

Amil Zakat Governance Risk Mitigation: An ERM – COSO Analysis

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ABSTRACT

Risk in zakat management is a potential event, both predictable and unpredictable, which negatively impacts the level of trust, sharia considerations, and sustainability in the management process. The purpose of this study is to investigate and formulate mitigation efforts of amil zakat governance. The research method uses an Enterprise Risk Management with the Committee of Sponsoring Organizations approach of the Treadway Commission (COSO) modification (ERM-COSO modified) with four indicators discussed that describe the level (likelihood), influence (impact), change (vulnerability) and speed (onset speed). The results of the study indicate that the identified risk of amil governance is as much as nine of the twenty seven risks that should arise with the risk level of amil governance being in an intermediate position. This is different from several previous studies. The level of risk in zakat management is largely determined by the quality of amil. The results of the heatmap analysis resulted in a small dot heatmap size which means a low level of vulnerability to risk (vulnerability), while the dot color consists of six purple, two blue and one red which means the speed of the occurrence of high risk. The impact of this risk identification requires amil recruitment patterns and the provision of good zakat management training. The recommended risk response is to reduce the risk that will occur by (1) implementing reward and punishment for amil to be more professional in carrying out their duties, (2) involving third parties (universities) in monitoring and supervising the distribution of zakat funds.

Keywords: ERM-COSO modified, risk mitigation, governance

INTRODUCTION

According to Indonesia's law number 23 of 2011, zakat must be paid by a Muslim or business entity, and distribute to those entitled under the Islamic law. Zakat is a certain part of wealth determined by Allah SWT to be distributed to the categories of people who are entitled to receive it (Huda et al. 2015). The management of zakat has been developing along with the economic development of the ummah. At the beginning, the Prophet gave examples and practices among the

companions. The Messenger of Allah, as he prescribed in Medina, at one time became two functions at once, namely as a religious and state leader. The view of zakat management practised by the Prophet is management under the Islamic government. So, the management carried out by the government and certain institutions actually support the core purpose of zakat which is to fight poverty and close the gap between rich and poor people (BAZNAS, 2018).

The potential of zakat in Indonesia is very large. It is reflected by

the Zakat Potential Mapping Indicator in 2019 published by the National Amil Zakat Agency (BAZNAS). Based on the calculation of the IPPZ analysis, it was revealed that the national zakat potential reached Rp 233.8 trillion or equivalent to 1.72 percent of GDP in 2017 (BAZNAS, 2019). The potential was divided into five zakat objects, namely the potential for agricultural zakat reaching Rp 19.79 trillion, the zakat potential for animal husbandry reached Rp 9.51 trillion, the potential for zakat money reached Rp 58.76 trillion, the zakat potential of the company reached Rp 6.71 trillion, and the potential for zakat income reached Rp 139.07 trillion. In line with these potentials, the increasing use of the internet by Indonesians reaching 171.17 million people (64.8%) will be a great opportunity for zakat collection.

Even though the potential for zakat reaches Rp 233.8 trillion, in terms of actual collection, the amount of zakat collected by BAZNAS and LAZ (private zakat institution) in Indonesia has not yet reached an optimal amount. According to national zakat statistics in 2017, it is known that the collection of national zakat has only reached Rp. 6 trillion. This amount has increased from 2016, where the collection only reached Rp. 5 trillion. However, when compared with the total potential, the gap between potential and accumulation is still large. In 2019 the zakat funds collected reached Rp. 10.2 trillion or 4% of the total potential (BAZNAS, 2019).

The future of zakat institutions will be largely determined by the ability of zakat management to deal with various rapid changes that occur at this time. The inevitability of globalization, the rapid information, and technology as well as commercial financial innovations and social finance become

increasingly complex, dynamic, and competitive. This condition has the potential to increase risks to zakat institutions where all these risks absolutely must be managed (BAZNAS, 2018).

According to Wahab and Rahman (2011) who studied the zakat service satisfaction index, zakat management in a zakat institution starts from the planning, organizing, collecting, distributing, and utilizing processes. The purpose of good governance is to make zakat funds collected and distributed can run efficiently and effectively. Some cases of amil governance that are not in accordance with the principles of good governance include the misuse of zakat funds (corruption), the distribution of zakat that is not on target, zakat reporting that is not transparent and accountable, and several other cases. Susilowati and Setyorini (2018), the causes of misuse of zakat distribution include amil zakat not designated by the government, distribution of zakat in the form of loan money, and using zakat assets for investment. Amil risk in zakat management needs to get more attention because zakat funds need to be managed properly.

To identify the risks of zakat institutions including their impacts, this paper analyzes the risk mitigation of zakat management and designs the concept of zakat management risk management, then uses the Enterprise Risk Management (ERM) method with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) approach. The data analysis technique in the modified COSO-ERM is the development of the COSO-ERM which includes the process of risk identification, risk measurement and mapping, risk management, and

risk mitigation strategy planning in the management of zakat management institutions. Zakat management organization risk identification with ERM COSO Modifications can be divided into 11 (eleven) types of risks, which are broken down again into 36 risk sub-types, and finally identified 405 risks. Zakat management organization risks can be categorized into 5 (five) risk categories, namely strategic, educational, operational, reporting, and compliance. Each risk category consists of several types of risk (BAZNAS, 2018).

Several studies that focus on the governance of zakat management organizations include Mahmudi (2009), Pariastu (2014), Permana and Baehaqi (2018) that good governance is required by LAZ to improve performance professionals in order to fulfill stakeholder interests. Anwar (2012), Huda and Sawarjuwono (2013), Lestari, Pratiwi and Ulfah (2015), and Atabik (2015) the use of information technology is needed in improving amil governance. Meanwhile, studies conducted by Susilowati and Setyorini (2018), and Darmawati, Jaryono and Wahyudin (2018) report that the efficiency and effectiveness of zakat distribution can realize good zakat governance.

Studies on risk management of zakat management as conducted by Dyarini and Jamilah, (2017) and Triyani et al., (2017) explain that the implementation of risk management in zakat institutions will enable the achievement of organizational goals and can minimize the occurrence of major risks. Ariani (2018) and Masrurroh (2018) found that there are four ways to control risk, namely the establishment of procedures and policies for zakat distribution, periodic evaluation,

assistance and report output. Tulasmi et al., (2018), identified that potential risks that occur in the zakat institution of Dompot Dhuafa Yogyakarta are operational risk, distribution risk, and risk of education for muzakki. Meanwhile, the study by Nazir (2018) and Dyriani, Jamilah and Priharta (2018) explains that strategies for zakat institutions can minimize risks, namely by means of preventive strategies. The types of risks that have been identified can be classified into four categories, namely reputation and Muzakki loss risk, disbursement risk, operational risk, and country and transfer risk.

The difference between this study and previous research, especially on zakat risk mitigation, includes (1) the method used with the modified COSO ERM approach and (2) risk mapping and measurement aimed at heatmap charts, where in some of the above studies it does not display a heat map chart. In addition, the focus of the study is in the form of mitigating the risk of amil on zakat management. The purpose of this research is to identify risk mapping and formulate mitigation efforts of amil zakat governance.

LITERATURE REVIEW

Risk Management

Risk management is defined as series of procedures and methodologies that can be used to identify, measure, monitor and control the risks arising from business activities (BAZNAS, 2018). Risk management approach model can be done in various forms. First, the process model, risk management, begins with the company's move to identify potential risks that may arise, establish policies, take action, and monitor risks. Second, if implemented optimally, risk

management can assist management in evaluating strengths and weaknesses (Umar, 1998).

Risk management cycle consists of identification of risk forms, size placements, and risk scales, alternative decision placements, alternative decision analysis, deciding and implementing alternatives, implementation control, and implementation evaluation (Fahmi, 2010). According to Hanafi (2006), risks arise because there is a condition of uncertainty. Investment can both bring a profit (price up) and cause a loss (price down). The uncertainty leads to risks. Risks occur due to lack or unavailability of enough information about what will happen.

The risk management is targeted at identifying, measuring, monitoring, and controlling the process of zakat management with a reasonable risk in a directed, integrated and sustainable manner. Thus, risk management has a function as a filter or an early warning system for zakat management activities. In general, the urgency of risk management in zakat management can be divided into five (5) such as: (1) Providing information about risks to the regulators and other involving parties; (2) Ensuring zakat institutions do not experience the opportunity-loss even it is unacceptable; (3) Minimizing the opportunity-loss from various uncontrolled risks; (4) Measuring the risk exposure and concentration; (5) Ensuring the sharia compliance in the zakat management, especially risk mitigation (BAZNAS, 2018).

Risk Management Identification Process For Zakat Institutions

There is some literature that focuses on risk identification of non-profit institutions. Several studies these

include Godfrey (1996), Herman et al., (2004), Bertrand and Brown (2006), Young (2009), Carter and Demcruz (2013), Bali and Uslu (2017) and Clontz and Havens (2015). Based on several previous studies, one of the main references is the application of risk management that is frequently adopted by non-profit entities in several parts of the world, namely the ERM Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO ERM provides guidance on the application of risk management in order to improve the efficiency and effectiveness of the use of resources in reaching organizational objectives.

To identify the risk to zakat institutions, including the impacts, to analyse risk mitigation for zakat management and to design the concept of risk management for zakat management, use of the Enterprise Risk Management (ERM) method with an approach of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is necessary. The data analysis technique in the COSO ERM modification is the development of COSO ERM, which includes the identification process risk, measurement and mapping risk, risk management and planning of risk mitigation strategies in the zakat management of management organizations (BAZNAS, 2018).

The first step in risk management is to identify the risks that exist in zakat institutions. By doing this, such institutions can obtain a set of information about the frequency of such risks. The information about what impacts that can be caused by the risks, the level of risk speed, and even the level of vulnerability of zakat institutions in dealing with these risks (BAZNAS, 2018).

Basically, risk identification can be achieved by asking the experts. Expert opinion can be obtained by in-depth interviews with an individual, a group of people, or through Focus Group Discussion. The parties interviewed or involved in the FGD are those who are considered to be experts. In the context of the risk identification of zakat institutions, there are several criteria for defining experts. First, they are those who routinely work with, or handle, zakat management; for example, zakat collection staff, who are experts on the risks of collecting zakat. Second, they are those who have an influence on the strategic policies of zakat institutions, for example their leaders (BAZNAS, 2018).

The risk identification of OPZ with COSO ERM modifications can be divided into 11 types of risk, and which can be further elaborated into 36 sub-types of risk, so finally identifying 405 risks. OPZ risk can be categorized into five risk categories, namely strategic, educational, operational, reporting and compliance. Each risk category consists of several types of risks (BAZNAS, 2018).

Meanwhile, according to Triyani, Beik and Baga (2015), there are 4 (four) categories of risks, namely negligible risk (a risk that is not necessary to be considered due to its small impact), acceptable risk (a risk that can be accepted but still need to be managed), undesirable risk (a risk that is better to avoid), and unacceptable risk (a risk that cannot be tolerated so that it must be eliminated or transferred).

RESEARCH METHODS

This study uses a mixed methods (qualitative and quantitative) approach. Qualitative methods are used to analyze

interview data, while quantitative methods are used to analyze questionnaire distribution data to determine the level of risk in zakat management. The source of the data is the subject from where the research data was obtained, and this study was obtained from primary and secondary data. Where primary data is obtained from the distribution of questionnaires and in-depth interviews with experts who are familiar with the internal environment at the BAZNAS City/District XXX. The number of respondents involved in this study consisted of 3 people consisting of the Chairperson, Deputy Chairperson for the Collection and Division staff. Meanwhile, the resource person for risk mitigation identification is the Head of BAZNAS

The technique chosen for the informant is with a sample of experts, meaning that the actor knows and masters the problem and is directly involved with the problem under study. Informants consist of key informants and ordinary informants (Anwar, 2012). Whereas secondary data is data from parties and other sources of primary data.

Data analysis was carried out in three stages, namely risk identification, risk measurement and mapping, and risk mitigation. The risk identification stage is carried out to determine the risks that occur in zakat institutions, especially those that have a major influence on the emergence of the impact of the risks that will be caused by Triyani et al., (2017). Measurement and risk mapping are carried out using the approximation method introduced by Kountur (2008). The use of this method aims to determine the level of likelihood and impact of a risk. Measurement of the likelihood of occurrence (likelihood)

and symbolized by the letter L is measured on a Likert scale of one to seven which shows the level of probability from the impossible to almost certainty occur as presented in the following table 1.

Table 1. The scale of measurement of the likelihood of risk

Category	Scale
<i>Incredible</i>	1
<i>Very rare</i>	2
<i>Rare</i>	3
<i>Unlikely</i>	4
<i>Possible</i>	5
<i>Likely</i>	6
<i>Almost certain</i>	7

Source: (BAZNAS, 2018)

Measurement of risk impacts is classified into seven categories, ranging from those that have insignificant to very large impacts (catastrophic), as presented in the table 2.

Measurement of the level of risk vulnerability (vulnerability) is classified into five categories, ranging from the not vulnerable (very low) to very high (very high), as presented in the table 3.

Measurement of the speed (onset) of risk occurrence is classified into five categories, ranging from slow to very high, as shown in the table 4.

Table 2. The scale measuring the level of impact of risk

Category	Information	Scale
<i>Insignificant</i>	No impact - no significant impact for OPZ	1
<i>Very minor</i>	Very small impact - very little impact on OPZ - small problems that can be overcome by routine management	2
<i>Minor</i>	Small impact - has a small impact that can be overcome by routine management	3
<i>Moderate</i>	Moderate impact - prevents the company from meeting its objectives for a certain period	4
<i>Major</i>	Big impact - resulting in the OPZ being unable to achieve some of its long-term goals	5
<i>Very major</i>	The impact is huge - resulting in the OPZ being unable to achieve some of its long-term goals	6
<i>Catastrophic</i>	Disastrous - results in the OPZ being unable to achieve all its long-term goals, causing bankruptcy, death, or criminal penalties.	7

Source: (BAZNAS, 2018)

Table 3. The scale of measurement of the level of vulnerability of risk

Category	Information	Scale
<i>Very Low</i>	OPZ has a very good risk mitigation capability through concrete steps that are well measured for all scenario conditions, the probability of success is very high even for some extreme problems	1
<i>Low</i>	OPZ has good risk mitigation capabilities, the likelihood of success is high except for some extreme problems	2
<i>Medium</i>	OPZ has sufficient risk mitigation capabilities, the possibility of mediocre success because some of the solutions offered are effective and some are not yet effective	3
<i>High</i>	OPZ has a risk mitigation ability that is not good, the chances of success	4

Category	Information	Scale
	are low because the solutions offered have not been effective	
Very High	OPZ has a poor risk mitigation capability and does not have concrete steps that are well measured for all conditions scenarios, the chances of success are very low because the solutions offered are not effective	5

Source: (BAZNAS, 2018)

Table 4. The scale of speed measurement speed of onset of risk

Category	Information	Scale
Very low	Very slowly happens, occurs after more than a year or more	1
Low	Occurred in a matter of a few months	2
Medium	Occurred in a matter of months	3
High	Occurs in a matter of several days or weeks	4
Very high	Very quickly, without warning or minimal, instantly	5

Source: (BAZNAS, 2018)

The last stage is the formulation of strategies in the form of risk mitigation, which is a technique and strategy to reduce the impact of potential risks that can occur in the form of actions to avoid and transfer risk (Triyani et al., 2017).

RESULTS AND DISCUSSION

Good Corporate Governance Risk Identification and Heatmap

Amil risk can occur if zakat institutions cannot recruit, maintain and manage the human resources of zakat institutions, including there is no standardization of good amil governance, there is no structured and systematic amil training, there is no clear level of clarity Amil career, Amil salary is below standard, human resource mindset that the zakat institution is not the main choice of talented job seekers until there is no good communication (BAZNAS, 2018).

Based on the results of the identification of risks to amil governance in the BAZNAS City/Regency XXX found nine risks out of twenty-seven amil governance risks

that are possible, rare, and very rare). This means that 33.3% percent of the identified amil governance risk has been identified which has a major influence on the emergence of the impact of the risk that will be caused. Amil governance risk identification is different than the results of BAZNAS (2018) and Nazir (2018) which found twenty-seven and fourteen potential risks that will arise. This shows that the risk of amil governance in the BAZNAS City/Regency XXX is lower than that of the National BAZNAS. Collecting zakat requires careful preparation and planning. Activities must be planned, organized, even controlled and their level of achievement evaluated (Atabik, 2015). Another important factor in the zakat management process is the low level of education and supervision of the human resources of zakat institutions (amil or zakat officers) (Dyarini and Jamilah, 2017).

Based on risk measurements obtained information that the dot size and color in the heatmap image shows the level of vulnerability and the speed at which risk occurs. The size of the larger dot indicates that the

vulnerability of a zakat institution to greater risk. Whereas the darker color of the heatmap shows a higher rate of risk occurrence (BAZNAS, 2018). An institution zakat must have clear systems and procedures in collecting, managing, and empowering the

institution (Dyarini and Jamilah, 2017). Risks that appear next are described as rubik heatmap as shown in the following figure.

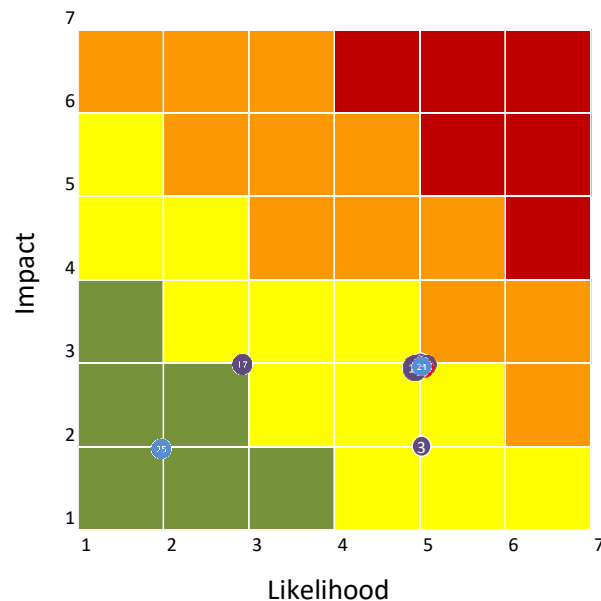


Figure 1. Amil Governance Risk Heatmap

Source: primary data processed, 2020

Based on the heatmap image above, it is obtained that the size of the dot heatmap of governance is low, which means that the level of a vulnerability is low. Whereas the dot heatmap color in amil governance consists of six purple colors which indicate a low rate of risk occurrence, two blue colors indicate a very low speed and one red color which means the speed of high-risk occurrence. Internal control is required from the leadership to minimize risk through periodic monitoring (Paristu, 2014).

The identification and measurement of amil governance risk can then be classified based on the level of risk which is at the middle level with the likelihood of occurring (L) ie it

might occur or a score of 5; the impact that will occur (I) is minor or a score of 3; the level of vulnerability (V) and the speed at which risk (S) is low with a score of 2 each (Table 5).

When compared with the level of risk from the BAZNAS (2018), the management of amil in the BAZNAS City/District XXX is relatively lower. This is consistent with the findings of the identification of potentials that appear as many as nine risks. Amil governance risk level category that is there are six amil governance risks with medium level, two including the low category and the rest is a high category. According to Novatiani and Feriansyah (2011), to increase the confidence of muzakki in Indonesia to distribute their

zakat through amil zakat institutions, amil zakat institutions in Indonesia must implement good internal controls so that

the funds collected can be properly accounted.

Table 5. Amil governance risk levels

Code	Amil Governance Risk	L	I	V	S	Risk Level
2	<i>The absence of structured and systemic amil training</i>	5	3	2	2	Moderate
3	<i>Lack of clarity regarding amil career path</i>	5	2	2	2	Moderate
10	<i>Lack of clarity regarding amil career path</i>	5	3	2	2	Moderate
12	<i>Amil has not been able to measure the impact of OPZ risk</i>	5	3	2	2	Moderate
16	<i>Amil not on time and promise (undisciplined)</i>	5	4	3	4	High
17	<i>Amil has not been effective in evaluating project proposals to be funded by OPZ</i>	3	3	2	2	Low
18	<i>Amil is not yet effective in assisting with to a project to empower the poor</i>	5	3	3	2	Moderate
24	<i>Amil dismissed</i>	5	3	2	1	Moderate
25	<i>Amil resigned</i>	2	2	2	1	Low
Amil Governance Risk		5	3	2	2	Moderate

Source: primary data processed, (2020)

Amil Governance Risk Mitigation

According to Government Regulation No. 14 of 2014 concerning the Implementation of Law Number 23 of 2011, one of the performance indicators for supporting abusive zakat governance is the quality of governance of zakat management organizations. Based on the identification and mapping of governance risk of amil zakat above, mitigation needs to be prepared to avoid the impact of risks that will be caused in the future. Amil governance risk in terms of low amil discipline is a risk mitigation priority because most of the amyl in the XXX City / Regency BAZNAS does not make the amil profession the main occupation. This affects the discipline of amyl who cannot devote full time. Amil is said to be professional if he is willing to spend full time focusing on managing zakat (full commitment) (Susilowati and Setyorini, 2018). Risk mitigation that can be proposed to reduce the impact that will occur is implementing reward

and punishment for Amil to be more professional in carrying out their duties. Amil who works professionally (one of the discipline) is an indicator in the effectiveness of zakat distribution (Abdullah, Derus, & Al-Malkawi, (2015); Muhamat et al., (2013); Wahab, Zainol, & Bakar, (2017)).

Mitigation of other risk priorities that need to be improved related to (1) the ineffectiveness of the effective Amil in conducting assistance in a project to empower the poor; and (2) amil has not been able to measure the risks and impacts of zakat management organizations. To overcome these risk priorities the proposed mitigation is not related to the preparation of standard operational procedures (SOPs) for zakat management. That is because the risks that arise are more due to the systems, procedures, and quality of human resources. The above risk priority occurs not due to the absence of governance guidelines, but the lack of understanding and application of the

guidelines set. Besides, the absence of a routine evaluation of the performance of amil which is adjusted to the annual work plan is one of the reasons that amil cannot measure the risks and impacts of zakat management.

Mitigation risks to the ineffectiveness of assisting mustahik empowerment projects is by involving third parties such as universities in monitoring and supervising the given zakat funds (Triyani et al., (2017)). The distribution of zakat which is programmed will facilitate amil in monitoring and evaluating all distributed zakat funds that support the realization of good zakat governance (Susilowati and Setyorini, 2018). The effectiveness priority of mustahik empowerment following Zakat Core Principles, which is about the analysis of effectiveness and efficiency for the principles of collection and distribution management with the main priorities of distribution management (ZCP10).

CONCLUSION

The results of the identification of amil governance risk obtained information that there are nine risks or 33.3% percent of the twenty-seven risks that should arise and the level of amil risk is in the middle position. The risk identification of amil governance is lower than the results of BAZNAS research (2018) which found 27 (twenty seven) potential risks that will arise. The factors that cause are low amil management training in regional BAZNAS and amil recruitment processes that are not in accordance with the provisions. The results of the heatmap analysis resulted in a small dot heatmap size which means a low level of vulnerability to risk (vulnerability), while the dot color consists of six

purple, two blue and one red which means the speed of the occurrence of high risk. Mitigation of the recommended risk priorities is to reduce the risk that will occur with efforts (1) the application of reward and punishment for amil to be more professional in carrying out their duties, (2) involving third parties (universities) in monitoring and supervising zakat funds provided. Further research that can be suggested is about mitigating the risk of collecting and distributing zakat and testing the effectiveness of this process.

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Bibliometric Analysis of Zakat Research in Scopus Database

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ABSTRACT

Scopus research paper on the zakat was systematically analyzed using the VOSviewer bibliometric measurement. A total of 492 citation data was exported from Scopus on the query of zakat, and from the initial result, twelve journals were selected in the expanded query process. The journals are Journal of Islamic Accounting and Business Research, International Journal of Islamic and Middle Eastern Finance and Management, International Journal of Innovation Creativity and Change, Advanced Science Letters, and Iop Conference Series Earth and Environmental Science were selected in the query expansion and exported for data visualization in VOSviewer. Results from the journal query returned 492 documents specializing in research of zakat payment. Co-word or co-occurrence analysis was used to identify key themes, and potential future research direction was highlighted.

Keywords: Zakat research, bibliometric, research journal, co-word analysis, Scopus, VOSviewer

INTRODUCTION

This research explored research papers from the Scopus database, specifically research journal articles on *zakat*. The search query in Scopus was refined and intended to focus on elements of usage in *zakat*. Twelve high impact journals were chosen from the results, and journal ranking is shown in Table 1 below. The objective of this study is to identify apparent research themes and to forecast future research direction based on Scopus citation data analysis. Frequently used key terms in *Zakat* research are computed in VOSviewer software, which visualizes the sciences behind the Zakat research topics.

Scholars communicate, collaborate, and converse in a variety of channels. They present papers in

conferences, exchange data, the proposed model, identify problems, and mostly nowadays, their communication is in the form of citations. Bibliometrics is the study of documents and citation-based measures applied most commonly to journals, also measures articles, authors, and institutions (Roldan-Valadez, Salazar-Ruiz, Ibarra-Contreras, & Rios, 2018). In the context of quantitative research, bibliometric is the statistical analysis method on evaluating research outputs, importance, and influence of authors, institutes, journals, etc., within a certain field (Elisabetta et al., 2019; Geng et al., 2017).

According to Brahaj et al. (2013), research on *zakat* has been reviewed for many years as an avenue of extensive research and practical

implementations. It is one of the established and the third pillar of Islam which is stipulated and fixed with the main function to save recipient from involving in crimes and other unhealthy activities, thus, enabling social security and harmony among people on the society (Yusuf et al. (2020). Despite the wide-ranging developments, the term “Zakat” remains ambiguous and varies between different communities. Part of the ambiguity originates from the shared perceptions related to the concepts “Zakat,” but this has not spared the specialists who, approaching the problem from different

backgrounds, bring their own conceptualization of *zakat* in a different environment. According to (Rahim & Kaswadi, 2014), the term *zakat* has three different connotations. Linguistically, this means cleaning or purifying something. Besides, *zakat* is defined as “that portion of a man’s wealth designated for the poor,” said (Azeez, 2003). The scholar of Islam defined *zakat* as part of the property with certain requirements that Allah SWT requires the proprietor to give to the appropriate person to have it with certain needs (Hassan, 2007).

Table 1. Journal Ranking, SJR and Scopus Citescore

Journal Title	SJR	CiteScore
Journal of Islamic Accounting and Business Research	0.372 /Q1	1.8
International Journal of Islamic and Middle Eastern Finance and Management	0.286/Q1	1.9
International Journal of Innovation Creativity and Change	0.225/Q1	0.5
Advanced Science Letters	0.126/Q1	0.4
Top Conference Series Earth and Environmental Science	0.175/Q1	0.4

METHODOLOGY

Scopus database was queried with the following code (TITLE-ABS-KEY (“Zakat”)) which returned 493 documents. The retrieval was done on 8th August 2020, and the result will be most likely to increase over time. Co-word or co-occurrence of key terms was analyzed using VOSviewer software. Query expansion (QE) was used on data collection with the objective of refining the retrieved literature based on the operational definition. Twelve high-impact journals were selected based on the relevancy to the operational definition, and the co-occurrence of keywords was also performed.

The research aims to explore the sciences behind *Zakat* research in the context of its usage. Elements of

significant usage such as media (printed book vs. e-book), usage statistics, log analysis, database systems, and e-learning are sought in the co-word analysis. In the QE process, the following search string was used, (TITLE-ABS-KEY (“Zakat”) AND (usage) AND (LIMIT-TO (EXACTSRCTITLE, “Journal of Islamic Accounting and Business Research”) OR LIMIT-TO (EXACTSRCTITLE, “International Journal of Islamic and Middle Eastern Finance and Management”) OR LIMIT-TO (EXACTSRCTITLE, “International Journal of Innovation Creativity and Change”) OR LIMIT-TO (EXACTSRCTITLE, “Advanced Science Letters”) OR LIMIT-TO (EXACTSRCTITLE, “Zakat Philosophy And Practice”) OR LIMIT-

TO (EXACTSRCTITLE, “Iop Conference Series Earth and Environmental Science”).

94 documents. Meanwhile, the second-highest came from the year 2017 and 2018, which is 61 documents. For the third-highest are came from the current year 2020, which is 57 documents. In addition, for the fourth-highest are from the year 2016, which is 38 documents, and for the fifth are from the year 2014, which is 35 documents. Besides that, the other documents have not more than 30 documents between the year 2000 until 2013.

RESEARCH RESULT

In terms of documents by year, research on *zakat* has been, on average, 100 papers per year from 2000 to 2021, as shown in Figure 1 below. The documents with the highest documents by year are from the year 2019, which is

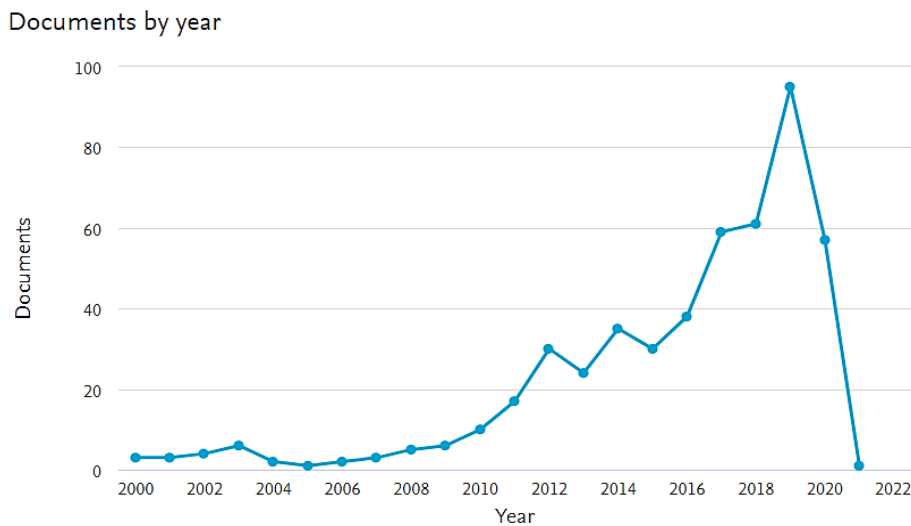


Figure 1. Screenshot of Scopus Document by Year

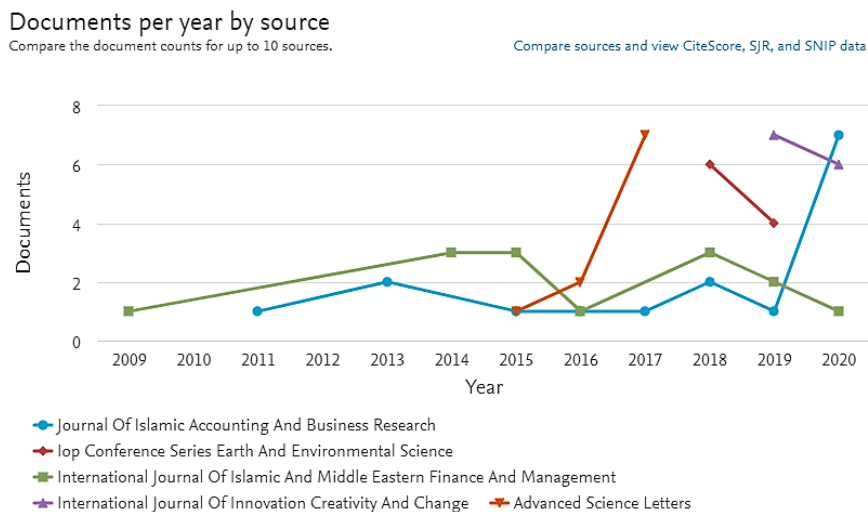


Figure 2. Screenshot of Scopus Documents per Year by Sources

The graph shows the documents per year by sources from 2009 to 2020, as shown in Figure 2 below. If we looked at the trends over time, it could see that the highest documents per year by sources are from the Journal of *Islamic Accounting and Business Research*, which is 16 documents and comes from the year 2011 to 2020. Scopus coverage years from 2010 to Present. Next, the second-highest from the International Journal of *Islamic and Middle Eastern Finance and Management*, which is 14 documents and came from the year 2009 to 2020. Scopus coverage years from 2008 to Present.

Meanwhile, the third-highest is from the International Journal of *Innovation, Creativity, and Change*, which are 13 documents and came from the year 2019 to 2020. Scopus coverage years from 2013 to present. In addition, for the fourth-highest are from *Advanced Science Letters and Iop Conference Series Earth and Environmental Science*, which are ten documents. For *Advanced Science Letters* came from the year 2015 to 2017; meanwhile, *Iop Conference Series Earth and Environmental Science* came from 2018 to 2019. Scopus coverage years for Scopus coverage years are from 2010 to 2017 and from 2010 to Present.

Documents by author

Compare the document counts for up to 15 authors.

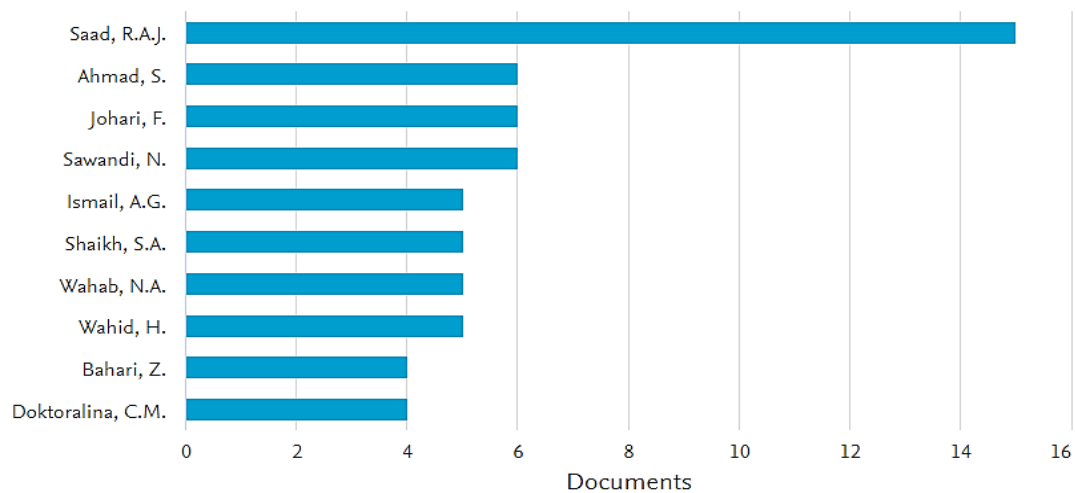


Figure 3. Screenshot of Scopus Documents by Authors.

The graph shows the documents by authors, as shown in Figure 3 below. The highest documents by authors are from Ram Al Jaffri Saad with 15 documents in the collected data, as shown in Figure 3. Next, the second-highest from three authors which are Sanep Ahmad, Fuadah Binti Johari, and Norfaiezah Sawandi, with six

documents. Meanwhile, the third-highest is also from three authors which are Abdul Ghafar Ismail, Salman Ahmed Shaikh, and Hairunnizam Wahid, with five documents. Lastly, for the fourth-highest are from two authors which are Zakaria Bahari and Caturida Meiwanto Doktoralina, with four documents.

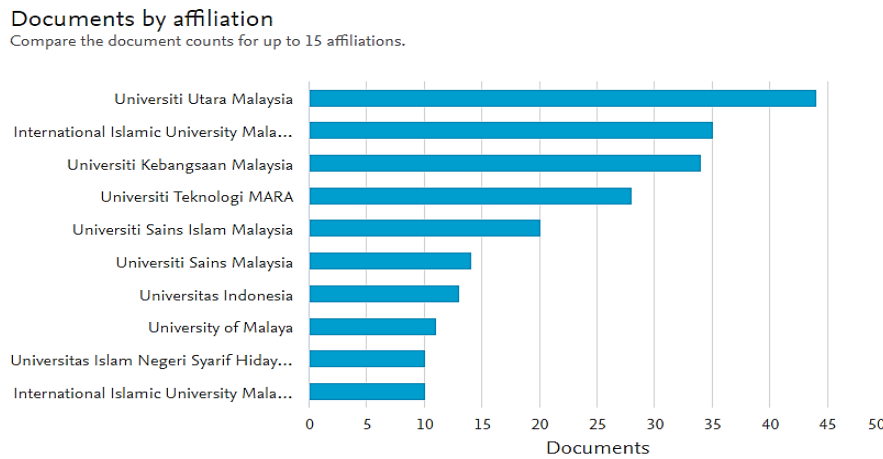


Figure 4. Screenshot of Scopus Documents by Affiliation.

The graph shows the documents by affiliation, as shown in Figure 4 below. The highest documents by affiliation are from Universiti Utara Malaysia with 44 documents. Next, the second-highest from International Islamic University Malaysia with 35 documents. Meanwhile, the third-highest is from Universiti Kebangsaan Malaysia with 34 documents. In addition, for the fourth-highest are from Universiti Teknologi MARA with 28 documents, and the fifth-highest are

from Universiti Sains Islam Malaysia with 20 documents. Moreover, for other documents by affiliation has not more than 15 documents which are from Universiti Sains Malaysia with 14, Universitas Indonesia with 13 documents, the University of Malaya with 11 documents, Universitas Islam Negeri Syarif Hidayatullah Jakarta, and the lowest documents by affiliation are International Islamic University Malaysia, Institute of Islamic Banking and Finance with ten documents.

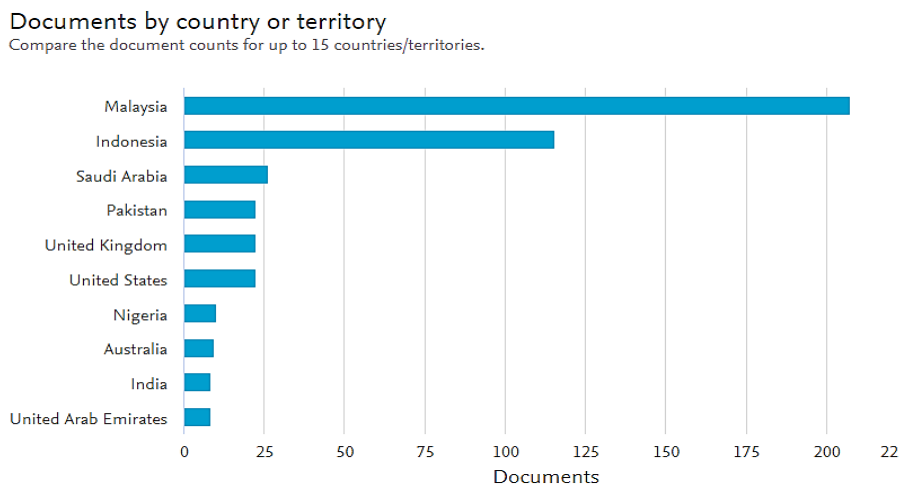


Figure 5. Screenshot of Scopus Documents by Country or Territory

Figure 5 shows the documents by country or territory. The highest documents by country or territory come

from Malaysia with 209 documents. Next, the second-highest from Indonesia with 115 documents.

Meanwhile, the third-highest is from Saudi Arabia, with 26 documents. In addition, the fourth-highest are from Pakistan with 22 documents. Also, the fifth-highest are from the United Kingdom and the United States with 22 documents. Moreover, for other

documents by country or territory has not more than 10 document, which is Nigeria with ten documents, Australia with nine documents. Lastly, the lowest documents by country or territory are India and the United Arab Emirates, with eight documents.

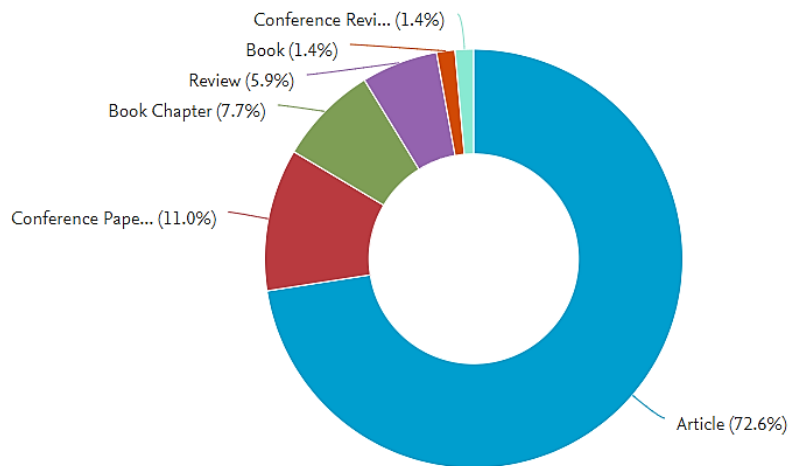


Figure 6. Screenshot of Scopus Types.

Figure 6 shows the documents by types. The result shows six types of documents, which are Article, Conference Paper, Book Chapter, Review, Book, and Conference Review. From the pie chart, it is clear that the majority of authors prefer to use an article as their sources, with 72.6 percent that has 356 documents. The second most used is Conference Paper,

with 11.0 percent that has 54 documents. The third most used is Book Chapter, with 7.7 percent that has 40 documents. The fourth most use of the document by types is Review, with 5.9 percent with 29 documents. The last most used document by type is Book and Conference Review with the same percent, which is 1.4 percent with seven documents.

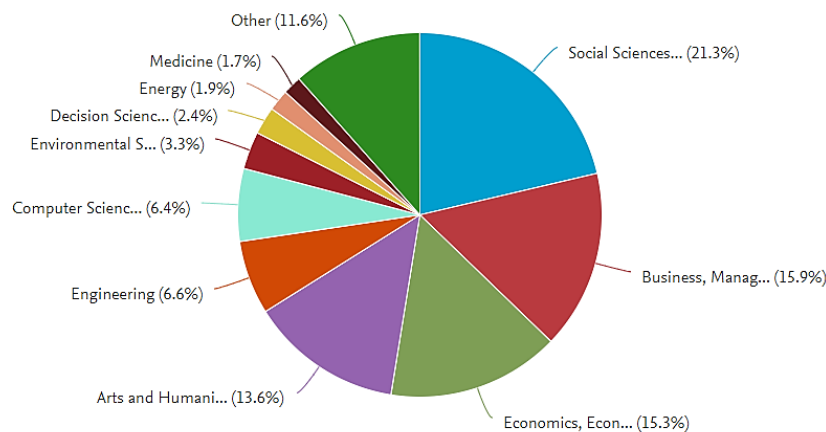


Figure 7. Screenshot of Subject Area

Figure 7 shows the documents by subject area. The result shows eleven types of documents by subject area, which are Social Sciences, Business, Management and Accounting, Economics, Econometrics and Finance, Arts and Humanities, Engineering, Computer Science, Environmental Science, Decision Sciences, Energy and Medicine. From the pie chart, it is clear that the majority of authors prefer to use the subject area of Social Sciences, with 21.3 percent that has 195 documents. After that, Business, Management, and Accounting, with 15.9 percent, have 145 documents. Next, Economics, Econometrics, and Finance with 15.3 percent have 140 documents, and Arts and Humanities with 13.6 percent have 123 documents. Next, Engineering with 6.6 percent that has 59 documents, and

Computer Science with 6.4 percent that have 58 documents with just 1 percent difference between these two. Next, Environmental Science, with 3.3 percent that have 30 documents, and Decision Sciences with 2.4 percent, have 22 documents. Next, Energy with 1.9 percent that has 17 documents. Next, Medicine with 1.7 percent that has 13 documents and others document by subject area which is Biochemistry, Genetics and Molecular Biology, Mathematics, Physics and Astronomy, Multidisciplinary, Earth and Planetary Sciences, Materials Science, Pharmacology, Toxicology and Pharmaceutics, Agricultural and Biological Sciences, Chemical Engineering, Psychology, Nursing, Chemistry and Dentistry with 11.6 percent that has 100 documents.

Documents by funding sponsor

Compare the document counts for up to 15 funding sponsors.

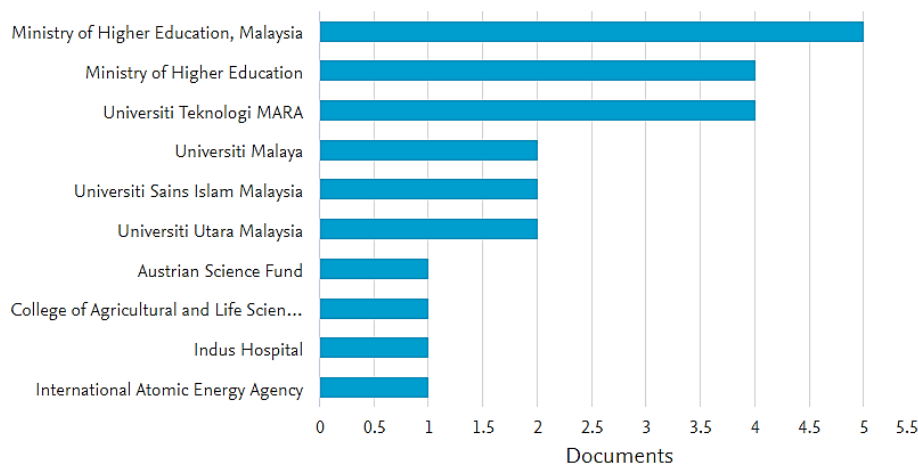


Figure 8. Screenshot of Funding Sponsor

The graph shows the documents by funding sponsors, as shown in Figure 8 below. The highest documents by funding sponsor come from the Ministry of Higher Education, Malaysia, with five documents. Next, the second-highest from the Ministry of Higher Education and Universiti Teknologi MARA with four documents.

Meanwhile, the third-highest is from Universiti Malaya, Universiti Sains Islam Malaysia, and Universiti Utara Malaysia with two documents. The last documents by funding sponsors with only one document are the Austrian Science Fund, College of Agricultural and Life Sciences, Indus Hospital, and International Atomic Energy Agency.

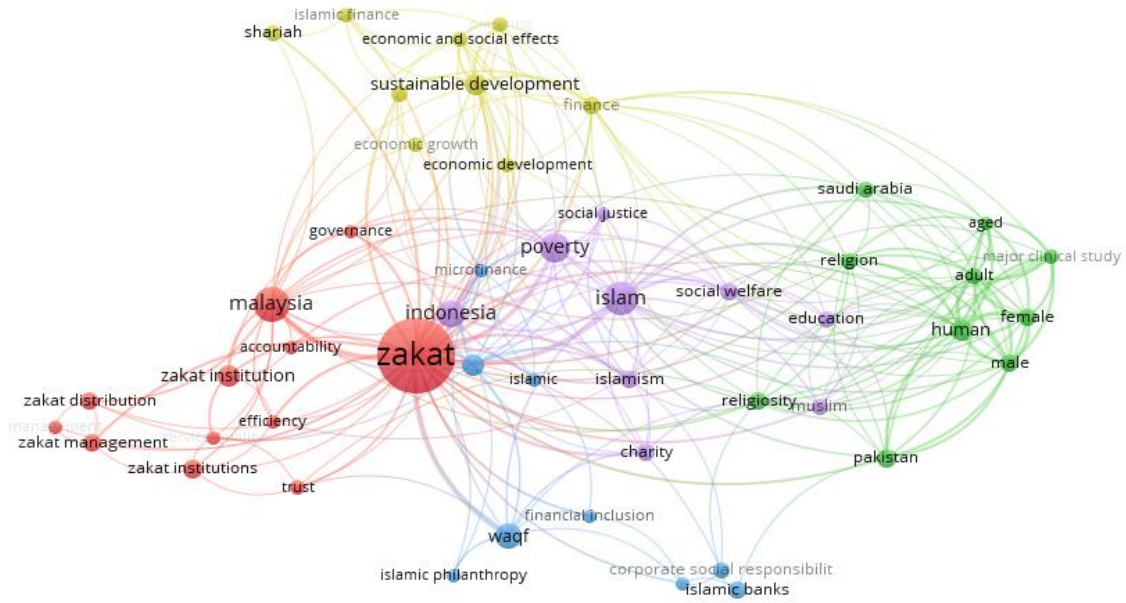


Figure 9. Vosviewer Co-Word Analysis of the Initial Retrieval Result of 493 Documents

49 Items Divided by 5 Clusters

Cluster 1 (12 items)	Cluster 2 (10 items)	Cluster 3 (9 items)	Cluster 4 (9 items)	Cluster 5 (9 items)
accountability	adult	corporate social respons	economic and social eff	charity
efficiency	aged	financial inclusion	economic development	education
governance	female	islamic	economic growth	indonesia
malaysia	human	islamic banks	finance	islam
management	major clinical study	islamic philanthropy	information manageme	islamism
service quality	male	islamic social finance	islamic finance	muslim
trust	pakistan	microfinance	planning	poverty
zakat	religion	poverty alleviation	shariah	social justice
zakat distribution	religiosity	waqf	sustainable developmer	social welfare
zakat institution	saudi arabia			
zakat institutions				
zakat management				

Figure 10. VOSviewer Screenshot of Using Keyword in Data Collection.

In the co-word analysis of the initial data collection VOSviewer program clustered the keywords according to similar themes (visible in different cluster colors). The result was clustered into nine numbered clusters, and the subject specialist can rename them in the analysis. Here, the result is presented according to authors' opinion

as follows, Cluster 1 access control, Cluster 2 human interaction, Cluster 3 academic library, Cluster 4 processing and usage, Cluster 5 data management and analysis, Cluster 6 information retrieval, Cluster 7 e-learning, Cluster 8 information-seeking behavior, and Cluster 9 digital divide.

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Prospects of Zakat as Tax Credit in a New Normal COVID-19 Period

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Universitas YARSI

ABSTRACT

Previous research, regarding the prospect of zakat policy as a tax credit, was conducted using the Analytic Network Process (ANP) method, using expert respondents. To obtain findings from respondents with different backgrounds and to make it more comprehensive, this research was continued by using the SEM (Structural Equation Model) method, by filling in a questionnaire, with 235 respondents from across Indonesia. The research objective is to determine the variables that affect the preferences and participation of muzaki and taxpayers, who are willing to pay taxes and zakat, increase public finances, which can be used as a solution to the sharp a decline in aggregate economic supply and expenditure in Indonesia due to the COVID-19 pandemic. The results showed that the regulatory variables, zakat incentives as tax credits, technology-based services, socialization and promotion have a significant effect on the preferences of muzaki and taxpayers. Meanwhile, regulatory variables, zakat incentives as tax credits, socialization and promotion have a significant effect on muzaki and taxpayer participation. Meanwhile, technology services and preferences in this study are not found to have a significant effect on the participation of muzaki and taxpayers. When all sectors of the commercial economy experience a decline or stagnate, the government must be able to move the philanthropic sector, so that the economy continues to run, aggregate demand and supply continues to run, and people's purchasing power is maintained, especially low-income people.

Keywords: Regulation, Incentives, Technology Services, Preferences, Participation of muzaki & taxpayers

Jel Classification: E62, E64, H27, H89, O35

INTRODUCTION

In the current situation and conditions of the COVID-19 pandemic, almost all sectors of the global economy drop and stuck. Government spending, household and investment spending, and people's purchasing power have decreased drastically. In this condition, the philanthropic sector, especially in Indonesia, has more proven its real role and its contribution. The philanthropic sector can be the last guard so that the economy continues to run well when other sectors are stuck. So far in Indonesia, philanthropic activities

originating from socio-religious donations and Corporate Social Responsibility have enormous potential, but their realization is still very small.

While the potential amount of zakat in 2011 was predicted at IDR 217 trillion, equal to 3.4% of Indonesia's 2010 GDP (Firdaus et al., 2012). However, BAZNAS Zakat Statistics shows that the actual amounts of zakat collected in the three-year period 2015–2018 stood at only 0.01%, 0.02%, 0.03% and 0.05% of GDP for the three respective years (Asfarina et al., 2019).

The government has an awareness that social welfare and public interests cannot always be fulfilled so that in many countries it tries to encourage people to be involved in philanthropic activities. The method commonly used is through the provision of tax incentives. The incentive scheme is considered capable of changing people's behaviour to carry out the activities that the government expects, because it involves rewards. This has also been proven empirically, where philanthropic activities tend to be elastic with the presence of tax incentives (List, 2011).

The advantages of tax incentives in the main philanthropic activities are that they ensure community empowerment. Apart from that, it also ensures independence as well as the collection of donated funds/goods, and ensures the availability of public funds in a fast time without the need for complex bureaucracy. The tax incentive rules for philanthropic activities basically have to balance several objectives, namely to stimulate philanthropic activities, prevent abuse of regulations, be effective and efficient in its implementation, and ultimately provide great benefits to society (Setianingrum et al., 2018).

The Indonesian government, in tackling the Covid-19 pandemic, in addition to launching various programs and state budget stimuli, is also trying to empower the philanthropic sector, especially income from the zakat sector. Some recommendations put forward to the government are, first, to provide tax incentives for zakat payers, both individuals, and companies. The second is to issue a revision of the Zakat Law number 23 of 2011 related to zakat as a deduction from taxable income to a deduction from tax payable.

Based on the description above, the tax incentive for zakat, in the form of zakat as a direct tax deduction, or zakat as a tax credit, is expected to be the next stimulus issued by the government. This needs to be encouraged by all parties to accelerate the receipt of zakat up to IDR 217 trillion, almost half of the total stimulus funds that have been issued by the government. If this zakat acceptance is realized, it is hoped that the government can postpone the policy of increasing debt for handling COVID-19.

On the other hand, based on the survey of community zakat behaviour in 2004 conducted by PIRAC, it can be seen that the majority (50.2%) of respondents ignored zakat and in a similar survey in 2007 the number decreased to 45% (Hendrian, 2006). This is a problem as well as a challenge that requires a solution. What policies and methods should be applied so that the receipt of zakat, as well as tax can be increased effectively.

From the other research, BAZ (Badan Amil Zakat/ amil zakat agency) in East Java shows that zakat as a subtrahend of tax has a big impact on the potential tax acceptance. Then, it can be concluded that the realization of the law of zakat and tax must be increased, not just tax only as a deduction from taxable income, as the existing regulations that apply today (Andriani & Fathya, 2013).

Besides accommodating incentives for all types of philanthropic taxes in Indonesia, as an appreciation for citizens who have strengthened the role of the government in the welfare of society, regulatory reform is also needed (Rosdiana et al., 2019). And based on a number of previous studies, in increasing the preferences and participation of taxpayers and muzaki

(people who are obliged to pay zakat), in addition to regulatory and incentive factors, technology-based service quality, socialization and promotion strategies must also be strengthened.

The purpose of this study is to determine the significance of the independent variables, which include independent variables: regulation, independent variables: zakat incentives as a tax credit, independent variables: technology services, independent variables: socialization and promotion, to intervening variables: preferences, and the dependent variable: participation. muzaki (who have to pay zakat) and taxpayers.

This study has a novelty compared to previous studies. In previous research, regarding strategies to increase zakat and tax income at the same time, the study of zakat as a tax credit was not associated with the influence of other variables. In this study, what is done is to examine the effect of the zakat incentive variable as a tax credit, along with the influence of other variables, on the participation rate of muzaki and taxpayers. Other variables that affect the level of participation, apart from incentives, will also examine the influence of regulatory variables, technology-based services, socialization and promotion, and preferences.

Another novelty is that this study uses primary data, through questionnaires to 235 respondents randomly, using the SEM (Structural Equation Model) method. Whereas in previous research, which researchers have conducted, used the ANP (Analytic Network Process) method, using expert-based respondents (Setianingrum et al., 2019). So it is hoped that the two different studies in terms of the segment of respondents,

one based on experts, and the second based on random respondents, will find more comprehensive and complementary findings.

The limitation of this study is that the number of respondents is still minimal due to cost and time constraints. Supposedly to achieve an ideal normal distribution, the number must be far more than 235, given the large population of muzaki and taxpayers in Indonesia.

LITERATURE REVIEW

The following is a literature review, which presents a number of previous studies, to determine the position of this research. The policy in Malaysia, Zakat is used as a fiscal policy tool, whereby income taxpayers are given a 100 percent discount, from the zakat they pay. The results of research conducted using state panel data in Peninsular Malaysia, it is found that zakat has a positive and significant effect on tax revenue. A study to explore the factors that influence the perception of Muslim consumers on tax cuts through zakat in Malaysia found that the halal-haram aspect of Islamic sharia has a very positive influence on the perception of Muslim consumers on the tax discount system. In addition, legal awareness and knowledge of taxes and zakat have a significant positive effect on Muslim consumer perceptions of this system (Al-Mamun & Haque, 2015).

The extraordinary development of China's nonprofit sector also treats the tax incentives on donations, with all the advantages and disadvantages of their current system. A comprehensive tax transplant effort from valuable ideas and practices, though bold and inconvenient to host countries at first, is what China needs to build a strong non-

profit sector (Hu, 2015). Globally, some form of tax incentive is offered to corporate donors in 77% of nations whilst some form of incentive is offered by governments to encourage individual giving in 66% of countries (where the corporation and personal income taxes are imposed). This clearly demonstrates a global consensus that charitable activity is beneficial to society.

In other research results, which aim to test and provide empirical evidence, regarding the efficiency of corporate income tax, the Pt Alwan Zahira 2010 case study, before and after the application of zakat, shows the positive role of zakat in tax planning. The results of the calculation of corporate income tax, by applying zakat as tax planning are more efficient than without the application of zakat as tax planning (Cahyono & Putri, 2012).

In a previous research result, it shows that zakat as a deduction from income tax has a greater effect than zakat if is treated as only a deduction

for taxable income. Zakat as a deduction from income tax will increase the impact of zakat on the larger economy (Djatkiko, 2019). Based on the study, the results of the previous studies above show that there is a positive effect, from the integration of zakat and tax policies, on income in both sectors.

RESEARCH METHODOLOGY

The method of this study is Structural Equation Modeling (SEM). SEM is a multivariate statistical analysis technique that is used to analyze structural relationships. This method is the mix of factor analysis and multiple regression analysis, and it is employed to analyze the structural relationship between measured variables and latent constructs. In this method, respondents fill out a questionnaire, based on their perceptions on regulatory variables, incentives, services based on technology, promotion and socialization, preferences and participation.

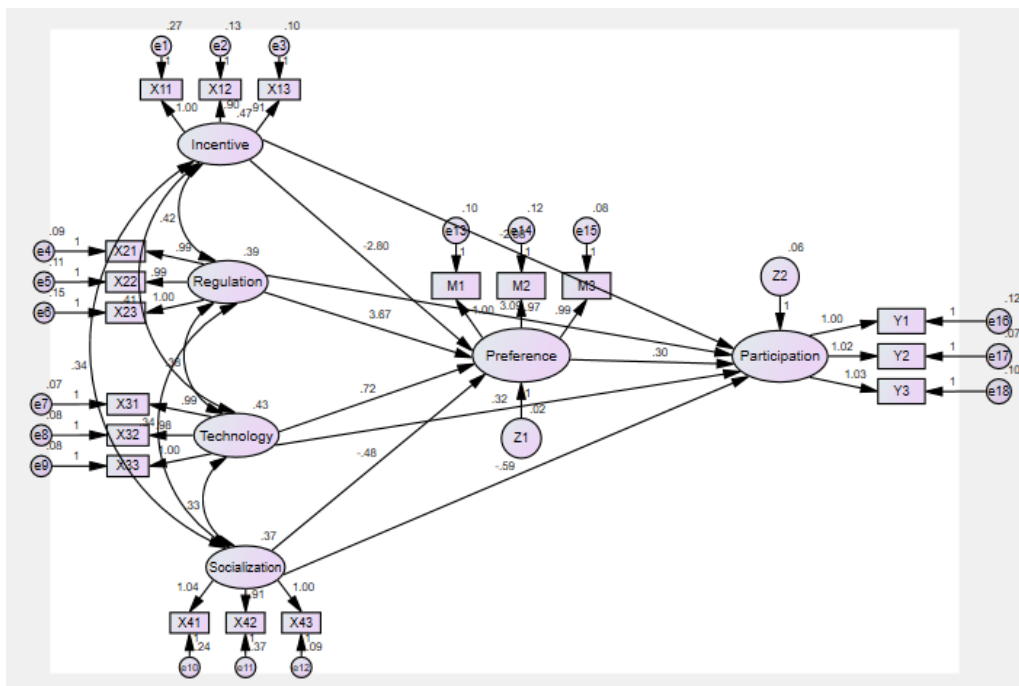


Figure 1. SEM Model Diagram

Sem Model Diagram

The theoretical model that has been built will be depicted in a SEM model diagram which will make it easier to see the causal relationships to be tested. In this diagram, the relationships between the constructs will be represented by arrows. Straight arrows indicate a direct causal relationship between one construct and another. Meanwhile, the curved lines between the constructs with arrows at each end indicate the correlation between the constructs. The AMOS model image can be seen in Figure 1.

CFA Test (Confirmatory Factor Analysis)

In the SEM method, the first thing to do is the CFA test, which is used to reduce indicators on research variables. The indicators used to measure the research variables are those that have a p-value <0.05 and a loading factor > 0.5 . Meanwhile, indicators that have a p value > 0.05 and a loading factor <0.5 are eliminated from the model. The CFA test uses the AMOS program, this test is carried out on a full structural model. In the Regression Weight output, at the P-value (Probability), if the value is not significant (above 0.05) then the indicator must be removed (Ghazali, 2014). And in the Standardized Regression Weight, the loading factor (Estimate) value above 0.5 indicates that this indicator can explain the existing construct (Santoso, 2015).

SEM Model Testing on Amos

SEM model analysis consists of several stages, including:

1. Data Normality Test

One of the assumptions of using parametric statistics is the assumption of multivariate normality. The normality test is carried out to see the level of normality of the data used, whether the data is normally distributed or not. Whether or not the data distribution is normal can be seen from the critical ratio (CR) value on skewness and kurtosis. The comparison value for CR is the Z number. In general, the 99% confidence level is used, at this level of confidence the significance level is 0.01 or 1%, the Z number is 2.58. Thus a data distribution is said to be normal if the cr skewness number or the cr kurtosis number is between -2.58 to 2.58. However, if these numbers are below -2.58 (eg -4, -5 etc.) or above 2.58, the data distribution can be said to be abnormal (Santoso, 2015).

2. Outlier Test

Outliers are observations that appear with extreme values both univariate and multivariate. Outliers arise because of their unique combination of characteristics and appear very different from other observations. Looking at the output data in this study through the Mahalanobis d-squared output. According to (Ghazali, 2014), to see the outliers data is to compare the Mahalanobis distance value with the Chi-square table at a significance of 0.001, the Mahalanobis d-squared value that is greater than the Chi-square table is indicated by outlier data. The value of the Chi-square table is sought at a significance of 0.001 with DF (the number of variable indicators in the full model image).

3. Multicollinearity Test

The multicollinearity test aims to see the strong influence between the

independent (exogenous) variables. Multicollinearity can be seen through the determinant of the covariance matrix. The very small determinant value indicates the presence of multicollinearity and singular problems (Ghazali, 2014). It is expected that the determinant value will stay away from 0 and better if it is more than 1.

4. Goodness of Fit Test (Model Feasibility Test)

The Goodness of fit test is used to find out how precisely the manifest variables (indicator variables) can explain the latent variables (constructs) that exist. Overall Goodness of fit can be assessed based on a minimum of 5 criteria. In empirical research, a researcher is not required to meet all the goodness of fit criteria, but it depends on the judgment or decision of each researcher.

5. Reliability Test

Reliability is a measure of the internal consistency of the indicators of a formation variable that shows the degree to which each indicator indicates a commonly formed variable. There are 2 reliability tests, namely Composite (Construct) reliability and Variance extracted. The cut-off value of Construct reliability is at least 0.70 while the Variance extracted is at least 0.50 (Ghazali, 2014).

Hypothesis Testing (Influence between Variables)

Hypothesis formulation:

- H1: Incentives affect preferences
- H2: Regulation affects preferences
- H3: Technology affects preferences
- H4: Promotion affects preferences
- H5: Incentives affect participation
- H6: Regulation affects participation
- H7: Perception affects participation
- H8: Technology affects participation

H9: Promotion affects participation

The basis for decision making (Santoso, 2015):

- If the value of P (Probability) > 0.05 then H0 is accepted (No influence)
- If the P-value (Probabilitas) < 0.05 then H0 is rejected (There is an effect)

The term limits in this study are as follows: First, perception is the brain's ability to translate a stimulus or process to translate the stimulus that enters the human sense organs. Every individual has a tendency to see the same object in different (Bachtar, 2006). In this study, the perceptions in question are perceptions of incentives zakat as a tax credit, perception of regulation, perceptions of services based on technology, perceptions of promotion & socialization, perception of participation. Second, preference is the customer values obtained in determining a choice, namely an assessment of the best desires of consumers. Third, muzaki participation is the stage in the decision-making process where the muzaki actually chooses. Decision making is an individual activity that is directly involved in obtaining and using the services offered. Muzaki is a person or body owned by a Muslim who is obliged to pay zakat.

FINDINGS

Respondent Profile

In this study, the sample was randomly distributed to the community, regardless of domicile, age, education, gender, and income level. Data collection and questionnaire filling by respondents were carried out in June 2020. The

following is an overview of the Respondent's profile:

The total number of respondents was 235 people, consisting of 62.6% male and 37.4% female. The age of the respondents is 20 years and over, and the majority are 25 to 30 years old. As many as 59.6% of respondents have postgraduate education, 32.8% have undergraduate education, the rest are high school, D1, D3 or equivalent. The majority of respondents as much as 98.7% are Muslim. The respondent's domicile is 63.4% in Jabotabek, 14% outside Java Island, 10.2% in West Java, the rest is East Java. Respondents' occupations consisted of 31.1% teachers, 25.1% lecturers, the rest were civil servants, BUMN employees, entrepreneurs/entrepreneurs, and others. As many as 46.4% of the respondents earned less than Rp. 10 million, 17% of the respondents had Rp. 10 million to Rp. 15 million, and the rest above Rp. 15 million.

As many as 80.9% of respondents admitted that they regularly pay taxes and zakat. 14% of respondents admit to only paying zakat, and the rest admit to paying only taxes. The place for zakat distribution of respondents consisted of 35.7% of respondents claiming to pay through BAZNAS (National Zakat Agency), 22.1% directly to mustahik, 18.7% through amil zakat of the nearest mosque, 11.1% through LAZ (Lembaga Amil Zakat) where they work, and the rest are fickle and impermanent. As many as 68.5% of respondents stated that they had heard about the policy, in which zakat as a direct tax deduction, is applied in Malaysia.

Goodness of Fit Test

The purpose of testing the fit model or Goodness of fit is to determine whether the model formed is fit or not, namely whether the manifest variables (indicator variables) can explain the existing latent variables. The output results are as follows:

Figure 2. Model Fit Summary

Goodness of Fit	Cut off value	Hasil	Keputusan
Probabilitas Chi Square	$\geq 0,05$	0,000	Bad Fit
CMIN/DF	$\leq 2,00$	1,830	Good Fit
GFI	$\geq 0,90$	0,903	Good Fit
AGFI	$\geq 0,90$	0,862	Marginal Fit
CFI	$\geq 0,90$	0,977	Good Fit
TLI	$\geq 0,90$	0,970	Good Fit
NFI	$\geq 0,90$	0,951	Good Fit
IFI	$\geq 0,90$	0,977	Good Fit
RMSEA	$\leq 0,08$	0,062	Good Fit
RMR	$\leq 0,05$	0,015	Good Fit

Based on the table above, it can be seen that there are at least 5 indicators that are Good fit (there are 8 that are Good fit), so it can be concluded that the overall model is fit. Overall Goodness of fit can be assessed based on a

minimum of 5 criteria. In empirical research, a researcher is not required to meet all the goodness of fit criteria, but it depends on the judgment or decision of each researcher (Ghazali, 2014).

HYPOTHESIS TEST (ANALYSIS OF INTER-VARIABLE INFLUENCE) BOOTSTRAP METHOD

After overall a structural model can be considered fit, the next process is to see whether there is a significant influence between the independent variable and the dependent variable. The output results can be seen on attachment 9.

The Basis for decision making: (Santoso, 2015: 150)

- If the value of P (Probability) > 0.05 then H₀ is accepted (No influence)
- If the P-value (Probabilitas) < 0.05 then H₀ is rejected (There is an effect)

Conclusion:

1. Incentives affect preferences. This is because the probability value is less than 0.05 ($0.000 < 0.05$)
2. Regulation affects preferences. This is because the Probability value is less than 0.05 ($0.000 < 0.05$)
3. Technology services affect preferences. This is because the probability value is less than 0.05 ($0.003 < 0.05$)
4. Promotion/socialization affects preferences. This is because the probability value is less than 0.05 ($0.026 < 0.05$)
5. Incentives affect participation. This is because the probability value is less than 0.05 ($0.004 < 0.05$)
6. Regulation affects participation. This is because the probability value is less than 0.05 ($0.000 < 0.05$)
7. Preferences has no effect on participation. This is because the probability value is more than 0.05 ($0.586 > 0.05$)
8. Technology services has no effect on participation. This is because the probability value is more than 0.05 ($0.093 > 0.05$)

9. Promotion affects participation. This is because the probability value is less than 0.05 ($0.002 < 0.05$)

The results of this study indicate that incentives have a significant effect on the preferences and participation of muzaki and taxpayers. These findings are in line with the results of research which states that, the best way to recover the role of private charity is through a charity tax credit, implemented initially at the state level. Its aim is simple: to give citizens greater control over their tax dollars by allowing them to claim a credit against their personal income tax liability for contributions made to charitable organizations that assist the poor. The ideal plan is a charity tax credit that is budget-neutral--that is, one in which public spending is reduced by the same amount credited to taxpayers. This would ensure that resources are transferred from ineffective government programs to private charities that successfully reclaim lives (Barwick et al., 1998). These findings are also in line with the results of previous studies which concluded that, there is a diversity of commitments and obligations for compliance behaviour on zakat donation. Amongst the universal themes of zakat paying motivations namely: tax repayment incentive (Farah et al., 2019).

The regulatory variable in this study proved to have a significant effect on the preference variable and the participation of muzaki and taxpayers. These results are in line with the results of the research which states that procedural justice has a positive and significant effect on taxpayer compliance (Dewi & Purwanto, 2015).

Based on the results of hypothesis testing, variable of service based on technology is proven to have

an effect on the preference variables of muzaki and taxpayers. Other research results also corroborate these findings, which confirms that the quality of tax services, by the tax authorities, has a positive and significant effect on tax compliance (Dewi & Purwanto, 2015).

In this study, the variable promotion and/or socialization of knowledge and awareness, on zakat policy as tax credit, is also proven to have a significant effect on the preference and participation variables of muzaki and taxpayers. These results are supported by the results of research which states that there is an effect of knowledge and perceptions on tax compliance at KPP Pratama Pamekasan. Tax Amnesty, Sanctions, Examination, Awareness, Knowledge, Perception, and Services simultaneously and significantly affect tax compliance at KPP Pratama Pamekasan ((Ra'ana, Mahmud, 1997)(Famami, 2019).

A number of previous research results strengthen the findings of this study, that the variable perception: regulation, service, and promotion as well as the socialization of knowledge and awareness, has a significant effect on the preferences of muzaki and taxpayers. The previous studies are as follows: Service quality has a positive effect on willingness to pay taxes (Hardiningsih & Yulianawati, 2011).

On another previous result, a good perception of the effectiveness of the taxation system, in other words, related to regulations, as well as knowledge and understanding of tax regulations, partially affects the compliance of paying MSMEs taxes in Kendal Regency. This means that the Tax Service Office must be more intensive in disseminating Government Regulations to the public, especially MSME owners in order to encourage

MSME owners to pay taxes (Fahluzy & Agustina, 2014). This also occurs at the Gianyar Tax Office Primary, the results of the study show that knowledge and understanding of tax amnesty regulations, and a good perception of the effectiveness of the tax amnesty system have a positive effect on the willingness of taxpayers to become tax amnesty participants (Yani & Noviani, 2017).

Another common thread is, the integration of tax and zakat is expected to increase the honesty of muzakki, as well as taxpayers in conducting their own assessments. This is supported by the results of research which show that Islamic accounting financial reports, when viewed from the point of view, are very different from tax accounting, but in terms of meaning and integrity, Islamic accounting and tax accounting financial reports have several similarities, both of which require unconditional honesty (Ritonga, 2016).

However, until now, the synergy of taxation and zakat in Indonesia is only part of the statutory regulations, there is no other scheme that can be applied. There has been no collaboration between BAZNAS as the official national amil zakat body, with the government through the Taxation Directorate. So that the cooperation is not optimal. Especially in program programs such as counseling, promotion, information in the mass media, as well as in increasing zakat targets and tax revenues, benefits and increasing zakat and tax revenues are not optimal (Hasan, 2018).

Although the government has issued Government Regulation No.60 of 2010, which states that zakat and / or other compulsory religious contributions, can be deducted from taxable income, so that there is no

double burden for Muslims. However, zakat management in Indonesia has not provided optimal results, both in the collection and empowerment of zakat fund (Ma'mun, 2017).

When comparing the current zakat regulations in Indonesia, with the government's duties and obligations regarding zakat, according to Yusuf Qadrawi, it appears that there are still many aspects of zakat management that the government has not touched on. Yusuf Al Qardhawi explained that it is the government who is responsible for collecting zakat in the country (Ramadhan, 2017).

Based on all the results of this and previous research, it can be concluded that the preferences of muzaki and taxpayers are more prospectively enhanced by the support of zakat incentives as tax credit, regulation, technology services, promotion and socialization. And the participation of muzaki and taxpayers can be increased with the support of zakat incentives as tax credit, regulation, promotion and socialization. Meanwhile, technology services and preferences in this study do not have a significant effect on the participation of muzaki and taxpayers.

Based on the description above, in general it can be concluded that, the philanthropic sector has an equally important role, with the commercial sector in driving the wheels of the people's economy. The philanthropic sector can be the last line of defence in maintaining people's purchasing power, especially the lower middle class, which will encourage production and distribution of goods and services. In the end, the upper middle class, as owners of the factors of production, will also be helped, because people's purchasing power increases, they can

continue to produce. The contribution of the philanthropic sector in almost all countries, including Indonesia, was proven when almost all commercial economic sectors experienced negative growth during the COVID-19 pandemic period.

CONCLUSIONS

Regulatory variables, zakat incentives as tax credits, technology-based services, socialization and promotion have a significant effect on the preferences of muzaki and taxpayers. On the other hand, regulatory variables, zakat incentives as tax credits, socialization and promotion have a significant effect on muzaki and taxpayer participation. Meanwhile, technology services and preferences in this study do not have a significant effect on the participation of muzaki and taxpayers.

Other meanings of the findings are, that the preferences of muzaki and taxpayers will be more prospective to be increased, with regulatory support, zakat incentives such as tax credits, technology-based services, promotion and outreach. And the participation of muzaki and taxpayers can also be increased with the support of zakat incentives as tax credit, regulation, promotion and socialization. Or in other words, regulatory support, zakat incentives as tax credits, technology-based services, as well as promotion and outreach activities will strengthen the preferences of muzaki and taxpayers, to fulfil both obligations at once. Regulatory support, incentives, outreach and promotion will also increase the amount of zakat and tax revenue at the same time, as well as increase the base of muzaki and taxpayers.

RESEARCH IMPLICATION

Amid worsening economic conditions, due to the COVID-19 pandemic, the government must remain steadfast in realizing an independent APBN, and reduce foreign debt as hard as possible, among others by implementing a zakat-tax integration policy, as a main solution. The integration of tax zakat will be a source of data, as a means of information about the actual income, so that it becomes a basis for building a database of muzaki and taxpayers, as well as of course mustahik data (people who are entitled to zakat), with the support of existing technological advances. The government synergizes with existing zakat institutions, human resources and zakat activists, must build public trust to distribute zakat through LAZ, because based on the respondent profile of this study, there are still many Muslim communities channelling their zakat directly to mustahik. An easy and straightforward procedure for claiming the amount of zakat as a tax deduction is made. Further research is needed, regarding regulatory reform, as well as applications, which can be accessed by all Indonesian citizens, to find out in real time the amount of zakat collected and its distribution in detail for the trust of the people.

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Religiosity, Literacy, Income, and Accessibility to Awareness in Professional Zakah Payment: A Quantitative Study

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ABSTRACT

The aim of this research is to determine the influence of religiosity, level of literacy, income, and accessibility to the consciousness of paying profession zakâh. This research uses quantitative methods and applies multiple regression analysis. We use purposive random sampling with 124 samples which represent Moslems from 14 districts in Indonesia. Based on multiple regression analysis, it can be seen that religiosity, literacy, income, and accessibility have significant effects to the consciousness of paying profession zakâh. Therefore, this study encourages zakah institutions to improve its accessibility including location and payment to increase the consciousness of paying zakâh on profession.

Keywords: religiosity, literacy, income, accessibility, consciousness, zakah

INTRODUCTION

Zakah is an obligation in Islam, but practically not every Moslem pays zakah. The collection of zakah in Indonesia is still low. One of the factors that affect the number of zakah collection is the consciousness of people paying zakah (Istiqomah and Asrori, 2019). A moslem most likely to do prayers, fasting, and palmer to Mecca (hajj) rather than paying zakah (Thoyib, 2002). The consciousness of doing prayers, fasting, and palmer to Mecca (hajj) is different with the consciousness of paying zakah. Zakah is the embodiment of human relationships with others (*hablumminannaas*). Thus, the importance of the relationship of paying zakah is not only a matter of faith but also social godliness.

Zakah is one of the important instruments for Moslem's welfare development in Indonesia. People who pay zakah is helping the economy and encourage poor people so they can have a better life (Hafidhuddin, 2002). The

consciousness of profession Zakah expected to make changes and bigger impacts in infrastructure development, and economics condition for those who needed it.

Qardawi (1987) has seen the evolving profession and the development of various professions and tried to explain contemporary zakah ideas to support the welfare of Muslims through professional zakah. In his book, Qardawi (1987) also explains;

"if we collect from farmers even though as tenants, as much as one-tenth or one-twentieth of the crops or fruits, why shouldn't we collect from an employee or a doctor, for example, a quarter of his income"

Qardawi (1987) considers that the income earned from the profession of a Muslim, as long as it has met the *nishab*, is obliged to pay zakah on that income. Although there are still differences of opinion regarding this matter, professional zakah is seen to

provide justice to Muslims. In other words, it is not only farmers and breeders who are obliged to distribute zakah, but every Muslim who earns income from any profession and has reached the *nishab*, is obliged to pay zakah from the profession.

Profession zakah is publicly known in several countries in the world, including Malaysia and Pakistan. The Malaysian National Fatwa stipulates the mandatory zakah decision for someone who has met the requirements to pay (Abu Bakar and Rashid, 2010), while Pakistan has a computerized system of collecting zakah. It is different from Bangladesh, although many of the

population are Muslim, the knowledge of professional zakah and zakah in general, is still quite low (Uddin, 2016). Muslim residents in Bangladesh are only charged zakah on assets that are not personal items such as housing, cars, clothing, furniture, and other household items. In Indonesia, professional zakah has a high potential for acceptance. The achievement of zakah acceptance in Indonesia is dominated by professional zakah. Table 1 shows the amount of professional zakah compared to another zakah in zakah receipts in Indonesia from 2015 to 2018.

Table 1. Profession Zakah Collection in Indonesia from 2015-2018

Year	Type of Zakah	Zakah Collection (in Rupiah)	Entire Zakah Profession (in Rupiah)	Percentage
2015	Zakah Maal-Individual income	1,920,384,584,026	3,650,369,012,965	52.61%
	Zakah Maal-Badan	157,823,481,692		4.32%
	Zakah Maal-Others	63,016,490,414		1.73%
	Zakah Fitrah for Ramadan	168,116,668,883		4.61%
2016	Zakah Maal-Individual Income	2,843,695,144,686	5,017,293,126,950	56.68%
	Zakah Maal-Badan	620,546,547,627		12.37%
	Zakah Maal-Others	0		0%
	Zakah Fitrah	273,975,100,183		5.46%
2017	Zakah Maal-Individual Income	2,785,208,957,779	6,222,371,269,471	44.75%
	Zakah Maal-Badan	307,007,314,242		4.93%
	Zakah Maal-Others	0		0%
	Zakah Fitrah	1,101,926,162,357		17.70%
2018	Zakah Maal-Individual Income	3,302,249,700,640	8,117,597,683,267	40.68%
	Zakah Maal-Badan	492,422,843,634		6.07%
	Zakah Maal-Others	0		0%
	Zakah Fitrah	1,112,605,640,958		13.71%

Source: BAZNAS National Zakah Statistics, 2015-2018.

The amount of professional zakah collection above has shown that professional zakah is the main component of zakah in Indonesia. In 2017, professional zakah receipts

decreased significantly from previous years. This decrease in professional zakah acceptance may have something to do with the awareness of professional zakah in society. Therefore, awareness

in paying the zakah profession is important to research.

Previous research by Abu Bakar and Rashid (2010) concluded that the two main reasons for the delivery of professional zakah are social obligations towards Muslims, and in part of their wealth, there are rights of the poor and needy. Pangestu (2017), also explains that the level of faith, zakah literacy, accountability and transparency of financial reporting of the Amil Zakah Institution has a significant positive relationship to the motivation to pay zakah. The results of this study are different from the research of Farah, Othman, and Omar (2017) which concluded that religiosity does not have a significant effect on a person's intention to pay zakah.

Istiqomah and Asrori (2019) explains that the level of literacy, accountability, and transparency of the zakah positive effect on confidence *muzakki* to the institution of zakah collection. Merlinda, Burhan, and Ekawaty (2016) in his research on the factors that influence the decision to pay zakah commerce concluded that the decision to pay zakah strongly influenced by income and knowledge of her about charity. Furthermore, Merlinda *et. al.*, (2016) explained that *muzakki* has a preference for distributing zakah through non-formal institutions or directly to specified recipients. This phenomenon clarifies the fact that accessibility can affect awareness of paying zakah on profession. Accessibility is meant not only the accessibility of regional coverage but also information technology and finance.

This study is different with previous research by Merlinda, *et al.*, because this study uses awareness of profession zakat as the dependent

variable, while previous research by Merlinda, *et al.*, (2016) uses the zakat commerce variable. We also expands the scope of the sample, throughout Indonesia, This study also adds an accessibility variable, which was previously used in Gurning and Ritonga's (2015) research to explain its relationship with zakat awareness in general.

Zakah on Profession

Zakah on Profession is a contemporary zakah idea initiated by Yusuf Qardawi in his book entitled *Fiqhuz Zakah*. According to him, professional zakah is zakah that comes from the income of the work from the skill of the hands or brains, and the work done for other parties (Qardawi, 1987). Qardawi argues that the provisions of professional zakah should be equated with other zakah maal, to provide justice to Muslims regardless of their source of income.

Imam Abû Hanîfah, is one of the scholars who support the obligation of professional zakah (Qardawi in Ghofur, *et al.*, 2016). According to him, the zakah must be paid in income when it reaches the full year to the owner unless the owner has similar assets to which zakah must be paid. If this situation occurs, professional zakah can be issued at the beginning of the year provided that it has reached the *nishab*. Therefore, no matter how much income a person earns, even though it is close to a year from the arrival of similar assets, that person is obliged to pay professional zakah together with the principle of similar assets.

Awareness of Paying Zakah

Consciousness is to know and understand, a conscious human being is a unique form in which he can put

himself by his faith (Aulia, 2015). Geller (in Wardhani, 2008) explains that there are four levels of awareness in a person. These stages include: 1) *Unconscious Incompetence*, which is the initial stage where a person is not able to understand what to do, 2) *Conscious Incompetence*, when someone understands what to do, but there needs to be learning to do it right. 3) *Conscious Competence*, the stage where a person does something correctly following the established rules, and 4) *Unconscious Competence*, which is the final stage when a person has a habit and knows exactly what he is doing. Soekanto (2002) states that awareness has several indicators in the form of stages, namely: knowledge, understanding, attitudes, and patterns of behavior or action. In another case in the field of psychology, consciousness includes three things, namely perception, thoughts and feelings (Atkison in Wardhani, 2008)

Religiosity

Religion shows the religious aspects that are lived by each individual (Mahampang, 2017). Glock and Stark (in Ancok and Suroso, 1994) explains, religiosity is a reflection of the size of the level of knowledge, strength of conviction, worship perseverance, as well as the depth of appreciation to the religion's adopted, not just a visual activity, but also activity that is not seen but is felt in the heart someone. Furthermore, Glock and Stark (in Ancok and Suroso, 1994) describe the five dimensions of religiosity, namely: 1) the ideological dimension, 2) intellectual dimension, 3) ritualistic dimension, 4) experiential dimension, and consequential dimension.

Ahmad (2007) in the theory of Islamic motivation, explains that a

Muslim's motivation can be influenced by rewards or punishments so that Muslim belief in the rewards of paying zakah can affect his awareness of paying zakah. Five dimensions of religiosity will be used as indicators of this variable. Previous research by Pangestu (2017) and Kartika (2019) concluded that religiosity has a positive relationship with interest in paying zakah. These results are supported by other research by Satrio and Siswanto (2016) which explains that religiosity has a positive influence on the interest in paying zakah professionally. This means that the more religious a person is, the higher his awareness in paying zakah on profession will be higher.

Literacy

Literacy comes from the Latin *littera* (letter) which is defined as mastery of writing systems and the conventions that accompany them (Saomah, 2017). Literations is a stage of social behavior in which the individual is considered able to read, interpret, and analyze information and knowledge. Literacy is closely related to someone's knowledge. Someone who has extensive knowledge about a matter can be said to have a high literacy level, while someone who has a narrow knowledge of something is said to have a low literacy level.

The level of zakah literacy is the level to which Muslims understand zakah. Good zakah literacy will have an impact on active participation in literacy (Istiqomah and Asrori, 2019). BAZNAS (2019) researched zakah literacy in Indonesia and divided the level of the literacy index into two, basic knowledge of zakah and advanced knowledge of zakah. Basic knowledge is proxied in the knowledge of zakah in general, the obligation to pay zakah, 8 *asnaf*. calculation, and the object of

zakah. While advanced knowledge is proxied in the knowledge of institutions, regulations, impacts, distribution programs, and digital zakah payments.

The theory of Islamic motivation according to Alawneh and the results of previous research has a concordant conclusion that the higher a person's knowledge or literacy, the more motivated he will be to gain achievements, including in paying zakah profession. Previous research by Istiqomah and Asrori (2019), concluded that *muzakki* literacy has a positive influence on their belief in zakah management institutions. Pangestu (2017) in his research also supports the conclusion that zakah literacy has a positive effect on the motivation to pay zakah (Pangestu, 2017). This means that the higher the level of literacy of a person, the awareness in paying zakah profession will increase.

Income

According to the Kamus Besar Bahasa Indonesia (KBBI), income is the result of business work or so on. Income is also defined by Ninik (2016) as a measure of the value of revenue in currency units of work over a certain period. Income is an important factor in determining the amount of professional zakah obligation. The requirements for zakah on profession include reaching the *nishab* and fulfilling the haul. *Nishab* is the minimum limit of assets to be able to give zakah (Ramadhona, 2006), which means that when the income reaches a certain amount, then someone is only subject to the obligation of professional zakah. Previous research (Merlinda, et al., 2016) suggest that individuals who have a high income. are also potentially high to pay zakah.

Islamic Motivation Theory explains that humans can be accountable for their assets. The more assets he owns, the higher his ability and awareness should be in paying zakah professionally. The latest research shows that the income effect on the public interest to pay zakah in Amil Zakah (Satrio and Siswantoro, 2016).

Accessibility

Accessibility is a measure of whether a location is easy or difficult to reach using transportation (Black in Marganti, 2015). In simple terms, the accessibility indicator can be measured based on the distance. If one area adjacent to other areas, it can be said of accessibility in between the two regions are high, and vice versa (Tamin in the Bible, 2000). Accessibility can also be seen by paying attention to the number of network systems available in an area.

The development of financial technology allows people to pay zakah online or so-called e-payment. Electronic payments are payment mechanism that uses the media without involving cash (Fatonah, Yulandari & Wibowo, 2018). The payment of zakah itself has undergone many developments in payment methods. Therefore, the accessibility in this study is not only measured by the area, the availability of information and services and the location of the zakah management organization, but also the accessibility of professional zakah *e-payment*.

Ahmad (2007) in Islamic Motivation Theory explains that humans have the right to choose the desired action. Merlinda, et al. (2016) explain that the majority of *muzakki* choose to deliver their zakah privately without going through the Zakah

Management Organization (Merlinda, *et al.* 2016). One of the causes of this phenomenon is the lack of access for *muzakki* to the Zakah Management Organization. Based on this phenomenon, it can be said that the easier the accessibility, the higher the awareness of paying zakah profession.

RESEARCH METHOD

This research is quantitative research. The method used is quantitative analysis which analyses data in numerical form (Istijanto, 2005). Data research is the primary data collected by distributing questionnaires through a *google form*. The criteria for respondents in this study are 1) Muslim, 2) residing in Indonesia, 3) already working, and 4) earning the same as or above *nishab*. This study uses a population of all Indonesians who are Muslim. The sample taken is a Muslim who has an income above *nishab*. Measurement of samples from an unknown population uses the Lemeshow formula (Riduwan and Akdon, 2010), as follow:

$$n = \frac{Z\alpha^2 \times P \times Q}{L^2}$$

Information:

- n = Minimum sample size
- Z α = The standard value of the distribution according to the value $\alpha = 5\% = 1.96$
- P = prevalence of *outcome*. Because the data has not been obtained, then P is used for 50%
- Q = 1 - P

Based on the formula, the minimum number of samples based is 96 respondents. In this study, the number will be rounded up to 100 respondents.

Variable Measurement

Variable measurement in this research is using the Likert Scale (*Likert Scale*). Each question will be assessed by scale of 1 - 5. Assessment questionnaire scores are: 1) STS highly do not agree given a score of 1, 2) TS does not agree given a score of 2, 3) R or in doubt is given a score of 3, 4) S agree to be given a score of 4, and 5) SS strongly agree given a score of 5.

RESEARCH MODEL

The data analysis used in this study is regression analysis. This study aims to see the correlation between religiosity, level of literacy, total income, and accessibility with the awareness of paying professional zakah. Multiple Linear Regression is useful to examine the effect of one or more independent variables. The dependent variable. Multiple linear regression model as follows:

$$Y = \alpha + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + e$$

Information:

- Y = Consciousness Paying Zakah
- X1 = Religiosity
- X2 = Literacy Level
- X3 = Total Income
- X4 = Accessibility
- α = Constant
- β = Coefficient
- e = Error

RESULTS AND DISCUSSION

Description of Research Data

The data collection period was carried out on April 20-May 6, 2020. During that time, the number of respondents

obtained was 222 questionnaire data from 14 regions in Indonesia. However, there were 98 questionnaire data that were eliminated because they did not meet the *nishab* and had an extreme value so that the number of questionnaire data processed in this study was 124.

Religiosity to the Awareness of Paying Profession Zakah

Religiosity has positive effect on Awareness of Paying Professional Zakah, is supported by data. These results are consistent with previous research conducted by Abu Bakar and Rashid (2010), namely that religiosity affects awareness of paying professional zakah. Pangestu (2017) explains that the level of faith, knowledge of zakah, accountability and transparency of financial reporting has a positive and significant relationship to the motivation to pay zakah. The regression coefficient is positive at 0.177 which indicates that the higher a person's religiosity, the more his awareness in carrying out the obligation to pay zakah on profession will also increase.

Ahmad (2007) in the Theory of Islamic Motivation, explains that one of the factors that can encourage the motivation of a Muslim is external stimuli. External stimuli are rewards or punishments that motivate a person's behavior, including paying zakat. Higher religiosity makes a better understanding in what is recommended in Islam, including zakat. Therefore, the increasing of religiosity, the awareness of a person in carrying out the obligation to pay zakat profession also increases.

Literacy to the Awareness of Paying Profession Zakah

Islamic motivation theory (Alawneh: 1998) explains that basically, knowledge will motivate people to get achievements, encourage and guide people to be free to do everything. Good literacy mastery is the basis of a person's behavior and point of view. Based on the data, literacy has positive effect on Awareness of Paying Professional Zakah. The higher the level of literacy, then the higher awareness of Paying Zakah Profession. This is consistent with the previous research of Istiqomah and Asrori, (2019), and Mukaromah and Anwar (2019) which concluded that literacy has a positive effect on awareness of paying professional zakah.

Income to the Awareness of Paying Profession Zakah

Income is an important factor in determining the obligation to pay zakat on profession. However, not everyone whose income exceeds the *nishab* has the awareness to pay zakat professionally. However, the results of this study indicate that basically, the increasing amount of a person's income will increase his awareness of paying zakat on profession. The test results show that total income has a positive effect on the awareness of paying professional zakah. This contributes to previous research conducted by Kartika, (2019) and Satrio and Siswanto, (2016).

The test result shows that accessibility has a positive influence on the awareness of Paying Zakah Profession is supported by data. This contributes to previous research by Gurning and Ritonga (2015) which state that the service and location of the Zakah Management Institution or Organization (OPZ) affects the level of public awareness. In this research, the

accessibility is not only based on the location of the Zakah Management Institution or Organization, but also access to financial technology such as *online* zakah payment services and reporting systems. Islamic Motivation Theory (Ahmad, 2007) states that humans have the right to choose the action they want. A person's choice to deliver their zakah is closely related to the accessibility of the Amil Zakah Institute. Accessibility must have the ability of affordability, which is able to influence a person's desire to do something. Therefore, the easier access to zakah payments, it can increase awareness of *muzakki* paying zakah professionally.

LIMITATIONS AND CONCLUSIONS

This study aims to examine the effect of religiosity, level of literacy, total income, and accessibility on the awareness of paying professional zakah in Indonesia. The results of data analysis concluded that all independent variables, namely Religiosity, Level of Literacy, Total Income, and Accessibility significantly affect the Awareness of Paying Professional Zakah. Partially, the variables of religiosity, level of literacy, total income, and accessibility have a positive effect on awareness of paying professional zakah.

The author realizes that this research is not perfect. There are several limitations, including: 1) the number of respondents is limited to 124 respondents, 2) the period of distributing the questionnaires is short, 3) the adjusted R square value is 77.5% so that it is not able to explain all the factors that affect the awareness of paying professional zakah, and 4) limited number of independent

variables. The author suggests the next research to add another independent variable that might affect the awareness of paying zakah on profession. The questionnaire data collection can also be expanded in other predominantly Muslim countries such as Malaysia, Bangladesh and Bahrain.

RECOMMENDATIONS

This research expected to contribute to the management of BAZNAS/Regional BAZNAS/LAZ to increase public literacy regarding the obligation of paying professional zakah. Increased literacy can broaden the knowledge of *muzakki* and expected to increase awareness of paying professional zakah. This research also encourages related parties to improve zakah services by paying attention to regional accessibility, and financial technology to facilitate the receipt and distribution of zakah in Indonesia.

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Sustainable Zakat Distribution through Wakalah Contract

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ABSTRACT

This study conveys the importance of the skills element in wakalah contract of zakat distribution practiced in Malaysia to ensure the sustainability of continuous zakat distribution. Skillful representatives will manifest good wakalah and simultaneously increase the quality of zakat distribution. This study employed qualitative methodology which was a semi-structured interview method with the Pelaburan Hartanah Berhad (PHB) Company. The skills element becoming the factor for PHB chosen as a research sample is from the entrepreneurial aspect. PHB distributes zakat in a productive form which is in work capital provision. This can facilitate sustainable economic agenda from the aspect of withdrawing asnaf from poverty and ensuring the zakat payment cycle to continue. The informant of interview is a zakat committee member of PHB directly managing the implementation of wakalah in zakat distribution. The results of the study indicated that the wakalah executed by PHB poses several positive impacts such as wider locality of distribution, positive effect from aspect of communal perception on zakat distribution, and positive impact towards the representatives, which is PHB itself. This study imparts several potential suggestions to improve wakalah system of zakat distribution. This study faced several constraints such as research sample and limited types of zakat wakalah. Future studies are suggested to involve more research samples and investigate wakalah from various types of zakat payment.

Keywords: Representative; entrepreneurship; business zakat; distributive locality; communal perception

INTRODUCTION

Zakat plays an important role in sustainable economic agenda. Zakat refers to some particular wealth obligatory of spending to those who have right on the wealth (Al-Qardawi, 2014). Allah obligates every *mukallaf* to perform zakat based on His words:

“Truly the alms (zakat) are for the poors, and the needies, and ‘amil, and muallaf whose heart are tamed, and the servants, and the debtors, and the warriors of Allah’s path (fi sabilillah), and those who travel.” (Qur’an 9:60)

Detailed determination to the eight asnaf contained in the verse indicates that priority should be followed in zakat distribution process (Mahyuddin & Abdullah, 2011; Hairunnizam et al. 2012). Islamic history has proven that efficiency in management and distribution of zakat fund becomes the factor of country’s prosperity until zero poverty can be achieved and socio-economy and even community’s life quality can be improved as in the time of Khalifah Umar al-Khattab and Umar Abdul Aziz Caliphates (Ahmed, 2004; Farooq, 2008; Mohsin, 2015; Pg Mohd Faezul et al. 2017).

In Sustainable Development Goals introduced by United Nations, the first and the second objectives are to end poverty and zero hunger. Sustainable economic agenda is supposed to solve issue of unjust wealth distribution (Sara, Tavassoli & Heshmati, 2019). From Islamic economic perspective, zakat is a mechanism that should eliminate poverty and ensure sustainable life (Bhuiyan et al. 2012). Among the initiatives applicable is usage of zakat money for micro-entrepreneurial activity (Muller, 2016).

However, there are several issues in zakat distribution that might inhibit the efficiency of distribution process. Among them, Abdul Wahab (1995) & Azman et al. (2016) stated that weakness of unqualified staffs in zakat institution causes inefficient distribution. Among other factors contributing to inefficiency of distribution are such as corruption issue (Md Hairi et al. 2011; Nurul Athirah et al. 2018), bureaucracy problem (Rosliza et al. 2015; Mohd Shahril et al. 2016), incomplete data record, lack of workforce and geographical factor (Nurul Athirah, 2018) and zakat surplus which is incompletely distributed to asnaf group (Md Hairi, 2009; Ahmad Fathi et al. 2017) and distribution without following priority order of asnaf (Eza Ellany et al. 2014; Ahmad Fathi et al. 2017; Pg Mohd Faezul, 2019).

Looking at zakat distribution issue that always exists, related personnel should take proactive measure to handle arising issue. Atiah & Hairunnizam (2017) stated that one of initiatives implementable to improve zakat distribution is through wakalah contract. Nurdiani & Ekawaty (2015) believed that among the advantages of

wakalah in zakat distribution is to strengthen *silaturahmi* (relationship) between *muzakki* and asnaf and zakat can be distributed to asnaf inaccessible by zakat institution. Islamic Religious Council of Federal Territory (MAIWP) defines wakalah as assignation of authority to zakat payers to distribute zakat money by themselves to eligible asnaf group through refund of an amount of paid money based on lined conditions. Definition of wakalah as authoritative representation complies with the concept of localization which means decentralisation of power in determination of decision (Shah & Thompson, 2004). Several past studies (Prud'homme, 1995; Shah, 1999; Ivanyna & Shah, 2010; Gargarella & Arballo, 2012) paired up the word localisation together with decentralisation indicating that both have the same connotation of meaning. The word decentralisation is defined as transfer of responsibility in planning and management from central administrative institution to lower level of it (Work, 2002). UNDP (2004) stated that decentralisation refers to restructuring of authority so that mutual system of responsibility exists together between central, regional and local administrative institution based on subsidiary principle. Decentralisation concept would connect responsibility network between central institution and sub-national institution either of public or private institution (UNDP, 2004).

Wakalah contract has been applied widely in Islamic financial system such as in banking industry and takaful (Islamic insurance) industry. There are a few studies visualising the advantages of implemented wakalah contract. Al-Bashir and Al-Amine (2013) stated that wakalah contract enables liquidity cycle to operate more efficiently in Islamic banking system.

From perspective of takaful industry, Khan (2019) pointed that the operational model which is the most efficient and able to fulfill policy holders' and operators' interest is the wakalah-hybrid model. Besides that, wakalah application in marketing which is through assignment of agent makes it more efficient and saves more cost (Hairul Azlan et al. 2004). Puspitasari (2015) said that assignment of agent ensures that transaction between the customers and the operators become more effective. Nadiah 'Aqilah (2013) summarised that agent system poses positive impacts in development and performance of a particular takaful company.

One of wakalah contract pillars is that the representative acts as the receiver of authority/responsibility and the executive. Husen (2004) stated that among the wisdom of wakalah decree is to benefit experience, knowledge and skills of representative in a certain matter. Al-Hammad (2004) stated that among the importance of wakalah contract is to hand over tasks to knowledgeable and experienced representative. Al-Rumi (2011) also implied that the purpose of wakalah is that a less skillful party would hand over tasks to a more skillful representative. Those studies indicate that attributes of skills, knowledge and experience of representative play a role in succeeding wakalah contract. In context of financial system, BNM (2015) stressed that the bank acting as representative should ensure that all related tasks are passed to skillful, qualified and competent staffs. Murni (2018) emphasised that a takaful agent acting as a representative should be knowledgeable especially on the needs of customer. Nadiah 'Aqilah (2013) pointed that skills and expertises of takaful agent contribute greatly to

marketing and then affect the performance of takaful company. Hairul Azlan (2004) concluded that agent as mediator plays an important role as various trade transactions such as investment and stock activity depend on skills and expertises of the mediator. On the other hand, Mohamad (2010) stated that takaful agents who do not possess good skills and expertises will fail to convince potential customers and then reduce the productivity of marketing activity.

Based on several mentioned studies, this study summarises that wakalah contract directly correlates with two aspects: localisation concept and representative's skills attribute. As studies regarding localisation have been discussed much in other studies, then this study would not touch in detail on the subject. This study will discuss in depth the second subject which is on representative's skills attribute. As far as of the writer's knowledge, there is no study touching on wakalah in zakat distribution from aspect of representative's skills. Therefore, the study question is to examine the effect of representative's skills to zakat distribution. Conceptual framework of the study is pictured through Figure 1. The figure lines out three pillars in wakalah contract which are: *al-muwakkil* (giver of authority), *al-wakeel* (agent/representative executing the task) and *al-muwakkal fiih* (represented matter). *Al-muwakkil* which is zakat institution hands over authority (localisation/decentralisation) of zakat distribution to *al-wakeel* (representatives) through wakalah contract. At representative level, this study indicates the need of observing on representative's skills. This is important so that wakalah mechanism would pose positive impacts on *al-muwakkal fiih* which is zakat distribution.

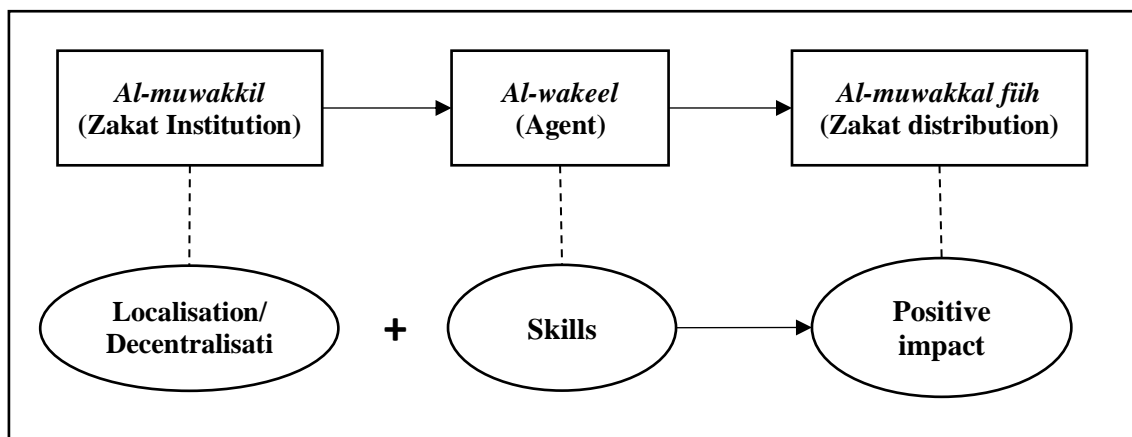


Figure 1. Conceptual Framework of Study

Among companies acting as representatives for MAIWP is Pelaburan Hartanah Berhad (PHB) Company. PHB executes wakalah on zakat paid by Amanah Hartanah Bumiputera (AHB). After AHB side pays zakat to PPZ-MAIWP, PHB side will submit application to PPZ-MAIWP

to execute the next wakalah to obtain refund of some of zakat paid by AHB. Then, PHB will distribute the zakat as the representative of MAIWP. Table 1 shows the total of zakat payment fulfilled by AHB and estimation of refund received by PHB.

Table 1. Zakat payment of AHB & wakalah estimation of PHB

Item	Year								
	2012	2013	2014	2015	2016	2017	2018	2019	Average
Zakat payment (RM Million)	1.63	1.91	2.90	2.99	3.95	2.31	3.62	3.05	2.8
*Wakalah estimation (RM Million)	0.61	0.71	1.08	1.12	1.48	0.86	1.35	1.14	1.04
Annual change (%)	-	17.69	51.38	3.19	31.86	-41.56	56.98	-15.56	14.85

*Estimations were calculated based on multiplication of 37.5% by annual zakat payment of AHB.

Source: Annual Report AHB 2012-2019

Figures show that the value of wakalah performed by PHB reaches millions of ringgit. The highest value was recorded in year 2016 when AHB paid zakat of RM 3.95 million amount and qualifies PHB to distribute zakat of RM 1.48 million. The most drastic

annual change occurred in year 2018 which was an increase of 55.98% compared to the preceding year. The high value of wakalah distribution indicates that PHB plays an important role in zakat distribution process. Wakalah distribution average value of

RM 1.04 million shows that PHB bears a great responsibility in ensuring that each zakat money is distributed to asnaf. PHB side should possess a systematic strategy that zakat money is distributed totally each year. To achieve the objective, this study sees that skills element plays important role in wakalah in zakat distribution of PHB. Therefore, this study chooses PHB as sample of study by focusing on three research objectives. First, this study will examine the wakalah process of zakat distribution performed by PHB. Second, elaborating skills element of PHB in zakat distribution. Third, explaining positive impacts of wakalah in zakat distribution towards asnaf, PHB Company and MAIWP institution. The second part of this study will be succeeded by literature review, then research methodology, then results of study followed by basic implications and ended with conclusion.

LITERATURE REVIEW

Sustainable

Sustainable is translated as concrete; publicly accepted; firm and strong (DBP, 2015). Sustainability concept is introduced as a response to current condition which is unviable in long-term duration (Gibson, 2006). The same study also stated that sustainable agenda is related to process continuously progressing and not halting at certain destination. Objective of sustainable economy is to secure that the needs of generation nowadays are fulfilled without affecting future generations' needs (Farrell, 1995; Caneque, 2000; Chichilnisky, 2010). Robert, Parris & Leiserowitz (2012) implied that three pillars in sustainability agenda are environment, economy and social. Hopwood, Mellor & O'Brien (2005)

opined that sustainability concept is open to different interpretation according to condition and situation. Wallis & Valentinov (2017) posed that sustainability should bring long-term benefit and the goodness could develop aligned with current situation.

Zakat distribution

Aspect of distribution in zakat management is a matter that should be seriously attended. This is because, zakat distribution could bring significant impact to life quality of the needy and poor asnaf (Sanep & Hairunnizam, 2005; Teh et al. 2016). Besides that, effective zakat distribution will bring positive impact to aggregate spending, labour and capital offer aggregate, economic growth (Norazlina & Abdul Rahim, 2011), elimination of poverty (Naziruddin et al. 2015; Ayuniyyah et al. 2017), strengthening of social welfare system (Abdullah & Suhaib, 2011; Raimi et al. 2014; Suprayitno et al. 2017), and consolidation of *mustahik* spiritual level (Beik & Arsyianti, 2016). However, zakat distribution system received several criticisms such as that life quality of the needy and poor asnaf is still at the same level despite that zakat institution has entertained asnaf through various forms of developmental and self program (Teh et al. 2016). Muller (2016) criticised zakat distribution which is more focused on preaching activity. He added, in Malaysian context, preaching invites controversy related to sectarian, politics and ideology. Other criticism such as distribution to asnaf who are unknown of either eligible or not has also tarnished public perception to zakat institution (Hairunnizam et al. 2009).

Localisation

Muhammad Syukri (2006) stated that among the main factors of ineffective zakat distribution is due to connection gap issue between zakat centre and asnaf. The study concluded that by shrinking the connection gap, which is through localisation process, distribution process will be facilitated to be more effective. Hairunnizam et al. (2012) stressed the need for localisation concept through argument that local 'amil can recognize more easily asnaf's background and need in respective place and able to monitor closely the asnaf group. Monitoring is important that asnaf is not just comfortable of receiving zakat but also attempt to change attitude and at the end becomes zakat payers. Hairunnizam et al. (2011) stated that the localisation concept must be initiated by strengthening of mosque institution. The study suggested that zakat centre build branches in mosques due to geographical reason as mosques are closer to the community. The same study also proposed that mosques play their role to educate community regarding religious understanding and effort of improving mental and spiritual level of asnaf to attempt coming out from cocoon of poverty.

Wakalah

Concept of authoritative assignment in localisation complies with concept of authoritative representation in wakalah. The meaning of wakalah from religious aspect is entrusting or assigning authority to other party in a certain permitted matter (Al-Sa'ad, 2008). There are many differences in scholars' opinion in definition of wakalah. However, majority of scholars agree that definition of wakalah must comprise of three main elements which are party who assigns authority (*al-muwakkil*), representative (*al-wakeel*) and represented matter (*al-muwakkal*

fih) (Mohd Napiah, 1975). Shafi'yyah scholars define wakalah as process of authoritative assignment to other party to execute a task that can be substituted by condition that the task is done while the giver of authority is still alive (Nuhyatia, 2013). BNM (2016) defined wakalah as a contract where the giver of authority (*muwakkil*) assigns authority to other party as agent (representative) to perform certain tasks in matters able of representation, either with charge or not.

Ibnu Qudamah opined that the decree of wakalah is aiming to fulfill human needs (Nugraheni, 2017). Basically, every human should perform his task and responsibility himself. However, sometimes constrain occurs such as being too occupied with plenty of tasks until he needs to seek help from other party (Al-Samid'iy & Al-Jamili, 2009). Wakalah contract shows that human who is weak in nature, cannot live alone and needs each other to manage life affairs more properly (Nadiyah 'Aqilah & Mohamad, 2013).

Wakalah contract plays an important role in Islamic financial system. In takaful industry, wakalah system is applied through assignment of agent. Agent system can elevate total contributions gained by takaful company as takaful company can open more branches and then ease communication and reduce gap between takaful company and takaful participants (Hairul Azlan et al. 2004). The role of takaful agent in serving customers has a positive and significant relationship with customers' satisfaction level (Zaida Farhana et al. 2018). Meanwhile in capital market industry, Najibah Khairiyah & Kamaruzaman (2018) stated that wakalah contract is the best alternative to reduce physical

asset usage in production of short-term sukuk (Islamic bond).

Wakalah contract in zakat distribution is applied by several zakat managerial institution such as MAIWP and Lembaga Zakat Selangor. MAIWP enables company/organisation to apply zakat refund until at 50% of the total business zakat payment. Zakat can be distributed to all asnafs except *'amil*. Atiah & Hairunnizam (2017) pointed that wakalah contract in zakat distribution had elevated zakat collection especially for business zakat, income zakat and property zakat. The increment was due to community who get their chance of distributing their zakat themselves to the needy and poor group. Meanwhile from zakat payment aspect, Norazira & Hairunnizam (2019) investigated usage of wakalah contract in zakat payment by BIMB, in which customer/depositor entrusts the bank in zakat fulfillment process. The study stated that wakalah contract is effective in promoting zakat campaign and possibility of zakat collection to increase. The study concluded that wakalah system of zakat payment really helps Islamic socio-economy and brings benefit to all levels of involved parties.

Skills

The word skill has various definitions. DBP (2008) defined skill as efficiency and ability of performing something. Ashton & Green (1996) stated that skill refers to knowledge, training, qualification and technical application. Clark (2006) summarised that skill is interpreted as 'know-how' and technique. This means that a skillful person possesses knowledge and masters technique required for handling a particular task. Handel (2008) stated that skill means technical knowledge needed to ensure efficient work

performance. Green (2011) said that skill is an individual quality comprising of three attributes: (i) has productive value, (ii) polish-able, such as through training, and (iii) community's recognition, in which community recognise the subject as skill. UKCES (2010) stated that skill can bring maximal impact upon productivity and individual success.

In wakalah contract, Al-Sami'diy & Al-Jamili (2009) explained that wakalah contract is decreed to appreciate diversity of human from aspect of skill and ability. Human expert in a certain task can become a substitute/representative for other party to perform the task. As an effect, this wakalah can protect human's right itself more. Qasbah (2017) stated that wakalah contract is important to preserve the concept of justice which is putting the right of something at its place, by meaning of assigning task upon those who are skillful in a certain field.

Summary of study review can be concluded through Figure 2. Issue arising from zakat distribution needs way of solution. Among the steps that can be implemented is through localisation/decentralisation method of zakat distribution matters. The method is compatible with wakalah concept which is entrusting authority to zakat payers to distribute zakat to asnaf by themselves. In wakalah contract, representative's skills play an important role. Representative's skills in zakat distribution later will return to bring positive effect to zakat distribution process. As of the writer's knowledge, there is no study examining in specific the implementative method of wakalah in zakat distribution by any company/organisation acting as representatives in Malaysia. Besides

that, there is no study of zakat wakalah relating with skills element. Therefore, this study will scrutinise the matter and state the positive effects of wakalah and mention several suggestions for improvement of wakalah in zakat distribution.

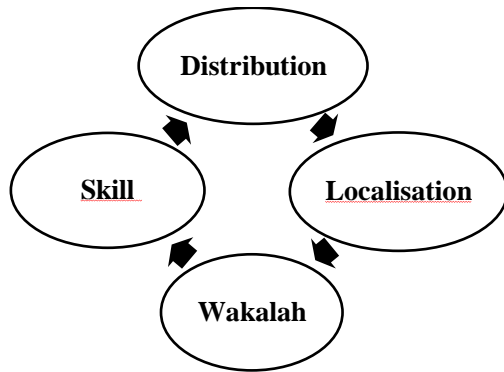


Figure 2. Summary of study review

RESEARCH METHODOLOGY

Research methodology was in qualitative form encompassing primary data supported by several other sources. This study employed PHB as sample of study. Skills element directly related to PHB is entrepreneurial field. In year 2016, Malaysian government had allocated a fund RM 150 million specific for PHB aiming to boost up Bumiputera's entrepreneurship and business. Meanwhile in year 2020, government allocates an amount of RM 170 million to three companies which are: TEKUN Nasional, SME Bank & PHB aiming to support development of Bumiputera entrepreneurs. The trust given to PHB in entrepreneurial developmental program indicates qualification and skills of PHB in entrepreneurial field.

Primary data obtained from semi-structured interviews with Encik Rosmadi Nasir Ahmad who is the Assistant General Manager, Finance & Operations of PHB. Semi-structural

approach based on open ended question is applied widely in interview (Stuckey, 2013; Edwards & Holland, 2013) as this approach enables the informants to state their opinion and experience in total (Turner, 2010). As there is no concrete answer for the question 'what is the appropriate number of informants for interview', then one informant is enough if the information needed is obtainable from the informant (Baker & Edwards, 2012). Interviews were performed for two times which were on 8 October 2019 and 12 November 2019. The emergent nature of qualitative study can become a factor of the need for second interview to proceed when there are new questions arising and needing for explanation (Jacob & Ferguson, 2012). The informant is one of the officers in direct involvement with management of zakat wakalah. The informant's capacity as experienced individual in PHB in general and informant's involvement in committee managing zakat wakalah in specific make primary data obtained strong and trusted. Results of interview were recorded and then transcribed for analysis to gain important information to be discussed in results of study.

Besides that, several other materials were also utilised in this study. This study used data and information from written sources such as journal articles, proceeding papers, books, theses and annual reports. This study also gained information from video sources such as recording of programme slot in Al-Hijrah television broadcast directly related to wakalah in zakat distribution of PHB. All sources were used to obtain detailed information related to the study and then strengthen more the results of study.

RESULTS OF STUDY

To present results of study more systematically, every result of study is divided into several parts. This study would rewrite some important points of informant's dialogue as the main reference of discussion. The dialogue is conveyed in *Italic* font form at the beginning of each discussion.

Process of wakalah in zakat distribution in PHB

1. Types of wakalah

"We distribute business zakat. Employer zakat is also there, but we only give it to the staffs, as it is not much."

PHB becomes a representative for distribution of zakat paid by AHB. AHB fulfills two types of zakat which are business zakat and employer zakat. Business zakat is a zakat obligatory of fulfillment withdrawn from yield of business property. Employer zakat meanwhile is a zakat obtained from cuts of the staffs' salary. A certain organisation/company can apply for refund until 50% of total business zakat payment and 37.5% of total employer zakat. But, based on the performed interviews, PHB only receives 37.5% total business zakat and 12.5% from employer zakat. This is because, the original ratio which was at 37.5% (business zakat) and 12.5% (employer zakat) has just been raised to 50% and 37.5% around the end of year 2019.

For employer zakat category, PHB distributes refunded zakat money specifically to staffs only. Meanwhile for business zakat category, wakalah zakat money is distributed to asnaf of the whole Malaysia and the world. This indirectly ensures the sustainability of zakat distribution to happen due to asnaf scope which is widening to international

level. This study will focus to wakalah of business zakat type only. This is because refund ratio received is bigger compared to employer zakat. Therefore, wakalah process for business zakat should be elaborated more deeply. On the other hand, wakalah for distribution of employer zakat will not be discussed in detail in this study.

2. Zakat committee

"There is a zakat committee suggesting to higher management on who to give. There are 4 members. A chairman, and 3 members."

Wakalah fund of PHB is managed by a zakat committee comprising of four members, which are a leader and three members. All of them are staffs of PHB. This committee performs three main roles. First, examining application of zakat aid based on guidelines provided by MAIWP. Second, submitting eligible application to higher authority to get approval. Third, after approval is obtained, zakat committee will distribute zakat fund to approved asnaf.

The committee should ensure that refunded zakat money is wholly distributed. Company/organisation who finishes wakalah fund distribution indicates that the institution is committed and proficient in zakat distribution matter. Instead, representative who does not finish zakat distribution will raise several issues such as stockpiling of undistributed zakat amount. While the responsibility of zakat distribution should be born by the representative. Accumulation of undistributed zakat amount will lead to other issue such as accusation that zakat institution is not efficient in zakat distribution. The matter then will pose negative effect to level of trust among the public to the zakat institution itself.

Hence, the representative should play his role properly so that distribution of zakat wakalah is accomplished to ensure sustainability of zakat distribution always occur every year.

3. Flowchart

(1) Those who want to apply for zakat from PHB need to submit application letter to PHB. There is no format of application letter set by PHB. This method eases the applicants as they can write application letter according to situation and need without binding or following certain format that may complicate writing process of application letter. Each application will be evaluated according to guidelines determined by MAIWP. This evaluation process is very important as the zakat money is channeled to asnaf who are really rightful of the zakat money. Zakat

money undistributed to rightful asnaf becomes a cruelty to their right. (2) Eligible application will be (3) submitted to higher management for approval. (4) Meanwhile for ineligible application, the process stops at there. (5) If PHB cannot recognise the status of application either eligible or not, (6) the matter will be posed to MAIWP side to get explanation. After MAIWP provides feedback, PHB will reevaluate the application and (7) eligible application will be submitted to higher management, (8) while for ineligible application it stops at there. (9) After higher management approves the posed application, zakat committee personnel will distribute zakat fund to asnaf. (10) Finally, zakat committee will submit report to MAIWP regarding the performed distribution.

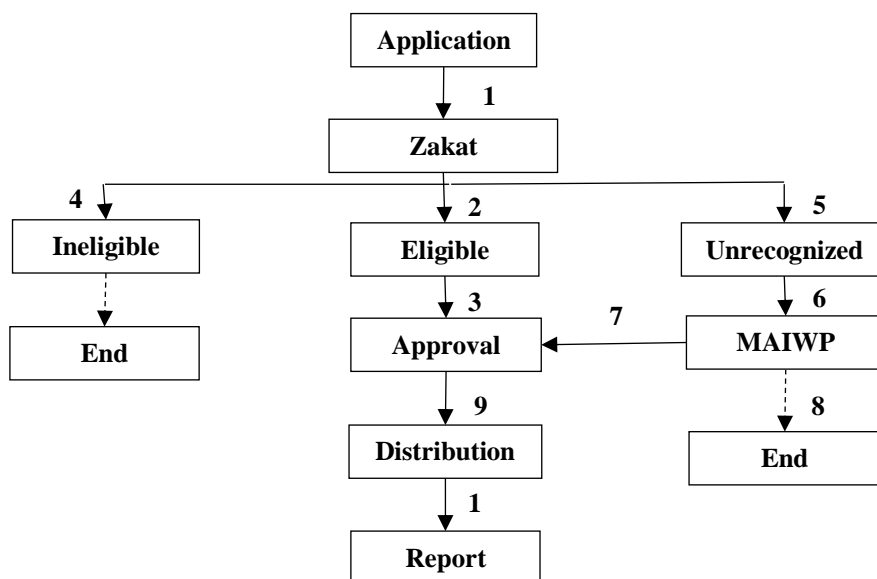


Figure 3. Flowchart of zakat wakalah process by PHB

Source: Interview with PHB officer

4. Element of skills

Among the asnafs given priority by PHB are the poor and needy group. MAIWP defines the poor (*fakir*) as an

individual who does not possess any property or job or does receive income from other sources but the total does not reach 50% from *kifayah* limit for basic

needs of himself and his dependents. The needy (*miskin*) meanwhile means an individual who has job or income exceeding 50% but does not reach *kifayah* limit for basic needs of himself and his dependents.

PHB as an investment company should also be equipped with skills in entrepreneurial matters. For the needy and poor asnaf, PHB distributes zakat in productive form which is capital aid either in form of cash or equipment. This capital aid is aiming to help the needy and poor group to change their life towards a better living which is from zakat receiver group to zakat payer group. Zakat aid like this is of long-term goal with hope that the zakat receiver will change status to zakat payer complying with the philosophy of zakat itself (Rosbi et al. 2008). Capital aid encourages self-employment. The concept of self-employment is better than wage-earning as self-employment provides more freedom to individual (Aydin, 2015). Productive zakat distribution can realise the objective of zakat which is to produce independent asnaf and able of sustainable and solid self-sustenance by operating personal business (Putri, Firmansyah & Hamid, 2019), and then the surplus of business yield can be used to pay zakat (Sumai et al. 2019).

PHB utilises medium of *Man Jadda Wajada* programme produced by Al-Hijrah television broadcast to distribute the zakat. In conjunction with the meaning of the program ‘who strives will succeed,’ PHB distributes zakat in work capital form to asnaf so that they strive to become successful entrepreneurs. PHB distributes the zakat to the whole Malaysia regardless of operated business type or business location. This action becomes a positive effort especially to facilitate and

encourage asnaf so that they themselves put efforts to come out from coccon of poverty. Sustainability from aspect of self-value development within asnaf is also important to ensure that statistics of asnaf household be reduced from year to year.

Positive impacts of wakalah contract

1. Distribution locality

“Zakat institution has a lot of constraints to get asnaf, the collection is a lot, but the area is small. We have no limit, able to provide even outside of region.”

PHB as a representative can distribute zakat without being restricted to only certain places. PHB can distribute zakat to any eligible asnaf from all places even though zakat collection is only from Federal Territory. This situation can bring positive impact to distribution as MAIWP receives total collection that increases each year. In year 2019, total collection of zakat by MAIWP reached RM 682 million. The value was an increment of 4.7% compared to year 2018 recording total collection of RM 651 million. The amount if only distributed to asnaf in Federal Territory might be complicated as the area is limited. Therefore, the wakalah mechanism performed enables MAIWP through representatives, to distribute zakat to other places so that distributive locality becomes wider and distribution can be executed more quickly. Besides asnaf within the country, PHB also distributes zakat overseas such as to Palestine. The distribution is performed through application made by recognised non-governmental organisations (NGO) such as Aman Palestin who applies for zakat from PHB to distribute to asnaf in Palestine. This situation indicates that wakalah contract makes distributive locality widens much and becomes

more effective until to level of overseas asnaf and at the same time ensures sustainability of zakat distribution to occur continuously.

2. Community's perception

"People see where zakat money is spent. If not, people will assume that it is only for MAIWP."

Issue of community's perception to zakat distribution has been discussed a lot in many studies. Complaints on zakat institution regarding collection and distribution process will affect community's confidence and then bring to issue of refusal of zakat payment (Sanep & Hairunnizam, 2005; Ahmad Hidayat & Saidatul Badrul, 2014; Ismail & Masturah, 2014). When wakalah is performed by PHB through reality program such as *Man Jadda Wajada*, audiences in which majority of them are from Muslims in the whole country can witness how zakat money is benefited. Program like this will repel bad accusations directed to zakat institution. This is because the audiences could experience by themselves the life difficulty undergone by asnaf and feel the happiness of asnaf after PHB distributes zakat money to them. Previously, the community are only told that zakat money is distributed to asnaf without witnessing in live the role of zakat in assisting asnaf. Through reality program like this, community could witness themselves the role of zakat and then become more concerned and emphatic to asnaf group and simultaneously will increase community's awareness to perform zakat. This clearly shows that through wakalah contract, sustainability of zakat distribution occurs and is very effective.

3. Effects to PHB

"People see that the AHB fund is fulfilled as zakat. AHB unit holders are throughout the whole Malaysia. So, if they pay zakat to MAIWP only meaning that only asnaf of Federal Territory will get. But when wakalah is performed, it can be distributed to the whole Malaysia."

Alongside with community's awareness to obligation of zakat, company/organisation should also concern on zakat payment. Zakat-paying investment institution has its own added value as Muslim community concerning of zakat obligation should be more prone to choose investing in zakat-paying investment fund. Zakat wakalah process performed by PHB becomes an important indicator to show that AHB investment fund pays zakat upon business yield. This will attract Muslim investors as the investors do not need to think of zakat matter yielding from their investment in AHB.

AHB unit holders consist of Bumis community throughout the whole country. When PHB executes zakat wakalah, AHB unit holders can see that the zakat money is benefited by asnaf from the whole country. If PHB side does not take initiative to become a representative, investors will assume that AHB investment zakat is paid to PPZ-MAIWP and then distributed only to asnaf in Federal Territory. Through wakalah, the assumption can be avoided and then becomes an added value to AHB to attract more investors on account of zakat distributive locality benefited to the whole country.

From a wider perspective, increase in number of investors will elevate profit potential of AHB and then increase potential of AHB's business zakat total. The increment will increase PHB wakalah value and then enables

PHB to help more asnaf. Besides that, profit increase also becomes a *masalah* to Muslim community as PHB is a company focusing on Bumiputera in which Muslims represent 88.67% of the whole Bumis. Then PHB's profit increase indirectly will benefit many Muslim investors and raise up image of company managed by Muslims. This indicates that the sustainability of zakat distribution through wakalah contract can uphold image of institution and then ensure sustainability of the business to continue through profit increase and others.

DISCUSSION AND BASIC IMPLICATIONS

This study discusses application of wakalah in zakat distribution has several advantages especially the one performed by PHB. This study opined that wakalah of zakat distribution should be continued and strengthened in several aspects. This is important as to increase more positive effect of wakalah in zakat distribution as stated in the study by Nurdiani & Ekawaty (2015) and Atiah & Hairunnizam (2017). Among the improvements implementable is from aspect of selection for company/organisation to become representative. At early stage of wakalah introduction, it is necessary for MAIWP of not putting strict conditions to become a representative. This is to attract community especially organisation/company to wakalah mechanism. After the 'introductory phase', this study believes that MAIWP should put more specific criteria for company/organisation who wants to become a representative. This is important as the ratio refunded would be big. Therefore, several conditions should be determined with purpose of

avoiding problems such as issue of refund of wakalah money undistributed according to determined duration.

Among suggested criteria applicable is that every organisation/company who wants to become a representative should have a plan regarding the distribution to be performed. The plan is important so that from early stage of application, all companies already have target of distribution to be executed. This study suggests that the target is related to skills or field of the company itself. This aligns with the goal of wakalah contract decree which is to assign authority to a representative who possesses advantages from skills aspect (Al-Hammad, 2004; Husen, 2004; Al-Samid'iy & Al-Jamili, 2009; Al-Rumi, 2011). For example, PHB as an investment company well-versed of entrepreneurship distributes zakat in work capital form to asnaf who are interested of involving with business.

Wakalah of zakat distribution in productive form can contribute to sustainable economic agenda. This is because, productive zakat will open way for asnaf to get out from poverty through entrepreneurial sector. Yield from operated business can be used to sustain self and family sustainability and continuously (Putri, Firmansyah & Hamid, 2019). Then, surplus of business revenue can be utilised to develop the business further and enable asnaf to become zakat payers. This complies with the sustainability concept which is to fulfill needs of current generation without sacrificing future generations (Farrell, 1995; Caneque, 2000; Chichilnisky, 2010). Asnaf generation receiving productive zakat then will re-contribute to zakat fund to help the next asnaf generation.

After going through the phase where the representative should present their plan in zakat distribution, then MAIWP can recognise target or field which is void and need to be improved. After that, MAIWP does not only offer wakalah policy openly, instead MAIWP should put specific criteria that the party who becomes a representative should be proficient and target the void field to handle arising problems. For example, if zakat distribution in education still could not produce excellent students that can re-contribute to community, then MAIWP will offer specific refund policy to proficient representative or focus distribution to education only so that the problem can be overcome.

To realise this suggestion, representatives especially company/organisation should have optimal workforce from quantitative and qualitative aspect. The number of unit members managing zakat wakalah should be adequate to perform screening of received zakat application. Number of members incompatible with received application quantity might affect screening process and burden zakat unit. Zakat unit members should also be proficient in drafting plan for target of zakat distribution. Distribution suggestion according to skills begins with appointment of zakat unit members proficient in a certain field. Skills of zakat unit members might be incompatible with main activity of company/organisation. However, distribution process according to skills of zakat unit members can still be classified as wakalah of zakat distribution according to skills, which are the skills of zakat unit members. Then, this study suggests that company/organisation does not just distribute zakat as a one-off, instead performs follow-up action such as updating information regarding asnaf

and providing guidance according to asnaf's need. For example, for asnaf given work capital, their sales data should be examined and then they are given training or advisory service to improve the asnaf's performance.

CONCLUSION

Wakalah contract is an initiative of great potential for improvement of zakat distribution quality. PHB as a model company participating in wakalah of zakat distribution has shown several advantages of the contract application such as from aspect of wider distributive locality, positive perception of community and positive effects towards PHB institution itself. Based on distributive method applied by PHB, this study presents several suggestions seen able to refine the potential of wakalah contract and consequently pose positive impacts to zakat distribution. Among the suggestions is that the representative should have a particular plan or target in distribution. To appreciate the wisdom of wakalah decree which is to assign to proficient party, this study suggests that distribution target is related to the main business of the company itself such as PHB as an investment company distributes zakat in entrepreneurial field which is through productive zakat. Productive zakat will support sustainable economic agenda by encouraging asnaf to come out from cocoon of poverty. Besides that, representative should also take proactive action in providing guidance and support to asnaf and not just becoming a mediator in zakat distribution process. This study contains several constraints such as investigating only wakalah of PHB business zakat. Other study can be performed to study

wakalah of other zakat payment type such as employer zakat which is also performed by PHB. Other constraint is from aspect of limited sample of study. Future studies can involve more samples to gain a comprehensive picture. This study suggests that a quantitative study be performed to support findings and suggestions of this study.

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The Relationship among Zakat Maal, Altruism and Work Life Quality: A Quantitative Analysis

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ABSTRACT

The purpose of this study is to analyze the effect of zakat maal expenditure behavior on work altruism and quality. The study was conducted at a higher education institution that practices strong culture in religious activities. A total of 223 respondents were involved in this study. Data was obtained using a questionnaire and analysed using the PLSPM of SmartPLS 3.2.8. The results of this study showed that compliant employees' payment of zakat maal could increase work altruism and quality of worklife, thereby increasing their performance. The behavior of zakat maal payment in this study is evidenced by the existence of workplace, that supports the implementation of the obligations of a Muslim, so as to increase their awareness in paying zakat when reaching the nishab. Encouragement from the organization about this matter ultimately increases work altruism which can help improve work productivity and make employees feel they have a better and more balanced work life.

Keywords: Zakat Maal Expenditure Behavior, Work Altruism, Work Life Quality, Employee Performance

INTRODUCTION

Zakat in Islam is an obligation for Muslims, both for employees and entities, who have arrived at *nisab*. The obligation of zakat in an Islamic entity is a *tabarro'u* aspect of society. *Tabarro'u* is derived from the word *tabarro'a ya tabarro'u tabarro'uan*. It means donations or alms. The purpose of *tabarro'u* is to provide benevolent funds sincerely for the purpose of Muslims helping others. In this context, it helps the welfare of the poor by the payment of zakat. It requires commitment from Muslims to set aside some of their assets for this purpose. Willingness or sincerity to pay zakat is one of the altruistic indicators of the readiness to help others. Helping behavior based on the perspective of Islam is a form of worship that comes from one's own initiative. Worship is

done by someone with sincerity without expecting any gift except reward and pleasure from Allah.

In the recent literature about Islam, the behavior of zakat is categorized as religious obedience (Al-Qardhawi, 1999). In the mechanism of granting zakat, there are the giver and the recipient. Providers of zakat will get life blessing (Quality of life) because of the added value or self-esteem that has an impact on improving the performance of the employee itself (Wiliasih et.al, 2011). Meanwhile, the results of zakat acceptance are closely related to social elements and benefits that can improve welfare for recipients of zakat and other macroeconomic arrangements (Aliyu, 2017). Several studies have concluded that zakat has a positive effect on the economy (Siddiqi, 1979; Rahman, 2003; Kuran; 2006 and Khan; 2007). Zakat expands goods as a

whole and increases capital flow and will ultimately increase aggregate economic growth. In addition, zakat also has an effective role in allocating and mobilizing limited resources. In its role in Islamic fiscal policy, zakat uses productive resources through effective empowerment of requests (Faridi, 1983), Metwally (1983), Salama (1983) and Kahf (1983).

In Indonesia, the payment of zakat still has implementation gaps because of the collection and potential of zakat that has not been fulfilled. Indonesian Muslims might understand about the obligation to pay Zakat Maal, but not all are considered as Nisab. Data from BAZNAS (The National Amil Zakat Agency of Indonesia) shows that the acceptance of zakat maal is only 5% of zakat potential (BAZNAS, 2019). This is due to the lack of public awareness about the obligation to pay zakat maal if it reaches Nisab. Therefore, further socialization is needed regarding the obligation of zakat maal in various elements of society, in order to be able to increase economic growth on an ongoing basis. Besides achieving profit, organizations as economic drivers can also play an important role in helping to distribute zakat maal from the assets owned by their employees. Organizations, specifically with strong Islamic values usually implement a religious work environment or can be called a workplace spirituality.

Furthermore, according to Al-Goaib (2003), religiosity in Islam is a commitment to Islam through the fulfillment of God's rights, protection of the rights of others, following God's instructions, avoiding bad actions, and performing worship. Nazamul et. al (2013) said that organizations with cultural development in Islamic

perspectives can increase organizational success in terms of better productivity. This culture includes helping members of the organization channel their wealth to tithe according to the Qur'an and hadith. One form of the implementation of religiosity in an organization is helping to distribute zakat maal as a form of fulfilling the rights of others. The organization encourages its employees to pay zakat maal as an implementation of religiosity in the workplace. This concept is expected to increase employee awareness and will lead to the emergence of work altruism and improve their work life in the organization.

Work altruism is the act of helping others without thinking about their own interests. When this is internalized and done by employees in the organization, it is certainly making work more favourable. People in organizations can collaborate more easily, help each other in getting work done and thereby trigger performance improvement. Studies on the effect of zakat expenditure on work altruism have not yet been done. We believe that if the organization is able to encourage its members to pay zakat, it will lead to more positive behaviors at work with an example is voluntary helping others.

One of the hidden benefits of Zakat from a spiritual viewpoint is that inner contentment will keep away mental illness and this will positively impact the immune system in the body, because of the feeling of satisfaction from the effects of giving. Analysis conducted by Aliyu (2017) illustrates that zakat is one of the most powerful mechanisms in the Islamic economic system to build social security, social welfare, and in the context of energy investment work will increase employee productivity, one of which can be

achieved through the work life quality. Organizations that can meet the spiritual needs of employees can increase employee satisfaction because of the effect of giving zakat. Some studies say that paying zakat can lead to self-satisfaction which creates inner peace. When this is applied in the context of the organization, employees will experience a better quality of work life.

Brooks & Anderson (2004) state that work life quality is a satisfying feeling towards work and employee work environments in an organization. Baker (2003) explains that employees who adhere to their religious values and perspectives will have a good quality of life which is indicated by better health, financial well-being and inner well-being. For a Muslim worker, the expenditure on zakat maal is a form of religious obligation. We, therefore, believe that zakat maal expenditure will provide spiritual comfort that will have an impact in producing a higher quality work and life.

This study will also examine the impact of expenditure on charity from the aspect of charity or those who pay zakat. Since every Muslim is obliged to pay zakat, there are still several studies examining the physical results felt by those who pay zakat on the spiritual side. By fulfilling this obligation, it is expected that there will be a higher spiritual welfare from the zakat payer. However, the study of Wiliasih et.al (2011) found that zakat does not influence the formation of work altruism and spirituality, although in the end it was found that work altruism and spirituality improve the quality of life of zakat providers. Thus, there is a need to reexamine the relationship between the behavior of zakat maal payment on work work altruism and work life quality. We believe that sincerity in

paying zakat will result in a better attitude towards work altruism which, if developed, can certainly vary greatly in results, depending on the person displaying the behavior. Employees with high work altruism will foster peace of mind, both in social life and in work life quality.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Zakat Maal Expenditure Behavior and Work Altruism

Zakat is maaliyah worship for Muslims, and is one of the pillars of Islam that must be performed by Muslims. Zakat is paid by business income and assets, gold and silver, and savings at a base rate of 2.5% (Gambling & Karim, 1986; Hamid et al., 1993; Mohamed, 2007; Lewis, 2005; White, 2004). Allah has mentioned (Qur'an 9: 60) about the obligation to pay zakat and groups that are qualified to receive zakat. In addition, obedience to pay zakat can have a positive impact on muzakki (people who pay zakat) in the form of purification of property, adding to the blessings and goodness of life (Alqordawi, 1973). The current trend in zakat management is to provide empowerment programs to mustahik (people who are entitled to receive zakat). Zakat institutions will regulate and manage the program in order to alleviate poverty so that they can be financially independent (Trianto et al., 2020). However, the program must be adapted to the background of each mustahik so that the program is effective. therefore, zakat spending will greatly affect the country's economy and also help alleviate poverty. Sulaiman (2003) states that zakat plays an important role not only in the economy, but also in moral and social

welfare terms. Morally, zakat is sharing wealth and eliminating greed, while socially it will help reduce poverty in the community (Gambling & Karim, 1986; Sulaiman, 2003). Unlike conventional taxes, zakat is seen by Muslims as a means of 'purification' and not just an obligation (Gambling & Karim, 1986). Furthermore, as a result, wealth is widely distributed to all sections of society that are in need and this also encourages a healthier economic environment. As stated by Nasir and Zainol (2007), the seven categories of people entitled to receive zakat include "poor, amil, converts (converts to Islam), riqab (slaves), gharim (people who owe), fii sabilillah (fighting in the way of Allah) and Ibn Sabil (people in the way)".

In the organizational context, the behaviour of paying zakat maal can be influenced by workplaces that are designed religiously or spiritually. According to Kholil et al. (2020) the environment in which zakat payers live can determine how they carry out zakat obligations as well as salary zakat. A person can influence paying zakat on salary if everyone around him puts the obligation of zakat as priority beyond their needs, in this case it is the support of organizations that pay attention to the spiritual environment. Spiritual-based organizations are certainly able to encourage their members to fulfill their obligations as Muslims, one of which is paying zakat. Compliance with paying zakat can also be improved through literacy of knowledge about zakat (Yusfiaryo, et al., 2020), the higher the mastery of ilmu on zakat, the higher the intention to pay zakat. Weaver and Agle (2002) argue that religion can influence an employee's ethical or moral behavior. Religious and spiritual symbols and practices, such as religious implications or rituals, have become commonplace

that can be accepted at work (Garcia-Zamor, 2003). Employees who are considered spiritual are those who not only have certain religious beliefs but those who practice them in their everyday lives (Morgan and Lawton, 1996). This includes improving their work altruism in the organization.

Altruism is a voluntary action that benefits others including self-sacrifice (Li, Kirkman, and Porter, 2014). Altruism is a voluntary attitude to provide help to others sincerely without expecting anything in return or, in other words, just to do good deeds (Schroder et al. 1995). Altruistic behavior is usually considered a type of pro-social behavior that is motivated by a sincere desire to benefit others, without an expectation of self-benefit (Feigin et al. 2014). In the context of work, altruism is a voluntary action to help others in aspects of work in the form of time, energy and money (Ahmadi, 2006). Work altruism is considered as an action that is beneficial for others related to work, in this case, increasing collaboration in order to increase employee productivity. Employees who have a work altruism tendency can work together to help solve work problems, with one another so that it benefits the organization.

Homerin's research (2005) says that work altruism can be influenced by the existence of religious beliefs and duties, namely, fasting, zakat and shodaqoh. Interview respondents showed that religious duties are a major factor in influencing their altruistic attitude. As research by Batson (1983) and Anderson and Mellor (2009) states that there is a significant impact on religious behavior on pro-social psychology, one of which was identified with work altruism. Research by Baker (2003) shows that spirituality fosters

high quality of life such as the growth of empathy and sympathy. This supports Saroglou's (2013) research in a meta-analysis of the study of religion, spirituality and work altruism which conclude that there is direct evidence that some religious processes are related to, or lead to, psychological factors that are best known for playing a role in establishing and promoting pro-sociality. One of the pro-socialities discussed is on work altruism. In this study, the behavior of paying zakat, supported by a spiritual workplace, is predicted to be able to support an attitude of work altruism in the workplace. Organization's policy regarding the obligation to pay zakat is believed will foster mutual assistance among employees. Over time, this kind of policy will make employees aware of the many benefits of paying zakat, thereby increasing their social responsibility towards others. Hence, our first hypothesis is proposed as:

H1: Zakat maal expenditure behavior significantly enhances work altruism.

Zakat Maal Expenditure Behavior and Work Life Quality

The quality of work life is the result of evaluations carried out by each employee by comparing expectations and reality (Argentero, Miglioretti, & Angilletta, 2007). Work life quality is a concept that broadly covers how someone responds to measuring the level of goodness in all aspects of their social life and work life. This evaluation provides a large scope, which includes an event, a certain disposition, a sense of self-satisfaction, a level of satisfaction in life that includes satisfaction at work and personal satisfaction that includes physical and mental satisfaction (Diener et.al, 1999).

Kelley (2009) states that the development of a model for measuring quality of life includes 6 main aspects of life such as social welfare, physical well-being, psychological well-being, cognitive well-being, spiritual well-being, and environmental well-being. Abbot (2004) looks at the correlation between subjective and objective parameters of quality of life and their correlation with religious activities, participation, and belief. Study by Fanggidae et al., (2016) explains that a spiritually formed work environment can increase the dimension of work life quality, that is, job satisfaction. An organization is very concerned about the balance of life between work and the hereafter of its employees, so they feel comfortable working. Specifically, the expenditure of zakat maal, which is fully supported by organizational policies, is able to make employees feel cared for and feel calm because of the satisfaction of giving away some of their assets. A balanced work life can make employees able to contribute more to improve their performance. Employees who have a good work life certainly have a good life balance too. Employees like this are able to balance work life, life with family and also life from the spiritual aspect. Some research shows that organizations with a spiritual environment are able to improve the quality of life of their employees' work, thereby reducing stress and turnover rates (Fachrunnisa, 2013).

Zakat has been proven to be able to create peace of mind that results in improving the quality of life of people who pay zakat. Several studies have shown that religious observance in terms of the willingness to share will improve the welfare of life (Post, 2005). In organizations, employees will receive monthly salaries and incentives, which, when they meet the Nisab limit, will

make it obligatory for them to pay tax. Routinely paying zakat will enhance spiritual welfare, because a person has carried out part of the obligation of being a Muslim. In addition, the activity of paying zakat maal will produce a decent work life quality, because it has helped others in the social environment from the work in the form of income and salary allocation. The results of research conducted by Wiliasih et al (2011) state that there is no significant relationship between zakat practice and quality of life. However, they only measure quality of life based on health, harmonization of relationships and other quality of life that are not directly related to quality of life at work. Meanwhile, the results of research conducted by Fachrunnisa et.al (2013) state that life and work balance can be obtained if there is workplace spirituality, collective engagement (Fachrunnisa et.al, 2018) and spiritual welfare (Fachrunnisa et.al, 2019). When members of an organization are supported by a religious work environment, employees can make proper sense of their work and feel comfortable in working that will ultimately improve work life quality. The study of workplace spirituality states that when organizations apply spiritual concepts which, in this case means applying the teachings of Islam, this can increase job satisfaction and well-being in the workplace (Connolly & Myers, 2003; Milliman, Czaplewski, & Ferguson, 2003). Based on Islamic values, inner peace can be translated as part of the balance of quality of life in social life and outside the workplace. Thus, in this study, work life quality is also indicated as a balance of welfare between quality of life at work and social issues including family, friendship, colleagues, and work comfort. Stark (1989) has studied how

sharing behaviour, using simulation approaches focused on game theory, genuinely affects quality of life. He showed that sharing behaviour results in higher quality of life. Therefore, our second hypotheses are as follows:

H2: Zakat maal expenditure behavior has a significant effect on Work Life Quality

Outcomes of Work altruism and Work Life Quality

A good organizational performance must have members who support high levels of productivity. Employees in an organization must be urged to have high performance so that it supports the interests and goals of the organization. Research conducted by Mohit (2017) provides an explanation that the quality of employees working in an organization affects the quality of work. If someone has an excellent level of health, and has harmonious social relations, it affects the overall performance of human resources in certain organizations. One of the things that affects employee performance is the existence of work altruism that is intended to help each other in the work context, to improve performance. Guinot (2015) provides a statement that the attitude of work altruism has a relatively significant impact on improving the performance of employees. Hsiung (2014) found that altruistic behavior influences job performance among basketball players. This is because people with high work altruism are ready to volunteer to help others and hence find it easy to complete their own work (Mohammad and Kee, 2014). In addition, Chelagat et.al (2015) states that work altruism as part of organizational citizenship behavior improves job performance. Studies by Asif et al. (2013) and Mete

(2019) provide support that work altruism can improve job satisfaction which is very closely related to performance. When employees have a work altruism attitude, then the work that is charged will be easier to complete (Emilisa and Gatri, 2018) so as to improve performance. Work altruism is intended to facilitate a number of jobs with mutual assistance or beneficial collaboration between employees in the organization.

In addition to work altruism, people who have good work life quality certainly have a higher work performance. This relates to the level of stress and turnover of an organization. Employees with a good level of work life certainly feel more comfortable and have better job satisfaction. Work life quality can be considered as a psychological impact of religious activities which will therefore improve work performance. There is evidence that spirituality enables one to benefit from increasing "joy, peace, calm, work satisfaction and commitment" (Krahnke et al., 2003). Research on the impact of work life quality on employee performance provides a variety of

results such as job satisfaction, commitment and intention to move (Huang et. al, 2007). Generally, scholars argue that work life quality leads to positive work outcomes. In particular, Beh and Rose (2007) found a significant relationship between work life quality and organizational performance. Bonnet et.al (2007) also contended that people with a higher quality of work life have better performance at work. Therefore, this study also proposes that work altruism and work life quality will improve employee performance. Hence, we also argue that work altruism and work life quality will improve employee performance. Therefore, our third, fourth and fifth hypotheses are stated as follows:

- H3: Work altruism has a significant effect on employee performance.
- H4: Work life quality has a significant effect on employee performance.
- H5: Zakat maal expenditure behaviour has a significant effect on employee performance

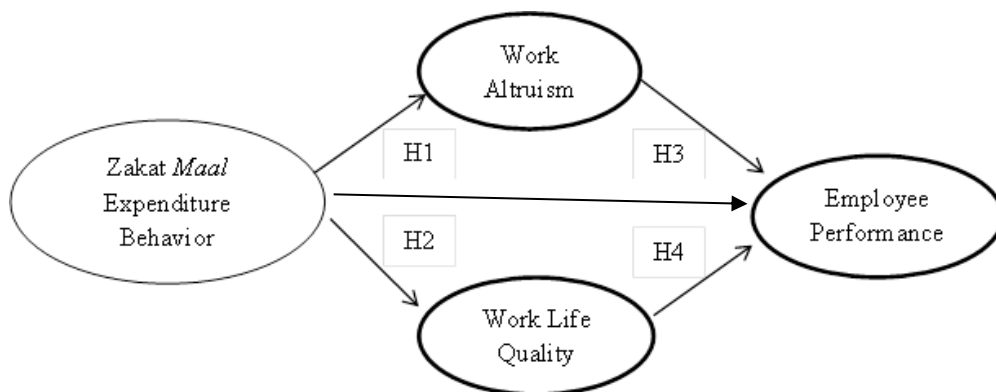


Figure 1. Research Framework

RESEARCH METHOD

Data collection procedure and sample profile

The present study adopted a quantitative

methodological approach, as it seems to fit the research objective more adequately. Data gathering involved a cross-sectional survey which was conducted at the Islamic University which has a strong culture of Islamic learning in society. This university has several compulsory programs for all employees to observe all pillars of Islam, including the obligation to pay zakat maal. We chose to distribute questionnaires to gather information rather than gather data from secondary databases, because of the opportunity to gather more accurate information by measuring the true perception or experience of zakat expenditure. The target respondent comprised 500 employees. To obtain the required information to perform this study, we designed a questionnaire which was previously used by various scholars. Our research assistant visited the respondent's office to have appointment to distribute the questionnaire, and left it for few days and made an appointment to get back the questionnaire. Finally, we obtained 223 complete responses which was around 44.6 percent of the response rate. All of them are Muslims with organizational tenure on average of more than 10 years.

Measurement

Zakah *maal* expenditure behaviour was developed by Wiliasih (2011) and Torgler et al., (2010) which had 4 measurement items on a 5-point Likert-type scale (Never = 5 to very much = 1), namely, the frequency of zakat, relief, moral commitment and religious commitment. Expenditure on zakat *maal* is an activity in giving part of the wealth that we have to people who are more in need, as part of our spiritual and religious obligations.

Work altruism refers to the attitude that someone contributes for the good of others in the workplace without expecting reciprocity, or in other words, to do good selflessly on the basis of a common humanity and of love (Aliyu, 2017). We measured work altruism through three items which were: sympathy for co-workers, the intensity of help and attention to the work environment. We used 5 point Likert scale starting from 'disagree' to 'strongly agree'.

Work life quality is a series of levels of satisfaction of a person in life, covering various aspects as a whole with varying intensity of satisfaction and quality in work (Aliyu, 2017). We used the following 4 items to measure this variable: a harmonious relationship with colleagues in the workplace, financial security, happiness with family and welfare.

Employee performance is defined as a benchmark for knowing how well and how far a result is obtained by someone from doing work (Aliyu, 2017). We measured this variable using 5-point Likert scale using 4 items which are: work quality, quantity, finishing work on time, and autonomy.

Data Analysis

Data were analyzed using smart PLS 3.2.8 software as suggested by Ringle et al. (2018) who used PLS-SEM or PLS-PM in HRM research. The PLS-PM (PLS-SEM) analysis process includes determinant of the research goal, structural specification, model estimation and result evaluation (measurement model and structural model), and goodness of fit model. PLS analysis is used for the purpose of prediction, testing of model fit and the testing of theory (Hair et al., 2017).

When using PLS-SEM, researchers need to be conversant with the method and its appropriate application. Structured PLS-SEM process has five stages as follows:

a. Models specification

Activities in this step are to develop a model based on theoretical studies to support research on issues that were examined. Furthermore, the model defines a conceptual construct that will be examined and determine its dimensions. The direction of any hypothesized relationship direction must be clear and built on well-founded theory.

b. Model identification

This stage is an important stage in SEM. If the model cannot be defined, then it cannot be estimated or calculated. It is important for researchers to conduct this stage to determine whether the model has a unique value of degrees of freedom and this must be positive.

c. Model estimation

Once the data is collected then models are estimated. Generally, the estimation method used is the Maximum Likelihood (ML).

d. Models evaluation

Activities in this step are evaluation and interpretation of analytical results. This stage aims to evaluate the overall model. This process begins with data normality test subsequently followed by testing the measurement model, to analyze the factors to test the validity and reliability of latent variables, followed by the testing of the structural models, as well as the goodness of fit (GoF).

e. Model modifications

This activity is with regard to the evaluation and interpretation of the model. If the value of the model GoF

does not fit, it is necessary to modify such models.

PLS-PM analysis

A Partial Least Squares approach to Structural Equation Modeling is called PLS-PM (Hair et al., 2017; Latan & Ghozali, 2015). Partial Least Squares Path Modeling is a statistical method that functions to study the linear relationship (OLS Regression) between variables among the observed variables (dependent - independent / exogenous - endogenous), to latent variables (indicators variables). Similar to other structural equation models (Tai et al., 2019), Partial Least Square is able to test the validity and reliability of the measurement model and simultaneously predict relationships between variables (structural models).

Ordinary Least Squares (OLS) regression analysis is multiple regression analysis. It is the appropriate way to test the hypotheses in which the variables are categorical and interval data. The assumptions in the study were transformed into two equations. The equations analyze the relationships between independent variables and the dependent variable (Hair, Black, Babin and Anderson, 2010).

Partial Least Square Path Modeling Analysis, smart PLS 3, is designed to analyze latent variables using manifest variables or construct indicators. PLS can also be applied to the ordinary least square (OLS) regression model (Latan & Noonan, 2017) ; (Gozali & Latan, 2015). The equation model is presented as follows:

$$\text{Equation 1: } WALT = \beta_0 + \beta_1 * ZMB + \varepsilon_1$$

$$\text{Equation 2: } WLQ = \beta_0 + \beta_2 * ZMB + \varepsilon_2$$

$$\text{Equation 3: } EP = \beta_0 + \beta_3 * ALT + \beta_4 * QWL + \varepsilon_3$$

$$\text{Equation 4: } EP = \beta_0 + \beta_5 * ZMB + \varepsilon_4$$

RESULTS AND DISCUSSION

Table 1 presents descriptive statistics, correlations and scale reliabilities for the main study variables prior to analysis. Prior to testing the measurement and structural models, we

averaged the items into dimensions for zakat maal expenditure behaviour, work altruism, work life quality, and employee performance, and then treated the different dimensions as separate indicators of their corresponding constructs in our PLS analyses. For all other variables in our model, we averaged the items into single indicators. The favourable indicator is greater than 0.5 (in parentheses).

Table 1. Summary of Descriptive statistics

Variables	Mean	S.D	ZMB	Work altruism	QWL	Employee performance
ZMB	0.900	0.024	1.0	0.532	0.457	0.586
Work altruism	0.832	0.038	0.532**	1.0		0.165
Work life quality	0.796	0.050	0.457**		1.0	0.253
Employee performance	0.889	0.023	0.586	0.165**	0.253**	1.0

***p < 0.01, **p < 0.05, *p < 0.10

Measurement Model Evaluation

In this study, factor analysis was used to study the construct validity of several constructs in the conceptual model that has been developed as scales. Factor analysis was used to assess the basis of a large number of items and to

determine whether they could be reduced to a smaller set of factors. All factor loadings were higher than the rule-of-thumb 0.40 cut-off and are statistically significant (Nunnally and Berstein, 1994).

Table 2. Measurement Evaluation Model

Latent Variable	Convergent Validity		Internal Consistency Reliability		Discriminant Validity
	Range of Loadings	AVE	Composite Reliability	Cronbach Alpha	HTMT
	>0.70	>0.50	>0.70	>0.70	<1
ZMB	0.873 – 0.946	0.815	0.946	0.924	Yes
ALT	0.815 – 0.856	0.701	0.876	0.787	Yes
QWL	0.778 – 0.826	0.638	0.876	0.813	Yes
EP	0.858 – 0.915	0.796	0.940	0.914	Yes

Moreover, Cronbach's alpha coefficient was used to evaluate the measurement of reliability. In the scale, Cronbach's alpha coefficients were higher than 0.70 (Nunnally and Berstein, 1994). Therefore, the scales of

all measures are shown to result in consistency. Therefore, these measures are considered appropriate for further analysis because they show that validity and reliability have been recognized in this study. The results of factor loadings

and Cronbach’s alpha coefficient for multiple item scales used this study are shown in Table 2. Table 2 presents all variables that have factor loading scores between 0.778-0.946. Additionally, Cronbach’s alpha for all variables are

shown between 0.787-0.924. Therefore, all constructs of the validity and reliability of measurement can be applied for further analysis.

Table 3. Fornell-Larcker Criterion

	Employee Performance	Work Work altruism	Work Life Quality	Zakat Maal Expenditure Behaviour
Employee Performance	0,892			
Work Work altruism	0,673	0,837		
Work Life Quality	0,649	0,775	0,799	
Zakat Maal Expenditure Behaviour	0,790	0,532	0,457	0,903

The initial stage before testing the measurement models test is to estimate the model. Evaluation of the measurement models is used to test the internal consistency (Cronbach alpha and composite reliability), convergent validity (indicator reliability and AVE) and discriminant validity (Fornell-Larcker, Cross Loading, and HTMT). The test results of the measurement model presented in Table 2 shows that the model is valid and reliable. Reliability indicator shows the value of all indicator loading factor of more than 0.70 and AVE values above 0.50. Internal consistency reliability demonstrates the value of Cronbach alpha and composite reliability of more than 0.70. To test the discriminant validity, Fornell-Larcker researchers

used a matrix and HTMT (heterotrait-monotrait ratio of correlations) as suggested by (Henseler, Ringle, and Sarstedt, 2016). In Fornell-Larcker matrix (Table 3), the value of the square root of AVE (diagonal) greater than all the values, and the value of HTMT (Table 2) is less than 1. Hence, it can be concluded that the discriminant validity of the measurement models was confirmed.

*Structural Model Evaluation
Coefficient of Determination*

The coefficient of determination is used to measure the ability of exogenous constructs in explaining endogenous constructs. The expected R-square value criteria are between 0 and 1.

Table 4. Coefficient of Determination (R-square)

	R Square	R Square Adjusted
Employee Performance	0.738	0.735
Work altruism	0.283	0.280
Work Life Quality	0.209	0.205

From the results of the PLS R-square (Table 4), the R-square value of all endogenous variables shows the ability in predicting the model. R-square

with values of 0.75 show that the ability of endogenous variables in predicting models is strong. R-square with 0.50 is categorized as moderate, and 0.25 is

categorized as weak (Hair et al., 2017). It can be concluded that endogenous variables of Work altruism, Work life quality, and Employee performance have weak, weak, and moderate abilities (0.283, 0.209, and 0.738 respectively) in predicting the models.

It can be said that exogenous variables (Zakat Maal Expenditure Behavior, Work altruism, and work life quality) are able to predict 73.8 percent

of the endogenous variables of Employee performance, while the rest is influenced by other variables outside of the research. The exogenous variables of Zakat Maal Expenditure Behavior are also able to predict 28.3 and 20.9 percent of the endogenous variables of Work altruism and Work life quality respectively while the remainder is influenced by other variables outside the research.

Table 5. F-Square (effect size of f-square)

	Employee performance	Work altruism	Work life quality	Zakat Maal Behaviour
Employee performance				
Work altruism	0.038			
Work life quality	0.097			
Zakat Maal Behavior	0.934	0.395	0.264	

Effect size of f-square

Effect size of f-square indicates that exogenous latent variables have a large influence on endogenous variables, with the following criteria: 0.02 = weak, 0.15 = moderate, and 0.35 = strong. The f-square value in Table 5 illustrates the effect of the exogenous variable Zakat Maal Behavior on the effect on Work altruism (0.395 = strong), on Work life quality (0.264 = moderate), and on Employee performance (0.934 = strong). The exogenous variable of Work altruism and Work life quality has an effect (0.038 = weak; 0.097 = weak) on the endogenous variable of Employee performance.

Cross-validated Redundancy (Q-square)

Cross-validated redundancy (Q-square) is a method used to test predictive relevance. If the Q-square value is

higher than 0, the model has accurate predictive relevance to a \construct. The previous cross-validation test hypotheses communality and redundancy indices estimate the quality of the structural model. This means that the CV communality global ensures that the quality of the structural model which fit the indices are positive for all blocks, considering the measurement models as a whole. In addition, a metric to evaluate the quality of each structural equation is offered by CV redundancy index, and this index should be positive for all endogenous constructs (Tenenhaus et al., 2005). This study provides the models of equal and suitable predictive validity since all the latent variables have values for cross-validation (CV) redundancy and communality. Table 6 shows that the value of Q-square for all dependent is variables more than 0.

Table 6. Quality of structural equation

Variables	CV Commuality	CV redundancy
Work altruism (WA)	0.389	0.186
Work life quality (WLQ)	0.391	0.115
Employee performance (EP)	0.643	0.581
Zakat Maal Expenditure Behavior	0.672	

Size and significance of path coefficient

The next step after analyzing the quality of the structural equation is to examine the relations between all the constructs. According to (Chin, 2010), bootstrapping (500 sub-samples) generates standard errors and t-values. Table 7 show the results of the structural model analysis, showing the path coefficients along with their significance levels. Beta and t-value (sign) for each hypothesis are shown in Table 7. Path coefficients describe the strength of relationships between constructs (latent variables). This evaluation is similar to that of the regression coefficients. Analogous to the indicator weight analysis, the use of bootstrapping techniques allows for assessing each coefficient’s significance (Tenenhaus et al., 2005).

Hypothesis Testing Results

A variance-based PLS approach is preferable for covariance-based methods since PLS imposes less strict

restrictions on sample size distribution (Chin, 2010). In addition, an equal method is employed to resolve multicollinearity problems that frequently arise in multivariate regression analysis since PLS transform predictor variables to an orthogonal called as PLS. Although the prediction of measurement and structural parameters occurs simultaneously, the PLS measurement model uses confirmatory factor analysis to estimate the structural model test of the path associations among the hypotheses in the research model.

Table 7 presents the results of OLS regression analysis of the relationships among four variables, namely, zakat maal expenditure behavior, work altruism, work life quality and employee performance. Moreover, this table also presents the results of testing the relationships among work life quality and work altruism toward employee performance.

Table 7. Structural Model

Path	Hypotheses	B	T-value (Sign)	Result
Zakat Maal Expenditure Behavior → Work altruism	H1	0.532	6.379	Supported
Zakat Maal Expenditure Behavior → Work life quality	H2	0.457	4.907	Supported
Work altruism → Employee performance	H3	0.165	2.475	Supported
Work life quality → Employee performance	H4	0.253	3.660	Supported
Zakat Maal Expenditure Behavior → Employee Performance	H5	0.586	8.275	Supported

Firstly, the result shows that H1 and H2 provide empirical support from the data. Zakat Maal Expenditure Behavior has a positive and significant impact on Work altruism and Work life quality (path coefficient = 0.532, $\rho < 0.05$; path coefficient = 0.457, $\rho < 0.05$). This means that the higher zakat maal expenditure behavior level will affect the increase in work altruism and work life quality. This would suggest that zakat *maal* expenditure behavior can aid in increasing the positive impacts of work altruism, as well as work life quality (Aliyu, 2017). Moreover, it could be argued that happiness to share our money for needy and the poor will create psychological statement which can be termed as 'work altruism'. Work altruism is a psychological process achieved by an employee due to a voluntary feeling to give attention and empathy to people in the same workplace.

The behavior of payment of zakat is thought to foster empathy and sympathy for the surrounding environment. The willingness to pay zakat can be assumed to be a religious obligation and is also felt as a process to foster a spirit of love for others. A previous study (Wiliasih et al., 2011) has found an insignificant relationship between zakat maal frequency and quality of work life? Although we do not measure how much zakat is paid, the frequency can be concluded as the level of frequency of payment, although the expenditure may not exceed the nominal limit required in religion.

Moreover, zakat, which is the third pillar of Islam, can be categorized as key a religious and spiritual activity. Some researchers have argued that the higher quality of one's worship activities, will lead to higher possibilities of pro-social psychological

process to grow, and one of them is work altruism. Meanwhile, the second hypothesis also supports by empirical data. Zakat maal expenditure behavior will improve work life quality. Employees with good quality behavior expressed as engaging in zakat expenditure will have a good work life quality. Zakat is believed to be one form of cleansing the heart and soul of employees. Therefore, employees who have high frequency of zakat maal payment will get happiness both in work and life. This is because by paying zakat, Moslems feel comfortable that they would meet this religious obligation and feel happy as they have channeled part of their wealth to the needy and the poor. Although they might now know who the receiver is, zakat providers believe that zakat takes the role as a treasure wash.

Work life quality, which is measured by happiness gained from colleagues and family, and harmony between work and family life makes the behavior of zakat expenditure as the main antecedent of the creation of a good work life quality. Previous research also shows evidence that spirituality and religious activity will produce a better quality of life (Fachrunnisa, 2013). Although Wiliasih et al., (2011) did not find significant evidence on the relationship between zakat, the exercise of zakat and spiritual welfare, however, this study is able to provide a better explanation that the quality of good religious activities (one of which is paying zakat) will produce a good work life quality.

The result of H3 and H4 also has empirical support from the data. Work altruism and work life quality has a positive and significant relationship with employee performance (path coefficient 0.165, $\rho < 0.05$; path

coefficient 0.253, $\rho < 0.05$). This means that the higher Work altruism and Work life quality level will lead to increased improvement of Employee performance. The result of H5 shows that zakat maal expenditure behavior has a positive and significant relationship with employee performance (path coefficient 0.586, $\rho < 0.05$). This means that the higher level of zakat maal expenditure behavior will increase employee performance.

Research by Emilisa (2019) shows that if employees feel comfortable in the work environment, this will foster morale, from an increase in work altruism in each employee, through social interaction, teamwork or collaboration between employees to find solutions to various obstacles or problems at work. Work altruism is formed because of feelings of caring for others, the desire to contribute to colleagues, to improve the quality of work performance through employee performance. Research (Tripathy, 2017)

also shows the positive influence of work life quality on job performance through employee job satisfaction. The existence of work life quality in employees is able to encourage job satisfaction, so that in the end it results in a positive effect on attitudes and behavior patterns to improve performance.

Goodness of Fit Model

The evaluation of the Goodness of Fit model of this study can be seen from the NFI and RMS_theta values (Dijkstra & Henseler, 2015). With the criteria, an NFI of more than 0.90 or close to 1, indicates a good fit model. If RMS_theta value approaches zero, it indicates a good fit model. The fit model test results (Table 8) indicate a good fit model. In this analysis, the NFI value is 0.839 while the value of RMS_theta is 0.195, and thus this research model fits with its empirical data.

Table 8. Model Fit Summary

	Saturated Model	Estimated Model
SRMR	0.065	0.135
d_ ULS	0.500	2.179
d_ G	0.343	0.525
Chi-Square	425.426	543.183
NFI	0.839	0.794
Rms Theta	0.195	

PLS-PM Analysis

The structural equation model result of OLS Regression smartPLS (Table 9 and Figure 2) indicates that there are significant relationships between Zakat Maal Behavior, Work altruism and Work life quality on Employee performance.

$$\text{Equation 1: } ALT = \beta_0 + \beta_1 * ZMB + \varepsilon_1$$

$$ALT = \beta_0 + 0.532 * ZMB + \varepsilon_1$$

The result of PLSPM path coefficient shows that the β value of 0.532, and the t value of 6.506 which is higher than 1.96, indicate that Zakat maal Behavior has a significant

relationship with Work altruism.

$$\text{Equation 2: } WLQ = \beta_0 + \beta_2 * ZMB + \varepsilon_2$$

$$WLQ = \beta_0 + 0.518 * ZMB + \varepsilon_2$$

The result of PLSPM path coefficient shows that the β value of 0.457, and the t value of 4.738, which is higher than 1.96, indicate that Zakat maal Behavior has a significant relationship with Work life quality.

$$\text{Equation 3: } EP = \beta_0 + \beta_3 * ALT + \beta_4 * WLQ + \varepsilon_3$$

$$EP = \beta_0 + 0.165 * ALT + 0.253 * WLQ + \varepsilon_3$$

The result of PLSPM path

coefficient shows that the β value of zakat maal behaviour of 0.165 with the t value of 2.303, and Work life quality 0.253 with t value of 3.483 which is higher than 1.96, indicate that Work altruism and Work life quality have a significant relationship with Employee performance.

$$\text{Equation 4: } EP = \beta_0 + \beta_5 * ZMB + \varepsilon_4$$

$$ALT = \beta_0 + 0.586 * ZMB + \varepsilon_4$$

The PLSPM path coefficient results show that the β value of 0.586 and the t value of 8.432 which are higher than 1.96, indicate that the zakat maal expenditure behaviour has a significant relationship with employee performance.

Table 9. PLSPM Structural Equation Model

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Work altruism -> Employee Performance	0,165	0,156	0,072	2,303	0,022
Work Life Quality -> Employee Performance	0,253	0,262	0,073	3,483	0,001
Zakat Maal Expenditure Behaviour -> Employee Performance	0,586	0,585	0,069	8,432	0,000
Zakat Maal Expenditure Behaviour -> Work altruism	0,532	0,526	0,082	6,506	0,000
Zakat Maal Expenditure Behaviour -> Work Life Quality	0,457	0,455	0,096	4,738	0,000

The PLSPM structural equation model shows a significant relationship between Zakat Maal Behavior, Work altruism and Work life quality. This proves that there is a relationship between Zakat Maal Behavior and Work altruism and Work life quality. In the equation model in PLSPM, the correlation between Zakat Maal Behavior and Work altruism variables has a path coefficient of 0.532 and is significant (t value 6.506 > 1.96). The

path coefficient between Zakat Maal Behavior and Work life quality is 0.457 and significant (t value 4.738 > 1.96). The path coefficient between Zakat Maal Behavior and employee performance is 0.586 and significant (t value 8.432 > 1.96). Work altruism and Employee performance have a path coefficient of 0.165 and the results are significant (t value 2.303 > 1.96), and, therefore, there is a positive relationship between Work altruism and Employee

performance. The path coefficient also shows a significant relationship between Work life quality and Employee performance with a coefficient of 0.253 and a t of value of 3.483 > 1.96. The

results of the analysis, shows that there is a positive and significant relationship between Zakat Maal Behavior and Employee performance.

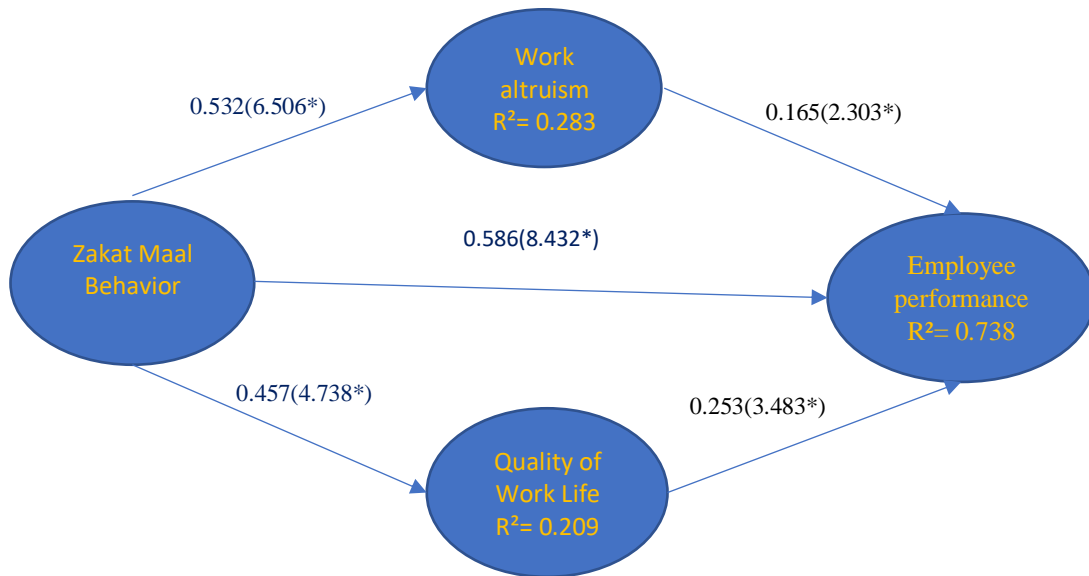


Figure 2. Research Model (Standardized Solution)

CONCLUSION AND RECOMMENDATION

The results show that when an organization has a spiritual environment, it is able to encourage employees to perform obligations according to religious laws. The respondents feel that when the organization encourages the employees to be better in Islamic terms, in this case when employees feel more ready to increase the frequency of paying zakat, this indicates the emergence of an altruistic attitude at work that can improve work quality and benefit the organization. By obeying religious commands, employees in organizations become more ready to be able to give happiness to others through the distribution of zakat and thereby increase their work life quality.

This research is intended to

provide a clearer understanding of the relationships among zakat maal expenditure behavior, work altruism, work life quality and employee performance. This research makes two contributions to the literature on the significance of the zakat exercise from the zakah payer's side. Firstly, this research proposes three psychological work outcomes by paying zakat maal (work altruism, work life quality and employee performance) whereas there was a lack of prior research in this area. Secondly, this research advances some of the findings of previous literature by linking zakat maal expenditure to work performance through work altruism and work life quality. The role of work, work altruism and quality of work life as employees' spiritual wellbeing is raised, creates better employee performance. Likewise, to expand the research contributions and verify the

research generalizability, future research is needed to collect data from different sample groups and comparative populations in order to increase the level of reliable results.

This research also helps executives identify and justify key components that may be more critical in a rigorous effort to enhance organizational performance. From a practical and managerial viewpoint, many important insights can be gained from this research. This study can facilitate CEOs (executives and managers), particularly in enterprises with high emphasizes on Islamic values, to understand how their firm can create valuable propositions for religious activities within the company, especially to pay zakat maal regularly. Creating spiritual welfare of employees is becoming a foundation for firms to boost employee performance. In addition, quality of work life and work altruism are meant to create psychological process from the intrinsic side which will then influence employee performance. The creation of such policies to automatically calculate employee's income and manage them as a source of social funds will help employees to derive benefits from paying zakat maal regularly. The CEOs, then, should effectively acquire, manage, and utilize the components of work psychological process from religious activity in order to improve employee performance.

This research model still needs empirical support from other types of respondents, so that the results can support existing literature. Future research can discuss the effectiveness of zakat expenditure arising from workplace spirituality and spiritual leadership.

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Appendix:

1. Zakat Maal Expenditure Behaviour

No	Indicator	scale				
		1	2	3	4	5
1	I always pay Zakat every year					
2	When I give alms, I feel calm					
3	I have a high moral commitment					
4	I obey the teachings of Islam including issuing zakat					

2. Work Altruism

No	Indicator	scale				
		1	2	3	4	5
1	I have sympathy for colleagues at work					
2	I do good by helping others in completing work					
3	I have a concern for the work environment because it is important for me and other employees.					

3. Work Life Quality

No	Indicator	scale				
		1	2	3	4	5

1	I have a harmonious relationship with colleagues in the organization					
2	I have enough financial support for my life					
3	My family supports my work so that I feel happiness					
4	I feel the welfare of working in my organization					

4. Employee Performance

No	Indicator	scale				
		1	2	3	4	5
1	The work that I do has the quality of work in accordance with the wishes implemented by the company					
2	I always meet the quantity of work according to the organization					
3	I always meet the quantity of work according to the organization					
4	I can finish work individually					

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