

THE POTENTIAL OF PAYING ZAKAT ON INCOME: EVIDENCE FROM AN EMERGING ECONOMY

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Abstract

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Countries with emerging economies, especially those with the largest Muslim population, have great potential for raising zakat funds, but their realization is still limited (Karim, 2010). Optimization of income zakat payments is supported by sound financial literacy, corporate support, and carrying out Sharia financial planning (Sevriana et al., 2022). This research investigates the potential of income zakat payments by examining three influencing factors: Islamic financial planning, perceptions of company support, and financial literacy. The research data was obtained through a survey of company employees in paying income zakat. The data analysis method used partial least square structural equation modeling (PLS-SEM) with SmartPLS software. The empirical findings of the study prove that financial literacy significantly and positively affects Islamic financial planning in paying zakat income. Financial literacy does not significantly affect the payment of income zakat directly, but Islamic financial planning mainly involves paying zakat income through intervening variables. Overall, the three factors, namely, perceived corporate support, Financial literacy, and Islamic financial planning, can explain the amount of change in income zakat revenue by 63.9 percent. The limited knowledge of planning and Islamic financial literacy needs to be improved so that the optimization of zakat fund collection in Indonesia can be improved.

Keywords: Zakat Income Payment, Perceived Corporate Support, Financial Literacy, Islamic Financial Planning

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1. INTRODUCTION

The potential for zakat from emerging countries, most of which are Muslim, is very prospective. Indonesia is a country with the largest Muslim population in the world; according to Asfarina et al. (2019) has an enormous potential for zakat, which in

2016 ranged from IDR 69.57 trillion (classical fiqh approach) to IDR 216.54 trillion (contemporary fiqh approach). This potential increased to IDR 233.8 trillion in 2019, with the most significant potential being a zakat income of IDR 139.07 trillion (Puskas BAZNAS, 2020). In practice, Puskas BAZNAS (2020) noted that the collection of zakat, infaq, and

sadaqah (ZIS) in 2016 reached IDR 5.12 trillion (Maal zakat collected IDR 3.74 trillion). This collection still needs to be improved compared to the potential zakat of IDR 69.57 trillion (5.38% from the classical fiqh approach or only 1.73% from the contemporary fiqh approach). Several people have researched things that influence a person to pay zakat. Influencing factors such as subjective norms and attitudes (Bidin et al., 2009); attitudes, descriptive norms and moral norms (Andam & Osman, 2019); attitude and behavior control (Sapingi et al., 2011); social, religious and economic factors (Bakar & Rashid, 2010); priests and religious education (Jaafar et al., 2011); factors of adolescent understanding of zakat and facilities (Tajuddin et al., 2017); attitudes, subjective norms, behavior control, income, education, and knowledge (Huda & Ghofur, 2012); Islamic religiosity (Haji-Othman et al., 2018); attitudes, subjective norms, and perceived behavioral controllers (Saragih, 2018); demographic factors such as age, marital status and income (Muthi'ah et al., 2021); perceptions of the capability of zakat institutions, perceptions of government support and religiosity (Farouk et al., 2017); education, income, religious knowledge and belief (Dianingtyas, 2011); awareness, willingness to donate, trust in zakat institutions (Doktoralina et al., 2018). This study examines and analyzes the factors that influence zakat payment income (ZIP). These factors are perceived corporate support (PCS) by employees as a *muzakki*, Islamic financial planning (IFP), and financial literacy (FL). Research on the influence of PCS as a *muzakki*, who has government support in paying zakat, as researched by Farouk et al. (2017) and research on using the Internet (Hari et al., 2019; Tan & Teo, 2000; Indrasari et al., 2022). Furthermore, the practice of IFP is still relatively new, and the literature is still limited (Ahmed & Salleh, 2016; Hidayat et al., 2022). FL is one factor that significantly affects financial planning (Noor et al., 2017; Setyowati et al., 2018; Indupurnahayu et al., 2022). FL significantly affects financial planning components such as investment (Hsiao & Tsai, 2018; Kumar et al., 2019a; Kumar et al., 2019b; Lusardi & Mitchell, 2007a, 2007b; Sunaryo et al., 2020; Fathony et al., 2020), insurance (Dalkilic & Kirkbesoglu, 2015). While in IFP, there are other components, namely zakat. IFP is also an influencing variable that affects ZIP. IFP is the variable that intervenes because of the findings in the literature review that FL, as a variable that affects the ZIP, is also known to influence financial planning.

Furthermore, the rest of this paper is structured as follows. Section 2 is a literature review on PCS, IFP, FL, and research hypotheses. Section 3 presents a methodology for estimating the research model. Section 4 discloses the research results explicitly, while Section 5 further discusses the findings. Lastly, Section 6 is a conclusion and recommendation of research findings.

2. LITERATURE REVIEW AND RESEARCH HYPOTHESES

Zakat, according to language, means to add. Meanwhile, according to Sharia, it is the name for certain assets according to specific ways and given to a particular group of people (Bakar & Rashid, 2010). Therefore, as the third pillar of Islam, zakat is

an obligation for every Muslim who has fulfilled the requirements to pay it. Therefore, Allah SWT obliges every Muslim who can pay zakat as stated in Quran surah al-Baqarah: 43, and has determined the group who will receive the zakat as stated in at-Taubah: 6. The following hadith of the Prophet Sallallahu Alayhi Wa Sallam:

Ibn Umar RA. Narrated, the Prophet Sallallahu Alayhi Wa Sallam said; "Islam is built on five: Testifying that there is no god but Allah and Prophet Muhammad is the messenger of Allah, establishing prayer, paying zakah, pilgrimage to the temple, and fasting in the month of Ramadan" (H.R. al-Bukhari-Muslim).

Income zakat is zakat maal. Dr. Yusuf Al-Qaradawi initiated this zakat in his book "*Fiqh az-Zakat*" (Al-Qardawi, 2006). The author divides income into two parts, namely *Kasb al Amal* and *Mihan al Hurrah*. *Kasb al Amal* is a person who is subject to an individual or company by getting wages, while *Mihan al Hurrah* is independent work and has nothing to do with other people. Qardawi (2006) also argues that two kinds of jobs make money; the first is work done alone without depending on others, thanks to the skill of the hands of the brain. This income includes an engineer, doctor, advocate, tailor, artist, carpenter, and others. While the second category is work done by one person to another party (either individual, companies, or the government) using the brain, hands, or both to get a salary, wages, or honorarium (Qardawi, 2006).

2.1. Perceived corporate support (PCS)

PCS can be identified as the primary determinant of employee attitudes to pay zakat income and, simultaneously, as a controlling factor (Ajzen, 2002). By using the approach taken by Ajzen (2002), individuals tend to have a higher level of intention to pay income zakat if they feel that the company they work for supports this action.

A study by Ajzen and Sheikh (2013) found that the controller reflects a person's perception of the opportunities, resources, and skills needed to act. The description of the company's support is how an employee views the company's support in providing facilities that help pay income zakat. Research by Tan and Teo (2000) and Farouk et al. (2017) proved that government support affects attitudes toward acting. The perceived government support is in the form of providing facilities, promoting, encouraging, and providing a payment system for paying zakat (Farouk et al., 2017).

2.2. Islamic financial planning (IFP)

Financial planning is a collaborative process through financial advice by integrating relevant elements from the client's personal and financial circumstances (Ng et al., 2016). The goal is to maximize the client's potential to achieve better welfare. Ahmed and Salleh (2016) explained that IFP is financial planning following Sharia and aims to achieve *Al-Falah*. In IFP, compliance with Sharia in using financial services by avoiding *Usury*, *Gharar*, and *Maysir*. IFP components include cash flow and liabilities management, Islamic risk management and takaful planning, Islamic investment planning, zakat administration, tax planning, Islamic retirement planning, and Islamic estate and waqf

planning. For example, Rahman (2015) examines who pays zakat on pension funds, while Arafah and Fathiy (2013) calculate zakat from the income received.

2.3. Financial literacy (FL)

FL is knowledge and understanding that can help someone make better financial decisions (Altman, 2012). According to Servon and Kaestner (2008), FL is a person's ability to understand and utilize financial concepts. Meanwhile, according to Chen (1998), FL is knowledgeable in managing finances to assist in making financial decisions, including personal finance, savings, loans, investment, and financing. Furthermore, the Organisation for Economic Co-operation and Development (OECD, 2019) defines FL as applying one's knowledge and understanding of financial risks and returns, skills, motivation, and self-confidence to make effective financial decisions. Also, it improves the financial well-being of individuals and society and enables participation in economic life.

This FL includes basic knowledge of money, borrowing, saving/investment, and protection (Huston, 2010). FL has a significant influence on personal financial planning. Someone with a good level of FL turns out to be more focused on planning their finances (Lusardi & Mitchell, 2008; Setyowati

et al., 2018). FL also has a significant influence on components in financial planning. Several researchers have found the effect of this FL on personal financial planning (Lusardi & Mitchell, 2008; Setyowati et al., 2018), investment (Hsiao & Tsai, 2018; Shahnian et al., 2020; Endri et al., 2022), insurance (Dalkilic & Kirkbesoglu, 2015), retirement planning (Lusardi & Mitchell, 2007a). In personal financial planning, income zakah should be an integral part of calculating the outflow of money, so the authors suspect that FL also influences the ZIP.

2.4. Research hypotheses

According to the theory of investment and behavior, PCS, FL, and IFP can, directly and indirectly, determine efforts to collect zakat on company income. Therefore, by the research objectives, the research hypotheses tested are:

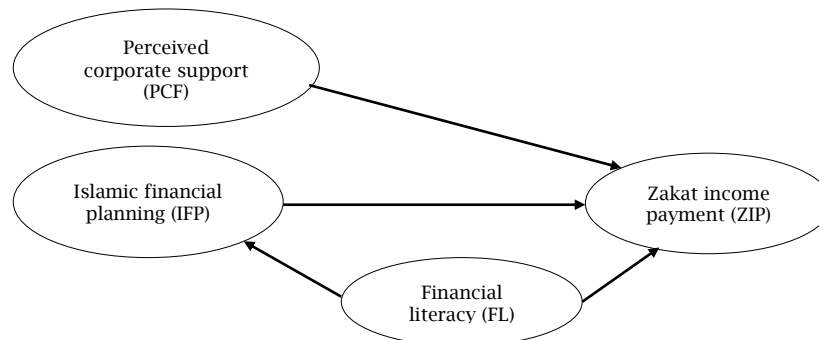
H1: Perceived corporate support (PCS) has a positive effect on zakat income payment (ZIP).

H2: Islamic financial planning (IFP) has a positive effect on zakat income payment (ZIP).

H3: Financial literacy (FL) has a positive effect on Islamic financial planning (IFP) in zakat income payment (ZIP).

H4: Financial layout (FL) has a positive effect on zakat income payment (ZIP).

Figure 1. Conceptual framework



3. METHODOLOGY

This research explores the effect of PCF, IFP, and FL on the payment of professional zakat. The data analysis method uses partial least square structural equation modeling (PLS-SEM). This research was conducted through three stages, namely an in-depth literature study on IFP in planning the payment of professional zakat and pre-research interviews with respondents who had carried out several components of financial planning and paid professional zakat, as well as zakat collection institutions in companies to find out the phenomenon of paying professional zakat in the company. Then from the theoretical study, a research framework and hypotheses were made. Then a survey was conducted by distributing questionnaires to respondents. The survey data were then analyzed using the PLS-SEM method.

The population in this study are employees of PT Telekomunikasi Indonesia, Tbk spread throughout Indonesia with various educational backgrounds, income levels, gender, age, and marital status, who have made professional zakat payments either through companies or paid directly

independently to management institutions zakat or paying directly to *mustahik*. Research data was obtained from questionnaires distributed to Telkom employees via Google forms within a period of 2 months, namely from May to June 2021. Respondents who filled out the questionnaire totaled 124 respondents; 24 were eliminated because 22 respondents work in Telkom's subsidiary, one respondent is retired, and one is non-Muslim, so the total data will be analyzed in this study is 130 respondents; 24 respondents are eliminated. The research analyzes data from 106 respondents. Data collection using a questionnaire, a Likert scale with intervals of 1-5, with the weighted values including 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly agree.

The operational definition for paying professional zakat is *mustahik's* behavior in paying professional zakat (income), which is the dependent variable in this study. This behavior is shown by several indicators, which are manifestation variables of the variable in question, namely the time of paying zakat income, paying zakat as a manifestation of obedience to Allah SWT., the *mustahik* way of ZIP,

and sincerity (no coercion) in paying zakat income. In addition, PCS was measured using four indicators adapted from Ajzen (2002), Farouk et al. (2017), and Tan and Teo (2000). The company support referred to is Telkom's corporate support felt by its employees about the payment of zakat for this profession. This support is in the form of promotions, facilities, encouragement, and support provided by Telkom to increase the collection of zakat income from its employees.

IFP was measured using six indicators adapted from Ahmad et al. (2020). IFP is a collaborative process that helps maximize the potential of every Muslim to fulfill his life goals through financial advice that integrates relevant elements of his personal and financial circumstances, complies with Sharia, and aims to achieve *Al-Falah*. The indicators in this variable include cash flow and expense management, zakat and tax planning, Islamic risk management and insurance, Islamic investment

planning, Islamic retirement planning, and grant, waqf and inheritance planning. Moreover, FL was measured using four indicators adapted from Chen and Volpe (1998), Huston (2010), and OECD (2019). Finally, ZIP was assessed using six indicators (Cokrohadisumarto et al., 2020; Saragih, 2018). FL is a person's ability in the form of knowledge and understanding of financial risk and skills to manage and make financial decisions effectively. This study's FL indicators are basic financial knowledge, insurance, investment, and retirement planning.

4. RESULTS

4.1. Respondents' characteristics

The demographic characteristics of the respondents are provided in Table 1.

Table 1. Respondents' characteristics

Characteristics	Criteria	Total	Percentage
Gender	Male	73	68,87%
	Female	33	31,13%
Age	< 25 years old	3	2,83%
	25-40 years old	51	48,11%
	41-56 years old	52	49,06%
Education background	High school	2	1,98%
	Diploma	2	1,98%
	Bachelor	65	61,32%
	Postgraduate	37	34,91%
Marital Status	Not married yet	14	13,21%
	Married	89	83,96%
	Widower	3	2,83%
Salary	IDR 7-10 million	20	18,87%
	IDR > 10-20 million	16	15,09%
	IDR > 20-30 million	47	44,34%
	IDR > 30 million	23	21,70%

Most respondents were male, with a total sample of 63.87%. The age of respondents is 41-56 years old which is the X-generation (49.06%), the age 25-40 years old, the Y-generation (48.11%), and a few Z-generation (2.83%). Respondents are dominated by highly educated (bachelors — 61.32%,

masters — 34.91%). Most respondents are married or have a family, 83.96%, and have a high income.

4.2. Measurement model analysis

The results of processing the SmartPLS software are shown in Figure 2.

Figure 2. Structural equation model

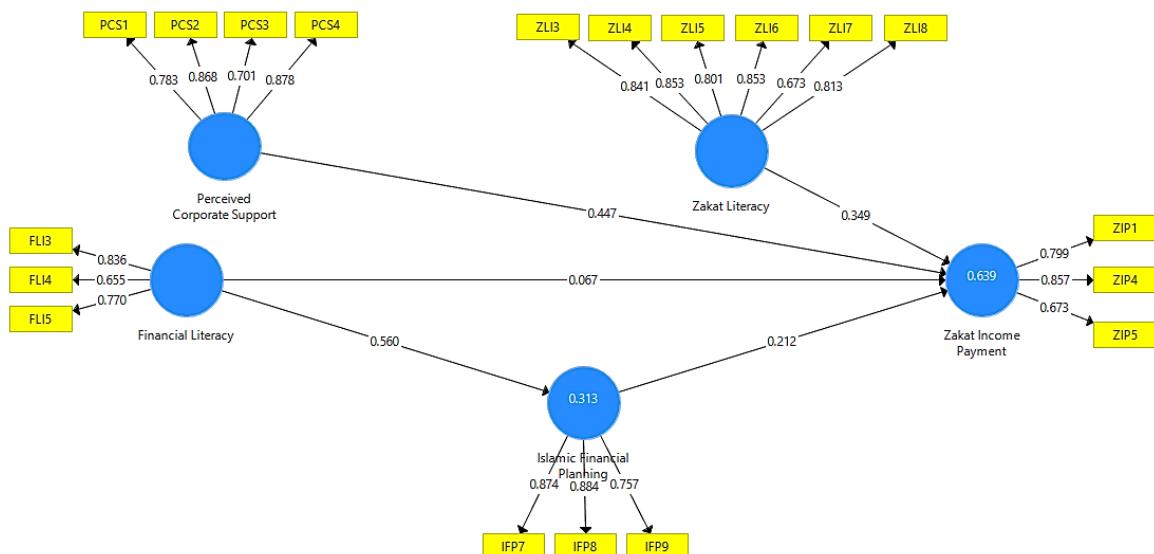


Table 2. Construct validity and reliability

Variable	Cronbach's alpha	rho_A	Composite reliability	Average variance extracted (AVE)	Test result
Zakat literacy	0.895	0.907	0.918	0.653	Reliable and valid
PCS	0.826	0.856	0.884	0.657	Reliable and valid
IFP	0.791	0.807	0.878	0.706	Reliable and valid
FL	0.676	0.751	0.800	0.574	Reliable and valid
ZIP	0.674	0.698	0.822	0.608	Reliable and valid

Table 3. Fornell-Larcker criterion

Variable	Zakat literacy	PCS	IFP	FL	ZIP
Zakat Literacy	0.808				
PCS	0.297	0.811			
IFP	0.358	0.433	0.840		
FL	0.128	0.292	0.560	0.757	
ZIP	0.567	0.663	0.569	0.362	0.780

From the results of the PLS-SEM run, the loading factor > 0.6 (Hair et al., 2019), AVE > 0.5 (Hair et al., 2019), and the Fornell-Larcker criterion reflective construct values (Hair et al., 2019). Thus, all latent variables meet the requirements of convergent, reliable, and valid validity.

4.3. Structural model analysis

The structural model analyzes the effect of exogenous variables on endogenous variables by using inner model evaluation. The evaluation of the inner model includes multicollinearity, predictive relevance (Q²), and determination (R²).

Table 4. The inner value of the variance inflation factor (VIF)

Variable	Zakat literacy	PCS	IFP	FL	Test result
Zakat literacy	1.194				Nonlinearity
PCS		1.276			Nonlinearity
IFP			1.789		Nonlinearity
FL			1.000	1.479	Nonlinearity

The multicollinearity test shows that all variables have an inner VIF value below 5. This result indicates that the model avoids the problem of multicollinearity. Furthermore, the value of R² for IFP and ZIP are 0.313 and 0.639, respectively. These results indicate that the strength of the model for IFP is close to moderate, while the power of the model for payment of income zakat is close to strong (Hair et al., 2019).

Table 5. Coefficient of determination (R²)

Variable	R ²	R ² adjusted	Level
IFP	0.313	0.307	Moderate
ZIP	0.639	0.625	Strong

Path coefficient, the test carried out using the bootstrapping procedure, with the following results:

Table 6. Path coefficients

Variable influence	Original sample (O)	T-statistics (O/STEDEV)	P-values	Decision
Zakat literacy → ZIP	0.349	4.988	0.000	Significant
PCS → ZIP	0.447	6.852	0.000	Significant
IFP → ZIP	0.212	2.505	0.017	Significant
FL → IFP	0.560	9.435	0.000	Significant
FL → ZIP	0.067	0.863	0.389	Not significant

Based on the results of Table 6, there is significance in all paths indicated by p-values less than 0.05 and t-statistics values greater than 1.96.

However, there is also one path with p-values of 0.389 (greater than 5%) and a t-statistics value of 0.863 (less than 1.96), which is insignificant.

Table 7. Total indirect effects

Variable influence	Original sample (O)	T-statistics (O/STEDEV)	P-values	Decision
FL → ZIP	0.119	2.328	0.020	Significant

From Table 7, the FL variable has an indirect effect significantly and positively on the ZIP through an IFP of 0.119 with a t-statistics value of 2.328 greater than 1.96 and a significance value (p-value) of 0.020 smaller than 0.05. The IFP variable plays

a good role in mediating the effect of FL in ZIP (the intervening variable). Furthermore, to assess the prediction accuracy of the PLS path model by calculating the Stone-Geisser Q² value. This test uses a blindfolding procedure with the following results:

Table 8. Predictive relevance

<i>Variable</i>	<i>SSO</i>	<i>SSE</i>	$Q^2 (= 1-SSE/SSO)$	<i>Level</i>
<i>Zakat literacy</i>	636.000	636.000		
<i>PCS</i>	424.000	424.000		
<i>IFP</i>	318.000	251.639	0.209	Moderate
<i>FL</i>	318.000	318.000		
<i>ZIP</i>	318.000	200.023	0.371	Strong

The predictive relevance value (Q^2) for the endogenous latent variable (inner model) is greater than zero, indicating the path model's predictive relevance for certain constructs. For example, the Q^2 value for IFP is 0.209, or moderate, and ZIP is 0.371, or firmly appropriate (Hair et al., 2013).

All indicators and constructs in this study have met the convergent validity requirements. They have also met discriminant validity criteria, free from multicollinearity. The model's goodness in this study by looking at the R^2 value in Table 5. The R^2 value, as shown in the table, is:

- The effect of the FL variable on IFP gives an R^2 value of 0.313 (close to medium). This value illustrates that the FL variable has a moderate effect on IFP by 31.3%, and other variables outside this study explain 68.7%.

- Meanwhile, the influence of zakat literacy variables, PCS, IFP, and FL on ZIP gives a value of 0.639 (close to firm). This value illustrates that the variable of the PCS, IFP, together with LF, and FL itself, affects the ZIP by 63.9%, and other variables outside this study explain 36.1%.

Furthermore, to measure the prediction accuracy of the PLS path model, it was tested using Q^2 Stone-Geisser's test through a blindfolding procedure. From the test results, the Q^2 value of IFP is 0.209, and the ZIP is 0.371. Therefore, this Q^2 value indicates that:

- FL has a score of 0.209. This value indicates that the model's prediction accuracy on IFP in this study is moderate.

- While zakat literacy, PCS, FL, and IFP resulted in a value of 0.371, this value indicates that the prediction accuracy of the model in this study is substantial (Hair et al., 2013).

5. DISCUSSION

5.1. Impact of PCS on ZIP

Promotion, facilities, encouragement, and support are indicators that meet the requirements of convergent and valid reliability and are free from multicollinearity in this variable. Test results show a t-statistic value of 6.852 (greater than 1.96), then the effect is significant with a p-value of 0.000 (less than 0.05). Refer to the original sample (O) value of 0.447, which indicates that the relationship between PCS and ZIP is positive. Thus, hypothesis *H1* proposed in this study is that PCS has a significant and positive effect on the ZIP, which is accepted. The stronger the support provided by the company in collecting income zakat, it will encourage employees to pay income zakat. The results align with previous research that the government's role in providing facilities, promoting, encouraging, and providing a payment system affects *muzakki* in

paying zakat (Farouk et al., 2017). The perceived support also from the government involves Internet use (Tan & Teo, 2000). This research can be more specific because its scope is more limited in the role of company support employees feel in paying income zakat.

The company's support felt by Telkom's employees is indeed solid. This support is in providing monthly salary deduction facilities to pay income zakat. The company also encourages zakat studies in routine recitations at office Mosques, providing place/room facilities for amil zakat institution or *Lembaga Amil Zakat* (LAZ) to conduct socialization and open houses on institutional programs. The company also disseminates information about the distribution of zakat and infaq in Telkom's internal media as a form of transparency in the management of zakat and infaq. Cokrohadisumarto et al. (2020), in their research, found that transparency can help increase the acquisition of zakat collection. Likewise, a study by Jayanto and Munawaroh (2019) related *muzakki's* perception that openness is essential in the form of periodic reports that BAZNAS must carry out as LAZ. This regular report can increase *muzakki's* trust in BASNAZ and maintain quality relationships so that zakah payments through BAZNAS will continue to be made by *muzakki*. In this regard, the company as a channel for paying income zakat through salary deductions will still be an employee's choice if they can carry out transparency and periodic reports.

5.2. Impact of IFP on ZIP

Islamic risk management, insurance, and investment planning are indicators that meet convergent and valid reliability and are free from multicollinearity in this variable. The test results show a t-statistic value of 2.405 (greater than 1.96), then the effect is significant with a p-value of 0.000 (less than 0.05). Refer to the original sample (O) value of 0.212, which indicates that the relationship between IFP and the ZIP is positive. Thus, hypothesis *H2* proposed in this study, IFP has a significant and positive effect on the ZIP and is accepted. The higher the literacy of IFP employees, the more employees pay income zakat. The results of this study have explored and confirmed the effect of IFP in paying income zakat, as stated by Andam and Osman (2019) and supported by research by Asfarina et al. (2019), which calculates zakat on money received at retirement, and also a study from Arafah and Fathiy (2013), which calculates zakat from income received. It is essential for every Muslim to do this IFP, not only to pay income zakat. However, IFP also manages income (cash flow and expenses) to comply with religious law, risk mitigation, and Islamic insurance, making Islamic investments, planning Islamic pensions, dividing assets for grants, donations, endowments, and planning inheritance.

5.3. Impact of FL on IFP in ZIP

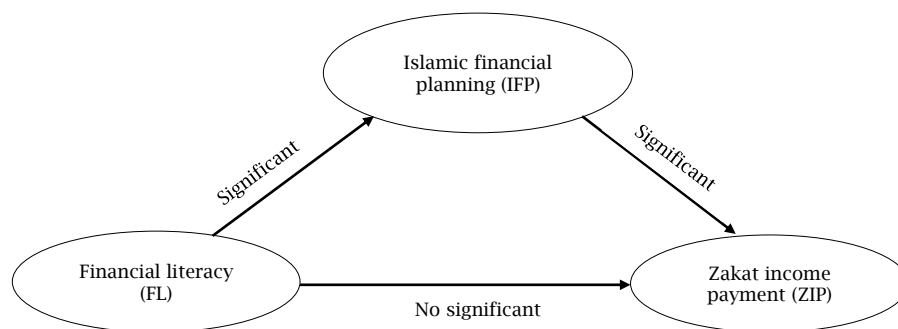
Indicators that meet the requirements of convergent and valid reliability and are free from multicollinearity in this variable are insurance, pensions, and investment. The test results show a t-statistic value of 9.453 (greater than 1.96), then the effect is significant with a p-value of 0.000 (less than 0.05). Refer to the original sample (O) value of 0.560, which indicates that the relationship between FL and IFP is positive. Thus, hypothesis *H3* proposed in this study, namely that FL has a significant and positive effect on IFP in ZIP, is accepted. The FL of employees will encourage employees to carry out IFP. The results align with a study by Lusardi and Mitchell (2011), who found that someone with a higher FL score tended to be more involved in preparing a clear financial plan. Likewise, research on the effect of the FL on financial planning was conducted by (Yusuf et al., 2022; Noor et al., 2017; Setyowati et al., 2018).

Although the FL of Telkom's employees is quite good, they still need to improve their FL in personal financial planning. This FL increase is significant, especially for the X-generation approaching retirement. This generation's unpreparedness for FL can result in unpreparedness in retirement. If not ready to face retirement financially, this generation will become a burden for the next generation. If it becomes a burden, this generation who previously became *muzakki* will be lowered in rank and even become zakat *mustahik*. So, the efforts to improve FL in this generation X must be a particular concern from the company and LAZ in preparing this generation to remain *muzakki*.

5.4. Impact of FL in ZIP

The test results show that the t-statistic value is 0.863 (less than 1.96), then the effect is not significant, with a p-value of 0.389 (greater than 0.05). Thus, hypothesis *H4* in this study, namely FL, has a substantial and positive effect on the ZIP and is rejected. High FL does not automatically directly influence someone to pay income zakat. This finding differs from the OECD (2019), which defines that a person's FL will participate in economic life. A person's understanding of finances is not necessarily related to the level of one's faith in Allah SWT. FL is the guidance of reason (*al-'Aql*) which is different from spiritual direction (*ad-Diin*). Intellectual guidance does not necessarily encourage someone to obey the commands of Allah SWT and His Messenger. Still, religious guidance will inspire someone to follow and carry out the orders of Allah SWT and the sunnah of the Messenger of Allah (Sallallahu Alayhi Wa Sallam). A person's strong faith will encourage him to use himself, the time, wealth, and facilities Allah SWT has given him to get closer to Allah SWT. Therefore, the relationship with Allah SWT increases (vertical worship — *Hablum min Allah*). Moreover, in life, it will be better and more beneficial for humans and the environment (horizontal worship — *Hablum Minannas*). This result is in line with previous research that faith (religiosity) influences paying the zakat (Bakar & Rashid, 2010; Farouk et al., 2017; Haji-Othman et al., 2018).

Figure 3. IFP as an intervening variable of FL



Although FL has no significant effect on ZIP directly, IFP as an intervening variable has a significant and positive effect on ZIP. The test results show a t-statistic value of 2,328 (greater than 1.96) with a p-value of 0.020 (less than 0.05). Refer to the original sample (O) value of 0.119, which indicates the direction of the relationship between FL indirectly, and the ZIP is positive. Therefore, employees with higher FL and knowledge of IFP will encourage to ZIP. This result is in line with previous research that FL significantly affects components of financial planning. That is the investment (Hsiao & Tsai, 2018; Suryadi et al., 2021; Nurhayati et al., 2022), retirement (Kumar et al., 2019a; Lu, 2003; Lusardi & Mitchell, 2007b), and insurance (Dalkilic & Kirkbesoglu, 2015). Thus, efforts to increase the collection of income zakat for Telkom employees by increasing FL and the employee understanding of IFP.

6. CONCLUSION

This study concludes that PCS and IFP significantly and positively affect ZIP. FL significantly and positively affects IFP in ZIP. FL does not significantly affect ZIP directly, but IFP especially involves ZIP through the intervening variable. Therefore, this study recommends that companies improve FL and IFP for employees. Secondly, providing ZIP facilities with salary deductions, proof of income zakat payments to the employees, reports on income zakat funds collected and distributed transparently, and work the same as LAZ to form zakat collection unit or *Unit Pengumpulan Zakat* (UPZ) in the company. LAZ, as an amil zakat institution, must proactively improve IFP studies for the employees with material on cash flow and expense management according to religious law, risk management and Islamic

insurance planning, Islamic investment planning, zakat and tax planning, Islamic retirement planning, planning inheritance, grants, and Waqf, so that their literacy increases and able to pay income zakat continuously. For this purpose, amil must prepare himself with knowledge of IFP to enlighten

the employees as *muzakki* zakat. Finally, the recommendation is to conduct further research by expanding respondents, such as the millennial generation who have entered the working period, and the expansion of respondents in private companies.

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