Perceived Environmental, Social and Governance (ESG) practices affecting investor behaviour amongst publicly traded companies in Zimbabwe: individual investors' perspectives

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Abstract

ESG considerations are increasingly becoming an important issue in investment decisions, influencing investor behaviour and long-term financial performance. This paper explores how environmental, social, and governance (ESG) practices affect investor intentions and behaviour among publicly traded companies in Zimbabwe. Using Stakeholder Theory, the study focused on individual investors on the Zimbabwe Stock Exchange, employing an explanatory design and quantitative approach. A self-administered questionnaire yielded 309 valid responses. Results reveal that environmental practices (path estimate = 0.296) and social practices (path estimate = 0.304) significantly influence stock purchase intentions, while governance practices (path estimate = 0.095) do not show a significant impact. Additionally, stock purchase intentions strongly predict actual stock purchase behaviour (path estimate = 0.716). The study recommends that Zimbabwean companies should prioritise and communicate their environmental and social practices to attract investors, as these factors notably influence stock purchase intentions. While governance practices are important on their own, they are most effective when integrated into a comprehensive ESG framework that aligns environmental, social, and governance efforts towards sustainable organisational performance. It is recommended that companies use big data to strengthen ESG disclosures and drive investor action.

Keywords: Environment, Social, Governance, Behavioural Intention, Purchase Behaviour.

Introduction

ESG investing, also known as socially responsible investing, has become increasingly important for organisations (Eccles, Lee & Stroehle, 2020). Companies are faced with increased investor expectations to disclose information about their practices affecting investors, the environment, and the community (Ellili 2022). ESG investing involves assessing a company's position regarding factors such as climate action, environmental stewardship, and social impact, whilst endeavouring to achieve desired levels of financial returns (Wang et al. 2023). In recognition of the fact that financial data alone is no longer enough for modern investors, organisations are now shifting towards comprehensive reporting on ESG, sustainability, and other non-financial aspects required by stakeholders (Abdullahi, Ardo, Hassan, and Ibrahim, 2021).

Globally, there is an advanced regulatory landscape for ESG practices, which aims to ensure transparency and comparability in ESG reporting (Bose, 2020). Regulations, including the European Union (EU)'s Non-Financial Reporting Directive (NFRD) and Sustainable Finance Disclosure Regulation (SFDR), mandate detailed disclosures on ESG factors to enhance accountability and provide investors with clear insights into companies' sustainability practices (Namzhilon, 2023; Frade & Froumouth, 2022). Despite the progress, the lack of uniform global standards still poses challenges for investors trying to compare ESG practices across diverse jurisdictions (Partiti, 2024). The ever-changing regulatory landscape highlights the importance of

comprehensive ESG reporting in influencing investor behaviour by aligning investment decisions with sustainability goals (Xiao et al., 2023).

Zimbabwe provides a particularly interesting case study for ESG practices and investor behaviour. The country's persistent economic and political challenges have historically overshadowed the regard for environmental and social governance in light of the need for sustainable development (Chigudu, 2020). However, regulatory reforms and a growing awareness amongst investors suggest a shift towards recognising the value of ESG integration (Madzoke et al., 2024). The regulatory frameworks for Environmental, Social, and Governance (ESG) practices remain weak compared to global standards, impacting investor behaviour significantly (Morris, 2023). Regulations, such as the Environmental Management Act [Chapter 20:27] of 2022, focus primarily on environmental protection through mandatory Environmental Impact Assessments (EIAs) (Ndlovu, 2021). But, the lack of comprehensive and enforced ESG regulations means that corporate governance and social responsibility aspects are not uniformly mandated, resulting in inconsistent ESG practices or violations across companies (Bosun-Fakunle, Mary, & Gbenga, 2023). This regulatory gap can influence investor behaviour by creating uncertainty and reducing the comparability of ESG performance among Zimbabwean firms (Matimura, Kiat & Rahadi, 2021). Investors may be hesitant to engage with companies that lack robust and transparent ESG practices due to concerns about potential risks and the effectiveness of their environmental and social strategies (Barko, Cremers & Renneboog, 2022). The ad-hoc nature of ESG disclosures and the absence of standardised reporting further worsen these issues, potentially leading to lower investor confidence and reduced investment in Zimbabwean firms (Maama & Marimuthu, 2022).

Thus, this study examined the following key variables within the Zimbabwean context: (1) stock purchase behaviour, reflecting actual investment decisions shaped by ESG data availability, financial intermediaries, and market conditions (Jonsdottir et al., 2022); (2) behavioural intention to purchase, driven by financial performance, market trends, and ESG factors, though often hindered by greenwashing and unreliable disclosures (Wong & Zhang, 2022); (3) environmental practices, including carbon reduction and renewable energy efforts, which attract investors but face credibility challenges (Karwowski & Raulinajtys-Grzybek, 2021); (4) social practices, such as labour and community engagement, which enhance reputation but are difficult to measure (Green & Roth, 2025); and (5) governance practices, such as board transparency, which build investor trust but risk being superficially implemented (Kovvali, 2023). These variables highlight the gap between ESG intentions and actual investment behaviour due to inconsistent reporting, financial trade-offs, and market constraints.

The subsequent sections focus on the literature review, research methodology, findings, and implications pursuant to contributing to knowledge development and the provision of implementable strategies for stakeholders and policymakers in the industry.

Literature review

Theoretical perspectives

This study is informed by the Stakeholder Theory (Freeman, 2010). According to the Stakeholder Theory, firms should prioritise the interests of all stakeholders (not just shareholders) by addressing environmental, social, and governance (ESG) concerns to gain legitimacy and enhance long-term performance (Huang, 2022). This theory is highly relevant in analysing how ESG practices affect stock purchase intentions and behaviour. Similarly, Zaharia and Zaharia (2021) perceive the triple bottom line (TBL) concept to be an extension of Stakeholder Theory that evaluates companies based on their performance in three areas: people, planet, and profit, as highlighted in Figure 1. This broad

perspective aligns with how investors might form intentions to support firms that demonstrate strong triple bottom line anchored ESG performance, as they anticipate these firms are more likely to achieve sustainable returns and positively impact society and the environment (Crace & Gehman, 2023).

Figure 1: Triple Bottom Line

Source: Crace and Gehman (2023)

However, while Stakeholder Theory suggests ESG practices should meet stakeholder expectations, practical implementation often encounters challenges. Firms may engage in superficial ESG initiatives aimed at improving their image without making substantial changes, potentially leading to disillusionment among investors who perceive these practices as insincere (Baldi & Pandimiglio, 2022). Therefore, while Stakeholder Theory highlights the importance of ESG in shaping investor intentions, the effectiveness of these practices in translating into actual investment behaviour can be undermined by concerns about authenticity and depth (Lokuwaduge & De Silva, 2022).

Conceptual framework and Development of hypotheses

Environmental practices and behavioural intention to purchase stock

Empirical studies have examined the link between environmental practices and behavioural intention to purchase stock, each offering unique perspectives. Sangeetha et al. (2024) investigated how environmental and economic concerns influence young investors' intentions to invest in renewable energy stocks, revealing that while environmental concern had a significant effect through the mediating role of attitude, economic concern was not statistically significant. Eaw et al. (2024) focused on adult investors in East Malaysia, analysing how social influence, perceived customer effectiveness, and financial literacy determine green stock investment intention. The study established that perceived customer effectiveness had a direct effect, while financial literacy operated through attitude. Gatti et al. (2021) addressed the adverse impact of greenwashing on investment behaviour, showing that deceptive environmental claims significantly reduce intention to invest, with falsification and manipulative practices proving most damaging. Lastly, Wang et al. (2024) applied the Fogg Behaviour Model to explore ESG investment intentions in China,

identifying future orientation, investment bias, and perceived ESG performance as key predictors, with attitude partially mediating these effects and government support serving as a moderator. Together, these studies underscore the complex interplay between environmental values, perceptions, and behavioural intention in sustainable investing contexts.

In light of this empirical position, this paper hypothesised that:

H_1: Environmental practices have a positive effect on the behavioural intention to purchase stock.

Social practices and behavioural intention to purchase stock

Empirical research has increasingly focused on how social responsibility influences investors' behavioural intentions. Hwang et al. (2022) distinguished between socially responsible and non-socially responsible institutional investors, finding that firms with increased SRI ownership tend to improve their future CSR scores. However, this increase in SRI ownership was paradoxically linked to negative short-term stock returns, particularly when activist investors targeted firms with initially low CSR scores, suggesting that anticipated CSR efforts may be perceived as costly by the market. Vyas et al. (2022) examined Indian investors' socially responsible investing behaviour and found that attributes such as collectivism, environmental attitudes, and religiosity, positively influenced non-economic investment goals, while materialism and risk tolerance had negative associations. Feng et al. (2022) assessed the long- and short-run relationships between ESG, CSR, and stock returns in Chinese-listed firms and revealed that while CSR positively influenced stock returns in the long term, ESG scores often had a detrimental effect. Similarly, Hafidzi and Qomariah (2022) studied Indonesian manufacturing firms during the COVID-19 pandemic and found that CSR positively affected stock returns, both directly and indirectly, through return on assets (ROA), though CSR had a negative impact on ROA itself. However, Viererbl and Koch (2022) highlighted that while supporting societal goals and sustainable development can enhance a company's image as socially responsible, excessive communication about CSR efforts can backfire.

Thus, this paper also hypothesised that:

H_2: Social practices have a positive effect on the behavioural intention to purchase stock.

Governance practices and behavioural intention to purchase stock

Several studies have explored how corporate governance practices shape investor behaviour and stock market dynamics, especially during times of crisis. Hsu and Liao (2022) examined U.S. firms during the COVID-19 pandemic and found that while good corporate governance, specifically effective board and ownership structures, helped mitigate stock price volatility and trading volume, it did not significantly enhance stock returns. They also noted the stabilising role of government interventions. Khawaja and Alharbi (2021) studied investor behaviour in the Saudi Stock Market and reported that corporate attributes such as firm reputation, financial reporting, and industry status significantly influenced investor decisions, whereas demographic factors like gender and age were not significant. Meanwhile, Alao et al. (2024) critically investigated how corporate governance failures, evident in scandals such as Enron and Wirecard, undermined investor trust and destabilised global markets. Their analysis showed that weak oversight, CEO duality, and manipulated earnings led to significant macroeconomic consequences, advocating for stronger regulatory frameworks. Pourmansouri et al. (2022) focused on Iran and revealed that high ownership concentration among major shareholders weakened corporate governance systems and board quality, both before and after the COVID-19 pandemic. They concluded that power asymmetries among shareholders negatively impacted governance efficiency and, by extension, investor confidence. Collectively,

these studies underscore the complex interplay between governance quality and investor behaviour across varying contexts and crises.

In light of this empirical support, this paper also hypothesised that:

H_3: Governance practices have a positive effect on the behavioural intention to purchase stock.

Behavioural intention to purchase stock and purchase behaviour

Both the Theory of Planned Behaviour and the Unified Theory of Acceptance and Use of Technology (UTAUT) propose that intention is a precursor to behaviour (Ajzen, 1991; Dangaiso, Jaravaza & Mukucha, 2024). Numerous studies have demonstrated a strong link between intention and subsequent actions in stock market contexts (Kumari, Senani, & Ajward, 2023). This suggests that when an investor decides to buy stock, they are likely to follow through with the purchase.

In light of these claims, the study also predicted that:

H_4: Behavioural intention to purchase stock has a positive effect on purchase behavior.

Figure 2 below highlights the hypothesised research model.

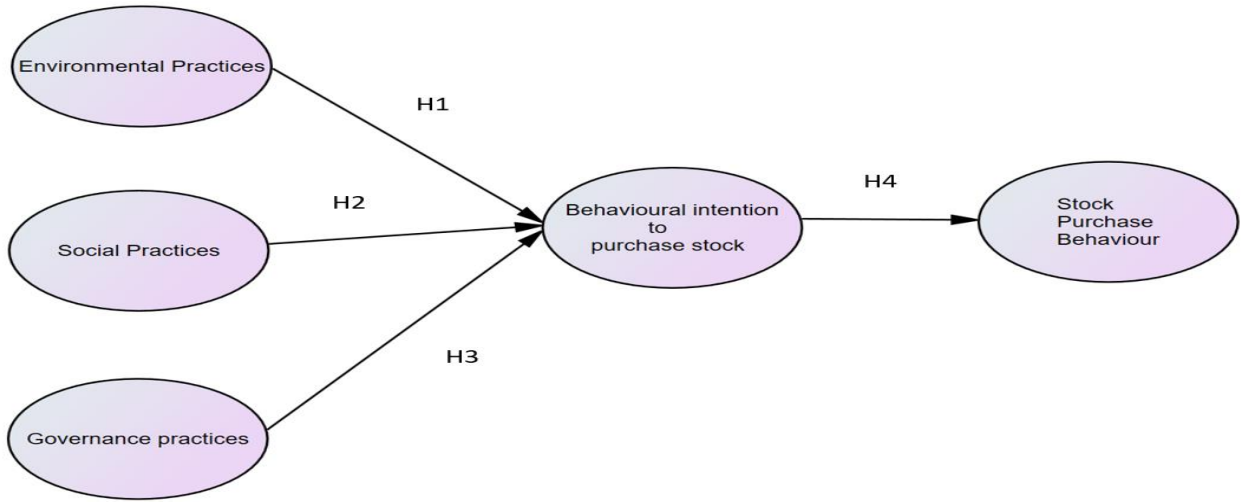

Figure 2: Hypothesized research model

Source: Author's construction (2024).

Materials and Methods

Design, population, and sampling

The study sought to examine causal relationships in a hypothesized model. Therefore, guided by the positivist research paradigm, an explanatory research design was employed (Saunders et al., 2023). The study employed the deductive quantitative research approach (Harque, 2022). The study targeted individual investors on the Zimbabwe Stock Market. A simple random sampling procedure was employed to select the participants (Easterby-Smith et al., 2021). Sample size determination was influenced by resource considerations, statistical factors, and sizes used in similar studies. To obtain responses, 400 questionnaires were distributed and 309 were returned, giving a reliable response rate of 77.3% (Saunders et al., 2023).

Measures

The measurement scales used in the study were adopted from the literature (Saunders et al., 2023). A 5-point Likert scale from strongly disagree to strongly agree was used to measure research constructs. These were conceptualised as environmental practices (Karwowski & Raulinajtys-Grzybek, 2021), social practices (Oh et al., 2024), governance practices (Kovvali, 2023), stock purchase intentions (Beheshti et al., 2025), and stock purchase behaviour (Kumari, Senani, & Ajward, 2023). A pretest was conducted using an investor sample of 30 participants (Saunders et al., 2023).

Data collection procedures and ethical compliance

Before data collection commenced, the research's purpose was explained, and participation was voluntary. In line with ethical standards for consumer research, all participants gave prior verbal informed consent. Saunders et al. (2023) note that the form of consent required depends on the nature of the research, the type of participants, and the research context. Verbal consent is acceptable in studies involving opinion or perception surveys using self-reported data. Furthermore, the data collection instrument included a section confirming participants' consent to take part in the study, which they all acknowledged by agreeing to answer the questionnaire. The questionnaires were delivered and collected after two weeks. Data was collected in the months of June and July 2024.

Data analysis methods

The study employed Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM) in AMOS to estimate parameters in the hypothesized model (Kline, 2023). The model fit indices utilised in this study were absolute fit indices and incremental fit indices. Convergent validity was assessed using Average Variance Extracted (AVE>0.5) (Amora, 2021). Discriminant validity was assessed using the Sarstedt, Ringle, and Hair (2021) criterion (square root of AVE > any correlation between the construct and any other construct in the model), while internal consistency was tested using composite reliability (>0.7) (Haji-Othman & Yusuff, 2022).

Results

Sample Characterisation

The sample characteristics in Table 1below show a predominance of male respondents, with 61.2% of the sample being male and 38.8% female. The age distribution indicates that the largest group is under 30 years of age (34%), followed by those aged 41-50 (30.1%) and 31-40 (28.2%). A small portion of respondents are aged 51-60 (7.1%), and only 0.6% are above 60 years of age. In terms of education, the majority hold a Bachelor's Degree (29.1%), followed by diploma holders (24.6%), while 14.9% have a Master's Degree, and 12% have secondary education or below. Finally, experience in stock market investing varies, with 36.9% having more than 10 years of experience, 33.7% having 2-5 years, 20.1% with 6-10 years, and 9.4% with less than a year.

Table 1: Sample Characterisation

Item	Frequency	Percentage	Valid Percent	Cumulative Percentage
Gender				
Female	120	38.8	38.8	38.8
Male	189	61.2	61.2	100.0
Total	309	100.0	100.0	
Respondents' Age				
< 30 years	105	34.0	34.0	34.0
31- 40 years	87	28.2	28.2	62.1
41-50 years	93	30.1	30.1	92.2
51- 60 years	22	7.1	7.1	99.4
>60 years	2	0.6	0.6	100.0
Total	309	100.0	100.0	
Respondents' Highest Education Level				
Secondary education and below	37	12.0	12.0	12.0
Certificate	60	19.4	19.4	31.4
Diploma	76	24.6	24.6	56.0
Bachelor's Degree	90	29.1	29.1	85.1
Master's Degree	46	14.9	14.9	100.0
Total	309	100.0	100.0	
Number of years of experience in stock market investing				
Less than a year	29	9.4	9.4	9.4
2 – 5 years	104	33.7	33.7	43.0
6 -10 years	62	20.1	20.1	63.1
10 years and above	114	36.9	36.9	100.0
Total	309	100	100.0	

Source: Primary data (2025).

Confirmatory Factor Analysis (CFA)

Following the approach recommended by Anderson and Gerbing (1988), a two-step process was employed to estimate the parameters. Confirmatory Factor Analysis (CFA) was performed first, followed by Structural Equation Modeling (SEM). The measurement model was assessed using CFA (Kline, 2023), beginning with an evaluation of the unidimensionality of factor loadings. Unidimensionality assesses how well the observed variables capture the variance in their underlying constructs, as measured by factor loadings (Hair et al., 2021). Factor loadings represent the correlation between observed variables and the corresponding latent factors (Kline, 2023). All

observed variables showed loadings above the recommended threshold of 0.5 (Hair et al., 2021), except for GOV5 (0.37), SPB3 (0.40), SPB4 (0.47), and SPB5 (0.46). Variables with loadings of 0.5 or higher indicate that they account for at least 50% of the variance in their parent constructs (Hair et al., 2021). As a result, GOV5, SPB3, SPB4, and SPB5 were excluded from further analysis due to poor fit in the CFA model. The measurement model is shown in Figure 3 below.

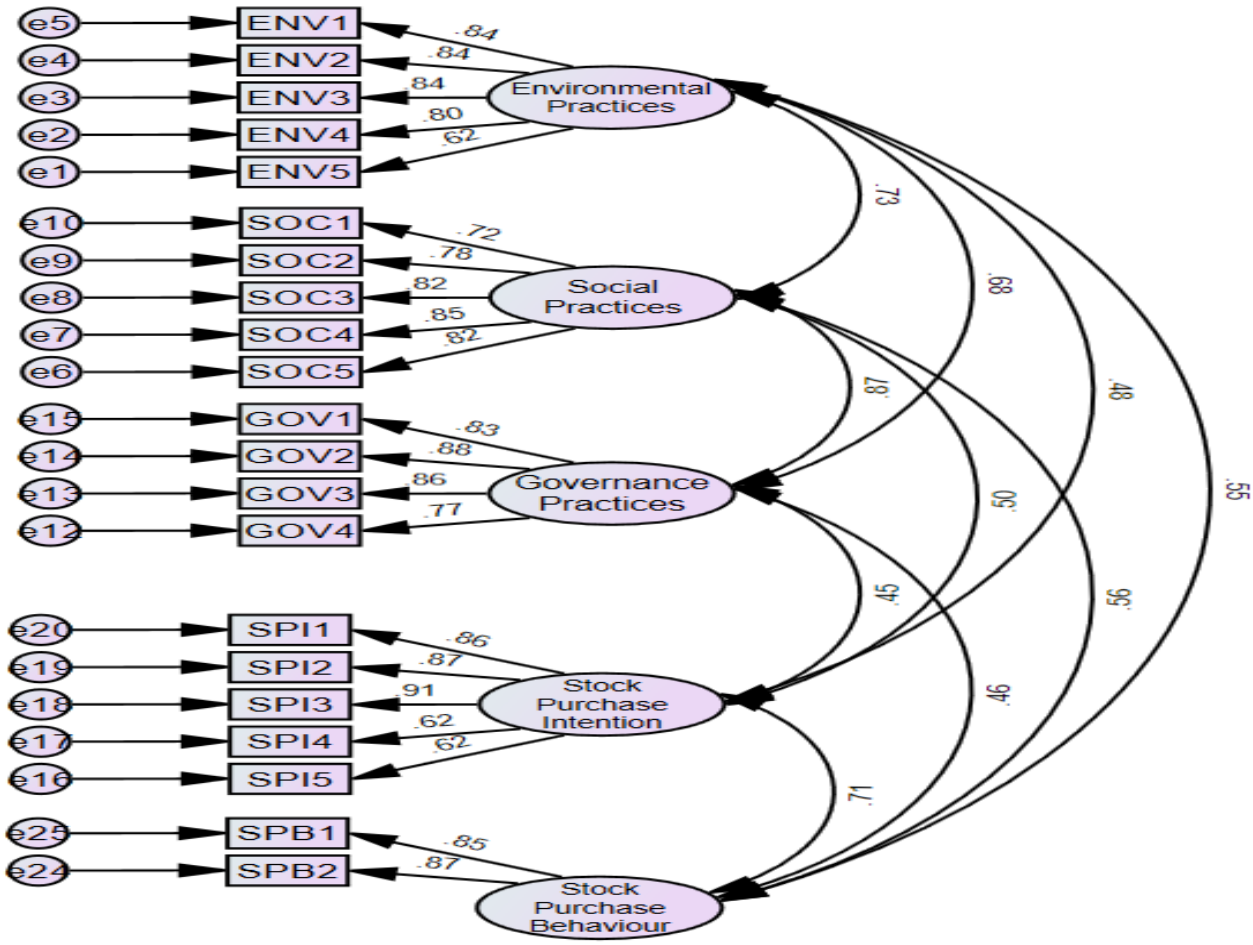

Figure 3. Confirmatory Factor Analysis (CFA).

Source: Primary data (2025).

Additionally, the fit between the hypothesized measurement model and the sample-implied model was evaluated. The results demonstrated that the model achieved a strong alignment with both absolute and relative fit indices. In absolute fit indices, the normed chi square was 4.817, whilst the goodness of Fit (GFI) = 0.902, Root Mean Square error of approximation (RMSEA) = 0.055, and Root Mean Residual (RMR) = 0.051. In relative fit, the Comparative Fit index (CFI) was 0.940, whilst the Incremental Fit index (IFI) was 0.940, Tucker-Lewis Index (TLI) = 0.930, and the Normed Fit Index (NFI) = 0.916. According to Hair et al. (2021), the measurement model had a very good fit.

Third, the validation of the measurement scales was conducted based on convergent validity, discriminant validity, Cronbach's alpha, and composite reliability (Kline, 2023). Convergent validity assesses the degree to which different indicators of the same construct share common variance (Hair et al., 2021). In this study, average variance extracted (AVE) was used, with a threshold of 0.5 or higher required to confirm convergent validity (Hair et al., 2021). As displayed in Table 2, AVE values ranged from 0.630 to 0.787, indicating the presence of convergent validity.

Discriminant validity was evaluated by comparing the Maximum Shared Variance (MSV) with the AVE. The MSV is calculated as the square of the highest correlation between a construct and any other in the model. According to Hair et al. (2021), for discriminant validity to be confirmed, MSV must be less than AVE. This condition was met, as shown in Table 2.

Reliability or internal consistency was assessed using Cronbach's alpha (CA) and composite reliability (CR). The lowest Cronbach's alpha value was 0.710 for Stock Purchase Behaviour, while the highest was 0.984 for Governance Practices. Similarly, composite reliability ranged from 0.854 for Stock Purchase Behaviour to 0.949 for Governance Practices. Based on the guidance of Hair et al. (2021), both measures exceeded the minimum threshold of 0.7, confirming reliability. The psychometric properties of the measurement model are presented in Table 2.

Table 2: Psychometric properties of the measurement model

Construct/Observed Variable	Standardised Factor Loading	Squared Multiple Correlations	Average Variance Extracted	Maximum Shared Variance	Composite Reliability	Cronbach's Alpha
Environmental Practices			0.630	0.534	0.893	0.786
ENV1	0.844***	0.712				
ENV2	0.839***	0.703				
ENV3	0.838***	0.702				
ENV4	0.800***	0.640				
ENV5	0.624***	0.389				
Social Practices			0.638	0.624	0.898	0.798
SOC1	0.718***	0.516				
SOC2	0.777***	0.604				
SOC3	0.820***	0.672				
SOC4	0.855***	0.731				
SOC5	0.817***	0.668				
Governance Practices			0.787	0.773	0.949	0.984
GOV1	0.827***	0.684				
GOV2	0.877***	0.770				
GOV3	0.862***	0.742				
GOV4	0.767***	0.589				
Stock Purchase Intentions						
SPI1	0.862***	0.743	0.702	0.534	0.922	0.878
SPI2	0.870***	0.757				

SPI3	0.911***	0.830				
SPI4	0.618***	0.382				
SPI5	0.617***	0.380				
Stock Purchase Behaviour			0.745	0.510	0.854	0.710
SPB1	0.854***	0.729				
SPB2	0.872***	0.761				

Notes: Standardised loadings marked *** denote p<0.001.

Source: Primary data (2025).

Structural Equation Modelling (SEM)

In order to examine structural relationships between the constructs, SEM (Figure 4) was used to estimate parameters (Kilne, 2023). However, prior to SEM, the requirement of normality was checked. The values did not surpass thresholds, -2 to +2 for skewness and -7 to +7 for kurtosis (Hair et al., 2021); thus the requirement of univariate normality was satisfied.

The structural model was evaluated on three important criteria. Firstly, the model fit was examined. The SEM model produced a good fitting model evidenced by a normed Chi Square of 6.931, RMSEA= 0.08, RMR=0.065, GFI=0.930, IFI=0.956, CFI=0.995 and TLI=0.952. According to Kline (2023), there was evidence of a good fitting SEM model.

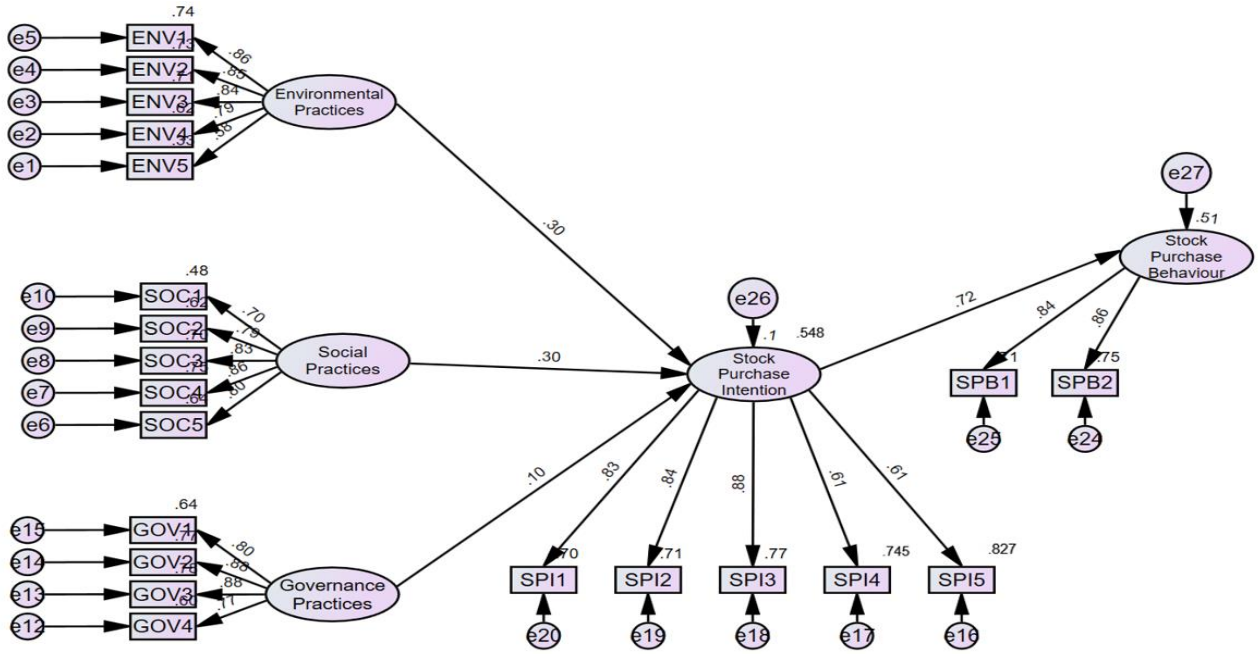

Figure 4. Structural Equation Model

Source: Primary data (2025).

Secondly, the model was evaluated based on the estimates produced on the causal paths (Anderson & Gerbin, 1988). The causal path between environmental practices and stock purchase intentions

had an estimate of 0.294 (standardized 0.296), a t-statistic of +4.074 and p< 0.001; thus the t-value was significantly different from zero. As a result, the proposed hypothesis H1 was supported, confirming the positive influence of environmental practices on stock purchase intentions amongst publicly traded companies in Zimbabwe.

The path between social practices and stock purchase intentions had an estimate of 0.212 (standardised= 0.304), a t-statistic of +4.376 and p< 0.001; thus the t-value was significantly different from zero. As a result, the proposed hypothesis H2 was supported, confirming the positive influence of social practices on stock purchase intentions amongst publicly traded companies in Zimbabwe.

However, the causal path between governance practices and stock purchase intentions was not statistically significant. Although a weak positive effect was observed on the path between environmental practices and stock purchase intentions ($\beta = 0.095$, $t = 1.496$, $p = 0.15$), it was not statistically significant, hence H3 was not accepted. In this context, governance practices were not effective predictors of stock purchase intentions amongst publicly traded companies in Zimbabwe.

The paper also hypothesized that stock purchase intentions positively affected stock purchase behaviour. A path estimates of 1.209 (standardised= 0.716), a t-statistic of +8.409 and p<0.001 were confirmatory of the positive and significant impact of stock purchase intentions on stock purchase behaviour amongst publicly traded companies in Zimbabwe. As a result, hypothesis H4 was also supported.

The outcomes of hypothesis testing are shown in Table 3.

Table 3. Outcomes of hypothesis testing.

Hypothesized relationship	Estimate	Standardised Estimate (β)	Standard Error	T-Value	P Value	Result
H1: SPI<---Env	0.294	.296	0.072	4.074	<0.001	Accepted
H2: SPI<---Soc	0.212	.304	0.048	4.376	<0.001	Accepted
H3: SPI<---Gov	0.067	.095	0.045	1.496	0.15	Not Accepted
H4: SPB<---SPI	1.209	.716	0.144	8.409	<0.001	Accepted

Notes: SPI: Stock purchase intentions; Env: Environmental practices; Soc: Social practices; Gov: Governance practices; SPB: Stock Purchase Behaviour

Source: Primary data (2025).

Lastly, the structural model was assessed in terms of its explanatory power (Al-Fraihat et al., 2020) (Figure 2). The results in Figure 2 confirm that environmental practices, social practices and governance practices, together, explained 54.8% variability in stock purchase intention (R Square = 0.548). This evidence supports the significance of ESG dimensions in determining stock purchase intentions. Furthermore, stock purchase intentions explained 51% variability in stock purchase behaviour amongst publicly traded companies (R Square = 0.51). The ability to confirm theoretically grounded relationships among constructs reflected the nomological validity of the structural model (Haji-Othman & Yusuff, 2022).

Discussion of findings

Environmental Practices (H1): The significant positive relationship (β=0.294, p<0.001) between environmental practices and stock purchase intentions supports existing literature demonstrating investor preference for environmentally responsible firms (Paulsy, 2025). However, the context-

dependent nature of this relationship is evident from contrasting findings. While Bodhanwala and Bodhanwala (2020) found SRI underperformance in developing markets, Xiao and Shailer (2022) highlight how sustainability enhances stakeholder perceptions. This suggests Zimbabwean companies should prioritise measurable environmental initiatives while being transparent about their impact, as certain disclosures may evoke skepticism depending on market conditions (Musariwa, Rampersad and Govender, 2023).

Social Practices (H2): The positive influence ($\beta=0.212$, $p<0.001$) aligns with research showing investors reward strong CSR performance (Mackey et al., 2022). However, the findings also caution that social initiatives must genuinely align with stakeholder values to avoid adverse reactions (Lin, 2024), particularly given evidence that excessive SRI focus can sometimes depress valuations (Hwang et al., 2022). This implies Zimbabwean firms need to develop authentic social programs that address local priorities while maintaining clear communication about their impact.

Governance Practices (H3): The non-significant result ($\beta=0.095$, $p=0.15$) contrasts with established literature emphasizing the importance of governance (Iliev, Kalodimos & Lowry, 2021).This suggests that either the Zimbabwean investors prioritise environmental/social factors more highly, or that local governance measures lack effectiveness (Ahmad, Yaqub & Lee, 2024). This highlights the need for companies to maintain baseline governance standards while recognizing that they may not be primary investment drivers in this market.

Intention-Behavior Link (H4): The strong relationship ($\beta=1.209$, $p<0.001$) supports behavioural theory (Ajzen, 1991) and empirical findings (Hooda et al., 2022), though market volatility may moderate this connection (Yuan et al., 2022). This underscores the importance of Zimbabwean firms actively managing investor relations to convert positive intentions into actual investments, particularly during stable market conditions.

Conclusions, implications and future research

Conclusions

The paper sought to examine the impact of environmental, social and governance practices on investor behaviour amongst publicly traded companies in Zimbabwe. The study validated the positive influence of environmental and social practices on investor stock purchase intentions. In addition, the positive impact of stock purchase intentions on stock purchase behaviours was validated. The role of governance practices was insignificant and thus it is concluded that governance practices are not a key determinant of investor behaviour amongst publicly traded companies in Zimbabwe.

Theoretical and practical implications

The findings offer important theoretical and practical insights for sustainable investing in Zimbabwe with significant implications for various stakeholders. The strong positive relationship between environmental practices (H1) and stock purchase intentions confirms that investors prioritise sustainability, reinforcing stakeholder theory by demonstrating that firms addressing ecological concerns gain investor confidence (Itan et al., 2025). This implies that companies should prioritise measurable environmental initiatives such as carbon reduction and renewable energy adoption, as these directly influence investment decisions. Regulatory bodies should consider mandating standardised environmental disclosures to enhance comparability and transparency.

Similarly, the significant influence of social practices (H2) supports social identity theory, as investors align with companies that reflect their values (Ma et al., 2021). This suggests firms should develop robust social programs in areas like employee welfare and community development, while proactively communicating these efforts through ESG reports and investor briefings. Industry

associations could facilitate best practice sharing to elevate social performance standards across sectors.

However, the insignificant effect of governance practices (H3) suggests that, while governance remains critical for risk management, it may not be a primary driver of investment decisions in this market, aligning with prior research indicating regional variations in ESG prioritisation (Gillan et al., 2021). This implies companies should maintain baseline governance standards but focus their communication strategies more heavily on environmental and social achievements. Investors and analysts should recognise that strong governance may serve as a risk mitigator rather than a value driver in this market context.

The strong link between stock purchase intentions and actual behavior (H4) validates the theory of planned behavior (Ajzen, 1991), emphasizing that investor attitudes directly translate into market actions. This underscores the need for companies to implement investor relations programs that regularly track and respond to evolving ESG preferences. Financial institutions could develop ESG-focused investment products to bridge the intention-action gap, while regulators might introduce tax incentives for sustainable investments to further encourage capital flows.

Policymakers should strengthen environmental and CSR reporting requirements, as these drive investor interest. The weak link between governance and investment suggests a need to improve how governance is measured and disclosed in ESG frameworks.

Collectively, these findings suggest Zimbabwean firms should adopt an integrated ESG strategy with particular emphasis on visible environmental and social initiatives, supported by transparent reporting and active investor engagement.

Limitations and future research directions

While the study reveals that environmental, social and governance (ESG) practices collectively account for 54.8% of the variability in stock purchase intentions, and that stock purchase intentions explain 51% of the variability in stock purchase behaviour, several limitations must be acknowledged. First, the study's model captures a significant portion of the variance, but it leaves out nearly half of the factors influencing investor behaviour and stock performance. This suggests that other variables beyond ESG practices, such as market conditions, economic factors, and company-specific attributes, may also play critical roles but were not examined in this study. Additionally, the cross-sectional nature of the data limits the ability to draw causal inferences about the long-term impacts of ESG practices on investor behaviour. Future research should explore these additional factors and consider longitudinal studies to better understand how ESG practices influence stock purchase behaviour over time.

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Data availability statement

The materials and data used in this research will be availed by the author upon a reasonable request

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