The Moderating Effect of Subjective Norms on the Relationship between Peer Influence and Intention to Pay Zakat

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Abstract: Zakat is among the pillars of Islam which aims at poverty reduction among Muslim Ummah. Zakat is vital for improvement of Asnaf purchasing power. However, the payment of zakat in Kano Nigeria is still low. Despite numerous factors that influence intention to pay zakat recommended in the literature, research model that addresses this issue is still not enough to solve the problem of low level of zakat payment in developing nations. The core objective of this paper is to suggest a research model for examining the moderating effect of subjective norm on the relationship between peer influence and intention to pay zakat among businessmen in Kano Nigeria. The paper suggests a model which if authenticated empirically will be used by Kano state Zakat and Hubsi commission for policy decision making. Additionally, the paper presents a new variable in zakat environment.

Keywords: Peer influence, Intention to Pay Zakat, subjective norm, Zakat and Hubsi commission Kano.

I. Introduction

Islam was built on five pillars, among the pillars; zakat is aimed at poverty reduction among Muslim Ummah. The real meaning of zakat in the Arabic language according to Qaradawi [1] is cleanliness, blessing, betterment, and growth. If zakat relates to a person is consider as, to improve and make that individual better in future. A lot of researchers view zakat from different perpectives. Abdussamad and Glenn [2] concludes that payment of zakat clean the wealth of individual zakat payer and purifies his / her heart from dirt, also lead to fertility and growth of wealth. It is important to note that Qardhawi [1] also asserted that wealth belongs to Allah SWT and assign its responsibility to individuals so that they can feel the pleasure of ownership, a person will only obey the command of Allah SWT when he pay zakat according to the teaching of Islam. Allah SWT in Quran Dzariat: 19 said “And in their riches there is an unpaid share for the vagrant and the destitute.”

Despite the above-mentioned importance of zakat, the poverty level in developing countries like Nigeria is on the increase (Wali, [3]). National Bureau of Statistics said poverty rate in Nigeria jumped from 54.7% in 2004 to 60.9% in 2010. Again, World Bank confirms that 112 Nigerian are living below poverty line. (Vanguard Newspaper, 28/10/2004). Poverty among people can only be reduced if zakat payers have positive intention toward zakat payment. Although, according to Saad and Haniffa [4] intention to either pay or not pay zakat is the responsibility of zakat payer. In most cases peers have a role to play to either encourage or discourage individual toward zakat payment.

II. Literature Review

2.1 Intention To Pay Zakat

The intention is the root of accepting or rejecting a given behavior (Fishbein & Ajzen [5]). In Islam people’s work are judged according to their intention (Nawawi, [6]). A lot of previous researchers confirmed that intention is a significant predictor of behavior (Ajzen [7]; Ajzen [8]; Ajzen & Madden [9]; Fishbein & Ajzen [5]). Similarly, it is expected that individual that has positive intention toward a particular action will compltant to that act more than a person with negative intention. In summary in many fields of study, scholars did a lot of research on intention and found that intention predicts behavior. Karjaluoito and Alatalo [10] found that intention influence compliance in mobile marketing. In zakat field, Saad et al. [4] also reveal that intention of businessmen influences their compliance with zakat payment.

2.2 Peer Influence And Intention To Pay Zakat.

Peer influence is the ability of a friend or subordinate to convince an individual to pay zakat. Most the studies on zakat were conducted in Southeast Asian countries: Malaysia, Indonesia, Pakistan and Brunei. (Shirazi, [11]; Abdullah, [12]; A, RahabNorazlina Abd; Rahman [13] Idris, Biden, & Saad, [14]; Suprayitno, Kader, & Harun, [15]; Mobsin, [16]; Noor, Rasool, Ali, &Rahman, [17]; L. H. Abdullah et al.[18]) Peer influence in zakat field as a variable is yet to be tested. Although, Taylor and Todd [19] examined peer influence in another area and found that there is a positive relationship between subjective norms and peer influence.
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Hence, the following proposition is developed. Proposition 1: Peers significantly influence zakat compliance behavior.

2.3 Peer Influence, Subjective Norm, And Intention To Pay Zakat.

As mentioned above, peer helps in influencing an individual in decision making. The relationship between peer and the subjective norm was found to be significant (Taylor et al. [19]). Complementary to this, the relationship between subjective norm and intention was also found to be positive and significant (Bhattacherjee [20]; Limanyem [21]). In zakat environment also some researchers found a positive relationship between subjective norm and intention to pay zakat (Saad & Haniffa [4]; Heikal et al.[22]).

In contrast, some scholars argued that the relationship between subjective norm and intention is negative and insignificant (Chau and Hu [23]; Othman [24]). Again, Taylor et al. [19]) explored the idea that subjective norm and intention relationship is unclear. Based on the inconsistent findings of many previous researchers, this study proposes the moderating role of subjective on the relationship between peer influence and intention to pay zakat. Thus, the proposition states that

Proposition 2: Subjective norm influence intention to pay zakat
Proposition 3: Subjective norm moderates the relationship between peer influence and intention to pay zakat.

III. Methodology

3.1 Partial Least Square (Pls-Sem)

This study proposes to use Partial Least Square Structural Equation Modeling (PLS-SEM) using SmartPLS software in data analysis. According to Hair et al. [25] PLS is a sound technique in cause-effect relationship analysis between latent variables. Similarly, PLS-SEM approach is stronger, flexible, and superior statistical tool for theory prediction and testing Ringle, Wande, and Becker, [26].

IV. Proposed Framework

As explained in the previous section the relationship between subjective norm and intention to pay is positive in some studies (Limanyem [21]; Bhattacherjee [20]; Saad & Haniffa [4] and negative in others (Chau and Hu [23]; Othman [24]). According to Baron and Kenny [8], an inconsistent finding can necessitate the inclusion of moderator. Hence, this study proposes subjective norm as a moderator to peer influence and intention to pay zakat. Thus, below framework is developed.

V. Conclusion And Implication

The paper discusses the moderating effect of subjective norm on the relationship between peer influence and intention to pay zakat as depicted in figure 1. This model if validated empirically is expected to contribute to the body of knowledge in zakat environment. Furthermore, the model is expected to offer suggestion that can increase zakat collection in Kano Nigeria. Finally, the paper introduces a new framework in zakat environment. If the proposed model is tested with enough data, the outcome will be useful to zakat institutions and zakat payers.

References


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