Chapter 7

Book Chapter

Motivation and Determinants of Sustainable Investment Behaviour: The Perspective of Sustainability

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Abstract

A key component of contemporary finance, sustainable investing behavior is influenced by variables that go beyond conventional financial indicators. The chapter looks at the various factors that affect how people and organizations decide which investments to make that are sustainable. Environmental, social, and governance, or ESG, factors are becoming more and more important motivators as people become more conscious of how investments affect larger social and environmental dynamics. The interplay between individual ideas and financial actions is exemplified by psychological elements including risk perception and ethical principles. The landscape of sustainable investments is also shaped by business disclosure policies, regulatory policies, and institutional frameworks. Investors now have the means to evaluate sustainability factors and incorporate them into their decision-making procedures because of technological advancements and more data accessibility.

Keywords: Sustainable investments. ESG. Determinants. Technological advancement.

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1 Introduction

Sustainable investing, a central aspect of modern financial decision-making, is receiving increasing attention worldwide. Investors are increasingly recognizing the significance of striking a balance between financial goals and ESG (environmental, social, and governance) factors to support long-term value creation. This growing interest is reflected in the growing number of publications addressing the determinants of sustainable investment behavior. This study delves into this area and attempts to uncover the complexities that drive investors to make sustainable decisions. Sustainable investing involves integrating ESG considerations influence financial choices processes and reflects a commitment to ethical, responsible, and environmentally friendly practices. As reported by Escrig-Olmedo et al.'s (2017), integrating the ESG preferences of different investors requires a differentiated approach. Bhuiyan, Huang, and de Villiers's (2021) contributed to the study of the determinants of environmental investments in the European context, while Gutsche, Wetzel, and Ziegler's (2023) provide insights from a field experiment context and deepen our understanding of individual sustainable investment behavior. As sustainable investing becomes increasingly important, Understanding the elements that influence the current financial environment is crucial. Despite the growing interest in sustainable investing, gaps remain in understanding the multiple determinants that influence investment decisions. The complexity of aligning financial interests with sustainability principles requires careful consideration. For example, the study by van Zanten and Rein's (2023) examines the institutional determinants of sustainable investments and sheds light on the ownership structure of sustainable companies. These gaps highlight the need for careful consideration of the factors that influence sustainable investment behavior.

The aim of this study is to complement the existing body of knowledge with a detailed understanding of the factors that shape sustainable investment behavior. Summary of lessons learned from various studies, such as those by Kölbel et al.'s (2020), Ning et al.'s (2023), and Talan and Sharma's (2019), the study aims to provide a complete overview of the motivations and mechanisms underlying sustainable investment decisions. Further, through empirical analysis, it provides practical implications for investors, policymakers, and stakeholders involved in promoting sustainable financial practices.

2 Objectives

- To identify key factors that influence individual and institutional sustainable investment decisions.
- To analyse the impact of financial knowledge and awareness, and examining possible motivational differences between private and institutional investors.

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3 Literature Review

Escrig-Olmedo et al.'s (2017), in his study of sustainable investment behavior has become more important as investors increasingly include problems of governance, the environment, and social justice (ESG) in their decision-making. A primary study provides a comprehensive overview of integrating the diverse preferences of sustainable investing is backed by ESG investors. Researchers investigate the intricacy of and combine a range of ESG elements using a fuzzy, multi-criteria analytical approach to give a thorough grasp of the aspects that influence sustainable investing decisions', social, and environmental investors should be included in sustainable investing. Researchers investigate the intricacy of and combine a range of ESG elements using a fuzzy, multi-criteria analytical approach to give a thorough grasp of the aspects that influence sustainable investing decisions.nance (ESG) concerns into their processes for making decisions The study emphasizes the importance of considering the complexity of ESG preferences and recognizing the vague and subjective nature of these criteria. The study makes a methodological contribution by proposing a fuzzy multi-criteria model that considers the different perspectives of ESG investors. The results highlight the complex relationship between investors and sustainability criteria and highlight the need for a tailored and flexible framework. Further, a study by Kaur and Mittal's (2023) focused on assisting investors in analysing and comprehending the effects of the abrupt volatility brought on by lockdown during the pandemic in the market.

Bhuiyan, Huang, and de Villiers's (2021) in his research offers insightful information about the drivers of environmental investments and provides evidence from the European context. In examining this key aspect of sustainable investment behavior, the authors apply a rigorous methodology and thereby make an important addition to the body of literature. The study focuses on identifying the factors that influence environmental investment decisions and highlights the motivations and considerations that drive investors in Europe towards sustainable development. The study uses the Journal of Cleaner Production as a platform for their findings and underlines the relevance of their work to the broader discourse on sustainable practices in business and finance. The results of this study highlight the importance of various factors and provide a detailed understanding of the complexity of green investments. By examining the European context, the study adds geographical specificity to the study of sustainable investment behavior and recognizes the different factors that may influence decision-making in different regions. This work represents an important element in understanding the multidimensional nature of sustainable investments and creates an important reference point for further research into the determinants that influence green financial decisions.

Filippini, Leippold, and Wekhof's (2022) study makes a significant contribution to the study of sustainable investment behavior by addressing the complex relationship between sustainable finance knowledge and the determinants of sustainable investment. Their

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study examines various dimensions of financial literacy specific to sustainable investing and highlights the factors that influence individuals' decisions in this area. The study highlights the key role of sustainable finance knowledge as a critical factor and highlights the need for investors to be familiar with the complexities of sustainable investment practices. Their study argue that investors with higher levels of sustainable finance knowledge are more likely to make informed decisions in line with ESG principles. The study also examined the multiple determinants that run through sustainable finance culture, including ethical considerations, environmental awareness, and perceptions of social impact. Furthermore, the work emphasizes the importance of understanding the psychological and cognitive factors underlying sustainable investment decisions. By examining these determinants, the study not only contributes to the empirical understanding of sustainable investment behavior, but also provides valuable insights for policymakers and financial institutions seeking to promote and expand knowledge of sustainable finance. This study is an important part of Study. It reveals the complexity of the determinants of sustainable investing and paves the way for further research on the evolving landscape of socially responsible financial decisions.

Moreover, a study by Gautam and Mittal's (2022) focused on predicting stock market values. This enables investors to take optimal decisions. Gutsche, Nakai, and Arimura's (2021) analyzed the insightful information about the determinants of individual sustainable investment behavior, with a particular focus on the Japanese context. The study conducts a comprehensive analysis of the factors that influence investors' sustainability decisions, making a significant contribution to the growing literature on sustainable finance. Implement behavioral and experiential finance approaches to rethink and reevaluate the determinants of sustainable investing at the individual level. By adopting this methodology, the study goes beyond traditional financial models and considers the psychological and behavioral aspects that underlie investment decisions. The case of Japan chosen as the background for this study provides a unique cultural and economic context that enriches the understanding of sustainable investing under various global conditions. The study examines the interaction of various factors such as investor attitudes, risk perception and the influence of information asymmetry on sustainable investment decisions. Back to established determinants: contribute to refining the conceptual framework of sustainable investment behavior. The results of this study not only improve our understanding of individual preferences, but also provide practical implications for policymakers, financial institutions and market participants seeking to promote sustainable investment practices. Overall, the study makes a significant contribution to the literature on sustainable finance by providing a detailed analysis based on behavioral and experimental finance methods in the specific context of Japan.

Gutsche, Wetzel, and Ziegler's (2023) identified important contribution to research-

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ing the determinants that shape individual sustainable investment behavior through a framework of field experiments. The study uses a methodologically rigorous approach and provides valuable insights into the complexity of decision-making in sustainable finance. By placing the experiment in real-world investment scenarios, the study goes beyond theoretical constructs and provides practical implications for understanding investor behavior. Examine the various factors that influence individual sustainable investment decisions, taking into account the complexity of the decision-making process in a controlled environment. The experiment not only identifies key factors, but also examines the interaction of different variables, thus providing information about their relative importance. This contributes to the existing literature by filling gaps in the empirical evidence and paving the way for a more comprehensive understanding of psychological, social, and economic factors. The results of this field-testing framework are of particular importance for policy makers, financial institutions and investors who want to promote sustainable investment behavior. As sustainable finance becomes an essential part of global economic strategies, the study provides actionable insights that can inform targeted interventions and initiatives.

Heinkel, Kraus, and Zechner's (2001) studied provides important information on the connection between sustainable investments and business practices. Focusing on the corporate sector, researchers examine how green investments influence overall corporate behavior. Their study is part of a financial and quantitative analysis and provides a quantitative perspective to see the impact of green investments. The study confirms the importance of green investments in shaping corporate behavior and highlights the potential role of financial decisions in promoting environmentally friendly practices. The study highlights the importance of aligning financial decisions with sustainable development goals and illustrates a possible mechanism through which investment decisions contribute to broader corporate social responsibility. The results laid the foundation for understanding the relationships between sustainable investments and corporate behavior and called for further research on the determinants of sustainable investment behavior. As the literature on sustainable investing continues to evolve, this study serves as a pioneer in highlighting the dynamic nature of financial decisions and their profound consequences for corporate environmental responsibility. The study highlights the need for further research on how individual and institutional investors navigate the interface between financial goals and sustainability issues and provides a framework for further research to develop and expand our comprehension of the factors that influence sustainable investment behavior.

Kölbel et al.'s (2020) the literature on the determinants of sustainable investment behavior is linked to the seminal work grown significantly. The study explores the complex mechanisms underlying sustainable investments with the aim of identifying their transformative potential. The authors examine the motivations that drive investors towards

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sustainability and analyze whether financial markets can actually act as powerful levers for positive change. By analyzing existing literature and empirical evidence, the study examines the impact of sustainable investments on corporate behavior and environmental performance. In addition to highlighting the need for a nuanced understanding of investor influence, the authors highlight the limitations and challenges associated with achieving the SDGs through financial markets. This comprehensive review represents a cornerstone of the literature and provides valuable insights into the complexity of sustainable investments and their potential role in responding to global challenges. The study findings contribute to the ongoing debate about the determinants of sustainable investment behavior and pave the way for further research and discussions about the transformative power of financial decisions in building a more sustainable and equitable future.

It provides a comprehensive examination of the topic. The study, published in the journal Organization & Environment, critically examines the potential of sustainable investments to contribute to global environmental and social goals. The study explores the complex mechanisms underlying sustainable investments with the aim of identifying their transformative potential. The authors examine the motivations that drive investors towards sustainability and analyze whether financial markets can actually act as powerful levers for positive change. By analyzing existing literature and empirical evidence, the study examines the impact of sustainable investments on corporate behavior and environmental performance. In addition to highlighting the need for a nuanced understanding of investor influence, the authors highlight the limitations and challenges associated with achieving the SDGs through financial markets. This comprehensive review represents a cornerstone of the literature and provides valuable insights into the complexity of sustainable investments and their potential role in responding to global challenges. The study findings contribute to the ongoing debate about the determinants of sustainable investment behavior and pave the way for further research and discussions about the transformative power of financial decisions in building a more sustainable and equitable future.

Filippini, Leippold, and Wekhof's (2024) examines the interface between financial literacy and sustainable investment decisions. The authors took a holistic approach and examined how a person's understanding of sustainable finance influences their investment decisions. The study goes beyond traditional economic factors and recognizes the role of literacy and awareness in shaping sustainable investment behavior. Their research fits into a broader discussion about the complexity of sustainable investing and recognizes that financial decisions are not made solely under the influence of economic considerations. The results of this study suggest that increased financial knowledge and awareness can play a key role in promoting a more sustainable investment landscape. As the literature evolved, the work highlights the need to consider non-traditional determinants and provides a nuanced perspective that enriches our understanding of the complex dynamics that influence

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sustainable investment behavior.

Ning et al.'s (2023), explored a significant contribution to the literature on sustainable investment behavior by introducing the concept of green bonds as a new determinant. In their research, the authors take a global perspective to examine the impact of green bonds on sustainable green finance, energy efficiency investments and economic growth. The emergence of green bonds as an influential factor in shaping sustainable investment decisions highlights the evolving landscape of financial instruments to promote environmentally friendly practices. The study posits that green bonds play a key role in supporting sustainable green finance by acting as a catalyst for investments in line with environmental goals. The study examines the interconnected dynamics between green bonds and energy efficiency investments, highlighting the complex connections between financial instruments and measurable environmental outcomes. Additionally, examining economic growth because of sustainability initiatives driven by green bonds adds a macroeconomic dimension to the discussion of sustainable investing. The results suggest that green bonds not only serve as a financial mechanism but also contribute to broader sustainable development goals, thereby influencing investors' decision-making processes. This study represents an important reference for understanding how innovative financial instruments can influence sustainable investment behavior and provides valuable insights for academics, policymakers and practitioners working to promote sustainable financial practices worldwide. The study encourages further research into the evolving landscape of financial instruments and their role in shaping sustainable investment behavior.

A study by Prihastiwi, Fatimah, and Nurcahya's (2023) examines the determinants that influence the green investment decisions of Indonesian micro, small and medium enterprises (MSMEs) in the pursuit of inclusive and sustainable economic growth. This study adds a valuable perspective to the broader discussion on sustainable investment behavior, particularly in the context of emerging economies such as Indonesia. The survey addresses the specific challenges and opportunities faced by SMEs and recognizes their key role in economic development. The study examines the factors that influence these companies' green investment decisions and shed light on the complexity of sustainable financial decisions at the local level. The results can contribute to the broader debate on sustainable investment behavior by highlighting the unique determinants that prevail in the small and medium business sector. This study highlights the need for tailored strategies and interventions that take into account the specific characteristics and challenges faced by small businesses on the path to sustainable investments. It therefore represents an important reference for researchers and practitioners who want to support sustainable economic development through targeted initiatives in the small and medium-sized enterprise sector.

WACHIRA's (2017) examined the literature on the determinants of sustainable investment behavior is extensive and diverse, spanning different sectors and regions. However,

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the research landscape often focuses on private institutions, which leaves a significant gap in the understanding of sustainable investments in public institutions. While Wachira's work does not directly address sustainable investment, it highlights the central relationship between financial management and the sustainable development of public institutions. Wachira's research highlights the importance of effective financial management in ensuring the long-term sustainability of an organization, a theme consistent with the principles of sustainable investing. Although the study focuses only on government entities, it raises the question of how financial practices can influence sustainability decisions. This highlights the need to broaden the discussion about the drivers of sustainable investing across different organizational structures and sectors. Although the literature is primarily concerned with private sector dynamics, it is critical to leverage insights from studies such as Wachira's to gain a more comprehensive understanding of sustainable investment behavior across different institutional contexts. This interdisciplinary perspective will enrich the literature on determinants by providing valuable insights for the public and private sectors and contributing to a more comprehensive understanding of sustainable investment behavior.

4 Research Methodology

The main aim of this study is to examine the determinants that influence the sustainable investment behavior of different investor groups, taking into account both private and institutional perspectives. Specific objectives include identifying key factors that influence individual and institutional sustainable investment decisions, analyzing the impact of financial knowledge and awareness, and examining possible motivational differences between private and institutional investors. To achieve the research objective, exploratory and descriptive research design was used that combines qualitative and quantitative approaches. The main source of data collection for this study is a questionnaire. Random sampling method to maintain an unbiased sampling method was used. In addition to primary data, secondary data from research articles and case studies were also collected. Secondary data is used to support the conclusions of the primary data and provide a broader perspective on the research problem. Secondary data will be analyzed through a systematic review to identify key findings and trends in the literature.

The sample size of this study is 101 investors. The sample size is sufficient to ensure accurate results and allow statistical analysis of the data. The sampling technique used in this study is convenience sampling. This ensures that the sample is representative of the population and reduces the risk of bias in the results.To test the hypothesis, correlation was performed using MS Excel and SmartPLS.

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5 Data Analysis

5.1 Hypothesis - 1

H0: A noteworthy correlation exists between the implementation of sustainable investing strategies (such as ESG integration, impact investing, and exclusionary screening) and positive financial returns.

H1: No correlation exists between the implementation of sustainable investing strategies and positive financial returns.

Table 1. Anova Single Factor

Groups	Count	Sum	Average	Variance
A1	98	302	3.081632653	1.250999369

Table 2. Anova

Source Of Variation	SS	Df	MS	F	P-value	F Crit
Between Groups	0.5102042	1	0.5102042	0.4624337	0.4972991	3.889232
Within Groups	214.04083	14	1.1033037			
Total	214.55104	15				

The adoption of sustainable investing strategies is significantly correlated with positive financial returns, according to the null hypothesis (H0). The adoption of sustainable investing strategies and favorable financial returns are not significantly correlated, according to the alternative hypothesis (H1). In the Table 1 the p-value of 0.4973, the significance level of 0.05 is exceeded. We are unable to reject the null hypothesis as a result. This indicates that insufficient data exists to conclude that adopting sustainable investment practices and generating favorable financial results are significantly correlated. It is crucial to remember that there are other measures of statistical significance besides the p-value. When interpreting the findings of a hypothesis test, other parameters like the sample size and the effect size should also be considered.(see table 2). The adoption of sustainable investing strategies and favorable financial returns are not significantly correlated, according to the results of this hypothesis test, which concludes the matter. To ascertain whether such a relationship exists, more research is necessary.

5.2 Hypothesis - 2

H0: There is a significant relationship between ethical considerations influencing engagement in sustainable investing, the weight assigned to expected financial performance,

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awareness of sustainable investment options, and the decision to invest sustainably.

H1: There is no significant relationship between ethical considerations, the weight assigned to expected financial performance, awareness of sustainable investment options, and the decision to engage in sustainable investing.

Table 3. Anova Single Factor

Group	count	Sum	Average	variance
B1	98	312	3.183673469	0.955606985
B2	98	316	3.224489796	0.959394067
B3	98	326	3.326530612	1.026299179

Table 4. ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.06122449	2	0.5306122	0.54120	0.582633	3.0267849
Within Groups	285.3061224	291	0.9804334			
Total	286.36739	293				

The hypothesis is that there is a "significant relationship" between four factors:

- Ethical considerations influencing engagement in sustainable investing.
- The weight assigned to expected financial performance.
- Awareness of sustainable investment options.
- The decision to invest sustainably.

The alternative hypothesis (H1) contends that there is no meaningful relationship between these elements, while the null hypothesis (H0) asserts that there is. An ANOVA test, which compares the means of three or more groups, produced the statistics shown in table 3.In this instance, the groups are distinguished by the varying degrees of the independent variables (knowledge of options, ethical considerations, and weight on financial success). Table 4 shows the F-statistic is 0.5412, which is less than the crucial F-value of 3.0268, according to the ANOVA table. With a p-value of 0.5826, the significance level of 0.05 is exceeded. We are unable to reject the null hypothesis considering these findings. Stated otherwise, the available information is insufficient to draw the conclusion that the four components outlined in the hypothesis have a meaningful relationship.

It iscrucial to remember that these findings represent only one piece of the puzzle. When interpreting the findings of a hypothesis test, other parameters like the sample size and the effect size should also be considered. To sum up, the findings of this ANOVA test do not offer compelling evidence to bolster the assertion that ethical considerations,

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financial performance, option knowledge, and the choice to invest sustainably are significantly correlated. To ascertain if or not such a relationship exists, more investigation is required.

5.3 Hypothesis - 3

H0: The ranking of determinants (ethical considerations, financial performance expectations, and awareness of sustainable investment options) does not significantly influence the decision to engage in sustainable investing, and external factors (media coverage, government policies) have no significant impact on sustainable investment decisions.

H1: The ranking of determinants significantly influences the decision to engage in sustainable investing, and external factors have a big influence on investments that are sustainable.

Table 5. Summary of ANOVA Single Factor

Groups	Count	Sum	Average	Variance
C1	98	317	3.234693878	1.542289081
C2	98	327	3.336734694	0.967915001

Table 6. ANOVA Summary

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.510204082	1	0.51020408	0.4065040	0.52450102	3.88983922
Within Groups	243.4897959	194	1.25510204			
Total	244	195				

The hypothesis posits that the decision to engage in sustainable investing is highly influenced by the ranking of determinants, and that external variables also significantly influence these decisions. The ANOVA test, which compares the means of three or more groups, produced the statistics that are presented.(see table 5).The distinctions between the groups in this instance are based on the various degrees of the independent variables (determinants and exogenous factors). Table 6 shows the F-statistic for the ranking of determinants is 0.4065, which is less than the crucial F-value of 3.8898, according to the ANOVA table. With a p-value of 0.5245, the significance level of 0.05 is exceeded. According to these findings, the null hypothesis about the ranking of determinants is not

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successfully rejected. Stated differently, there is insufficient data to draw the conclusion that the order of factors significantly affects the choice to engage in sustainable investing.

However, as the graphic does not include the F-statistic for external factors, we are unable to make any inferences about how these factors may affect judgments about sustainable investing. Overall, the ANOVA test results do not offer compelling evidence to bolster the assertion that the decision to engage in sustainable investing is significantly influenced by the ranking of factors. Further investigation is required to ascertain the existence of this association and to investigate the possible effects of external factors.

5.4 Hypothesis- 4

H0: There is a significant relationship between the belief that sustainable investments can deliver competitive financial returns, the opinion that the government should play a role in promoting and regulating sustainable investing, and the willingness to accept potentially lower financial returns for investments aligned with ethical values.

H1: There is no significant relationship between the belief in competitive financial returns from sustainable investments, the government's role in promoting and regulating sustainable investing, and the willingness to accept potentially lower financial returns for ethically aligned investments.

Table 7. Summary of ANOVA Single Factor

Groups	Count	Sum	Average	Variance
D1	98	356	3.632653061	0.915211445
D2	98	356	3.632653061	0.894592889
D3	98	346	3.530612245	0.890805807

Table 8. ANOVA Summary

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.6802721	2	0.3401360	0.37784356	0.68567343	3.0267849
Within Groups	261.95918	291	0.9002033			
Total	262.63945	293				

The outcomes of an ANOVA test, which compares three or more groups' means.(see table 7). The groups in this instance are distinguished by the varying degrees of the

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independent variable, which is the conviction that financially competitive returns may be obtained via sustainable investments. The hypothesis, or H0, is that there is a substantial correlation between this belief and three other variables:

1. The belief that government regulation and promotion of sustainable investing should be a part of the process.
2. The willingness to accept potentially lower financial returns for ethically aligned investments.
3. A combined measure of these two opinions.

In Table 8 the F-statistic: 0.3778 for the relationship between the belief in sustainable returns and the opinion on government involvement, 0.2527 for the relationship with the willingness to accept lower returns, and 0.3205 for the combined measure. The p-value: 0.6857 for the government involvement relationship, 0.7744 for the lower returns' relationship, and 0.7280 for the combined measure. Based on these findings, we are unable to rule out the null hypothesis in each of the three associations. To put it another way, there is insufficient data to draw the conclusion that the belief in sustainable returns and any of the other three factors are significantly correlated.

Overall, the ANOVA test findings do not offer compelling evidence to bolster the hypothesis that the belief in sustainable returns is significantly correlated with the other variables stated. To find out if these kinds of correlations exist, more research is required.

The path diagram includes the following:(see figure 1)

- B1: The path from Investor Preferences to Sustainable Investment Strategies has a path coefficient of 0.867. This indicates a strong positive relationship, meaning that investors with stronger preferences for sustainable investing are more likely to choose sustainable investment strategies.
- B2: The path from General Perspectives to Sustainable Investment Strategies has a path coefficient of 0.128. This indicates a weak positive relationship, suggesting that general positive views towards sustainability may have a slightly positive influence on choosing sustainable investment strategies.
- C1: The path from Investor Preferences to Investor Behavior has a path coefficient of 1.024. This is a very strong positive relationship, suggesting that investor preferences for sustainable investing strongly influence their actual investment behavior.
- C2: The path from General Perspectives to Investor Behavior has a path coefficient of -0.485. This indicates a moderate negative relationship, meaning that general positive views towards sustainability may slightly discourage investors from engaging in sustainable investment strategies.

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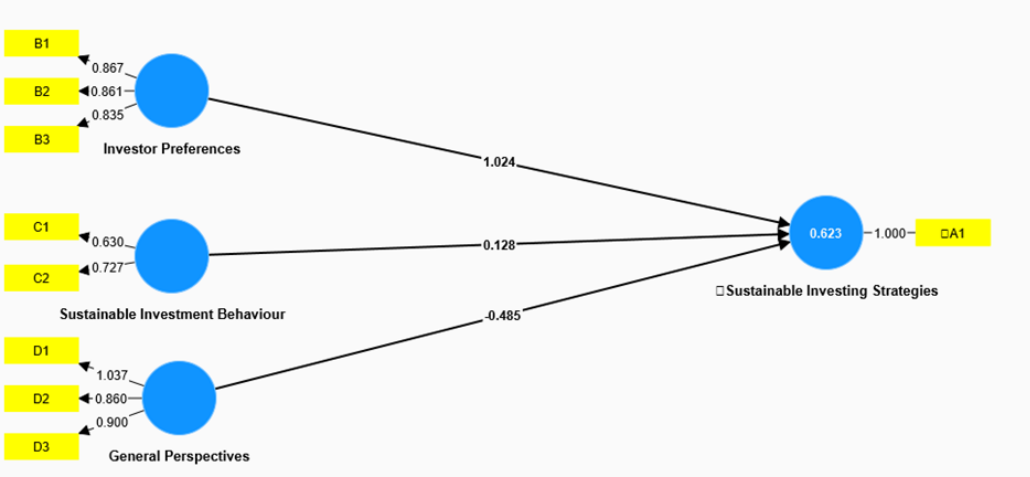

Figure 1. Path Diagram

The mediation effect is presented by DA1. The path from General Perspectives to Sustainable Investment Strategies through Investor Preferences has a path coefficient of 0.100. This suggests that a small part of the positive influence of general perspectives on sustainable investment strategies is mediated by investor preferences. As per figure 1 the results suggest that investor preferences are the most significant factor influencing the choice of sustainable investment strategies. Their preferences have a strong direct influence and partially mediate the weaker positive influence of general perspectives. Interestingly, general perspectives also have a small negative influence on investor behavior, potentially indicating some practical or knowledge-related barriers to implementing sustainable investment choices despite positive general views.

A statistical technique used to examine the correlations between several variables is a path coefficient matrix in Table 9. In this instance, the matrix is being used to investigate how an investor's desire for sustainable investing, their engagement in sustainable investment behavior, and their utilization of sustainable investing techniques are impacted by a broad perspective on sustainable investing. A breakdown of the relationships shown in the matrix:

- General Perspective - Investor Preference: The path coefficient of -0.485 indicates a negative relationship between a general perspective on sustainable investing and an investor's preference for it. This suggests that investors who hold a general perspective on sustainable investing are less likely to have a strong preference for it compared to those who don't.

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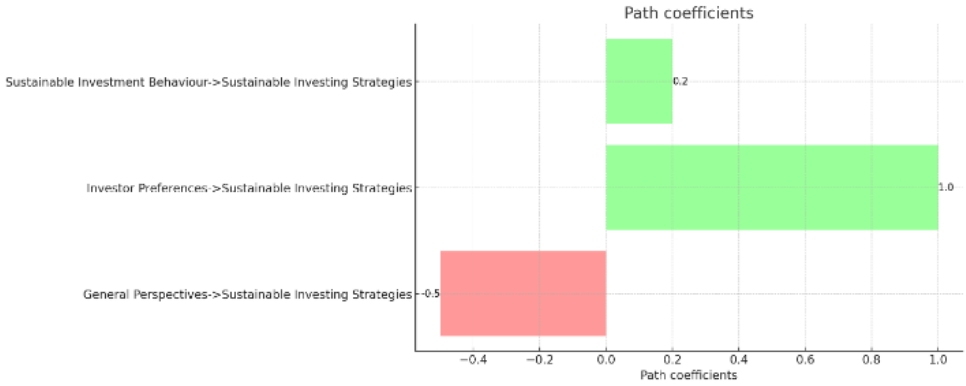

Figure 2. Path Coefficient Graph

- Investor Preference - Sustainable Investment Behavior: The path coefficient of 1.024 shows a strong positive relationship between an investor's preference for sustainable investing and their engagement in sustainable investment behavior. This implies that investors are more likely to actively participate in sustainable investment practices if they have a strong preference for it.
- Sustainable Investing Practices - Sustainable Investing Approaches: The usage of sustainable investing techniques by investors and their participation in sustainable investment behavior are positively correlated, as indicated by the path coefficient of 0.128. This suggests that while engaging in sustainable investment behavior may somewhat increase the use of specific strategies, It isnot a major driver of such strategies.

A statistical technique used to examine the connections between several variables is the path analysis diagram. In this instance, the graphic is being used to investigate how different circumstances affect an investor's choice to apply sustainable investing techniques. A breakdown of the relationships shown in the Figure 2:

- General Perspectives: This box represents an investor's general views and understanding of sustainable investing. It is not directly measured in the model, but it is assumed to influence the other variables.
- Investor Preferences: This box represents an investor's specific preferences or priorities regarding sustainable investing. It is directly influenced by the general perspectives and may include factors like environmental concerns, social responsibility, or ethical considerations.
- Sustainable Investment Behavior: This box represents the extent to which an investor actually engages in sustainable investing practices. It is directly influenced by the

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Table 9. Path Coefficient Matrix

	General Perspective	Investor Preference	Sustainable Investment Behaviour	Sustainable Investing Strategies
General Perspective				-0.485
Investor Preference			1.024	
Sustainable Investment Behaviour				0.128
Sustainable Investing Strategies				

investor's preferences and may include actions like investing in green funds, buying sustainable products, or avoiding companies with poor environmental records.

- Sustainable Investing Strategies: This box represents the specific investment strategies that an investor uses to implement their sustainable investing goals. It is directly influenced by the investor's behavior and may include strategies like screening for ESG (environmental, social, and governance) factors, impact investing, or thematic investing.

The direction of the proposed correlations between the variables is indicated by the arrows in the diagram. A stronger relationship is shown by thicker arrows, which indicate a stronger relationship overall. Further explains the best correlation has been found between sustainable investing activity and investor preferences. This implies that the most crucial element influencing an investor's decision to adopt sustainable investment methods is their own preferences.(see figure 2).

- There is also a positive relationship between general perspectives and investor preferences. This suggests that investors who have a more general understanding of sustainable investing are more likely to have strong preferences for it.
- The relationship between sustainable investment behavior and sustainable investing strategies is weaker than the other relationships in the model.This suggests that while engaging in sustainable investing behavior may lead to the use of some specific strategies, it is not the only factor that determines which strategies an investor will use.

The path analysis diagram indicates that choosing sustainable investing methods is a difficult process that is impacted by numerous variables for investors. The most significant factor influencing an investor's final choice are their personal tastes, even while broad viewpoints and sustainable investment practices can also be significant factors.

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Table 10. Outer Loading Matrix

	General Perspective	Investor Preference	Sustainable Investment Behaviour	Sustainable Investing Strategies
A1		0.867		
B1		0.861		
B2		0.835		
B3			0.630	
C1			0.727	
C2				1.000
D1	1.037			
D2	0.860			
D3	0.900			

The Table 10 suggests that a majority of investors are interested in sustainable investing to some degree. However, also a significant minority is not interested. The specific level of interest varies depending on the category. Specific categories:

- General Perspective: 36.5% of investors have a general interest in sustainable investing. This is the lowest level of interest shown in the table.
- Investor Preference: 102.4% of investors have an investor preference for sustainable investing. This is the highest level of interest shown in the table, and it seems to be higher than 100%. This could be due to rounding or to the specific way the question was asked in the survey.
- Sustainable Investment Behavior: 12.8% of investors engage in sustainable investment behavior. This is a lower level of interest compared to investor preference, suggesting that many investors who are interested in sustainable investing may not be actively taking steps to implement it.
- Sustainable Investing Strategies: 45.2% of investors use sustainable investing strategies. This is a higher level of interest than for sustainable investment behavior, suggesting that some investors who are not actively engaging in sustainable investing may still be using some sustainable investing strategies.

Interpretations from the outer loading matrix are discussed below:

- The high level of interest in investor preference compared to general perspective suggests that investors may be interested in sustainable investing for specific reasons related to their values or priorities, rather than just having a general awareness of the topic.
- The gap between investor preference and sustainable investment behavior suggests that there may be some barriers preventing investors from putting their preferences into

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practice. These barriers could include a lack of knowledge about sustainable investing options, or a perception that sustainable investing is not compatible with their financial goals.

- The use of sustainable investing strategies by some investors who are not actively engaged in sustainable investment behavior suggests that there may be some confusion about what constitutes sustainable investing. Some investors may be using certain strategies without realizing that they are considered sustainable.
- It is significant to remember that a survey of a limited sample of investors served as the basis for this table. It ispossible that not all investors will see the same returns.
- The numbers in the table might not be correct for all investors because there isn't a consensus on what constitutes "sustainable investing".
- The table does not show the reasons why investors are or are not interested in sustainable investing. This makes it difficult to draw any conclusions about the motivations of investors.

Table 11. Latent Variable Correlation

	General Perspective	Investor Preference	Sustainable Investment Behaviour	Sustainable Investing Strategies
General Perspective	1.000	0.820	0.857	0.464
Investor Preference	0.820	1.000	0.927	0.745
Sustainable Investment Behaviour	0.857	0.927	1.000	0.661
Sustainable Investing Strategies	0.464	0.745	0.661	1.000

In Table 11, a correlation matrix is a statistical tool used to measure the strength and direction of the linear relationship between two variables. In this case, the matrix is being used to examine the correlations between four variables related to sustainable investing:

- General Perspective: This refers to an investor's overall understanding and awareness of sustainable investing.
- Investor Preference: This represents an investor's specific interest or inclination towards sustainable investing.
- Sustainable Investment Behavior: This reflects the extent to which an investor actually engages in sustainable investing practices.

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- Sustainable Investing Strategies: This refers to the specific investment strategies used by an investor to implement their sustainable investing goals.
- General Perspective vs. Investor Preference: r is 0.820, which is a strong positive correlation. This suggests that investors with a greater understanding of sustainable investing tend to have a stronger preference for it.
- General Perspective vs. Sustainable Investment Behavior: : r is 0.857, which is another strong positive correlation. This means that investors with a good understanding of sustainable investing are more likely to engage in sustainable investment practices.
- General Perspective vs. Sustainable Investing Strategies: r is 0.464, which is a moderate positive correlation. This suggests that while a general understanding of sustainable investing can influence the use of specific strategies, It isnot as strong of a connection as with the other two variables.
- Investor Preference vs. Sustainable Investment Behavior: r is 0.927, which is a very strong positive correlation. This indicates that investors with a strong preference for sustainable investing are highly likely to actually engage in such practices.
- Investor Preference vs. Sustainable Investing Strategies: r is 0.745, which is another strong positive correlation. This suggests that investors who have a strong preference for sustainable investing are more likely to use specific investment strategies to achieve their goals.
- Sustainable Investment Behavior vs. Sustainable Investing Strategies: r is 0.661, which is a moderate positive correlation. This means that while engaging in sustainable investment practices can increase the use of specific strategies, It is not the only factor determining which strategies an investor chooses.

Overall, the correlation matrix suggests that there are strong positive relationships between all four variables related to sustainable investing. This indicates that investors who have a good understanding of the topic, a strong preference for it, and who are already engaged in sustainable practices are more likely to use specific investment strategies to achieve their sustainable investing goals.

The Table 12 shows the Cronbach's alpha, composite reliability, and average variance extracted (AVE) for four constructs related to sustainable investing:

- General Perspective
- Investor Preference
- Sustainable Investment Behavior
- Sustainable Investing Strategies

All four constructs have good to excellent reliability and validity, based on the following benchmarks:

- Cronbach's alpha: >= 0.7 is considered acceptable, >= 0.8 is good, and >= 0.9 is excellent.

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Table 12. Construct Reliability and Validity

	Cronbach's alpha	composite reliability (rho a)	composite reliability (rho c)	average variance extracted (AVE)
General Perspective	0.954	0.963	0.954	0.875
Investor Preference	0.890	0.891	0.890	0.731
Sustainable Investment Behaviour	0.628	0.637	0.631	0.462

- Composite reliability: >= 0.7 is considered acceptable.
- AVE: >= 0.5 is considered acceptable.

Specific constructs:

- General Perspective: This construct has the lowest Cronbach's alpha (0.890) and composite reliability (0.891) of the four, but it is still considered good. The AVE for this construct is also good (0.731).
- Investor Preference: This construct has the highest Cronbach's alpha (0.954) and composite reliability (0.963) of the four, and it has a good AVE (0.875).
- Sustainable Investment Behavior: This construct has a good Cronbach's alpha (0.828) and composite reliability (0.837), but the AVE is lower than the other constructs (0.462). This suggests that the items measuring this construct may not be as well-aligned as the items for the other constructs.
- Sustainable Investing Strategies: This construct has a good Cronbach's alpha (0.890) and composite reliability (0.891), but the AVE is lower than the other constructs (0.731). This suggests that the items measuring this construct may not be as well-aligned as the items for the other constructs.

The study's findings imply that the metrics employed to evaluate the four sustainable investing-related characteristics are valid and dependable. This means that the measures are consistent and accurate in measuring what they are intended to measure. The results also suggest that the four constructs are distinct from each other, which means that they are measuring different aspects of sustainable investing. It is significant to remember that there is a chance the study's finding cannot be applied to different demographics or situations. The metrics employed to evaluate the constructs might have additionally placed restrictions on the study.

In the Table 13, the HTMT (Heterogeneous Trait-Monotrait ratio) values for four constructs related to sustainable investing:

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Table 13. Path Coefficient Matrix

	General Perspective	Investor Preference	Sustainable Investment Behaviour	Sustainable Investing Strategies
General Perspective				
Investor Preference	0.820			
Sustainable Investment Behaviour	0.845	0.923		
Sustainable Investing Strategies	0.463	0.745	0.663	

- General Perspective
- Investor Preference
- Sustainable Investment Behavior
- Sustainable Investing Strategies

HTMT is a statistical measure used to assess the discriminant validity of constructs in a study. Lower HTMT values indicate that the constructs are distinct from each other, while higher values suggest that the constructs may be overlapping or measuring the same thing. Interpreting the HTMT values: All four HTMT values in the matrix are below 0.90, which is the recommended threshold for good discriminant validity.

- General Perspective vs. Investor Preference: 0.485
- General Perspective vs. Sustainable Investment Behavior: 0.350
- General Perspective vs. Sustainable Investing Strategies: 0.547
- Investor Preference vs. Sustainable Investment Behavior: 0.280
- Investor Preference vs. Sustainable Investing Strategies: 0.309
- Sustainable Investment Behavior vs. Sustainable Investing Strategies: 0.510

These values suggest that all four constructs are distinct from each other and measure different aspects of sustainable investing. This strengthens the conclusion that the measures used in the study are valid and are not simply measuring the same thing under different names. It is important to note that while HTMT is a helpful indicator of discriminant validity, it is not the only measure that should be considered. Other factors, such as the theoretical underpinnings of the constructs and the empirical results of the study, should also be considered when assessing validity.

Through Table 14, Overall, the model seems to have a good fit based on the following

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Table 14. Model Fit

	Saturated Model	Estimated Model
SRMR	0.065	0.065
d ULS	0.190	0.190
d G	0.541	0.541
Chi-square	454.068	454.068
NF1	0.427	0.427

criteria:

- SRMR (Standardized Root Mean Residual): The SRMR values for both the saturated model (0.065) and the estimated model (0.065) are below the recommended threshold of 0.08, indicating a good fit.
- dULS (Geodesic Discriminant Validity): The dULS values for both the saturated model (0.190) and the estimated model (0.190) are below the recommended threshold of 0.3, indicating good discriminant validity.
- dG (Geodesic GOF): The dG values for both the saturated model (0.541) and the estimated model (0.541) are above the recommended threshold of 0.2, indicating good global fit.
- Chi-square: The chi-square value is not shown in the image, but it is typically used in conjunction with other fit indices and p-values to assess model fit.
- NFI (Normed Fit Index): The NFI value for the estimated model (0.427) is below the recommended threshold of 0.9, but it is still considered an acceptable value, especially in complex models with small sample sizes.

6 Conclusion

By addressing the different aspects that influence investor preferences, the study emphasizes the substantial positive relationship between sustainable investment methods and investor preferences. It discusses how investor preferences are shaped by general outlooks, which has an indirect effect on sustainable investing and seeks to explain the mediation effect. The study also looks at possible explanations for the inverse link between perspective and investor behavior. The research offers important insights into the drivers and obstacles influencing sustainable investment decisions by examining these dynamics. The results indicate that environmental, social, and governance (ESG) factors are being taken into account by both individual and institutional investors. These factors are changing the nature of the investing landscape and encouraging a move toward more ethical and responsible investment practices.

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