Drivers of socially responsible investment in Malaysia: An extended theory of planned behaviour perspective

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ABSTRACT

This research examines the drivers that navigate investors towards investing in socially responsible investments (SRI) in Malaysia, focusing on their objectives and processes of making decisions. In investing, investors more than often face challenges in combining the potential for financial gains and the ethical aspects associated with SRI, which can mainly relate to the perceived risk of lack of performance and awareness of available SRI solutions. Considering Malaysia's current economic and regulatory environment which is characterised by an increasing interest in environmental sustainability and Islamic finance principles, this study is motivated to examine whether Malaysian investors are driven towards SRI and the factors that influence this investment behaviour. A survey-based approach was utilized to collect data from approximately 202 investors in Malaysia, assuring a varied representation of various demographics. Using Google forms, the data was collected from various investor portals, for instance, the Facebook Investor Club, allowing for a thorough examination of SRI intentions and the factors that affect it. To analyze the data and measure the relationships between the constructs in the model, the IBM SPSS Statistics software and the Smart partial least squares-structural equation modelling was deployed. The findings show that moral norms, environmental concerns, and financial knowledge meaningfully clarify investors intention towards SRI, while attitude, subjective norms, perceived behavioural control, and perceived performance failed to explain this intention. These findings have important implications for policymakers, financial institutions, and other stakeholders working to promote sustainable investment practices in Malaysia.

KEYWORDS

Socially Responsible Investment (SRI), Environmental, Social, and Governance (ESG), Investment Intention, Perceived Performance, TPB, UTAUT, Financial Literacy Model, Malaysia

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Introduction

Socially responsible investing has gained prominence since the previous decade. Nowadays, everyone understands what the acronym SRI stands for, albeit there are some differences with the exact meaning of the 'S' (Socially or Sustainably), and it appears that SRI has advanced. The success of the United Nations Principles for Responsible Investment serves as a clear indicator of this trend (Capelle-Blancard & Monjon, 2012). The value of an investment is no longer solely determined by its yield. A growing number of mainstream investors are opting to put their hard-earned money into projects that have a good influence on society and the environment (Understanding the Islamic Finance Industry in Malaysia, 2024). This can be accomplished through sustainable investing, also known as socially responsible investing (SRI), which is the process of taking environmental, social, and governance (ESG) aspects into account when making investment decisions (Zhou, 2021).

Global challenges such as climate change and pollution have prompted investors to demand more ethical and responsible corporate practices. Companies that consider these factors are seen as more attractive investments, as they are likely to be more resilient in the long term. Studies have also shown that SRI funds have the potential to outperform traditional funds. For example, the SRI equity mutual funds in Canada outperforming their benchmarks 63% of the time and SRI fixed income and balanced mutual funds outperforming their benchmarks 67% of the time (Hebb, 2015)

Nonetheless, SRI is still a relatively new concept in Malaysia, and there is a lack of research and understanding in this area. Our study aims to fill this research gap by understanding the decision processes and behaviour of Malaysian investors toward SRI. The study is especially important since understanding people's behavioural intentions toward SRI is scarce in developing nations (Adam and Shauki, 2014). To accomplish this and to appreciate the influences of SRI intention, the study uses an extended Theory of Planned Behaviour (TPB), complimenting it with the Unified Theory of Acceptance and Use of Technology (UTAUT) and the Financial Literacy Models (Raut et al., 2020). Our work builds on previous research showing that investor attitudes can influence the propensity to purchase specific financial products. For instance, Shanmugham and Ramya (2012), Sachse (2012), Warsame and Ireri (2016), Ashidiqi and Arundina (2017), and Kunz (2017) have highlighted that the primary difference between socially responsible and conventional investors is their attitudes (Williams, 2005, 2007). Thus, with the extended TPB, the present study incorporates new constructs including moral standards, environmental concerns, perceived performance and financial knowledge to enable a more comprehensive understanding of the factors influencing the intention to invest in SRI among Malaysian investors.

A key question in today's investment environment is whether and how socially responsible investors can achieve impact in society (Oehmke & Opp, 2024). The topic of SRI is critical due to the growing global emphasis on environmental and social responsibility, which is increasingly shaping investment decisions aimed at long-term human welfare. Understanding investors' intention towards SRI is essential for predicting market trends, particularly in developing countries like Malaysia, where research in this area remains limited. As much of the existing research has focused on industrialised nations, there is a significant gap in understanding SRI behaviour within developing economies.

2.0 Literature Review
2.1 An Overview of SRI
SRI has emerged as a new venture in the global financial market over the last couple of years as a green investment option for pro-environmental investors seeking a balance between financial goals and environmental well-being through stock market investments (Raut et al., 2020). This study extends the TPB by incorporating additional constructs, including moral norms, and environmental concern, as well as perceived performance (UTAUT), and financial knowledge (Financial Literacy Model). These new variables aim to enhance understanding of individual investors' intention to invest in SRI. In addition, by examining the impact of the TPB model's core variables on investors' intention, namely attitude, perceived behavioural control, and subjective norms, it is expected that these variables will have a positive effect on investors' intention toward SRI, as numerous research studies on decision-making behaviour have already suggested (e.g. Adam and Shauki, 2014). Figure 1 depicts the study's research framework which contributes to clarifying individual investors' intention to invest in SRI.

This study sheds light on how the extended TPB is being used in behavioural studies in developing countries such as Malaysia. Malaysia has incorporated several United Nations' SDGs into national policies including the New Industrial Master Plan (NIMP) 2030 and the National Renewable Energy Roadmap (NETR) (Sustainable Development Goals, DOSM). To support these initiatives, the government of Malaysia has established ESG reporting requirements for listed companies, enabling them to access tax allowance under The Green Technology Tax Incentive (7) (Green Technology Tax Incentive Guidelines, 2024). The rapid expansion of Malaysia's green investment landscape is robust by a strong policy framework, innovative financial instruments and commitment to sustainability (Teow, 2024). This ongoing emphasis on environmental responsibility sets a motivation for the present study's focus in Malaysia.

2.2 Theory of Planned Behaviour (TPB)

The TPB is a model that aims to understand, predict, and change human behaviour in specific contexts. Developed by Icek Ajzen in 1985, the TPB assumes that behaviour is intentional and can be planned. The theory suggests that intention and perceived control over conduct are the best constructs to determine behaviour. The TPB explains behaviour by focusing on intention, both as the immediate antecedent and the most important driver of conduct. The theory also examines the perception of control over the conduct.

Attitude (ATT), subjective norms (SN), and perceived behavioural control (PBC) are used to explain intention. The individual's attitude toward the conduct, whether favourable or bad, is referred to as ATT. SN, on the other hand, describes how the individual believes important people would react or perceive them for executing the activity. In contrast, PBC describes how the individual believes they will be able to effectively perform the behaviour.

The TPB has been used to determine the motive behind certain investment decisions and has been found to be the best appropriate theory to use in research on SRI. The current study aims to extend the TPB by integrating new variables - moral norm and environmental concern.

2.2.1 Moral Norms

While the TPB has greatly proven its usefulness, it has been criticized for failing to account for moral considerations that may affect behaviour, such as moral norms (MN). MN is a necessary antecedent that may alter individuals' social conduct, according to the Norm-Activation Model (Schwartz, 1977). MN refers to a person's belief that a given behaviour is right or wrong and indicates a commitment to attribute values, seen as sentiments of individual obligation to do specified conduct (Harland et al., 1999). Research suggests that a person's moral principles significantly influence his or her intentions in situations where one's self-interest differs from that of others (Fornara et al., 2016; Kurland, 1995)

2.2.2 Environmental Concern

Another variable that has been suggested to influence willingness to invest in SRI is environmental concern (EC). EC is a broad notion defined as an individual's attitude towards environmental issues (Zimmer et al., 1994) and is a powerful incentive for investment intent (D'Souza et al., 2007; Wee et al., 2014). Consumers who are concerned about environmental issues are more likely to invest in green technologies, according to Sang and Bekhet (2015). EC has a beneficial impact on the desire to invest for the benefit of the environment.

While the TPB places a greater emphasis on internal determinants, this study suggests that additional variables in the extended TPB, such as moral norms and EC, influence willingness to invest in SRI. Investigating whether Malaysian investors consider these factors while making investment decisions is important.
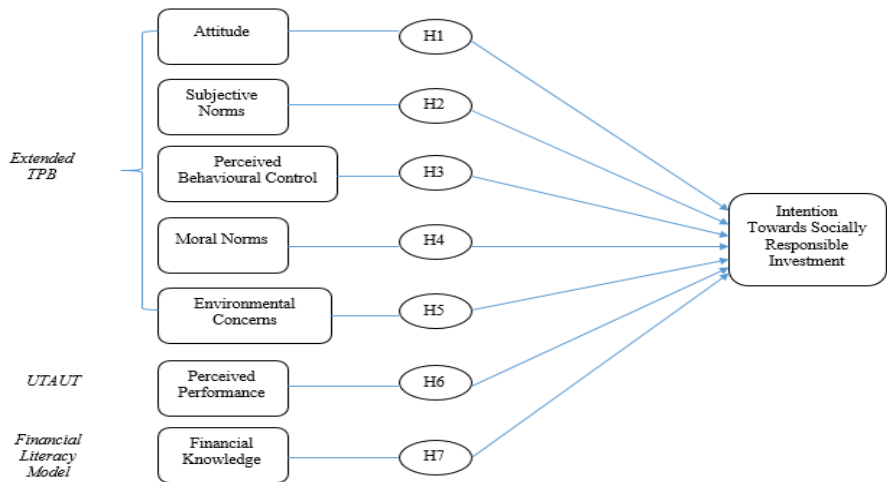
2.3 The Unified Theory of Acceptance & Use of Technology
To complement the TPB, this study further uses the UTAUT to investigate people's mechanical acceptance behaviour (Venkatesh et al, 2003). The study focuses specifically on the impact of perceived performance (PP), a UTAUT model variable that describes how much a person believes using a system would help them increase their action performance. PP has implications for investors as it affects how they perceive the performance of SRI in terms of returns and ultimately, how they use the market.

2.4 Financial Literacy Model
Economic theory states that a well-informed and reasonable individual will consume less than their income during times of high wages and save to support consumption during times of low earnings (Jappelli, Tullio & Mario; Padula, 2011; Lusardi & Mitchell, 2013). This decision-making process is closely tied to financial literacy and knowledge. In addition, financial literacy relates to a family's ability to make informed financial decisions in the future (Cole & Fernando, 2008). This definition is highly behavioural and is based on people's ability to utilize their knowledge and abilities to achieve financial well-being.

A lack of understanding of SRI benefits can lead to a loss of potential benefits for investors. Those who are financially literate are better able to increase and manage their earning potential in the face of unpredictability. A mix of financial aptitude and perceived knowledge identified in financial literature influences people's financial behaviour (Hung et al, 2009). Financial knowledge is a key to success in any market, and it is widely believed that financial education improves investors and helps to raise an individual's overall standard of living (Almendarez, 2013). Many developing countries have boosted their investments in education due to a growing belief in it as a catalyst for development, and many believe that extending financial knowledge and access enhances economic success (Almendarez, 2013).

'Figure 1: Research Framework'.

2.5 The influence of Attitude (ATT) on Intention towards SRI

As defined by Ajzen (1991) in the TPB model, ATT refers to an individual's positive or negative feelings towards performing a certain activity. According to Wen et al. (2015), ATT is "the function of one's belief about the results of one's behaviour and matching appraisal of the attractiveness of these events." Srirejeki et al. (2019) provide a similar definition, stating that ATT, also known as behavioural belief, is an individual's belief in and appraisal of the consequence of their behaviour. Intrinsic and extrinsic factors, such as career development, motivation, and financial rewards, influence ATT toward SRI intention, as noted by Jackling and Calero (2006). Therefore, ATT is essential to assess the existence of behavioural beliefs and desirability toward the intention of investing in SRI. We propose the following hypothesis:

H1. Investors' intentions for SRI are positively influenced by their ATT

2.6 The Influence of Subjective Norms (SN) on Intention towards SRI

The concept of SN is a significant factor in determining an individual's behaviour and intentions (Ajzen, 1991; Sheeran & Taylor, 1999; Godin and Kok, 1996; Gopi and Ramayah, 2007; Alleyne and Broome, 2011). This has been demonstrated in studies of students' intentions to invest in unit trusts in Malaysia (Sharif, 2008) and individual investors' intentions and behaviour toward SRI in Malaysia (Adam & Shauki, 2014). The key belief underlying SN is normative views, which relate to whether or not significant individuals believe the respondents should or should not do something (Adam & Shauki,

2014). In the context of SRI investments, investors' impressions of whether an investment in SRI funds is approved, promoted, or adopted by their circles of influence (e.g., friends, relatives, financial advisers) are reflected in their SN (Adam & Shauki, 2014). Therefore, we propose the following hypothesis:

H2. Investors' intention towards SRI are positively influenced by SN

2.7 The influence of Perceived Behavioural Control (PBC) on Intention towards SRI

Ajzen (1991) states that for a person to act on a certain subject, they must perceive a sense of control or agency over it, known as PBC. This sense of control is influenced by the availability of appropriate resources and opportunities, such as easy access and comprehension of SRI assets, as well as an individual's perception of the riskiness of these investments. According to Ajzen (1991), PBC is a measure of an individual's perceived ease or difficulty in performing a certain action. When behaviour requires fewer control concerns, intentions alone are enough to predict it, according to Ajzen (1991). In the context of this study, PBC refers to investors' perceptions of the ease or difficulty of participating in SRI. On the other hand, a study by Hofmann et al. (2008) found PBC unimportant in explaining behaviour among SRI investors, contradicting these ideas. This study proposes that PBC influences SRI investors' intention and therefore, we propose the following hypothesis:

H3 Investors' intentions towards SRI are positively influenced by PBC

2.8 The influence of Moral Norms (MN) on Intention towards SRI

MN refers to an individual's beliefs about the moral correctness or incorrectness of performing a certain behaviour and their attitudes toward the obligation to perform or refrain from that behaviour (Adam & Shauki, 2014). Many scholars have examined MN as a predictor of behavioural intentions (Kurland, 1995; Randall & Gibson, 1991; Godin et al., 2005; Rivis et al., 2009). Manstead (2000) found that MN plays a significant role in understanding intention. Additionally, when an individual's self-interest and the interest of others conflict, MN becomes the most important predictor of a person's intention (Kaiser & Scheuthle, 2003). Adam and Shauki (2014) considered MN one of the criteria for explaining SRI behaviour among Malaysian investors and found that it is important in predicting SRI intentions. Jones (1991) found moral intensity to be the sole important factor in explaining investors' growing interest in SRI in a separate study. Being socially responsible often entails putting the needs of others before one's own; an

individual's moral values play an important role in such decisions. While moral norms' impact has been acknowledged, empirical evidence remains limited. Therefore, this study proposes the following hypothesis:

H4. Investors' intentions toward SRI are positively influenced by MN.

2.9 The Influence of Environmental Concern (EC) on Intention towards SRI

For decades, there has been a growing sense of urgency to protect the environment (Carson, 1962). As people worldwide become increasingly aware of environmental challenges and their consequences, this awareness has also been reflected in Malaysia. According to a survey conducted in 2016 on the awareness of environmental issues among Malaysians, individuals were shown to have a high awareness of water contamination and have the highest intention to take steps to conserve resources, reduce waste, and minimise the negative impact of human activities on the natural environment, thus indicating that consumers have increased their environmental consciousness (Mei et al., 2016). As a result, individuals' growing EC has become a significant element in determining purchase behaviour (Kashyap & Iyer, 2009) and investment decisions (Boulatoff & Boyer, 2009; Vyvyan et al., 2007). Research suggests that EC has a moderating effect on behavioural intention towards SRI (Ming et al., 2015). However, some studies suggest that EC has no bearing on behavioural intentions (Fujii, 2006). While profit has always been crucial in stock market investing, a long-term return is even more important, which may only be attainable by boosting the trading of socially responsible assets. Given the growing global focus on the influence of environmental issues on investment decisions, it is crucial to determine whether Malaysian investors take environmental factors into account when making investment decisions. In order to generalise these findings, this study proposes the following hypothesis:

H5. Investors' intentions for SRI are positively influenced by EC

2.10 The Influence of Perceived Performance (PP) on Intention towards SRI

The PP of SRI is a crucial factor in the decision-making process for investors. According to Venkatesh et al. (2012), PP refers to the subjective measure of how well an individual views SRIs in terms of whether they generate revenues or losses. Financial return and risk are essential elements in any investment decision, and as such, they significantly impact SRI investments (Nilsson, 2008). However, as stated by Owen and Qian (2008), ethical or SRI investors do not make investment decisions solely based on financial gains. Rosen et al. (1991) provided empirical evidence that socially conscious investors are willing to consider social and environmental factors alongside financial

returns. According to Lewis and Mackenzie (2000), investors in SRI mutual funds have differing perspectives on financial returns. Furthermore, SRI and non-SRI investors may be attracted to increased financial returns (Lewis & Mackenzie, 2000). As a result, the perceived performance of SRI becomes a key consideration in any investment decision. Although perceived performance has been identified as a significant predictor of SRI investment decisions, to date, its exploration is limited in the context of Malaysia and SRI research. Therefore, this study proposes the following hypothesis:

H6. Investors' intentions for SRI are positively influenced by PP.

2.11 The Influence of Financial Knowledge (FK) on Intention towards SRI

FK refers to the understanding and skills necessary to make informed financial decisions (Mandell, 2006). According to the Model of Financial Literacy, FK and awareness are crucial for making educated and sensible investment decisions. Individuals who possess financial prudence have a better understanding of money and the ability to make sound financial decisions (Hogarth & Hilgert, 2002). On the other hand, individuals with a limited understanding of basic financial concepts are less likely to invest in securities (Bucher-Koenen & Ziegelmeyer, 2011). Studies have also shown that FK plays a significant role in understanding an individual's intention to invest in equities, particularly for SRI (Sivaramakrishnan et al., 2017). Individuals with low levels of financial expertise tend to view stocks as a difficult asset and avoid investing in them, according to Van Rooij et al. (2011). Furthermore, those with limited FK may find it challenging to incorporate their non-financial preferences into their financial decisions (Borgers & Pownall, 2014). SRI, a combination of financial and non-financial reasons, is believed to necessitate a high level of financial understanding. Albeit financial literacy has been shown to predict SRI investment decisions, its examination is limited in the context of Malaysia and SRI research. Thus, to understand the link between FK and investors' commitment to SRI in Malaysia, we propose the following hypothesis:

H7. Investors' intentions for SRI are positively influenced by FK.

3.0 Methodology
3.1 Data collection and sampling procedures

This study examined the impact of intention and financial perception on SRI behaviour using original data acquired directly from individuals. The data were collected through an online survey using Google Forms, as it is an efficient, cost-effective, and easy technique with a high response rate. A convenience sampling technique was employed to select samples.

Approximately 450 questionnaires were distributed using Google Forms via the Youth Investors' Club and the Research Centre at a university in the Klang Valley, as well as Yahoo Finance, International Monetary Fund, World Bank, Investor Clubs (Facebook), and other financial institutions' investor portals. Moreover, 202 responses were collected, with a response rate of 44.88%, which is generally considered excellent according to Willott (2019), as the average response rate is between 5% and 30%.

3.2 Measurement Instrument

To develop the questionnaire, we utilized a 5-point Likert scale (1=Strongly disagree, 5=Strongly agree) to measure Attitude from Chen (2007) and Taylor and Todd (1995); Subjective Norms from Taylor and Todd (1995); Perceived Behavioural Control from Taylor and Todd (1995) and Adam and Shauki (2014); Moral Norms from Khare (2015); Environmental Concern from Koenig-Lewis et al. (2014); Perceived Performance from Luong and Ha (2011); Financial Knowledge from Van Rooij et al. (2011) and Intention towards SRI from Wee et al. (2014). Table 1 describes the measurement scales.

Table 1: Measurements used in the survey questionnaire

Variables	# Items	Items	Source
Attitude	3	Investment in SRI stocks is a good idea Investing in SRI stocks is a wise choice I like the idea to invest in SRI stock	Adopted: Chen (2007), Taylor and Todd (1995)
Subjective norms	3	My colleagues and friends are investing in SRI Those have important influence on me thick that I should invest in SRI stocks People whose opinion I value would prefer that I should invest in SRI stocks	Adopted: Taylor and Todd (1995)

Perceived Behavioral Control	3	I find it easy to invest in SRI There is plenty of opportunity to invest in SRI I have the knowledge, resources and ability to invest in SRI	Adopted: Taylor and Todd (1995), (Adam & Shauki, 2014)
Moral norms	3	I feel an obligation to save environment where possible I should do what I can to conserve natural resources I feel a strong personal obligation to invest in socially responsible companies	Adopted: Khare (2015)
Environmental concern	3	I make a special effort to find and invest in stocks of socially responsible companies I would switch my investment for ecological reasons When I would have a choice to invest between two companies, I will invest in the one whose product is less harmful to other people and the environment	Adopted: Koenig-Lewis et al. (2014)
Perceived performance	3	I believe that return rate of socially responsible investment will meet my expectation I feel that rate of return from SRI is recently equal to or higher than the average rate of the market I will feel satisfied with my SRI decisions for the coming year (including selling, buying, choosing stocks, and deciding the stock volumes)	Adopted: Luong and Ha (2011)

Financial Knowledge	4	The stock market helps to predict stock prices and earning	Adopted: Van Rooij et al. (2011)
		Considering a long-term period (for example, 10 - 20 years) stocks normally give the highest return	
		Normally, stocks display highest fluctuation over time	
		When an investor spreads his money among different assets, the risk of losing money reduces	
Intention towards SRI	3	I would invest in Socially Responsible Companies in near future	Adopted: Wee et al. (2014)
		I plan to invest in Socially Responsible Companies on regular basis	
		I intend to invest in socially responsible companies because they are more environmentally friendly	

3.3 Data Analysis and pre-tests

For this study we deployed the IBM SPSS Statistics software and the Smart partial least squares-structural equation modelling (PLS-SEM) to respectively analyze the demographic data and measure the relationships between the constructs in the model. The PLS-SEM is useful as it incorporates latent variables into the study and aids in the estimation of measurement errors in the assessment process (Hair et al., 2011), as well as establishes both a measurement model (factor analysis) and a structural model (path analysis) to analyze complex behavioural relationships (Nusair and Hua, 2010) and robust reliability and validity of the latent variables (Hair et al., 2011).

Considering that a single-sourced data was used in this study and following Podsakoff et al. (2003)'s procedural and statistical remedies to control for possible effects of common method bias (CMB), we undertook necessary steps to safeguard respondent anonymity throughout the development and administration of the questionnaire (Hew et al., 2016). In addition, a statistical test based on Kock (2015) indicated that the variance inflation factors (VIF) for the exogenous and endogenous variables are all less than 3.3 (Diamantopoulos and Siguaw, 2006), clarifying that the dataset is free of CMB

issues (Table 2). The final data set after pre-testing and clean up resulted in a total of 174 responses.

Table 2: Inner Model of VIF

1.	SRI Intention	
2.	ATT	2.351
3.	SN	2.565
4.	PBC	2.729
5.	MN	2.760
6.	EC	2.645
7.	FK	2.053
8.	PP	1.935

4.0 Analysis and findings

4.1 Sample description

Table 3 displays the profile of the respondents in this study. With respect to gender, two-thirds (66%) of our respondents are males, whereas one-third (34%) are females. The largest majority comprise individuals aged between 21 and 25 years, and 26 and 29 years (at 37% each), while the smallest number (7%) involve individuals aged 21 years. The sampled individuals are mainly Malaysians (84%). In terms of investing experience, a total of 49% have between 4 - 9 years of experience, while 15% have less than a year of such experience. Those with 10 or more years of experience make up 4% of the sample. On education level, most respondents hold a bachelor's or associate degree (48%), followed by those with a master's degree (29%). Finally, the respondents who earned a monthly income of between RM2,500 – RM5,000 and RM5,001 – RM7,000 comprise 24% each of the sample, whereas those who earned more than RM15,000 a month formed the minority (4%).

Table 4 further exhibits all construct item average values. For example, SRI Intention – SRI Intention 1, 4.23 – 'I would invest in socially responsible companies in the near future'; ATT – ATT1, 4.26 – 'Investment in SRI stocks is a good idea'; SN – SN3, 4.20 – 'People whose opinion I value would prefer that I invest in SRI stocks'; PBC – PBC1, 4.16 – 'I find it easy to invest in SRI'; MN – MN1, 4.24 – 'I feel an obligation to save the environment where possible'; EC – EC3, 4.27 – 'When I would have a choice to invest between two companies, I will invest in the one whose product is less harmful to other people'; FK – FK2, 4.21 – 'Considering a long-term period (for example, 10-

20 years) stocks normally give the highest return'; and PP – PP2, 4.24 – 'I feel that the rate of return from SRI is recently equal to or higher than the average rate of the market', all reflected the highest item mean values, being agreed upon the most by the respondents.

Table 3: Profile of respondents in the study

Demographic variables	Category	Frequency	Percentage (%)
Gender	Male	115	66
	Female	59	34
Age	21	12	7
	21 - 25	64	37
	26 - 29	64	37
	30 or above	34	19
Nationality	Malaysian	147	84
	Non-Malaysian	27	16
Investing experience	< than 1 year	27	15
	1 – 3 years	55	32
	4 – 6 years	64	37
	7 – 9 years	21	12
	10 years or more	7	4
Education level	High school	3	2
	Foundation / Certificate level	21	12
	Bachelor's / Associate degree	84	48
	Master's degree	51	29
	Doctorate / PhD	13	7
	Others	2	1
Monthly income level	< than RM 2,500	21	12
	RM2,500 - RM5,000	41	24
	RM5,001 - RM7,000	42	24
	RM7,001 - RM9,000	32	18
	RM9,001 - RM11,000	17	10
	RM11,001 - RM15,000	14	8
	> than RM15,000	7	4

4.2 Results

The analysis of the measurement model involved testing for convergent validity, including indicator loadings, composite reliability [CR] and average variance extracted (AVE). The results are shown in Table 4 below. The indicator reliability with significant indicator loadings ranged from 0.725 to 0.875 (Hulland, 1999). Only one item (FK1) below the threshold of 0.4 was removed. The CR values fell between the values of 0.822 and 0.875 and the AVE values ranged from 0.607 to 0.699. The results thus indicate adequate convergent validity and that the constructs are reliable for the study.

Table 4: Convergent validity and Average item values

	Items	Loadings	CR	AVE	Average item values
SRI Intention	SRI Intention 1	0.808	0.875	0.699	4.23
	SRI Intention 2	0.825			4.12
	SRI Intention 3	0.875			4.20
ATT	ATT1	0.795	0.829	0.618	4.26
	ATT2	0.823			4.22
	ATT3	0.738			4.23
SN	SN1	0.769	0.856	0.665	4.06
	SN2	0.841			4.10
	SN3	0.836			4.20
PBC	PBC1	0.820	0.853	0.659	4.16
	PBC2	0.792			4.02
	PBC3	0.823			4.06
MN	MN1	0.781	0.822	0.607	4.24
	MN2	0.794			4.11
	MN3	0.762			4.21
EC	EC1	0.792	0.829	0.618	4.22
	EC2	0.778			4.08
	EC3	0.789			4.27
FK	FK2	0.837	0.871	0.692	4.21
	FK3	0.807			4.13
	FK4	0.851			4.21
PP	PP1	0.725	0.829	0.618	4.20
	PP2	0.825			4.24
	PP3	0.804			4.18

Furthermore, Table 5 displays the heterotrait-monotrait ratio of correlations (HTMT) which suggests that a certain level discriminant validity is established since the HTMT values are lower than the conservative criterion of 0.90 (Gold et al., 2001) and that the bootstrap confidence interval of the HTMT does not include a value of 1 (Henseler et al., 2015), however with the exception that such values between a few construct were above this threshold. These include the HTMT values between EC and ATT; SRI Intention and EC; MN and ATT, EC and SRI Intention; PBC and ATT, EC and MN; and between SN and ATT and MN. Since the discriminant validity could not be fully addressed with HTMT, we further assessed the Fornell-Larcker Criterion and Cross-Loading to serve as supplementary tests (García-Machado et al., 2023; Yusoff et al., 2020) to resolve this lack of discriminant validity. As indicated in Table 6, the square root of AVE (diagonal) for each construct is larger than the correlations (off-diagonal) for other constructs, therefore indicating satisfactory discriminant validity. In comparing the cross loadings between the constructs, Table 7 shows that all indicators except PP1 load high on its own constructs but low on the other constructs, further proving that the constructs are clearly dissimilar and that sufficient discriminant validity is present. While the loading for PP1 is slightly lower than on a few other constructs, the indicator was retained since the examination of content validity by experts suggests that the indicators did in fact load on separate constructs (Hair et al., 2014).

The examination of the structural model involved the bootstrapping method to obtain the inferential statistics and test the study's hypotheses (Sarstedt et al., 2014), the results of which are depicted in Table 8, showing that 3 out of 7 hypotheses are supported. MN (β = 0.246, $p < 0.05$), EC (β = 0.284, $p < 0.05$), and FK (β = 0.208, $p < 0.05$) showed significant positive relationships with SRI Intention, providing support for all, H4, H5, and H7. However, the predicted relationships concerning ATT (β = -0.056, $p > 0.05$), SN (β = 0.121, $p > 0.05$), PBC (β = 0.005, $p > 0.05$), and PP (β = 0.071, $p > 0.05$) with SRI Intention were found to be insignificant. Thus, H1 – H3, and H6 are not supported in this study.

Furthermore, the research model accounted for 56.2% (R^2 = 0.562) of the variance in SRI Intention, suggesting a moderate degree of predictive accuracy (Chin, 1998). In addition, the results on the predictive relevance of the structural model shows that the $Q^2 > 0$, indicating sufficient predictive relevance. Finally, the effect sizes (f^2) reflect values ranging from 0 to 0.069. MN, EC, and FK have exerted small but substantive effects on SRI Intention ($f^2 > 0.02$). All other constructs produced trivial effects ($f^2 < 0.02$) on the criterion. All of these results are exhibited in Table 9.

Table 5: Hetero-Trait-Mono-Trait (HTMT) Assessment

	ATT	EC	FK	PP	SRI Intention	MN	PBC	SN
ATT								
EC	0.951 [0.831,1.080]							
FK	0.777 [0.648,0.887]	0.817 [0.716,0.931]						
PP	0.803 [0.678,0.916]	0.883 [0.778,0.984]	0.706 [0.572,0.838]					
SRI Intention	0.703 [0.499,0.869]	0.903 [0.792,1.008]	0.760 [0.660,0.854]	0.714 [0.582,0.834]				
MN	0.920 [0.812,1.036]	1.044 [0.949,1.169]	0.867 [0.759,0.999]	0.886 [0.766,0.999]	0.911 [0.791,1.030]			
PBC	0.919 [0.832,1.023]	0.912 [0.788,1.027]	0.850 [0.769,0.939]	0.754 [0.619,0.897]	0.744 [0.580,0.868]	0.930 [0.833,1.033]		
SN	0.921 [0.813,1.042]	0.864 [0.760,0.972]	0.741 [0.627,0.856]	0.809 [0.685,0.942]	0.751 [0.561,0.895]	0.912 [0.799,1.017]	0.945 [0.853,0.025]	

Table 6: Fornell-Larcker Criterion

	ATT	EC	FK	PP	SRI Intention	MN	PBC	SN
ATT	**0.786**							
EC	0.660	**0.786**						
FK	0.571	0.596	**0.832**					
PP	0.550	0.602	0.529	**0.786**				
SRI Intention	0.524	0.665	0.603	0.546	**0.836**			
MN	0.629	0.714	0.630	0.622	0.669	**0.779**		
PBC	0.565	0.652	0.641	0.544	0.571	0.659	**0.812**	
SN	0.658	0.621	0.571	0.593	0.583	0.648	0.706	**0.816**

Table 7: Cross-Loadings

	AT	EC	FK	PP	ITS	MN	PBC	SN
ATT1	**0.795**	0.548	0.498	0.451	0.438	0.509	0.533	0.515
ATT2	**0.823**	0.558	0.437	0.434	0.427	0.507	0.515	0.507
ATT3	**0.738**	0.443	0.407	0.41	0.367	0.466	0.501	0.536
EC1	0.528	**0.792**	0.44	0.515	0.519	0.534	0.46	0.476
EC2	0.528	**0.778**	0.539	0.511	0.503	0.554	0.557	0.515
EC3	0.503	**0.789**	0.431	0.398	0.546	0.595	0.523	0.475
FK2	0.47	0.468	**0.837**	0.448	0.546	0.526	0.491	0.504
FK3	0.472	0.521	**0.807**	0.405	0.446	0.499	0.587	0.501
FK4	0.485	0.504	**0.851**	0.454	0.504	0.546	0.533	0.421
PP1	0.459	0.507	0.545	**0.497**	0.48	0.535	0.607	0.836
PP2	0.491	0.53	0.457	**0.825**	0.428	0.564	0.479	0.482
PP3	0.372	0.414	0.432	**0.804**	0.506	0.515	0.421	0.509
ITS1	0.354	0.553	0.424	0.43	**0.808**	0.508	0.444	0.467
ITS2	0.431	0.555	0.482	0.436	**0.825**	0.504	0.468	0.451
ITS3	0.519	0.563	0.594	0.499	**0.875**	0.653	0.518	0.54
MN1	0.509	0.562	0.459	0.508	0.524	**0.721**	0.495	0.482
MN2	0.449	0.557	0.51	0.459	0.539	**0.794**	0.506	0.499
MN3	0.513	0.551	0.504	0.488	0.5	**0.762**	0.54	0.536
PBC1	0.561	0.542	0.533	0.48	0.427	0.52	**0.82**	0.55
PBC2	0.547	0.541	0.54	0.483	0.479	0.561	**0.792**	0.614
PBC3	0.494	0.506	0.49	0.366	0.481	0.521	**0.823**	0.552
SN1	0.543	0.501	0.371	0.49	0.406	0.511	0.552	**0.769**
SN2	0.526	0.515	0.47	0.47	0.53	0.541	0.571	**0.841**
SN3	0.549	0.507	0.545	0.497	0.48	0.535	0.607	**0.836**

Table 8: Results of the structural model examination

Hypothesis	PLS paths	Path coefficient	*T*-value	Supported
H1	ATT -> SRI Intention [NS]	-0.056	0.639	No
H2	SN -> SRI Intention [NS]	0.121	1.215	No
H3	PBC -> SRI Intention [NS]	0.005	0.051	No
H4	MN -> SRI Intention **	0.246	2.590	Yes
H5	EC -> SRI Intention **	0.284	3.401	Yes
H6	PP -> SRI Intention [NS]	0.071	0.878	No
H7	FK -> SRI Intention **	0.208	2.442	Yes

**Significant at p < 0.05 level and 95% confidence interval

Table 9: Predictive relevance (Q^2), R^2, and effect size (f^2)

Endogenous construct	Q^2	Predictive relevance	R^2	Exogenous constructs	Effect size f^2
SRI Intention	0.360	$Q^2 > 0$	0.562	ATT	0.003
				SN	0.013
				PBC	0.000
				MN	0.050
				EC	0.069
				PP	0.006
				FK	0.049

5.0 Discussion

5.1 Influence of ATT on the Intention to Invest in SRI

Wen et al. (2015) claims that whether someone has a favourable or negative ATT toward participating in an activity depends on their behavioural beliefs and the attractiveness of a certain outcome. The link between ATT and the willingness to invest in SRI was negative and negligible. Therefore, H1 is not supported. This result disagrees with a number of previous studies, such as Raut et al. (2020), Pascual-Ezama et al. (2014), and Adam and Shauki (2014), implying that Malaysian investors may see SRI unfavourable due to unfulfilled expectations or doubts over its genuine impact.

Investors' negative perception of SRI may stem from the reality that many SRI companies fail to live up to their claims. Adding a marketing spin to everything for sale is part of contemporary business culture. Highlighting a potential gap between investor expectations and the actual performance or transparency of SRI companies. Another explanation for this behaviour is that Malaysian investors' viewpoints have changed due to the Covid-19 outbreak. Expert investors are more likely to reconsider and spend more time focusing on their financial well-being than intermediate and beginner investors, according to a study titled "Schroders Global Investor Study 2021." Roughly 85% of investors in Malaysia have spent more time considering their financial well-being and reorganising their finances since the start of the Covid-19 pandemic (2021). This emphasises how future research is necessary to determine whether investor sentiments on SRI in Malaysia will change further as the market matures.

5.2 Influence of SN on the Intention to Invest in SRI

According to Adam and Shauki (2014), understanding individual investors' intentions and behaviour toward SRI in Malaysia depends on SN. Our findings however show that SN does not influence SRI intention in Malaysia as anticipated. Investors' impressions of whether their social circles (friends, relatives, and financial advisers) support or advocate SRI does not influence their behaviour. This suggests that societal influence alone is insufficient to drive significant shifts in SRI intentions, which is opposed to the findings in Adam & Shauki (2014) and Alleyne & Broome (2011). Our question regarding the role of external societal incentives in investment behaviour towards SRI is addressed by this weak influence of SN, which implies that cultural or social factors may not strongly shape SRI adoption in Malaysia, potentially due to trusting their own opinions or financial advisers more than social norms.

5.3 Influence of PBC on the Intention to Invest in SRI

Theoretically, according to Ajzen (1991) and East (1993), PBC serves two purposes: influencing conduct and intention, in addition to influencing behaviour. It was determined that the association between PBC and the intention to make SRI was insignificant, rejecting H3. This research shows that among Malaysian investors, trust in one's capacity to engage in SRI, including having access to relevant resources, may not be a major determinant. The TPB states that a person's confidence in their ability to do the desired activity is associated with the behaviour they aim to exhibit. Our findings imply that Malaysian investors do not view SRI as particularly difficult, and as a result, PBC may not be a significant factor in determining their investing behaviour, even though other research has confirmed the relationship between PBC and intention (Wen et al., 2011). This responds to the question by showing that, at least for the purposes of our study, investors in Malaysia are not particularly restricted by the complexity of SRI products or market access.

5.4 Influence of MN on the intention to invest in SRI

MN play a key role in influencing investor behaviour, as evidenced by numerous studies (Kurland, 1995; Randall & Gibson, 1991; Godin et al., 2005; Rivis et al., 2009). The results show positive and significant relationship between MN and SRI intention, supporting H4 and demonstrating that moral values significantly impact Malaysian investors' decisions, addressing the role of ethical considerations in SRI investments and personal responsibility to society and the environment. albeit, financial outcomes being uncertain, the study directly addresses how personal ethics drive the intention to invest in socially responsible assets.

The TPB, which recently included MN, significantly impacted investors' intentions toward SRI. The result showed that MN could be included as a new element in the explanation of the TPB to assist investors in making more informed decisions. More specifically, this result showed that Malaysian investors were greatly influenced by their actual behaviour in line with their standards (Adam & Shauki, 2014), revealing their intention to invest in green shares or socially conscious stocks for the benefit of society at large. The findings presented support the idea that moral standards can greatly increase our understanding of the connection between intention and conduct. Given how significant it is, it is assumed that the study's findings support the extension of TPB.

5.5 Influence of EC on the Intention to Invest in SRI

Malaysians are well aware of environmental issues and water pollution and have the highest intention to act properly (Mei et al., 2016). EC was shown to have a significant and positive impact on SRI intention, supporting H6 and corroborating the most recent findings of Ming et al. (2015). Addressing the doubt about the importance of environmental factors in investment decisions, investors were willing to engage in SRI for the benefit of their community and to support environmental sustainability. Over the past two decades, extensive environmental degradation worldwide has sparked public concern. There's a growing importance of EC in shaping investment intentions in developing economies like Malaysia, where balancing economic growth and sustainability is critical. It also aligns with global trends, as the 21st century is widely viewed as the "century of the environment." The research confirms that environmental concerns are a key motivator for Malaysian investors, directly addressing our research objective of understanding how sustainability concerns influence SRI decisions.

5.6 Influence of PP on the Intention to Invest in SRI

Characteristics such as PP had an impact on SRI (Nilsson, 2008). The study's findings suggest that the association between PP and the propensity to invest in SRI is trivial. This is due to investors concentrating on social and environmental problems rather than financial gains, by revealing that financial returns, while important, are not the primary driver for ethical investors in Malaysia. The study also supports the view that ethical investors are more driven by ideological concerns as they tend to keep or expand their ethical holdings even when their investments underperform or show to be unethically useless. This aligns with the idea that investors get a sense of fulfilment when their investments reflect their individual or societal ideals. Hence, the results help us understand that for some investor categories, particularly those that prioritise social or environmental goals, financial performance may not

considerably alter their investment choices. Furthermore, the study reveals that individuals are concerned about the future and are more inclined to reward socially responsible financial instruments that considers long-term societal consequences, demonstrating a change in investor behaviour toward long-term and sustainability focused influence, which closely relates to the goal of comprehending factors affecting investment intention towards this SRI.

5.7 Influence of FK on the Intention to Invest in SRI

According to the Financial Literacy Model, investing involves financial awareness and knowledge. Financially responsible people understand money and make smart financial judgments (Hogarth & Hilgert, 2002). The analysis supports Mandell's findings by indicating that FK has a significant and positive link with the intention to invest in SRI, supporting H7. Investors' investment decisions are heavily influenced by financial expertise. Given the claim that financial literacy may affect market participation, it would be captivating to see if FK upholds moral and environmental values in SRI. Due to their insufficient understanding of stocks and market dynamics, many prospective investors appear hesitant to participate in the stock market. The results indicate that FK is a powerful driver of SRI adoption, as more financially knowledgeable investors are better equipped to assess the risks and benefits of SRI products. Thus, the Financial Literacy Model can help SRI decision-makers integrate financial information, demonstrating that financially competent persons are more likely to invest in SRI. It also answers the question of whether financial competence can mitigate the perceived complexity of SRI, showing that higher FK directly correlates with greater confidence in SRI investments. Given that financial education is still a barrier for many investors in emerging countries, this research highlights the need of raising FK in Malaysia in order to promote wider participation in SRI markets.

5.8 Implications

The study's findings have significant theoretical and practical implications for emerging stock markets and these are explained in the following sections.

5.8.1 Implications in Knowledge

By assessing how moral principles, PP, and EC influence individual investors' decisions toward SRI, this study makes important theoretical contributions. The study provides a thorough examination of how these frameworks and the elements that are linked with them anticipate investors' intentions toward SRI, particularly in the Malaysian context, by combining three well-known theories— the TPB, UTAUT and Financial Literacy Model.

EC is a powerful motivator for investors thinking about SRI, according to the study, which also highlights the critical role of it in the decision-making processes. This offers a chance to investigate further how ethical and environmental factors might be included into conventional investing models. Our finding also holds broader implications for developing nations, highlighting the diversity in moral standards and decision-making criteria across different populations.

The study adds to the continuing discussion about the suitability of behavioural and financial models in SRI and creates new opportunities to investigate the ways in which investor intentions are influenced by the intersection of moral principles (i.e. MN), environmental concerns (i.e. EC), and financial understanding (i.e. FK). This information can help academics and individuals create financial models that are more contextually and culturally appropriate and more accurately represent the incentives of socially conscious investors.

5.8.2 Implications to Practice

The results of this study might help individual investors in the Malaysian market make better decisions on SRI. One important suggestion is that policymakers and practitioners concentrate on creating focused financial literacy and knowledge initiatives to improve investors' comprehension of the benefits and risks of SRI. Since market participation is significantly influenced by financial literacy, financial literacy programs can be designed to fill in knowledge gaps, especially for older or less seasoned investors. Governments could also take the lead in developing specialised training materials to explain the advantages of SRI and how it aligns with sustainable financial growth to older investors, especially those who have dematerialized accounts.

Additionally, by promoting good moral norms and increasing understanding of ethical and environmental considerations when making investing decisions, some programs could be created to help advance SRI. Education campaigns might, for example, emphasise how sustainability is becoming more and more important in international markets and how SRI fits in with both profitable and moral investment plans.

These tactics could be applicable to other developing countries as well, assisting investors in taking advantage of the growing appeal of SRI funds and motivating them to embrace a long-term outlook on sustainable stock market returns.

5.9 Limitations of the Study

One of the limitations of the study is its generalisation of the findings, which represents the decision-making behaviour of individual investors in terms of SRI in Malaysia and suggests further research should be done with international responses to provide a broader perspective and to examine the moderating effects of personality traits and demographic factors such as gender, age, and educational attainment to gain further insight into people's preferences for social and environmental concerns as expressed through SRI.

5.10 Suggestions for future studies

The study illustrates how crucial it is to address social dilemma scenarios when helping investors make well-informed choices, especially when it comes to striking a balance between social responsibility and profitability. Future research must examine how investors deal with these dilemmas, even if this was not the main emphasis of the current study. To further understand the trade-offs involved in SRI, future study should specifically look at how investors balance their desire for financial gains with ethical considerations like sustainability and social responsibility.

The degree to which social responsibility and sustainability contribute significantly to long-term profitability may be one issue that warrants more research. The question of whether ethical investments require investors to forgo returns is still a major point of contention in SRI literature and deserves more investigation. Future research might shed more light on this balance by looking into SRI fund performance statistics and real-world results.

Furthermore, the paper recommends that future investigations look at more complex facets of Malaysian investor sentiments, especially in view of current world events. Investor behaviour and risk tolerance could have been impacted for some time by the COVID-19 epidemic and the current geopolitical environment. Policymakers and financial organisations may find it useful to comprehend how these incidents have influenced perceptions of SRI.

Relationships between demographic variables such age, gender, education, and years of experience participating in SRI were also found in the study. To provide a more thorough picture of the socially conscious investor, further study is necessary. To better understand who is more prone to engage in SRI, future research might incorporate additional demographic characteristics including employment, marital status, and place of residence. More focused financial literacy initiatives and marketing campaigns to encourage SRI membership may benefit from this enlarged visibility.

Moreover, a comparison between socially conscious investors and consumers may prove to be a useful topic for further study. It would be possible to determine whether ethical consumer behaviour influences investing choices by looking at whether the same people who have purchased fair trade and green products and services also invest in SRI funds. Strategies to SRI should be further informed by an understanding of whether various demographic characteristics impact investor vs consumer behaviour in the context of SRI.

5.11 Conclusion

Using an integrated framework of TPB, UTAUT, and the Financial Literacy Model, this study investigated the variables influencing Malaysian investors' preferences to engage in socially responsible investing (SRI). The findings demonstrate that SRI intentions are highly influenced by MN, EC, and FK, whereas ATT, SN, PBC, and PP all had an unexpected trivial impact. This suggests that in emerging economies, ethical and environmental motives interact specifically with financial considerations. By showing that conventional investing models may be extended to incorporate moral and environmental factors, the study adds to the body of literature on SRI and offers a deeper comprehension of investor behaviour. These findings may be used by policymakers to create environmental awareness campaigns and financial literacy programs that encourage SRI participation perhaps through tax breaks and other incentives. Financial institutions might use these findings practically to provide tailored guidance services to investor segments that are driven by ethical principles. In order to get a deeper understanding of SRI behaviour, future studies should expand the current framework to include bigger sample sizes under a variety of market conditions. They should also look into other aspects including cultural dynamics and the function of digital literacy. In the end, this research establishes the foundation for an elaborate understanding of SRI, promoting more investigation into the ways in which environmental and ethical considerations impact investor choices across global markets.

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