



UNIVERSITI TEKNOLOGI MARA

**FACTORS INFLUENCING
INDIVIDUAL PARTICIPATION IN
ZAKAT CONTRIBUTION:
EVIDENCE FROM TAKAFUL
IKHLAS PASIR GUDANG, JOHOR**

NURLIYANA BINTI ABDULLAH

Thesis submitted in fulfilment
of the requirements for the degree of
**Bachelor of Business Administration
(Hons) (Islamic Banking)**

Faculty of Business and Management

July 2017

ABSTRACT

Zakat is one of the fundamental pillars of Islam. The collections of zakat are getting better year by year but yet the total of the income tax collections are higher than the total of zakat collections. An individual intend to pay income tax rather than zakat because of the assumption of when an individual paying income tax automatically they no need to contribute to the zakat payment. Besides, there is no corporate body which mandatory and monitor the zakat payment meanwhile the income tax are handling by the authorize organization such as *Lembaga Hasil Dalam Negeri* (LHDN). They obey to the rule of man but refuse to the Lawgiver rule. The aim of this study is to identify the factors affecting individual decision in zakat contribution, hence to determine the factors that most affective individual in zakat contribution. Data was collected using a survey questionnaire that was designed by past studies from both the conventional as well as Islamic literature. There are several analysis used which are Frequency analysis, Factor analysis, Descriptive analysis, Reliability test, Pearson correlation test and Multiple regression test. The findings were result two from independent variables was significant which are Level of faith and Altruism.

ACKNOWLEDGEMENT

Alhamdulillah, praise to Allah S.W.T. I have managed to complete this research paper on time and for His blessing in giving me the strengths and ideas in completing this project paper in order to fulfill the graduation requirement of Bachelor of Business Administration (Hons.) Islamic Banking.

First of all, I want to thank and express my deepest appreciation to my research advisor Puan Nur Liyana binti Mohamed Yousop for the valuable guidance and advice. She inspired me greatly to work on this project. Her willingness to motivate me contributed tremendously to my project. I also would like to thank her for showing me some example that related to the topic of my project for the references. She also being supportive and have given me invaluable advice and encouragement.

Apart from this, greatly deals appreciated go to the contribution of the participants in our survey questionnaire. With their help, I can able to collect the data for analysis and it let us more understand their opinion toward my research. Also it makes my survey become more reliable.

Besides, I would like to thank to University Technology Mara (UiTM) for providing us with a good environment and facilities to complete this research project. Finally, an honorable mention goes to my families and friends for their understandings and endless supports on me in completing this project. Not to be forgotten, my warmness thanks to everyone that involve directly or indirectly, who supported and encouraged me in finishing this research. Without helps of the particular that mentioned above, I would face many difficulties while doing this project paper. May Allah bless all of them.

Thank you very much.

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	i
LETTER OF SUBMISSION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction	1
1.2 Overview / Background of Study	2
1.3 Problem Statement	3
1.4 Research Questions	5
1.5 Research Objectives	5
1.6 Significance of Study	5
1.6.1 Significant to Community	6
1.6.2 Significant to the Institutions of Zakat	6
1.6.3 Significant to the Other Researcher	6
1.7 Scope of Study	7
1.8 Limitations of Study	7
1.8.1 Respondents Cooperation	7
1.8.2 Data reliability	8
1.8.3 The availability of references	8
1.9 Definition of Terms	8
1.9.1 Organization	8
1.9.2 Faith	9
1.9.3 Altruism	9
1.9.4 Reward	9
1.9.5 Self-satisfaction	9

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Zakat is one of the pillars of Islam. Zakat as stated in Quran means the specific obligation of giving a portion of an individual's wealth for the purpose of charity. Literally zakat is derived from the root word in an Arabic meaning "to purify" and to fosters"(Huda, Rini, Mardoni, & Putra, 2012). The obligatory of zakat has been stated in Quran and Hadith of Prophet (pbuh). Allah mentioned in the Quran:

"And establish prayer and give a zakah ..."

(Al-baqarah 2:43)

In a hadith narrated by Abu Huraira (Sahih Bukhari, Vol. 2, Book 24, Number 486) Prophet Muhammad pbuh said:

"Whoever is made wealthy by Allah and does not pay Zakat of his wealth, then on the Day of Resurrection his wealth will be made like a bald-headed poisonous male snake with two black spots over the eyes. The snake will encircle his neck and bite his cheeks and say, "I am your wealth, I am your treasure." Then the Prophet recited the holy verses: "let not those who withhold..." (Ali-Imran:180)

Zakat are categorized under obligatory charity such as zakat on wealth (zakat al-maal) and zakat for individual (zakat fitr). Zakat has a number of objectives in order to fulfill its purpose of obligation, the purification of one's wealth are the main purpose of zakat. Paying zakat once a year may purify a person wealth as well as purify their heart from becomes greedy and too much obsessed with wealth and money. Besides, by having a contribution of zakat we are automatically sharing a portion of our wealth for a poor and needy person. These kind of value are showing how gratitude and humble a person to Allah Almighty