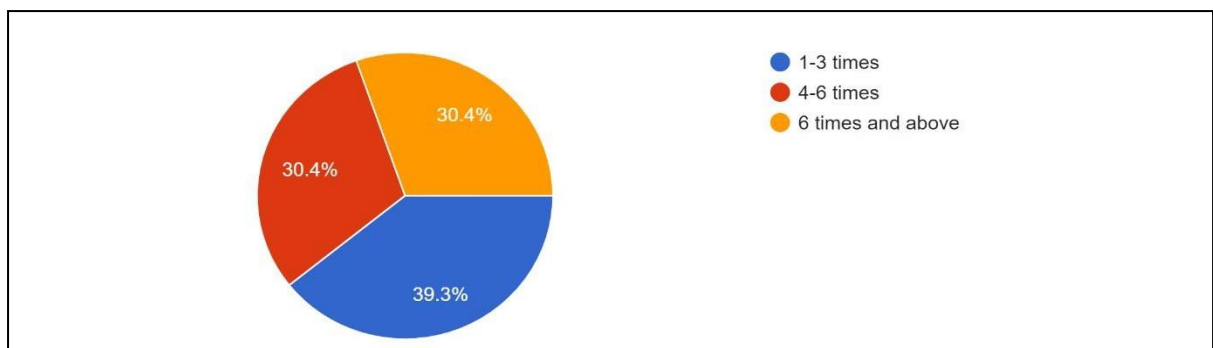


Figure 9: How many times *zakah* payment is paid during business operation?

Based on the pie chart, the majority of companies have paid *zakah* throughout the operation of the business is 6 times and above which is 39.3 percent. There are also companies that pay *zakah* 1-3 times and 4-6 times, which is 30.4 percent respectively.

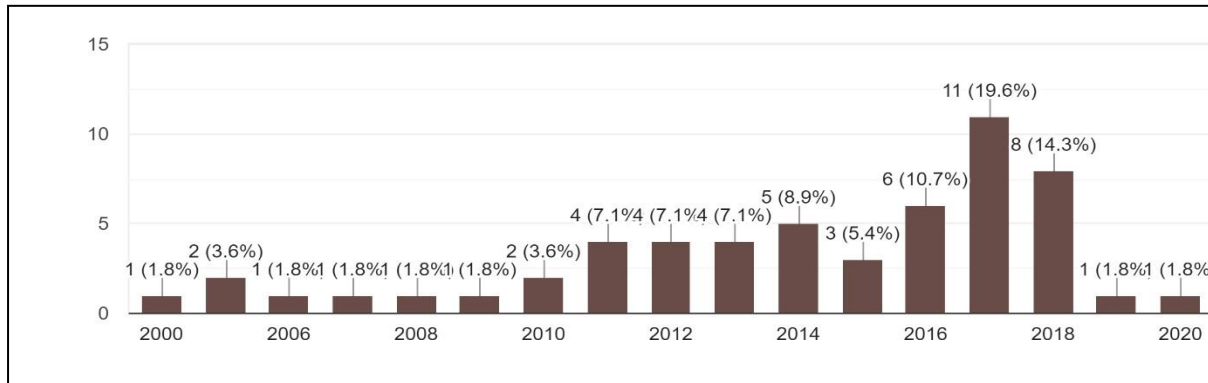


Figure 10: When (in a year) the company starts operation?

Based on the bar chart, the majority of companies started operations in 2017 with 19.6 percent. In 2019 and 2020, not many companies started operating because at that time the country experienced an economic recession due to the implementation of the curfew order (lockdown) made due to the covid-19 pandemic.

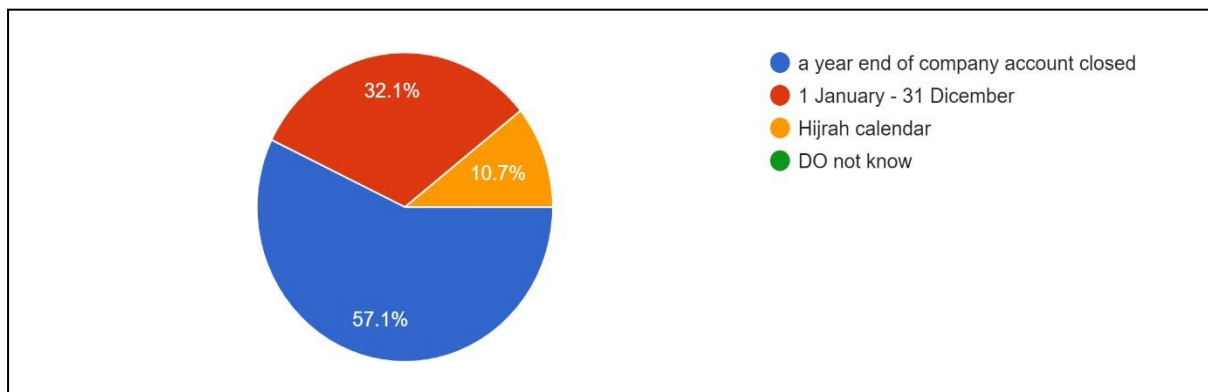


Figure 11: Company pays *zakah* on business

Based on the pie chart, the majority of companies that pay business *zakah* when the end of the year the company's account is closed is 57.1 percent. A total of 32.1 percent of companies pay *zakah* from January 1 to December 31. Some companies also pay *zakah* according to the Hijrah calendar, which is 10.7 percent.

Residual Plot

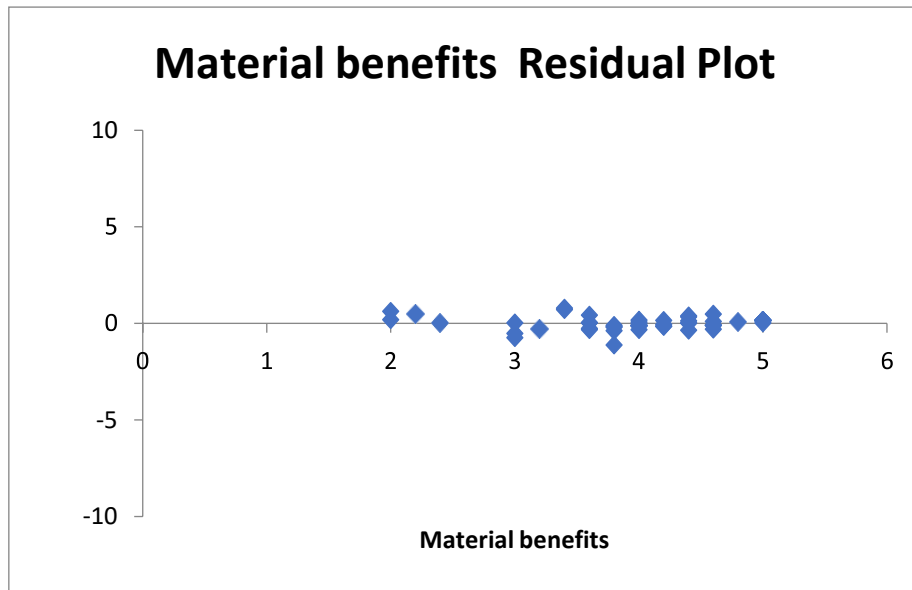


Figure 12: Material benefits Residual Plot

The points are dispersed at random around the residual=0 line in the residual plot for independent variable 1—material benefits. We can draw the conclusion that a linear model of material benefits is suitable for modeling this data.

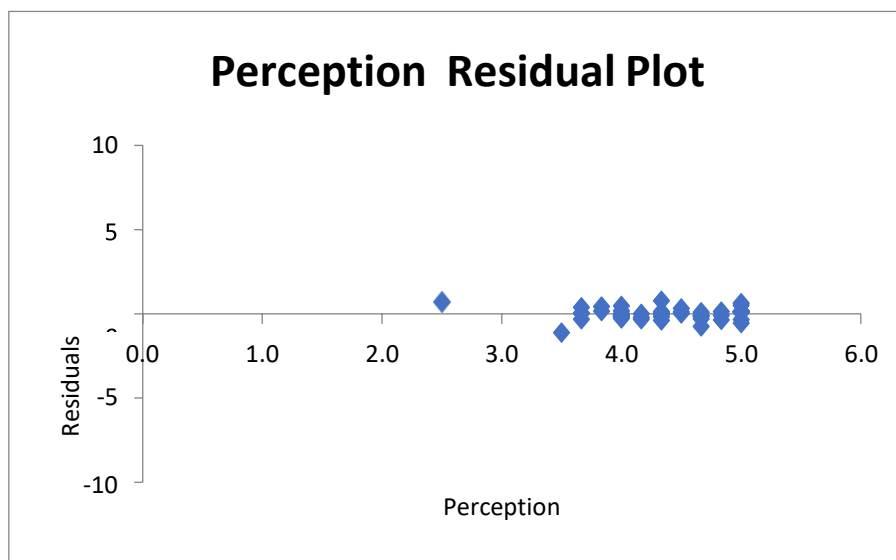


Figure 13: Perception Residual Plot

The residual plot for independent variable 2, perception, shows the same outcome, and the spots are dispersed at random around the residual=0 line. We may draw the conclusion that a linear model suitable for these data also includes perception.

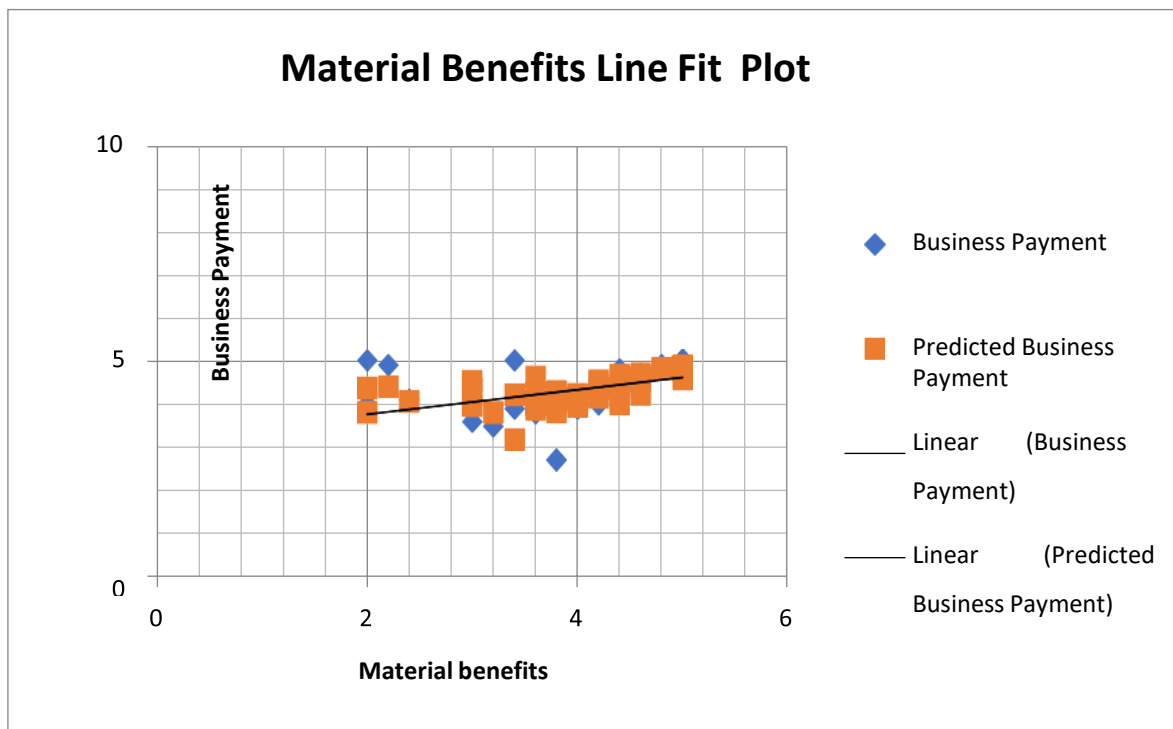


Figure 14: Material Benefits Line Fit Plot

The material benefit line fit plots reveal that the majority of the data points are in close proximity to the line. As a result, the line does seem to be slightly curved.

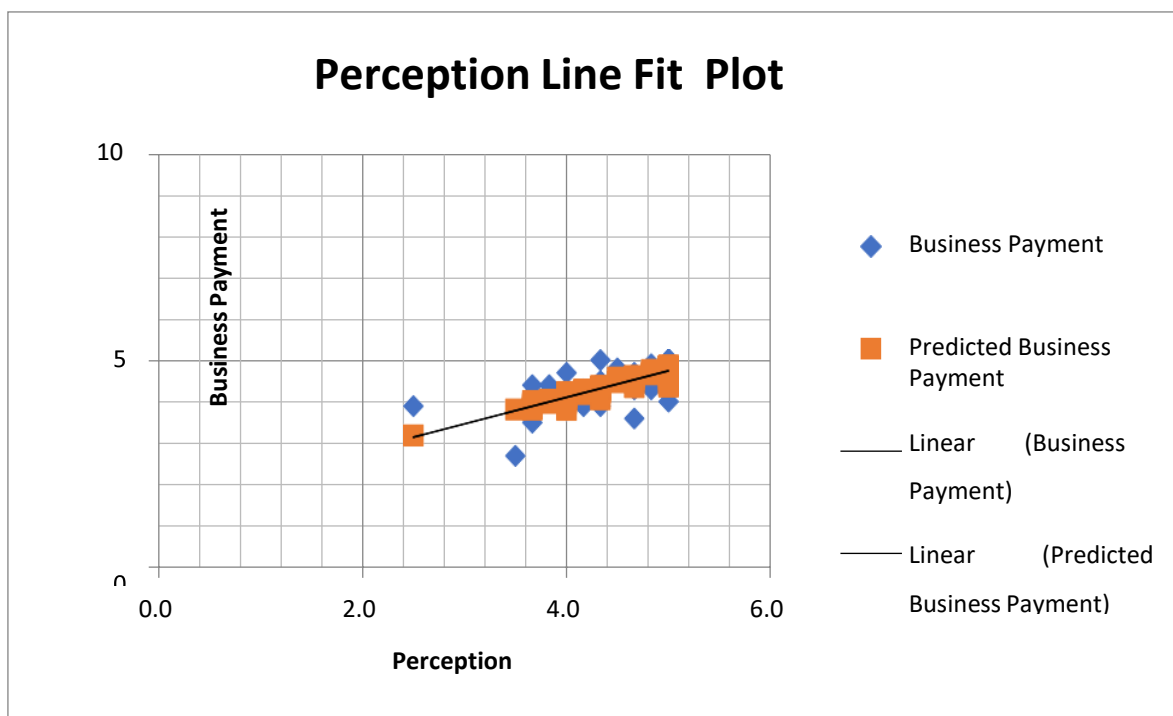


Figure 15: Perception Line Fit Plot

The perception line fit plots reveal that the majority of the data points are in close proximity to the line. As a result, the line does seem to be slightly straight.

Multiple Regression (Multiple R and R²)

Table 1: Regression Statistics

<i>Regression Statistics</i>	
Multiple R	0.735028275
R Square	0.540266566
Adjusted R Square	0.522918134
Standard Error	0.331363291
Observations	56

Table 2: Multiple R and R²

Analysis	Details	Interpretation
Multiple R	<ul style="list-style-type: none"> ❖ Value range: $-1 < r < 1$ ❖ If value > 0: positive correlation ❖ If value < 0: negative correlation ❖ If value $= 0$: no correlation 	<p>Multiple R = 0.735028275.</p> <p>The value is greater than 0 therefore, there is positive correlation between material benefits and perception with business <i>zakah</i> payment.</p>
R ²	<ul style="list-style-type: none"> ❖ Value range: $0 < R^2 < 1$ ❖ Variation in the DV explained by IV ❖ Interpret in percentage (%) ❖ If value close to 1, indicates a better fit 	<p>$R^2 = 0.540266566$</p> <p>It means 54.03% changes in <i>zakah</i> payment are explained by material benefits and perception.</p>
Observation	<ul style="list-style-type: none"> ❖ Sample size ❖ The number of observations 	<p>Sample size is 56 observations.</p>

Anova

Table 3: Anova

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	6.838906436	3.419453	31.1421	1.13871E-09
Residual	53	5.819486421	0.109802		
Total	55	12.65839286			

Table 4: Anova Interpretation

Analysis	Details	Interpretation
F-test	<ul style="list-style-type: none"> ❖ To test the significance of regression <p>H0: $\beta_1 = 0$ H1: $\beta_1 \neq 0$</p>	<ul style="list-style-type: none"> ❖ H0: $\beta_1 = 0$ (the independent variable not affecting dependent variable) ❖ H1: $\beta_1 \neq 0$ (the independent variable has affecting dependent variable) <p>Significant F = 1.13871E-09</p>
	<ul style="list-style-type: none"> ❖ Significance F is referring top-value • If p-value < 0.05, reject H0 • If p-value > 0.05, fail to reject H0 	<ul style="list-style-type: none"> ❖ Significant F = 1.13871E-09 < 0.05 ❖ The decision is rejecting H0 ❖ The conclusion is material benefits and perception have positive relationship with business <i>zakah</i> payment.

T-test

Table 5: T-test

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.245453967	0.395356286	3.150207	0.002682	0.452469679	2.038438254	0.452469679	2.038438254
Material benefits	0.160593294	0.060841819	2.639522	0.01088	0.038560059	0.28262653	0.038560059	0.28262653
Perception	0.561261246	0.090331346	6.213361	8.27E-08	0.380079511	0.742442981	0.380079511	0.742442981

Table 6: T-test Interpretation

Analysis	Details	Interpretation
T-test	<ul style="list-style-type: none"> ❖ To test the significance of intercept and slope. ❖ Hypothesis intercept <p>H0: $\beta_0 = 0$ H1: $\beta_0 \neq 0$</p> <ul style="list-style-type: none"> ❖ Hypothesis slope <p>H0: $\beta_0 = 0$ H1: $\beta_0 \neq 0$</p>	<ul style="list-style-type: none"> ❖ H0: $\beta_0 = 0$ (the material benefits and perception support that has not affecting business <i>zakah</i> payment) ❖ H1: $\beta_1 \neq 0$ (the material benefits and perception has affecting business <i>zakah</i> payment) <p>P-value for material benefits = 0.01088 = < 0.05</p>
	<ul style="list-style-type: none"> ❖ T-critical value is not provided in Excel output. 	

- | | |
|--|---|
| ❖ Use p-values to determine significant or not | P-value for perception = 8.27E-08 = < 0.05 |
| If p-value < 0.05, reject H0 | ❖ Decision: reject H0 |
| If p-value > 0.05, fail to reject H0 | ❖ Conclusion: The material benefits and perception have positive relationship with business <i>zakah</i> payment. |

Correlation

Table 7: Correlation

	<i>Material benefits</i>	<i>Perception</i>	<i>Business Payment</i>
Material benefits	1		
Perception	0.317754865	1	
Business Payment	0.453200916	0.692699547	1

Table 8: Correlation Interpretation

Interpretation	Perception has 0.692699547 which indicates that they're positively correlated with business <i>zakah</i> payment. Perception is more related to business <i>zakah</i> payment.
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Conclusion and Recommendation

Conclusion

This study aims to understand the factors that affect Muslim businesses' commitment to paying zakat through zakat institutions and their beliefs. The findings from the analysis of the new data, the modeling of the new framework, and the study's recommendations are covered in this section.

According to Hasan and Mohd Shahnaz (2005), business *zakah* payments are influenced by the perceptions of *zakah* institutions. According to data from earlier studies, (Wahab and Abdul Rahman, 2011) the materials benefits had a favorable impact on business responsibility and encouraged business companies *zakah* payment. Additionally, the perceptions of *zakah* institutions have an impact on how business *zakah* payers behave in terms of compliance.

Recommendation

To increase material benefit toward business *zakah* payment

The first independent variable is material benefits, and it shows a positive relationship between business *zakah* payments. This can be seen through the direct effect obtained by *zakah* payers, namely assistance or support provided by the government such as economic benefits through tax deductions or tax credits that are also found to lead to an increase in *zakah* contributions. This causes the material benefit factor enjoyed by *zakah* payers to have a strong appeal and become an incentive to *zakah* payers to encourage them to give *zakah* with the *Zakah* Institution. In addition, specialised knowledge among traders on taxes is still low and depends on the advisory services provided by tax agents. Therefore, if the tax agent does not take into account the publication of the benefits that can be obtained through the payment of *zakah*, then

it makes the trader continue to be excluded from enjoying the advantages of the material provided. If this situation occurs and coupled with low knowledge regarding the benefits of tax rebates, this makes material benefits not among the factors that can be used to strengthen the commitment to payment of *zakah* to ZI among Muslim traders. Thus, material benefits need to be disclosed to *zakah* payers so that they also get a benefit from it.

To increase a good perception of *zakah* Institution toward community

The second independent variable is the perception of *zakah* Institution, it shows a positive relationship with business *zakah* payment. *Zakah* institutions need to improve the distribution of *zakah* to eligible recipients to make the community believe more that *zakah* institutions have the ability to manage *zakah*. In addition, *Zakah* Institutions need to be seen or earlier and always appear to contribute *zakah* to the *asnaf* before it spreads on social media or displayed in the press so that it can raise various questions about the real role of ZI. This is because nowadays, the issue of giving *zakah* to the needy can be known more quickly with the advancement of technology through news issued by *zakah* institutions. Therefore, the poor and needy need to be helped immediately because the suffering experienced is more preferred by *zakah* payers compared to students who apply for *zakah* assistance to continue their studies. With this, it can convince the *zakah* payers that the *zakah* paid is to the right channel and they will believe that the *zakah* institution is carrying out its responsibilities perfectly.

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