

**ORIGINAL ARTICLE**

Factors Affecting Zakat Payment among Employees during Coronavirus Disease (Covid-19) To The Zakat Organizations In West Bank- Palestine

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ABSTRACT

Despite the continuous increase in annual zakat collection, the business zakat from Muslim entrepreneurs remains low. Among others, it is due to the doubtfulness on the zakat institution's management of the funds. This study intended to determine the trust and commitment level of the Muslim sole-proprietors and partnerships towards the zakat institution based on four main objectives. The discussion throughout was based on the commitment-trust theory.

Trust was identified as the sole factor that influences the commitment towards zakat payment at the zakat organizations. Shared values, non-opportunistic behavior, Palestinian employees during coronavirus disease (covid-19), zakat distribution perception and political tendency significantly influenced their trust of the zakat institution. Non-material benefit was confirmed as the partially mediating variable between trust and commitment of Palestinian employee's zakat payment at the zakat organizations. This study contributes to the literature by enriching discussions on the Material Benefits, Shared Values, Commitment and Trust, Communications, Non-Material Benefits and Trust, between Non-Opportunistic Behavior and Beliefs and Palestinian employees during coronavirus disease (covid-19) towards Zakat organizations in west bank. Thus, understanding of the trust and commitment towards Zakat organizations in west bank can be improved since the findings and the evidence. The implications to the theory are in terms of the usage of the commitment-trust theory in the zakat environment.

Keywords: Zakat organizations, Material Benefits, Shared Values, Commitment, Trust, Palestinian employees and west bank- Palestine

1.1 Introduction

The word of Zakat carries an important meaning and has a high position in Islamic teachings. It is one of the main demands because it has been stated in the Qur'an 30 times and 27 of them are together with the order to perform prayers [2]. Zakat is also a pillar that encourages a Muslim to interact with the community to fulfill his demands. From a linguistic point of view, zakat means clean, pure, flourishing, multiplying, blessing and increasing. It is also defined as blessed, holy and fertile [3]. Zakat has two main goals, namely to physically help the less fortunate and purify the heart of the zakat payer from the bad inner nature as Allah s.w.t. which means: Take (part) of their property, as alms, so that with it you may cleanse them (from sin) and purify them (from bad morals); and pray for them, for verily your prayer is a testimony for them. And (remember), Allah

is All-Hearing, All-Knowing” (Al-Quran, Surah At-Taubah 9: verse 103, Tafsir Pimpinan Ar-Rahman Ed. 11)

The issue of commitment to pay zakat to legitimate zakat institutions is very important to unravel the phenomenon. Several reports and studies show that the commitment of Muslim traders to the payment of zakat is at a depressing level. Furthermore, Awad, Azmi Wasfi [11] reported that only 12.2% of 8,226 Muslim employees in the Palestinian employee the zakat payment commitment to zakat organizations. This shows that the commitment of Palestinian employees to the payment of zakat to zakat organizations is very low. The same situation also happened in the state of Nablus in west bank. Moreover, in this critical time and the effect of coronavirus covid 19 in the Palestinian economy Palestinians should pay more to the zakat organizations to help the people who affected from the coronavirus covid 19 the donation from employees can help the government to give more support to the daily payment worker and poor citizen[6]; [7].

The law of business zakat payment is clearly stated in the Quran, there should be no more reason for Palestinian employees not to pay zakat. Simplified payment methods should also be able to increase the commitment of employees in terms of zakat payment. Furthermore, this study to investigate the factors can affected the commitment and trust in the payment of business zakat through zakat organizations. However, studies on this matter in the zakat environment are still difficult to find. The zakat environment is quite unique compared to studies in other fields. This is because the question of commitment and belief in zakat is not only related to religion but also the environment of zakat is loose from the aspect of law and its enforcement.

A review of the literature found that previous studies were more focused on understanding the behavioral compliance of zakat on employment income [12]; [13]; [14]. It is very rare to find studies in the context of business zakat except studies by [15] and it is difficult to find studies that focus on commitment and trust. Although it is possible that the explanatory factors in the study can be used to explain the commitment and trust in the payment of business zakat, but many other explanatory factors have not been explored.

Thus, this study fills the gaps of previous studies in the zakat environment. First, this study focuses on a new dimension, namely looking at the factors that influence the commitment and trust of Palestinian employees towards the legal payment of zakat through zakat organizations. Second, this study is the first attempt to apply Commitment Trust Theory (TKK) [19]. This approach is different from previous studies that use a lot of Organized Behavior Theory [19]. TKK has been extensively studied in the context of non-profit entities (EBBK) and it is appropriate to apply in this study [21]; [19]. as the role of zakat institutions is almost the same as EBBK. Third, new factors are also tested in addition to existing factors in TKK.

These factors are the composition of the board of directors, the disclosure of information reports perception of zakat distribution. These factors are believed to play an important role in forming commitment and trust in the zakat environment. In addition, immaterial benefit factors were also tested as intermediate variables to the relationship between trust and commitment. Therefore, this

study is expected to cover the gaps that exist in previous studies related to zakat. Furthermore, Based on the above discussion, this study examines the problems through the following questions: 1) what is the Relationship between Material Benefits and Palestinian employees during coronavirus disease (covid-19)? 2) What is the Relationship between Shared Values, Commitment and Trust with Palestinian employees during coronavirus disease (covid-19)? 3) What is the Relationship between Communications, Non-Material Benefits and Trust with Palestinian employees during coronavirus disease (covid-19)? 4) What is the Relationship between Non-Opportunistic Behavior and Beliefs with Palestinian employees during coronavirus disease (covid-19)? 5) What is the Relationship between Board Composition and Palestinian employees during coronavirus disease (covid-19)? 6) What is the Relationship between Report Disclosure Information and Beliefs with Palestinian employees during coronavirus disease (covid-19)?

1.2 Scope Of The Study

This study focuses on Palestinian employees in assessing their level of trust and commitment to paying zakat. This selection was made because the combination of the two forms the highest number of active employees and has great potential as a major contributor to the collection of zakat in the West bank - Palestine.

1.3 Theoretical Contribution

studies in Muslim countries about zakat is gaining attention and become one of the focus subjects in economic development on the issue as well as producing extensive research literature compared to other countries [25]; [26]; [27]. Highlights of the zakat literature have shown among the focus of the study including employment zakat [23], distribution and collection of zakat [24] While studies on the awareness of paying zakat among the Muslim community show that the level of public awareness is still low in general despite the increase in the annual zakat collection [20]; [21]. Both studies look at the aspect of income zakat payment which suggests increased awareness through education to the community, salary deductions and law enforcement. In addition, other important factors that influence community awareness are the level of confidence and satisfaction with Zakat workers who are doubtful especially in distributing zakat to the proper a snap.

Research on business zakat has received pe special attention through the scientific study [15] which looks at the factors that determine the behavior of business zakat compliance based on TGT by Ajzen (1991[28]). Earlier, studies on zakat compliance behavior have been done [14]; [16], who are all more focused on individuals through zakat on salary income.

The study on zakat is gaining attention with a focus on several segments such as in the banking sector and financial institutions [19], a comparison with business income tax [17], and the effect of religious and personal factors on intention paying business zakat [10]. Lately, the study on business zakat is growing like a study on payment confusion zakat either by the owner of the business entity and the prominence of the corporate image through the payment of business zakat. In short, most of the studies that have been done largely have used the TGT approach (Ajzen, 1991[28]) in addition to using the approach from an Islamic perspective, economics, and comparison of tax laws and zakat.

The TKK model [29] as shown in Figure 1.1, was produced after specific observations were made of the factors that enable successful long-term marketing relationships and how these constructs interact. Trust is conceptualized as confidence in the reliability and integrity of a business partner while commitment refers to the desire to maintain a valuable relationship with a business partner. Both need to exist and not enough with just one element to give a positive result. Thus, this marketing relationship refers to the strengthening of the sustainability of beneficial business relationships over a long period of time that can be achieved through the trust and commitment given by both parties.

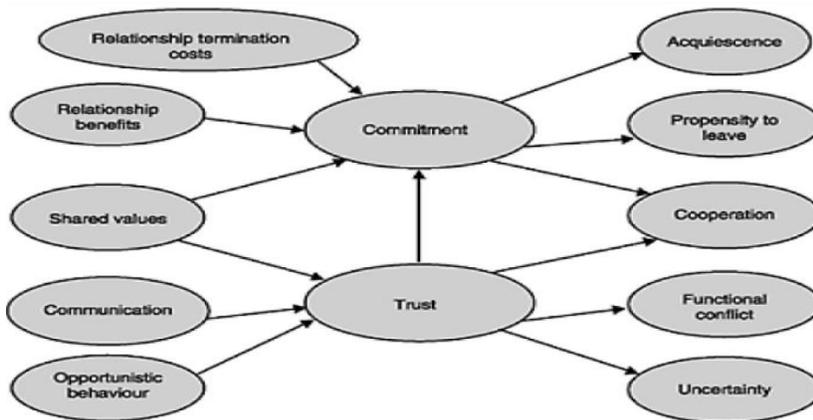


Figure 1.1: Morgan and Hunt (1994) Marketing Relations Model

1.4 Shared Values, Commitment and Trust

It is an important factor in contributing to the formation and strengthening of both trust and commitment relationships between Palestinian employees and zakat organization [28]; [29]. This

factor has also become a critical element among online banking users to drive commitment to the bank of their choice.

The same is true Palestinian employees where value-sharing factors are factors that influence employee's commitment and trust [27]. Meanwhile, studies in Qatar show that shared values have a modest effect on the commitment of internet banking customers. This is quite different from the study of [30], but it is because customers feel the need to first trust the online system offered before being able to give their commitment. Nevertheless, shared values still affect commitment through trust as an intermediary variable. Thus the proposed hypotheses as follows:

H1. Shared Values, Commitment and Trust has a positive effect on Palestinian employees during coronavirus disease (covid-19).

1.5 The Relationship between Material Benefits and Commitment

There are many past studies that have investigated the relationship between material benefits directly in the form of tax deductions and contributions to society [1]; [4]. The material benefits received by contributors include when their charitable work assistance is recognized by the community through the honors bestowed and good name [2]; [5]. In the context of zakat, Palestinian employees and zakat organization enjoy the material benefits of their zakat payment when given the same tax rebate as individual zakat payers. The privilege of tax rebates enjoyed like this can be a strong and positive impetus for Palestinian employees to not only zakat payment channel but remain committed to the future. Therefore, this study expects the material benefits to further increase the commitment of zakat payment through among Palestinian employees. Thus the proposed hypotheses as follows:

H2. Material benefits and commitment has a positive effect on Palestinian employees during coronavirus disease (covid-19).

1.6 The Relationship between Shared Values, Commitment and Trust

When individuals feel that the values they hold are also agreed upon by other individuals and organizations, it opens up space to get to know and support each other. Past studies have also shown that togetherness or value sharing has been among the factors that are positively related to commitment and trust between Palestinian employees and zakat organizations [1]. Apart from the business sector, the same thing is experienced by political parties where individuals will be more positive in extending their contributions to political parties that support the aspirations of the same struggle [5]. This phenomenon explained by the theory of attraction based on equality [6]. Shows how togetherness in shared values has prompted donors to focus on specific zakat organization [1]; [5]; [6]; [8]. According to Jaelani [31], one can still work with others even if they are different

in terms of politics or religion. On the other hand, what binds the relationship between the two is the sharing of basic values that involve the nature of humanity and generosity that are mutually agreed upon.

Consistent with the above discussion, it is suggested that the higher the value shared, the stronger the commitment of zakat payers to pay zakat formally and trust among Palestinian employees and zakat organization. Thus the proposed hypotheses as follows:

H3: Shared values and belief has a positive effect on Palestinian employees during coronavirus disease (covid-19).

1.7 Relationship between Communication, Non-Material Benefits and Trust

The importance of communication is undeniable especially when contributors want information on how the funds channeled can help those in need [6]. These factors are reported to be able to increase the level of trust of contributors to the zakat organization that manages the fund and make them more loyal to provide commitment for a longer period of time[8]. Communication also is an important element in increasing trust within the zakat organization [5].

The information obtained by donors when knowing their contribution has been able to be utilized should increase their satisfaction i.e. immaterial benefits [5]; [6]. In fact, two-way communication has captivated donors to trust and commit to EBBK which is their choice. This enables the continuation of strong relationships between Palestinian employees and zakat organization, thus making employees increasingly excited to contribute further with larger amounts in the future. Therefore, this study suggests that there is a positive relationship between communication and immaterial benefits. Thus the proposed hypotheses as follows:

H4: communication and immaterial benefits and belief has a positive effect on Palestinian employees during coronavirus disease (covid-19).

1.8 Mythology Of The Study

This study was conducted to obtain information on the Material Benefits, Shared Values, Commitment and Trust, Communications, Non-Material Benefits and Trust, between Non-Opportunistic Behavior and Beliefs among Palestinian employees during coronavirus disease (covid-19) Zakat organizations in west bank. In general, a study can be done through exploratory, descriptive techniques and hypothesis testing. Since the objective of the study is to test the factors that influence the relationship of beliefs and commitments, then the use of testing hypotheses (as developed in Chapter Four) is more appropriate to obtain predictive results of the effect of independent variables on the dependent variables of this study [32].In addition, hypothesis testing is also important to determine the extent to which immaterial benefits serve as a mediator of trust and commitment.

1.9 Findings And Discussion

The purpose of this study is to identify and determine Material Benefits, Shared Values, Commitment and Trust, Communications, Non-Material Benefits and Trust, between Non-

Opportunistic Behavior and Beliefs among Palestinian employees during coronavirus disease (covid-19) Zakat organizations in west bank. In this regard, this study has successfully identified the factors that influence the trust and commitment of Palestinian employees to channel their business zakat payments during coronavirus disease (covid-19) Zakat organizations in west bank. In particular, the objectives of this study are to

following questions: 1) To determine the Relationship between Material Benefits and Palestinian employees during coronavirus disease (covid-19) 2) To clarify the Relationship between Shared Values, Commitment and Trust with Palestinian employees during coronavirus disease (covid-19). 3) To investigate the Relationship between Communications, Non-Material Benefits and Trust with Palestinian employees during coronavirus disease (covid-19). 4) To investigate the Relationship between Non-Opportunistic Behavior and Beliefs with Palestinian employees during coronavirus disease (covid-19). 5) To clarify the Relationship between Board Composition and Palestinian employees during coronavirus disease (covid-19) 6) To clarify the Relationship between Report Disclosure Information and Beliefs with Palestinian employees during coronavirus disease (covid-19). Furthermore, the theoretical relationships put forward through the formation of a new conceptual framework for this study have gained support through empirical evidence. In general, this study provided another empirical evidence for zakat organizations in Palestine. As discussed earlier, zakat payments during coronavirus disease (covid-19) Zakat organizations in west bank emphasizes how the success of a relationship lies in the presence of two underlying factors, namely trust and commitment [33]. This theory has not only caused a great theoretical and practical shift in the field of marketing relations, but it has also had a huge impact on the confidence of online business customers, contributors to the non-profit entity. However, the findings of this study directly show that this Zakat organizations can also be applied in understanding the religious environment such as zakat. This shows the suitability (applicability) and applicability (applicability) of this theory to explain the phenomenon of belief and commitment of zakat payments during coronavirus disease (covid-19).

1.10 Limitations And Recommendations For Future Studies

This study has successfully shown that there is some significant relationship between the factors identified can strengthen the commitment of Palestinian employees during coronavirus disease (covid-19) Zakat organizations in west bank. Even so, there are still some limitations regarding this study that need to be taken into account.

The first limitation of the study is related to the context of the study which is only focused on employees in west bank. Therefore, the ability to generalize the findings of the study is limited. Thus, this study can be expanded in scope to cover all states in Palestine.

The second limitation is that the conceptual framework presented for this study is newly developed and requires it to be further tested and validated. Accordingly, it is better and necessary for this

conceptual framework to be used in the context of different organizations or countries for future research.

1.11 Conclusion

This study aims to understand the factors that influence the belief and commitment to Zakat organizations in west bank among Palestinian employees during coronavirus disease (covid-19). The results of the study confirm the belief as a determinant of the commitment of Palestinian employees to pay zakat. While immaterial benefits play a role as a partial intermediary to the relationship in between trust and commitment. These findings are in line with theory and consistent with previous studies in other fields. At the same time, the results of the study also show the need for modifications to the zakat according to the needs of the study context to obtain a more accurate understanding.

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