

Islamic Banking & Finance Issues & Solutions

Edited by
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ISLAMIC BANKING & FINANCE
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Chapter Eight

Antecedents of Zakat Payers Trust in an Emerging Zakat Sector: The Role of Board Capital and Organisational Behaviour

Mustafa, M.O.A., Muslim, H.S.M and Adnan, M.A.

Abstract: The main objective behind establishment of effective governance in organizations is to ensure mutual trust among the stakeholders. Incidentally, virtually all studies on organizational trust have not investigated the role of governance in trust building. In the research reported in this paper, the role of governance in the model of zakat trust which was developed and validated based on responses from Nigerian zakat payers was shown. Such knowledge will help zakat managers to influence zakat payers' trust and patronage. In the study, we explore antecedents of trust; develop measurement scales used to explore the relationship between trust and the factors. Four factors, board capital, disclosure practices, nature of zakat institutions, and stakeholder management were identified through the use of structural equation modeling as being antecedents of trust. Since this is the first study of zakat payers trust, it constitutes a significant contribution to knowledge and practice. The implications for zakat institutions in building trust of zakat payers are discussed. The zakat payer-trust model represents the main contribution of this study.

Keywords: Board capital, Disclosure Practices, Stakeholder management, Zakat Payer.

7.0 Introduction

Zakat institution is the third pillar of Islam designed by Allah to ensure, among others, that no one suffers because of lack of means to acquire the essential need-fulfilling goods and services. It involves compulsory transfer of a determined amount of wealth of the rich to be distributed among the poor. Since the time of the first Islamic