

**ZAKAT PAYING BEHAVIOUR AND GENDER  
DIFFERENCES: THE CASE FOR SAUDI ARABIA**

**BY**

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A dissertation submitted in fulfilment of the requirement for  
the degree of Master of Science (Accounting)

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## ABSTRACT

*Zakat* management is a significant mechanism for the development of any Muslim country, both socially and economically. As *zakat* is an obligation for all Muslims, regardless men and women, and it is a tool for socio-economic development of Muslim society, it is important to evaluate how *zakat* institution can be sustained by evaluating how different genders are perceiving *zakat*. *Zakat* plays a significant role in leveraging the productivity and efficiency of any Muslim society. It also plays a vital role in ensuring sustainable growth. The objective of this study was to investigate if there is any gender difference that influences the behavioural intention of *zakat* payment among Saudi men and women. The study used the Extended Theory of Planned Behaviour, which is an extension of the Theory of Reasoned Action (TRA) and Theory of Planned Behaviour (TPB) to explore the factors affecting *zakat* payment behaviour. This theory has six constructs that predict the intention to give *zakat*. Descriptive statistics and t-test were used to identify the difference in the variables across genders. The study summarised that there are differences in all ETPB factors, except for PBC. Therefore, the result shows that the gender differences of the five variables, two variables of the theory of ETPB (Injunctive Norm and Past Behaviour) are inclined towards women while another three variables (Attitude, Descriptive Norm, Moral Norm) are inclined towards men. Hence, the study significantly contributes to the improvement of *zakat* administration in Saudi Arabia, especially in Jeddah.

## خلاصة البحث

تعد إدارة الزكاة آلية مهمة لتطوير أي بلد مسلم ، اجتماعيًا واقتصاديًا. بما أن الزكاة واجب على جميع المسلمين، بغض النظر عن الرجال والنساء ،هي أداة للتنمية الاجتماعية والاقتصادية للمجتمع الإسلامي، فمن المهم تقييم كيف يمكن أن تستمر مؤسسة الزكاة من خلال تقييم كيف ينظر مختلف الجنسين إلى الزكاة.يلعب الزكاة دورًا مهمًا في زيادة إنتاجية وكفاءة أي مجتمع مسلم. كما تلعب دور دورًا حيويًا في ضمان النمو المستدام. كان الهدف من الدراسة هو معرفة ما إذا كان هناك أي فرق بين الجنسين يؤثر على النية السلوكية لدفع الزكاة بين الرجال و النساء السعوديين. إستخدمت الدراسة النظرية الموسعة للسلوك المخطط، وهي إمتداد لنظرية الفعل المنطقي لإستكشاف العوامل التي تؤثر على سلوك دفع الزكاة. تحتوي هذه النظرية على ستة بينات السلوك المخطط التي تتنبأ بنية الزكاة. لتحديد الفرق في المتغيرات بين الجنسين، ولخصت الدراسة إن هناك إختلافات في إستخدام الإحصاء الوصفي. وتوضح النتيجة أن الفروق بين الجنسين في المتغيرات الخمسة. وهما متغيرات (المعيار الوراثي والسلوك الماضي) يميلون تجاه النساء بينما تميل المتغيرات الأخرى (السلوك و المعيار الأخلاقي والمعيار الوصفي) نحو الرجال ، فإن الدراسة تساهم بشكل كبير في تحسين إدارة الزكاة في المملكة العربية السعودية وخاصة محافظة جدة.

## APPROVAL PAGE

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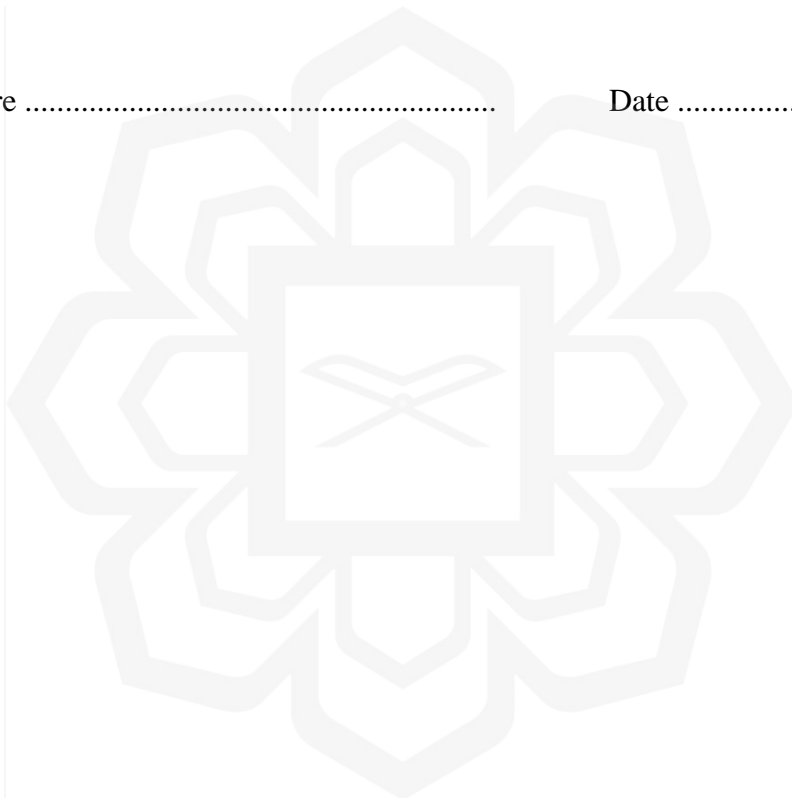
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*I dedicate this research to the Almighty Allah, and my entire family*

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## LIST OF ABBREVIATIONS

ATB	Attitude towards Behaviour
AZA	Attitude towards Zakat Authority
BI	Behavioural Intention
DN	Descriptive Norm
DIZT	Department of Income of Zakat and Tax
GAZT	General Authority of Zakat and Tax
ETPB	Extended Theory of Planned Behaviour
GCC	Gulf Cooperation Council
IN	Injunctive Norm
IUM	International Islamic University Malaysia
MN	Moral Norm
PB	Past Behaviour
PBC	Perceived Behaviour Control
PBUH	Peace Be Upon Him
RQ	Research Question
SPSS	Statistical package for social science
SBN	Subjective Norm
SWT	Subhanahu Wa Ta'ala (Praise Be to Allah and The Most High)
TPB	Theory of Planned Behaviour
TRA	Theory of Reasoned Action

# CHAPTER ONE

## INTRODUCTION

### 1.1 BACKGROUND OF THE STUDY

Saudi Arabia is one of the richest countries in the world, with its current GDP stands at \$1,773.55 billion<sup>1</sup> (*USA Today*, 2018). Saudi Arabia possesses natural oil and gas reserves. Petroleum contributes 70 per cent of the economy of the nation.<sup>2</sup> Saudi Arabia's economy largely depends on natural resources and primary commodities. However, this dependency puts the country's economy at risks and serious challenges.

Financially, Saudi Arabia is currently addressing two basic issues in the national economy, namely the monetary setting of the country and the indigenisation of the workforce (Almobaireek & Manolova, 2012). The Ninth Development Plan 2010-2014, which is being implemented currently, forms the basis of a new and improved economic setting with new monetary techniques (Ministry of Economy and Planning, 2010).

Implementation of new financial setting in the country has drastically increased the number of women working in Saudi Arabia workforce by 23% compared to 18% available in the last decade.<sup>3</sup> However, despite the increment in the number of women employed, the employment rate of Saudi women is still at the lowest in the labour force and general employment rate, compared to other countries such as the United Arab Emirates (UAE) and Kuwait (Almunajjed, 2010).

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<sup>1</sup> <https://www.usatoday.com/story/money/2018/11/28/richest-countries-world-2018-top-25/38429481/> . Accessed date on: 9Nov2019.

<sup>2</sup> Organization of the Petroleum Exporting Countries [https://www.opec.org/opec\\_web/en/about\\_us/169.htm](https://www.opec.org/opec_web/en/about_us/169.htm) . Accessed date on: 9Nov2019.

<sup>3</sup> A record number of Saudi women have joined the workforce, by Adam Rasmi (2019), <https://qz.com/work/1676120/glowork-helps-women-in-saudi-arabia-enter-the-workforce/> Accessed date on: 9 Nov 2019.

The country's policymakers have finally given up the unequal employment opportunity in Saudi Arabia due to attention put on this matter. In the past, there have been different critiques regarding women rights in Saudi Arabia. However, positive actions have been taken to improve the situation. Despite the improvement, the contribution of Saudi Arabia women to the society, industry, and overall economic growth of the nation is still at a lower rate.

In terms of employment opportunities, the rate of employment of Saudi men is about 40%, whereas it is 10% for women in the country (Hvidt, 2018). Therefore, understanding the perception of gender differences in the country is important at this present time. This analysis will not only help to improve productivity but also it will help in achieving the overall economic growth of the nation (Governance and Social Development Resource Centre, 2014). Studying gender differences is important in limiting gender inequality and solving many socio-economic problems for the next generation. This invariably will help in maintaining harmony in the society<sup>4</sup>.

Additionally, researches have shown that inequality of opportunities among gender in society is related to gender rivalry<sup>5</sup>. This means that the inequality of opportunity among gender will cause internal conflict, intolerance, and disrespect that may lead to violence between the two genders. Furthermore, Islam promotes justice and gender equality in all ramifications, including worship practice.<sup>6</sup> For example, Islam ordains *zakat* payment for the two genders without discrimination. Equality in *zakat* payment is a way to improve productivity and economic growth<sup>7</sup>. Therefore, it is important to understand that payment of *zakat* by the two genders has the potential

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<sup>5</sup> Governance and Social Development Resource Centre; Understanding gender/: <https://gsdrc.org/topic-guides/gender/understanding-gender/>. Accessed date on: 10Nov2019.

<sup>6</sup> Are Men and Women Unequal In Islam? <http://www.asma-lamrabet.com/articles/are-men-and-women-unequal-in-islam/>. Accessed date on 10 nov 2019.

<sup>7</sup> Gender equality; united nation <https://www.un.org/en/sections/issues-depth/gender-equality/> Accessed date on: 11Nov2019.

of making *zakat* institution more effective, which automatically leads to improvement in the socio-economic life (Fahme et al., 2014).

*Zakat* payment is useful to provide basic needs of life for the people and general socio-economic development of the society. The payment of *zakat* can assist the less fortunate and needy members of society. It is compulsory for both genders, male and female, who meet all the conditions such as sanity, maturity, freedom, and wealth<sup>8</sup> to pay *zakat*. Men and women are engendered to pay *zakat* regardless of their social status or influence in society. Both genders in Islam are viewed as equals in terms of their worth as individuals and their contribution to society. Allah says in the Qur'an:

The believers, men and women, are allies (*awliya'*) of one another. They enjoin the 'common good' (*al-ma'ruf*) and forbid the bad (*al-munkar*), they offer their prayer (*salah*) and give charitable alms (*zakat*) and obey God and his Prophet (*al-Tawbah, 9:71*).

Based on the above verse from the glorious Quran, men and women are equal in terms of their obligations and their duties towards humanity and towards Allah, which includes performing prayers (*salah*), giving *zakat*, and obedience (*ta'ah*) to Allah. Since *zakat* is ordained as a tool to enhance the socio-economic development, it is, therefore, important to comprehend the social and cultural factors that hinder payment of *zakat* among men and women. A deeper understanding of those social and cultural factors will provide a way out to the problem. By investigating the problem, it will help to sustain *zakat* institutions in terms of effectiveness in the collection and distribution of *zakat*, and it will lead to overall socio-economic development through poverty alleviation.

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<sup>8</sup> Who is obliged to pay zakat(2013), North east Islamic community center; <http://islamiccenter.org/who-is-obliged-with-zakat/>. Accessed date on: 11Nov2019.

Before going further into the problem, it is necessary to understand the demographic background of Muslim societies. The social and cultural characteristics of most Muslim societies across the globe share more similarities than differences, except for the Gulf countries, which are still practising rigid and strict gender segregation that is usually reflected in the overall demographics of the workforce (Almunajjed, 2010). In Saudi Arabia, women and men are treated differently in terms of employment opportunities where usually men would outrank women at a ratio of 4:1 (Hvidt, 2018). This inequality has left a huge gap in society. *Zakat* enforcement has the potential to address this issue by ensuring that both genders are participating in economic sustainability.

In order to address this issue, there is a need for implementation of *zakat* collection among genders. According to the Royal Decree, the collection of *zakat* ought to be collected in full amount from all organisations as well as individuals. It states that “*all Saudi entities and persons: male, female, adults, minors or legally incompetent, are subject to zakat [for any wealth retained] after the completion of one year*” (Althunayan, 2010). However, the question of what constitutes the disparity among genders when it comes to *zakat* payment in Saudi Arabia should be pointed out. There should be an investigation to find out if the situation caused is a result of segregation and limited or non-participation of women in the workforce.

Therefore, this study was aimed to investigate the perception of women towards *zakat* payment behaviour regardless of the social constraints hampering them, such as low rates in the labour force. This study will use the Extended Theory of Planned Behaviour (ETPB) to explain the nature of differences among men and women in Saudi Arabia in relation to their perception in *zakat* payment.

In conjunction with this, in industrialised societies, women contribute meaningfully to the development of society as they constitute half of the overall workforce (Jonsson, 1999). Their contribution to the country's development is undeniable. However, in the less developed and the developing countries, the production output of the female workforce lies outside the formal economic sector (Masud et al., 2008). Given the legal as well as social restrictions, most women enjoy fewer employment opportunities than men (Fahme et al., 2014). Due to this, they probably earn substantially lower wages (Masud et al., 2008).

In economic terms, women are financially weaker than men and excluded from a variety of economic and political institutions (Fahme et al., 2014). Thus, it would be interesting to determine whether this stark contrast is also observable in terms of the obligatory *zakat* payment behaviour.

## **1.2 STATEMENT OF THE PROBLEM**

Saudi Arabia is known to give limited employment opportunity to women (Al-Asfour et al., 2017). Meanwhile, on the issue of *zakat* payment, it is obligatory for both men and women in Islam, which made the prior premise as an ironic statement. Despite the fact that there are some research works on *zakat*, there are limited studies examining the behaviour of women and gender differences among *zakat* payers in Saudi Arabia. Since women view has never been resorted, the policy about *zakat* management does not seem to cater to the need and aspiration of women.

In this study, the researcher tried to look at the two angles. First, women are an essential component of society. Their view is different from that of men. Women's view is important to ensure that a meaningful policy is considered for implementation.

Most of the time, women view regarding *zakat* is not being sought for, and this study will try to explore women view as far as behaviour relating to *zakat* is concerned.

Secondly, and most importantly, both genders have to pay *zakat*, but most of the times, attention is given to men in terms of *zakat* payment. Based on this, *zakat* collection has not been maintained to its fullest capacity. As *zakat* is required from both male and female, disregarding their opinion on the collection will not help if effective management of *zakat* is to be achieved. For effective implementation of *zakat*, it is necessary to understand the reasons for gender differences, especially in terms of behaviour related to *zakat* payment.

In Islam, *Zakat* is an obligatory to each Muslim regardless the gender. On the other hand, women in Saudi often have to live with greater social constraints than men do, i.e., legal and cultural restrictions (Ahmad et al., 2014). Women in Saudi are restricted in educational and professional area (Al-Saif, 2013). Therefore, there are contradictions between the basic Islamic law that is promoting gender fairness in its teaching and what happens in real life (Rajkhan, 2014).

Understanding the different gender perceptions of *zakat* payment can play an essential role in leveraging the productivity and efficiency of the whole society. For instance, David and Detmar (1997) opined that gender differences have an impact on the socio-cultural and economic development of a society. Therefore, it is necessary to understand the difference in perception of both men and women, which can help in developing new ways to achieve public interest (*maslahah*) (Syaputra et al., 2014). Gender difference is one aspect of the overall cultural differences which exist in human societies (David & Detmar, 1997). Since it has been established that there are large disparities in gender equality in Saudi Arabia, and more important concerning

the payment of *zakat* in the country, this study focused on investigating these differences from the gender difference perspective.

This study, therefore, intended to explore whether there is any difference among genders in payment of *zakat* in the state of Jeddah, Saudi Arabia. The study also tried to understand the differences in gender perception as far as *zakat* payment is concerned. This investigation is necessary because women contribution to economic development has not been given much concern despite the fact that Islam ordains *zakat* on all genders<sup>9</sup>. Sheraz Gul (2018) affirms that women empowerment and gender equality is an important factor in achieving sustainable development.

Furthermore, Saudi Arabia is one of the developing countries in the Muslim world, where payment of *zakat* is affected by many factors. The institutions of *zakat* are managed by the Department of Income of Zakat and Tax (DZIT). A few studies have been conducted to determine the adequacy and the manner of execution of DZIT in terms of the collection and distribution of the *zakat* payments. Allami (2009) criticised the *zakat* payment culture in Saudi Arabia for being non-shariah compliant as a result of a lack of responsibility, accountability, transparency, and productivity. For example, the department did not penalise individuals who avoided the payment of *zakat* (Allami, 2009). He also mentioned that *zakat* law Shari'ah-compliant and its scope of operations concentrate on certain business elements and identifies those with accumulated wealth.

Likewise, most *zakat* payers in the Gulf countries regard *zakat* as a personal matter, and it is not regulated by the authorities. *Zakat* payment responsibility is also free from the interference of the government (Naser et al., 2001). Since no study has been conducted in studying the inhibiting factors of *zakat* payment, this study would

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<sup>9</sup> Organization for Economic Co-operation and Development, (OECD) annual report, (2008), <https://www.oecd.org/>. Accessed date on: 11Nov2019.

be assisting issues related to payment of *zakat* by studying factors inhibiting both genders from *zakat* payment. Thus, this thesis has been able to fill in the existing research gap by focusing on the *zakat* payment behaviour of both genders in Jeddah city.

### **1.3 PURPOSE OF THE STUDY**

The institution of *zakat* plays an important role in collecting and distributing *zakat*. The payment of *zakat* is affected by government policy and other factors (Allami, 2009). Therefore, to understand these factors, the researcher used the Extended Theory of Planned Behaviour to investigate women perceived behaviour in relation to *zakat* payment. This validation will help *zakat* institution to develop better policies and initiatives to improve *zakat* compliance.

It is noted that limited research has been done on the actual life experience of people who are paying *zakat* in Gulf countries. Thus, this research aimed at getting a real opinion from both genders as far as *zakat* payment is concerned. The objectives of the study are as follows:

1. To examine the profile of women paying *zakat* in Saudi Arabia;
2. To identify whether the factors influencing the intention to pay *zakat* are gender specific.

The first aim of this study is to critically examine the profile of the group of women who are paying *zakat* in Saudi Arabia. Their income level, social status, age, educational level and employment were examined to give a clear description of the subject matter. The second objective is to identify if there are gender differences in the factors influencing the intention to pay *zakat*. This analysis was done by evaluating the elements identified in the Extended Theory of Planned Behaviour (ETPB) with the

intention to give *zakat*. Extended Theory of Planned Behaviour (ETPB) has six variables which are Attitude towards Behaviour (ATT), Subjective Norms (SN), Perceived Behavioural Control (PBC), Descriptive Norm (DN), Moral Norm (MN), and Past Behaviour (PB). These factors shape men's and women's behavioural intentions and attitude. These elements are considered in relation to *zakat* payment.

#### 1.4 RESEARCH QUESTIONS

Based on the overall objectives of this study, the study examined if there is any gender difference based on the six factors of the ETPB towards the perception of *zakat* payment by testing the factors that influence the *zakat* payment behaviour between men and women. The study investigated those factors that influence *zakat* payer intention for both genders by using the theory of ETPB model.

The following research questions were set for this study:

1. What are the characteristics of women who constantly pay *zakat*?
2. Are there any gender differences in their attitude towards the intention to pay *zakat*?
3. Are there any gender differences in their subjective norm towards the intention to pay *zakat*?
4. Are there any gender differences in their perceived behavioural control towards the intention to pay *zakat*?
5. Are there any gender differences in their descriptive norm towards the intention to pay *zakat*?
6. Are there any gender differences in their moral norms towards the intention to pay *zakat*?

7. Are there any gender differences in their past behaviour towards the intention to pay *zakat*?

The first research question was to find out the characteristics of the group of women who pay their *zakat* as at when it is due. The theory of ETPB was used for RQ2 until RQ7. According to the theory of ETPB, there are six factors that influence the intention and the behaviour to execute a specific action and these factors are Attitude towards Behaviour (ATT), Subjective Norms (SN), Perceived Behavioural Control (PBC), Descriptive Norm (DN), Moral Norm (MN), and Past Behaviour (PB).

### **1.5 RESEARCH CONTRIBUTION TO KNOWLEDGE**

This thesis provides theoretical and practical contributions to the limited number of existing studies on the perception of *zakat* payment on gender differences in Saudi Arabia. This study enriches not only the research literature on *zakat* in the particular socio-geographic context of Jeddah, but also on the factors that influence the perception of *zakat* payment in gender differences. This research provides empirical support for the literature of ETPB as far as the Saudi Arabian context is concerned, as well as *zakat* payment behaviour on gender differences.

Although the findings of this study may not be generalizable, it provides awareness of the factors influencing *zakat* payment for both genders. Given this particular viewpoint, this thesis may help to make better policy to enhance *zakat* institution in Saudi Arabia (Jeddah). This may help to promote the payment of *zakat* and lead to the overall development of the nation.

Finally, the institutions of *zakat* in the context of Jeddah (DZIT) and other Islamic institutions may find the findings of this research useful. It may help them to

create new approaches, projects and exercises that would facilitate *zakat* payment in Saudi Arabia.

## **1.6 STRUCTURE OF THE STUDY**

This research is divided into six chapters. The first chapter starts with an overview of the study. It discusses the problem statement, the research objectives, the research questions, the significance of the study, and, lastly, the structure of the study.

Chapter two of the study discusses the literature review of the study. It starts with an overview of gender differences followed by gender differences on charitable giving, gender differences on *zakat* and gender differences in Saudi Arabia, particularly. It concludes by identifying a gap in the literature gap and how the study tries to fill the vacuum.

In the third chapter, the study reviews the institution of *zakat* and its regulatory framework. It discusses an overview of *zakat*, *zakat* management, and also *zakat* calculations and their benefits. It reviews the *zakat* system in Saudi Arabia, followed by sections on *zakat* on business and the individual system of *zakat* in Saudi Arabia. The last part of this chapter discusses the new *zakat* regulations effective in Saudi Arabia, followed by a section underlining the theoretical framework used in this particular study. Some of the theories perused are the theory of reasoned action, the theory of planned behaviour and the extended theory of planned behaviour.

The fourth chapter discusses the methodology used in this particular study which includes the research design and procedures of data collection. The chapter details the technical aspects of the study, which include an explanation on research instrument, pilot study, data analyses procedures and statistical tests used. The chapter summarises with the researcher's own experiences.