



## **Antecedents of *Zakat* Payers' Trust: The Case of Nigeria**

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### **ABSTRACT**

*Zakat* payers' trust is vital to *zakat* organizations because its absence will undermine the institutional effectiveness of *zakat*. Unlike other forms of voluntary donations, *zakat* is a religious duty guided by divine rules. However, *zakat* payers have choices to turn to collection channels of their preference either through governmental or voluntary *zakat* institutions. With increasing number of charitable organizations, competition for limited *zakat* and other donation becomes intense. Understanding the *zakat* payers' compliance behavior is central to the development of *zakat* institutions because their effectiveness to help the poor and other beneficiaries is heavily dependent on *zakat* collection. However, such studies are sparse. Therefore, the aim of the paper is to fill this gap by developing and validating the model of *zakat* payers' trust in *zakat* institutions. The constructs of trust's antecedents were drawn from resource dependence theory, legitimacy theory, and donor trust literature. Through structural equation modeling test, we found perceptions of board capital, legitimacy management and stakeholders' orientation are important to determine *zakat* payers' trust. The trust model represents the main contribution of this study. Importantly, necessity of understanding *zakat* payers' trust are more pertinent at the place where proper *zakat* administration is still in its infancy stage as in the case of Nigeria.

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Key words: Trust, Board capital, Legitimacy management, Stakeholders' orientation, *Zakat* payers

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## 1.0 INTRODUCTION

Donor trust is especially important to the voluntary sector since it is often difficult for a donor to adequately assess whether his money has been used as promised. Absence of donors' trust will impede their giving behavior. As suggested by Sergeant and Lee (2002), the separation of market for resource attraction (i.e. funding) and resource allocation (i.e. programs) makes the opportunity for monitoring problematic. Thus, charitable organizations must put in place factors that create donors' trust. The necessity for trust is, indeed, very great in respect of *zakat* institutions<sup>1</sup>. This is due to the fact that *zakat* payers must have sufficient trust in an organisation that they will delegate a religious duty. Unlike other forms of voluntary donations, *zakat* is a religious duty and is guided by divine rules. However, *zakat* payers can pay *zakat* to collection channels of their choice either through governmental or voluntary *zakat* institutions. Without trust in these organizations, devoted Muslims may also distribute *zakat* directly to its beneficiaries or hold payments until ideal *zakat* administration is in place.

Understanding the *zakat* payers' compliance behavior is important to the *zakat* institutions because their effectiveness depends on the level of support that *zakat* payers' provide. As argued by Sergeant and Lee (2004), donor trust to the charitable organizations plays an important role in fostering giving and in determining the amount of donations. These are integral elements of the sustainability of charitable organizations. Understanding factors that can enhance *zakat* payers' trust would certainly provide opportunities for *zakat* institutions to improve performance in terms of *zakat* collection and distributions.

Researchers have attempted to identify demographic, socioeconomic and psychographic variables that influence *zakat* payment and the choice of *zakat* distribution channels (Idris and Ayub, 2002; Nor, Wahid and Nor, 2004; Muhammad, 2008; Wahid, Ahmad, and Kader, 2008). However, none of these studies have addressed *zakat* payers' perceptions of the *zakat* institutions and their attributes that can fuel giving behavior amongst *muzzakies* (*zakat* payers). Accordingly, knowledge of the antecedents of donor trust will assist managers of *zakat* institutions to attract and retain *zakat* payers for long term sustainability of their organizations. The main subject of previous studies has been *zakat* payers' attributes than *zakat* institutions' governance and management policies. Thus, the aim of the paper is to fill this gap by developing and validating the model of *zakat* payers' trust. In the model, we examine the impact of governance, legitimacy management and stakeholders' orientation of *zakat* institutions on *zakat* payers' trust. Therefore, the study represents a significant contribution to the

body of knowledge in charitable organization literature with specific focus on sustainability of *zakat* institutions. Importantly, issues on *zakat* payers' trust are more pertinent at the place where proper *zakat* administration is still in its infancy stage as in the case of Nigeria. Nevertheless, the findings will be also very helpful to *zakat* institutions facing legitimacy problem in other jurisdictions.

This paper on the *zakat* payment sustainability in Nigeria begins by providing some background on the emerging *zakat* sector in Nigeria and a discussion of the current situation of *zakat* management in Nigeria. This is followed by the literature review section. The fourth section is the discussion of the theoretical background and hypothesis development section. The fifth section reviews the methodology of the study while section six discusses the results. Section seven concludes the paper.

## 2.0 LITERATURE REVIEW

### 2.1 ZAKAT INSTITUTIONS IN NIGERIA

The re-emergence of organized *zakat* institutions in Nigeria, after it was declared illegal by the colonial authority, can be traced to two factors. First, the high incidence of poverty among the Nigerian Muslims has led to the emergence of Kano *Zakat* Council in the northern region in 1982 (Aliyu, 2002) and the Muslim Welfare Fund by 1997 in the western region of Nigeria. This marked the beginning of private *zakat* institutions in Nigeria. The second factor was the declaration of the Islamic legal system in Zamfara state in 1999. The Zamfara State *Zakat* and Endowment was established as one of the structures for implementation of a *Shari'ah* legal system. Eleven other states in the northern region also established *zakat* institutions with different levels of implementation. The establishment of these institutions increased the awareness about formal *zakat* management in Nigeria. *Zakat* and *Sadaqah* foundation also came on board in 2000.

With these development, two major issues feature prominently in the Nigerian *zakat* management landscape. First, a majority of *zakat* collection by governmental institutions is from the farmers (based on the preliminary exploratory findings) while the level of collection by both governmental and non-governmental is grossly low compared with the *zakat* payment potentials of Muslims. In the year 2002 a study conducted by Aminu Ibrahim and Co, Chartered Accountants confirmed a wider gap between the actual *zakat* performance and the *zakat* payment potentials of Muslims resident in Kano state. This study only identified the problem of low *zakat* collection and proffered solution but failed to investigate the cause of the poor *zakat* collection by Kano state *zakat* institutions. The audited report of the other

three major *zakat* institutions also confirms poor *zakat* collection scenario. In 2008, it was reported by a British broadcasting corporation, Bauchi, that the rich in the state give their *zakat* to the poor in their neighborhood. One possible reason for the behaviour of the rich in Nigeria may be lack of trust in the formal *zakat* institutions. Therefore, knowledge of the antecedents of trust among the Nigerian *zakat* payers will surely help the sustainability of *zakat* institutions in Nigeria.

## 2.2 DONOR TRUST AND CHARITABLE ORGANIZATIONS

The review of studies on donor trust began with studies on trust in its generic usage. The concept of trust in organizational studies is widely discussed and researched in marketing literature. Trust is considered potent in commercial relationships either in business to business deals or trade between firms and customers (Berry, 1995; Morgan and Hunt, 1994). There is a general agreement that trust is important in a number of ways. It promotes cooperative behavior, reduces uncertainty and risk in people's relationship, decreases transaction costs and facilitates formation of ad hoc work groups (Meyerson, Weick and Kramer, 1996; Doney and Cannon, 1997; Gambetta, 1998).

Controversies exist in marketing literature as to antecedents and consequences of trust. Many authors, in their definition, have identified some elements as determinants while in other studies the same set of elements are treated as consequences. Among antecedents found in the literature include personal characteristics of the partners such as honesty, sincerity, moral integrity, frankness, empathy, reliability and affinity with trustor (Swan and Nolan 1985; Moorman, Deshpande and Zaltman 1993), shared values which partners pursue (Morgan and Hunt 1994), goal congruence (Anderson and Weitz 1989), and reputation (Ganesan 1994; Doney and Cannon 1997).

Discussion on the consequences of trust found in the literature include commitment reflecting the effort that individuals make to maintain a relationship (Moorman, Zaltman and Deshpande 1992; Morgan and Hunt 1994; Ganesan 1994; Nielson 1998), reduction of transactions costs where business deals are completed based on trust rather than via detailed legal contracts (Zaheer and Venkatraman 1995), greater ease in influencing partners (Swan and Nolan 1985; Swan, Trawick and Silva 1985), consequently greater sales (Crosby, Evans and Cowles 1990; Dahlstrom and Nygaard 1995; Dion, Easterling and Miller 1995) and continuity of the relationship (Ganesan 1994; Mohr and Speckman 1994; Kumar 1996). Specifically, as suggested by Nielson (1998) that the consequence of trust should lead to greater probability of allocating resources in favor of parties who are trusted, this clearly provides basis for exploring relationship between *zakat*

payers' trust in *zakat* organizations and their *zakat* compliant behavior. In other words, *zakat* payers' trust is correlated positively with their choice of institutions to which they pay their obligatory donation.

Within studies of fostering donors' giving behavior in charitable organizations, it appears that Sargeant and Lee (2002 a & b) to be the first empirical study on donor trust. According to them, previous studies have approached trust and its relationship to donor behavior from a normative or philosophical perspective. Moreover, they assert that no prior study before them has operationalized trust in the voluntary sector context. Due to limited number of literature in the area of donor trust, this study is heavily influenced by the work of Sargeant and Lee (2002 a & b), Sargeant et al. (2006), and Torres-Moraga et. al. (2010) in exploring supports of role of trust in segregation of different groups of donors, and in determining their level of donation in specific charitable organizations.

### 2.3 ZAKAT PAYERS' COMPLIANCE BEHAVIOUR

Understanding *zakat* payers' compliance behavior is particularly crucial to *zakat* institutions because many Muslims consider that majority of their governments have political agenda in settling charitable organizations and as such adversely affect their trust in them. This attitude against governmental institution led to the emergence of voluntary organizations which filled the gap by collecting and distributing *zakat* along side with other humanitarian donations (Krafess, 2005). Besides, proliferation of voluntary organizations is a serious challenge to the nongovernmental charities. For example, in Jordan, a country with about 5.25 million people has over 650 registered voluntary bodies while the number of voluntary organizations in Egypt is put at about 14,000. The resultant effect is competition for the available limited *zakat* and other donations. Consequently, *zakat* institutions adopt marketing strategies like promotional gifts as well as high investment in technology to gain loyalty of *zakat* payers. This is prevalent in countries like Malaysia and Singapore. Wholesale adoption of marketing strategies without adequate understanding of factors that engender trust in *zakat* institution may constitute sheer waste of *zakat* payers' money. It does appear that these efforts do not generate expected outcomes (Wahid et. al., 2008).

Studies on behavioural aspects of *zakat* are limited. Nevertheless, the following review of relevant literature highlights the need to study *zakat* payers' trust. Idris and Ayub (2001) conducted a study on the dimensions of attitude towards *zakat* on employment income and their implications on compliance behaviour. Idris, Ali and Ali (2003) discuss the impact of intrinsic factors on compliance behaviour toward *zakat* on employment

income, while Nor, Wahid and Nor (2004) focus on the awareness of paying *zakat* on income among professionals. Ahmad, Wahid and Mohamad (2006) explore factors contributing to dissatisfaction towards *zakat* institutions, whereas Muhammad (2008) studies the perceptions of lecturers on *zakat* administrations with Wahid, Ahmad and Kader (2008) exploring factors influencing dissatisfaction among *zakat* payers towards *zakat* distribution.

Past studies have identified a number of factors that influence the behaviour of *zakat* payers and their attitudes of *zakat* payers toward *zakat* on employment income. Idris and Ayub (2001) identify the general acceptability, positive acceptability, uncertain acceptability, conditional acceptability and technical acceptability as the five dimensions of attitude towards *zakat* on employment. Of these, they discovered that only positive acceptability, uncertain acceptability, conditional acceptability are significantly related to compliance behaviour.

Idris, et al. (2003) investigates the impact of motivational factors such as perceived service quality, degree of knowledge of *zakat*, degree of exposure to promotional campaigns and level of religiosity on *zakat* compliant behaviour. He found that perceived service quality, degree of knowledge of *zakat*, degree of exposure to promotional campaign is significantly related to *zakat* payment behaviour while the level of religiosity has an inverse relationship with *zakat* payment behaviour. The unexpected relationship between the degree of religiosity and compliance might be linked to differences of opinion on the legality of the inclusion of employment income as part of wealth subjected to *zakat*.

While the degree of religiosity is not a significant factor influencing the behaviour of *zakat* payers in the study by Idris et al. (2003), Nor et al. (2004) found that the level of religious belief and religious education are the two most significant factors influencing the payment of *zakat* on income. Insignificant variables like gender, number of dependants, level of education and knowledge of *zakat* on income were found to be related to the behaviour and compliance of *zakat* payers. *Zakat* collection centres were not found to have any significant influence on payment of *zakat* on income.

Prior studies have also addressed the decision of *zakat* payers regarding their selection of channels for *zakat* distribution to reach the beneficiaries. Ahmad et al. (2006) examines factors that determine attitudes toward *zakat* institutions based on a sample of 753 respondents across six privatized *zakat* institutions. He found that *zakat* distribution patterns and efficient management of *zakat* is related to payment of *zakat* to *zakat* institutions. Approximately 57 % of the respondents reported that they were not satisfied with the existing distribution of *zakat* and that it significantly affected their choice of *zakat* distribution channels. In a similar study, Muhammad

investigates the perceptions of lecturers towards *zakat* administrations. In his classification of his respondents, only 12% paid *zakat* to beneficiaries in Selangor while 37.5% of respondents in Kelantan paid directly to the needy.

High patronage of *zakat* institutions was attributed to privatization and the market type of approach to *zakat* collection activities. Feelings of personal satisfaction were cited as the major reason for paying to the needy. In Selangor approximately 58% of those who paid to the needy cited the same reason while approximately 70% of their counterparts in Kelantan also gave the same reason. Among the major findings of Muhammad include the significant relationship between favourable perceptions of *zakat* distribution and payment of *zakat* to *zakat* institutions and a significant relationship between perceptions of poor *zakat* distribution and increased probability to pay *zakat* directly to the recipients. Unlike Muhammad, Wahid et al. did not find any links between *zakat* distribution and a willingness to pay *zakat* nor did he find any significant effect of privatization on *zakat* payment.

There is no doubt that prior research on *zakat* payment behaviour will greatly contribute to *zakat* management especially in Malaysia where most of the studies were carried out. However, it is evident their findings are mixed and not integrated. Besides this, most findings are based on employment income in the public sector while private sector is left unexplored. As a narrow scope of study will limit the general applicability of the findings, Idris and Ayub (2001) called for studies of other sectors and jurisdictions. In addition, more studies are needed to provide greater understanding on relationship between *zakat* payers' compliant behaviour and attributes and actions of board members and top management of *zakat* institutions. Such knowledge and studies on steps and actions of *zakat* institutions that lead to improvement in collection and effective distribution of *zakat* is necessary but sparse. For instance, factors such as religiosity, religious education are beyond the control of *zakat* institutions, hence their contribution to knowledge that will improve *zakat* collection by *zakat* institutions is limited. But issues pertaining to distribution pattern, personal satisfaction, efficiency of management, *zakat* collection centres exposure to promotional activities will be very helpful to *zakat* management practices. Although, knowledge of influences of these factors is, in no doubt, useful, these factors are output of decisions made by decision making organ called board of directors or trustees.

The impacts of board on the type and scope of decisions an organisation made are well documented in governance literature (Herman, and Renz, 1998 and 2000; Hillman and Dalziel, 2003; Brown, 2007). Besides, Muhammed (1990) and Ghazali and Ibrahim (1990) identify trust of *zakat* payers as major factor that will influence their payment decision. None of these studies have

specifically addressed to identify determinants of *zakat* payers' behaviour that make them pay *zakat* through organizations of their choice. Therefore, findings from studies specifically addressing the issue of the trust of *zakat* payers in *zakat* institutions will enrich the literature with new insights of ways in improving performance of such institutions. Thus, the current study examining the role of governance and management policies on *zakat* payers' trust is an attempt to bridge this gap in the *zakat* management literature.

### 3.0 THEORETICAL BACKGROUND

The current study falls within a broad theoretical area of organisational resource management. In the context of *zakat* institutions, understanding the role of board of trustees is a vital component of organisational resource management and also constitutes an essential part of this theoretical area. Although a number of board functions have been identified in the governance literature, the four critical roles often cited include monitoring, service, strategy and resource provision (Ong and David, 2007; Daily et al., 2003; Zahra and Pearce, 1989).

*Zakat* institutions, traditionally, rely mainly on contributions from the individual *zakat* payers. A typical *zakat* payer has the option of paying directly to the poor or through a third party in the form of *zakat* institutions. The fact that payment of *zakat* is a religious duty, its payers often take necessary steps to ensure it is done as prescribed. Doubt as to the appropriateness of its implementation is heightened when it's done through a third party. Accordingly, they often require signals to mitigate this information asymmetry. When organisations face legitimacy problem, disclosure is one of the means of solving the problem (Suchman, 1988). Similarly, resource dependence theory suggests that the board should be vigorous to provide resources including legitimacy for organisations (Pfeffer and Salancik, 1978).

Resource dependence theory is based on the belief that environments are the source of scarce resources and organizations are dependent on these limited resources for their survival. Therefore, lack of control over these resources creates uncertainty for firms operating in that environment. Accordingly, organizations must develop ways to exploit these competitive resources in order to ensure their own survival (Pfeffer and Salancik, 1978). According to them, three factors influence the degree of dependence of organizations on a given resource: The overall importance of the particular resource to the firm, the scarcity of the resource and finally, and the competition between organizations for control of that resource.

Besides, resource dependence theory also inferred that a firm's



strategic options were determined to a great extent by the environment. Consequently, to reduce the impact of this environmental uncertainty on organizational performance, resource dependence theorists argue that it is necessary for organizations to develop and sustain effective relationships with their external environment. Board of director is seen as main instrument of sustaining fruitful relationship with the external environment.

Legitimacy theory is based on the notion of social contract which is a set of expectations a society holds about how an organization should conduct its operations. Organizations are expected to comply with the (terms) expectations embodied within the social contract. Literature on organizational legitimacy falls – fairly neatly into strategic and institutional approaches (Oliver, 1991). The strategic approach depicts legitimacy as an operational resource (Suchman, 1988) that organizations extract from their cultural environments and that they employ in pursuit of their goals (Ashforth and Gibbs, 1990). On the contrary, the institutional approach views legitimacy as a constraint and concerns on the cultural environment in which organizations exist as well as the pressure that the environment exerts on organizations to engage in expected normative behavior.

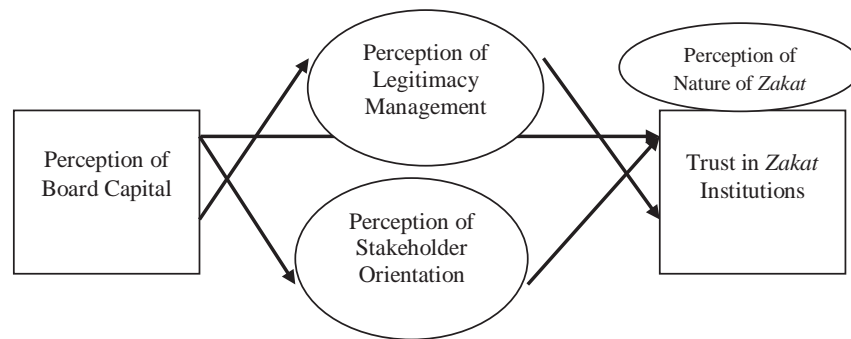
From the discussion above, it is apparent that the link between organization's legitimacy and resource dependence theory is the role and functions of the board in mobilizing institutions' resources to manage pressures of external environment. According to Hilman and Dalziel (2003), the function of resources provision refers directly to the ability of the board to bring resources to the firm, resources being "anything that could be thought of as a strength or weakness of a given firm" (Wernerfelt, 1984, as cited by Hilman and Dalziel, 2003). Pfeffer and Salancik, (1978) assert that four primary benefits can be provided by the boards. These include advice and counsel, legitimacy, channels for communicating information between external organizations and the firm, and preferential access to commitments or support from important elements outside the firm. As the aim of the study is to determine what factors that should exist in *zakat* institutions that promote *zakat* payers to pay their dues in such organizations, the two theories and donor trust literature provide relevant framework to for the study. Detailed discussion is given in the discussion of the model and hypotheses generation.

#### 4.0 RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

Figure 1 displays the theoretical model of the study. The model clearly shows that antecedents of *zakat* payers' trust in *zakat* institutions are perception of board capital, perception of legitimacy management, perception of stakeholders' orientation and perception of the nature of *zakat* institutions.

Board capital is drawn from governance literature. It is assumed that the degree of heterogeneity in the board will influence the type of legitimacy management policies as well stakeholders' orientation of *zakat* institution. It is proposed that the combined effect of these should affect the trust of *zakat* payers in a *zakat* institution. Finally, based on *zakat* literature, it is assumed that the *zakat* payers have different perceptions regarding types of *zakat* institution and this should affect their trust in *zakat* institutions.

FIGURE 1  
Theoretical Model



#### 4.1 PERCEPTION OF BOARD CAPITAL

The concept of board capital was introduced in strategic management literature by Hillman and Dalziel (2003) as the sum of the human and social capital of the board of directors. They assert that board capital, or sum of individual director's human and social capital, serves as a proxy for the ability of a board to engage in board roles such as provision of resources for the firm (Haynes and Hillman, 2010). Board members often have substantial influence in shaping the behavior of firm by virtue of their strategy formulating and oversight roles. They influence setting of organizations goals and priorities as well as how resources will be allocated to meet those goals. Members, however, bring different values, disciplinary norms, functional expertise and social connections to their role (Jensen and Zajac, 2004). Therefore, there are likely to be differences of opinion when it comes to setting organization's values, priorities and making resources allocation decisions. Thus board capital may be critical in determining stakeholder management practices.

One of the roles of the boards that have been theoretically identified is the strategic role. Board's involvement in strategy has been found to include working with management to develop strategic planning. From practitioners' perspectives, Lusthaus, Anderson and Murphy (1995) view strategic planning

as one of the measures of an organizational capacity. To them strategic planning refers to the pattern of calculated responses to the environment which includes resource deployments that enable an organization to achieve its goals. It entails formulating activities that lead to long term organizational success. It involves exploring the fundamental questions: What are the major services that we offer? Who are our clients and what services do they want us to provide?

Another role of board is to provide resource for organizations. Hillman and Dalziel (2003) propose that boards also function as resource catalysts for organization by providing linkages to necessary resources, providing legitimacy, links to other organizations and assistance in acquiring resources. Green and Griesinger (1996) found that boards that engaged in resource – related activities, such as involvement in fund raising and making personal financial contributions were more likely to be associated with measures of improved organizational performance. Herman and Renz (2000) found that most effective non-profit organizations do have prestigious boards. The importance of social and financial status in board ability to perform its resource provision role has implication for board of *zakat* institutions. Prestigious and committed boards should be able to attract more *zakat* to *zakat* institutions

If donors trust is critical to the sustainability of nonprofit organizations, it can be inferred that strategic planning is imperative for trust building. By implication, board capital that influences strategic planning has an indirect influence on trust building. Since, the object of strategic planning is organizational survival and one way to achieve this is to pay attention to satisfaction of organization' stakeholders and organizational legitimacy, it can be inferred that board members also influence both stakeholder orientation and legitimacy management. Also, linkage provision role of board can be construed as an evidence of trust building activity for an organization. From the discussion, board capital impacts on trust, legitimacy management and stakeholders' orientation. Thus it is hypothesized as follows:

- H<sub>1</sub>: *The higher the perception of the board capital of a zakat institution, the higher the zakat payer's trust.*
- H<sub>2</sub>: *The higher the perception of the board capital of a zakat institution, the higher the perception of legitimacy management.*
- H<sub>3</sub>: *The higher the perception of the board capital of a zakat institution, the higher the perception of quality of stakeholders' orientation.*

#### 4.2 PERCEPTION OF NATURE OF ZAKAT INSTITUTION

*Zakat* institution, by rule, should be run by an Islamic government<sup>2</sup>. But private organizations can run *zakat* institutions either as sole *zakat* fund administrators where there is no Islamic government (Al-Qaradawi, 1999; Islam, 1999) or co exist with governmental institutions (Al-Qaradawi, 1999; Faridi, 1990; Kahf, 1990; Mohammad, 1990; Hassan, 2007). Perceptions of people regarding performance of public and private sectors organizations vary. There is general feeling that private sector organizations are more efficient than governmental organizations. Governmental *zakat* institutions may not be immune against this general perception of inefficiency against government. Hassan (2007) reports that the average annual combined *zakat* collections of three non-governmental *zakat* institutions, between 1988 and 1997, were 538% of the average annual *zakat* collection by the governmental *zakat* board within the same period in Bangladesh. Similarly, Scoth (1985) finds that rice farmers in Kedah, a state in Malaysia, were reluctant to pay to the non Islamic government of the time because of the fear of inappropriate distribution. Evidences from these studies appear to be reflection of role of trust in the selection of organization into which individuals pay their *zakat* when they have the freedom to choose. Obviously, these may not be complete picture of public perception against *zakat* institution. There is therefore, a need for empirical evidence to provide insight into this phenomenon. Both governmental and nongovernmental *zakat* institutions exist in Nigeria and performance of governmental as evidenced by the audited reports tend to support this perception. An empirical support is, however, desirable to provide more insight. This leads to the fourth hypothesis.

H<sub>4</sub>: *The higher the belief in governmental zakat institution, the higher the perception of trust of zakat payers in zakat institutions.*

#### 4.3 PERCEPTION OF LEGITIMACY MANAGEMENT

Either gaining, maintaining or repairing legitimacy, Suchman (1995) suggested that organizations should respond to social expectation effectively or else it would pose serious problem to its existence. According to Deegan(2006), the central theme in most studies under the legitimacy theory is the role of public disclosures of information to support, create or regain organizational legitimacy. In this context, legitimacy is treated as a resource upon which most organizations rely upon, to varying degrees, for their survival. Legitimacy theory, like a number of other theories such as political economy theory and stakeholder theory, is considered to be a systems- oriented theory (Deegan, 2002) and a system oriented organization

and society permit the tendency to focus on the role of information and disclosure in the relationship between organizations, the state, individuals and groups (Gray, Owen, and Adams, 1996). Using a system view, legitimacy theory assumes an organization is influenced by the society and in turn, society in which an organization operates has influence on it. Within a given society, social oriented theories recognize the existence of power conflicts and the various struggles that occur between various groups (Deegan, 2002). Effective managers should know how to manage the expectations of these conflicting groups for the survival of their organizations.

Organizations, to system oriented theorists, do not have inherent right to exist (Suchman, 1995). To them organizations exist to the extent that the particular society considers that they are legitimate and as such “confer” upon them (the organizations) the “state” of legitimacy. Where society is not satisfied that an organization is operating in an acceptable manner, social contract is perceived as breached. The society may subsequently revoke the organization’s “contract” to continue its operations through boycott of products, withdrawal of supply of raw materials or even lobbying government to impose prohibitive taxes or fines to prevent the continuity of actions deterred by the society. This is a case of threat to legitimacy which effective managers should manage for the benefit of their organization. In the context of *zakat* institution, the *zakat* payers may resort to distributing *zakat* direct to the beneficiaries.

Management of legitimacy becomes a very important issue because of differences in manager’s perceptions. Besides, the perception of managers about degree of importance of different stakeholders may also differ. The more important a stakeholder is considered to an organization, the more effort will be exerted in managing the relationship (Gray et al., 1996). Information is a major element that can be employed by organization to manage (or manipulate) the stakeholder in order to gain their support and approval or distract their opposition and disapproval. Deegan (2002) also affirms that corporate disclosure policies are considered to represent one important means by which management can strategically influence external perceptions about their organization.

Information communication is based on the organization’s view of legitimacy. When it is seen as two dimensional involving strategic communications targeted toward specific organizational audiences and also encourages participation of the organizational stakeholders. If legitimacy is regarded as critical to ensure balance relationship among stakeholders of an organization for survival, then, its management should be related to trust of these stakeholders. Therefore, it could be inferred that *zakat* organizations must make available appropriate information that promote acceptance of *zakat* payers. This leads us to the fifth hypothesis:

H<sub>5</sub>: *The higher the perception of the quality of the legitimacy management of a zakat institution, the higher the perceived trust by the zakat payers.*

#### 4.4 PERCEPTIONS OF STAKEHOLDERS' ORIENTATION PRACTICES

Stakeholder orientation refers to how organizations manage their stakeholder groups through resource allocation decision (Berman, Wicks, Kotha and Jones, 1999). Most studies on non-for profit organizations have used time allocation as a measurement of stakeholders orientation because this type of organization particularly face hard choices in time allocation due to the smaller staff-to-workload ratios that is prevalent within the sector (Light, 2002; LeRoux, 2009). Accordingly, time is regarded as a critical resource that must be allocated among a number of organizational activities in order to accomplish the organization's objectives. Organizational time allocation decisions, therefore, have consequences for stakeholders. In the context of *zakat* institution, the resource allocation encompasses both time and other material resources.

According to Berman et al. (1999), there are two opposing views in the corporate governance literature about the ways organizations allocate time and attention to stakeholder group. The two models of stakeholder management: normative model (intrinsic stakeholder commitment) and the instrumental model (strategic stakeholder management). Stakeholder orientation views have their roots in these two divergent views. The intrinsic stakeholder commitment model is grounded in the corporate ethics as being inextricably linked to strategy and organizational behaviors. This model suggests that organizations should give equal attention to all stakeholders' interest. Advocates of instrumental model challenge the normative model as an inaccurate account of organizational behavior (Jawahar and Mc Laughling, 2001).

Drawing from resource dependence view of organization (Pfeffer and Salancik, 1978), advocates of the instrumental model argue that organization are often under pressure to strategically place some stakeholder interests over others not only to achieve higher financial performance but also for survival. Jawahar and Mc Laughling (2001) argue that organizations are likely to favor certain stakeholders depending on the degree of dependence on those stakeholders for resources critical to the organization's survival. These two approaches present a serious challenge to managers of organizations in general and managers of voluntary institutions in particulars. In organizations dealing with customers, the relationship is between sellers and buyers but in voluntary organizations act as intermediary between "sellers" (donors) and "buyers" (beneficiaries). They have different types of donors with different interests. Therefore, voluntary managers

should be able to strike balance in their stakeholders' orientations policies. In the context of *zakat* institution, normative prescriptions suggest that most *zakat* payers will expect better treatment of the *zakat* beneficiaries. How this treatment affects their trust in *zakat* institution has, however, not been empirically tested. Thus, this leads us to the sixth hypothesis.

H<sub>6</sub>: *The higher the perception of the quality of the stakeholder's orientation practices of a zakat institution, the higher the perceived trust by the zakat payers.*

## 5.0 METHODOLOGY

### 5.1 VARIABLE MEASUREMENT

#### 5.1.1 PERCEPTIONS OF ZAKAT PAYERS' TRUST (PTZ)

Lack of universally accepted scholarly definition for the concept trust has made operationalizing trust problematic. Issues of multidimensionality and reliability have been reported (Corazinni, 1997; Rousseau et al., 1998) and a number of scholars have criticized wholesale adoption of psychological measures for business context (Dwyer and Oh, 1987). Scholars operationalize trust differently, depending on the focus phase of trust they study (Rousseau et al., 1998). Several dimensions of trust have been explored in various attempts at modeling the concept. Some have consider motivation and ability (Andaleeb, 1992) while others focus on credibility and benevolence (Ganasan, 1994). There are other groups that look at the cognitive and behavioral aspects of the concept. After assessing most of the available approaches, Bigley and Pearce (1998) warn against inclusion of too many dimensions in order not to avoid degradation of attribute precision and undermine the utility of result obtained. In the same line of thought, Morgan and Hunt (1994) remarked that trust exists in the presence of the cognitive component alone even though they identify two dimensions of trust. The researcher adopts the same position in this study. Accordingly, trust is operationalized as a series of beliefs which *zakat* payers hold regarding the attributes of a *zakat* institution that will be fair to its stakeholders. Therefore, the six items that measure the underlying components of perceived trust in *zakat* institutions were adapted from questionnaire items developed by Sargeant et al. (2002a) which measured donors trust

#### 5.1.2 PERCEPTIONS OF BOARD CAPITAL (PBC)

Board capital is regarded as the sum of an individual director's human and social capital and a proxy for the ability of a board to engage in board

roles such as the provision of resources for the firm. Therefore, PCB is operationalised as a set of attributes that *zakat* payers expect from the boards of *zakat* institutions to ensure that they demonstrate competence, effectiveness and fairness in their relationship with stakeholders of *zakat* institutions. Of the five items measuring the preference for board capital, three are adapted from the study of Hillman and Dalziel (2003) who are the first to coin the concept of board capital. The fourth item is derived from Qaradawi (1999) while the fifth item is derived from Callen, Klein and Tinkelman (2003). The observed variables include the professional background of board members, the presence of an honest member on the board, the presence of a scholar of Shariah on the board, the presence of an influential person on the board, and the presence of a *zakat* payer on the board.

### 5.1.3 PERCEPTIONS OF THE NATURE OF ZAKAT INSTITUTION (PNZ).

*Zakat* institutions, by rule, should be run by an Islamic government. However, private organisations can run *zakat* institutions either as sole *zakat* fund administrators where there is no Islamic government (Al-Qaradawi, 1999; Al-Qaradawi, 1999; Islam, 1999) or coexist with government institutions (Faridi, 1990; Kahf, 1990; Mohammad, 1990; Hassan, 2007). People's perceptions regarding performance of public and private sectors organisations vary. There is a general feeling that private organisations are more efficient than government organisations (Analoui, 2009). Therefore, PNZ is operationalised as a set of perceptions of *zakat* payers regarding the ability and importance of government *zakat* institutions. The four items that measure the underlying components of the perceived nature of formal *zakat* institutions are adapted from Al-Qaradawi (1999). The observed variables include the suitability of the government to run *zakat* institutions, the suitability of non-government organisations or their inability to effectively run *zakat* institution, the ability of government to add legitimacy, and the influence of government ownership on the effectiveness of *zakat* institutions.

### 5.1.4 PERCEPTIONS OF LEGITIMACY MANAGEMENT (PLM)

The general purpose of financial reporting is to provide information that is useful to a variety of users who have an interest in assessing the performance of an enterprise and its management with the intention of making informed decisions. For charities, contributors represent a key shareholder group whose primary source of information is the published financial statements. To protect the interest of various stakeholders, regulators of charities



propose the scope of information disclosure by charities. Those who prepare the information consider the requirements of the regulators burdensome (Jetty and Beattie, 2009), while the contributors consider the current scope of disclosure as less useful (Hyndman, 1990 and 1991)). Since *zakat* institutions is a typical charity, PDP is operationalized as a type of broad based information which *zakat* payers expect *zakat* institutions to disclose in order to be legitimate. The three items used to measure the preference for disclosure practices, which reflect the perceptions of *zakat* payers of information that may promote the public acceptance of *zakat* institutions, are adapted from findings from Hyndman (1991) and Greenfield and Larkin (2000). The observed variables include disclosure of *zakat* collection and distribution in audited reports, the disclosure of achievements, and the disclosure of the list of board members and relevant information on staff.

#### 5.1.5 PERCEPTIONS OF THE MODEL OF STAKEHOLDERS' ORIENTATION (PSO)

Scholars argue that the goals of an organisation operate as inducements considered essential for motivating participants to contribute to organisations (Simon, 1947 as cited in Minkoff and Powell, 2006). In the context of non-profit organisations, the goals they pursue serve as a signal of what they consider important and through the signal potential, contributors may be induced to invest their time, energy and resources (Minkoff and Powell, 2006). Attention to stakeholders is important throughout the strategic management process because success for public organisations and certainly their survival depend on satisfying key stakeholders according to their definition of what is valuable. If key stakeholders are not satisfied, at least minimally, according to their criteria for satisfaction, the normal expectation should be that something will change, for example, budgets will be cut (Bryson, 2004). For charitable institutions, contributors represent a key stakeholder group (Jetty and Beattie, 2009).

In the context of this study, *zakat* payers are therefore the key stakeholder group for *zakat* institutions. Consequently, PSO is operationalized as a series of activities which *zakat* payers expect *zakat* institutions to carry out to ensure fairness to all stakeholders and guarantee their legitimacy. Legitimacy management is measured by the extent of disclosures practices, while stakeholders' orientation is an indicator of stakeholders' management. The four items used for stakeholders' orientation, which depict actions which *zakat* payers perceive as a measure of fair attention to each stakeholder group, are adapted from the scale for stakeholder orientation developed by Yau et al. (2007). The observed variables include a systematic assessment

of the satisfaction of *zakat* payers, the monitoring of disbursement to *zakat* recipients, assessment of the influence of boards on the style of stakeholder management and the search for information on alternative channels of distribution.

## 5.2 INSTRUMENT DEVELOPMENT

Although *zakat* institutions have something appears similar to conventional charity organizations, they are ideological poles apart. Therefore, it was considered appropriate to develop new scales, specifically for use in the current Islamic context. To accomplish this, the researcher, therefore, followed the suggestion of Churchill (1979) and Green and Webb (1977) that the first step to scale development is the review of pertinent literature and experience survey by interviewing *zakat* managers. Accordingly, the review resulted in a number of factors posited to influence donor selection of a particular charity organization and extensive list of items used to measure these factors. Based on the review and in line with Green and Webb (1997), specific definitions for each construct of interest were developed. Using these definitions as the starting point, a pool of 44 items was generated to tap the underlying constructs measuring factors influencing payment of *zakat* to a specific *zakat* institution.

A panel of judges comprising of two faculty members, three Nigerian doctoral students and a management staff in one of Nigerian *zakat* institutions was formed. In line with suggestion of deVellis (1991), the judges were to determine the relevance of each item to specific construct, comment on the fitness of individual items, evaluate the items clarity and conciseness. Each judge was provided with working definition of each construct and asked to categorize each item according to these definitions. Following the suggestion of deVellis (1991) and the approach of Sargeant and Lee (2002 a & b), panel members were also required to evaluate each item for its appropriateness and clarity based on rating scale from 1 – 5. A consensus in respect of categorization, appropriateness and clarity ratings of minimum of four was used to admit items to the final pool. At the end of this process, 12 items were eliminated from the initial pool resulting in retention of 32 items. The judges were also to determine the substitutability of marketing constructs with appropriate accounting concepts. As a result, perception of board capital, perception of legitimacy management, and perception of stakeholders' orientation respectively substituted reputation, perceived communication effectiveness and perceived opportunism. Attitude toward philanthropy and beneficiaries of the organisation were not considered particularly relevant to *zakat* as a religious obligation. There was no consensus on the substitutability

of familiarity with perceived nature of *zakat* institution. However, it was agreed to include the later in the study.

### 5.3 QUESTIONNAIRE DEVELOPMENT AND PILOT STUDY

After the final 32 items were deemed as good candidates for questionnaire by the panel of judges, they were randomly ordered and incorporated into a questionnaire. The purpose of the pilot study was to provide empirical evidence on the validity and reliability of the instrument. Two pilots were conducted. This first led to further reduction of items to 27 items. To further refine the items, result of second pilot was factor analyzed with the aid of Version 18 of SPSS. The result of the rotated factor analysis using varimax was the elimination of six more items leaving 21 items loaded against five factors confirming our expectations on constructs of the study. Despite the result of the factor analysis, 22 items were incorporated into the final questionnaire because of the practical significance of the one item added. The reliability analysis using Cronbach's (1951) alpha was conducted to assess the internal consistency of the scale exceeds an acceptable standard of 0.70 (Nunnally, 1979). The size of the responses for the pilot did not permit further scale purification as recommended by de Vellis, (1991), and Pritchard, Havitz and Howard (1999). However, the level of reliability coefficients for the entire construct is compensated for this limitation.

### 5.4 SAMPLE AND DATA COLLECTION

Since 1953, the political elites in the Nigeria have realized the political value of census figure and they have been doing everything to resort to it (Okolo, 1999). Accordingly, it is difficult to rely on official figures without reservations. In the same footing, attempts were made to obtain reliable list of potential respondents to serve as sampling frame by collating the list of Muslim accountants from the directory of members of the Institute of Chartered Accountants of Nigeria (ICAN), which the researcher is also a member. This exercise proved unhelpful as most of the contacts addresses were outdated. Similar experience was expected from other institutions that were not as organized as ICAN. Therefore, Muslim professionals who observe religious seclusion in the last ten days of the Islamic fasting month (*itqaf*) were considered as the best alternative. Twelve mosques were purposively selected. With the help of leaders of the worshippers in each of these selected mosques a list of professionals was prepared. To achieve the objectives of the study and given the above scenario, group of professionals is considered appropriate as sample of the study because they are income

generating individuals and high potential *zakat* payers. From the list, 480 respondents were randomly selected. 390 usable questionnaires were obtained from the total of questionnaires that were returned representing a response rate of 85 per cent.

Demographically, 53.3% were workers in the private sector, 22.3% were 30 years and below, 43.8% were between 31 and 40 years, 25.1% were between 41 and 50 years while 8.7% were above 50 years. From the total respondents, 56.7% were actual *zakat* payers. Furthermore, 59.7% fell in upper middle income category while 40.3% fell in categories of middle income and below. For these two categories, a test of mean differences between groups of respondents based on *zakat* status, income level and job sectors does not suggest significant differences in their perceptions. In addition, 61.5% of the actual *zakat* payers paid directly to the needy, 31.7% paid to NGOs, while 6.8% paid to the government. Besides, 28.7% were holders of master degree and above, 51.3% were holders of first degree or its equivalent and 20% were holders of ordinary diploma certificate or its equivalent. The distribution of the respondents on professional basis is given in Table 1.

TABLE 1.  
Characteristics of the sample by profession and sectors

Profession	No.	Public Sector	Private Sector
Law	36	12	24
Banking and Accounting	63	11	52
Lecturing	57	46	11
Engineering and ICT	66	27	39
Medical and Allied	56	37	19
Architecture and Allied	33	14	19
Others	79	35	44
Total	390	182	208

### 5.5 ANALYSIS OF DIMENSIONALITY

An exploratory examination base on factor analysis using principal components and varimax rotation was conducted (Hair, Black, Babin and Anderson, 2010). Five factors were identified: Perceived Trust in *Zakat* Institution (PTZ), Perceived Board Capital (PBC), Perceived Nature of Formal *Zakat* Institution (PNZ), Perceived Legitimacy Management (PLM) and Perceived Stakeholders' Orientation (PSO). The total variance explained

by the five factors was 69.19% (See Table 2). The exploratory factor analysis is followed by a confirmatory factor analysis using structural equation modeling (AMOS Version 18). The result of the confirmatory factor analysis is as shown in Table 2. Virtually all the constructs have acceptable loadings.

TABLE 2:  
Exploratory Factory Analysis

Construct	Items	Factor Loading	Variance Explained	Eigenvalue
Perception of Trust in <i>Zakat</i> Institutions (PTZ)	PTZ1	.642	15,696	3.296
	PTZ2	.824		
	PTZ3	.800		
	PTZ4	.589		
	PTZ6	.736		
Perceptions of Nature of Governmental <i>Zakat</i> Institutions (PNZ)	PNZ1	.896	14.958	3.141
	PNZ2	.854		
	PNZ3	.925		
	PNZ4	.855		
Perception of Stakeholders' Orientation (PSO)	PSO1	.875	14.370	3.018
	PSO2	.850		
	PSO3	.800		
	PSO4	.752		
Perception of Board Capital (PBC)	PBC1	.798	13.408	2.816
	PBC2	.712		
	PBC3	.742		
	PBC4	.693		
	PBC5	.666		
Perceived of Legitimacy Management (PLM)	PLM1	.858	10.763	2.260
	PLM2	.841		
	PLM3	.668		

## 5.6 CONSTRUCT RELIABILITY AND VALIDITY

Three reliability tests were conducted to assess the reliability of the constructs: composite reliability coefficient (Joreskog, 1971), average variance extracted (AVE) (Fornell and Larcker, 1981) and Cronbach alpha (Cronbach, 1951) were used. The results show that the measures are above the minimum recommended in all the constructs except PBC which is marginally below the .5 recommended as benchmark.

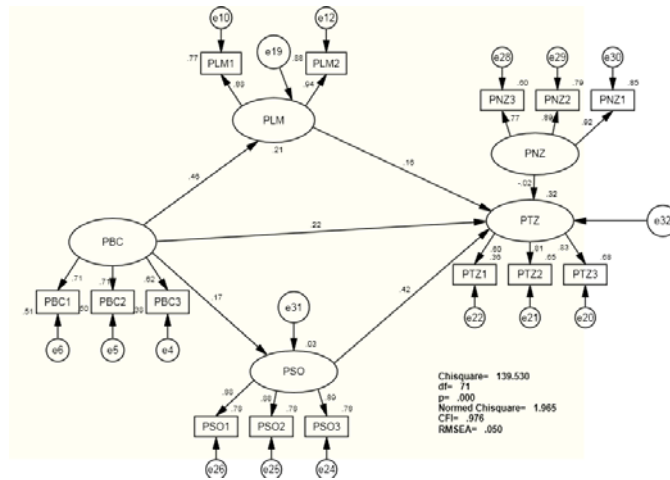
The validity of the construct was assessed in terms of convergent validity and discriminant validity (Hair et. al., 2010). For convergent validity, AVE and absence of cross loading were the criteria used and for discriminant validity, test for existence of perfect correlation between pair of constructs in the model was used. (Hair et. al., 2010). There is reasonable evidence to

suggest convergent validity. Except for PBC with AVE of .464, the results for all other constructs in respect of convergent validity were above minimum bench mark. This reasonably demonstrates that the measure harmonizes with another measure (Bryman and Cramer, 2009). For the discriminant validity, variation in the fitness is evidence of absence of perfect correlation in a pair of constructs suggesting that they measure different phenomena in the model.

### RESULTS

The hypotheses were tested using structural equation modeling. The results show acceptable fitting indices:  $\chi^2$  139.53 (71) $P \leq 0.00$ ; CFI 0.976; GFI 0.953; NFI 0.952; RFI 0.939; RMSEA 0.05; Normed  $\chi^2$  1.27. As shown in figure 2, perceived board capital, perceived legitimacy management and perceived stakeholders orientation have direct and positive relationship with *zakat* payers' trust in *zakat* institution. This result supports H<sub>1</sub>, H<sub>5</sub> and H<sub>6</sub>. Also, perceived board capital is positively related to perceived legitimacy management and perceived stakeholder in support of H<sub>2</sub> and H<sub>3</sub>. Finally, Perceived nature of *zakat* institution has a negative but very weak relationship with perceived trust in *zakat* institution.

FIGURE 2:  
Structural Model of *Zakat* Payers' Trust in *Zakat* Institutions



### 7.0 .DISCUSSION AND CONCLUSION

This study is an initial attempt to explain antecedents of *zakat* payers' trust in *zakat* institution within the context of emerging *zakat* sector as in Nigeria.

It is believed that such knowledge will help *zakat* organizations to improve their *zakat* collections and ultimately be able to serve wider beneficiary groups. Four factors were identified as possible antecedents to *zakat* payers' trust: perception of board capital, perception of legitimacy management, perception of stakeholders' orientation and perception of effectiveness of governmental *zakat* institutions.

The perception of board capital is positively related to *zakat* payers' trust. This finding is in agreement with findings by Certo, Daily and Dalton (2001) where it was found investors were willing to pay premium on initial public offer as a result of the reputation of those on the boards of the new companies. It also agrees with the assertion made by Abd Wahab and Abdul Rahman (2011) that board composition is a principal factor determining efficiency of *zakat* institutions. More importantly, the findings confirm expectation derived from the resource dependency theory about critical function of the board to draw all necessary resources key to the survival of the organizations as in this case to develop relevant factors to improve *zakat* payers' trust. The finding underscores the need for *zakat* institutions to pay special attention on the recruitment and functions of members of their boards.

Besides the effect on *zakat* payers' trust, the results also indicate that perception of board capital is highly related to the perception of broad legitimacy management by the *zakat* institutions suggesting a link between quality of board and type of disclosure policies which an organisation pursue. This finding is consistent with the finding of Lusthaus, Anderson and Murphy (1995) where practitioners consider that strategic policy as one of the measure of organisational capacity. This further emphasizes the need to pay attention on selection of board members as this finding suggests significant link between quality of board and quality of legitimacy exercise by an organisation.

Furthermore, the findings indicate that perceptions of both legitimacy management and stakeholders' orientation practices are related to *zakat* payers' trust in *zakat* institutions. However, the magnitude of coefficient of correlation of perception of stakeholders' orientation is higher than that of legitimacy management indicative of preference for stakeholders' orientation over legitimacy management. This preference may reflect degree of apathy towards financial statements of charities as found by Hyndman (1990) where he found that most of donors studied did not take special interest in studying the financial statements of charities they supported. It may also be an indicator of reservation they have for the integrity of information relative to varying experiences in stakeholders' orientation.

The inverse relationship between the beliefs in the effectiveness of

governmental *zakat* institutions to *zakat* payers' trust indicates, though weak, belief in the effectiveness of nongovernmental *zakat* institution. The very low size of the coefficient of correlation between the belief in governmental *zakat* institution and trust indicates need for further studies to investigate the relationship in greater depth. Apart from the relationship of the individual independent variables to the dependent variable, *zakat* payers' trust, the explanatory power of 30% appears to be reasonably high for social study research.

The findings of this study constitute a significant contribution to the existing body of knowledge and *zakat* management practices. In the area of academic contribution, a model of *zakat* payers' trust with four components is developed. Notwithstanding that most of the factors linked to *zakat* payers' behavior were not included due to inconsistency, the model developed was tested to be valid and reliable. Apart from that, it will provide useful foundation on which further theoretical and empirical studies in the field of *zakat* management can be built.

Further, the findings will greatly assist *zakat* managers in the discharge of their divine responsibilities. They will be more informed on how to reposition their organization to achieve improved *zakat* collections and ultimately be able to serve wider beneficiary groups. In addition, it will help in providing a guide on relevant expenses to be incurred and on relevant information which may bring positive results to their organizations. The result of the relationship between trust and perceived nature of *zakat* institution is instructive. It may be necessary to carry out a survey on *zakat* preference regarding their preference on the type of *zakat* institutions rather than forcing a particular type based on normative prescription. The outcome of this survey is expected to assist the policy makers in establishing a *zakat* institution that will be perceived as legitimate by the public.

This study is not without limitations. The findings are based on cross-sectional data as opposed to panel or longitudinal data. This explains the reason for the avoidance of causal link in the relationship between the constructs. Longitudinal data will provide more insights into the probable causation. It is assumed in this study that only conscious Muslims will pay *zakat* as a religious duty. Therefore, the use of religious professionals as target sample is appropriate. Besides, an invariance of the model has been separately tested in other paper and found to have general applicability across region and between the actual and potential *zakat* payers. The exclusion of religious Muslims who are farmers and artisans represents another limitation as it is not unlikely that they would respond differently.

The current study is an initial attempt to build and test a model of *zakat* payers' trust. Therefore, the findings are indicative rather than being



conclusive. In that regard, it will be useful to assess the generalization of the model developed in this study to other Muslim and non-Muslim countries. It is believed that any replication of this model will lead to a more comprehensive model of *zakat* payers' trust. Factors such as familiarity with the institution and affiliation with a particular school of thought may be considered in future studies. The major challenge at the early stage of the study was the paucity of study on the behavior of *zakat* payers. As such, studies on segregation of *zakat* payers based on demographic psychometric factors are a promising area of research. This stream of research will lay a platform for future research in *zakat* payers' behavior. Although significant caution has been put into the development of the scales developed in this study, their validity and reliability may need further examination in future research. While there is every reason to believe that the use of religiously and socially conscious Muslims as the sample for the study is appropriate, varied sampling frame may be necessary to further strengthen these initial findings.

#### ENDNOTES

<sup>1</sup>*Zakat* institution as a form of charitable organizations is mainly responsible for administering *zakat* collection from *zakat* payers and distributing them to specific beneficiaries (*zakat asnaf*) including poor and destitute.

<sup>2</sup>Any government is based on Islamic *Sha'ria* principles.

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