
Sustainable Stock Investing: An Exploration of Millennials and Zoomer Investment Behavior and Intentions in ESG Based Corporate Stock Funds and Indexes

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Abstract: This study investigates the drivers of ESG-based investment intentions among Millennials and Gen Z in Indonesia. By extending the Theory of Planned Behavior (TPB) to incorporate financial and pro-social dimensions, the research examines a comprehensive set of antecedents, including subjective norms, environmental knowledge, financial literacy, and perceived risk. Adopting a quantitative explanatory design, data were gathered from young investors across major urban centers, including Jakarta, Bandung, Surabaya, and Denpasar. The conceptual model was empirically tested using Partial Least Squares-Structural Equation Modeling (PLS-SEM), chosen for its robust predictive capabilities with complex latent constructs. The findings demonstrate that Subjective Norms, Pro-Social Attitudes, and Perceived Financial Risk are significant predictors of ESG investment intention, which subsequently exerts a strong influence on actual investment behavior. Interestingly, traditional TPB components such as Attitude and Perceived Behavioral Control, along with Financial Literacy and Environmental Knowledge, did not yield significant effects. These results highlight that for Indonesian youth, social influence and ethical values outweigh technical expertise when navigating sustainable investment decisions.

Keywords: ESG Investment, theory of planned behavior, Millennials and Gen Z, pro-social attitude, investment behavior, PLS-SEM.

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INTRODUCTION

Several years ago, the global COVID-19 outbreak and its devastating economic consequences caused a public outcry about social, environmental, and economic sustainability. Public focus has shifted to the importance of an intact natural environment and a resource-efficient economy (Jonwall, Gupta, & Pahuja, 2023). This has triggered a shift in people's views and principles so that behavior in financial and capital investment has also



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shifted in relation to this new perception (Mehta, Singh, Mittal, & Singla, 2022). This has created a stronger demand from investors and potential investors for socially responsible investing than ever before, and given rise to a new intention to embrace an environmentally friendly economic concept.

The concept of a green economy, it is an economic concept that is currently being developed by various countries worldwide to ensure that economic activities care about the surrounding environment (Faizi, Kusuma, & Widodo, 2024). This is due to the challenges and threats of climate change in the future (Hussain, Ahmad, Ullah, Rehman, & Shahzad, 2024). In addition to its impact on the environment, climate change also affects the global economy, including a projected loss of 1.0–3.3% in global annual Gross Domestic Product (GDP) (Mumtaz & Alessandri, 2021) losses due to rising sea levels, with the greatest negative consequences in production variables such as manpower productivity and land efficiency (Dellink, Lanzi, & Chateau, 2019).

To implement the green economy idea, one can invest in environmentally friendly technologies and companies that practice good governance while recognizing social and environmental impacts. Investing in stocks that integrate Environmental, Social, and Governance (ESG) aspects is also an investment instrument that investors can use to implement green investing, which is one way to implement the green economy concept (Hemdan & Zhang, 2025). Socially responsible investing, also referred to as “an investment discipline that considers environmental, social, and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive social impact (Jonwall et al., 2023). ESG-based investment funds also invest in companies or industries committed to positive environmental, social, and governance practices. The implementation of SRI demand can be a powerful catalyst for climate change (Folqué, Escrig-Olmedo, & Corzo Santamaría, 2021). The investment of money in climate action-focused companies can help usher back in a more sustainable future and achieve SDG 13 (United Nations, 2015).

In Indonesia, ESG standards for stocks on the Indonesia Stock Exchange (IDX) began with the launch of the SRI-KEHATI (Socially Responsive Investment – Indonesian Biodiversity) index in 2009, in collaboration with the KEHATI Foundation. This index represents 25 issuers that meet ESG criteria. In addition to SRI-KEHATI, the IDX also launched three additional ESG indices: the IDX ESG Leaders index in 2014, the IDX KEHATI ESG Sector Leaders index, and the IDX KEHATI ESG Questionnaire.

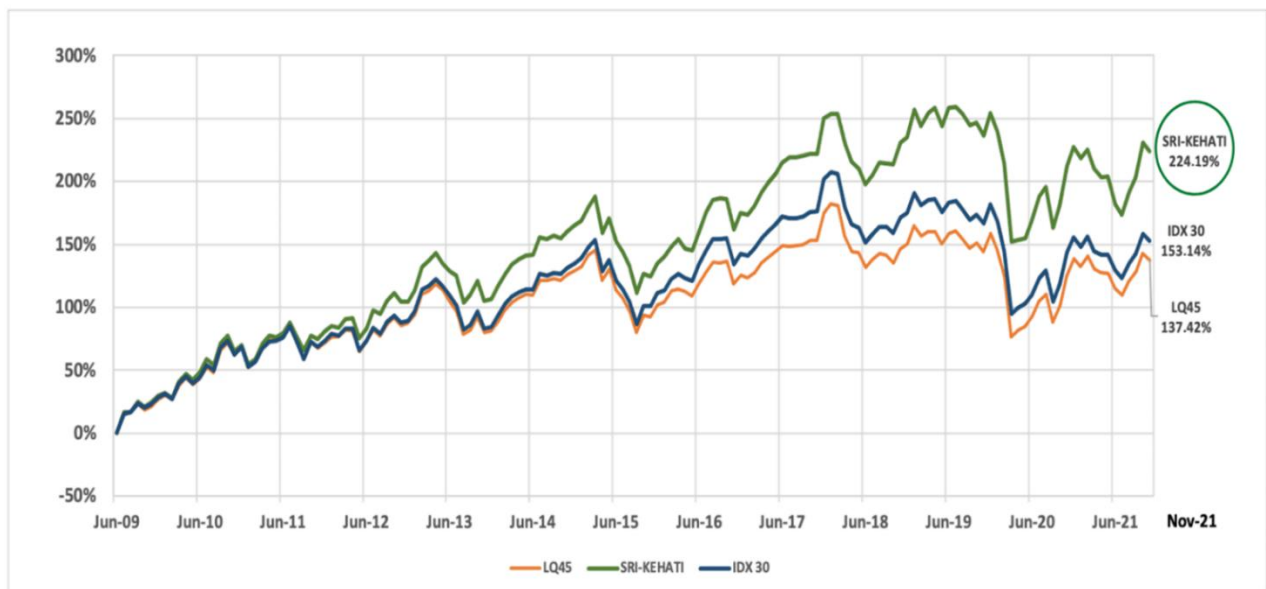




Figure 1: Performance of the SRI-KEHATI, IDX30 and LQ45 Indexes

Source: SRI-KEHATI, 2021.

Since its inception, the SRI-KEHATI index has demonstrated outstanding performance and has experienced remarkable growth, as shown in Figure 1, where the shares in the SRI-KEHATI index have experienced a greater increase compared to the shares in the IDX 30 and LQ45 indices. This indicates that investors have a positive response to the shares in the SRI-KEHATI index. ESG components, particularly those related to environmental concerns, are now a part of investor analysis. In contrast to other countries, Indonesian capital market issuers are still less forthcoming about implementing the principles of ESG, with disclosure rates below 50%. This implies that ESG-based investment must be raised. Therefore, the role of young people in Indonesia must be more open to green investment and the concept of investors with sustainability principles. Several global studies show that investment volume in sustainable assets has increased by 55% globally since 2016, and a study by Bloomberg (2021) shows that this trend is sure to continue, reaching a value of over \$53 trillion by 2025. In addition, Global Sustainable Investment Alliance (2021) reports that retail investors have seen strong growth, now accounting for more than a quarter of total sustainable investment assets. A study by Oxford Risk found that 50% of retail investors plan to shift the majority of their investments to ESG funds by 2022 (Harrison, 2022). Therefore, retail investors are the driving force behind the growth of ESG funds, and their importance is likely to increase in the future (Albitar, Hussainey, Kolade, & Gerged, 2020; Liu, Wu, & Zhou, 2022; Ting, Azizan, Bhaskaran, & Sukumaran, 2020). In light of this, it has been suggested that companies and asset management firms should focus on the needs of retail investors, securing their future attraction and retention, and prioritizing ESG aspects in their operations (Bui & Krajcsák, 2024). To achieve Net Zero Emissions in Indonesia by 2060, an investment of IDR 77,000 trillion is required. An evaluation conducted by the Ministry of National Development Planning Indonesia revealed that the government's low-carbon development investment requirement for 2018–2020 was IDR 72.2 trillion, but only IDR 25 trillion to IDR 34 trillion has been achieved. This means that sustainable investment has only been implemented at 8–11% in Indonesia.

The growth and development of ethical investment in Indonesia are increasingly in demand by investors. This can be seen from the increasing number of ethical-based stock indexes and the market capitalization value of shares in each of these indexes (Mubarok, 2022). The growth and development of ethical investment in Indonesia are increasingly in demand by investors. This can be seen from the increasing number of ethical-based stock indexes and the market capitalization value of shares in each of these indexes (Rafik & Lantara, 2016).

The Indonesian stock market is dominated by local investors from Generation Z, which accounts for around 80% (Supriyatna & Djailani, 2022). Over 80 percent of all stock investors, millennials, and Gen Z have

assets worth Rp144.07 trillion, according to data from the Indonesian Central Securities Depository (KSEI). Millennials are more interested in sustainable investments with positive social and environmental impacts, according to the Chairman of the OJK Board of Commissioners. They also invest an average of 41% of their portfolios in sustainable investments. Millennials and Zoomers are people born between 1985 and 2012. They generally learn about financial products through their mobile phones, but most have not yet directly engaged with financial products or investments offered face-to-face by financial and banking institutions. Investing at a young age offers many benefits, including gaining financial security in the future because assets tend to increase in value over time.

Millennials and Zoomers are believed to be the most racially and ethnically diverse generations (Hawkins, Versace, & Absy, 2022). Boomers and Millennials highly value social issues and actively participate in volunteer activities that focus on the environment and community (Casalegno, Candelo, & Santoro, 2022). Due to their upbringing in a world filled with uncertainty, complexity, and mystery, they are more likely to be highly sensitive to environmental issues. Compared to past generations, they are now more focused on sustainability and stewardship (Casalegno et al., 2022). In addition, they are acutely aware of environmental concerns, which has led to a healthy level of distrust towards corporations and an increasingly self-critical attitude toward resolving such issues (Krahn & Galambos, 2014). Most Millennials and Zoomers exhibit environmentally conscious purchasing behavior, considering the corporate social responsibility (CSR) components of the companies in which they engage (Casalegno et al., 2022). Their digital heritage, which includes childhood exposure to mobile technology and social media as societal norms, influences their financial advice. They tend to seek financial and investment advice on social media and from friends and online influencers (Hawkins et al., 2022). Additionally, Millennials and Zoomers are considered less risk-averse than other generations and have the ability to collect and compare diverse knowledge while integrating virtual and offline experiences (Francis & Hoefel, 2018). Their unique attributes significantly influence their green investment behavior and intentions, as well as their investment character in highly valued ESG funds (Shanmugasundaram & Balakrishnan, 2010).

This study aims to clearly examine which psychological, financial, and pro-social factors significantly influence ESG-based investment intentions among young investors, whether the core constructs of the Theory of Planned Behavior remain robust when extended with financial and sustainability-related variables, and the extent to which ESG investment intentions translate into actual investment behavior. This is due to the rapid growth of ESG investment instruments in Indonesia and the dominance of Millennials and Generation Z in the domestic capital market. Therefore, this study seeks to strengthen the theoretical foundations and practical understanding of sustainable investment decision-making in emerging markets while providing a comprehensive empirical analysis of the major factors influencing ESG investment intentions and behavior among Millennials and Generation Z in Indonesia.

LITERATURE REVIEW

Environment, Social, Governance (ESG) is a standard for companies in running their businesses and investments, which consists of three criteria, namely environment, social, and corporate governance (Aksoy, Buoye, Fors, Keiningham, & Rosengren, 2022). The development of the ESG concept itself is an initiative to realize sustainable economic development (Dicuonzo, Donofrio, Ranaldo, & Dell'Atti, 2022). The significance of ESG in industries and companies lies in its ability to affect not only the economy but also society and the environment. Furthermore, companies that implement ESG concepts are also relatively more resilient during crises or are vulnerable to the ever-changing dynamics of global finance, embracing the ideals of sustainable development (Peter, 2024). The implementation of ESG has three criteria related to the sustainability and continuity of the company in its existence (Treepongkaruna & Suttipun, 2026). The ESG criteria are: a company can operate in an environmentally friendly manner according to environmental standards. Among the initiatives undertaken by businesses that promote sustainability are waste management to avoid pollution, environmentally friendly energy use, and engaging in natural resource conservation. Social aspects include the company's relationship with external parties, both directly and indirectly, such as the public, communities, buyers, the media, and other entities. Some examples of the application of social criteria include providing a

safe and healthy work environment for company employees, collaborating with partners who also implement ESG practices, and participating in building the community around the company. The formation of labor unions that bridge direct communication between workers and management to discuss workers' social issues. The third criterion discusses the actions taken by the company's owners and management, as well as how to implement good and sustainable internal management. Company policies and standards, culture, information, audit processes, and compliance are some of the elements considered in this criterion. These criteria could include applying accounting standards, allowing shareholders to vote, and keeping the business free from illegal activities.

As socially responsible investing becomes more popular, the reasons and motivations for people to choose CSR issues are becoming increasingly evident as they make investment decisions. Early studies primarily focused on traditional demographic profiles and assumptions about neoclassical utility maximization (Williams, 2007). Instead of adhering to the conventional economic model, there exist alternative studies that utilize ethical investing as a means of appealing effectively to more complex behavioral models informed by psychology. Ethical investors are willing to sacrifice financial returns for better ethical scores, meaning that wealth maximization is not the primary motivation of ESG shareholders (Chininga, Alhassan, & Zeka, 2024). The outcomes indicate that social and environmental factors are more significant when investing than they were before. Additionally, they invest heavily in ESG funds despite their subpar outcomes. This suggests that investment decisions are primarily driven by ideology and identity, which are determined by an individual's beliefs, principles, or attitudes regarding social and environmental issues. Recent studies examining theories beyond the traditional risk-return framework have strongly supported this argument, as it highlights that investors may not always be rational (Beal & Goyen, 1998; Beal, Goyen, & Phillips, 2005; Gutsche, Köbrich León, & Ziegler, 2019). Behavioral finance offers more elaborate accounts of financial phenomena by drawing on the concepts and data from psychology literature (Beal et al., 2005). For example, research according to Williams (2007) surveyed ethical investors in five countries and identified various factors that motivate them, including ethical considerations, environmental concerns, specific demographic values, and other non-financial returns. Furthermore, academics have suggested two other factors, namely psychic returns and social change, that influence individuals' decisions to invest beyond financial returns (Beal et al., 2005). Investment decisions are influenced by social identity, as evidenced by a study that found people are more likely to invest in companies that fit their social profile (Bauer & Smeets, 2015). Consumer behavior and attitudes toward social welfare are reflected in portfolio strategies, and non-financial variables play an important role in socially responsible investment decision-making (Thika & Susi, 2023).

One of the primary models used to investigate human behavior, such as investment decisions, is the Theory of Planned Behavior (TPB) model (Pandurugan & Al Shammakhi, 2024) developed by Fishbein and Ajzen (2010). TPB is based on the Theory of Reasoned Action proposed by Fishbein and Ajzen (2010) and enables researchers to predict behavioral intentions based on three main variables: attitude, subjective norm, and perceived behavioral control (Yeoman, 2024). Attitude refers to an individual's stance on a particular subject, and subjective norm refers to the social pressure exerted on them to perform a behavior. Behavioral control indicates the extent to which individuals believe they have the resources, skills, and opportunities necessary to achieve the desired behavior (Nardi, Jardim, Ladeira, & Santini, 2019). According to Ajzen (1985), these three variables describe an individual's intentions, with behavioral control believed to have a direct impact on their behavior. The basic concept of TPB is that most behavior is under an individual's voluntary control, meaning they can choose to perform a particular behavior or not (Tenkasi & Zhang, 2018; White Baker, Al-Gahtani, & Hubona, 2007).

The Theory of Planned Behavior (TPB) is based on the assumption that humans behave wisely, considering implicitly and explicitly available information and data to better assess the consequences of their behavior. In this theory, the most important factor influencing a person's behavior is their intention (Fishbein & Ajzen, 2010). As with TRA, the primary component of the TPB is a person's intention to act. According to the general rule of this theory, the more intentional or deliberate a person's action is, the more likely it is to occur. The TPB has proven useful and can be used to predict people's intentions in areas discussed or related to

environmental issues (Yadav & Pathak, 2016). Among them are research on sustainable water management by Aliabadi, Gholamrezai, and Ataei (2020), research on green hotels (Liat, Enriquez, Thornborrow, & Mansori, 2019), food waste reduction, organic food, and green food products (Carfora et al., 2019; Hansmann, Baur, & Binder, 2020; Qi & Ploeger, 2019). To advance this research, this study builds on previous work and expands the TPB framework with two financial variables and four prosocial variables. Thus, this study aims to enhance and analyze the understanding of the factors influencing ESG-based fund and stock investment intentions and behavior among Millennials and Zoomers.

By utilizing consumer behavior theory and a sustainable investment approach, this research employs broader conceptual frameworks to explore the investment behavior and intentions of Indonesian Millennials and Generation Z regarding stock selection based on Environmental, Social, and Governance (ESG) criteria. The framework, known as the Theory of Planned Behavior, suggests that behavioral intentions are influenced by attitudes, subjective norms, and perceived behavioral control. Below is the conceptual structure for this research; Figure 2 illustrates the Integrated Behavioral Model.

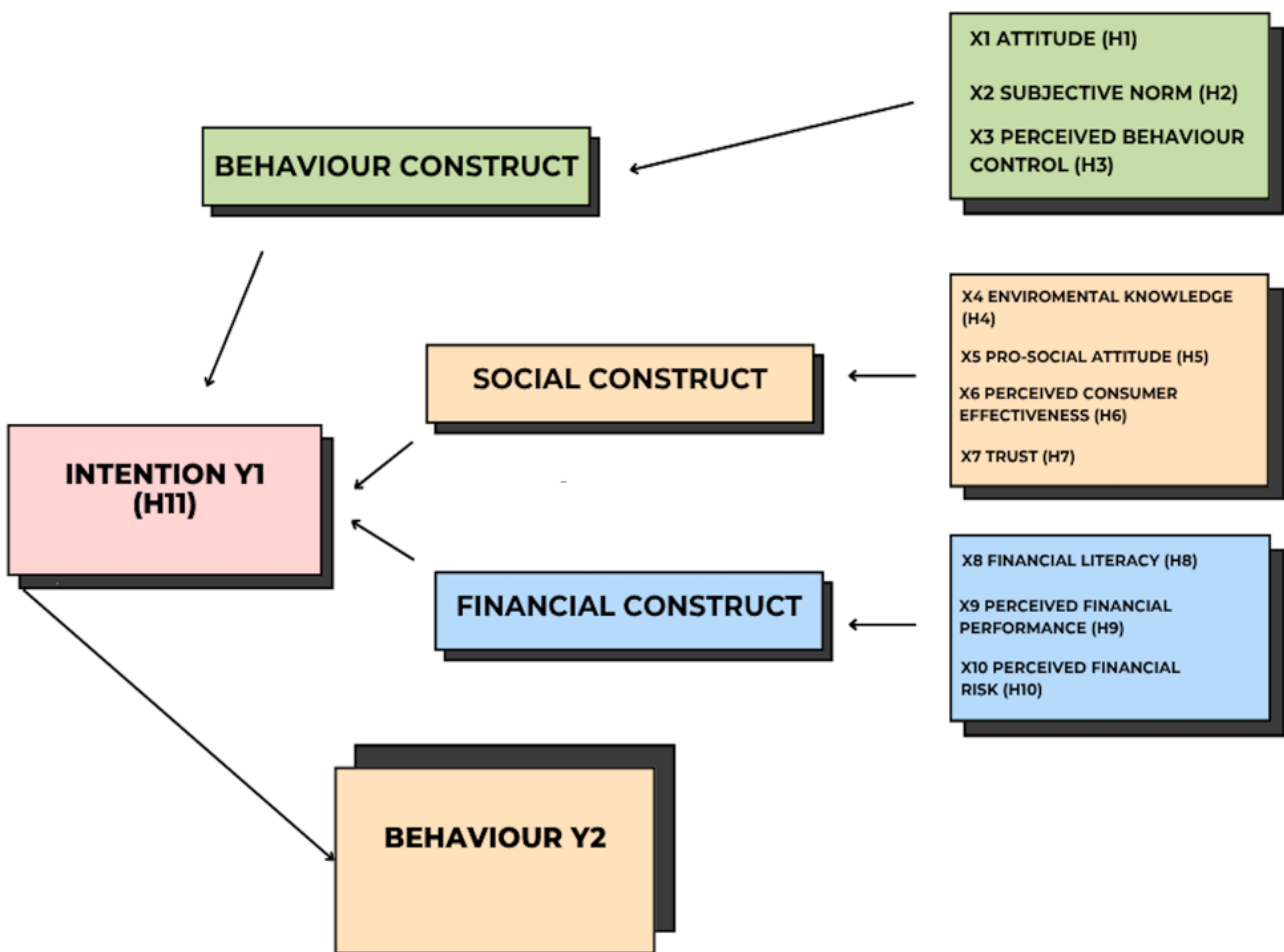


Figure 2: Conceptual Framework

The Theory of Planned Behavior states that people's attitudes toward an action depend on their judgment of its possible outcomes. Regarding ESG, these attitudes are influenced by expectations of financial returns and views on sustainability. Consequently, the more positive investors' cognitive and affective evaluations of ESG, the stronger their intention to invest in sustainability-based instruments.

H₁: There is a significant positive influence between Millennial and Zoomer attitude variables on investment intentions in company funds and stocks on ESG-based indices.

In the TPB framework, subjective norms are the social pressures that influence whether someone chooses to engage in a behavior. For Millennials and Gen Z, who are very active online, social norms from their communities, social media, and workplaces strongly affect how they make investment decisions. Therefore, it is believed that social expectations of responsible investment behavior enhance ESG investment intentions.

H₂: There is a significant positive influence between Millennial and Zoomer subjective norm variables on investment intentions in company funds and stocks on ESG-based indices.

In the context of ESG investing, perceived behavioral control reflects an individual's perception of how easy or difficult it is to perform a behavior; in this case, it relates to access to information, investment platforms, and financial capabilities. Therefore, the higher an investor's perceived control over their resources and capabilities, the greater the likelihood of forming an intention to invest in ESG instruments.

H₃: There is a significant positive influence between Millennial and Zoomer Perceived Behavioral Control variables on investment intentions in company funds and stocks on ESG-based indices.

Research on environmental behavior shows that people become more aware of climate change, corporate sustainability, and ESG practices when they better understand these issues. They are then more likely to choose investments that match their environmental values.

H₄: There is a significant positive influence between Millennial and Zoomer Environmental Knowledge variables on investment intentions in company funds and stocks on ESG-based indices.

Social value orientation theory and the social identity perspective suggest that people with prosocial tendencies often make decisions that benefit the group. In the ESG context, these prosocial attitudes increase the desire to invest in social and environmental impact. This desire is believed to positively influence sustainable investment intentions.

H₅: There is a significant positive influence between Millennial and Zoomer Pro Social Attitude variables on investment intentions in company funds and stocks on ESG-based indices.

In ESG investing, the belief that portfolio decisions can contribute to corporate change or global sustainability is assumed to increase the intention to invest in socially responsible instruments; perceived consumer effectiveness reflects individuals' beliefs that their personal actions can have a tangible impact on social or environmental issues.

H₆: There is a significant positive influence between Millennial and Zoomer Perceived Consumer Effectiveness variables on investment intentions in company funds and stocks on ESG-based indices.

Since ESG markets often face transparency and greenwashing issues, the level of investor trust in the credibility of ESG products and corporate integrity is assumed to play an important role in reducing uncertainty and information asymmetry, according to trust theory and behavioral finance literature.

H₇: There is a significant positive effect between the Trust variable of Millennials and Zoomers on investment intentions in company funds and stocks on ESG-based indices.

This paragraph focuses on how financial literacy influences sustainable investment decisions. According to human capital theory and research on financial literacy, people with higher financial literacy are more likely to evaluate ESG risks and opportunities, leading to greater interest in sustainable investments.

H₈: There is a significant positive effect between the Financial Literacy variable of Millennials and Zoomers on investment intentions in company funds and stocks on ESG-based indices.

According to rational choice theory, a significant portion of investment decisions is influenced by expectations of financial performance. Investors are assumed to believe ESG instruments are capable of delivering stable or competitive returns over the long term, and this perception of financial performance is assumed to strengthen investment intentions.

H₉: There is a significant positive effect between the Perceived Financial Return variable of Millennials and Zoomers on investment intentions in company funds and stocks on ESG-based indices.

These studies specifically focus on how individuals perceive and respond to financial risk when making investment decisions. Theoretically, the higher the perceived risk, the lower the investment intention, although in the ESG context, it is possible that risk is perceived as part of a long-term mitigation strategy.

H₁₀: There is a significant negative effect between the Perceived Financial Risk variable of Millennials and Zoomers on investment intentions in company funds and stocks on ESG-based indices.

According to the Theory of Planned Behavior and the Theory of Reasoned Action, intentions are a direct predictor of actual behavior; therefore, the stronger an investor's intention to invest in ESG instruments, the more likely it is that this intention will manifest in actual investment behavior.

H₁₁: There is a significant positive effect between the Behavioral Intention variable of Millennials and Zoomer on investment behavior in company funds and stocks on ESG-based indices.

RESEARCH METHOD

Research Location and Data Acquisition

The study is based on a survey conducted across Millennials and Gen Z in Jakarta, Bandung, Surabaya, and Denpasar, as these cities are major metropolitan and economic hubs characterized by digital connectivity and high access to financial services and investment platforms, representing a significant proportion of the Millennial and Gen Z population (BPS, 2023). Previous national evidence shows that financial literacy and inclusion levels are higher in urban than rural areas (OJK-BPS SNLIK, 2025), and investor distribution in Indonesia's capital market is heavily concentrated in Java (KSEI, 2025). Thus, major cities are key to studying the behavior of young investors, as urban environments differ from rural areas in terms of investment participation. Young and middle-aged individuals with higher education, above-average incomes, and investment experience are more likely to be interested in investing in ESG, as they value education over sustainability development, have a personal responsibility for the environment, and actively participate in the implementation of EAG principles through their investments (Wang, Hu, & Chen, 2025).

A cross-sectional design is employed in this research, with data obtained through a structured quantitative survey conducted online (Evans & Mathur, 2018). Among millennials and zoomers, ESG investment intentions and behaviors were examined.

A non-probability sampling method was employed, and the survey was shared through social media platforms and WhatsApp. From May to June 2025, data were collected, and 319 people filled out the survey. Kline (2023) states that at least 200 respondents are needed to obtain stable and statistically reliable parameter estimates. Using social media facilitates quick access to relevant participants across Indonesia, making it easier for people to participate in surveys.

Research Design

The research employed a purposive sampling approach, involving the intentional selection of participants with characteristics relevant to the study objectives (Ahmed, 2024). Respondents were young individuals from the Millennial and Generation Z cohorts, aged between 18 and 43 years, residing in Jakarta, Surabaya, and Denpasar. They also had the potential to engage in investment activities, particularly in ESG-based stocks.

At the beginning of the online survey, three screening questions were used to filter eligible respondents who fulfilled the eligibility criteria: young investors between 18 and 43 years, domiciled in Jakarta, Surabaya, or Denpasar, and having the intention to invest in ESG-based stocks. Consequently, the selected respondents were Millennials and Generation Z who live in one of those cities and are interested in ESG-based stocks.

Data Analysis Technique and Variable Measurement

The collected data were then analyzed using Partial Least Squares – Structural Equation Modeling (PLS-SEM). This technique was chosen because it can handle complex research models with many latent variables and indicators, and is suitable for exploratory research with a relatively limited sample size. Structural Equation Modeling (SEM) allows for testing complex relationships utilizing either CB-SEM for confirmatory theory testing or PLS-SEM for exploratory and predictive purposes, particularly in complex models (Hair et al., 2021; Mamun, 2023).

Because of the complexity of the research model, including multiple constructs and indicators, this study employed PLS-SEM as the primary data analysis technique. In evaluating measurement validity, it has to apply the Heterotrait-Monotrait (HTMT) criterion as an indicator of discriminant validity, in line with recommendations in the literature (Kasmiarno, Ekananda, & Karmanto, 2025). The survey was divided into eight sections: respondent criteria, demographic data, behavior construct, social construct, financial construct, behavior, and intention. Each variable measured using a Likert scale is adapted from previous research. Although the questionnaire items were modified to align with the research objectives and make them more relevant. Scales tested in previous studies were used to develop the research methodology, which was then adapted to the context of ESG-based investment in Indonesia. Key structures such as attitude, subjective norm, perceived behavioral control, and investment intention were adapted from the Theory of Planned Behavior framework. In the literature on social value orientation and sustainable consumption behavior, the variables pro-social attitudes and perceived efficiency, as perceived by consumers, were adapted. Studies on trust in financial decisions and ethical investment used the trust variable. Meanwhile, financial knowledge was adapted from financial literacy measurement instruments widely used in behavioral financial studies. The variables for perceived financial performance and perceived financial risk were developed from the literature on behavioral finance and investment decision-making theory, while environmental knowledge was adapted from environmental behavior research that measures an individual's level of understanding of sustainability issues. Each item was scored on a five-point Likert scale, ranging from strongly disagree to strongly agree. To guarantee conceptual equivalence, the initial questionnaire was created in English and later translated into Indonesian using a back-translation technique. Editorial changes were made to ensure that the language used was in line with ESG investment ideas that Indonesian participants were already familiar with. Before conducting further research, a group of young investors participated in a preliminary study to ensure that the questions asked were appropriate, the answers were consistent, and the context was suitable.

RESULT AND DISCUSSION

Results

A total of 319 individuals responded to the ESG Investment Intention question, with a minimum value of 1 and a maximum value of 5. This range of values indicates that individuals possess markedly diverse perspectives or strategies regarding investments centered on Environmental, Social, and Governance (ESG) criteria. The average score of 29.47 shows that most of the people who answered were "quite high" on their plans to invest in ESG-oriented instruments. The standard deviation value of 3.366 shows that the data is spread out pretty evenly. This means that most of the people who answered are not too far from the average. The table shows the same information for the number of respondents, the minimum, maximum, average, and standard deviation for the next variable, ESG Investment Intent. The fact that the values for both of these variables are the same shows that the measuring tool is good at finding out how people feel or act about wanting to invest in ESG. The items on the questionnaire may be similar in how well they measure things and how homogeneous they are, which would lead to an even distribution of data across variables. The measurements are consistent and uniform, which means that the data quality for both variables is good. The average score is much higher than the theoretical midpoint of the scale, which means that most people agree with the basic idea behind ESG, which is responsible and sustainable investing. The range of minimum to maximum scores also shows that there are no extreme outliers in the responses, so the data can be considered normal and used as a starting point for more analysis, like validity, reliability, correlation, or regression analysis. Thus, these descriptive statistics not only give a general picture of the data's characteristics, but they also show that the research tool has produced stable, consistent, and scientifically valid measurement results.

Table 1: Descriptive Statistical Test Results

Model	Mean	Median	Min.	Max.	Standard Deviation	Excess Kurtosis	Skewness
X1.A1	4.056	4.000	1.000	5.000	0.710	2.090	-0.872
X1.A2	4.063	4.000	1.000	5.000	0.773	1.510	-0.926
X1.A3	4.141	4.000	1.000	5.000	0.777	1.797	-1.056
X1.A4	4.025	4.000	1.000	5.000	0.759	1.734	-0.949
X2.SN1	3.824	4.000	1.000	5.000	0.882	0.680	-0.778
X2.SN2	3.831	4.000	1.000	5.000	0.828	0.786	-0.772
X2.SN3	3.856	4.000	1.000	5.000	0.806	1.184	-0.885
X2.SN4	3.947	4.000	1.000	5.000	0.800	1.211	-0.827
X3.PBC1	3.840	4.000	1.000	5.000	0.851	1.012	-0.824
X3.PBC2	3.900	4.000	1.000	5.000	0.809	1.792	-0.992
X3.PBC3	3.931	4.000	1.000	5.000	0.801	1.129	-0.795
X3.PBC4	3.897	4.000	1.000	5.000	0.837	1.106	-0.866
X3.PBC5	4.066	4.000	1.000	5.000	0.738	1.840	-0.905
X4.EK1	4.354	4.000	1.000	5.000	0.774	3.114	-1.483
X4.EK2	4.266	4.000	1.000	5.000	0.816	2.516	-1.396
X4.EK3	4.332	4.000	1.000	5.000	0.797	2.099	-1.341
X4.EK4	4.282	4.000	1.000	5.000	0.765	2.127	-1.205
X4.EK5	4.116	4.000	1.000	5.000	0.813	1.764	-1.096
X5.PSA1	4.129	4.000	1.000	5.000	0.841	1.307	-1.041
X5.PSA2	4.188	4.000	1.000	5.000	0.748	2.920	-1.224
X5.PSA3	4.317	4.000	1.000	5.000	0.770	1.818	-1.234
X5.PSA4	4.201	4.000	1.000	5.000	0.859	1.886	-1.265
X5.PSA5	4.401	5.000	1.000	5.000	0.753	2.913	-1.479
X6.PCE1	4.097	4.000	1.000	5.000	0.792	1.323	-0.937
X6.PCE2	3.881	4.000	1.000	5.000	0.859	0.250	-0.573
X6.PCE3	3.837	4.000	1.000	5.000	0.867	0.723	-0.724
X7.T1	3.743	4.000	1.000	5.000	1.000	0.003	-0.676
X7.T2	3.972	4.000	1.000	5.000	0.789	0.762	-0.680
X7.T3	3.978	4.000	1.000	5.000	0.761	1.693	-0.863
X8.FL1	3.912	4.000	1.000	5.000	0.783	0.559	-0.553
X8.FL2	3.871	4.000	1.000	5.000	0.783	0.800	-0.674
X8.FL3	3.991	4.000	1.000	5.000	0.802	0.739	-0.717
X8.FL4	3.962	4.000	1.000	5.000	0.810	0.936	-0.747
X8.FL5	3.862	4.000	1.000	5.000	0.803	0.615	-0.656
X9.K1	3.696	4.000	1.000	5.000	0.898	-0.402	-0.300
X9.K2	3.724	4.000	1.000	5.000	0.860	-0.292	-0.239
X9.K3	3.721	4.000	1.000	5.000	0.816	0.094	-0.386
X9.K4	3.799	4.000	1.000	5.000	0.829	0.207	-0.407
X9.K5	3.768	4.000	1.000	5.000	0.828	0.426	-0.442
X10.PFR1	3.724	4.000	1.000	5.000	0.940	-0.127	-0.471
X10.PFR2	3.712	4.000	1.000	5.000	0.898	-0.061	-0.415
X10.PFR3	3.668	4.000	1.000	5.000	0.894	0.080	-0.434
X10.PFR4	3.721	4.000	1.000	5.000	0.893	-0.157	-0.404
X10.PFR5	3.755	4.000	1.000	5.000	0.890	-0.202	-0.356
Y1.1	3.975	4.000	1.000	5.000	0.717	0.617	-0.477
Y1.2	3.987	4.000	2.000	5.000	0.721	-0.387	-0.233
Y1.3	3.959	4.000	1.000	5.000	0.722	0.360	-0.390

Model	Mean	Median	Min.	Max.	Standard Deviation	Excess Kurtosis	Skewness
Y2.1	3.956	4.000	1.000	5.000	0.702	0.633	-0.429
Y2.2	3.950	4.000	1.000	5.000	0.711	0.359	-0.348
Y2.3	4.013	4.000	2.000	5.000	0.704	0.142	-0.397

Source: Processed data (2025).

The correlation between the indicators and the constructs being measured is used to determine convergent validity. Figure 3 shows that the loading factor value is higher than 0.7, which means that the construct is highly correlated and valid. Based on the loading factors, the indicators in the X and Y variables usually make up more than 70 percent of the total.

The structural model in Figure 3 shows that this study has ten independent variables (X) affecting people's intentions to invest in ESG. These X variables include Attitude (X1), Subjective Norm (X2), Perceived Behavioral Control (PBC) (X3), Environmental Knowledge (EK) (X4), Pro-Social Attitude (PSA) (X5), Perceived Consumer Effectiveness (PCE) (X6), Trust (X7), Financial Literacy (FL) (X8), Perceived Financial Performance (K) (X9), and Perceived Financial Risk (PFR) (X10). All these independent variables are psychological constructs and financial knowledge believed to influence the level of interest in ESG-oriented investments. ESG investment intention (Y1) and behavior (Y2) are the two main variables in this model. ESG investment intention (Y1) functions as a mediating variable connecting the independent variables with actual investment behavior. The dependent variable, behavior (Y2), indicates the extent to which respondents expressed a desire, motivation, or readiness to invest in instruments focused on Environmental, Social, and Governance (ESG) criteria.

The Average Variance Extracted (AVE) value can also be used to check for convergent validity, along with the factor loading values from Table 2. The suggested AVE value is more than 0.5. The AVE table shows that every variable in the research model has an Average Variance Extracted value greater than 0.50. This indicates that each construct has good convergent validity, as more than half of the indicator variance can be explained by the latent variable it represents. The Attitude variable has an AVE value of 0.708, which means it is a very good way to explain how people feel about ESG investment. Furthermore, Subjective Norm recorded an AVE value of 0.629, which is also in the good category. The Perceived Behavioral Control (PBC) variable showed one of the highest AVE values, namely 0.689, indicating that perceived behavioral control has very consistent indicators. The next variable, Environmental Knowledge, has an AVE value of 0.689. This shows that the measurement indicators can accurately show how much people know about the environment. The Pro-Social Attitude variable also shows adequate convergent validity with an AVE value of 0.643. The AVE value of 0.701 for Perceived Consumer Effectiveness shows that the perceived self-efficacy as a consumer in supporting sustainability is a good measure. The AVE value for the Trust variable is 0.701, which means that it is very reliable when it comes to measuring how much people trust something. The average value of the financial variable group is 0.688 for Financial Literacy. This means that the questions were able to tell how financially smart the people who answered them were. The Perceived Financial Performance variable had an AVE value of 0.722, which is one of the highest values in the table, thus indicating that the indicators in this construct are able to describe perceptions of financial performance very well. The Perceived Financial Risk variable had an AVE value of 0.614, which, although not as high as the other variables, still met the standards of convergent validity. Investment ESG Intention, on the other hand, had an AVE value of 0.694, which means that the respondents' plans to invest in ESG instruments were well measured. Finally, the Behavior variable has an AVE value of 0.671, indicating that ESG investment behavior can be adequately explained by the indicators used. Overall, all variables in the model, including Attitude, Subjective Norm, Perceived Behavioral Control, Environmental Knowledge, Pro-Social Attitude, Perceived Consumer Effectiveness, Trust, Financial Literacy, Perceived Financial Performance, Perceived Financial Risk, ESG Investment Intention, and Behavior, have met the convergent validity criteria through nil.

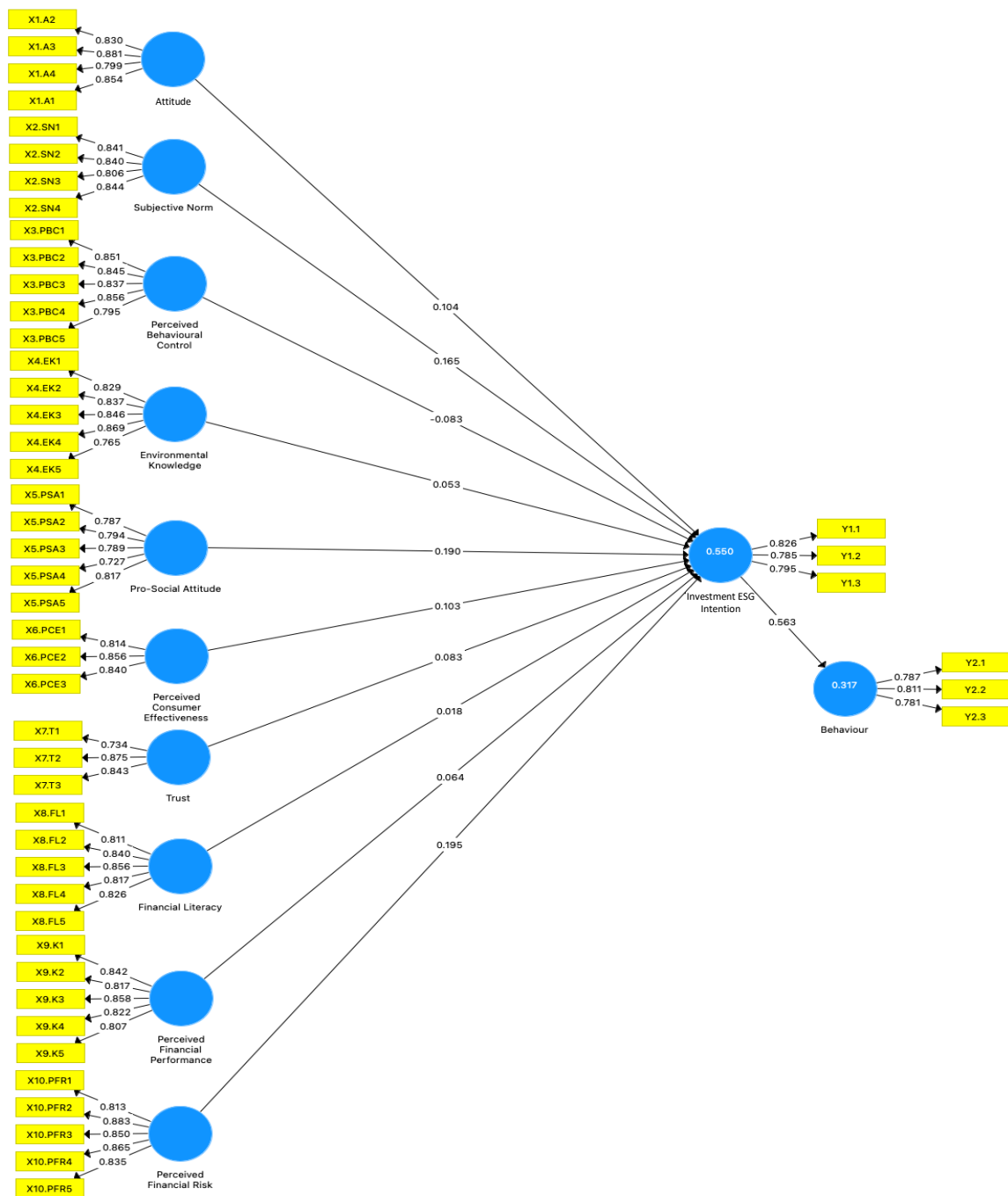


Figure 3: Loading Factor

Table 2: Average Variance Extracted

Model	Average Variance Extracted (AVE)
Attitude	0.708
Behavior	0.629
Environmental Knowledge	0.689
Financial Literacy	0.689
Investment ESG Intention	0.643
Perceived Behavioral Control	0.701
Perceived Consumer Effectiveness	0.701

Model	Average Variance Extracted (AVE)
Perceived Financial Performance	0.688
Perceived Financial Risk	0.722
Pro-Social Attitude	0.614
Subjective Norm	0.694
Trust	0.671

Source: Processed data (2025).

Based on Table 3, it can be seen that the cross-loading value between indicators on the latent variable is greater than the cross-loading value of the indicators on other latent variables, so it can be said that the indicators above have good discriminant validity. In addition to examining the cross-loading value, discriminant validity can also be assessed by comparing the square root of the AVE with the correlation value of the latent variable. It is considered to have good discriminant validity when the square root of the AVE of an indicator exceeds the largest correlation value between the related latent variable and other latent variables.

Table 3: Cross Loading AVE

Model	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10	Y1	Y2
X1.A1	0.854	0.659	0.693	0.563	0.577	0.606	0.644	0.615	0.513	0.440	0.510	0.554
X1.A2	0.830	0.679	0.624	0.549	0.614	0.581	0.579	0.604	0.472	0.376	0.526	0.525
X1.A3	0.881	0.677	0.720	0.661	0.658	0.657	0.663	0.638	0.588	0.477	0.576	0.621
X1.A4	0.799	0.596	0.600	0.502	0.524	0.550	0.534	0.556	0.434	0.330	0.457	0.502
X2.SN1	0.601	0.841	0.582	0.386	0.458	0.611	0.593	0.593	0.591	0.498	0.542	0.439
X2.SN2	0.647	0.840	0.634	0.437	0.485	0.670	0.661	0.629	0.622	0.521	0.546	0.529
X2.SN3	0.662	0.806	0.665	0.523	0.563	0.632	0.633	0.617	0.603	0.525	0.535	0.563
X2.SN4	0.679	0.844	0.693	0.486	0.534	0.641	0.663	0.634	0.573	0.509	0.542	0.543
X3.PBC1	0.639	0.657	0.851	0.419	0.479	0.616	0.645	0.597	0.605	0.604	0.512	0.561
X3.PBC2	0.671	0.659	0.845	0.488	0.501	0.629	0.655	0.618	0.573	0.536	0.515	0.523
X3.PBC3	0.628	0.620	0.837	0.404	0.496	0.622	0.641	0.585	0.590	0.573	0.473	0.492
X3.PBC4	0.664	0.680	0.856	0.465	0.478	0.673	0.666	0.650	0.633	0.591	0.527	0.547
X3.PBC5	0.684	0.614	0.795	0.586	0.624	0.613	0.642	0.642	0.503	0.466	0.492	0.509
X4.EK1	0.558	0.379	0.420	0.829	0.755	0.412	0.424	0.429	0.263	0.202	0.428	0.408
X4.EK2	0.541	0.417	0.445	0.837	0.708	0.472	0.408	0.472	0.307	0.213	0.450	0.499
X4.EK3	0.553	0.467	0.463	0.846	0.736	0.494	0.501	0.488	0.350	0.301	0.430	0.478
X4.EK4	0.604	0.473	0.482	0.869	0.721	0.539	0.479	0.513	0.391	0.335	0.457	0.515
X4.EK5	0.558	0.533	0.520	0.765	0.638	0.516	0.549	0.517	0.453	0.350	0.480	0.499
X5.PSA1	0.532	0.529	0.489	0.629	0.787	0.542	0.577	0.581	0.478	0.412	0.475	0.508
X5.PSA2	0.590	0.566	0.480	0.717	0.794	0.577	0.550	0.547	0.411	0.319	0.518	0.529
X5.PSA3	0.529	0.399	0.439	0.684	0.789	0.377	0.407	0.412	0.255	0.203	0.407	0.434
X5.PSA4	0.552	0.489	0.531	0.583	0.727	0.511	0.473	0.431	0.408	0.353	0.478	0.450
X5.PSA5	0.560	0.382	0.456	0.743	0.817	0.443	0.447	0.431	0.252	0.194	0.426	0.463
X6.PCE1	0.666	0.606	0.626	0.585	0.620	0.814	0.634	0.586	0.514	0.444	0.518	0.562
X6.PCE2	0.604	0.693	0.664	0.490	0.529	0.856	0.744	0.681	0.650	0.578	0.562	0.549
X6.PCE3	0.527	0.625	0.604	0.411	0.450	0.840	0.681	0.629	0.693	0.616	0.553	0.528
X7.T1	0.445	0.544	0.545	0.315	0.353	0.594	0.734	0.537	0.645	0.625	0.454	0.479
X7.T2	0.668	0.684	0.727	0.521	0.592	0.730	0.875	0.676	0.671	0.633	0.608	0.536
X7.T3	0.638	0.645	0.621	0.546	0.585	0.687	0.843	0.654	0.569	0.511	0.543	0.543
X8.FL1	0.548	0.569	0.615	0.495	0.489	0.602	0.570	0.811	0.647	0.583	0.488	0.540
X8.FL2	0.546	0.565	0.599	0.436	0.467	0.566	0.601	0.840	0.675	0.587	0.505	0.488
X8.FL3	0.636	0.610	0.639	0.508	0.541	0.630	0.660	0.856	0.699	0.600	0.533	0.566
X8.FL4	0.668	0.693	0.608	0.555	0.607	0.680	0.690	0.817	0.633	0.545	0.569	0.539
X8.FL5	0.572	0.632	0.608	0.430	0.459	0.653	0.637	0.826	0.700	0.625	0.531	0.548
X9.K1	0.466	0.577	0.534	0.350	0.383	0.585	0.600	0.637	0.842	0.740	0.506	0.500

Model	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10	Y1	Y2
X9.K2	0.500	0.553	0.558	0.308	0.329	0.554	0.612	0.657	0.817	0.761	0.547	0.491
X9.K3	0.525	0.644	0.580	0.396	0.411	0.644	0.661	0.701	0.858	0.719	0.515	0.566
X9.K4	0.497	0.602	0.599	0.362	0.406	0.642	0.660	0.694	0.822	0.733	0.513	0.535
X9.K5	0.500	0.598	0.610	0.366	0.422	0.655	0.635	0.659	0.807	0.688	0.510	0.542
X10.PFR1	0.388	0.482	0.491	0.266	0.324	0.548	0.600	0.547	0.720	0.813	0.481	0.483
X10.PFR2	0.403	0.521	0.561	0.269	0.343	0.562	0.622	0.613	0.760	0.883	0.498	0.467
X10.PFR3	0.409	0.502	0.548	0.280	0.284	0.508	0.598	0.596	0.749	0.850	0.475	0.514
X10.PFR4	0.402	0.543	0.595	0.277	0.320	0.565	0.618	0.602	0.745	0.865	0.494	0.449
X10.PFR5	0.459	0.564	0.614	0.351	0.364	0.595	0.598	0.644	0.756	0.835	0.513	0.498
Y1.1	0.490	0.537	0.468	0.470	0.509	0.559	0.515	0.522	0.504	0.442	0.826	0.467
Y1.2	0.466	0.503	0.469	0.425	0.455	0.497	0.518	0.491	0.492	0.487	0.785	0.431
Y1.3	0.530	0.522	0.513	0.411	0.464	0.507	0.550	0.512	0.508	0.468	0.795	0.456
Y2.1	0.471	0.465	0.472	0.440	0.468	0.534	0.495	0.522	0.523	0.465	0.425	0.787
Y2.2	0.535	0.535	0.535	0.498	0.516	0.542	0.522	0.532	0.527	0.465	0.480	0.811
Y2.3	0.556	0.478	0.487	0.440	0.472	0.473	0.490	0.483	0.458	0.420	0.431	0.781

Source: Processed data (2025).

Table 4 shows that the composite reliability values for all four latent variables are higher than 0.5, indicating that the indicators are reliable. Additionally, the Cronbach's alpha values for all four latent variables exceed 0.5, confirming that the indicators are reliable and that the latent variables are being measured correctly.

Table 4: Internal Consistency Test

Model Construct	Composite Reliability	Average variance extracted (AVE)
Attitude	0.906	0.708
Behavior	0.836	0.629
Environmental Knowledge	0.917	0.689
Financial Literacy	0.917	0.689
Investment ESG Intention	0.844	0.643
Perceived Behavioral Control	0.921	0.701
Perceived Consumer Effectiveness	0.875	0.701
Perceived Financial Performance	0.917	0.688
Perceived Financial Risk	0.928	0.722
Pro-Social Attitude	0.888	0.614
Subjective Norm	0.901	0.694
Trust	0.859	0.671

Source: Processed data (2025).

Inner model evaluation (structural model) is used to assess the fit between constructs within the structural model. The evaluation includes R^2 , Q^2 , and f^2 , as well as path coefficients or t-values for each path to determine the importance of relationships between the model's constructs.

A comprehensive interpretation of the statistical analysis results is presented in Table 1, which shows the relationship between various model constructs and ESG investment intention. Significance is determined based on the p-value. A P value <0.050 indicates that the hypothesis is accepted (a significant relationship), while a P value ≥ 0.050 indicates that the hypothesis is rejected (an insignificant relationship).

In this study, based on Table 5 and Figure 4, four constructs significantly influence ESG Investment Intention: Perceived Financial Risk, Pro-Social Attitude, Subjective Norm, and Investment ESG Intention on Behavior. First, Perceived Financial Risk has a coefficient of 0.195 ($t = 2.240$; $p = 0.025$), indicating a significant positive effect. However, because the direction contradicts the hypothesized negative relationship, the hypothesis is accepted, but the coefficient effect is not in line with the initial assumption. Second, Pro-Social Attitude has a coefficient of 0.190, a t-value of 2.213, and a p-value of 0.027. Table 1 shows the connection

between different model constructs and ESG Investment Intention, providing a full explanation of the statistical analysis results. Third, Subjective Norm shows a coefficient of 0.165, a t-value of 2.369, and a p-value of 0.018. This indicates that social norms or environmental influences significantly influence one's intention to invest in ESG. Fourth, the relationship between ESG Investment Intention and Behavior shows a very high coefficient of 0.563, a t-value of 10.113, and a p-value of 0.000. This is a very important relationship, demonstrating that ESG investment intentions have a substantial effect on actual investment behavior. Conversely, seven constructs do not show a significant influence on Investment ESG Intention because the p-value for each exceeds 0.050. These constructs are Attitude (coefficient 0.104; t = 1.368; p = 0.172), Environmental Knowledge (coefficient 0.053; t = 0.649; p = 0.516), Financial Literacy (coefficient 0.018; t = 0.225; p = 0.822), Perceived Behavioral Control (coefficient -0.083; t = 1.077; p = 0.282), Perceived Consumer Effectiveness (coefficient 0.103; t = 1.330; p = 0.184), Perceived Financial Performance (coefficient 0.064; t = 0.590; p = 0.555), and Trust (coefficient 0.083; t = 1.053; p = 0.293). Therefore, the hypotheses for these seven constructs are rejected, as there is insufficient statistical evidence to suggest that each construct influences ESG investment intentions.

Table 5: Path Coefficient

Model Construct	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Results
Attitude-> Investment ESG Intention	0.104	0.109	0.076	1.368	0.172	Not Significant
Environmental Knowledge -> Investment ESG Intention	0.053	0.047	0.081	0.649	0.516	Not Significant
Financial Literacy -> Investment ESG Intention	0.018	0.015	0.080	0.225	0.822	Not Significant
Investment ESG Intention -> Behavior	0.563	0.562	0.056	10.113	0.000	Significant
Perceived Behavioral Control -> Investment ESG Intention	-0.083	-0.082	0.078	1.077	0.282	Not Significant
Perceived Consumer Effectiveness -> Investment ESG Intention	0.103	0.102	0.078	1.330	0.184	Not Significant
Perceived Financial Performance -> Investment ESG Intention	0.064	0.065	0.109	0.590	0.555	Not Significant
Perceived Financial Risk -> Investment ESG Intention	0.195	0.198	0.087	2.240	0.025	Significant
Pro-Social Attitude -> Investment ESG Intention	0.190	0.196	0.086	2.213	0.027	Significant
Subjective Norm -> Investment ESG Intention	0.165	0.168	0.070	2.369	0.018	Significant
Trust -> Investment ESG Intention	0.083	0.075	0.078	1.053	0.293	Not Significant

Source: Processed data (2025).



Figure 4: Bootstrapping Path Coefficient

Based on Table 6, the Adjusted R² value indicates the magnitude of the contribution of exogenous variables in explaining the diversity of endogenous variables. In the equation, the R² value for variable Y1 is 0.535, which means that the variables Attitude, Subjective Norm, Perceived Behavioral Control, Environmental Knowledge, Pro-Social Attitude, Perceived Consumer Effectiveness, Trust, Financial Literacy, Perceived Financial Performance, and Perceived Financial Risk are able to explain 53.5 percent, with the remaining 46.5 percent explained by other variables outside the model. Therefore, it can be said that the equation model has a moderate relationship between its exogenous and endogenous variables. Then, the R² value for variable Y2 is 0.315, which means that the Investment ESG Intention variable is able to explain 31.5 percent, with the remaining 68.5 percent explained by other variables outside the model.

Table 6: Adjusted R² Test Result

Model Y	R Square	R Square Adjusted
Investment ESG Intention (Y1)	0.550	0.535
Behavior (Y2)	0.317	0.315

Source: Processed data (2025).

Based on Table 7, PLS-Predict results for the analyzed research model, the Q²predict value indicates that the model has adequate predictive ability, as all endogenous variables produce Q² values above zero. The ESG Investment Intention variable has a Q²predict value of 0.55, meaning it can predict with moderate accuracy. Meanwhile, the Behavior variable has a Q²predict value of 0.32, indicating it is still in the medium range of predictive relevance. These values confirm that the model can predict endogenous variables with adequate accuracy in research related to the determinants of ESG investment interest and behavior.

The Root Mean Square Error (RMSE) value indicates how well the model's predictions align with actual data. For the ESG Investment Intention construct, the RMSE ranges from 0.23 to 0.31, while for the Behavior construct, it ranges from 0.28 to 0.35. These values are within acceptable limits, suggesting that the differences between predicted and real values are not significant. A lower RMSE signifies better predictive accuracy, indicating that the model performs well in making predictions. Additionally, the Mean Absolute Error (MAE) supports the RMSE findings. For the ESG Investment Intention variable, the MAE ranges from 0.18 to 0.24, and for the Behavior variable, it ranges from 0.22 to 0.27. The low MAE values imply that the average absolute error between actual and predicted data is minimal, reinforcing the conclusion that the model can produce accurate predictions. Overall, the fact that the Q²predict value exceeds zero, combined with low RMSE and MAE values, demonstrates that this research model is highly effective for decision-making regarding the factors influencing ESG investment interest and behavior.

Table 7: Q² Predictive Relevance Test Result

Variable Endogen	Q ² Predict	RMSE	MAE
Investment ESG Intention (Y1)	0.550	0.23 – 0.31	0.18 – 0.24
Behavior (Y2)	0.317	0.28 – 0.35	0.22 – 0.27

Source: Processed data (2025).

Based on Table 8, PLS-Predict results for the analyzed research model, the Q²predict value indicates that the model has adequate predictive ability, as all endogenous variables produce Q² values above zero. The ESG Investment Intention variable has a Q²predict value of 0.55, meaning it can predict with moderate accuracy. The Behavior variable, on the other hand, has a Q²predict value of 0.32, which indicates it is still in the medium range of predictive relevance. These values confirm that the model is capable of predicting endogenous variables with adequate accuracy in the context of research related to the determinants of ESG investment interest and behavior.

The Root Mean Square Error (RMSE) value indicates how well the model can make predictions based on the existing data. The RMSE values for the ESG Investment Intention construct range from 0.23 to 0.31, while the RMSE values for the Behavior construct range from 0.28 to 0.35. These numbers are within the acceptable range, which means that the difference between the predicted and actual values is small. A lower RMSE value means that the predictive model is more accurate in a statistical sense. This indicates that the predictive model is very accurate.

The Mean Absolute Error (MAE) value supports the RMSE result. The MAE for the ESG Investment Intention variable ranges from 0.18 to 0.24, and for the Behavior variable, it ranges from 0.22 to 0.27. These MAE values are relatively low, indicating that the average absolute error between actual and predicted data is small.

This supports the idea that the model is effective at making predictions. Overall, the fact that the Q²predict value is greater than 0, the RMSE is low, and the MAE is low demonstrates that this research model is very useful for making decisions about the factors influencing ESG investment intentions and behavior.

Table 8: F² Square Test Result

Model Construct	Behavior	Investment ESG Intention
Attitude		0.006
Environmental Knowledge		0.002
Financial Literacy		0.000
Investment ESG Intention	0.464	
Perceived Behavioral Control		0.004
Perceived Consumer Effectiveness		0.006
Perceived Financial Performance		0.001
Perceived Financial Risk		0.017
Pro-Social Attitude		0.018
Subjective Norm		0.016
Trust		0.003

Source: Processed data (2025).

The results of the f^2 effect size test indicate that most exogenous variables have a relatively small effect on the ESG Investment Intention construct. No variables show a dominant effect, which means that prosocial traits play a significant role in shaping ESG investment intentions. The relationship between ESG Investment Intention and Behavior, on the other hand, has a high f^2 value (around >0.46), indicating that intention is a good predictor of behavior, consistent with the Theory of Planned Behavior.

Discussion

Attitudes toward ESG investments do not substantially affect investment intentions, consistent with findings from Riedl and Smeets (2017). This means that even if someone thinks sustainability is a good idea, they don't have enough of a reason to invest in it. The Theory of Planned Behavior states that attitudes are a factor in intention, but in real life, positive attitudes don't always lead to actions. This phenomenon is observable in individuals who vocally endorse environmental issues yet hesitate to invest in ESG instruments due to alternative considerations, such as financial incentives or prevailing social pressures.

Environmental knowledge does not significantly influence ESG investment intentions, corroborating findings from previous research (Bang, Ellinger, Hadjimarcou, & Traichal, 2000). This shows that knowing about environmental issues doesn't always make people want to invest in a way that is good for the environment. Behavioral theory posits that knowledge is an essential prerequisite, albeit not invariably the principal motivator of action. People often do this when they know how climate change will affect them, but still choose traditional investments because they want to make money quickly. To change investment plans, people need to understand both social and economic reasons.

Financial literacy does not substantially influence ESG investment intentions. This aligns with research conducted by Filippini, Leippold, and Wekhof (2024). This is quite interesting because financial literacy is often considered a crucial skill for decision-making. However, financially savvy investors may be less interested in ESG because it can be considered a more complex or less familiar type of investment compared to other investments. Human capital theory emphasizes the importance of reading and writing skills for better decision-making. But when it comes to ESG, looking at the numbers alone won't tell you what will happen in the future.

Research has shown that intentions concerning ESG investments have a substantial impact on actual behaviors (Fenitra, Tanti, Gancar, Indrianawati, & Hartini, 2021; Liu, Wu, & Che, 2019). These findings align with the Theory of Reasoned Action, which posits that intention directly forecasts behavior. This phenomenon is evident in the increasing number of investors directing capital towards ESG instruments following the establishment of a clear intention. Reputational pressure, public campaigns, and social consciousness compel investors to translate their intentions into tangible actions. This demonstrates that establishing a robust intention is a crucial step in encouraging individuals to invest in environmentally beneficial ways.

The perception of behavioral control does not significantly influence ESG investment intentions, consistent with research conducted by Pirani and Patil (2024). This research does not align with studies by (Alfathya, Sumiati, & Indrawati, 2025). In the Theory of Planned Behavior, behavioral control generally affects intention when a person believes they possess the capability to execute the action. However, in the ESG context, many investors feel they lack sufficient information or access to truly influence how their investments impact the world. This is evident from investors' uncertainty about the clarity of ESG products and the limited number of investment options. Consequently, even though individuals want to invest in ESG, their low sense of control significantly reduces the likelihood of doing so.

Perceived consumer effectiveness does not significantly influence ESG investment intentions, contradicting prior research findings (Minh & Quynh, 2024). Consumer Empowerment Theory states that people should make responsible choices because they believe their actions have a significant effect. Currently, many investors think their efforts to be more environmentally friendly are too small to make a difference. Many individuals recognize that their personal investments exert minimal influence on global issues, thus the perceived efficacy of ESG investing diminishes in importance when making investment decisions. This highlights the importance of informing individuals that even minor actions can yield substantial impacts.

Financial performance with ESG-based investments does not substantially influence young investors' decisions, as research suggests (Revelli & Viviani, 2015). The established theory states that the primary criterion for investment decisions should be potential achievable returns. This raises investor doubts, ultimately requiring concrete evidence that ESG implementation improves financial performance.

Additionally, perceived financial risk demonstrates a substantial positive impact on ESG investment intentions, thereby refuting hypothesis 10. This finding indicates that elevated perceptions of financial risk do not diminish investment intentions. On the other hand, investors might see financial risk as a sign to look for investment options that are more stable and focused on long-term growth. The literature indicates that investors utilize ESG criteria to assess long-term risk, corporate legitimacy, and contributions to environmental sustainability (Zhang & Huang, 2024).

Krueger, Sautner, and Starks (2020) also show that thinking about sustainability can help manage risks. This means that ESG information could be a non-financial quality signal that lowers long-term uncertainty and boosts investors' confidence. ESG is a non-financial quality signal that can make people feel less risky about long-term investments and more willing to take risks, which can lead to more responsible investing (Zhang & Huang, 2024).

Prosocial attitudes significantly influence intentions to invest in ESG. This aligns with research conducted by Mak and Ip (2017). According to social theory, people tend to do what is best for the environment and all of humanity. This is evident from the fact that more young and millennial investors are interested in ESG stocks. They care about social issues like climate change and social inequality. People with prosocial attitudes are more likely to strongly support ESG because they see it as a tool that aligns with their moral beliefs and sense of social responsibility.

Subjective norms substantially influence ESG investment intentions, aligning with previous research conducted by Dikshit and Varsha (2025). In this case, the theory states that social norms significantly influence intentions. Increasingly, people feel social and cultural pressure from their organizations to make smart investments. These standards are supported by public campaigns, media influence, and the ESG investor community. Therefore, people are more likely to invest in ESG. Subjective norms are crucial because people often adjust their choices to the expectations of others and their environment.

Trust does not substantially affect ESG investment intentions, aligning with research findings from Berg, Kölbel, and Rigobon (2022). According to trust theory, trust is an important part of making economic decisions. This means that investors may still believe in the ESG idea, but they are not sure if the ESG products currently available are honest, accountable, and open. Trust isn't a big part of investment decisions right now because there aren't clear standards and a lot of greenwashing. To get people to invest in ESG, it's important to build trust through certification, clear reporting, and strict rules.

After getting the results, a Focus Group Discussion (FGD) was held. Cakra Yudi Putra said that young people today have different ideas about investing, especially when it comes to ESG-oriented investments. The speaker pointed out that even though Millennials and Generation Z have positive views on sustainability, these views don't always turn into real investment plans. This aligns with research indicating that attitudes exert minimal influence on ESG investment strategies. Cakra said that many young people care about social and environmental issues, but when it comes to spending money, they care more about social trends, community factors, and how they see risk. A positive attitude by itself is not enough to get people to invest; there must also be social and pro-social factors in place to make it happen.

The pressure cakra impacts subjective norms, stating that community, environment, and social media significantly influence young individuals' investment planning. He cited how eco-friendly investment groups and social media influencers can encourage young people to invest in ESG sectors by promoting environmentally friendly trends. This supports research showing that subjective norms have a big effect on people's plans to invest in ESG. He said that Millennials and Generation Z are likely to follow new social trends, which means that subjective norms are an important factor in determining whether people want to invest sustainably.

The focus group discussed how prosocial attitudes can be beneficial, with Cakra noting that young people genuinely care about social and environmental issues. He mentioned that many young individuals view ESG investments as more than just a means to generate profit; they see them as a way to create meaningful change in the world. Due to their positive attitude, they are more inclined to select investments that benefit society and adhere to moral principles. This supports research indicating that prosocial attitudes significantly influence people's intentions to invest in ESG. Cakra claims that younger investors are proud of their investments that support environmental and social causes, highlighting the importance of prosocial motivation in investment decision-making.

The focus group also discussed perceptions of financial risk. Cakra stated that many young people see ESG as a way to mitigate long-term risks. Companies adhering to ESG standards are better equipped to withstand market shocks and tend to have stronger long-term prospects. This aligns with studies showing that financial risk perception is a major factor shaping ESG investment strategies. Cakra added that younger individuals tend to be more cautious during economic instability or environmental crises, making them more likely to choose investments they perceive as safer and more stable. The primary motivation for Millennials and Gen Z to invest in ESG is their perception of risk.

Cakra concluded by saying that factors such as environmental awareness, financial literacy, behavioral control, good consumer habits, financial well-being, and trust do not significantly influence young people's investment strategies. Although Millennials and Gen Z are well-informed about environmental and financial issues, these are not the main considerations when making ESG investments. Instead, they prioritize social, prosocial, and risk perception factors over internal motivations. The results of this focus group validate research identifying subjective norms, prosocial attitudes, and perceived financial risk as the key factors influencing individuals' willingness to invest in ESG. Other factors were found to have minimal impact.

CONCLUSION

The Theory of Planned Behavior (TPB) framework, which includes financial and prosocial factors, can help us understand how Millennials and Zoomers who care about ESG invest and what they plan to do with their money. Attitudes, subjective norms, behavioral control, environmental knowledge, prosocial attitudes, consumer efficacy, trust, financial literacy, financial performance, and risk perception have all been shown to affect how people plan to invest and what they do when they do. These results show that younger people care a lot about social and environmental issues, which makes them more likely to invest in ESG-based instruments. So, sustainable investing is not only a global trend, but it is also changing the way young people in Indonesia handle their money. This conclusion supports the idea that Millennials and Zoomers care about more than just making money; they also care about social and environmental issues. This is important for creating a more responsible and sustainable investment ecosystem.

Furthermore, theoretically, ESG has a function either as an ethical or sustainability indicator. It also shows that investors are trying to reduce non-financial risks when they make decisions. The discovery that perceived financial risk, pro-social attitude, and subjective norm positively affect ESG investment intention indicates that investors evaluate both rational and social factors in their investment decisions. The fact that investors see ESG as a more stable and long-term option when they are unsure of what to do suggests that they may see it as a better option when they are unsure of what to do.

The positive impact of pro-social attitudes and subjective norms further substantiates the notion that social values and environmental pressures significantly influence preferences for sustainable investments. In practice, these results mean that ESG products should be marketed not just as moral choices but also as tools for managing strategic risk by stressing resilience and the quality of governance. Furthermore, given that social influence is more powerful than individual attitude, policy initiatives and marketing strategies should make the most of the roles of communities, influencers, and social networks to get young investors to invest more in ESG.

This study produces substantial findings; however, it has several limitations. The quantitative, questionnaire-based method indicates that the results are significantly affected by individuals' perceptions, suggesting they may not accurately reflect true market conditions. The study only looked at people in Indonesia born between 1981 and 1996, so the results don't apply to other generations. This study does not sufficiently account for external factors such as government policies, macroeconomic conditions, and global market dynamics, which substantially affect investment behavior. It minimizes the importance of social media and the impact of digital influencers, which have demonstrated considerable efficacy in influencing the investment choices of younger demographics. Consequently, further research utilizing mixed-methods approaches, larger samples from various countries, and external factors is recommended to attain more comprehensive results and a deeper understanding of sustainable investment behaviors. Due to these limits, we expect future research to produce results that are more comprehensive and useful. This will make the younger generation an even better force for green and sustainable investment, both in the US and around the world.

SUGGESTION

This study offers a significant theoretical contribution by illustrating that, in contrast to the traditional focus on individual attitudes in the Theory of Planned Behavior, social determinants and risk perception exert a more pronounced influence on ESG investment among Millennials and Gen Z in Indonesia. The discovery that subjective norms exert greater influence than attitudes contests the conventional hierarchical framework of the Theory of Planned Behavior (TPB), which typically positions attitudes as the foremost predictor of intentions. This indicates that sustainable investment choices made by younger generations are more socially constructed than merely attitudinal.

Additionally, the discovery that perceived financial risk positively influences ESG investment intentions contributes to the behavioral finance literature, as it challenges the traditional notion of a risk-return trade-off. This finding indicates that risk in the ESG context is perceived as an indicator of the necessity for more resilient and long-term investment instruments.

Therefore, ESG is considered not only as a tool that meets ethical standards but also as a tool to mitigate non-financial risks in the global economy. In practice, these results imply that initiatives to enhance young investor engagement should utilize the influence of social norms, community, and the presentation of ESG as a strategy for long-term risk management. This means that financial education or positive attitude formation is not sufficient. This contribution enhances the nascent literature market by demonstrating that the psychological framework of the younger generation's sustainable investment decisions diverges from the traditional rational model, being more significantly shaped by contextual risk interpretation and social dynamics.

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INSTITUTIONAL REVIEW BOARD STATEMENT: The study involved minimal risk and followed ethical guidelines for social science fieldwork. Formal approval from an Institutional Review Board was not required under the policies of Institute for Research Ethics Committee of the Terbuka University, Indonesia. Informed verbal consent was obtained from all participants, and all data were anonymized to protect participant confidentiality.

TRANSPARENCY: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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