Al-Mimbar: International Journal of Mosque, Zakat And Waqaf Management
Vol. 6, No. 1, June 2026
eISSN : 2682-8804
DOI: https://doi.org/10.53840/almimbar.146

Boycotts as ethical action: Islamic Consumerism and its influence on ESG in Malaysia

(Boikot sebagai tindakan beretika: Kepenggunaan Islam dan pengaruhnya terhadap ESG di Malaysia)

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Received: Dec 7, 2025 Accepted: June 26, 2026 Online Published: June 30, 2026

ABSTRACT

Boycotts particularly those directed at Israeli-affiliated products have emerged as a compelling form of collective consumer activism driven by ethical, political, and religious motivations. In the Malaysian context, such movements transcend mere political symbolism, embodying an expression of Islamic ethical consumerism that intertwines moral accountability, social justice, and economic agency. Concurrently, Environmental, Social, and Governance (ESG) principles have become integral to corporate sustainability, shaping how organizations demonstrate responsibility, transparency, and stakeholder trust. This conceptual paper explores the intersection between Islamic ethical boycotts and ESG practices, proposing a theoretical framework that explains how values-based consumer activism can operate as an informal governance mechanism influencing corporate behaviour and sustainability strategies. Rather than presenting empirical findings, the study synthesizes multidisciplinary literature across Islamic ethics, consumer boycott theory, ESG frameworks, and socio-political activism to advance an integrated understanding of how ethical consumer movements shape corporate governance and strategic responses. The proposed framework illustrates three interlinked dimensions: (1) the role of Islamic ethical values in shaping boycott motivations, (2) the capacity of boycott activism to trigger corporate ESG adaptation, and (3) the moderating influence of national socio-political contexts. By articulating these connections, this paper contributes to the growing discourse on ethical consumerism in Muslim-majority societies and offers actionable insights for corporations seeking to align ESG commitments with stakeholder values and societal expectations. The conclusion highlights theoretical, policy, and managerial implications while suggesting pathways for future empirical validation.

Keywords: boycott, ESG, sustainability, Islamic ethics, consumer activism, governance

ABSTRAK

Boikot, khususnya terhadap produk yang dikaitkan dengan Israel, telah muncul sebagai satu bentuk aktivisme pengguna kolektif yang didorong oleh pertimbangan etika, politik dan agama. Dalam konteks Malaysia, gerakan ini melangkaui simbolisme politik semata-mata dengan mencerminkan amalan kepenggunaan beretika Islam yang menggabungkan tanggungjawab moral, keadilan sosial dan keupayaan ekonomi. Pada masa yang sama, prinsip Alam Sekitar, Sosial dan Tadbir Urus (Environmental, Social and Governance, ESG) telah menjadi komponen penting dalam kelestarian korporat, membentuk cara organisasi menunjukkan tanggungjawab, ketelusan dan kepercayaan pihak berkepentingan. Kertas konseptual ini meneroka persilangan antara boikot beretika berasaskan Islam dengan amalan ESG melalui cadangan satu kerangka teori yang menjelaskan bagaimana aktivisme pengguna berasaskan nilai boleh berfungsi sebagai mekanisme tadbir urus tidak formal yang mempengaruhi tingkah laku korporat dan strategi kelestarian. Tanpa membentangkan dapatan empirikal, kajian ini mensintesis literatur multidisiplin yang merangkumi etika Islam, teori boikot pengguna, kerangka ESG dan aktivisme sosiopolitik bagi membangunkan pemahaman yang bersepadu tentang bagaimana gerakan kepenggunaan beretika membentuk tadbir urus korporat dan tindak balas strategik organisasi. Kerangka yang dicadangkan menghuraikan tiga dimensi yang saling berkaitan, iaitu: (1) peranan nilai etika Islam dalam membentuk motivasi boikot; (2) keupayaan aktivisme boikot untuk mendorong penyesuaian ESG dalam organisasi; dan (3) pengaruh moderasi konteks sosiopolitik negara. Dengan menghuraikan hubungan ini, kertas ini menyumbang kepada perkembangan wacana mengenai kepenggunaan beretika dalam masyarakat majoriti Muslim serta menawarkan pandangan yang praktikal kepada organisasi untuk menyelaraskan komitmen ESG dengan nilai pihak berkepentingan dan jangkaan masyarakat. Kesimpulannya membincangkan implikasi teori, dasar dan pengurusan, di samping mencadangkan hala tuju bagi pengesahan empirikal pada masa hadapan.

Kata kunci: *boikot, ESG, kelestarian, etika Islam, aktivisme pengguna, tadbir urus*

INTRODUCTION

Boycotts have long functioned as instruments of ethical resistance, enabling consumers to express moral opposition to perceived injustice through collective market abstention. Historically, such actions have transformed consumption into a form of civic participation, where every day purchasing decisions reflect broader commitments to social justice, political accountability, and ethical responsibility.

In Malaysia, boycotts of Israeli-affiliated products represent a sustained form of values-driven consumer activism. These movements are not merely political gestures but are deeply embedded in Islamic ethical principles such as justice (‘adl), trust (amanah), and collective welfare (maslahah). As such, consumption becomes a moral act through which religious identity, humanitarian solidarity, and economic agency converge.

Parallel to this development, Environmental, Social, and Governance (ESG) principles have become central to corporate sustainability and governance frameworks. In Malaysia, ESG adoption has been institutionalised through initiatives such as Bursa Malaysia's sustainability reporting requirements and the FTSE4Good Bursa Malaysia Index. While these frameworks aim to enhance transparency and accountability, they remain largely compliance-driven and institutionally oriented.

Despite their shared concern for ethical conduct and accountability, little scholarly attention has been given to how faith-based consumer activism interacts with corporate ESG practices, particularly within Muslim-majority contexts**.** Existing ESG models rarely account for religious moral reasoning, while boycott literature seldom conceptualises activism as a governance mechanism influencing corporate sustainability strategies.

Accordingly, this conceptual paper examines how Islamic ethical consumerism, manifested through boycott activism, operates as an informal governance mechanism influencing corporate ESG behaviour in Malaysia. Specifically, the study seeks to:

(i) explore boycott activism as an expression of Islamic ethical consumerism;

(ii) examine its interaction with corporate ESG responses; and

(iii) propose a conceptual framework incorporating the moderating role of Malaysia's socio-political context.

BACKGROUND OF THE STUDY

The integration of ethical values within consumer behaviour and corporate sustainability represents one of the most critical discourses in contemporary business ethics and governance. While Environmental, Social, and Governance (ESG) principles have become globally recognized frameworks for responsible business conduct, the rise of consumer-driven social movements such as boycotts reflects a parallel form of grassroots accountability that challenges and complements formal corporate governance systems. Despite their growing prevalence, the relationship between these two forces Islamic ethical boycotts and corporate ESG practices remains conceptually fragmented and empirically underexplored, particularly within Muslim-majority economies such as Malaysia.

Globally, the ESG movement has been championed as a mechanism for institutionalizing sustainability, ensuring that corporations internalize ethical, environmental, and social considerations into their operations (Eccles et al., 2012). However, ESG frameworks are largely top-down in nature driven by regulatory mandates, investor expectations, and disclosure requirements. This approach often prioritizes compliance and reporting over moral accountability and stakeholder engagement. Conversely, consumer boycotts emerge from the bottom-up: they are spontaneous, value-laden expressions of public discontent that demand ethical consistency and moral responsibility from businesses.

This disjunction creates a conceptual gap. ESG frameworks promote sustainability as a strategic obligation, whereas boycotts treat it as a moral imperative. The former operates within institutional boundaries; the latter transcends them. In contexts like Malaysia where religious and ethical worldviews are deeply embedded in social identity this divide becomes especially pronounced. Boycotts of Israeli products, for example, are motivated not by regulatory expectations but by Islamic principles of justice (*'adl*), trust (*amanah*), and communal well-being (*maslahah*). Yet, current ESG frameworks neither acknowledge nor operationalize such faith-driven moral dynamics, resulting in a lack of alignment between corporate sustainability reporting and the ethical values of key consumer groups.

Mainstream ESG literature often draws from secular, Western conceptions of ethics and governance. The principles of transparency, accountability, and stakeholder engagement are universally advocated, but they are seldom contextualized within religious moral frameworks. As a result, Islamic ethical perspectives rooted in *maqasid al-shariah* (the higher objectives of Islamic law) and emphasizing justice, compassion, and social balance are marginalized within global sustainability discourse (Dusuki & Abdullah, 2007).

This oversight limits the theoretical inclusivity of ESG scholarship. It neglects how Islamic values can shape both consumer behaviour and corporate responses to socio-political issues. In Malaysia, where Islam significantly informs moral reasoning, boycotts are not merely acts of economic protest but reflections of ethical accountability and religious identity (Brown, 2019). Yet, corporate ESG models have not evolved to incorporate these moral dimensions. This theoretical omission perpetuates a governance blind spot: corporations may achieve high ESG ratings while remaining disconnected from the ethical sentiments of their Muslim consumers.

Moreover, while literature on consumer boycotts has examined their political and economic consequences (Klein, Smith & John, 2004), little research has considered their governance implications specifically, how such activism can function as an informal regulatory mechanism influencing corporate ESG behaviour. Boycotts compel corporations to reconcile their sustainability claims with their ethical conduct, particularly in supply-chain sourcing, brand associations, and social accountability. Understanding this relationship requires a paradigm shift from viewing boycotts as disruptive market forces to recognizing them as moral feedback systems within the broader ESG ecosystem.

Malaysia provides an ideal context for examining this intersection due to its distinctive blend of Islamic moral values, active civil society, and evolving ESG landscape. The government has institutionalized ESG practices through initiatives such as the *Bursa Malaysia Sustainability Reporting Guide* and *FTSE4Good Bursa Malaysia Index*, which encourage companies to demonstrate their environmental and social commitments (Securities Commission Malaysia, 2021). Simultaneously, public sentiment in Malaysia has been deeply influenced by global humanitarian crises, leading to recurring boycotts of Israeli-linked products and companies perceived as complicit in injustices against Palestinians.

However, the coexistence of these two dynamics formal ESG structures and informal ethical activism has not yet been conceptually reconciled. While corporations are expected to adhere to sustainability standards, they also face rising moral expectations from Muslim consumers whose purchasing choices are guided by Islamic ethics. This dual accountability generates strategic ambiguity: companies often respond to boycotts with symbolic gestures, selective communication, or silence to balance market interests with political sensitivities. Such inconsistency reveals a governance gap in ESG implementation where ethical activism from consumers is not recognized as a legitimate stakeholder force, and ESG ratings fail to capture moral responsiveness to socio-religious issues.

This conceptual misalignment has tangible implications for businesses, regulators, and policymakers. From a corporate perspective, the absence of a coherent framework linking boycott activism and ESG strategy results in reactive, ad hoc responses that can harm brand reputation, investor confidence, and consumer trust. Companies lack structured guidance on how to ethically navigate socio-political issues without compromising neutrality or alienating stakeholders. From a policy standpoint, existing ESG guidelines focus heavily on environmental and economic dimensions, with limited emphasis on socio-religious ethics or cultural contextualization. This leaves a regulatory vacuum in addressing faith-driven consumer expectations within sustainability reporting and governance mechanisms.

For consumers, particularly those influenced by Islamic values, the current state of ESG disclosure provides little assurance that corporations truly embody the ethical commitments they profess. This disconnects risks eroding public confidence in both corporate governance and sustainability frameworks. Furthermore, it raises a broader philosophical question: can ESG truly claim universality if it remains disconnected from the moral vocabularies of the societies it aims to serve?

The core problem addressed by this paper is therefore the that explains how Islamic ethical consumerism manifested through boycott activism interacts with corporate ESG strategies within a Muslim-majority socio-political context. Existing ESG models insufficiently account for grassroots ethical movements that challenge corporate legitimacy, while boycott literature rarely considers how such activism shapes or reinforces sustainability governance. This conceptual gap limits both academic understanding and practical application of ESG principles in culturally embedded markets like Malaysia. Accordingly, this study seeks to bridge that gap by advancing a conceptual model that situates boycotts as informal governance mechanisms capable of influencing corporate ESG performance. The model draws on insights from Islamic ethics, stakeholder theory, and social movement literature to explore how ethical consumer activism can reconfigure corporate accountability and value creation in line with societal and religious expectations.

LITERATURE REVIEW

Boycotts and Ethical Consumer Activism

Boycotts are among the oldest and most visible forms of consumer activism, representing collective efforts to influence corporate or political behaviour through market abstention (Friedman, 1999). They serve as moral and economic tools by which consumers express disapproval of perceived unethical practices, such as labour exploitation, environmental harm, or political oppression (Sen, Gürhan-Canli & Morwitz, 2001). According to Klein, Smith, and John (2004), boycotts operate as mechanisms of moral protest allowing consumers to reconcile their personal values with market behaviour.

Modern boycotts increasingly link consumption with identity and social justice (John & Klein, 2003). As globalization intensifies supply-chain interdependence, ethical consumption has emerged as a form of civic engagement, where every day purchasing decisions become extensions of ethical or political values (Harrison, Newholm & Shaw, 2005). Boycotts of Israeli products, for instance, have been sustained by transnational solidarity networks advocating for Palestinian rights, transforming market spaces into arenas of political expression (Brown, 2019).

In Malaysia, boycotts have evolved beyond transient political reactions into organized ethical campaigns. These movements are deeply influenced by Islamic teachings on justice (*'adl*), fairness (*ihsan*), and social welfare (*maslahah*), reflecting how faith-based moral reasoning shapes economic behaviour (Abdul & Ibrahim, 2018). The Malaysian context thus presents a distinctive case of ethical consumerism rooted in religious and humanitarian consciousness.

ESG Principles and Corporate Sustainability

The Environmental, Social, and Governance (ESG) framework has emerged as the global benchmark for corporate responsibility and sustainable investment. Initially developed within the socially responsible investment (SRI) movement, ESG integrates ethical considerations into strategic and financial decision-making (Eccles, Ioannou & Serafeim, 2012). ESG indicators extend beyond profit metrics, encompassing environmental performance, social impact, and governance integrity (Clark, Feiner & Viehs, 2015).

Globally, ESG adoption has been reinforced by investors' demands for long-term sustainability assurance, regulatory enforcement, and public accountability (Kotsantonis, Pinney & Serafeim, 2016). In Malaysia, Bursa Malaysia and the Securities Commission have institutionalized ESG reporting through mandatory sustainability disclosures and the *FTSE4Good Bursa Malaysia Index*, signalling a national commitment to responsible corporate governance (Securities Commission Malaysia, 2021).

However, critics argue that ESG remains largely technocratic, emphasizing data disclosure and compliance rather than moral accountability (Christensen, Hail & Leuz, 2021). While ESG frameworks provide structured evaluation metrics, they often fail to capture context-specific ethical expectations, particularly those shaped by religion, culture, and socio-political dynamics (Jamali, 2019). This limitation is particularly evident in Muslim-majority contexts where Islamic ethics play a central role in defining legitimacy and moral accountability.

Islamic Ethical Consumerism

Islamic ethical consumerism is grounded in the principles of *maqasid al-shariah* the higher objectives of Islamic law which promote justice (*'adl*), trust (*amanah*), and public welfare (*maslahah*) as foundational economic values (Dusuki & Abdullah, 2007). In this worldview, consumption is not merely an economic act but a reflection of moral integrity and social responsibility (Ahmad, 2010).

Consumers in Muslim societies are guided by ethical obligations that link personal choices to communal well-being and divine accountability (Rice, 1999). Studies have shown that Islamic consumers are more likely to engage in ethical activism, such as boycotts, when corporate behaviour conflicts with religious or moral norms (Alam & Mohd, 2011). Boycotts against Israeli products in Malaysia, therefore, are not just political responses but expressions of faith-based moral solidarity aligned with Islamic teachings on justice and compassion (Abd Rahman et al., 2020).

According to verse An-Nisa (4:75):
"And what is it with you? You do not fight in the cause of Allah and for oppressed men, women, and children who cry out, "Our Lord! Deliver us from this land of oppressors! Appoint for us a saviour; appoint for us a helper all by Your grace."

Based on Ibn Kathir's Tafsir, Allah encourages His believing servants to strive in His cause and to make efforts to save the weak and oppressed who remain in Makkah among them men, women, and children who are forced to stay there without any other choice. Hence, this surah provides spiritual and moral legitimacy for Muslims supporting Palestinian rights through peaceful activism like boycotts. Other than that, the Qur'anic emphasis on justice and protection of the oppressed further legitimizes boycott activism. Verse An-Nisa (4:75) urges believers to strive for the liberation of the weak and oppressed, framing collective action as a divine obligation. Classical interpretations, such as those of Ibn Kathir, support this view by linking social justice to moral duty, reinforcing the religious legitimacy of peaceful activism, including boycotts.

Despite these dynamics, the intersection between Islamic ethics and corporate ESG responses remains underdeveloped in current literature. While Islamic finance scholars have established frameworks for *Shariah-compliant investment*, equivalent integration between Islamic moral principles and corporate sustainability reporting has yet to materialize (Haniffa & Hudaib, 2007). This gap underscores the need for an integrated framework that harmonizes ESG governance with Islamic ethical expectations.

Boycotts inherently engage with the "Social" and "Governance" dimensions of ESG by challenging corporate practices related to human rights, stakeholder engagement, and ethical transparency (O'Rourke, 2018). However, existing research rarely conceptualizes boycotts as a *governance mechanism* that is, as informal societal checks on corporate behaviour that complement formal ESG regulation (McDonnell, King & Soule, 2015).

Corporations facing boycott pressures often adopt reactive strategies such as public statements, CSR initiatives, or brand repositioning to mitigate reputational risk (King & McDonnell, 2015). Yet, these responses are inconsistent and largely symbolic, revealing a gap between corporate ESG commitments and stakeholder expectations. This disconnect is particularly pronounced in Muslim-majority markets, where religiously motivated activism adds a moral dimension absent from conventional ESG analysis.

Thus, the theoretical gap lies in understanding how faith-based consumer activism such as Islamic boycotts functions as a catalyst for corporate ESG adaptation. Integrating these domains could broaden ESG theory, embedding moral accountability as a core dimension of sustainability governance rather than a peripheral concern.

Table 1: Systematic Literature Review (Sri Wahyu et.al 2025)

Author(s) / Year	Focus of Study	Methodology	Key Findings / Contribution	Relevance to Current Study
Friedman (1999)	Political consumerism and boycotts as moral protest	Conceptual	Boycotts reflect moral resistance to unethical corporate or state behaviour	Establishes the moral function of boycotts

Author(s) / Year	Focus of Study	Methodology	Key Findings / Contribution	Relevance to Current Study
Klein, Smith & John (2004)	Motivations for consumer boycotts	Quantitative (US sample)	Boycotts driven by moral, social, and identity factors	Frames boycott as ethical consumer action
Eccles, Ioannou & Serafeim (2012)	ESG and corporate sustainability	Empirical (panel data)	ESG improves transparency and long-term value	Provides theoretical ESG foundation
Dusuki & Abdullah (2007)	Islamic ethical framework for business	Conceptual	Introduces *maqasid al-shariah* for ethical accountability	Anchors Islamic ethical dimension
Haniffa & Hudaib (2007)	Islamic corporate reporting	Theoretical	Islamic ethics influences corporate legitimacy	Connects faith-based ethics with governance
Brown (2019)	Political consumerism in Islamic societies	Qualitative	Boycotts express collective religious identity	Contextualizes Malaysian-Islamic activism
McDonnell, King & Soule (2015)	Social movements and corporate responses	Mixed methods	Activism can shape governance practices	Supports boycott as informal ESG mechanism
O'Rourke (2018)	Corporate responsibility and social accountability	Literature review	Stakeholder activism reshapes ESG dimensions	Links activism with ESG transformation
Abd Rahman et al. (2020)	Islamic consumer ethics in Malaysia	Survey	Islamic ethics influence boycott participation	Provides empirical link to current context
Christensen, Hail & Leuz (2021)	Critique of ESG reporting	Conceptual	ESG lacks moral depth and contextual sensitivity	Highlights ESG's philosophical limitations

RESEARCH METHODOLOGY

This study adopts a conceptual and qualitative research design aimed at developing a theoretical framework that links Islamic ethical consumerism, boycott activism, and corporate ESG practices within the Malaysian socio-political context. Rather than relying on primary empirical data, the paper employs Systematic Literature Review (SLR) and Conceptual Synthesis Analysis (CSA) methodologies to integrate insights from multiple academic domains namely, Islamic ethics, consumer activism, corporate governance, and sustainability studies.

Conceptual research is particularly suitable when addressing emerging or under-theorized phenomena (Jaakkola, 2020). It allows scholars to build theoretical linkages among constructs that have not yet been empirically examined, enabling the formulation of propositions that guide future empirical inquiry (MacInnis, 2011). In this study, the aim is to synthesize fragmented bodies of knowledge into a coherent explanatory model demonstrating how boycott activism rooted in Islamic ethical principles acts as an informal governance mechanism influencing corporate ESG adaptation.

Systematic Literature Review (SLR) Procedure

A Systematic Literature Review (SLR) was conducted following guidelines from Tranfield, Denyer, and Smart (2003) and Snyder (2019). The purpose of this review was to identify, evaluate, and integrate peer-reviewed studies relevant to the conceptual constructs of (1) boycotts and consumer activism, (2) Islamic ethical consumerism, and (3) ESG and corporate sustainability governance. The procedures are :

i. Database searches were conducted in Scopus, Web of Science, Emerald Insight, and ScienceDirect, using a combination of Boolean search strings such as:
ii. “boycott” OR “consumer activism” OR “ethical consumerism” AND “ESG” OR “sustainability” OR “corporate governance” AND “Islamic ethics” OR “Shariah ethics” OR “faith-based consumption”

The inclusion period was **2000–2024**, reflecting the evolution of ESG discourse and the emergence of ethical consumer movements in the digital economy era.

iii. Articles were included if they:
   - were published in peer-reviewed journals indexed by Scopus or Web of Science;
   - discussed consumer activism, Islamic ethics, or ESG practices conceptually or empirically;
   - provided theoretical insights applicable to governance, ethics, or sustainability.

Exclusions applied to non-peer-reviewed articles, news commentaries, or purely financial ESG rating analyses without ethical dimensions.

iv. Following PRISMA-inspired procedures (Moher et al., 2009), titles, abstracts, and keywords were screened. From an initial pool of 412 articles, 62 studies met the inclusion criteria, and 27 were selected for in-depth analysis based on conceptual richness and relevance. Quality assessment criteria included theoretical depth, citation impact, and methodological clarity.

v. An inductive thematic synthesis (Thomas & Harden, 2008) was performed to identify recurring concepts and causal relationships among boycott activism, Islamic ethical values, and ESG practices. Coding was performed manually and verified using *NVivo* to ensure consistency in thematic grouping. Four dominant themes emerged:

1. Moral and Religious Motivations for Boycotts (Klein et al., 2004; Brown, 2019)
2. Islamic Ethical Framework and Consumption Behaviour (Dusuki & Abdullah, 2007; Haniffa & Hudaib, 2007)
3. Corporate ESG Accountability and Stakeholder Pressure (Eccles et al., 2012; Jamali, 2019)
4. Activism as Informal Governance Mechanism (McDonnell, King & Soule, 2015; O’Rourke, 2018).

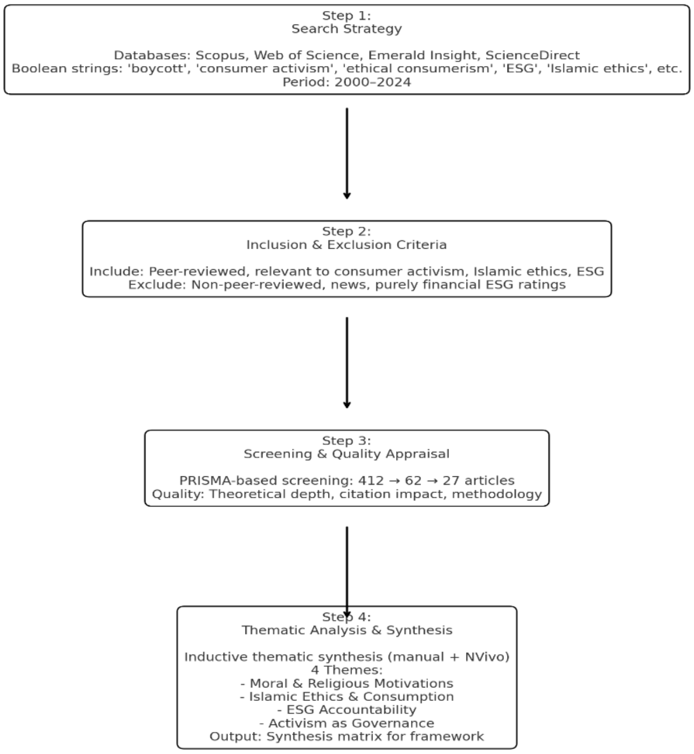

Figure 1 : SLR Diagram on Boycotts as Ethical Action: Islamic Consumerism and Its Influence on ESG in Malaysia

FINDINGS

Conceptual Synthesis and Theoretical Integration

Following the SLR, the study employed Conceptual Synthesis Analysis (CSA) (Torraco, 2016) to merge the identified constructs into a unified theoretical perspective. The integration process involved three analytical stages:

1. Concept Mapping: Each key construct such as Islamic ethics, boycott activism, and ESG governance was mapped to identify its theoretical antecedents and conceptual overlaps.
2. Relational Linking: Potential causal and moderating relationships were explored, particularly focusing on how *Islamic ethics* drive *boycott behaviour*, which in turn influences *corporate ESG responses*, moderated by *national socio-political context*.
3. Framework Formulation: The relational model was refined to reflect bidirectional influence corporate ESG responses not only react to boycotts but also shape consumer trust and future activism.

This approach ensures conceptual coherence and provides a foundation for future hypothesis-driven empirical research.

Conceptual Framework

The conceptual framework proposed in this paper positions Islamic ethical consumerism manifested through boycott activism as an informal governance mechanism that influences corporate ESG (Environmental, Social, and Governance) behaviour in Malaysia. The framework builds upon the premise that consumer activism, when grounded in religious and ethical values, can complement formal ESG systems by reinforcing moral accountability and stakeholder trust (McDonnell, King & Soule, 2015; Dusuki & Abdullah, 2007).

At its core, the model postulates a value-driven governance cycle: Islamic ethics inspire consumer boycotts → boycotts exert moral pressure on corporations → corporations respond through ESG adjustments → these responses reshape consumer perceptions and societal legitimacy → reinforcing ethical alignment within the socio-political environment.

Conceptual Foundation

Islamic Ethical Values as Foundational Drivers

Islamic ethics provide the normative basis for economic and social conduct, guiding not only personal morality but also business accountability (Haniffa & Hudaib, 2007). Central principles such as *'adl* (justice), *amanah* (trust), and *maslahah* (public welfare) establish a moral compass that defines ethical consumption and corporate responsibility. From this perspective, Islamic ethical consumerism extends beyond avoiding prohibited (*haram*) goods to encompass moral solidarity, environmental consciousness, and humanitarian justice (Abdul & Ibrahim, 2018).

When corporations or nations are perceived as violating these ethical principles such as through complicity in human rights abuses or environmental degradation Muslim consumers may engage in boycott activism as a form of moral protest. These actions symbolize the operationalization of *maqasid al-shariah* in everyday economic life, transforming consumption into a form of ethical accountability.

Boycott Activism as Informal Governance Mechanism

Boycotts function as informal governance systems by imposing reputational and moral sanctions on corporations that deviate from ethical expectations (King & McDonnell, 2015). Unlike formal regulatory mechanisms, boycotts derive legitimacy from collective moral authority and social pressure. They thus operate as non-institutional yet highly effective accountability instruments that can influence corporate conduct, disclosure, and stakeholder communication.

In the context of Malaysia, boycotts of Israeli-linked products reflect a blend of ethical, religious, and political motivations, serving as both moral protest and identity assertion (Brown, 2019). These movements signal to corporations that public legitimacy is contingent upon moral alignment with community values, compelling firms to recalibrate their ESG strategies in response.

Corporate ESG Response and Moral Adaptation

Corporations under boycott pressure often adopt visible ESG adaptation strategies, such as enhancing sustainability reporting, revising supply-chain policies, or issuing public ethical statements (Eccles et al., 2012). However, the authenticity of these responses varies. Some firms engage in symbolic compliance issuing superficial CSR statements to manage public perception while others undertake substantive adaptation, embedding ethical principles into governance and operational systems (Jamali, 2019).

In Malaysia, where Islamic moral norms inform consumer and policy environments, corporations that integrate religiously resonant ESG values such as fairness, welfare, and stewardship are more likely to sustain legitimacy and long-term trust. Thus, boycott-driven ESG adaptation reflects not only risk management but also the evolution of moral corporate governance.

Socio-Political Context as Moderating Effect

The effectiveness of boycott activism and ESG transformation is contingent upon the broader socio-political context. National ideology, media freedom, religious discourse, and governmental positioning all moderate the intensity and impact of boycott movements (O'Rourke, 2018). In Malaysia, where Islam functions as both a moral and political reference point, state narratives can either amplify or suppress boycott momentum.

Moreover, national ESG policy frameworks such as Bursa Malaysia's sustainability guidelines and the *FTSE4Good Index* shape how corporations interpret and respond to consumer activism. Societies with strong moral governance structures tend to institutionalize ethical consumer pressures into corporate accountability frameworks, leading to long-term convergence between activism and policy.

Governance Outcomes and Value Alignment

Ultimately, the interplay between Islamic ethical boycotts, ESG adaptation, and socio-political context produces distinct governance outcomes. When corporations internalize ethical feedback from boycott movements, they move closer to achieving integrated moral governance a state where economic performance, social justice, and religious ethics coexist within corporate decision-making.

This alignment enhances corporate legitimacy, stakeholder loyalty, and societal trust, embedding ESG not merely as a reporting mechanism but as a living ethical practice (Christensen, Hail & Leuz, 2021). Conversely, when corporate responses remain symbolic, the dissonance between moral expectation and corporate conduct deepens, perpetuating distrust and reinforcing boycott cycles.

Discussion on conceptual framework

The proposed framework reconceptualises boycott activism as an informal governance mechanism that complements formal ESG structures. Unlike traditional ESG models, which are predominantly shaped by regulatory compliance and investor expectations, this framework foregrounds moral agency and faith-based accountability as sources of governance influence.

By positioning Islamic ethical consumerism as a driver of boycott activism, the model extends stakeholder theory by recognising religious morality and collective ethical judgment as legitimate governance forces. In this sense, boycotts function as moral audits that evaluate the congruence between corporate ESG claims and ethical conduct, particularly in relation to human rights and social responsibility.

This perspective advances boycott literature by reframing activism not merely as market disruption but as a sustained form of societal oversight capable of shaping corporate legitimacy and sustainability orientation.

Bridging Islamic Ethics and Corporate Sustainability

The framework further bridges Islamic business ethics and corporate sustainability by extending Islamic moral principles from individual consumption to institutional governance. Values such as 'adl (justice), amanah (trustworthiness), and maslahah (public welfare) are positioned as normative anchors that can inform ESG implementation beyond technical disclosure requirements.

By embedding these values within sustainability governance, the study advances a culturally contextualised ESG model aligned with broader global sustainability objectives, including responsible consumption and strong institutions. This integration demonstrates how faith-based ethics can enrich ESG discourse by grounding sustainability in moral legitimacy rather than procedural compliance alone.

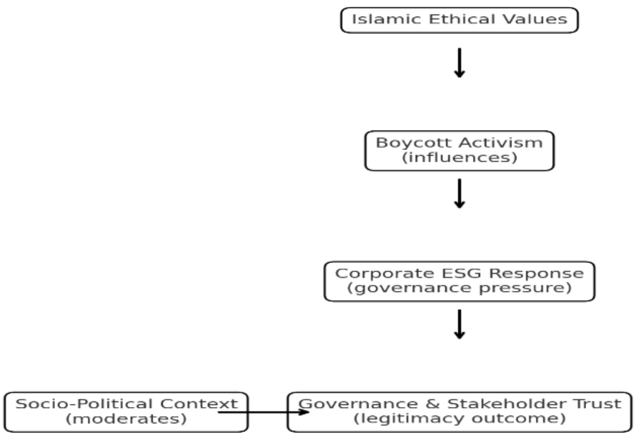

Figure 2 : Islamic Ethics and Corporate Sustainability

Table 2 : Summarize of the conceptual framework gees

Contribution Domain	Key Insights
Theoretical	Introduces a moral governance model integrating Islamic ethics, boycott activism, and ESG; reframes consumer activism as informal corporate governance.
Managerial	Encourages corporations to internalize faith-based ethics in ESG implementation and stakeholder communication to build authentic legitimacy.
Policy	Advocates for localized ESG frameworks incorporating religious and ethical sensitivity; aligns with Malaysia's sustainable and value-based development agenda.
Societal	Positions Muslim consumers as active co-governors in sustainability, promoting justice-oriented markets and ethical globalization.

CONCLUSION

This conceptual study examined the intersection of Islamic ethical consumerism, boycott activism, and corporate ESG practices within the Malaysian context. Guided by the study's objectives, the paper demonstrated how boycott movements, particularly those targeting Israeli-linked products, function as expressions of Islamic moral accountability grounded in justice, trust, and public welfare.

Through a systematic review and conceptual synthesis, the study proposed a framework in which Islamic ethical values drive boycott activism, which in turn exerts informal governance pressure on corporations, influencing ESG adaptation and stakeholder legitimacy. The framework also highlighted the moderating role of socio-political context in shaping both corporate responses and the effectiveness of ethical consumer activism.

Overall, the study reinforces the view that boycotts should be understood not merely as economic disruptions but as value-driven governance mechanisms that complement formal ESG systems. By situating ESG within a culturally and religiously embedded moral framework, the paper contributes to a more inclusive understanding of sustainability governance in Muslim-majority societies such as Malaysia.

Theoretical Contributions

1. Conceptual Integration: The paper advances ESG theory by positioning boycott activism as a moral governance mechanism and integrating Islamic ethics into sustainability governance.
2. Cultural Contextualization: It expands ethical consumerism literature by contextualizing it within Malaysia's Islamic moral economy.

3. Governance Paradigm Shift: It proposes a dynamic governance model that blends institutional ESG structures with bottom-up moral enforcement through ethical activism.

Practical and Policy Contributions

1. Corporate Strategy: Provides corporations with a model to anticipate, interpret, and ethically respond to boycott-driven stakeholder pressures.
2. Policy Enhancement: Suggests integration of ethical and faith-based dimensions into Malaysia's ESG disclosure frameworks and sustainability reporting.
3. Societal Engagement: Encourages dialogue between regulators, civil society, and corporations to promote shared moral governance in line with Malaysia's Value-Based Intermediation (VBI) and SDG 16 commitments.

Future Research Directions

As this study is conceptual, several promising empirical pathways remain open. In-depth case studies of Malaysian or regional corporations subject to boycott campaigns (e.g., food, finance, or retail sectors) could explore how firms navigate ethical and governance challenges in practice.

Next, comparative studies between Muslim-majority and non-Muslim contexts could evaluate how cultural and religious ethics mediate corporate ESG responsiveness. Finally, examination of national ESG frameworks and their alignment with maqasid al-shariah objectives could provide guidance for Malaysia's evolving sustainable governance architecture.

APPRECIATION

This article is part of the research conducted under the 2024 Research Grant Scheme, funded by the Research Management and Innovation Centre (RIMC), Universiti Islam Selangor (UIS).

CONFLICT OF INTEREST

The authors declare no conflict of interest.

AUTHOR CONTRIBUTIONS

Author 1: Conceived the study, developed the theoretical framework, conducted data analysis, and prepared the manuscript.

Author 2: Collected the research data, conducted the literature review, and revised the manuscript.

Author 3: Supervised the research, provided academic guidance and critically reviewed the manuscript.

DATA AVAILABILITY STATEMENT

The original contributions presented in this study are included in this article and its supplementary materials. Further inquiries may be directed to the corresponding author. The data supporting the findings of this study are available from the corresponding author upon reasonable request

ETHICS STATEMENT

This study involved voluntary participation by expert informants. All participants provided informed consent prior to their involvement in the study, and their identities have been kept confidential. The research was conducted in accordance with established ethical principles for research involving human participants. Formal ethical approval was not required in accordance with the institutional research policy

STATEMENT ON THE USE OF ARTIFICIAL INTELLIGENCE (AI)

Artificial intelligence (AI) tools were used solely to assist with language refinement, grammar checking, and improving the clarity of the manuscript. All conceptual development, data collection, data analysis, interpretation of findings, and intellectual contributions were undertaken entirely by the authors. The authors reviewed and approved all AI-assisted outputs and accept full responsibility for the content of this manuscript.

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