

INTEGRATING ISLAMIC CORPORATE SOCIAL RESPONSIBILITY INTO THE THEORY OF PLANNED BEHAVIOUR: A CONCEPTUAL FRAMEWORK FOR ISLAMIC HOME FINANCING ADOPTION

Sharifah Nazura Syed Noh^{1,a*}, Muhamad Azrin Nazri^{2,b}, Azreen Jihan Che Mohd Hashim^{2,c}
and Noradilah Abdul Hadi^{2,d}

¹Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, Negeri Sembilan, Malaysia and Faculty of Business and Management, Universiti Teknologi MARA, Cawangan Negeri Sembilan, Malaysia

²Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan, Malaysia

^ashnazura@gmail.com

^bmuhdazrin@usim.edu.my

^cazreenjihan@usim.edu.my

^dadilah@usim.edu.my

*Corresponding Author: shnazura@gmail.com

Abstract: Despite Malaysia's position as a global leader in Islamic banking, the adoption rate of Islamic home financing (IHF) remains lower than expected among Muslim consumers. Existing studies have primarily focused on financial and behavioural determinants, such as attitude, subjective norm, and perceived behavioural control, to explain customers' intention to adopt Islamic financial products. However, limited attention has been given to the role of Islamic Corporate Social Responsibility (i-CSR) as a strategic organisational factor that may strengthen the influence of these behavioural determinants on adoption intention. Grounded in the Theory of Planned Behaviour (TPB) and Stakeholder Theory, this conceptual paper proposes an extended framework that incorporates i-CSR as a moderating variable in the relationships between attitude, subjective norm, perceived behavioural control, and the intention to adopt Islamic home financing. Drawing upon the principles of Maqasid al-Shariah, Maslahah, and Taqwa, i-CSR is conceptualised as a value-driven organisational practice that enhances customers' trust, perceptions, and confidence in Islamic financial institutions. The proposed framework suggests that consumers who perceive higher levels of i-CSR are more likely to translate favourable attitudes, social influences, and perceived behavioural control into stronger intentions to adopt Islamic home financing. This paper contributes to the Islamic finance literature by extending the TPB through the integration of Stakeholder Theory and an Islamic ethical perspective on social responsibility. The proposed framework also offers practical insights for Islamic financial institutions seeking to enhance market penetration, strengthen customer engagement, and promote value-based financing practices that align with both commercial and societal objectives.

Keywords: Islamic Corporate Social Responsibility, Islamic Home Financing, Stakeholder Theory, Theory of Planned Behavior

1. Introduction

A wide range of Shariah-compliant products, including takaful, personal financing, installment plans, leasing, investment instruments, as well as mortgage products, collectively referred to

as IHF, are offered by Malaysia's Islamic banks (Amin, 2008; Bassir et al., 2014). According to Dusuki (2008), which examined the perspectives of different stakeholders on the principles and objectives of Islamic banking in Malaysia, the study found that stakeholders were significantly more optimistic about the industry's commitment to social and ethical objectives than its operational aspects.

In recent years, IHF has emerged as an alternative financing option that complies with Islamic law and offers a Shariah-compliant alternative to conventional mortgage systems. However, in Malaysia, the COVID-19 pandemic has significantly affected the homeownership among Malaysians, with the annual home loan rejection rate reportedly reaching 60% in the post-pandemic period (Sooi, 2021). Furthermore, the market share of IHF remains considerably lower than that of conventional home financing (Amin, 2017a; Zaidi et al., 2018; Sayuti & Amin, 2019).

Customers are the most important stakeholders of a company, as they play a crucial role in determining the sustainability of companies (Muflih, 2021). Studies have shown that the positive development of CSR among Malaysian companies indicates their commitment to meeting the needs and expectations of their stakeholders (Abd Rahim et al., 2011; Atan & Abdul Halim, 2011; Dusuki, 2005). This indicates that companies are not only focused on profit maximization but also considering other factors, such as the social domain, to ensure their sustainability and reputation (Atan & Abdul Halim, 2011).

This paper argues that i-CSR may serve as an important moderator that strengthens the relationship between attitude, subjective norm, perceived behavioural control, and intention to adopt Islamic home financing. Therefore, this conceptual paper proposes an extended TPB framework by incorporating i-CSR as a moderator in explaining customers' intentions to adopt Islamic home financing. The proposed framework contributes to the Islamic finance literature by integrating an Islamic perspective on social responsibility into a well-established behavioural theory.

2. Literature Review

2.1 Islamic Home Financing Adoption

Islamic banks that offer IHF are experiencing increasing demand among consumers (Bassir et al., 2014; N. Ibrahim & Mohd Sopian, 2021; Oseni et al., 2019). In Islamic banking, trading activities are asset-based, and the process of supplying funds or financing to customers who require them is referred to as "financing" (Ramli et al., 2014). Islamic financial institutions offering IHF use appropriate contracts and adhere to Shariah principles in providing such financing. For example, the Bai' Bithaman Ajil (BBA) Home Financing contract involves the deferred payment sale of goods, either through a lump-sum payment or instalment payments.

Customers may develop a negative perceptions or attitudes toward IHF because they may lack understanding of the principles and structure of IHF and, may therefore be hesitant to use it as a financing option (Mahdzan et al., 2017). In addition, although customers are aware of the advantages of using Shariah-compliant Islamic banking products, barriers to their involvement in Islamic banking include factors such as product variety, price, service interruptions, as well as trouble in accessing services (Hosen et al., 2021). These challenges can lead to misconceptions and negative attitudes towards IHF, and customers may struggle to choose among different types of home financing products available in the market.

2.2 Theory of Planned Behaviour

The TPB, introduced by Ajzen (1991), serves as an extension of the TRA, which was originally proposed by Fishbein and Ajzen (1975). Ajzen's TPB proposes that an individual's intention determines their behaviour. Within the TPB framework, PBC represents an individual's perceived behavioural control. This construct was introduced to address a limitation identified in the TRA model proposed by Fishbein and Ajzen (1975). Moreover, this construct addresses situations in which an individual lacks sufficient control or determination over the actual behaviour (Ajzen, 1991b). Perceived behaviour control refers to an individual's perceived capability to perform a behaviour. The stronger an individual's intention to engage in a particular behaviour, the more favourable their attitude and subjective norm towards that behaviour, and the higher their perceived behavioural control (Fishbein & Ajzen, 2007).

2.3 Stakeholder Theory

Stakeholder Theory is an important theoretical perspective explaining the relationship between i-CSR and customers' intentions to support or participate in such initiatives. CSR is often regarded as a strategy to enhance community loyalty towards companies through stakeholder theory (Gurlek et al., 2018; Raza et al., 2020). Dusuki (2005) found that stakeholder analysis serves two primary purposes in the context of CSR: firstly, to comprehend the expectations of diverse stakeholder groups concerning CSR, and secondly, to continually assess the effectiveness of CSR programs. As discussed earlier, stakeholders are a primary concern of management and contribute to the success of organizations. This explains why companies place greater emphasis on the social domain, as they recognise that this strategy can enhance stakeholder support (Muflih, 2021). In this context, Islamic Financial Institutions like Islamic Banks should establish a positive example while serving as valuable educational resources for the community regarding Shariah principles and operations.

2.4 Attitude and Intention to Adopt Islamic Home Financing

An attitude refers to an individual's overall evaluation of a specific object or stimulus, which may be favourable or unfavourable. In other words, an attitude represents a learned predisposition to respond to an object in a consistently favourable or unfavourable manner (Fishbein & Ajzen, 1975). Based on this definition, attitude and behaviour are closely related. Indeed, within social psychology, the concept of attitude has long been used to explain human behaviour (Fishbein & Ajzen, 1975). Moreover, an individual's core beliefs about a particular object significantly influence the person's shape and attitude toward that object.

In the context of Islamic home financing, customers are expected to develop stronger intentions to adopt when they perceive that Islamic financing products provide religious, ethical, financial, and social benefits. Positive evaluations of Shariah compliance, fairness, transparency, and alignment with Islamic values may encourage customers to select Islamic home financing over conventional alternatives.

Numerous studies have consistently identified attitude as a significant predictor of behavioural intention within Islamic banking and Islamic finance contexts. Therefore, a favourable attitude towards Islamic home financing is expected to strengthen customers' intentions to adopt such products.

Hypothesis 1: Attitude positively influences intention to adopt Islamic home financing.

2.5 Subjective Norm and Intention to Adopt Islamic Home Financing

Subjective Norm (SN) refers to an individual's perception of the social expectations of significant others regarding a particular behaviour, according to Ajzen (1991b). Within TRA and TPB, SN is conceptualised as perceived social pressure from significant others or referent groups regarding whether an individual should perform a particular behaviour (Ajzen, 1991b; Fishbein & Ajzen, 1975). In other words, SN represents an individual's perception of whether significant others believe they should or should not perform a particular behaviour (Ajzen & Fishbein, 2010; Ajzen & Madden, 1986). Hence, SN reflects the influence of social factors on an individual's behavioural intention. According to Ajzen (1991), social influence can be defined as the perceived social pressures perceived by an individual that encourage or discourage them from performing a behaviour.

Within Muslim communities, financial decisions may be influenced by social expectations and religious considerations. Individuals may be encouraged by family members, peers, or religious authorities to adopt financial products that comply with Islamic principles. As a result, positive social influence may strengthen customers' intention to adopt Islamic home financing.

Previous studies in Islamic banking have demonstrated that subjective norm significantly influences behavioural intention, particularly among individuals who place greater importance on social approval and religious guidance.

Hypothesis 2: Subjective norm positively influences intention to adopt Islamic home financing

2.6 Perceived Behavioural Control and Intention to Adopt Islamic Home Financing

PBC can be understood as an individual's perception of the ease or difficulty associated with performing a particular behaviour (Abdullahi & Othman, 2021; Ajzen & Madden, 1986; Chu & Chiu, 2003). PBC is influenced by the availability of opportunities and resources, which reflects an individual's confidence in performing a particular behaviour (Ajzen, 1991b). It can be revealed by the individual's belief about the power of both situational and internal factors that enable the performance of the behaviour (Shah Alam & Mohamed Sayuti, 2011).

In the context of Islamic home financing, customers may consider factors such as affordability, financing eligibility, documentation requirements, product understanding, and accessibility of Islamic banking services. Customers who perceive greater control over these factors are more likely to develop stronger intentions to adopt Islamic home financing.

Existing TPB studies consistently support the positive relationship between perceived behavioural control and behavioural intention across various contexts, including financial decision-making contexts.

Hypothesis 3: Perceived behavioural control positively influences customers' intention to adopt Islamic home financing

2.7 Islamic Corporate Social Responsibility and Islamic Home Financing Adoption

i-CSR represents an Islamic interpretation of the broader concept of CSR (Ali et al., 2023). It is centered on the principles of Taqwa, Maqasid al Shariah, and Maslahah (Dusuki, 2005). This approach provides an authentic understanding of CSR within the framework of Islam (Dusuki, 2008). Likewise, it is relevant to the study of IFIs, such as Islamic banks, as it shares similarities with the foundational principles underlying IFIs (Ali et al., 2022). The concept of CSR in the

context of IFIs is closely related to Islamic principles and values that emphasize social justice, community welfare, and environmental sustainability (Jaiyeoba & Adeyemi, 2015) as i-CSR practices prioritize the well-being of society over financial returns (Ali et al., 2023).

Unlike conventional CSR, which is often motivated by strategic or reputational objectives, i-CSR is founded upon religious obligations and ethical values derived from Islamic teachings. Consequently, Islamic financial institutions are expected not only to achieve profitability but also to contribute to societal well-being, poverty alleviation, environmental sustainability, community development, and equitable wealth distribution. Through these initiatives, Islamic banks demonstrate their commitment to fulfilling both economic and social objectives in accordance with Shariah principles.

Despite the growing importance of i-CSR, its role in influencing customers' adoption behaviour remains underexplored. Existing studies have primarily examined the direct effects of behavioural factors on intention while overlooking the potential role of organisational characteristics in strengthening or weakening these relationships. This paper argues that i-CSR functions as a contextual variable that strengthens the influence of behavioural determinants on adoption intention. Nevertheless, prior empirical evidence has exposed inconsistent relationships between attitude, SN, PBC, and purchase intention. For instance, Memon et al. (2020) reported mixed findings regarding the effects of these constructs on behavioural intention across different contexts. In response to the inconsistencies reported in the findings of previous studies, the inclusion of moderating variables has been recommended to provide a clearer explanation and strengthen the relationships between the predictor variables and behavioural intention.

2.8 The Moderating Role of i-CSR on the Relationship Between Attitude and Intention

Ajzen (1991) describes attitude as an individual's favourable or unfavourable evaluation of performing a particular behaviour. A favourable attitude may lead to stronger intentions to perform such behaviour (Usman & Lizam, 2016). In the context of Islamic home financing, Amin et al. (2014), Sayuti and Amin (2019), I. Shaikh et al. (2018), as well as I. M. Shaikh (2019), found that attitude and SN significantly influence consumers' acceptance of IHF. Furthermore, Amin et al. (2013), in their research on IHF adoption in Malaysia, found that IHF adoption and acceptance are affected by the respondents' attitudes.

According to the Theory of Planned Behaviour, individuals who hold favourable attitudes towards a behaviour are more likely to form stronger behavioural intentions. However, favourable attitudes alone may not always translate into behavioural intention. In the context of Islamic home financing, customers may recognise the benefits of Shariah-compliant financing but remain hesitant if they perceive Islamic banks as prioritising profits over social responsibility.

When customers perceive Islamic banks as actively engaging in i-CSR activities, they may view these institutions as more trustworthy, socially responsible, and aligned with Islamic values. Such perceptions reinforce positive evaluations of adopting Islamic home financing and increase the likelihood that favourable attitudes will translate into stronger adoption intentions.

Hypothesis 4: Islamic Corporate Social Responsibility positively moderates the relationship between attitude and intention to adopt Islamic home financing.

2.9 The Moderating Role of i-CSR on the Relationship Between Subjective Norm and Intention

SN is the second variable in this model and is proposed as a positive predictor of adoption intention. Shah Alam and Mohamed Sayuti (2011) describe SN as perceived social pressure that influences an individual's intention to perform or not perform a particular behaviour based on the expectations of others. It may involve the perception of important referents, such as family members, friends, and others who may influence or evaluate the performance of a particular behaviour (Usman & Lizam, 2016). Numerous scholars have illustrated the significant role of SN in influencing behavioural intention. This relationship has been supported by a number of empirical studies conducted on investment, technology adoption, and Islamic banking products. For instance, previous studies examining technology adoption, such as mobile banking, have found that SN positively influences behavioural intention (Giovanis et al., 2020; Ho et al., 2020). Similarly, studies by Cuong and Jian (2014) and Y. Ibrahim and Arshad (2017) revealed that SN positively influences individual investors' investment intentions.

However, the effectiveness of social influence may depend on customers' perceptions of the institutions offering these products. When Islamic banks are perceived as actively engaging in i-CSR practices, customers may perceive social recommendations as more favourable and credible. As a result, the influence of subjective norm on adoption intention may be strengthened.

Hypothesis 5: Islamic Corporate Social Responsibility positively moderates the relationship between subjective norm and intention to adopt Islamic home financing.

2.10 The Moderating Role of i-CSR on the Relationship Between Perceived Behavioural Control and Intention

PBC is referred to as one's perception of the ease or difficulty of performing a particular behaviour (Sayuti & Amin, 2021). In this study, PBC reflects customers' perceived ability and confidence in adopting an IHF facility. Numerous studies have identified PBC as a significant factor influencing intention in Islamic mortgage financing (Ajetunmobi et al., 2018; Ali et al., 2017; Sayuti & Amin, 2019; Usman & Lizam, 2016), halal industry (Bhutto et al., 2022; A. Khan et al., 2022; Shah Alam & Mohamed Sayuti, 2011) and investment intentions (Cuong & Jian, 2014; Gopi & Ramayah, 2007). In the context of the stock market, Gopi and Ramayah (2007) assessed the role of PBC in predicting the intention to conduct online trading. Cuong and Jian (2014) also found a strong and significant relationship between PBC and individuals' intentions to invest in stocks. PBC is therefore recognised as a positive predictor of behavioural intention.

Nevertheless, customers may still hesitate despite having adequate resources and knowledge if they question the credibility and social commitment of Islamic financial institutions. Perceptions of strong i-CSR practices may reduce such concerns by enhancing confidence in the institution's ethical practices and long-term commitment to stakeholder welfare. Consequently, customers may be more willing to act on their perceived capability to adopt Islamic home financing.

Hypothesis 6: Islamic Corporate Social Responsibility positively moderates the relationship between perceived behavioural control and intention to adopt Islamic home financing.

3. Proposed Conceptual Framework

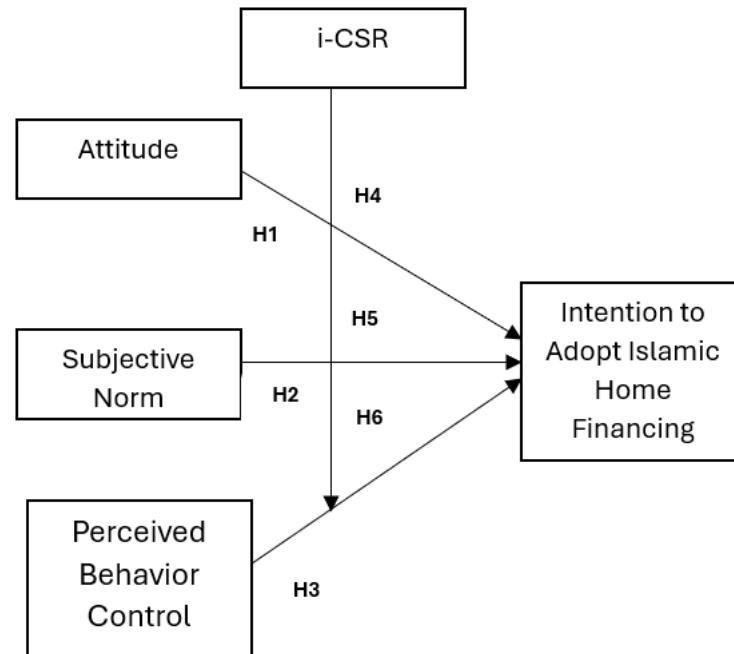


Figure 1. Proposed Conceptual Framework

As can be seen in Figure 1, the moderating role of i-CSR in influencing intention to adopt Islamic home financing is examined based on the framework presented. According to the proposed framework, the independent variables (IVs) in this study are the TPB constructs of attitude, perceived behavioural control, and subjective norm. The proposed moderating variable is Islamic Corporate Social Responsibility (i-CSR), which is expected to moderate the relationships between these behavioural determinants and intention to adopt Islamic home financing. This proposition is based on previous studies indicating inconsistent relationships between TPB constructs and intention, suggesting the need to incorporate moderators to provide a more comprehensive understanding of these relationships (Elliot, Armitage, Baughan, 2003).

4. Future Empirical Testing

Future research could empirically examine the proposed conceptualisation of i-CSR by targeting stakeholders or consumers of Islamic financial institutions as the target population. Appropriate sampling techniques, such as purposive or probability sampling, could be applied depending on the research context. The measurement of i-CSR could be developed or adapted from existing CSR and Islamic CSR literature to capture its Islamic principles and dimensions. The collected data could then be analysed using appropriate statistical techniques, such as Structural Equation Modelling (SEM), to assess the validity of the i-CSR construct and examine its relationships with other relevant variables.

5. Conclusion

In summary, this conceptual paper provides a discussion of the factors influencing customer purchase intention in Islamic home financing. Therefore, this study proposed a conceptual framework for investigating customers' purchase intention in Islamic home financing. The paper proposed the moderating factor of Islamic corporate social responsibility to test its influence on purchase intention and adoption for Islamic home financing. In particular, the extent of Islamic banking intention and usage will be of significant value to Islamic financial institutions as well as policy makers and marketers. The integration of meaningful ICSR practices not only promotes customer trust and loyalty, but also resonates with individuals seeking Islamic home financing solutions. Moreover, it will serve as a practical guide for managers of Islamic banks, especially in making decisions on the survival of new products and services of Islamic banks, and in marketing strategy to attract and retain customers in choosing their products. In addition, this framework, when validated, will be of value to researchers interested in explaining the channels through which Islamic banking products are adopted and used in Malaysia. This framework will also be of immense importance to practitioners, academics, and other relevant stakeholders. The researchers hope that this study will add value to the existing literature on Islamic home financing and show how Islamic banking contributes to sustainable economic development and remains competitive in the global market. The study also recommends that independent and dependent variables should be tested for relationships to confirm the suitability of the model.

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