

Compliance Behaviour of Business Zakat in Micro Enterprise Firms in Sabak Bernam District of Selangor

Mohammad Firdaus Bin Ahmad Mohd Ali Bin Mohd Noor
Hairunnizam Bin Wahid
Faculty of Economics and Management
Universiti Kebangsaan Malaysia
Bangi, Selangor

ABSTRACT

Islam has decreed zakat (alms-giving) ritual as one of the demands in pillars of Islam functioning to purify one's properties. Business zakat is a type of zakat applied to the business which comply with the conditions and nisab of zakat in a certain state. Arising research problem was of the unsatisfying performance in collection of business income in spite of progress in zakat collection in Malaysia indicating an increase every year. Objective of this research is to comprehend compliance behaviour of business zakat in micro enterprise firms in Sabak Bernam district using Theory of Planned Behaviour introduced by Ajzen (1991). Four main factors which are factor of religion, factor of attitude towards behaviour, factor of subjective norms, and factor of perceived behavioural control were accounted as the main factors for the implemented theory. Technique of binominal logistic regression analysis was applied to test the model of compliance behaviour in business zakat. A number of 105 questionnaires were distributed to micro enterprise players in service sector in Sabak Bernam district and it was found that research results indicated that the model of this study was consistent with suggestion by planned behaviour theory. Factor of perceived behavioural control was the most influencing factor of compliance behaviour of business zakat ($\beta = 2.493$) followed by factor of religion ($\beta = 1.163$) and then by factor of attitude towards business zakat ($\beta = 1.054$). Factor of subjective norms did not show significant relationship with compliance behaviour of business zakat in micro enterprise firms in Sabak Bernam district.

Keywords: Business Zakat, Religion, Attitude Towards Zakat Behaviour, Subjective Norms, Perceived Behavioural Control.

INTRODUCTION

The fourth Pillar of Islam obligated for Muslim to perform is the payment of zakat (alms). Zakat is divided into two types which are property zakat and fitrah zakat. In business context, zakat purifies property from forbidden elements which are due to existence of other people's right in the business property and at the same time, it nurtures property. Business is like humus (fertilizer) nourishing the tree while for zakat payer, it is a cleansing of soul and nourishment of spirit to be in closer and more intimate tie with Allah SWT. Business is an important activity in the community. It is not a strange thing when this group is mentioned in al-Quran and hadis, and particular rules are applied onto them to establish a healthy economic activity among the community. Among the rules applied onto them is the obligation of zakat withdrawal. Rasulullah SAW touched on business group through his words:

Honest and trustworthy business will get together with the prophets, the siddiqin (honest people) and the martyrs.

(Riwayat tirmizi and al-Hakim)

Conditions for obligation in performing business zakat is when the owner of the business is a Muslim, business of absolute ownership, complete haul, complete nisab, progressing property, intention of doing business, offering halal product or service, and not of personal use. Types of business that need to pay business zakat are of personal business or sole proprietorship, cooperative, government owned company, private limited company and limited company, and Muslim and non-Muslim partnership. Business zakat also includes small-scaled business such as online business, hawker, stockist and product sales agent.

Small and medium enterprises in Malaysia are among the backbones in country's economy. 98.5% growth of business in Malaysia is of small and medium enterprises in which they encompass the whole size and sector of business. Definition of Small and Medium Enterprises (SME) was revised in year 2013 and was agreed in the 14th meeting of National SME Development Council (MPPK). Small and Medium Enterprises is simply classified into two main criteria which are based on total annual sales and number of fulltime employees in a certain sector. For manufacturing sector, SME is defined as a firm performing annual sales of not more than RM50 millions or employing fulltime workers of not more than 200 individuals. For service sector and others, total annual sales must not exceed RM20 millions number of employees is not more than 75 individuals. Microenterprise is one of the components in the definition of small and medium enterprises. It refers to an enterprise achieving total sales of less than RM 300,000 or employing fulltime workers of less than 5 individuals. This definition of microenterprise is applied to manufacturing, service and other sectors.

Sabak Bernam district encompasses an area of 99 710 hectares consisting of five mukims which are Mukim Sabak Bernam, Bagan Nakhoda Omar, Panchang Bedena, Sungai Panjang, and Pasir Panjang. Sabak Bernam district consists of three main towns which are Sabak Bernam, Sungai Besar and Sekinchan where 74.10 % of the citizens in Sabak Bernam district are of Muslim Malay race. In Sabak Bernam district, development of Small and Medium Enterprises is encouraging. It was stated by Development of Entrepreneurs and Development of Rural, Village and Traditional Village of Selangor Exco, Rodziah Ismail during the launching of Mini Expo for Entrepreneurs (MEXUS) in Sabak Bernam District in the past September 2019. Based on statistics from Sabak Bernam District Council, total of SME existing in the district were as many as 939 enterprising firms consisted of various sectors such as Sector of Manufacturing, Service, Construction, Wholesale and Retail, Accommodation, Food and Beverage Service Activity, Financial Activity and Insurance/Takaful, and other various sectors.

Performance of business zakat collection in Selangor state was found to dictate an increase from year to year. This is due to performance of Selangor Zakat Institution who worked hard to draft various methods of collection to increase the total collection. If the performance of zakat collection in year 2018 is compared to year 2017, there was an elevation of 5% which was from RM 757.1 millions to RM 793.7 millions. Business zakat is the second highest zakat from the total collection of property zakat according to types for month of January until December 2018 which was of RM 151,884,609.00. The total business zakat collection in Selangor Zakat Institution for Sabak Bernam Branch meanwhile indicated an unstable total collection every year. In year 2018, collection of business zakat was of RM 637,516.69 compared with year 2017 which was of RM 724,628.20. Meanwhile, collection in year 2016 was the highest since year 2010 until year 2018 which was of RM 773,180.63. Besides that, total payer of business zakat in Sabak Bernam district branch also indicated an uncertain figure every year. Year 2018 dictated total payer of 172 business firms compared to 188 business firms in year 2018. This discouraging total collection becomes the main aspect of this study to be conducted if compared to total number of SME in Sabak Bernam district.

Among the research problems arising in the research paper is regarding the performance of zakat collection which is still not satisfying despite the progress of zakat collection in Malaysia indicating an elevation every year and showing positive performance. National Zakat Convention in year 2009 delivered by Minister in Department of Prime Minister also conveyed that issue of zakat collection being performed now is still not at optimum level and various efforts must be executed by zakat institution to maximise performance of zakat collection especially for business zakat. Selangor Zakat Institution had published a report that 60% of zakat payer in Selangor state were reluctant of that Pillar of Islam demand. A total of 40% or 256 001 Muslim zakat payers in Selangor state performed their obligation of paying zakat for the year 2015 (Utusan Malaysia, 2016). Among the main challenges of Selangor Zakat Institution is related to performance in total zakat collection which is not proud of until now. It can be seen from the statistics of zakat collection performance especially business zakat from year 2010 until 2018 in Selangor state that exhibited only a small increase every year and experienced a decline in year 2018.

TABLE 1: Statistics of Change in Total Collection and Total Payer of Business Zakat in Selangor State.

Year	Total Collection (RM Millions)	Total Payer (Firms)	Change of Total Collection (%)	Change of Total Payer (%)
2010	60.4	2997	-	-
2011	79.9	3253	32.3	8.5
2012	84.9	3532	6.3	8.6
2013	92.7	3805	9.2	7.7
2014	108.0	4062	16.5	6.8
2015	117.3	4166	8.6	2.6
2016	123.3	4284	5.1	2.8
2017	161.3	4459	30.8	4.1
2018	151.8	4731	-5.9	6.1

*Source: Lembaga Zakat Selangor

It is frequently mentioned that business zakat collection has still not achieved optimal level despite the vigorous development of small and medium enterprises agency in Selangor state. It might happen due to behaviour of business zakat payer which is performed through unofficial channel by doing it personally to asnaf group. This is also one of the research problems to be investigated as this kind of behavior is worried to be exposed to sharia incompliance and lack of observation by the authority in zakat field (Muhamad Uzair, 2015). Direct payment to asnaf of zakat will affect the total collection by Selangor Zakat Institution particularly due to fact that a larger potential total zakat collection should be received by Selangor Zakat Institution and can be distributed more widely and efficiently and can shrink the number of total asnaf who depend totally on zakat contribution.

There would be a larger potential of business zakat if seen from total development of business firm institution. According to stamen by Yang Dipertua of Islamic and Malay Customs Council (MAIDAM) of Terengganu State, Datuk Shaikh Harun Shaikh Ismail said that most of the community especially businessrs who only focus on zakat fitrah that they ignore the obligation to pay business zakat. Potential of business zakat in Terengganu state is very high as if seen from the increase in number of enterprisers until now (Berita Harian, 12 Jun 2016). Trend of increase in total number of enterprisers is also seen similar in other states especially state like Selangor. Past studies regarding business zakat were focused on several issues such as aspect of awareness in payment of zakat, efficiency of collection and distribution of zakat, and challenges in execution of zakat business. Factors influencing compliance behavior of zakat business is still less studied but is considered as a relevant factor in influencing the total collection of business zakat. There are three categories of main factors encompassing 24 factors of zakat payment, which are factor of zakat institution, factor of government and authority, and internal factor of company, which are the main factors frequently studied in past studies (Adibah et al., 2014). Other factors such as factor of religion, factor of business zakat accounting, laws and enforcement of business zakat, factor of zakat institution credibility are seldomly studied, mainly those involving Small and Medium Enterprises firms. Studies of individual behaviour were done enormously but behaviour towards business entity was seldomly discussed (Ram Al Jaffri et al., 2009). Study on compliance behaviour of business zakat can be widened by studying other relevant variables.

LITERATURE AND THEORY REVIEW

Past studies were done a lot to recognise and indicate factors of compliance and behaviour in payment of business zakat among the entrepreneurs. However, most of the studies done were directed towards behaviour and factors of zakat payment among public company, cooperative and certain Muslim enterprisers in certain places. Study directed towards micro enterprise players in the performance of business zakat has never been conducted in details.

Several theories regarding zakat compliance in past studies have been recognised. Among the theories frequently applied was the Theory of Planned Behavior. This theory, introduced by Icek Ajzen (1991), is a social psychology model that is capable of comprehending an action or behaviour of an individual. According to him, an individual's behaviour is based on intention influenced by three important indicators which are individual's attitude, subjective norms and perceived behavioural control. Ram Al Jaffri et al. (2010) investigated on compliance behaviour of business zakat among the enterprisers around Perlis State and found that the factor of perceived behaviour and intention were important factors in influencing compliance behaviour of business zakat and could facilitate in increasing zakat collection of business zakat if these two factors are

paid proper attention by particularly the zakat institution. Adibah Ab Wahab (2016); Kamil Md. Idris (2002); Nor Adibah Ahmad Shokori (2011) found that Theory of Planned Behaviour application in zakat study by the researchers is developing where it can involve many types of zakat and various factors that can influence zakat payment. Adibah and Joni Tamkin (2015) meanwhile found that compliance rate was only around 14 percent from a number of 817 public listed company and it requires numerous strategies to maximise total collection of business zakat. Understanding and awareness of business zakat payment was still at level unproud of. Nur Najihah, Hairunnizam and Mohd Ali (2018) also found that awareness was at moderate level for understanding of business zakat payment among small enterprisers in Bandar Tun Razak, Kuala Lumpur. The study also found that existing laws regarding zakat are quite outdated if compared to laws related to taxation in Malaysia. According to Zaharah Salwati Baba et al. (2010), 25 percent of research respondents consisted of entrepreneurs misunderstanding and lacking of information on business zakat and they were more focused towards payment of company tax as were obedient and understanding of the fine and enforcement of tax act.

Hairunnizam, Abdul Halim and Sanep (2016) meanwhile found that there are various potential factors such as factor of entrepreneur's attitude, zakat institution, corporate image, and produced fatwa of zakat could facilitate in increasing total collection of business zakat. Corporate image is also an important factor in the effort of elevating total collection of business zakat. It was proved through a study by Faezy Adenan et al. (2017) where factor of recognition logo can provide corporate image and economical profit of a company. It could also raise awareness and intention in an entrepreneur to perform business zakat. Sri Nooridayu, Rubayah and Aisyah (2017) found that business zakat does not have any significant direct impact to financial performance and bankruptcy of a company. A rate of 86.5% of Small and Medium Enterprises did not pay zakat in Selangor state in year 2013. That also goes to a study by Adibah and Joni Tamkin (2014) who found that zakat institution plays the main role in improving compliance of zakat payment among business entities. The elements stated to influence the compliance of zakat payment are management of zakat institution, role of government and ruler, and internal motivation in the business entity itself.

RESEARCH FRAMEWORK

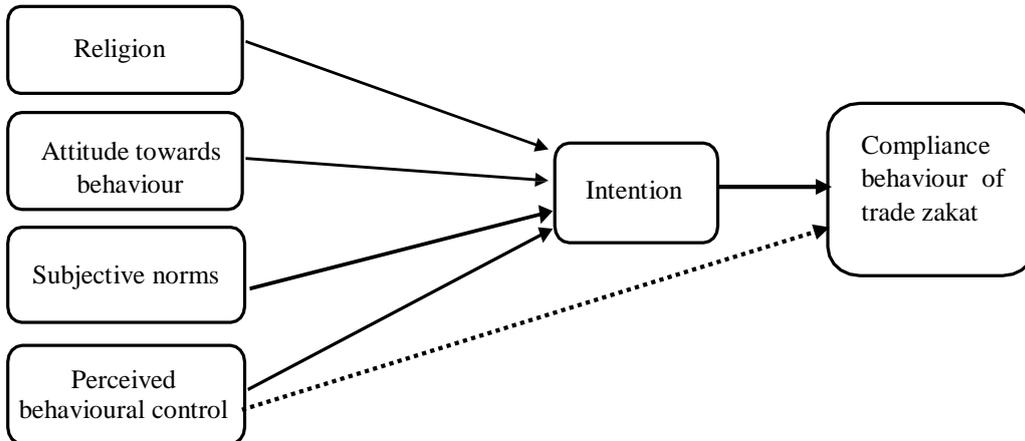


Figure 1.0: Modified from Theory of Planned Behaviour (TPB)

Theory of planned behaviour is a theory founded by Icek Ajzen in year 1991 where it is a continuity from theory of reasoned action introduced in year 1980. This theory is capable of explaining factors such as attitude, subjective norms, and perceived behavioural control. It differs from theory of reasoned action where the latter only studies factor of attitude towards behaviour and subjective norms in influencing intention to execute a behavioural decision. Previous studies were extensively conducted on compliance behaviour of zakat payment by applying theory of planned behaviour introduced by Icek Ajzen. This is because according to the theory, it can be explained by social psychology model which is able of predicting a planned action.

Attitude is an evaluation that can produce two forms of trust which are profitable or non-profitable to a certain behavioural action (Ajzen, 2005). Intention of a person in performance of an action is influenced by one's evaluation towards the effect due to performance of an action that can bring profit (Ajzen & Fishbein, 1980). From the aspect of zakat compliance, gain of blessings in virtue of zakat payment is seen as a profitable aspect and consequently moulds a positive attitude towards compliance of business zakat payment.

Ajzen (2005) meanwhile defined subjective norms as one's perception towards other individual or institution that are interesting for him. It becomes a factor possessing a direct relationship towards one's behavioural intention. Subjective norms also refers to execution of a behaviour depending on positive or negative perception of an individual. In zakat environment, perception towards an individual or organisation such as Zakat Institution will bring impact to execution of compliance in payment of business zakat by an enterpriser.

Perceived behavioural control meanwhile refers to the difficulty and ease of a person in performing a behaviour (Ajzen, 1991). Whether it is easy or difficult to perform a behaviour depends on existing internal and external factors such as factor of past experience and factor of anticipated obstacles. In context of zakat, perceived behavioural control exists as stated in a study by Zainol (2008) regarding salary zakat in which knowledge and perception of zakat laws possess a strong influence to behaviour of salary zakat payer.

Theory of planned behaviour also explains that every action of one's behaviour depends on his intention. Ajzen (1991) found that intention is a form of motivational urge causing someone to perform a certain action. It means that the possibility of a performed behaviour depends on how strong an intention is in performing the action. The enterpriser may not pay business zakat if he has a weak intention towards the behaviour.

In this research paper, a new variable which is the factor of religion has been included as a variable. Factor of religion is seen as a factor that can influence intention and compliance behaviour of zakat business payment among zakat payers. Religion is a value of trusting in God that becomes a guide for someone to do an action based on al-Quran and as- Sunnah (Munazza dan Ilhaamie, 2015)

RESEARCH METHODOLOGY

This study on compliance behaviour of business zakat payment encompasses population

of 145 micro enterprise firms in service sector in Sabak Bernam district. Service sector consists of business types as follows:

TABLE 2. Number of Firm Population in Service Sector According to Types of Business

Types of Business	Number of firms
Sewing Service	14
Vehicle Rental and Maintenance Service	28
Bridal/Beauty Saloon Service	50
Carwash Service	7
IT/Telecommunication and Photocopy Service	14
Medical/Veterinary Service	13
Laundry Service	8
Child Nursery Service	4
Accounting Service	1
Others	6
Total	145

*Source: District Council of Sabak Bernam

Based on sampling size determination table by Krejcie and Morgan, a number of 105 samples were needed. Random sampling method was applied in which a number of 105 questionnaires were distributed to the owner of micro enterprise firms among service sector in Sabak Bernam district. Distribution of research samples were as in table 3.

TABLE 3. Sample Distribution of Micro Enterprise Firm in Sabak Bernam District

Types of Service	Number of samples		
	Sabak Bernam Town	Sungai Besar Town	Sekinchan Town
Sewing Service	3	4	2
Vehicle Rental and Maintenance Service	4	15	2
Bridal/Beauty Saloon Service	9	29	4
Carwash Service	2	2	0
IT/Telecommunication and Photocopy Service	2	11	0
Medical/Veterinary Service	1	2	1
Laundry Service	1	1	1
Child Nursery Service	0	2	0
Accounting Service	0	1	0
Others	2	2	2
Total		105	

*Source: District Council of Sabak Bernam

DETERMINING FACTORS FOR COMPLIANCE BEHAVIOUR OF BUSINESS ZAKAT

Assuming that status of business firm in payment of business zakat as *ceteris paribus*, all data were recombined to determine the factors that influence compliance behaviour of business zakat in Sabak Bernam district. Binominal logistic method was implemented to recognize the factors influencing compliance behaviour of business zakat from the aspect of age, religious knowledge, attitude towards business zakat, subjective norms, and perceived behavioural control. Dependent variable in this study was in dichotomic form and independent variable was of dummy form. Generally estimated model is as follows:

$$P_i = E(Y = 1/X) = 1 / (1 + e^{-z}) \quad (1)$$

Where:

P_i is the probability for the firm who pays business zakat which is $Y = 1$ and $Y = 0$ for the firm who does not pay business zakat.

Equation (1) can be written in the following form:

$$P_i = 1 / (1+e^{-z}) = e^z / (1+e^z) \quad (2)$$

If P_i is the probability for the firm who pays business zakat which is $Y = 1$ then the probability for the firm who does not pay business zakat $Y = 0$ which is $(1-P_i)$. Therefore, the probability for the firm who does not pay business zakat:

$$(1 - P_i) = 1 / (1+e^z) \quad (3)$$

Hence, ratio of probability for the firm who pays business zakat is in equation (4) which is:

$$P_i / (1 - P_i) = e^z \quad (4)$$

By taking natural log for equation (4) then equation (5) is obtained:

$$\begin{aligned} L &= \text{Ln} (P_i / (1 - P_i)) = \text{ln} (e^z) \\ &= Z_i \\ &= f(X) \end{aligned} \quad (5)$$

According to equation (5), this study also tests several variables considered to influence compliance behaviour of zakat business payment which is:

$$Z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_i X_i \quad (6)$$

Where Z_i is a function $f(X)$ with X is the considered independent variable which are age, duration of business involvement, factor of religious knowledge, factor of attitude towards business zakat, factor of subjective norms, and factor of perceived behavioural control. Therefore, by referring to equation (6), estimated specific model in this study is model:

$$L = \text{Ln} (P_i / (1 - P_i)) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 \quad (7)$$

Where:

- L is the log for ratio for status of business zakat payment
- X_1 is the respondent's age
- X_2 is the duration of involvement in current business
- X_3 is the factor of religious knowledge
- X_4 is the factor of attitude towards business zakat
- X_5 is the factor of subjective norms
- X_6 is the factor of perceived behavioural control

RESEARCH RESULTS

A number of 105 questionnaires were distributed to micro enterprise players in service sector in Sabak Bernam district of Selangor. From the number, all (100%) questionnaires were successfully returned to the researcher. All questionnaires were processed using SPSS software version 25. Profile of respondents was formed to observe the details of respondents in this study. Table 4 shows the distribution for profile of respondents involved in this study. Based on analysis on distribution of respondent, a number of 55 respondents consisted of male while 50 more were female making them all a total of 105 individuals. Majority of respondents' age were around 46 to 55 years old, followed by 23 individuals from the age of 36 to 45 years old, 22 individuals from the age of 56 years old and above and also 15 individuals from around 26 to 35 years old. There was no respondent of age 25 years old and below involved in this study.

Meanwhile for marital status, majority of them were already married comprising a total of 95 individuals and status of single for 10 individuals. In this study, the highest number of respondent's dependents was around 3 to 4 individuals while the lowest was between 0 to 2 dependents. A number of 31 respondents beared more than 5 dependents. This study also covered 75 micro enterprise firms operating in urban area while 30 micro enterprise firms in rural area. Duration of business involvement was also inquired in the questionnaires of this study. A number of 30 respondents involved for less than 10 years in business, 34 individuals were of between 11 to 20 years, 34 individuals were of between 21 to 30 years and 7 individuals were of more than 31 years of business duration.

Table 4. Demography of Respondents

Details of Respondents	Classification	Percentage (%)
Gender	Male	52.4
	Female	47.6
Age	< 25 years	0

	26 - 35 years	14.3
	36 - 45 years	21.9
	46 - 55 years	42.9
	56 years and above	21.0
Marital status	Single	9.5
	Married	90.5
Number of Dependents	2 individuals and below	22.9
	3 – 4 dependents	47.6
	5 individuals and above	29.5
Area of Business Premises	Urban	71.4
	Rural	28.6
Involvement in Business Field	< 10 years	28.6
	11 - 20 years	32.4
	21 – 30 years	32.4
	31 years and above	6.7

*Source: Information of Questionnaires 2019

From 105 respondents who were the owners of micro enterprise firm in service sector, only 59 form owners paid business zakat and the remaining 46 individuals did not pay business zakat.

Table 5: Status of Business Zakat Payment

Item	Number	Percentage (%)
Yes	59	56.2
No	46	43.8
Total	105	100.0

*Source: Information of Questionnaires 2019

Table 6: Factors Influencing Intention for Compliance Behaviour of Business Zakat

Effect	Mean Value ¹	Standard Deviation (SD)	Level ²
Religion			
(a) Paying business zakat as it is one of demands in Pillars of Islam.	4.64	.539	High
(b) Feeling sinful if not performing business zakat.	4.43	.758	High
(c) Paying business a zakat as a religious demand and gaining reward.	4.45	.734	High
(d) Always get knowledge related to business zakat from zakat institution.	4.22	.877	High
(e) Believe that payment of zakat can increase blessings in the business.	4.52	.666	High
Total mean value	4.45	.714	High
Attitude towards zakat			
(a) Payment of zakat can contribute money to zakat institution for asnaf need.	4.07	.724	High
(b) Payment of zakat is recognised as a good ethics among the Muslim people.	4.11	.764	High
(c) Feeling more responsible as a Muslim when paying business zakat.	4.10	.766	High

(d) Undertans that payment of business zakat can purify my properties and income.	4.13	.797	High
(e) Conducting a lawful and sharia-compatible business to enable to pay business zakat.	4.13	.785	High
Total mean value	4.10	.767	High
Subjective norms			
(a) Zakat institution encourages me to pay business zakat.	3.63	.869	High
(b) Zakat institution exhibition of corporate image that encourages me to pay business zakat.	3.68	.753	High
(c) Zakat collection influences me to perform business zakat.	3.70	.774	High
(d) Zakat officials exhibiting helpful and polite attitude make me perform business zakat.	3.69	.788	High
(e) Fatwa of zakat explains clear rules regarding the obligation of paying zakat.	3.63	.923	High
(f) Laws regarding zakat influence me to perform business zakat.	3.34	.864	Moderate
Total mean value	3.61	.828	High
Perceived behavioural control			
(a) Ability to perform business zakat.	4.12	.703	High
(b) Own resource to pay business zakat.	4.12	.756	High
(c) Possess knowledge to pay business zakat.	4.05	.789	High
(d) Get choice of facilities to pay business zakat.	4.07	.711	High
Total mean value	4.09	.739	High
Total mean value of factor	4.04	.770	High

Source: Information from questionnaires

Note: ¹ based on the following scales: 1 extremely disagree; 2 disagree; 3 moderate; 4 agree; 5 extremely agree

²Scales of Agreeability Level; < 2.4; Low; 2.5-3.4; Moderate; >3.5 High

Descriptive statistics is one of basic analyses performed by the researcher. It aims to modify, present, elaborate and explain data through usage of table, graph and summary measures (Fah & Hoon 2009). Descriptive statistics provides summary aand information of data used in this study. It only views overall picture of the data generally. TABLE 6 indicates the results of descriptive statistics in which focus is only on mean and standard deviation analyses.

Based on TABLE 6, it shows mean and standard deviation for every factor studied that can influence business zakat payment. Among all factors, factor of religion had the highest mean which was 4.45 where it indicated that the usage of this factor in influencing zakat payment is high and then followed by factor of attitude towards business zakat (4.10), factor of perceived behavioural control (4.09), and the last one was factor of subjective norms (3.61) that exhibited the lowest mean. Standard deviation is a measure of dispersion explaining how observations in a certain data set are dispersed around the mean. When deviation from mean is squared, every value becomes positive and a larger deviation (close to 1) indicated a wide dispersal around the mean. Results of standard deviation test for most of the variables were quite high which were close to 1, and these indicate that dispersion around the mean is large in which the responses given by the respondents are far from the mean value. This might be due to a low number of response or feedback data for this study bringing to a quite large deviation for every factor.

ESTIMATION OF LOGISTIC REGRESSION ANALYSIS

Regression analysis was performed and it was found that result of Cronbach's Alpha in questionnaires for respondents was at Alpha value of 0.713. It exceeded the scale of 0.60 where according to Malhotra (1993) if alpha value exceeds the scale of 0.60 then this variable has a good level of reliability. Analysis exploiting Hosmer and Lemeshow method meanwhile indicated a Chi-Square value of 12.732 (sig=0.121) with 8 degree of freedom for compliance behaviour model

of business zakat. This value shows that this model has a goodness of fit with the obtained data. Findings of study through usage of logistic regression analysis found that there is a relationship between dependent variables with independent variables. Based on results of analysis for binominal logistic regression test, it was found that there were 3 variables having significant relationship with compliance behaviour of paying business zakat which were variables for factor of religious knowledge (significant level of 10%), factor of attitude towards zakat (significant level of 10%), and factor of perceived behavioural control (significant level of 1%). Variables not having significant relationship with compliance behaviour of business zakat payment were factor of age, duration of business involvement, and factor of subjective norms.

TABLE 7: Summary of Results for Logistic Regression Analysis

Independent variables	Direction sign	Coefficient (B)	Coefficient exp (B)	Wald statistics
Age	+	0.003	1.003	0.112
Involvement in Business	-	0.003	0.997	0.014
Factor of Religion	+	1.163*	3.199	3.209
Factor of Attitude Towards Business Zakat	+	1.054*	2.870	3.582
Factor of Subjective Norms	+	0.062	1.064	0.013
Factor of Perceived Behavioural Control	+	2.493**	12.096	16.029
Constant	-	3.596	0.027	13.578

Note: ** Significant at significance level of 1%
 * Significant at significance level of 10%

*Source: Fieldwork 2019

Based on summary of results for binominal logistic regression analysis. Then it can be summarised that compliance behaviour model for business zakat is as follows:

$$\log (P_i / (1 - P_i)) = - 3.596 + 0.003 X_1 - 0.003 X_2 + 1.163 X_3 + 1.054 X_4 + 0.062 X_5 + 2.493 X_6$$

Findings of study indicated a positive relationship between the independent variables which were factor of religion, factor of attitude, factor perceived behavioural control with the dependent variables which was the compliance behaviour of business zakat for micro enterprise firms in Sabak Bernam Selangor. Factor of religion was seen as having positive relationship with compliance behaviour of business zakat payment, and it is an important factor in this study. It was observed that log of odd ratio for factor of religion variable was at 3.199 and by other words it indicated the probability of 1% growth in religious knowledge related to business zakat, hence the probability for behaviour of business zakat payment obeyed was elevating at 1.163%. This showed that positive relationship between factor of religion and compliance behaviour of business zakat payment. The more understanding a person towards religion, the more obedient a firm towards payment of business zakat. It was also in the other way around. Log for odd ratio for factor of attitude towards business zakat meanwhile was of 2.870. It meant that probability of 1% of growth in factor of attitude towards business zakat payment will increase the compliance of business zakat payment for 2.87%. Besides that, factor of perceived behavioural control also possessed positive relationship with compliance behaviour of business zakat payment. It was found that a value of 1% in factor of perceived control will elevate factor of compliance towards business zakat payment at 12.096 percent.

Positive relationship between factor of religious knowledge and compliance behaviour of business zakat payment is something expected in this study. This is because of the demand by Islam religion itself that definitely obligates payment of business zakat if it is complete of haul and nisab. A Muslim having religious belief will always perform Pillars of Faith demand and this belief is the one that influence compliance behaviour of business zakat. A person will also feel sinful and guilty if not performing business zakat while he is eligible of paying zakat. This was agreed by all respondents in the distributed questionnaires. A Muslim business also realizes and agrees that performance of business zakat will increase reward and blessings in their business. Continuous education from zakat institution particularly related to business zakat must be provided to micro enterprise players as some of them might still not understand the concept of business zakat and might assume that micro enterprise does not need to pay business zakat upon reason that they only conduct a small-scaled business despite gaining large profits and exceeding nisab of business zakat

especially in Selangor. Religious education especially regarding zakat must be explained to the whole community by utilisation of religious institution such as mosque, hall and others where they should be benefited that public are regularly exposed to knowledge regarding zakat. Organisation of seminar, speech, workshop and others are initiatives of improving firm entrepreneurs' understanding to know more and understand more deeply on business zakat and its accurate calculation.

Factor of attitude exhibited a positive relationship with compliance behaviour of business zakat and also aligned with the study done by past researcher regarding the relationship salary zakat (Zainol, 2008). Findings of study indicating significant relationship between attitude towards zakat and compliance behaviour of business zakat was focused on positive acceptance by firm entrepreneurs towards zakat institution especially Selangor Zakat Institution. Zakat institution should convince zakat payer on the transparency of transaction and distribution of zakat fund to the receivers. Understanding regarding zakat must also emphasise on asnaf group eligible of zakat that there would be no mistake in zakat distribution. A zakat payer is able to inculcate good ethical value as a Muslim. Firm entrepreneurs should feel responsible as a Muslim while involving in business field by performing business zakat if they are complete of nisab and haul. Compliance behaviour of business zakat for microfirm entrepreneurs particularly will more prone towards performing business zakat if they understand that payment of zakat business is a form of worship and can purify their properties and income. Encouragement to the business is dire as they will not plunge into sharia-incompatible business activities and always perform lawful transaction that concept of zakat payment is preserved as pure from forbidden element and that misconduct will affect the zakat fund itself. Zakat institution authorities must supervise and provide continuous exposure to the business that they will conduct business of sharia-compatible one.

Subjective norms referring to the individual and institutional influence and perception towards a behavior refers to the role of zakat institution which is Selangor Zakat Institution in influencing compliance behaviour of business zakat. In this study, it was found that subjective norms became an insignificant factor towards compliance behaviour of business zakat. This is due to zakat institution not playing proper role in Sabak Bernam district particularly in consequence of its location far outside the urban area and in rural region. Encouragement from zakat institution was seen not encouraging in which the respondents provided verbal feedback that zakat institution had never attended and never provided exposure to the entrepreneurs in their firms. Factor of success for Selangor Zakat Institution that succeeded in increasing overall total collection of zakat every year was seen not imposing any effect to the business to comply with payment of business zakat. This was due to frustration of the micro enterprise entrepreneurs in Sabak Bernam seeing that Selangor Zakat Institution did not show positive efforts of sympathising rural area such as Sabak Bernam district. Corporate image of Selangor Zakat Institution was seen incapable of influencing entrepreneurs to realise the importance of paying business zakat. A large total collection of zakat surmounting other states still did not encourage business as maybe the micro enterprise entrepreneur had already lost their trust in zakat institution. The trust meant refers to the corruption of money collection and zakat distribution and other issues related to Islamic financial institution who were always stained by various controversies such as tabung haji and others. The role of zakat officials exhibiting cooperative and polite manner also did not succeed in influencing collection of business zakat in Sabak Bernam district.

Findings of study also indicated that positive relationship existed between factor of perceived behavioural control and compliance behaviour of business zakat payment. This referred to internal and external aspects directly influencing a person to execute the behavioural intention of business zakat payment. Among the efforts that had been performed by Selangor Zakat Institution was by introducing methods of business zakat payment such as cash payment, cheque, and others. Besides that, zakat institution can also provide exposure related to calculation method and assessment of business zakat that firm entrepreneurs would get positive impression towards business zakat. This showed that knowledge regarding zakat can increase total collection of zakat directly.

IMPLICATION OF STUDY

This research paper studying compliance behaviour of business zakat for micro enterprise in Sabak Bernam district succeeded in testing behavioural model by implementing modified theory of planned behaviour and inserting variable of religious factor that suited the study regarding business zakat. It was found that several variable factors became factors that were directly related to compliance behaviour of business zakat payment. Among them were factor of religion, factor

of attitude towards zakat, and factor of perceived behavioural control. However, factor of subjective norms did not show any direct relationship with compliance behaviour of business zakat. Basically, study related to behaviour towards individual have been done vastly but this study has contributed towards the theory which is related to business entities in their compliance of paying business zakat. Results of this study can be benefited by various parties in the effort of increasing total collection of business zakat especially in Sabak Bernam district in the future. Compliance behaviour in business zakat payment depends on efforts taken by Selangor Zakat Institution to approach micro enterprise players by raising awareness and providing continuous understanding. Good communication between Selangor Zakat Institution and the community especially the micro enterprise players will bring positive effect towards the enterprisers.

This study also brings implication toward micro enterprise players by showing efforts of elevating the profits and developing the business as the intention of paying business zakat can be inculcated from the beginning. Concept of purification for properties by performing business zakat should be understood and believed strongly by entrepreneurs of business firms especially in micro enterprise so that behaviour of paying zakat is always obeyed. Based on findings of study, Selangor Zakat Institution officials can recognize weakness from the zakat institution itself such as from aspect of laws, roles of zakat officials, and credibility of zakat officials in performing task in Selangor Zakat Institution. This is because community's trust towards zakat institution will bring implication towards compliance of paying zakat. Besides that, to improve compliance behaviour of zakat payment, influence from the closest social group such as parents and spouses is highly needed as it can influence community's awareness in zakat payment context.

Results of this study have several research limitations. This study was only focused on micro enterprise players in service sector in Sabak Bernam district only. This is because there are about 939 microfirm players in Sabak Bernam from various industrial sectors. Short duration of study had led to only service sector taken as research sample aiming to investigate compliance behaviour of business zakat among micro enterprise firms in Sabak Bernam district. For the studied factors, they were only limited to factors based on theory of planned behaviour which were factor of attitude, factor of subjective norms, factor of perceived behavioural control and the added new variable which was factor of religious knowledge.

There were several other limitations in the effort of gaining findings of this study. Among them was difficulty of getting full cooperation from the enterprisers. This was because not all respondents wanted to expose that whether they were included in the group paying or not paying business zakat. Firm owners believed that it was a shame of exposing their status of compliance in paying business zakat. Besides that, micro enterprise players in Sabak Bernam particularly were always confused of concept of zakat and sadaqah or infaq. Community was still confused between the obligated demand which is zakat and the supplementary demand such as sadaqah. Lack of understanding in the difference between concept of zakat and sadaqah caused difficulty to respondents to answer the questionnaires accurately. Business players comprising of various backgrounds also affected their compliance of paying business zakat. Some of them assumed that they had paid saving zakat and income zakat, hence they did not need to pay business zakat even though their business developed prosperously and their profits exceeded nisab rate. This caused them to avoid full cooperation in answering the distributed questionnaires.

The next limitation was problem related to registration of business firms. Most of industrial players needed to register their business in office of Sabak Bernam District Council but some of the firms decided to conduct business without valid registration. This caused difficulty to the researcher to distribute questionnaires due to their invalid status of business. There were also several firms registered with local authority but the business had ceased their operation. This led to list of microfirm players in Sabak Bernam district to be detailed carefully that the studied firms were really valid and still operating. Besides that, questionnaires distributed should also be answered by the firm owner himself. Absence of the firm owner caused the questionnaire to be hardly answered by the employees as they involved questions regarding the behaviour of the owner himself. It became a limitation for the researcher to meet personally with the firm owners and it involved a quite long waiting time.

Next was related to business location located around the three big towns in Sabak Bernam district which were Pekan Sekinchan, Pekan Sungai Besar, and Pekan Sabak Bernam that were quite far. All respondents were comprised of firms from service sector in these three big towns located in Sabak Bernam district. These different locations affected the aspect of cost and time taken to obtain adequate total of respondents.

In consequence of the research results, there are several research opportunities that can be performed related to research subject and research continuity. Research subject meant is the

micro enterprise firm not paying business zakat where there would be percentage of firms not performing business zakat. Future research can be conducted by recognising factors discouraging them of paying zakat. Research regarding behaviour for other business entities is highly required to be widened as it is still less conducted while the potential of collection obtainable is colossal as compared to other types of zakat. By extending the research to other business entities such as cooperative, public company and others, it can bring positive impact towards performance in collection of business zakat and consequently becomes the main contributor of zakat collection specifically in developed state such as Selangor. From the aspect of research continuity, there are opportunities of resuming the research using qualitative method and interview process with Muslim businesses where it does not only focus on micro enterprise players but also widened to all Muslim enterprisers in Selangor state. Besides only studying micro enterprise firms in service sector only, this study can be extended by encompassing all micro enterprise sectors that later the model can be adjusted as it will be more suitable of application to all groups of population.

CONCLUSION

Comprehensively, this study can summarise that community especially micro enterprise players did not reject totally the payment of business zakat, but there were certain factors influencing them of not performing the behaviour. Collective role should be executed by zakat institution particularly Selangor Zakat Institution to strengthen the methods of collection and distribution of business zakat that micro enterprise players will be aware of ethics and responsibility as a Muslim to perform this demand in Pillars of Islam. Besides that, execution of laws was also seen essential to be improved and then changing existing landscape related to zakat management in Malaysia generally. Results of this study clearly indicated that theory of planned behaviour was highly suitable to explain compliance behaviour of business zakat payment among the business players. Compliance of zakat payment was influenced by enforcement of laws and propagation of information related to business zakat which was still not understood comprehensively by the community. Corporate image of Selangor Zakat Institution was seen as an initiative by Selangor state as an effort of strengthening the collection and distribution of zakat in the state but arising issues had caused the trust and compliance regarding business zakat affected and had still not been optimized if compared with the vigorous growth of business sectors in developed state such as Selangor. Next, religious sermons and month of awareness for zakat payment should be organised and focused in rural area which was frequently lacking of attention from the involved agencies.

REFERENCES

- Adibah Ab Wahab. 2016. Faktor-faktor mempengaruhi pembayaran zakat di syarikat tersenarai awam di Malaysia. Doctorate Thesis, Akademi Pengajian Islam, Universiti Malaya.
- Adibah Abdul Wahab & Joni Tamkin Borhan. 2014. Faktor Penentu Pembayaran Zakat Oleh Entiti Perniagaan Di Malaysia: Satu Tinjauan Teori. *Jurnal Syariah*, Vol. 22, No. 3 295-322.
- Adibah Abdul Wahab & Joni Tamkin Borhan. 2015. Kepatuhan Zakat oleh Syarikat Tersenarai Awam Di Malaysia. *JMFIR* Vol. 12/No.2.
- Ajzen, I. 1991. The theory of planned behavior. *Organizational Behavior and Human Decision Processes* 50: p. 179-211. Ajzen, I. 2005. *Attitudes, Personality and Behavior*. 2nd Edition. New York: Open University Press.
- Ajzen, I. & Fishbein, M. 1980. *Understanding attitudes and predicting social behaviour*: Englewood Cliffs, NJ: Prentice-Hall.
- Faezy Adenan, Siti Amirah Abd Rahghni, Hairunnizam Wahid & Sanep Ahmad. 2017. Cadangan Mewujudkan Logo Pengiktirafan Zakat Perniagaan: Kajian Terhadap Usahawan Muslim Di Selangor. *Jurnal Pengurusan dan Penyelidikan Fatwa*, Vol. 10.
- Fah, L.Y. & Hoon, K.C. (2009). *Pengenalan kepada analisis data komputer dengan SPSS 16.0 for windows*. 1st Ed.. Selangor: Venton Publishing (M) Sdn. Bhd.
- Hairunnizam Wahid, Abdul Halim Abu Bakar, & Sanep Ahmad. 2016. Hubungan Antara Imej Korporat Usahawan Muslim Dan Pembayaran Zakat Perniagaan Di Daerah Sepang, Selangor. *Jurnal Syariah*, Vol. 24. No 1 1- 24.
- Kamil Md. Idris & Ahmad Mahdzan Ayob. 2002. Peranan sikap dalam gelagat kepatuhan zakat

- pendapatan gaji. Analisis, 9 (1&2). p. 171-191.
- Muhammad Uzair. 2015. Pembayaran zakat perniagaan oleh syarikat-syarikat tekstil di Negeri Perak. Master's thesis, Jabatan Fiqh Dan Usul, Akademi Pengajian Islam, Universiti Malaya.
- Munazza, S. & Ilhaamie. 2015. Islam, Brand Image & Intention: Influence of Brand Switching Behavior of Muslim Consumers on Brand Equity. 2nd ICIM, APIUM.
- Nor Adibah Ahmad Shokori. 2011. Kepatuhan Terhadap Zakat Perniagaan Di Kalangan Pengusaha Stesen Minyak di Pulau Pinang. Master's thesis, Universiti Utara Malaysia.
- Nur Najihah Zilani, Hairunnizam Wahid & Mohd Ali Mohd Noor. 2018. Kefahaman dan Kesedaran Membayar Zakat Perniagaan: Kajian terhadap Peniaga Kecil di Bandar Tun Razak, Kuala Lumpur. Pengurusan zakat di Malaysia, isu dan cabaran kontemporari. UKM Bangi.
- Ram Al Jaffri Saad, Kamil Md Idris, Zainol Bidin. 2009. Peranan sikap, moral, undang-undang dan penguatkuasaan zakat terhadap gelagat kepatuhan zakat perniagaan. International Conference on Corporate Law (ICCL) (June): 1-13.
- Sri Nooridayu Salleh, Rubayah Yakob, Aisyah Abdul Rahman. 2017. Kesan Cukai Korporat Dan Zakat Perniagaan Terhadap Prestasi Kewangan Industri Kecil dan Moderate (IKS). PROSIDING PERKEM 12, p. 673-685.
- Zaharah Salwati Baba, Hashim Jusoh, Habsah Muda & Syed Mohd Azmi Syed Ab Rahman. 2010. Tanggapan Usahawan Terhadap Zakat Perniagaan Berbanding Cukai Pendapatan Perniagaan di Terengganu. Jurnal Islam dan Masyarakat Kontemporari 11d.3. 97-113.
- Zainol Bidin. 2008. Faktor-Faktor Penentu Gelagat Kepatuhan Zakat Gaji. Doctorate Thesis, Universiti Utara Malay

