

# **Behavioural Response Patterns on the Organisational Factors Influencing Compliance Behaviour of Business Zakat**

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## **ABSTRACT**

Organisational factors and compliance behaviour of business zakat have a significant relationship as revealed by a number of studies. However, lack of study focused on respondents' response on the organisational factors influencing compliance behaviour of business zakat. Hence, the main objective of this study is to investigate the behavioural response patterns on the organisational factors influencing compliance behaviour of business zakat. A total of 276 questionnaires were collected from SMEs entrepreneurs in Selangor. The Rasch Measurement Model was employed to analyse the data. The results showed Person Item Distribution Map (PIDM) illustrates 46 percent of owners of SMEs complies with paying business zakat while 54 percent denoting the group that did not comply with paying business zakat. The finding of this study implies the significance of Rasch Measurement Model in explaining the patterns of respondents' response is able to explain organisational factors influencing compliance behaviour of business zakat among SMEs. This study suggests that future research in the same area to employ Rasch Measurement Model as this method is suitable to analyse items and respondents of a study.

**Keywords:** Zakat, Compliance, Business Zakat, Rasch Measurement, Model.

## **1. Introduction**

Zakat is one of the pillars of Islam and part of the obligatory ibadah of all Muslim individuals. Throughout the years, the concept of zakat has been revolutionised and is considered as one of the important sources of Islamic economic development, acting as a source of financial start-up of the Muslim economy (Anita, Wan Noor Hazlina, Norudin & Kamaruzaman, 2011). As such, it is mandatory for every Muslim

individual who satisfies the required conditions to pay zakat, in order for zakat to perform its role in the development of the Muslim community. Generally, Muslims pay a serious attention to the obligation to pay zakat *al-fitr* (Hasan & Sahnaz, 2004; Mohd Shah, 2011, December 28; Mohamed et al., 1995). However, the same cannot be said about paying zakat on wealth, especially for business zakat as there are various issues which still remain debated (Ram Al-Jaffri, 2010a). Among the issues that need to be clarified include law enforcement on zakat payment, the company status or entity, the rules and regulations especially fatwa and other matters related to business zakat. Even though the obligatory payment of zakat is clearly stated in the Holy Qur'an and other sources. However, some Muslims entrepreneurs are less aware on the obligatory payment of business zakat.

While previous studies have mainly focused on zakat on income, very few have emphasised on business zakat in Malaysia (Ram Al-Jaffri, 2010a), especially issues on method to increase the total collection and the total number of business zakat payers. This is because zakat institutions in Malaysia are still facing difficulties to raise the collection of business zakat (Halizah, Kasumalinda & Agoos, 2011) compared to zakat on income. As a result, the total collection of business zakat is still lower than that of zakat on income (Halizah et al., 2011). Based on these issues, the prevailing question that needs to be answered is why the Muslim entrepreneurs appear to be resisting on paying business zakat.

In order to overcome the issue of non-payment, zakat institutions have developed a number of approaches to attract the Muslim entrepreneurs to pay business zakat such as introducing various methods of zakat payment, active marketing campaigns, organising various workshops and conferences and others. Meanwhile, the government's initiatives such as allowing zakat deductions in corporate tax, act as incentives for the Muslim entrepreneurs to pay business zakat. For example, in 2004, offshore companies in Labuan were given rebates for zakat on business according to Section 8A and 11 of the Labuan Tax Act 1990 (Mohamad Saladin, Arifin & Abdul Ghafar, 2008). The government also provided tax deductions to companies that paid business zakat in the 2005 and 2007 budget on 10th September, 2004 and 1st September, 2006 respectively (Mohamad Saladin et al., 2008; Pusat Pungutan Zakat, 2004).

The above explanations reveal that the small number of zakat payers is largely attributed to the low level of compliance behaviour among Muslim entrepreneurs on the obligatory payment of business zakat

(Mohamad Alayuddin, 2008; Ram Al-Jaffri, 2010a). Mohamad Alayuddin (2008) also affirmed that some are not bothered about zakat compliance in the business environment. Additionally, Muhamad Muda, Ainulashikin and Amir Shahrudin (2005) also suggested another reason for non-payment as the lack of motivation among the Muslim community to pay zakat.

In Malaysian scenario, there are various factors that influence Muslim individuals to pay zakat (Kamil, 2002, 2004, 2009; Raedah, Noormala & Marziana, 2011; A. Sanep, Nor Ghani & Zulkifli, 2011; A. Sanep & Zulkifli, 2010; Zainol & Kamil, 2008; Zainol, Kamil & Faridahwati, 2009; Zulkifli, 2011) and one of them is organisational factors. These studies found that organisational factors have a significant relationship with zakat compliance behaviour (Hasan & Sahnaz, 2004; Muhamad, Ainulashikin & Amir, 2006; Sanep & Hairunnizam, 2005; Zulkefly, Mohd Azlan Shah & Hairunnizam, 2006; Zulkifli, 2011). Previous discussions regarding the organisational factors and zakat compliance behaviour clearly revealed the existence of relationship but the issue needs further clarification. This is because most of the studies focused on zakat on income compared to business zakat. This study hypothesised that organisational factors have influence on compliance behaviour of business zakat. Hence, the purpose of this study is to investigate the behavioural response patterns among SMEs on the organisational factors influencing compliance behaviour of business zakat.

## **2. Organisational Factors and Compliance Behaviour of Zakat**

Organisations play the role as economic agents that greatly impact individuals in decision making. As economic agents, organisations have the means to develop systems to attract and influence individuals. However, the system implemented must be equitable and fair. Through the Equity Theory, an individual will comply if they assume the system developed by the economic agent is equitable and fair and conversely, they will become non-compliant if they suspect injustice in the system. Gunasegaran, Mohammad, and Evans (2010) mentioned that institutions or organisations are closely related to the behavioural intentions of the individual in making decisions to take action.

In the case of zakat compliance behaviour, a number of studies have found that organisational factors have a significant relationship with zakat compliance behaviour (Hasan & Sahnaz, 2004; Muhamad Muda,

Ainulashikin, & Amir Shahrudin, 2006; Sanep & Hairunnizam, 2005; Zulkefly, Mohd Azlan Shah, & Hairunnizam, 2006; Zulkifli, 2011). For instance, Kamil (2002) focused on the quality of services in the zakat institution and the promotional campaigns on zakat. The study revealed that these aspects have a positive relationship with compliance of zakat on income. The discussion conform with other studies that noted that if the institution is capable of providing good services, it will also attain a high level of satisfaction and directly affect intentional behaviour (Cronin & Taylor, 1992). This shows that even though the study did not discuss the direct influence of organisational factors on zakat compliance, it is applicable as these factors influence intentional behaviour. Another study by Zainol (2008) and Ram Al-Jaffri (2010a) also applied the same approach as Kamil (2002).

In discussions regarding organisational factors and zakat compliance behaviour, there are some elements in the organization that need to be highlighted such as trustworthiness, transparency, fairness and responsibility. These elements reflect the integrity of the organisation. As mentioned by Mohd Tamyas (2010), integrity is an important factor in an organisation to ensure trust among tax payers. According to him, tax payers will have more trust in an organisation with integrity and thus be more likely to make zakat payments through normal channels. The element of trust is important between an organisation and the zakat payers as they act as the economic agent in ensuring the zakat reaches the receivers. Vigoda-Gadot (2007) mentioned in their study on administrative institutions that it is important to identify the level of trust between individuals and institutions. This is because confidence in the institution is greatly connected to trust in the institution (Cho & Ringquist, 2010; Pavlou & Fygenson, 2006; Vigoda-Gadot, 2007). The element of trust involves several factors in the institution such as competence, integrity and benevolence (Cho & Ringquist, 2010; Gefen, Karahanna, & Straub, 2003). Competence refers to the trust individuals placed on the trustee to carry out responsibilities given to them to the best of their ability. Integrity, on the other hand, refers to the individuals' belief in the trustee to carry out their responsibilities with uttermost honesty and sincerity. Benevolence then refers to the individuals' belief that the trustee will carry out their responsibilities fairly without succumbing to corruption even when the opportunity presents itself. All the elements of trust discussed should be practised in the process of managing zakat funds and especially in the distribution of these funds. It is believed that if the zakat payer feels the organization is capable and

successful in managing zakat funds, more individuals will be compelled to pay zakat. This clearly shows the role of organisational factors in zakat compliance behaviour.

From the discussions on organisational factors and compliance behaviour, it is essential to identify the elements in an organisation that influence this relationship. However, the implementation of these elements may pose a challenge to zakat institution (Shawal, 2011). These elements may not be implemented as organisational factors do not fully determine compliance as Muslim individuals have the alternative to pay zakat through unofficial channels (Hairunnizam et al., 2007; Mohamad Alayuddin, 2008). This is supported by a study (Mohamed et al., 1995) that mentioned that most individuals pay zakat through unofficial channels due to lack of confidence in the institution's ability in managing zakat distribution.

The relationship between organisational factors and compliance behaviour has also been studied in the area of taxation, with most concluding that these factors closely influence compliance levels. Tax payers trust the government to manage tax in terms of distribution and spending that will ultimately benefit them (Juan, Ern, & Kwee, 2006). If it is found that the government is inefficient and unjustly spending tax money, the level of compliance amongst taxpayers will fall and they will most likely avoid paying tax (Juan et al., 2006; McGee & Smith, 2006; McKerchar & Evans, 2009; Torgler & Schneider, 2005; Trivedi, Shehata, & Lynn, 2003). Here, the government is viewed as the organization that is responsible for the collection and management of taxes.

### **3. Methods**

This study employed a quantitative approach in analyzing the collected data. Factors were measured through multi-item measurement using the five-point Likert scale adapted from previous studies. The population of this study consists of small and medium (SMEs) business owners in Selangor registered with the Malaysian Selangor Malay Chamber of Commerce (DPMMNS) in nine territories and representing six major categories. These business owners became the unit of analysis as they are solely responsible for running their businesses and they are part of the Muslim entrepreneurs who are eligible to pay zakat. Proportionate stratified random sampling technique was used to draw the samples of 334 respondents from nine territories in Selangor. Questionnaires were used as instrument to collect data from the selected respondents. A total

of 600 questionnaires were distributed. The data was then analyzed using Rasch Measurement Model in order to analyse the reliability, validity of the items used as well as Person Item Distribution Map (PIDM). The map shows a ruler created from the measurement of SMEs business owners' abilities. If they are placed at the top of PIDM, it shows that they are highly agreeable with the items measuring the construct. The map could also show the regularity of items practiced by respondents regarding the factors determining the compliance behaviour in business zakat. The placement of the persons and items in the map is based on the person measure and item measure analysis. The separation among respondents and items in the Person Item Distribution Map is based on the indicators in summary statistics. Additionally, the map also explains the response behavioural pattern to the organisational factors influencing compliance behaviour of business zakat among SMEs.

#### **4. Results and Findings**

Based on the 600 sets of questionnaires distributed, 315 sets of questionnaires returned and 39 sets of questionnaires were rejected due to incomplete responses. As such, a total of 276 sets of questionnaires were usable for analysis. Data analysis in this study involved a two-stage process. The first stage was conducted through descriptive statistics and the second stage through Rasch Measurement Model in order to achieve the objective of this study.

##### **4.1 Summary Statistics**

Results from the 276 responses were tabulated and analyzed. The summary statistics in Table 1 represented a total of 2730 data points arising from the responses to ten measured items. The 2730 data points provided a large enough range to remain useful and stable as person measure estimates and to obtain useful and stable item calibrations. This yielded a chi-square value of 4626 with 2445 degree of freedom and  $p=0.000$ . The Cronbach alpha ( $\alpha$ ) of 0.89 is considered acceptable and the study is therefore reliable (Churchill, 1979; George & Mallery, 2003; Helmstadter, 1966; Marino & Stuart, 2005; Nunnally, 1967). The person reliability index was at 0.87 which is deemed reliably good (Fisher, 2007). Item reliability index was at 0.98 which denotes excellent reliability. The index describing the assessment task is able to discriminate between the person ability and task difficulty in assessing

the organisational factor items. The person separation index was in the fair index at 2.54, showing the spread of items and persons along a range. On the other hand, item separation index was at 7.89, denoting excellent separation index and a larger range of items than for persons, and a broader range of item difficulty.

**Table 1:  
Summary Statistics for Organisational Factors**

Persons Measured								
	Total Score	Count	Measure	Model error	Infit		Outfit	
					MNSQ	ZSTD	MNSQ	ZSTD
Mean	36.4	10.0	1.41	.57	1.02	-.2	.98	-.2
S.D	5.8	.0	1.81	.16	.83	1.6	.80	1.6
Max	50.0	10.0	8.10	1.88	6.26	5.0	6.68	5.0
Min	15.0	10.0	-3.59	.44	.09	-2.9	.07	-2.9
Real RMSE	.66	True SD	1.69	Separation	2.54	Person Reliability	.87	
Model RMSE	.59	True SD	1.72	Separation	2.91	Person Reliability	.89	
S.E. of Person MEAN = .10								

Person RAW SCORE-TO-MEASURE CORRELATION = .98

CRONBACH ALPHA (KR-20) Person RAW SCORE "TEST" RELIABILITY = .89

Items Measured								
	Total Score	Count	Measure	Model error	Infit		Outfit	
					MNSQ	ZSTD	MNSQ	ZSTD
Mean	1005.8	276.0	.00	.10	.99	-.4	.98	-.5
S.D	88.9	.0	.88	.01	.32	3.5	.34	3.6
Max	1090.0	276.0	1.63	.11	1.47	4.9	1.55	5.5
Min	836.0	276.0	-.90	.09	.64	-4.4	.65	-4.2
Real RMSE	.11	True SD	.87	Separation	7.89	Item Reliability	.98	
Model RMSE	.10	True SD	.87	Separation	8.35	Item Reliability	.99	
S.E. of Person MEAN = 0.76								
2730 Data points. Log-likelihood Chi-square: 4626 with 2445 d.f p=.000								

## 4.2 Items Polarity and Misfits

Item polarity is an indicator used to show the items are in line with the construct measurement and it is also based on point measure correlation (PtMea Corr). The measurement with a positive index for all items shows correlation with the construct. Measurements with a negative index

highlight the items that need to be re-examined for removal or rephrasing as it has elicited careless responses (Mohd Kashfi, 2011). In addition, three indicators such as point measure correlation value (PtMea Corr), mean square (MNSQ) and Z-standardized (ZSTD) are utilized to identify the misfit items. According to Azrilah (2011) there are three criteria to be considered in examining the outfit data. The items are considered to be misfit with the model if the point measure correlation (PtMea Corr) is larger than 0.4 and less than 0.85 ( $0.4 < \text{PtMea Corr} < 0.85$ ), the outfit mean square (MNSQ) is larger than 0.5 and less than 1.5 ( $0.5 < \text{MNSQ} < 1.5$ ) and the outfit Z-standard (ZSTD) is larger than -2 and less than +2. The three criteria must be fulfilled in identifying the outfit or outliers in the data. Hence, based on the item polarity and misfit analysis revealed that all 10 items constructed with the positive value of point measure correlation coefficient (PtMea Corr) indicating that all items measured were in the same direction in the development of the construct. For item misfit, none of the 10 items were identified as misfits as they did not fulfil the three criteria of misfit responses. This indicated that all the respondents' responses fit with the Rasch Measurement Model.

### 4.3 Person Misfit

Besides the analysis of item misfit, another indicator that needs examination is the person fit as part of the process of misfit response identification. This is vital as person misfit indicates that the respondents' agreeability on the items measured is not measured accurately in the underlying construct. The persons are considered to be misfit with the model if the point measure correlation (PtMea Corr) is larger than 0.4 and less than 0.85 ( $0.4 < \text{PtMea Corr} < 0.85$ ), the outfit mean square (MNSQ) is larger than 0.5 and less than 1.5 ( $0.5 < \text{MNSQ} < 1.5$ ) and the outfit Z-standard (ZSTD) is larger than -2 and less than +2. Based on criteria of misfit respondents, the results on person misfit revealed that there were 83 misfit respondents. Therefore, from the 276 respondents, only 193 respondents fit with the Rasch Measurement Model.

After the process of identifying misfit respondents, it was crucial to analyze whether the indicators that need to be observed had the required value. These results are presented in table 2. The table shows Cronbach Alpha at 0.89 and the value remained unchanged even though the process of identifying misfit respondents was done. The persons and items reliability increased from 0.87 to 0.88 and 0.98 to 0.99 respectively after the process of identifying misfit respondents. This shows that the



assessment model is able to make a distinction between the person capability and item difficulty in measuring organisational factors. Besides, the item and person separation index also increased from 7.89 to 9.25 and from 2.54 to 2.69 respectively. The results show that the misfit respondents would affect not only the value of the assessment tool in measuring organisational factors but also the value of persons and items reliability as well as persons and items index.

Table 2:  
Final Analysis for Organisational Factors

	Before identifying misfit respondents	After identifying misfit respondents
Cronbach Alpha	0.89	0.89
Person Reliability Index	0.87	0.88
Person Separation Index	2.54	2.69
Person Mean	1.41	1.53
Person S.D	1.81	1.83
Person Max	8.10	6.24
Person Min	-3.59	-2.47
Item Reliability Index	0.98	0.99
Item Separation Index	7.89	9.25
Item Mean	0.00	0.00
Item S.D	0.88	1.26
Item Max	1.63	2.35
Item Min	-0.90	-1.34

#### 4.4 Person Item Distribution Map

Other than the analysis of reliability and validity on the measurement instrument used to measure organisational factors, the response behaviour among SME entrepreneurs was also analyzed. This can be identified through the Person Item Distribution Map (PIDM) based on the results in Table 2 which shows that person maximum value at +6.24 *logit* and minimum value at -2.47 *logit* while item maximum value was at +2.35 *logit* and maximum value was -1.34*logit*. The organisational factors

measurement became  $+6.24 \text{ logit} - (-2.47 \text{ logit}) = 8.71 \text{ logit}$  and the scale for items was at  $+2.35 \text{ logit} - (-1.34 \text{ logit}) = 3.69 \text{ logit}$ . It indicates that the scale of person measurement was larger than the scale of item measurement and the lack of scale measurement for item measure was at  $8.71 \text{ logit} - 3.69 \text{ logit} = 5.02 \text{ logit}$ . The  $8.71 \text{ logit}$  difference between maximum and minimum persons was over a standard deviation at 1.83. The *logit* value illustrates a huge spread of SME entrepreneurs being on target with expected compliance behaviour. On the other hand, the  $3.69 \text{ logit}$  difference between maximum and minimum item was also over a standard deviation of 1.26. This shows the spread of items where some of the items were out of target. This describes that none of SMEs entrepreneurs provided a response on the assessment tool used to measure organisational factors which is otherwise also known as being person free. This can be shown through the person item distribution map as in Figure 1.

Figure 1:  
Person Item Distribution Map for Organisational Factors

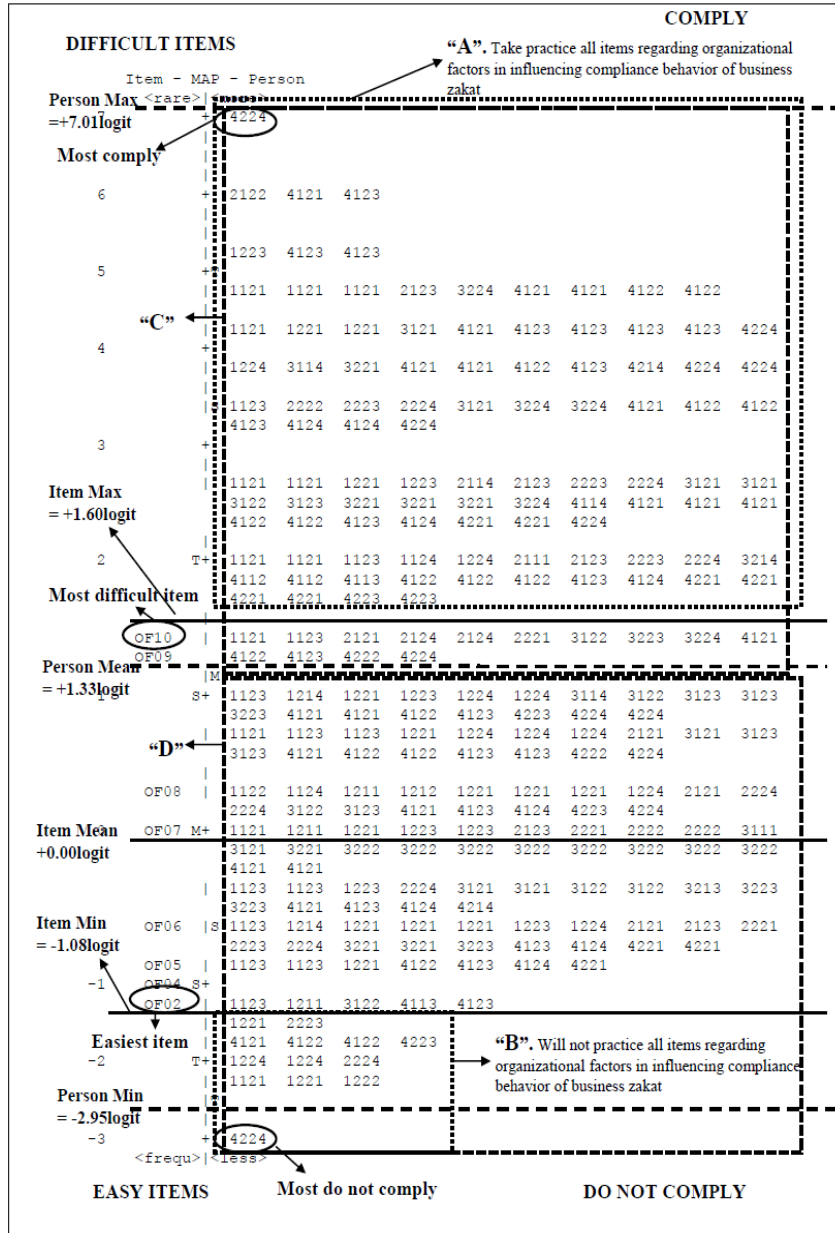


Figure 1 shows that the SMEs entrepreneurs' response behaviour on organisational factors is divided into two categories; those who comply and do not comply with paying business zakat based on the  $Person_{Mean}$ . SMEs entrepreneurs above  $Person_{Mean}$  constitute the group that comply with paying business zakat influenced by organisational factors (see group "C"). Conversely, SMEs entrepreneurs below  $Person_{Mean}$  constitute the group that do not comply with paying business zakat and whom are not influenced by organisational factors in doing so (see group "D"). In group "C", there are two SME entrepreneurs (77 - 4123 and 104-4224) located at the highest person degree of agreement on the items measuring organisational factors with the person measure at +6.24 *logit*, indicating a high level of compliance behaviour of business zakat influenced by organisational factors. Both these SME entrepreneurs came from the Eastern area. Meanwhile, in the group "D" one SME entrepreneur (274-4224) from the Eastern area (4) is located with low agreement on the items measuring organisational factors at -2.47 *logit* and does not comply most with paying business zakat without being influenced by organisational factors. Additionally, there are 88 SME entrepreneurs or 45.6 percent (88/193 x 100) located above  $Mean_{Person}$ , denoting the group that complies with paying business zakat based on their ability and difficulty *logit*. However, another 105 SME entrepreneurs or 54.4 percent (105/193 x 100) located below  $Mean_{Person}$  (see group "D"), denoting the group that does not comply with paying business zakat based on their ability and difficulty *logit*. This shows that there are more SMEs entrepreneurs that do not comply with paying business zakat. However, organisational factors can be seen as being non-influential in their decisions regarding business zakat.

Besides identification on the person agreeability, the level of common practices on the items used to measure organisational factors based on item endorsability is also one of the analysis conducted. This is because it represents the tendency for agreement on the measured items by SME entrepreneurs. Therefore, from the ten items measuring organisational factors, four items (*OF10*, *OF09*, *OF08*, *OF07*) are categorized as difficult to agree with by the SME entrepreneurs (refer appendix 8) due to the higher item endorsability and located above  $Mean_{Item}$ . The item *OF10* was at +2.35 *logit* as a difficult item and lower item endorsability was at 532. This indicates that SME entrepreneurs with very high ability would display high agreeability on the items. Other than that, six items (*OF06*, *OF01*, *OF05*, *OF04*, *OF02*, *OF03*) are located as the easy items to agreement by SME entrepreneurs with high item

endorsability and stated below  $Mean_{Item}$ . Item OF03 is at  $-1.34$  *logit* and identified as the easiest item for agreement and higher item endorsability is at 780 in measuring organisational factors. Two items (*OF08 and OF07*) are located in between  $Mean_{Item}$  and  $Mean_{Person}$ . Items located in the between area are considered common practice in measuring the organisational factors. However this depends on the ability of respective respondents. If their capability *logit* was above the *logit* difficulty of the items, they are able to respond to those items accurately. Based on the ten assessment items, 28 percent ( $54/193 \times 100$ ) of SME entrepreneurs as shown in group “A” regularly practised all the items regarding organisational factors influencing compliance behaviour of business zakat while five percent ( $9/193 \times 100$ ) of SMEs entrepreneurs in the group “B” did not practise all the items regarding organisational factors influencing compliance behaviour of business zakat. Group “B” can also be said as not influenced by organisational factors at all in compliance behaviour of business zakat.

In summary, verification on the construct was done and produced reliability with acceptable values for measuring organisational factors. This is confirmed through the acceptable value of Cronbach alpha at (0.89), person reliability at 0.88 and item reliability was at 0.99 which describes all assessment tasks as reliable in measuring organisational factors as one of the factors determining compliance behaviour of business zakat among SMEs in Selangor. From the analysis of misfit respondents, 83 respondents were identified as misfits. Other than that, it was necessary to identify person agreeability and item endorsability as the respondents had different ability levels to respond to the items measuring organisational factors. This is shown through the person item distribution map. From the map, items measuring organisational factors can be classified into two groups; difficult and easy tasks based on the  $Mean_{Item}$  measure. Four (*OF10, OF09, OF8, OF07*) items are in the group of difficult tasks as they are located above the  $Mean_{Item}$  while six (*OF06, OF01, OF05, OF04, OF02, OF03*) items are identified as easy tasks as they are located below the  $Mean_{Item}$ . The person agreeability on the items was also categorized into two groups; those who comply and do not comply which is based on the value of  $Mean_{Person}$ . Consequently, two respondents are identified with very high compliance behaviour (*77-4123 and 104-4224*) and one respondent is indicated as not complying most with paying zakat on business (*274-24224*).

#### **4.5 Discussion**

In fulfilling the objectives, the findings through Person Item Distribution Map (PIDM) give an early indication of the group whether organisational factors influencing business owners to comply with paying business zakat. From the map, majority of business owners do not comply with paying business zakat based on their behavioural responses.

In addition, the findings on the SME entrepreneurs' behavioural responses could also be seen either as high or low agreement on the items used to measure the factors determining compliance behaviour of business zakat. This indicates that SME entrepreneurs with high levels of agreeability have high level of compliance influenced by organisational factors than those with lower agreeability. Based on the logit ruler in the Person Item Distribution Map (PIDM), SME entrepreneurs could be grouped as those who comply or do not comply with paying business zakat as they are located above and below MeanPerson on the logit ruler respectively. The SME entrepreneurs who comply with paying business zakat are those with high agreeability on the influence played by organisational factors. Figure 1 shows some SME entrepreneurs contend that organisational factors do not influence them to comply with business zakat payments. This is evidenced from the low agreeability scores on the factor in influencing compliance of business zakat. Responses from SME entrepreneurs also show their low agreeability on the influence of organisational factors in making them comply with business zakat. Even though zakat organizations have strategized and developed various approaches to attract entrepreneurs to comply with business zakat and various seminars have been conducted to disseminate information, organisational factor is not a criterion for increasing compliance amongst SME entrepreneurs. This may also be attributed to the fact that these entrepreneurs have other alternatives in paying zakat such as paying directly to asnaf without going through zakat institutions. To them, the most important thing is they can share their wealth with other people who are really in need and at the same time, receive blessing from Allah SWT.

#### **5. Conclusion**

In general the objective of this study has been achieved through the Rasch Measurement Model analysis with interesting findings. This is because review of literature on compliance behaviour of business zakat shows the lack of explanation on this issue, since they do not identify on

how to classify the respondents based on their responses and do not examine the common practices regarding the factors determining zakat compliance behaviour. This study provides new perspectives on the SME entrepreneurs' compliance behaviour of business zakat through an analysis of their response behaviours since they have different abilities. Accordingly, this study has discovered how the SME entrepreneurs with low or high abilities responded to the organisational factors influencing compliance behaviour of business zakat. This is important because through examining their responses, this study can then identify whether the measurement instrument used is effective and can be replicated in future studies in the same context or otherwise. The outcomes of the measurement instrument analysis will provide guidelines in order to produce more measurement instruments to measure the organisational factors influencing zakat compliance behaviour.

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