

РАЗДЕЛ 3
КОРПОРАТИВНОЕ
УПРАВЛЕНИЕ В МАЛАЙЗИИ

SECTION 3
CORPORATE
GOVERNANCE IN
MALAYSIA



EXPLAINING SRI BEHAVIOUR OF MALAYSIAN UNIT TRUST
FUND MANAGERS USING THEORY OF PLANNED BEHAVIOR

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Abstract

This study aims to examine the impact of Theory of Planned Behavior components – attitude, subjective norms and perceived control behavior on perceived socially responsible investment (SRI) behavior among fund managers of unit trust fund companies with intention to engage in SRI as a mediating variable. This cross sectional study employs questionnaire to collect the opinion from respondents. Three hundred and twenty questionnaires have been distributed but only 84 have been returned by the fund managers, with a response rate of 26.25 per cent. A scan of such questionnaires further revealed that only 73 could be taken up for analysis. Thus, the usable rate is 22.81 percent. Structural Equation Modeling (SEM) that has been used in the study has revealed that the model has a good fit for the model (above minimum requirements for goodness of fit criteria) which indicates the appropriateness of instrument and measurement. The analysis shows that subjective norms have significant and positive direct effect on perceived SRI behavior. In addition, subjective norms also have a significant and positive indirect effect on perceived SRI behavior through intention to engage in SRI. Attitude has a positive and significant direct impact on intention, while it does not have a significant direct effect on perceived SRI behavior. Besides, the study has evidenced significant direct effect of intention on perceived SRI behavior. However, the study has not found any evidence to support the association of perceived control behavior with intention and perceived SRI behavior. The major limitation of this existing study is a lower response rate; nevertheless it provides good understanding on the interaction of attitude, subjective norms, perceived control behavior, intention and behavior in the context of socially responsible investment in emerging economies like Malaysia.

Keywords: Theory of Planned Behavior, Attitude, Subjective Norms, Perceived Control Behaviour, Intention, Socially Responsible Investment

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Introduction

Socially responsible investment (hereafter referred as SRI) is receiving more attention among business community around the globe. SRI is alternatively known as ethical investment, social investing, socially aware investing, values-based investing or mission-based investing. These terms tend to be used interchangeably within the investment industry to describe an approach to investing that integrates personal values and societal concerns into the investment decision making process (Scheuth, 2003). According to Bardai (2001), SRI or ethical investment has three important characteristics – (i) the investment is profitable, (ii) the investment protects the interest of stakeholders and shareholders, and (iii) the returns and the risks are equally shared by the related parties. Schwartz (2003) defines SRI as a set of approaches which include social or ethical goods or constraints as well as more conventional financial criteria in decision over whether to acquire, hold or dispose of a particular investment. Chong and Anderson (2008) define SRI as a pool of investment that is to be acquired, retained or realized by reference to non-financial factors such as a company's compliance with environmental standards, the company's employment policies or the company is involved in the manufacture or sales of alcohol, tobacco or armaments.

The history of ethical investment can be traced back to the eighteen century when Religious Society of Friends (Quakers), a religious movement, during its annual meeting held in Philadelphia in 1758 advised its members against slave-trade. During the same period, one of the founders of Methodism – John Wesley (1703-1791) instructed the followers to avoid investing money in companies that engaged in the manufacturing of guns, liquor, tobacco and whose business practices harmed neighbourhood and employees' health. The establishment of ethical investment funds in 1970s in the United States and the United Kingdom ushered the new era of modern SRI. In 1971, the mutual fund – the Pax World Fund, was established and avoided investing in companies that were associated with the Vietnam War like the Dow Chemical which was manufacturing napalm a mass destruction weapon. Besides, the large investing institutions in the United States also avoided investing in companies related with South Africa business, which practicing the apartheid policy

then. Nowadays, there are several investors who have similar interest on ethical aspect, that draw up the investing criteria based on moral standards and these investors have set up their own institution to pursue the agenda of ethical investment. One institution of such kind being is the Friends Provident Stewardship Fund of the United Kingdom (Solomon and Solomon, 2004).

None can dispute the extensive influence that businesses have on the environment and society welfare today. Consequently, more and more people are becoming increasingly aware that unless companies take account of the environmental, social and ethical issues in its business decision making, our future social and economic welfare might be in doubt. Such concern has created the need to take notice and try to influence corporate actions. SRI provides an effective way to modify and control corporate behavior and any potential antisocial and unethical business activity. Providers of finance such as banks, other financial institutions, or investors and company's stock holders have the ultimate power over corporations, and therefore can influence corporate business. By restricting and channelling funds away from disapproved activities, responsible control over company is exercised. In other words, if providers of finance are not willing to finance questionable business activities, companies may find it hard to execute their projects and further develop their business. Also, company's share price can be negatively affected by the investors' sentiment toward unethical or morally questionable business. Therefore, companies cannot afford to be publicly designated as socially irresponsible. Thus, SRI is becoming an important segment of capital markets today, as it enables investors to invest without having to compromise their moral standards, and it provides an effective supervision of corporate behaviour.

SRI has a great potential to grow and has become important in Malaysian market due to enhanced awareness of Malaysian investors on socially responsible funds and faith based portfolios, regulatory sponsored initiatives and institutional supports (Sustainable and Responsible Investment in Asia, (AsriA), 2003). However, the challenge that remains is to create SRI investor, specifically among the fund managers. In Malaysia, SRI is relatively a new investment product; however, it is not a new concept since the Islamic fund has existed in its financial market for the last

40 years. Even though Shariah compliance funds presence is strongly felt, but SRI is not only avoiding businesses related to usury *riba*, pork-related products, gambling activities or alcoholic beverages, but also avoiding businesses that harm the well-being of environment, society and the community members, and this is indeed in line with Islamic teachings (Musa, 2001). The holy book – Al- Quran clearly prohibits mankind from polluting the environment and do harm. Allah does state; “Seek instead, by means of what God has granted (the good of) the life to come, without forgetting, withal, thing own (rightful) share in this world, and do good (unto others) as God has done good unto thee; seek not to spread corruption on earth: for, verily, God does not love the spreaders of corruption” (al – Qasas: 77).

The SRI concern is also shared by the authorities, in particular the Securities Commission (SC). The regulatory body believes that capital market plays the central role to establish the incentives in driving corporations towards corporate responsibility behavior in the extended corporate governance framework. Among the regulator’s efforts is dichotomize all counters listed on the Malaysian Bourse into two areas – shariah compliance and shariah non-compliance, which facilitates investors to choose their preferred ethical portfolios. The lists are revised twice a year, in April and October. In addition, together with the Bursa Malaysia, the regulator has made available social and environmental indices such as the Dow Jones Sustainability Index to allow investors to focus their investment strategies on the benefits of socially and environmentally responsible investing. Besides, the SC organises Institutional Investors Programme, twice a year, in order to enhance awareness of leading edge practices in developed capital market with regard to shareholder engagement to increase the investee companies’ performance.

According to Musa (2001) there is an increasing religious awareness among the Muslims which in turn has made them to be rationale in their behaviour and socially concerned when they take investment decisions and it is also believes a similar phenomenon is being experienced by investors of other faiths. Put together, these groups of ethically conscious people, Muslims and non-Muslims, could form a relatively large group of potential investors with substantially large funds for investment (Musa, 2001). However, individual investors are not enjoying abundant resources and adequate capacity to influence corporation in observing ethical business conduct and good governance or avoiding harmful business activities. Therefore, this role should be carried out by Malaysian institutional investors, given their enormous funds and large pools of expert talents (Bardai, 2001).

Furthermore, with regard to SRI development in Malaysia, institutional investors are expected to play greater significant role. The Silver Book initiative by Prime Minister Office and Ministry of Finance, which was launched in 2006, provides guidelines to institutional investors in placing money in a corporation that observes ethical corporate standards and good governance as well as protecting the interest of community while running a business. It also suggests several roles which institutional investors can play to influence investee companies in embracing contribution to society as a core part of their business. In short, to encourage greater ethical business practices, the owner (shareholder) of company, in particular the institutional investors have to play active role via SRI. In addition, there is a strong loud for institutional investors to adopt and lead SRI strategic initiative. In line with government and regulatory supports, SRI can assist in improving further the country’s social, environmental and ethical standards.

SRI success is critically depending on behaviour of institutional investors including unit trusts’ fund managers. Fund managers are responsible for the investment of the financial assets on behalf of the institutional investors’ beneficiaries, depositors, members and clients. They make a decision, on the investment strategy, investment allocation decision the proportion of the assets to be invested in different financial assets such as equity, debt or other types of instruments, corporations to be selected for placing the entrusted money, and overseeing the performance of portfolios. Some fund managers are expected to engage investee corporations’ management at formal channel like annual corporate general meetings or in informal manner via monthly dialogue. Given the important role of fund manager, if SRI is to have a sound future in Malaysia, it is necessary that the driving forces come from within the institutional investors themselves. Proper policies and initiatives are needed to encourage awareness, behaviour and active stance among fund managers toward SRI. However, before that, it is imperative to examine the factors that motivate those fund managers towards SRI behaviour. This creates opportunities for a new investigation, thus justifying this study.

The organization of this paper is as follows. The first three sections elaborate the introductory part of the study and provide initial understanding on the issue understudy. The following section four presents the review of the related literature of this study. Specifically, it critically analyses previous similar studies as appeared in literature. Section five deliberates the research method adopted in this study. Discussion on research framework, definition of variables and measurement, sampling technique, questionnaire design and hypotheses

formulation is presented in the section. Section six provides data analysis and presents a detailed argument in answering the research questions. Finally, section seven summarizes prominent findings of the study, apart from describing the limitations and the possible investigation in future within the subject understudy.

Literature Review

Hofmann, Holezl and Kirchler (2008) evaluate and compare the suitability of the Multiple Attribute Utility Theory, Theory of Planned Behavior and Issue-Contingent Model in evaluating moral decision making in investment area. This study employs experimental technique and the participants are undergraduate and postgraduate students around Vienna, Austria. With regard to TPB concern, the experimental analysis evidences that intention significantly predicts ethical investment behaviour i.e. selecting shares of ethics-compliant firms. Furthermore, the analysis reveals that subjective norm is a stronger predictor than attitude on intention. However, both subjective norm and attitude have significant influence on intention. Besides, the study finds no evidence to support the influence of perceived control behaviour on intention as well as behaviour in context of ethical investment.

Buchan (2005) employs Theory of Planned Behavior (Ajzen, 1985) to examine the ethical decision making in the public accounting profession. The study measures ethical behaviour by predicting intention of respondents towards four ethical vignettes, which are common ethical dilemma in public accounting firms. Employing a structural equation modelling technique, the study finds evidence of strong direct relationship between attitudes and ethical intention. Besides, the study finds that subjective norm has a strong indirect influence on ethical intention through attitude. The study finds no evidence to support the relationship between perceived control behaviour on ethical intention.

Carpenter and Reimers (2005) also evaluate the impact of attitude, subjective norm and perceived control behaviour on ethical intention among MBA students towards fraudulent financial reporting behaviour. Using a multiple regression technique, the study evidences that attitude and subjective norm are significant predictors to ethical intention. However, the study finds no evidence to support the association between perceived control behaviour and ethical intention.

In an earlier work, Hofmann, Penz and Kirchler (2004) employ TPB framework to explain factors influencing ethical behaviour in Austrian financial markets. Applying qualitative techniques – seven expert interviews and five focus groups discussion, the study evidences several important

points. Firstly, the analysis reveals that social and environmental friendly attitudes significantly influence respondents' demand towards ethical investment. The study also finds support that perceived control behaviour is another important contributor, even though it may not be as strong as attitude. Meanwhile, the study evidences that respondents feel that subjective norm is a less important factor that influences demand on ethical investment instruments.

Chang (1998) evaluates the impact of attitude, subjective norms and perceived control behaviour on ethical intention. The study measures intention by asking respondents' level of agreement on the given ethical scenarios in the area of information system. Using the structural equation modelling technique, the study evidences that perceived control behaviour is a better ethical intention predictor than attitude. Besides, the study also finds no significant direct impact of subjective norm toward ethical intention. However, it finds that subjective norm has a significant indirect impact on ethical intention through attitude.

Research Method

Research framework

The framework of this study is developed after TPB by Ajzen (1991; 1985). TPB is the extension of the earlier Theory of Reasoned Action (TRA) by Fishbein and Azjen (1975). TPB postulates that an individual's behavior is determined by intention to perform the particular behavior. Intention is being influenced by attitude, subjective norms and perceived control behavior. Ajzen (1991) refers attitude to the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question; subjective norm refers to the perceived social pressure to perform or not to perform the behavior; and perceived control behavior refers to the perceived ease or difficulty of performing the particular behavior.

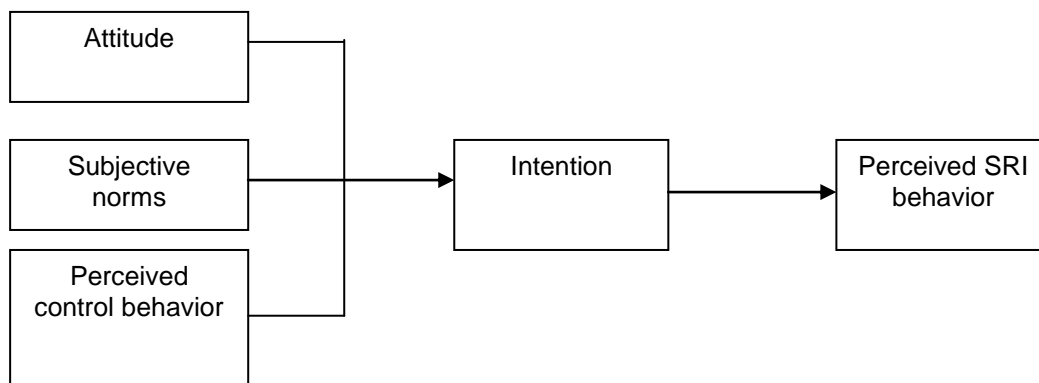
In this study, there are three independent variables. They are attitude, subjective norms and perceived control behavior as explained by Theory of Planned Behavior (Ajzen, 1991; 1985). This study attempts to evaluate the association of these independent variables with the dependent variable – the perceived SRI behavior. This study also employs a mediating variable – the intention to engage in SRI. These dependent and mediating variables are adapted from the previous study by Lewis and Mackenzie (2000). In their study, they examine the motivation and the favorable role of individual ethical investor from the Friends Provident Fund and NPI of the United Kingdom to invest in ethical fund.

The studies of Hofmann et al. (2008) and Hofmann, Meier-Pesti and Kirchler (2007) are

among the notable empirical works that have incorporated ethical decision making model like Theory of Planned Behaviour (Ajzen, 1985) and Issue-Contingent Model (Jones, 1991) in investigating factors that influence the intention of investors to engage in SRI and SRI behavior. In Hofmann et al. (2007), four ethical vignettes are employed; in Hofmann et al. (2008) the experimental approach is used to capture SRI behavior. Schueth (2003) meanwhile conceptually discusses the behavior of SRI investors by evaluating the three common activism strategies. The first strategy is screening – where SRI investors normally perform double bottom line

analysis to include companies that comply with social, ethical and environmental (SEE) criteria and exclude companies that fail to meet such requirements. The second strategy is shareholder advocacy where SRI investors engage companies' management via dialogues, meetings, submitting proposal or exercising their vote on certain corporate resolutions. The third strategy is community investing and SRI investors provide capital to projects that aim to enhance the quality living of community members such as microcredit assistance to small entrepreneurs. The Figure 1 illustrates the research framework of this study.

Figure 1. Research Framework



Hypotheses formulation

A general rule of TPB suggests that more the favorable attitude and subjective norm with respect to a behavior, and greater the perceived behavioral control, the stronger should be an individual's intention to perform the behavior under consideration (Ajzen, 1991). Similarly, greater intention to engage in the particular behavior leads to stronger commitment to perform the behavior under consideration (Ajzen, 1985). In the context of SRI, the study postulates that more favorable evaluation of SRI among unit trust fund managers increases their intention to engage in SRI. Next, as more important stakeholders pressure fund managers towards SRI, it enhances their intention too to engage SRI. In addition, if fund managers find ease to perform SRI behavior, it is postulated to increase their intention to engage in SRI. Besides, in this study, it is also assumed that a stronger intention to SRI increases the commitment to SRI behavior among fund managers of unit trust companies. The preceding arguments lead to the following hypotheses of the study

H₁: Attitude positively and significantly predicts intention to engage in SRI.

H₂: Subjective norms positively and significantly predict intention to engage in SRI.

H₃: Perceived control behavior positively and significantly predict intention to engage in SRI.

H₄: Intention significantly mediates attitude, subjective norms and perceived control behavior association with SRI behavior.

Target population, setting and sample

The population for this study is fund managers working in unit trust fund companies in Malaysia holding Capital Market Representative License (CMRL) as required by the Securities Commission. As on 30th June 2010, there were 39 approved unit trust fund companies, as per the license registry maintained by the Securities Commission. In all, 320 licensed fund managers were employed by these companies. Following census method, all the managers have been included for the purpose of the study.

Instrumentation and measure

A questionnaire has been used to gather feedbacks from respondents. There are three sections where respondents are required to answer all questions, following the directions given for each section. The first section deals with the respondents' perception on SRI behavior. The second section is concerned

with the respondents' intention to engage in SRI. The third section seeks the respondents' perception on their companies' ethical climate. The first and second sections have been developed based on Lewis and Mackenzie (2000) work on ethical investors' support for activism in the United Kingdom. Six point Likert scaling has been followed in the questionnaire where (6 = strongly agree; 5 = agree; 4 = slightly agree; 3 = slightly disagree; 2 = disagree; 1 = strongly disagree).

For dependent variable, respondents need to answer six statements which have been used to measure perceived SRI behavior. The statements are (i) I provide an ethically screened portfolio to beneficiaries and clients, (ii) I offer advice to investee companies to show them how to improve in their social, ethics and environmental performance (SEE), (iii) I quietly lobby investee companies in a concerted way to adopt better SEE policies, (iv) I work with other investors to promote higher standards of corporate governance, (v) I contribute actively to debate about corporate ethics to the development of public policy and (vi) I campaign publicly for investee companies to adopt better SEE policies. In order to measure mediating variable – intention to SRI, four items have been used. The items are (i) I want to avoid companies which are doing harm to society, ethics and environment (SEE), (ii) I intend my investments to help investee companies making a positive contribution to society, (iii) I want my investment to be used to campaign for investee companies to change and (iv) I intend to invest in ethically clean portfolio.

In addition, consistent with Theory of Planned Behavior, this study uses three independent variables – attitude, subjective norms and perceived control behavior. For attitude, four statements have been developed. The four items are (i) For me to invest in a company that is assisting needy persons in the society is acceptable, (ii) For me to invest in company that complies with all the state laws and regulation is extremely good, (iii) For me to invest in a company that complies with the ethical norms of the society are beneficial and (iv) For me to invest in a company that has green technology is extremely good. Three statements have been employed on subjective norms. The three items are (i) I believe my employer expects that I should not invest in a company that damages natural environment, (ii) I believe that clients, beneficiaries and shareholders expect that I should invest in a company that promotes volunteerism and (iii) I think other institutional investors expect that I should invest in a company that sponsors culture, sport and art event. For perceived control behavior, the four statements employed are (i) I enjoy autonomy to make a decision to invest in a company that operates strictly within the legal

framework of the society, (ii) I easily make decision to invest in a company that assists less fortunate in the society, (iii) For me to make a decision not to invest in a company that avoids good governance practices is easy, and (iv) I have full control to make a decision to invest in a company that makes as much profit as possible.

Data collection

Data collection has been done in month of October 2010. The questionnaires have been distributed personally to fund managers since the headquarters of unit trust fund companies are in Kuala Lumpur – the capital of Malaysia; except those at Johor, Kedah, Terengganu, Sarawak and Sabah states due to distance factors. Thus, questionnaires have been posted to fund managers at those states. Respondents have been requested to return the completed questionnaire within one month. A follow up call and e-mail have been made after two weeks to enhance participation. To remain anonymity, fund managers have been asked not to indicate their names or identification in questionnaire. Completed questionnaires have been returned directly to researchers using a stamped and sealed addressed envelope. The data obtained have been keyed in into Statistical Package for Social Science 16.0 and later exported to AMOS 16.0 for Structural Equation Modeling (SEM) analysis.

Research Findings

Response

After a month, a total of 84 questionnaires have been returned. It was 26.2 percent of response rate from a total of 320 distributed questionnaires. During data entry and data verification, it has been found that 11 questionnaires contained incomplete details. This has left only 73 useable questionnaires to be included in the final analysis. This amounts to 22.81 percent of useable questionnaires.

Descriptive analysis

In terms of descriptive analysis, the mean for perceived SRI behavior is 3.77 indicating that on an average respondent do not agree with the proposed statements. However, the mean of intention to engage in SRI is 4.74 showing that on average respondents agree to the proposed statement. The mean score of attitude is 4.78, indicating on an average respondents agree to the statements. Mean for subjective norms is 3.55 and mean for perceived control behavior is 3.92, reflecting that on an average respondents do not agree to the given statements. Table 1 summarizes descriptive analysis all of variables employed in this study.

Table 1. Descriptive Analysis of Variables (N =73)

Variables	Mean	Standard Deviation
Perceived SRI behavior	3.77	0.961
Intention to engage in SRI	4.74	0.615
Attitude	4.78	0.657
Subjective norms	3.55	0.792
Perceived control behavior	3.92	0.819

Confirmatory factor analysis

Confirmatory factor analysis (CFA) has been employed in this study. This analysis provides better understanding on the interaction effects between employed variables. Moreover, this analysis helps to confirm the employment on two different instruments that measure attitude, subjective norms and perceived control behavior of Ajzen (1985), and also intention and perceived SRI behavior of Lewis and Mackenzie (2000). According to Byrne (2001), CFA model fit is based on multiple criteria that reflect statistical, theoretical, practical consideration. Chi-square (χ^2) measure is the most generally reported measure of model fit; however, Raykov (1998) argues that Chi-square should not be considered in isolation because it is sensitive to both sample size and the degrees of freedom in model.

Therefore, Byrne (2001) proposes that other goodness-of-fit statistics should also be employed and considered when deciding the model fit as it “takes a more pragmatic approach in the evaluation process”. Those statistics are Chi-square/degree of freedom (χ^2/df), Goodness-of-fit (GFI), Tucker Lewis Index (TLI), Comparative Fit Index (CFI), and Root-Mean-Square Error of Approximation (RMSEA). Furthermore, Byrne (2001) recommends that RMSEA is one of the most informative indices of model fit since it takes into account the error of approximation in the population, has a less stringent requirement on Chi-square, and is less sensitive to

the number of sample and parameters in the model. From the preceding argument and consistent with Byrne (2001) pragmatic approach in determining model fit, a set of goodness of fit indices are observed in this study including χ^2 , χ^2/df , GFI, TLI, CFI and RMSEA. Table 2 provides summary of recommended fit indices.

Before checking CFA, reliability of each variable has been examined. SPSS has been used to run Cronbach Alpha reliability test. The dependent variable – perceived SRI behavior has resulted in alpha reliability of 0.86 consisting of 6 items. The mediating variable – intention to engage in SRI has 4 items with alpha reliability of 0.78. The three independent variables, namely attitude, subjective norms and perceived control behavior have the alpha reliability of 0.765, 0.752, and 0.611, respectively.

CFA was analyzed using AMOS 16 to examine the relationship among variables of this present study. Figure 3 indicates the interaction model of these variables. It evidences a good fit indices ($\chi^2 = 0.388$, $df = 1$, $p = 0.533$, $\chi^2/df = 0.388$; GFI = 0.998; CFI = 1.000; TLI = 1.113 and RMSEA = 0.000). The CFA results indicate support for the proposed model and the construct distinctiveness of the variables. To test the hypotheses of the study, regression analyses were conducted following procedures recommended for testing mediated moderation models (Muller, Judd and Yzerbyt, 2005; Baron and Kenny, 1986).

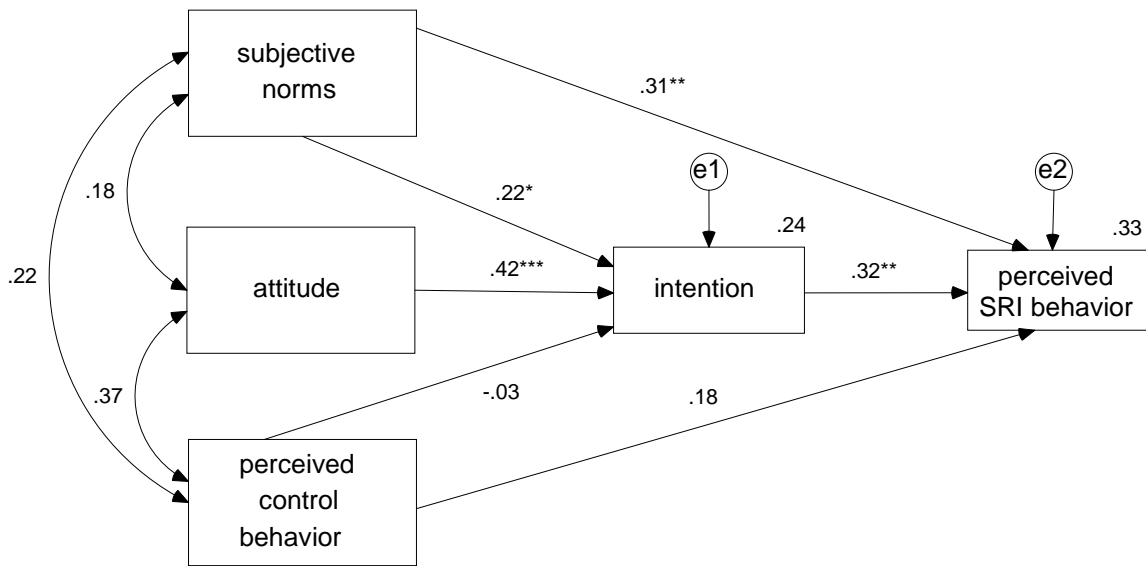
Table 2. Goodness of Fit Criteria on Model Fit

Goodness of fit criteria	Type	Acceptable	Recommended Values	Interpretation
Chi-square (χ^2)	Model fit		$p > 0.05$	Non-significance means the model fits the observed covariance and correlations
Chi-square/df (χ^2/df)	Absolute Model Parsimony	Less than 3.0	Less than 2.0	A value 0 indicates poor model fit. Values ranging from 2.0 to 3.0 signify mediocre fit.
Goodness-of-fit (GFI)	Absolute Fit	0 (not fit) to 1 (perfect fit)	Greater than 0.90	A value 0 indicates poor fit and value more than 0.90 indicates good model fit.
Comparative Fit Index (CFI)	Incremental Fit	0 (not fit) to 1 (perfect fit)	Greater than 0.90	A value 0 indicates poor fit and value more than 0.90 indicates good model fit.
Tucker-Lewis Index (TLI)	Incremental Fit	0 (not fit) to 1 (perfect fit)	Greater than 0.90	A value 0 indicates poor fit and value more than 0.90 indicates good model fit.
Root Mean- Square Error of Approximation (RMSEA)	Absolute Fit	0 to 1	Less than 0.08	A value less than 0.05 indicate good model fit. Values ranging from 0.05 to 0.08 indicate acceptable fit. Values above 0.08 to 0.10 indicate mediocre fit. Values more than 0.10 indicates poor fit.

Sources: Hair et al. (2006), Kline (2005) and Byrne (2001)

Results

Figure 2. Structural Equation Model for Attitude, Subjective Norms, Perceived Control Behavior, Intention to Perceived SRI Behavior



χ^2	df	p	χ^2/df	GFI	CFI	TLI	RMSEA
0.388	1	0.533	0.388	0.998	1.000	1.113	0.000

Note: Chi square/degree of freedom (χ^2/df), Goodness of fit (GFI), Comparative Fit Index (CFI), Tucker Lewis Index (TLI), and Root Mean Square Error of Approximation (RMSEA).
 *** $p < 0.000$; ** $p < 0.01$; * $p < 0.05$

Figure 2, indicates that attitude has a higher influence on intention (0.43) than subjective norms (0.22) and perceived control behavior (-0.03). The analysis also shows that attitude does not have direct effect on perceived SRI behavior. However, it has an indirect effect through intention. Subjective norms has a higher influence on perceived SRI behavior (0.31) than perceived control behavior (0.18). Intention significantly influences perceived SRI behavior with a score of 0.32 and $p = 0.002$. This finding supports Hofmann et al. (2007; 2004) that postulate stronger intention encourages SRI behavior among investors. Furthermore, attitude has a significant impact on intention as $p = 0.000$. In addition, subjective norms

also has a significant impact on intention with $p = 0.036$. Besides, subjective norms has a significant impact on perceived SRI behavior as $p = 0.003$.

Thus, these analyses find support for Hypothesis 1 and Hypothesis 2. However, the analysis finds no support for Hypothesis 3. Besides, the Hypothesis 4 is also not supported. The analyses indicate that intention only significantly mediate the effect of attitude and subjective norms towards perceived SRI behavior, and not perceived control behavior. No multicollinearity problem has been encountered in the analysis. Table 3 provides summary of the unstandardized parameter estimates and t – values for the various paths in the SEM of the model shown in Figure 2.

Table 3. A Summary of the Dimensions and Model Estimation

		Estimate	S.E.	C.R.	P
Intention	<--- Attitude	.391	.104	3.773	***
Intention	<--- Subjective norms	.172	.082	2.095	.036
Intention	<--- Perceived control behaviour	-.026	.084	-.307	.759
Perceived SRI behavior	<--- Intention	.501	.159	3.161	.002
Perceived SRI behavior	<--- Perceived control behaviour	.207	.117	1.773	.076
Perceived SRI behavior	<--- Subjective norms	.374	.124	3.005	.003

Assessing the multiple fit indices in Figure 3, the modified SEM model has shown good fit. The overall model has a value of 0.998 for GFI, meeting the threshold of 0.90. The values for CFI and TLI are 1.000 and 1.113 respectively. These exceed the recommended threshold of 0.90. Moreover, the RMSEA value of the overall model is 0.000, that is below the recommended threshold value below 0.05 to 0.10 (Hair et al. 2006). Subsequently, all the fit indices reflected exceed the recommended guidelines for good fit. Thus, this study concludes and offers the model of Theory Planned Behavior-SRI which reflects good measurement and statistical fit. In summary, SEM has been defined to assess the relationship between elements of Theory Planned Behavior – attitude, subjective norms and perceived control behavior; with intention and perceived SRI behavior. The model has shown significant parameter estimates and acceptable fit indices, compared with recommended guidelines. The major implication of the SEM model is that the intention to engage in SRI behavior can be enhanced through attitude. Meanwhile perceived SRI behavior can be enhanced through subjective norms.

Discussion

The study finds several interesting findings. Subjective norm has a significant direct effect to perceived SRI behavior and it also has a significant indirect effect to perceived SRI behavior through intention. Attitude does not have any direct relationship with perceived SRI behavior, but it does significantly influence intention. Besides, intention also has a significant effect on perceived SRI behavior. However, this study does not find support on the association of perceived control behavior on intention as and perceived SRI behavior. Therefore, unit trust fund companies, regulators and relevant professional association could take advantage to initiate more programs that enhance societal, environmental and philanthropy attitude among their fund managers in order to enhance intention to SRI. More important, the analyses show the need of other important stakeholders – beneficiaries, shareholders, clients and even management of companies to play a vital role to pressure fund managers towards SRI. The study evidences that their crucial perception on SRI has a direct and indirect significant influence on intention and SRI behavior.

Nevertheless, the CFA has produced results to establish that the proposed model reflects good measurement and is statistically fit. Since previous SRI studies such as Hofmann et al. (2007, 2004) have only examined the impact on intention, the employment of instrument from Lewis and Mackenzie (2000) to measure the SRI behaviour. Even though recording the accurate SRI behavior is

challenging and costly, the fitness of intention and SRI measurement based on earlier work by Lewis and Mackenzie (2000) provides good alternative to the use of ethical vignettes that are commonly employed in ethical decision making and ethical behaviour model research. Furthermore, the items used for SRI behaviour measurement reflect three common SRI investors' activisms – screening, shareholder engagement/shareholder advocacy and preference proposed by Schueth (2003). Meanwhile, the use of Theory of Planned Behaviour components – attitude, subjective norm and perceived control behavior by Ajzen (1991; 1985) also reflects good measurement and statistically fit model to predict ethical intention including intention to engage in SRI. Therefore, in examining the influence of personal factors on ethical intention or ethical behavior, components of TPB continue to be favored and recognized instruments. In fact, as far as literature concerned, this paper provides new insight on employing components of TPB to predict SRI intention and SRI behavior.

Limitation and recommendation for future research

Even though this study found strong support on the impact of subjective norms and attitude on intention and perceived SRI behavior, opportunities exist for further enhancement due to several limitations. The analysis has revealed that perceived control behavior does not predict mediating and dependent variables as postulated and evidenced by Chang (1998). Therefore, the employment of larger size of respondents may provide more conclusive outcomes on this TPB component in the context of SRI. Besides, predictive power of the model is lower i.e. 24% for intention and 33% for perceived SRI behavior. In future, the inclusion of other possible variables is appropriate such as organizational factors, demographic factors and social factors. For instance, other organizational factors that can be considered as additional predictors are ethical climate, ethical culture, reward system, top management commitment, investment objective and acceptance level towards return and risks of investment. Meanwhile other possible social factors are moral intensity, social consensus and proximity.

For future studies, similar analysis can also be conducted in different set of environment to enhance international comparisons. In addition, similar instruments can be employed to investigate the issue among fund managers from other types of institutional shareholders such as insurance companies, banks, and pension funds since this current study takes setting among fund managers of unit trust fund companies. Nevertheless, this study offers new understanding on the influence of

attitude, subjective norms and perceived control behavior on intention and SRI behavior among fund managers of unit trust companies in emerging economic like Malaysia.

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