

**ENVIRONMENTAL FACTORS ON INVESTMENT DECISIONS
A STUDY OF NEPALESE INVESTORS PERSPECTIVES IN NEPAL**

A Dissertation submitted to the office of the dean, Faculty of Management in partial
fulfillment of the requirements for the Master's Degree

By

Saru Shrestha

Shanker Dev Campus

Campus Roll No.: 3575/076

Exam Roll No: 24071/20

TU Registration No.: 7-2-721-61-2015

Group: Account

Kathmandu, Nepal

December, 2024

CERTIFICATION OF AUTHORSHIP

I certify that I have completed the research for my dissertation, "**Environmental Factors on Investment Decisions a Study of Nepalese Investors Perspectives in Nepal**" and that I have turned in the final manuscript. This dissertation has never before been submitted for the awarding of a degree or suggested and presented as a component of requirements for any other academic endeavor.

I have gotten recognition for the help and collaboration I have received during this study project. Furthermore, I affirm that the dissertation's reference section contains citations to all information sources and literature employed.

.....

Saru Shrestha

Date:

REPORT OF RESEARCH COMMITTEE

Ms. Saru Shrestha has defended research proposal entitled "**Environmental Factors on Investment Decisions a Study of Nepalese Investors Perspectives in Nepal**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Arun Neupane Submit the dissertation for evaluation and viva-voce examination.

.....
Arun Neupane
Dissertation Supervisor

Dissertation Proposal Defended Date:

Dissertation Submitted Date :
--

.....
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Research Department

Dissertation Viva-voce Date:

APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled "**Environmental Factors on Investment Decisions a Study of Nepalese Investors Perspectives in Nepal**" presented by Saru Shrestha a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

.....
Arun Neupane
Dissertation Supervisor

.....
Internal Examiner

.....
Internal Expert

.....
External Expert

.....
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chairperson, Research Committee

.....
Joginder Goet
Acting Campus Chief

ACKNOWLEDGEMENT

As a partial completion of the Master of Business Studies (MBS) requirements, this thesis, titled "Environmental Factors on Investment Decisions (A Study of Nepalese Investors Perspectives in Nepal)" was written and turned in to the faculty of management. For his kind support during my entire research project, I am incredibly grateful to my academic supervisor Arun Neupane, to whom I will always be grateful. This type of my research is the outcome of his ongoing assistance, advice, comments, and suggestions. I also want to express my gratitude to each and every respondent for giving up their precious time to complete the questionnaire. I was able to finish the questionnaire section with the assistance and encouragement of the respondents.

I express my gratitude to Joginder Goet, the Shanker Dev Acting Campus Chief, and Asso. Prof. Dr. Sajeeb Kumar Shrestha, the Research Department Chairperson, for approving my thesis proposal. In a similar vein, I appreciate all of the instructors and staff at Shanker Dev Campus for their helpful advice.

Additionally, I would like to take this opportunity to thank the Shankar Dev Campus personnel and librarian for their invaluable help. For the invaluable guidance and assistance in gathering and presenting the required data, I am extremely grateful to T.U. Central Library.

I want to express my gratitude to my friends and family for motivating me to finish my thesis.

Saru Shrestha

TABLE OF CONTENTS

<i>Title Page</i>	<i>i</i>
<i>Certification of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgement</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Table</i>	<i>ix</i>
<i>List of Figure</i>	<i>x</i>
<i>Abbreviations</i>	<i>xi</i>
<i>Abstract</i>	<i>xii</i>
CHAPTER I.....	1
INTRODUCTION.....	1
1.1 Background of the study	1
1.2 Problem Statement	4
1.3 Objectives of the Study	5
1.4 Rationale of the Study.....	6
1.5 Limitations of study	6
CHAPTER-II.....	8
LITERATURE REVIEW.....	8
2.1 Theoretical Review	8
2.2. Empirical Review.....	11
2.3 Research Gap	27
CHAPTER-III.....	29
RESEARCH METHODOLOGY	29
3.1 Research Design.....	29
3.2 Population and Sample.....	29
3.3 Nature and Source of Data	30
3.4 Data Analysis Method.....	30

3.6 Research Framework.....	34
CHAPTER-IV	36
RESULTS AND DISCUSSION	36
4.1 Respondent Profile.....	36
4.1.1 Demographic Characteristics of Respondents	36
4.2 Construct Reliability	38
4.3 Environmental factors influencing investment decision.....	38
4.4 Social factors influencing investment decision.....	40
4.5 Governance factors influencing investment decision	41
4.6 Investment Decision.....	43
CHAPTER-V	50
SUMMARY AND CONCLUSION.....	50
5.1 Summary	50
5.2 Conclusion	51
5.3 Implications	52
REFERENCES.....	53

LIST OF TABLES

	Page No.
Table 1 Summary of Review	21
Table 2 Demographics of Respondents	36
Table 3 Construct Reliability of Scale	38
Table 4 Descriptive Statistics of Environmental Factors	39
Table 5 Social Factors Influencing Investment Decision	40
Table 6 Governance Factors Influencing Investment Decision	42
Table 7 Descriptive Statistics of Investment Decision	43
Table 8 Overall Summary of all Variables	45
Table 9 Karl Pearson's Correlation Coefficient	46
Table 10 Regression Results	47

LIST OF FIGURE

	Page No.
Figure 1 Research Framework	34

ABBREVIATIONS

AHP	:	Analytical Hierarchy Process
AM	:	Arithmetic Mean
CEO	:	Chief executive officer
CFA	:	Confirmatory Factor Analysis
CR	:	Composite reliability
CSR	:	Corporate social responsibility
Df	:	Degrees of freedom
ESG	:	Environmental, Social and Governance
ID	:	Investment Decision
ISM	:	Interpretive structural modeling
LSTM	:	Long Short-term Memory
MICMAC	:	Cross-impact matrix multiplication applied to classification
NASDAQ	:	National Association of Securities Dealers Automatic
NEPSE	:	Nepal Stock Exchange
		Quotation System
S&P	:	Standard and Poor's
SD	:	Standard Deviation
SPSS	:	Statistical Package for the Social Sciences
SSIM	:	Structural similarity index measure
TPB	:	Theory of planned behavior
UNPRI	:	United Nations Principles for Responsible Investment
UN's	:	United Nations

ABSTRACT

Examining the ESG factors that most affect individual investors' decision making and examining the connection between ESG and individual investment decisions in Nepalese stock markets were the main goals of this study. In order to establish correlations between the variables and examine their relationship, the study uses an interdisciplinary and descriptive research methodology. The quantitative data gathered from the respondents' questionnaires served as the foundation for the study's conclusions. All investors in the Nepalese stock market are included in the population. A sample of 400 Nepalese stock market investors was selected from the whole population. The primary data used in the study was gathered through the use of a structured questionnaire approach. The SPSS software version was used to show and analyse the gathered data. The results indicated a substantial correlation between individual investing decisions and the elements of ESG (Environmental, Social and governmental) factors and an investment awareness plays a role as moderating variable. Every independent variable had a statistically significant effect on the choice of individual investments. Additionally, Environmental, Social and Governance components all played a vital role in forecasting each investor's choice in the Nepalese stock market.

Keywords: ESG, Environmental factors, Social Factors, Governance factors and Investment Decision

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Investment refers to the process of trading securities and financial derivatives for the sake of maximizing return as the profit. People nowadays analyze and investigate a lot before investing in projects and assets. There are different types of investors, some investors think for a short-term and invest in average return and low-risks projects. However, many investors are informative about the investment market and think for a long run, thus, they use their money in high risks and high return projects. These days, before investing in the projects, investors concern about the ESG (Environment, Social and Governance) factors as these components contribute a lot in risks and return of the projects. While doing research on the impact of environmental factors in investment decisions, we cannot ignore social and governance factors. Social and governance factors have equal effect in decision-making process as environmental factors and cause risks and return on the projects.

ESG, or Environmental, Social, and Governance, refers to non-financial factors that investors are increasingly considering to assess risks and growth potential. While ESG metrics are not typically included in mandatory financial reporting, many companies are voluntarily disclosing this information in their annual or sustainability reports. Organizations like the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD) are developing standards to help integrate these factors into investment analysis (CFA Institute, 2024).

Environmental factors refer to a company's influence on the natural environment, encompassing aspects like resource consumption, emissions, waste management, and energy efficiency. In the contemporary landscape, businesses are increasingly required to consider their carbon footprint, water usage, and the effects of their operations on natural habitats (Chouaibi et al., 2022). Conversely, social aspects pertain to how a business affects society and include its interactions with local communities, suppliers, employees, and consumers. Investors now consider social responsibility to be crucial when making decisions (Zhang & Liu, 2022). These days, investors look for businesses that value

employee wellness, diversity, and inclusion that positively affect the communities in which they conduct business (Sultana et al., 2017). Aspects of governance comprise a business's board composition, management style, and moral principles, which are vital to the long-term viability and financial success of a business (Chouaibi et al., 2022).

Environmental factors encompass various ways in which a firm impacts the environment, including climate change, energy efficiency, resource management, waste and pollution control, and biodiversity preservation. Companies that proactively address these issues can better mitigate environmental risks and capitalize on emerging opportunities in the transitioning low-carbon and sustainable economy. Eccles, Ioannou, and Serafeim's (2011) study highlights the importance of climate change as a critical environmental issue, suggesting that businesses can generate long-term value by proactively managing climate-related risks and capitalizing on opportunities in clean technology and energy efficiency.

The history of investing dates back to the Code of Hammurabi around 170 BCE, which established collateral requirements for investments, notably involving land. The first stock market, the Amsterdam Stock Exchange, emerged in the early 160s, facilitating connections between investors and businesses while improving liquidity and standardizing transactions. Although often regarded as the first stock market, some historians argue that earlier forms existed in Medieval and Renaissance Europe, with roots possibly traced to the Mediterranean. Overall, investing has been integral to civilization, with early stock markets significantly enhancing its organization and accessibility.

The First Modern Pension Fund was established in 1759 by the First Presbyterian Church in Philadelphia, marking a significant development in financial systems. Over the centuries, organizations recognized the importance of pension funds in transforming the global investment landscape. The Industrial Revolution, beginning in the mid-18th century, played a crucial role in this transformation, allowing the general population to accumulate savings and promoting the growth of the banking industry. Subsequent advancements during the Second Industrial Revolution (186-1914) further integrated investing and banking into the lives of many people.

Then, modern banking and investing came in the 1800s. They created some of the biggest banks and financial organizations in the world. Successful investment projects like the Transcontinental Railroad were made possible by the financing of industrial expansions across the United States by merchant bankers in London and Paris beginning in the 1850s.

Ten years later, those same financial firms helped the federal government finance the American Civil War by selling bonds worth millions of dollars. Regardless of where the projects were located worldwide, banks offered a simple means for investors, ranging from large backers to small investors, to support initiatives like these. International investing started to gain pace.

The stock index thereafter came into being. During this time, the Standard & Poor index and the Dow Jones Industrial Average were established. The Dow averaged the top 12 market equities from a range of important industrial sectors, including mining corporations, railroads, and steel mills at the time. These days, it evaluates 30 businesses from a far greater range of sectors, including Coca-Cola and DuPont. The Standard & Poor index, which was a market-weighted average rather than a price-based one like the Dow, consisted of 90 stocks (down from the initial 200). Later, the Standard & Poor 90 Index grew from 90 stocks to 500 after the introduction of the computer.

The Great Depression and the 1929 stock market crash permanently shifted the pattern of global investing history. The Securities Exchange Act, which created the Securities and Exchange Commission (SEC), was another significant shift in investment following the Great Depression. From the 1950s until the 1990s, modern investment theory kept evolving. The hedge fund was created in 1949 by Alfred Winslow Jones. In the 1950s, Harry Markowitz presented contemporary portfolio theory to the world, and in 1960, Edward Lorenz discussed chaos theory.

The history of investing has been significantly impacted by the emergence of the internet and other contemporary communication channels in the 1980s. To compete with the S&P, the NASDAQ launched its own index in 1985. Due to the NASDAQ's increased exposure and popularity during the 1980s and 1990s, investors inflated the tech bubble in the late 1990s, which ultimately burst. Many nations now have their own stock markets, which

make it simple for their inhabitants to invest their money. International brokers, meanwhile, make global investing simpler than before.

1.2 Problem Statement

As they realize how important sustainability and ethical business practices are to the companies they invest in, investors are progressively integrating ESG considerations into their investment choices (Sultana et al., 2017). In an effort to match their investments with their beliefs and ideals, individual and institutional investors—including pension funds—acknowledge ESG as a crucial part of their investing plans. Businesses with strong ESG practices are viewed as more resilient, well-run, and better able to manage risks and market uncertainties (Meher et al., 2020). However, Nepalese stock market investors currently face a relatively new and underdeveloped ESG landscape. Nevertheless, the significance of ESG considerations is becoming more widely recognized, and Nepalese investors are increasingly taking these aspects into account when making investment decisions. However, little study has been done on how ESG considerations affect the choices made by individual investors in Nepal, and there is a significant gap in the body of knowledge in this area.

It is believed that a nation's economic circumstances are greatly impacted by the performance of its stock market or stock prices. Economic growth and development will be positively impacted by stock market advancements, and vice versa. The choices made by stock market investors have a significant impact on the market trend that impacts the economy. Finding the environmental, governance and social elements that have the biggest impact on investors' decision-making and how these elements affect their investing performance is crucial.

The purpose of the study was to identify the variables that will affect investment decisions. Although a lot of research has been done to understand the effects of environmental factors in the behavior of investors in industrialized economies, relatively less research has been done in developing nations like Nepal. With the rise of businesses and investors, Nepal's stock market has expanded dramatically.

The stock market is attracting a lot of investors these days, and the number of investors is growing. Thus it is important to analyze that how many investors concern about the

environmental factors while making investment decisions. In order to better understand the numbers of the investors that considers the environment, society and government and what is the objective behind it? and what it make changes to the industries? So, to get the answers of all these questions, a study has been conducted to investigate their investment pattern. By focusing on investors of the Nepal Stock Exchange, the study on investor perception towards ESG in identifying the key elements that influence their decisions to buy and sell stocks. With investor awareness serving as the moderating variable, this study aims to clarify how ESG variables affect individual investors' investment choices in Nepal.

The following research questions have been addressed for this study:

- What is the status of ESG factors in investment decisions of individual stock investors in Nepal ?
- Which factor influences the most among environmental, social, and governance factors in investment decisions ?
- What are the impact of ESG factors on investment decisions in the Nepalese stock market ?

1.3 Objectives of the Study

The study's primary goal is to identify the effects of ESG factors on investors' investing decisions. How it affects the investors and how many people consider it while making decisions are the main agenda of this study. Moreover, it helps to answer the question; which factors influence the most or the investors consider the most among ESG while buying stocks in Nepal. It also helps to decode the presence of the factors and its impact, causes, benefits and effectiveness to the company and shareholders. The following are some of the study's main objectives:

- To assess the status of ESG factors in investment decisions of individual stock investors in Nepal.
- To analyze the most influential factors among environmental, social and governance factors in investment decision making.
- To examine the impact of ESG factors on investment decisions in the Nepalese stock market.

1.4 Rationale of the Study

This study offers a broad overview of the environmental elements that influence investors' choices when they are choosing stocks to buy. Numerous studies in this area have demonstrated that investors are impacted and directed by various environmental, social, and governance aspects in addition to analysis methodologies. The highlighted factors can be incorporated into financial models to enhance their explanation of the actual situation faced by investors during the decision-making process.

It is anticipated that this study will help individual investors with financial planning by identifying the key environmental elements that influence their investing decisions. Individual investors can learn more about the environmental factors influencing their choice of stocks while making investing decisions according to this study. Institutional investors are anticipated to find it helpful in developing investment plans, strategies, and policies.

By identifying the environmental aspects that influence investment decisions and offering useful implications for the stock market and NEPSE authorities, the study is also anticipated to add to the body of existing literature. It is also anticipated to help stock market dealers and allow management to enhance their offerings. The major significances of this study are:

- The study helps to explain the impact of investors in Nepalese stock market.
- It helps to identify the factors of ESG in investment decision-making process.
- The findings can be useful for the similar research works in future.

1.5 Limitations of study

The limitations of the study are as follows:

- Participant behaviors can change based on the state of the market, which could have an impact on the data gathered.
- When choosing securities for investment decisions, investors' perceptions, knowledge, and awareness of investments have been the only focus of the analysis.
- The study cannot be thoroughly researched due to resource limitations.

- Biases and hesitancy on the part of the respondents during data collection may exist. This may have an impact on the response's authenticity.
- Only structured questionnaires were used to gather the data.
- It has been presumed that the data gathered from the respondents is accurate.

CHAPTER-II

LITERATURE REVIEW

In order to gain a comprehensive grasp of the factors impacting individual investors' investment decisions across the globe, this chapter reviews a variety of articles, research projects, and conference papers. The reviews give a thorough understanding of how this study was carried out.

2.1 Theoretical Review

As investors throughout the world become more conscious of environmental and social issues and how they affect businesses' long-term financial success, ESG elements have become more and more important (Sultana et al., 2017). Investors can make well-informed decisions that support sustainable company practices and are consistent with their beliefs by including ESG considerations into their decision-making process. Environmental, social, and governance issues are the three primary categories into which the literature on ESG elements can be divided.

Environment: Environmental factors play a significant role in shaping investment decisions, particularly as sustainability and corporate responsibility gain prominence. Here are some key environmental factors to consider:

Regulatory Environment: Governments are increasingly implementing regulations related to environmental protection. Policies like carbon pricing, emissions limits, and renewable energy mandates can impact the viability and profitability of certain investments.

Climate Change Risks: Investors are assessing how climate change may affect the stability and performance of their investments. This includes physical risks (like damage from extreme weather) and transitional risks (like shifts in market demand toward greener products).

Resource Availability: The availability of natural resources (water, minerals, etc.) can affect the long-term sustainability of investments. Companies that rely heavily on scarce resources may face higher operational risks.

Sustainability Trends: There is growing consumer and investor preference for sustainable practices. Companies that adopt environmentally friendly practices may enjoy a competitive advantage, impacting their stock performance and investment attractiveness.

ESG (Environmental, Social, and Governance) Factors: Many investors now consider ESG criteria alongside traditional financial metrics. This includes evaluating a company's environmental impact, social responsibility, and governance practices.

Reputation and Brand Value: Companies perceived as environmentally responsible may enhance their brand value, attracting investors who prioritize ethical considerations. Negative environmental incidents can lead to reputational damage and financial losses.

Technological Innovations: Advancements in clean technologies and renewable energy can create new investment opportunities. Companies that innovate in this space may be more attractive to investors.

Global Supply Chains: The environmental practices of suppliers can influence investment decisions. Investors may prefer companies that manage their supply chains sustainably to mitigate risks.

Investor Pressure: Institutional investors and activists are increasingly pushing companies to adopt sustainable practices. This pressure can influence corporate behavior and, subsequently, investment decisions.

Impact on Financial Performance: There is a growing body of evidence suggesting that companies with strong environmental practices can outperform their peers financially, making them more attractive to investors.

In summary, environmental factors are increasingly critical in investment decision-making, influencing both risk assessment and potential returns. Investors are more likely to favor companies with strong environmental practices and sustainable business models.

Social: Businesses' affect on their stakeholders, including consumers, staff, and the communities in which they operate, are referred to as social factors. It examines a business's commercial partnerships. From the perspective of an investor, managing social risks entails being aware of the connections a business has with each stakeholder and determining how bad business practices affect them.

Governance: Corporate governance and business integrity are the two main facets of governance challenges. A company's board of directors regulates and supervises its operations in accordance with a set of rules, policies, and practices known as corporate governance in order to attain accountability and transparency. How a business handles problems like bribery and corruption while maintaining political neutrality is known as

business integrity. A high quality of corporate governance makes it easier for management to be conservative, innovative, and successful over the long run. Since market trends indicate that effective governance generates higher returns, the financial services sector has long taken governance problems into account, especially those pertaining to board composition and abstaining from unlawful activities.

In order to evaluate a company's influence on the environment, environmental elements are essential parts of ESG investing (Senadheera et al., 2021). Research from several nations has demonstrated that when choosing where to invest, investors take environmental concerns into account. While Australian superannuation fund members and Japanese shareholders are similarly concerned with a company's environmental policy, Indian investors place a higher priority on environmental issues. According to French studies, businesses with subpar environmental policies or practices, on the other hand, are less likely to draw in investments (Kurtishi-Kastrati, 2013).

A company's impact on society and its stakeholders is one of the social aspects in ESG (Huang, 2019). These include, among other things, diversity, health, human rights, labor regulations, workplace safety, and access to medications. Research conducted in industrialized nations has demonstrated that social considerations are a major component when it comes to investors' evaluation of ESG. It is yet unknown, though, if investors in poor nations like Nepal take social considerations into account when making judgments about their investments. According to Australian research, social factors—which prioritize community-employee interactions, worker and product safety, and human rights—are prioritized over environmental and governance concerns.

Along with board composition, CEO compensation, shareholder rights, and transparency, governance aspects in ESG assess a company's management and oversight processes (Odell & Ali, 2016). For investors, who often steer clear of businesses with poor governance and favor those with strong governance, strong corporate governance procedures are essential. Notably, investor demand for improved governance standards has increased as a result of corporate crises like Tyco and Enron (Zwaan et al., 2015). Consequently, the following third theory is put forth:

Investors look at companies' performance on ESG concerns in addition to financial returns, demonstrating the significance of the ESG factor in investment decisions (Naveed et al., 2020).

The application and predictability of current global ESG models are limited, especially in unstable situations, and models that are sourced privately have trouble being

generalizable and comparable. This study presents a customized ESG framework for South Korea that incorporates local and global elements into three categories and is assessed using the AHP model. Results show that institutional investors give more weight to governance and environmental considerations than to social ones, with particular implications on investment choices coming from risk management, pollution control, shareholder rights, and greenhouse gas emissions. These choices are also heavily influenced by national characteristics, such as CEO reputation and subcontractor relationships. Institutional investors' approval of the study implies that this nation-specific methodology can be used as a standard for comparable studies in other developing nations. (Park, & Jang 2021).

The influence of ESG considerations on investing decision-making can be mitigated by investor awareness levels. Higher knowledge of ESG elements increases the likelihood that investors will take them into account when making decisions and have a better grasp of how they affect risk and financial performance. Conversely, less aware investors might not place as much emphasis on ESG concerns, which could result in less-than-ideal investment choices that do not take ESG elements into account (Boffo & Patalano, 2020).

2.2. Empirical Review

One crucial component of the study's planning is the literature review. Finding out what has been done in the field of the research study being conducted is the main goal of the literature review. Research and analysis on the use of ESG variables in investing decisions in Nepal appear to be relatively new. Here, an effort is made to review some of the research, including a review of journal articles written by both domestic and foreign authors.

Review of International Studies

Yang et al. (2025) explored the impact of Environmental, Social, and Governance (ESG) ratings on digital technology innovation in manufacturing enterprises. It uses a dual machine learning approach to investigate the mechanisms by which ESG ratings boost innovation. Results show that ESG ratings alleviate financial market constraints, improve customer stability, enhance human resource levels and increase innovation awareness and efficiency. These improvements occur through external support and internal governance. The study also reveals that ESG ratings significantly enhance digital technology innovation in state-owned and high-tech manufacturing enterprises, whereas they have

limited impact on non-state-owned and non-high-tech companies. The paper suggests policy recommendations to increase awareness of ESG importance, intensify supervision and enforcement, and refine the ESG rating system.

Aleksandra (2024) showed environmental, social, and governance (ESG) and corporate social responsibility (CSR) are becoming more and more crucial components for businesses looking to draw in capital and maintain sustainability. Investor interest in sustainable businesses is growing, and these strategies address a range of social and environmental issues. A reduction in general well-being, an increase in domestic violence, and a breakdown in family ties can result from poor treatment for mental health, which is a crucial component of societal stability and economic development. Insufficient attention to mental diseases among parents can raise the chance of comparable conditions in their children, according to research employing market analysis, time series analysis, and multidimensional statistical methods. Because untreated mental health illnesses have long-lasting repercussions on children's mental health and emotional wellness, their high incidence worldwide is a serious worry, especially for parents. Programs for workplace mental health must therefore be given top priority in order to enhance worker productivity and well-being.

Kräussl et al. (2024) depicted with the goal of producing better performance or having an impact on society, this study looks at the expectations, attitudes, and views of investors that take Environmental, Social, and Governance (ESG) factors into account when making investment decisions. Green assets are predicted to yield poorer long-term returns than their non-ESG counterparts when viewed through the equilibrium models of agents with diverse preferences for ESG investments. Through a variety of means, ESG investments can, nevertheless, beat non-ESG assets in the near term. There are conflicting empirical findings about the relative performance of ESG investments. The literature provides compelling empirical evidence that investors favor ESG and that their engagement can result in good social effect. Due to investor choices, green enterprises have lower costs of capital and higher market valuations, which is driving a shift in business strategies toward more sustainable practices.

Widjaja (2024) explored in today's financial management, environmental, social, and governance (ESG) considerations are becoming more and more significant. A company's

obligation to society and the environment is reflected in the incorporation of ESG into financial decision-making and corporate strategy, which also enhances long-term financial performance. Businesses with robust ESG policies typically exhibit improved risk management, a more reputable image, and increased attractiveness to ethical investors. Additionally, putting an emphasis on ESG enables businesses to satisfy rising stakeholder expectations, enhance operational efficiency, and spot innovation opportunities. ESG has therefore emerged as a crucial element of contemporary financial management, impacting everything from financial reporting and long-term growth plans to capital allocation and investment appraisal. In summary, this analysis affirms the significance of ESG considerations in contemporary financial management and emphasizes how they can be a successful business tactic to attain long-term financial success in a market where sustainability and social responsibility are becoming more and more important.

Marlian (2024) examined the realm of contemporary finance, the incorporation of Environmental, Social, and Governance (ESG) considerations into investment choices is becoming a significant topic. The opportunities and difficulties of incorporating ESG considerations into investing decision-making are examined in this study. This study examines a number of factors that affect the choice to make sustainable investments using a qualitative methodology and literature review techniques. The analysis's findings indicate that while there are many chances to enhance long-term investment performance through ESG integration, a number of obstacles still need to be addressed. Among these are issues with applying accounting rules to ESG data, which is frequently qualitative and prospective, as well as a lack of openness, consistency, reliability, and materiality in reporting ESG data.

Lu et al. (2024) depicted in the stock market, there is a lot of discussion about environmental, social, and governance (ESG) investments. Furthermore, a lot of scholarly attention has been paid to the controversy surrounding the profitability of ESG investments. This study investigates if investor sophistication has an impact on the relationship between ESG investments and equity investment return (EIR). The findings imply that although ESG investors typically make less money than other investors, these lower returns can be offset by sophisticated investors who are distinguished by their increased financial literacy, diversified portfolios, contrarian investment strategies, and

lack of familiar biases. These results improve our knowledge of ESG investments and provide insightful information to help investors make complex ESG investment choices.

Mathur and Sharma (2024) explored to obtain high-quality information for their investing decisions, investors use a range of strategies. In the past, they just considered financial success while making decisions, but now days, they also consider other factors. They use ESG data for making investment decisions. As people's desire to be more sustainable grows, they want their assets to grow with it. Furthermore, ESG integration in investing has recently changed from being a niche idea to a common practice. By using theoretical and methodological insights from relevant literature, the study seeks to provide light on the complex development of environmental, social, and governance (ESG) integration into investment decisions. According to the chapter, society has changed as a result of ESG integration. As people work to match their financial goals with their moral and social beliefs, the investment environment has changed dramatically. ESG's transition from a specialized factor to a widely accepted consideration suggests a fundamental alteration in the investment process itself.

Khan and Iqbal (2024) showed the fact that businesses work to maximize shareholder wealth is acceptable, but there is growing pressure on businesses to answer to a variety of stakeholders who are either directly or indirectly involved in their operations. When making investment decisions, investors now take into account environmental, social and governance (ESG) considerations in addition to financial ones. Even if ESG is not included in a company's yearly financial reports, investors nevertheless consider it important when determining a company's worth. Communities, professionals, and governmental organizations are becoming more interested in ESG, and they all want to see it remain a regular component of business operations and link it to the efficiency and performance of the company that determines its value. Although there are still challenges in incorporating ESG considerations into investing decision-making, every attempt is being made to resolve them. Businesses that take ESG into account are well-positioned to meet their long-term financial objectives since they are more likely to draw in capital, reduce borrowing costs, reduce risks, and increase shareholder value

Rounok et al. (2023) demonstrated that understanding how investors take a company's environmental, social, and governance (ESG) concerns into account while making

investment choices (ID) is the goal of this study. The theory of planned behavior (TPB) and signaling theory serve as the foundation for the framework. 599 active retail investors participated in a questionnaire study that was administered in the Bangladeshi cities of Dhaka and Chattagram. The data was analyzed using the PLS path modeling method. The results demonstrate that corporate reputation (CR) mediates the association between corporate ESG concerns and ID. By offering empirical evidence of the connection between ESG concerns and investment choices, this work advances behavioral finance. It implies that the government should establish public policies to support ESG issues for sustainable capital market and economy development and strategic managers should employ ESG practices to enhance their reputation.

Ma (2023) investigated ESG (Environmental, Social, and Governance) investing has become a major trend in today's investment landscape due to the promotion of the idea of sustainable development. This article explains the key ideas of ESG investing, examines how the practice has spread around the world, investigates the connection between ESG ratings and a company's financial and non-financial performance, and makes recommendations about the relationship between rating systems and capital costs, employee satisfaction, and other factors. The paper addresses the particular use of ESG considerations in international portfolio management, including risk management, portfolio construction techniques, and ESG integration methodologies, based on this framework. According to research, taking ESG elements into account adds a more thorough dimension to investment decision-making, highlighting sustainability in investment portfolios and providing insightful information for both firms and investors.

Kulal et al. (2023) looked at how stock prices and investment performance are impacted by Environmental, Social, and Governance (ESG) aspects. As investors give preference to businesses with sustainable practices, ESG considerations have grown in importance when making investment decisions. This study examines how ESG characteristics affect stock prices and investment returns using a sample of publicly traded companies. The results indicate that businesses with strong ESG performance typically outperform those with bad ESG performance in terms of investment performance and stock prices. The study also emphasises how important each of the ESG's constituent parts—such as corporate governance procedures and environmental regulations—is to stock prices and investment returns. All things considered, this study offers insightful information to

investors who want to include ESG considerations in their investing decision-making procedures.

Husnah et al. (2023) used investment goals as a variable to examine how environmental, social, and corporate governance (ESG) concerns affect investment decisions. The investment industry has paid a lot of attention to ESG considerations, which include how a company's operations affect society, the environment, and corporate governance. 371 Indonesian stock market customers provided data for the study using a survey questionnaire and a quantitative technique. The results demonstrated that the environment, social responsibility, and corporate governance all have different impacts on investment decisions. While environmental factors have little to no influence on investment decisions, they have a big influence on investing goals. While social factors have a positive and significant influence on investing decisions, they have minimal effect on investment goals and choices. Investment is greatly impacted by corporate governance factors. By serving as a mediator between environmental and corporate governance factors, investment objectives help to moderate the link between ESG concerns and investment decisions. Nevertheless, financial objectives do not mitigate the influence of social factors on investment choices.

Young-Ferris and Roberts (2023) stated that through a case study of an equity investment team utilising ESG data in investment research, this paper examines the difficulties and possibilities of ESG integration. It calls into question the viability and sufficiency of the differences between financial and ESG accounting statements. The ambiguity of ESG issues, the challenge of giving ESG data a monetary value and the temporal and spatial constraints of financial accounting are all highlighted in the article. The authors draw the conclusion that investors and clients may feel overly secure as a result of the UNPRI's restriction of ESG risks to those that could be financially significant

Afeef and Kakakhel (2022) stated that in order to generate social impact, sustainable responsible investing (SRI) seeks to incorporate Environmental, Social, and Governance (ESG) considerations into investment allocations, policies, and strategies. In order to comprehend how ESG issues affect investors' investing decisions, this article offers a deductive study framework based on the Theory of Planned Behavior (TPB). Three hundred individual investors on the Pakistan Stock Exchange (PSX) provided the data.

The findings demonstrated that ESG considerations have a large and positive impact on investing decisions, and that investors are sensitive to these factors. According to the survey, investors should view ESG considerations as a crucial component of an appropriate investment strategy. The study also emphasizes the need for additional research on subjective and non-financial variables in the field of finance. Companies ought to improve their ESG performance to attract more investment.

Abhayawansa and Mooneeapen (2022) looked an overview of the current status of the research on investment strategies that take environmental, social, and governance (ESG) aspects into account is given in this chapter. These types of investing are frequently referred to as impact investing, sustainable investing, or socially responsible investing (SRI). 99 journal articles on ESG investment that were published between 2009 and May 2021 are included in the literature review. According to the study, research on ESG investment is expanding, interdisciplinary, centered in developed countries (namely North America and Europe), and dominated by studies that use quantitative (often archival) approaches. (1) Investor behavior in connection to ESG investment, (2) ESG investing techniques, (3) performance and features of ESG-focused funds and portfolios, and (4) ESG ratings are the four main study strands found in the literature on ESG investing. We outline a number of ways that future ESG investing research could be focused on advancing the understanding required to guide corporate and investment actions in a way that promotes planetary sustainability.

Park and Oh (2022) assessed the factors impacting individual investors' incorporation of Environmental, Social, and Governance (ESG) data into their investment choices are examined in this study. The Unified Theory of Acceptance and Use of Technology (UTAUT) model is used to analyze investment patterns and factors influencing ESG integration. It also examines the risks connected with information integration and the sorts of information that investors use. To lessen adoption efforts, the study suggests standardizing ESG reporting and evaluation frameworks. It also suggests encouraging investor relations and active involvement from governance and non-governance organizations to spread the word about ESG management.

Nazarova and Lavrova (2022) researched that between 2010 and 2020, the study looks at how ESG performance and investment appeal relate to S&P 500 American and S&P 350

European companies. The findings indicate that Tobin's Q is positively impacted by higher ESG performance, and moving towards above-median ESG scores may result in more equitable valuation, a higher likelihood of dividends, and a reduced cost of capital. The impact on the industrial sector is also highlighted in the report. Good ESG performance does not ensure that an investment is desirable, but managers pay special attention to it if it is below the median

Aich et al., (2021) examined the necessity of long-term sustainability protection for enterprises and society has been highlighted by recent tragedies. With an emphasis on a company's social and environmental effect, ESG trends are growing faster. ESG factor evaluations, which concentrate on long-term risk-adjusted returns, are an essential component of a smart investment process. Determining the relationship between the ESG impacting elements and their prioritization represents a research need. The interdependencies and interactions between these parameters were investigated using interpretive structural modeling (ISM). The outcomes will assist companies in attracting and securing funding

Cakranegara and Sidjabat (2021) analyzed to get a competitive edge, investors can concentrate on return on investment or Environmental, Social, and Governance (ESG) principles. In order to capture value creation in the modern business environment, ESG values must be added to the Porter framework, which is used to measure a company's competitive advantage. The Porter and LST integration frameworks were applied in this study to the mining and agricultural industries that produce raw materials. According to the study, a company's competitive advantage is greatly impacted by ESG variables, and businesses that disregard ESG value are less competitive. On the other hand, sectors that focus on ESG considerations see a downturn

Efimova and Volkov (2021) explored with an emphasis on the connection between market returns for investors and environmental, social, and governance (ESG) performance, the study looks at how effective investment decision-making is in sustainable development contexts. The study examines the portfolios of ESG-oriented and ESG-neutral businesses using both theoretical and quantitative approaches. The findings indicate that while ESG-oriented businesses are just as profitable as ESG-neutral businesses, their core metrics are worse. Non-financial value drivers are the cause of the

correlation between investment attractiveness and ESG compliance. When creating investment strategies, the authors advise including ESG into portfolio analysis.

Eccles et al. (2017) demonstrated according to a global study of 582 institutional investors, the impediments to ESG integration, such as the notion, it necessitates surrendering profits, fiduciary obligation, and unrealistic short-term expectations, were not as important as previously thought. The primary obstacle was the dearth of high-quality data regarding how well companies performed on their material ESG aspects. The authors ascribe this to the absence of both ESG performance data reported by companies and standards for measuring ESG performance. The outcomes were comparable across regions, equities and fixed income investors, and asset owners and asset managers. However, investors in the Americas were more patient when it came to the time periods for seeing outperformance from ESG, and asset owners had longer investment horizons than asset managers. The methods used to get beyond the obstacles to ESG integration varied by location as well.

Review of Nepalese Context

Karmacharya (2023) investigated the influence of Environmental, Social, and Governance (ESG) factors on investment decisions among 392 individual investors in Pokhara, Nepal. Utilizing a survey-based approach and analyzing data through Confirmatory Factor Analysis and path analysis, the findings reveal that social and governance factors significantly impact investment choices, while environmental factors do not. Additionally, investor awareness enhances the relationship between governance factors and investment decisions. Approximately 69 percent of the variation in investment decisions can be attributed to the independent variables examined. The results highlight the importance of ESG considerations in investment practices, providing insights for developing tailored investment products and promoting sustainable investing in Nepal.

Bhandari et al. (2024) stated individual and institutional investors now consider ESG considerations when making investing decisions. Predicting the stock market, however, is difficult and unpredictable, particularly for ESG portfolios. This is addressed by proposing an integrated computational framework that predicts the volatility of the ESG index utilizing deep learning model architectures, such as convolution neural networks, gated recurrent units, and long short-term memory (LSTM). To find a well-balanced set

of input features from technical indicators, macroeconomic parameters, and fundamental data, a thorough examination was carried out. Standard assessment measures were used to evaluate the models' performance and model-selection and hyper parameter tuning techniques were put into practice. The model's dependability and robustness were confirmed by statistical analysis. According to experimental findings, a single-layer LSTM model with few neurons offered a superior fit with high prediction accuracy (

Bhandari et al. (2024) examined green finance methods are emerging as a crucial tactic as the global financial landscape shifts towards sustainable growth. However, international programs like the UN's Sustainable Development Goals highlight Nepal's environmental problems. The methods and obstacles preventing Nepalese commercial banks from adopting green finance practices are examined in a qualitative research study. The implementation of a legislative framework, the scarcity of green investment opportunities, perceived financial risks, ignorance among banking professionals, and the requirement for strong institutional support and leadership commitment are some of the challenges identified by the study. It is advised that Nepal's commercial banks adopt green financing methods, promote international environmental initiatives, and coordinate with the country's sustainable development goals in order to get over these obstacles.

Rajani (2024) conducted a study on looks at how Environmental, Social, and Governance (ESG) disclosure practices affect investment choices, with a particular emphasis on how investors use this data to evaluate risk and make well-informed decisions. It highlights how crucial ESG disclosure is to raising awareness of the financial benefits of sustainable practices. The study sheds light on the benefits, difficulties, areas for improvement, and potential advancements of these practices. The case study's conclusions offer fresh insights into the ways that ESG disclosure practices affect investment choices, which could help investors improve their approaches and foster a more sustainable financial system. When making investment decisions, ESG disclosure is essential because it offers useful details about a company's ESG performance, aids in evaluating opportunities and risks, helps uncover investment themes, and determine effective choices. Companies with robust ESG disclosure attract and retain investors, while those considering ESG considerations enhance their potential for long-term returns.

Agrawal (2021) researched that three decades after it was established as a scientific truth, climate change is already a major danger to investments because of mounting data. Because they think these aspects will yield long-term gains, investors are increasingly taking environmental, social, and governance (ESG) considerations into account when making investment decisions. ESG concerns have a big influence on a company's stock price and are increasingly becoming a fiduciary responsibility for financial managers. ESG integration turns into a fiduciary responsibility as companies move from short-term profits to long-term value development. Investors are evaluating companies based on their ESG policies as a result of businesses' growing concern about their effects on society and the environment. As a result, more investors are using ESG risks as a criterion when choosing which companies to include in their portfolio. ESG risk encompasses several different aspects, from climate change responses to ethical labor practices and board structure and governance.

Table 1

Summary of Review

Authors	Objectives	Methodology	Major Findings
Karmacharya, (2023).	Examine the connection between Nepalese individual stock investors' investing decisions and ESG considerations.	5-point Likert scale questionnaire and Data analysis techniques, descriptive statistics, CFA, and Path analysis.	Results show social and governance factors significantly influence investment choices, while environmental factors do not. Investor awareness enhances this relationship.
Bhandari et al., (2024)	By integrating macroeconomic variables, technical indicators, and fundamental data, the study seeks to identify the uncertainty cone in market volatility prediction.	Standard metrics, hyperparameter tuning, and model-selection techniques were used to assess the models	An integrated computational framework uses deep learning models to predict ESG index volatility using technical indicators, macroeconomic parameters, and fundamental data.
Bhandari et al., (2024)	To find out the regulatory framework of green finances in Nepal	Used a qualitative research approach to examine the procedures and obstacles that	A qualitative research study examines obstacles preventing Nepalese commercial banks from adopting green finance practices, recommending legislative framework

D, Rajani. (2024)	Examines the influence of ESG disclosure practices on investment decisions	Integrates ESG information from CFA Institute publications and a framework for identifying, assessing, integrating, valuing, and presenting information in research reports.	implementation, green investment opportunities, financial risks, and institutional support. The study explores the impact of Environmental, Social, and Governance (ESG) disclosure practices on investment decisions, emphasizing their importance in raising awareness of sustainable financial benefits and enhancing long-term returns.
Agrawal, (2021)	ESG considerations must to be included into every facet of business operations and decision-making.	ESG reporting and metrics for the valuation of non-financial information	Climate change poses a significant threat to investments, prompting investors to consider environmental, social, and governance (ESG) factors in their investment decisions. ESG risks influence company stock prices and financial managers' fiduciary responsibility.
Yang et al., (2025)	Learn how digital technical innovation in manufacturing and ESG ratings are related.	Employs a dual machine learning methodology to examine the impact of ESG ratings empirically.	The study reveals that Environmental, Social, and Governance (ESG) ratings significantly enhance digital technology innovation in manufacturing enterprises, with limited impact on non-state-owned companies.
Park and Jang, (2021)	Determine how ESG aspects are taken into account and how significant they are to investors when they are making investing decisions.	AHP model is utilized to assess institutional investors' perceptions	The study highlights South Korean ESG paradigm, focusing on social, governance, and environmental factors, revealing that governance, environmental aspects, and country-specific factors significantly

			influence investment choices.
Aich et al., (2021).	Identify the ESG factors that affect investments.	ISM model, SSIM, Reachability Matrix, MICMAC Analysis and Level Partition were used	Recent tragedies underscore the importance of long-term sustainability protection for enterprises and society. ESG trends are growing, requiring smart investment processes and research to understand their interdependencies.
Nazarova and Lavrova, (2022)	Analyse the connection between investment attractiveness and ESG performance.	Utilise panel regression, propensity score matching analysis, and the difference in means.	The study reveals that higher ESG performance positively impacts Tobin's Q, leading to more equitable valuation, higher dividend likelihood, and reduced capital cost, especially in the industrial sector.
Cakranegara and Sidjabat, (2021).	Investigates how firms' and sectors' competitive advantage was impacted by ESG variables.	Porter framework and the LST integration framework	ESG principles significantly impact a company's competitive advantage, with disregarding them leading to decreased competitiveness, while focusing on them can lead to a downturn.
Young-Ferris and Roberts, (2023)	The research investigates the difficulties and possibilities of incorporating ESG considerations into investment analysis and choices made by an equity investment team.	The analysis utilizes literature that views financial and ESG accounting as 'inscriptions'	This paper explores the challenges of ESG integration in equity investment research, highlighting the ambiguity of ESG issues, the challenge of monetary value, and the UNPRI's restrictions.
Efimova and Volkov, (2021)	Seeks to determine how and why market returns for investors are correlated with environmental, social, and governance (ESG) performance.	Quantitative techniques, such as statistical data analysis, regression analysis, and financial modelling, and theoretical	The study explores the correlation between ESG performance and investment decision-making in sustainable development contexts, finding that ESG-oriented

		examination of scientific articles (analysis, synthesis, generalisation).	businesses are profitable but have worse core metrics.
Afeef and Kakakhel, (2022)	Examine the ESG factors and how they affect individual investors' investment decisions.	Used GPower analysis and Structural Equation Modelling (SEM)	This article explores the impact of Environmental, Social, and Governance (ESG) on investors' investment decisions, highlighting the importance of ESG in a sustainable responsible investing strategy and the need for further research.
Kulal et al., (2023)	This study looks at how stock prices and investment performance relate to Environmental, Social, and Governance (ESG) aspects.	Descriptive statistics, correlation and regression	The study explores the impact of Environmental, Social, and Governance (ESG) aspects on stock prices and investment performance, finding that businesses with strong ESG performance outperform those with poor performance.
Husnah et al., (2023)	Examine the impact of ESG considerations on investing decisions by utilising the relationship's variable of investment goals' mediation.	The study's analysis was conducted using software known as SmartPLS 3.0.	The study examines the impact of environmental, social, and corporate governance (ESG) concerns on investment decisions, revealing that environmental factors significantly influence goals, social factors have minimal effect, and corporate governance significantly impacts investment choices.
Aleksandra, (2024)	Describes in depth how CSR and ESG affect businesses and how they relate to investing choices.	Market analysis, time series analysis methods and multidimensional statistical methods	ESG and CSR are crucial for businesses to attract capital and maintain sustainability. Poor mental health treatment can lead to societal instability and economic decline, requiring priority for workplace mental health

Eccles et al., (2017)	The research looked at the motivations behind ESG investing, obstacles to it, investor tactics, timelines for making decisions, management performance reviews, and remuneration distribution.	Descriptive and analytical tools used	Found that impediments to ESG integration, such as profit surrender and unrealistic short-term expectations, were less significant than previously thought.
Lu et al., (2024)	Investigates if investor sophistication has an impact on the link between ESG investments and equity investment return (EIR).	Regression, Probit model and least squares	The study explores the impact of investor sophistication on the relationship between ESG investments and equity investment return, suggesting that sophisticated investors can offset lower returns.
Mathur and Sharma, (2024)	To examine the complex process of incorporating environmental, social, and governance (ESG) considerations into investment choices, the study draws on existing literature.	Using the theoretical and systematic understandings of relevant literature	Investors now consider environmental, social, and governance (ESG) data in their investment decisions, as people seek sustainable growth. This shift from a niche idea to a widely accepted consideration suggests a fundamental change in the investment process.
Khan and Iqbal, (2024)	Assess the necessity of incorporating ESG into financial reports and corporate investment decision-making.	ESG tools and data analysis	Businesses are increasingly considering environmental, social, and governance (ESG) factors in investment decisions, aiming to maximize shareholder wealth while addressing stakeholder concerns. This approach can lead to increased capital, reduced risks, and improved long-term financial performance.
Kräussl et al., (2024)	The study investigates the expectations,	Review the most recent research on	This study examines investors' expectations and

	convictions, and viewpoints of investors that use ESG factors to improve performance or have a positive social impact while making investment decisions.	ESG investing to learn about investors' attitudes, convictions, and expectations.	attitudes towards Environmental, Social, and Governance (ESG) factors in investment decisions. While green assets may yield poorer long-term returns, they can beat non-ESG assets in the near term.
Rounok et al., (2023)	Find out how investors evaluate a company's corporate reputation, whether corporate reputation mediates the relationship between ESG issues and ID, and how they take into account a company's ESG issues	Five-point Likert scale and partial least squares (PLS) path modeling technique	This study explores how investors consider a company's ESG concerns in making investment decisions, using TPB and signaling theories. Results show corporate reputation mediates this association, promoting sustainable capital market development.
Widjaja, (2024)	Bibliometric information on citations, scientific publications, authors, sources, affiliation, contributions from other nations, keywords, emerging topics, and possible future study areas are all part of the goal.	Scopus database and Biblioshiny in R Studio	ESG considerations are increasingly important in financial management, enhancing long-term performance, risk management, reputation, and stakeholder appeal. They impact financial reporting, growth plans, capital allocation, and investment appraisal.
Marliani, (2024)	The opportunities and difficulties of incorporating ESG considerations into investing decision-making are examined in this study.	Employs a qualitative approach and methodological literature study.	This study explores the integration of Environmental, Social, and Governance (ESG) factors into investment decisions, highlighting challenges such as accounting rules and lack of transparency in reporting ESG data.
Abhayawansa and Mooneepen, (2022)	The paper offers a thorough summary of the state of the study on investment strategies that take governance,	Scopus database, ABDC journal ranking list and sustainability-related research	This chapter reviews 99 journal articles on ESG investment strategies, focusing on impact investing, sustainable

	social, and environmental (ESG) considerations into account.		investing, and socially responsible investing. It highlights the expanding, interdisciplinary, developed-country research, and suggests future research for planetary sustainability.
Ma, (2023)	Global development, the relationship between ESG ratings and firm performance, the relationship between rating systems, capital costs, employee satisfaction, and other topics are all covered in this article.	Risk management, portfolio creation techniques, and integration techniques.	ESG investing promotes sustainable development, influencing financial and non-financial performance. It's widely used in international portfolio management, enhancing decision-making, highlighting sustainability, and providing valuable insights for firms and investors.

2.3 Research Gap

A survey of the literature on how environmental factors affect individual investment decisions reveals that the majority of research used the apparent approach, which takes into account the most often used indicators. It was discovered throughout the evaluation of earlier theses that no researcher had used the sample companies chosen for this study. Therefore, it is thought that this study will close the gap that the previous researcher had created. Only investors in the Nepalese stock market were included in the researcher's sample. Additionally, the researcher used share brokers, market analysts, and individual investors as the main sources of information for their study on the effects of ESG issues on stock market efficiency. The primary participants in the stock market, share brokers, market analysts, and individual investors, needed to be surveyed.

There is still a significant knowledge gap despite a wealth of research on the impact of ESG on topics like as stock prices, stakeholders, institutional investors, financial performance, and corporate social responsibility. A thorough investigation of how companies reveal information about their environmental, social, and governance (ESG) initiatives while making investment decisions has not yet been done, despite some studies

in this area. To fill this gap, our current study is employing the systematic review methodology, which is a successful method of collecting and analysing prior data.

We have discovered significant gaps in our understanding of the impact of ESG, transparency concerns, the function of regulations in providing clarity, the ways in which various individuals perceive the importance of ESG, and the way that ESG considerations are incorporated into basic financial analysis. The systematic review guarantees a more comprehensive and evidence-based analysis than ordinary literature studies, which could overlook details and be influenced by subjective viewpoints. When making investment decisions, this approach assists us in carefully reviewing previous research and identifying common patterns in subjects associated with environmental, social, and governance methods. More research is needed to understand the effects of ESG factors while selecting investments in Nepal, as there hasn't been much done on the subject there. By offering insightful information about the ever-changing terrain of ethical considerations in investment decision-making, the study has significantly advanced the subject of socially responsible investing. The intended state requires continued development and improvement of the study's conclusions (Husnah et al., 2023).

CHAPTER-III

RESEARCH METHODOLOGY

The research concept and technique to identify environmental factors impacting individual investing decisions in the Nepalese stock market are covered in this chapter. It essentially provides a brief overview of the research design and plans, sample size calculation, data collection tools, sources, and methodologies, as well as the tools and techniques used for data analysis in this study.

3.1 Research Design

Finding and identifying the most important factors influencing the actions of individual investors has been the primary goal of this study. These elements consist of governance, social, and environmental aspects. The study also aims to investigate the hypothesis on the connection between respondents' investment decisions and environmental factors.

The study has used descriptive and comparative research design and aims to investigate and examine the connection between environmental conditions and Nepali individual stock investors' investing decisions. It uses a survey that employs a standardized questionnaire that is distributed to individual share market investors via Kathmandu brokerage companies. This architecture makes it possible to gather information from a wide range of individual investors and offers insightful information about how they make investment decisions. The study produces empirical data on the impact of environmental factors on investment decisions among individual investors in Nepal by using a survey-based research design.

3.2 Population and Sample

All individual investors who use brokerage houses in Kathmandu, Nepal to make share market investments are included in the study's population of interest. Purposive sampling was a wise decision for this study because it allowed the researchers to focus on a particular subset of Nepali individual investors, which closely matched the study's goals and guaranteed the gathering of pertinent data for a thorough understanding of how environmental factors influence investment decisions, with investor awareness acting as a moderating factor. The target sample size is 384, which is calculated using a sample size

estimation procedure that assumes a 5 percent threshold of significance and a 5 percent error margin (Barlett et al., 2001). On the basis of probability sampling sample size was determined by using following formula:

$$\text{Necessary Sample Size} = \frac{(Z\text{-score})^2 \times \text{StdDev} \times (1 - \text{Std Dev})}{(\text{Margin of error})^2}$$

Here's a worked example, assuming the 95% confidence level, 0.5 standard deviation, and a margin of error (confidence interval) of +/- 5%.

$$\begin{aligned} \text{Sample Size} &= \frac{((1.96)^2 \times .5(.5))}{(0.5)^2} \\ &= 384.16 \approx 384 \end{aligned}$$

For this investigation, 384 respondents were required. 400 responders were thus selected as a sample. 400 investors in all were given questionnaires for this research project, along with appropriate instructions on how to complete them. All 400 investors participated as responders. Thus, there was a 100% response rate.

3.3 Nature and Source of Data

A structured questionnaire is the main tool used in data gathering methods. It is intended to gather information on investment decisions, attitudes toward sustainable and socially responsible investing, and views of environmental concerns. Using a 5-Likert scale, the study's independent variables—environmental, social, and governance characteristics—are seven, eight, and nine items, respectively. These factors determine the investor's preference for which aspects of the company were more valuable when they invested in it. The Sultana et al. (2018) research is cited in the ESG survey. Using the ESG components index from Thomson Reuters (2013) and the United Nations Global Compact (UNGC, 2004), the questionnaire was constructed and modified.

3.4 Data Analysis Method

With the aid of suitable tools like Microsoft Excel and SPSS software, the gathered data has been tabulated, categorized, and examined. Several statistical techniques were employed in this study's data analysis, which was conducted using SPSS, Ms-word, Ms-excel etc. in order to determine the study's conclusion. The core of the study data was driven by and interpreted using descriptive and causal statistics. The results were

described using descriptive statistics such as the mean and standard deviation, and the relationship between the independent and dependent variables was demonstrated using causal statistics. The data was displayed in a table that facilitates analysis and comprehension. Regression and correlation were used in inferential statistics to assess the model's reliability.

3.5 Analysis Tools

Tools for data analysis aid in making sense of the information gathered. They can report findings and provide interpretations thanks to it. The project's objectives and the kind of data gathered determine how the data was analyzed. Reliability testing, percentage frequency distribution, correlation coefficient analysis, and casual comparative analysis are among the analysis tools used in this study, which focuses on qualitative data.

Reliability Test

The degree of foundation and legitimacy of its conclusions is what defines reliability. The reliability of the scales was evaluated using Cronbach's alpha and composite reliability. The construct is considered dependable if both the alpha and the CR are more than 0.70 (Simşek & Noyan, 2013).

Percentage Frequency Distribution

To create a frequency distribution, a contingency table, and to better visualize the gathered data, a percentage analysis was computed. This made it easier to compare the study's findings.

Descriptive Statistics

The results were described using descriptive statistics (mean and standard deviation). The respondents' degree of predisposition toward the specific attitude and entrepreneurial orientation was ascertained by calculating the mean values of their responses. The statistics by which the whole answer varied from the mean values were also ascertained using the standard deviation.

Arithmetic Mean: A mathematical representation of a sequence of numbers, the arithmetic mean is calculated by dividing the sum of all the numbers in the series by the number of numbers in the series. The value of the AM is obtained by adding together all

the items and by dividing this total by the number of items. The mean is calculated for the descriptive statistics in the report to study the average value of the variable.

Mathematically,

$$\bar{x} = \frac{\sum fx}{N}$$

Where,

$\sum fx$ = sum of all numerical values x

N = no of observations

Standard Deviation

The dispersion of a set of data from its mean is measured by the standard deviation. The deviation increases with the degree of dispersion of the data. The standard deviation is computed by taking the variance's square root.

$$\sigma = \sqrt{\frac{\sum(X - \bar{X})^2}{N}}$$

Where,

σ = Standard deviation

$\sum(X - \bar{X})^2$ = Sum of square of difference of data and mean

N = no. of data

Minimum and Maximum:

The values of a sample's biggest and least items are known as the sample minimum and sample maximum, or the largest and smallest observations, respectively. To characterize the sample's outliers, these are computed in the statistics. Range is the difference between maximum and minimum.

Maximum: Highest value of the sample.

Correlation Coefficient Analysis

A statistical indicator of how well changes in the value of one variable forecast changes in the value of another is called a correlation coefficient. The Karl Pearson correlation coefficient, or Karl Pearson measure, between two variable series x (x, y) r can be found as follows:

$$r = \frac{n \sum xy - \sum x \cdot \sum y}{\sqrt{n \sum x^2 - (\sum x)^2} \sqrt{n \sum y^2 - (\sum y)^2}}$$

Where,

r= correlation coefficient

n = no. of year

$\sum x$ = Sum of series X

$\sum y$ =Sum of series Y

$\sum xy$ = Sum of the product X and Y

$(\sum x)^2$ = Sum of squares of series X

$(\sum y)^2$ =Sum of squares of series Y

The range of values for the correlation coefficient is +1 to -1. When two variables have a positive correlation coefficient, they tend to move in the same direction because when one increases, the other one does too. If one variable rises, the other falls, and vice versa, according to a negative correlation coefficient. There is no linear link between variables when the correlation coefficient is around 0.

Multiple Regression Analysis

One simple and popular kind of predictive analysis is linear regression analysis. The dependent variables are estimated using a collection of statistical procedures based on the independent variables. When the link between a dependent variable and one or more independent variables is the main focus, it encompasses a variety of methods for studying multiple variables.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \epsilon_i$$

Where,

Y = Investment Decision

β_0 = Constant parameter β_1 , β_2 and β_3 are the parameters to be estimated

X1 = Environmental Factor

X2= Social Factor

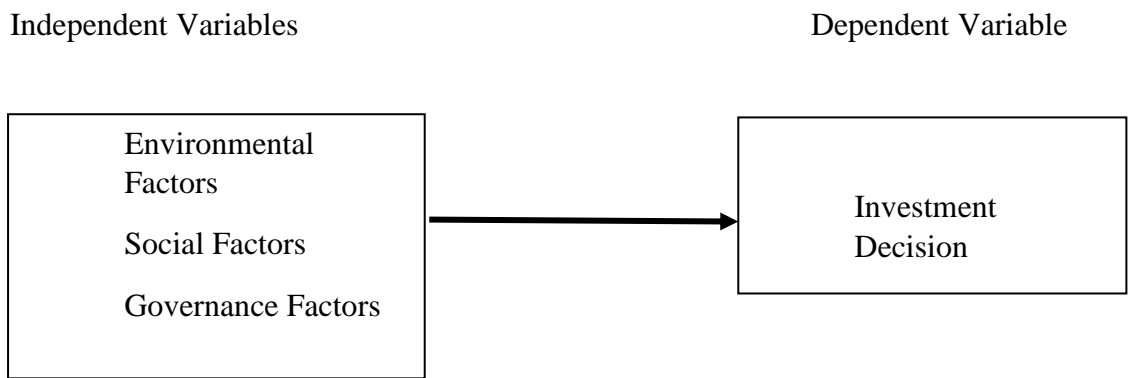
X3= Governance factor

The unit β_1 , β_2 and β_3 indicate the proportion of positive effect and the change in the dependent variable as a result of a unit change in the corresponding independent variable. The significance test for the multiple correlation coefficient was established. With the assumption that every independent variable had an impact on the dependent variable, this test examined the significance of the entire regression model.

3.6 Research Framework

To accomplish the goal, the researchers operationalize a research framework, which is a structure of concepts (variables). A measure characteristic that takes on varied values for different subjects is called a variable. In order to ascertain how one variable affects another, researchers will alter independent variables. The dependent variable makes an effort to show the overall impact that result from the independent variable's influence.

The conceptual framework of this study has therefore been established using environmental, social, and governance factors as deterministic variables, drawing on the aforementioned theories and literature. In the same manner, demographic traits including age, gender, employment type, monthly income and education level are seen as moderating factors, while the dependent variable is the individual's investment decisions. Consequently, the following modifications and developments can be made to the research model:



(Source: Karmacharya, 2023)

Figure 1 Research Framework

Independent Variables

In order to ascertain how one variable affects another, researchers will alter independent variables. Environmental, social, and governance elements were all independent variables in this study.

Environmental Factors: Environmentally conscious investors seek to back businesses that are dedicated to minimizing their environmental effect and advancing sustainability. It includes climate change and carbon emissions, resource depletion and pollution and biodiversity and conservation considerations.

Social Factors: Investors look at the company's treatment of employees, respect for human rights, diversity and inclusion in the workplace, product safety, consumer satisfaction, and community involvement.

Governance Factors: The management and control of a firm is the focus of corporate governance. Companies that prioritize accountability, transparency, and making decisions that generate long-term shareholder value are the ones that ESG investors seek to support.

Dependent Variable

The dependent variable in this study is the degree of personal investment decision-making. A psychometric tool specifically created for analyzing an investor's financial behavior is the individual investment decision.

CHAPTER-IV

RESULTS AND DISCUSSION

The analysis of the information gathered from the field survey is presented in this chapter. The data's descriptive analyses are presented in this section. The hypothesis established earlier in this study has been tested using percentage analysis, mean, standard deviation, correlation coefficient, multiple regression and independent sample t-test.

4.1 Respondent Profile

A modified version of the five-point Likert scale, developed by Mayfield et al. (2008), is used in the questionnaire designed to gauge investors' investment decisions. A nominal scale with aware and unaware options was used to gauge investors' level of investment awareness. The appendix shows how the variable utilized in the study was operationalized.

4.1.1 Demographic Characteristics of Respondents

Gender, age, marital status, level of education, work experience, monthly income, and length of investment are the demographic traits of stock investors who visit various brokerage houses in the Kathmandu Valley. Using SPSS, the data gathered from the questionnaire on the demographic factors was documented and examined in percentage terms. Table 2 presents the respondents' demographic information in summary form.

Table 2

Demographics of Respondents

Respondents Profile (N=400)		Frequency	Percent
Gender	Male	248	62
	Female	152	38
Age	Below 20	40	10
	20 to 39	230	57.5
	40 to 59	109	27.25
Marital Status	60 &above	21	5.25
	Single	157	39.25
	Married	243	60.75
Education level	Below Bachelors	43	10.75
	Bachelors	210	52.5
	Masters & above	147	36.75
	Below 25000	165	41.25

Monthly Income	25000 to 50000	141	35.25
	50000 & Above	94	23.5
Occupation	Student	85	21.25
	Service	141	35.25
	Housewife	32	8
	Self employed	90	22.5
Duration of investment	Others	52	13
	Less than 1 year	120	30
	1-3 years	149	37.25
	4-5 years	77	19.25
	6-10 years	32	8
	Over 10 years	22	5.5

Source: Field Survey, 2024

A thorough summary of the respondents' demographic characteristics is provided in Table 4.1. Gender, the first demographic data, shows that just 38% of respondents were female, compared to 62% of respondents who were male. The nature of the study may have drawn more male investors than female ones, which could account for this gender gap. Of the respondents, 57.5 percent were between the ages of 20 and 39, 15 percent were under 20, 27.5 percent were between the ages of 40 and 59, and 5.25% were 60 and older. This suggested that the vast majority of stock market investors are youthful, aspirational, and prepared to take on risk. Married investors are more risk-taking than their counterparts, as evidenced by the fact that 60.75 percent of respondents were married and 39.25 percent were single, according to the marital status results.

A bachelor's degree was held by the majority of respondents (52.5%), with a master's degree coming in second at 36.75%. Just 10.75 percent of respondents have less than a bachelor's degree. According to the academic qualification results, the majority of investors has advanced degrees and applied their knowledge while making stock market investments.

According to the study's examination of the distribution of monthly income, 41.25 percent of all respondents fall into the income category below \$25,000. This is followed by the income categories of \$25,000–50,000 (35.25%) and \$50,000 and above (23.5%). This suggests that there are more small investors in Nepal's security sector.

According to the respondents' occupation classification, those working in service industries are more exposed to the stock market (35.25 percent), followed by students (21.25 percent), housewives (8 percent), self-employed (22.5) and others (13) percent. Other occupations in this sector include executives, engineers, foreign workers, private employees, and retirees.

In accordance of the respondents, duration of the investment 1-3 years has the highest numbers of investors compare to others, whereas the less numbers of the investors found investing over 10 years. Moreover, the time of investment less than 1 year, 4-5 years and 6-10 years are 30, 19.25 and 8 percent respectively. Which denotes that large numbers of people started investing in the stocks began recently and mature investors are less in the stock marketplace.

4.2 Construct Reliability

According to the table 4.2, all Cronbach's alpha values are higher than 0.70; environment factors have the lowest value at 0.742, while social factors have the greatest value at 0.882. Furthermore, the model's composite reliability is higher than 0.70, with the environment elements having the lowest reliability (0.785) and the social components having the greatest (0.917). As a result, it is evident how reliable the construct is.

Table 3

Construct Reliability of Scale

Variables	Cronbach's Alpha	Composite reliability
Environment factors	0.742	0.785
Social factors	0.882	0.917
Governance factors	0.805	0.836
Investment decision	0.823	0.834

Source: Field Survey, 2023 and authors' calculation.

4.3 Environmental factors influencing investment decision

The identification of the most significant environmental elements influencing investors' investment decisions is the focus of this section. This section uses descriptive analysis to

present the environmental elements scenario. Five distinct assertions that were scored on a five-point Likert scale comprise the environmental characteristics of individual investors in this study: 1. Disagree strongly to 5. Agree strongly.

Table 4

Descriptive Statistics of Environmental Factors

Statements	Mean	Std. Deviation
I would like to invest in the companies who care about climate change risks.	4.175	3.688
I want to invest in the companies that focuses more on biodegradable wastes.	3.948	3.487
I prefer to invest in businesses that use natural resources in an optimal way.	3.675	3.217
I invest in the enterprises that extract less toxic gases.	4.655	4.161
I choose the enterprises which produce environmental friendly products.	3.503	3.114
I intend to make investment in the organizations that prioritize environment protection.	3.803	3.353
I am interested in the organizations which follow environmental rules and practices.	3.718	3.321
Overall	3.925	0.354
Total Respondents (N)	400	

The environmental factors' descriptive data are displayed in Table 4.3. the mean values of the five statements- “I would like to invest in the companies who care about climate change risks.”, I want to invest in the companies that focuses more on biodegradable wastes.”, I prefer to invest in businesses that use natural resources in an optimal way.”, I intend to make investment in the organizations that prioritize environment protection.”, and I am interested in the organizations which follow environmental rules and practices.”, are 4.175, 3.948, 3.675, 3.803, 3.718 and 3.925, with the values of the standard deviation 3.688, 3.487, 3.217, 3.353 and 3.321 respectively. Similarly, “I choose the enterprises which produce environmental friendly products.”, is the least mean (i.e. 3.503) with the standard deviation of 3.114, which represents that people care less on environment friendly products while investing in the stocks, whereas statement “I invest in the enterprises that extract less toxic gases., has the highest mean (i.e. 4.655) with the standard deviation of 4.161 which denotes that stockholders concerns most of this factors

among all environmental factors to make investments. The respondent responses are between Strongly Disagree (1) and Strongly Agree (5). Here overall mean value was 3.925 with standard deviation 0.354 which presents the independent factor (i.e. environmental factors) have the influence on individual investment decision through descriptive analysis.

4.4 Social factors influencing investment decision

This section focuses on identifying the most important social factors impacting investors' investment choices. Social considerations are important while making investment decisions. The purpose of this study is to determine if social influences influence investment decisions. Among the independent variables that influence investment decisions are social considerations, which comprise four declarations that are scored on a five-point Likert scale: 1. Disagree strongly to 5. Agree strongly.

Table 5

Social Factors Influencing Investment Decision

Statements	Mean	Std. Deviation
I wish to make investments in the industries that benefit society.	3.9	3.456
I desire to purchase the stocks/shares of the companies which create huge employment opportunities to the people.	4.083	3.620
I select the firms which donates the certain amount of the profit for the welfare of the nation and citizens.	3.385	2.929
I tend to buy stocks of the companies who concerns human rights.	3.455	3.024
My investment pattern in businesses is also determined by the act of supporting employees for balancing work and life along with refreshment activities and equal opportunities.	2.713	2.524
Firms that promote social practices are the best choice for investing.	3.723	3.338
Companies that provide training and career development opportunities to the employees are my first priority to invest.	3.62	3.267
Overall	3.554	0.369
Total Respondents (N)	400	

The social factors' descriptive data are displayed in Table 5. The statement " My investment pattern in businesses is also determined by the act of supporting employees for balancing work and life along with refreshment activities and equal opportunities " had the lowest mean (i.e., 2.713) with a standard deviation of 2.524, while the statement " I desire to purchase the stocks/shares of the companies which create huge employment opportunities to the people " had the highest mean (i.e., 4.083) and standard deviation (i.e., 3.620) among the seven claims, thus it demonstrates that it affects relatively less on investment decision making . In contrast, the mean values for the statements " I wish to make investments in the industries that benefit society ", " I select the firms which donates the certain amount of the profit for the welfare of the nation and citizens ", "I tend to buy stocks of the companies who concerns human rights", "Firms that promote social practices are the best choice for investing", "Companies that provide training and career development opportunities to the employees are my first priority to invest", are 3.9, 3.385, 3.455, 3.723 and 3.62, respectively, with standard deviations of 3.456, 2.929, 3.024, 3.338 and 3.267. Between Strongly Disagree (1) and Strongly Agree (5), the response fell somewhere in the middle. With a standard deviation of 0.369, the total mean of the social characteristics was 3.554. Consequently, this table shows that the independent factor (i.e., social characteristics) has also impact on individual investment decision.

4.5 Governance factors influencing investment decision

Finding the most significant governance elements influencing investors' investment decisions is the main goal of this section. This section uses descriptive analysis to show the governance factors scenario. Eight distinct statements that are scored on a five-point Likert scale are used in this study to gauge individual investors' perceptions on governance factors: 1. Disagree strongly to 5. Agree strongly.

Table 6

Governance Factors Influencing Investment Decision

Statements	Mean	Std. Deviation
I often prefer the companies that have intellectual and reliable board of directors for investing purpose.	4.278	3.797
Industries that keep the financial report transparent are my first selection to buy their stocks.	4.72	4.224
I usually desire to make an investment in the firms that has their own research and invention centre.	3.612	3.207
I consider investing in the corporations that hold committed executives.	4.26	3.780
I select organizations that are free from corruption and fraud.	4.853	4.347
I would like to be an investor of the enterprises which give equal treatment to all shareholders.	4.743	4.239
When I make investment decisions I see the right code of conduct and strategies of the businesses.	4.503	4.049
I choose the business entities for investing which follow rules and regulations of the government.	4.048	3.583
Overall	4.377	0.387
Total Respondents (N)	400	

Table 6 shows the descriptive data for the governance components. With the lowest mean (3.612) and standard deviation (3.207) among the seven claims, the statement " I usually desire to make an investment in the firms, indicating that it has a relatively small impact on investment decision-making, however, the arguments "I select organizations that are free from corruption and fraud", has the highest mean 4.853 and the standard deviation 4.347 among others dictates that it has biggest influence on investment decision making. Conversely, the average scores for the statements " I often prefer the companies that have intellectual and reliable board of directors for investing purpose", Industries that keep the financial report transparent are my first selection to buy their stocks", I consider investing

in the corporations that hold committed executives”, I would like to be an investor of the enterprises which give equal treatment to all shareholders”, When I make investment decisions I see the right code of conduct and strategies of the businesses”, and “I choose the business entities for investing which follow rules and regulations of the government” are 4.278, 4.72, 4.26, 4.743, 4.503 and 4.048 respectively and their corresponding standard deviations are 3.456, 2.929, 3.024, 3.338, and 3.267. The response was in the middle of the range of Strongly Disagree (1) to Strongly Agree (5). The overall mean of the social qualities is 4.377, with a standard deviation of 0.387. Thus, this table demonstrates that the independent factor that is, government characteristics-has an effect on individual's investments decision as well.

4.6 Investment Decision

An individual's choice to invest is one of the study's dependent variables. Six distinct statements that are scored on a five-point Likert scale are included in this study's level of individual investment decision-making: 1. Disagree strongly to 5. Agree strongly.

Table 7

Descriptive Statistics of Investment Decision

Statements	Mean	Std. Deviation
I carefully research and analyze before investing in the projects.	3.583	3.219
I consider available options for investment.	3.69	3.317
I calculate risk and return before making investment decisions.	3.7	3.347
I invest in the projects that contain high risk and return.	3.255	3.055
I actively engage in share markets.	3.523	3.202
I consider companies inclination towards ESG activity while making investment decision making.	3.05	2.751
Overall	3.467	0.220
Total respondents (N)	400	

The descriptive statistics of the individual investment choice, one of the study's dependent variables, are shown in Table 4.6. The mean values of 3.583, 3.7, 3.255 and 3.523, with standard deviations of 3.219, 3.347, 3.055 and 3.202, are found for the four statements, " I carefully research and analyze before investing in the projects ", " I calculate risk and return before making investment decisions", " I invest in the projects that contain high risk and return", " I actively engage in share markets." The statement that has the highest mean value (3.69) and standard deviation (3.317) is " I consider available options for investment." The statement that had the lowest mean value (3.05) and standard deviation (2.751) is " I consider companies' inclination towards ESG activity while making investment decision making." Between Strongly Disagree (1) and Strongly Agree (5), the response fell somewhere in the middle. Individual investment decisions had an aggregate mean value of 3.467 and a standard deviation of 0.220. As a result, this section demonstrates that the descriptive analysis of individual investment decisions is good.

Summary of all Variables

Through a descriptive study, this section provides the scenario of all the study's independent variables (environment, social, and governance factors) and dependent variables (investment decision). Six distinct statements were assessed using a five-point Likert scale in the study's Summary of All Variables: 1. Disagree strongly to 5. Agree strongly.

Table 8

Overall Summary of all Variables

Statements	Mean	Std. Deviation
Environmental Factors	3.925	0.354
Social Factors	3.554	0.369
Goveranance Factors	4.377	0.387
Individual Investment Decision	3.467	0.220
Total Respondents(N)	400	

A summary of all the study's variables using descriptive statistical analysis is shown in Table 8. The investor's individual investment choice magnitude is 3.467 with a standard deviation of 0.220, indicating a high level of individual investment decision-making among share market participants. "Governance factors" has the highest mean value (i.e., 4.377) with a standard deviation of 0.387 among the factors that influence individual investment decisions. "Environmental factors" has the second highest mean values 3.925 and lowest *Karl Pearson's Correlation Coefficient* standard deviations of 0.354. Additionally, the component "Social Factors" has the lowest mean value (i.e., 3.554) and the second highest standard deviation (0.369). Therefore, it was not problematic that this section used descriptive analysis to present the dependent and independent factors.

4.1.3 Correlation Analysis

The purpose of the study was to examine the connection between the degree of individual investment decision-making and independent factors. Regression analysis and correlation were used to accomplish this. To determine the relationship between the variables, a Pearson correlation analysis was used. This component of the study determined the statistical link between the dependent variable (investment decision) and the independent factors (environment, social and governance).

Table 9

Karl Pearson's Correlation Coefficient

Statements	Individual Investment Decision		
	Pearson Correlation	Sig. (2-tailed)	N
Individual Investment Decision	1		400
Environmental Factors	0.381	0.4538	400
Social Factors	0.372	0.4316	400
Governance Factors	0.889	0.5219	400

** . Correlation is significant at the 0.01 level (2-tailed).

Table 9 illustrates how environmental, social and governance factors relate to an individual's degree of investment decision-making. where the significant level is 0.01 and

the number of responders is 400. The correlation indicates that the output ranges from -1 to 1. Whereas a negative number suggests a negative relationship between the variables, a positive value shows a positive relationship.

Individual investment decisions were significantly positively correlated with environmental factors ($r=0.381$, $\text{sig}=0.4538$), social factors ($r=0.372$, $\text{sig}=0.4316$) and governance factors ($r=0.889$, $\text{sig}=0.5219$). The purpose of the table was to ascertain the relationship between each dependent variable's implementation of ESG factors and the individual investment decision. The results indicated a substantial relationship between individual investment decisions and the elements of ESG. According of the above calculation, governance factors has the most significant relationship with the investment decision as per the respondents, whereas the governance factors come second and social factors stand last in terms of the relation with investments.

4.1.4 Multiple Regression Analysis

Multiple regressions were used in this study to investigate the association between environmental, social and governance factors with individual investing decisions. Here, a stepwise analysis of the relationship between the independent factors and the individual investment choice was conducted.

Table 10

Regression Results

Model	Statements	Regression (R)	R ²	Adjusted R ²	t-test	Sig.
	Constant					0.005
1.	Environmental Factors	0.381	0.145	0.139	0.715	0.0042
2.	Social Factors	0.372	0.138	0.149	0.694	0.00095
3.	Governance Factors	0.889	0.791	0.721	3.368	0.022
	F Value					6.388

Dependent Variable: Investment Decision

Predictors: (Constant), Environmental factors, Social factors and Governance factors

According to Table 10, the model 1 environmental factors' R-squared and modified R-squared statistics were 14.5% and 13.9%, respectively. The outcome shows that 13.9% of the changes in the dependent variable can be explained by changes in the independent variables. This indicates that 13.9% of the changes in the degree of individual investment decision-making were caused environment factors. The coefficient of determination, or R-Square, is a frequently used statistic to assess model fit. R-squared is equal to 1 minus the residual variability ratio. The regression value of 0.381 and the residual value of 4.67 were found in the above table, which predicted the impact of independent factors, environment on the degree of individual investment decision. $F(5, 400) = 6.388$ is the F-test. The study found a statistically significant link with a significant value of $p=0.0042<0.05$. Consequently, the environmental factors have the significant relationship with investment decisions making.

The social factor's regression value is 0.372 and the co-efficient value, as determined by Table 11 analyses, was 0.138. This indicates that a 100% improvement in the social factor would result in a 14.9% rise in individual investment decisions when all other independent factors (environment and governance factors) were held constant. The variable (social element) was contributing uniquely to the prediction of the dependent variable (individual investment decision), which was statistically significant ($0.00095<0.05$).

The governance factor's regression value is 0.889 and the coefficient value was 0.791. This indicates that if the governance component improves by 100%, individual investment decisions will increase by 72.1% when all other independent factors (environmental and social determinants) are maintained constant. The variable (governance component) was contributing uniquely to the forecast for the dependent factor (individual investment choice), which was statistically significant ($0.022<0.05$).

It is evident that from the above data, governance factors have the most significant impact on investments as the regression value, regression coefficient and the p-value are greater than others.

4.2 Discussion

The focus of this study was on environmental factors in investment decisions in Nepal. ESG factors such as environment, social and governance components were measured in this study.

The size of each investor's personal investment concerns on ESG elements was substantial among share market investors. "Governance Factors" had the greatest mean value among the factors influencing individual investment decisions, followed by "environmental considerations" in that order. The factor with the lowest mean value was "social aspects". As a result, the study uses descriptive analysis to show the independent and dependent factors, which was not poor. According to the study, the degree of individual investment decision-making was positively correlated with environment, social and governance factors. The regression's coefficients are implied by the outcome. The results showed that every independent variable had a significant impact on the individual investment prediction. Consequently, the data showed that the governance factors have the most significant impact on investment decision. People care more these factors and analyze better while making investments in the Nepalese share market. In contrast, the social factors are the lowest influential aspects among these three variables, which means investors concentrate less while purchasing and selling stocks. Furthermore, the environmental factors have also effect on trading of shares in the Nepalese share market, but yet people do not consider more as it should be.

The results indicated a strong relationship between individual investing decisions and independent characteristics, such as governance, environment and social aspects. As a result, every independent factor demonstrated a strong positive correlation. The study was deemed credible because the Cronbach's Alpha value for all of the variables included in the study was higher than 0.7.

Karmacharya (2023) examined how 392 individual investors in Pokhara, Nepal, make investment decisions in relation to Environmental, Social, and Governance (ESG) considerations. Through the use of a survey-based methodology and data analysis using path analysis and confirmatory factor analysis, the results show that environmental factors have little effect on investment decisions, but social and governance aspects do and also said that relationships are improved by investor awareness. But the studies contradicted in terms of environmental factors as this too has the significant influence on decision

making of investment and comes second in that situation. Along with the investment awareness become neutral in investments.

Bhandari, Pokhrel, R. Rimal, Dahal and B. Rimal (2024) used deep learning method to calculate and predict ESG index using technical indicators, fundamental data and microeconomic parameters, however, this study has used descriptive analysis, such as mean, standard deviation, correlation coefficient and multiple regression to solve the data collected through five-likert scale. Moreover, the data included covered small area of the ESG dimensions and investments. It has not applied macroeconomic parameters and technical indicators in a broad and comprehensive way.

Bhandari, Tiwari and Dhakal (2024) studied the problems Nepalese commercial banks are facing to adopt green finance and investment practices and policies, whereas the study has taken Nepalese stock market as the area of study and it did not focus only on green finance though the broad view of ESG considerations.

Agrawal (2021) demonstrated that the climate change is a threat to the investment, nevertheless, there are other factors of ESG factors which indeed pose risk to the investment decision, such as regulatory environment, environmental practices and policies, sustainability trends, resource availability, human rights, workplace safety, labor standards, diversity, management and monitoring procedure, shareholders rights, board composition and transparency which are threats if it does not considerate, and opportunities, if they are concerned.

CHAPTER-V

SUMMARY AND CONCLUSION

Based on the goal of the research study, this chapter presents the study's summary, results, and implications.

5.1 Summary

In addition to analysing the relationship between ESG components and individual investment decisions in Nepalese stock markets, the study looks at the most influential factors that affect individual investors' investment decisions. The study used an analytical and statistical research design, analysing the connections among those variables and establishing relationships between them. Data for this study was gathered using a self-administered form and a pre-tested questionnaire. The quantitative data gathered from the respondents' questionnaires served as the foundation for the study's conclusions.

All Nepalese stock market investors are included in the population. For this investigation, 384 respondents were required from the entire population using probability sampling. 400 Nepalese capital market investors were therefore selected as a sample. Additionally, this study employed the judgement sampling approach. Investors received 400 questionnaires in total, along with a thorough explanation of the study's objectives and the questionnaire completion procedure. Primary data served as the study's major source of information. Structured questionnaires were used to gather primary data. Five-point Likert scale items, with 1 denoting "strongly disagree" and 5 denoting "strongly agree," are included in the survey.

A questionnaire was used to gather data on demographic factors such gender, age, income, employment type, and educational attainment, as well as respondents' attitudes on ESG investments and issues. After being informed of the study's objectives, respondents were invited to complete a series of questionnaires. The questionnaire was created using five scales, with five denoting "strongly agree," four agree, three neutral, two disagree, and one strongly disagree. Regression analysis was employed in the study to examine the impact of independent variables on dependent variables. Investors

received 400 questionnaires for the study, of which 400 (100%) were deemed legitimate and utilised for analysis. Microsoft Excel was used to show and analyse the gathered data.

Individual investment decisions were significantly positively correlated with environmental, social, and governance factors. The purpose of this study was to ascertain the relationship between individual investing decisions and the ESG elements as applied by all dependent variables. All the findings indicated a strong correlation between the ESG factors and individual investment decisions.

The study established a significant value that presents a statistically significant association and predicted the impact of independent factors (i.e., the environment, social, and governance factors) on the degree of individual investment choice. Lastly, the Cronbachs Alpha value for all of the study's variables is higher than 0.7, confirming the study's reliability.

5.2 Conclusion

This study's primary goal is to evaluate how the ESG factor affects stock market investing choices. In order to ascertain the correlation between ESG factors as implemented by all dependent variables (i.e., environmental, social, and governance factors) and independent variables (i.e., individual investment decision), the study showed a relationship between factors, environmental, social, and governance factors with individual investment decisions. According to the data, individual investing decisions and ESG variables were strongly correlated.

Descriptive analysis was used in the study to show the independent and dependent factors, and it worked well. Additionally, the Cronbach's Alpha score for all research variables was higher than 0.7, confirming the study's reliability. According to the study, the degree of individual investment decision-making was positively correlated with the ecological, social, and governance factors. The regression's coefficients are implied by the outcome. The results showed that every independent variable was significant in predicting the individual stock market investing decisions in Nepal.

When the two independent variables in the study the social factor and the governance factor were held constant, the co-efficient value for the governance component made a

distinct contribution to the prediction of the dependent variable (individual investment choice). When the other independent variables (social and governance factors) were held constant, the environmental factor's coefficient value made a distinct contribution to the prediction of the dependent variable (individual investment choice). When the two independent factors (environment and governance factor) were maintained constant, the social co-efficient value made a noteworthy and distinct contribution to the prediction of the dependent variable (individual investment choice).

5.3 Implications

Before making an investment decision, investors must carefully consider the ESG elements utilising their reasonable business expertise. Given that they affect the share's performance on the market, investors should be able to evaluate environmental, social, and governance aspects. It was hoped that the study's conclusions would improve the application of ESG factors in investing choices. The intended audience for this study was academics, professionals, and policymakers. Only if the research had been carried out in the remaining regions of the country would the findings have been able to be generalised.

Since this research project only used one case study, more testing is required to confirm the method's applicability. Furthermore, there are many intriguing facets of the broad topic of ESG considerations and individual investing decisions that warrant further study. ESG considerations and individual investing choices were investigated in a number of separate research. Positive, significant associations were found in nearly all of the investigations. Consequently, the researcher proposes that the analysis of ESG aspects and individual investing decisions is no longer necessary. It can make sense to carry out a study to examine the ESG aspects and individual investing decisions, but only if it is required for a particular sample. Consequently, it is proposed that a "Meta-Analysis" be carried out rather than assessing the ESG aspects and individual investment decisions that are known ahead of time.

The ESG factors and individual investment choice measure only includes a few variables that indicate various facets of the factors and the individual's investment choices; it does not provide a comprehensive picture of all of these variables and the individual choice of investing. Therefore, it is advised that more items and better measurements be taken into account in further studies pertaining to this final variable.

REFERENCES

- Abhayawansa, S., & Mooneepen, O. (2022). Directions for future research to steer environmental, social and governance (ESG) investing to support sustainability: a systematic literature review. *Handbook of accounting and sustainability*, 1 (10), 318-341.
- Afeef, M., & Kakakhel, S. J. (2022). ESG Factors and their influence on the investment behavior of individual investor: A case from Pakistan. *International Journal of Business and Management Sciences*, 3(3), 21-45.
- Agrawal T. (2021). Integrating ESG factors – A key to strengthening the financial system. *Global Integration*. <https://nepaleconomicforum.org/integrating-esg-factors-a-key-to-strengthening-the-financial-system/>
- Aich, S.; Thakur, A.; Nanda, D.; Tripathy, S.; Kim, H.-C. (2021). Factors Affecting ESG towards Impact on Investment:A Structural Approach. *Sustainability*. 13(19):10-68.
- Aleksandra, D. (2024). Strategic Impact of ESG Strategies on Attracting Investment. *Universum: Экономика и Юриспруденция*, 11 (21), 19-23.
- Barlett, J. E., Kotrlik, J. W., & Higgins, C. C. (2001). Organizational research: determining appropriate sample size in survey research appropriate sample size in survey research. *Information Technology, Learning, and Performance Journal*, 19(1), 43-50.
- Bhandari, H. N., Pokhrel, N. R., Rimal, R., Dahal, K. R., & Rimal, B. (2024). Implementation of deep learning models in predicting ESG index volatility. *Financial Innovation*, 10(1), 75.
- Bhandari, M., Tiwari, G., & Dhakal, M. (2024). Green Finance Practices by Nepalese Commercial Banks: Fostering Sustainable Development in Nepal. *International Journal of Sustainable Development & Planning*, 19(5), 14-28.
- Boffo, R., & Patalano, R. (2020). ESG investing practices, progress challenges. *OECD Paris*, 88. <http://www.oecd.org/finance/ESG-Investing-Practices-Progress-and-Challenges.pdf>
- Cakranegara, P. A., & Sidjabat, F. M. (2021). Green Investment: Incorporate Environment, Social, And Government Factors In Investment Decision. *Eksis: Jurnal Riset Ekonomi Dan Bisnis*, 16(1), 17-28.

- CFA Institute, (2024). What is ESG investing? [https:// www.cfainstitute.org/insights/articles/what-is-esg-investing](https://www.cfainstitute.org/insights/articles/what-is-esg-investing)
- Chouaibi, S., Chouaibi, J., & Rossi, M. (2022). ESG and corporate financial performance: The mediating role of green innovation: UK common law versus Germany civil law. *EuroMed Journal of Business*, 17(1), 46–71.
- D, Rajani. (2024). The role of ESG disclosure practices in investment decisions. *EPRAI International Journal of Environmental Economics, Commerce and Educational Management*. 30-(37), 10.36.
- Eccles, R. G., Kastropeli, M. D., & Potter, S. J. (2017). How to integrate ESG into investment decision-making: Results of a global survey of institutional investors. *Journal of Applied Corporate Finance*, 29(4), 125-133.
- Efimova, O. V., Volkov, M. A., & Koroleva, D. A. (2021). The impact of ESG factors on asset returns: Empirical research. *Finance: theory and practice*, 25(4), 82-97.
- Huang, D. Z. X. (2019). Environmental, social and governance (ESG) activity and firm performance: a review and consolidation. *Accounting & Finance*, 61(1), 335-360.
- Husnah, H., Nurdin, D., & Kasim, M. (2023). Informativeness of environmental, social and governance (ESG) data on investment decisions: The mediating role purpose of investment. *International Journal of Data and Network Science*, 7(4), 1991-2000.
- Karmacharya, B. (2023). Impact of Environmental, Social and Governance Factors on Investment Decision of Investors in Nepal. *Journal of Nepalese Business Studies*, 16(1), 24-43.
- Khan, M. I., & Iqbal, A. (2024). Integrating ESG With Corporate Investment Decision-Making. In *The Emerald Handbook of Ethical Finance and Corporate Social Responsibility: A Framework for Sustainable Development* (pp. 329-350). Emerald Publishing Limited.
- Kräussl, R., Oladiran, T., & Stefanova, D. (2024). A review on ESG investing: Investors' expectations, beliefs and perceptions. *Journal of Economic Surveys*, 38(2), 476-502.
- Kulal, A., Abhishek, N., Dinesh, S., & Divyashree, M. S. (2023). Impact of Environmental, Social, and Governance (ESG) Factors on Stock Prices and Investment Performance. *Macro Management & Public Policies*, 5(2), 7-14.
- Kurtishi-Kastrati, S. (2013). The effects of foreign direct investments for host country's economy. *European Journal of Interdisciplinary Studies*, 5(1), 26-38.

- Lu, X., Zhang, X., Guo, F., & Li, F. (2024). Evaluating ESG Investment Profitability: From the Perspective of Sophistication in Investment Decision-Making. *Finance Research Letters*, 10 (69), 61-105.
- Ma, Ningwei. (2023). Integration of ESG Factors in Portfolio Management: International Trends and Practices. *Frontiers in Business, Economics and Management*. 12 (12), 149-152.
- Marliani, I. (2024). Literature Reviews on the Challenges and Opportunities of ESG Integration in Investment Decisions. *International Journal of Business and Quality Research*, 2(02), 185-196.
- Mathur, A., & Sharma, R. B. (2024). Theoretical Insights of Environmental, Social, and Governance (ESG) Disclosures and Investment Decision. In *Fintech Applications in Islamic Finance: AI, Machine Learning, and Blockchain Techniques* (pp. 211-222). IGI Global.
- Mayfield, C., Perdue, G., & Wooten, K. (2008). Investment management and personality type. *Financial Services Review*, 17(3), 219-236.
- Meher, B. K., Hawaldar, I. T., Mohapatra, L., Spulbar, C., & Birau, R. (2020). The effects of environment, society and governance scores on investment returns and stock market volatility. *International Journal of Energy Economics and Policy*, 10(4), 234–239.
- Naveed, M., Sohail, M. K., Abdin, S. Z., Awais, M., & Batool, N. (2020). Role of ESG disclosure in determining asset allocation decision: an individual investor perspective. *Paradigms*, 14(1), 157–166.
- Nazarova, V., and Lavrova, V. Do ESG Factors Influence Investment Attractiveness of the Public Companies? *Journal of Corporate Finance Research*. 2022;16(1): 38-64.
- Odell, J., & Ali, U. (2016). ESG investing in emerging and frontier markets. *Journal of Applied Corporate Finance*, 28(2), 96-101.
- Park S.R., & Jang J.Y (2021). The Impact of ESG Management on Investment Decision: Institutional Investors' Perceptions of Country-Specific ESG Criteria. *Int.l Financial Stud*, 9(3):48.
- Park, S. R., & Oh, K. S. (2022). Integration of ESG information into individual investors' corporate investment decisions: Utilizing the UTAUT framework. *Frontiers in psychology*, 10 (13), 899480.

- Rounok, N., Qian, A., & Alam, M. A. (2023). The Effects of ESG issues on investment decision through corporate reputation: Individual investors' perspective. *International Journal of Research in Business and Social Science* 12(2), 73-88
- Şimşek, G. G., & Noyan, F. (2013). McDonald's ω , Cronbach's α , and generalized θ for composite reliability of common factors structures. *Communications in Statistics-Simulation and Computation*, 42(9), 2008-2025.
- Sultana, S., Zainal, D., & Zulkifli, N. (2017). The influence of environmental, social and governance (ESG) on investment decisions: The Bangladesh perspective. *Pertanika Journal of Social Sciences and Humanities*, 25 (10), 155–173.
- Sultana, S., Zulkifli, N., & Zainal, D. (2018). Environmental, social and governance (ESG) and investment decision in Bangladesh. *Sustainability (Switzerland)*, 10(6), 1–19.
- Thomson Reuters. (2013). *Thomson Reuters corporate responsibility indices index methodology*. [http:// thomsonreuters.com/en/product services/financial/market indices/ corporate responsibility indices.html](http://thomsonreuters.com/en/product_services/financial/market_indices/corporate_responsibility_indices.html)
- United Nations Global Compact (UNCG). (2004). Who care wins. https://www.unglobalcompact.org/docs/issues_doc/Financial_markets/who_cares_who_wins.pdf
- Widjaja, G. (2024). Environmental, social, and governance (esg) factors in financial management: a systematic review and research agenda. *International journal of financial economics*, 1(2), 447-458.
- Yang B., Huang J., & Chen Y. (2025). The relationship between ESG ratings and digital technological innovation in manufacturing: *Insights via dual machine learning models*, 71 (64), 1544-6123,
- Young-Ferris, A., & Roberts, J. (2023). ‘Looking for something that isn’t there’: a case study of an early attempt at ESG integration in investment decision making. *European Accounting Review*, 32(3), 717-744.
- Zhang, D., & Liu, L. (2022). Does ESG performance enhance financial flexibility? evidence from China. *Sustainability (Switzerland)*, 14(18), 1-22.

APPENDIX I

A questionnaire on

“Environmental Factors on Investment decisions in
Nepalese Stock Market.”

Dear Sir/Madam,

I am a MBS student of Shanker Dev Campus. We respectfully ask that you cooperate by completing the questionnaire. It is expected that your collaboration would enhance academic value. The supplied data will only be used in aggregate form and will be kept extremely private. I look forward to your kind and friendly collaboration.

Regards,

Saru Shrestha

Shanker Dev Campus

PART A: GENERAL BACKGROUND

Directions: (Tick any one)

1. Gender Male <input type="checkbox"/> Female <input type="checkbox"/>
2. Age Group Below 20 <input type="checkbox"/> 20 to 39 <input type="checkbox"/> 40 to 49 <input type="checkbox"/> 60 & above <input type="checkbox"/>
3. Academic Qualification a) Below Bachelors <input type="checkbox"/> Bachelors <input type="checkbox"/> Masters & above <input type="checkbox"/>
4. How would you describe your knowledge of investments? a) None <input type="checkbox"/> Limited <input type="checkbox"/> Good <input type="checkbox"/> Excellent <input type="checkbox"/>
5. Marital Status a) Single <input type="checkbox"/> b) Married <input type="checkbox"/>
6. Monthly Income a) Below 25000 <input type="checkbox"/> b) 25000 to 50000 <input type="checkbox"/> c) 50000 & above <input type="checkbox"/>
7. Occupation a) Student <input type="checkbox"/> b) Service <input type="checkbox"/> c) Housewife <input type="checkbox"/> d) Self-employed <input type="checkbox"/> e) Others <input type="checkbox"/>
8. Duration of Investment

a) Less than 1 year b) 1-3 years c) 4-5 years
d) 6-10 years e) Over 10 years

Part B: Basic information

Directions: (Tick any one)

9. Do you know about ESG factors in investment decision?
a) Yes b) No

10. How do you know about it?
a) Colleges & Universities b) Social media c) Colleagues
d) Friends e) Newspapers & Articles d) Books & Journals

11. What do you think the most influence ESG factors in investment decision making?
a) Environment Factors b) Social Factors c) Governance factors

Part C

Directions: Please indicate your level of agreement or disagreement with end of each of these statements. (Tick any one)

1=strongly disagree, 2=disagree, 3=satisfactory, 4=agree, 5= strongly agree

S.N	Particulars	1	2	3	4	5
1.	Environmental Factors:					
1.1	I would like to invest in the companies who care about climate change risks.					
1.2	I want to invest in the companies that focuses more on biodegradable wastes.					
1.3	I prefer to invest in businesses that use materials, energy and water in an optimal way.					
1.4	I invest in the enterprises that extract less toxic gases.					
1.5	I choose the enterprises which produce environmental friendly products.					
1.6	I intend to make investment in the organizations that prioritize environment protection.					
1.7	I am interested in the organizations which follow environmental rules and practices.					
2.	Social Factors:					

2.1	I wish to make investments in the industries that benefit society.					
2.2	I desire to purchase the stocks/shares of the companies which create huge employment opportunities to the people.					
2.3	I select the firms which donates the certain amount of the profit for the welfare of the nation and citizens.					
2.4	I tend to buy stocks of the companies who concerns human rights.					
2.5	My investment pattern in businesses is also determined by the act of supporting employees for balancing work and life along with refreshment activities and equal opportunities.					
2.6	Firms that promote social practices are the best choice for investing.					
2.7	Companies that provide training and career development opportunities to the employees are my first priority to invest.					
3.	Governance Factors:					
3.1	I often prefer the companies that have intellectual and reliable board of directors for investing purpose.					
3.2	Industries that keep the financial report transparent are my first selection to buy their stocks.					
3.3	I usually desire to make an investment in the firms that has their own research and invention centre.					
3.4	I consider investing in the corporations that hold committed executives.					
3.5	I select organizations that are free from corruption and fraud.					
3.6	I would like to be an investor of the enterprises which give equal treatment to all shareholders.					
3.7	When I make investment decisions I see the right code of conduct and strategies of the businesses.					
3.8	I choose the business entities for investing which follow rules and regulations of the government.					

4.	Investment decisions:					
4.1	I carefully research and analyze before investing in the projects.					
4.2	I consider available options for investment.					
4.3	I calculate risk and return before making investment decisions.					
4.4	I invest in the projects that contain high risk and return.					
4.5	I actively engage in share markets.					
4.6	I consider companies inclination towards ESG activity while making investment decision making.					

ENVIRONMENTAL FACTORS ON INVESTMENT DECISIONS A...

By: Saru Shrestha

As of: Dec 3, 2024 10:42:27 AM
15,930 words - 29 matches - 2 sources

Similarity Index

3%

Mode:

sources:

315 words / 2% - Crossref

[Bibek Karmacharya. "Impact of Environmental, Social and Governance Factors on Investment Decision of Investors in Nepal", Journal of Nepalese Business Studies, 2023](#)

109 words / 1% - from 28-Nov-2024 12:00AM

www.coursehero.com

paper text:

November, 2024 ABSTRACT Examining the ESG factors that most affect individual investors' decision making and examining the connection between ESG and individual investment decisions in Nepalese stock markets were the main goals of this study. In order to establish correlations between the variables and examine their relationship, the study uses an interdisciplinary and descriptive research methodology. The quantitative data gathered from the respondents' questionnaires served

as the foundation for the study 's conclusions. All investors in the Nepalese stock market

are included in the population. A sample of 400 Nepalese stock market investors was selected from the whole population. The primary data used in the study was gathered through the use of a structured questionnaire approach. The SPSS software version was used to show and analyse the gathered data. The results indicated a substantial correlation between individual investing decisions and the elements of ESG (Environmental, Social and governmental) factors and an investment awareness plays a role as moderating variable. Every independent variable had a statistically significant effect on the choice of individual investments. Additionally, Environmental, Social and Governance components all played a vital role in forecasting each investor's choice in the Nepalese stock market. Keywords: ESG, Environmental factors, Social Factors, Governance factors and Investment Decision ii CHAPTER I INTRODUCTION 1.1 Background of the Study Investment refers to the process of trading securities and financial derivatives for the shake of maximizing return as the profit. People nowadays analyze and investigate a lot before investing in projects and assets. There are different types of investors, some investors think for a short-term and invest in average return and low-risks projects. However, many investors are informative about the investment market and think for a long run, thus, they use their money in high risks and high return projects. These days, before investing in the projects, investors concern about the ESG (Environment, Social and Governance) factors as these components contribute a lot in risks and return of the projects. While doing research on the impact of environmental factors in investment decisions, we cannot ignore social and governance factors. Social and governance factors have equal effect in decision-making process as environmental factors and cause risks and return on the projects. ESG, or Environmental, Social, and