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THE ROLE OF SOCIAL INVESTING EFFICACY IN MEDIATING THE EFFECT OF INDIVIDUAL VALUES ON ETHICAL INVESTMENT DECISIONS

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Abstract

Along with the development of global issues regarding climate change, inequality, and pandemics, ethical investors now can integrate environmental and social aspects through sustainable- and responsible-based investment decisions which allow them to not only focus on financial goals. This study aims to investigate whether individual values, i.e., religiosity, altruism, and egoism, directly influence sustainable- and responsible-based investment decisions. This study also aims to find empirical evidence that those individual values (religiosity, altruism, and egoism) indirectly influence sustainable- and responsible-based investment decisions through social investing efficacy (SIE). The respondents of this study are 96 short-term Indonesian individual investors. Using structural equation modeling, this study does not succeed in finding evidence that religiosity, altruism, and egoism have direct influences on sustainable- and responsible-based investment decisions. However, this study documents that religiosity, altruism, and egoism indirectly influence sustainable- and responsible-based investment decisions through social investing efficacy.

Keywords: religiosity, altruism, egoism, ethical investment decision

Abstrak

Seiring dengan perkembangan isu global terkait perubahan iklim, ketimpangan, dan pandemi, investor yang beretika kini dapat mengintegrasikan aspek lingkungan dan sosial melalui keputusan investasi berbasis keberlanjutan dan tanggung jawab yang memungkinkan mereka tidak hanya fokus pada tujuan finansial. Penelitian ini bertujuan untuk menginvestigasi apakah nilai-nilai individu, yaitu religiositas, altruisme, dan egoisma, secara langsung mempengaruhi keputusan investasi berbasis keberlanjutan dan tanggung jawab. Penelitian ini juga bertujuan untuk menemukan bukti empiris bahwa nilai-nilai individu (religiositas, altruisme, dan egoisma) secara tidak langsung mempengaruhi keputusan investasi berbasis keberlanjutan dan tanggung jawab melalui social investment efficacy. Responden penelitian ini adalah 96 investor individu jangka pendek Indonesia. Dengan menggunakan structural equation modeling, penelitian ini tidak berhasil menemukan bukti bahwa religiositas, altruisme, dan egoisma memiliki pengaruh langsung terhadap keputusan investasi berbasis keberlanjutan dan tanggung jawab. Namun, penelitian ini mendokumentasikan bahwa religiositas, altruisme, dan egoisma secara tidak langsung mempengaruhi keputusan investasi berbasis keberlanjutan dan tanggung jawab melalui social investing efficacy.

Kata kunci: religiositas, altruisma, egoisma, keputusan investasi etis
INTRODUCTION

Numerous behavioral studies have been dedicated to examining how non-financial motives can play a significant role in sustainable and responsible (SR) or environmental, social, and governmental (ESG) investing decisions. However, the focus of SR investing literature has been on comparing the financial performance of sustainable and responsible investment (SRI) and its conventional counterpart (Angelica and Utama 2020; Zulkafli et al. 2017; Putra and Husein 2021). While some studies have examined the pecuniary motives of investors, previous studies have largely neglected the non-pecuniary factors that potentially drive investors to engage in sustainable and responsible investing (SRI). Behavioral finance literature in Indonesia has been addressing prevalent psychological factors such as behavioral biases in investing decision-making (Pratama et al. 2020; Natasya et al. 2022; Fathin and Hersugondo 2022), investors’ personality, financial knowledge, and demographic profiles (Sisbintari et al. 2019; Nareswari et al. 2021; Cuandra 2020). Even though a study has emanated the religious-expressive motive of SR investing (Putra and Asri 2019), psychological factors, for instance, individual values and religion, are infrequently employed to explain the ethical investing decision.

In the context of values and religion, Indonesia is widely known as a country with a strong belief in religion and altruism (Pew Research Center 2018; Charities Aid Foundation 2019). Considering that religious teaching and religiosity have been theoretically proven to guide individual ethical behavior (Arli and Tjiptono 2018; Preston et al. 2010; Vitell et al. 2007), this study seeks to investigate the effect of individual’s religiosity in determining their ethical investment behavior. In the context of values, previous studies have been discussing that individual values are the significant antecedents for individual ethical behavior (Nilsson et al. 2004; Jansson and Biel 2011; Brodback et al. 2019). However, in recent studies, for instance, Wicaksono and Amalia (2022) found that personal values are contradictory to individual ethical behavior. To address the inconclusiveness of the value-and non-value-expressive results, this study intends to explore the interplays between individual values (egoism and altruism) in determining individual ethical investing behavior.

Examining the differences between individuals’ values is crucial as they offer a more specific perspective and implication for individual’s investing behavior. Humanist and highly religious investors theoretically do not behave in the same manner as self-enhanced and secular ones do (Schwartz 1992; Mansour and Jlasi, 2014). This study aims to investigate the influence of individual values, i.e., religiosity, altruism, and egoism\(^1\), on sustainable- and responsible-based investment decisions as well as the role of social investment efficacy (SIE) in mediating those relationships. Sustainable and responsible investment (SRI) is an investment strategy designed to combine a conventional investment philosophy focused on profit maximization with a socially and environmentally based philosophy oriented towards non-financial benefits (ASrIA 2003; Ciocchetti 2018).

\(^1\) These individual values are chosen based on the arguments that religiosity and altruism are inherent characteristics of Indonesian society as a whole. Indonesia is categorized as a country where 93% of its citizens believe that religion is a very important aspect of daily life ranking in the top 3 countries in the world (Pew Research Center 2018). Furthermore, Indonesia is in the top ten countries with the majority of people making large donations (Charities Aid Foundation 2019). Thus, in general, Indonesian society is a religious and altruistic society. Meanwhile, egoism is chosen to represent the character of investors who invest rationally for personal gain.
The basic concept of this investment includes three aspects: investments driven by religion, society, and the environment (Ciocchetti 2018). In this study, sustainable and responsible-based investment decisions refer to individual investors’ decisions in adopting social- and environmental-based investment strategies.

This study carries four essential importance. First, with the development of social- and environmental-based investment in Indonesia, this study addresses research opportunities in behavioral finance by analyzing short-term oriented individual investors’ behavior in making investment decisions that consider environmental and social aspects. Financial behavior reflects psychological factors that contribute to the individual decision-making process. This study is critical because it employs the Human Basic Values Theory (Schwartz 1992), which simultaneously considers two contradictory value dimensions: the altruist value dimension (self-transcendence), containing values of pro-public interest characteristics, and the egoistic value (self-enhancement), containing values of pro-personal interest characteristics. These two value dimensions have not been widely considered in research on Indonesian investors. This research also considers intrinsic religiosity as recommended by Clark and Dawson (1996) as well as Arli and Tjiptono (2018).

The second essential importance is that this study considers the mediating role of social investment efficacy (SIE). The SIE concept is a construct of the Protection Motivation Theory (Rogers 1983). This theory believes in the role of efficacy in mediating the relationship between individual characteristics and individual behavior. Besides, psychological factors (personality), such as altruism, egoism, and religiosity, are abstract, so mediation is needed to model a process. The SIE surfaces as a function of the psychological factors (altruism, egoism, and religiosity) operating in any situation and helps to conceptualize and explain the influence of psychological factors (altruism, egoism, and religiosity) on sustainable and responsible-based investment decisions.

Third, this study is pertinent to be carried out in the context of Indonesian investors since it focuses on the factors that characterize Indonesian people. Research on the influence of aspects of religiosity on the behavior of economic actors can be carried out specifically on individuals in countries with a high level of religiosity (Islam and Chandrasekaran 2019). Approximately 93% of Indonesians believe that religion is a very important aspect of daily life, making Indonesia ranks among the top three most religious countries in the world (Pew Research Center 2018). In addition, Indonesians believe in gotong royong, as helping each other is one of the mindsets of the Indonesian people to support each other in the community (Forshee 2006). In the terminology of the philosopher Auguste Comte, gotong royong or mutual cooperation is known as altruism, i.e., placing other people above oneself and the interests of others above personal interests (Campbell 2006). Altruism is related to donating money to others (de Groot and Steg 2008), and Indonesia is in the top ten countries with the highest number of donors (Charities Aid Foundation 2019). However, this study examined altruism in the context of self-transcendent values in the basic human values theory, initiated by Schwartz (1992). As one of the countries with the highest number of charities, the general demographic profile of Indonesian citizens is more inclined toward altruistic values. This study suggests the possibility of this ingrained value influencing individuals when making financial decisions.

Finally, this research is very relevant to be carried out in the Indonesian investor context because responsible and sustainable investment instruments have developed in Indonesia. The Financial Services Authority or Otoritas Jasa Keuangan has formally issued Peraturan Otoritas Jasa Keuangan (POJK) No.
51/2017 concerning the implementation of sustainable finance, which contains Indonesia’s commitment to achieving state financial goals by prioritizing harmony between economic, social, and environmental aspects.

This study is a survey of Indonesian individual investors. Using structural equation modeling, this study documents the indirect influence of altruism, religiosity, and egoism on sustainable and responsible investment decisions with SIE as a mediator. In contrast, this study could not find evidence of a direct influence of altruism, religiosity, and egoism on sustainable- and responsible-based investment decisions. This study contributes to the theoretical development of responsible and sustainable investment issues and behavioral finance in Indonesia by explaining the religious and value-expressive motives of Indonesian individual investors to invest in responsible and sustainable instruments.

The remaining article is organized as follows. The following section describes the literature review organized as the basis for developing hypotheses. It is continued with a description of the research methods used. The next part explains the statistical analysis results, research findings, and discussion. The article ends with a conclusion.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Altruism and SR-Based Investment Decision

Altruism is the basic motivation to put the interests of others above personal interests (Campbell 2006) and a motivational state with the ultimate goal of improving the welfare of others. The Human Basic Values Theory (Schwartz 1992) views altruism as part of the value dimension of self-transcendence, which emphasizes the welfare and interests of others above personal interests. Conceptually, altruism focuses on the welfare of others and the environment (benevolence and universalism). Benevolence is an act of maintaining and improving the well-being of people who often come into contact with themselves. Meanwhile, universalism is an activity of understanding, appreciating, tolerating, and protecting what is needed to maintain the welfare of all parties (responsibility) and the natural environment (sustainability) (Schwartz 1992). Therefore, altruism is used as a basis for individuals to make decisions that are not only related to pro-social behavior but also pro-environmental behavior.

Values can directly influence behavior because value-fitting actions are of interest to most people. The close relationship between values and behavior illustrates that individuals have a high tendency for using values as the basis for decision-making (Roccas and Elster 2013). The relationship between values and the formation of individual behavior takes place consistently (Fischer and Boer 2014). In the concept of pro-environmental behavior, altruism is an important predictor for individuals to engage in pro-environmental behavior and has a positive effect on pro-environmental behavior (Schultz and Zelezny 1998).

Investment decisions made by individual investors are expected to be influenced by the altruistic value they believe in. Individual investors with altruistic values tend to make investment decisions that emphasize the welfare and interests of others above personal interests and make decisions that not only are related to pro-social behavior but also pro-environmental behavior. Previous research found evidence that in contrast to institutional investors guided by financial performance, such as risk and return, the value of self-transcendence affects individual investors’ intentions to invest in responsible and sustainable instruments (Jansson and Biel 2011). Altruism also positively influences investors’
considerations of the importance of sustainability and social responsibility aspects in investment decisions (Brodback et al. 2019). Using neuroscientific techniques, Yang et al. (2021) explored how altruism is an essential determinant of SRI decision-making. Consistent with previous studies, Roos et al. (2022) stated that self-transcendent values have the most important influence on individual investors to choose SR-based investment. Yahyaoui et al. (2023) also found that altruistic individuals are more inclined toward socially responsible investment. Thus, this study expects individual investors with altruistic values to make investment decisions on sustainable and responsible based investment instruments and proposes the following hypothesis.

H1: Altruism has a positive influence on sustainable and responsible based investment decisions.

Egoism and SR-Based Investment Decision

In the traditional view, egoism and altruism have the same motivating state but different end goals. Egoism is a condition that motivates or encourages individuals to achieve the ultimate goal of increasing their well-being. The difference between egoism and altruistic motives can be seen clearly if individuals perceive the difference between self-concept and other people’s or society’s concepts. A motive cannot simultaneously have selfish and altruistic goals (Batson 2014). Philosophical ethics explains three kinds of egoism: descriptive egoism, normative egoism, and conditional egoism. Egoism in this study is normative and descriptive egoism which explains the belief that selfish individuals behave to maximize personal interests and are oriented toward personal welfare.

The concept of egoism is influenced by the basic human value theory (Schwartz 1992). The concept of egoism is associated with the value dimension of self-enhancement, which is explained as the tendency of individuals to prioritize personal interests, relative success, and domination over others as a reflection of the value of achievement and power. As explained in the previous section, values are closely related to and directly influence behavior. Individuals tend to use value as a basis for making decisions, including investment decisions. Investment decisions made by individual investors who adhere to the value of egoism are expected to be influenced by the value of the egoism they believe. Individual investors with selfish values tend to prioritize their welfare and personal interests. Individuals who adhere to traditional, egoist, and materialistic values believe that individual activities are not harmful to the environment. Individuals do not need to compromise these values with available information and do not need to conserve the environment (Stern et al. 1993). Egoistic individuals do not consider the social and environmental aspects (Andreoni 1989, 1990).

Previous research documents that the value of egoism is negatively related to the consideration of aspects of sustainability and social responsibility in investment decisions (Brodback et al. 2019). In contrast to institutional investors, who are more guided by financial performance, such as risk and return, individual investors use the value of self-transcendence (altruism) to inform their decisions to invest in responsible and sustainable investments (Jansson and Biel 2011). Yahyaoui et al. (2023) also found that individuals with egoism values are less inclined toward socially responsible investment. This research expects that individual investors with egoistic values will tend not to make investment decisions on investment instruments based on sustainability and responsibility and proposes the following hypothesis.

H2: Egoism has a negative influence on sustainable and responsible based investment decisions.
Intrinsic Religiosity and Sustainable and SR-Based Investment Decision

Belief in religion or religiosity is closely related to individual cognitive elements that form a knowledge system that regulates and evaluates behavior and attitudes (Foxall et al. 1994) and makes decisions (Vitell et al. 2007). There are two aspects of religiosity, which are intrinsic and extrinsic religiosity. Individuals with intrinsic religiosity have a high commitment to the religion they believe in, so they are more likely to carry out ethical considerations than individuals with extrinsic religiosity who only appear to behave according to religious teachings but do not believe in and commit to the teachings of the religion they believe in. Intrinsic religiosity is scientifically more inherent, has a spiritual religious purpose, or lives based on religion. In contrast, extrinsic religiosity scientifically has a utilitarian motivation that underlies religious behavior or uses religion (Wiebe and Fleck 1980).

Many empirical studies have found the effect of intrinsic religiosity on individual ethical considerations and intentions. Still, extrinsic religiosity has a limited impact. It is likely to have a negative impact because extrinsic religiosity is naturally closely related to Machiavellianism and tends to encourage individuals to behave unethically. Individuals with extrinsic religiosity consider ethical behavior as the right thing to do, even though the individual does not believe that the behavior is ethical behavior (Vitell 2015). This study uses intrinsic religiosity as the variable studied because its role is more reflective of the actual religiosity of individuals.

Religiosity is a factor and guideline that underlies individual behavior and decision-making. Religious individuals manifest their religious beliefs in pro-social and pro-environmental behavior. In some respects, religiosity also influences investment decision-making. It is an important driving factor in investment decisions, pro-social behavior, risk perception, and attitudes toward gambling. Religious investors make investment decisions that are different from those made by non-religious investors. Religious investors use religious teachings as a consideration when making investment decisions, such as doing a negative screening of sinful stocks. Religious individuals will tend to follow values by religious teachings and tend to avoid values that are not following religious teachings (Mansour and Jlasi 2014).

Religiosity influences the behavior of individual investors, as evidenced by religious investment assets in financial markets in the United States, which are more stable than secular investment assets (Peifer 2011). Religious individual investors in Poland use religious teachings to consider investment decisions related to responsible and sustainable investments (Czerwonka 2015). A study by Bae et al (2019) stated that religious belief drives individuals to invest in SR-based stocks. Religiosity is also positively related to pro-environmental and pro-social investment decisions (Gutsche 2019). Intrinsic religiosity is one of the characteristics that encourage investors to choose non-economic goals as the basic investment motive (Nair and Ladha 2014) and influence the decision-making of individual investors to invest in responsible and sustainable instruments mediated by decision frames (Putra and Asri 2019). Arli and Tjiptono (2018) also found that a strong intrinsic religiosity influences individuals to behave socially responsible. The close relationship between religion and responsible and sustainable investment means that an individual’s religiosity cannot be ignored in the analysis of sustainable and responsible based investment decisions. This study expects that individual investors with intrinsic religiosity will invest in investment instruments based on sustainability and responsibility and proposes the following hypothesis.
H3: Intrinsic religiosity has a positive influence on sustainable and responsible based investment.

The Mediating Role of Social Investment Efficacy (SIE)

Psychological values are abstract, so mediation is needed to model a process to explain how they influence behavior. This study considers SIE as a mediator to explain and enhance the impact of altruism, egoism, and intrinsic religiosity on sustainable and responsible based investment decisions (Nair and Ladha 2013, 2014; Iyer and Kashyap 2009). The SIE concept was proposed by Iyer and Kashyap (2009) from the efficacy concept, which is one of the concepts in the protection motivation theory. The theory explains that individuals with high levels of efficacy have high confidence in the decisions make and have a high tendency to change behavior.

Iyer et al. (2012) used the concept of efficacy to explain pro-social behavior, then Berger and Corbin (1992) used it to explain pro-environmental behavior. Iyer and Kashyap (2009) adopted and modified the concept of efficacy and found evidence that SIE is a mediator that explains the relationship between investor characteristics and investors’ non-economic investment goals related to responsible and sustainable investment. Nair and Ladha (2013, 2014) provide evidence that SIE can be a strong mediator in explaining the indirect effect of psychological characteristics of investors (collectivism, materialism, and religiosity) on investment decisions with non-economic objectives or based on sustainability and responsibility. Because values alone are not enough to explain and predict ethical behavior, it is important to use mediating variables to get a more comprehensive and predictive model (Verplanken and Holland, 2002). Palacios-González and Chamorro-Mera (2018) also showed that the perception of the effectiveness of SRI positively influences responsible-based investment. Furthermore, Husnain et al. (2019) documented that individuals with high levels of efficacy tend to be more confident in making long-term investment decisions. Likewise, Brodback et al. (2019) found that belief in the effectiveness of responsible and sustainable investment or the concept of efficacy in responsible and sustainable investment performance mediates the relationship between the values of investors (altruism and egoism) with considerations of sustainability and responsibility in investment decisions.

This study examines the behavior of investors in adopting a responsible and sustainable investment strategy and considers SIE as a mediator. The SIE concept is used in this study because it explains investor confidence in the performance of the object of this study, namely sustainable and responsible-based investment decisions. This study combines Nair and Ladha (2014) and Brodback et al. (2019), by adopting investor altruism, egoism, and intrinsic religiosity as the characteristics of investors. Furthermore, following Nair and Ladha (2014), the SIE concept is used to mediate the relationship between these investors’ characteristics and the decisions to invest in responsible and sustainable investments. Therefore, this study proposes the following hypotheses:

H4: SIE mediates the relationship between altruism and sustainable- and responsible-based investment decision.

H5: SIE mediates the relationship between egoism and sustainable- and responsible-based investment decision.

H6: SIE mediates the relationship between religiosity and sustainable- and responsible-based investment decision.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Conceptual Definition</th>
<th>Indicator</th>
<th>Operational Definition</th>
<th>Scale</th>
<th>Source</th>
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<tbody>
<tr>
<td>A. Independent Variable</td>
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<tr>
<td>Altruism (ALT)</td>
<td>Altruism is a condition that motivates individuals to achieve the ultimate goal of improving the welfare of others (Batson 2014)</td>
<td>1. Equality (ALT 1)</td>
<td>Altruism is individual belief in humanist values such as equality, social justice, environmental protection, and unity with nature.</td>
<td>8-Point Likert Scale as described:</td>
<td>(Brodback et al. 2019; Schwatz 1992)</td>
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<td>2. Social justice (ALT 2)</td>
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<td>Scale 1: Not at all important</td>
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<td>3. Environment protection (ALT 3)</td>
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<td>Scale 2: Very unimportant</td>
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<td>4. Unity with nature (ALT 4)</td>
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<td>Scale 3: Unimportant</td>
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<td>5. Authority (EGO 1)</td>
<td>Egoism is the level of individual belief in individual values such as authority, social strength, wealth, ambition, and success.</td>
<td>Scale 4: Slightly unimportant</td>
<td>(Brodback et al. 2019; Schwatz 1992)</td>
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<td>6. Social strength (EGO 2)</td>
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<td>Scale 5: Slightly important</td>
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<td>7. Wealth (EGO 3)</td>
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<td>Scale 6: Important</td>
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<td>8. Ambition (EGO 4)</td>
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<td>Scale 7: Very important</td>
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<td>9. Success (EGO 5)</td>
<td></td>
<td>Scale 8: Extremely important</td>
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<tr>
<td>Intrinsic Religiosity (RE)</td>
<td>Intrinsic Religiosity is an individual orientation to the religious virtues and behavior to the exclusion of other needs (Allport and Ross 1967)</td>
<td>Allport’s intrinsic religiosity orientation (RE1, RE2, RE3, RE4)</td>
<td>Intrinsic religiosity is individual belief in religious education to achieve intrinsic commitment.</td>
<td>7 Point Likert Scale as described:</td>
<td>(Allport and Ross 1967; Iyer and Kashyap 2009; Nair and Ladha 2014)</td>
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<tr>
<td>Social Investing Efficacy (SIE)</td>
<td>SIE is an individual's tendency to believe in the output of social investments made (Iyer and Kashyap 2009)</td>
<td>Belief in the output of social investments (SIE1, SIE2, SIE3, SIE 4)</td>
<td>SIE is the level of individual belief in the effect of social investments.</td>
<td>7 Point Likert Scale as described:</td>
<td>(Iyer and Kashyap 2009; Nair and Ladha 2014)</td>
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<td>B. Dependent Variable</td>
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<td>The decision of sustainable and responsible based investment (SRI)</td>
<td>The decision of sustainable and responsible based investment is defined as an investment approach that integrates social and environmental considerations in making investment decisions (ASrIA, 2003)</td>
<td>1. Environmental considerations (sustainability) (SRI 1, SRI 3)</td>
<td>The decision of sustainable and responsible based investment is the level of individual belief in investing by considering social and environmental aspects</td>
<td>7 Point Likert Scale as described:</td>
<td>(Iyer and Kashyap 2009; Nair and Ladha 2014)</td>
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<td></td>
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<td>2. Social considerations (responsibility) (SRI 2)</td>
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<td>Scale 1: Strongly disagree</td>
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<td>Scale 2: Disagree</td>
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<td>Scale 3: Somewhat disagree</td>
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<td>Scale 4: Neutral</td>
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<td>Scale 5: Somewhat agree</td>
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<td>Scale 6: Agree</td>
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<td></td>
<td></td>
<td></td>
<td>Scale 7: Strongly agree</td>
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RESEARCH METHOD

Population and Sample
Data collection was carried out using online through google forms. the survey was distributed virtually to investor communities in Indonesia. To avoid any influence from framing by the researcher, respondents had no awareness of the research purpose. the survey was introduced as an examination of individual investor investment choices. respondents were asked to complete the questionnaires on their own. the sampling design used is non-probability sampling. this study selects individual investors in indonesia with investment experience as the criterion and succeeded in obtaining 96 investors.

Data Collection Technique
The type of data used is primary data. This study used a survey as a data collection method and chose an online questionnaire distributed to several groups of Indonesian investors through social media such as WhatsApp, Telegram, and Instagram. The questionnaire was distributed to the respondents within a span period of 3 months between November 2020 to February 2021. This study adopted the research questionnaires of Nair and Ladha (2014) as well as Brodback et al. (2019).

Operational Definition and Measurement of Variables
The dependent variable is the consideration of sustainable and responsible-based investment decisions (SRI). The independent variables are altruism (ALT), egoism (EGO), and intrinsic religiosity (RE), while the mediating variable is social investing efficacy (SIE). Operational definitions, indicators, and measurements of variables are presented in Table 1.

This study uses different Likert scales for every research variable². The Likert scale for altruism and egoism is adopted from the previous research that used the same research variables, Brodback et al. (2019) which are previously considered reliable (Cronbach’s alphas larger than 0.7). For religiosity, SIE, and SRI, the Likert scales are determined with the guidance of previous research with the same research variables, Iyer and Kashyap (2009) and Nair and Ladha (2014), which are also previously tested as valid and reliable³.

Hypothesis Test
The research model is presented in Figure 1. The data in this study are analyzed using the structural equation modeling (SEM) technique.

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² Different scales are one alternative of procedural remedies in designing the questionnaire to reduce the likelihood of common method bias (CMB) and common method variance (CMV) problems (MacKenzie and Podsakoff 2012; Chang et al. 2010).
³ This study does not conduct a pre-test because the questionnaire is adopted from the instruments used by previous studies. Reliability tests from previous studies have also shown results that meet the requirements. The reliability value for items related to altruism is 0.820 (Schwartz 1992, Nilsson et al. 2004, Brodback et al. 2019), that for items related to egoism is 0.883 (Schwartz 1992, Nilsson et al. 2004, Brodback et al. 2019), and that for items related to religiosity is 0.843 (Iyer and Kashyap 2009, Nair and Ladha 2014). Meanwhile, the reliability value for SIE-related items is 0.892 (Iyer and Kashyap 2009, Nair and Ladha 2014), and that for SRI is 0.811 (Iyer and Kashyap 2009, Nair and Ladha 2014). However, this study does the cross-checking from the language point of view. Because the questionnaire items are translated from English into Indonesian, the researchers re-translate it from Indonesian to English and compare the results of the translation with the original sentences in English used by reference articles. The comparison shows similar results.
RESULTS AND ANALYSIS

Demographics

Data analysis in this study used 96 individual investors. The number of respondents is sufficient to be used in this study because the results of the KMO test are 0.807 (more than 0.7). The complete demographic characteristics of respondents are described in Table 2.

Table 2 presents the respondents' investment knowledge and experience descriptions. Investment knowledge is an investor's understanding of investment, both about how to invest and the basis that can be used to make investment decisions. To describe the respondents' profile, this study asked the respondents to assess themselves, whether they perceive themselves as having bad, average, good, or excellent investment knowledge.

Description of Responses from Respondents

The description of respondents' responses to each indicator is presented in Table 4. In general, respondents think that equality, social justice, environmental protection, and unity with nature are very
Table 3
Respondents’ Profile of Investment Knowledge and Experience

<table>
<thead>
<tr>
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<td>7</td>
<td>7.3%</td>
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<tr>
<td></td>
<td>Average</td>
<td>42</td>
<td>43.8%</td>
</tr>
<tr>
<td></td>
<td>Good</td>
<td>38</td>
<td>39.6%</td>
</tr>
<tr>
<td></td>
<td>Excellent</td>
<td>9</td>
<td>9.4%</td>
</tr>
<tr>
<td>Investment Experience</td>
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<td>41</td>
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<tr>
<td></td>
<td>1-5 years</td>
<td>46</td>
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<tr>
<td></td>
<td>6-10 years</td>
<td>2</td>
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</tr>
<tr>
<td></td>
<td>&gt;10 years</td>
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<tr>
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<td>33.3%</td>
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<tr>
<td></td>
<td>Have not known SRI</td>
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Table 4
Description of Responses from Respondents

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<th>Actual Range</th>
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<th>Mode Frequency</th>
<th>Mean</th>
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<td>4-8</td>
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<tr>
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<td>28</td>
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<td>36</td>
<td>5.81</td>
<td>1.208</td>
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<tr>
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<td>34</td>
<td>5.48</td>
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</tr>
<tr>
<td>SIE 4</td>
<td>1-7</td>
<td>3-7</td>
<td>7</td>
<td>30</td>
<td>5.50</td>
<td>1.188</td>
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<tr>
<td>SRI 1</td>
<td>1-7</td>
<td>1-7</td>
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<td>30</td>
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<td>1.409</td>
</tr>
<tr>
<td>SRI 2</td>
<td>1-7</td>
<td>1-7</td>
<td>5 &amp; 7</td>
<td>25 &amp; 25</td>
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<tr>
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<td>7</td>
<td>39</td>
<td>5.75</td>
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</tbody>
</table>

important things. Authority, social strength, and wealth are seen as important, while ambition and success are very important. Furthermore, in general, respondents also agree that spiritual values help them in making important decisions and religious values encourage them to make better investment decisions by considering the welfare of others. Respondents slightly agree that they are religious people. In addition, respondents agree with the statement that their investment will have a positive impact on the environment. However, they slightly agree that their investment makes managers responsive to social and community issues, improves ecosystem conditions and influences corporate governance. Finally, respondents slightly agree that their investment decisions are based on social agendas and environmental protection, and agree with the statement that they have never invested in a company that they think is detrimental to society.

Hypothesis Test Results
The results of the instrument’s reliability and validity tests show that the
research instrument is reliable and valid\(^4\). This study also conducted normality, multicollinearity, and linearity tests and did not find any problems. These tests are conducted but not reported. Tests with structural equation modeling techniques produce a model schema presented in Figure 2.

Table 5 presents hypotheses test results and shows that the relationship between altruism, religiosity, and egoism with sustainable and responsible-based investment decisions has a significance level of more than 5%. It means that this study could not find evidence of a direct influence of altruism, religiosity, and egoism on sustainable and responsible based investment decisions. This study fails to support H1, H2, and H3. Meanwhile, a test of the relationship between altruism, religiosity, and egoism and SIE as well as between SIE and sustainable and responsible-based investment decisions as presented in Table 5 show a significant level of less than 5%. These results indicate a mediating or indirect effect.

\(^4\) The reliability test was carried out using Cronbach's Alpha statistical test. The scale of the research instrument can be classified to be reliable if it has a Cronbach's Alpha value $>0.70$. All of the scales in this research are reliable because Cronbach’s Alpha values are above 0.7. Meanwhile, the validity test of the instrument was carried out using the Pearson Correlation Product Moment statistical test. All r-statistics of each indicator are greater than the r-table (0.2645), so each indicator in this research questionnaire is valid. The complete test results are presented in the appendix.
This finding is supported by the results of the standardization effect on direct and indirect effects, as presented in Table 6. The test results show that the indirect effect of standardization on all independent variables (altruism, religiosity, and egoism) on the dependent variable (sustainable and responsible-based investment decisions) is higher than the direct effect of standardization. Thus, this study found evidence that altruism, religiosity, and egoism have an indirect influence on sustainable and responsible based investment decisions through SIE. This study supports H4, H5, and H6.

**Discussion**

**Altruism and SR-Based Investment Decision**

This study failed to find evidence of the direct effect of altruism on sustainable and responsible based-investment decisions. This finding is inconsistent with Brodback et al. (2019) but consistent with Papagiannakis and Lioukas (2012). This result implies that altruism cannot explain pro-environmental behavior directly so it is not considered an essential single variable. However, these findings support a value-attitude-behavior hierarchy (Stern 2000) that describes value as a fundamental component in shaping behavior through the concept of beliefs and attitudes. In conventional investor groups, value self-transcendence does not affect the intention to invest in sustainable and responsible instruments (Jansson and Biel 2014).

In addition, the investor’s decision to invest in sustainable and responsible instruments is not an ordinary charitable activity (altruism) but an investment activity that still considers long-term returns. For this reason, the decision to invest may be based on pro-social motive (altruism) and may also be based on a motive to obtain an investment return (Nilsson 2009). In the investment decision-making process, investors of sustainable and responsible instruments do not only consider fundamental human values but also aspects of economic benefits (Derwall et al. 2011).

Individuals are not based on complete pro-social behavior (altruism) but are also still based on other constructs that support the value of altruism in influencing behavior. Psychological characteristics and values derived from abstract aspects have a lower ability to predict behavior (Urien and Kilbourne 2011). Strong social preferences will increase the likelihood of individual investors investing in sustainable and responsible instruments (Riedl and Smeets 2017). Therefore, using psychological characteristics and values such as altruism in this study also requires a mediating variable to clarify the influence of the values held by individuals on their daily life, including on their sustainable and responsible based investment decisions. The findings of this study support the assumption that in making investment decisions, individuals tend not to be driven directly by purely altruistic motives but are more motivated by investment considerations that can provide social benefits (altruism).

**Egoism and SR-Based Investment Decisions**

Contrary to the proposed hypothesis, this study finds no evidence that egoism has no direct negative effect on sustainable and responsible-based investment decisions. This finding does not support Brodback et al. (2019). Contrary to
the research of Schwartz (2010), which states that achievement value could encourage pro-social behavior, this study provides findings that achievement value could not directly encourage and explain sustainable and responsible-based investment decisions. A further polarization separates the two types of self-enhancement values or egoism (Schwartz et al. 2012). The contradictory relationship between these values creates a new polarity, namely intrinsic and extrinsic motivation.

Values such as hedonism, stimulation, self-direction, universalism, and generosity express anxiety-free motivation, while achievement values express both motivations, namely meeting social standards, which can ultimately control anxiety and become a form of affirmation of a sense of competence (growth). In contrast, the findings of this study do not support any motivation that can encourage investors to make ethical investments. However, this study supports Papagiannakis and Lioukas (2012), who found no direct effect of value on pro-environmental behavior. The result of this study also supports Nair and Ladha (2014), revealing that the motive of achieving social status does not directly influence SR investing. In addition, Jansson and Biel (2014) reveal that in conventional investor groups, value self-enhancement does not affect the intention to invest in sustainable and responsible instruments.

This study cannot explain the direct relationship between egoism and ethical investment decisions. Psychological and abstract values, such as egoism, according to Homer and Kahle (1988), are more abstract than beliefs on certain behavior and hence, belief can help values in explaining and predicting behavior. Based on Schwartz et al. (2012), value has relation to belief in certain behavior, and belief framework can also influence individual behavior. To get a more comprehensive and predictive model, it is suggested to use mediating variables because values alone are not enough to explain and predict ethical behavior (Verplanken and Holland, 2002). Katz (1960) also stated that values could guide certain behavior through a value-expressive belief or attitude. Therefore, egoism needs to be accompanied by mediating variables to build a connection with SR investing decision-making.

Pro-environmental behavior cannot be explained directly by the construct of egoism. Pro-environmental behavior is a complex behavior and can be seen from the perspective of an individual's personality but is more influenced by other concepts related to pro-environmental behavior, such as self-transcendence value (Schwartz 1992). Thus, egoism does not directly affect individuals in making investment decisions that positively impact society and the environment. The results of this study support the notion that egoism alone is not enough in explaining pro-social and pro-environmental behavior.

**Intrinsic Religiosity and SR-Based Investment Decision**

This study finds intrinsic religiosity does not have any direct influence on sustainable and responsible based investment. Religious belief is the first source of rationality that underlies the concept and practice of sustainable and responsible investment (Kurtz 2009). However, this study cannot elaborate on any direct influence of intrinsic religiosity on ethical investment decisions, inconsistent with Nair and Ladha (2013, 2014), Iyer and Kashyap (2009), as well as Putra and Asri (2019). Religiosity does not influence the attitude of pro-environmental individuals which in the study are included in green consumption (Kim and Moon 2012). Individuals who claimed to be religious tend to refrain from pro-social behavior (Shariff and Norenzayan 2007). The study revealed no direct association between religiosity and pro-social behavior. Religion is exempted from investors’ decision-making (Shahzad et al. 2014), hence it illustrates that religiosity (religion...
The Role of SIE in Mediating the Relationship of Altruism and SR-Based Investment

This study documents evidence of altruism’s indirect influence on sustainable and responsible-based investment, supporting Brodback et al. (2019) who find the mediating influence of SIE on the relationship between altruism and sustainable and responsible-based investment. This finding is also consistent with Nilsson et al. (2004), who found that altruism has a significant influence on the willingness to accept strategies to downscale climate change. The altruist value adhered to by individuals has a positive and significant relationship with their willingness to donate money (de Groot and Steg 2008).

This study finds sustainable and responsible-based investment is supported by altruism through SIE as a mediating variable. Different from institution investors, Jansson and Biel (2011) also found that individual investors refer to self-transcendence (altruism) value in making investment decisions toward SRI through attitude and belief as mediating variables, consistent with the findings of Urien and Kilbourne (2011), Maio et al. (2001), and Verplanken and Holland (2002). Individual investors use belief and altruism value to the performance of sustainable and responsible socio-environment instruments to positively contribute to the community and environment (SIE) in making investment decisions that eventually aim at providing benefits to the community and environment (sustainable and responsible-based investment). These findings show a hierarchical relationship between value-belief-behavior (Stern 2000). This study illustrates that altruist motives through belief in sustainable and responsible instruments performance have been effective in explaining beneficial investment decisions for the community and environment. The finding shows that investors who hold altruistic values are more willing to invest responsibly and sustainably when they believe that the instruments are in fact tackling social and environmental issues. Hence, it can be said that SIE increases the inclination of altruist investors to adopt sustainable and responsible based investment decisions.

The Role of SIE in Mediating the Relationship Between Egoism and SR-Based Investment

This study finds evidence for the role of SIE in mediating the relationship between egoism and sustainable and responsible-based investment. The positive relationship between egoism and SIE illustrates that the higher the egoism is, the higher the belief of individual investors toward sustainable and responsible instruments becomes. These findings support the theory of protection motivation by (Rogers 1975) and the study by Nair and Ladha (2013) which explain that sustainable and responsible-based investment is based on the belief that the investment can support the fundamental values of the investors (SIE). If investors are unsure whether or not sustainable and responsible instruments can generate a positive impact on the community and environment, they tend to abstain from choosing sustainable and responsible instruments (Nair and Ladha 2013). In this sense, SIE can be a mediating variable in explaining the relationship between egoism and non-economy investment goals or sustainable and responsible-based investment goals.
Pro-social and pro-environment behavior is based on egoism values (power and achievement values) and belief in the social and environmental performance from sustainable and responsible investment. Investors with egoism values believe that sustainable and responsible instruments generate a positive impact on the community and environment or nature so it enforces investors with that egoism values to conduct social and environment-based investments. In line with the concept of cognitive assurance, which elaborates that individuals tend to believe that the investment they choose can support individual internal goals (egoism value), the belief is realized by making SR-based investment decisions (Gleicher and Petty 1992). Economic transactions are more efficient in enforcing pro-social behavior through the concept of belief in the positive impact on the community (pro-social) and environment (pro-environment) over economic activities such as consumption and investment. It becomes a basis for individuals who believe in egoism to conduct pro-social and pro-environment behavior such as making a sustainable and responsible based investment (Zlatev and Miller 2016).

Furthermore, Levit (2014) found that mentally healthy and well-educated mature individuals closely associate altruism (being kind to each other) with egoism (kind to themselves). The egoistic component of human behavior has a significant chance of predicting altruism or pro-social behavior through the depiction that egoism is a senior who looks after their junior, which is altruism. There is a close relationship between egoism and meaning (a sense of meaning and satisfaction for an individual if they have done something according to their value). Thus, it is different from the traditional moral perspective. Altruist behavior with an egoism value foundation might put a higher meaning than those based on altruist values do.

In this respect, the findings of this study show that individual investors who believe in egoism values for the social and environmental performance of the sustainable and responsible instrument based on the cognitive reassurance concept tend to invest in a sustainable and responsible instrument. The positive relationship between mediation paths in this study shows that the higher the belief of investors toward the value of wealth, power, and personal achievement is, the higher the belief toward sustainable and responsible instrument performance and the tendency to make investment decisions that are harmless and beneficial for the community become. Therefore, egoism values will not prevent individual investors from believing in social and environmental performance from sustainable and responsible investment. Finally, using the help of SIE allows investors to shape their value-based behavior, thus, increasing their inclination toward choosing harmless and beneficial investments for the community and environment.

The Role of SIE in Mediating the Relationship Between Intrinsic Religiosity and SR-Based Investment

This study found that SIE has a mediating effect in explaining the relationship between intrinsic religiosity and sustainable and responsible-based investment, consistent with Putra and Asri (2019), Nair and Ladha (2014), as well as Iyer and Kashyap (2009). In pro-environment behavior, the belief in environmental consequence acts as a mediator that explained religiosity and environmentalism behavior (Truelove and Joireman 2009). A study on employees of a company in the Netherlands by Mazereeuw-van der Duijn Schouten et al. (2014) affirmed that a sense of a company's social responsibility has a significant mediating factor in explaining the influence of intrinsic religiosity on a company's social responsibility behavior. The two former studies are consistent with the results of this
study which discovered that religious Indonesian individual investors believe in the effectiveness of social and environmental performance of the sustainable and responsible investment in reducing problems in the community and environment (SIE). With the basis of these beliefs and intrinsic religiosity that reflect investors' commitment to their religious teachings, investors incorporate them to consider community and environmental issues for an investment decision. This study discovered that investors who consider themselves religious believe that by making a sustainable and responsible investment decision, they also contribute to solving social and environmental issues (SIE). Thus, the role of SIE is essential in explaining the close relationship between religiosity and ethical investment. SIE might become the strong connecting variable to assist religiosity in becoming the investors' foundation in making a sustainable and responsible investment. By the concept of cognitive assurance, SIE offers a guarantee that individuals can help the community and environment through their investment decision so that they will be motivated to make such investment decisions (Gleicher and Petty 1992).

The findings of this study are also consistent with Wiebe and Fleck's (1980) assumption that an individual with a high level of intrinsic religiosity has a high moral standard. It is shown through the relationship between intrinsic religiosity and SIE and the relationship between intrinsic religiosity and investment decisions that are harmless and beneficial for the community and environment through the high level of belief in sustainable and responsible investment performance. SIE supports the framework of investors' individual values to determine their ethical behavior. The finding shows that SIE is important in increasing the tendency among individual investors to choose a sustainable and responsible based investment. Accordingly, SIE may become the concept to explain that belief in the social and environmental performance of sustainable and responsible investment drives investors to invest in the sustainable and responsible instrument, which is the reflection of behavior from individual investors’ commitment to their religious teaching.

CONCLUSION

Conclusion
This study is conducted on individual investors in Indonesia to investigates the influence and existence of personality factors of individual investors that underlie ethical investment decisions through sustainable and responsible-based investment. The personality factors used in the analysis are altruism, egoism, and intrinsic religiosity. The results fail to provide evidence for a direct influence of altruism, egoism, and intrinsic religiosity on sustainable and responsible-based investment decisions. However, this study also aims to investigate the role of SIE in mediating the relationship between altruism, egoism, and intrinsic religiosity on sustainable and responsible based investment decisions. The results successfully demonstrate the indirect influence or the mediating role of SIE. This study highlights the significant role of mediating variables in explaining the relationship between abstract variables.

The direction of influence of altruism on SR-based decisions supports the basic value theory. However, Schwartz’s values conflict between altruism and egoism cannot be found in this study. In practice, this implies that investors’ emphasis on success and ambition is also an important determinant to investing sustainably and responsibly. The findings also show that individual belief in the social impact of SR-based investment decisions (SRI), in mediating the influence of altruism, egoism, and religiosity toward SR-based investment
decisions, supports the protection motivation theory that efficacy is needed to give context to clarify and predict individuals’ behavior.

The findings of this research have implications for parties who intend to increase sustainable and responsible-based investment. Sustainable and responsible-based instruments should not only be offered to individuals with religious and altruistic characteristics because the decision to invest in sustainable and responsible-based instruments is more complex. Psychological factors alone are not enough to encourage investors to make sustainable and responsible investment decisions. However, investors need to process their psychological characteristics first by considering the impact of their investment decisions on the environment, society, and ecosystems. This implies that it is important to convince individual investors to promote SR-based investment decision by showing them that SR-based investment result is environmentally and socially impactful. The results of this study lend further support to the theory stating that non-financial determinants, in addition to financial ones, should be explored to explain the decision to invest sustainably and responsibly. This study shows that the SR-based investment decisions among Indonesian individual investors are empirically values-expressive and faith-expressive.

Limitations of the Study and Direction for Further Study

This study discussed the aspect of investors’ sustainability and responsibility without discussing the aspect of Sustainable and Responsible Investment (SRI)’s financial performance, which is the primary guide for investors in making an investment decision. To draw more comprehensive results, it is suggested for future studies to consider both finance and financial performance. Moreover, this study investigated three personality aspects, which are altruism, egoism, and intrinsic religiosity, with social investment efficacy (SIE) as the mediator.

The use of different theories or the addition of triggering personality variables may provide different study results. This study also did not include the potential and tendency for an individual's behavior to change from time to time. Further study may consider using other personality aspects, which may help broaden the comprehensive understanding of individual investment motives in making ethical investment decisions. Next, this study elaborates on the concept of egoism and altruism as a dichotomy relationship. However, this study does not elaborate on the discrepancy between sustainable and responsible-based investment decisions and individual investors' implementation in making the actual investment decisions. In addition, the discovery of the important role of SIE as mediating variable can be the basis for further study to strengthen and explain the personality variable.

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5.9915803


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APPENDIX

Reliability Test Result

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</tr>
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Validity Test Result

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<tr>
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<td>EGO 4</td>
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<td>0.000</td>
</tr>
<tr>
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<td>EGO 5</td>
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<td>SRI 3</td>
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<td>0.000</td>
</tr>
</tbody>
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