EuroMid Journal of Business and Tech-Innovation (EJBTI)
https://ejbti.com

Online ISSN: 3062-2131
Print ISSN: xxxx-xxxx

Value-Belief-Norm Theory and Ethical Investment Behavior: A Gender-Based Analysis from Bengaluru

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Received: June 2024; **Accepted**: January 2025

Abstract: This study applies the Value-Belief-Norm (VBN) theory to examine how investors' ethical investment decisions are shaped by personal values, beliefs, and social norms. With growing attention to Environmental, Social, and Governance (ESG) and Socially Responsible Investing (SRI), the research investigates the psychological determinants of ethical investing, including whether perceptions differ by gender. Primary data were collected through a structured questionnaire distributed via snowball sampling to 100 investors in Bengaluru, India. The findings reveal significant positive correlations among values, beliefs, norms, and ethical investment behavior, thereby confirming the applicability of the VBN framework in this context. However, independent samples t-tests show no statistically significant gender differences in perception, suggesting that ethical investment behavior is influenced more by internalized moral and normative factors than by demographic attributes. The study contributes to behavioral finance literature by offering insights into the psychosocial underpinnings of ethical investing in an emerging economy setting.

Keywords: Ethical Investments, ESG, Values, Beliefs, Norms, Investor Behavior, Gender Perception

Type: Research paper

DOI: 10.51325/ejbti.v4i1.201

1. Introduction

In today's globalized financial landscape, investors are presented with a multitude of opportunities for wealth creation. However, the line between profit-generating and high-risk investments has become increasingly blurred. Traditional portfolio management strategies, which once prioritized return and risk trade-offs, are now evolving to incorporate social, environmental, and governance (ESG) considerations. As awareness of sustainability issues grows, investors are increasingly evaluating their decisions through a broader lens that balances financial performance with ethical responsibility.

Investing plays a central role in achieving financial stability, wealth accumulation, retirement planning, and meeting long-term personal goals.

Conventional investment vehicles such as mutual funds, equities, and property remain popular, though they typically offer limited variability in risk-return profiles. In contrast, modern alternatives—including private equity, cryptocurrencies, and hedge funds—present higher risk but also the potential for greater returns. Throughout this decision-making process, investor behavior, shaped by psychological and social triggers, plays a pivotal role in influencing investment preferences, policy direction, and the demand for financial literacy.

Recent shifts in investment trends reflect a broader transformation—from purely individual wealth accumulation to a more socially conscious approach, exemplified by socially responsible investing (SRI). This approach integrates ESG factors into investment decisions and is driven not only by market forces but also by global regulatory momentum toward sustainability. Ethical investing, once rooted in religious and political movements such as anti-apartheid and anti-war campaigns, has now become a mainstream practice embraced across generations. Particularly among millennials and Gen Z, there is growing demand for transparency, accountability, and alignment between corporate practices and personal values.

Sustainability is now widely recognized as a key metric for evaluating ethical investments. The benefits extend beyond financial gain, encompassing personal satisfaction, support for ethical business practices, and the promotion of long-term societal change. Ethical investing also fosters innovation in sectors aligned with sustainable development goals and helps reorient capital toward initiatives that benefit both the economy and society.

Ethical investment decisions are often guided by moral frameworks such as utilitarianism, which supports actions that yield the greatest benefit to society, and deontology, which emphasizes duty and moral obligation regardless of outcomes. Rights-based ethics prioritize individual entitlements, while virtue ethics focus on personal character traits like integrity and compassion. These philosophical underpinnings offer foundational guidance for understanding investor motivations and ethical commitment.

Despite its growing popularity, ethical investing faces challenges, including inconsistent ESG reporting standards and varying levels of public awareness. Nonetheless, the future of this approach appears promising, especially in regions like India where policy support and investor interest are converging. The Indian government's emphasis on sustainable finance and the increasing social consciousness of the investing population are catalyzing the growth of ethical investing.

Against this backdrop, the Value-Belief-Norm (VBN) theory provides a robust framework for understanding the psychological pathways that lead individuals to ethical investment behavior. By linking core values to beliefs, personal norms, and ultimately actions, the VBN model offers a theoretical basis to explain how ethical concerns are translated into tangible investment choices. This study adopts the VBN framework to explore how investor values and beliefs influence ethical investment behavior, with particular attention to gender-based perceptions within the Indian context.

The rest of the paper proceeds as follows. Section 2 presents the literature review, followed by research design in Section 3. Section 4 explains the scope of the study, while Section 5 presents the results. Finally, Section 6 concludes.

2. Literature Review

Casas Ong et al. (2024) examined the investment intentions of Filipino consumers by integrating the Social Exchange Theory (SET) and Value-Belief-Norm (VBN) Theory. Using purposive sampling and higher-order PLS-SEM analysis through SMART-PLS v4.0, the study found that social norms had the strongest influence, followed by values, trust, personal norms, perceived safety, utility beliefs, and economic benefits. This research was notable for applying SET and VBN theory outside of traditional sustainability contexts, offering both theoretical and practical insights.

Wardina et al. (2024) focused on developing ethical investment portfolios that reflect individual values, biases, and personal screening preferences. The study explored major ethical investment concepts such as ESG investing, positive and negative screening, and behavioral influences, while stressing the importance of sectoral analysis in ethical decision-making.

Echean (2024) emphasized the emotional and moral satisfaction that ethical investing brings, as investors derive pride from aligning their finances with purposeful causes. The research also traced the evolution of ethical finance through changes in investment codes and policies, examining both financial returns and societal benefits. The study projected future innovations in the sector, especially the role of emerging technologies and regulations in advancing ethical finance.

Loo et al. (2023) explored responsible computer purchasing behavior among Malaysian consumers by integrating the Theory of Planned Behavior (TPB), VBN theory, and habitual behavior constructs. Based on data from 1,000 respondents, the study revealed that biospheric values and subjective norms significantly influence habitual purchasing behavior. Interestingly, personal norms did not directly predict purchase intentions but were shaped by subjective norms.

Kim and Rasiah (2023) investigated ethical investment behavior among Malaysian insurance fund managers. Their study identified behavioral modes such as community investments, shareholder advocacy, and screening, which were further categorized into conflict, engagement, convergence, and exclusion types. The findings underscored the importance of social and demographic factors in shaping investment behavior, with social factors emerging as the most influential.

Sharma et al. (2023) examined the factors affecting individual investment decisions in capital markets, particularly in relation to natural events, social influences, and economic conditions. Drawing from a survey of 98 investors, the study found that social and economic factors had the most substantial impact on behavior, while natural events played a lesser role.

Whitley et al. (2016) extended the VBN theory to explore sustainability-related behaviors among college students at Michigan State University. Surveying 25,000 students, the study analyzed behaviors such as recycling, food choices, and energy use. Biospheric and altruistic values were found to encourage pro-environmental behavior, whereas egoistic values diminished such behavior. The research emphasized the need to align sustainability strategies with student value systems.

Lind et al. (2015) studied sustainable transport behavior in urban Norway using the VBN framework. Based on data from over 1,000 residents, the research used structural equation modelling to show that values and beliefs explained 58% of the variance in personal norms. The study also categorized participants into public transport users, private car users, and those who walk or bike, noting that both personal norms and situational factors significantly influenced transportation choices.

3. Research Design

This study adopted a quantitative research approach, incorporating both primary and secondary data sources. Primary data were collected through a structured questionnaire administered to individual investors in Bengaluru. Secondary data were obtained from peer-reviewed academic articles, books, industry reports, and reliable online platforms. These sources supported the conceptual framework and informed the interpretation of empirical results.

3.1. Sampling Strategy

The research targeted individual investors in Bengaluru, with a final sample size of 100 participants. The sample was selected using snowball sampling, a non-probability technique suitable for studies where the population is dispersed or not easily identifiable. This method was deemed appropriate given the exploratory nature of the research and the focus on ethical investment behavior, which may not be evenly distributed across the investor population. The sample size was considered adequate for the statistical methods employed, including correlation and t-test analysis.

3.2. Research Instrument

The primary instrument used in this study was a structured questionnaire designed to measure the constructs of the Value-Belief-Norm (VBN) theory. Each construct was operationalized using established and validated scales. Values were measured using the scale developed by Snelgar (2006), with an emphasis on altruistic and cultural dimensions relevant to ethical investing. Beliefs, particularly awareness of consequences, were assessed using items adapted from Wynveen et al. (2015). Ascription of responsibility was evaluated using the scale developed by Zhang et al. (2013). Personal norms, which reflect individual moral obligations, were measured using the instrument proposed by Chou (2017). These measures were contextually adapted to capture ethical investment behavior and perceptions among Indian investors.

3.3. Research Objectives

The objectives of this paper are (1) to analyze the impact of VBN (Values, Beliefs & Norms) on ethical investment behavior and (2) to understand gender differences in perception towards ethical investment behavior.

4. Scope of the Study

The study is focused on examining the factors that shape investor behavior toward ethical investing within the context of Bengaluru, a city known for its diverse

population and financial dynamism. It aims to identify the psychological mechanisms—values, beliefs, and personal norms—that guide ethical investment decisions. By applying the VBN framework, the research provides insights into how investors' internal moral drivers influence their financial behavior in socially responsible investing. The study's scope is confined to Bengaluru but offers implications for understanding similar behavior in other urban financial environments.

5. Analysis and Interpretations

This section presents the statistical analysis conducted to explore the relationship between Value-Belief-Norm (VBN) theory components and ethical investment behavior, as well as to investigate potential gender-based perceptual differences. Two main techniques were applied: Pearson correlation analysis and independent sample t-tests. These methods were chosen to examine the strength of associations between key variables and to test hypotheses derived from the theoretical model.

5.1. Relationship Between VBN Factors and Ethical Investment Behavior

To examine the association between values, beliefs, norms, and ethical investment behavior, a correlation analysis was performed. The hypotheses tested are as follows:

H_0: There is no significant relationship between VBN variables and ethical investment behavior.

H_1: There is a significant relationship between VBN variables and ethical investment behavior.

Table 1: Correlation Matrix

		Values	Beliefs	Norms	Behavior
Values	Pearson correlation	1	.556	.659	.569
	Sig. (2-tailed)		.000	.000	.000
	N	100	100	100	100
Beliefs	Pearson correlation	.556	1	.566	.658
	Sig. (2-tailed)	.000		.000	.000
	N	100	100	100	100
Norms	Pearson correlation	.659	.566	1	.616
	Sig. (2-tailed)	.000	.000		.000
	N	100	100	100	100
Behavior	Pearson correlation	.569	.658	.616	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	100	100

The results demonstrate strong and statistically significant positive correlations among the four core constructs of the VBN framework. Specifically, the correlation between values and beliefs ($r = .556$) indicates that individuals with stronger ethical values tend to hold stronger beliefs regarding the consequences of ethical or unethical investments. The correlation between values and norms ($r = .659$) further shows that higher ethical values are associated with stronger internalized norms to act ethically.

Beliefs are also significantly related to norms (r = .566) and ethical investment behavior (r = .658), implying that those who are more aware of the consequences of their actions are more likely to feel social pressure to invest ethically and to follow through with such investments. Norms themselves exhibit a strong correlation with behavior (r = .616), reinforcing the idea that internalized social expectations predict actual investment decisions.

In summary, these findings confirm the theoretical assumptions of the VBN model. Each construct is not only conceptually linked but empirically correlated, suggesting a chain of influence from values to behavior. Therefore, the null hypothesis is rejected, and it can be concluded that VBN constructs significantly affect ethical investment behavior.

5.2. Gender-Based Differences in Ethical Investment Perception

To investigate whether perceptions toward ethical investment behavior differ by gender, an independent sample t-test was conducted. The hypotheses tested are:
H_0: There is no significant difference in ethical investment perception between males and females.
H_1: There is a significant difference in ethical investment perception between males and females.

Table 2: Independent samples T-test

	Levene's Test		T – Test for Equality of Means						
	F	**Sig.**	**T**	**Df**	**Sig. (2tailed)**	**Mean Diff.**	**Std. Error Diff.**	**Lower**	**Upper**
Equal Variance Assumed	0.265	0.608	0.823	98	0.413	0.094	0.114	-0.133	0.321
Equal Variance not Assumed			0.826	95.564	. 411	0.094	0.114	-0.132	0.32

Levene's test confirmed the assumption of equal variances (p = 0.608 > 0.05), allowing for interpretation using the equal variances assumed row. The t-test result (t = 0.823, p = 0.413) indicates no statistically significant difference in perception between male and female participants.

Although the mean difference (0.094) suggests that males slightly perceive ethical investments more favorably than females, this difference is minor and not statistically meaningful. The confidence interval (−0.133 to 0.321) includes zero, further validating the lack of significant difference.

Based on these results, the null hypothesis is accepted, and it can be concluded that gender does not significantly influence perceptions of ethical investment behavior. This suggests that factors other than gender, such as values or social norms, are more influential in shaping attitudes toward ethical investments.

6. Conclusion

The findings of this study provide empirical support for the Value-Belief-Norm (VBN) theory in the context of ethical investment behavior. Statistically

significant relationships were observed among the key constructs—values, beliefs, norms, and behavior—at the 0.05 level, indicating that individuals' ethical investment decisions are meaningfully shaped by an interconnected chain of psychological and normative influences. Specifically, the strongest correlations emerged between values and norms, beliefs and behavior, and norms and behavior, suggesting that these pathways are especially influential in guiding ethical investment conduct.

The analysis of gender-based differences revealed no statistically significant variation in perceptions of ethical investing between male and female respondents. Despite a slight mean difference, the results of the independent samples t-test ($p = 0.413$) confirmed that gender does not significantly impact individuals' attitudes toward ethical investments. This finding suggests that factors such as personal values, social norms, and individual beliefs may have a greater role in shaping ethical investment behavior than demographic variables like gender.

Despite its contributions, this study is not without limitations. The geographic concentration of the sample in Bengaluru, India, may limit the generalizability of the findings to other regions or countries with different cultural, social, or financial contexts. Additionally, the use of self-reported data introduces the risk of social desirability bias, where respondents may overstate ethically favorable behaviors. While the research effectively applies the Value-Belief-Norm (VBN) theoretical framework, it does not account for broader external factors such as market volatility, economic policy shifts, or regulatory environments, which may also influence ethical investment decisions. Future studies should adopt more diverse geographic and demographic samples and integrate additional variables such as income level, financial literacy, and institutional context to gain a more holistic understanding of the drivers behind ethical investing.

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