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Moderating Effect of Attitude toward Zakat Payment on the Relationship between Moral Reasoning and Intention to Pay Zakat

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Abstract

Zakat is a vital instrument for poverty reduction, and employment opportunity in the society. Studies about the intention to pay zakat in other places such as Kano remain scarce. The objective of this paper is to discuss the moderating effect of attitude toward zakat payment on the relationship between moral reasoning and intention to pay among Muslim businessmen in Kano Nigeria. Empirically the study concludes that attitude and moral reasoning positively and significantly influence intention to pay Zakat among businessmen in Kano Nigeria. Theoretically new variable was tested in zakat environment.

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1. Introduction

Islam regarded Zakat as one of its pillars stated in the Holy Quran several times together with prayer. Zakat is a compulsory form of “charity” that every Muslim is expected to pay. Zakat is defined as “purify”, the payment of Zakat is considered as an act of worship and at the time social investment (Saad & Haniffa, 2014). Three conditions must be fulfilled before Zakat is payable. Among the conditions are asset type, haul, and nisaf. The asset will only be subjected to Zakat if the asset is for the purpose of wealth generation. Secondly, the property must reach one full Islamic year, i.e. 354.5 days. Thirdly the asset must exceed a minimum threshold of equivalent to 85 g of gold (Saad

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& Haniffa, 2014). Zakat as an act of worship is a symbol of the Islamic economic justice that ensures equally and trustworthy distribution of wealth (Abubakar & Abd Ghani, 2011).

In line with this, a lot of researchers believed that Zakat is an important mechanism for the development of the country as it contributes to social security and harmony (Wali, 2013; Mohsin, 2013; Kahf, 1999). Kahf (1999) reveals that Zakat in Islam is an instrument for poverty reduction among Muslim Ummah and the fund must be well utilized in order to enhance the economy of the state so as to see zakat funds as a productive asset that can improve wellbeing of eight asnaf i.e. poor, needy, fund administrator, sympathizers, those in bondage, those in debt, those in the cause of God in the warfare, as stated in the Quran (Surat Taubah, Verses 60). Zakat intends to alter the lives of the poverty-stricken by making them comfortable (Kahf, 1999). Zakat fund can strengthen the economic independence of the Muslim community. Mohsin (2013) is of the view that at a macro level the first effect of Zakat is to increase asnaf purchasing power. Furthermore, Wali (2013) in his study conducted in Kano Nigeria (the biggest Muslim population in Nigeria) concludes that Zakat is an important instrument for poverty reduction, economic inequality and reduction of unemployment in the society.

2 Literature Review

2.1 *Intention to pay Zakat*

A lot of studies was conducted in field of Zakat and many other areas such as Islamic finance, internet banking, Taxation, Marketing, Accounting and Economics on Intention as an important component for accepting or rejecting one's behavior (Saad & Haniffa 2014; Zainol & Faridahwati 2013; Zainol, Muhammad & Farah 2013; Suprayitno, Abdulkadir & Harun 2013; Halizah, Kasumalinda & Agoss 2011; Saad, Zainol, Kamil & Md Hairi 2010; Hancock, K., Veguilla, V., Lu, X., Zhong, W., Butler, E. N., Sun, H., ... & Katz, J. M. 2009; Karjaluoto & Alatalo 2007; Shih & Fang, 2004; Fishbein & Ajzen 1975). Fishbein and Ajzen (1975) confirmed that intention is the predictor of behavior. Similarly, Ajzen and Fishbein (1975) initiated the TRA, which stated that intention is expected to predict behavior. Also, the probability of someone to do a particular behavior is dependent on his or her intention. In line with this, if an individual holds a positive attitude toward a given behavior it is expected that person will have a positive intention toward performing a stipulated task (Saad & Haniffa, 2014; Fidiana & Triyuwono, 2013; Mohsin, 2013). Previous studies from several field of studies confirmed that intention is the most important determinant of performing a behavior (Shih & Fang 2004; Lu et al., 2009; Karjaluoto & Alatalo 2007; Davis et al., 1989).

In the field of zakat, a lot of studies were conducted on an intention to pay Zakat (Saad & Haniffa 2014; Zainol & Faridahwati 2013; Zainol, Muhammad & Farah 2013; Suprayitno, Abdulkadir & Harun 2013; Halizah, Kasumalinda & Agoss 2011; Saad, Zainol, Kamil & Md Hairi 2010). For example, Saad and Haniffa (2014) in their study used 227 active businessmen respondents in one district in Malaysia found that compliance behavior is significantly influence by intention to pay Zakat.

2.2 *Moral Reasoning and Intention to Pay Zakat.*

Moral reasoning is the method of determining right or wrong in a particular situation. In this study context, moral reasoning refers to how the Zakat payer considers payment of zakat as a religious duty. The concept is operationalized as the extent of individual perception that payment of Zakat will purify his/her wealth from dirt. Sutinen and Kuperan (1999) argued that individual personal morality and moral development is the key determinant of compliance. Personal morality is the inner requirement that a person surveys his sense of what is right or wrong. The principal determinant of conformity is personal characteristics of an individual as emphasize by cognitive theory. Again, propensity to comply by an individual has a direct relationship with his/her moral development. (Sutinen & Kuperan 1999).

However, a study on the relationship between attitude toward moral reasoning and intention to pay Zakat is limited in Zakat literature in Kano Nigeria. Thus, the study tries to introduce attitude toward moral reasoning as an additional variable in Zakat environment. Although, Alabede, (2012) uses attitude toward moral reasoning in tax matters, still to the best of my knowledge this variable is still missing in Zakat environment. Thus, the present study predicts that attitude toward moral reasoning can influence Zakat payer's intention to pay zakat. For this reason, the following hypothesis is developed.

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