



Investor Perceptions And Behavioral Intentions Toward Sustainable Investment Practices: An Empirical Investigation

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Abstract: This study explores the investor's perceptions towards the sustainable investment practice. Data was gathered from 109 respondents through online survey using a simple random sampling technique. The study was mainly conducted to gather data on investor demographics, general perceptions of sustainability in investments and the Environmental, Social and Governance factor that influences the perception of investors about sustainable investment. Statistical analysis techniques such as Chi-square tests and Kruskal Wallis test were employed to analyze the collected data. The findings reveal that a maximum of respondents suggest that sustainability is important when choosing their investments. The study concludes that the challenges for sustainable investment nowadays are the insufficient knowledge regarding sustainable investment among the investors. Therefore, for the development in sustainable investment, measures are to be taken like conducting awareness among the investors about the sustainable investment.

Keywords: Sustainable Investment, Investor's perceptions, Environmental, Social and Governance (ESG)

I. INTRODUCTION

Now a days people were choosing many ways to invest their money apart from the savings. Investment is the portion of amount which are left over after the expenditure and the savings. For making investment many platforms are opening to invest the money to get the future benefit in way to increase their amount what they are invested. The investment is made based on the compounding of interest.

Investment is one of the ways to increase the money that people have, and investing is for getting the higher return. Investments act as the risk mitigator; they will help in the contingent event. To overcome the risk in finance, the investment only acts as the income at the time of contingencies. Investing in fixed assets will ensure regular income until the specified period of investment.

Environmental, social and governance (ESG) investing and socially responsible investing are other names for sustainable investing. Investor perceptions of sustainable investment practices and ESG factors that impact investors' investment decisions are discussed in this study. In environmental criteria, they see how the company is eco-friendly to the environment and how they face the environment's risk. In social criteria, they deal with how the business relationship with the stakeholders of the company. In governance criteria, they evaluate the overall administration performance of the company. By considering these ESG factors, how the investment decision takes place in sustainable investment decisions of the investors' performing companies are in India and they are Havells, Ultra tech, P & G, Godrej, Hindustan Unilever, Maruti Suzuki and Reliance.

II. SCOPE OF THE STUDY

This study is conducted to know the investor's perception about sustainable investment. The study covers the investor who are all invest in the gold, real estate and shares. From these investors how their perception towards the sustainable investment. This study explores the how ESG factor influence the investor decision while making the investment.

III. REVIEW OF LITERATURE

Saranya S et al. (2024) conducted a study on perception towards green deposits among working women. This study looks at how investors try to use their savings to fund environmentally friendly projects. It came to the conclusion that working women's perceptions were greatly impacted by elements like social responsibility, cost-effectiveness, convenience, and environmental consciousness.

Hafenstein, A. et.al. (2016) investigated the factors that influence non-professional investors' use of sustainability data while making investing decisions. This study reveals the major factors impacting the sustainability usage information and the choice to invest in businesses which focuses on sustainable, as well as the challenges faced by amateur investors when making investment decisions.

3.1 OBJECTIVES OF THE STUDY

The study has been undertaken with the following objectives:

1. To determine ESG elements that affect investors' perceptions of sustainable investment decisions
2. To know the challenges of investors in their perception about sustainable investment.

3.2 RESEARCH METHODOLOGY

The questionnaire was given to 109 respondents through online using Google Forms for collecting the primary data, and secondary data was collected from websites, books and journals. We use the simple random sampling techniques to select the samples.

3.3 AREA OF THE STUDY

This study is focused on investors to analyze the investor's perception about sustainable investment and ESG factors that play a major role in investment practice through a questionnaire in Tiruchirappalli District.

3.4 HYPOTHESIS

Chi-Square

Null Hypothesis: There is no significant difference in the challenges faced by male and female investors in sustainable investment practices.

Alternate hypothesis: There is a significant difference in the challenges faced by male and female investors in sustainable investment practices.

Kruskal-Wallis

Null Hypothesis: There is no significant association between the influence of ESG factors on investment decision-making by different types of investors.

Alternate hypothesis: There is significant association between the influence of ESG factors on investment decision-making by different types of investors.

IV. ANALYSIS AND INTERPRETATION

4.1 RELIABILITY ANALYSIS

Variable	Cronbach's Alpha	Number of items	Mean	Standard deviation
Renewable energy Initiatives	0.868	109	1.84	0.683
Waste Management Practices	0.859	109	1.70	0.727
Reduction of greenhouse gas emission	0.863	109	1.93	0.619
Biodiversity Preservation	0.857	109	1.94	0.773
Climate change and carbon emission	0.860	109	1.89	0.809
Efficient use of resources	0.859	109	1.94	0.718
Hazardous waste disposal	0.862	109	1.92	0.818

Pollution	0.860	109	1.79	0.695
Transition to Low carbon Economy	0.864	109	1.74	0.699
Employee welfare and rights	0.867	109	1.80	0.635
Workplace diversity	0.862	109	1.95	0.832
Community development Programs	0.862	109	1.95	0.821
Ethical sourcing	0.859	109	2.15	1.053
Employee engagement	0.860	109	1.84	0.992
Labour Standards	0.863	109	2.18	0.807
Gender and diversity	0.864	109	1.89	0.809
Customer satisfaction	0.858	109	1.73	0.689
Consumer Protection Measures	0.865	109	1.72	0.636
Transparency in Financial reporting	0.867	109	1.81	0.601
Ethical business practices	0.860	109	1.89	0.896
Executive compensation	0.861	109	1.98	0.720
Board composition	0.856	109	1.84	0.954
Audit structure	0.858	109	2.13	0.992
Stockholders Rights	0.857	109	2.16	0.964
Diversity in Leadership	0.862	109	2.17	0.999
Accountability	0.862	109	1.92	0.883

Interpretation: According to the table shown above, the Cronbach's Alpha score of 0.868 shows that the 26 questions in the questionnaire have a high level of internal consistency and that there is a close relationship between them.

4.2 CHI-SQUARE TEST

Gender and Challenge regarding the sustainable investing practice

Gender	Challenge regarding the sustainable investing Practice				Total	Chi- square value=19.917 Degree of freedom=3 Significance value=0.000
	Limited Number of Sustainable investment options	Insufficient knowledge regarding sustainable investment	Perception of Higher risk	Economic Uncertainty		
Male	13	9	6	4	32	
Female	21	32	18	6	77	
Total	34	41	24	10	109	

Source: Primary data

Interpretation: It can be observed from the given table that a maximum of 77 respondents is female. Among them, 41 respondents said they know insufficiently about sustainable investing. The null hypothesis cannot be accepted since the alternative hypothesis is accepted because the significance value is 0.00, which is less than 0.05 ($p < 0.05$). As a result, there is a correlation between gender and the difficulty of sustainable investing.

4.3 KRUSKAL WALLIS TEST

Influence of ESG factors on investment decision-making by different investor types

	Growing Awareness	High inflow of Funds	Positivity on Company's performance	Higher return	Grouping Variable: Investor Type i. Conservative ii. Moderate iii. Aggressive
Degree of freedom	2	2	2	2	
Asymptotic significance	0.041	0.039	0.018	0.043	

Source: Primary data

Interpretation

Since the table mentioned above shows that the asymptotic significance values are less than 0.05 (0.041, 0.039, 0.018 and 0.043) we accept the alternative hypothesis and draw the conclusion that there is a significant difference in the influence of ESG factors on investment decision-making by different investor types.

4.4 FACTOR ANALYSIS

Kaiser-Meyer-olkin and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.682
Bartlett's Test of Sphericity	Approx. Chi-Square	1230.997
	df	325
	Sig.	0.000

Given a KMO test value of 0.682 which is greater than 0.5, the data reduction technique can be deemed valid and admissible. The degree of correlation between variables is indicated by a Bartlett's Test of Sphericity significant to a level of significance of 0.000

4.5 Rotated Component Matrix

Factor I: Governance

Description of items in the questionnaire	Loading by rotated	Variance percentage	Value based on Eigen
Diversity in Leadership	0.736	24.026	6.247
Stockholders right	0.721		
Board Composition	0.715		
Workplace Diversity	0.644		
Ethical Business Practices	0.566		
Executive Compensation	0.522		
Transparency in Financial Reporting	0.361		
Audit Structure	0.363		
Consumer Protection Measures	0.15		
Accountability	0.254		

The Eigen value of factor 1 is 6.247 with 24.026-percent of variance. The variables are related to Governance factor.

Commented [JM1]: Type percent instead of the symbol % in all explanations

Factor II: Social

Description by items	Loading on rotated	Variance percentage	Value of Eigen
Customer Satisfaction	0.198	9.76	2.54
Employee Engagement	0.763		
Community development Program	0.663		
Labour standards	0.608		
Ethical Sourcing	0.528		
Gender and diversity	0.371		

The Eigen value factor is 2.54 with 9.76 percent of variance. The variables are related to social factor.

Factor III: Environmental

Description regards items	Loading on rotated	Variance percentage	Value from Eigen
Waste Management Practices	0.289	8.164	2.124
Hazardous Waste disposal	0.312		
Climate change and carbon emission	0.179		
Biodiversity preservation	0.176		
Efficient use of resources	0.206		
Renewable energy initiatives	0.675		
Reduction of greenhouse gas emission	0.549		
Employee welfare and rights	0.531		
Transition to low carbon Economy	0.247		
Pollution	0.213		

The factor derived from the value of Eigen is 2.124 with 8.164% of variance. The variables are related to social factor.

Inference: From the above analysis, it can be noted that Governance factor influences the perception of investors about the Sustainable investment practice than the environmental and social factor.

V FINDINGS

- Reliability Analysis: This analysis was conducted to measure the internal consistency of the items in the questionnaire. The Cronbach's Alpha value was found to be 0.868, indicating a high internal consistency among the 26 items in the questionnaire.
- Chi-Square Test: This test was used to identify the challenges faced by investors in their perception of sustainable investment across different genders. The test revealed a significance value of 0.000, indicating a significant association between gender and the challenges related to sustainable investing practices.
- Kruskal-Wallis Test: This non-parametric test aimed to examine how ESG factors influence perceptions of sustainable investment among different types of investors. The asymptotic significance values (0.041, 0.039, 0.018, and 0.043) suggest that ESG factors significantly impact investors' perceptions.

• Factor Analysis: This analysis sought to determine which ESG elements affect investors' perceptions of sustainable investment decisions. Factor 1 had an Eigen value of 6.247, accounting for 24.026% of the variance. The related variables were identified under the Governance factor, indicating that Governance has a stronger influence on investors' perceptions of sustainable investment practices compared to Environmental and Social factors.

VI SUGGESTIONS

Ensure awareness to all the investors about the availability of sustainable investment options because most of the investors felt that there is insufficient knowledge regarding sustainable investment.

VII CONCLUSION

This study explores the perception of investors towards the sustainable investment practices and the Environmental, Social and Governance factors that influence the investment decision among the investors. After analysing the data, I found that the governance factors mostly have an impact on the sustainable investment decision of investors. So, ensure the investors are informed with the updates about the sustainable investment. Finally, this study concluded by ensuring awareness and conduct campaigns to all the investors about the availability of sustainable investment options because most of the investors felt that there is insufficient knowledge regarding sustainable investment.

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