Social-environmental determinants of zakat compliance: Do corruption and political instability matter?

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Abstract

Purpose – This study investigates the influence of corruption, political instability, and service quality on zakat compliance intention, as well as the role of zakat compliance intention as a mediator between zakat compliance behaviour and its antecedents.

Design/methodology/approach – The study utilised the survey method. A self-administered questionnaire was administered to a random sample of 315 Algerian business owners. The structural equation modelling technique was utilised for parameter estimation and data analyses. Additionally, the study drew on the social cognitive theory and the theory of planned behaviour (TPB).

Findings – Results from data analyses indicate that political instability, corruption and service quality have a significant influence on zakat compliance intention.

Practical implications – Zakat agencies and institutions, particularly in Muslim countries with unstable political environments and high levels of corruption, would find the results of this study useful in initiating policies that can enhance their annual zakat revenue. Additionally, this work sheds light on the critical role of service quality in enhancing zakat compliance.

Originality/value – This present work augments the limited literature involving the role of corruption on zakat compliance. Additionally, the study introduces a research model drawing on social cognitive perspectives blended with the theory of planned behaviour to gain insight on zakat compliance among businessmen.

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Paper type Research article

1. Introduction

In Islamic societies, zakat constitutes the community's main revenue source. Zakat was able to eradicate poverty in earlier generations (Abdul-Jabbar and Bin-Nashwan, 2022). This fact was well-established in the era of Caliph Umar ibn Abdul Aziz. However, zakat cannot fulfil its social role unless the government administers it in an organised manner (Kahf, 1997). There are allegations of weak administrative efficiency and lack of transparency by zakat institutions (Sadallah *et al.*, 2023a). Supporting this statement, Bin-Nashwan *et al.* (2021a) asserted that inadequate collection of zakat is a common challenge in many Muslim societies, resulting from non-compliance rather than a shortage of resources. For instance, scholars estimated that US$ 600 billion could be collected worldwide annually if wealthy Muslims comply with their zakat obligations (Heikal *et al.*, 2014).

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Currently, 700 million of the global poor are in Muslim nations (Bin-Nashwan *et al.*, 2020). For instance, the rate of poverty in Algeria is about 35%. The United Nations defines poverty as "living on less than US$ 1 per day" (Bertelsmann, 2022). While the estimated value of zakat amounted to be US$ 3.5 billion, collection dropped from US$ 13.5 million in 2019 to US$ 6.4 million in 2020, which represents more than 50% (Sadallah and Abdul-Jabbar, 2022).

Sadallah and Abdul-Jabbar (2022) proposed that zakat compliance may affected by corruption, political instability and service quality, particularly in the context of the Algerian Zakat Fund, which continues to employ a voluntary approach for zakat collection. Several nations, including Malaysia, Sudan, and Yemen, have legislated the obligation of zakat collection. Corruption further exacerbates poverty, inequality and social division. Poverty and inequality are widespread in the countries most affected by corruption (Transparency International, 2021). The level of corruption in Algeria has reached an epidemic level at the state level and at various administrative levels due to the country's rich endowment of natural resources and its institutional weaknesses (Joffé, 2021).

The aftermath of Algeria's turmoil of the 1990s, which heralded a decade of security challenges and political difficulties, is the country's difficulty in restoring political stability or legitimacy to a satisfactory level (Haden and Harr-Siebenlist, 2023). In addition to the COVID-19 pandemic impact on the global governmental and financial entities specifically zakat funds (Sadallah *et al.*, 2024). It is worth considering how the state agencies' work has been affected by this condition. On the other hand, this political situation may have affected how people perceive and interact with state agencies in terms of zakat compliance (Sadallah and Abdul-Jabbar, 2022).

The present study introduces a research model that blends the theory of planned behaviour into the social cognitive theory to investigate socio-environmental factors (e.g. corruption, service quality and political instability) that influence zakat compliance in Algeria. Additionally, limited empirical studies have explored the mediating effect of zakat intention, the link between socio-environmental factors and zakat compliance behaviour (Sadallah *et al.*, 2023a), and the applicability of the research model in the zakat compliance context. The present work seeks to bridge the gap in the literature, as stated above.

This study is divided into six sections. The next section is the literature review, which provides insights into the underpinning model of zakat compliance and its determinants. Section three presents the research methodology, while a discussion of the main findings is done in section four. Section five offers policy implications in terms of how the study might be beneficial to policymaking. Concluding remarks are made in section six.

2. Literature review and hypotheses development

2.1 Theoretical background

Bandura (1986) introduced the social cognitive theory, which explains the functioning of the human cognitive process. The theory maintains that individuals are considered both actors and products of their surroundings. The SCT posits that a major constituent that determines the way a person acts is personal factors. This theory (SCT) places emphasis on the learning procedure that sharpens man's belief. Such beliefs are crucial and trigger elements in any action by the person. The theory opines that these beliefs are the learning outcomes, increasing their consciousness and understanding of such beliefs (Rushton, 1982). Additionally, the theory did not ignore the environmental influences on beliefs and vice versa. Several researchers have extended SCT to include variables compatible with environmental factors. Corruption, political events and service quality can be viewed as key environmental factors within the framework of SCT, as suggested by Sabaruddin (2021), Khan *et al*. (2021) and Kuo *et al*. (2020). The theory has applications in several aspects, such as Investment decisions (Bin-Nashwan and Muneeza, 2023), internet banking (Boateng *et al.*, 2016) and organisational management (Wood and Bandura, 1989).

On its own part, the theory of planned behaviour (TPB) postulates that human actions are preceded by conscious planning and choice between alternative actions. The theory maintains that human beings would choose the most rational pathway. Additionally, human choice could be determined by several factors which precede the intention to perform the chosen action. That is consistent with the issue of zakat compliance (Sadallah *et al*., 2023a). When a Muslim makes the decision to pay zakat, he gratefully shares his property with the needy and the downtrodden in society. This act deviates from giving priority to serving one's own self-interest and increasing wealth (Bin-Nashwan, 2025; Bin-Nashwan *et al*., 2021a,b; Muneeza *et al*., 2023).

Recently, TPB has faced criticism that it shortages flexibility and the sophistication to explain intentions in some contexts sufficiently (Sadallah *et al*., 2023b). Ajzen (1991) has affirmed that the TPB model can still serve as a stem or root of newfound models of human behaviour. Accordingly, Saad *et al*. (2020) have tested variables like zakat evasion, moral reasoning, organisational structure, and zakat distribution quality using a decomposed TPB. Also, Jatmiko *et al*. (2023) have extended the TPB by adding Religiosity and Knowledge to explore cash waqf behaviour. Besides, Arguments have been put forward on the importance of merging SCT and TPB in one model to overcome TPB's possible inadequacies (Bin-Nashwan and Muneeza, 2023; Pham *et al*., 2023). Also, SCT and TPB are psychosocial theories that incorporate perceived outcomes when predicting behaviour. Both theories models are theoretically comparable and overlap; however, SCT and TPB are typically used to study behaviour separately (Hashim *et al*., 2023). Specifically, scholars kept comparing the two theories' elements, as TPB's behavioural beliefs are similar to SCT's outcome expectations, and PBC in TPB is similar to SCT's self-efficacy (Kim and Kim, 2023). Some academics have even considered them synonyms, conceptually and practically (Obaid and Mat Udin, 2020). Consequently, the present study used both SCT and TPB to explain zakat compliance behaviour.

2.2 Hypotheses development

2.2.1 Corruption. Corruption is the abuse of position, privilege and power for personal gain. Corruption is one of the main issues that concern the proper administration of zakat funds (Mohamad and Sori, 2023). Paying and distributing zakat reduces social inequality and lessens harmful behaviours like corruption. In the absence of past empirical research on corruption's influence on zakat's compliance intention, the hypotheses of the current study are derived from studies that dealt with tax compliance. Perceived corruption will likely weaken willingness to pay taxes, foster distrust in governments and drive taxpayers to behave opportunistically. Thus, corruption is perceived to create inefficient tax systems, which reduce taxpayers' willingness to pay taxes (Damayanti *et al*., 2020). Corruption and tax non-compliance have been linked for a long time (Alm *et al*., 2016). These two problems have a linkage and constitute a significant threat to the global economy. Tax revenue generation efficiency appears to be significantly reduced by corrupt practices, as taxpayers are easily able to dodge taxes when they bribe tax administrators (Obaid and Mat Udin, 2020). Sabaruddin (2021) found that corruption affects people's willingness to comply with taxes. Augustine and Enyi (2020) asserted that controlling corruption enhances tax compliance. In their study, Alon and Hageman (2013) found that corruption negatively influences tax compliance. Similarly, Abd Obaid *et al*. (2020) show that corruption is positively related to tax non-compliance. However, few studies did not find a significant link between corruption and tax evasion (Obaid and Mat Udin, 2020). Also, Akdede (2006) showed that corruption could end even corollated positively with taxes voluntary compliance. In view of findings from previous literature as presented above, the following hypothesis was investigated:

H1. There is a negative relationship between corruption and zakat compliance intention.

2.2.2 Political instability. Political instability means the inclination to change executive government through constitutional means or otherwise. The present work investigates political instability in terms of whether it influences zakat compliance intention in accordance with the social cognitive approach: "Environmental events (such as what happens politically) are among the elements that would affect human intentions and behaviour" (Bandura, 2001). Khan *et al*. (2021) investigate the outcomes of several uncertainties regarding the intention to adopt Internet stock trading among individuals in China using social cognitive theory. Alvarez and Campo (2014) concluded that a political conflict increased the negative influence on the intention to choose a tourist destination. A negative relationship between political uncertainty and intention was found in this study.

The aftermath of the 1990 turmoil in Algeria, which lasted for a decade and brought with it security and political problems, is a rise of pockets of political instability and illegitimacy (Haden and Harr-Siebenlist, 2023). Moreover, Algeria was among the Arab nations involved in the Arab Spring in 2019. It is worth pondering the effects of such situations on state agencies' performance. On the flip side, investigating how these political circumstances affect individuals' perceptions and interactions with zakat institutions is very important. Few researchers focus on how political instability affects compliance intention. Of them, Sadallah *et al*. (2023b) found a negative relationship. Consequent to the information provided in the foregoing paragraphs and findings from previous studies, the following hypothesis is put forward:

H2. There is a negative relationship between political instability and zakat compliance intention.

2.2.3 Service quality. A service is believed to be of good quality if an organisation's processes meet the customer's expectations before and after the services have been rendered. Accordingly, scholars argued that the perception of service quality significantly influences behavioural intention and attitude (Al-Ttaffi *et al.*, 2021, 2025; Zeithaml *et al.*, 1996). Additionally, Sadallah *et al*. (2023b) confirmed the relationship between the zakat payer's intention and service quality in the sphere of zakat compliance intention. However, Haji-Othman (2017) found no remarkable relationship between service quality and intention to pay business zakat. Therefore, the evidence is not conclusive, and there is a need for re-examination. Therefore, it was hypothesised as follows:

H3. There is a positive relationship between service quality and zakat compliance intention.

2.2.4 The influence of intention on zakat compliance behaviour. According to Ajzen (1991), intention constitutes the willingness to behave in a certain way in the future. Therefore, intention precedes behaviour and could be considered the antecedent of behaviour. Ajzen (1991) asserted that intention significantly influences behaviour; hence it should be a key element in investigating how people behave (Ajzen, 1991). Moreover, other researchers (Armitage and Conner, 2001; Ajzen, 1991) argued that intention is the most influential factor driving behaviour. When applied to zakat compliance, wealthy business owners are guided by intentions prior to making compliance decisions. Despite this significant linkage between intention and zakat compliance, limited research has been conducted on it (Haji-Othman, 2017; Amilahaq and Ghoniyah, 2019; Sadallah *et al*., 2023a). Therefore, there is a need for research to enrich the literature and to provide further evidence, especially in the area of zakat compliance. In line with insights from previous studies, the following hypothesis was investigated:

H4. Zakat compliance intention positively influences business zakat compliance behaviour.

2.2.5 Meditating influence of intention. Intentions determine behaviour after being affected by independent variables (Amilahaq and Ghoniyah, 2019; Bin-Nashwan *et al.*, 2025; Sadallah *et al.*, 2023a). Similarly, other scholars (Armitage and Conner, 2001; Ajzen, 1991; Davis *et al.*, 2003) suggested that additional variables could influence behaviour mediated by intention. On their own part, Taylor and Todd (1995) argued that intention is a vital mediator between independent variables and intention and that its effect would be glaring if the intention is omitted in predicting behaviour. The authors maintained that such commission decreases the effect of the variables substantially. Thus, intention essentially influences behaviour and explains 30% of the variance in the behaviour in certain cases (Taylor and Todd, 1995). Besides, environmental influences, personal factors, and behaviour all act as interacting factors in the SCT model, exerting bidirectional influence on one another (Wood and Bandura, 1989; Lent *et al*., 1994). The current study could be the first to carry out an investigation on the mediation effects of intention on the relationship between corruption, political instability, service quality and zakat compliance behaviour. In view of the foregoing discussions in the literature, it was hypothesised as follows:

H5. Zakat compliance intention mediates the relationship between corruption and zakat compliance behaviour.

H6. Zakat compliance intention mediates the relationship between political instability and zakat compliance behaviour.

H7. Zakat compliance intention mediates the relationship between corruption and zakat compliance behaviour.

3. Research method

3.1 Design, population and sample of the study

The survey method and cross-sectional design were adopted in the current study. The population consists of entrepreneurs operating in seven major cities in Algeria. These entrepreneurs are officially captured in the database of the National Centre for Commercial Registration (CNRC, 2019). These seven cities account for approximately 71% of the country's tax revenue (Benkhalfa, 2016). Before conducting the main work, a pilot study was carried out to identify and eliminate problems in the questionnaire. The pilot surveys distributed to entrepreneurs were 100 in total. Consequent to receiving feedback from the pilot survey, a few modifications were implemented. The present study employed a stratified proportionate sample of 575 entrepreneurs (out of 638,407 registered business enterprises) from seven cities. Over a span of 38 days, the data for the study were personally administered by the researchers and retrieved from the respondents. Out of 344 responses received (59.8%), a total of 315 questionnaires were ultimately considered for further analysis. Ten outliers cases were identified, and nineteen responses were discarded due to incomplete information.

3.2 Questionnaire and measurements

The questionnaire consists of 31 measurement articles for the variables. This study developed its measurement scales based on adaptation from previous studies, as presented in Table 1. Respondents' perceptions were captured with the use of a 5-point Likert-type scale with 1 to represent "strongly disagree" and 5 to represent "strongly agree".

3.3 Proposed model

Data analysis was performed using the PLS-SEM, as recommended by Ascarya and Tekdogan (2022) for Islamic finance studies, which is a variance-based and robust structural modelling technique. The software chosen for analysing the research data was Smart-PLS version 3.3. This is preferred compared to covariance-based SEM (CB-SEM) since this study is predictive in nature. The technique can also generate higher statistical power compared to CB-SEM, as Hair *et al*. (2017) argued.

Table 1. Summary of items measurements and operational definitions

Construct	Measurement instruments	No. of items	Source
Zakat intention compliance	(1) I will pay zakat on business for this year (2) I will pay zakat on business in the future (3) I will pay zakat on business to the Algerian Zakat Fund (AZF) or directly to beneficiaries (4) I will add the payment of zakat on business if my business income increases (5) I will contact AZF for the payment of zakat on business	5	Adopted from Bin-Nashwan *et al.* (2021a)
Zakat compliance behaviour	(1) I pay business zakat to the AZF. (2) I pay business zakat every year to AZF if I meet the requirements (3) During my working period, I never missed paying business zakat to AZF. (4) I contact to AZF to pay business zakat	4	Adopted from Bin-Nashwan *et al.* (2021a).
Corruption	(1) Not paying zakat is acceptable in a highly corrupt country (2) Not paying zakat is acceptable in a low-corruption country (3) Not paying zakat is acceptable even if funds are used properly (4) Not paying zakat is acceptable in a corruption-free country (5) Corruption justifies my decision not to pay zakat	5	Adapted from Abiola and Asiweh (2012)
Political instability	(1) I pay business zakat because of my confidence in Algerian authority (2) Confidence in Algerian authority determines my behaviour of business zakat payment (3) I believe in the Algerian justice authority that is fairly administered (4) Internal political efficiency encourages me to pay business zakat (5) Poor internal efficiency in terms of process discourages me from paying business zakat (6) I believe that political protests are not a threat to Algerian internal stability, should not affect me to pay business zakat (7) The external environment in terms of government legislature to zakat discourage me from paying business zakat (8) Political forces associated with government officials and policies influence me to pay business zakat (9) I believe that the current political situation in Algeria is stable for me to pay business zakat	9	Adapted from Abd Obaid *et al.* (2020)

(*continued*)

Table 1. Continued

Construct	Measurement instruments	No. of items	Source
Service quality	(1) AZF Fund has a complete service system (2) The appearance of customer service counters of AZF is good (3) Staffs of AZF are capable of delivering good service (4) Service provided by AZF is fast (5) Staffs of AZF have good manners dealing with customers (6) Staffs of AZF have good communication with me (7) Staffs of AZF understand customer needs (8) Staffs of AZF are easy to reach/contact	8	Adapted from Haji Othman (2017)

Source(s): Table created by authors

4. Data analysis and findings

4.1 Descriptive statistics

Table 2 shows that about a third of the respondents were over 40 years old (33.4%), while most respondents (two-thirds) were younger than 40. About 70.1% were male. The largest category of participants in this survey is married (66%), followed by single 26%. This is also an indication from the sample that 65.7% of the respondents have graduated from college. Additionally, Table 2 demonstrates the descriptive statistics for the study variables.

4.2 Common method bias

To address potential common method bias (CMB), a marker variable unrelated to the study's core variables, Zakat behaviour, was introduced. Measured using a five-point Likert scale

Table 2. Descriptive statistics ($n = 315$)

Measure	Items	Frequency	Per cent
Gender	Female	94	29.9
	Male	221	70.1
Age	40 years and below	210	66.6
	Over 40 years	105	33.4
Education	Diploma	108	34.2
	First degree and higher	207	65.8
Social status	Single	84	26.6
	Married	208	66.1
	Others	23	7.3

		Mean	Std. Deviation
Construct	Corruption	3.639	0.746
	Political Instability	2.011	0.748
	Service Quality	3.273	0.632
	Behaviour	4.678	0.517
	Intention	4.379	0.498

Source(s): Table created by authors

(1 = strongly disagree, 5 = strongly agree), the marker variable showed minimal, non-significant correlations with key constructs (Lindell and Whitney, 2001), ranging from 0.021 to 0.117, and all were non-significant, indicating that CMB is not a concern in this study. Additionally, a common latent factor test revealed a value of 12.34%, well below the 50% threshold (Eichhorn, 2014), confirming no CMB threat to the study's validity.

4.3 Measurement model

The reflective model assessment necessitates an examination of the reliability as well as the validity of the variables of interest. Of utmost importance is the identification of the criteria of convergent and discriminant validity and reliability for internal consistency. As recommended by Hair *et al*. (2017), factor loading must be greater than 0.70. In contrast, Hulland (1999) advised that a cut-off point of 0.4 is acceptable. Hence, any item loading that has a value less than 0.4 could be deleted. Most recently, Hair *et al*. (2017) opined those items loading range from 0.40 to 0.70 must be considered for deletion only in a situation where its removal will cause the composite reliability to increase. In this regard, out of the 31 items in the central part of the survey, five items (Int5, Pi3, Pi6, Pi9 and Sq1) had to be deleted due to poor loading. The recommendation of Hair *et al*. (2017) is that AVE values that surpass the 0.50 acceptable threshold support convergent validity. Additionally, Table 3 explains the evaluation of internal consistency. All latent constructs' Cronbach's α values surpassed the required threshold of 0.70 (Hair *et al*., 2017). With respect to the composite reliability (CR), values of all latent variables exceed 0.70, which means latent constructs were valid and reliable.

Table 3. Measurement model results

Construct	Item	Loading	CA	Rho-A	CR	AVE
Zakat behaviour	Bhv1	0.856	0.894	0.900	0.927	0.760
	Bhv2	0.909				
	Bhv3	0.906				
	Bhv4	0.812				
Zakat intention	Int1	0.788	0.720	0.743	0.824	0.541
	Int2	0.809				
	Int3	0.666				
	Int4	0.668				
Corruption	Cor1	0.884	0.921	0.982	0.939	0.755
	Cor2	0.882				
	Cor3	0.864				
	Cor4	0.849				
	Cor5	0.864				
Political instability	Pi1	0.833	0.917	0.944	0.933	0.699
	Pi2	0.833				
	Pi4	0.803				
	Pi5	0.814				
	Pi7	0.855				
	Pi8	0.875				
Service quality	Sq2	0.686	0.900	0.970	0.913	0.602
	Sq3	0.865				
	Sq4	0.701				
	Sq5	0.856				
	Sq6	0.732				
	Sq7	0.861				
	Sq8	0.703				

Source(s): Table created by authors

Part of the assessment of the measurement model is the discriminant validity. It was assessed through Fornell and Larcker's (1981) analysis. As shown in Table 4, the AVE square root for latent constructs was higher than the model's other square correlations; thus, there was no detection of a lack of discriminant validity. The HTMT ratio was used to assess discriminant validity, and all construct ratios were below the conservative 0.85 threshold (Kline, 2015). Consequently, it could be interpreted that discriminant validity was attained. Finally, various statistical tests examined the measurement model and confirmed the validity and reliability of the research measurement model.

4.4 Structural model

The structural model's evaluation mainly seeks to check how the exogenous constructs influence the endogenous construct. Usually, the evaluation of the structural model includes an analysis of collinearity between constructs, the significance of the hypothesised relationship variance explained (R^2), the model's predictive relevance (Q^2) and effects size (f^2) (Hair *et al.*, 2017).

Crucially, the initial step involves testing the model's multicollinearity. The findings identified that the variance inflation factor (VIF) values associated with latent constructs are below 3.3, ranging from 1.402 to 1.968. This indicates the absence of multicollinearity issues in the dataset (Diamantopoulos and Siguaw, 2006).

As the current research seeks to investigate behavioural compliance intention, it is vital to highlight that maximisation of the coefficient of determination of the endogenous variable (R^2) is desirable (Hair *et al.*, 2017). The findings indicate that the R^2 value of the intention to comply with zakat is way above the threshold value of 0.02 (Figure 1). This is an indication

Table 4. Discriminant validity

	1	2	3	4	5
Fornell – Larcker criterion					
1. Corruption	0.869				
2. Political instability	−0.405	0.836			
3. Service quality	−0.591	0.470	0.776		
4. Zakat behaviour	0.115	−0.363	0.012	0.872	
5. Zakat intention	0.125	−0.319	0.106	0.679	0.736
HTMT					
1. Corruption					
2. Political instability	0.454				
3. Service quality	0.664	0.606			
4. Zakat behaviour	0.117	0.387	0.073		
5. Zakat intention	0.139	0.361	0.122	0.818	

Source(s): Table created by authors

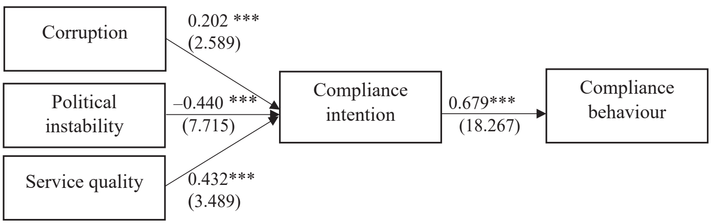

Figure 1. Structural model assessment results. **Notes**: ***$p < 0.01$; "values in brackets refer to t-statistics". Source: Figure created by authors

that the model has good predictive accuracy (Hair *et al.*, 2018). Furthermore, the variables investigated in the current study collectively explain 46.1% of the zakat compliance behaviour and 21.1% of the zakat compliance intention variance level.

Cohen (1988) considers f^2 value of 0.02 as small, 0.15 as medium and 0.35 as large. Therefore, the effect size (f^2) of political instability in this study shows a medium effect ($f^2 = 0.185$). However, service quality suggests a small effect size of ($f^2 = 0.139$).

The study used the blindfolding procedure for model fit assessment in PLS-SEM to evaluate the predictive relevance of Q 2 (Stone, 1974) using a predetermined distance of seven. In the present model, the Q^2 value of the endogenous variable is above zero (0.104), and the value of 0.345 indicates the predictive relevance of intention on zakat compliance. Therefore, it indicates the predictive validity of the model. The structural evaluation results are displayed in Table 5.

The significance of the hypothesised relationships was assessed using the bootstrap technique, wherein 5,000 resamples were drawn with replacement. The results indicate that all path associations are statistically significant when the bootstrap critical t-value exceeds ± 1.65 (one-tailed test). Political instability was found to have a negative impact on zakat compliance intention ($\beta = -0.440$, $p = 0.000$). Conversely, service quality positively influenced zakat compliance intention ($\beta = 0.432$, $p = 0.000$), and compliance intention was strongly linked to zakat compliance behaviour ($\beta = 0.679$, $p = 0.000$). However, an unexpected finding revealed a positive relationship between corruption and zakat compliance intention in the context of this study ($\beta = 0.202$, $p = 0.010$). Thus, hypotheses H2, H3, and H4 were supported, while H1 was rejected despite the statistical outcomes.

The study's findings further reveal that intention mediates the relationships between corruption, political instability, service quality, and zakat compliance behaviour. Specifically, political instability was negatively associated with zakat compliance behaviour via intention ($\beta = -0.299$, $p = 0.000$), while service quality was indirectly and positively linked to zakat compliance behaviour ($\beta = 0.293$, $p = 0.001$). Additionally, corruption exhibited a positive relationship with zakat compliance behaviour through the intention to pay zakat ($\beta = 0.137$, $p = 0.011$).

4.5 Robustness check

This investigation employed nonlinearity criteria for a robustness check, as Sarstedt *et al.* (2020) recommended. Empirical results may reveal relationships to be nonlinear. In nonlinear relationships, the effect size between two constructs is influenced by the magnitude of the change in the exogenous construct and its value (Hair *et al.*, 2018). The study utilised a

Table 5. Structural model assessment

Construct	Std Beta	Std error	t-value	*p*-value	f^2	VIF
H1 Corruption - > Zakat intention	0.202	0.078	2.589	0.010	0.033	1.968
H2 Political instability - > Zakat intention	−0.440	0.057	7.715	0.000	0.185	1.849
H3 Service quality - > Zakat intention	0.432	0.124	3.489	0.000	0.139	1.402
H4 Zakat intention - > Zakat behaviour	0.679	0.037	18.267	0.000	0.855	
H5 Corruption - > Zakat intention - > Zakat behaviour	0.137	0.054	2.547	0.011		
H6 Political instability - > Zakat intention - > Zakat behaviour	−0.299	0.045	6.697	0.000		
H7 Service quality - > Zakat intention - > Zakat behaviour	0.293	0.086	3.393	0.001		
Compliance intention	$R^2 = 0.211$	$Q^2 = 0.104$				
Compliance behaviour	$R^2 = 0.461$	$Q^2 = 0.345$				

Source(s): Table created by authors

polynomial model with a quadratic effect to account for this. The findings showed that the quadratic effect is nonsignificant for all paths, indicating the robustness of the linear effect (Sarstedt *et al.*, 2020).

5. Discussion of results

The present study introduces a research model that merges two theories (SCT and TPB) in order to empirically prove the usefulness of SCT and TPB in explaining zakat compliance behaviour. In line with the SCT, the present study considered corruption, political instability and service quality as important environmental determinants of compliance intention (Bandura, 2001). On the other hand, TPB considers intention as an essential determinant of behaviour, and other variables could influence behaviour mediated by intention (Davis *et al.*, 2003; Armitage and Conner, 2001; Ajzen, 1991).

The empirical findings unexpectedly show the presence of a significantly positive influence of corruption on zakat compliance intention, which contradicted previous studies' findings in the area of tax compliance (Damayanti *et al.*, 2020; Alm *et al.*, 2016; Augustine and Enyi, 2020; Alon and Hageman, 2013; Abd Obaid *et al.*, 2020). However, the present findings are similar to Akdede (2006) and Litina and Palivos (2016), which have shown a positive relationship between corruption with voluntary tax compliance. The results also demonstrated a negative effect of political instability on the intention to comply with zakat. This significant relationship means that the political environment factors probably affect entrepreneurs' intention to comply with zakat. In other words, the internal and external political environment has a significant effect on the intentions of business owners to pay their zakat. Therefore, in line with the SCT, the present study considered political uncertainty and instability as important environmental factors (Bandura, 2001).

Accordingly, Khan *et al.* (2021) investigated the influences of various uncertainties on internet stock trading (IST) adoption intention of individuals in China using social cognitive theory. This study revealed a negative relationship between political uncertainty and intention. Likewise, service quality significantly influences intention to comply with zakat, similar to previous studies (e.g. Sadallah *et al.*, 2023b). This significant relationship means that the business owner's intention to comply with zakat is significantly influenced by the standard of service provided by the zakat institution. Similarly, service quality is considered a determinant of intention in several contexts using social cognitive theory (Kuo *et al.*, 2020).

In addition, the statistical results support the mediation effect of intention on the relationships between zakat compliance behaviour and corruption, political instability and service quality. This supports previous researchers who call for including other variables in the TPB's original variables (Davis *et al.*, 2003; Armitage and Conner, 2001; Ajzen, 1991).

6. Implications

6.1 Theoretical implications

This study advances the literature by integrating SCT and TPB to examine the factors influencing zakat compliance. It emphasises how environmental factors such as corruption, political instability, and service quality affect compliance intentions and behaviour. The study is one of the first to empirically establish a relationship between corruption and zakat compliance intentions, with evidence suggesting that corruption may paradoxically motivate zakat payment. However, the study also notes that this could have negative implications for zakat's broader goal of reducing poverty and promoting social justice. Moreover, the research highlights the mediating role of intention, shedding new light on how service quality and political instability influence zakat compliance behaviours. By grounding the investigation in both TPB and SCT, this study contributes novel insights into the determinants of zakat compliance, especially in challenging socio-political contexts such as the Middle East and North Africa.

6.2 Managerial implications

The findings present actionable recommendations for zakat institutions and policymakers. Addressing corruption and political instability should be prioritised, as these factors can undermine trust and compliance. Although corruption may increase the intention to pay zakat, it can hinder the long-term objectives of poverty reduction and social justice. Therefore, zakat authorities must work towards creating a transparent and politically stable environment to enhance trust in zakat systems. Improving service quality is also essential, as it positively influences compliance intentions. Zakat institutions should invest in educating staff and improving customer service to better cater to business owners. Furthermore, public campaigns should be designed to highlight the social responsibility and poverty alleviation aspects of zakat, particularly during times of political instability. Strengthening transparency and service delivery will be key in fostering greater participation, ultimately enabling zakat institutions to maximise their impact on social equity and economic development.

7. Conclusion and recommendation

Based on the data analysis and study findings, it can be concluded that promoting political stability is crucial for enhancing voluntary zakat compliance. Authorities should work to prevent political conflict and ensure a stable environment to foster a greater sense of responsibility toward zakat. Additionally, zakat institutions should focus on improving service quality through educational programs aimed at raising the service standards of employees interacting with business owners. Promoting zakat as a form of social responsibility, especially during periods of political instability, can also help increase zakat collection and contribute to alleviating poverty.

The results indicate that zakat compliance is significantly influenced by an individual's intention, which is shaped by social and environmental factors. Interestingly, the study found that corruption positively affects the intention to pay zakat and indirectly influences zakat compliance behaviour. This suggests that in contexts of widespread corruption, zakat payers may be more motivated to contribute, distinguishing them from taxpayers who are less inclined to meet their obligations in corrupt environments. This may be due to the perception that corruption worsens poverty, encouraging zakat payers to actively participate in poverty alleviation through zakat contributions.

The study concludes that zakat's role in combating poverty and social inequality could be more effective if political instability and corruption were reduced, and if zakat agencies provided high-quality customer service. Although the study presents several notable findings, it is not without limitations. Future research should empirically examine Islamic financial instruments such as Zakat, Sadaqah, Waqf, and Islamic Bonds using this model, while incorporating additional determinants from environmental, personal, and behavioural perspectives.

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