THE DETERMINANT OF MOSLEM’S DECISION IN PERFORMING COMMERCE ZAKAT PAYMENT: CASE STUDY IN MALANG CITY, EAST JAVA PROVINCE

Santi Merlinda¹, Umar Burhan², Marlina Ekawaty³

¹²³Postgraduate Program, Faculty of Economics and Business, Brawijaya University
Email: ¹santi.merlinda@gmail.com

Abstract
Zakat has known as one of the vital instrument in economic that holds some benefits for increasing aggregate demand, expanding job opportunities, reducing poverty and triggering economic growth. As one of the large cities in East Java Province, Malang has a potential issue through commerce zakat which most of the people’s livelihood engaged to and composition of regional income (PDRB) is dominated by a commerce sector. On the other hand, it is not supported by the real condition in the field that shows the opposite compared to the low percentage of commerce Zakat payer. Based on the reason, the author is triggered to investigate and to elaborate the complexity of Moslem’s decision in performing commerce zakat payment. This research relies on Multistage Sampling Method involved 100 participants by taking location at Malang. Furthermore, the accumulated data field is analyzed through Logit Method to identify the influential factor of the decision in Zakat payment. Processed data binary logit regression determines the most influential factor of Moslem’s decision in performing commerce zakat payment in Malang which relies on the level of income and their knowledge about Zakat’s scheme. According to this result, businessmen or traders who have high income level and moderate comprehension of laws, percentage, extrapolation, nisab, and paying period of commerce zakat have bridged up into a higher probability to perform commerce zakat. Whereas level of age, formal education, non-formal education, motivation, availability of Amil Zakat Institution (LAZ) and business period do not affect the decisions.

Keywords: decision to perform Zakat, Commerce Zakat, Logit Analysis, Malang City

1. INTRODUCTION

According to the Islamic’s law, zakat is classified as an instrument in wealth distribution which has a vital part in supporting the wealth of nation. It is paid and delivered by private individual whose property reach nisab (a year) to eight asnafs or deserve parties to receive zakat (Al Quran: 9,60). Zakat were not only existed as an obligation but also its benefit side of caregiving into society. Khan (1985), Chowdhury (1983) and Metwally (1986) cited in Samad and Glenn (2009) have linked it to Keynesian’s Aggregate Demand. An analysis shows that zakat promotes an Aggregate Demand by developing fiscal stability and expanding job opportunities. Ali and Hatta (2014) also propose that zakat is an instrument of wealth distribution from rich to poor by the significant raising of accumulated fund.

Indonesia is classified as one of the nations with the largest Muslim population in the world. Therefore, Indonesia has had a huge potential issue through it. Similar to its benefit in Indonesia, in the case of Nigeria, it is also a vital instrument to eradicate poverty and to implement the heart of Millenium Development Goals – MDG’s (Raimi et all, 2010). In another case of Malaysia, Yusoff (2011) also mentions that zakat has performed into a significant tool in triggering Malaysia’s economic growth by which the statements also get promoted by Mahat and Waroka (2013). They propose it can be a vital resource to trigger an economic growth by locating it into a domestic direct investment account which provides and deliver the fund to develop the nation. An obligation of zakat has been properly rules in Quran and listed as the third point of Five Main Pillars in Islam. Quran mentions the main focus of zakat in surah Al-Baqarah 110 in the following ayat: (translation): “And observe the Prayer and present the Zakat (purifying alms) and whatever good for you send forward for yourselves you will find it with Allah. Verify, Allah is watchful of all that you do” (Al-Qur’an, 2: 110).

Each nation-state has various type of zakat distribution relied on a domestic culture,
people’s knowledge and the role of the
government (Samad and Glenn, 2009). In Zakat
Maal there is a duty of a year regularly
expenditures to a Muslim who reach a nisab for
each following category; (i) gold, silver and
money (ii) traders and companies (iii) output of
agriculture, plantation and fisheries (iv) output of
mining (v) output of animal husbandry (vi)
output of revenues and services and (vii) Rikaz
or Treasury (Laws No.38 1998, cited by
Mardani, 2011 and Asnaini, 2008)

Malang is a region that has the biggest
percentage of labor fields in trading sector. More
than one-third share of people in 2011 and 2012
by 36.78 percent was hanging their lives on
trade. Even the percentage level decreased in
2013 but the trade sector has been a majority
focus for people. In other words, trade is the
most potential and vital sector in this city.

Table 1. Divine People by Age Level (15th
Years Old and More) Who Work in Particular
Labor Fields in the Period of 2011-2013

| Major Labor Fields                                      | Percentage of Labour Amount 2011 | Percentage of Labour Amount 2012 | Percentage of Labour Amount 2013 |
|--------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Agriculture                                            | 1.18                             | 1.18                             | 1.25                             |
| Manufacturing Industry                                 | 20.32                            | 20.32                            | 21.42                            |
| Construction                                           | 5.89                             | 5.89                             | 6.65                             |
| Trade, Retails, Restaurants and Hotels                 | 36.79                            | 36.79                            | 34.54                            |
| Transportation, Storage/Warehouse, and Communication   | 7.02                             | 7.02                             | 6.40                             |
| Finance and Services                                   | 28.23                            | 28.23                            | 28.77                            |
| Mining, Excavation, Electricity, Gas and Water         | 0.57                             | 0.57                             | 0.96                             |

Source: Kota Malang dalam Angka, 2012, 2013, 2014

A higher level of potential trade in Malang
is not only described by the higher percentage of
labor forces but also supported by the major
composition of local PDRB (local government’s
revenues) dominated by trade sector. Based on
last year’s data, trade sector ranked into the top
contribution into PDRB which percentage is
closed to a half of a whole distribution by 41.82
in 2012 and increase to 42.58 in 2013 (Statistic
Bureau of Malang, 2013-2014). In conclusion,
the majority of local people’s income highly
supported by trading. On the other hand, the
acceleration of trading sector shows a positive
trend from year to year which closes 9.26 percent
in 2012 and 9.24 in 2013. It indicates the growth
of trade sector relatively more stable. The details
are described in Table 2.

Table 2. Distribution and Percentage of PDRB
ADHIK’s Growth Acceleration in Malang

| Labor Fields                           | Distribution | Growth Acceleration |
|---------------------------------------|--------------|---------------------|
|                                       | 2012 | 2013 | 2012 | 2013 |
| Agriculture                           | 0.32 | 0.30 | -1.55 | -0.84 |
| Mining & Excavation                   | 0.04 | 0.03 | -2.41 | -3.59 |
| Manufacturing Industry                | 29.73 | 29.14 | 6.39 | 5.14 |
| Electricity, Gas & Sanitary            | 1.69 | 1.64 | 8.03 | 4.20 |
| Buildings                             | 2.74 | 2.79 | 9.05 | 9.15 |
| Trading, Retails, Hotels & Restaurants| 41.82 | 42.58 | 9.26 | 9.24 |
| Transportation & Communication        | 3.29 | 3.32 | 7.91 | 8.26 |
| Finance, Rent & Service Companies     | 7.59 | 7.56 | 7.02 | 6.84 |
| Services                              | 12.78 | 12.65 | 5.11 | 6.21 |

Source: Kota Malang dalam Angka, 2013 &2014

Higher acceleration of trade sector in
Malang is also boost potential issue of
commercial zakat. Commercial zakat calculation
can be shown by the number of zakat payer and
its amount of potential fund. Previous researcher
namely Ekawati (2012) calculates an amount of
potential zakat revenues that has closed to 600
millions rupiah – 4 billions rupiah. Those values
came from the calculation and assumption of
percentage of muzakki which closed to 5 and 10
percents.

Table 3. Calculation of Potential Commerce
Zakat in Malang

| Amount of Zakat Expenditures/ year (Rp) | Muzakki | Amount of A Whole ZAKAT Fund / year (Rp) |
|----------------------------------------|---------|----------------------------------------|
| 1.000.000                              | 900     | 900.000.000                            |
| 1.500.000                              | 900     | 1.350.000.000                         |
| 2.000.000                              | 900     | 1.800.000.000                         |
| 2.500.000                              | 900     | 2.250.000.000                         |
| 3.000.000                              | 900     | 2.700.000.000                         |
| 3.500.000                              | 900     | 3.150.000.000                         |
| 4.000.000                              | 900     | 3.600.000.000                         |
| 4.500.000                              | 900     | 4.050.000.000                         |
| 5.000.000                              | 900     | 4.500.000.000                         |

Source: Author’s processed data, made reference to Ekawatyi (2012)

In the case of commerce zakat, the potential
fund calculated by the number of zakat payer
who have been worked and the number of labor
forces in trade sector reached 180.067. If it was
assumed that 5 percents of people who work in
trade sector obey their regularly commerce
zakat, then muzakki’s number were close to 900
persons. The amount of zakat which should be
paid similar to 85 grams of gold (Qardawi, 1973;
Hafidhuddin, 2001). Thus, a minimum
expenditure of zakat that should be paid by
muzakki is 1 million rupiah . In a year, the
amount of commerce zakat from the whole
calculation can reach 900 millions – 4,5 billions rupiah. The account is bigger than a social fund post of Malang in 2013 that was only 500 millions rupiah, but its value was less if compared to the higher value of the social fund in 2014 which close to Rp 8.010.695.000 The details are described in Table 3.

The trend of higher potential trade sector shown from the number of major people’s livelihood whose involvement and trend major composition of PDRB has an opposite side whereas the number of zakat payer moves slowly. It is described by the reports from one of zakat institution in Malang namely Rumah Zakat (2014) and the previous research belongs to Ekawati (2012). Based on field evidence from Rumah Zakat’s donation reported by each program period of 1 January – 12 November 2014, it only reaches 2,02 percent of total amount potential zakat in the city. The largest amount of zakat share comes from Zakat Profesi (Zakat of Revenue/Income) which muzakkak’s number is close to 78,03 percent. Commerce zakat is locating to the third position, but its value only shares 3,10 percent from total paid. The details are described in Table 4.

Based on the phenomenon, Malang has a big potential issue related to commerce zakat, but it also has an opposite challenge that shows a lower number of zakat payers while Moslem population were so huge (Statistic Bureau Malang, 2014). Based on the evidence, it intrigues the author to do a forward research related to the topic of commerce zakat by investigating the determinant of Moslem’s decision in performing zakat. The authors propose that the related topic of research is urgently required.

| Type of Zakat | Percentage |
|--------------|------------|
| Gold, Silver and Money | 4,03 |
| Trade and Manufacturing Companies | 12,59 |
| Agriculture, Plantation and Fisheries | 2,77 |
| Mining | 0,00 |
| Animal Husbandry | 0,00 |
| Revenues and Services | 65,49 |
| Rikazor Treasury | 0,25 |
| Combination | 14,86 |

Source: Ekawaty, 2012

2. RESEARCH METHODOLOGY

This research relies on a quantitative approach to elaborate all factors that affect the Moslem's decision in performing zakat. Yunus (2009) asserts quantitative approach applied by statistical methods. It is supported by Creswell (1994) that it is the objective of ontological reality which researchers have to be supported by instruments or questionnaire.

Population object of this research is the people of Malang who hold a duty in performing zakat maal. They are adults, Moslem, well entrepreneurs whose property reach to its nisab. In a forward step, the way to put a sample use a multi-stage sampling by choosing it in multiple steps of empirical base (Wusiman, 1991). The purpose of applying multi stage sampling technique is to choose and divine a group in each kecamatan by their age, job and religion. In other words, they are chosen by considering on stratified, proportional, purposive sampling. Stratified sampling is modified samples into a specific cluster by its characteristics (Wusiman, 1991), it is basically used for specific hierarchy objects (Zuriah, 2009; Kartono, 1996; Nawawi, 2012). Hierarchy object of this research is location in existing kecamatan.

This research exerts proportional sampling by putting each stratum, thus, stratum can be objectively described. In short, the sample is taken by considering the size of population (Kartono, 1996). However, proportional sampling defines its units on subsample that must be linear by each sample for each population (Nawawi, 2012). While inter-sub population has different size, then it is required

Table 4. Amount of Accumulated Zakat Fund at Rumah Zakat – Malang

| Type of Zakat | Percenta ge | Donator |
|--------------|-------------|---------|
| - Gold and Silver | 0,27 | 2 | 0,60 |
| - Reward | 0,55 | 3 | 0,90 |
| - Commerce | 3,14 | 8 | 2,40 |
| - Animal Husbandry | 0,07 | 1 | 0,30 |
| - Revenue | 90,78 | 309 | 92,51 |
| - Savings | 5,19 | 11 | 3,29 |

Source: Rumah Zakat Koto Malang, 2014 (processed by author)

Similar to Rumah Zakat, Ekawati mentions in her previous research that the amount of zakat specified to Zakat Maal from commerce/trade sectors and manufacturing industries is relatively lower. It is only 12,59 percent of people who obey and pay zakat. Whereas the largest composition of zakat account supported by revenue and services which reach 65,49 percent. The details are described in Table 5.

Table 5. The Percentage of Listed Zakat in Malang

| Type of Zakat | Percentage |
|--------------|------------|
| Gold, Silver and Money | 4,03 |
| Trade and Manufacturing Companies | 12,59 |
| Agriculture, Plantation and Fisheries | 2,77 |
| Mining | 0,00 |
| Animal Husbandry | 0,00 |
| Revenues and Services | 65,49 |
| Rikazor Treasury | 0,25 |
| Combination | 14,86 |

Source: Ekawaty, 2012

...
to list the calculation and comparison (Nawawi, 2012 and Zuriah, 2009).

Then, this research inserts a purposive sampling by using a technique to measure and identify all empirical data which has specific characteristic (Wusiman, 1991). Nawawi (2012) argues that sample is taken only for a research purpose by conforming its norm. The norm refers to be applied by the Moslem group who run entrepreneurship well and expand the wider business.

There are intake steps for research sampling. The first is about to classify the range of age 15-64 years old. Secondly is about to calculate the number of labor forces in each range of age. The details are described in Figure 1.

To calculate the number of people in each kecamatan
To classify the range of age in a labor forces
To classify based on religion (moslem)

To classify the people who have obligation in performing zakat
To classify the number and percentage of entrepreneurs

Figure 1. Steps for research sampling

By using the methods, it can be generalized that number of Moslems who run entrepreneur or on trade track are 180.067. Then, accumulative samples are calculated by slovin formula of error estimation level that reach 10 percent. Higher error estimation is caused by the number and percentage blurring of people who run trade sectors, hotels and restaurants. However, this research must be focused on entrepreneur who run big scale business/wholesalers. Here are the details about the calculation formula:

\[ n = \frac{N}{1 + Ne^2} \]

\[ n \quad : \text{the size of sampling} \]
\[ N \quad : \text{the size of population} \]
\[ e \quad : \text{critical value (limit of details required)} \]

Details of sample in the formula:

\[ n = \frac{180,067}{1 + 180,067 (0.1^2)} = 100 \]

According to slovin formula, it requires 100 persons to obtain an objective description. Thus, the details of calculated sample in each kecamatan can be seen in Table 6.

| Kecamatan       | Populasi on numbers | Sampling Calculation | Required number of sample |
|-----------------|---------------------|----------------------|---------------------------|
| Kedungkandang   | 39.481              | 39.481 x 100         | 22                        |
| Sukun           | 38.339              | 38.339 x 100         | 21                        |
| Klojen          | 21.652              | 21.652 x 100         | 12                        |
| Blimbing        | 35.912              | 35.912 x 100         | 20                        |
| Lowokwaru       | 44.683              | 44.683 x 100         | 25                        |
| Total           | 180.067             | 180.067 x 100        | 100                       |

Source: Processed data (2015)

This research is locating the respondents as the primary source. In a forward step, accumulated data will be proceed through logit methods. Logit takes the calculation of probabilities from multivariable (Wrede, 2015) and it stands as a tool to analyse the reason for Moslems in performing zakat maol or commerce zakat.

The use of logit method application in this research based on several reasons, there are: 1) Logit model is non-linear probability model that widely and scientifically exist, 2) the model is relatively easy or well compatible in any kind of software, 3) it delivers higher accuracy and stability than the others, 4) it delivers more efficient data and minimize complication. Furthermore, it can be a tool to predict and to integrate any probabilities of the phenomenon using likelihood procedure (Housh and Ostfeld, 2015).

Determinant model to analyze Moslem’s decision in performing zakat by details can be seen in the following formula:

\[ Y_i = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 D_{1i} + \beta_4 D_{2i} + \beta_5 X_{3i} + \beta_6 X_{4i} + \beta_7 D_{3i} + \beta_8 X_{5i} + e_i \]

Dependent Variable, Yi: respondent’s decision in performing commerce zakat. Y=1 means the respondent is performing commerce zakat dan Y=0 means the respondent is not performing commerce zakat.

Independent Variable consists of 8 variables, there are:

- a. \( X_1 \): Age
- b. \( X_2 \): Revenue/Income
c. $D_1$: Level of formal education, $D_1 = 1$ means respondent who reach higher level of formal education (High School – University Degree) and $D_1 = 0$ means respondent who reach lower level of formal education (never access formal education – junior/ high school)

d. $D_2$: Level of non-formal education, $D_2 = 1$ means respondent who had reached through pesantren or community activities based on religion practice $D_2 = 0$ means respondent who never close into pesantren or community activities based on religious practice

e. $X_3$: Motivational reasons

f. $X_4$: Knowledge

g. $D_3$: Availability of zakat institution / Lembaga Amil Zakat (LAZ), $D_3 = 1$ means there is high availability of zakat institution dan $D_3 = 0$ means there is no availability of zakat institution

h. $X_5$: Period of running business

3. RESEARCH RESULTS

Majority people in Malang claim that they have been delivering and have been performing commerce zakat for years. There is nearly 83 percent has claimed and the rest is about 17 percent who has not.

By using sampling test by Goodness of Fit model, it obtains R value 0.5873. It means that the ability of the model to translate the probability of Moslem’s decision in performing commerce zakat is nearly 58.73 percent.

In another test, Overall Model Fit delivers the value of LR close to 53.54 with probability value 0.05. By inserting the number of observation object to 100, numerator degree of freedom to 8 and de numerator degree of freedom to 9 then result of critical value or chi square’s table is on 2.04. It describes chi square’s value more than critical value/ chi square’s table by means all extend variables affect dependent variable, thus the model is well applied.

Then significant test from the Wald statistical value is done by comparing the probability of chi square’s level. According to the test result, it describes significant variable which affects Moslem’s decision in serving commerce zakat. The value of revenue or income ($X_2$) and value of knowledge, each at level 5 (p value 0.0002) and level 10 (p value 0.071). Other factors such as age ($X_1$), formal education ($D_1$), non-formal education ($D_2$), motivation ($X_3$), knowledge ($X_4$), availability of LAZ ($D_3$), time period of business ($X_5$) do not affect of Moslem’s decision. The details of test result are described in Table 7.

| Y      | Coef.  | Std. Err. | z     | P>|z|  | Explanation       |
|--------|--------|-----------|-------|------|-------------------|
| $X_1$  | 0.0132335 | 0.047576 | 0.30  | 0.766| Insignificant     |
| $D_1$  | 1.292706 | 1.071531 | 1.21  | 0.228| Significant       |
| $D_2$  | 1.821703 | 1.245966 | 1.46  | 0.144| Insignificant     |
| $X_2$  | 2.704-06 | 8.39e-07 | 3.06  | 0.002*| Significant     |
| $X_3$  | 0.152276 | 0.938015 | 0.05  | 0.957| Insignificant     |
| $D_3$  | 1.216595 | 1.189522 | 1.81  | 0.071**| Significant     |
| $D_4$  | 1.186888 | 0.968434 | 1.22  | 0.221| Insignificant     |
| $X_5$  | 0.018359 | 0.047873 | 0.40  | 0.688| Insignificant     |
| _cons_ | -8.88585 | 7.816665 | 1.14  | 0.256| Insignificant     |

Source: Processed data, 2015 * significant level starts at 0.05 and ** Insignificant value start at 0.10

According to the test result, here the model formula can be applied:

$$Y = -8.886 + 0.013 X_{1i} + 2.7 \times 10^{-6} X_{2i} + 1.29 D_{1i} + 1.82 D_{2i} + 0.15 X_{3i} + 0.22 X_{4i} + 1.19 D_{3i} + 0.18 X_{5i} + e_i$$

Age is insignificant to obtain the probability of Moslem’s decisions in performing commerce zakat. It means that the level of age does not represent any effects into decision. The outcome is paradox compared to the previous research belongs to Siswantoro and Nurhayati (2012). They argue that age level has significantly affects into decision. The paradox appears because of the different situation and condition of the businessmen. There are several business generations for years by means not all businessmen generation level perform commerce zakat.

Young generations tend to hold the guidances from olds. When olds habitually serve commerce zakat, then young generations would forward their mandates generation to generation. In other words, behavioral in the past affects what young generations do in the present. Similar to the statement, Heikal, Khaddafi and Falahudin (2014) propose that behaviors, subjective norms, perceive behavioral control and culture/actions in the past positively take effect to a higher intensity of zakat payment. Among those variables, the most dominant factor for muzakki is action in the past.

Revenue or income is also significantly affect the decision. The progressive revenue invites a higher probability of muzakki to serve zakat. It similars to Siswantoro and Nurhayati’s
(2012), Khamis et al (2012) who mention that level of business operation affects the decision of communities or business’s links to maximize the feeling of satisfaction. Higher revenue invites higher probability of property closes to its nisab. Calculation of nisab exerts the amount of cash money (includes profits). Higher achievement of revenue encourages more profitable accounts, thus a higher achievement invites a higher probability to pay commerce zakat. Several wholesalers or businessmen own a big profit but the profit have not yet reached its nisab, so they decide to hold zakat. Several businessmen make an excuse that they are still involving in debt so they do not deserve to perform zakat except infaq and shadaqah.

Level of education both formal and non-formal are insignificantly affect the probability of decision. It means that higher level of education does not monopoly their decision. There is more urge factors such the level amount of property or capital that they owned and its nisab. Although they hold lower level of education and they owned more capital and proper knowledge about nisab and zakat, then they would serve it. This outcome is different from the statement of Siswantoro and Nurhayati’s (2012) that the level of education has a strong effect on decision. Bakar and Rashid (2010) implies that internal factors give more influence than external factors. Internal factors including the level of education and knowledge of zakat system in Malaysia are bridging up and empowering its economy.

Motivation is also insignificant factor that affects the decisions. The phenomenon do inverse with the previous research belongs to Rosyadi (2013). He implies several factors which affect muzakki’s decision. They are the commitment to apply syariah Islam, orientation into hereafter world, and perception of zakat justice. Similar to Rosyadi (2013), Siswantoro and Nurhayati (2012) argue that motivation has a significant way to rule the decisions. Type of motivation is not only about social empathy but also encouragement to fill Moslem’s obligation in performing zakat if it reach nisab. On the other hand, they also consider the reward and punishment system as the consequences of religion practices.

Different outcome of the research is caused by the gap condition of respondents. In both research almost a hundred percent of respondents concern in performing zakat and they deliver high motivation. It is described by the value up to 90 percent of people who have high motivation to perform and the rest are in the middle. Thus, motivation does not distinguish respondent groups who perform zakat or not.

Motivation’s parameter can be measured by several instruments as follows; empathy to a poor people, belief that there is a right of lacked people to have more access, knowledge of zakat as a duty from God, belief in reward and punishment in religion practice and trust into zakat as the most effective instrument in wealth distribution.

In the Laws No. 60 in the year of 2000, the first paragraph mentions that zakat or charities can be put from bruto revenue as follows; a) zakat on revenue can be delivered by the tax object include a private or moslem into the available legal institution of zakat, b) charities which is delivered by a private or groups who are not a moslem can be performed into a religion or legal institution formed by government.

Almost 99 percent of respondents do not have any knowledge about the function of zakat as it is mentioned in the Laws No.60 in the year 2000. Only the rest or one percent of respondents perform and deliver zakat into a legal and formal institution. The object of zakat can be varied include the closest relatives, friends and neighbors who lacked money/capital, gharim, pesantren (institution based on social and religion practice) and mosque.

The majority of muzakki deliver their zakat into non-formal institutions, and only 13,25 percent of muzakki deliver zakat into a formal institution or directly into targeted recipients. Then only 4,82 percent of respondents deliver their zakat into the targeted formal institutions. It is the reason of low account records of zakat in Malang.

While the second paragraph of Laws No.60 in the year of 2000 mentions that expense of zakat is not delivered to a formal and legal institution (summon first paragraph) thus its expense can be reduced from bruto revenue. According to the law, no respondents involved in this research receive any incentives from the government when they have had performed commerce zakat. The details are described in Figure 2.
Figure 2. Targeted Parties of Zakat Delivery

Related to scheme of zakat regulation as part of tax revenue, Syamsul Hakim (2002) argues that there is no significant amount of zakat which is reduced from revenue. Furthermore, the percentage of zakat which is reduced from revenue can not be seen as an efforts to make equal for both muzakki and non-muzakki. They have the same right to pay a tax revenue. Wahab and Borhan (2014) imply that government incentives (include tax) affect into a level of zakat payment whether the incentives (include tax cut) is the most substantial issue of government. Another factors follow are organizational and internal factors.

Baryojai (2001) supports the previous argument, that government incentives has affected into a decision making process of someone in performing zakat. Moslem communities would perform zakat more effectively if they earned more incentives by a cut-rate/discount of commerce zakat’s nominal.

Knowledge level of respondents has significantly affected their decision process in performing zakat. More knowledge they hold, more probability they would deliver zakat. Similar to Bloom’s Taxonomy that put a practices (application) as third position after knowledge (comprehension). Before someone performs zakat, he needs to earn and hold knowledge by understanding its laws, percentage, calculation, nisab and its paying time period.

This research outcome close to the previous research belongs to Johari (2013) that several factors are affected by both internal and external values. Internal factors include knowledge, understanding level and experience about zakat. Then external factors include tax services, perception of community about zakat payment, impression of the positive economic impacts from zakat and its services, development of ICT and support laws on some particularities in zakat.

As a whole process of zakat, the majority of people (85%) have had any knowledge about the value of commerce zakat. Then the rest (15%) do not have any sufficiency knowledge while it is the obligation for Moslem when they reach property nisab as 85 gram of gold. The majority of wholesalers or businessmen have knowledge about its laws and the time period, but it is not followed by the knowledge about property nisab and its calculation. The details about their knowledge are described in Figure 3.

Figure 3. Knowledge Level of Commerce Zakat
Exp: low ≤ 12; 12<intermediate<24; high ≥ 24

Figure 3 shows that 28 % of respondents have comprehensive knowledge about commerce zakat, then 64% hold intermediate level and the rest hold low level. It implies the need of scaling up their knowledge of commerce zakat more intensively to wholesalers or businessmen so they can hold more comprehensiveness knowledge and apply it properly. The details of instrument explanation are described in Table 8.

Table 8. Research Instrument and Variable Explanation (%)

| No | Listed Points | HD | D | I/M | A | HA |
|----|---------------|----|---|-----|---|----|
| 1. | Understanding of Laws | 1  | 14 | 18  | 55 | 12 |
| 2. | Understanding of percentage zakat should be paid | 0  | 18 | 9   | 60 | 13 |
| 3. | Understanding of calculation in details | 2  | 32 | 26  | 27 | 13 |
| 4. | Understanding of its nisab | 3  | 43 | 13  | 32 | 9 |
| 5. | Understanding of time period | 0  | 19 | 20  | 48 | 13 |

Source: Processed data, 2015. Exp: HD: Highly Disagree, D: Disagree, I/M: Intermediate/ Middle , A: Agree, HA: Highly Agree

According to the listed point understanding of laws, 82 % of respondents have knowledge about zakat percentage. Different from the laws comprehension and zakat percentage, there is only 40 percent of respondents who understand about detail calculation of zakat by inserting the list of property ( 2.5 % x [amount of wholesale/trade property + cash [debits and
Then 34% have no comprehensive knowledge about its calculation detail. Respondents who deliver zakat and have no knowledge of the details tend to use the guidance from the prominent figure like Kyai and relatives who gain more knowledge. Then the rest tend to use a feeling or free method in performing zakat. They assume the difficulty of calculation caused by a complexity of property they owned. Another reason is they have no proper and suitable financial accounting to manage the detail of money/capital circulation.

Similar to value of knowledge, listed point of nisab value is close to 41%, then 13% has intermediate and the rest has no comprehensive knowledge about it.

The listed point of time period reaches 61%, meaning they know that zakat must be paid one time a year if it reaches khaul. Then 20% has the intermediate level in understanding a commerce zakat which must be performed one time a year in Ramadhan (not listed a year period of business reach). Then 19% does not know about its time period.

The availability of formal zakat institution (Lembaga Amil Zakat [LAZ]) has no significant pipeline to affect decision process of Moslem in delivering zakat. Muzakki assumes that to deliver zakat directly to targeted recipients (include neighbors, friends and relatives) is more precise. Those conditions have impact to the small number of muzakki and low amount of zakat listed in a formal institution especially in Malang.

The outcome is similar to the Hussinet all (2013), he proposes that mostly people deliver their zakat into non-formal institution while there is an increasing number of muzakki by year to year. In other opinion, Wahid and Kader (2010) list the case in Malaysia, they propose that availability of zakat institution can be implemented in each district by locating the institution into a smaller sub/region to reach more effectively and efficiently for both muzakki and zakat recipients. Locating institution can upgrade level of awareness and satisfaction of muzakki by delivering zakat through formal institution. Higher awareness and satisfaction can pull higher target of muzakki numbers and amount of zakat fund in years.

Business periode has not affected the probability of Moslem’s decision process in performing zakat. It means that longer or shorter time of business does not take significant way. The condition is contrary to the previous research belongs to Mohamed Alayudin (cited in Khamiset all, 2012). He claims that third year basis of starting business is a critical time to manage and hold business cycle. In that situation, they assume both zakat and tax payment is charges or financial burden. Thus, businessmen who run shorter time can still perform zakat as they have proper knowledge about zakat and involve it as a religion practice.

4. CONCLUSION

Probability of Moslem’s decision in performing zakat is mostly affected by the level of income or revenue and their comprehensive knowledge about zakat. According to this result, businessmen or wholesalers who raise high income level and moderate comprehension of laws, percentage, extrapolation, nisab, and paying period of commerce zakat have bridged up into a higher probability to perform commerce zakat. Whereas level of age, formal education, non-formal education, motivation, availability of Amil Zakat Institution (LAZ) and business period do not affect the decisions. In addition, a lower rate or low percentage of muzakki in performing zakat is caused by the preference of muzakki in Malang to deliver zakat by non-formal institution or directly deliver it to the targeted recipients.

According to the research outcomes listed in the previous chapter, thus author would propose and recommend several arguments:

1. Increase the dissemination program to boost up information and muzakki’s knowledge about zakat, its laws, percentage, calculation, nisab and its time period. The purpose of the program is to give easier task for muzakki to deliver and perform zakat according to the proper ways and religion laws. Thus, the function of zakat for economy can be developed as an instrument of safety net and eradicate poverty.

2. Accelerate the power and the role of village government (administration) to form a formal zakat institution which can be used as a pipeline to distribute zakat more effectively especially to the targeted recipients.
5. ACKNOWLEDGMENTS

Alhamdulillahi robbi’alamin, Thank You to Allah SWT for all grateful things. The author receives much and more blessings so the author has completely done this research. Author also regards much thankful to those whose concern and support into the whole process of the research, especially to the lovely Mom and Dad, lovely brothers, LPPM Brawijaya University, Vita, friends and to whom can’t be mentioned details one by one.

6. REFERENCES

Ali, Isahaque dan Hatta, Zulkarnain 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 (2014) 59–70.

Aslaini. 2008. *Zakat Produktif dalam Perspektif Hukum Islam*. Yogyakarta: Pustaka Pelajar.

Bakar, Nur Barizah Abu dan Hafiz Majdi Abdul Rashid. 2010. *Motivations of Paying Zakat on Income: Evidence from Malaysia*. Proquest: International Journal of Economics and Finance Vol. 2, No. 3; August 2010.

Creswell, John W. 1994. *Research Design: Qualitative & Quantitative Approaches*. California: Sage Publication, Inc.

Ekawaty, Marlina. 2012. *Pengurusan Zakat di Kota Malang, Indonesia: Analisis Muzakki dan Pengurusan Institusi Zakat*. Disertasi of Universiti Sains Malaysia.

Mohd Heikal, Muammar Khaddafi, Falahuddin. 2014. *The Intention to Pay Zakat Commercial: An Application of Revised Theory of Planned Behavior*. Journal of Economics and Behavioral Studies Vol. 6, No. 9, pp. 727-734, September 2014 (ISSN: 2220-6140).

Housh Mashor dan Avi Ostfeld. 2015. *An Integrated Logit Model for Contamination Event Detection in Water Distribution Systems*. Elsevier: Water Research 75 (2015) 210-223.

Johari, Mohamad Noor Sahidi. 2013. *Penentuan Zakat Perlnigaan di Kalangan Usahawan di Malaysia*. Jurnal Pengurusan JAWHAR Vol. 7, No. 2, 2013 p.17-38.

Wahid, Hairunnizam dan Radiah Abdul Kader. 2010. *Localization of Malaysian Zakat Distribution: Perceptions of Amil and Zakat Recipients*. Seventh International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010.

Kartono, Kartini. 1996. *Pengantar Metode Riset Penelitian*. Bandung: Penerbit Mandar Maju.

Khamis, Mohd Rahim bin et.all. 2012. *Compliance Behavior of Business Zakat Payment in Malaysia: A Theoretical Economic Exposition*. 8th International Conference on Islamic Economics and Finance.

Mahat, Nor Idayu dan Ari Warokka. 2013. *Investigation on Zakat as An Indicator for Moslem countries’ Economic Growth*. Journal Global Business Advancement, Vol. 6, No. 1, 2013.

Mardani. 2011. *Hukum Ekonomi Syariah di Indonesia*. Bandung: PT Refika Aditama.

Nawawi, Hadari. 2012. *Metode Penelitian Bidang Sosial*. Yogyakarta: Gadjah Mada University Press.

Qardawi, Yusuf. Hukum. 1973. *Zakat: Studi Komparatif Mengenai Status dan Filsafat Zakat Berdasarkan Qur’an Hadist*. Translation is presenting by Salman Harun, Didin Hafidhuddin, dan Hasanudin from the book *title Fiqhuz-Zakat - Muassasat Ar-Risalah*, Beirut, Libanon. Jakarta: Published by PT.Mitra Kerjaya Indonesia.

Hafidhuddin, Didin. 2001. *Panduan Praktis tentang Zakat Infaq Sedekah*. Jakarta: Gema Insani.

Raimi. L et all. 2010. *Faith-Based Model as A Policy Respose to The Actualisation of The Millennium Development Goals in Nigeria*. *Humanomics* Vol. 26 No. 2, 2010 pp. 124-138.

Rosyadi, Imron. 2013. *Model Prediksi Kepatuhan Menunaikan Zakat Maal*. Proceeding Seminar Nasional dan Call For Papers Sancall 2013.

Samad, Abdus dan Glenn, Lowell M. 2009. *Development of Zakah and Zakah Coverage in Monotheistic Faiths*. *Emerald Group Publishing Limited: International Journal of Social Economics* Vol. 37 No. 4, 2010 pp. 302-315.

Siswantoro, D. dan S. Nurhayati. 2012. *Factors Affecting Concern about Zakat as a Tax
Deduction in Indonesia. Int. J. Manag. Bus. Res., 2 (4), 293-312, Autumn 2012.

Syamsulhakim, Ekki. 2002. *The Effect of the Implementation of the New Regulation on Personal Income Taxation in Indonesia (The Law Number 17 2000) on the Behavior of Personal Income Tax and Islamic Income Tithe (Zakat Mal) Payer*. Working Paper in Economics and Development Studies, Department of Economics Padjadjaran University.

Wahab, Adibah Abdul dan Joni Tamkin Borhan. 2014. *Faktor Penentu Pembayaran Zakat oleh Entiti Perniagaan di Malaysia: Satu Tinjauan Teori*. Shariah Journal, Vol. 22, No. 3 (2014) 295-322.

Wrede, Matthias. 2015. *A Continuous Logit Hotelling Model with Endogenous Locations of Consumers*. Elsevier: Economics Letters 126 (2015) 81–83.

Wuisman, J.J.I.M. 1991. *Metoda Penelitian Ilmu Sosial*. Malang: PPIIS Unibraw.

Yunus, Hadi Sabri. 2009. *Metodologi Penelitian Wilayah Kontemporer*. Yogyakarta: Pustaka Pelajar.

Yusoff, Mohammed B. 2011. *Zakat Expenditure, School Enrollment, and Economic Growth in Malaysia*. International Journal of Business and Social Science Vol. 2 No. 6; April 2011.

Zuriah, Nurul. 2009. *Metodologi Penelitian: Sosial dan Pendidikan*. Jakarta: PT. Bumi Aksara.

______. Al Qur’an ______. 2011. *Penduduk Menurut Kelompok Umur dan Jenis Kelamin Hasil Sensus Penduduk 2010*.

______. 2012. *Penduduk Usia 15 Tahun Keatas yang Bekerja Menurut Lapangan Usaha Utama Tahun 2011*.

______. 2013. *Penduduk Usia 15 Tahun Keatas yang Bekerja Menurut Lapangan Usaha Utama Tahun 2012*.

______. 2014. *Penduduk Usia 15 Tahun Keatas yang Bekerja Menurut Lapangan Usaha Utama Tahun 2013; Distribusi Persentase PDRB Kota Malang ADHK Tahun 2012 dan 2013; dan Laju Pertumbuhan PDRB Kota Malang Tahun 2012 dan 2013*.

______. 2010. *Peraturan Pemerintah Republik Indonesia Nomor 60 Tahun 2010 Tentang Zakat Atau Sumbangan Keagamaan yang Sifatnya Wajib yang Dapat Dikurangkan Dari Penghasilan Bruto*. 