

THE FACTORS AFFECT ZAKAT ORGANIZATIONS IN PALESTINE

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Abstract : Zakat is one of the five basic pillars in Islam, Furthermore, It is an obligation of all financially able Muslims to give a specific amount of their wealth to predetermined beneficiaries. However, this study will discuss the low compliance reported in the payment of zakat. In ensuring zakat obligations are fulfilled, zakat organizations are set up to manage zakat efficiently. Although zakat organizations have been operational for a long time in Palestine, their performances have yet to reach full potential. It is of prime importance that these institutions are managed effectively and efficiently because of their pivotal role in the society. In a country where zakat is one of the necessary components for development, the way to ensure optimum utilization of zakat is through the integration of zakat organizations into the mainstream economy. For zakat organizations to be integrated into the mainstream economy, efficient performance is required. Based on hermeneutic and demarcation approaches, this study proposes the phases of zakat integration in Palestine. Furthermore, the study will discuss the factors can affect zakat sustainability organizations in Palestine namely: attitude, knowledge, perceived control and subjective norm moderating by the trust as an internal control.

In the end of the study, the finding of the present study will increase the eligible Muslims awareness to pay zakat on saving and help policymakers to be more efficient and effective in the future.

IndexTerms - Trust, Attitude, Knowledge, Perceived Control, Subjective Norm and Zakat Sustainability Organizations.

I. INTRODUCTION

Zakat can bridge the gap between the rich and the poor and it also becomes a solid foundation for the economic strength Muslim community. In fact, the distribution of zakat funds can generate purchasing power and thus could increase the country's productivity. Zakat resources come from various sources such as salary incomes, savings, businesses, livestock, stocks, gold, silver and agriculture. Furthermore, zakat organizations exist in Palestine but they only focus on specific categories and don't focus on the factors can affect Society and economic situation and all of the types of Islamic needs. Moreover, most Palestinian people do not know exactly how to calculate their required Zakat (Charity) and the rate of Nisab (the required amount of wealth) updated by the council of Fatwa. Thus, the significant reason for the problem was the connection gap especially in term of information between Zakat organization and people of concern. As well, most systems

(Shay, 2017; Saad, Idris, Shaari, Sawandi, & Derashid, 2017; Obaidullah, & Manap, 2017; Noor, Rasool, Ali, & Rahman, 2015) are all stand-alone system, which is separated according to an organization that handles it. The public can only get general information without providing the importance of the rate and the amount payable to Zakat. General Organization of Zakat Affairs, is another example of an organization that rolled by the Palestinian authority. Many features that are not supporting the citizens in the significant issue of Zakat calculation. It provides information accorded to the organization itself (Abdullah, 2018). To overcome these problems we should implement to solve that issues in order to make a good impact on the Islamic organizations, related parties and other public in making their job simple, more productive, more efficient and more effective.

It is clear from the above that zakat organization plays an important role in the development and social welfare (Abu-Ras, & Mohamed, 2018). Failing to consider zakat in broader conversations about development finance could result in missed opportunities for aid coordination and duplication of efforts.

However, the study also aims to examine the relationship, between the various motivators, influencers, preferences of Islamic donors and their own individual traits piety, benevolence, vigilance, accountability, responsibility, ability to trust, penchant for details, apathy, indolence, indifference - as well as the characteristics of zakat organizations, e.g. governance, transparency, accountability, information-sharing, frugality, extravagance (Bilo, & Machado, 2018).

In addition to measuring the relative importance of factors that motivate the individual zakat donor, the study also seeks to profile the donors in terms of specific behavioral traits and preferences. The study has the additional objective of examining whether the above-mentioned factors are influenced by the country of origin of the zakat-payer. Another important objective of the study is to examine if and to what extent specific motivators, behavioral traits, and preferences are inter-related and go together. Furthermore, Voluntary and enforced compliance, as well as zakat avoidance and evasion, are described as resulting from the interaction between zakat payers' trust in zakat organizations. Trust in zakat organizations makes donors pay the zakat. However, as classify above lack of trust in the zakat organizations, donors are assumed to be motivated to withhold their contributions. (Muhammad, & Saad, 2016). Hence, there is a need exists to investigate the role that trust plays in influencing the fairness perception with respect to voluntary donors compliance in Palestine (IT, 2016). This need has led this study to investigate the moderating effect of trust in the relationship between

attitude, knowledge, Perceived Control and subjective norm with zakat organizations in Palestine (Odusola, 2016).

2. LITERATURE REVIEW

2.1 ATTITUDE

According to Montano, and Kasprzyk, (2015), attitude toward the behaviour is defined as the individual's positive or negative feelings about performing behaviour. It refers to the extent to which an individual has a favourable or unfavourable evaluation of a given behaviour. Attitudes towards a given behaviour are determined by an individual's beliefs about the behaviour (i.e., favourable or unfavourable), where a belief refers to the subjective values and evaluation of the expected outcomes related to the behaviour. Thus, if an individual expects that behaviour would result in positive outcomes, then, his or her attitude towards performing the behaviour is likely to be favorable.

Attitudes towards behavior, Subjective norms, perceived behavioral control, Intention Behavior Several researchers including (Nadeem, bin Mohamad, & bin Nik Abdullah, 2017; Montano, & Kasprzyk, 2015; Haji-Othman, Alwi, Sheh Yusuff, & Mohd Saufi, 2017) treated attitude towards behaviour as a significant predictor of behavioural intentions. In the field of taxation by Osman, Mohammed, and Fadzil, (2016), showed that the intention to comply with to the tax law its influence by the attitude of taxpayer. Zainol et. al (2011) found attitude was positively related to local sales tax compliance intention behaviour. Budden and Sagarin (2007) examined attitudes to exercise were related to intentions to exercise.

In the perspective on zakat, Zainol and Kamil (2009) found that attitude towards zakat on employment income significant predicted intention to pay zakat on employment income. In a different study, Zainol (2008) also found a positive relationship between attitude and intention, and subsequently influence zakat compliance.

In this study, zakat payer's attitude toward zakat on savings reflects individual intention to comply or not to comply with zakat on savings. Moreover, it is expected in this study that a positive attitude towards zakat giving on savings. Thus, the following hypothesis is proposed:

H1a: Attitude has a positive effect on the zakat organizations in Palestine.

2.2 KNOWLEDGE

Albert and Bradley, 1997 define knowledge as “information combined with experience, context, interpretation, and reflection. It is a high value form of information that is ready to apply to decisions and actions”. Based on cognitive science theories, knowledge can be defined as an abstract concept that is consciously or unconsciously built by the interpretation of a set of information acquired through both experience and meditation on the experience itself, and that is able to give its owner a mental and/or physical ability (Ab Rahman, Zakaria, Shaari, Nawi, & Zain, 2019; Saad, Farouk, Wahab, & Ismail, 2019).

Knowledge, as defined for this study is the information required by zakat payers to pay zakat on saving. As Muslim in Malaysia, zakat knowledge is learnt in detail in secondary school. Knowledge is a potentially significantly factor that need to give attention in zakat compliance. The concept of knowledge of pay zakat on saving is especially important in this study, considering how few people knew of pay zakat on saving before the survey. Greater knowledge of pay zakat might help individuals to understand not only to comply, but also why the pay zakat on savings exists.

The studies by Rosenbloom, Haviv, Peleg and Nemrodov (2008) shows that the crossing guard program carries a significant effect in some domains and within certain age groups. For example, seventh-graders studying at schools that operate the program showed better knowledge of traffic rules and more intention to look both ways before crossing a road than pupils studying in schools without the program.

In the context of zakat, factor of knowledge on zakat on income and education level did not significantly affect the zakat on income behaviour (Saad, et al., 2019). The finding by Haji-Othman, et al, (2017) indicates that knowledge plays significant roles in compliance behaviour of zakat on employment income. However, education knowledge implies to Muslim, the zakat system in Malaysia can plan a far greater role in empowering the economics of the Ummah. Based on the discussion above, it is expected that knowledge would positively influence zakat payers in their compliance decision with zakat on saving (Ulfah, 2016). Thus, the following hypothesis is proposed:

H1b: Knowledge has a positive effect on the zakat organizations in Palestine.

2.3 SUBJECTIVE NORMS

According to theory of reasoned action, subjective norms influence behavioural intention directly. It is considered the second major determinant of behavioural intention in theory of TPB. Subjective norm refers to the individual's perceptions of social pressure in performing or not performing a given behavior and is determined by normative beliefs which assess the social pressures on the individual about a particular behavior (bin Mislan Cokrohadisumarto, Zaenudin, Santoso, & Sumiati, 2019; Ulfah, 2016). Normative beliefs refer to the perceived behavioral expectations of such important referent individuals or groups as the person's spouse, family, friends, and depending on the population and behavior studied such as teachers, doctors, supervisors, and coworkers. It is assumed that these normative beliefs in combination with the person's motivation to comply with the different referents to determine the prevailing subjective norm. Specifically, the motivation to comply with each referent contributes to the subjective norm in direct proportion to the person's subjective probability that the referent thinks the person should perform the behavior in question (Haji-Othman, et al., 2017).

Sareye, and Haji-Othman, (2017) recognizes that there may be some situations where behavior is simply not under the attitudinal control of individual; rather, the expectations of relevant others may be a major influence in ultimate behavioral performances. Hence, attitudes and subjective norms are suggested to exert their effects upon behavior through intentions (Farouk, Md Idris, & Saad, 2018).

Many studies have found a significant effect of subjective norms on behavioural intention (Osman, et al 2016; Ab Rahman et al., 2019; Saad, et al., 2019; bin Mislan Cokrohadisumarto, et al., 2019; Ulfah, 2016; Sareye, & Haji-Othman, 2017) have shown empirically that positive subjective norms significantly affect tax compliance intentions. Furthermore, in the perspective of (Montano, & Kasprzyk, 2015; Nadeem, et al., 2017) found that subjective norms are positively related to behavioural intention to comply with zakat on employment income. Thus, the following hypothesis is proposed:

H1c: Subjective norms has a positive effect on the zakat organizations in Palestine

2.4 PERCEIVED BEHAVIORAL CONTROL

Ajzen (1991) defines perceived behavioural control as the perceived ease or difficulty of performing the behaviour and it is assumed to reflect past experience as well as anticipated impediments and obstacles. The perceived ease or difficulty of performing the behaviour is usually dependent on the existence of individual

internal and external factors such as experience, skills, resources and opportunities. Farouk, Idris, & Saad, (2017) found that a person should have absolute power to control any internal or external factors in theory of planned behavior. Perceived behavior control acts directly with intention in performing the behavior. It is one of the major factors that will influence individual behavior. If the individual does not have the control over these factors, the intention to do something will be weakened. Rather, the intent of individuals will increase if he has control over these factors (Azman, & Bidin, 2015). Md Husin, & Ab Rahman, (2016) says that the behavioural control influence intentions based on assumption that perceived behavioural control by an individual will have implications on the person's motivation.

Previous studies have found a significant relation between perceived behavioural control and behavioural intention (Farouk, et al., 2018; Farouk, et al., 2017; Azman, & Bidin, 2015; Md Husin, & Ab Rahman, 2016; Farah, bin Haji Othman, & Omar, 2017). Perceived behavioural control in the context of taxation is how strong a taxpayer's degree of control in showing a certain behaviour, such as reporting a lower income, deduct expenses that should not be deducted for income and other tax non-compliance behaviour (Allah Pitchay, Mohd Thas Thaker, Azhar, Mydin, & Mohd Thas Thaker, 2019). The studies by Osman, & Muhammed, (2017) in information system positively influenced by perceived behavioral control.

Zainol and Kamil (2009) revealed that perceived behavioral control is an important determinant in relation to behavioral intention of zakat compliance. Osman, & Muhammed, (2017) found that perceived behavioral control is related to intention in zakat compliance behavior on employment income. Therefore, the perceived behavioral control believed to exist in the compliance behavior zakat on savings. Thus, the following hypothesis is proposed:

H1d: Perceived behavioral control has a positive effect on the zakat organizations in Palestine

2.5 THE MODERATING EFFECT OF TRUST

There are several different definitions of trust explained by a few researchers. Trust is seen as the confidence level that other firm will execute actions resulting in optimistic outcomes for the company in the view of marketing aspect. In the same way, people are not encouraged to take actions that would lead to negative consequences for the firm (Benthall, 2016).

As explained by previous researchers, trust is seen from different perspectives in organizational, economic and sociological theories. In organizational theory, trust is seen as an intentional means to secure resources (Royle, 2016; El-Deeb, 2017). For instance, resource dependence theory suggests that a deficiency of firm's resources gives rise to its organizational engagement and resource dependence with other businesses (Machado, Bilo, & Helmy, 2018). Sociological theories defined trust as reciprocal and relational. Recurring transactions and resource exchanges between firms bring expectations and relational norms that go beyond short-term limits (Royle, 2016). In contrast, economic theories view trust in relation to perceived gain and losses (El-Deeb, 2017). As an example, transaction cost economics (TCE) stresses the importance of trust between firms in term of costs and the benefits. The theory suggests that a firm will not trust another firm unless they benefit more than cost incurred.

Understanding the donors is important to the zakat organization (Islamic charities) because many Muslims with negative presumption think political agenda always attached to charitable organizations. Eventually these Muslims do not trust them at all (Milton-Edwards, 2017). To overcome this typical attitude, voluntary agencies emerge to fill the gap by collecting and distributing zakat alongside with other humanitarian donations (Muhammad, & Saad, 2016). Besides, proliferation of voluntary agencies is a serious challenge to the non-governmental charities. Jordan, for instance, has over 650 registered voluntary societies while in Egypt is about 14,000. This resulted in the competition for the available limited zakat and other donations (Osman, & Muhammed, 2017).

Various marketing strategies being adopted due to unprecedented upsurge in zakat organisations. Among the strategies are giving of promotional gifts and heavy investment in technology to gain the loyalty of the zakat payers. These practices are prevalent in countries like Malaysia and Singapore. The application of marketing strategies without further understanding on relevant factors has engendered trust in zakat organizations. It may constitute a share waste of zakat payers' money. For instance, the actual impact of technology on zakat payment was found to be insignificant (Machado, et al., 2018). Based on this premise, knowledge of the antecedents of zakat payers' trust will assist managers of zakat organization to attract and retain zakat payers for long term sustainability of their organisations. Although there are related studies on the determinants of zakat compliance, there is still not many single study found on the factors that directly influence the trust of zakat payers in zakat organization. Thus, the following hypothesis is proposed:

- H1e: Trust significantly moderates the relationship between attitude on the zakat organizations in Palestine.*
- H1f: Trust significantly moderates the relationship between knowledge on the zakat organizations in Palestine.*
- H1g: Trust significantly moderates the relationship between subjective norms on the zakat organizations in Palestine.*
- H1h: Trust significantly moderates the relationship between Perceived behavioral controls on the zakat organizations in Palestine.*

2.6 CONCLUSION AND RECOMMENDATIONS

Integrating zakat is the next on the agenda of Palestinian in achieving a developed nation status. To achieve a developed nation status, it requires a combined effort from the zakat organizations and Palestinian donors. Proper management of zakat funds potentially contributes to economic stability and enhances the prosperity of a nation as well as ensures the equality in income distribution. Despite its huge role in the economy, zakat organizations have not yet attained their full potential.

This is due to prolonged unresolved problems because of a lack of studies in zakat organizations. Furthermore, attitude, knowledge, perceived behavioral control and subjective norm showed are an influence to pay zakat on saving. Hence the other studies should include such as zakat organizations and the government should increase the awareness of Muslim society by organizing the forum, having an open discussion regarding zakat and advertising zakat among others. In addition, they should impose a punishment like fine to eligible Muslims who do not pay zakat. Lastly, more research should be done in the area of zakat in order to help the policymakers to be more effective and efficient in collecting and distributing the zakat funds.

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