

Predicting Compliance Intention on Zakah on Employment Income in Malaysia: An Application of Reasoned Action Theory

Zainol Bidin
Kamil Md. Idris
Faridahwati Mohd Shamsudin

ABSTRACT

Many factors have been proposed to influence compliance behavior to zakah giving in the literature. However, little has been said about intention as one of the influencing factors even though it has been suggested as key in determining one's behavior. Using the theory of reasoned action developed by Ajzen and Fishbein (1980) as the underlying theoretical base, the present study was carried out to identify the determining factors of subjective norms and attitudes toward zakah on behavioural intention to comply with zakah on employment income amongst Muslims. In other words, the present research primarily intended to investigate to what extent the theoretical model is applicable in predicting behavioural intention of zakah on employment income by adding a path from subjective norms to attitudes toward zakah. The results of the study reveal that both subjective norms and attitudes influenced compliance behavior with zakah on employment income. Further, the model's goodness of fit also suggests a better result when the path was included. It is revealed that both the direct and indirect effects of subjective norms on behavioral intention were significant. Based on the findings, it can be concluded that a Muslim person's intention to pay zakah could be predicted from his/her subjective norms and attitudes toward zakah at 48% level. Implications for theory and practice are also discussed.

ABSTRAK

Karya lalu mencadangkan banyak faktor yang dapat mempengaruhi tingkah laku kepatuhan zakat. Bagaimanapun, hanya sebahagian kecil sahaja yang mencadangkan niat sebagai salah satu faktor yang mempengaruhi tingkah laku walaupun niat dianggap sebagai satu faktor penting yang menentukan tingkah laku. Dengan menggunakan teori tindakan bersebab yang dibangunkan oleh Ajzen and Fishbein (1980) sebagai asas teoritis dasar, kajian ini dijalankan bagi mengenal pasti norma subjektif dan sikap sebagai faktor penentu bagi niat kepatuhan zakat penggajian di kalangan orang Islam. Dengan kata lain, kajian ini bertujuan untuk menyelidiki sejauh mana model teoritis boleh digunakan untuk meramal niat kepatuhan zakat penggajian dengan menambah satu laluan (path) dari norma subjektif ke sikap terhadap niat kepatuhan zakat. Dapatan kajian ini menunjukkan bahawa kedua-dua norma subjektif dan sikap mempengaruhi kepatuhan zakat penggajian. Tambahan

lagi, kebagussuaian model juga menunjukkan hasil yang lebih baik apabila laluan dimasukkan ke dalam model. Ini terbukti apabila kesan langsung dan tidak langsung norma subjektif terhadap niat kepatuhan adalah signifikan. Berdasarkan hasil kajian ini, bolehlah disimpulkan bahawa niat seseorang Muslim untuk membayar zakat pengajian boleh diramal daripada norma subjektif dan sikapnya terhadap zakat pada tahap 48%. Limitasi kajian dan implikasi kajian terhadap teori dan praktis ada dibincangkan.

INTRODUCTION

Zakah giving is the fifth pillar in Islamic faith. Its significance to the national and communal development is irrefutable, as it contributes to social security and harmony by helping close the gap between the haves and the have nots, and strengthen the economic independence of Muslim community. The zakah fund is also an important financial source for the country in addition to tax fund. Generally speaking, the distribution of zakah fund could help generate and stir the country's economic activities through increase in individuals' purchasing power. This suggests that the development of the country and the community could be implemented actively if zakah fund could be effectively raised, and one important zakah source in this context that could contribute towards this end is zakah on employment income.

It has been noted that zakah on employment income contributes the highest percentage in the overall zakah collection in Malaysia (Wahid et al. 2006). However, despite its significant contribution, zakah on employment income is still an issue in this country primarily as it is said to suffer from poor collection amongst Muslims who are eligible to pay even though a religious decree making it compulsory to pay zakah on employment income has been long issued (Md Idris 2002). For instance, Kedah, one of the states in Malaysia, gazetted the compulsory zakah employment income on 19 April 1986 under section 38(2) of the Kedah Islamic Law of Administration 1962 of the Government Bill No. 146 (Tarimin 1995), while Perlis made the zakah compulsory on 20 October 1991 (Perlis Syariah Committee 1996).

Despite the issuance of a religious decree on the compulsory position of zakah on employment income in Malaysia, many Muslims still fail to fulfill their religious obligation to pay. In his study on compliance behavior of zakah on employment income amongst Muslim employees of federal agencies in Kedah, Md Idris (2002) found that approximately only 35% of 353 respondents eligible to pay did so accordingly. Similar situation was also found in Perlis, in which only 35% made their zakah contribution (Md Idris et al. 1997). In Penang, out of 50,000 Muslim people who are eligible to pay zakah on employment income, only 39% or 18,552 did so (Utusan Malaysia 2000).

Such low compliance behaviour phenomenon amongst Muslim workers can be addressed by identifying the root of the problem. According to Ajzen and Fishbein (1980) in their theory of reasoned action, the main source of any behaviour is intention, and intention is influenced by two major factors, i.e. attitudes toward

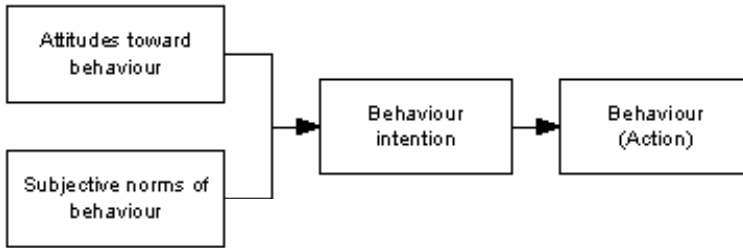
that behaviour and subjective norms. Subjective norms (also referred to as social norms) are perceived social pressures exerted on an individual either to act or not to act (Ajzen 1991). According to Ajzen, subjective norms and attitudes are proposed to directly relate to behavioural intention. Such proposition has been supported by a number of past studies (Miniard & Cohen 1983; Oliver & Bearden 1985). Other studies have also found subjective norms to influence attitudes (cf. Shimp & Kanvas 1984). Based on these findings, the present study then took the opportunity to examine the subjective norms-attitude-intention relationships in the zakah context since studies that looked at the relationships amongst these variables are rather few. As such, the study aims to meet two main objectives: (1) to identify whether subjective norms and attitudes toward zakah are directly related to intention to comply with zakah on employment income, and (2) to examine whether attitudes toward zakah mediate the relationship between subjective norms and intention, and thereby increasing the predicting power of the theory of reasoned action on compliance behavioural intention to zakah on employment income contribution.

LITERATURE REVIEW

THEORY OF REASONED ACTION

A popular theory in the field of social psychology is the theory of reasoned action which essentially attempts to explain people's behavior (Fishbein & Ajzen 1975) and it has been applied to various behavioural situations (e.g. Hanno & Violette 1996; Oliver & Bearden 1985; Shimp & Kavas 1984). The main focus of this theory is behavioural intention as a precursor to the actual behaviour. According to this theory, intention is a key element that exists within an individual before he/she acts on it. In other words, factors that influence one's behavior, such as subjective norms and attitudes, work through intention to affect whether one would actually act on the intention or not. This theory essentially postulates that one's decision to actually (voluntarily) act (or not to act) is determined by one's intention to act (or not to act). The theoretical relationships as postulated in the theory are shown in Figure 1.

Despite its universality in explaining social behaviour, the theory's application is yet to be tested on the context of zakah giving. As such, the present research on zakah was carried out based on the theory of reasoned action whereby intention to comply with zakah giving became the main focus of the study. To explain people's behaviour, the theory of reasoned action is argued to be reasonably applicable to explain behavioural intention to comply with zakah giving since it is pertinent in predicting voluntary behavior (Ajzen 1985). In the context of zakah giving, zakah compliance is fundamentally a voluntary behavior, and hence the theory is therefore apt in dealing with this issue. In addition to the theory, past findings in relation to tax were also used as a guide in examining behavioural intention to comply with zakah on employment income.



Source: Theory of reasoned action (Ajzen & Fishbein 1980)

FIGURE 1. Theory of reasoned action

For the purpose of the present study, one's behavioural intention to zakah on employment income is determined by the above two main factors, i.e. attitudes toward zakah on employment income and subjective norms. The theory of reasoned action proposes intention as the closest determinant of behavior. Intention here refers to the extent to which an individual is willing to try or make an effort to act, and hence, intention is an antecedent of behaviour (Fishbein & Ajzen 1975). To understand a particular behaviour, it is important, therefore, to identify determining factors of an intention (Hanno & Violette 1996).

ATTITUDES AND BEHAVIOURAL INTENTION

According to the theory of reasoned action, attitudes are believed to have a direct effect on behavioral intention. Ajzen and Fishbein (1980) defined attitude as the degree to which an individual has a good or poor evaluation on a particular behaviour. One factor that determines attitudes is behavioural belief which involves evaluation of the consequences or outcomes of a particular behaviour (Ajzen & Fishbein 1980). Attitudes are influenced by a belief in an outcome in which its degree is measured in terms of outcome evaluation. Many researchers found that attitudes are a significant predictor of behavioral intention. In the context of taxation, Hanno and Violette (1996) reported that attitudes have a significant relationship to tax compliance intention. For instance, respondents were asked whether reporting of income and reporting of correct deductions of income on the income tax form was perceived to be ethical. In this study, an individual's attitude was measured on whether he/she perceived reporting of income and acceptable deductions as being favourable (or otherwise). Here, the individual's attitude itself reflects his/her intention to act in a particular manner.

In the context of zakah, Bidin and Md Idris's (2007) study also found that attitudes affect behavioural intention. In yet different studies, Md Idris (2002), and Md Idris, Derashid and Engku Ali (1997) found that attitudes have a significant correlation with compliance behaviour to zakah on employment income. However, the latter study did not use theory of reasoned action as their underlying theory

and did not focus on behavioural intention as espoused by the theory. A study on zakah that used the theory of reasoned action was conducted by Bidin and Md Idris (2007), who also revealed a significant and positive relationship between attitudes toward zakah on employment income and behavioural intention of giving zakah on employment income. However, their study did not involve validating the measurement process, i.e. structural equation modeling. In their study, the reliability and validity dimensions of the underlying theory (i.e. theory of reasoned action) were not assessed, and hence the findings established were somewhat suspect. Based on the above argument, it is reasonable that the following hypothesis is tested.

H₁ Attitudes toward zakah on employment income are related positively to behavioural intention to zakah giving on employment income.

SUBJECTIVE NORMS AND BEHAVIOURAL INTENTION

According to the theory of reasoned action, subjective norms influence behavioral intention directly. Subjective or social norms refer to perceived social pressures exerted on an individual either to act or not to act (Ajzen 1991). The belief that underlies subjective norms is referred to as normative belief. Normative belief is influenced by one's belief toward a referent other or referent group. This means that an individual attempts to carry out an action when he/she believes that other people think it is important for them to carry out such act. According to the theory, pressures to act may be exerted from significant others such as parents, peers, superiors, etc. When the individual feels the social pressure, he/she is bound to comply because an individual tends to seek approval from others. In addition to approval, motivation to comply may also be derived from opinions, support and advice from others.

In past studies, many have found a significant effect of subjective norms on behavioural intention (Hanno & Violette 1996; Oliver & Bearden 1985; Shimp & Kavaz 1984). In the context of zakah, Bidin and Md Idris (2007) found a significant and positive effect of subjective norms on behavioural intention. However, as mentioned earlier, they did not consider validating the model, i.e. aspects of reliability and validity of the variables in the model were not examined. Hence, the present research took this opportunity to carry out a much more rigorous analysis such as confirmatory factor analysis within structural equation modeling. Based on the above discussion, the following hypothesis is proposed:

H₂ Subjective norms are positively related to behavioural intention to comply with zakah on employment income.

SUBJECTIVE NORMS AND ATTITUDES

Generally speaking, the theory of reasoned action postulates that attitudes and subjective norms may not directly affect behaviour but assumed to indirectly affect behavioural intention. The effects of all components in the theory of reasoned

action have been empirically established. Past inquiries have found that attitudes and subjective norms are interrelated and are significantly related to behavioural intention (Miniard & Cohen 1983; Oliver & Bearden 1985; Shimp & Kavas 1984). However, a number of issues have been raised with respect to the previous two constructs, i.e. subjective norms and attitudes (Ryan 1982). In particular, Miniard and Cohen (1983) criticised that the model developed by Fishbein and Ajzen does not clearly elucidate the relationship between these variables. Despite this, however, separation of these variables needs to be maintained because attitudes and subjective norms are said to have differential effects on behaviour (Fishbein & Ajzen 1975; Netemeyer & Bearden 1992). High correlations between attitudes and subjective norms reported in past studies lend further support to the interrelations of these constructs. Based on the criticisms put forth against the model, a number of researchers have established a crossover path between attitudes and subjective norms (Miniard & Cohen 1983; Netemeyer & Bearden 1992; Oliver & Bearden 1985; Shimp & Kavas 1984). As a result, Miniard and Cohen (1983), found that attitudes and subjective norms to be interrelated. Similar result was also reported by Oliver and Bearden (1985). Further, Netermeyer and Bearden (1992) found that both paths (i.e. from attitudes to subjective norms and from subjective norms to attitudes) were significant and positive. Nonetheless, Shimp and Kavas (1984) failed to support the interrelation thesis.

Ajzen and Fishbein (1980) emphasized that the influence of subjective norms on attitudes differs according to products, brands, market segments, and situations. Some researchers suggest that attitudes will enhance motivation to act if they are supported by a favorable social environment. This may be that social pressures to behave in a certain manner have minimal impact especially when the behaviour is perceived to be negative (for instance, those who are health conscious may not smoke even though their peers smoke), but will heighten intention when a behaviour is perceived to be positive. In a similar vein, positive attitudes may facilitate behaviour if others approve of it (the behaviour) but may have little or no impact on behaviour if the attitudes are not sanctioned by the community. This is particularly applicable to a service related environment since customers' beliefs in the services offered depend on how others value them. For instance, a zakah payee who refuses to contribute to pay zakah in a zakah agency may develop an intention of not wanting to pay zakah if he/she thinks that such act (paying zakah) is not approved by others. According to the theory of reasoned action, the more favourable the attitudes and the perceived subjective norms are the more intense a person's intention is in carrying out the act (Ajzen & Fishbein 1980). Those around the person may help develop his/her attitudes toward something. Although many researchers have examined the postulated relationship between subjective norms and attitudes, little was done on the context of zakah. Hence, the following hypothesis is proposed.

H₃ Subjective norms are significantly related to compliance behaviour to pay zakah on employment income through attitudes toward zakah.

Based on the above discussion, a theoretical framework of behavioural intention to comply with zakah on employment income amongst Muslims is illustrated in Figure 2.

RESEARCH METHOD

UNIT OF ANALYSIS

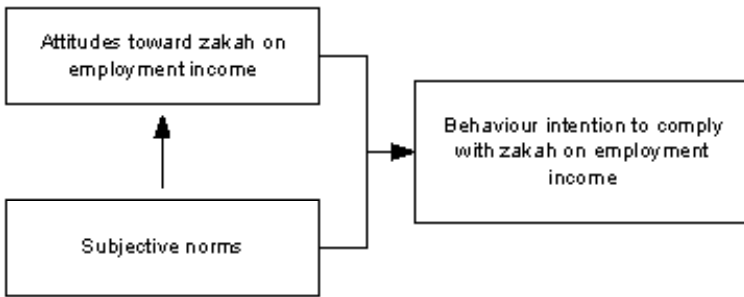


FIGURE 2. Proposed framework of behavioral intention to comply with zakah on employment income (based on the theory of reasoned action)

Unit present of analysis in the present study was an individual Muslim working in public and private sectors in Kedah, Malaysia. The state of Kedah was chosen as the research location since this state was the first to declare a religious decree making it compulsory to pay zakah on employment income. The decree was gazetted since 1986 under section 38(2) of the Kedah Islamic Law of Administration 1962 of the Government Bill No. 146 (Tarimin 1995). Consequently, the state of Kedah can take action against those who fail to pay zakah. In the present study, cluster sampling was used as the main sampling technique. This technique involved identification of all organisations in Kedah that have at least 20 employees who are subject to a scheduled tax deduction. The organisations were selected from a list obtained from the state zakah office. The sample size was determined at 250 (Hair et al. 1998). It is further suggested that for studies intending to employ structural equation modeling, the appropriate sample size is around 200 (Hair et al. 1998).

MEASUREMENTS

Behavioural Intention to Comply with Zakah on Employment Income. Behavioral

intention to comply with zakah on employment income in the present study refers to willingness of an individual to pay zakah on employment income, consistent with one offered by Bidin and Md Idris (2007), who studied zakah on employment income. Four items measured on a five-point Likert scale, adapted from Bidin and Md Idris were used to measure behavioral intention to comply with zakah on employment income. Respondents were asked to indicate their level of agreement or disagreement on statements related to their intention to pay zakah on employment income, such as “I will pay zakah on employment income,” and “I will pay zakah on employment income every year.”

Attitudes toward Zakah on Employment Income. Attitudes toward zakah on employment income refer to the degree of which one has favorable or unfavorable evaluation on zakah on employment income. To measure attitudes, an instrument developed by Md Idris (2002) to measure respondents’ attitudes toward zakah on employment income was used. The respondents were asked to indicate their level agreement or disagreement on four items based on a five-point Likert scale. Examples of the items are: “I am pleased to pay zakah on employment income because by doing so I have fulfilled my responsibility” and “I am confident that zakah on employment income needs to be made when one has met the necessary conditions.”

Subjective Norms. Subjective norms are defined as social pressures exerted by social groups such as parents, teachers, employers, peers, spouses, etc. to act on something. To measure this variable, four items on a five-point Likert scale, adapted from Bidin and Md Idris (2007), were used. Respondents were asked to indicate their level of agreement or disagreement on statements related to their referent group, such as “My parents advice me to pay zakah on employment income,” and “My parents support me to pay zakah on employment income.”

DATA ANALYSIS

Data were analysed by AMOS IV statistical program that involves structural equation modeling (SEM). One pertinent advantage in using SEM is it allows a researcher to test both measurement and structure models *simultaneously* (Hair et al. 1998). Consistent with the recommendations made by Hair et al., three category indices were used to evaluate the model’s goodness of fit, i.e. absolute fit, incremental fit, and parsimony fit. In the present study, the researcher not only wished that the model has goodness of fit but also parsimony fit.

The literature speaks of five fit measurement indices frequently used as benchmarks to determine the goodness of fit of a model (Hair et al., 1998). To determine whether a model has an absolute fit, chi-square (χ^2), and root mean-square error of approximation (RMSEA) are used (Bollen 1989; Browne & Cudeck 1993; Hair et al. 1998; Hu & Bentler 1999), while Tucker-Lewis index (TLI) and normed fit index (NFI) to measure incremental fit (Hair et al. 1998; Hu & Bentler 1999). Parsimony fit is determined by comparative fit index CFI) and normed chi-square (χ^2/df) (Hair et al. 1998).

To verify constructs used in the present study, reliability and construct validity

tests were carried out. Construct reliability was determined based on composite reliability, whilst construct validity involved convergent validity and discriminant validity. Churchill (1979) recommended that both convergent and discriminant validity be carried out to verify a particular construct. Convergent validity involves evaluation of significant coefficients of each item loading and average variance extracted for a specific latent variable (Anderson & Gerbing 1988; Fornell & Larcker 1981). Average variance extracted that exceeds .50 indicates good convergent validity (Fornell & Larcker 1981). Discriminant validity, on the other hand, involves comparing squared correlations with average variance extracted for each construct under study. If the average variance extracted exceeds the squared correlations, then discriminant validity is established (Fornell & Larcker 1981).

RESULTS

CONFIRMATORY FACTOR ANALYSIS

Confirmatory factor analysis was applied to subjective norms, attitudes, and behavioural intention. This analysis was important to verify the constructs' unidimensionality, reliability, and validity (Anderson & Gerbing 1988). Unidimensionality of the construct was assessed by examining the model's goodness of fit measure, as suggested by the relevant literature. A model is said to be good if the NFI, CFI, and TLI values exceed .90 (Arbuckle & Wothke 1999; Hair et al. 1998), whilst χ^2/df should be less than 2.0 and RMSEA value less than .08 (Arbuckle & Wothke 1999; Hair et al. 1998).

As shown in Figure 3, the model's confirmatory factors seemed to have goodness of fit ($\chi^2 = 85.042$, $p < .002$; $\chi^2/df = 1.667$; NFI = .992; CFI = .997; TLI = .996; RMSEA = .052). Even though the value of χ^2 is significant, other indices indicate that the model is good. It is difficult for a chi-square value not be significant if the model is complex. This is because chi-square value is relatively sensitive to multiple indicators and to a relatively big sample size that exceeds 200 (Hair et al. 1998). However, other generally acceptable alternative indices could be used to determine a model's goodness of fit (Fan et al. 1999). Hence, the present research had used other measurement indices toward that end. In this case, the results derived from the confirmatory factor analysis involving 12 indicators have shown that the model has a goodness of fit.

Through confirmatory factor analysis, reliability was determined by using composite reliability. Generally, a scale is said to be reliable when its composite reliability exceeds .70 (c.f. Anderson & Gerbing 1988; Fornell & Larcker 1981; Hair et al. 1998). Fornell and Larcker (1981) recommended that composite reliability that exceeds .70 indicates a good convergent validity. In this study, the composite value for each latent variable (i.e. subjective norms, attitudes, and behavioral intention) indicates good convergent validity. The composite reliability for each latent variable is shown in Table 1. Subjective norms, attitudes, and behavioral intention

has composite reliability values of .93, .79, and .94, respectively. Average variance extracted exceeded .50 for subjective norms and behavioral intention constructs, while the average variance extracted for attitudes was marginal at .49.

Convergent validity is also established based on the significant value of standardized factor loadings for each indicator of each latent variable. Factor loadings ranged from .59 to .98, and all were significant. This shows that the convergent validity has been established (Anderson & Gerbing 1988). Based on the composite reliability value, the average variance extracted, and the factor loadings, the con-

TABLE 1. Standardized confirmatory factor loadings

Factors	Composite reliability	Average variance extracted	Factor loadings ^a
Subjective norms	.93	.78	
R1 ^b			.90
R2			.97
R3			.98
R4			.65
Attitudes	.79	.49	
A1 ^c			.76
A2			.68
A3			.75
A4			.59
Behavioral intention	.94	.79	
I1 ^d			.98
I2			.96
I3			.90
I4			.68

Note: ^aAll factor loadings are significant at $p = .01$; ^bR = indicators for subjective norms; ^cA = indicators for attitudes; ^dI = indicators for intention

vergent validity for the three constructs has been established (Anderson & Gerbing 1988; Fornell & Larcker 1981; Hair et al. 1998). To determine discriminant validity, on the other hand, comparison of squared correlations between two constructs and the average variance extracted shows that the latter exceeded the squared correlations. This shows that the discriminant validity has been established (Anderson & Gerbing 1988; Fornell & Larcker 1981; Hair et al. 1998). Table 2 shows the average variance extracted and squared correlations.

STRUCTURAL MODEL

Structural equation modeling analysis involves examination of correlations amongst latent variables. Figures 4 and 5 show two models of behavioural intention to

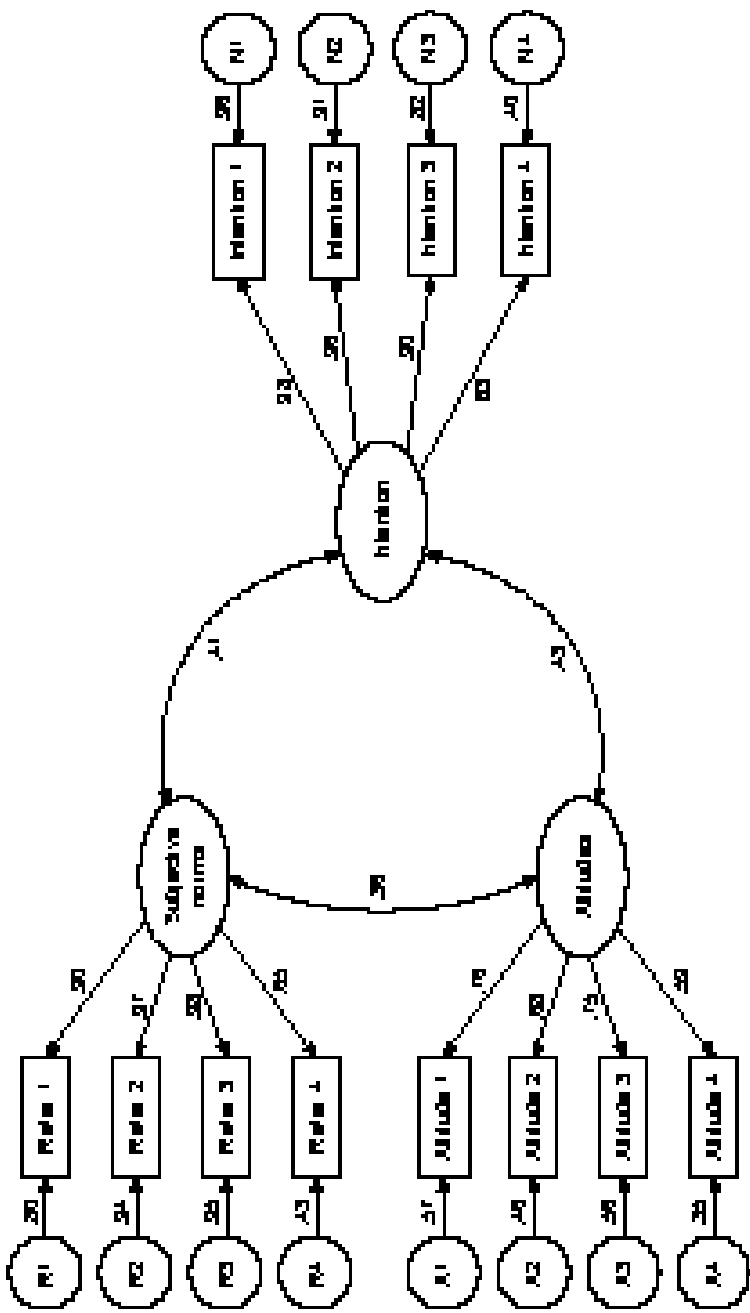


FIGURE 3. The confirmatory factor analysis model

TABLE 2. Correlations amongst latent variables in confirmatory factor analysis

Latent variables	1 ^a	2	3
1 Subjective norms	-		
2 Attitudes	.36 (.13)	-	
3 Behavioral intention	.56 (.31)	.58 (.34)	-

Note: ^aAll correlations are significant at $p = .01$
 Values in parentheses are squared correlations

comply with zakah on employment income specified in the present study. The results for comparing both models are indicated in Table 3. Model 1 was examined to test TRA validity in predicting behavioral intention. By using maximum likelihood estimation technique, the model has obtained a good fit with the data, $\chi^2 = 106.106, p < .000; \chi^2/df = 2.039; NFI = .992; CFI = .996; TLI = .993; RMSEA = .065$. On the other hand, the second model with a path correlating subjective norms and attitudes added shows a much better model than the first model in terms of its goodness of fit. The fit indices for the second model shows the following values: $\chi^2 = 85.042, p < .002; \chi^2/df = 1.667; NFI = .992; CFI = .997; TLI = .996; and RMSEA = .052$. The second model is better than the first model due to decreased values of chi-square, χ^2/df , and RMSEA.

Table 4 shows structural modeling standardised coefficients of the second model. The relationships pattern in this model is consistent with that purported in the theory. The relationships between subjective norms and intention (H_1), attitudes and intention (H_2), and subjective norms and intention through attitudes (H_3) were

TABLE 3. Indices of goodness of fit models

Model	χ^2	p	χ^2/df	NFI	CFI	TLI	RMSEA	
Model 1-TRA	106	.106	.000	2.039	.993	.996	.993	.065
Model 2-TRA (SN → ATT)	85	.042	.002	1.667	.992	.997	.996	.052

Note: NFI=normed fit index; CFI= comparative fit index; TLI= Tucker-Lewis index; RMSEA=root mean square error of approximation; TRA=theory of reasoned action; SN=subjective norms; ATT=attitudes

significant ($p < .05$) in which attitudes contributed the highest standardised coefficient (.43). This means that all three hypotheses were supported. As shown in Table 5, the indirect effect of subjective norms on intention through attitudes was significant at $p = .05$. Furthermore, the second model could explain 48% variance compared to the first model, which could explain 44% variance in behavioural intention to comply with zakah on employment income.

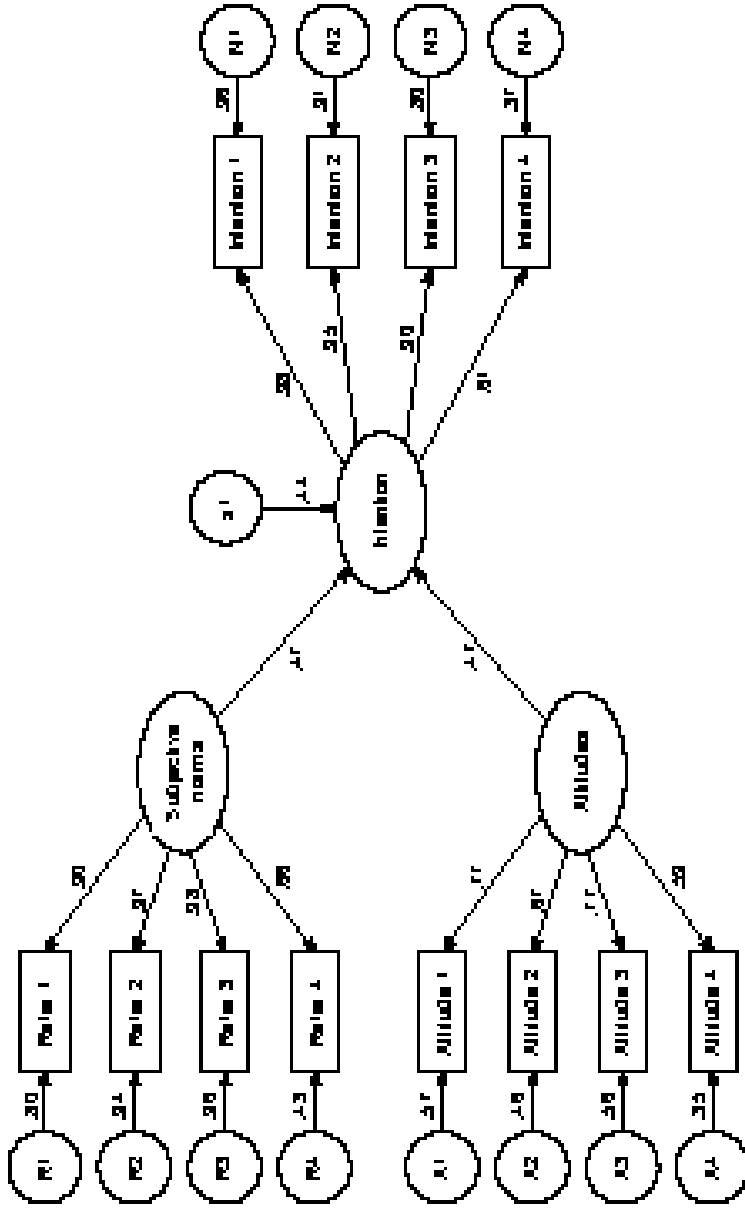


FIGURE 4. Model specification for Model 1

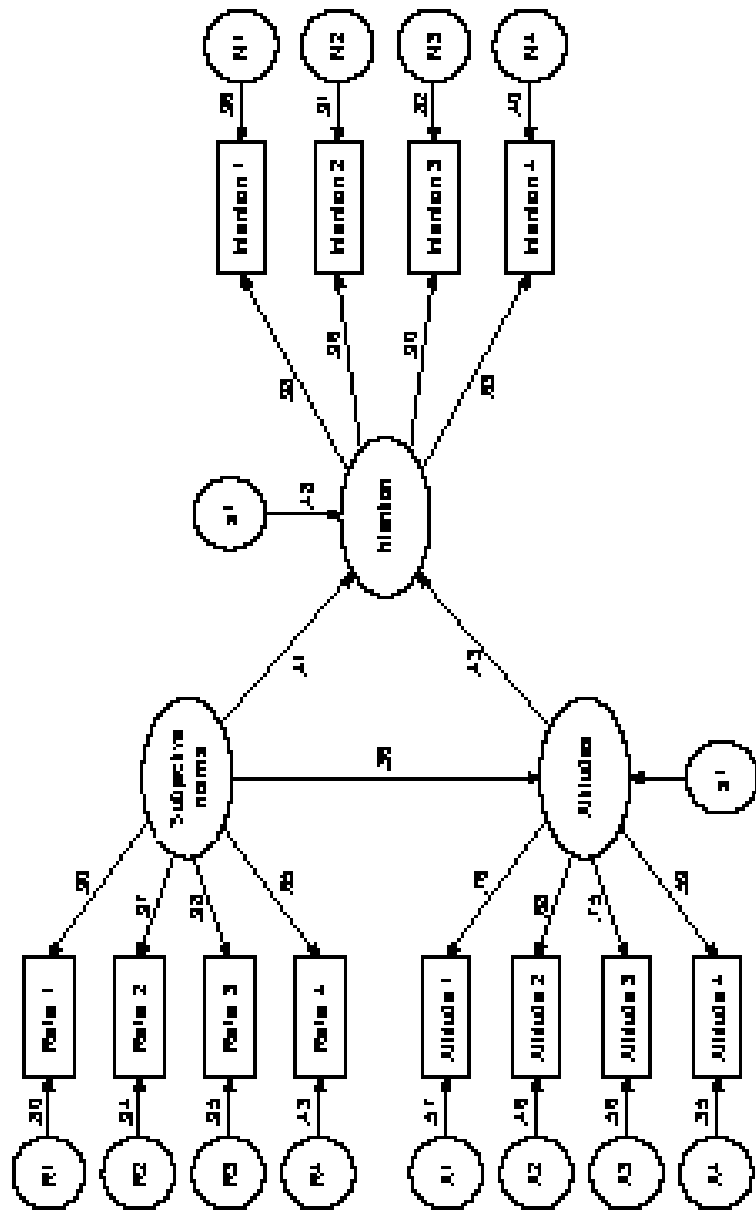


FIGURE 5. Model specification for Model 2

TABLE 4. Standardized coefficient paths

Paths	Coefficients
ATT – BI	.431*
SN – BI	.407*
SN – ATT	.357*

Note: ATT=Attitudes, BI=Behavioral intention, SN=Subjective norms

* $p < .01$

DISCUSSION

The present study has attempted to investigate the influence of subjective norms and

TABLE 5. Direct effect, indirect effects, and total effects (unstandardized)

Relationships	Direct effects	Indirect effects	Total effects
Attitudes			
Subjective norms	0.226*		0.226
Intention			
Attitudes	0.545*		0.545
Subjective norms	0.325*	0.123*	0.448

* $p < 0.01$

attitudes on behavioural intention to comply with zakah on employment income. In addition, it also attempted to examine whether attitudes toward zakah mediates the subjective norm-intention relationship. To achieve these research objectives, theory of reasoned action was used as a basis to explain zakah on employment income. In essence, the present study can be said to attempt to test the rigorously of the theory in explaining and predicting behavioural intention to comply with zakah on employment income.

Based on the findings reported earlier, both of the research objectives outlined have been largely supported. With respect to the first objective to identify the effects of subjective norms and attitudes on behavioural intention to comply with zakah on employment income, the study has managed to support such hypothesized effects. The findings revealed seem to be consistent with those reported in previous studies in various fields (Hanno & Violette 1996; Oliver & Bearden 1985; Shimp & Kavas 1984; Bidin & Md Idris 2007). Because of the significant effects subjective norms and attitudes have on behavioral intention to contribute to zakah on employment income, the findings have important implications on zakah collection exercise carried out by zakah collection agencies. This is because zakah compliance on employment income amongst zakah contributors is a voluntary act. Hence, it is suggested that zakah collection agencies need to consider these two factors, i.e. subjective norms and attitudes, in their attempt to raise compliance level amongst zakah contributors

since it has been shown that these factors are important in predicting compliance intention and subsequently act of compliance. Furthermore, the present study also reveals that attitudes toward zakah on employment income seemed to have a much stronger influence on behavioural intention to pay zakah than subjective norms. Thus, future concerted efforts by those concerned need to focus more on developing favourable attitudes toward zakah amongst Muslim employees. This could be done via various media channels, both printed and electronic, and other means.

With respect to the second objective, the study also found subjective norms to be related significantly to intention through attitudes toward zakah. Furthermore, the present study is able to establish the goodness fit of the model by adding a path from subjective norms to attitudes, hence corroborating previous findings (Shimp & Kavas 1984; Vallerand et al. 1992). The present research has also been able to show that the power of the behavioural intention to comply with income employment zakah increases from 44% (model 1) to 48% (model 2) for the explained variance. The significant relationship between subjective norms and attitudes suggest that Muslims' attitudes toward zakah are influenced by social pressures or a referent group and hence their compliance with paying zakah. In this study, parents have been found to play an important role in shaping an individual Muslim's attitudes towards fulfilling his/her zakah responsibilities. In an organisation in which he/she works, colleagues, peers, and employer may also play their roles. This shows that Muslims seem to be concerned about their counterparts with respect to matters related to religion such as zakah. Opinions of a certain referent group could motivate them in adjusting themselves to the norms of the group (Bobek 1997).

So, what implications do the second research findings on practical implications? Since social pressures act as a motivator for people to comply to zakah on employment income, zakah collection agencies may also want to target significant referent groups as well by giving them proper and relevant training on developing awareness so as to influence them to contribute to zakah voluntarily themselves.

In general, the results have confirmed the application of the theory of reasoned action on zakah context. The findings of the present study are also able to prove the reliability and validity of the theory of reasoned action when applied to behavioural intention to comply with zakah on employment income. This shows that this theory is a rigorous theory that could be used in any research on compliance behavior.

Whilst the present study has revealed factors that could predict behavioural intention to pay zakah on employment income, future research should move beyond investigating "intention" only. Intention has been said to be a precursor to actual behaviour (Wahid et al. 2006). But, within the zakah environment, how much does this proposition hold true, especially given that paying zakah is a voluntary act. Even if one has a good intention to fulfill this religious obligation, he/she may have difficulty in realising such a noble intention. Various factors may work to hinder the realisation, and future work on this needs to be carried out.

To conclude, the present study has managed to evaluate the theory of reasoned action in predicting or explaining behavioral intention to comply with zakah on employment income. Indeed, this study has been able to show that the theory could

be applied with confidence toward that end. Both variables of subjective norms and attitudes are shown to have positive and significant influence on behavioral intention. By adding a path from subjective norms to attitudes in the theory, the study has been able to establish that the model has a better goodness of fit and hence enhanced power in predicting compliance behavioural intention. Future studies are recommended therefore to consider validating the influence of subjective norms on intention through attitudes.

Even though the study has managed to shed some light on the relationships between subjective norms, attitude towards zakah on employment income, and intention to comply with zakah, its findings should be interpreted with some caution. For one, the present study was limited to Muslims in the state of Kedah only. As such, the findings of the study may not be necessarily generalizable to other Muslims in other states in Malaysia since religious matters are within state and not federal jurisdiction. In this case, it would be very interesting to find out whether differences and/or similarities in the phenomenon under study can be ascertained. Furthermore, the present study seems to assume that attitude towards zakah behavior is given. Realistically and theoretically speaking, attitudes are formed due to multitude of factors, such as the context one is in. In this regard, comparative studies across different states may reveal something important and useful both for practice and theory.

REFERENCES

- Ajzen, I. 1985. From intentions to actions: A theory of planned behavior. In *Action-control: From cognition to behavior*, edited by J. Kuhi and J. Beckmann. (pp.11-39). Heidelberg: Springer.
- Ajzen, I. 1991. The theory of planned behaviour. *Organizational Behaviour and Human Decision Processes* 50: 179-211.
- Ajzen, I. & Fishbein, M. 1980. *Understanding attitudes and predicting social behaviour*. Englewood Cliffs, NJ: Prentice-Hall.
- Arbuckle, J.L. & Wothke, W. 1999. *AMOS users' guide version 4.0*. Chicago IL: Smallwaters Corporation.
- Anderson, J. & Gerbing, D. 1988. Structural equation modelling in practice: A review and recommended two-step approach. *Psychological Bulletin* 103(3): 411-423.
- Bidin, Z. & Md Idris, K. 2007, in press. The role of attitude and subjective norm on intention to comply zakah on employment income, *IKaZ International Journal of Zakah 1*.
- Bobek, D.D. 1997. Tax fairness: How do individuals judges fairness and what effects does it have on their behaviour? Unpublished PhD thesis, University of Florida, Gainesville.
- Bollen, K.A. 1989. *Structural equations with latent variables*. New York: Wiley.
- Browne, M.W. & Cudeck, R. 1993. Alternative ways of assessing model fit. In *Testing structural equation models*, edited by K. A. Bollen and J. S. Long. (pp. 136-162). Newbury Park, CA: Sage.
- Churchill, G.A. Jr. 1979. A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research* 16(1): 64-73.
- Fan, X., Thompson, B. & Wang, L. 1999. The effects of sample size, estimation methods and model specification on SEM fits indices. *Structural Equation Modeling: A Multi-*

- disciplinary Journal* 6: 56-63.
- Fishbein, M. & Ajzen, I. 1975. *Belief, attitude, intention, and behaviour: An introduction to theory and research*. Reading, MA: Addison-Wesley.
- Fornell, C. & Larcker, D. 1981. Evaluating structural equation models with unobserved variable and measurement error. *Journal of Marketing Research* 18: 39-50.
- Hanno, D. & Violette, G.R. 1996. An analysis of moral and social influences on taxpayer behaviour. *Behavioural Research in Accounting* 8: 57-75.
- Hair, J.F., Anderson, R.E., Tatham, R.L. & Black, W.C. 1998. *Multivariate data analysis*. New Jersey. Prentice Hall.
- Hu, L. & Bentler, P.M. 1999. Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling* 6: 1-55.
- Md Idris, K. 2002. Gelagat kepatuhan zakah gaji di kalangan kakitangan awam. Unpublished PhD thesis, Universiti Utara Malaysia, Malaysia.
- Md Idris, K., Derashid, C. & Engku Ali, E.I. 1997. Zakah penggajian: Suatu tinjauan terhadap pengetahuan dan amalan Muslimin negeri Perlis. Paper presented in Research Seminar, Universiti Utara Malaysia, Sintok, Kedah, Malaysia.
- Miniard, P.W. & Cohen, J.B. 1983. Modelling personal and normative influences on behaviour. *Journal of Consumer Research* 10: 169-180.
- Oliver, R.L. & Bearden, W.O. 1985. Crossover effects in the theory of reasoned action: A moderating influence attempt. *Journal of Consumer Research* 12: 324-340.
- Perlis Shariah Committee. 1996. *Fatwa Negeri Perlis*. Kangar: Majlis Agama Islam dan Adat Istiadat Negeri Perlis.
- Ryan, M.J. 1982. Behavioural intention formation: The interdependency of attitudinal and social influence variables. *Journal of Consumer Research* 9: 263-278.
- Shimp, T.A. & Kavas, A. 1984. The theory of reasoned action applied to coupon usage. *Journal of Consumer Research* 11: 795-809.
- Tarimin, M. 1995. Zakah penggajian: Satu penilaian terbaru di Malaysia, Unpublished PhD thesis, Universiti Malaya, Malaysia.
- Wahid, H., Ahmad, S. & Mohd Noor, M.A. 2006. *Kesedaran membayar zakah pendapatan di Malaysia*. Pusat Pengajian Ekonomi, Fakulti Ekonomi & Perniagaan, Selangor: Universiti Kebangsaan Malaysia.

Faridahwati Mohd. Shamsudin
College of Business
Universiti Utara Malaysia
06010, Sintok, Kedah
Malaysia
Email: faridah@uum.edu.my