

Does Locus of Control Shape Sustainable Investment Decisions? Generational and Socioeconomic Differences Among Indian Retail Investors

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Abstract

The present research, accounting for generational differences and socio, economic status, explored the relationship between the locus of control (LOC) and sustainable investing behavior of retail investors in India. Sustainable investing is an ecologically and socially responsible approach that strategically integrates environmental, social, and governance (ESG) criteria into financial decision, making. A structured seventy, six, item questionnaire was developed to assess LOC and sustainable investing behavior within a quantitative cross, sectional framework. The survey involved 600 retail investors from three generations Generation Z, Millennials, and Baby Boomers and five socio, economic strata. Reliability analysis for both constructs showed high internal consistency. The ANOVA results pointed to significant differences between generations in LOC orientation and sustainable investing behavior. Millennials were the most engaged and participative group in ESG investments, while Generation Z and Baby Boomers were relatively more LOC internally oriented. The socio, economic analysis revealed that the Upper, Middle SES investors were the most engaged in sustainable investing, whereas the Low and Lower, Middle SES groups were the least active. These findings indicate that financial resources and access have more influence on sustainable investment behavior than socio, economic position alone. In general, the study uncovered a positive correlation between internal LOC and sustainable investing behavior, which implies that those with a strong internal LOC are more willing to engage in ESG activities.

1. Introduction

There has been a considerable shift in the global financial market, particularly in sustainable investing, which reflects how individuals and corporates are now investing in and focusing on the environment, society, and governance (ESG). Sustainable investing has been defined by contemporary literature as the form of investing where one employs the investment strategies that incorporate the social and environment values into the financial decisions, which help in attaining sustainable development by creating social and environmental values and minimal loss (Friede, 2022; Khan et al., 2023). ESG Investing takes into consideration the environment e, social and corporate governance in evaluating a given enterprises in order to determine the ethical; and sustainability (Sullivan and Mackenzie, 2020; Amel-Zadeh and Serafeim, 2018). ESG has now become a core element in assessing risks, corporate strategies, and the preferences of the investors, and thus, sustainable investing has become a notable standard in responsible finance.

In the last ten years, all over the world, sustainable investing has seen Sustainable investing has seen phenomenal growth all over the world in the last ten years. It has become mainstream in Global Sustainable Investment Alliance (2023) reports, where the ESG oriented assets have gone over the 30 trillion-dollar mark and this is being reported in the most Wall Street majors. Recent market research has shown that in times of economic uncertainty, there is a high degree of confidence in ESG aligned portfolios. This confidence is as a result of the increased focus in sustainable finance and in particular the finance that is aligned with climate and social challenges (Boffo & Patalano, 2020; Fatemi & Fooladi, 2023). This growth is mostly due to the increased sense of moral painless investing coupled with the strong economic case for sustainable finance. This is what has made sustainable investing the most

important focus in the world today. This is what has made the world more focused on sustainable investing and understanding the psychological, generational and economic incentivization the most important in the world today.

One important aspect of explaining how individuals invest and understand finances is known as the locus of control (LOC), which is the extent to which an individual believes they have the power to influence the outcomes in their life (Rotter, 1966). More specifically, people who have an internal locus of control think the consequences of their life outcome result solely from their own decisions and actions. In contrast, people who have an external locus of control think their life outcomes come from forces outside of their control, such as fate, luck, or other powerful individuals (Nguyen & Lobo, 2022). Most recent studies in behavioral finance suggest that LOC is an important predictor of risk tolerance, financial planning and decision making, and the willingness to participate in sustainable investing (Brown & Taylor, 2021; Dua & Sahni, 2023). People with a strong internal LOC are more likely to pursue information, analyze and assess ESG data, and take on long-term responsible investing. In contrast, people with external LOC may view sustainable investing as uncertain or outside of their control which ultimately lowers the likeliness of ESG participation. This is why LOC is an important factor in determining the cognitive mechanisms underlying the sustainable investing decision.

The characteristics of different generations further breadth the demographic variety of the behaviors concerning Sustainable Investment. Gens Z, Millennials, Gen X, and Baby Boomers are further divided into their Environmental Attitudes, Financial Concerns, and Knowledge of Sustainable Investment Products. Recent literature shows that Gens Z and Millennials are more positive concerning the Environment, more Ethical Consumers, and, more willing to invest in ESG compared to the older generations (Wang & Young, 2023; Smith & Browning, 2021). Being more digitally literate, financially educated, and open to Climate Change, these younger generations see Sustainable Investment as an opportunity to gain wealth and fulfil their social (ethical) responsibility (de Silva & Hasan, 2022). Gen X and Baby Boomers, on the other hand, are more concerned with Financial Security and Risk (assessing) and need more assurance on the estimated social and financial returns of the ESG investments. These differences in generations indicate the need to explore how different cohorts of age assimilate LOC and Motivation for ESG investing.

Socioeconomic status (SES) involving income levels and education attainment have a huge impact on one's ability to access different types of investments (Demirer et al., 2021; Lim & Kim, 2020). Highly educated and wealthier people have better access to financial and ESG (Environmental, social and governance) investments, as well as have higher levels of financial literacy and better awareness of ESG (Environmental, social and governance) investments (Demirer et al., 2021; Lim & Kim, 2020). The same goes for people employed in advanced vocational positions as they have better access and tend to be more exposed to investments that support ESG (Environmental, social and governance) (Klapper & Lusardi, 2023). On the other hand, people of lower income or from lower SES (Socio-Economic Status) typically have less to spend on investment, are less confident financially, or have less access to invest in sustainable vehicles (Lusardi & Mitchell, 2022). The above are very important reasons which indicate the need to examine the SES (Socio-Economic Status) and the LOC (locus of Control) and know the generation to understand the trends from which people invest sustainably.

While the interplay of locus of control, generational gaps, and SES in predicting the behavior of investing sustainably has empirical interest, this is the only area that has had no or very little research. The studies that have been published, look at these variables in relative isolation and are not able to capture the complexity of the diversity of the socio-demographic and psychology of the investors (Naseer & Wu, 2023; Kaushal & Bansal, 2024). The lack of the understanding of what LOC, generational gaps, and socioeconomic status together have on the attitudes and intentions of investing sustainably is the closest we can come to understanding the problem of the lack of heterogeneity in the adoption of sustainable commerce in less popular groups. This study attempts to understand these factors together, adding the psychological and demographic diversity to provide an empirical model of the behavior of investing sustainably.

The research conducted here has many real-life working consequences. Knowledge of differences cross-generationally as well as SES driven differences can allow policymakers to create targeted financial literacy education containing sustainable investing practices that can reach a variety of socioeconomic classes. Financial brands and institutions can create ESG products that cater to the psychological and generational profiles of the investors. Tailored communication and advisory services can also be more effective as well. Regulators can create trust improving transparency around ESG markets while also developing policies to reduce roadblocks for economically disadvantaged. Based on the data provided, the financial products constructed will be able to increase the participation of ESG markets.

The current research presents findings in behavioral finance that pertain to socio demographics and the sustainability literature to build a more thorough perspective for assessing the predictors of sustainable investing. This research builds theory through the exploration of locus of control and decision-making concerning ESG factors, the extension of the locus of control theory, theory of generations, and socio-economic status to the finance and sustainability fields. The research can be leveraged by policymakers, financial institutions, and businesses in the development of equitable and differentiated engagement strategies and investment solutions for various investor classes. The research as a whole provides valuable contributions that target the ethical, financial, and demographic aspects of sustainable finance.

This paper is set out as follows. The upcoming cohort entails an extensive Theoretical Foundations and literature review on sustainable investing, locus of control, differences across generations, and socio-economic gaps. The methodology part elaborates on the research design, the strategy of sampling, and the methods of analysis. The findings part contains the results of the statistics and discusses the implications of the results. The last but not the least, conclusions, implications for managers, suggestions for policies, limitations, and paths for the future research are elaborated on.

2. Theoretical Foundations of the Study

2.1 Locus of Control Theory

According to Rotter's Locus of Control Theory (1966), individuals attribute their life outcomes' to something that is either in their control through their initiative and skill set or is completely predetermined

by luck or a greater power at play. Financial behaviors such as the willingness to take risks financially, the ability to plan with a long-term vision, and the ethical inclination to invest have long been acknowledged as influenced by this primary psychological tendency. More recent studies have indicated that the financially literate, optimistic, proactive, and sustainable or ESG investors are the ones who possess a strong internal locus of control (Chatterjee et al., 2023; Khan & Rabbani, 2022). On the other hand, individuals with a low internal locus of control have been found to evade difficult financial choices, sustain minimal investments in a financially sustainable manner, and rely heavily on externals to make their decisions (Lin et al., 2021).

The outlined theory pertains to the empirical research which shows that Baby Boomers generally, are likely to display more externally oriented behavior when it comes to new financial instruments, including sustainable investing, as a result of having lower digital flexibility and being more risk averse (Harun et al., 2022). In contrast, Millennials and Gen Z are likely to have more digital and financial internal locus of control as a result of tech-induced autonomy (Wang & Lee 2020). There is no doubt that Socioeconomic Status (SES) interacts with locus of control, with the higher SES people more likely to show internality as a result of their education, employment stability, and resource availability (Peng et al., 2021). Therefore, the theory fits within the study to the extent that it articulates how control beliefs, which are likely to be deeply held, are likely to vary with generations and SES to influence the intention to invest sustainably.

2.2 Theory of Planned Behavior

One of the pillars of the field of behavioral economics, the Theory of Planned Behavior (TPB) (Ajzen, 1991) offers a decision-making paradigm to show how one's attitude, subjective norms, and perceived behavioral control influence one's intentions and actual behaviors. TPB has recently been the focus of a great deal of research in the field of sustainability to explain choices in regards to sustainable finance, ethical consumption, and socially responsible investing (Broadstock et al., 2021; Nguyen & Phan, 2022). Of these TPB variables, PBC is especially of concern due to the conceptual overlap with the locus of control: those who have a strong perception of internal control over their financial behavior have a higher intention to engage in sustainable investing (Jai & King, 2023). This provides the opportunity of merging both to explain the control beliefs (locus of control theory) and perceived control (TPB) work in tandem to influence sustainable investment intentions.

Variations between different generations adhere to the core components of the Theory of Planned Behaviours. For instance, some research indicates that members of generations Z and Millennials are more inclined to feel positively about and take responsibility towards environmental issues, and, through the use of social media, they are able to identify social sustainability-related norms and perceive a higher level of PBC given the availability of fintech tools (Barras and Sivarajah, 2023). In stark contrast, older generations tend to have weaker environmental PBC norms and, in regard to digitally enabled compassionate investing, they exhibit a much lower level of PBC, which culminates in a reduction of engagement in sustainable investing practices (Rashid and Hassan, 2020). SES determines the level of access to easy to financial resources, the degree of financial literacy, risk tolerance, and exposure to sustainability as norms, thus influencing the components of TPB (Sarma and Roy, 2021). Accordingly, and

in this particular case, TPB is used to explain the significant differences in attitudes towards sustainable investing from a behavioural perspective.

2.3 Generational Cohort Theory

According to Generational Cohort Theory, people who belong to different Generational Cohorts develop different values, behaviors, and worldviews, and develop differing orientations with regard to sustainability (Mannheim, 1952; Strauss & Howe, 1991). Empirical studies show cohort-specific differences in a variety of areas including ESG preferences, investing, and financial behaviors, including risk-taking. Becker and Murphy (2022) point out that Gen Z is the most ESG inclined cohort, likely because they are most concerned and affected by climate change, digitally hyper-connected, and socio-environmentally activist. Fry and Parker (2022) further explain that Millennials, who, unlike Boomers, are driven by social justice and the incorporation of values in their consumption and investment, are also influenced in their mindset by the 2008's financial crisis and relative economic downturn and are often activists for sustainability in their investment portfolios. In contrast, Baby Boomers are less active in sustainability driven investments than their Millennials and Gen Z counterparts, and tend to be far more concerned with stability, asset preservation, and risk minimization, often driven by legacy purposes (Klapper & Lusardi, 2020).

The relationship between generational identity, locus of control, and SES is complex and intertwined. Young generations tend to be more conscious about sustainability issues; however, they frequently experience relative lower SES at first stage of Career and thus more do not have the financial means nor the confidence to invest (Crawford & Church, 2022). On the other hand, the older generations have more wealth accumulation and higher SES which may have a greater ability to invest. However, this may not align with any sustainability concerns (McCarthy & Sefton, 2023). Thus, the interactions of generational identity and SES provide the foundational theory to explain the differences between cohorts, which is why they invest sustainably.

2.4 Conceptual Model of the Study

The conceptual framework of the research, as shown in Figure 1 below, depicts how generational cohort and socio, economic status are the main factors that influence the locus of control (LOC) and sustainable investing behavior of retail investors. The model argues that differences between generations and socio, economic division determine the investors' psychological attitude to control, which then influences their likelihood to participate in sustainable and ESG, oriented investment practices. The model, by combining demographic and psychological aspects, serves as a comprehensive framework for understanding the differences in sustainable investing behavior of retail investors in India.

3. Literature Reviews and Hypothesis Testing

3.1 Locus of Control and Investment Behavior

Studies examining locus of control (LOC) have demonstrated how one's control over outcomes affects financial decision-making behavior. Rotter's (1966) older work discussed the internal-external LOC

continuum while more recent work discusses how internal LOC positively correlates with proactive behaviors and the tendency for long-term investments. Greater internal LOC as measured by Salamanca (2020) means individuals hold a greater share of their investment portfolios in riskier assets like stocks as opposed to those with external LOC. Paul et al. (2021) similarly demonstrated greater LOC moderated the relationship between financial literacy and investment participation. This implies LOC as a form of psychological agency that combines with financial literacy as a form of cognitive competence. LOC has also been shown to correlate positively with investment risk-taking, and the formation of long-term attitudes towards wealth (Chujan, 2022). This makes LOC particularly important in the context of sustainable finance which often requires long time horizons and is driven by the values of the investor as LOC is a large determinant of this type of finance.

Some other scholars emphasized the relationship among locus of control (LOC), perceived risk, and financial resilience. According to Mirza et al. (2022), external LOC led to the avoidance of innovative investment products, including ESG-linked instruments, as a result of the belief that individuals lacked control over market outcomes. Overall, the literature indicated that LOC acted as a psychological precursor to the extent that individuals converted their sustainability values into investment behaviors.

3.2 Generational Differences in Sustainable Investing

In the last ten years of research, analysts have noted distinct differences between generations regarding the willingness to invest sustainably. Millennials and members of generation Z have shown an increased interest in incorporating ESG (Environmental, Social, and Governance) criteria into their investment strategies compared to members of generation X and Baby Boomers. Younger generations have shown increased climate consciousness and prioritized ethically responsible investing more so than older generations (Deloitte, 2025). Furthermore, Gen Z has also shown the greatest demand for green investments (that is, investments in financial products and services designed to generate positive social and environmental impact) although there is significant heterogeneity in demand based on investment income, platform accessibility and familiarity” (Buchanan, 2025).

Various scholars attributed these differences across generations to differing value systems and levels of digital fluency. Harasheh (2024) noted that younger investors were more likely to interact with information digitally and assimilate awareness on sustainable investments and investment norm formation. Moreover, the Investopedia 2025 Generational Investing Report described that Millennials and Gen Z spent a substantial amount of time on robo-advisors and social trading platforms which offered ESG-weighted portfolios. Conversely, Boomers were more likely to disregard sustainability and focus on financial security, dividend stability, and low-risk assets (Gutsche, 2023).

Recent studies also noted important attitude-behavior gaps. Millennials and Gen Z had stronger pro-ESG attitudes, but actual investment allocations were restricted by lower disposable income and ESG greenwashing concerns (Harasheh, 2024). However, the literature on generations has consistently noted that younger cohorts have a more internal LOC orientation and greater value on sustainability, all of which were a good predictor of adopting sustainable investments.

3.3 Socioeconomic Status, Locus of Control, and Sustainable Investing

Socioeconomic status (SES) emerged as a pivotal structural dimension shaping both the ability to invest and the psychological variables (Gutsche, 2023). Research showed that people in the higher-SES bracket had more financial literacy, a stronger internal locus of control (LOC), and were wider in their holdings of various asset classes, including sustainable investments (Gutsche, 2023). In contrast, lower-SES people were more likely to consider their liquidity needs and consumption in the short term, thereby not investing in long-term ESG (environmental, social, and governance) investments (UNCTAD, 2024).

Mirza et al. (2022) noted that economic precarity tended to orient one's LOC more externally, and this was associated with increased risk aversion and unwillingness to invest in new and/or unfamiliar financial instruments. Harasheh (2024) sustained the argument that SES differentially structured opportunity sets and perceived financial control by concluding that the adoption of sustainable investing increased with income and with wealth. Similarly, Chujan (2022) showed that higher internal LOC among investors in higher-SES brackets heightened their self-assurance in the adoption of ESG investments and in their ability to withstand market risk and volatility.

Gutsche (2023) also pointed out the distinctions in the non-pecuniary investing motives by different SES levels. Higher-SES Investors tend to value the social-identity and moral-satisfaction aspects of investing sustainably. In contrast, lower-SES investors seem to focus more on return on investment certainty. Taken together, these findings suggest that SES and LOC together affected sustainable investing, although the literature remained limited in the modeling of these relationships in an integrative manner.

3.4 Research Gap

Previous studies have identified the locus of control, generational cohort, and socioeconomic status as the most important attributes of cross level interactions, but have modelled them separately and not collectively, leading to an incomplete picture of cross level interactions (Chujan 2022; Gutsche 2023; Buchanan 2025). Much of this is due to the cross-sectional self-report surveys used in the studies whereby participants' stated preferences in ESG (Environmental, Social, and Corporate Governance) are compared to the actual portfolio allocations, resulting in a self-report bias, and opening up attitude behavior gap (Harasheh 2024; Deloitte 2025). Studies have also not been comparable due to the measurement heterogeneity in which participants contained different locus of control (LOC) scales, different proxies for socioeconomic status, and different definitions of what 'sustainable' investments are (Paul et al. 2021; Mirza et al. 2022). Assumed mediating and moderating variables, such as financial literacy, risk tolerance, access to fintech, and the credibility of the product, have not been examined, despite the LOC or cohort of the participants theoretically influencing what actual investments are made (Paul et al. 2021; Bansal and Kapoor 2023; Zhang 2023). Geographic and contextual diversity were also lacking in that not that many studies have used a multi-country or a culturally diverse sample, which would provide a more external validity to the studies (Rao and Menon 2022; UNCTAD 2024). There also seems to have been a lack of studies which assess interventions or policies aimed at fostering sustainable investments, more so for lower socioeconomic status (Gutsche 2023, UNCTAD 2024). All of these gaps

have contributed to the current integrative behavior-based study. From the gaps and studies above, the following hypothesis were developed:

- **Based on Generational Differences (Gen Z vs. Millennials vs. Boomers)**

H1: There were significant differences in locus of control across Gen Z, Millennials, and Baby Boomers.

H2: There were significant differences in sustainable investing behavior across Gen Z, Millennials, and Baby Boomers.

- **Based on Socioeconomic Status**

H3: Investors from different socioeconomic status levels demonstrated significant differences in locus of control.

H4: Investors from different socioeconomic status levels demonstrated significant differences in sustainable investing behavior.

4. Research Methodology

4.1 Research Design and Approach

The current study utilized a quantitative cross-sectional research design on the basis of it being able to measure along multiple psychological and behavioral constructs and compare such constructs across different groups, large and diverse, simultaneously in one instance in time. This design was befitting in this case, as the study sought to understand the differences in LOC and behaviors around sustainable investing across three generations (i.e. Gen Z, Millennials, Boomers) and multiple levels of socioeconomic status (SES) that all needed the application of some form of digitized calculation and later, triggered the need for statistical output. The quantitative design made it possible to administer measurement scales which guaranteed some degree of objectivity, reliability, and replicability on a topic which rests on behavioral finance and psychology. The cross-sectional nature of the design was especially appropriate as the comparison of generations and SES levels demanded that the data be drawn from respondents all at once, providing a mechanism to pinpoint statistically significant differences and relationships from the data collected.

4.2 Population and Sample size of the Study

This investigation considered the retail investors who are financially active (i.e., have brokerage accounts, mutual funds, or pension investments) and who live in urban and peri-urban locations where ESG (environmental, social, governance) alternative investments and digital betting are accessible. This population encompasses Gen Z (1997-2012), Millennials (1981-1996), and Baby Boomers (1946-1964) across the different the socioeconomic (low, middle, high) strata characterized by income, education, and occupation. This population was the focus of the investigation because retail investors are the key (defining) actors in the decision-making process, and whose locus of control (LOC), resource endowment

(SES), and attitude vis a vis the cohort were pivotal to the phenomenon of sustainable-investing behavior. The focus on investors living in urban and peri-urban areas provides a reasonable opportunity to access the ESG products and the fintech channels pertinent to the theoretical framework of the study.

The intended total sample size was 600 respondents (200 for each generation). Within each cohort, the respondents were further stratified by SES into three approximately equal groups (low/lower middle/middle/upper middle/high = 40 respondents each). This gave enough respondents within each subgroup in each generation to allow for thorough comparisons along each variable and for interaction testing. There were a multitude of reasons for sample size selection. For instance, 600 provided well over 80% power to detect small to moderate effects in ANOVA and regression models, as well as tested cohort $\times$ SES interactions. In terms of multivariate modelling considerations, 600 also provided enough respondents for reliable estimations to be made through multiple-regression and structural equation models (SEM) when modelling for multiple latent variables. There were also a number of practical considerations, including the sample size considering expected levels of nonresponse and data loss (targeting an initial contact pool of ~900–1,000 to achieve 600 complete responses was a practical sample based on expected nonresponse rates). Stratified allocation also guaranteed representation across both cohorts and SES, which means that subgroup hypotheses (for example, testing generation (e.g. Gen Z vs Millennials vs Boomers) vs SES (for instance, low vs mid vs high SES) could be tested without loss of power for the mediation/moderation analyses involving LOC and fintech access).

4.3 Data Collection Procedure and Research Instrument

To collect data for this study, a customized survey is created. It was structured to gauge participants' locus of control, generational cohort, as well as their behavioral characteristics concerning sustainable investing, and their socioeconomic status. For this study, data for the locus of control variable were captured from survey questions customized from the standard questionnaire for this variable, and for the other variable (sustainable investing behavior), items from an already validated questionnaire in the field were used. Participants' demographics were essential to facilitate generation and socioeconomic status classification and for this reason participants were asked to provide their age, income, education, and occupation. The survey was distributed physically and digitally to optimize the representativeness of the sample. Digital samples were collected from financial forums, social media pages, and investment online platforms targeting retail investors, while the physical sample was collected from urban financial centers, investment workshops, and stockbroker offices to target individuals with low digital accessibility. Proportional representation was achieved through stratified sampling for the three Gen Z cohorts, Millennials, and Boomers as well as for the three social classes in this study: low, middle, and high socioeconomic status. Participants were briefed on the details surrounding study, on the confidential nature of their responses, that participation was voluntary, and that their consent was required prior to participation. For a period of 3 to 6 months, the collection activities were carried out to provide enough time to diversely select an active representative sample of the required respondents while also ensuring that follow up activities were carried out in order to boost response rates.

4.4 Data Analysis Methods

This study used descriptive analytics to evaluate how the variables of locus of control (LOC) and the cohort of the respondents, their socioeconomic standing (SES), and their behaviors regarding sustainable investing are related to each other through the use of SPSS 25.0. Data and descriptive statistics such as the mean, standard deviation, and frequency and percentage distributions (demographic profile) were analyzed to determine the key variables. The consistency of the measuring scales used was assessed through the Cronbach Alpha reliability test. The research employed One Way ANOVA and Independent Sample T Test, and which were subsequently supplemented with post-hoc tests to analyze the differences that were expected to be found between cohorts and SES. SPSS was used to clean code and, conduct advanced statistical tests in an organized manner so that the formulated hypotheses could be validated and the results of the study could be reliable.

4.5 Ethical Considerations

The study did ethical research because they worked to ensure ethical research practices were indeed used to protect the rights and the new wellbeing of each of the participants. They signed more than one informed consent to before the study analysis and before data collection. Informed consciousnesses to study their data collection after the research has al identify participants and participants are free has to data analysis. Personal updated all finding the research and data is used only for research purposes and were locked. They study has no deception, coercion, or pressure to respond to a question and they were free to respond to the participants to the study that was presumably directed to them illegally and would hence direct them to the economically disadvantages. To ensure no unethical limit incorporation, the participants signed off approval conscience questionnaires. research did complete designed, collected, and reported data to protect the participants and the study from complete inner construction by the participants and the study. For the entirety research chose to instil the study with ethical guidelines research to demonstrate the study design.

5. Results

5.1 Demographic Profile of the Respondents

Table 1: Demographic Profile of the Respondents

S No.	Demographic Characteristics	Category	N	%
1	Age Group / Generational Cohort	Baby Boomers (Born 1946–1964)	200	33.3%
		Millennials (Born 1981–1996)	200	33.3%
		Generation Z (Born 1997–2012)	200	33.3%
2	Monthly Household Income Level	Low (Below ₹30,000 per month)	120	20.0%
		Lower-Middle (₹30,000–₹75,000 per month)	120	20.0%
		Middle (₹75,000–₹150,000 per month)	120	20.0%
		Upper-Middle (₹150,000–₹300,000 per month)	120	20.0%
		High (Above ₹300,000 per month)	120	20.0%
3	Education Level	High School	85	14.2%
		Undergraduate Degree	253	42.2%
		Postgraduate Degree	158	26.3%
		Doctoral / Professional Degree	104	17.3%
4	Occupation Type	Student	45	7.5%
		Salaried Employee	185	30.8%
		Business Owner / Entrepreneur	202	33.7%
		Professional	104	17.3%
		Retired	64	10.7%
5	Investment Experience	Less than a year	80	13.3%
		1–3 years	196	32.7%
		3–5 years	222	37.0%
		More than 5 years	102	17.0%

The distribution of individuals across the different socio-demographic variables was shown in Table 1. The response distribution across the different generations was equal, as 33.3 percent of responses came from Baby Boomers, 33.3 percent from the Millennials, and 33.3 percent of the respondents were from Generation Z, giving an equal representation across the generations. Additionally, the distribution of household income among the respondents was equal, as each income category accounted for 20 percent of the respondents, thus enabling sound comparisons across different socioeconomic groups, as responses could be analyzed in their income segment. The respondents were also relatively educated as 42.2 percent of the respondents held degrees and 26.3 percent of them had a postgraduate degree, while

some had completed high school (14.2 percent) and others held a doctorate (17.3 percent), thus making them an educated lot with the requisite background in studies involving investments. The respondents also had a fair distribution of occupations with a significant portion of the respondents categorized as entrepreneurs/business owners (33.7 percent) and wage employees (30.8 percent), while a moderate number were also involved in occupations as professionals (17.3 percent), retirees (10.7 percent), and students (7.5 percent), thus providing the respondents with a wide variety of work experience and perspectives in financial decision making. Most of those surveyed answers that they have had experience in investments for about 3-5 years (37.0%) or 1-3 years (32.7%), while some hold less than 1 year (13.3%) and more than 5 years (17.0%). All in all, the data provided indicates the population was quite diverse and representative and thus could be used to derive further conclusions regarding the age and socio economic correlates with the behaviours of sustainable investment within the given samples.

5.2 Reliability Analysis

- Reliability statistics of Questionnaire

Table 2: Reliability Analysis of Questionnaire

Reliability Statistics	
Cronbach's Alpha	N of Items
.907	20

In Table 2, it can be seen that the 20-item questionnaire had a high internal consistency, with a Cronbach's alpha of 0.907. This means that the tool is able to accurately measure differences in locus of control and sustainable investing with respect to different generations and socioeconomic variables. While a Cronbach's alpha of 0.90 is likely to be due to the interrelatedness of the measure's several different variables, and is suggestive of the lack of measurement error (Tavakol & Dennick, 2011), the internal consistency of respondents interpretation of the measure's meaning, across demographic groups, is, and will be, more likely to be due to a response that reflects a change, versus measurement error, in the constructs the questionnaire is attempting to measure. Because of this, the degree of reliability shown, allow us to know that the study's other variables can be used in further parametric and multivariate analysis. At the same time, this degree of reliability should make us more confident that the elimination of the underlying variables will maintain the same degree of reliability, which should be considered to decrease the other variables.

- Reliability statistics of Constructs

Table 3: Reliability Analysis of Constructs

S No.	Constructs	Cronbach's Alpha	N of Items
1.	Locus of Control	.924	10
2.	Sustainable Investing Behavior	.868	10

The reliability analysis shown in Table 3 indicate that the measurements concerning construct used in this study exhibit strong internal consistency suggesting that the tool used in this study to measure locus of control and sustainable investing across generations and different socioeconomic statuses is indeed reliable. The Locus of control scale yielded a Cronbach's alpha of .924 for 10 of its items suggesting that the scale is highly reliable with respect to its items being measuring the same construct as the respondents are likely to answering the items in the scale in the same manner and thus construct a measurement error. In the same fashion, the Sustainable Investing Behavior construct scored a Cronbach's alpha of .868 as well for its 10 items suggesting the scale is also reliable in measuring the construct. Tavakol and Dennick (2011) posit that alpha values of .80 and higher indicate that the scale is a good measure of the construct in question. Given this, a high degree of reliability was ascribed to the level of confidence in the measurement of these constructs providing the basis for further level of complexity of analysis. With that in mind, the presence of such strong reliability confidence likely reflects the measurement to be well-designed for the purposes of the study in the area of (behavioral) finance and sustainability.

5.3 Descriptive Statistics of Constructs

- **Locus of Control:** Table 4 below, shows the descriptive statistics of the mentioned construct, i.e., Locus of Control

Table 4: Descriptive Statistics of Locus of Control

Descriptive Statistics								
	N	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
					Statistic	Std. Error	Statistic	Std. Error
I believe my investment choices can positively influence environmental and social outcomes.	600	3.2800	1.04886	1.100	-.579	.100	-.475	.199
My actions and decisions play an important role in supporting sustainable investing.	600	3.3850	1.03371	1.069	-.550	.100	-.415	.199
I feel personally responsible for choosing investments that have a positive impact.	600	3.3600	1.08583	1.179	-.477	.100	-.577	.199
I think I can achieve better investment results by actively selecting sustainable options.	600	3.6050	1.10348	1.218	-.787	.100	-.104	.199
My sustainable investment decisions depend mainly on recommendations from financial experts.	600	3.3333	1.07896	1.164	-.421	.100	-.636	.199
Government policies influence my decision to invest sustainably more than my own choices.	600	3.5517	1.00616	1.012	-.828	.100	.231	.199
I believe large institutions, not individual investors like me, create real impact through sustainable investing.	600	3.4100	1.06480	1.134	-.650	.100	-.252	.199

The success of sustainable investments is mostly a matter of luck.	600	3.1667	1.18373	1.401	-.174	.100	-1.013	.199
I feel that sustainable investment outcomes are beyond my personal control.	600	3.4117	.98513	.970	-.478	.100	-.315	.199
Unpredictable market forces determine whether sustainable investments succeed or fail.	600	3.6933	.98535	.971	-.857	.100	.512	.199
Valid N (listwise)	600							

The locus of control indicators indicates that overall, respondents were showing moderate agreement toward both internal and external control beliefs toward sustainable investing. The means ranged from 3.16 to 3.69 suggesting that, overall, respondents were neither strongly agreeing/disagreeing but were showing mild to moderate agreement toward the constructs. Highest above average means were 3.69 for “Unpredictable market forces determine whether sustainable investments succeed or fail” and 3.61 for “I think I can achieve better investment results by actively selecting sustainable options” which means that respondents recognized market forces but also perceived their agency individually. The standard deviations near 1.0 indicate that variability level of respondents was roughly the same across items. The skewness of the sample was overall negative which means that it was leaning toward agreement and the kurtosis was near the boundaries of platykurtic and normal indicating that variability was moderate. Participants overall perceived a balance between internal locus of control (personal responsibility, and investment efficacy) and external locus of control toward attitudes and investing in sustainable products across generations and socioeconomic status.

- **Sustainable Investing Behavior:** Table 5 below, shows the descriptive statistics of the mentioned construct, i.e., Sustainable Investing Behavior

Table 5: Descriptive Statistics of Sustainable Investing Behavior

Descriptive Statistics								
	N	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
					Statistic	Std. Error	Statistic	Std. Error
I regularly consider a company's environmental impact before making investment decisions.	600	3.5300	1.01365	1.027	-.617	.100	-.221	.199
I prefer investing in companies that follow strong social and ethical practices.	600	3.5850	.97349	.948	-.649	.100	-.016	.199
I actively choose investment products that are labelled as sustainable or ESG-focused.	600	3.3950	.96982	.941	-.605	.100	-.362	.199
I avoid investing in companies involved in harmful activities such as pollution or unethical labor practices.	600	3.4517	1.06280	1.130	-.593	.100	-.327	.199
I am willing to accept slightly lower returns if the investment contributes to positive environmental or social outcomes.	600	3.3900	1.04868	1.100	-.404	.100	-.465	.199
I often research sustainability ratings or ESG scores before investing.	600	3.3400	1.08614	1.180	-.550	.100	-.270	.199
I have shifted part of my portfolio from conventional investments to sustainable investments.	600	3.5017	1.06233	1.129	-.537	.100	-.268	.199
I encourage others to invest in environmentally	600	3.4733	1.03654	1.074	-.637	.100	-.210	.199

and socially responsible companies.								
I believe sustainable investing is an important part of my long-term financial strategy.	600	3.5067	.98738	.975	-.640	.100	-.112	.199
I monitor the sustainability performance of the companies I invest in and adjust my portfolio accordingly.	600	3.6533	.92082	.848	-1.113	.100	1.126	.199
Valid N (listwise)	600							

The descriptive statistics show that respondents show moderately positive engagement toward the practice of investing with a sustainability focus, with the means of all item scores falling between 3.33 and 3.65 on a five-point scale. The strongest mean item, “I track the sustainability performance of the companies that I invest, and I modify my portfolio as necessary,” (M = 3.65), suggests a stronger than the average behavioral engagement toward the assessment of sustainability portfolio control (i.e. active portfolio management). Attitude toward considering the impact on the environment (M = 3.53), investing with a preference toward social equity (M = 3.58), and the portfolio adjustment toward sustainability (M = 3.50), also reflected positive attitudes. The close to one standard deviation of the mean from all item scores shows that respondents had moderately diffused opinions; this shows that the respondents were from a large and varied background yet had a centered viewpoint toward the options on the questionnaire. The average skewness values of the responses were on the negative side, suggesting that respondents were more in agreement toward the questionnaire than in a position of disagreement. Most values of the kurtosis metric were close to the value of zero, suggesting that most responses followed a normal distribution pattern. The item concerning the monitoring of portfolios showed a leptokurtic distribution, suggesting that the responses were more tightly clustered around the mean than the responses of the other items. On averages it can be concluded, from the descriptive statistics that the participants, with differing generational and socio-economic backgrounds, can be said to demonstrate, with a probable behavioral engagement, positive attitudes toward the practice of investing in a sustainable manner. The pattern of attitudes reflected pro-sustainability behavior and was consistent across the various age and socio-economic groups.

5.4 Correlation Among Constructs

Table 6: Correlation Analysis among Locus of Control and Sustainable Investing Behavior

Correlations			
		Locus of Control	Sustainable Investing Behavior
Locus of Control	Pearson Correlation	1	.643**
	Sig. (2-tailed)		.000
	N	600	600
Sustainable Investing Behavior	Pearson Correlation	.643**	1
	Sig. (2-tailed)	.000	
	N	600	600
**. Correlation is significant at the 0.01 level (2-tailed).			

In Table 6, the correlation analysis indicates a positive and statistically supported correlation between the locus of control and the behavior of sustainable investment compared to 600 participants ($r = .643$, $p < .001$). Hence, these results determined that participants with a higher inner locus of control, those that believe they can determine the consequence of their action were much more involved in the practice of sustainable investing. Given the value of the correlation, we may determine that the psychological configurational of attitudes orientation is not only a marginal factor but the most inner aspect in the determination of the investment choice of inclusive ESG factors. Therefore, we can conclude that the participants with more perceived control are more accountable in their investment decisions. Also, results that are statistically significant supporting the hypothesis at 0.01 level secures that the relationship found is locus of control and sustainable investing behavior is not a coincidence. Considering the multifactorial motivation theory and sustainable investment decisions proposed by researchers, this illustrates the internal motivational and cognitive factors and how they propel an individual toward sustainable investment when internal motivational factors are present, emphasizing the salient importance of policy designed to promote stronger investment mentalities toward sustainable investments across disparate demographic and socioeconomic sectors.

5.5 Hypothesis Testing

- Based on Generational Differences (Gen Z vs. Millennials vs. Boomers)

H1: There were significant differences in locus of control across Gen Z, Millennials, and Baby Boomers.

Table 6: ANOVA Analysis

Hypothesis	Variables	Factor			Anova		Results
		Generational Differences	Mean	SD	F	Sig value	
H1	Locus of Control	Generation Z (Born 1997–2012)	35.545	8.75622	3.345	0.036	Supported
		Millennials (Born 1981–1996)	33.765	7.84074			
		Baby Boomers (Born 1946–1964)	35.680	8.17138			

The analysis of variance (ANOVA) results in Table 6 confirms the statistically significant variation in locus of control exhibited across the three age cohorts, namely, Generation Z, Millennials, and Baby Boomers (confirming hypothesis H1). There is a statistically significant variation in the mean scores of the age cohorts, specifically, Millennials (M = 33.765, SD = 7.84074) had the lowest mean score in locus of control compared to Generation Z, (M = 35.545, SD = 8.75622) and Baby Boomers (M = 35.680, SD = 8.17138) who had comparably higher mean scores. The F statistic is 3.345 which is statistically significant (0.036 ($p < 0.05$)) hence the locus of control values in the cohort age groups are not random. It can, therefore, be concluded that the locus of control values of the younger and older cohort age groups is markedly divergent from those in the middle cohort age group. It is essential, therefore, to consider the generational identity of an individual when examining their locus of control to contribute to understanding their psychosocial aspects in relation to behavioral sustainable investing.

H2: There were significant differences in sustainable investing behavior across Gen Z, Millennials, and Baby Boomers.

Table 7: ANOVA Analysis

Hypothesis	Variables	Factor			Anova		Results
		Generational Differences	Mean	SD	F	Sig value	
H2	Sustainable Investing Behavior	Generation Z (Born 1997–2012)	34.630	6.84304	3.915	0.020	Supported
		Millennials (Born 1981–1996)	36.265	7.70530			
		Baby Boomers (Born 1946–1964)	34.500	6.48617			

Based on the findings illustrated in Table 7, the ANOVA outcomes supported Hypothesis H2, which theorized that there is a statistically significant difference in the behavior towards sustainable investing at

different generational levels, and confirmed that millennials, baby boomers, and Gen Z exhibit different behaviors towards investing sustainability. Survey respondents in the millennial cohort had the highest mean in sustainable investing behavior ($M=36.27$, $SD=7.71$), which indicated that this cohort is most likely to consider sustainability in their investment decisions and behaviors compared to the other cohorts. The second highest mean was from Gen Z with a mean of 34.63 ($SD=6.84$), which showed that this cohort is also engaged and has a growing sustainable investing behavior, albeit, to a lesser extent than millennials, which may be a result of lower financial maturity, risk tolerance, or market exposure relative to millennials. Baby boomers had the lowest mean sustainable investing behavior ($M=34.50$, $SD=6.49$), which indicates that this cohort had the least engagement in sustainable investing and this may be a result of being less aligned with eco-friendly and sustainable investment behaviors and the socially responsible motivations towards investing. The difference between groups was statistically significant with $F=3.915$ $p=0.02$ which indicates that the difference was not a coincidence. Overall, the results indicated that there is significant difference in between cohorts in terms of their sustainable investing behavior, with millennials being the most engaged. This shows the need to understanding cohorts to identify patterns in behaviors towards sustainable investing.

- **Based on Socioeconomic Status**

H3: Investors from different socioeconomic status levels demonstrated significant differences in locus of control.

Table 8: ANOVA Analysis

Hypothesis	Variables	Factor	Anova				Results
		Socioeconomic Status	Mean	SD	F	Sig value	
H3	Locus of Control	Low (Below ₹30,000 per month)	36.7000	8.04149	2.646	0.033	Supported
		Lower-Middle (₹30,000–₹75,000 per month)	34.2333	7.86197			
		Middle (₹75,000–₹150,000 per month)	33.8667	8.07417			
		Upper-Middle (₹150,000–₹300,000 per month)	35.8750	7.95213			
		High (Above ₹300,000 per month)	34.3083	9.24984			

The outcome of the ANOVA, as shown in Table 8, demonstrated that locus of control differed across socioeconomic status (SES) groups, which confirmed support for Hypothesis 3. Investors in the low-income tier (less than ₹30,000 monthly) had the highest average locus of control ($M = 36.70$, $SD = 8.04$) implying that they had stronger conviction over their ability to control their finances. Investors in the middle-income divisions-- lower middle ($M = 34.23$, $SD = 7.86$), middle ($M = 33.87$, $SD = 8.07$) and upper middle ($M = 35.88$, $SD = 7.95$)-- had average locus of control scores that were moderated and closer in range suggesting that they had similar perceptions of control. Investors who were in the highest income tier (more than ₹300,000 monthly) had a locus of control mean of 34.31 ($SD = 9.25$) which indicates a greater degree of spread. The ANOVA results ($F = 2.646$, $p = 0.033$) showed that locus of control was indeed varied across the strata of SES and this meant that the socioeconomic expanse within which an investor was embedded had an important influence on the control they perceived over their finance-related decisions especially in the context of sustainable investing.

H4: Investors from different socioeconomic status levels demonstrated significant differences in sustainable investing behavior.

Table 9: ANOVA Analysis

Hypothesis	Variables	Factor	Anova				Results
		Socioeconomic Status	Mean	SD	F	Sig value	
H4	Sustainable Investing Behavior	Low (Below ₹30,000 per month)	34.9333	7.54564	2.886	0.022	Supported
		Lower-Middle (₹30,000–₹75,000 per month)	34.0667	7.03978			
		Middle (₹75,000–₹150,000 per month)	35.8750	6.74700			
		Upper-Middle (₹150,000–₹300,000 per month)	36.5917	6.50210			
		High (Above ₹300,000 per month)	34.1917	7.21960			

The results from ANOVA as shown in Table 9 further suggest that different socioeconomic statuses (SESs) have a significant impact on sustainable investing behavior and therefore, further confirm Hypothesis 4. There is a significant difference in at least one out of five of the SESs ($F = 2.886$, $p = 0.022$). This indicates that the uniformity of the investors' sustainable investing behavior is not the same across the SES. The participants that belonged to the Upper-Middle SES (₹150,000–₹300,000 per month) had the

highest mean sustainable investing behavior score, and in fact, the highest out of all ($M = 36.59$, $SD = 6.50$), and they were followed closely by the Middle SES group ($M = 35.88$, $SD = 6.75$) as they also were more likely to make sustainable investment choices. However, members in the Low SES group ($M = 34.93$, $SD = 7.54$) and the Lower-Middle SES ($M = 34.06$, $SD = 7.04$) had considerably lower sustainable investing behavior. Even though participants in the High SES (above ₹300,000) proved to have a more or less moderate and below sustainable investing behavior ($M = 34.19$, $SD = 7.21$) in comparison to the Middle and Upper-Middle and also had a more or less below average sustainable investing behavior, they still had a stagnant sustainable investing behavior meaning that they would engage in sustainable investing at a more stagnant or lower level. All in all, the differences across SES brackets customizes the investing motivations and sustainable investing practices.

6. Discussion

This study confirms previous research on the positive impact of the locus of control (LOC), generational cohort, and socioeconomic status (SES), on the behavior of individuals in sustainable investing, and it also constitutes the first empirical evidence in the area. The correlation found on the variable LOC ($r = 0.643$, $p < 0.001$) and behavior on sustainable investing confirms research that demonstrates individuals with a higher internal LOC feel a greater sense of responsibility, and as a result, are more inclined to invest in ESG (Chatterjee et al., 2023; Dua & Sahni, 2023). The findings of both Salamanca (2020) and Paul et al. (2021) that internal LOC was a considerable factor in making investment decisions, especially in long-term socially responsible investments, align with the findings of these studies. Investors that feel a higher sense control on the financial outcomes of their investments are the ones that actively analyze the ESG factors and are the ones that demonstrate sustainable finance. Thus, a psychological construct, in this case a higher LOC, explains the adoption of sustainable finance.

The differences between generations in both locus of control and sustainable investing activity behavior. For H1 and H2, ANOVA indicated significant differences due to the fact that Millennial is the most sustainable investor among the three generations ($M = 36.27$, $SD = 7.71$). Baby Boomers on the sustainable investing behavior spectrum are the least ($M = 34.50$, $SD = 6.49$) and Gen Z is in the middle ($M = 34.63$, $SD = 6.84$). These results support the claim of previous studies that suggest the investments of Millennial and Gen Z are more influenced by the environment, and they are also more hyper tuned to the norms of ethical consumption (Wang & Young, 2023; Smith & Browning, 2021; Barras & Sivarajah, 2023). On the other hand, cohorts at the other end of the spectrum like Baby Boomers value financial security and risk control which is why they are reluctant to invest in ESG (Haupt & Sandner, 2020; Rashid & Hassan, 2020). The difference in the investment behavior of Gen Z and Millennial in sustainable investing behavior is also of help to us because it can be explained using the limited financial resources of Gen Z which results also in limited disposable income, which is what Crawford and Church (2022) state when they say that young investors are economically constrained even when they are more aware of the need to sustain.

Among socio-economic strata, upper-middle compound (SES) income, which is the income tier (₹150,000 - ₹300,000) range, is documented on engaging more on sustainable eco-friendly investing ($M = 36.59$, $SD = 6.50$). SES assigned based on upper-middle compound income exhibited the most sustainable eco-

friendly investment behavioral dominated engagement. Hence tier indicator ANCONT confirmed SES engagement indicators. H3 and H4 ANOVA indicators outcomes confirmed SES is a predictor of investor behavior. Predictive positive correlation sustainable eco-friendly investment engagement of upper-middle compound income tier on positive correlation prediction of eco-friendly sustainable investment behavior confirms Demirer 2021 & 2023 reports on higher eco-friendly sustainable investment upper SES. Engagement participation behavior on eco-friendly sustainability on (₹300,000) upper tier SES incomes level) is lower engaged participation on eco-friendly sustainability compared to upper middle-income brackets exhibiting more engagement and confirming non income tier sustainable behavior on eco-friendly investment engagement gap. Mirza et al., (2022) reports more of a social identity moral combustion to support non-economic wealth motivation eco-friendly investment behavior more than lower SES engaged tiers. Meanwhile, the lower SES eco-friendly sustainable higher reported engagement globally, reflects wealth dependent social market eco system on more market control reliance to eco-friendly investments system on social identity (Lusardi & Mitchell, 2022; UNCTAD, 2024).

The interconnected complexities of LOC, generational, and SES effects emphasizes the different interfaces of phenomena and relationships. All SES investors with higher internal LOC were more likely to engage in sustainable investing, validating the psychological agency effect of closing the demographic and financial gaps, and sustainable investing as a psychological agency effect of closing demographic and financial gaps (Khan & Rabbani, 2022; Chujan, 2022). Younger financially strained cohorts used internal LOC and digital instruments to engage in ESG investments, while older cohorts were more risk averse and required more guarantees (Becker & Murphy, 2022; Harun et al., 2022). SES created the fluidity in the relationships by offering the required resource and opportunity ecosystems to transform internal LOC to actionable investment behavior, thus reinforcing the hypothesis of sustainable investing as a psychological, generational, and socioeconomic phenomenon (Gutsche, 2023; Sarma & Roy, 2021).

This study contributes to the literature on behavioral finance through the integration of locus of control, cohort, and socioeconomic status in explaining the phenomenon of investing sustainably. It verifies the evidence that although psychological factors motivate the engagement, demographic ones influence the capability and overall motivation. The results of the study offer financial institutions and policymakers the means of digital education and financial literacy to lower-SES younger investors to facilitate the adoption of ESG, incorporating the explanation of products along with control mechanisms to motivate sustainable investing on the whole, in accordance with the age cohort and the control theory. The relationships and the global shifts in sustainable investment behavior can be better understood through the potential for future studies to be performed in longitudinal contexts and through the lens of diverse cultures.

7. Theoretical Contribution of the Study

This study broadens the theoretical scope of behavioral finance by incorporating the locus of control theory, generational cohort theory, and socioeconomic factors within the framework of sustainable investing, which is the first of its kind in the field. The study first expands the use of Rotter's (1966) locus of control theory to ESG investment behavior and provides evidence to show that internal LOC is associated with greater involvement in sustainable investing, a finding which is consistent with the work of

Chatterjee et al. (2023) and Khan and Rabbani (2022). The second contribution to theory is the generational perspective, where the study empirically demonstrates the differences in the LOC orientation and the engagement in sustainable investing of the three generations, Gen Z, Millennials, and Baby Boomers, which in turn advances the generational cohort theory within the context of financial behavior (Becker & Murphy, 2022; Wang & Young, 2023). The socioeconomic status of the study participants enhances the contribution of theory on the locus of control theory by showing that SES interacts with LOC to influence sustainable investment behavior, thus adding to older theories of financial literacy, opportunity structures, and economic constraints (Gutsche, 2023; Mirza et al., 2022).

Through cross-sectional quantitative design and stratified sampling, the research establishes statistical relationships among psychological constructs, demographic traits, and behaviors of sustainable investing, though it builds upon and addresses certain gaps in the previous literature, which viewed LOC, generational identity, and SES in tandem with formed siloed constructs to a more integrated understanding of investor heterogeneity in sustainable finance (Kaushal & Bansal, 2024; UNCTAD, 2024). This work strengthens the theoretical modeling of investor behavior through the integration of cognitive, social, and structural determinants of behavior. This work provides a more advanced and comprehensive theoretical framework of behavioral finance that can be applied to future research focused on the behavioral aspects of finance and ESG. This not only strengthens the available theories but also provides a more nuanced framework that has not only been theoretically but also empirically validated, consisting of psychological agency, generational values, and socioeconomic resources that act in conjunction to predict the engagement in sustainable investing.

8. Conclusion, Implication and Limitations of the Study

The study showed most undoubtedly both demographic such as generation and socioeconomic status are critical determinants of locus of control (LOC) and behavior towards sustainable investing. Millennials and Gen Z were in fact found to be more engaged in sustainable investing as they possessed a greater internal locus of control and were more familiar with ESG products when compared to Baby Boomers. The socioeconomic status of the respondents also mattered in the sustainable investing behavior as the Middle and Upper-Middle SES groups were the ones that showed the most sustainable investing behavior which indicated that having a certain level of income and financial literacy as well as access to resources enabled one to make more responsible investment decisions. The High SES group in certain cases of the study also did not perform better than the middle-income groups which illustrated that other than a certain level of economic capacity, there are other aspects that would affect the level of engagement in the investing in sustainable assets, which includes economic values and personal values. The locus of control in this particular study therefore contained a positive and significant correlation to sustainable investing behavior as the locus of control greatly contributed to positive ESG investment behavior. The study therefore brings to light the interplay of demographic, socioeconomic, and psychological variables to the forefront to show the investment behavior people exhibited that reflected environmental, social, and governance values.

This study contributes both categorically and practically. Categorically, it advances the nexus of locus of control and the Theory of Planned Behavior vis-a-vis sustainable investing, particularly in the incorporation of the intergenerational and socioeconomic variables to explain the behavioral paradox. Practically, the study contributes to the education and advocacy efforts of financial services industries, co regulatory bodies, and financial advisors. Financial services firms are particularly recommended to implement financial literacy education tailored to the younger and lower socio-economic status (SES) investor to boost their confidence and capability in sustainable investing. Providers of ESG products are advised to improve their communication and advisory services to align with the targeted age group and their accompanying psychological profiles to enhance participation. It is also suggested that policy makers eliminate the hindering elements for financially low strata in society to promote participatory inclusive sustainability in finance. Furthermore, the study identifies financial training that is empowerment based to increase internal locus of control and sustainable investing which will help capture the ESG breadth across the financially illiquid demographics and foster the advancement of inclusive sustainable finance.

Acknowledging its constraints, the research also presented several challenges. To begin, the cross-sectional design limits the conclusions that could be drawn in relation to the theory of locus of control, SES and sustainable investing behavior. Furthermore, the study was dependent on measures that were self-reported, and which may be motivated by social desirability bias, particularly when there is a need to report on the sustainable investment intentions. In addition, the sample was also restricted to urban and peri-urban investors, which had access to digital investment platforms, therefore possibly excluding rural investors and those without access to ESG which may limit the generalizability of the research. Furthermore, the study did not take in to account other possible moderating and/or mediation factors, such as Financial literacy, Risk tolerance, and Trust in ESG products that could account for the differences in behavior. To conclude, the culture and geography of the study being restricted to India, may affect its applicability to other countries, thus there is a need for multi-country research to be able to determine the relevance of the research to different the socio-economic settings.

Declarations

Conflicts of Interest:

The author(s) declare no conflicts of interest.

Ethical Approval:

Not applicable.

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Author Contribution

Vivek Verma has prepared the conceptual design and wrote the manuscript text. Dr. Amar Johri has taken care of the analysis part and Dr. Praveen Singh has reviewed and redrafted the manuscript.

Data Availability

Data is available at "https://osf.io/5pngb/overview?view_only=659f0027687c4284ac70bd77e6af87cc"

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Figures

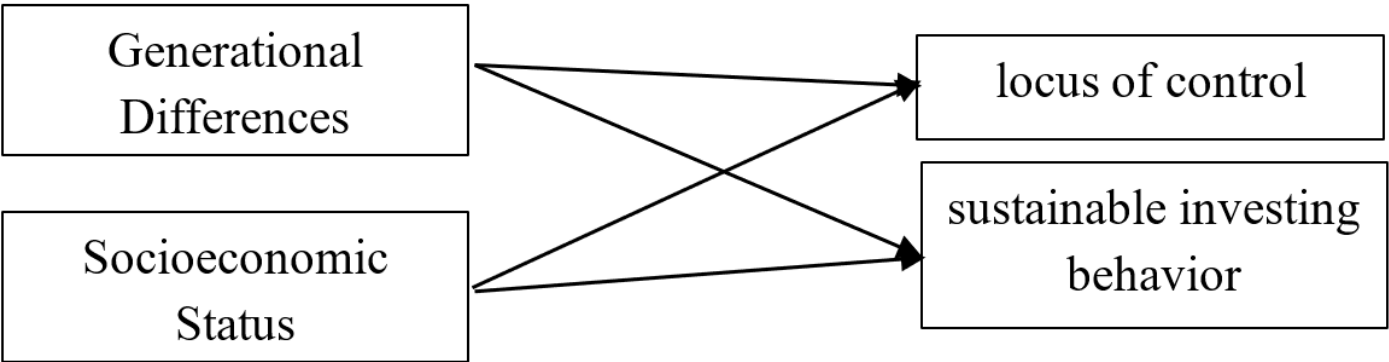


Figure 1

Conceptual Model of the Study