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THE IMPACT OF CORPORATE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PERFORMANCE ON THE INVESTMENT INTENTION OF RETAIL INVESTORS IN INDIA, WITH SOCIAL SELF-EFFICACY AS MODERATOR

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ABSTRACT

The growing importance of environmental, social, and governance (ESG) considerations has intensified academic interest in how corporate ESG performance influences stock market investment decisions. Existing ESG research largely relies on secondary data from listed firms, with limited attention to retail investors' perceptions, particularly in emerging markets. Addressing this gap, the present study examines how Indian retail investors' perceptions of corporate ESG performance influence their investment attitudes and intentions, drawing on the Theory of Planned Behaviour (TPB). Data were collected from 620 retail investors in India through a structured questionnaire and analysed using Structural Equation Modelling (SEM) and Hayes' PROCESS macro. The findings reveal that perceived environmental, social, and governance performance significantly and positively affects investors' attitudes and investment intentions. Further, social self-efficacy acts as a moderator, strengthening the relationships between ESG performance, attitude, and investment intention. The results offer practical insights for firms, regulators, and policymakers by highlighting the importance of transparent ESG disclosures and investor capability-building initiatives to promote sustainable investment behaviour.

Keywords: ESG performance; Social self-efficacy; Retail investors; Investment intention; Theory of Planned Behaviour; India

1. Introduction

Environmental, Social, and Governance (ESG) investments refer to investment approaches that incorporate non-financial considerations related to environmental responsibility, social impact, and corporate governance practices. ESG investing is often used interchangeably with terms such as socially responsible investing, sustainable investing, responsible investing, and impact investing. These approaches evaluate firms not only on financial performance but also on factors such as environmental impact, labour practices, stakeholder protection, board independence, and ethical conduct (Przychodzen et al., 2016). The concept of ESG gained global prominence following initiatives led by the United Nations, beginning with Kofi Annan's 2004 call for ethical investing and the subsequent publication of Who Cares Wins in 2005 (Shen et al., 2023). The establishment of the Principles for Responsible Investment (PRI) in 2006 further institutionalised ESG by encouraging investors to systematically integrate sustainability considerations into investment decision-making (van Duuren et al., 2016; Zhang et al., 2024). Since then, ESG performance has increasingly been viewed as an indicator of corporate credibility, risk mitigation, and long-term value creation, particularly in the post–global financial crisis era (Arjaliès, 2010). Empirical evidence suggests

that firms with strong ESG performance tend to experience lower risk exposure, enhanced reputation, and greater resilience during periods of economic uncertainty, including the COVID-19 pandemic (Rakshit & Paul, 2022; Nandwani & Japee, 2024).

In the Indian context, ESG considerations have gained growing relevance alongside rapid economic expansion and heightened sustainability challenges. India is projected to become a US$5 trillion economy by 2026–27 (Dave, 2022), while simultaneously committing to net-zero emissions by 2070. Despite these ambitions, the country faces significant environmental and governance concerns, including high greenhouse gas emissions and recurring corporate governance failures (MoEFCC, 2023; Environmental Performance Index, 2024; V. K. Singh, 2021). In response, India has progressively strengthened its ESG reporting and regulatory framework through initiatives such as the Voluntary Guidelines on Corporate Social Responsibility, the National Guidelines on Responsible Business Conduct, and the Business Responsibility and Sustainability Report (BRSR) (Uthira & Karpagam, 2023). While institutional investors have increasingly incorporated sustainability considerations into investment decisions (Revelli & Viviani, 2015), retail participation in ESG-oriented investing remains comparatively underexplored, despite evidence that moral awareness, social responsibility, and perceived obligation influence individual investment behaviour (Diouf et al., 2016; Nafisa et al., 2023).

Notwithstanding the growing importance of ESG in India, empirical research examining ESG investment behaviour at the individual investor level remains limited. Most existing studies focus on firm-level or market-level outcomes, such as stock returns, volatility, and accounting-based performance measures, including ROA, ROE, and Tobin's Q (Dalal & Thaker, 2019), or concentrate primarily on institutional investors. Consequently, little is known about how retail investors perceive corporate ESG performance and how these perceptions shape their investment intentions. Addressing this gap, the present study draws on the Theory of Planned Behaviour (Ajzen, 1991) to examine ESG-driven investment intentions among Indian retail investors. In this framework, investor attitude represents an individual's evaluative judgement toward investing in companies based on ESG performance and serves as a mediating mechanism through which ESG perceptions influence investment intention. Further, social self-efficacy, reflecting an investor's belief in their ability to generate positive social and environmental outcomes through informed investment decisions, is incorporated as a moderating variable that affects the strength of this relationship. By integrating these behavioural dimensions, this study extends prior ESG research such as Zhang et al. (2024) by shifting the focus from market-level analysis to individual decision-making in an emerging economy context. Using primary survey data from Indian retail investors, the study provides insights relevant to investors, firms, policymakers, and regulators seeking to promote a more ESG-oriented financial market. The paper is structured as follows: Section 2 reviews the literature and formulates the hypotheses, Section 3 outlines the methodology, Section 4 reports the results, Section 5 discusses the findings, and Section 6 concludes.

2. Review of Literature and hypothesis development

2.1 Literature Review

Investment decision-making has traditionally been explained through rational economic theories, which assume that individuals make objective choices based on information, experience, and expected returns. However, behavioural finance literature highlights that investment behaviour is also shaped by psychological factors, emotions, and social influences (Sultana et al., 2018). While earlier investment

frameworks focused primarily on risk, liquidity, and return, recent studies suggest that sustainability considerations, particularly environmental, social, and governance (ESG) factors have become an integral component of modern investment evaluation (Sultana et al., 2018; Tao et al., 2022).

A growing body of research has examined the relationship between ESG performance and financial outcomes, largely at the firm or market level. Prior studies document associations between ESG indicators and corporate financial performance, stock returns, volatility, and firm value (Revelli & Viviani, 2015; Dalal & Thaker, 2019). Dimension-specific studies have further explored the role of environmental performance (Mayoral & Vallelado, 2012; Shroff et al., 2014), social responsibility (Brown-Liburd et al., 2018; Dziawgo, 2024), and corporate governance practices (Claessens & Yurtoglu, 2013; Chakraborty et al., 2023) in shaping organisational outcomes. While these studies provide important insights, they primarily focus on corporate-level effects rather than individual investment behaviour.

More recent literature has begun to acknowledge the role of investor values, ethical beliefs, and social orientation in shaping sustainable investment decisions (M. Singh et al., 2021; Hanifa & Atmini, 2023). However, existing reviews and empirical studies predominantly examine institutional investors or are concentrated in developed economies, with limited attention to retail investors in emerging markets (Chen et al., 2023). Consequently, empirical evidence on how corporate ESG performance influences retail investors' attitudes and investment intentions remains sparse, particularly in the Indian context. As highlighted by Zhang et al. (2024), further research is required to understand ESG-driven decision-making at the individual level in emerging economies, thereby underscoring the need for the present study.

2.2 Conceptual framework for this study

This study is grounded in the Theory of Planned Behaviour (TPB) to examine the investment intentions of retail investors in India. TPB explains behavioural intention as a function of an individual's attitude, subjective norms, and perceived behavioural control (Ajzen, 1991). In line with prior behavioural finance research, this study adopts a partial application of TPB, focusing on attitude and intention, which are widely recognised as the most proximate determinants of investment behaviour.

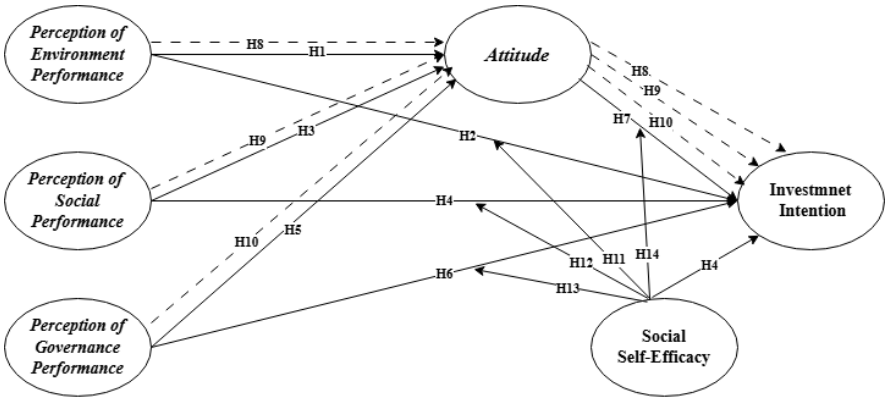
The exclusion of subjective norms is justified as ESG-based investment decisions among retail investors are primarily evaluative and information-driven, rather than shaped by social pressure. Further, perceived behavioural control is not modelled explicitly, as its functional role is conceptually captured through social self-efficacy, which reflects investors' confidence in understanding and using ESG-related information when making investment decisions.

Extending TPB, the study incorporates perceived corporate ESG performance as antecedents of investor attitude. In this research, attitude refers to the investor's evaluative judgement toward investing based on firms' ESG performance, while investment intention denotes the likelihood of engaging in such investments (Ajzen & Fishbein, 1977). The framework is adapted to reflect the Indian retail investment context, characterised by heterogeneous levels of ESG awareness, financial literacy, and access to sustainability information.

Although informed by Zhang et al. (2024), the present study differs in its empirical setting and investor focus. While Zhang et al. (2024) examine ESG-related investment behaviour in the Chinese market, this research focuses on Indian retail investors, operating within a distinct regulatory, institutional, and disclosure environment. By applying the framework to the Indian stock market, the study provides context-

specific evidence from another emerging economy, thereby enhancing the robustness and generalisability of ESG-based behavioural finance research.

Figure 1 presents the conceptual framework of the study.



Source: Adapted from (Zhang et al., 2024)

Table 1: Summary of Hypothesised Relationships (Based on Figure 1)

Hypothesis	Relationship
H1	Perception of Environmental Performance → Attitude
H2	Perception of Environmental Performance → Investment Intention
H3	Perception of Social Performance → Attitude
H4	Perception of Social Performance → Investment Intention
H5	Perception of Governance Performance → Attitude
H6	Perception of Governance Performance → Investment Intention
H7	Attitude → Investment Intention
H8–H10	Attitude mediates ESG perceptions and Investment Intention
H11–H14	Social Self-Efficacy moderates selected relationships

2.3 Hypotheses Development

2.3.1 Environmental Performance

The growing public consciousness about the impact of corporations on the environment has piqued the interest of many groups concerned with environmental issues, including climate change, resource depletion, waste generation, and the lack of corporate responsibility in these areas(Braam et al., 2016). (Claus & Pall, 2008) asserted that environmental information has impact on investment decision.(Dilla et al., 2019) found that environmentally responsible investors consider performance and assurance data. (Kakeu, 2017) found that environmental risk premium is added to the environmentally concerned investor's estimated return on equity. Environmentally conscious capital markets can cut equity capital costs for good environmental performance and raise them for bad. (Chan & Milne, 1999) discovered that investors have a pronounced and adverse response towards companies with poor environmental performance, whereas there is a lack of substantial reaction towards companies with superior environmental performance. (Ming et al., 2023) surveyed retail investors on corporate environmental performance and found that investor interest is positively and strongly correlated with corporate environmental performance. According to (Sultana et al.,

2018), corporate environmental performance is seen as an important measure of a company's dedication to sustainability. This, in turn, helps to build confidence among investors and promotes a good perception of the organisation. In particular, stakeholders' opinions and assessments of a company's abilities to control and reduce its influence on the environment constitute its perceived environmental performance. Prior research has investigated the relationship between environmental characteristics and investment decisions in a number of nations, including the United States, Japan, India, France, and Australia (Raut et al., 2020). Investors' perceptions of environmental performance have a significant impact on their attitude and intention. This is because investors are highly aware of and can easily observe a company's environmental performance, which makes it a crucial factor in their decision-making process(Zhang et al., 2024). When it comes to non-economic investing goals, Indian investors place a premium on environmental factors (Nair & Ladha, 2014). Businesses that do a good job of protecting the environment attract more investors, who may be more eager to put money into those businesses. The impact of business environment performance on the attitudes and investment intentions of Indian investors must be better understood. This study's following hypotheses were derived from these considerations.

Hypothesis 1 (H1) : Investors' perception of corporate environmental performance positively influences their attitude towards Indian stocks.

Hypothesis 2 (H2) : Investors' perceptions of corporate environmental performance positively influence their intention to invest Indian stocks.

2.3.2 Social performance and investment intention

Concerns about human rights, slavery, child labour, and bonded labour; labour norms in the supply chain; diversity; the liberty of expression and association; medical care and access to medicine; relations with local communities; human capital management and employee relations; contentious ammunition and consumer protection; and operations in conflict zones are all examples of social issues(Sultana et al., 2018).The concept of corporate social responsibility (CSR) is based on the notion that a corporation may be held socially and ethically accountable by a wide range of stakeholders, including customers, employees, governments, communities, NGOs, investors, supply chain members, unions, regulators, and the media(Maloni & Brown, 2006). Corporate social performance has a beneficial impact on investors' attitudes by emphasising improvements in the aforementioned domains and is closely associated with the perception of corporate social performance, which covers stakeholders' assessments of a company's societal influence and its contributions to social welfare(Sultana et al., 2018). (Brown, 1998) compared stock market gains to business social performance from 1984 to 1996 and found that investors have profited from buying shares in businesses with good corporate social responsibility reputations, even at higher prices. Investors place a high value on a company's social performance, particularly when it is accompanied by favourable financial outcomes, and they prioritise companies that prioritise social issues (de Zwaan et al., 2015). As a whole, the CSR literature analysis points to the growing importance of CSR disclosures as a non-financial information component and the growing desire from some sectors of the investing community for this information to be transparent(Cohen et al., 2011). Typically, investors are prepared to sacrifice part of their financial benefit in order to advance social causes(Hirst et al., 2023). Socially responsible investment funds command far higher management fees from their investors compared to traditional funds(Hirst et al., 2023).(Zhang et al., 2024) found statistically significant association between corporate social performance and Chinese investors attitude and investing decision. According to (Alleyne & Broome, 2011), one of the most important factors that influence investors' decisions to invest is social performance.

Despite the abundance of literature demonstrating the impact of social performance on investment decisio ns, studies examining this relationship within the Indian investor setting are few. Consequently, this study presents hypotheses suggesting that social performance may independently influence investors' attitudes and investment intents, in order to conduct a comprehensive investigation into the connection between CSR success and investors' investment attitudes and behaviours. Consequently, the following hypotheses are advanced by this research.

Hypothesis 3 (H3). Investors' perception of corporate social responsibility performance positively influences their attitude towards Indian stocks.

Hypothesis 4 (H4). Investors' perceptions of corporate social responsibility performance positively influence their intention to invest Indian stocks.

2.3.3 Governance performance

Corporate governance includes policies, conventions, and procedures that guide and oversee a company. The process requires balancing the interests of shareholders, management, consumers, suppliers, financiers, government bodies, and the community(Banda & Mwange, 2023). Board size, structure, diversity, competence, independence, internal controls and risk management, executive compensation, information disclosure, corporate ethics, shareholder rights, stakeholder engagement, management's relationships with stakeholders, bribery, and corruption are all aspects of governance that pertain to the management of firms and other investee entities(Sultana et al., 2018). (Cheung et al., 2007) found that company's market valuation is positively correlated with its total Corporate Governance Index (CGI) score and transparency drives the CGI score-market valuation link. (Chakraborty et al., 2023) found that firm-level CG quality favourably affects retail investors' shareholding level and that they pay more attention to audit and board information while investing. Shareholders now look at CG as a leading indicator before making investment choices, and demand for CG has been on the rise in recent years due to the evidence that strong governance boosts business performance(Chakraborty et al., 2023).(Zhang et al., 2024) found significant positive association between Corporate governance performance and investment decision of Chinese investors. Corporate governance is seen by 64 percent of Australian investors to be very important when making investment decisions(de Zwaan et al., 2015). Investors associate good corporate governance with long-term financial success, governance has a greater impact on investment decisions than any of the other ESG factors(Sultana et al., 2018). According to (Raut, 2020), investors in developing nations tend to be unaware of corporate governance concerns because the markets are small and undeveloped. Amara et al. found that developing-world investors might not have a full picture of the information available to them about corporate governance. So, they looked into the Chinese capital market to see how these investors really make judgements in the real world. Our research seeks to answer the question of whether Indian investors' understanding is impacted by the lack of readily available corporate governance information, and hence their investment attitudes and intentions. In light of the preceding discussion, the following theories are put out by this study.

Hypothesis 5 (H5). Investors' perception of corporate governance performance positively influences their attitude towards Indian stocks.

Hypothesis 6 (H6). Investors' perceptions of corporate governance performance positively influence their intention to invest Indian stocks.

2.3.4. Attitude and Intention

A person's attitude may be defined as their level of positive or negative evaluation of a certain action(Tonglet et al., 2004). Attitude is a reinforced, unconscious, drive-producing reaction that may be triggered by different patterns of stimuli(Ortmeyer, 1949). A person's attitude towards a concept, item, person, or situation can be described as their inclination or tendency to react favourably or adversely to that idea, object, person, or circumstance(Vargas-Sánchez et al., 2016). Intention refers to an individual's subjective likelihood or readiness to engage in a particular behaviour (Ajzen & Fishbein, 1977), indicating their dedication to executing a specific action in the future(Thanki et al., 2022). A major influence of attitude on the development of intentions has been established time and again by previous studies (Sultana et al., 2018), (Zhang et al., 2024). A great number of studies conducted in the past have demonstrated that attitude plays a significant role in the formation of intentions(Garg et al., 2022), (Adam & Shauki, 2014). According to TPB, attitude is an extremely important factor in determining intention, which is based on the idea that people act in line with their wants(Ajzen, 1991). An individual's attitude is a powerful motivator that determines how likely they are to act in a given situation(Ajzen & Fishbein, 1977). Given the dearth of primary data on investors' attitudes and intentions and the paucity of research on the relationship between investment attitudes and intentions in relation to corporate ESG performance, it is unclear whether this relationship is positive or negative. To fill this void, this study uses corporate ESG performance as a prism through which to reevaluate the connection between investment attitude and intention. Hence, the following is the hypothesized link between attitude and intentions.

Hypothesis 7 (H7). A favourable attitude of investors toward corporate ESG performance is positively associated with their investment intention.

2.3.5. Mediation of Attitude

The previous arguments prove that attitude and intentions are positively correlated. A strong positive correlation is observed between human attitudes and intentions, which in turn influence behaviour, as evidenced by (Ajzen, 1991) research. In a number of settings, previous studies have also shown that attitude mediates the effect on intention development(Kautish & Sharma, 2019), (Khoi et al., 2018). (Garg et al., 2022) looked specifically at attitudes, found factors that predict investment intentions, and claimed that attitude is a mediator between these factors and investment intentions. (Zhang et al., 2024) found that investors' perception of corporate ESG performance and investment intention is mediated by attitude. This study builds on previous research by exploring the role of attitudes as a mediator in the research setting. Specifically, it looks at whether the link that was previously found holds water when considering ESG factors in a larger context (Sultana et al. 2018), (Zhang et al., 2024). This study adopts methodology followed by (Zhang et al., 2024) where environmental, social, and governance performance are considered as three critical predictive factors for investor attitudes. It also examines whether the relationship between investors' perception of corporate environmental, social, and governance performance and intention are influenced by attitude, thereby considering whether investors' attitudes act as a mediating variable. These perspectives introduce a novel concept regarding how investors' perceptions of a corporate ESG performance may alter their attitude, subsequently affecting their investment intentions. Consequently, the hypothesis is as follows.

Hypothesis 8 (H8). The impact of investors' perception of corporate environmental performance on investment intention is mediated by their attitude.

Hypothesis 9 (H9). The impact of investors' perception of corporate social performance on investment intention is mediated by their attitude.

Hypothesis 10 (H10). The impact of investors' perception of corporate governance performance on investment intention is mediated by their attitude.

2.3.6. Moderation of Social Efficacy

Social self-efficacy is the conviction in one's capacity to effectuate significant social change through individual acts(Kashyap & Iyer, 2009). An individual's social self-efficacy can play a role in shaping their favourable experiences and perceptions in social circumstances, which in turn can impact their tendency to engage in particular social behaviours(Garg et al., 2022). Consequently, the more robust an individual's conviction in the societal or environmental impact of their acts, the greater the probability of their engagement (Garg et al., 2022). (Kashyap & Iyer, 2009) demonstrated a robust correlation between social self-efficacy and the pursuit of non-economic objectives. In the context of this study, if investors perceive that their investment will not influence corporate behaviour regarding environmental or societal issues, they may be less inclined to invest in that company(Nair & Ladha, 2014). Social self-efficacy is affected by the degree to which individuals perceive their investment choices as capable of positively influencing business conduct for the benefit of society(Nair & Ladha, 2014). (Zhang et al., 2024) found that social self-efficacy does not moderates the relation between corporate environmental and social performance and investment intention in context of Chinese stock market. However, no such research is done in reference of Indian investors. In the light of above discussion, the authors of this study argue that investors' sense of social self-efficacy can amplify the impact of the predictor variables on their investment intentions. Accordingly, following hypothesis are proposed in this study.

Hypothesis 11 (H11). Social self-efficacy acts as a significant moderator in the relationship between investors' perception of corporate environmental performance and their investment intentions.

Hypothesis 12 (H12). Social self-efficacy acts as a significant moderator in the relationship between investors' perception of corporate social performance and their investment intentions.

Hypothesis 13 (H13). Social self-efficacy acts as a significant moderator in the relationship between investors' perception of corporate governance performance and their investment intentions.

Hypothesis 14 (H14). Social self-efficacy acts as a significant moderator in the relationship between investors' attitude and their investment intentions.

3. Research Design and Methodology

3.1. Research Design

The purpose of this research is to examine the impact that Indian investors' perceptions of a company's ESG performance on their investment intention. Structural Equation Modeling (SEM) is used for the purpose of this study. The theory of planned behaviour (TPB) serves as the foundation of this research. TPB elucidates that human intention is contingent upon subjective norms, perceived behavioural control, and attitudes towards behaviour, ultimately, intention results in actual behaviour(Ajzen, 1991). Nevertheless, the current research employs only one component, 'attitude,' to forecast 'intention' in accordance with the study's objectives. The TPB has also been partially adopted in other research papers(Sultana et al., 2018), (Sultana et al., 2018), (Zhang et al., 2024). In order to operationalise the TPB, it is necessary to investigate the attitudes of stock market investors towards ESG issues, thereby concentrating on the intention of ESG investing with regard to investment decisions(Sultana et al., 2018). An individual's preparedness to engage in a behaviour is defined as a intention(Ajzen, 1991), while their attitude towards the behaviour is defined

as a comprehensive set of attainable behavioural beliefs(Sultana et al., 2018). Furthermore, prior research has documented the substantial influence of investors' attitudes on their intentions(Gopi & Ramayah, 2007),(Garg et al., 2022). Furthermore, this investigation employs social self-efficacy as a moderating variable and endeavours to influence(Zhang et al., 2024).

3.2. Methodology

Research Design and Data Collection

The study adopts a quantitative, cross-sectional research design, grounded in the Theory of Planned Behaviour (TPB), which is appropriate for examining behavioural constructs such as attitude and investment intention. Data were collected from Indian retail investors using a self-administered structured questionnaire. The study adhered to standard ethical research practices. Participation was voluntary, anonymity was ensured, and no personally identifiable information was collected. Respondents provided informed consent before completing the questionnaire, and the data were used solely for academic research purposes.

A total of 620 valid responses were obtained through an online survey distributed via Google Forms across multiple digital platforms, including WhatsApp, Telegram, Instagram, and email. Data collection was conducted between July and November 2025. Prior to participation, respondents were informed about the objective of the study, and their voluntary participation and informed consent were obtained.

The study employed convenience sampling, which is commonly used in behavioural finance and ESG-related investment research when access to a defined sampling frame of retail investors is limited (Riaz et al., 2022; Zhang et al., 2024). Given the exploratory nature of ESG-based investment behaviour in India and the absence of a comprehensive database of retail investors, convenience sampling was considered a pragmatic and contextually appropriate approach.

Nevertheless, the study acknowledges that convenience sampling may introduce selection bias and limit generalisability. Accordingly, future research is encouraged to employ probability-based or stratified random sampling techniques to enhance representativeness and external validity. The questionnaire items were adapted from previously validated studies, and the instrument was reviewed by a subject matter expert to ensure content relevance and clarity. Investors' perceptions were measured using a five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5), reflecting their evaluation of firms at the time of investment. Based on an extensive review of the literature, the study examined six constructs using 36 measurement items: environmental performance (EP; 6 items), social performance (SP; 7 items), governance performance (GP; 8 items), attitude (AT; 5 items), investment intention (IT; 4 items), and social self-efficacy (SE; 6 items). In the final questionnaire, respondents' demographic data such as age, gender, education etc. was collected in the first part, whereas fundamental questions relating to the study were covered in second part.

A pilot study was conducted by distributing 90 questionnaires to retail investors, out of which 63 usable responses were received. The pilot results confirmed acceptable face validity and reliability, as indicated by Cronbach's alpha values, and minor refinements were made prior to final data collection. The full wording of all measurement items is provided in Appendix A to enhance transparency and replicability.

The final sample size exceeds the minimum requirement determined through G*Power analysis. Using an effect size (f^2) of 0.10, a significance level (α) of 0.05, and statistical power of 0.99, the minimum required

sample size was 312 respondents (Erdfelder et al., 1996; Riaz et al., 2022). Thus, the obtained sample of 620 responses was deemed statistically adequate for hypothesis testing. A total of 790 individuals agreed to participate, and 620 complete questionnaires were received, resulting in a 78% response rate.

The study employed Structural Equation Modelling (SEM) using AMOS version 21 to assess the measurement model and test direct relationships. To examine mediation and moderation effects, Hayes' PROCESS macro in SPSS version 22.0 was used. Hayes' PROCESS macro was selected due to its robustness in estimating indirect and conditional effects using bootstrapping, complementing SEM by providing more precise inference for mediation and moderation hypotheses.

4. Results

4.1. Descriptive Analysis

Table 2 presents the demographic details of the respondents.

Table 2: Demographic profile (n=620)

Items	Characteristics	Response (%)
Gender	Male	59
	Female	41
Age	18–30 years	16
	31–40 years	24
	41–50 years	33
	51–60 years	15
	Above 60 years	12
Education	SSC	10
	HSC	13
	Graduation	31
	Post-Graduation	22
	Professional Degree	14
	Ph.D.	10
Investment Experience	Less than 1 year	20
	1 to 5 years	46
	More than 5 years	34
Occupation	Student	13
	Government employee	17
	Private employee	39
	Self employed	31
Average stock holding duration	Less than one year	26
	1–3 years	45
	More than 3 years	29

Source: Authors' compilation using SPSS 25.

It can be seen from Table 2 that majority of respondents are male (59%), giving perspective of demography of Indian stock market. With respect to age, majority of respondents are aged between 41 and 50 (33%) years, followed by of respondents aged between 31 and 40 years (24%) and respondents with age above 60 are least with 12%. Among the participants majority possess graduation degrees (31%) and postgraduate degrees 22%. Participants holding SSC and Ph.D. are marginal in number. On occupation front about 13% of participants are students, 39% are working in the private sector and 31% are self-employed. Respondents having 1 to 5 years of investment experience were highest (46%), while 34% had investment experience surpassing 5 years. Looking at the data of the average stock holding period it can be said that majority of respondents favoured long term investment as only 26% investors listed short-term holding of less than 1 year.

4.2. Structural Equation Modeling (SEM)

Structural equation modelling (SEM) illustrated the associations between the constructs and their respective indicator variables, whereas the association of the latent variable was characterised by the structural model.

4.2.1. Assessment of Measurement Model

The reflecting measurement model was assessed by reliability tests (Cronbach's alpha and composite reliability) and validity tests (convergent validity and discriminant validity)(Hair et al., 2016); the findings for reliability and discriminant validity are presented in Table 2.

Table 3: Reliability and Convergent Validity

Variables / Constructs	Cronbach Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Environment performance (EP)	0.967	0.968	0.834
Social performance (SP)	0.981	0.983	0.880
Governance performance (GP)	0.982	0.982	0.886
Social self-efficacy (SE)	0.942	0.942	0.942
Investment intention (IT)	0.925	0.928	0.928

Source: Authors' compilation using AMOS 21. (n=620)

4.2.2. Reliability Tests

Composite reliability (CR), which indicates indication reliability, must exceed 0.8, and the Cronbach's alpha value should above 0.80(Nunnally & Bernstein, 1994). The composite reliability (CR) and Cronbach's alpha for all scales in this investigation above 0.80(Fornell & Larcker, 1981), indicating adequate reliability for construct validity (Table 3).

4.2.3. Validity Tests

The convergent validity of the constructs was evaluated using factor loadings. All item factor loadings exceeded the minimum acceptable threshold of 0.70 (Hair et al., 2009). Consequently, none of the things were removed from the structures. To validate the discriminant validity of the measurement model, the average variance extracted (AVE) must exceed 0.50 (Hair et al., 2016). Table 3 indicates that the Average Variance Extracted (AVE) for all constructs exceeds 0.50, hence affirming the discriminant validity of the measuring model in this investigation. Furthermore, Table 4 depicts the correlations of the latent variable with the square roots of the AVE, shown diagonally. This analysis demonstrates that the square roots of the

AVE exceed all other correlations among the latent variables, indicating robust discriminant validity(Fornell & Larcker, 1981).

Table 4: Discriminant validity

	EP	GP	SP	SE	IT
EP	0.913				
GP	0.576	0.942			
SP	0.631	0.712	0.938		
SE	0.465	0.493	0.551	0.855	
IT	0.624	0.640	0.716	0.524	0.947

Source: Authors' compilation using AMOS 21. (n=620

4.3. Structural Model: Testing of Hypotheses

Figure 1 shows a structural model of latent variables that shows how corporate ESG performance perception affects intention formation and decision-making. Table 5 shows seven causal pathways and hypotheses about constructs and considerations. The structural model was evaluated to determine pathway orientations, importance, and magnitudes based on the hypotheses. The study demonstrated a substantial positive correlation between corporate environmental performance perception and attitude ($\beta = 0.211$; $t = 5.923$; $p < 0.05$), supporting hypothesis 1. The results support Hypothesis 2 that corporate environmental performance perception positively correlates with investment intention ($\beta = 0.125$; $t = 2.617$; $p < 0.05$). A significant positive correlation ($\beta = 0.296$; $t = 7.096$; $p < 0.05$) was discovered between opinions of corporate social performance and attitude, confirming hypothesis 3. Perceptions of corporate social performance correlated significantly with investment intention ($\beta = 0.170$; $t = 3.002$; $p < 0.05$), supporting hypothesis 4.

Table 5: Regression Weights

H. No.	Paths	Std. Regression Weight (β)	t-value	p-Values	Remarks
H1	EP → AT	0.211	5.923	***	H1 Supported
H2	EP → IT	0.125	2.617	0.009	H2 Supported
H3	SP → AT	0.296	7.096	***	H3 Supported
H4	SP → IT	0.170	3.002	0.003	H4 Supported
H5	GP → AT	0.436	9.326	***	H5 Supported
H6	GP → IT	0.265	4.074	***	H6 Supported
H7	AT → IT	0.135	2.570	0.010	H7 Supported

Source: Authors' compilation using AMOS 21. (n=620)

*** indicates p -value < 0.001.

Perceptions of corporate governance success positively affect attitude ($\beta = 0.436$; $t = 9.326$; $p < 0.05$) and intention ($\beta = 0.265$; $t = 4.074$; $p < 0.05$), supporting hypothesis 5 and 6. Investment attitude significantly affects ESG intention ($\beta = 0.135$; $t = 2.570$; $p < 0.05$), supporting hypothesis 7. Perceived environmental, social, and governance performance by investors influences stock market attitude and investment intentions, supporting previous research by (Sultana et al., 2018). It is worth mentioning that out of all the

predictors, investors' perceptions of business environmental performance seem to have the most impact on attitude and intention. Investors' increased vigilance and ease of observation regarding a company's environmental performance may explain why this aspect is so important to their decision-making process.

4.4. Analysis of Mediation Effects

This study examines mediation effects using (Hayes, 2009) 95% confidence interval and bootstrapped samples. Simulated research has shown that bootstrapping for intervening variable analysis is reliable and successful (MacKinnon et al., 2004). Using bootstrapping to estimate the indirect effect without assumptions about its sample dispersion is an advantage (Hayes, 2009).A new dataset is created by sampling instances from the original data and duplicating it to meet the sample size to establish a bootstrap confidence interval. This bootstrap sample is analysed to calculate the indirect effect, known as the bootstrap estimate This research uses the bootstrap technique 5000 times to establish the indirect effect's 95% confidence interval from the 2.5th and 97.5th percentiles of the bootstrap estimates distribution (Igartua & Hayes, 2021).

The fact that there are no zeros in this range provides evidence that mediation is present as shown in Table 6. The relationship between investment intention in the Indian stock market and corporate environmental performance ($\beta = 0.209$; $p < 0.05$; CI = (0.142–0.278), corporate social performance $\beta = 0.190$; $p < 0.05$; CI = (0.117–0.264) and corporate governance performance $\beta = 0.191$; $p < 0.05$; CI = (0.099–0.286) is moderated by investor attitude, as shown in Table 6. Conclusions 8, 9, and 10 are all well-backed by these findings.

Table 6: Results of Mediation Analysis

H. No.	Path	Indirect Effect (β)	Bootstrap 95% CI (LL)	Bootstrap 95% CI (UL)	Remarks
H8	EP → AT → IT	0.209*	0.142*	0.278*	Significant mediation
H9	SP → AT → IT	0.190*	0.117*	0.264*	Significant mediation
H10	GP → AT → IT	0.191*	0.099*	0.286*	Significant mediation

*Source: Authors' compilation using AMOS 21. (n=620) *P<.05*

4.5. An Analysis of Moderation's Effect

Table 7 shows moderation findings from Model 1 of the PROCESS macro in four scenarios. Estimating regression coefficients and creating a table of anticipated outcome values helps visualise and explain the findings. Each interaction was evaluated separately in this investigation (Hair et al., 2009). Table 7 indicates that social self-efficacy significantly affects the relationship between corporate environmental performance and investment intention (INT_1 EP × SE, $p < 0.05$), corporate social performance and investment intention (INT_2 SP × SE, $p < 0.05$) and corporate governance performance and investment intention (INT_3 GP × SE, $p < 0.05$), indicating an increase in this relationship. Social self-efficacy significantly alters the relationship between investment attitude and intention (INT_4 AT × SE, $p < 0.05$), enhancing the link. The findings support hypothesis 11, 12, 13, and 14. Social self-efficacy moderated EP, SP, GP and AT-IT connections.

A diagram made with Stats tools package by (Gaskin, 2016) shows the conditional influence of variable X on variable Y, which this study uses to analyse how social self-efficacy affects relationships. Figure 2 (Gaskin, 2016) shows interactions as a slope diagram. Figure 2 and Table 7 show slope diagrams in Figure 2a–c for all variables, showing substantial interaction effects under high and low social self-efficacy. Investors with low social self-efficacy have slightly higher investment intentions when business environmental, Social and Governance performance are low. High social self-efficacy increases investment intention much more than lower self-efficacy when firm environmental, Social and Governance performance improves. When investment attitudes are low, investors with low social self-efficacy have slightly higher investment intentions than those with high social self-efficacy. With an increase in investment attitude from low to high, strong social self-efficacy leads to larger investment intentions. Moderation test analysis and earlier investigations supported hypothesis 11, 12, 13 and 14.

Table 7. Results of Moderation analysis

(a) EP × SE → IT

Predictor	Coefficient	SE	t	p	LLCI	ULCI
Constant	5.0241	0.0497	101.0600	.0000	4.9265	5.1218
EP	0.3306	0.0396	8.3494	.0000	0.2528	0.4083
SE	0.3563	0.0437	8.1477	.0000	0.2704	0.4421
Int_1 (EP × SE)	0.1310	0.0257	5.0923	.0000	0.0805	0.1815

Model summary: $R = 0.5333$, $R^2 = 0.2844$, $MSE = 1.3228$, $F(3, 616) = 81.6011$, $p < 0.001$. Interaction R^2-change = 0.0120.

(b) SP × SE → IT

Predictor	Coefficient	SE	t	p	LLCI	ULCI
Constant	5.0428	0.0498	101.1910	.0000	4.9449	5.1406
SP	0.3949	0.0416	9.5002	.0000	0.3133	0.4766
SE	0.3151	0.0469	6.7248	.0000	0.2231	0.4072
Int_1 (SP × SE)	0.0943	0.0246	3.8411	.0000	0.0461	0.1425

Model summary: $R = 0.5429$, $R^2 = 0.2948$, $MSE = 1.3035$, $F(3, 616) = 85.8346$, $p < 0.001$. Interaction R^2-change = 0.0045.

(c) GP × SE → IT

Predictor	Coefficient	SE	t	p	LLCI	ULCI
Constant	5.0420	0.0491	102.7726	.0000	4.9456	5.1383
GP	0.4789	0.0469	10.2027	.0000	0.3868	0.5711
SE	0.2816	0.0464	6.0674	.0000	0.1905	0.3728
Int_1 (GP × SE)	0.1017	0.0249	4.0803	.0000	0.0527	0.1506

Model summary: $R = 0.5553$, $R^2 = 0.3084$, $MSE = 1.2784$, $F(3, 616) = 91.5535$, $p < 0.001$. Interaction R^2-change = 0.0032.

(d) AT × SE → IT

Predictor	Coefficient	SE	t	p	LLCI	ULCI
Constant	5.0381	0.0501	100.4945	.0000	4.9397	5.1366
AT	0.3612	0.0404	8.9393	.0000	0.2818	0.4405
SE	0.3150	0.0466	6.7619	.0000	0.2235	0.4065
Int_1 (AT × SE)	0.0939	0.0230	4.0799	.0000	0.0487	0.1391

Model summary: R = 0.5337, R^2 = 0.2848, MSE = 1.3220, F(3, 616) = 81.7610, p < 0.001. Interaction R^2-change = 0.0054.

Source: Authors' compilation using Hayes process Macro(n=620)

Figure 2. A slope diagram illustrating the moderation effects.

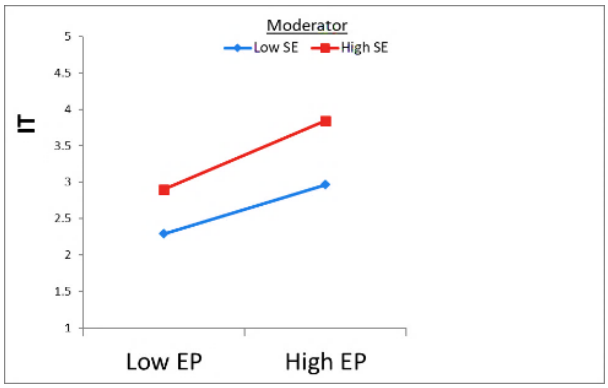


Figure 2a. Environmental Performance × Social Self-Efficacy on Investment Intention.

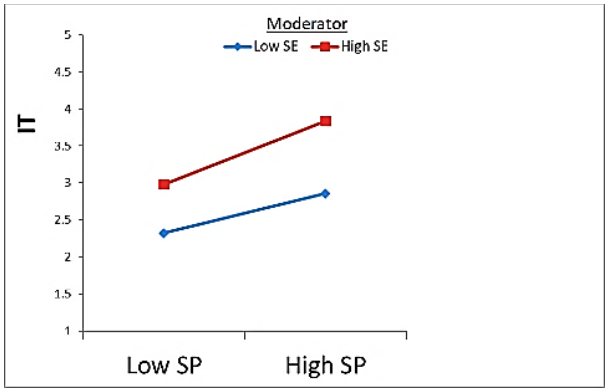


Figure 2b. Social Performance × Social Self-Efficacy on Investment Intention.

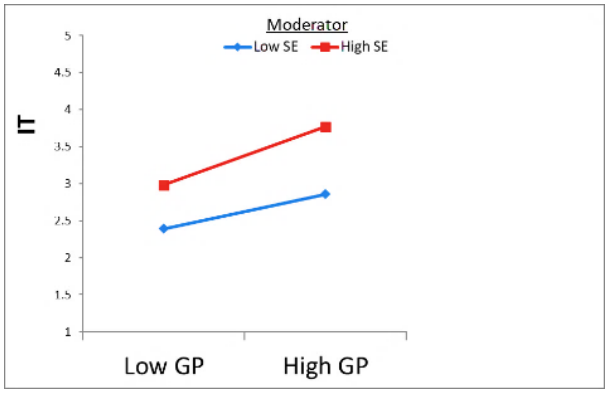


Figure 2c. Governance Performance × Social Self-Efficacy on Investment Intention.

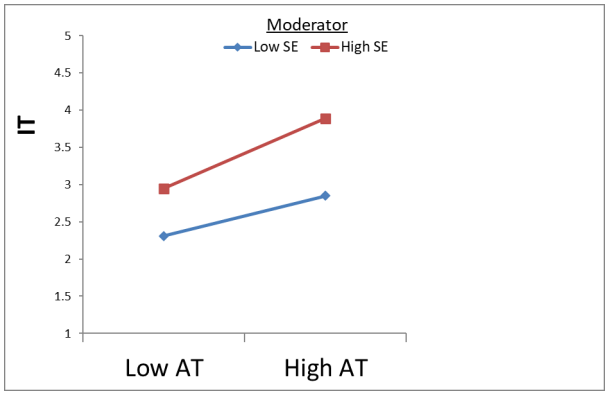


Figure 2d. Attitude × Social Self-Efficacy on Investment Intention.

5. Discussion

Hypotheses H1–H6 examined the influence of perceived corporate ESG performance on investor attitude and investment intention. The findings indicate that environmental, social, and governance performance significantly shape both attitude and intention, confirming the growing relevance of ESG considerations in stock market investment decisions. This aligns with prior studies suggesting that investors increasingly value sustainability-related information alongside financial performance (Adam & Shauki, 2014; Cheng et al., 2015; Amel-Zadeh & Serafeim, 2017).

Among the ESG dimensions, governance performance emerged as the strongest predictor of investment intention, highlighting its practical importance in the Indian stock market. This result is consistent with earlier findings that emphasise transparency, accountability, and ethical management as critical factors influencing investor trust in emerging markets (Chang & Wei, 2011; Sultana et al., 2018). Environmental and social performance also positively influenced investor attitudes, reflecting a broader global shift towards sustainable and responsible investing (Nilsson, 2008; Hales et al., 2016).

Hypothesis H7, which proposed a positive relationship between attitude and investment intention, was supported. This finding reinforces the central premise of the Theory of Planned Behaviour that attitude is a key driver of behavioural intention (Ajzen, 1991). Investors with favourable attitudes towards firms exhibiting strong ESG performance are more likely to express higher investment intentions, echoing results reported by Zhang et al. (2024) and Garg et al. (2022).

Further analysis confirmed the mediating role of attitude in the relationship between ESG performance and investment intention (H8–H10). This suggests that ESG performance influences investment decisions primarily by shaping investors' evaluative judgments. In other words, ESG information does not translate directly into intention unless it first alters investors' attitudes toward the firm.

The study also examined the moderating role of social self-efficacy (H11–H14). The results indicate that investors with higher social self-efficacy, those who feel confident in understanding and using ESG-related information exhibit a stronger relationship between ESG performance, attitude, and investment intention. For instance, two investors may receive identical ESG disclosures, but the investor with higher self-efficacy is more likely to translate this information into a positive attitude and stronger intention to invest. This highlights the behavioural importance of investor confidence in ESG interpretation.

While all hypothesised relationships were supported, which may raise concerns regarding model overfitting or confirmation bias, this outcome is consistent with theory-driven models tested in a specific contextual setting. Future research is encouraged to validate the framework across different markets, investor segments, or by incorporating additional behavioural variables.

5.1 Practical Implications

This study offers several practical insights for regulators, policymakers, firms, and ESG information providers. The strong influence of governance performance underscores the need for firms to strengthen governance mechanisms and enhance transparency to attract retail investors. Regulators and stock exchanges may also promote standardised ESG disclosures to improve information accessibility and comparability.

The findings further suggest that investor education initiatives aimed at enhancing social self-efficacy could significantly strengthen ESG-based investment behaviour. By improving investors' ability to understand and evaluate ESG information, market participants can foster more informed, confident, and responsible investment decisions.

5.2 Limitations and Future Research Directions

Despite its contributions, this study has certain limitations. First, the use of a cross-sectional design restricts causal inference. Second, the reliance on convenience sampling may limit generalisability. Third, the study focuses on selected TPB components, and other psychological or contextual factors may also influence ESG investment behaviour.

Future research could employ longitudinal or experimental designs, use probability-based sampling, or explore additional moderating variables such as financial literacy, risk tolerance, or cultural values. Cross-country comparative studies would further enrich understanding of ESG-driven investment behaviour across emerging markets.

6. Conclusions and Contributions

This study contributes to the ESG and behavioural finance literature by extending the Theory of Planned Behaviour to the context of ESG-based investment decisions among Indian retail investors. By integrating attitude as a mediator and social self-efficacy as a moderator, the research offers a more nuanced understanding of how ESG performance translates into investment intention.

The findings demonstrate that corporate ESG performance, particularly governance plays a critical role in shaping investor attitudes and intentions. Moreover, social self-efficacy enhances the effectiveness of ESG information by strengthening the attitude–intention link. These insights advance theoretical understanding of TPB in sustainable finance and provide actionable guidance for stakeholders seeking to promote responsible investment practices in emerging markets.

Conflicts of Interest: The authors declare no conflicts of interest.

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Appendix A

Table 8. Research Instrument: Constructs with Sources

Construct	Measurement Item	Source(s)
Perception of environmental performance	1. Climate risk like global warming, greenhouse impact, etc.	(Sultana et al., 2018); (Zhang et al., 2024)
	2. Management of dangerous manufacturing waste.	(Sultana et al., 2018); (Zhang et al., 2024)
	3. Optimise materials, energy, and water use and identify greener solutions like solar power.	(Sultana et al., 2018); (Zhang et al., 2024)
	4. Harmful gases (carbon dioxide, chlorofluorocarbon) reduction in production.	(Sultana et al., 2018); (Zhang et al., 2024)
	5. Making sturdy, eco-friendly products.	(Sultana et al., 2018); (Zhang et al., 2024)

Construct	Measurement Item	Source(s)
	6. Expanding markets with innovative environmental technologies and procedures.	(Sultana et al., 2018); (Zhang et al., 2024)
Perception of social performance	1. Employee and worker safety at work.	(Sultana et al., 2018); (Zhang et al., 2024)
	2. Offering better employment benefits.	(Sultana et al., 2018); (Zhang et al., 2024)
	3. Donating cash, products, etc. to maintain government and community relationships.	(Sultana et al., 2018); (Zhang et al., 2024)
	4. Respecting basic human rights (no child labour, forced labour, etc.).	(Sultana et al., 2018); (Zhang et al., 2024)
	5. Training and educating employees to improve their skills, employability, and careers.	(Sultana et al., 2018); (Zhang et al., 2024)
	6. Boosting employee loyalty and productivity through life–work balance, family-friendly environments, and gender, age, and religion-neutral opportunities.	(Sultana et al., 2018); (Zhang et al., 2024)
	7. Making quality products and delivering correct product information while considering customer health and safety.	(Sultana et al., 2018); (Zhang et al., 2024)
Perception of governance performance	1. Director independence and responsibility.	(Sultana et al., 2018); (Zhang et al., 2024)
	2. Creating an effective board with roles and responsibilities.	(Sultana et al., 2018); (Zhang et al., 2024)
	3. Financial disclosure.	(Sultana et al., 2018); (Zhang et al., 2024)
	4. Audit committee structure and functions.	(Sultana et al., 2018); (Zhang et al., 2024)
	5. Auditor independence.	(Sultana et al., 2018); (Zhang et al., 2024)
	6. Linking executive pay to individual and corporate financial or additional financial goals to attract and retain skilled workers.	(Sultana et al., 2018); (Zhang et al., 2024)
	7. Combating organizational corruption and bribery.	(Sultana et al., 2018); (Zhang et al., 2024)

Construct	Measurement Item	Source(s)
	8. Equal shareholder rights and benefits, including minority shareholders.	(Sultana et al., 2018); (Zhang et al., 2024)
Social self-efficacy	1. I think my investments help the environment.	(Garg et al., 2022)
	2. I think my investments help the community.	(Garg et al., 2022)
	3. My investments will help management meet social and community demands.	(Garg et al., 2022)
	4. I want my investments to benefit society.	(Garg et al., 2022)
	5. I believe my investments will help the ecosystem.	(Garg et al., 2022)
Investment intention	1. The likelihood of me investing in companies with ESG performance consideration is very high.	(Zhang et al., 2024); (Adam & Shauki, 2014)
	2. I will invest in companies with ESG performance consideration in near future.	(Zhang et al., 2024); (Adam & Shauki, 2014)
	3. I intend to invest in companies that care more about their own ESG performance in near future.	(Zhang et al., 2024); (Adam & Shauki, 2014)
	4. I intend to increase frequency of investing in companies with ESG performance consideration.	(Zhang et al., 2024); (Adam & Shauki, 2014)
Attitude	1. Whenever I am selecting a stock to invest in, I take into account the company's ESG performance.	(Zhang et al., 2024); (Adam & Shauki, 2014)
	2. It is my firm belief that it is prudent to put one's money into a business that takes ESG performance into account.	(Zhang et al., 2024); (Adam & Shauki, 2014)
	3. I believe that it is ethical to invest in firms that take ESG performance into account.	(Zhang et al., 2024); (Adam & Shauki, 2014)
	4. Compared to more traditional investing options, I have more faith in firms that take ESG performance into account.	(Zhang et al., 2024); (Adam & Shauki, 2014)
	5. It would be a pleasure for me to invest in firms that take their ESG performance into account.	(Zhang et al., 2024); (Adam & Shauki, 2014)