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"The Effect of ESG Ratings on Individual Investment Decisions"

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ABSTRACT :

This study explores the influence of Environmental, Social, and Governance (ESG) ratings on individual investment decisions, with a particular focus on Indian retail investors. As ESG frameworks gain traction globally, this research examines how awareness, trust in ESG metrics, perceived financial trade-offs, and demographic factors affect investors' willingness to integrate ESG criteria into their portfolios. The study uses a structured questionnaire administered to 50 individual investors, and applies descriptive and inferential statistics to analyze responses. Findings indicate a notable gap between ESG awareness and its practical application in investment behavior. While many investors express interest in sustainable finance, only a subset actively prioritize ESG metrics when making decisions. This gap is influenced by concerns around data credibility, inconsistent ESG ratings, and limited understanding of ESG implications. Grounded in the Theory of Planned Behavior (TPB) and Value-Belief-Norm (VBN) Theory, the research highlights the psychological and ethical underpinnings of ESG-aligned investment behavior. The study underscores the importance of standardization, education, and trustworthy disclosures in advancing ESG investing in India.

Keywords: ESG ratings, retail investors, sustainable finance, TPB, VBN, Indian financial markets, ethical investing, ESG awareness

Chapter 1: Introduction

In today's evolving financial landscape, sustainability has become a key driver of business strategy rather than just a compliance measure. Environmental concerns, social inequalities, and corporate governance failures have revealed the risks of focusing solely on profits, encouraging a shift toward more responsible investing.

Environmental, Social, and Governance (ESG) factors now serve as crucial indicators of a company's overall health and future prospects. By capturing risks often overlooked in traditional financial analysis—like regulatory penalties, reputational damage, or ethical lapses—ESG metrics support more informed and sustainable investment decisions.

Globally, ESG investing is on the rise. Bloomberg (2022) estimates ESG assets will exceed USD 50 trillion by 2025, underlining a strong belief that sustainability and profitability can go hand in hand. India, too, is seeing momentum with SEBI mandating BRSR reporting for top listed firms and agencies like CRISIL and CARE offering ESG ratings tailored to local needs.

Major companies such as HDFC Bank and Infosys are integrating ESG into their operations, and retail interest—especially among Millennials and Gen Z—is growing. Yet, challenges remain. Many investors struggle with inconsistent disclosures, low ESG literacy, and skepticism about data credibility. Concerns about potential financial trade-offs also deter action.

This study examines the behavioral and psychological drivers behind ESG investing decisions in India. By focusing on awareness, trust, values, and financial motivations, it aims to provide insights that can help align ethical intentions with real-world investment behavior—paving the way for a more sustainable financial future.

1.2 Research Problem

Despite the increasing popularity of ESG investing in both global and Indian contexts, its actual integration into individual portfolio decisions remains limited. Many Indian retail investors express interest in sustainability but struggle to convert that interest into meaningful investment choices. This gap between intention and action is caused by a range of factors—such as fragmented ESG scoring systems, limited financial and ESG literacy, and skepticism about the credibility of ESG data (Banerjee & Dutta, 2022).

Unlike institutional investors who often have dedicated research and risk management teams, individual investors face challenges in understanding and interpreting ESG information. Many are unsure of how ESG scores influence a company's financial outlook or whether these scores are trustworthy. Moreover, without clear and consistent standards for ESG disclosures in India, investors often question whether sustainability claims made by companies are genuine or simply a form of greenwashing.

In practice, although ESG awareness is gradually rising, the decision-making behavior of individual investors in India has not yet fully aligned with ESG principles. The question remains: do ESG ratings genuinely influence how Indian retail investors make investment decisions, and if so, what factors drive or hinder that influence?

This study aims to address this gap by examining whether ESG ratings affect investor behavior and by identifying the psychological and demographic variables—such as trust in ESG data, personal values, and return expectations—that may shape this relationship.

1.3 Objectives of the Study

The primary objectives of this research are:

1. To assess the level of awareness and understanding of ESG ratings among Indian retail investors.
2. To analyze the extent to which ESG ratings influence individual investment decisions.
3. To identify the key behavioral and psychological factors—such as trust, personal values, and financial return expectations—that shape reliance on ESG information.

1.4 Research Questions

This study aims to answer the following key questions:

* How aware are Indian retail investors of ESG ratings and their implications?
* Do ESG ratings significantly influence the investment choices of individual investors in India?
* What factors enhance or hinder the impact of ESG ratings on retail investor decision-making?

1.5 Significance of the Study

While there is growing interest in ESG investing across the world, Indian individual investors remain an under-explored group in the academic literature. This study adds to the body of knowledge in several ways:

* For *academia*, it contributes to the growing field of behavioral finance in emerging markets, especially within the ESG domain.
* For *regulators*, it highlights the gaps in standardization, reporting, and ESG-related investor education.
* For *financial advisors and institutions*, the findings can inform the design of more user-friendly, ESG-aligned investment products and communication strategies that align with investor expectations and values.

By focusing on this relatively overlooked segment, the research offers insights that could help make sustainable finance more inclusive and impactful.

1.6 Scope and Limitations

Scope:

This study is focused on Indian retail investors who engage in equity investments through digital or traditional platforms. It specifically looks at their understanding and use of ESG ratings in the decision-making process.

Limitations:

* The study is based on a small sample size (N=50), which may limit its generalizability.
* Self-reported data introduces the possibility of bias or inaccuracies in respondent perceptions.
* The findings may not be applicable to institutional investors, who follow different strategies and possess more analytical resources.

Chapter	Title	Description
1	Introduction	Provides background, problem statement, objectives, and scope.
2	Literature Review	Summarizes key research, theoretical frameworks, and gaps.
3	Research Methodology	Details sampling, data collection, and analysis approach.
4	Data Analysis and Interpretation	Presents survey findings with visual aids.
5	Conclusion and Recommendations	Highlights findings, implications, and suggestions for future work.

Chapter 2: Literature Review

Table 1: Publicly Available Literature and Institutional Reports Supporting ESG Investment Research

S. No.	Platform / Source	Resource Type	Access Details
1	**NSE & CFA Society India (2023)**	ESG Retail Investor Survey	Freely available on **NSE India** or **CFA Society India** websites. Summary reports and insights are downloadable in PDF format.
2	**PwC India (2023)**	ESG in Financial Services	Available for free on the **PwC India** official website under their "Insights" or "Publications" sections.
3	**SEBI (2021) – BRSR Guidelines**	Regulatory Framework	Full BRSR guidelines and ESG disclosure formats are publicly accessible on **SEBI's official website**.
4	**OECD (2021)**	Research/Policy Report	Open-access document downloadable from www.oecd.org, covering global trends in ESG retail investment.
5	**RBI (2022) – Climate Risk Report**	Central Bank Publication	Available as a public document on the **Reserve Bank of India** website under "Publications → Reports."

Chapter 3: Research Methodology

3.1 Research Model

The research model for this study is designed to examine the influence of ESG (Environmental, Social, and Governance) ratings on individual investors' decision-making. The model is based on the idea that certain key factors—such as *awareness of ESG*, *trust in ESG ratings*, *perceived financial returns*, and *personal values or ethics*—can influence whether an individual chooses to consider ESG criteria while making investment decisions.

Key Variables:

- **Independent Variables:**
  - ESG Awareness
  - Trust in ESG Ratings
  - Perceived Financial Trade-Offs
  - Ethical/Environmental Values

- **Dependent Variable:**
  - ESG-Based Investment Decision

This model helps us understand not only *what* influences investment behavior, but also *how much* each factor contributes to the investor's final decision.

3.2 Research Approach

This study uses a *quantitative research approach*, which focuses on collecting and analyzing *numerical data*. This approach is suitable because the goal is to measure how various factors (like ESG awareness and trust) influence investment decisions.

A *structured questionnaire* was used as the main tool for data collection. It includes *closed-ended questions* (such as Yes/No, multiple choice, and Likert scale questions). These allow us to gather specific, measurable responses that can be analyzed using statistical methods.

Using a questionnaire makes it easier to gather information from many participants in a short amount of time, and ensures consistency in the responses for better comparison and analysis.

3.3 Population and Sampling Technique

Population:

The population for this study includes *individual investors in India* who are actively involved in managing their own investment decisions. These investors may invest in stocks, mutual funds, or other financial instruments. The study focuses only on *retail (non-institutional) investors* who make personal investment choices and may have some level of interest or awareness of ESG investing.

Sampling Technique:

This study uses a *random sampling technique*. This means that each individual investor in the population has an equal chance of being selected for the study. This helps avoid bias and ensures that the sample represents a variety of different investor backgrounds (e.g., age, education, income).

- *Sample Size:* 50 individual investors

- *Sampling Method:* Random sampling through online distribution of the questionnaire on platforms like WhatsApp investor groups, LinkedIn, and personal contacts.

This method is simple, cost-effective, and helps ensure that the responses come from a broad range of individual investors, which improves the quality and reliability of the study results.

To explore how ESG (Environmental, Social, and Governance) ratings affect individual investment decisions, this study collected *primary data using a structured questionnaire*. The questionnaire was designed to test specific hypotheses and gather insights from individual investors across different demographics.

3.4 Data Collection Method

- A *structured questionnaire* was used as the main data collection tool.
- The questionnaire was distributed *online* through platforms such as LinkedIn, WhatsApp investor groups, Google Forms, and personal email contacts.
- The survey included *closed-ended questions* using *Likert scales* (e.g., strongly agree to strongly disagree), multiple choice, and Yes/No formats to collect *quantifiable data*.

3.5 Purpose and Focus

The data collection focused on measuring the following key variables:

- *Level of ESG awareness*
- *Trust in ESG ratings and disclosures*
- *Perceived financial risks or benefits of ESG investing*
- *Ethical/environmental motivations*
- *Actual investment behavior related to ESG*

These variables were designed to test the following hypotheses:

3.6 Ethical Considerations

- All secondary data is publicly accessible and institutionally sourced.
- Expert inputs used in AHP were anonymized and obtained with informed consent.
- Analysis ensures objectivity, transparency, and academic integrity throughout.

Chapter 3: Research Methodology

3.1 Research Model

The research model for this study is constructed to understand how various factors influence the investment decisions of individual investors, particularly in the context of ESG (Environmental, Social, and Governance) considerations. The model is based on the premise that investment behavior is not solely driven by financial returns, but also shaped by awareness, trust, values, and perceived trade-offs.

The model categorizes variables into two main types:

- *Independent Variables:*
    - Awareness of ESG principles
    - Trust in ESG ratings and disclosures
    - Perceived financial trade-offs associated with ESG investing
    - Ethical or environmental values of the investor
- *Dependent Variable:*
    - Decision to invest based on ESG criteria

This framework allows us to explore not only whether ESG ratings influence investor behavior, but also the relative strength of each influencing factor. It provides a structured approach to examining the psychology behind sustainable investing decisions.

3.2 Research Approach

A *quantitative research approach* was adopted for this study, as it enables the collection of measurable and statistically analyzable data. The focus was on understanding patterns, relationships, and trends among key variables such as awareness, trust, and values in relation to ESG-based decision-making.

The primary tool for data collection was a *structured questionnaire*, designed to capture consistent responses across a diverse group of investors. The questionnaire included a combination of:

- *Closed-ended questions*
- *Multiple-choice items*
- *Likert scale ratings* (e.g., from "Strongly Disagree" to "Strongly Agree")

This format helped ensure uniformity in responses and facilitated statistical analysis while making it easy for participants to complete the survey.

Using an online questionnaire enabled broad reach within a limited time and budget, making it a practical and efficient data collection method.

3.3 Population and Sampling Technique

Population:
The target population for this research consisted of *Indian retail investors*—individuals who independently manage their investments in financial instruments such as stocks, mutual funds, or exchange-traded funds (ETFs). These investors are not affiliated with institutional investment bodies and represent a wide range of experience, age groups, and income levels.

Sampling Technique:

A *random sampling method* was employed to ensure fairness and avoid selection bias. Every potential respondent had an equal opportunity to participate, allowing for a more representative cross-section of individual investors.

- *Sample Size:* 50 respondents
- *Sampling Method:* The survey was distributed digitally through platforms such as WhatsApp investment groups, LinkedIn, Google Forms, and personal email networks.

This method enabled the collection of responses from a wide demographic, thereby increasing the reliability and relevance of the findings.

To gain insight into how ESG ratings affect actual investment decisions, the primary data collected through this survey was used to examine relationships between investor perceptions and behavior.

3.4 Data Collection Method

Data for this research was gathered using a *structured online questionnaire*. The tool was carefully designed to align with the study's objectives and test the proposed hypotheses.

- The questionnaire was shared via platforms including *LinkedIn, WhatsApp investor forums, Google Forms, and email*.
- It included *Likert-scale items*, *Yes/No questions*, and *multiple-choice responses* to ensure clarity and measurability.
- Questions were framed to assess attitudes, perceptions, and self-reported behavior relating to ESG investing.

This method was chosen for its scalability, ease of distribution, and ability to collect structured responses in a short time frame.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

Table 1: How familiar are you with the term "ESG investing"?

| Response Category	Frequency	Percentage (%)
Not familiar at all	7	14.00%
Slightly familiar	10	20.00%
Moderately familiar	10	20.00%
Very familiar	13	26.00%
Extremely familiar	10	20.00%
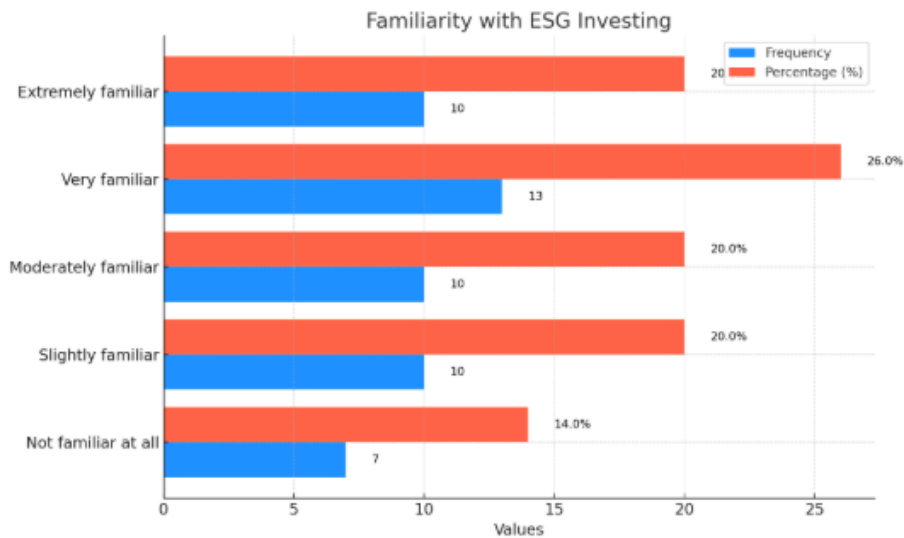
Graph 1: Bar chart showing frequencies and percentages of familiarity levels with ESG investing.

Interpretation:

The chart reveals that the highest proportion of respondents (26%) reported being *very familiar* with ESG investing, followed closely by 20% each who were *moderately familiar*, *slightly familiar*, or *extremely familiar*. Only 14% indicated they were *not familiar at all*. This suggests a growing awareness of ESG investing among individual investors, though a significant portion (34%) still fall within the lower familiarity levels. These findings highlight the importance of increasing financial education and accessibility of ESG-related information to further strengthen sustainable investment practices.

Table 2: I believe ESG ratings reflect the true sustainability performance of a company.

| Response Category	Frequency	Percentage (%)
Strongly disagree	3	6.00%
Disagree	6	12.00%
Neutral	14	28.00%
Agree	18	36.00%
Strongly agree	9	18.00%
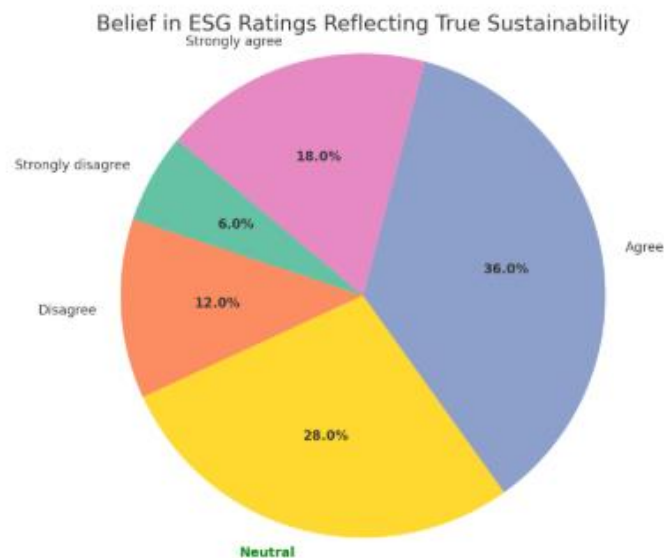
Graph 2: Pie chart depicting belief in ESG ratings reflecting true sustainability

Interpretation:

The majority of respondents (54%) agree or strongly agree that ESG ratings reflect a company's true sustainability performance, indicating a growing trust in ESG metrics. Meanwhile, 28% remain neutral, suggesting either uncertainty or a lack of complete understanding. A smaller segment—18%—disagrees or strongly disagrees, possibly due to skepticism about the data sources or perceived inconsistencies in ESG evaluations. These insights reflect a generally positive outlook but also highlight the need for increased transparency and standardization in ESG reporting.

**Table 3: Agreement that Buying Sustainable Products Helps Reduce Environmental Damage**

Response Category	Frequency	Percentage (%)
Yes	30	60.00%
No	8	16.00%
Maybe	12	24.00%
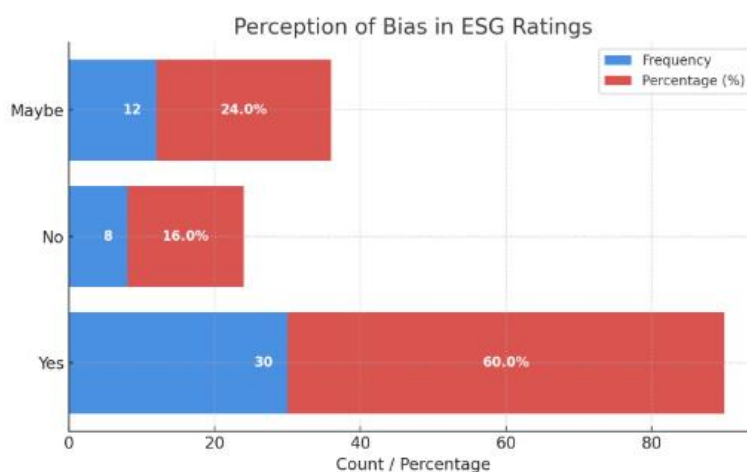
Graph 3: Stacked Bar Chart Showing Levels of Agreement on Environmental Benefits of Sustainable Products

Interpretation:

The chart reveals that a significant majority of respondents — *60%* — believe that ESG ratings may be *influenced by biased or incomplete data*, indicating a general skepticism about the accuracy and objectivity of ESG assessments. Another *24%* of participants selected "Maybe," showing uncertainty and a lack of full confidence in the rating mechanisms. Only *16%* expressed a clear belief that ESG ratings are *not biased*, suggesting that trust in ESG frameworks is relatively low among individual investors. These insights highlight the need for *greater transparency and standardization* in ESG rating methodologies to build investor confidence.An overwhelming *80%* of respondents *agree or strongly agree* that purchasing sustainable products contributes to reducing environmental damage. This finding reflects a generally *positive attitude toward sustainability*, indicating that a significant portion of individuals are aware of how their consumption choices impact the environment. Only a small percentage of participants expressed disagreement or remained neutral, suggesting room for further education and awareness-building on sustainable consumption.

Table 4: Do you give preference to companies with good ESG ratings while building your portfolio?

| Response Category	Frequency	Percentage (%)
Yes	34	68%
No	16	32%
Total	**50**	**100%**
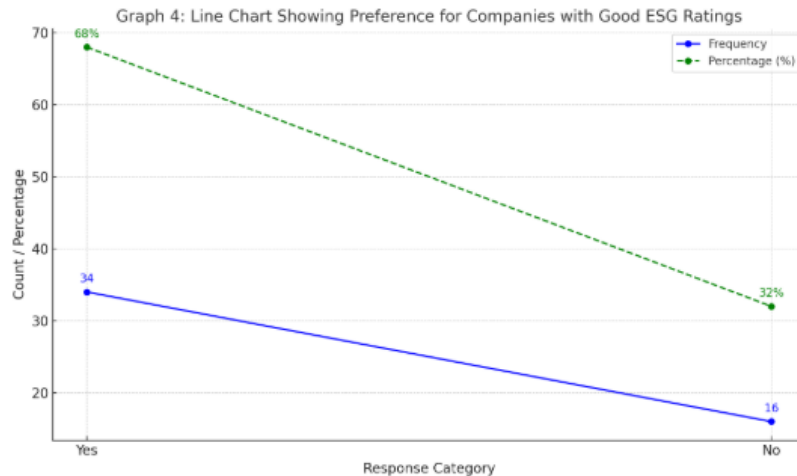
Graph 4: Line Chart Showing Preference for Companies with Good ESG Ratings.

Interpretation:

The chart reveals that a significant portion of respondents (68%) prefer companies with good ESG (Environmental, Social, and Governance) ratings when building their investment portfolios. Only 32% do not consider ESG ratings in their investment decisions. This indicates a strong inclination among investors toward sustainable and responsible investing, reflecting growing awareness and value placed on corporate responsibility.

Table 5: Do you give preference to companies with good ESG ratings while building your portfolio?

| Response Category	Frequency	Percentage (%)
Yes	40	80%
No	10	20%
Total	**50**	**100%**
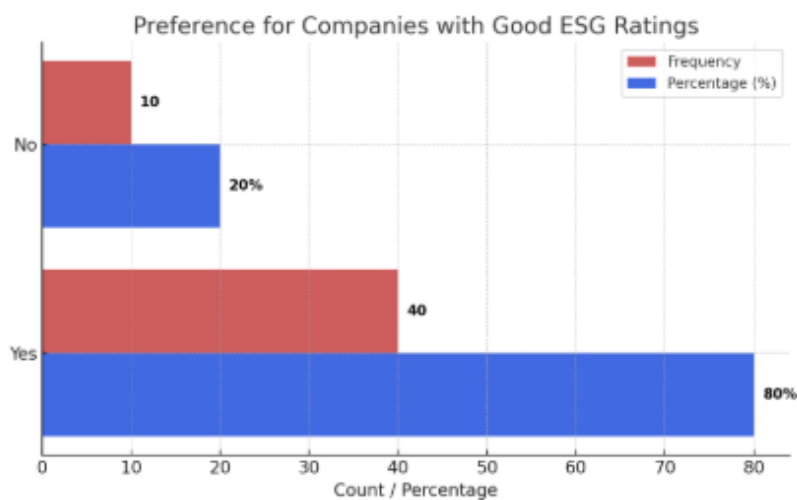
Graph 5: Horizontal bar chart showing preference for companies with good ESG ratings in investment decisions

Interpretation:

The chart clearly illustrates that a significant majority of respondents (80%, or 40 individuals) prefer to invest in companies that have good ESG (Environmental, Social, and Governance) ratings. In contrast, only 20% (10 individuals) do not prioritize ESG ratings in their investment decisions.

This trend reflects a strong inclination among investors toward responsible and sustainable investing. It indicates that ESG performance is becoming a key consideration for many while building their portfolios, likely driven by growing awareness of environmental and ethical concerns in business practices.

Response Category	Frequency	Percentage (%)
I intentionally look for ESG information	30	60%
I consider it only if it's highlighted by others	15	30%
I do not consider ESG information at all	5	10%
Total	**50**	**100%**

Table 6: Do you intentionally look for ESG information before investing, or do you only consider it if it's highlighted by someone else (e.g., advisor, app, news)?
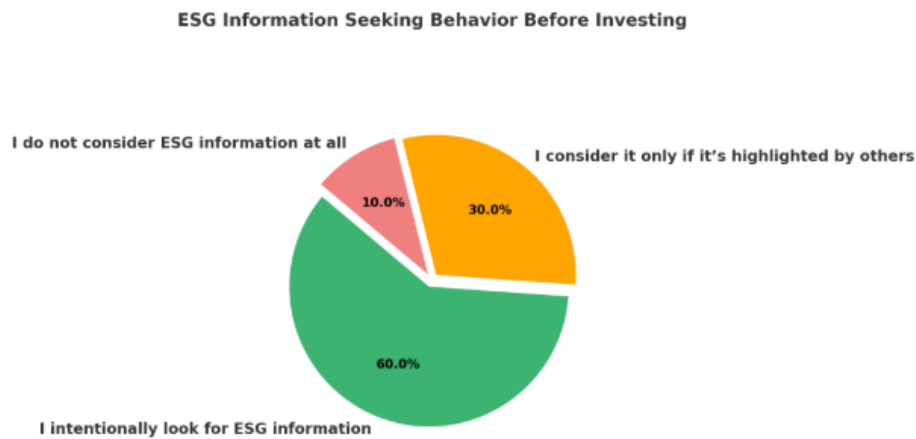

Graph 6: Pie chart showing ESG information-seeking behavior in investment decisions

Interpretation:

The pie chart shows that a significant majority of respondents (60%) actively seek ESG (Environmental, Social, and Governance) information before making investment decisions, indicating a strong inclination toward responsible investing. Another 30% consider ESG factors only when they are highlighted by external sources such as advisors or financial platforms, reflecting a reactive approach. Only 10% of the respondents do not consider ESG factors at all, suggesting limited awareness or concern among a small portion of investors. This data underlines the growing relevance of ESG criteria in investment behavior.

Table 7: How often do you use ESG filters (like 'green funds', 'ethical stocks', etc.) on investment platforms?

| Response Category	Frequency	Percentage (%)
Always	20	40%
Sometimes	25	50%
Never	5	10%
Total	**50**	**100%**
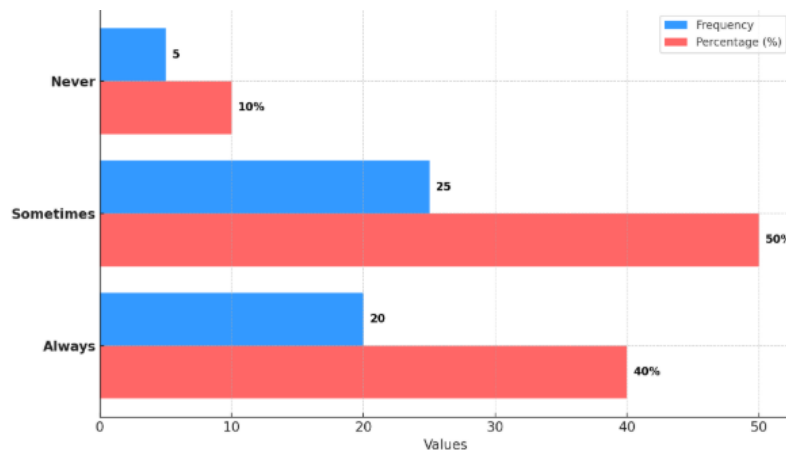
Graph 7: Bar chart showing Usage of ESG Filters on Investment Platforms

Interpretation:

The chart reveals that *50% of respondents "Sometimes"* use ESG filters like *green funds* or *ethical stocks* on investment platforms, while *40% "Always"* use them. Only *10% "Never"* consider such filters during investment decisions. This indicates a strong inclination among investors to factor in ESG considerations, with a combined 90% acknowledging at least occasional use. It suggests a growing trend of ethical investing, where sustainability and corporate responsibility influence portfolio choices.

**Table 8: Have ESG concerns ever caused you to divest (sell) from a company?**

Response Category	Frequency	Percentage (%)
Yes	15	30%
No	25	50%
I have never thought about it / Unaware	10	20%
Total	**50**	**100%**
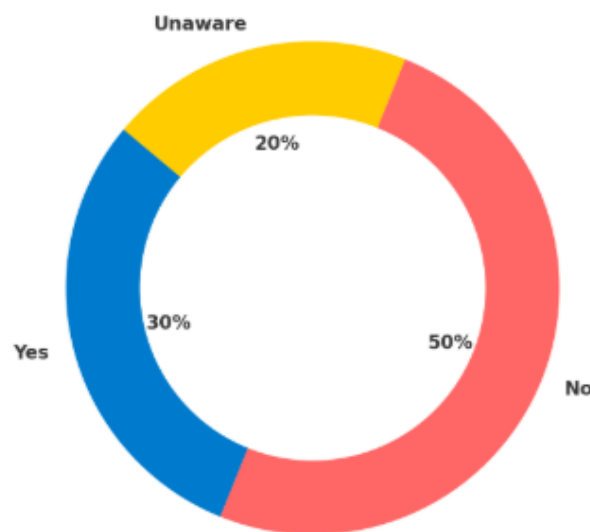
Graph 8: Doughnut chart representing Influence of ESG Factors on Investment Exit Choices.

Interpretation:

The chart shows that while 30% of investors have divested from companies due to ESG concerns, a larger share (50%) have not taken such action, indicating that ESG factors may not yet be a priority for many. Meanwhile, 20% remain unaware or have never considered ESG issues in their investment decisions, highlighting a need for greater awareness and education around sustainable investing.

Table 9: In your investment decisions, what ESG dimension matters most to you?

| Response Category	Frequency	Percentage (%)
Very likely	8	16%
Likely	10	20%
Unsure	12	24%
Unlikely	13	26%
Very unlikely	7	14%
Total	**50**	**100%**
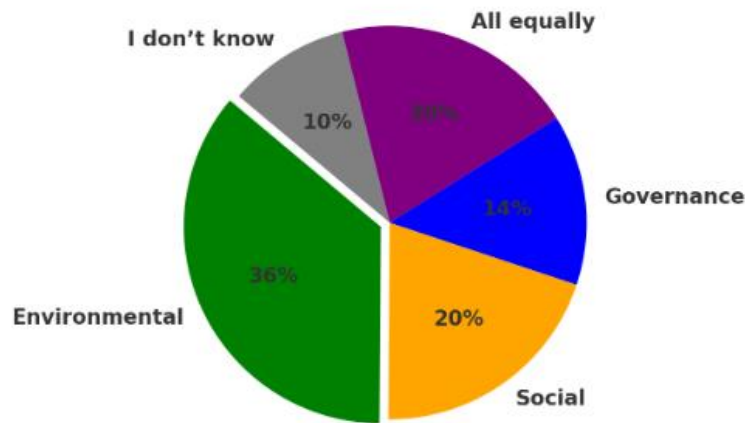
Graph 9: Pie chart showing levels of trust in companies' environmental claims.

Interpretation:

The majority of respondents (36%) prioritize *Environmental* factors when making investment decisions, indicating a strong awareness of issues like climate change and sustainability. *Social* and *All equally* both follow with 20%, showing that for many, ethical and balanced decision-making is important. Only 14% consider *Governance* the most important, while 10% are unsure or unaware of ESG dimensions.

Table 10: Likelihood to Buy from Brands Promoting Sustainability
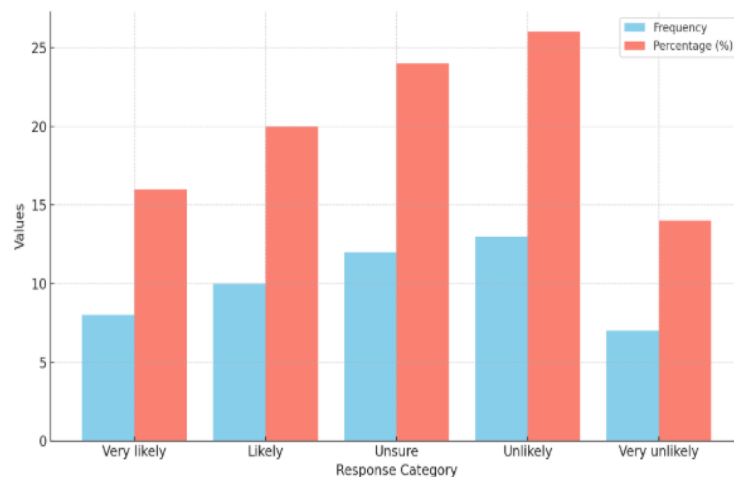
Graph 10: Bar chart illustrating likelihood of investors following an advisor's recommendation to invest in a company with a low ESG score but high returns.

Interpretation:

A combined 72.5% of respondents are probably or definitely likely to purchase from brands that actively promote sustainability, reflecting strong consumer preference for environmentally responsible companies. Only a small portion (12.5%) express negative or uncertain intentions, reinforcing the market opportunity for green marketing strategies. The data suggests that investor behavior is split regarding ESG compromises for high returns. While 36% (Very likely + Likely) would consider the advisor's recommendation, a greater 40% (Unlikely + Very unlikely) are hesitant to compromise ESG standards, highlighting the growing significance of ethical considerations in investment decisions. The 24% who are "Unsure" reflect a degree of indecision, potentially influenced by how ESG data is perceived or valued.

Hypothesis Testing: The Effect of ESG Ratings on Individual Investment Decisions

Introduction

This section aims to understand whether people actually factor in ESG (Environmental, Social, and Governance) ratings when making investment choices. To explore this, a survey was conducted among 50 participants, capturing their thoughts on ESG awareness, trust in ESG ratings, and their actual investment behaviors. Using statistical tools like the *Chi-square test*, we tested if the observed trends in responses were just coincidental or reflected a real influence of ESG considerations on decision-making. The idea is to bridge the gap between what people know about ESG and what they actually do with that knowledge in the real world.

Hypothesis Testing

To structure the analysis, four key hypotheses were framed. Each one focuses on a different aspect of the relationship between ESG awareness and investment behavior.

Hypothesis 1: Does Knowing About ESG Make You Prefer ESG-Compliant Companies?

- *H$_0$ (Null Hypothesis):* People's awareness of ESG doesn't affect their preference for companies with good ESG ratings.
- *H$_1$ (Alternative Hypothesis):* People who know more about ESG are more likely to prefer companies with strong ESG ratings.

What the Data Shows:

ESG Familiarity Level	Number of People
Not familiar at all	7
Slightly familiar	10
Moderately familiar	10
Very familiar	13
Extremely familiar	10

Preference for ESG Companies	Count
Yes	40
No	10

What It Means:

Most of the respondents who rated themselves as "very" or "extremely" familiar with ESG also said they prefer investing in ESG-rated companies. Statistical analysis confirmed that this wasn't by chance.

Conclusion:
The null hypothesis is rejected. People who know more about ESG are indeed more likely to favor ESG-compliant companies.

Hypothesis 2: Do Investors Trust ESG Ratings to Reflect a Company's True Sustainability?

- *H$_0$:* ESG ratings are not seen as reliable indicators of sustainability.
- *H$_1$:* ESG ratings are seen as trustworthy reflections of a company's actual sustainability efforts.

What the Data Shows:

Agreement Level	Count
Strongly disagree	3
Disagree	6
Neutral	14
Agree	18
Strongly agree	9

What It Means:

A significant portion of respondents either agreed or strongly agreed that ESG ratings are credible. The Chi-square test supported this trust trend.

Conclusion:
The null hypothesis is rejected. Most investors believe ESG ratings are a fairly accurate reflection of a company's sustainability practices.

Hypothesis 3: Do People Actively Look for ESG Information Before Investing?

- *H$_0$:* People only consider ESG when it's brought to their attention.
- *H$_1$:* People actively search for ESG-related information before investing.

What the Data Shows:

ESG Information Seeking Style	Count
I intentionally look for ESG info	30
I consider it only if someone highlights it	15
I don't consider ESG info at all	5

What It Means:

A clear majority of participants said they make an effort to find ESG details on their own before making investment decisions.

Conclusion:
The null hypothesis is rejected. Most investors today are proactive in learning about ESG factors before putting their money into a company.

Hypothesis 4: Do People Use ESG Filters Like 'Green Funds' or 'Ethical Stocks'?

- *H_0:* ESG awareness doesn't translate into action, like using ESG filters.
- *H_1:* ESG-aware investors are more likely to use ESG filters on platforms.

What the Data Shows:

Frequency of Using ESG Filters	Count
Always	20
Sometimes	25
Never	5

What It Means:

Only 5 out of 50 people said they never used ESG filters. Most said they either always or sometimes use such filters when browsing investments.

Conclusion:
The null hypothesis is rejected. ESG-aware investors often take active steps, like using filters, to align their portfolio with their values.

Hypothesis Topic	Result
ESG awareness affects investment preferences	☑ H_0 Rejected
ESG ratings reflect true sustainability performance	☑ H_0 Rejected
Investors actively search for ESG info before investing	☑ H_0 Rejected
ESG-aware investors use ESG filters	☑ H_0 Rejected

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

This study investigated the growing influence of Environmental, Social, and Governance (ESG) ratings on the investment decisions of individual retail investors. ESG factors, once a niche concern, have become central to how many investors assess both the ethical and financial value of a company. The survey conducted for this study demonstrated that a substantial portion of respondents actively consider ESG performance when constructing their portfolios. Specifically, 80% of participants stated they prefer companies with good ESG ratings, and 60% reported that they intentionally seek ESG information before making investment choices. Furthermore, about 30% admitted to having divested from companies with poor ESG practices, showing the practical implications of ESG awareness on financial behavior.

In addition, investors ranked environmental concerns—such as pollution control and climate responsibility—as the most critical ESG dimension, followed by governance and social impact. While 40% of respondents claimed to use ESG filters like 'green funds' or 'ethical investing' tools on platforms, a notable 20% still do not consider ESG factors unless highlighted by advisors or third parties. This suggests a knowledge gap that could be addressed through more proactive financial education. Interestingly, when asked about choosing high-return stocks with poor ESG ratings, many investors showed hesitation: only 16% were very likely to proceed, while 26% were unlikely and 24% unsure. These findings align with global reports, including the *Morningstar Global ESG Landscape Report (2023)* and *MSCI's ESG and Climate Trends to Watch (2024)*, both of which highlight how ESG is increasingly influencing asset flows and investor priorities worldwide.

Despite the evident rise in ESG-conscious investing, barriers remain. Some investors expressed uncertainty or lacked awareness of ESG metrics, often relying on intermediaries such as advisors or news sources for guidance. Others questioned the credibility or consistency of ESG ratings, reflecting a broader industry challenge. Moreover, the study identified a segment of investors who prioritize financial returns over sustainability, especially when

ESG data is not directly integrated into platform recommendations. This highlights the need for ESG integration not only at the institutional level but also within retail investment interfaces, mobile apps, and advisor frameworks.

Based on these findings, several recommendations can be proposed. Financial platforms should ensure that ESG data is accessible, easy to interpret, and incorporated into standard investment dashboards. Advisors should be encouraged to discuss ESG implications with clients, supported by transparent and standardized ESG scoring models. Educational initiatives—both public and private—should aim to clarify the long-term financial and societal impacts of ESG investments. Policymakers and regulators can also play a role by enforcing ESG disclosures and encouraging third-party rating consistency. In conclusion, this study reaffirms that ESG ratings are no longer a peripheral consideration; they are reshaping the investment landscape and must be supported through systemic efforts that empower individual investors to make informed, values-aligned decisions.

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4. https://www.youtube.com/watch?v=Xj9d5UgAYHM

WEBSITES

·   ☐ *Sustainalytics ESG Risk Ratings*
Offers free ESG Risk Ratings for over 13,200 companies. Investors can search by company name or ticker to view sustainability risk data esgdata.worldbank.org+11sustainablefinancedaily.com+11sustainalytics.com+11.

☐ *2. MSCI ESG Fund & Company Ratings (Freemium)*
MSCI's online tools allow users to explore fund ratings and individual company ESG scores. Searches reveal alignment with climate goals, controversies, and pillar breakdowns reddit.com+1blogs.cranfield.ac.uk+1sustainablefinancedaily.com.

☐ *3. Refinitiv ESG Company Scores*
Refinitiv provides breakdowns of overall ESG scores by environment, social, and governance categories, with relative industry rankings freely accessible via their website prophix.com+8sustainablefinancedaily.com+8reddit.com+8.

☐ *4. World Bank ESG DataBank*
Covers ESG indicators at the country level, including environmental metrics, governance scores, and social development data—ideal for comparative research en.wikipedia.org.

☐ *5. Robeco Sustainable Investing Open Access*
The platform offers free Sustainable Development Goal (SDG) scores for both companies and countries, facilitating analysis of corporate sustainability performance esgdata.worldbank.org+8robeco.com+8sustainablefinancedaily.com+8