The Determinant of Indonesia Enterpreneur's Intention to Pay Zakat: Does Government Support Matter?

Akhsyim Afandi[a], Heri Sudarsono[a, *], Rindang Nuri Isnaini Nugrohowati[a], and Yunice Karina Tumewang[a]

[a]Faculty of Business and Economics, Universitas Islam Indonesia

Abstract: This study aims to analyze the entrepreneur's behavior to pay zakat and to formulate the role of zakat institutions such as the National Zakat Board (BAZNAS) and Amil Zakat Institution (LAZ) in improving total zakat collection. Total respondents in this research are 751 entrepreneurs across 28 provinces in Indonesia. Partial least squares structural equation modeling (PLS-SEM) was used to know the entrepreneur's behavior in paying zakat. Attitude toward moral reasoning, influence of religious leaders, peer influence, zakat knowledge, zakat system structure, enforcement of zakat law, and government support affect the interest of entrepreneurs to pay zakat. However, the attitude toward zakat evasion and transparency of zakat management does not affect the interest of entrepreneurs to pay zakat. The role of the government is getting a spotlight in this study because of its significance in formulating relevant policies to increase the interest of entrepreneurs to pay zakat. The establishment and supervision of zakat institutions as well as the issuance of supportive regulation is considered important in this study.

Keywords: *Entrepreneurs, Government Support, Paying Zakat, and Zakat Institution.*

JEL Classification: *H55, I38, and Z12.*

Introduction

Zakat is an important instrument for improving the welfare of society in Muslim-majority countries. Zakat can increase economic independence (Hossain, 2012), reduce poverty (Abdelbaki, 2013; Ali & Hatta, 2014; Tlemsani & Matthews, 2020), minimize income gaps (Bakar & Ghani, 2011; Ghazali et al., 2016), provide social security (Kahf & Yafai, 2015; Mohsin & Ismail, 2015; Wali, 2013) and promote financial inclusion (Iqbal & Mirakhor, 2012). Therefore, Indonesia seeks to improve the interest of Muslims to pay zakat. For this purpose, the government formed the National Zakat Board (BAZNAS) as an institution that functions to receive and distribute zakat in an effort to maximize zakat collection and optimize its benefits (Aziz & Anim, 2020).

BAZNAS reported that in 2019 Indonesia has a large potential for zakat, reaching IDR. 233.8 trillion with the largest contribution in the form of zakat income worth IDR. 139.07 trillion. The potential for zakat is expected to continue growing with a target of 25%, reaching IDR 340 trillion in 2020 (Dzulfiqar, 2020). Although having considerable potential, the accumulated zakat realization shows different results. Based on data from various Zakat Management Organizations (ZMO) throughout Indonesia, the total value of zakat collected reached IDR. 6.2 trillion in 2018, and IDR. 10 trillion in 2019, or less than 5% (BAZNAS, 2019). The difference in value between the potential owned and the total zakat collected shows that the zakat payers (*muzakki*) have not fully paid the zakat. Based on these conditions, many studies have tried to see what variables affect a person's intention to pay zakat.

In order to increase public awareness of obligatory zakat or entrepreneurs, it is necessary to identify what factors encourage someone to comply with the obligation to pay zakat. Experts believe

---

*Corresponding author.

✉ akhsyim@uii.ac.id (A. Afandi), heri.sudarsono@uii.ac.id (H. Sudarsono), rindangnuri@uii.ac.id (R. N. I. Nugrohowati), yunice.karina@uii.ac.id (Y. K. Tumewang).

that intention is a key factor determining a person's actual behavior to comply is determined by intention. When the intention is getting stronger, the obedience is expected to increase, and vice versa, the weaker the intention, the more disobedient a person will be. In particular, Qaradawi (2010) observes that intention is the main factor determining someone obediently paying zakat. Another study conducted by Johari et al. (2014) and Khair et al. (2017) also prove the importance of intention in determining compliance with paying zakat. Previous research on zakat tried to see from two points of view, namely, the intention to pay zakat (Saad & Haniffa, 2014; Farouk et al., 2018) and the obedience behavior to pay zakat (Suprayitno, 2013).

More specifically, several studies have also been carried out to see what variables influence Indonesian to pay zakat. Mukhibad et al. (2019) found that the intention to pay zakat in Indonesia is influenced by the reputation of zakat institutions, transparency of zakat institutions, religiosity, and trust in zakat institutions. Meanwhile, Abror and Hudayati (2020) reveal that justice and trust in the distribution of zakat have a positive influence on people's intentions to pay zakat. Another study conducted by Antonio et al. (2020) reveals that the variables showing a significant effect on the interest of *muzakki* to pay zakat are transparency of zakat management, promotion of zakat institutions through the involvement of community leaders, and supporting regulations that impose zakat as a tax deduction.

Previous research has found various variables influencing the intention to pay zakat. Even so, few studies still view the role of the government as a variable that also encourages entrepreneurs to pay zakat. This study adopts the model used by Saad et al. (2020) by including transparency and support from the government as a factor that determines the intention to pay zakat. From this research, it is expected to find out how significant the role of the government is in increasing the intention of entrepreneurs. Further, it can formulate relevant policies to enhance the role needed in an effort for improving the intention of entrepreneurs as well.

Literature Review

Theory of Planned Behavior

The theory of Planned Behavior (TPB) developed by Ajzen (1985) is the fundamental theory used in this research. TPB states that attitudes, behavioral control, and subjective norms will determine intention (Ajzen, 1985). This theory has been widely used in research that focuses on the field of zakat, including Saad et al. (2010), Heikal et al. (2014), and Saad and Haniffa (2014). From these studies, it was found that TPB was able to explain the obedience behavior of paying zakat. Another study conducted by Heikal *et al.* (2014) revealed that subjective norms and perceived behavioral control had a significant and positive effect on the intention to pay zakat. Saad and Haniffa (2014) attempt to understand the obedience behavior of paying zakat by including the variables of attitude and subjective norms. Extending the previous research, Saad *et al.* (2020) used three variables, namely attitude, subjective norms, and behavioral control to see their effect on the intention to pay zakat.

Intention

The intention is an important element seen as a variable capable of predicting a person's behavior Saad and Haniffa (2014). The intention is a cognitive representation of a person's willingness to implement certain behaviors (Fishbein & Ajzen, 1975). In Islam, it is stated that worship without intention will not be rewarded as stated by Qaradawi (2010).

This study attempts to develop the studies that have been conducted by Saad et al. (2020) using attitude variables, subjective norms, and perceived behavioral control. The three variables are then derived into several elements which are government support, transparency of zakat management, attitude toward moral reasoning, attitude toward zakat evasion, the influence of religious leaders, zakat system structure, peer influence, zakat knowledge, and enforcement of zakat law. This study extends the model of Saad et al. (2020) by including the variables of reputation and trust towards zakat institutions (Mukhibad et al., 2019) as well as the variable of government support (Farouk et al., 2017).

Attitude

In this study, attitude is defined as a positive or negative assessment of the entrepreneur as *muzakki* on the payment of zakat. A study conducted by Ajzen (1991) concluded that attitude is one of the main factors, other than subjective norms and behavioral control, which influences intention. It is also in line with a study conducted by Ramayah et al. (2009) which asserts that the main determinant of behavioral intention is the attitude towards behavior. Specifically, Saad and Haniffa (2014) and Farouk et al. (2018) conducted studies in the context of zakat and found that attitude has a significant effect on the intention to pay zakat.

Although some researchers believe that attitudes can be used to predict the intention to pay zakat, several other studies including Heikal et al. (2014) argue that attitude is not a significant factor to influence a person's decision to pay zakat. Therefore, studies related to this attitude still need to be studied, especially in terms of avoiding zakat Saad et al. (2020). Technically, zakat avoidance can be interpreted as the act of paying zakat which will prevent him from paying zakat through zakat institutions. Therefore, a hypothesis is formed as follows:

H1. Attitude towards zakat avoidance has a positive and significant effect on the intention to pay zakat.

On the other hand, avoidance of zakat can be caused by individual moral reasoning. In other words, individuals who have negative moral reasoning in paying the zakat are more likely to have low intentions to pay zakat. Even though moral choices might seem personal, some can also be considered economic or ethical choices that are described by some codes of ethics or governed by ethical relationships with others. Therefore, this study adds attitude toward moral reasoning in order to examine the relationship between moral reasoning and the intention to pay zakat in Indonesia. Attitude towards moral reasoning is very important to study as a factor that can increase the payment of zakat. Thus, this study expects that attitudes toward moral reasoning affect the intention to pay zakat among Muslim entrepreneurs in Indonesia:

H2. Attitude towards moral reasoning has a positive and significant effect on the intention to pay zakat.

Subjective Norm

Subjective norms are considered as a person's view of other people's feelings for doing or not doing certain behaviors (Ajzen, 1991). "In the context of zakat compliance behavior, Saad and Haniffa (2014) and Farouk et al. (2018) found that subjective norms had a significant effect on the intention to comply with zakat. Othman (2008) asserts that the relationship between subjective norms and intention is negative. Similarly, Huda et al. (2012) stated that subjective norms do not affect zakat compliance behavior. Although some studies have shown a significant relationship between subjective norms and intentions, others have shown different results. Hence, subjective norms need to be described (Taylor and Todd 1995). Subjective norms, in this study, will be split into the influence of peer and religious leaders.

According to Saad and Haniffa (2014), the role of religious leaders is very important in influencing the Muslim community to pay zakat. The influence of religious leaders is seen in his ability to convince Muslims to pay zakat in zakat institutions. Saad et al. (2020) emphasized that the role of religious leaders has a positive effect on the interest of *muzakki* to pay zakat. In Indonesia, several organizations oversee some scholars including the Indonesian Ulema Council (MUI), Nahdlatul Ulama (NU), Muhammadiyah, and other social-educational-political-based organizations. Several scholars who are members of the organization have important positions in making decisions that will be carried out by the organization. Thus, the role of religious leaders is hypothesized to influence *muzakki* to pay zakat.

H3. The role of religious leaders has a positive and significant effect on the intention to pay zakat.

Apart from religious leaders, colleagues/peers can also influence the zakat payer's decision to comply or not comply with the zakat payment. Peers are both in behavior and worship and will tend to directly affect the attitude of entrepreneurs in living their life Saad et al. (2020). Entrepreneurs will tend to imitate the behavior of their friends whom they feel comfortable with. Likewise, in terms of paying

zakat, this can be influenced by efforts to make himself comfortable such as his view of the good behavior of his friends. Thus, this study hypothesizes that peer influence will significantly affect the intention to pay zakat:

H4. Peer influence has a positive and significant effect on the intention to pay zakat.

Perceived Behavioral Control

Perceived behavioral control is defined as a person's belief in the factors that can affect their performance, both internally and externally (Ajzen, 1991). Perceived behavioral control in this study refers to the perception of zakat payers to what extent they have control or the ability to pay zakat to institutions. Huda et al. (2012) assert that perceived behavioral control has a significant effect on the intention to pay zakat. In addition, Heikal et al. (2014) found that perceived behavioral control is a strong predictor of the intention to pay zakat. Conversely, some results show that intention is negatively influenced by perceived behavioral control as described by Khalifa and Shen (2008).

More specifically, perceived behavioral control is broken down into five dimensions, namely zakat knowledge, zakat system structure, zakat law enforcement, zakat management transparency, and government support. Many researchers use the level of knowledge as an important variable to predict the behavior of individual compliance with zakat payments (Khamis et al., 2011). An understanding of zakat in Indonesia can be obtained through Islamic boarding schools or conventional schools, thus, Indonesian people can be introduced to zakat since their early childhood, in terms of zakat definition, effects, and benefits. Therefore, this study formulates the following hypothesis:

H5. Knowledge of zakat has a positive and significant effect on the intention to pay zakat.

The Amil zakat institution in Indonesia is coordinated by the National Zakat Board (BAZNAS) under the national and district government. BAZNAS located in sub-districts and villages is called the Zakat Collection Unit (UPZ). Besides UPZ, there are also Zakat Amil Institutions (LAZ) based on mosques, LAZ based on mass organizations, LAZ based on companies, and Zakat Management Organizations (ZMO). Each zakat institution has its institutional structure consisting of the advisory committee, the supervisors, and the division in charge of collecting and distributing zakat. When *muzakki* can understand and know the structure and system of zakat properly, it will increase muzzaki trust in zakat institutions. An increasing trust will encourage m*uzakki* to pay zakat. Thus the hypothesis in this study can be formulated as follows:

H6. The structure of the zakat system has a positive and significant effect on the intention to pay zakat.

Law enforcement according to Khamis and Yahya (2015) is defined as mandatory instructions to encourage people to behave in a certain way. Furthermore, Khamis and Yahya (2015) argue that individuals will obey if government law/regulation is enforced by providing harsh penalties. Meanwhile, in the case of zakat payment in Indonesia, the law is still voluntary. Therefore examining the effect of zakat law enforcement on *muzakki*'s intention to pay zakat can provide new knowledge (Abror & Hudayati, 2020). In this study, it is hypothesized that zakat enforcement law will influence the intention of *muzakki* to pay zakat.

H7. Zakat law enforcement has a positive and significant effect on the intention to pay zakat.

The transparency of zakat management is a variable that is believed to influence the intention of *muzakki* to pay zakat. According to Zainal et al. (2016) and Ghazali et al. (2016), a low level of public trust in zakat institutions is due to a lack of transparency and inefficiency in zakat distribution. The form of transparency can be in a form of providing comprehensive and detailed reports to stakeholders regarding operations and management performance. The report will later be used as material for evaluation and as a basis for decision-making for the implementation of further activities. On the other hand, transparency can be in the form of providing complete and timely information to all stakeholders. High transparency in the management of zakat illustrates a reliable control system that increases the trust of *muzakki* and society in general. On the other hand, low transparency will raise

negative perceptions which will decrease public trust (Antonio et al., 2020). Based on this explanation, the following hypothesis can be formulated:

H8. Zakat management transparency has a positive and significant effect on the intention to pay zakat.

Another variable that is believed to influence the intention to pay zakat is government support. Government support will give confidence to someone to commit and intend to carry out a behavior. Previous research has confirmed that government support is one of the factors that influence a person's intention (Mahmoud, 2010). In addition, government support is a driving force for individuals to consider behavior. In relation to government support, in this case, the zakat institution has been designed in such a way that the government and society have different roles and responsibilities. The government is responsible for collecting and distributing zakat, the rich are responsible for paying zakat with their wealth or income while the poor are entitled to receive zakat from the distributors (Sudarsono et al., 2021). On the other hand, the role of the government can be in the form of policies through government regulations and programs which aim to increase public interest in paying zakat (Farouk et al., 2017). Thus government support is the main requirement for zakat institutions to function effectively. Apart from government support, zakat institutions are also supported by Islamic economic institutions such as the KNEKS and other institutions. Therefore the hypothesis in this study can be formulated as follows:

H9. Perceptions of government support have a significant positive effect on the intention to pay zakat

Research Methodology

Conceptual Framework

The conceptual framework of this study is shown in Figure 1 where 9 independent variables are believed to significantly influence the intention to pay zakat as its dependent variable. Based on the existing studies and the underlying theory, attitude is broken down into two dimensions (attitude towards zakat avoidance and attitude towards moral reasoning) and the subjective norm is broken down into two dimensions (influence of religious leaders and peer influence). Finally, perceived behavioral control is broken down into five dimensions (knowledge of zakat, structure of the zakat system, enforcement of zakat law, transparency of zakat management, and government support).
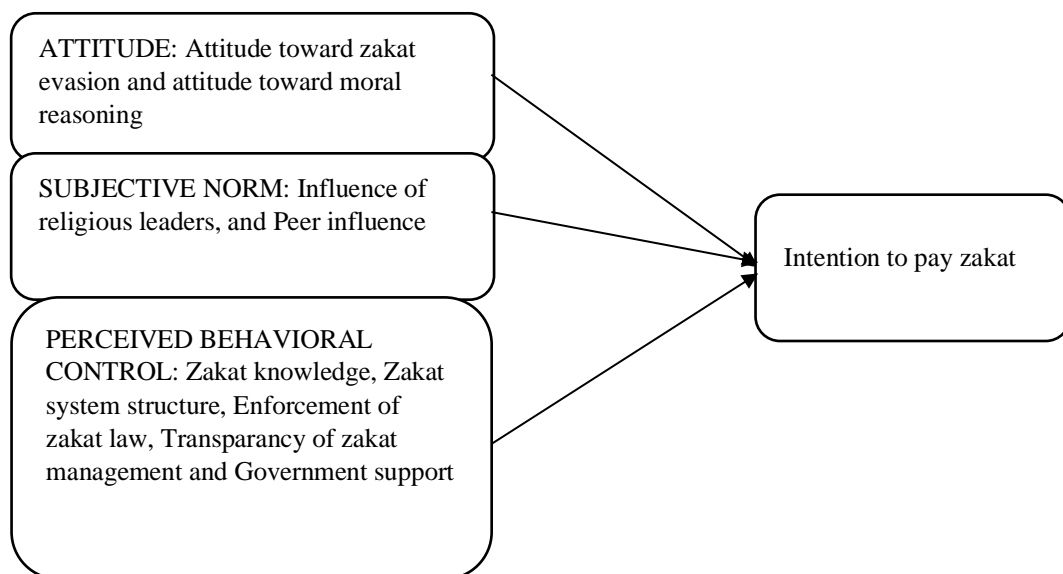

Figure 1. Research Model

Sampling

Based on the recommendations of Sekaran and Bougie (2016) in relation to sample size determination, Krejcie and Morgan (1970) were used to select the research sample. The sample of this research is 751 entrepreneurs who live in 28 provinces in Indonesia. Table 1 shows the respondent's profiles.

Table 1. Respondents' Profile

Variable	Description	Frequency	Percentage
Gender	Male	384	51.1%
	Female	367	48.9%
Age of respondents	Under 30 years	284	37.7%
	31- 40 years	111	14.8%
	41- 50 years	195	25.9%
	Over 51 years	162	21.6%
A place to pay zakat	Zakat institution (ZIS)	645	85.9%
	Workplace	95	12.6%
	Financial institution	11	1.5%
Provinces	Central Java	253	33.7%
	Di Yogyakarta	118	15.7%
	West Java	71	9.5%
	East Java	42	5.6%
	Lampung	36	4.8%
	Banten	30	4%
	Riau	27	3.6%
	Jakarta	25	3.3%
	Bangka Belitung	17	2.3%
	South Sumatera	16	2.1%
	West Kalimatan	12	1.6%
	West Nusa Tengara	12	1.6%
	Other Provinces	10	1.5%

The population of this study was 77,053 *muzaki* all over Indonesia as reported in the National Zakat Statistics (BAZNAS, 2019). The simple probabilistic random sampling technique was used in this study to obtain respondents among entrepreneurs. From the results of distributing online questionnaires via WhatsApp (WA) groups or private channels, 751 samples of *muzakki* who work as entrepreneurs are obtained. The number of samples is according to the suggestion of Hair et al. (2010) stated that the acceptable sample size is in the ratio of ten to one. Taking into account the total population of entrepreneurs below the total population of *muzakki*, the sample of 751 is considered sufficient to represent the number of entrepreneurs in Indonesia. This sample size is expected to avoid consistency problems with the results of data processing in small samples (Hair et al., 2010).

Measurement

In determining the sample size, this study follows the recommendations of Sekaran and Bougie (2016) who adopted the theory from Krejcie and Morgan (1970). The sample of respondents consisted of small and medium entrepreneurs spread across 28 provinces in Indonesia. Respondents were selected using a systematic random sampling method. A total of 751 respondents selected for data analysis purposes is considered adequate (Sekaran, 2003). This research uses partial least squares structural equation modeling (PLS-SEM) to analyze the transformed data. Many researchers recommend using PLS SEM as a good statistical tool for path modeling to solvecomplex multivariate models (Hair et al., 2014). It was also confirmed by many researchers that the PLS-SEM approach is a flexible, more robust, and superior statistical tool for prediction and theory testing (Henseler et al., 2015).

Result and Discussion

The data in this study were analyzed using PLS-SEM which is a technique that is widely used and is increasingly popular in various fields of study including Zakat. This technique is the most appropriate one to be used to explore new variables as applied in this study. Therefore, the results of this study were analyzed in three steps; evaluation of measurement models, assessment of structural models, and then assessment of blindfolding procedures otherwise known as predictive relevance. The first stage assessment proves satisfactory, so an assessment of the structural model can be carried out. The aim is to test the research hypothesis to assess the significance of structural relationships and also to test whether the hypothesis is supported or not (Hair et al., 2014).

Measurement model analysis includes evaluation of indicator loading, mean-variance, and reliability of the composite which is called convergent validity. Another assessment needed is discriminant validity which consists of checking the factor loading and checking the correlation of latent variables. Checking convergent and discriminant validity is aimed to achieve content validity. Therefore, content validity is achieved by examining convergent and discriminant validity. The validity of the measurement model analysis can be confirmed using the item loading factor (Hair et al., 2014). In short, in PLS, the construct measurement model used reflectively is evaluated by testing the convergent and the discriminant validity in stages described earlier.

Convergent and Discriminant Validity

Hair et al. (2014) recommend that the loading factor value should be above 0.70, however, a loading factor of 0.50 can also be accepted if the average expected variance (AVE) is not less than 0.5. In assessing construction reliability, Hair et al. (2014) revealed that values of 0.60 to 0.70 are acceptable while 0.70 to 0.95 are good. However, according to Drolet and Morrison (2001), items with a value greater than 0.95 are considered problematic, which indicates item redundancy which leads to unwanted response patterns. The results of data processing show that the loading factor value of 46 question instruments is above 0.60. This shows that the loading factor of 46 questions has a higher contribution to explaining the latent construct.

According to Sekaran and Bougie (2016), the acceptable composite reliability (CR) is 0.7. If the CR value is close to 1 on an instrument, it can be considered reliable. As shown in Table 2, the results of data processing indicate that the construction under study was found to have reached the benchmark, therefore, it confirms the reliability of the construction. The results for each construct show the value of CR for attitude toward zakat evasion 0.808, attitude toward moral reasoning 0.911, the influence of religious leaders 0.937, peer influence 0.956, transparency of zakat management 0.943, zakat knowledge 0.889, zakat system structure 0.927, enforcement of zakat law 0.951, the government supports 0.923, and intention to pay zakat 0.864. This shows that the instrument in the model is reliable or consistent when re-measurement is carried out on the same subject.

AVE was used to assess the convergent validity of any latent constructs as recommended by Hair et al. (2014). The acceptable AVE score as recommended by Chin (1998) is 0.50 or more. AVE for the constructs studied was the attitude toward zakat evasion 0.514, attitude toward moral reasoning 0.719, influence of religious leaders 0.748, peer influence 0.813, transparency of zakat management 0.847, zakat knowledge 0.666, zakat system structure 0.719, enforcement of zakat law 0.797, the government supports 0.668, and intention to pay zakat 0, 561. This value illustrates that one latent variable can explain more than half of the variance of its indicators on average.

Discriminant validity relates to "the extent to which one construct differs from another (Hair et al., 2012). Hair et al. (2014) stated that commonly the most efficient way to assess discriminant validity is the Fornell-Lacker criterion. Another method is to check cross-loadings. This study uses two methods in assessing discriminant validity to determine whether a given latent construct is different from other constructs as suggested by Fornell and Larcker (1981). Thus, discriminant validity was assessed by comparing the square root AVE for each construct with a correlation matrix. These results indicate that the size of all 9 variables is an appropriate measure of the different variables" (Byrne, 2010). As illustrated in Table 3, the results reveal satisfactory evidence.

Table 2. Reliability and Validity of the Study Constructs

	Indicator	Loading	Cronbach's Alpha	Composite Reliability	AVE
Attitude toward zakat evasion (AZE)	X1.1	0.624	0.681	0.808	0.514
	X1.2	0.741			
	X1.3	0.714			
	X1.4	0.779			
Attitude toward moral reasoning (AMR)	X2.1	0.845	0.870	0.911	0.719
	X2.2	0.876			
	X2.3	0.829			
	X2.4	0.841			
Influence of religious leaders (IRL)	X3.1	0.831	0.915	0.937	0.748
	X3.2	0.838			
	X3.3	0.896			
	X3.4	0.878			
	X3.5	0.879			
Peer influence (PI)	X4.1	0.853	0.942	0.956	0.813
	X4.2	0.897			
	X4.3	0.925			
	X4.4	0.917			
	X4.5	0.914			
Transparency of zakat management (TZM)	X5.1	0.928	0.910	0.943	0.847
	X5.2	0.914			
	X5.3	0.919			
Zakat knowledge (ZK)	X7.1	0.816	0.833	0.889	0.666
	X7.2	0.847			
	X7.3	0.804			
	X7.4	0.796			
Zakat system structure (ZSS)	X8.1	0.817	0.902	0.927	0.719
	X8.2	0.865			
	X8.3	0.882			
	X8.4	0.880			
	X8.5	0.792			
Enforcement of zakat law (EZL)	X9.1	0.838	0.936	0.951	0.797
	X9.2	0.895			
	X9.3	0.920			
	X9.4	0.916			
	X9.5	0.892			
Government support (GS)	X10.1	0.856	0.899	0.923	0.668
	X10.2	0.885			
	X10.3	0.828			
	X10.4	0.772			
	X10.5	0.843			
	X10.6	0.705			
Intention to pay zakat (IPZ)	X11.1	0.763	0.801	0.864	0.561
	X11.2	0.829			
	X11.3	0.784			
	X11.4	0.739			
	X11.5	0.613			

Testing Model

A test on the coefficient of determination (R^2) is a common criterion for structural model assessment (Hair et al., 2017). Further, Hair et al. (2010) and Elliott and Woodward (2007) explained that the value of R^2 represents how much an endogenous variable can be described by one or more exogenous variables. Chin (1998) grouped R^2 into three classifications which are substantial (0.67), moderate (0.33), and weak (0.19), despite an acceptable minimum R^2 level as proposed by Hair et al. (2010) being 0.10. The results showed that the R^2 value of the intention to pay zakat (0.57) is pretty high. The reported value of R^2 shows that all independent variables in this study can explain 57 percent of

the variance of intention to pay zakat. Thus, it is concluded that R^2 in this study is substantial, according to Chin (1998). In addition to that, the effect size of the influence of attitudes on zakat avoidance, attitudes towards moral reasoning, transparency of zakat management, government support, knowledge of zakat, and zakat law enforcement are found to be small where the value is below 0.1, as depicted in Table 2.

Table 3. Discriminant Validity between Study Construct

	AMR	AZE	EZL	IRL	IPZ	PI	TZM	GS	ZK
AMR	0.848								
AZE	0.629	0.717							
EZL	0.294	0.262	0.893						
IRL	0.410	0.425	0.536	0.865					
IPZ	0.523	0.461	0.535	0.547	0.749				
PI	0.191	0.250	0.430	0.444	0.410	0.902			
TZM	0.357	0.313	0.564	0.498	0.444	0.445	0.920		
GS	0.299	0.291	0.674	0.533	0.543	0.480	0.589	0.817	
ZK	0.635	0.534	0.414	0.445	0.619	0.248	0.446	0.390	0.816

The results of the bootstrap procedure revealed a significant relationship of structural relationships. In Table 4, the relationship between attitude toward moral reasoning and intention to pay zakat shows beta= 0.142; y= 2.739 and p< 0.006; the influence of religious leaders on intention shows beta= 0.130; t= 2.715 and p< 0.007; peer influence on intention shows beta= 0.123; t= 3.080 and p< 0.002; zakat knowledge on intention shows beta= 0.29; t= 5,686 and p< 0.000; zakat system structure on intention shows beta= 0.138; t= 2.853 and p< 0.005; enforcement of zakat law on intention shows beta= 0.098; t= 2013 and p< 0.045 and government support on intention shows beta= 0.124, t= 2.747 and p< 0.006. Meanwhile, attitude toward zakat evasion does not affect intention to pay zakat with beta= 0.045; t= 1.059 and p< 0.290, as well as the transparency of zakat management, did not affect intention with beta= -0.076; t= 1.923 and p< 0.055.

Table 4. Results of Hypotheses Testing

	Relationship	Original Sample	Standard Deviation	T Stat	P Values	Decision
H1	Attitude toward zakat evasion (AZE) -> Intention to pay zakat (IPZ)	0.045	0.042	1.059	0.290	No Supported
H2	Attitude toward moral reasoning (AMR)-> Intention to pay zakat (IPZ)	0.142	0.052	2.739	0.006	Supported
H3	Influence of religious leaders (IRL) -> Intention to pay zakat (IPZ)	0.130	0.048	2.715	0.007	Supported
H4	Peer influence (PI) -> Intention to pay zakat (IPZ)	0.123	0.040	3.080	0.002	Supported
H5	Zakat knowledge (ZK) -> Intention to pay zakat (PIZ)	0.291	0.051	5.686	0.000	Supported
H6	Zakat system structure (ZSS)-> Intention to pay zakat (PIZ)	0.138	0.049	2.853	0.005	Supported
H7	Enforcement of zakat law (EZL) -> Intention to pay zakat (IPZ)	0.098	0.049	2.013	0.045	Supported
H8	Transparency of zakat management (TZM) -> Intention to pay zakat (PIZ)	-0.076	0.039	1.923	0.055	No Supported
H9	Government support (GS)-> Intention to pay zakat (PIC)	0.124	0.045	2.747	0.006	Supported

Discussion

The results showed that attitude toward zakat evasion did not affect IPZ with b = 0.045 and t = 1.059. This result is not in line with the results of previous research showing that the attitude of avoiding zakat affects intention (Ajam & Nor, 2015; Saad & Haniffa, 2014; Farouk et al., 2018; Koutromanos et al., 2015; Saad et al., 2020). These results indicate that paying zakat is not an obligatory act so it does not affect the entrepreneur's interest to pay zakat. Some entrepreneurs do not understand zakat as an instrument that is attached to every property they have. The value of zakat paid by entrepreneurs is calculated from the source of assets, their types, and their values. Some entrepreneurs claim that assets subject to zakat are assets that are not taxed, zakat is not mandatory for *muzakki* who still owe or have higher debts than their income, and there is no rule from the government regarding the obligation to pay zakat. This shows that the understanding of zakat towards entrepreneurs is not only in terms of concept but also from the technical side of the calculation and method of payment of zakat to Amil zakat institutions.

Furthermore, attitudes towards moral reasoning had a significant positive relationship with the intention to pay zakat (b = 0.142, t = 2.739, and p <0.01). Entrepreneurs consider the payment of zakat as one of the religious obligations that must be carried out. These empirical results are consistent with the findings of Bobek et al. (2013) and Saad et al. (2020). An entrepreneur usually has an understanding that zakat is good for entrepreneurs and other people in need. Zakat makes entrepreneurs feel at ease because they fulfill their obligations as Muslims. In addition, entrepreneurs are also happy to give zakat to people in need. This attitude encourages entrepreneurs to pay zakat to increase.

Then, a positive relationship between the influence of religious leaders and the intention to pay zakat with b = 0.130, t = 2.715, and p <0.01. The results of this study are in line with the research of Saad and Haniffa (2014). Taylor and Todd (1995) emphasized that the relationship between the influence of leaders and the intention to use information systems is positive and significant. The influence of religious leaders in Indonesia, such as *murshid*, *ustad*, and *kyai* who lead Islamic circles, Islamic study institutions, and Islamic boarding schools influences the interest of entrepreneurs to pay zakat. Likewise, several Muslim entrepreneur organizations in Indonesia such as the Sharia Economic Community (MES), the Indonesian Muslim Entrepreneurs Community (KPMI), the Indonesian Woman Muslim Entrepreneurs Community (AMPI), and a number of other Muslim entrepreneur organizations usually involves religious figures or leaders who understand zakat. Therefore, the involvement of religious figures or leaders encourage entrepreneurs to understand the concepts and techniques of zakat so that a better understanding of zakat will increase the interest of entrepreneurs.

Peer influence has a significant and positive effect on the intention to pay zakat with b = 0.123, t = 3.080, and p <0.01. These results are in line with previous studies which reported that peers significantly influence intention (Saad & Haniffa, 2014; Saad et al., 2020; Taylor & Todd, 1995). These results confirm that the influence of partnerships among entrepreneurs can build the same perspective on the obligation to pay zakat. The entrepreneur usually has a partnership with other entrepreneurs who have a similar type of business. This creates a dependence between entrepreneurs which increases interaction between them. The interaction between entrepreneurs raises awareness to form institutions such as associations or communities. This institution aims to facilitate the interests of entrepreneurs in running their businesses. The growing interaction of these common interests has increased the interest of Muslim entrepreneurs to pay zakat.

Zakat knowledge has a significant and positive effect on the intention to pay zakat with b = 0.291, t = 5.686, and p <0.01. These results are in line with the results of Khamis et al. (2011) who revealed that knowledge is an important variable in predicting a person's compliance behavior to pay zakat. These results are also in line with the results of Idris et al. (2012) which emphasize that knowledge is an important variable in influencing someone to pay zakat. Entrepreneurs who have an understanding of zakat, both from conceptual and technical calculations, will have more responsibility for paying zakat. The entrepreneur community encourages fellow entrepreneurs to share knowledge about various matters relating to their obligations as Muslims, which includes paying zakat.

Zakat system structure has a significant and positive effect on the intention to pay zakat (b = 0.138, t = 2.853, and p <0.01). Because Amil zakat institutions have spread in various regions, it is easier for entrepreneurs to get information and pay zakat. In Indonesia, there are Zakat Management Organizations (ZMOs) which consist of the National Zakat Board (BAZNAS) formed by the

government, and the Amil Zakat Institution (LAZ) formed by the community and supported by the government. In 2019 it was recorded that the provincial BAZNAS consists of 34 ZMOs spread across 34 provinces, while district/city BAZNAS consists of 456 ZMOs. On the other hand, the national LAZ consists of 26 national ZMOs, and provincial LAZ consists of 18 provincial ZMOs, district/city LAZ consists of 37 district/city ZMOs (BAZNAS, 2019). The wide spread of Amil institutions in Indonesia allows Muslim entrepreneurs to easily find places to pay zakat thereby increasing the interest in paying zakat**.**

The correlation between intention to pay zakat and zakat law enforcement is significant (b = 0.098, t = 2.013, p <0.10). This result is different from the research of Saad (2009) which reveals that there is no correlation between law enforcement and interest in paying zakat in Malaysia. In Indonesia, there is no legal provision to oblige entrepreneurs to pay zakat to zakat institutions. However, the entrepreneurs support the existence of government regulations related to zakat payment. Many entrepreneurs admit that certainty regarding the status of zakat as an obligation will encourage entrepreneurs to be more disciplined in paying zakat. In addition, the regulation of paying zakat for entrepreneurs will provide certainty about the status of employers' expenditures for zakat or tax purposes.

The transparency of zakat management does not affect the intention to pay zakat. From the research results, it can be concluded that the hypothesis is supported (b = -0.076, t = 1.923, p <0. 0 5). This result is not in line with the result of previous studies which argue that transparency of zakat management is an important element in zakat compliance behavior (Wahid & Mohamad, 2006). This situation is because employers have not received information related to the management of zakat institutions as expected. The transparency of zakat institutions in managing zakat from *muzaki* and distributing it to *mustahik* has not been accessed by entrepreneurs. Zakat institutions use printed and electronic media to provide monthly and yearly information about the activities carried out. The zakat institution also provides regular information on the amount of zakat and its regular use. A number of entrepreneurs who pay zakat to LAZ admit that they have not received regular information via WA and email regarding the use of zakat that has been paid.

Finally, government support (GS) has a positive and significant effect on the intention to pay zakat. The results showed a positive relationship between government support and intention to pay zakat (b = 0.124, t = 2.853, p <0.05). The results are consistent with the research of Huda et al. (2012) and Farouk et al. (2017) who found direct government support through policies that regulate zakat institutions, such as BAZNAS and LAZ. These policies also influence the entrepreneur's assessment of the government's commitment to managing zakat. For entrepreneurs, government support means that zakat institutions can be trusted to manage zakat. In addition, government support shows that zakat institutions are safe enough to receive and manage zakat funds. Therefore, greater government support will increase the interest of entrepreneurs to pay zakat.

Conclusion

Government support for entrepreneurs' intention to pay zakat through the establishment of zakat institutions such as Zakat Management Organization (ZMO). ZMO is an organization that is authorized or appointed by the government to manage community zakat funds. There are two types of zakat management organizations in Indonesia, namely the National Zakat Board (BAZNAS) which was formed and managed by the government, and the Amil Zakat Institution (LAZ) formed by the community and then approved by the government. The establishment of this institution involved scholars and community leaders and was supported by government policies /regulations. In addition to that, the issuance of a policy to regulate zakat as the reduction of tax payment is believed to accelerate the collection of zakat from entrepreneurs. Up to this date, zakat is merely regulated to be a reduction of taxable income. In this case, the government has a big role in accommodating elements that increase the interest of entrepreneurs to pay zakat in zakat institutions.

The respondents of this research are limited to only Indonesian entrepreneurs who have met the requirements to pay zakat. A further study is recommended to include respondents from civil servants and private employees as a comparison. In addition, respondents coming from 28 out of 34 provinces in Indonesia has not considered the number of zakat institution in each province. It is recommended to maximize the number of respondents taking into account the number of zakat institutions in each province. Finally, this study has not considered the legal understanding of zakat respondents based on

the background of each religious organization membership. It is recommended for the next research to comprehend the variety of data by including the background of the respondent's organization, such as *Nahdatul Ulama* or *Muhammadiyah*.

Reference

Abdelbaki, H. H. (2013). The impact of zakat on poverty and income inequality in Bahrain. *Review of Integrative Business and Economics Research*, *2*(1), 133–154.

Abror, A., & Hudayati, A. (2020). The effect of distributive justice on intention to pay zakat through zakat institutions using affective and cognitive trust as intervening variables. *Jurnal Ekonomi & Keuangan Islam*, *6*(1), 24–33. https://doi.org/10.20885/jeki.vol6.iss1.art3

Ahmad, S., Wahid, H., & Mohamad, A. (2006). Penswastaan institusi zakat dan kesannya terhadap pembayaran secara formal di Malaysia. *International Journal of Management Studies*, *13*(2), 175–196.

Ajzen, I. (1985), *Intentions to Actions-TPB*. Springer.

Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Process*, *50*, 179–211. https://doi.org/10.1080/10410236.2018.1493416

Al-Ajam, A. S., & Nor, K. M. (2015). Challenges of adoption of internet banking service in Yemen. *International Journal of Bank Marketing*, *33*(2), 178–194. https://doi.org/10.1108/IJBM-01-2013-0001

Ali, I., & Hatta, Z. A. (2014). Zakat as a poverty reduction mechanism among the muslim community: Case study of Bangladesh, Malaysia, and Indonesia. *Asian Social Work and Policy Review*, *8*(1), 59–70. https://doi.org/10.1111/aswp.12025

Antonio, M. S., Laela, S. F., Mukhlas, D., & Ghifari, A. (2020). Optimizing zakat collection in the digital era: Muzakki's perception. *Jurnal Dinamika Akuntansi Dan Bisnis*, *7*(2), 235–254. https://doi.org/10.24815/jdab.v7i2.16597

Aziz, M. R. A., & Anim, N. A. H. M. (2020). Trust towards zakat institutions among muslims business owners. *Jurnal Ekonomi & Keuangan Islam*, *6*(1), 1–9. https://doi.org/10.20885/jeki.vol6.iss1.art1

Badan Amil Zakat Nasional. (2019). Statistik Zakat Nasional 2019 (National Zakat Statistics 2019). *Baznas*, 1–109.

Bakar, M. A., & Ghani, A. A. (2011). Towards achieving the quality of life in the management of zakat distribution to the rightful recipients (the poor and needy). *International Journal of Business and Social Science*, *2*(4), 237–246.

Bobek, D. D., Hageman, A. M., & Kelliher, C. F. (2013). Analyzing the role of social norms in tax compliance behavior. *Journal of Business Ethics*, *115*(3), 451–468. https://doi.org/10.1007/s10551-012-1390-7

Byrne, B. M. (2010), *Structural equation modeling with AMOS: Basic concepts, applications, and programming (2nd ed.)*. Routledge/Taylor & Francis Group.

Chin, W. W. (1998). The partial least squares approach for structural equation modeling. *Modern Methods for Business Research*, *January 1998*, 295–336.

Drolet, A. L., & Morrison, D. G. (2001). Do we really need multiple-item measures in service research? *Journal of Service Research*, *3*(3), 196–204. https://doi.org/10.1177/109467050133001

Elliott, A. C., & Woodward, W. A. (2007). *Statistical analysis quick reference guidebook: With SPSS examples*. Sage.

Farouk, A. U., Idris, K. B. M., & Saad, R. A. B. (2018). Moderating role of religiosity on zakat compliance behavior in Nigeria. *International Journal of Islamic and Middle Eastern Finance and Management*, *11*(3), 357–373. https://doi.org/10.1108/IMEFM-05-2017-0122

Farouk, A. U., Idris, K. B. M., & Saad, R. A. B. (2017). Predicting the intention of civil servants to pay zakat. *International Journal of Innovative Knowledge Concepts*, *5*(7), 21–29.

Fishbein, M. . (1967), *Attitude and the prediction of behavior in M. Fishbein (Ed.), Readings in Attitude Theory and Measurement.* John Wiley & Sons.

Fishbein, M., & Ajzen, I. (1975), *Belief, attitude, intention, and behavior: An introduction to theory and research*. Addison-Wesley Pub.

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservale variables and measurement error. *Journal of Marketing Research*, *18*(1), 39–50.

Ghazali, M. Z., Saad, R. A. J., & Wahab, M. S. A. (2016). A conceptual framework for examining trust towards zakat institution. *International Journal of Economics and Financial Issues*, *6*(Special Issue), 98–102.

Hair, J., Hollingsworth, C. L., Randolph, A. B., & Chong, A. Y. L. (2017). An updated and expanded assessment of PLS-SEM in information systems research. *Industrial Management and Data Systems*, *117*(3), 442–458. https://doi.org/10.1108/IMDS-04-2016-0130

Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review*, *26*(2), 106–121. https://doi.org/10.1108/EBR-10-2013-0128

Hair, J. F., Sarstedt, M., Ringle, C. M., & Mena, J. A. (2012). An assessment of the use of partial least squares structural equation modeling in marketing research. *Journal of the Academy of Marketing Science*, *40*(3), 414–433. https://doi.org/10.1007/s11747-011-0261-6

Hair, J. F., Black, W. C., & Babin, B. J. (2010). *Multivariate data analysis*. Pearson Prentice Hall.

Heikal, M., Khaddafi, M., & Falahuddin. (2014). The intention to pay zakat commercial: An application of revised theory of planned behavior. *Journal of Economics and Behavioral Studies*, *6*(9), 727–734. https://doi.org/10.22610/jebs.v6i9.532

Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, *43*(1), 115–135. https://doi.org/10.1007/s11747-014-0403-8

Hossain, M. Z. (2012). Zakat in Islam: A powerful poverty alleviating instrument for Islamic countries. *International Journal of Economic Development Research and Investment*, *3*(1), 1–11.

Huda, N., Rini, N., Mardoni, Y., & Putra, P. (2012). The analysis of attitudes, subjective norms, and behavioral control on muzakki' s intention to pay zakah. *International Journal of Business and Social Science*, *3*(22), 271–279.

Idris, K. M., Bidin, Z., & Saad, R. A. J. (2012). Islamic religiosity measurement and its relationship with business income zakat compliance behavior. *Jurnal Pengurusan*, *34*, 3–10. https://doi.org/10.17576/pengurusan-2012-34-01

Iqbal, Z., & Mirakhor, A. (2012). Financial inclusion : Islamic finance perspective. *Journal of Islamic Business and Management*, *2*(1), 35–64. https://doi.org/10.12816/0004974

Johari, F., Muhammad, M. R., & Ali, A. F. M. (2014). A review on literatures of zakat between 2003-2013. *Library Philosophy and Practice*, *2014*(1).

Kahf, M., & Yafai, S. A. (2015). Social security and zakāh in theory and practice. *IIUM Journal of Economics and Management*, *23*(2), 189–215.

Khair, U., Fahmi, H., Hakim, S. A., & Rahim, R. (2017). Forecasting error calculation with mean absolute deviation and mean absolute percentage error. *Journal of Physics: Conference Series*, *930*(1). https://doi.org/10.1088/1742-6596/930/1/012002

Khalifa, M., & Shen, K. N. (2008). Drivers for transactional B2C M-commerce adoption: Extended theory of planned behavior. *Journal of Computer Information Systems*, *48*(3), 111–117. https://doi.org/10.1080/08874417.2008.11646027

Khamis, M. R. B., Ariffin, M. S., & Samad, N. A. (2011). Compliance behavior of business zakat payment in Malaysia: A theoretical economic exposition. *8th International Conference on Islamic Economics and Finance*, 1–17.

Khamis, M. R., & Yahya, N. C. (2015). Does law enforcement influence compliance behaviour of business zakat among SMEs?: An evidence via RASCH measurement model. *Global Journal Al-Thaqafah*, *5*(1), 19–32. https://doi.org/10.7187/GJAT752015.05.01

Koutromanos, G., Styliaras, G., & Christodoulou, S. (2015). Student and in-service teachers' acceptance of spatial hypermedia in their teaching: The case of HyperSea. *Education and Information Technologies*, *20*(3), 559–578. https://doi.org/10.1007/s10639-013-9302-8

Krejcie, R. V., & Morgan, D. W. (1970). Activities of human RRP6 and structure of the human RRP6 catalytic domain. *Rna*, *17*(8), 1566–1577. https://doi.org/10.1261/rna.2763111

Mahmoud, M. A. (2010). Market orientation and business performance among SMEs in Ghana. *International Business Research*, *4*(1), 241–251. https://doi.org/10.5539/ibr.v4n1p241

Mohsin, A., & Ismail, M. (2015). Potential of zakat in eliminating riba and eradicating. *International Journal of Islamic Management and Business*, *1*(1), 40–63.

Mukhibad, H., Fachrurrozie, F., & Nurkhin, A. (2019). Determinants of the intention of muzakki to pay

professional zakat. *Share: Jurnal Ekonomi dan Keuangan Islam*, *8*(1), 45–67. https://doi.org/10.22373/share.v8i1.4573

Othman, M. Z. (2008). Determinant of zakat compliance intention among self-employed income earners in Kubang Pasu and Kota Star. *Unpublished Masters Thesis, Universiti Utara Malaysia*.

Qaradawi, Y. (2010). *Fiqh al zakat: A comparative study of zakah, regulation and philosophy in the light of Qur'an and Sunnah*. Scientific Publishing Centre King Abdulaziz University.

Ramayah, T., Rouibah, K., Gopi, M., & Rangel, G. J. (2009). A decomposed theory of reasoned action to explain intention to use internet stock trading among Malaysian investors. *Computers in Human Behavior*, *25*(6), 1222–1230. https://doi.org/10.1016/j.chb.2009.06.007

Saad, R. A. J., Bidin, Z., Idris, K. M., & Hussain, M. H. M. (2010). Factors that influenced the business zakah compliance behaviour. *Jurnal Pengurusan*, *30*, 49–61. https://doi.org/10.17576/pengurusan-2010-30-04

Saad, R. A. J., Farouk, A. U., & Abdul Kadir, D. (2020). Business zakat compliance behavioral intention in a developing country. *Journal of Islamic Accounting and Business Research*, *11*(2), 511–530. https://doi.org/10.1108/JIABR-03-2018-0036

Saad, R., A. J., & Haniffa, R. (2014). Determinants of zakah (Islamic tax) compliance behavior. *Journal of Islamic Accounting and Business Research*, *5*(2), 182–193. https://doi.org/10.1108/JIABR-10-2012-0068

Sekaran, U. (2003). *Research methods for business: A skill-building approach. 4th Edition*. John Wiley & Sons.

Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill building approach, 7th Edition.* John Wiley & Sons.

Sudarsono, H., Nugrohowati, R. N. I., & Tumewang, Y, K. (2021). The effect of zakat institution system and government support on intention to pay zakat: Knowledge as a moderating variable. *EQUILIBRIUM: Jurnal Ekonomi Syariah*, *9*(2), 253-274. http://dx.doi.org/10.21043/equilibrium.v9i2.11605

Suprayitno, E. (2013). The impact of zakat on aggregate consumtion in Malaysia. *Journal of Islamic Economics, Banking and Finance*, *9*(1), 39–62. https://doi.org/10.12816/0001592

Taylor, S., & Todd, P. (1995). Decomposition and crossover effects in the theory of planned behavior: A study of consumer adoption intentions. *International Journal of Research in Marketing*, *12*(2), 137–155. https://doi.org/10.1016/0167-8116(94)00019-K

Tlemsani, I., & Matthews, R. (2020). Zakat and social capital: Thoughts on modernism, postmodernism, and faith. *Journal of Management, Spirituality and Religion*, *00*(00), 1–14. https://doi.org/10.1080/14766086.2020.1841673

Wahid, H., Noor, M. M., & Ahmad, S. (2005). Kesedaran membayar zakat: Apakah faktor penentunya? *International Journal of Management Studies (IJMS)*, *12*(2), 171–189.

Wali, H. N. (2013). A price analysis of u.s. agricultural exports in East Asian markets. *Journal of Economics and Sustainable Development*, *4*(18), 141–147. https://doi.org/10.1300/J047v06n01_02

Zainal, H., Bakar, A. A., & Saad, R. A. J. (2016). Satisfaction of zakat distribution, and service quality as determinant of stakeholder trust in zakat institutions. *International Journal of Economics and Financial Issues*, *6*(S7), 11–13. http:www.econjournals.com