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What Drives *Muzakki* to Pay Zakat at Baitul Mal?

Fathin Azzahra

Faculty of Economics and Business, Universitas Syiah Kuala, Indonesia
fathinzhrraa@gmail.com

M. Shabri Abd. Majid

Faculty of Economics and Business, Universitas Syiah Kuala, Indonesia
**Corresponding author: mshabri@unsyiah.ac.id*

Abstract

The present study empirically explores the factors influencing the decision of *Muzakki* (zakat payers) to pay zakat at an official institution, i.e. Baitul Mal Banda Aceh, Indonesia. The factors comprise faith, altruism, service quality, role of the zakat economy, and role of Ulama (Islamic scholars). To gather the data, 140 questionnaires were disseminated to the participants who were selected based on the purposive sampling technique. The data were further analyzed by employing a binary logistic regression. The results of this study revealed that faith, altruism, service quality, role of the zakat economy, and role of Ulama significantly and positively affected the decision of *Muzakki* to pay zakat at Baitul Mal. These findings imply that to attract *Muzakki* to pay zakat at a Baitul Mal, it not only needs to enhance relevant knowledge about the obligation to pay zakat and its benefits, but it also needs to improve the quality of services provided by the Baitul Mal. All in all, Ulama also has an important role in influencing *Muzakki* to pay zakat at the Baitul Mal institution.

Keywords: Altruism; Faith; Zakat Governance; Ulama; Zakat Economy

Introduction

The unrealized potential of zakat has been almost happening in every province in Indonesia, whereas as one of the countries with a majority of the Muslim population, Indonesia has a considerable potential for zakat. If the potential of zakat can be realized and allocated appropriately, thus the problem of the economy in Indonesia can be resolved. Based on research conducted by Canggih, Fikriyah, and Yasin (2017), the average percentage of the zakat accumulation in Indonesia over the last five years has not even reached 3.5% percent. For example, BAZNAS (2019) reports that, in the year 2019, the zakat potential of Indonesia was IDR 233.8 trillion, while its realization was only 3.46% or IDR 8.1 trillion. In fact, if it is reviewed from the number of residents who are obliged to pay zakat (referred as *Muzakki*) and the amount of income per capita that has been continuously increasing, the accumulation of zakat in Indonesia should be higher than its realized accumulating figures, consistent with its potentials.

As the only province that has been granted to implement Shariah law in all aspects of life in Indonesia, including economy, the government of Aceh has given full support for the Baitul Mal as the zakat management institution (*Qanun* (Law) No. 10 of 2007) and has required all *Muzakki* to pay their zakat at Baitul Mal (*Qanun* of Aceh No. 10, 2018). However, Baitul Mal has not fully achieved its targets. For example, Banda Aceh City has a potential of zakat of IDR 64 billion (Wahid et al., 2014), but its realization has been far from its potential. In 2018, the Baitul Mal has only accumulated zakat funds amounting to IDR 15.2 or 23.75% of its potential and 80% of zakat collection is sourced from the salary of civil servants (The Annual report of Baitul Mal Kota Banda Aceh, 2019). These facts indicate that most of the non-civil servants' *Muzakki* have been less motivated to pay their zakat via Baitul Mal. Thus, the question of what causes

Muzakki to pay their zakat via a Baitul Mal becomes an important issue to be further investigated.

Many previous studies have explored factors affecting *Muzakki* to pay zakat at the official institutions. These studies documented that the factors affecting the decision of a person to pay zakat through the formal institution were faith, altruism, appreciation, self-satisfaction, and zakat management (Mukhlis & Beik, 2013), culture and regulation (Rizkia, Arfan, & Majid, 2014), income (Kanji, Habbe, & Mediaty, 2011; Doktoralina, 2016; Doktoralina & Bahari, 2017; Putri & Tho'in, 2019), the roles of Ulama and government and credibility (Kanji et al., 2011), religiosity (Farah, Haji-Othman, & Omar, 2017; Haji-Othman, Alwi, Yusuff, & Saufi, 2017; Haji-Othman, Yusuff, Sauf, & Hafsha, 2017; Yusuf, Fisol, & Yusuff, 2018; Jayanto & Munawaroh, 2019; Putri & Tho'in, 2019), attitude (Farah et al., 2017; Haji-Othman, Alwi, et al., 2017; Sedjati, Basri, & Hasanah, 2018), subjective norm (Haji-Othman, Alwi, et al., 2017), self-efficacy (Haji-Othman, Yusuff, et al., 2017), knowledge (Rizkia et al., 2014; Kanji et al., 2011; Haji-Othman, Yusuff, et al., 2017; Sedjati, Basri, & Hasanah, 2018), reputation, transparency, accountability, and trust (Mukhibad, Fachrurrozie, & Nurkhin, 2019; Jayanto & Munawaroh, 2019), demography and service quality (Muthohar, 2019), education (Putri & Tho'in, 2019), perceived behavioral control, injunctive norm, descriptive norm, moral norm, and past behavior (Andam & Osman, 2019), and psychological and social factors (Ridlwan & Sukmana, 2018).

However, none of those studies have incorporated both zakat economy and role of Ulama as the determinants of the decision of *Muzakki* to pay zakat officially at a zakat institution, thus those studies failed to offer comprehensive and robust empirical evidence. Whereas in Islam, it is well-known that one of the main purposes of zakat is to promote the economy through the poverty eradication (Majid, 2017; Zakariah et al., 2018) and just income distribution. This

is in line with the words of Allah SWT: "... that it may not circulate only among those of you who are rich..." (Quran Al-Hashr 59: 8) (Ali, 2011). The ability of zakat institutions to offer solutions for solving socio-economic problems would enhance its reputation as a trusted institution (Zainal, Bakar, & Saad, 2016; Mukhibad et al., 2019) for *Muzakki* to pay zakat. Furthermore, the role of Ulama is also incorporated in this study, considering their important roles in preaching the *da'wah* of Islam, including zakat. Aceh as the only province in Indonesia that has been granted to implement Shariah law has placed Ulama in a more strategic position within the provincial government bureaucracy through the Ulama Consultative Office (*Majelis Permusyawaratan Ulama - MPU*) and the Islamic Shariah Office (*Dinas Syariat Islam - DSI*). Of 34 provinces in Indonesia, such government religious offices exist only in Aceh. Due to this uniqueness, thus the role of Ulama is considered in this study as one of the potential factors determining the decision of *Muzakki* to pay their zakat.

Motivated by the above-delineated existing phenomenon and the intention to fill up the existing research gaps in the zakat literature, thus this study intends to empirically explore and analyze the influences of variables of faith, altruism, quality of services, the roles of zakat economy and Ulama on the decision of *Muzakki* to pay zakat at the Baitul Mal of Banda Aceh City, Indonesia. Specifically, this study probes the following research questions: what are factors determining the decision of *Muzakki* to pay their zakat at Baitul Mal Banda Aceh City, Indonesia? And to what extent does each determinant affect the decision of *Muzakki* to pay their zakat at Baitul Mal Banda Aceh City, Indonesia? The findings of this study are hoped to be useful for designing proper policy to enhance the number of zakat funds collected by the Baitul Mal, focusing on its determinants.

Review of Literature

Determinants of *Muzakki's* decision to pay zakat at an official institution have been studied for years. Mukhlis & Beik (2013), in their study, depicted that *Muzakki's* decision to pay zakat is determined by faith, altruism, self-satisfaction, appreciation, and management of zakat. Meanwhile, Kanji et al. (2011) stated that the determinants of *Muzakki's* decision to the payment of zakat included factors of worship, zakat knowledge, wealth or income, the role of government, the role of Ulama, and the credibility of the zakat institution. Based on these literature and the gaps proposed in the previous section, the present study is interested in researching five factors that influence the decision of *Muzakki* to pay zakat at the Baitul Mal of Banda Aceh City, namely: (1) faith; (2) altruism; (3) economic role of zakat; (4) role of Ulama; and (5) services quality of Baitul Mal.

According to Imam Al-Ghazali, the word of faith comes from the Arabic language, which is "*Âmana-yu'minu'-Îmânan*", which means "*al-Tasdîqu al-Mahda*" (justification). Meanwhile, Ayoub (2013) states that faith has the root of the word mandate that is a condition that can be trusted. Therefore, a person's faith carries a sense of security and mandate. It means that the faith is more than merely believe in the existence of Allah SWT. Thus, as a believer, Muslims must believe that they have an obligation to pay zakat and realized the position of zakat in his religion (Mukhlis & Beik, 2013). The higher the level of the faith of a Muslim, the higher the possibility he would pay zakat through the official institution of zakat such as Baitul Mal (Muda, Marzuki, & Shahrudin, 2009).

The next factor affecting the decision of zakat payment through Baitul Mal examined in this study is altruism. Altruism is distinguished into two, namely feelings of loyalty and obligation. In Islam, Agustuliani (2016) states that the behavior of altruism could

be learned from the Holy Qur'an, when the *Anshar* (helper), a group of people who are very altruistic, helps the *Muhajirin* (inhabitants of Mecca who migrated to Medina). In a concrete, examples of the behavior of altruism can be the act of sharing, cooperation, assistance, philanthropic, honesty, and considering the welfare of others. According to Mukhlis & Beik (2013), altruism is one of the most supportive factors of a Muslim in paying zakat. Altruism is a person's sensitivity to the condition of the social environment, thus the higher the sensitivity of the person to his environment, the greater the motivation of a Muslim to pay zakat and vice versa. This empirical evidence is also supported by Muda, Marzuki, & Shaharuddin (2005), Muda et al. (2009), Mukhlis & Beik (2013) and Nasution (2017) who found a positive effect of altruism on the decision of *Muzakki* to pay zakat through the formal institution such as Baitul Mal.

Furthermore, one of the zakat roles is the distribution of income that will lead to poverty alleviation. The more effective the role of zakat is, the greater would be its impact on economic growth. According to Johari, Ali, & Aziz (2015), in addition to purifying the property of *Muzakki* and prevent malicious in self-harm, zakat also becomes a part of social security in Islam to address the problems of poverty and social disparities, even the productive nature of zakat will reduce the unemployment rate. The research conducted by Darma, Siregar, & Rokan (2018) and Majid (2017) depicted that the public perception and knowledge about zakat positively and significantly affected the decision *Muzakki* to pay zakat through a formal institution.

The next factor determining the decision of *Muzakki* to pay zakat through Baitul Mal is the role of Ulama. In his study, Zaman (2010) categorized a person as Ulama if he or she is able to master the religion of Islam, understand the Islamic religion thoroughly according to the Holy Qur'an and Hadith, become a good example for Muslims, and consistently practice their knowledge. This is in line

with the role of Ulama to invite Muslims to perform zakat. Meanwhile, Ibn al-Qayyim argued that Ulama is experts in Islamic law, who have the right to have a fatwa among humans, who have been busy with the study of Islamic laws and then symbolize it, and who formulated *Halal* (permissibility) and *Haram* (prohibition) rules (Zaman, 2010). In addition, Kanji et al. (2011) and Swari (2014) stated that Ulama is one of the important factors in influencing *Muzakki's* decision to pay zakat. The more often Ulama urges about the importance of paying zakat, the more Muslims who decide to pay zakat steadfastly.

Finally yet importantly, the service quality of Baitul Mal is also recorded as one of the important factors affecting the motivation of *Muzakki* to pay zakat at a formal institution. According to Armstrong et al. (2018), quality is a dynamic state that relates to products, services, human beings, environment, and processes that have fulfilled expectations. While the quality of service is a presentation of products or services that have suitable standardization and are accepted by consumers because of such products or services meet the needs and desires of consumers. In short, service quality can be interpreted as an effort to fulfill the needs and wishes of consumers and the accuracy of delivery in meeting consumer expectations. Previous studies by Sutomo, Najib, & Djohar (2016), Kanji et al. (2011), and Muthohar (2019) documented that the quality of service is positively and significantly affecting the decision *Muzakki* to pay zakat at the Baitul Mal.

Research Method

Population and Sample Selection

This research is field research with a quantitative approach conducted in the City of Banda Aceh Indonesia. The population in this research consists of all *Muzakki* who either pays zakat through

the Baitul Mal or does not. Since the focus of this study is on the decision whether the *Muzakki* to pay or not to their zakat at Baitul Mal, thus it is important to consider both *Muzakki* who pay and do not pay zakat through Baitul Mal into the analysis, that was aimed at finding the reasons that drive their decisions. Purposive sampling technique is to determine the sample of research with some specific considerations and criteria in order to obtain more representative data (Etikan, Musa, & Alkassim, 2016). The sample of this study was purposively chosen by referring to some criteria, i.e. living in Banda Aceh city, having income/wealth up to the *nisab* level, having matured (at least 18 years old) - according to the law of republic of Indonesia, and having experience in paying zakat. A total of 140 participants were eligible and met the criteria, consisting of 70 *Muzakki* who paid zakat at the Baitul Mal of Banda Aceh City and 70 *Muzakki* who did not pay zakat through Baitul Mal of Banda Aceh City.

Table 1 illustrates the characteristics of respondents. The respondents of the study are dominated by male *Muzakki* (58.6%) with the age of 26-30 years old (27.8%), having a Bachelor's Degree (57.1%), working as the government civil servants (46.4%), and earning monthly income up to IDR 7 million.

Table 1. Characteristics of respondents

Characteristic	Item	Frequency	Percentage
Gender	• Male	82	58.6
	• Female	58	41.4
Total		140	100
Age	• < 25 years old	34	24.3
	• 25-30 years old	39	27.8
	• 30-35 years old	21	15.0
	• 35-40 years old	22	15.7
	• 40-45 years old	13	9.4
	• ≥ 45 years old	11	7.8
Total		140	100

Characteristic	Item	Frequency	Percentage
Education Level	• Elementary School	0	0.0
	• Junior High School	0	0.0
	• Senior High School	14	10.0
	• Diploma	33	23.6
	• Bachelor	80	57.1
	• Master	10	7.1
	• PhD	3	2.2
Total		140	100
Occupation	• Civil Servant	65	46.4
	• Non-Ministerial officer	30	21.4
	• State-Owned officer	11	7.9
	• Private worker	7	5.0
	• Bankers	11	7.9
	• Entrepreneurs	16	11.4
Total		140	100
Monthly Fixed Income	• < 1,000,000	0	0
	• 1,000,000 – 3,000,000	3	2.2
	• 3,000,000 – 5,000,000	28	20.9
	• 5,000,000 – 7,000,000	47	33.6
	• ≥ 7,000,000	62	44.3
Total		110	100

Data Collection and Variable Measurement

The present study used primary data obtained by means of questionnaires dissemination to the participants. To measure the variables, the Likert scale ranging from 1-5 is used, i.e. *Strongly Disagree* (SDA = 1), *Disagree* (DA = 2), *Fairly Agree* (FA = 3), *Agree* (A = 4), and *Strongly Agree* (SA = 5) (see table 2). Additionally, to assess the participants' responses to each indicator, the variable is categorized into five classes by referring to class interval formula introduced by Lind et al. (2011) as follows, *Very Bad* (score 1.00-1.80), *Bad* (score 1.81-2.60), *Sufficient* (score 2.61-3.40), *Good* (score 3.41-4.20), and *Very Good* (score 4.21-5.00).

Table 2. Variable Operationalization

No.	Variable	Definition	Indicator	Scale Measurement
1.	<i>Muzakki's</i> decision to pay zakat at the Baitul Mal	Something based on the information of excellence arranged in such a way, giving rise to the decision to pay or do not pay zakat through Baitul Mal (Majid, 2017).	Paying or do not pay zakat through Baitul Mal of Banda Aceh City (Majid, 2017).	Nominal (Paying zakat = 1; Do not pay zakat = 0 at the Baitul Mal)
2.	Faith	Something that is believed to be in the heart, spoken orally and evidenced by deed (Pangestu & Jayanto, 2017).	1. Beliefs. 2. Practices. 3. Passion. 4. Knowledge. 5. Compliance (Pangestu & Jayanto, 2017).	Interval (1-5)
3.	Altruism	Gives something to others, both in the form of material, attention, and all kinds of goodness, without expecting anything just for good for others (Nashori, 2008).	1. Willing to help. 2. Empathize. 3. Voluntary. 4. Pay attention to the welfare of others (Nashori, 2008).	Interval (1-5)
4.	The role of zakat economy	The perception of <i>Muzakki</i> on the implementation of zakat to purify the property of <i>Muzakki</i> , tackling the problems of poverty and social gaps, even the productive zakat will reduce the unemployment rate (Sudirman, 2007).	1. Reduce the poverty rate. 2. Reduce unemployment 3. Improve economic stability. 4. Reduce income inequality. 5. Blessings property owned <i>Muzakki</i> (Sudirman, 2007).	Interval (1-5)
5.	The role of Ulama	The role of Islamic leaders who have the skill to make decisions of Islamic law and understand it and invite other Muslims to do good (Swari, 2014).	1. Motivation. 2. Advice. 3. Socialization. 4. Collection and distribution. 5. Regulation (Swari, 2014).	Interval (1-5)
6.	Service Quality	The overall form of services in satisfying the needs of <i>Muzakki</i> , both clearly and in a hidden way (Sutomo et al., 2016).	1. Transaction (Islamic law). 2. Ability to calculate the correct amount of zakat. 3. Attractive program 4. Ease of payment process. 5. Optimal distribution. 6. Transparent. (Sutomo et al., 2016)	Interval (1-5)

Model Estimation Technique

Since the present study explores the tendency of the *Muzakki's* decision to pay zakat at the Baitul Mal, thus the most proper estimation technique is logistic multiple regression analysis. Specifically, a binary logistic multiple regression is used due to the dependent variable of this study only consists of two values (i.e., 1 = paying zakat at the Baitul Mal and 0 = not paying zakat at the Baitul Mal). This technique of analysis is used, at least, for two main reasons: (1) it is an exceptionally flexible and easily used function from a mathematical perspective; and (2) it provides an economically meaningful interpretation (Hosmer & Lemeshow, 2014).

Furthermore, to estimate the proposed model, this study uses the statistical software of SPSS (Statistical Package for Social Science) version 23. Prior to conducting the hypothesis using a logistic regression model, the instrument tests consisting of validity and reliability tests are conducted first, followed by the classic assumption tests, including normality, multicollinearity, and heteroscedasticity tests.

To measure the tendency of *Muzakki* to pay zakat at the Baitul Mal, the following binary logistic regression model is estimated,

$$\text{Logit} (P/1-P) = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e \quad (1)$$

P is the probability that Y is equal to 1, and $X_1, X_2, X_3, X_4,$ and X_5 are independent variables, and β_i are the estimated regression coefficients. Logistic regression will form a predictor variable/response ($\log (P (1-P))$), which is a linear combination of independent variables. The value of this predictor variable is then transformed into a probability with the logistics function and could be re-written as follows,

$$\text{Logit} (p) = \text{MZD} = \mu_0 + \mu_1\text{FTH} + \mu_2\text{ALT} + \mu_3\text{RZE} + \mu_4\text{RUL} + \mu_5\text{SQU} + \varepsilon \quad (2)$$

MZD is a *Muzakki* decision to pay zakat (pay at Baitul Mal = 1, do not pay at Baitul Mal = 0), μ_0 is a constant term, *FTH* is the faith, *ALT* is altruism, *RZE* is the role of zakat economy, *RUL* is the role of Ulama, *SQU* is the service quality of Baitul Mal, μ_i are the estimated regression coefficients of the variables, and ε is a term of error. The regression model feasibility test, simultaneous test (Overall Model Fit), coefficient of determination test (Nagelkerke's R^2), and test Wald test are also provided after the estimation of the proposed logistic regression model.

Results

Participants' Perception

Table 3 depicts the participants' perception toward the variables of faith, altruism, the role of zakat economy, the role of Ulama, and the quality of service of Baitul Mal at Banda Aceh. As illustrated in table 3, the perception of the participants to the faith variable is measured using five indicators. The statement "*I believe the Qur'an and Sunnah as a guideline of life*" had the highest average value of 4.76, while the statements "*I routinely attend religious lessons/activities*" was recorded as the lowest average value of 4.07. The average value of the faith is categorized as "very good" as its value was greater than 4.20. This shows that the participants perceived themselves as having a higher level of faith.

With regards to the variable of altruism, the statement "*I care about the problems faced by Muslims*" had the highest average value (4.54) compared to other statements. Meanwhile, the statement with the lowest average value was "*I am pleased to help others in non-material forms*" with a value of 4.17. In general, the respondents perceived that they were a highly altruistic person, as indicated by the average value of 4.34 (very good), which was greater than 4.20.

Furthermore, table 3 also reports the participants' perception toward the variable of the role of zakat economy. The statement "*zakat*

improves economic stability of society" was recorded as having the highest average value of 4.42, while the lowest average value was found for the statement *"zakat reduces poverty"* with a value of 4.30. Overall, the respondents perceived that zakat plays a very important role in the economic development, as indicated by the average value of 4.39 that was higher than 4.20 (very good).

Table 3. Participants' Perception

Variable	Statement	Percentage					Average	
		SD	DA	FA	A	SA		
Faith	I believe the Qur'an and <i>Sunnah</i> as a guideline.	0.0	0.0	7.1	9.3	83.6	4.76	
	I routinely perform the five-time prayers	0.0	0.0	4.3	25.7	70.0	4.65	
	I always pray before doing daily activities.	0.0	0.0	13.6	32.1	54.3	4.40	
	I feel calm when finished doing the worship.	0.0	0.0	5.0	20.7	74.3	4.69	
	I routinely read references to Islam religion.	0.0	2.1	15.0	42.9	40.0	4.20	
	I routinely attend religious lessons/activities	0.0	4.3	20.0	39.3	36.4	4.07	
	I am obedient to pay zakat.	0.0	0.7	10.7	35.0	53.6	4.41	
Mean							44.6	
Altruism	I am pleased to help others in material form.	1.4	2.9	9.3	28.6	57.9	4.38	
	I am pleased to help others in non-material form.	0.7	7.1	13.6	31.4	47.1	4.17	
	I can feel the suffering of fellow Muslims.	0.0	5.0	10.7	30.7	53.6	4.32	
	I like to help others selflessly.	0.0	5.7	10.0	35.7	48.6	4.27	
	I care about the problems faced by Muslims.	0.0	2.1	5.7	27.9	64.3	4.54	
Mean							4.34	
Role of Zakat Economy	Zakat reduces poverty.	0.0	2.1	7.9	47.1	42.9	4.30	
	Zakat reduces the unemployment rate.	0.0	1.4	7.9	40.7	50.0	4.39	
	Zakat improves the society's economy.	0.0	1.4	7.1	39.3	52.1	4.42	
	Zakat overcomes income inequality.	0.0	0.7	7.9	40.7	50.7	4.41	
Mean							4.41	
Role of Ulama	Zakat provides a blessing to my property,	0.0	0.0	8.6	41.4	50.0	4.41	
	Mean							4.39
	Ulama advises me to pay zakat.	1.4	7.1	12.1	40.0	39.3	4.08	
	Ulama socializes the importance of zakat.	0.0	3.6	7.9	53.6	35.0	4.20	
	Ulama motivates me to pay zakat at Baitul Mal.	0.7	7.9	17.1	45.0	29.3	3.94	
Ulama plays a role in collecting zakat.	0.0	1.4	18.6	52.1	27.9	4.06		
Ulama plays a role in establishing zakat regulations.	0.0	1.4	16.4	47.9	34.3	4.15		
Mean							4.08	

Variable	Statement	Percentage					Average
		SD A	DA	FA	A	SA	
Service Quality	Zakat Payment mechanism corresponds to Islamic law.	0.0	0.7	35.7	48.6	15.0	3.78
	Baitul Mal officers calculate the right amount of zakat.	0.0	2.1	36.4	43.6	17.9	3.77
	The program of Baitul Mal draws Muzakki's sympathy.	0.0	3.6	40.0	44.3	12.1	3.65
	The zakat payment process is easy.	0.7	2.1	37.9	40	19.3	3.75
	Zakat collected by Baitul Mal is optimally distributed.	0.7	6.4	40.0	41.4	11.4	3.56
	Baitul Mal is transparent to its Muzakki.	0.0	5.0	43.6	34.3	17.1	3.63
Mean							3.69

As for the role of Ulama variable, table 3 further shows that the statement "*Ulama socializes the importance of paying zakat*" was recognized to have the highest average value of 4.20, while the lowest average value was for the statement "*Ulama motivates me to pay zakat at the Baitul Mal*", with an average value of 3.94. Above all, the participants perceived that Ulama plays an important role in motivating *Muzakki* to pay zakat at the Baitul Mal, as indicated by the average value of 4.08 which was higher than 3.41 (good).

Finally, in relation to the variable of service quality of the Baitul Mal, table 3 reveals that the statement "*zakat payment mechanism corresponds to Islamic law*" was considered as having the highest average value of 3.78, while the lowest average value was for the statement "*zakat collected by Baitul Mal is optimally distributed*" with an average value of 3.56. All in all, the participants perceived that the Baitul Mal has provided a very good service quality, as reflected by the average value of 3.69, which was higher than 3.40 (good).

Results of Instruments and Classical Assumption Tests

As mentioned in the previous section, before the study proceeds to estimate the factors determining the tendency of *Muzakki* to pay

zakat at Baitul Mal, the validity and reliability of the instrument as well as the normality, multicollinearity and heteroscedasticity of the classical assumption test were conducted first. The study found that the value of R-calculated was greater than R-table ($n = 140, 0.1660$), which indicated that all indicators or statements were considered as valid (Ghozali, 2013). Similarly, the study also found that all indicators were reliable, as indicated by the value of Cronbach Alpha, which was greater than 0.60 (Ghozali, 2013).

Results of Binary Logistic Regression

After ensuring that all indicators were valid and reliable and all variables were fulfilled the classical assumptions, the binary logistic regression was estimated to measure the influence of faith, altruism, role of zakat economy, Ulama, and service quality of Baitul Mal on the probability or tendency of *Muzakki* to pay zakat at the Baitul Mal. The findings of the estimated binary logistic regression model are presented in table 4.

Table 4. Results of Binary Logistic Regression

Variable	Estimated Coefficient	P-value	Odds Ratio
Constant	-21.750***	0.000	0.000
Faith (FTH)	1.214**	0.018	3.366
Altruism (ALT)	0.702**	0.039	2.019
Role of Zakat Economy (RZE)	0.890**	0.035	2.436
Role of Ulama (RUL)	1.041***	0.010	2.832
Service Quality (SQU)	1.364***	0.000	3.912

-2 Log Likelihood = 147.577; Cox & Snell R² = 0.308; Nagelkerke’s R² = 0.410; Overall % = 73.60; Hosmer & Lemeshow Chi-Square = 5.917 (p-value = 0.656)

Note: *** and ** indicate significance at the 1% and 5% levels, respectively.

As illustrated in table 4, all independents variables [i.e., Faith (FTH), Altruism (ALT), the role of zakat economy (RZE), the role of Ulama (RUL), and service quality (SQU)] were found to have a

positive and significant effect on the probability of *Muzakki* to pay zakat at the Baitul Mal, which was at least 5% level of significance. Particularly, the variable of faith (FTH) has a p-value of 0.018, meaning that faith has a significant positive effect in determining the decision of *Muzakki* to pay zakat at the Baitul Mal. The estimated value of the odds ratio of 3.366 for the faith variable indicates that a *Muzakki* who has a high level of faith will have a great chance to pay zakat through Baitul Mal by 3.366 times higher as compared to *Muzakki* who have lower levels of faith. As for the variable of altruism (ALT), the study found its significant positive effect on the decision of *Muzakki* to pay zakat at the Baitul Mal, with the estimated odds ratio value of 2.019. This implies that *Muzakki* who has a high level of altruism would have a greater chance to pay zakat through Baitul Mal by 2,019 times higher as compared to *Muzakki* who have a lower sense of altruism.

Table 4 also shows that the variable of the role of zakat economy (RZE) is found to have a significant positive effect in determining the decision of *Muzakki* to pay zakat at the Baitul Mal and has an estimated odd ratio value of 2,436. This finding indicates that *Muzakki* who has a high level of knowledge of the role of zakat economy would have a greater opportunity to pay zakat through Baitul Mal by 2,436 times higher as compared to *Muzakki* who have a lower level of knowledge on the role of zakat to promote the economy.

Subsequently, the variable of the role of Ulama (RUL) is also found to have a significant positive effect in determining the *Muzakki's* decision at the 1% level of significance and has an estimated odd ratio value of 2,832. This result implicates that *Muzakki* who were motivated by Ulama to fulfill their zakat obligations would have a greater chance to pay zakat through Baitul Mal by 2,832 times higher as compared to *Muzakki* who were not motivated by the Ulama. Finally, the service quality (SQU) variable is also documented to have a significant positive effect in determining the *Muzakki*

decision at the 1% level of significance and with an estimated odd ratio value of 3.912. This means that zakat institutions that provide a better service quality would have an opportunity of 3,912 times higher to be chosen as an avenue by the *Muzakki*'s to pay their zakat.

Referring to the last row of the table 4, in general, all independent variables (i.e., faith, altruism, role of zakat economy, role of Ulama, and service quality) explain the variation of the tendency of *Muzakki* to pay zakat through Baitul Mal by 41%, as indicated by the Nagelkerke's R^2 . Meanwhile, the remaining 59% variation in the dependent variable is explained by other variables that are not investigated in the study, such as good zakat governance, regulation, people's zakat awareness, socio-economic factors, etc. The study also depicts that the overall percentage value of 73.6 indicates the ability of our estimated model to predict correctly 73.6% of actual conditions. Additionally, our estimated model is found to be a good fit and free from model misspecification, as indicated by the insignificant value of the Hosmer and Lemeshow test ($0,656 > 0.05$). This further confirmed that our estimated model could provide reliable and robust findings.

Discussion

This study found a significant positive influence of faith on the tendency of *Muzakki* to pay zakat at the Baitul Mal. This finding is not surprising as the people of Aceh are known as the devoted Islamic followers, where in 2019, 98.21% of them are Muslim (Central Bureau of Statistics of Aceh Province, 2019). Besides, as Aceh is the only province in Indonesia that has been granted by the central government of the Republic of Indonesia to implement Islamic law in all aspects of life, its people are perceived to relatively have higher faith than others. This is supported by the higher mean score of 4.46 (very good) of *Muzakki* perception of their faith (see table 3).

In addition, having faith means that a Muslim believes the God and His commands, including the zakat obligation. A faithful Muslim also obliges to the government (*Umara*), which is in this context, the *Qanun* of Aceh No. 10 of 2018 regulates *Muzakki* to pay their zakat at Baitul Mal. This finding implies that to accumulate a larger number of zakat funds as targeted, Baitul Mal should keep improving the level of Muslim faith through periodical continuous religious programs such as *Qur'anic* recitation activities, *zikr* (God remembrance), religious discussions, leaflets and magazines distribution containing topics on Islamic economics, and so on. The finding of this study is supported by earlier studies (Muda et al., 2009; Mukhlis & Beik, 2013; Pangestu & Jayanto, 2017) who found that the higher one's faith, the higher his/her probability to pay zakat through zakat institutions.

With regards to altruism, the study also documented the significant positive influence of the variable on the tendency of *Muzakki* to pay zakat at the Baitul Mal. The higher the level of altruism a *Muzakki* has, the higher level of his/her feeling for caring others and the level of willingness to help the poor by paying zakat. Since the main role of Baitul Mal is to collect zakat funds and distribute them effectively and efficiently to the *Mustahik*, thus an altruistic *Muzakki* would prefer to pay their zakat through Baitul Mal. Thus, to attract more *Muzakki* to pay their zakat at Baitul Mal, it is important to promote the altruistic sense of the public, particularly to motivate them to engage in philanthropic activities initiated by Baitul Mal and other philanthropic institutions. This could be done, inter alia, by promoting the Islamic injunctions: "*Never attain the good [reward] until you spend [in the way of Allah] from that which you love*" (Qur'an Ali Imran 3: 92) (Ali, 2011) and "*The best among you is the most beneficial to others*" (Hadith narrated by Ahmad, ath-Thabrani, and ad-Daruqutni in *Shahihul Jami'*, No. 3289). These findings are in line with the study by Mukhlis & Beik (2013), Muda et al. (2005), Muda et

al. (2009), and Nasution (2017) who found that the higher the sense of altruism of *Muzakki* was, the more tendencies he/she would pay zakat at the Baitul Mal.

Furthermore, the role of the zakat economy is positively influences the preference of *Muzakki* to pay zakat at the Baitul Mal. This finding shows that the higher the ability of Baitul Mal to play its role to promote the welfare of the public, the higher the intention of the *Muzakki* to pay zakat through Baitul Mal. The perception of *Muzakki* on the effectiveness of Baitul Mal to eradicate poverty, reduce the unemployment rate by creating job opportunities, and reduce income disparity through the existing programs such as providing home, working capital, and scholarships for the poor initiated by Baitul Mal has ensured the decision of *Muzakki* to pay their *zakat* at Baitul Mal. This finding implies that to motivate more *Muzakki* to pay their zakat at Baitul Mal, the Baitul Mal should innovate existing programs by adopting the advancement of the Information, Communication, and Technology (ICT) facilities and implementing good core zakat principles and continuously report them to the public via mass media. The zakat from the corporate and commercial sectors should also be prioritized to be attracted to be paid through Baitul Mal (Yusuf & Derus, 2013; Ibrahim, 2015; Merlinda et al., 2016).

Moreover, the study found a significant positive influence of the role of Ulama on the decision of *Muzakki* to pay zakat at the Baitul Mal. This finding is not surprising as the Ulama have been playing a crucial role in the Aceh Province, not only in religious affairs but also in almost aspect of life, including the economy. Besides, the *Qanun* of Zakat in the province of Aceh would not be in existence without the initiation of Ulama. Additionally, Aceh as the only province in Indonesia that has been granted to implement Shariah law in all aspects, including the economy, has given them a bigger role they could play to promote Baitul Mal as an avenue to pay zakat,

specifically through the Ulama Consultative Office and the Islamic Shariah Office. This finding is in line with studies by Kanji et al. (2011) and Swari (2014) who recorded that the more often Ulama urges about the importance of paying zakat, the more Muslims who decide to pay zakat steadfastly through zakat institution.

Finally yet importantly, the study also found a significant positive influence of service quality on the tendency of *Muzakki* to pay zakat at the Baitul Mal. The service quality provided by the Baitul Mal that was perceived as good (see table 3), supported by sympathetic and polite behaviors of Baitul Mal staff in providing an easy and quick process for the payment of zakat, has attracted *Muzakki* to pay their zakat at Baitul Mal. This finding implies that to further attract *Muzakki* to pay their *zakat* at the Baitul Mal, the quality of services provided to the public should be continuously enhanced by modernizing zakat management through the adoption of ICT-facilities and implementing the good zakat governance principles, assisted by professional Islamic human resources (Khan & Sheikh, 2012). This finding is in line with the study by Sutomo et al. (2016) and Muthohar (2019) who documented the importance of having a better service quality to attract more *Muzakki* to decide to pay their zakat at the Baitul Mal.

Conclusion

The current study empirically explores and analyzes factors determining the preference of *Muzakki* to pay zakat at the Baitul Mal. Drawing on the results and discussion, the study documented that faith, altruism, service quality, role of the zakat economy, and Ulama significantly and positively affected the decision of *Muzakki* to pay zakat at the Baitul Mal. Overall, all independent variables were found to positively and significantly affect *Muzakki's* decision to pay zakat at the Baitul Mal. These findings implied that to attract *Muzakki* to pay zakat at the Baitul Mal, it is not only necessary to enhance

relevant knowledge about the obligation to pay zakat and its benefits, but it also needs to improve the quality of services provided by Baitul Mal. Furthermore, Ulama also has an important role in influencing *Muzakki* to pay zakat at the Baitul Mal as an official institution managed by the government.

To provide more comprehensive findings on the decision of *Muzakki* to pay zakat at the official zakat institutions, future studies could incorporate more potential determinants, such as good zakat governance, regulation, people's zakat awareness, and socio-economic factors into the analysis. Adding more sample size by covering more districts/cities in the Aceh will also offer more comprehensive findings. Finally, comparing the decision of *Muzakki* to pay zakat at the zakat institutions across the provinces or even Muslim countries into the study may provide and enrich empirical evidence on this topic nationally and internationally.

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