

DETERMINANTS OF ZAKAT COMPLIANCE AMONG BUSINESS OWNERS IN INDONESIA

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ABSTRACT – This study aims to identify the factors that affect the compliance of Indonesian business owners with zakat payments. Data were collected from 205 individuals using a purposive sampling technique through an online survey. The results of the data analysis, conducted using Structural Equation Modeling (SEM), indicate that social piety, zakat literacy, Islamic egalitarianism, and moral norms significantly influence the intentions and compliance of business owners regarding zakat payments. These factors play a crucial role in shaping the intentions and behaviors of business owners concerning their zakat obligations. The findings offer valuable insights for both business owners and policymakers in efforts to improve compliance with zakat payments, which ultimately contributes to economic sustainability and social justice. Business owners can utilize these results to enhance their understanding of zakat obligations, thereby increasing their compliance. For policymakers, the results can serve as a foundation for designing more effective strategies to encourage compliance among business owners, such as implementing zakat literacy programs, socialization activities, and approaches that reinforce the values of egalitarianism and moral norms within the context of zakat.

Keywords: Zakat, Social Piety, Zakat Literacy, Islamic Egalitarianism, Moral Norms

ABSTRAK – Determinan Kepatuhan Zakat Para Pemilik Bisnis di Indonesia. Penelitian ini bertujuan untuk mengidentifikasi faktor-faktor yang mempengaruhi kepatuhan pemilik bisnis Indonesia dalam membayar zakat. Data dikumpulkan dari 205 individu menggunakan teknik sampling purposif melalui survey online. Hasil analisis data dengan Structural Equation Modeling (SEM) menunjukkan bahwa kesalehan sosial, literasi zakat, egalitarianisme Islam, dan norma moral memiliki pengaruh signifikan terhadap intensi dan kepatuhan pemilik bisnis dalam membayar zakat. Faktor-faktor ini memainkan peran penting dalam membentuk niat dan perilaku pemilik bisnis terkait dengan kewajiban zakat. Temuan ini memberikan wawasan yang berharga bagi pemilik bisnis dan pembuat kebijakan dalam upaya meningkatkan kepatuhan pembayaran zakat, yang pada akhirnya berkontribusi pada keberlanjutan ekonomi dan keadilan sosial. Pemilik bisnis di Indonesia dapat menggunakan hasil kajian ini untuk meningkatkan pemahaman mereka tentang kewajiban zakat, sehingga meningkatkan kepatuhan mereka dalam membayar zakat. Bagi pembuat kebijakan, temuan ini dapat dijadikan sebagai dasar untuk merancang strategi yang lebih efektif yang dapat mendorong kepatuhan pemilik bisnis dalam membayar zakat, seperti program literasi zakat, aktivitas sosialisasi, dan pendekatan yang memperkuat nilai-nilai egalitarianisme dan norma moral dalam konteks zakat.

Kata Kunci: Zakat, Kesalehan Sosial, Literasi Zakat, Egalitarianisme Islam, Norma Moral

INTRODUCTION

Zakat plays a pivotal role in the Islamic economy, fostering social cohesion and ensuring a decent standard of living for underprivileged Muslim communities (Sawmar & Mohammed, 2021). Beyond its socio-economic benefits, zakat adoption contributes to economic development, job creation, reduced income disparities, and ultimately elevates the well-being of all citizens. Business owners who embrace zakat not only fulfill their religious obligations but also engage in efforts to reduce socio-economic disparities and promote social justice and equality.

Indonesia, home to the world's largest Muslim population at 86.7% (Global Population Review, 2021), presents a significant zakat opportunity. The estimated zakat potential in Indonesia stands at IDR 327.6 trillion according to the Strategic Plan for the National Amil Zakat Agency for 2020-2025 (Baznas, 2020). Corporate zakat, valued at IDR 144.5 trillion, holds the greatest potential, followed by income and service zakat at IDR 139.07 trillion, IDR 58.76 trillion, IDR 19.79 trillion, and IDR 9.51 trillion, respectively. However, the actual zakat collection falls short of these potentials, with IDR 22.43 trillion collected at the end of 2022 (Baznas, 2023). This discrepancy between potential and reality highlights a need for improved zakat implementation among Indonesian Muslims.

One significant hindrance to zakat implementation among business owners is the lack of awareness and understanding of zakat's obligations and the potential benefits it offers. This lack of awareness can impact business owners' attitudes and behaviors towards zakat payment, leading to its deprioritization in their daily operations. Furthermore, Zakat Fund Managers have not fully harnessed zakat contributions from business owners, despite the sector's strategic importance to the economy. These gaps provide opportunities for future research to contribute to the understanding of zakat compliance behavior among Indonesian business owners, which could inform policy and practice in zakat management and collection.

Prior research has underscored the importance of individuals' intentions in promoting zakat compliance behavior. Scholars such as Icek (1985), Ajzen and Fishbein (1975), and Al-Qaradawi (2011) have emphasized the central role of intentions in driving behavior, asserting that sincere intention leads to higher compliance levels. Empirical research conducted by Bin-Nashwan et al. (2020)



supports the influence of religious beliefs on zakat compliance among business owners, demonstrating that a strong intent to pay zakat significantly boosts compliance. Similarly, studies by Sadallah et al. (2022) and Al Jaffri Saad and Haniffa (2014) underscore the pivotal role of attitudes, subjective norms, and intentions in shaping zakat observance among business owners.

Previous studies also showed that social piety positively correlates with charitable giving (Bonang & Baihaqi, 2022), suggesting that individuals with higher levels of social piety are more inclined to support charitable causes. Additionally, knowledge about zakat has been linked to increased intent and motivation to pay zakat (Syauqi et al., 2022; Annahl et al., 2021; Yusfiarto et al., 2020), emphasizing the importance of zakat literacy. Understanding the concept of egalitarianism in the context of zakat is crucial, as it underscores the principle of equity (Nathan, 1983; Ibrahim, 2022; Battal & Ibrahim, 2023), making business owners more inclined to support initiatives that bridge socio-economic disparities. Finally, moral norms have been found to significantly influence one's propensity to pay zakat (Knowles et al., 2012; Smith & McSweeney, 2007), highlighting the importance of understanding zakat's moral dimensions.

This study investigates the influence of social piety, zakat literacy, Islamic egalitarianism, and moral standards on zakat intentions and compliance among Indonesian business owners. Given their pivotal role in the economy and their religious obligation to pay zakat, this study holds significant relevance for business owners. Notably, it comprehensively integrates these factors, filling a research gap in zakat compliance among business owners. The findings can enhance business owners' understanding of zakat's significance within the Islamic framework and how these factors influence their intention and compliance. Incorporating religious and moral principles into financial decisions can foster greater awareness and adherence to zakat commitments. Furthermore, the study informs government and zakat institutions on how to encourage business owners to fulfill their zakat duties, fostering a conducive environment for sustainable economic and social development at both micro and macro levels.

This paper is structured as follows: The first section provides a brief overview of essential facts and background information. The next section reviews related literature, including prior studies and relevant theories. This is followed by a description of the research method, which includes economic models. The third



section presents the main findings and discusses their implications. The paper concludes with a summary of these findings.

LITERATURE REVIEW

Zakat as an Islamic Financial Instrument

Zakat, one of the fundamental components of Islamic finance, plays a crucial role in achieving social and economic objectives. The term "zakat," derived from Arabic, signifies growth and increase, aligning with its purpose of purifying and expanding wealth. Islamic jurisprudence defines zakat as a designated sum of money allocated to eligible recipients. Rooted in Islamic teachings, zakat's primary objective is to purify individuals' material possessions and souls. Fiqh experts stipulate that zakat applies only to financially capable adult Muslims under specific circumstances (Al-Qaradawi, 2011). Zakat serves as a means to redistribute wealth and improve the circulation of money in an economy that prioritizes the welfare of the less fortunate.

The implementation of zakat yields numerous benefits, notably poverty reduction, narrowing income disparities, and enhancing the socio-economic well-being of beneficiaries. Ahmed (2004), Ahmed (2008), Khan (2019), and Syed et al. (2020) have all highlighted the positive outcomes of zakat, which extend to the establishment of quality educational and healthcare institutions. Zakat also serves as a tool to stimulate investment and discourage excessive wealth accumulation (Herianingrum et al., 2022). With more than 30 references in the Qur'an, zakat underscores its significance in Islamic teachings. The eight categories of eligible recipients, known as *asnaf*, encompass those in need, including the impoverished and those living in destitution. By fulfilling zakat obligations in accordance with Qur'anic principles, Muslims actively contribute to the promotion of social justice and the overall well-being of society. Beyond its religious mandate, zakat serves as a critical financial instrument for fostering a just and sustainable economy (Ibrahim, 2011). Through zakat, Muslims facilitate wealth transfer and bolster the socio-economic system, resulting in improved well-being for society and individuals alike.

Factors Affecting Compliance in Zakat Payments

Numerous studies have explored the various factors influencing individuals' intentions to pay zakat. For instance, Sadallah and Abdul-Jabbar (2022)



employed an ethical approach to assess Algerian business owners' compliance with zakat laws, revealing that political stability, zakat awareness, and trust significantly impact compliance. In a different study, Sadallah et al. (2022) found that attitudes, subjective norms, and perceptions of behavioral control positively and significantly correlate with zakat payment and substantially influence zakat compliance behavior. Similarly, Bin-Nashwan et al. (2020) investigated the economic aspect of zakat compliance among business owners, finding that only religiosity had a significant impact, while the complexity of zakat laws and enforcement did not. Moreover, Saad et al. (2020) identified knowledge and close relationships as positively and significantly influencing the zakat payment inclination of Nigerian businesspeople. Muhammad (2016) also examined the factors affecting zakat compliance among business owners, reporting that compliance was significantly influenced by business attitudes and profitability but not by zakat management or the duration of the business's existence.

Relationship between Social Piety and Zakat Payment Intentions

Social piety encompasses an individual's religious practice and moral character, including spirituality, commitment to ethical principles, social responsibility, tolerance, and future-oriented perspectives. Various studies including Nurcholis (2015) and Azis (2020) have emphasized the significance of social piety, akin to individual piety. Additionally, research has shown that individuals with higher levels of social piety are more inclined to contribute to charity and support charitable causes (Bonang & Baihaqi, 2022). Within the context of zakat, social piety is closely related to the awareness of performing good deeds and paying zakat. The concept and practice of social piety among the millennial Muslim generation are influenced by factors such as parental roles, environment, and educational background (Darojatun & Alawiyah, 2021). Thus, social piety plays a pivotal role in shaping individuals' behaviors regarding zakat and charitable giving. Based on these results, the following hypothesis can be formulated:

H1. Social piety has a positive impact on business owners' intentions to pay zakat.

Influence of Zakat Literacy on Payment Intentions

Literacy refers to the ability to read, write, speak, and perform arithmetic (Antara et al., 2016; Pulungan, 2017). In the context of zakat payment studies,



literacy is often correlated with knowledge (Sadallah & Abdul-Jabbar, 2022; Yusfiarto et al., 2020; and Hakimi et al., 2021). Zakat authorities in Indonesia use the term “literacy” to emphasize the importance of understanding and accessing zakat-related information (Kasri, 2020). However, there is no definitive definition of zakat literacy. Zakat literacy, within the scope of this study, refers to an individual's ability to read, comprehend, calculate, and access information to raise awareness of zakat payments (Baznas, 2019). Previous research has consistently demonstrated a positive correlation between zakat knowledge and intentions to pay zakat. For instance, studies conducted in Indonesia by Annahl et al. (2020) revealed that zakat awareness significantly influences individuals' beliefs, thereby affecting their intentions to pay zakat. Understanding essential zakat details, such as qualified recipients, minimum zakat rates, and the mechanisms of zakat distribution, can lead to more positive attitudes among contributors. Furthermore, familiarity with zakat institutions and associated regulations can positively influence one's intention to fulfill their zakat obligation (Syauqi et al., 2022). The level of zakat literacy also affects muzakhki's (zakat payers) intentions, with a higher level of zakat literacy corresponding to a stronger intention to fulfill zakat obligations (Yusfiarto et al., 2020). Based on these findings, we can formulate the following hypothesis:

H2: Zakat literacy positively influences business owners' intentions to fulfill their zakat obligations.

Islamic Egalitarianism's Influence on Zakat Payment Intentions

Egalitarianism, defined as the philosophy that emphasizes narrowing the gap between the wealthy and the impoverished while promoting equal distribution of resources (Nathan, 1983), is particularly relevant in the context of zakat. The concept aligns closely with Islamic principles, which advocate for social equality (McAuliffe, 1999). This study assesses how the acceptance of Islamic egalitarianism influences individuals' intentions and commitments to zakat. Building on the idea of Islamic egalitarianism, this research aims to understand how this concept shapes individual intentions and commitment to zakat. In this study, Islamic egalitarianism was measured using seven items adapted from previous research conducted by Katz et al. (1988) and Case et al. (2008). Based on the findings of this research, the following hypothesis was developed:

H3. Islamic egalitarianism has a positive impact on business owners' intentions to pay zakat.



Impact of Moral Norms on Zakat Payment Intentions

Moral norms pertain to an individual's convictions about right and wrong (Parker et al., 1995; Kamri et al., 2014). These norms come into play when a person assumes responsibility for their actions and comprehends the consequences of those actions (Schwartz, 1977). In the context of zakat, moral norms underscore zakat as a personal obligation to assist those in need. Ethics, the determination of right and wrong, is heavily influenced by moral norms (Andam & Osman, 2019). Moral norms play a substantial role in shaping one's intentions (van der Linden, 2011), particularly with regard to charitable giving and zakat payment (Knowles et al., 2012; Smith & McSweeney, 2007). This study further explores the connection between moral norms and zakat payment intentions. Based on the research, the following hypothesis was formulated:

H4. Moral norms have a positive influence on the intentions of business owners to pay zakat.

Effect Intention on Zakat Compliance

Intention, defined as the desire to engage in a specific behavior in the future, is a critical determinant of human behavior (Ajzen & Fishbein, 1975). Understanding how intentions drive behavior is essential since intention is considered a key factor influencing actual behavior (Ajzen, 1991). Intention primarily drives actual behavior, as corroborated by additional research (Conner et al., 2002; Ajzen, 2006; Conner & Armitage, 1998). Therefore, individuals' intentions regarding zakat payment play a pivotal role in their compliance with zakat obligations (Saad et al., 2016; Ottman et al., 2017). Understanding the relationship between intention and zakat compliance behavior necessitates further research in this area. In light of the previous literature review, the following hypothesis was formulated:

H5. Intention has a positive effect on the piety of business owners in paying zakat.

METHODOLOGY

This study used a quantitative research design and employed a questionnaire as a data collection instrument. The study aimed to explain experimental observations and investigate the causal relationships between various variables through hypothesis testing (Sukmawati & Nurfitriani, 2019; Ibrahim, 2023).



The respondents were business owners from Jakarta Metropolitan Area, East Java, Sumatra, and West Nusa Tenggara. The sample size was determined based on the recommendations of Hair et al. (2019), suggesting 5 to 10 observations per parameter. Thus, the minimum sample size for this study was calculated as $29 \times 5 = 145$ samples. A total of 205 questionnaires met the required criteria and were used in this study. Data was collected through an online survey using purposive sampling, which selects specific individuals or groups based on their possession of necessary information or meeting certain criteria set by the researcher (Sekaran & Bougie, 2016).

Table 1. Measurement Items

Measurement Items
<i>Social Piety</i>
[PS1] I pay zakat as a form of my social awareness of the economic inequalities in society
[PS2] I pay zakat to promote stronger bonds among Muslims.
[PS3] I make zakat payments to contribute to Muslims' socioeconomic welfare.
[PS4] I make zakat payments as a sign of my responsibility to the surrounding community
<i>Zakat Literacy</i>
[ZL1] I possess a common insight about zakat
[ZL2] I am aware that the nation has zakat laws.
[ZL3] I am aware that only eight <i>asnaf</i> can receive zakat.
[ZL4] I understand I should provide zakat when my income reaches the <i>nisab</i> and <i>haul</i> (<i>nisab</i> is the bare minimum of wealth a Muslim should possess to be required to pay zakat, and <i>haul</i> is the term used to indicate the length of one <i>Hijra</i> year).
<i>Islamic Egalitarianism</i>
[IE1] A Muslim is required to be concerned about the well-being of others
[IE2] A Muslim should treat everyone with kindness
[IE3] A Muslim is required to find a means to assist those who are less fortunate
[IE4] Everyone should have the same rights.
<i>Moral Norms</i>
[MN1] I tend to enjoy contributing zakat
[MN2] If I refrain from contributing zakat, I will feel guilty
[MN3] I have a moral duty to donate zakat
[MN4] It goes against my principles to withhold zakat.
<i>Intention</i>
[Int1] In a short time, I plan to donate zakat
[Int2] One of the ways I give to charity is through zakat
[Int3] My desire to offer zakat is growing stronger.
<i>Zakat Compliance</i>
[ZC1] I pay the zakat annually
[ZC2] I never forget to pay zakat
[ZC3] I consistently make zakat payments via zakat institutions.



The data analysis for this study was conducted using AMOS software for Structural Equation Modeling (SEM). SEM was used to investigate potential direct or indirect causal relationships. It is particularly useful for analyzing complex and multidimensional relationships while considering measurement errors (Tabachnick et al., 2013; Hair et al., 2019). In this study, SEM was used to explore the impacts of zakat literacy on zakat intentions (Saad et al., 2016), Islamic egalitarianism on zakat intentions (Rizal & Amin, 2017), moral norms on zakat (Ur Rehman et al., 2021), and intention to pay compliance with zakat.

Before the analysis, the validity and reliability of each construct in the study were examined. The loading factor of each variable was checked to assess construct validity. Construct reliability was investigated using the Construct Reliability (CR) method and Average Variance Extracted (AVE). All variable indicators had loading factors above 0.05, indicating valid constructs. The CR method was used to assess construct reliability by generating the instrument reliability index from the SEM model studied. The reliability criteria used were $CR \geq 0.70$ and $AVE \geq 0.50$. If these two criteria are met, it indicates that the construct has adequate reliability. Hypothesis testing was conducted using the t-value with a significance level of 0.05. The null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted if the Critical Ratio (CR) ≥ 1.967 or the probability value (P) ≤ 0.05 . Figure 1 presents the framework for this study, illustrating how the examined variables interact and influence each other.

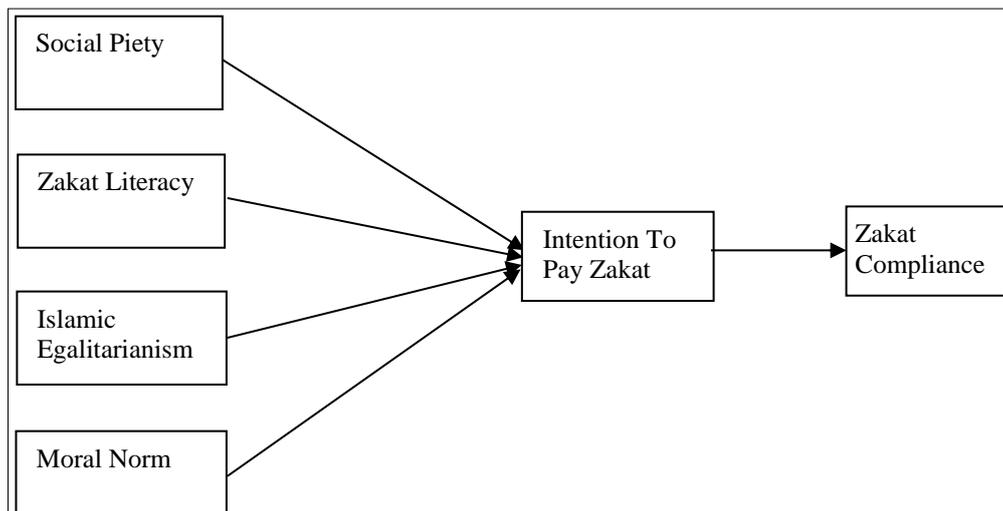


Figure 1. Conceptual Framework



RESULT AND DISCUSSION

Based on the demographic data, it was observed that out of the 205 respondents, 116 were women, constituting 56.6% of the total, while 89 respondents were men, making up 43.4% of the sample. In terms of age distribution, a significant portion of the respondents, approximately 34.7%, fell within the age range of 31 to 50 years. Similarly, 32.7% of the respondents also belonged to this age bracket. Regarding their educational qualifications, the majority of the respondents, specifically 42.9%, held diplomas or S1 degrees. Graduates accounted for 32% of the participants.

Table 2. Respondent Demographics

Demographic Aspects	Frequency	N (%)
<i>Gender</i>		
Male	116	56.6
Female	89	43.4
<i>Age</i>		
≤30	49	23.9
31-40	74	36.1
41-50	67	32.7
≥51	15	7.3
<i>Highest Education</i>		
Senior High School	76	37.1
Diploma/Undergraduate	88	42.9
Post Graduate	32	15.6
Other	9	4.4
<i>Business Length</i>		
<5 years	60	29.3
5-10 years	31	15.1
11-20 years	74	36.1
>20 years	40	19.5
<i>Business Types</i>		
Service and Utilities	34	16.6
Agriculture	50	24.4
Property And Building	41	20.0
Retailing and Wholesaling	80	39.0

Furthermore, when examining the length of their professional experience, it was found that 36.1% of the respondents had operational experience ranging



from 11 to 20 years, while 29.3% had less than five years of experience. Additionally, 24.4% of the respondents were involved in agriculture/plantation-related occupations.

Model Testing and Hypothesis Analysis

This study employed structural equation modeling (SEM) analysis as it offers a distinct advantage by allowing the researcher to assess the validity of a specific model, rather than merely confirming its appropriateness for the study (Sarwono, 2014). This analytical tool was selected to investigate the influence of zakat literacy, Islamic egalitarianism, moral standards, and compliance with zakat obligations on the intention to pay zakat.

Table 3. Item loadings on related factors

Construct	Items	Factor Loading	CR ($\geq 0,7$)	AVE ($\geq 0,5$)
Social Piety (SP)	SP1	0.759	0.94	0.82
	SP2	0.778		
	SP3	0.793		
	SP4	0.54		
Zakat Literacy (ZL)	ZL1	0.678	0.92	0.75
	ZL2	0.635		
	ZL3	0.571		
	ZL4	0.647		
Islamic Egalitarianism (EI)	IE1	0.695	0.95	0.84
	IE2	0.727		
	IE3	0.881		
	IE4	0.674		
Moral Norm (MN)	MN1	0.531	0.96	0.87
	MN2	0.855		
	MN3	0.824		
	MN4	0.59		
Intention (INT)	INT1	0.698	0.93	0.75
	INT2	0.678		
	INT3	0.566		
Zakat Compliance (ZC)	ZC1	0.605	0.91	0.78
	ZC2	0.77		
	ZC3	0.645		

Before conducting the analysis, it is imperative to subject each construct to rigorous validity and reliability testing. The validity of each construct is evaluated by examining the loading factor values of its constituent variables.



Additionally, to ensure reliability, this study employs two key metrics: the average variance extracted (AVE) and construct reliability (CR). Table 3 presents the outcomes of the construct testing, shedding light on the robustness of our chosen model.

In light of the test results, it is evident that all indicators associated with the study's variables are valid, with each indicator's Loading Factor value exceeding 0.05. To assess the reliability of the instrument within the SEM model, we employed the construct reliability approach. According to this approach, a construct can be deemed reliable if the Construct Reliability (CR) value is equal to or greater than 0.70, and the Average Variance Extracted (AVE) value is equal to or greater than 0.50.

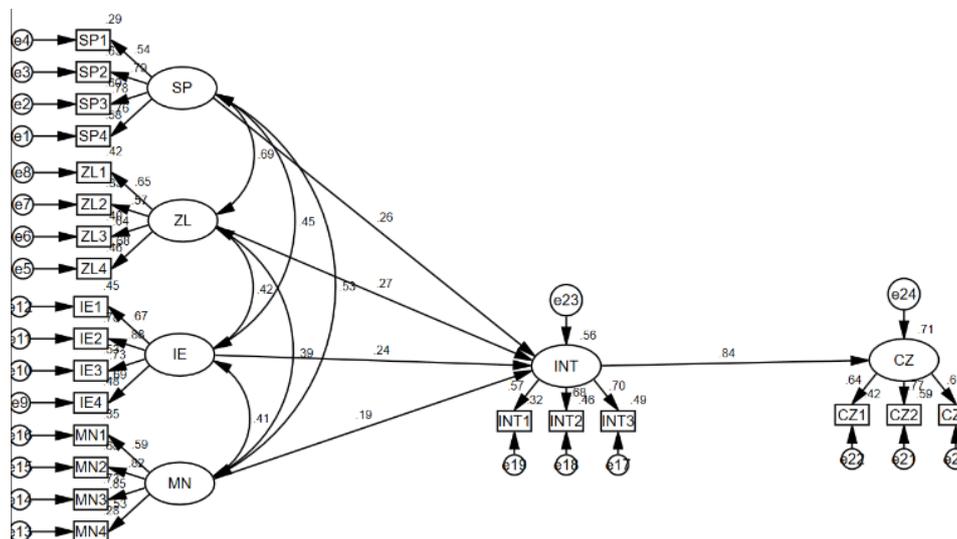


Figure 2. Final Model Measurement

Upon calculation, we found that the CR value for the Social Piety (SP) variable was an impressive 0.92 (≥ 0.70), and the AVE value stood at 0.82 (≥ 0.50), confirming the reliability of the SP variable. Similarly, the Zakat Literacy (ZL) variable demonstrated a high level of credibility, with a CR value of 0.92 (≥ 0.70) and an AVE value of 0.75 (≥ 0.50). The questionnaire for the Islamic Egalitarianism (IE) variable yielded a CR value of 0.95 (≥ 0.70) and an AVE value of 0.84 (≥ 0.50), reinforcing the trustworthiness of this variable. Likewise, the Moral Norms (MN) variable exhibited strong reliability, with a CR value of 0.96 (≥ 0.70) and an AVE value of 0.87 (≥ 0.50). The Intention variable also met the criteria for reliability, boasting a CR value of 0.93 (≥ 0.70) and an AVE value of 0.75 (≥ 0.50). Finally, the Zakat Compliance (KZ) variable displayed



sound reliability, with a CR value of 0.91 (≥ 0.70) and an AVE value of 0.78 (≥ 0.50). In summary, all variables in the study have been established as reliable based on these findings. The output results are presented in the form of a measurement model, elucidated as follows:

Table 4. Structural Equation Model (SEM) Estimation Results

Hypothesis	Path	Estimate	C.R.	P	Result
H1	INT <--- SP	0.236	2.01	0.044	Accepted
H2	INT <--- ZL	0.272	2.147	0.032	Accepted
H3	INT <--- IE	0.232	2.76	0.006	Accepted
H4	INT <--- MN	0.299	2.098	0.036	Accepted
H5	ZC <--- INT	0.731	6.534	***	Accepted

Hypothesis testing in this study relies on t-values, with a significance level set at 0.05. When the Critical Ratio (CR) value is greater than or equal to 1.967 or when the probability value (P) is less than or equal to 0.05, the null hypothesis (H₀) is rejected, indicating acceptance of the hypothesis (Junaidi, 2021). These findings substantiate that the probability value linking zakat literacy, Islamic egalitarianism, and moral norms significantly influences business owners' intentions to fulfill their zakat obligations. This research unravels the integrative roles played by social piety, zakat literacy, Islamic egalitarianism, and moral norms concerning zakat intention and compliance. These empirical findings significantly contribute to the understanding of factors influencing the intention to pay zakat among business owners. Notably, this study diverges from prior research by highlighting that social piety, rather than zakat literacy, holds substantial sway over business owners' inclination to fulfill their zakat obligations.

Social piety, encompassing moral uprightness in religious practice and virtuous deeds in daily life, emerges as a defining factor. Previous studies including Nurcholis (2015) and Azis (2020) corroborate that social piety carries a comparable impact to individual piety, fostering a stronger intention among business owners to pay zakat. Attributes such as spirituality, adherence to ethical principles, social concern, tolerance, and future orientation associated with social piety contribute to this influence. Social piety also entails awareness of assisting others and fulfilling zakat obligations. Personal levels of social piety may be shaped by parental influence, social surroundings, and educational environments (Darojatun & Alawiyah, 2021). Additionally, the study reveals that enhancing zakat literacy enhances business owners' intentions to fulfill



their zakat obligations. Zakat payers must possess a foundational understanding of zakat, referred to as zakat literacy, as it significantly impacts their adherence to Islamic principles governing zakat payments. Earlier research (Othman et al., 2017; Yusfiarto et al., 2020; Kasri & Yuniar, 2021) underscores the link between literacy and the willingness to give zakat, emphasizing the challenge posed by a lack of zakat knowledge. Encouraging *muzakki* to comply with Sharia regulations is crucial for effective zakat literacy (Saad et al., 2020).

Furthermore, this study uncovers that Islamic egalitarianism can forecast business owners' intentions to pay zakat, suggesting that religiosity in the Islamic context is intertwined with perceptions of equality, as supported by prior studies (Rizal & Amin, 2017). Moral values also emerge as significant determinants of business owners' inclination to fulfill their zakat obligations, aligning with research by Ur Rehman et al. (2021) and highlighting that higher moral values are associated with a greater likelihood of paying zakat (Smith & McSweeney, 2007). The significance of moral norms in shaping individuals' intentions has been demonstrated consistently within the context of zakat and charitable giving compliance across various nations. This assertion finds robust support in the research conducted by Burgoyne et al. (2005), van der Linden (2011), and Knowles et al. (2012).

This empirical finding underscores the importance of investigating additional variables that may influence business owners' intentions regarding zakat payments. Intention plays a pivotal role in zakat compliance, especially among business owners who meet the *nishab* threshold, as indicated by prior research studies such as those conducted by Bin-Nashwan et al. (2020), Sadallah et al. (2022), Saad et al. (2016), and Saad et al. (2020). In Indonesia, zakat institutions must innovate to garner the trust of business owners and encourage zakat payments. Transparency and impartial allocation of zakat funds to *asnaf* can boost this trust, motivating business owners to fulfill their zakat obligations through these institutions.

CONCLUSION

This study highlights the significant influence of social piety, zakat literacy, Islamic egalitarianism, and moral norms on zakat intentions and compliance among Indonesian business owners. Social piety significantly shapes business owners' attitudes towards zakat, contributing to societal progress. Zakat literacy helps individuals understand the importance of zakat in Islam and increases the



likelihood of fulfilling zakat obligations accurately. Islamic egalitarianism influences zakat intentions and adherence, promoting social justice and economic equity. Moral norms play a key role in shaping zakat compliance, encouraging business owners to fulfill their moral duty.

These findings have practical implications for business owners, governments, and zakat institutions. Business owners can enhance their comprehension of zakat requirements and compliance by integrating religious and moral considerations into their financial and economic decision-making processes. Governments and zakat organizations, on the other hand, can foster greater zakat compliance by formulating more effective policies and initiatives to encourage business owners to fulfill their zakat obligations. Future research endeavors may benefit from employing more representative samples and considering cultural and economic factors that may impact zakat compliance among business owners. Such comprehensive studies have the potential to significantly contribute to strengthening zakat compliance in Indonesia and fortifying business owners' roles as pillars of an ethical and sustainable economy.

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