

ABSTRACT

The purpose of this study is to analyse and empirically examine the effect of environmental, social, and governance information disclosure on investment decisions through the mediating role of the synergy of conscientiousness–representativeness behaviour. The novelty in this study is the synergy of conscientiousness–representativeness behaviour, which is a synthesis of behavioural finance theory and personality traits theory, also supported by cognitive theory, bounded rationality theory, prospect theory, the concept of representativeness heuristic, psychoanalytic theory, humanistic theory, the big five personality theory, and the concept of conscientiousness as a means to bridge the research gap regarding the effect of perceptions of environmental, social, and governance information disclosure on investment decisions.

The population of this study is individual domestic stock investors who invest in the Indonesian stock market, where these investors actively monitor, execute, and make stock trading investment decisions. This study uses the Partial Least Squares Structural Equation Modelling (PLS-SEM) approach. This study uses 370 respondents so that the estimation of the relationships between variables can be tested validly and reliably, which has met the requirements as determined in the purposive sampling technique.

The results of the study show that perceptions of environmental and governance information disclosure have a significant positive effect on investment decisions. Perceptions of social and governance information disclosure have a significant positive effect on the synergy of conscientiousness–representativeness behaviour. The synergy of conscientiousness–representativeness behaviour has a significant positive effect on investment decisions. The synergy of Conscientiousness–Representativeness Behavior partially mediates the effect of environmental information disclosure and governance information disclosure on stock investment decisions. Furthermore, the findings indicate that the synergy of Conscientiousness–Representativeness Behavior fully mediates the effect of social information disclosure on investment decisions. This study confirms that the psychological and cognitive aspects of investors that are synergistically integrated are able to improve the effectiveness of ESG information processing for more rational and optimal decision-making. This study also expands the understanding of how investor behaviour interacts with perceptions of ESG information, opening opportunities for the development of more adaptive and behaviour-based investment decision-making models. This contribution is important for investment behaviour theory as well as providing practical implications for companies and regulators in improving the quality of ESG information disclosure so that it can influence investment decisions more effectively. Overall, the study confirms the importance of integrating psychological factors with ESG aspects to encourage sustainable and informative investment decisions.

Keywords: Investment Decisions, Perceptions of Environmental, Social, and Governance Information Disclosure, and Synergy of Conscientiousness–Representativeness Behaviour.