

Islamic Religiosity Measurement and Its Relationship with Business Income Zakat Compliance Behavior

(Ukuran Nilai Keagamaan dalam Islam dan Hubungannya dengan Gelagat Kepatuhan Zakat Perniagaan)

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ABSTRACT

Quantitative Islamic religiosity measurement and its related studies are hardly found in literature. As a result, many researchers have used the conventional measurements which are derived from the West. The suitability of these measurements in Islamic environment is questionable. Thus, the purpose of this study is to examine the quantitative Islamic religiosity measurement from the Islamic perspective and to determine whether the composition of these measurement associates are in compliance with the behaviour of zakat. A survey was carried out on 227 respondents. Results indicate that the components measurement of religiosity has four dimensions. From the results of regression analysis, this study finds that business owners who are highly religious are also more likely to comply with zakat law. Thus, this study concludes that religiosity measurement from Islamic perspective is as complex as the conventional ones and it is composed of several dimensions. It also suggests that religiosity plays an important role in zakat compliance behaviour.

ABSTRAK

Ukuran kuantitatif keagamaan dari perspektif Islam dan kajian yang berkaitan dengannya sukar ditemui dalam literatur. Justeru, ramai penyelidik telah menggunakan ukuran konvensional yang diasaskan oleh Barat. Namun, kesesuaian penggunaan ukuran ini dalam persekitaran Islam boleh dipersoalkan. Oleh itu, tujuan kajian ini adalah untuk mengkaji ukuran kuantitatif keagamaan dari perspektif Islam dan menentukan sama ada komponen ukurannya berkait dengan gelagat mematuhi tuntutan zakat. Suatu tinjauan terhadap 227 responden telah dijalankan. Keputusan menunjukkan empat dimensi timbul sebagai komponen ukuran nilai keagamaan dalam Islam. Dari hasil analisis regresi, kajian mendapati bahawa ahli perniagaan yang mempunyai nilai keagamaan yang tinggi adalah lebih cenderung untuk mematuhi undang-undang zakat. Justeru, kajian ini menyimpulkan bahawa ukuran keagamaan dari perspektif Islam adalah sekomples ukuran konvensional dan terdiri daripada beberapa dimensi. Ia juga menunjukkan bahawa nilai keagamaan memainkan peranan penting dalam mempengaruhi gelagat kepatuhan zakat.

INTRODUCTION

The suitability of a particular measurement to the environment of concerned in a particular study is an issue that requires serious consideration prior to conducting a research. This is to avoid any misconception and wrong conclusion in certain areas under study. It will be very crucial especially in areas such as religion that are considered sensitive to the society. In studies such as this, researchers are not supposed to take for granted by simply adopting any available religiosity measurements in the literature that seems close to the area under study. In brief, establishing a new quantitative measurement for measuring Islamic religiosity is extremely necessary not only because it enriches the body of knowledge. More importantly, the newly developed measurement should fit nicely to the Islamic environment and subsequently, drives a better and more reliable result.

Although the necessity of establishing Islamic religiosity measurement is vital, one should not neglect the two important criteria for a particular latent

variable measurement i.e. reliability and validity. Thus, thoroughness and robustness of the study must be of top priorities. The measurement must be tested in reality to confirm its supremacy in reliability and validity. The test should be carried several times in many similar studies so that continuous improvement of the measurement can be achieved.

In light with the above issue and discussion, this study intends to establish the measurement of religiosity from the Islamic perspective. To proceed with thoroughness and robustness of the measurement, this study further attempts to test the established measurement by analyzing its association with the compliance behaviour of zakat.

PREVIOUS STUDIES

Religious values in general are complex and represent a construct that is difficult to measure and is viewed from different perspectives. Thus, most previous researchers took different approaches to measure it. One of the

approaches that is often used by researchers is to adopt the measurement of religion which was examined in different environments into their studies. There are many Islamic studies that have adopted the measurement index developed by Western researchers. This situation is not surprising because quantitative measurement for Islamic religiosity is hardly found in literature. Thus, the results of various studies under Islamic environment are skeptical. For example, studies by Kamil (2002) and Zainol (2008) have adopted the religious measurement index developed by Chatters, Levin and Taylor (1992) to understand the intention and compliance behavior of zakat on employment income even though Chatters et al. (1992) study focuses on Christianity and Judaism.

The definition of religion is less timely in the context of Islam. This is because Islam is the religion of God which is the perfect way of life for a man. According to Harun et al. (1991), Islam is defined as believing in God and declares this belief in the form of worship based on the Quran and the Hadith. Islam encompasses three major fundamentals, namely faith, sharia and *akhlaq* (similar to moral). Faith is believe in God, angels, *kitab*, messengers, days of judgment and qada and qadar which cover the characteristics of truth, goodness, beauty and absolute perfection. Sharia is the will and desire incarnated from the belief that covers all disciplines, rules and regulations that must be observed, followed and implemented in daily life. This includes matters relating to the practice or act of a man with God, fellow human beings and human nature. Under this fundamental, four areas are observed. These include religious *sharia* (religious law), *muamalat* (social law), *munakahat* (family law) and criminal (criminal law). *Akhlaq* is related with moral and ethical behaviors. A good and excellent behavior is normally reflected when the *akhlaq* is based on faith and Shari'a (Harun et al. 1991). This means that the character reflects the kind of lifestyle or behavior of a person in terms of beliefs, thoughts and actions.

Thus, to understand the behavior of a believer in complying with a particular rule of his/her religion, a study must apply an index that is developed for a specific environment based on the issue that is addressed in the study. With respect to this study, to understand the zakat compliance behavior, the religiosity measurement should be based on the existing features of the religion of Islam. This concern has not been addressed in the previous studies related to zakat (Kamil 2002; Zainol 2008).

RELIGIOSITY MEASUREMENT

Social psychology literature states that religiosity can be measured through various instruments of different dimensions. Depending on the definition of religiosity, researchers agree that variable religiosity is complex in nature (Robinson & Shaver 1973; Rusnah & Susila Devi 2006). Measuring something which is complex requires a lot of items to cover all the various features or dimensions of the variable (Zikmund 2003).

Chatters et al. (1992) measure religiosity in three dimensions namely, organizational religiosity behavior, non-organizational religiosity behavior and subjective religiosity. Organizational religiosity behavior is defined as the individual participation in a religious institution such as holding a particular position in a religious institution, a member of religious institutions and so forth. Non-organizational religiosity behavior is the individual involvement in private activities which are outside of religious institutions. The activities include reading religious materials, doing religious welfare, listening and watching religious programs and so on. Subjective religiosity is a psychological aspect that focuses on trust, knowledge and attitudes of oneself in religion.

According to Clark and Dawson (1996) and King and Crowter (2004), there are a number of measurements being carried out from religious aspect. One of the most popular measurements is the religious orientation approach introduced by Alports and Ross (1967). They measure religiosity level in two forms of orientation, namely intrinsic (internal) and extrinsic (external). Intrinsic orientation is defined as an individual who shows the practice of religion as self-goal. While extrinsic orientation refers to an individual who shows the practice of religion as means to social and personal end (King & Crowther 2004). Meanwhile, in another study, Myers (1996) describes six dimensions in the Christian religiosity variable, namely the daily influence of religious beliefs, frequency of reading the bible, frequent listening to religious broadcasts, the frequency of focus in prayer, the frequency of involvement in church activities and the frequency of attending church.

In the context of Islam, there are several dimensions that have been proposed by previous researchers to measure religiosity. For example, Harun et al. (1991) explain that Islam is a submission to Allah SWT in faith, worship and tenets. Idris (2000) also defines Islam in the form of general principles such as faith, prayer, sharia, *akhlaq*, cultural, scientific, economic, political, propaganda, association and jihad. Hamza (2000) measures the level of Islam in three dimensions, namely religious education, product sensitivity and current issues. Riaz (2005), in a study of forms of religious commitment in the Muslim community, measures religiosity in five dimensions, namely believe in religion, worship, obedience, experiential, and destiny. Similarly, Badahdah and Triemann (2005), in their study investigate the features undertaken in selecting housemates among Muslims. They measure religiosity based on several dimensions such as devotion to Allah SWT, being a righteous man, obedient to the instruction of Allah, believing in the religion, believing in the hereafter and wearing *hijab*. Khraim (2010) uses three dimensions to measure religiosity for the people of Jordan. These dimensions are: Islamic financial services, seeking religious education, current Islamic issues and product sensitivity. Mirsaleh et al. (2010) measure Islamic religiosity based on the following four factors: religiosity, religious disorganization, religious pretentiousness, and

hedonism. Many other studies have also revealed all sorts of dimensions to measure Islamic religiosity (Abouchelid 2007; Amir & Hovey 2007; Gilbert 2008; Rusnah & Susila Devi 2006). Nonetheless, majority of the studies do not scientifically quantify the measurement of religiosity.

In the context of zakat environment, Kamil (2002) and Zainol (2008) have used religiosity measurement as defined by Chatters et al. (1992). The criticism in using the Western definition is that it may not be adequate in describing the concept of religiosity in Islam because the latter is more comprehensive and covers wider aspects such as belief, sharia and *akhlaq*.

THE INFLUENCE OF RELIGIOSITY ON COMPLIANCE BEHAVIOR

The relationship between religiosity and behaviour has been widely explored (see for example Gilbert (2008) and Kim, Waller and Erdrogn (2002)). Religious, through its components, elements and dimensions, is seen to dictate the affective and cognitive functioning of individuals, in such way that ultimately affects one's judgment. Thus, religious values play an important role in influencing the behavior of a human being.

Kamil (2002) for example, reveals two categories of factors that relate to compliance behavior of zakat, namely the internal and external factors. Internal factor refers to factors inculcated in the person such as religiosity, knowledge, attitude, and perceived of fairness. External factors relate to the surroundings of the individual such as zakat law, enforcement, and zakat administration. One of the variables discussed by Kamil (2002) is religiosity. According to his report, religiosity plays a significant role in influencing compliance behaviour. This is further supported by Zainol, (2008) although his result is not similar to Kamil (2002) in term of the influential direction. Although the discussions put forward by Kamil (2002) and Zainol (2008) focus on employment income, it is believed that this variable will also become an important determinant of zakat compliance behavior for business income. This is because Muslim individuals are all equal regardless of whether they are business owners who generate their own incomes or employees whose incomes are paid by someone else.

In another study, it is reported that religiosity can influence decision making by contributing to one's concept of own identity and also by normalizing certain values and beliefs (Gilbert 2008). It will also affect the way people behave. Higher religiosity involves stronger consistency between religious values and behavior. Gilbert (2008) reports that religiosity is negatively related to cheating behavior. In her study, she finds that highly religious business students are less likely to cheat than less religious business students. In the context of tax compliance behavior, Jackson and Milliron (1986) report on several tax studies that find ethics generally increases compliance. Reckers, Sanders and Roarks (1994) find that ethics are associated negatively with tax evasion.

Religiosity is also found to significantly affect individual tax morale (Torgler 2006).

HYPOTHESES DEVELOPMENT

RELIGIOSITY CONSTRUCT

Religious value is a complex construct and therefore it needs to be evaluated from various aspects (Zainol 2008). Previous literature has reported that there is a number of dimensions in religiosity construct. In studies which are based on Western environment, the dimensions of religion that are often used include the intrinsic orientation, extrinsic orientation, frequency of reading the gospels, frequency of listening to religious broadcasts, frequent involvement in church activities, frequency of church attendance, organizational religiosity behavior, non-organizational religiosity behavior, and subjective religiosity (Chatters et al. 1992; King & Crowther 2004; Myers 1996).

In studies under Islamic environment, the measurement of the religiosity construct constitutes several dimensions. Among the dimensions that are often reported are faith, *akhlaqs*, rituals, laws, cultural, economic, political, social, jihad, loyalty, destiny, obedience to the instruction of God, believe in the religion, believe in the hereafter, frequency of attending mosques, and practice of circumcision (Abouchelid 2007; Amir & Hovey 2007; Badahdah & Tiemann 2005; Harun et al. 1991; Riaz 2005; Rusnah & Susila Dewi 2006). Gilbert (2008) also recommends that Islamic religiosity be assessed with behavioral indicators such as attendance at religious services, religious affiliation, prayer frequency, reading of sacred texts, and participation in religious discussions with others.

Based on the above discussion, it appears that there is no universal definition of religiosity. It is observed that religiosity measurements used by previous studies depend on the context of the respective study. For the purpose of this study, religiosity is defined as one's daily religious activities and believes in the outcomes of discharging the zakat responsibility. Hence, the following hypothesis will be tested.

H₁ Religiosity measurement for Muslim individual in zakat environment is a multidimensional construct.

THE ROLE OF RELIGIOSITY IN COMPLIANCE BEHAVIOUR

Individual behaviour might be influenced by social institution including religion and religious institution (Singhapakdi et al. 2000). Torgler (2006) claims that individuals who possess high religious values are more actively involved in church or religious organization and have a strong relationship with tax moral. On the other hand, individuals who lack in religious values tend to get involved in an unethical action.

Issues relating to the role of religiosity in the context of compliance behavior have received increasing

attention in recent years (e.g., Kamil 2002; Zainol 2008). According to Kamil (2002), religious beliefs have the potential to influence behavior in providing a framework in distinguishing between right and wrong.

Prior studies have found evidences of both positive and negative relationships between religiosity and behavior. As stated by Vitell and Paolillo (2003), individual religious value influences consumer ethical beliefs in a positive way and has strong ties with attitude and behavior. Religiosity tends to correlate positively with idealism and negatively with relativism (Singhapakdi et al. 2000; Vitell & Paolillo 2003). Ethical idealists tend to accept universal rules (e.g. it is wrong not to pay zakat). In contrast, ethical relativists tend to reject the existence of universal moral rules. They believe that morality can be examined from different perspectives and feel that the notions of right and wrong depend largely on the situational context.

Normally, a person who is involved with various religious activities has a greater potential to comply with zakat payment. This is because zakat is one of the pillars of Islam and adherence to this rule depends on the extent to which a person appreciates the values of Islam. This is consistent with some researchers asserting that religious characteristics particularly the involvement of a religious person, has strong relationship with the attitudes and behaviors (Woodrum 1988). In the zakat environment, Zainol (2008) finds that religiosity is positively related to the intention to comply with zakat on employment income. As individuals position religion at the center of their lives, they tend to internalize expectations and tenets of their faith. It seems reasonable to expect highly religious individuals to be more likely to pay zakat than their less religious counterparts. Thus, the hypothesis of the relationship between religion and compliance is stated below:

H₂ Religiosity dimension(s) will be positively related to the zakat on business income compliance behavior.

METHODOLOGY

In this study, the units of analysis are sole proprietorships and partnerships around the state of Kedah. The state of Kedah is chosen because it is one of the two states that has exclusive law on zakat i.e. Zakat Act. In other states, the respective state's enactments govern the zakat affairs. Sample framework of this study is Muslim business owners. In 2006, there were 43,017 active Muslim business owners in Kedah (Mohd-Sani 2007). A random sampling technique was applied over the population to select a sample from the list. Sample size was fixed to 700 respondents which exceeds the maximum sample for a population of 40,000 respondents as suggested by Krejcie and Morgan (as cited in Sekaran 2003), i.e. 380 respondents. A bigger sample size is needed to overcome the possibility of non-response problem. The final sample size of 227 business owners also fits the recommended Roscoe's rule (as cited in Sekaran 2003) which states

sample size should be more than 30 but less than 500 for most studies.

INSTRUMENTATION

A set of questionnaire was sent via mail to the selected business owners. For this study, religious value was operationalized as the perception towards faith, perception towards Islamic law and *akhlaq* in Islamic religious affairs. It includes the perception towards belief and faith, compulsory religious worship and optional treatment encouraged in Islam, *akhlaq* as well as ethic commitments in religious activities. The multi-dimension approach is used because the literature has shown that religious is a complex concept. According to Zikmund (2003), to measure such a complex concept, many items are needed because the concept of construct has many features or dimensions. One of the popular approaches among researchers is a composite index because an index measure is a better instrument in getting more accurate measurement of this complex concept. Hence, this study uses an index measure to gauge religious values variable among respondents.

Generally, previous researchers have proposed various dimensions to gauge one's religious value. In Islam, Harun et al. (1991) propose that the religious values must be measured based on faith features, Islamic law and *akhlaq*. Islam is centered on monotheism that is based on the pillars of faith as believing in God, angels, messengers, hereafter life (*akhirat*), and qada' and qadar. The definition proposed by Harun et al. (1991) will be applied in this study because it is comprehensive and in congruence to Islamic environment compared to the definition used by Kamil (2002) and Zainol (2008) in the previous studies on zakat compliance behavior.

There are 18 items which encompass four dimensions that are included in the questionnaire. Each item is rated on the 5-points Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Sample questions include items for example "Prayers five times a day help my life." Highest score in the religious values index (18 items × 5 points = 90 points) indicates a very high level of religiosity. On the other hand, lowest score (18 items × 1 points = 18 points) reflects the lowest level of religiosity.

ANALYSIS

This study has four stages of analyses. The first analysis is the reliability of the instrument. The purpose of this analysis is to evaluate the consistency of the instrument with the concept that is being measured. Thus, the items are tested for internal consistency to obtain the Cronbach Alpha value. As recommended by Hair et al. (2006), an alpha value of 0.70 or more is good. A value of 0.60 is acceptable for an exploratory study.

Once the instrument passes the reliability analysis, the next stage of analysis is the validity test. For this purpose, suitability test and data identity matrix test are tested using the Kaiser-Meyer-Olkin (KMO) and Bartlett Test of

Sphericity. The KMO measures the adequacy of sample and Bartlett Test of Sphericity tests whether or not the matrix correlations is an identity matrix. The value of KMO indicates that the usage fitness of the exploratory factor analysis is at level 0.70 or more, and reject it if the result is below than 0.50 (Hair et al. 2006). The value of Bartlett Test of Sphericity that indicates the matrix correlation is not an identity matrix must be significant at $p < 0.05$.

After the tests are satisfied, factor analysis is applied to those items. Under this analysis, principal component analysis method with varimax rotation is performed to further analyze the data. Analysis using this method is suitable because the purpose of this study is to extract the religiosity variables into several smaller components. This method groups the unique components into certain characteristics. Eigenvalue that is above 1.0 for each component is significant in forming one component (Hair et al. 2006). Significant components will be reviewed from the aspect of factor loadings that clustered in a particular component. In this study, factor loading value of 0.50 is fixed for consideration whether or not an item is significant in explaining the variance of the respected component. Each significant component is then treated as a stand-alone variable that carries a summated score. Summated score is a total score of items of the respective component. Each component is given a name to represent a variable.

The last stage of analysis is multiple regressions. In this analysis, compliance behaviour of zakat on business income is the dependent variable while the independent variables are the decomposed components of religiosity that surfaced from the third analysis. These variables are then applied into the multiple regression models as expressed below:

$$CBZ_i = \alpha + \beta_1 IR_{1,i} + \dots + \beta_N IR_{N,i} + \varepsilon$$

where,

CBZ_i = the compliance behaviour of zakat on business income of the i th respondent,

α = the constant term,

β = the estimated coefficient of the respective explanatory variable,

IR = the Islamic religiosity component 1, ..., N, and

ε = error term.

RESULTS

From 700 questionnaires that are distributed, 290 are successfully returned by respondents, yielding a response rate of 41 percent. However, after thorough checks only 227 are usable and free from outlier problem. Descriptively, 55% of respondents are male and 45% are female business owners. The average age of respondents is 43 years old and the average age of their businesses is 9 years. Majority of the respondents are married (68%) and the remaining are either bachelors (20%) or others (12%). The reliability of the 18 religiosity items is good as the Cronbach Alpha value is at 0.80. These items also record

a satisfactory KMO value of 0.87 and the Bartlett Test of Sphericity (BTOS) is significant at 0.000. These show that all items have good justification for the appropriateness to use factor analysis.

FACTOR ANALYSIS

Table 1 shows results of factor analysis for each item. At the initial stage, results of the analysis show four forms of dimension. These four dimensions are determined when each one of them has an eigenvalue greater than 1. A factor with an eigenvalue more than 1 is assumed as significant (Hair et al. 2006). These four dimensions are able to explain 60% of the variation position for religiosity variables. The highest eigenvalue is 5.273 with a variance of 59%, and the lowest eigenvalue is 1.280 with a variance of 64%. The communalities for all items are satisfied with each item carries a value above 0.5 to draw justification analysis on matrix factor (Hair et al. 2006).

Next, the varimax rotation is applied to see the correlation of the items and their components more clearly. A varimax rotation is also helpful in defining those four factors (Hair et al. 2006). The rotated factor loading through a varimax rotation with requirement factor loading less than ± 0.50 is calculated. Value loading factor of ± 0.50 and above is assumed significant (Churchill 1979) and suitable for structure definition of sample size around 200 (Hair et al. 2006). The bigger the size of loading factor chosen, the more important the matrix factor definition can be done. Hence, factor loading greater than ± 0.50 indicates that 25% variances of a factor can be explained (Hair et al. 2006).

The value of rotated factor loadings for each item has a significant factor loading (i.e. exceed ± 0.50) over a factor. The highest factor loading is 0.937 recorded for item AGA2 and the lowest factor loading is 0.659 recorded for item AGA11. Component one consists of nine items that have significant factor loadings, while components two and three comprise three items each. The last component has two items. All components are assigned a name based on the relevant items characteristics they represent. The proposed names are optional religious worship, believe in God's reward, believe in God's punishment, and compulsory religious worship for components one, two, three, and four, respectively.

The final position of factor matrix for religiosity construct indicates that all four factors fulfill the recommended level of factor loading, KMO value, BTOS test, eigenvalue, variance explained and communalities value. An exception is the compulsory religious worship factor which does not achieve the recommended alpha value (less than 0.60). As such, item AGA4 and AGA5 in this dimension are dropped. Finally, only three components (optional religious worship, believe in God's reward and believe in God's punishment) are maintained for further analysis. So far, the findings are sufficient to support H_1 that there is evidence that indicates variable religiosity is a complex construct.

TABLE 1. Rotated matrix component (varimax) for religiosity construct and final position of factor matrix for religiosity variables (N = 227)

Components and Items	Factor Loading	Alpha	KMO (BTOS)	Eigenvalue % variance
Optional religious worship		0.911	0.914 (0.000)	5.273 (58.59%)
1. AGA18 (mosque activity)	0.811			
2. AGA7 (optional prayer)	0.806			
3. AGA10 (recite al-Quran)	0.794			
4. AGA15 (religious class)	0.788			
5. AGA8 (optional fasting)	0.787			
6. AGA17 (religious book)	0.785			
7. AGA9 (congregate prayer)	0.724			
8. AGA16 (religious sermon)	0.722			
9. AGA11 (donation)	0.659			
Believe on God's reward		0.905	0.747 (0.000)	2.542 (84.74%)
1. AGA2 (Al-Quran is a source of knowledge)	0.937			
2. AGA1 (Allah helps me a lot)	0.917			
3. AGA3 (Prayer helps my living)	0.907			
Believe in God's punishment		0.871	0.724 (0.000)	2.400 (80.01%)
1. AGA13 (Allah punishes believers who do not pay zakat)	0.921			
2. AGA14 (Not paying zakat is sinful)	0.890			
3. AGA12 (Not paying zakat is wrong in Islam)	0.873			
Compulsory religious worship		0.382	0.500 (0.000)	1.280 (63.99%)
1. AGA5 (Performing hajj is my priority in life)	0.800			
2. AGA4 (Fasting is my routine)	0.800			

Notes: Community value for all items is more than 0.50.

KMO = Kaiser-Meyer-Olkin and BTOS = Barlett test of sphericity (significant level $p < 0.05$).

REGRESSION ANALYSIS

The results of the multiple regression analysis for compliance behavioural of zakat on business income are reported in Table 2. In general, zakat payment model towards compliance behaviour of zakat on business income shows results consistent with the compliance predictions. Collectively, the three components of religiosity explain 39% of variability in the compliance behaviour of zakat on business income. Individually, the first component

(optional religious worship) increases the compliance level by 0.06 units for every 1 unit increase in this component. One unit increase in the second component (believes in God's reward) leads to 0.37 units increase in compliance level. While the third component (believe in God's punishment) increases the compliance level by 0.85 for every 1 unit increase in this component. Overall, the results in Table 2 show that there are significant positive relationships among optional religious worship, believe in God's reward and believe in God's punishment with

TABLE 2. Multiple regression analysis for religiosity components

Variable	Beta	t-stats	Standardized error
(Constant)		-.253	.800
Optional religious worship	.124	1.994	.048*
Believe in God's reward	.165	2.390	.018*
Believe in God's punishment	.416	5.725	.000**

Notes: *Significance at 0.05 and ** significance at 0.01.

Adjusted R2 = 0.39 and F statistic = 31.990 (sig = 0.000).
N = 227

compliance behavioural of zakat on business income. Two dimensions (optional religious worship and believe in God's reward) show significant positive relationships at $p < 0.05$, while believe in God's punishment dimension shows a significant positive relationship at $p < 0.01$. In short, these results provide support for the second hypotheses (H_2).

DISCUSSION

This study offers an alternative quantitative measurement of religiosity from the Islamic perspective. Generally, the results show a similar pattern of measurement with the conventional ones i.e., with respect to the complexity of religiosity construct. In other words, regardless of the basis of religiosity, the measurement needs to be multi-dimensional. However, the impact of variable religiosity onto compliance behaviour appears to be different depending on the environment under study. Thus, it is not surprising when we find inconsistent results in Kamil (2002) and Zainol (2008) with respect to the effect of religiosity on behaviour. Accordingly, future studies that involve an Islamic environment should consider the Islamic perspective as the basis for developing religiosity measurement.

For the purpose of the first objective, religiosity under Islamic perspective appears to be constituted by three dimensions i.e. optional religious worship, believe in God's reward, and believe in God's punishment. Although this study proposes three dimensions of religiosity under Islamic perspective, it is not exhaustive. Depending on the definition of religiosity, the measurement could be further expanded. At least, the discovery of these three dimensions of religiosity could serve as a starting point for future applications in an environment where the duty to pay *zakat* is one of the pillars in the religion. The study also gives an insight that it is essential to have a proper definition for a specific environment. Although there is no specific rule to tell us whether it is right or wrong to use a particular measurement for a particular environment, sound justification and proper basis of measurement are indispensable.

To enhance our understanding on variable religiosity it is also necessary to know how its dimensions relate to the behaviour under study. The first dimension i.e. optional religiosity worships, is significantly related to the compliance behaviour of *zakat*. The gist of this component is the feeling of volunteerism. Rationally, one who voluntarily performs optional worship activities is less likely to neglect responsibilities that are made compulsory onto him/her such as *zakat*. With respect to the second and third components i.e. believe in God's reward and believe in God's punishment, the emphasis is on the connection of one's worship activities with his/her daily life. This connection is similar to Skinner's reconditioning and punishment theory (as cited in Domjan 2003) on behaviour, but from a different perspective. Skinner's

theory emphasizes on operant conditioning that modifies behaviour (positive or negative) depending on the stimulus (physical) applied in the event. However, under this study (Islamic environment) the stimulus covers non-physical reward and punishment which could go to the extent that they are only materialized in hereafter life i.e., heaven or hell. Thus, there is evidence that individual Muslims do consider non-physical rewards and punishment in performing their compulsory duties in religion.

Because of the significant effect of these religiosity dimensions towards *zakat* on business income compliance behaviour, the findings have important implications on *zakat* collection exercises carried out by *zakat* institution. The feeling of volunteerism seems to be the profound basis in performing *zakat* duty. Hence, besides legal enforcement, the *zakat* authority should also emphasize on activities that could increase the level of volunteerism among Muslim business owners through seminars, talks and discussions. To cover a broader audience, more frequent broadcasting by the local TV networks during prime time on religious matters may enhance the religiosity among Muslims. So does a simple technology like "sms blasting" reminding the Muslims on their *zakat* duty could also be a good strategy to boost the level of religiosity. However, it would be the utmost strategy if every individual could act as a "da'i" (messenger) in inculcating and enhancing their Muslim brothers' and sisters' *iman* (faith). This role is specifically spelt out by Allah SWT in the holy Quran (Al-Quran dan Terjemahannya 2000):

"You are indeed the best community that has ever been brought forth for (the good of) mankind: you enjoin the doing of what is right and forbid the doing of what is wrong, and you believe in God....."

(Al-'Imran: 110)

"yet go on reminding (all who would listen): for, verily, such a reminder will profit the believers"

(Az-Zariyat: 55)

CONCLUSIONS AND LIMITATION

This study develops and examines the quantitative Islamic religiosity measurement and how its dimensions associate with the compliance behavior of *zakat* among business owners in the state of Kedah. The determination of such association is necessary for two reasons i.e. thoroughness of the study and determining the role of religiosity. The results confirm that religiosity is a complex construct which consists of several components. These components are optional religiosity worship, believe in God's reward and believe in God's punishment. Further, the results of a regression analysis shows that these three dimensions are significantly related to *zakat* on business income compliance behavior. In addition, volunteerism is found to be the driving factor for an individual to comply with the *zakat* law. These findings are consistent with those of previous studies either in *zakat* or in other fields such as taxation and psychology. This situation has consolidated

the presumption that any study related to a complex variable such as religiosity should be thoroughly examined by looking into its respective dimensions that support the main variable. While these findings are interesting and yield potentially valuable implications, one should recognize the inherent limitations associated with generalizing these findings beyond its sample and geographic scope. Future investigations should therefore attempt to go beyond the scope of this study which is limited to Muslim business owners in the state of Kedah.

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