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Firm Sustainability Initiatives to Investment Decisions: Mediating Roles of Reputation and Trust Under Organizational Transparency

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ABSTRACT

This study aims to examine how firm sustainability initiatives influence investment decisions by shaping investor perceptions and confidence. It is conducted to understand how responsible business practices affect investor sentiment and firm performance, providing insights into how sustainability helps firms attract informed investors and build long-term market credibility. The study reveals that firm sustainability initiatives positively influence informed investment decisions by enhancing investor perceptions. Firms that actively engage in sustainability practices are viewed as more reliable and credible, which strengthens investor confidence and encourages more informed and rational investment choices. The results highlight that organizations should treat sustainability initiatives as a strategic priority to attract and retain investors. Emphasizing clear and transparent communication of such practices can improve investor confidence, support better decision-making, and enhance overall market credibility and firm value.

Keywords: Corporate Sustainability Initiatives, ESG Factors, Investor Decision, Corporate Reputation, Investor Trust, Organizational Transparency

1. Introduction

Over the past few years, the increased focus on sustainability and responsible business (Silva & Figueiredo, 2020) models has largely changed the manner in which organizations are run and the manner in which investors assess companies (Lüdeke-Freund et al., 2020). Investors are no longer just looking for profit; they are seeking investment certainty that includes not only corporate ethics, environmental sustainability and corporate governance (Aguilera et al., 2021). This investor mindset has brought sustainability to the forefront of corporate strategy and forced companies across all industries to review their value creation and stakeholder

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engagement strategies. This intersection of sustainable corporate practices and the investment appeal is yet another stage in the evolution of the companies-investors relationship (Ali, 2015; Marc et al., 2026).

In this new world, Corporate Sustainability Initiatives (CSIs) and Environmental, Social (Haque & Ntim, 2022) and Governance (ESG) factors have quickly become a badge of quality and a source of investment attractiveness (Ndisengei, 2025). Corporate sustainability is increasingly becoming mainstreamed by firms, including through environmental conservation programs, social development programs and corporate governance (Boeva et al., 2021; Ali, 2018). Likewise, ESG factors have offered investors a valid and reliable mechanism to assess a firm's long-term sustainability, social and ethical practices and risk (Ali & Bibi, 2017; Aich et al., 2021). As financial markets are increasingly turning into information and transparent markets, sustainability has become a signal of a firm's sustainable practices and value creation (Ali & Audi, 2016; Brozović et al., 2020).

However, there remains a dearth of research on the effect of CSI and ESG factors on investors (TAN, 2023). The emphasis has been on how sustainability impacts a firm's performance but overlooking the behavioral aspects of the effect of sustainability on investors (Gupta & Goswami, 2024). And little has been done to understand the importance of perception-based attributes such as reputation and trust in investors (Pong & Man, 2024). This undermines the theoretical underpinnings of investor behavior and firms' ability to understand how sustainability can affect their investment decisions (Virtanen, 2025).

Similarly, the moderation effect of corporate transparency is not considered (Li et al., 2026). Transparency plays an important role in investor trust, given timely and reliable access to credible and understandable business information (Ali & Rehman, 2015; Chitraju, 2025) that helps to overcome information asymmetry. In the absence of transparency, corporate sustainability initiatives (despite their good intentions)(Caputo et al., 2021) might not be able to convey their benefits, and therefore, may negatively affect corporate reputation and investor trust. Therefore, this gap needs to be filled to present a holistic and realistic picture of inter-relationship of sustainability and investments in today's markets (Murtagh et al., 2020; Longston et al., 2025; Khalil et al., 2025; Nasir et al., 2025).

This study overcomes these limitations by offering a comprehensive perspective (Taherdoost, 2022) to understand the impact of Corporate Sustainability Initiatives and Environmental, Social and Governance (ESG) criteria on investment through the mediation of corporate reputation and investor trust and moderation of transparency (Bi et al., 2024). Our research uses Signaling Theory and Stakeholder Theory to explain sustainability initiatives as signaling behavior which affects investors via reputation and trust and moderate's transparency. This new perspective will help to understand the effects of corporate sustainability initiatives

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on investment in the new financial economy (Marc et al., 2022; Luo & Cheng, 2023). We organize the article as follows Next, we provide the literature review (Mauer & Venecek, 2022), theory and hypothesis. Then, we outline research design, sample and measures. Then, we report the results of structural model, mediation and moderation (Turulja & Bajgoric, 2020). Finally, we conclude with the findings and implications for researchers, managers and investors and future research.

2. Literature Review

2.1. Theoretical Foundation

This article is grounded in two prominent theories: Signaling Theory and Stakeholder Theory (Fu et al., 2022) that have been applied to understand the link between corporate sustainability and investors' behavior. Signaling Theory asserts that firms send signals to external stakeholders through important activities (Connelly et al., 2025) such as sustainability and ESG initiatives. Signals reduce information asymmetries between the firm and investors, as the signals convey that the firm is proactive, and financially and ethically stable (Huang et al., 2023). Thus, the sustainability and ESG programs for firms can be considered as signals that generate firm trust and investor trust which then leads to their investment decisions (Marc & Ali, 2023; Paju & Lievonen, 2025). It is likely that if a firm has a good sustainability report, investors will perceive the firm as less risky and trustworthy as an investment (Misiuda & Lachmann, 2022). Also, Stakeholder Theory suggests that corporations are responsible to not only shareholders, but also other stakeholders like customers, employees, society and investors.

Companies that proactively participate in sustainability and ESG activities tend to be better placed (Arco-Castro et al., 2023) to meet the expectations of the stakeholders, and hence enhance their overall image and increase investor confidence. The role of sustainability efforts mediating through the corporate reputation and investor trust (Yan et al., 2022) is that the efforts of companies concerning sustainability would convert into positive investor perceptions and choices. Also, organizational disclosure can be considered a key moderating variable (Solikhah & Maulina, 2021), which has the effect of increasing the credibility of signals and boosting stakeholder trust due to transparency in the reporting of sustainability practices. When companies are highly transparent, investors can analyze the actual performance of the company better, and thus make more informed positive investment decisions (Olayinka, 2022).

This article is the first attempt to combine Signaling Theory and Stakeholder Theory to offer an in-depth model (Amaya et al., 2021) to explain the impact of corporate sustainability efforts and ESG variables on investor decisions via the mediating variables of corporate reputation and investor trust in the context of organizational transparency (Rounok et al., 2023).

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2.2. Hypothesis Development

2.2.1. Corporate Sustainability Initiatives, ESG Factors, Corporate Reputation and Investor Trust

Corporate Sustainability Initiatives (CSI) and ESG factors are significant in influencing investor decisions through their impact on corporate reputation and investor trust (Rounok et al., 2023). Sustainability initiatives demonstrate a firm's concern for the environment, governance, and societal welfare, while ESG factors offer tangible evidence of such initiatives, which in turn impacts stakeholders' attitudes (Aich et al., 2021). Companies that undertake sustainability initiatives tend to have a better reputation and higher trust, which in turn leads to higher investor trust through lower uncertainty and risk. Our results support the proposition that both CSI and ESG factors directly and positively influence investment decisions(Hijazin et al., 2025), with ESG performance gaining special attention as ESG metrics are data-driven. But their impact is even greater when mediated through reputation and trust, suggesting that CSI and ESG factors not only directly influence investment decisions, but indirectly affect them by building investor trust, and contributing to a better market position of the firm (Jung & Im, 2023).

H1: There is a strong positive correlation between corporate reputation and corporate sustainability initiatives.

H2: Investor trust is significantly positively related to corporate sustainability initiatives.

H3: ESG factors are positively related to corporate reputation.

H4: ESG factors positively relate substantially to investor trust.

H5: Corporate Sustainability Initiatives are positively associated significantly in terms of Investor Decision.

H6: Investor Decision is strongly positively influenced by ESG Factors.

2.2.2. Intermediating Position of Corporate Reputation and Investor Trust.

Important mediating variables in the relationship between sustainability practices and investor decisions (ID) include corporate reputation and investor trust (Maghfiroh et al., 2023). When companies invest in sustainability programs, they improve their reputation and as a result, this affects the way investors see them and their decision-making patterns (Haidari, 2023). Good corporate reputation is a sign of stability, credibility and long-term sustainability, which attracts investors to invest in the company (Haudi et al., 2020).

ESG factors and sustainability initiatives cause confidence among investors, which decreases the perceived risk and enhances their propensity to invest. Investors tend to make a positive investment decision when they have trust in a firm (Wasiuzzaman et al., 2022).

In this way, the corporate reputation and investor trust will convert sustainability initiatives into true investment returns (Yan et al., 2022). Therefore, the hypothesis

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of the study is:

H7: There is a positive moderating effect of corporate reputation between corporate sustainability efforts and investor decision.

H8: Investor trust has a positive mediation between the relationship between ESG factors and investor choices.

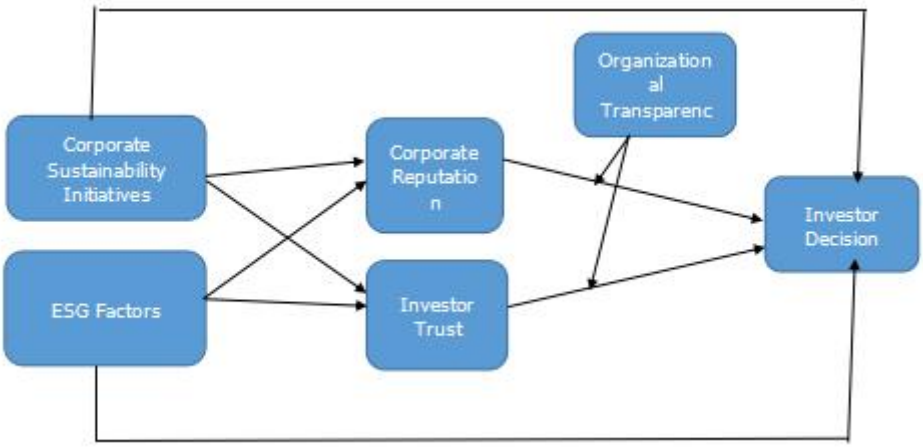
2.2.3. Moderating Effect of Organizational Transparency

Transparency of organizations is an important positive moderator that enhances the relationship between corporate reputation and investment decisions (Luan & Tien, 2020). Transparency confirms a good reputation of a firm by offering verifiable information, eliminating uncertainty and information asymmetry. This enables investors to be more confident, and hence the positive effect of a good reputation on investment will be enhanced (Celestin, 2020).

By supplying precise, transparent and timely information, the firms can enhance investor confidence and minimize uncertainty (Amin, 2023). Transparency in communication will increase the credibility of the firm and trust will be more effective in making investment decisions (Chan et al., 2022).

H9: Organizational transparency positively moderates the relationship between corporate reputation and investor decisions

H10: Organizational transparency positively moderates the relationship between investor trust and investor decisions.



Conceptual Model

3. Methodology

3.1. Design and Data Collection

This research aims to reach investors, financial analysts, and people with some knowledge about investment decisions (Shahid et al., 2023), through a structured questionnaire using a five-point Likert scale for primary data collection on attitudes towards sustainability programs, environmental, social and governance (ESG)

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factors, reputation, trust, transparency and investment decisions. The data collection approach involved convenience sampling, due to time and accessibility constraints, with online and hard-copy questionnaires to reach a wider audience (Uleanya & Yu, 2023). Once a sufficient number of responses were obtained, inconsistent data were removed to ensure the integrity of the data. The data were analysed through Partial Least Squares Structural Equation Modeling (PLS-SEM), which is appropriate for studying intricate relationships, such as mediation and moderation, especially with moderate sample sizes and without the strict assumption of a normal distribution (Xu et al., 2024).

3.2. Measures

This study ensures validity and reliability by using well-established and widely accepted measurement instruments, with all constructs assessed through a five-point Likert scale. Corporate Sustainability Initiatives (Shah & Arjoon, 2015) and ESG factors were measured using adapted items from prior research, capturing environmental, social, and governance performance (Madulid, 2025), while Corporate Reputation and Investor Trust were evaluated through stakeholder perceptions of credibility and investor confidence (Santos et al., 2024). Organizational Transparency was assessed based on the extent of clear and honest disclosure (Long & Sitkin, 2025), and Investor Decision was measured through indicators of willingness, intention, and actual investment behavior (Tomlinson & Schnackenberg, 2022). Minor adjustments were made to align the items with the study context, and reliability and validity were confirmed using Cronbach's alpha, Composite Reliability, and Average Variance Extracted in accordance with established thresholds (Rajeshwaran, 2020).

4. Empirical Analysis

SmartPLS and the PLS-SEM were the two approaches that were used to analyze the relationships between the study variables empirically. The outcome of the measurement model was that all the constructs had the necessary reliability and validity, which meant that the data could be analyzed further. The results of the structural model showed that the independent variables positively and significantly influence the dependent variable and thus support the hypotheses proposed. Moreover, the moderation analysis revealed that the moderating variable has a significant effect on the strength of these relationships, i.e., the stronger the relationships are at a higher level of the moderator and the weaker the relationships are at the lower levels. On the whole, the model showed a good level of explanatory power, which means that the significant percentage of the variance in the dependent variable can be attributed to the presence of the predictors incorporated in the research.

5. Measurement Model Assessment

The convergent validation analysis results show that all constructs are very reliable

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and internally consistent. Cronbach alpha values vary between 0.813 and 0.917 whereas the composite reliability (CR) values lie between 0.876 and 0.938, which is above the recommended value of 0.70. Also, the values of Average Variance Extracted (AVE) of all constructs are between 0.575 and 0.750, which are above the acceptable minimum of 0.50. These findings indicate that the constructs are a sufficient measure of the variance of their corresponding indicators and satisfy the minimum criteria of convergent validity at the construct level.

Nonetheless, the loading of the individual indicators is observed to be very low with the values ranging between 0.134 and 0.423, which is much lower than the recommended value of 0.70. This implies that the indicators are not highly reflective of their own constructs, which calls into question the quality of items and reliability of measurements. The weak factor loadings also indicate that there is partial congruent validity, although the alpha, CR and AVE have acceptable values. As a consequence, it is suggested to reconsider and revise the measurement items, perhaps by dropping in their underperforming indicators or revaluating the data, to enhance the general validity of the measurement.

Table 1: ***Convergent Validity***

	Indicators	**Factor Loadings**	**Alpha**	**CR**	**AVE**
Corporate reputation	CR1	0.242	0.917	0.938	0.750
	CR2	0.231			
	CR3	0.229			
	CR4	0.227			
	CR5	0.227			
Corporate Sustainability Initiatives	CSIA1	0.251	0.859	0.899	0.642
	CSIA2	0.238			
	CSIA3	0.265			
	CSIA4	0.248			
	CSIA5	0.248			
Environmental Social Governance Practice	ESGP1	0.169	0.901	0.921	0.592
	ESGP10	0.177			
	ESGP2	0.162			
	ESGP3	0.167			
	ESGP4	0.162			
	ESGP5	0.145			
	ESGP7	0.151			
	ESGP8	0.167			
Investor Decision	ID1	0.423	0.824	0.895	0.739

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http://amresearchreview.com/index.php/Journal/about

	ID3	0.389			
	ID4	0.351			
Investor Trust	IT1	0.134	0.906	0.924	0.575
	IT10	0.158			
	IT2	0.133			
	IT3	0.136			
	IT4	0.143			
	IT6	0.159			
	IT7	0.150			
	IT8	0.153			
	IT9	0.154			
Organizational Transparency	OT1	0.248	0.813	0.876	0.639
	OT2	0.297			
	OT3	0.322			
	OT4	0.376			
	CR * OT	1.000	1.000	1.000	1.000
	IT * OT	1.000	1.000	1.000	1.000

The Fornell-Larcker criterion was used to determine the discriminant validity of the constructs. The diagonal values (square root of AVE) of all constructs, including Corporate Reputation (0.866), Corporate Sustainability Initiatives (0.801), ESGF (0.770), Investor Decision (0.860), Investor Trust (0.758), and Organizational Transparency (0.800) are greater than their inter-construct correlations This shows that every construct has more variance with its indicators than with other constructs showing sufficient discriminant validity. The interaction terms (CR>OT>ID and IT>OT>ID) however exhibit extreme values (1.000) as expected since they are one-item or interaction in nature and does not influence the validity evaluation of the major constructs.

Moreover, the HTMT (Heterotrait-Monotrait ratio) scores largely are below the suggested value of 0.90 which favors the discriminant validity between the constructs. However, some of the values, like between Investor Trust and Organizational Transparency (0.961) and ESGF and Investor Decision (0.934) are above the threshold, which suggests the possibility of discriminant validity concerns between the constructs. This indicates that there is a possibility of high interrelations between certain constructs and that they are not different enough. In general, the majority of constructs satisfy the discriminant validity criteria, although some of these relationships should be taken into account and potentially refined to address the measurement model.

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http://amresearchreview.com/index.php/Journal/about

Table 2: *Discriminant Validity (Fornell-Larcker)*

Indicator	CR	CR>OT>ID	CSI	ESGF	ID	IT	IT>OT>ID	OT
CR	0.866							
CR>OT>ID	-0.054	1.000						
CSI	0.664	-0.215	0.801					
ESGF	0.759	-0.234	0.793	0.770				
ID	0.726	-0.173	0.688	0.801	0.860			
IT	0.721	-0.238	0.725	0.772	0.742	0.758		
IT>OT>ID	-0.193	0.874	-0.321	-0.339	-0.246	-0.316	1.000	
OT	0.699	-0.215	0.661	0.741	0.772	0.820	-0.319	0.800

Table 3: *Discriminant Validity (HTMT Ratio)*

Indicators	CR	CR>OT>ID	CSI	ESGF	ID	IT	IT>OT>ID	OT
CR								
CR>OT>ID	0.062							
CSI	0.746	0.233						
ESGF	0.830	0.246	0.901					
ID	0.831	0.189	0.818	0.934				
IT	0.798	0.252	0.822	0.852	0.854			
IT>OT>ID	0.201	0.874	0.347	0.356	0.269	0.326		
OT	0.801	0.246	0.800	0.866	0.918	0.961	0.360	

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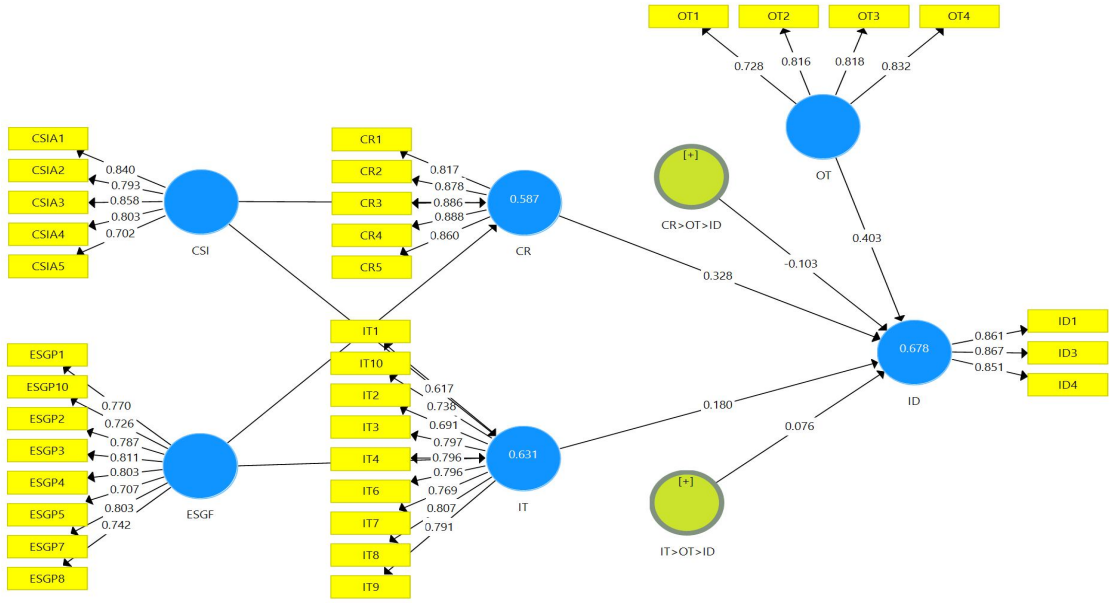

Figure 1: Measurement Model Assessment

6. Structural Model Assessment

The results of the direct effects show that the relationship between most hypothesized relationships is significant and positive. Corporate Reputation (CR) positively affects Investor Decision (ID) (= 0.328, p = 0.001) whilst Investor Trust (IT) (= 0.180, p = 0.001) and Organizational Transparency (OT) (= 0.403, p = 0.001) also positively impact investor decisions Environmental, Social, and Governance Factors (ESGF) have a significant positive influence on both Corporate Reputation (= 0.626, p = 0.001) and Investor Trust (= 0.531, p = 0.001), which means that they play a critical role in investor perceptions. Similarly, Corporate Sustainability Initiatives (CSI) significantly affect CR (β = 0.167, p = 0.002) and IT (β = 0.304, p < 0.001). The moderation effects indicate that the interaction term CR>OT>ID is significant and negative (= -0.103, p = 0.016) and the interaction term IT>OT>ID is significant and positive (= 0.076, p = 0.021), indicating organizational transparency has different effects on these relationships.

Table 4: ***Path Analysis (Direct Effects)***

Indicators	Beta	STDEV)	T Statistics	P Values	Min	Max
CR -> ID	0.328	0.052	6.312	0.000	0.241	0.416
CR>OT>ID -> ID	-0.103	0.048	2.157	0.016	-0.180	-0.021
CSI -> CR	0.167	0.056	2.976	0.002	0.073	0.267
CSI -> IT	0.304	0.052	5.901	0.000	0.228	0.394
ESGF -> CR	0.626	0.049	12.858	0.000	0.543	0.705
ESGF -> IT	0.531	0.042	12.573	0.000	0.456	0.598
IT -> ID	0.180	0.056	3.203	0.001	0.088	0.270
IT>OT>ID -> ID	0.076	0.037	2.042	0.021	0.012	0.133

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http://amresearchreview.com/index.php/Journal/about

OT -> ID	0.403	0.048	8.394	0.000	0.318	0.480

Table 5: Path Analysis (Indirect Effects)

Indicators	Beta	(STDEV)	T Statistics	P Values	Min	Max
CSI -> CR -> ID	0.055	0.020	2.804	0.003	0.023	0.090
ESGF -> CR -> ID	0.206	0.039	5.222	0.000	0.144	0.274
CSI -> IT -> ID	0.055	0.021	2.606	0.005	0.023	0.092
ESGF -> IT -> ID	0.096	0.031	3.100	0.001	0.046	0.144

The mediating effects of Corporate Reputation and Investor Trust are further affirmed by the indirect effects. CR and IT both have great indirect impacts on Investor Decision by both CSI and ESGF. Specifically, ESGF demonstrates a strong indirect effect via CR ($\beta = 0.206$, $p < 0.001$) and a moderate effect via IT ($\beta = 0.096$, $p = 0.001$), while CSI shows smaller but still significant indirect effects through CR ($\beta = 0.055$, $p = 0.003$) and IT ($\beta = 0.055$, $p = 0.005$). These results show that CR and IT are moderators to some extent of the correlation between sustainability/ESG factors and investor decisions. In general, the findings indicate the relevance of the suggested model, noting the significance of sustainability efforts, ESG activities, and transparency to affect investor behavior.

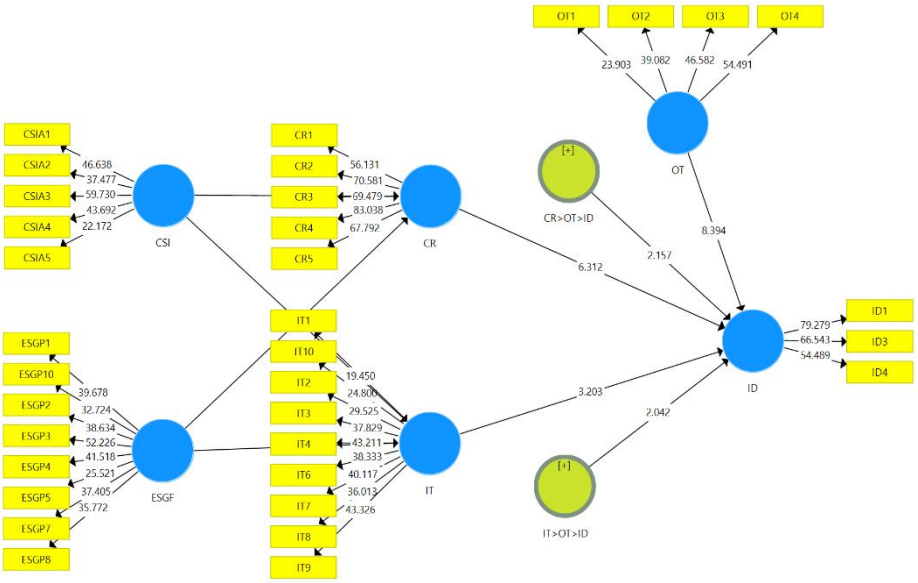

Figure 2: Structural Model Assessment

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Moderation Effects

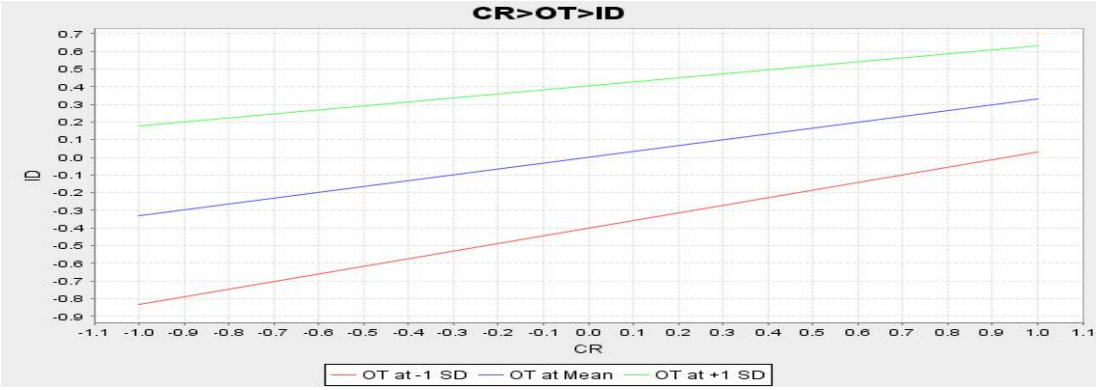

Figure 3: Moderation Effect

The line graph shows the moderating impact of OT on the CR-ID relationship. It demonstrates that there is a positive correlation between CR and ID because all three lines (red, blue, and green) are rising, meaning that the higher CR is, the higher ID is. The intensity of this association however differs at various levels of OT. The association of CR with ID is not very strong at low concentration of OT (-1 SD), and the total ID values are not as high, indicating that the effect of CR is not strong at low levels of OT. At the average level of OT (mean) there is moderate relationship where the growth of ID is reasonable as CR grows. Conversely, at high OT +1 SD, the correlation is the most significant, with ID values greater and with CR having a far greater positive impact on ID. Generally, these results show that OT has a positive moderating effect between CR and ID, so that an increased level of OT reinforces the positive relationship between CR and ID whereas the opposite is true.

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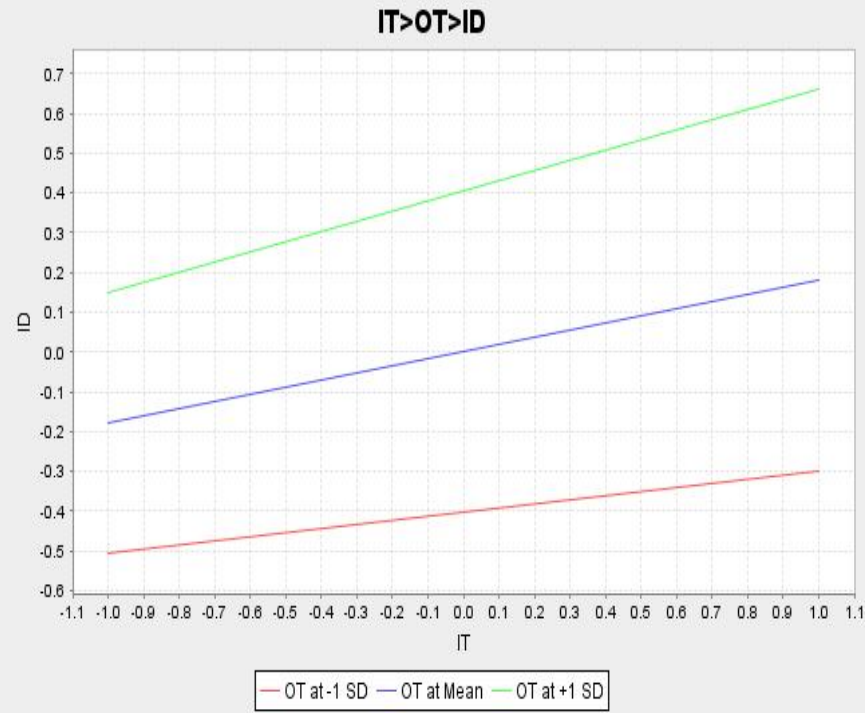

The graph demonstrates that OT moderately affects the relationship between IT and ID. As one can observe, IT has a positive impact on ID, which is shown by the fact that all three lines are lifted upwards. This implies that with the increase of IT, the ID also increases. The degree of this relationship however differs with the level of OT. In low concentrations of OT (-1 SD), there is a weak relationship between IT and ID and the ID is at lower levels even when there is an increase in IT. At the average OT level, the correlation is slightly stronger with a significant growth of ID with the increase in IT. Contrary to this, when OT is high (+1 SD), the relationship is strongest, with ID having a higher value with an increase in IT. This suggests that OT augments the beneficial effects of IT on ID. Comprehensively, the results have indicated that OT is a moderating factor that enhances the relationship between IT and investor decision so that, as the level of OT increases, the positive impact of IT on ID correspondingly rises but as OT declines, the level of relationships decreases.

7. Discussion and Implications

This paper has analyzed the links among the Corporate Sustainability Initiatives (CSI) (Haque & Ntim, 2022), Environmental, Social, and Governance (ESG) variables, Corporate Reputation (CR), Investor Trust (IT), Organizational Transparency (OT), and Investor Decision (ID) (Junaedi et al., 2025). The survey research was conducted via a structured survey questionnaire based on a Likert scale and the results analyzed with the help of Partial Least Squares Structural Equation Modeling (PLS-SEM), which is suitable to study complex relationships with mediation and moderation (Oji & Alordiah, 2024).

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The results underscore the importance of sustainability practices in determining investor behavior (Bhatnagar & Rajaram, 2025). In line with the theoretical basis, CSI and ESG factors have a positive impact on Corporate Reputation and Investor Trust. In particular, ESG factors prove to have a powerful effect on both CR and IT (Egorova et al., 2022) thus showing that investors attach high significance to the environmental, social, and governance performance when assessing firms. Corporate Sustainability Initiatives are also beneficial, albeit relatively with a moderate impact, indicating that organized ESG practices are stronger signals to investors (Zhang et al., 2020).

Moreover, the findings prove that Corporate Reputation and Investor Trust play a significant role in Investor Decision (Fatmawati & Fauzan, 2021), which makes them significant as a psychological and perceptual indicator. The mediation analysis reveals that CR and IT partially mediate the correlation between sustainability practices and investor choices (Shahid et al., 2025), which means that sustainability initiatives have no direct impact on the decision but act through reputation building and trust formation.

Nonetheless, there are mixed results regarding the moderating role of Organizational Transparency (Al-Rahamneh et al., 2023). Although transparency is a strong proponent of the relationship between Investor Trust and Investor Decision, its negative correlation with Corporate Reputation implies that too much or too little transparency could dilute the positive impact of reputation (Heinberg et al., 2021). This implies that transparency should be handled with a lot of care in order to make sure that it strengthens and not complicates the investor perceptions (Singh, 2024). In general, the results indicate that the suggested model is relevant and that sustainability, trust, and transparency are essential in investment decision-making.

7.1. Theoretical Contribution

This research adds to the body of knowledge by synthesizing Signaling Theory and Stakeholder Theory into a unified model to understand investors' assessment of sustainability information (Huang, 2022). It builds on existing literature by considering both Corporate Sustainability Initiatives and ESG factors together, providing a more comprehensive view of corporate sustainability. The research also adds to the body of theoretical knowledge by uncovering Corporate Reputation and Investor Trust (Valentini, 2021) as mediating variables that convert sustainability initiatives into investment decisions, as well as suggesting Organizational Transparency as a moderating variable that affects these relationships (Vandenhaute et al., 2025). Moreover, the study contributes to research methods by drawing attention to issues related to measurement in PLS-SEM, with partial convergent validity despite adequate reliability, thus promoting item-level analysis for better construct validity.

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7.2. Practical Implications

The results provide several insights for companies, investors and policymakers regarding the importance of sustainability and transparency (Wang, 2023). Firms should focus on Corporate Social Responsibility and Environmental, Social and Governance (ESG) factors to improve firm reputation and lower information asymmetry, which will in turn attract investors. It is also important to maintain investor trust, which can be promoted through good governance practices, including transparency (Chitraju, 2025). But transparency needs to be considered, as it can overwhelm and dilute the positive impact of reputation. Lastly, regulators help to encourage the adoption of greater standardization of sustainability and ESG reporting and disclosure to increase market transparency and aid with investment decision-making (Fagbemi et al., 2025).

7.3. Limitations and Future Research

There are a number of limitations that can be noted in this research. To begin with, self-reported questionnaires were used to collect the data, and this could lead to bias in the responses. There are various sources of data which can be used in future research to enhance accuracy and they include financial reports or secondary data. Second, convenience sampling was employed in the study and this can reduce the generalizability of the results. Further research can use probability sampling methods and bigger sample to increase external validity. Third, weak factor loadings were identified in the study which implies a problem with measurements. To enhance the convergent validity, future studies should hone the measurement items or come up with more trustworthy scales. Also, this research concentrated solely on the investor decision-making. Other outcomes that can be investigated in future researches include firm performance or market value. Researchers can also consider other mediators and moderators (e.g. risk perception or financial literacy) to contribute to the model even more.

8. Conclusion

This work offers useful information on the effect of corporate sustainability practices and ESG on investor decision-making based on corporate reputation and investor trust, which is mediated by organizational transparency. The results affirm that sustainability practices are significant in influencing perceptions and behavior of investors. Although ESG factors and sustainability initiatives have a positive effect on reputation and trust, these factors indirectly affect the decisions of the investors via mediating processes. The transparency within an organization will strengthen or deteriorate these relations based on how it is handled. On the whole, the paper reveals the significance of incorporating sustainability, trust, and transparency into corporate initiatives. Companies that excel in these aspects have a better chance of attracting investors, and be successful in the long term in an ever-sustainability conscious market environment.

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