

UNIVERSITI TEKNOLOGI MARA

**FACTORS AFFECTING
THE INTENTION
TO INVEST IN
ISLAMIC SOCIAL
RESPONSIBLE INVESTMENT
(SRI) IN MALAYSIA**

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Thesis submitted in fulfilment
of the requirements for the degree of
Master of Science
(Business Management)

Faculty of Business Management

February 2023

ABSTRACT

Social Responsible Investment (SRI) is a sort of investment that focuses on both the environmental and social aspects rather than emphasizing on the financial benefit. Besides, Islamic SRI can be defined as a type of investment that facilitates the creation of the ecosystem and promotes responsible investing (Securities Commission Malaysia, 2019). The Securities Commission of Malaysia developed a framework for SRI in 2014 based on financial products consistent with Shariah law. The Islamic SRI has shown a flourishing expansion over the last three decades. This demonstrates that there will be a significant opportunity to enhance the Islamic SRI in the Islamic Finance sector. Therefore, this study aims to determine the factors affecting the intention to invest in Islamic Social Responsible Investment (SRI) in Malaysia. This study also investigates the relationship between attitudes, subjective norms, perceived behavioural control, environmental and societal concern, knowledge and religiosity towards the intention to invest in Islamic SRI. Besides, the study also aims to identify the most influential factor that affects the potential investor's intention to invest in Islamic Social Responsible Investment. Meanwhile, this study employs quantitative research through an online survey questionnaire. The sampling technique for this study is non-probability sampling by applying the convenience sampling technique. Besides, the targeted population of this study is the potential private investors who reside in the states of Kuala Lumpur and Selangor. Meanwhile, the total sample size of the study is 380. A theoretical framework is constructed based on the Theory of Planned Behaviour (TPB) as well as Theory of Reasoned Action (TRA). The theories are then broadened to include three more antecedents to investigate the motivations for investing in Islamic SRI. The contribution to knowledge is basically environmental and societal concern, knowledge, and religiosity. Due to the study's emphasis on Islamic SRI perspectives, these variables ought to be included. Based on the result of multiple regression, there are four factors found to be positively significant in the intention to invest in Islamic SRI, namely attitude, subjective norm, environmental and social concern, and religiosity.

ACKNOWLEDGEMENT

Firstly, I wish to thank God for giving me the opportunity to embark on my Master and for completing this long and challenging journey successfully. My gratitude and thanks go to my supervisors, Dr Norzifah Abdul Karim and Dr Azlul Kalilah Zaghlol.

My appreciation goes to the respondents who answered my questionnaires. Special thanks to friends for guiding me with this project.

Finally, this thesis is dedicated to my lovely father and mother for the vision and determination to educate me. This piece of victory is dedicated to both of you. Alhamdulillah.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

In this chapter, the researcher will discuss the essential components highlighted in this study. It starts with the background of the study that consists of the overview of the research, followed by the problem statement that emphasises on the issue of the research. Then the study is guided by specific research objectives and research questions to ensure the focus of this research is clear and achievable. The following sections include the significance of the study to the stakeholders, scope, and limitations. Additionally, the definition of terms will be explained in this chapter, as well as the organization of the study. Finally, is the summary for this chapter.

1.2 Background of the study

Since 1980, Social Responsible Investment, often known as SRI, has been a component of the economy as a whole, beginning with very modest actions carried out by the societies (Townsend, 2020). Meanwhile, according to Townsend (2020), Social Responsible Investment has evolved tremendously, and its popularity continues to be embraced until today. Moreover, according to Kłobukowska (2017), Social Responsible Investment (SRI) can be defined as an investment vehicle that prioritizes social responsibility and environmental protection despite the financial return. In other words, SRI is an investment vehicle that places a premium not just on financial return but also on considering its impact on the surrounding community and the natural environment.

For instance, investors who participate in SRI are concentrating their attention on investments that contribute to social and environmental concerns. This is further highlighted by Mohd Muslimin (2020), whereby those who invest in SRI were not only focused on making profit but also sought to have a positive social value and concern on the environment. Therefore, this study believes that SRI is one type of investment that prioritizes on societal welfare as well as environmental protection and not only emphasizes on financial gain. Besides, Mohd Muslimin (2020), also stated that the primary objective of SRI is to advance causes that are concerned with societal and