

IMPACT OF ENVIRONMENT, SOCIAL AND GOVERNANCE
ON INVESTORS' INVESTMENT DECISION IN MALAYSIA

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DECLARATION

I hereby declare that:

- (1) This Research Project is the end result of my own work and that due acknowledgement has been given in the references to all sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) The work count of this research report is 15,244 words.

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LIST OF ABBREVIATION

ASEAN	Association of Southeast Asian Nations
CG	Corporate Governance
CMV	Common Method Variance
CP	Customer & Public
DV	Dependent Variables
E	Environment
ESG	Environmental, Social and Governance
IV	Independent Variables
MCCG	Malaysia Code of Corporate Governance
MOF	Ministry of Finance
MPC	Malaysia Productivity Malaysia
PS	Product & Service
SC	Securities Commission Malaysia

ABSTRACT

Purpose – The purpose of this study is aimed to understand the impact of environment, social and governance (ESG) to investor’s investment decisions in Malaysia.

Design/methodology/approach – This study had applied quantitative approach which questionnaire to be distributed through several online platform and social media for data collection from Malaysia’s individual investors who had experienced in investment in Malaysia. A total of 201 effective and valid responses were collected for the data analysis.

Findings – The findings of this study found out that most of the independent variables (IV) has a significant positive relationship with the dependent variable (DV) – ESG consideration in investment decision nevertheless, Social Aspect – Customer & Public (Factor S1) and Social Aspect – Product & Service (Factor S3) have significant negative relationship with investment decision of Malaysia’s individual investors.

Research limitations – The limitation for this study is single source for data collection which there will be possibility occurs common method variance (CMV). Furthermore, the limitation for this research is convenient sampling technique. This sampling technique is faster, easier and convenience however, the quality for target respondents may not have the same chance to participate in this research.

Keywords – Environment Aspect, Social Aspect, Corporate Governance Aspect, Investment Decision, Investment in Malaysia

CHAPTER 1

INTRODUCTION

1.0 Introduction

Over the past few decades, investment across different sectors has undergone numerous transformations and stages. In the recent trend, investors are keen to incorporate Environmental, Social, and Governance (ESG) factors in their decision-making process. This study is aimed to investigate the impact of ESG factors on investment-making decisions across Malaysia.

The research background will be identified the ESG status in Malaysia and whether ESG issues will impact the investment market to affect the investor's decision making while making investment decisions in Malaysia. Furthermore, the problem statement, the significance of the study, the research objectives, and the research questions will be included in this chapter.

1.1 Research Background

In the past few years, ESG topics have been the latest trend to be further discussed by scholars and create awareness to understand the importance of sustainability. According to Bursa Malaysia. (2018) the elements of

sustainability include environmental, social, and governance considerations to form a sustainable business in the long run. Previously, most of the shareholders and stakeholders only focused on maximizing the firm's profitability. However, business risk and opportunities are the key factors to address sustainable development for the firm in the way of success or failure (Egorova et al., 2021). This result will influence the firm's performance directly and indirectly.

The ESG framework and factors have gained traction in recent times with an increased outlook toward the incorporation of sustainability measures across various domains (Brooks & Oikonomou, 2018). The concept has also been embedded into investment and decision-making for organizations (Bassen & Kovács, 2020). The ESG focuses to establish a link between the company's performance and its long-term sustainability and financial performance based on several factors (Xie et al., 2019). The first factor, which is Environmental refers to the company's eco-interactions which involve the use and preservation of environmental resources, carbon footprint, waste management and recycling practices, and responsible consumption, etc. The social factors involve the employment factors which it is analysed how an organization treats its employees, customers, and other stakeholders. This gives a better outlook towards the inclusion and attainment of diversification in a company, while also protecting the rights and adhering to labour laws, etc. Further, this acts as a bridge toward product safety and community engagement. Finally, the Governance factor involves the organization structure where the hierarchy of the members of the board, adherence to the ethical and legal standards, and embedding the traits like transparency across all the processes are determined (Lokuwaduge & Heenetigala, 2017).

Because of this recognition, it has been started adoption by many governments in many countries and even Malaysia also being inside the list. Malaysia is a developing country known to be a rapidly growing economy and prosperous across various sectors (Mokthsim & Salleh, 2014). However, it needs assistance in making its economic measures more sustainable. Incorporating ESG factors into investment-making allows the country to make rapid transitions and economic progress. In this context, it becomes imperative

to understand how ESG factors can affect the decision-making power of investors, thus leading towards a broader aspect of incorporating it into policymaking, developing a strategic roadmap, and promoting sustainable practices across the country in general. Such reforms will ensure that sustainable financial returns are getting more probable.

At the global level, investors' outlook towards taking their decisions is reforming. Increased demand is being steered towards having a clear picture of ESG factors being practiced by the investee organization as well as the Country as a whole. This apart from reducing the risks also helps investors to attain the secondary goals of their investment. For example, adding value to the sustainable future of the communities. Thus, analysing the influence of the ESG factors in the context of decision-making can help the countries like Malaysia to cater to the preferences of the investors and thus attract more opportunities.

Hence, it makes peoples including investors has been getting the attention from the action taken by local governments, companies, and global market towards the current issues such as environmental issues, society issues and governance (Hartzmark & Sussman, 2019). Therefore, sustainable investment become one of the important elements for investors to review, understanding and monitoring the firm's direction and future planning of their invested institution through non-financial information. In the view of the facts that expectation from the investors and shareholders towards the invested firms, the firms started to involve and integrate into the popular issues and create sustainability for them to achieve long-term performance.

Although the status of adopting ESG in Malaysia may be not enough maturity of development compared with other Association of Southeast Asian Nations (ASEAN) countries (Yap Leng Kuen, 2022) however, Malaysia has introduced many regulatory initiatives to promote sustainable investment and the adoption of standard business practices. It is imperative to develop a firm understanding of these decisions, and thus assist the decision-makers and policymakers to improve such frameworks. The ESG framework (Figure 1.1) was developed by Malaysia Government to encourage adoption of ESG.

Figure 1.1 : MPC ESG Framework



Note: From Malaysia Productivity Corporation (2023). Environment, Social, and Governance: MPC ESG Framework

This helps incentivize such frameworks and encourage the integration of ESG at broader business levels. Therefore, many governments agency are providing guidance to educate and assists the firms for adoption in ESG such as Securities Commission Malaysia (SC), Bursa Malaysia, Ministry of Finance (MOF) and others.

The incorporation and introduction of corporate governance across other areas in Malaysia have been considered. One such example involves the Bursa Malaysia has taken various measures to introduce and promote corporate governance in the country (Fatima et al., 2015). One such initiative included its advisory for the listed companies in Malaysia to disclose their corporate governance practices in their annual reports, which shall comply with the instruction issued in MCCG documents. This leads to increased transparency and lets the investors take informed decisions based on a real and practical picture.

1.2 Problem Statement

In recent times, the economic growth across Malaysia has gained traction, and many investors are keenly looking towards it considering the brighter prospects due to there is positive significant on the ESG integration in firm performance (Broadstock et al., 2021). As the country grows, secondary issues are getting more prominent at the global level. Some of the examples include environmental degradation, inequality across various social groups, and issues at the governance levels. Such issues can largely impact the decisions of the investors and can adversely impact the investment landscape. However, most of the research scholar are more concentrations on the institutional investment have positive significant towards ESG factors (Broadstock et al., 2021; Egorova et al., 2021; Ling et al., 2023; Maiti, 2021; Mokthsim & Salleh, 2014).

In today's world, investors are largely interested in the ESG framework of the country in making their decisions. The inclusion of such factors provides a better outlook toward risk management and highlights those opportunities that can lead to long-term financial performance. There are a research scholar finding that firms with a higher ESG issues and it will cause firms with lower ESG profiles, those activities including three key factors of ESG (Broadstock et al., 2021). However, the research for individual investors towards ESG consideration have different study backgrounds such as investor's investment behaviour, attitudes, and the research area are majority overseas as India, China, UK and other countries.

The scope of the research is limited to investigating the impact of ESG factors on investment decisions especially for individual investors across Malaysia. This incorporates numerous dimensions related to the integration of ESG factors including sustainability, responsibility, and governance practices, which directly impact and determine the investment choices. The study will involve individual investors in Malaysia, in terms of addressing their diverse investment strategies and asset management to further understanding impact and difference of ESG factors towards investment decision in Malaysia and other countries.

For companies to sustain their operations for the long term, they need to prioritize ESG factors in their operations. This allows companies to gain the trust of the stakeholder and gain a better reputation in the market. Investors highly regard those companies that take a firm roadmap towards ESG practices. This helps reduce reputational risks and helps foster long-term relationships.

Thus, by incorporating ESG into the operations, the organization and investors across Malaysia can mutually gain benefits. Therefore, this research will contribute to developing a comprehensive level of understanding of the importance of ESG in business. The finding of the research can later be integrated into making investment strategies, promoting sustainable practices, and facilitating the adoption of sustainability goals at the national and international levels.

The study will be further analyzing the how the ESG issues bring the impact to influence the investment decision from the individual investor perspective. The ESG factors and investment decision relationship with integration in Malaysia will be analyzed. Ultimately, the research aims to offer insights into the specific Malaysian context, where a direct link between the role of ESG and Investment Decisions will be made.

1.3 Significant of the study

Profitability is an essential for a business but there are expectations to fulfil and achieve the profitability though the business operate in ethical, responsible and sustainability (Mandal & Murthy, 2021). Therefore, ESG investment has become a popular and create high attention and awareness from the shareholders to evaluate the sustainable performance return for enhancing profitability for the businesses in the long term (Mandal & Murthy, 2021).

There are various studies have been concluded that ESG factors has signification in firm performance not only in profitability but reputation, risks

and opportunities (Broadstock et al., 2021; Egorova et al., 2021; Ling et al., 2023; Maiti, 2021; Mokthsim & Salleh, 2014) however, the research area are more focused on the investment decisions from institutional perspective which the investment decision made by the board of directors of the corporation instead of individual investors such as shareholders.

The study is expected to be of high significance for numerous shareholders involved in the investment system across Malaysia. The findings and the knowledge base developed as part of this study will help numerous related bodies including organizations, corporate governance, and regulatory bodies alike. It is expected that the research outcomes will allow gaining deep insight into the effect of environmental, social and governance factor on investment decision making and it will lead to better policy reforms, and asset management, and will give the ability the investors to shape their decisions considering a better risk management ecosystem. On top, the study will help promote a sustainable and responsible framework of investment in Malaysia.

Several research scholars had explained the limitation for their study, most of the research showing that knowledge gap is one of the suggested to be further investigate for ESG factors (Dmuchowski et al., 2023). The key reason that research scholar highlighted is due to the ESG information disclosure is not standardise and transparency enough. Therefore, it may cause the investors may not be able to get sufficient information for them to evaluate and analysed the data information they have before proceeding their investment decision they are not much more familiar the business operation for the firm compared with the institutional investors.

The first issue addressed as part of this study is to investigate the level of awareness and understanding of the ESG factors that exist among both investors and investees. In doing so, it will be analysed to what extent the investors in Malaysia are familiar with the ESG concepts and underlying principles. Their level of understanding will be analysed, and potential impact will be projected on the investment practices. Finally, the awareness of specific ESG issues related to the Malaysian landscape will be explored.

1.4 Research Objectives

1.4.1 General Objectives

To examine the effect of ESG factors on investment decision.

1.4.2 Specific Objectives

- a. To examine the effect of environmental factor on investment decision making
- b. To examine the effect of social factor (Customers & Public aspect) on investment decision making
- c. To examine the effect of social factor (Human Resources aspect) on investment decision making
- d. To examine the effect of social factor (Products & Services aspect) on investment decision making
- e. To examine the effect of governance factor (Corporate Governance) on investment decision making

1.5 Research Questions

1.5.1 General Questions

What is the impact of ESG towards investor's investment decision making?

1.5.2 Specific Questions

- a. Is ESG information will be one of the criteria affect decisions making in investment?
- b. What kind of environment information from a company will make you take into consideration while making investment decisions?
- c. What kind of social information (Customers & Public aspect) from a company will make you take into consideration while making investment decisions?
- d. What kind of social information (Human Resources aspect) from a company will make you take into consideration while making investment decisions?
- e. What kind of social information (Products & Services aspect) from a company will make you take into consideration while making investment decisions?
- f. What kind of governance information (Corporate Governance) from a company will make you take into consideration while making investment decisions?
- g. Which of the following factors limit your firm's ability to use ESG information in your investment decisions?

1.6 Chapter Layout

This study was organized into five chapters.

Chapter 1 : Introduction

This chapter has demonstrated the research background of ESG and ESG status in Malaysia. Problem statement and significant of study has been highlighted. Moreover, the research questions, research objective, and research hypothesis has been listed for further analysis.

Chapter 2 : Literature Review

This chapter provides a review of the prior research and meta-analysis on the ESG factors towards the investment decision. It will be included the meaning, measurements, and theoretical domain of independent variables, dependent variables, and consequences. Besides, hypothesis development is also included in this chapter.

Chapter 3 : Methodology

Chapter 3 is discussion on target respondents, questionnaire design, data collection method and others to be utilised in this study.

Chapter 4 : Research Result

This chapter will be conducting data analysis from the data and result gather from the valid respondents.

Chapter 5 : Conclusion

Findings of the research result will be further discussed, implication, conclusion, and recommendation will be included in this Chapter. While recommendation will refer to the limitation of the study and recommended solution to solve the problem.

1.7 Conclusion

The way for cooperate to sustain their sustainability firm performance in the long run, the firm shall prioritize ESG factors in their business risks and opportunities. This is because, it will be interrelated to influence the views of shareholders and affect the corporate reputation in the market.

Investors highly regard those companies that take a firm roadmap towards ESG practices. This helps reduce reputational risks and helps foster long-term relationships. Furthermore, the next chapter will be further determined and discuss the ESG factors in-depth, and hypothesis development will be carried out for this research study.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Chapter 2 will be identified the theoretical foundations relationship between ESG factors toward investment decision making. Theoretical background will be determined for this study, independent variables (IV) of ESG factors will be explained following with definition theoretical concepts and development of research hypotheses. In addition, a research framework will be proposed and further understanding on this study.

2.1 Theoretical Background

According to the several research studies conducted by previous researcher, few theoretical backgrounds was found out relevant to their research study such as agency theory, stakeholder theory, legitimacy theory and Trade-off theory (Adeneye et al., 2022; Al Kurdi et al., 2023) nevertheless, the aim of the research are more concentrated in the relationship between the ESG factors and firm performance. In this study, agency theory and stakeholder theory are more suitable for this research area because one of the research scholars had

mentioned that the different of theory applications to supporting sustainability (Table 2.1).

Table 2.1 : Theories for supporting and against sustainability report

Supporting Sustainability Report	Against Sustainability Report
Agency Theory	Trade-off Theory
Stakeholder Theory	Shareholder Expense Theory

Note: Adapted from (Buallay et al., 2022)

2.1.1 Agency Theory

In the economics perspective, agency theory has been used to evaluate in various sectors such as organizational behaviour, accounting, and others (Bendickson et al., 2016). Agency theory is used to determine the relationship between principle and agent. Principle is referred to shareholders and agent is referred to managers of corporation (Jensen & Meckling, 1976). In this theory, the managers are required to well managed the wealth from shareholders invested and get the maximization return because the issues may happen when there is not impartial interest between both parties (Jensen & Meckling, 1976).

Risk sharing and agent monitoring are the agency theory problems because there is conflict of interest may happen when there is risk appetite (Bendickson et al., 2016). Furthermore, information asymmetry also being driven the agency problems due to agent more knowledgeable towards the firm and distrust will be driven the relationship with agent and principals (Bendickson et al., 2016). Therefore, communication and information sharing between shareholders and managers are importance to achieve sustainable.

2.1.2 Stakeholder Theory

Stakeholder theory was defined as value creation for stakeholders,

Stakeholder theory should create value for all their stakeholders including customers, suppliers, employees, and others who have a stake in the organization, not only shareholders (Rau & Yu, 2023).

In another word, stakeholder theory can be described the organization how they involve in business operations and take into consideration to influence stakeholders (Kamal, 2021). There are two branches of stakeholder theories which are positive and normative branch. Positive branch also known as managerial branch which it is to emphasize all the businesses need to treat the stakeholder fairly and equally (Kamal, 2021). For normative branch also known as ethical branch which the stakeholder has the expectation how the organization should treat them (Kamal, 2021).

2.2 Environment Aspect (Factor E)

An increased outlook towards Environmental Factors has been analyzed during recent years and Malaysian organizations have increasingly adopted such considerations in their operations. With an increase in the global focus towards such measures to achieve sustainability in operations, organizations have been continuously striving to make their processes environment friendly (Bresciani et al., 2023). Playing their part in addressing such issues at global levels and integrating them to achieve these goals has become an increasingly important practice.

In the literature, the consideration of environmental factors as one of the parameters of investment decisions has increasingly been discussed and explored (Power et al., 2015). It has been empirically established that companies

having a strong environmental performance in their operations attract investors who are proponents of sustainable practices either directly or indirectly.

Environment factors including climate change, greenhouse gas emissions, pollution mitigation, waste management, carbon footprint and others (Dmuchowski et al., 2023) which will made impact to the world. Table 2.2 has demonstrated the elements under environment.

Table 2.2 : Environment factors elements

Environment factors (Impact to the world)		
Climate change	Greenhouse gas emission	Natural resource depletion
Pollution mitigation	Energy efficiency	Waste management
Water deficiency	Carbon footprints	Hazardous material
Biodiversity	Deforestation	

Note: Adopted from (Dmuchowski et al., 2023)

Such factors enforce them to include environmental considerations in the development of investment strategies. As discussed earlier, studies have also found a direct relationship between the company’s environmental performance and financial outcomes. The outcomes observed when the companies demonstrate a commitment towards environmental factors include lower financial risks, lower operational risks, efficiency in the operations, and more innovation drives. Thus, the profile of such companies gets more attractive to investors, who can pursue long terms partnerships.

Various companies in Malaysia have adopted measures to bring in the environmental factors including reduced carbon footprint, waste reduction, and resource conservation. Various examples have been found. PETRONAS is Malaysia’s one of the leading oil and gas companies which has recorded significant efforts towards the coherence to the environmental considerations (Yatim et al., 2016). Numerous initiatives have been taken to reduce emissions including greenhouse gasses, optimized use of energy, and promoting sustainable development practices across daily operations. The adoption of the environmental outcomes has not only aligned with international standards but

also has been found to offer long-term viability. Such measures have also added to the reputation of the organization.

Malaysia is known to house rich biodiversity and is blessed with abundant natural resources. These bring in some unique challenges related to environmental protection and incorporating sustainability in the operation through responsible consumption and protecting the natural landscape. Some of these issues involve deforestation, destruction of the natural habitat, pollution in water and air, and climate change at the global level. Such factors apart from impacting the eco-system in general, further effects the performance of other sectors like agriculture, tourism, and production. Therefore, developing an understanding of the environmental factors and their relationship with investment-making and decisions is important. The development of sustainable practices and investment decisions is necessary for protecting Malaysia's natural reserves and bringing in long-term economic prosperity.

Adoption of such environmental considerations has been adopted along the other sectors like agriculture and plantation. Some of the examples include Sime Darby Plantation and IOI Corporation, which have steered their operations to adopt an optimized use of land, protect biodiversity, and reduce deforestation (Hilal Md Dahlan & Md Isa, 2019). Through such preservation of the ecosystem, their operations have been found to be validated for the long term.

Addressing the environmental outcomes has also been prioritized by the Malaysian government to promote sustainable practices. For instance, an initiative was taken by the government to enhance renewable energy generation through the Sustainable Energy Development Authority (SEDA) of Malaysia (Seda Malaysia, 2021). The government has proposed many incentive-based schemes in the context of renewable energy projects, where a demonstration of commitment towards preserving the environment has been found.

Therefore, developing an understanding of the environmental factors and their relationship with investment-making and decisions is important. The development of sustainable practices and investment decisions is necessary for

protecting Malaysia's natural reserves and bringing in long-term economic prosperity.

In a conclusion, there are several researchers had conducted their studies has highlighted that environment issue bring the positive significant to the investment decision. Such as research conducted at Bangladesh has shown significant of environmental issue towards investment decision (Sultana et al., 2018). Another researcher was investigating the respondents at Australia also has proven the significant through the research (Newell & Lee, 2012). Even South Korea also have conducted the similar research and get the positive significant too (Park & Jang, 2021a).

Hence, investors shall consideration the environmental issues when making investment decision in order to protect the environment (Sood et al., 2023). The hypothesis for this research is highlighted as below.

H1 : Environmental have relationship with the investor's investment decision.

2.3 Social Aspect (Factor S)

Malaysia is known for its multi-ethnicity and rich culture. Although Malaysia has strengthened its social system with efforts spanning multiple decades, some challenges yet remain to be addressed. Numerous social challenges still exist that largely impact investment decisions. Some of them involve income inequality, quality education for all, poverty, substandard healthcare, and gaps in labor rights (Sultana et al., 2018).

Table 2.3 : Social factors elements

Social factors (Contribution to communities)		
Human rights	Labor standard	Slavery and child labor
Health and safety	Human capital	Board Diversity
Privacy prevention	Workplace diversity	Racial justice
Social justice		

Note: Adopted from (Dmuchowski et al., 2023)

According to the author above, author has listed out the issues for social commonly. These issues seek attention from the government as well as the investors to get fully addressed. Investors clearly demand a transparent outlook of such social factors when making their decisions as they could bring in long-term impact. Financial growth is coupled with social stability and sustainability thus keeping a firm emphasis on the social factors. To examine the effects of ESG on investment decisions in Malaysia, it is important to analyze the social issues and their contributions to equitable development.

Social factors are another tier based on which investment decisions are being increasingly made in Malaysia. These include various considerations including the welfare of the individuals, community engagements, and adoption of supply chain management towards responsible streams. The significance of maintaining a positive outlook towards the employees and external stakeholders has been recognized by the Malaysia organization as a measure towards sustainable growth. The impact of the social factors considered as a means of improved investment opportunities has been investigated by many studies. Companies that have prioritized taking social initiatives in the form of Corporate Social Responsibility by supporting educational programs, community development, and others, have been found to have developed a better brand reputation (Dmuchowski et al., 2023).

Investors are found to adopt a positive outlook towards those who are committed to promoting supply chain practices, promoting diversity, and focusing on the well-being of their employees. Investors are looking forward to analyzing societal impacts when considering the social factors in their

decisions. The fundamental idea behind it is that those companies which contribute more towards social causes have a better ability to mitigate risks associated with the reputation, brand reputation, and trust among the stakeholders. Resultantly, these elements have become increasingly relevant to the Malaysian business landscape.

The company has developed foundations and programs that aim to improve educational access and help marginalized communities to improve, and support small and medium-scale enterprises. In this context, the company's Act 2016 had been introduced to provide social responsibility initiatives in the annual reports (Lokuwaduge & Heenetigala, 2017). Numerous schemes have also been introduced, for providing incentives to those organizations engaged in social activities like entrepreneurship, and skill enhancement of the workforce.

Social is means the communities, the factors relevant to the communities not only the issues such as labor issue, human rights but also including the public relations and quality of the product or service from the corporate.

Public relations are the role representative of the corporate to expression the message to the publics including the stakeholder such as customer, supplier, shareholders, employees, and other related party of the firm (India CSR, 2023). The relationship between the public and the firm is mediating by the public relations to ensure both parties are well communicated.

Quality of the product or services provided by the firm will directly affect the firm performance (Borsky et al., 2018) . For example, there was an issue about the ethylene oxide was being found in the food supply in Malaysia, Malaysia government had taken action to recall the food to ensure food safety for the Malaysian (Dr Muhammad Radzi Abu Hassan, 2023). Because of this issue, it may happen the investors being take into consideration on the business ethic for this invested company.

Hence, investors shall consideration the social issues when making investment decision in order to prevent the unfair situation and contribution to

the community (Sood et al., 2023). The hypothesis for this research is highlighted as below.

H2 : Social (Customer & Public) have relationship with the investor's investment decision.

H3 : Social (Human Resource) have relationship with the investor's investment decision.

H4 : Social (Product & Service) have relationship with the investor's investment decision.

2.4 Corporate Governance Aspect (Factor G)

In a traditional way, corporate governance (CG) is to definition as the importance of create value for shareholders and straightening together with manager interest however, shareholders endowed their interest on the operation of an organization where advocate their decision through stakeholder society, management, governance structure (Crifo et al., 2019) and included environment (Husnin et al., 2016).

In recent times, corporate governance in Malaysia has significantly evolved intending to bring in transparency, accountability, and embarking on sustainable development practices across various operations. Therefore, CG is playing a significant role in shaping firm performance and make competitive compared with global firms at the same time due to legislation and guidelines was created and implemented by government agencies and international bodies in order to attract foreign investment (Bhatt & Bhatt, 2017). CG is about a framework or structure to manage the business and to support the company in achieving company goals and creating long-term value to prevent conflicts occurring and affecting the company performance. Hence, CG shall be stanchion by (Securities Commission Malaysia, 2021).

Malaysian Code on Corporate Governance (MCCG) was introduced by Securities Commission Malaysia in the year 2000, and the code was adopted by UK's Hampel and Cadbury Report (Abdullah et al., 2010). MCCG is a mechanism to provide guidance for corporations in compliance with global principles, international CG practices where required by Bursa Malaysia (Securities Commission Malaysia, 2021). Since its introduction, many revisions have been made to enable stronger corporate governance and align all such practices with internationally recognized ones. The latest version of MCCG has been issued in 2017, which serves as a beacon light for companies to adopt ESG practices and improve their governance structure (Bhatt & Bhatt, 2017; Marlia et al., 2015). The MCCG signifies the role of the directors to take responsibility and control of the company's matters while aiming to improve the company's transparency measures to protect the interests of stakeholders and shareholders. Some of the measures that are proposed to be taken involve the composition of the board, accountability, risk management, financial powers and incentivization, and information disclosure.

The structure and process for CG practice to be implement and managed in the business for the firm is to attainment the objectives for the company, to improve behavior of corporate to fulfil the expectation of shareholders and others (A. R. Ali et al., 2015). A business with maximizes sustainable performance for a company with adopted a good governance approach in long run due to the quality of strategics and mechanism for CG can be guided the company achieved success in the future (Ludwig & Sassen, 2022).

The efforts taken by the Malaysian government as already discussed involve the introduction of MCCG, which equips companies and organizations to improve their practices. Under this framework, many organizations have improved their practices. One such example is the Public Band Berhad – one of the leading banks in Malaysia – which has been commended for its governance (Abidin et al., 2019; Remali et al., 2016). The traits of transparency, independence of the board, and risk management have been introduced across all of their operations. This has made the band embark on a reputed route and

improve their brand reputation. There are other examples of government-linked companies that exist as well.

Hence, investors shall consideration the corporate Governance when making investment decision in order to prevent the unfair situation and contribution to the community (Sood et al., 2023). The hypothesis for this research is highlighted as below.

H5 : Corporate Governance have relationship with the investor's investment decision.

2.5 Relationship between Environment, Social and Corporate Governance in Investment Decision (ESG consideration)

Nowadays, investors have paid their attention and interest towards the ESG factors due to arise of the sustainability aspect and practice that had been implemented (S. Y. In et al., 2019). Individual investors can be one of the important elements being affect in the investment performance because their investment behavior can be change according to the investor's focus area (Jonwall et al., 2022a).

Previously, investors only focus on the profit maximization on the financial return however, they noticed that other key issues such as climate change, human rights and et cetera can be the factors which influence the financial performance of the institution (Sood et al., 2023). Because there are many research scholars had been conducting research that ESG can bring the highest return in long term investment strategy (González-Sánchez et al., 2023; Maiti, 2021). Therefore, this circumstance had brought the signal to the investor, and they will be engaged with the institution which engaging in the current topics such as environmental, social, governance, business ethics and others to ensure they have better return especially for those investors not only focus on financial report when they make investment decision (Jonwall et al., 2022b).

Many studies have been conducted in the past that help establish a relationship between corporate governance, ESG, and investor performance to determine the expected financial outcomes in the short and long term. Many studies have found a positive correlation between corporate governance and ESG performance. For instance, companies having a strong governance structure develop an insight toward long-term value creation and thus steer all of their business operations accordingly. This involves the increased engagement of form the stakeholders, and the inclusion of ESG terms to attain sustainability in the operations. The risk management capabilities improve while also enabling companies to capture opportunities and develop resilient response-taking drives in the modern dynamic business world. Such companies are more attracted by investors, who are keen to invest considering the business sustainability factors and the company's transparency profiles (Rau & Yu, 2023).

Many research articles have established that investors are increasingly including ESG factors in their decision-making processes, where they believe that these factors largely impact the financial performance of the company. Thus, considering ESG factors enables them to take more informed and holistic decisions considering short-term and long-term benefits. Through the alignment of values and investment aims, the investors can gain better returns, while ensuring the responsible use of resources by the companies.

The potential benefits for investors to invest in companies with strong ESG performance have been investigated by several studies. This has been determined in the context of their operational efficiencies, lower risks in their operations, and potential towards a higher degree of innovation when a company increasingly invests in their ESG measures. Such companies have been found to be attracting long-term investors who are willing to pursue sustainable financial returns. Such factors lead to better investment performance with reduced risks and better returns (Eccles et al., 2012).

Despite having established some relational measures, it is imperative to discuss that the relationship between the three factors under discussion is complex and can be influenced by many internal and external factors. The

investor decision based on the ESG performance can vary depending upon the type of target organization being considered, and the market conditions in general.

Additionally, the ESG reporting measures themselves can be a challenge in terms of standardization which adds to the challenges being faced by the companies. Thus, the relationship between these factors has been established by many studies, yet the generalization of such a relationship is yet to be considered. It has been generally found that the companies that incorporate ESG performance and reside on a corporate governance structure are keen to perform well by reducing the risks, and also attract more investors who are willing to put in long-term returns. Yet this may not always be generalized and the degree of ESG measures along with the investors' plans shall be considered. Thus, there is a need to conduct further research that shall focus on the nuances and dynamics in the form of other factors including the industry-specific contexts, regions, standards applicable to a company, and standardization of the ESG reporting practices (Darnall et al., 2022).

Investors consider long-term sustainability in the operation of the organizations while making their financial decisions. Investors recognize that long-term sustainability is better for companies than the short-term benefits that they may reap. Thus, such long-term goals are considered more viable than any short-term benefits. This can be analyzed through the lens of ESG factors. The company's ability to create such a long-term valuation is determined.

Numerous research articles have explored a relationship between ESG factors and the long-term sustainability that leads to improved investment plans. (Q. Ali et al., 2022) determined the impact of ESG performance on long-term investment measures across Malaysian organizations. It was found that the investors are constantly seeking the establishment of a relationship between the companies having better ESG performance, allowing them to analyze their investment performance with the sustainability goals. Another research conducted by (Lokuwaduge & Heenetigala, 2017) determined the ESG factors and their influence on the decision-making by the investors. Those companies

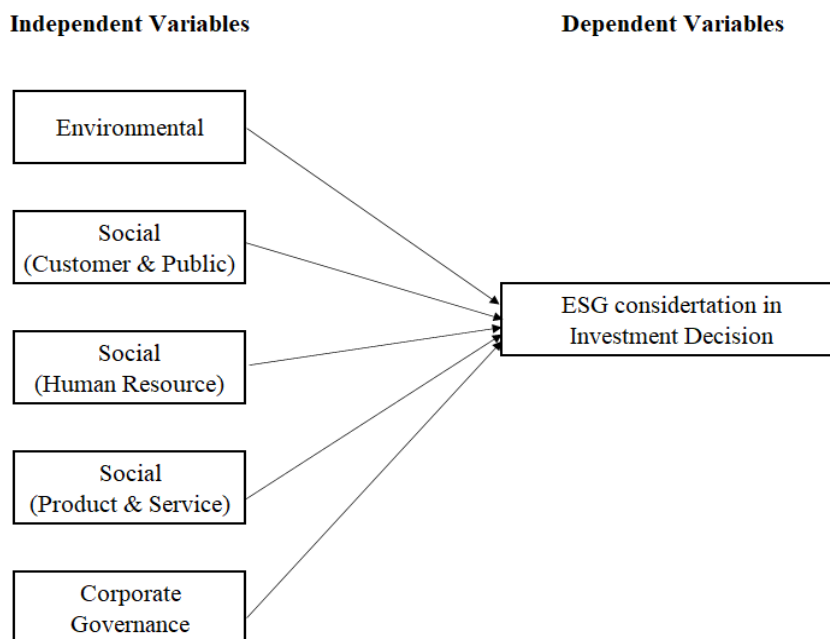
tailoring their operations to become more sustainable have been found to get better investment attractions.

The core consideration of the investors when incorporating the ESG factors is the projected financial performance of the company. Investors seek those pursuits that can help them gain financial benefits in years to come. Many studies have been conducted that analyze the financial consideration under the ambit of ESG and their relationship with investment decisions. For instance, in the impact of the investment considerations and their relationship to the ESG.

2.6 Research Framework

The proposed research framework for this study (Figure 2.1) to investigate the relationship between IV and DV to identify the research objectives and questions for this study. The IV include Environment, Social (Customer & Public), Social (Human Resource), Social (Product & Service) and Corporate Governance. The DV is represented the ESG consideration in Investment Decision.

Figure 2.1 : Research Framework



2.7 Conclusion

This chapter had demonstrated regarding the theoretical background to be developed and examine in this study. Furthermore, ESG factors under the ambit of existing studies and the Malaysian context, which are used to drive investment decisions. The general discussions on the ESG factors were followed by discussing the corporate governance of Malaysia, and their inter-relationship. Lastly, proposed research framework has been discussed including independent variables and dependent variables to further understand the research objectives.

CHAPTER 3

METHODOLOGY

3.0 Introduction

In this chapter, methodology is being utilized to determine the relationship between ESG factors and investor decision making, which it is the objectives of this study. Environment Aspect (Factor E), Social Aspect in Customer & Public (Factor S1), Social Aspect in Human Resource (Factor S2), Social Aspect in Product & Services (Factor S3), and Corporate Governance Aspect (CG) factors were evaluated across five dimensions.

Quantitative research method was applied into this study for data analysis. This chapter has included research design, target population for this research study, sample size of respondents to be involved in this study and further elaborate on questionnaire design, data collection methods, pilot test (pre-test) and data analysis techniques. Lastly, it provides a conclusion for this chapter.

3.1 Research Design

Research design is the first steps for researcher to design the questionnaire by using specific methods towards the data collection and analysis (Saunders et

al., 2012). In another words, research design can be a blueprint to assist the researcher to guide how to conduct data collection and analysis the data after it. In this study, quantitative research will be adopted through questionnaires distribution. Pilot test also means as pre-test will be conducted to test reliability before distributing to respondents. Data analysis method will be described in method to evaluate the data.

3.1.1 Descriptive Analysis

Descriptive statistics is a solution to be used for concluding and explaining the characteristics from the collected data in the research by providing simple measures method and graphical analyses as the basis for quantitative analysis.

3.1.2 Quantitative Research

The data collected from the questionnaire will be subject to qualitative analysis, where various content analysis techniques will be used. These will involve the identification of various categories, themes, and patterns involves in the processing of qualitative data. This will allow gaining rich insight into the findings and the collected information that will help reduce any anomalies in the quantitative analysis, as well as reach conclusion. The advantage of quantitative research is it can shorten the time to collect data (Bahrack et al., 1975) and no follow up is needed and the cost is cheaper and faster (Mann, 2003).

3.1.3 Cross-sectional Study

Cross-sectional study will be conducted to analyze the relationship between each target respondents' background and the variables of this study. It will be also useful for researcher to conduct research with limited time for data collection (Alkhatib, 2023). The characteristic of cross-sectional study is single study at a location, no manipulating variables to be involved in, and numerous characteristics allows to be included in the research at once such as homogenous data (Kendra Cherry, 2022).

3.2 Target Population & Sample

3.2.1 Target Population

The target population is the group of people that the researcher wants to focus on. Target population in this study will be niche the research party who are the individual investors have experience in investment in Malaysia with at least less than a year of investment experience.

Investors are varied as they belong to different type of age group, and they can be from different states in Malaysia. It is because the study aims to fill the research gap by will ESG factor influence the investment decision making for individual investors in Malaysia.

3.2.2 Sampling Size

The sampling size is the number of respondents to measure in the study. The number is normally represented by "n." correct sample size is vital as it can influence the result

of the research method. The pros to using sampling as it can make the research completed in a short time, low cost, and no need to worry about the accessibility of the geographical. While the cons include the risk of bias as the selection of respondents may potentially taint the results. In this study, we use PLS-SEM software, the inverse square root method to analyze the sampling size.

Based on the software, the result of an approximate sample size of this study is 155 with a significance level of 5% in social sciences and a path coefficient of 0.2 as standard (Kock & Hadaya, 2018). To avoid further complications due to the relatively small sample size, we decide to distribute the questionnaire to 200 respondents.

$$\text{Significance level}=5\%: n_{min} > \left(\frac{2.486}{|P_{min}|} \right)^2$$

$$n_{min} > \left(\frac{2.486}{0.2} \right)^2 = 154.505$$

3.2.3 Sampling Location

The questionnaire will be distributed to the individual investors who have at least experienced decision making for investment. The reason for this study chooses Malaysia as the sampling location as this location should be able to represent the target population well as it has most industries in Malaysia.

3.2.4 Sampling Technique

The convenient sampling technique will be adopted in this research because it is a sampling technique based on the convenient around a location or through internet service (Edgar & Manz, 2017). In the other word, not all the relevant individual investors will be participating in this research because it is based on convenience method.

Hence, Microsoft Form had been selected to distribute the questionnaire to the respondents through online platforms such as WhatsApp, Facebook, LinkedIn, and other platforms which suitable and convenient to target respondents.

3.3 Questionnaire Design

For the questionnaire design, it will be categorized into two (2) different sections: the demographic profile, and ESG information criteria. To avoid the language barrier, the standard language of English will be approached to design all questions and instructions. Section A is to gather basic data of respondents which included gender, age, education level, occupation, annual income, year of experienced in investment and level of ESG understanding.

Table 3.3: Questionnaire design

Questionnaire Sections	Descriptions
Section A	Demographic profile of respondents
Section B	These sections involve questions in this aspect: <ul style="list-style-type: none">- ESG information in investment decisions- The materiality of ESG information- Material ESG metrics- Impediments to ESG integration- ESG integration- ESG strategies outlook

3.4 Constructs Measurement

For section A, demographic information from respondents will be question about gender, age range, education level, occupation, annual income level, years of experienced in investment and level of understanding in ESG (Jonwall et al., 2022a). The reasons to gather the homogeneous information to formulate the background of respondents and the answers they responded in the research in order to prevent biases being influenced by external variables (Khemir et al., 2019).

The questions included in questionnaire are adopted from several research scholars. Refer to Appendix 1 for details explanation.

On the other hand, Five-point Likert scale (5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree & 1 = Strongly Disagree) will be applied for Section B, because it is able assists in reduce confusion, it can result in higher response rate and accurate of the data collected (Babakus & Mangold, 1992). Furthermore, there is a question required for multiple choice to be included and it will be helping to understand the point of view from investors to understand the limitation and advantage.

3.5 Data Collection Method

There are two types of data collection method being applied in this research which are Primary data and secondary data. Primary data in this research was referring to questionnaire and secondary data were referred to information or documentations published by others such as journal articles, annual reports, newspaper, and others.

3.5.1 Primary Data

For this study, primary data was collected through an online questionnaire due to it able to get the data quickly and more suitable for large population. The questionnaire was designed using Microsoft Form, sections structured had been explained clearly. Several online platforms will be selected to distribute the questionnaire such as Facebook, WhatsApp, and LinkedIn to reach a larger number of potential respondents.

Process filtering will be needed due to the target respondents are individuals who had experienced in investment for this research. This process is to ensure the relevant and eligible participants are fit to this research and data information provided will be more accurate. Microsoft Form was selected for creating the questionnaires as it has functions to filter the respondents according to the answer selected.

No personal information will be collected such as name, identification number, address, phone number and others so that it able to protect the privacy and security of respondents and shorten the time who respondent to the questionnaire.

3.5.2 Secondary Data

For this research, secondary data was collected through various sources such as journal articles, books, corporate annual report, and websites. Secondary data are used to be enhance knowledge and support for the research study. Online databases including Emerald Insight, Science

Direct, Sage Journal, and Google Scholar to conduct literature searches for articles published within the last decade year 2010 to 2023.

3.6 Pilot Test

Pilot test also named it as pre-test which is used to be evaluated the validity and reliability of the research. Therefore, the questionnaire had been distributing to respondents through Microsoft Form for pilot testing to determine the questionnaire were appropriate, interconnected and fit the conditions of this research. The sample size for pilot study minimum at least 10% of the target respondents (Hertzog, 2008) and 200 valid respondents are targeted to be received respondent in this research. Thus, 36 respondents have been collected from the pilot testing but, there was only 26 respondents are valid for data analysis.

Table 3.6 : Reliability Test

Variables	No. of items	Cronbach's Alpha Value
Environment Aspect (Factor E)	6	-0.060
Social Aspect – Customer & Public (Factor S1)	6	0.289
Social Aspect – Human Resource (Factor S2)	6	0.553
Social Aspect – Product & Service (Factor S3)	4	0.352
Corporate Governance Aspect (Factor G)	4	0.450
ESG Consideration (Investment Decision)	4	0.971

The ideal Cronbach's Alpha Value should at least greater than 0.7 to define the variables are reliability (Cronbach & Shavelson, 2004).

Unfortunately, the pilot test result was not shown reliability. Because from the 26 respondents' feedback, the environment aspect (Factor E) shows -0.060 which it is not reliability. For Social Aspect for Customer and Public (Factor S1)

shows 0.289, which it is not reliability. For Social Aspect for Human Resource (Factor S2) shows 0.553, which it is not reliability. For Social Aspect for Product and Service (Factor S3) shows 0.352, which it is not reliability. For Corporate Governance Aspect (Factor G) shows 0.450, which it is not reliability. However, there is found that reliability for ESG Consideration because the Cronbach's Alpha Value is greater than 0.7 and result it as 0.971.

For this study, the pilot test study was conducted and result it consider as failure. However, result from a pilot test can be driven by three types of situations (J. In, 2017). First situation is to termination of the study due to the pilot test data cannot continue to proceed with the main research background (J. In, 2017). Second situation is the research can be continuing to proceed for the main research background and modifying after this and third situation is to monitor throughout the entire research procedures (J. In, 2017).

Hence, this research will be applied for second situation to evaluate the results after received enough quantity of feedback from target respondents.

3.7 Data Analysis Method

In this study, partial least squares-structural equation modeling (PLS-SEM) will be used to analyze the data because PLS-SEM technique is more suitable to examine the research model to analyze complex relationships and simple models (Hair et al., 2016). This method also being recommended by various researcher scholars when conduct their research specially to examine the relationship between IV and DV (Alkhatib, 2023; Cupertino et al., 2022; Raut et al., 2023; Rehman et al., 2022).

In this research, IV are represented to Environment Aspect (Factor E), Social Aspect – Customer & Public (Factor S1), Social Aspect – Human Resource (Factor S2), Social Aspect – Product & Service (Factor S3) and Corporate Governance Aspect (Factor G). DV in this study is representative of ESG Consideration (Investment Decision).

Smart PLS4 software will be used to calculate data analysis because system PLS4 can assist in analyzing the results to provide a better and clear understanding of the complex data. Furthermore, research model can be determined through Smart PLS4 function which are inner model and outer model. Inner model is used to be calculated the validity and reliability of the variables and outer model is used to analyze the hypotheses testing (Raut et al., 2023).

3.8 Conclusion

Generally, this chapter had briefly explained about the overview for the research literature to be conducted and included for this research. Next chapter – Research Result will be explained about the data gather from respondents and the way to analyze the data and discussion about the hypothesis.

CHAPTER 4

RESEARCH RESULT

4.0 Introduction

In this chapter, the research results will be analyzed the data gather from the respondents and separate into two (2) sections which are demographic profile analysis and descriptive analysis. Hypothesis testing will be identified after. Table and graph will be included to perform the research result for better understanding.

Total 252 sets of questionnaires responded were collected from the respondents. As discussed in Chapter 3, Methodology, Microsoft Form will be used for distribution to the target respondents.

There are 51 sets of questionnaires are not valid due to the participants or respondents are not involved and experienced in investment and not considering ESG factors during their investment decision. Therefore, there are total 201 valid questionnaire will be utilized in this study and proceed for data analysis.

Table 4.0 : Reasons for invalid respondents

No. of invalid questionnaire	Reasons
51	Not Involved in Investment

4.1 Demographic Profile Analysis

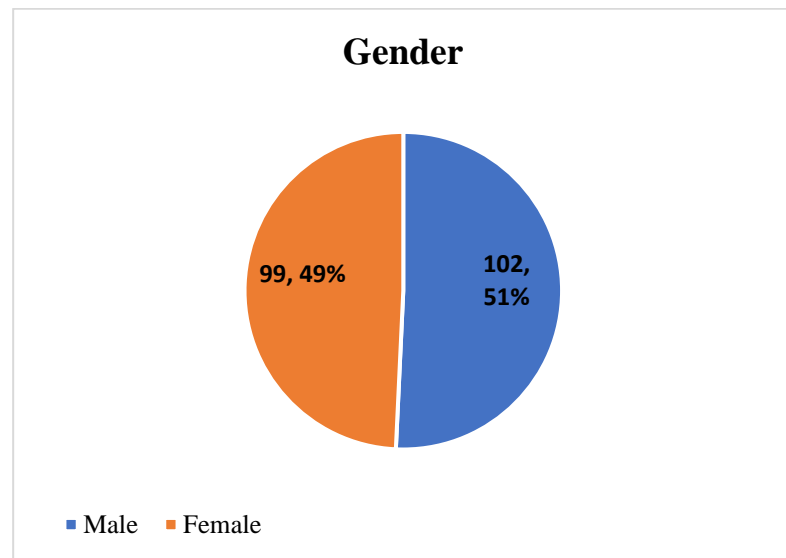
In the questionnaires, the respondents' demographic characteristics was adopted from (Sood et al., 2023) which included gender, age, education level, occupation, annual income, and years of experienced in investment. For level of understanding ESG factors was adopted from Park & Jang. (2021). The details information of respondents had been distributed into seven (7) subcategories as below.

4.1.1 Gender

Table 4.1.1 : Gender

Gender	Frequency	Percentage (%)
Male	102	51%
Female	99	49%
Not to disclosure	0	0%
Total	201	100%

Figure 4.1.1 : Gender



According to the table and figure 4.1.1 above, it had illustrated the valid respondents who participate in this study.

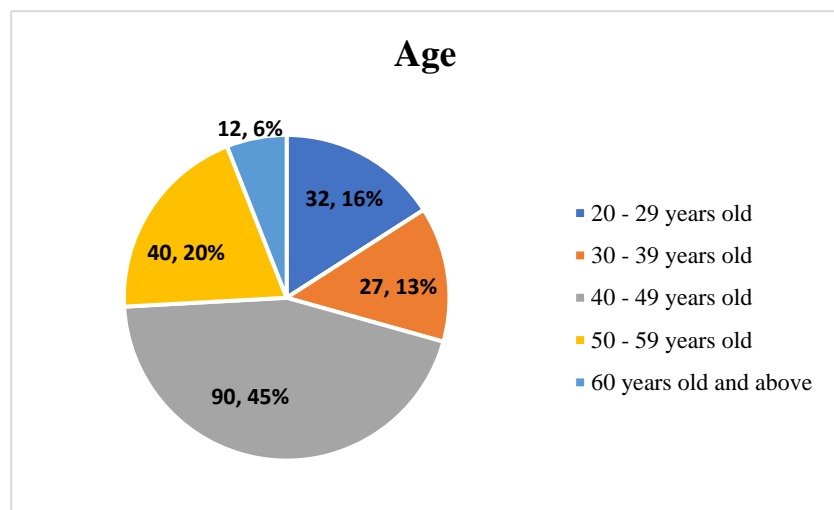
There are 102 respondents accounted with 51% which are males, and 99 respondents are females accounted with 49%. There is no respondent selection for not to disclosure their gender when responded to the questionnaire during distributed to them.

4.1.2 Age

Table 4.1.2 : Age

Age	Frequency	Percentage (%)
20 – 29 years old	32	16%
30 – 39 years old	27	13%
40 – 49 years old	90	45%
50 – 59 years old	40	20%
60 years old and above	12	6%
Total	201	100%

Figure 4.1.2 : Age



According to the table and figure 4.1.2 above, it had illustrated there are 90 respondents are majorities from age group of 40 to 49 years old in this study due to it occupied

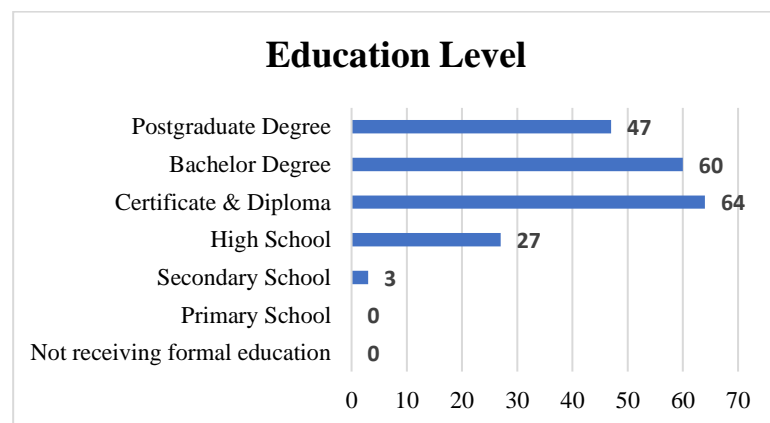
with 45% from the total respondents. There are 32 respondents from age group of 20 – 29 years old with 16%, 27 respondents from age group of 30 – 39 years old with 13%, 40 respondents from age group of 50 – 59 years old with 20%, and 12 respondents from age group of 60 years old and above with 6%.

4.1.3 Education Level

Table 4.1.3 : Education Level

Education Level	Frequency	Percentage (%)
Not receiving formal education	0	0%
Primary School	0	0%
Secondary School	3	1.50%
High School	27	13.43%
Certificate & Diploma	64	31.84%
Bachelor Degree	60	29.85%
Postgraduate Degree	47	23.38%
Total	201	100%

Figure 4.1.3 : Education Level



According to the table and figure 4.1.3 above, it had illustrated most of the education level of target respondents

have “Certificate & Diploma” certified level which there are total 64 respondents with 31.84%.

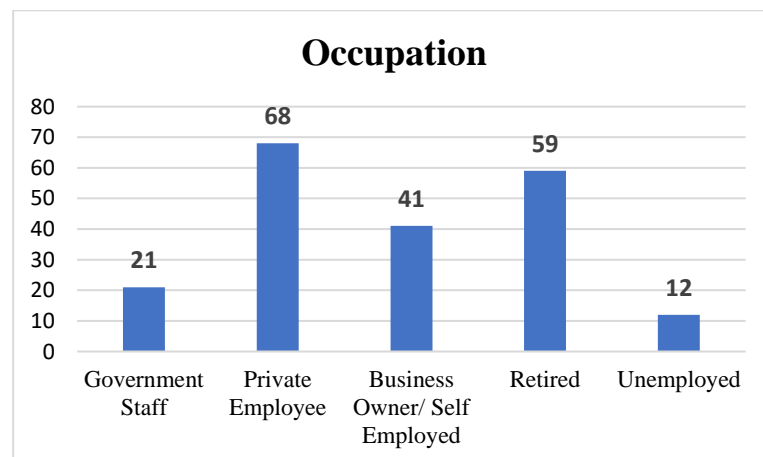
The second higher of target respondents are graduated with Bachelor Degree level which are 60 respondents with 29.85%. There are 3 respondents who own secondary school education level with 1.5%, 27 respondents who own high school education level with 13.43%, and 47 respondents who own postgraduate degree education level with 23.38%. Meanwhile, there are no respondents who are not receiving formal education and primary school education level in this study.

4.1.4 Occupation

Table 4.1.4 : Occupation

Occupation	Frequency	Percentage (%)
Government Staff	21	10.45%
Private Employee	68	33.83%
Business Owner/ Self Employed	41	20.40%
Retired	59	29.35%
Unemployed	12	5.97%
Total	201	100%

Figure 4.1.4 : Occupation



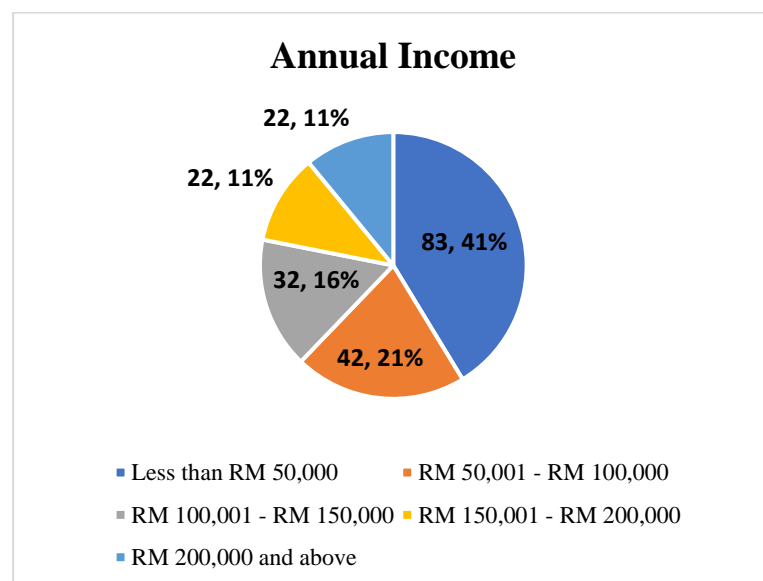
According to the table and figure 4.1.4 above, most of the respondents are work as private employees which there are 68 respondents with 33.83%. There are 21 respondents are work as government staff with 10.45%, 41 respondents are work as business owner or they are self-employed with 20.40%, 59 respondents are retired status with 29.35% and 12 respondents are unemployed status with 5.97%.

4.1.5 Annual Income

Table 4.1.5 : Annual Income

Annual Income	Frequency	Percentage (%)
Less than RM 50,000	83	41%
RM 50,001 – RM 100,000	42	21%
RM 100,001 – RM 150,000	32	16%
RM 150,001 – RM 200,000	22	11%
RM 200,001 and above	22	11%
Total	201	100%

Figure 4.1.5 : Annual Income



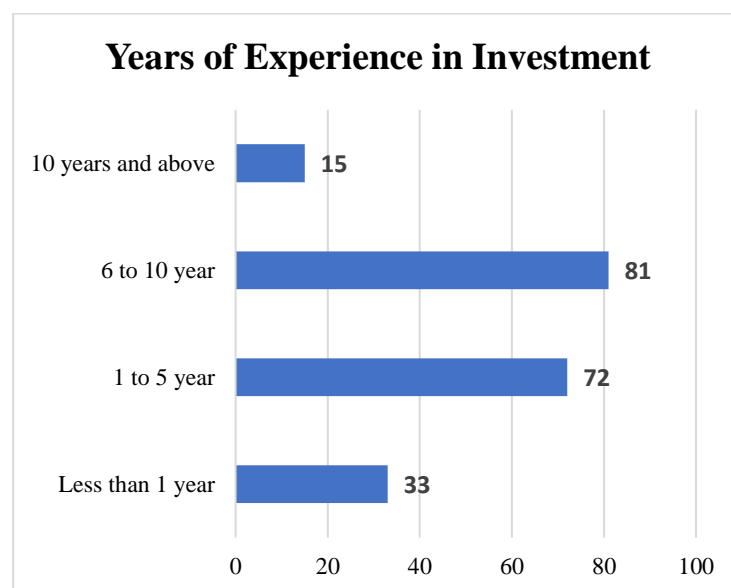
According to the table and figure 4.1.5 above, there are 83 respondents who earned for their annual income range is less than RM 50,000 with 41%. 42 respondents with 21% who earned their annual income within RM 50,001 – RM 100,000. 32 respondents with 16% who earned their annual income within RM 100,001 – RM 150,000. 22 respondents with 11% who earned their annual income within RM 150,001 – RM 200,000 and there are 22 respondents with 11% who earned their annual income more than RM 200,000.

4.1.6 Experienced in Investment

Table 4.1.6 : Experienced in Investment

Experienced in Investment	Frequency	Percentage (%)
Less than 1 year	33	16.41%
1 to 5 years	72	35.82%
6 to 10 years	81	40.30%
10 years and above	15	7.46%
Total	201	100%

Figure 4.1.6 : Experienced in Investment



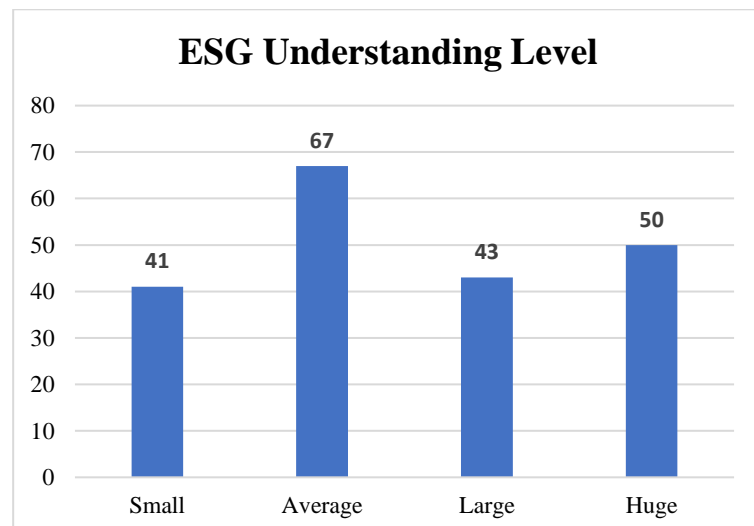
According to the table and figure 4.1.6 above, there are 81 respondents with 40.30% who had experienced in investment around 6 to 10 years. 33 respondents with 16.41% who had experienced in investment less than 1 years, 72 respondents with 35.82% who had experienced in investment around 1 to 5 years, and there were only 10 respondents who had more than 10 years investment experience.

4.1.7 Level of ESG Understanding

Table 4.1.7 : Level of ESG Understanding

Level of ESG Understanding	Frequency	Percentage (%)
Small	41	20.40%
Average	67	33.33%
Large	43	21.39%
Huge	50	24.88%
Total	201	100%

Figure 4.1.7 : Level of ESG Understanding



According to the table and figure 4.1.7 above, there are 67 respondents with 33.33% who were majority understanding on ESG factors. 41 respondents with 20.40% who were little understanding on ESG factors, 43 respondents with 21.39% who were further understanding on ESG factors, and 50 respondents with 24.88% who were fully understanding on ESG factors.

4.2 Descriptive Analysis

The descriptive statistics will be focusing on the extraction of a summary of data from the information collected. This will be in the form of measures like mean, medium, and standard deviation. These measures will allow for gathering an overview of the data, where various response groups will be analysed, and the key variations in the response scales across the response groups will be determined as well.

4.2.1 Descriptive Statistics

The table 4.2.1A has show the results of 201 valid target respondents and demonstrate the means, and standard deviation.

Mean is used to identify the average value gather by calculating the total outcomes divided by total number of samples.

The value of mean for Environment Aspect (Factor E) is within range from 3.738 to 3.843, Social Aspect – Customer & Public (Factor S1) is within range from 3.696 to 3.806, Social Aspect – Human Resource (Factor S2) is within range from 3.675 to 3.812, Social Aspect – Product & Service (Factor S3) is within range from 3.712 to 3.785, and Corporate Governance (Factor G) is within range from 3.691 to 3.801.

The result is shows that the answered by target respondents are majorities answered within the range of “Neutral” to “Agree”.

Table 4.2.1A Descriptive Statistics

Variables	Indicator	Sample	Means	Std. Dev.	Min	Max
Environment Aspect (Factor E)	DE1	201	3.843	1.067	1	5
	DE2	201	3.759	1.000	1	5
	DE3	201	3.796	1.151	1	5
	DE4	201	3.738	1.109	1	5
	DE5	201	3.827	1.072	1	5
	DE6	201	3.785	1.117	1	5
Social Aspect – Customer & Public (Factor S1)	DCP1	201	3.696	1.103	1	5
	DCP2	201	3.796	1.066	1	5
	DCP3	201	3.806	1.087	1	5
	DCP4	201	3.775	1.124	1	5
	DCP5	201	3.775	1.143	1	5
	DCP6	201	3.743	1.024	1	5
Social Aspect – Human Resource (Factor S2)	DHR1	201	3.675	1.038	1	5
	DHR2	201	3.738	1.104	1	5
	DHR3	201	3.791	1.096	1	5
	DHR4	201	3.691	1.045	1	5
	DHR5	201	3.812	1.047	1	5
	DHR6	201	3.691	1.075	1	5
Social Aspect – Product & Service (Factor S3)	DPS1	201	3.785	1.029	1	5
	DPS2	201	3.764	1.108	1	5
	DPS3	201	3.738	1.109	1	5
	DPS4	201	3.712	1.086	1	5
Corporate Governance Aspect (Factor G)	DCG1	201	3.785	1.093	1	5
	DCG2	201	3.801	1.065	1	5
	DCG3	201	3.707	1.012	1	5
	DCG4	201	3.691	1.055	1	5

Table 4.2.1B : Reliability Test

Variables	No. of items	Cronbach's Alpha Value
Environment Aspect (Factor E)	6	0.833
Social Aspect – Customer & Public	6	0.840

(Factor S1)		
Social Aspect – Human Resource (Factor S2)	6	0.835
Social Aspect – Product & Service (Factor S3)	4	0.781
Corporate Governance Aspect (Factor G)	4	0.711
ESG Consideration (Investment Decision)	4	0.894

According to Lew (2020), Cronbach’s alpha value for each variable that achieve not lower than 0.7 is considered to be reliable. The Cronbach’s alpha value higher which means that the items in the questionnaire are more reliable.

From the table 4.2.1B, the Cronbach’s alpha value for Factor E is 0.833 which means that the environment questions are reliable due to achieve at least 0.70 criterion.

The Cronbach’s alpha value for Factor S1 is 0.840 which shows the questions included is reliable due to achieve at least 0.70 criterion.

The Cronbach’s alpha value for Factor S2 is 0.835 which shows the questions included is reliable due to achieve at least 0.70 criterion.

The Cronbach’s alpha value for Factor S3 is 0.781 which shows the questions included is reliable due to achieve at least 0.70 criterion.

The Cronbach’s alpha value for Factor G is 0.711 which shows the questions included is reliable due to achieve at least 0.70 criterion.

The Cronbach’s alpha value for Investment Decision is 0.894 which shows the questions included is reliable due to achieve at least 0.70 criterion.

In a summary, the questionnaire distributed is reliability although the pilot test result was shown insignificant.

4.2.2 Convergent Validity, Internal Consistency, and Lateral Collinearity

Internal consistency reliability was used to be evaluate the composite reliability (CR) (Chin, 2010), the value of criterion for both are greater than 0.70 (Bresciani et al., 2023). However, some researcher had mentioned that the value of CR greater than 0.7 but not more than 0.9 can be categorized in satisfactory level (T. Ramayah et al., 2018). According to the table 4.2.2, the CR values for each construct was more than 0.7 which there can be shown that it is satisfactory level.

Convergent validity is determined from CR and factor loadings (Raut et al., 2023), the criterion shall be greater or equal to 0.70 and average variance extracted (AVE) shall be greater than or equal to 0.50 (T. Ramayah et al., 2018). According to the table 4.2.2, the outer factor loading values are greater than or equal to 0.5 is acceptable, when the AVE score is greater than 0.5 whereas the indicatory reliability is acceptable.

Variance Inflation Factor (VIF) is being used to investigate multicollinearity which to evaluate the degree of correlation between IV in the research model. The criterion of VIF values shall not be at or higher than 3.3 (T. Ramayah et al., 2018). According to the table 4.2.2, the highest VIF value is 2.558 and all values are below 3.3 which it can be considered no collinearity problem.

Table 4.2.2 : Measurement Model

Construct	Indicators	Convergent Validity				Internal Consistency CR	Lateral Collinearity VIF
		Outer Factor Loading	t-value	p-value	AVE		
Factor E	DE1	0.728	16.494	0.000	0.546	0.878	1.613
	DE2	0.723	17.712	0.000			1.586
	DE3	0.738	16.910	0.000			1.619
	DE4	0.737	16.946	0.000			1.616
	DE5	0.730	17.900	0.000			1.575
	DE6	0.775	21.372	0.000			1.734
Factor S1	DCP1	0.749	18.130	0.000	0.556	0.882	1.643
	DCP2	0.750	17.950	0.000			1.644
	DCP3	0.720	15.071	0.000			1.561
	DCP4	0.780	23.091	0.000			1.773
	DCP5	0.773	20.818	0.000			1.752
	DCP6	0.700	15.424	0.000			1.486
Factor S2	DHR1	0.716	16.291	0.000	0.549	0.879	1.515
	DHR2	0.768	20.127	0.000			1.727
	DHR3	0.761	18.924	0.000			1.709
	DHR4	0.712	15.743	0.000			1.520
	DHR5	0.725	16.932	0.000			1.607
	DHR6	0.759	21.060	0.000			1.665
Factor S3	DPS1	0.735	16.729	0.000	0.604	0.859	1.439
	DPS2	0.799	24.186	0.000			1.683
	DPS4	0.827	28.365	0.000			1.754
	DPS4	0.747	16.891	0.000			1.463
Factor G	DCG1	0.779	22.369	0.000	0.593	0.853	1.506
	DCG2	0.797	24.025	0.000			1.551
	DCG3	0.740	16.910	0.000			1.475
	DCG4	0.761	18.077	0.000			1.503
ESG Consideration	BY1	0.885	42.680	0.000	0.758	0.926	2.558
	BY2	0.866	33.585	0.000			2.392
	BY3	0.881	43.220	0.000			2.549
	BY4	0.849	31.441	0.000			2.206

Note: AVE is Average Variance Extracted, CR is Composite Reliability, and VIF is Variance Inflation Factor

4.2.3 Discriminant Validity

Discriminant validity is used to identify and evaluate the significant variations among different variables through the Fornell & Larcker analysis (Jamilah et al., 2018). This helps to differentiate the relationship between one construct and another within the same model. The square root of the AVE value of each construct should be greater than its correlation with other constructs, which means that the data can be addressed as valid and acceptable (Jamilah et al., 2018).

Table 4.2.3A : Discriminant Validity for Reflective Construct: Fornell-Larcker Criterion

	Factor E	Factor S1	Factor S2	Factor S3	Factor G	ESG Consideration
Factor E	0.871					
Factor S1	0.557	0.739				
Factor S2	0.543	0.812	0.770			
Factor S3	0.537	0.808	0.824	0.746		
Factor G	0.555	0.850	0.807	0.823	0.741	
ESG Consideration	0.533	0.827	0.798	0.790	0.797	0.777

From the table 4.2.3A, the values in bold are represent on the square root of average variance extracted (AVE). The AVE is used to averaging the indicator reliabilities for each construct, the criterion for AVE is value shall be 0.5 or higher (Hair et al., 2020). The result shown from the table 4.2.3A has being proven that the reliability is valid and acceptable due to most of the value are more than 0.5.

Table 4.2.3B : Discriminant Validity for Reflective Construct:
Heterotrait-Monotrait Ratio (HTMT)

	Factor E	Factor S1	Factor S2	Factor S3	Factor G
Factor E					
Factor S1	0.643				
Factor S2	0.649	1.009			
Factor S3	0.619	0.964	1.026		
Factor G	0.641	1.018	1.002	0.983	
ESG Consideration	0.635	1.022	1.023	0.973	0.985

Table 4.2.3B show the result for the discriminant validity for the reflective construct of HTMT. HTMT can be defined as the latest and new method to investigate the relationship between the construct (Henseler et al., 2015). The criterion of HTMT shall be lower than 0.85 so that the value only can be considered as discriminant validity (Alkhatib, 2023).

The result shown from the table 4.2.3B has being shown there has problem of discriminant validity when the value is greater than 0.85, and lack of discriminant validity when the value is constrained at value of 1 (T. Ramayah et al., 2018). Because the value from the result is in range within 0.964 to 0.985 has being proven there is problem of discriminant validity. The value from the result is in range within 1.002 to 1.026 has shown there is lack of discriminant validity.

4.2.4 Structural Model

The relationships between the constructs are analyzed through the estimation of path coefficient and its overall goodness of fit is represented in the value of R-squared. Table 4.2.4 shows the path coefficient for the

reflective construct model which is graphically represented in the structural model diagram in Figure 4.2.4.

Table 4.2.4 Path Coefficient for Reflective Construct

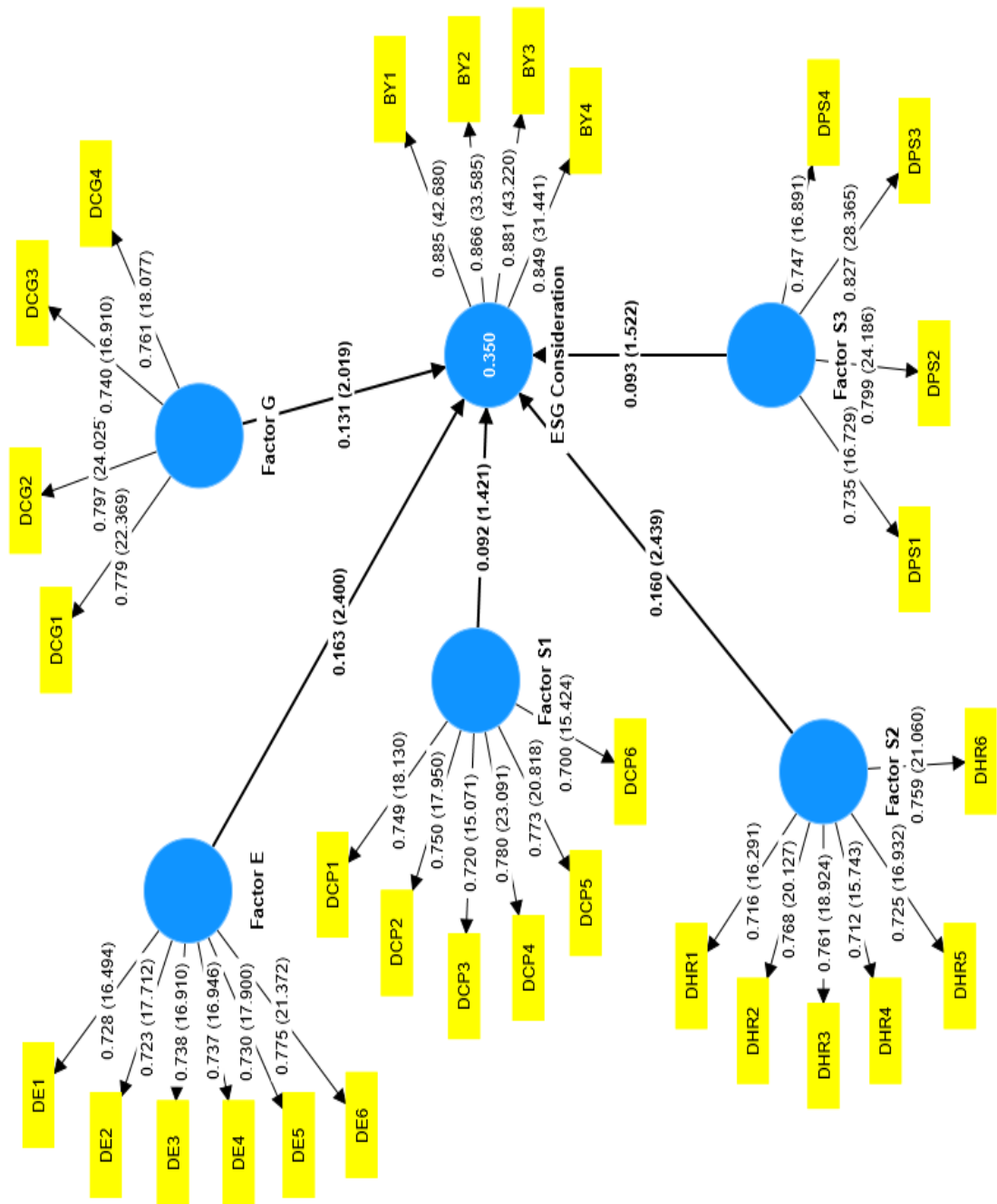
Label	Path Coefficient	t-value	p-value
Factor E → ESG consideration	0.163	2.400	0.016
Factor S1 → ESG consideration	0.092	1.421	0.155
Factor S2 → ESG consideration	0.160	2.439	0.015
Factor S3 → ESG consideration	0.093	1.522	0.128
Factor G → ESG consideration	0.131	2.019	0.044
R square	0.350		

Note: Significant tests at 1% level, 5% level, and 10% level

The importance and applicability of the route coefficients are assessed when the model's capacity for explanation and prediction has been established. The values of the path coefficients often fall between -1 and +1, and their interpretation is comparable to that of formative indicator weights. To determine the statistical significance of the path coefficients and their values, researchers must use bootstrapping.

The R^2 value must be at least 0.10 to ensure an acceptable level of model fit (Chin, 2010). From the table 4.2.4, R^2 value is 0.350 which is greater than 0.10. It can be determined that it is model fit and acceptable.

Figure 4.2.4 : Structural Model



Results show that, there are 3 significant positive relationship between ESG factors and ESG consideration. However, there are 2 significant negative relationship between ESG factors and ESG consideration.

4.3 Hypothesis Testing

Table 4.3 : Hypothesis Testing

Hyp.	Label	Original Sample	Sample Mean	Std. Dev.	T Sta. (IO/STDEV)	p-value	Remarks
H1	E → ESG*	0.163	0.165	0.068	2.400	0.016	Supported
H2	S1 → ESG <i>NS</i>	0.092	0.093	0.065	1.421	<i>0.155</i>	Unsupported
H3	S2 → ESG*	0.160	0.162	0.066	2.439	0.015	Supported
H4	S3 → ESG <i>NS</i>	0.093	0.092	0.061	1.522	<i>0.128</i>	Unsupported
H5	G → ESG*	0.131	0.133	0.065	2.019	0.044	Supported

Note: * Significant at $p < 0.05$ level

NS is Not supported at $p > 0.05$ level (Lew, 2020)

In order to ensure the data shows the significant for the relationship between ESG factors towards the ESG considerations by individual investors, the p value shall less than 0.05 to fulfill significant. According to Lew. (2020), mentioned that there is not significant or in another word did not support the relationship when p value is greater than 0.05.

From the table 4.3 hypothesis testing, the result found out that the relationship between Factor E and ESG consideration shows 0.016 which it is significant to the relationship due to the p value is lower than 0.05. Most of the investors are agreed that environment issue will be a criterion for them to consideration before they made investment decisions.

Moreover, relationship between Factor S1 towards ESG consideration of investors shows 0.155 which p value greater than 0.05 means it is not significant relationship among each other. From the results shows that, the target respondent participant in this research were not think that customer and public relations issues from the invested companies will have affected them to make their investment decisions, can be understand that the impact is lower compared with other factors.

Furthermore, relationship between Factor S2 towards ESG consideration of investors shows 0.015 which p value lower than 0.05 means it is significant relationship among each other. Factor S2 is refer to the human resources issues and those issues will have influenced them when they made investment decisions due to human resources issues involved many perspectives such as child labor, human right issues which had been demonstrated in Chapter 2 and it can affect the firm performance and their investment return directly.

In addition, relationship between Factor S3 towards ESG consideration of investors shows 0.128 which p value greater than 0.05 means it is not significant relationship among each other. Some of the investors may not put their consideration on the quality of product and services from their invested firm because they are not thinking that the quality of product and services will be the issues who affect the sustainability compared with other factors available.

Lastly, relationship between Factor G towards ESG consideration of investors shows 0.044 which p value lower than 0.05 means it is significant relationship among each other. Target respondents will consider the governance topics when they made investment decisions especially whether the firm invested by them are fulfilling the requirements from the local authorities and government due to it can affect the sustainability and also the financial return after they invested.

4.4 Conclusion

In this chapter had addressed the procedure and results of the data analysis through PLS-SEM. Smart PLS4 is employed for data generating and calculation for the research result. Subsequently, missing values were checked for and none were found. Demographic Profile Analysis has outlined the background of the respondents and descriptive analysis used to be employed for examine the dependents variables. Hypothesis testing was designed to further understand the results from the research.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.0 Introduction

In this chapter, summary of findings will be presented to understand the significance of relationships between the IV and DV. Furthermore, discussion on the finding result will be carry out to identify the root cause to make the variables in significant or not significant. Limitation and recommendation will be demonstrated, and conclusion will be summarized for all the research study.

5.1 Summary of Findings from Research Results

The summary of findings is shown as table below.

Table 5.1 : Summary of Findings from Research

Hypothesis	Significant Value (p value)	Decision (Accepted or rejected)
H1 : Environmental have relationship with the investor's investment decision.	0.016	P value < 0.05. Significant. H1 Do not reject.
H2 : Social (Customer & Public) have	0.155	P value > 0.05. Not Significant.

relationship with the investor's investment decision.		H2 Rejected
H3 : Social (Human Resource) have relationship with the investor's investment decision.	0.015	P value < 0.05. Significant. H3 Do not reject.
H4 : Social (Product & Service) have relationship with the investor's investment decision.	0.128	P value > 0.05. Not Significant. H4 Rejected
H5 : Corporate Governance have relationship with the investor's investment decision	0.044	P value < 0.05. Significant. H5 Do not reject.

H1 : Environmental have significant to influence the investor's investment decision because the **p value 0.016** which is lower than 0.05. This situation is considered as **Do not reject**.

H2 : Social (Customer & Public) have significant to influence the investor's investment decision because the **p value 0.155** which is greater than 0.05. This situation is considered as **Rejected**.

H3 : Social (Human Resource) have significant to influence the investor's investment decision because the **p value 0.015** which is lower than 0.05. This situation is considered as **Do not reject**.

H4 : Social (Product & Service) have significant to influence the investor's investment decision because the **p value 0.128** which is greater than 0.05. This situation is considered as **Rejected**.

H5 : Corporate Governance have significant to influence the investor's investment decision because the **p value 0.044** which is lower than 0.05. This situation is considered as **Do not reject**.

5.2 Discussion and Findings

According to the hypothesis summary to be stated on table 5.1, it has shown the research has correlated with ESG factors and investment decision. **Hypothesis 1** : Environmental have significant to influence the investor's investment decision because the **p value 0.016** which is lower than 0.05. This situation is considered as **Do not reject**. Therefore, the result has explained that environmental issues are being impacted to the investor decision making in Malaysia. This is due to previous research has shown that there is significant relationship between environmental factors and investment decisions. As per literature review, those research scholar conducted research more on institutional investors instead of individual investors. From this research, it can understand that the impact is not only affecting to institutional investors but also individual investors.

Furthermore, according to the hypothesis summary stated on table 5.1, **Hypothesis 2** : Social aspect under Customer & Public have no significant to influence the investor's investment decision because the **p value 0.155** which is greater than 0.05. This situation is considered as **Rejected**. From the result can further understanding that customer and public under social aspect does not find significant to shows the individual investors will not be influence their investment decision although there is issues o the customer and public. Therefore, it is assumed that the impact is lower compared to other factors which shows significant relationship.

Moreover, according to the hypothesis summary stated on table 5.1, **Hypothesis 3** : Social aspect under Human Resource have significant to influence the investor's investment decision because the **p value 0.015** which is lower than 0.05. This situation is considered as **Do not reject**. Therefore, the result has explained that social issues especially under human resource issues are being impacted to the investor decision making in Malaysia. This is due to previous research has shown that there is significant relationship between social factors and investment decisions.

Next, according to the hypothesis summary stated on table 5.1, **Hypothesis 4** : Social aspect under Product and Service have no significant to influence the investor's investment decision because **p value 0.128** which

is greater than 0.05. This situation is considered as **Rejected**. From the result can further understanding that quality of product and service under social aspect does not find significant to shows the individual investors will not be influence their investment decision although the issues to the quality of product and service. Therefore, it is assumed that the impact is lower compared to other factors which shows significant relationship.

Lastly, according to the hypothesis summary stated on table 5.1, **Hypothesis 5** : Corporate Governance have significant to influence the investor's investment decision because the **p value 0.044** which is lower than 0.05. This situation is considered as **Do not reject**. Therefore, the result has explained that governance practice is being impacted to the investor decision making in Malaysia. This is due to previous research has shown that there is significant relationship between corporate governance and investment decisions.

5.3 Limitations

Every research conducted will be very common that to face limitations during the research. One the limitation for this research is that single source for data collection which there will be possibility occurs common method variance (CMV). This CMV can caused bias to the result for generate correlations among the variables (Fuller et al., 2016).

Furthermore, the limitation for this research is convenient sampling technique. This sampling technique is faster, easier and convenience however, the quality for target respondents may not have the same chance to participate in this research.

Moreover, the target respondents only focus on individual basic. Individual perspective compared with institutions investor perspective may have a gap of investment planning and decision making. Because individuals may be influenced by their behavior or attitudes or emotional (Jonwall et al., 2022b).

5.4 Recommendation

After reviewed the limitations, recommendation will be suggested to future researcher to utilize and enhancing the future research.

Firstly, the understanding level of ESG can be further elaborate and investigate deeper due to the knowledge and understanding from the target participants not easy to evaluate. According to the results gather from the research, the understanding level of ESG factors majority are average understanding. Therefore, the data is not accuracy enough.

Second, the target respondents for this research are only concentration in individual investors basic. As mentioned above, individual investors may have bias, or their own personal behavior may be influencing the investment decision making. Because of the knowledge and understanding of ESG, the way of thinking will be difference from individual investors and institutional investors. For future research, it will be suggested to include institutional and individual investors to further investigate the impact of ESG factors when both parties made investment decision.

5.5 Conclusion

This research of study had been shows that Environmental (Factor E), Social Aspect (Human Resource) (Factor S2), and Corporate Governance (Factor G) has significant relationship with the investment decision from investors. Which means that Factor E, Factor S2 and Factor G are more common to be a guidance for individual investors take into consideration when they made investment decisions.

There are two variables did not perform significant relationship for this study. It was Social Aspect (Customer and Public) (Factor S1) and Social Aspect (Product and Service) (Factor S3). For these two aspects, most of the target respondents participate to this research, investors think that these two aspects did not become a point to influence their decision making. The impact to them is not large than significant variables which are Factor E, Factor S2, and Factor G.

Therefore, the institutional investors shall understand the expectation from the shareholders in order to achieve sustainable investment.

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APPENDIX

Appendix 1: Construct Measurement

Section A – Demographic profile of investors

Questions	Choice of answer	Reference
Gender	<ul style="list-style-type: none">○ Male○ Female○ Prefer not to disclose	(Sood et al., 2022)
Age	<ul style="list-style-type: none">○ 20 – 29 years old○ 30 – 39 years old○ 40 – 49 years old○ 50 – 59 years old○ 60 years old and above	(Sood et al., 2022)
Education Level	<ul style="list-style-type: none">○ Not receiving formal education○ Primary school○ Secondary school○ High school○ Certificate & Diploma○ Bachelor’s degree○ Postgraduate Degree	(Sood et al., 2022)
Occupation	<ul style="list-style-type: none">○ Government staff○ Private employee○ Business owner / self-employed○ Retired	(Sood et al., 2022)

	<ul style="list-style-type: none"> ○ Unemployed 	
Annual Income	<ul style="list-style-type: none"> ○ Less than RM 50,000 ○ RM 50,001 – RM 100,000 ○ RM 100,001 – RM 150,000 ○ RM 150,001 – RM 200,000 ○ RM 200,000 and above 	(Sood et al., 2022)
Experience in investment	<ul style="list-style-type: none"> ○ Not involving in any investment ○ Less than 1 year ○ 1 to 5 years ○ 6 to 10 years ○ 10 years and above 	(Sood et al., 2022)
Level of understanding and interest in ESG	<ul style="list-style-type: none"> ○ Not at all ○ Small ○ Average ○ Large ○ Huge 	(Park & Jang, 2021c)

Section B – ESG information in investment decisions

Original Statement	Paraphrase statement	Reference
Do you consider ESG information when making investment decisions?	Is ESG information will be one of the criteria affect your decisions making in investment? Choose whichever is applicable. You can choose more than one.	(Amir & Serafeim, 2017: 34)(Table 2)
Yes, because	Yes, due to	

<ul style="list-style-type: none"> • ESG information is material to investment performance 	<ul style="list-style-type: none"> • Information on ESG is the element of performance in investment 	
<ul style="list-style-type: none"> • we believe such policy to be effective in bringing about change at firms 	<ul style="list-style-type: none"> • Information on ESG will impact effectively changing in firms 	
<ul style="list-style-type: none"> • we see it as an ethical responsibility 	<ul style="list-style-type: none"> • It is part of responsibility in ethical to evaluate firms' performance 	
<ul style="list-style-type: none"> • we anticipate it to become material in the near future 	<ul style="list-style-type: none"> • It will be a foremost element in future 	
No, because	No, due to	
<ul style="list-style-type: none"> • we lack access to reliable nonfinancial data 	<ul style="list-style-type: none"> • Not able access to reliable relevant information for further judgment 	
<ul style="list-style-type: none"> • ESG information is not material to investment performance 	<ul style="list-style-type: none"> • Information on ESG is not an element of performance in investment 	
<ul style="list-style-type: none"> • we believe such policy to be ineffective in inducing change at firms 	<ul style="list-style-type: none"> • Information on ESG will not impact effectively changing in firms 	
<ul style="list-style-type: none"> • such information is not material to a diversified investment portfolio 	<ul style="list-style-type: none"> • Information on ESG is not an element to various investment portfolio 	
<ul style="list-style-type: none"> • including such information is detrimental to investment performance 	<ul style="list-style-type: none"> • information on ESG will not bringing benefit in investment performance 	

Section B - The materiality of ESG information

Original Statement	Paraphrase statement	Reference
To what extent do you agree with the following statements about the materiality of ESG information in investment decision making?	Do you agree with the following statements regarding the materiality of ESG information during investment decision making?	(Amir & Serafeim, 2017: 36)(Table 3)
(Scale: 4 = Agree Strongly, 3 = Agree, 2 = Disagree, 1 = Disagree Strongly)	(Scale: 4 = Agree Strongly, 3 = Agree, 2 = Disagree, 1 = Disagree Strongly)	
Nonfinancial information is material to investment decision making because it...	I do view nonfinancial information as an important element for me during investment decision making due to ...	
<ul style="list-style-type: none"> • Affects a company’s reputation and brand 	<ul style="list-style-type: none"> • Company’s branding and reputation will be affected 	
<ul style="list-style-type: none"> • Exposes potential threats of litigation and regulatory intervention 	<ul style="list-style-type: none"> • To understand potential threats in the company 	
<ul style="list-style-type: none"> • Signals a company’s long-term approach to business strategy 	<ul style="list-style-type: none"> • To understand the business strategy in long term 	
<ul style="list-style-type: none"> • Signals a company’s management quality 	<ul style="list-style-type: none"> • To understand the quality of management 	
<ul style="list-style-type: none"> • Reflects a company’s competitive position relative to its peers 	<ul style="list-style-type: none"> • To understand the position of company’s competitive 	

We do not view nonfinancial information as material for investment decision making	I am not viewing nonfinancial information as an important element for me during investment decision making	
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Section B - Material ESG metrics

Original Statement	Paraphrase statement	Reference
Which ESG information about a company do you consider material to your investment decisions?	What kind of ESG information from a company will make you take into consideration while making investment decisions?	(Amir & Serafeim, 2017: 37)(Table 4)
<ul style="list-style-type: none"> • ENVIRONMENTAL 	<ul style="list-style-type: none"> • Environmental aspect (Including waste management, energy management, greenhouse gas emission and et cetera) 	
<ul style="list-style-type: none"> • CUSTOMERS AND THE PUBLIC 	<ul style="list-style-type: none"> • Customers & Public aspect (Including customer satisfaction, data privacy and security and et cetera) 	
<ul style="list-style-type: none"> • HUMAN RESOURCES 	<ul style="list-style-type: none"> • Human Resources aspect (Including human rights, diversity, employee's healthy and safety and et cetera) 	
<ul style="list-style-type: none"> • PRODUCTS AND SERVICES 	<ul style="list-style-type: none"> • Products & Services aspect (Including product and services quality, supply chain management and et cetera) 	

<ul style="list-style-type: none"> CORPORATE GOVERNANCE 	<ul style="list-style-type: none"> Corporate Governance aspect (Compliance to the relevant regulations, stakeholder management and et cetera) 	
	<ul style="list-style-type: none"> None of above ESG information taking into consideration 	

Section B - ESG integration

Original Statement	Paraphrase statement	Reference
How do you integrate material ESG information in your investment process?	What is the investment process assists you in integrate ESG information?	(Amir & Serafeim, 2017: 41)(Table 7)
<ul style="list-style-type: none"> To engage with the firms, we invest in 	<ul style="list-style-type: none"> Engagement in the firm that I invested in 	
<ul style="list-style-type: none"> As additional input to estimate a stock's systematic risk 	<ul style="list-style-type: none"> To evaluate the stock's systematic risk 	
<ul style="list-style-type: none"> To create thematic investment portfolios 	<ul style="list-style-type: none"> To have portfolio of investment with topics 	
<ul style="list-style-type: none"> As an overlay to tilt our portfolio or index investments toward high ESG performance 	<ul style="list-style-type: none"> To get high ESF performance through investment portfolio 	
<ul style="list-style-type: none"> We do not use ESG information in our investment process 	<ul style="list-style-type: none"> I am not using ESG information as an important element for me during investment decision making 	



Impact of Environmental, Social & Governance on Investor's Investment Decision in Malaysia

Dear Respondents,

I am a student from Universiti Tunku Abdul Rahman currently enrolling in Master of Business Administration Corporate Governance (MBACG). Currently, I am pursuing my Final Year Project entitle ***"Impact of Environment, Social and Governance on Investor's Investment Decision in Malaysia."***. The purpose of this research is to identify the factors that affecting investor's investment decision.

This survey is conducted as a part of the requirement to complete our research project. Therefore, we invite you to participate in our research and ensured that your information is kept confidential.

This survey contains only (2) sections. If you are agreed to participate in this survey, please answer the following questions on the questionnaire that best suit your understanding. Completion of this survey is approximately 10 to 15 minutes.

Once again, thank you for your assistance in this important endeavor. Your participation in this survey is much appreciated.

Sincerely,
Wong Jia Hui
2104082

* Required

Voluntary participation

You understand that participation in this study is voluntary and that if you decide not to participate, you will experience no penalty or loss of benefits to which you would otherwise be entitled. If you decide to participate, you may subsequently change your mind about being in the study and may stop participating at any time.

Personal Data Protection Statement

Please be informed that in accordance with Personal Data Protection Act 2010 ("PDPA") which came into force on 15 November 2013, Universiti Tunku Abdul Rahman ("UTAR") is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

1

I have read or have the information above read to me, in a language understandable. The above content has been fully explained to me. I, voluntarily consent and offer to take part in this study. I certify that all information I have given is true and correct to the best of my knowledge. *

Agree

Disagree

2

I will not hold UTAR or the research team responsible for any consequences and/or liability arising from my participation in this study. *

Agree

Disagree

Section A - Demographic

Please tell us more about yourself, we would like to know more about you.

3

Gender *

- Male
- Female
- Prefer not to disclose

4

Age *

- 20 - 29 years old
- 30 - 39 years old
- 40 - 49 years old
- 50 - 59 years old
- 60 years old and above

5

Education Level *

- Not receiving formal education
- Primary School
- Secondary School
- High School
- Certificate & Diploma
- Bachelor Degree
- Postgraduate Degree

6

Occupation *

- Government Staff
- Private Employee
- Business Owner / Self Employed
- Retired
- Unemployed

7

Annual Income *

- Less than RM 50,000
- RM 50,001 - RM 100,000
- RM 100,001 - RM 150,000
- RM 150,001 - RM 200,000
- RM 200,000 and above

8

Experience in Investment *

- Not involving in any investment
- Less than 1 year
- 1 to 5 years
- 6 to 10 years
- 10 years and above

9

Level of understanding and interest in Environment, Social and Governance (ESG) *

- Not at all
- Small
- Average
- Large
- Huge

Section B - ESG information in investment decisions

These Section B involve questions in these aspect :

- ESG information in investment decisions
- The materiality of ESG information
- Material ESG metrics
- Impediments to ESG integration
- ESG integration
- ESG strategies outlook

10

Is ESG information will be one of the criteria affect your decisions making in investment? *

Yes

No

11

Is ESG information will be one of the criteria affect your decisions making in investment?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

Yes, due to..... *

	5	4	3	2	1
Information on ESG is the element of performance in investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on ESG will impact effectively changing in firms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is part of responsibility in ethical to evaluate firms' performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It will be a foremost element in future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12

Is ESG information will be one of the criteria affect your decisions making in investment?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

No, due to..... *

	5	4	3	2	1
Not able access to reliable relevant information for further judgment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on ESG is not an element of performance in investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on ESG will not impact effectively changing in firms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on ESG is not an element to various investment portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on ESG will not bringing benefit in investment performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13

Will you review nonfinancial information as important for me during investment decision making? *

Yes

No, I am not viewing nonfinancial information as an important element for me during investment decision making

14

Do you agree with the following statements regarding the materiality of ESG information during investment decision making?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

Yes, I do view nonfinancial information as an important element for me during investment decision making due to

*

	5	4	3	2	1
Company's branding and reputation will be affected	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To understand potential threats in the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To understand the business strategy in long term	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To understand the quality of management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To understand the position of company's competitive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15

Do you think ESG information from a company will make you take into consideration while making investment decisions? *

Yes

No

16

What kind of ESG information from a company will make you take into consideration while making investment decisions?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

- Environmental aspect *

	5	4	3	2	1
Energy and fuel management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Waste and hazardous materials management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Greenhouse gas emissions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Water and waste management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Impact of business operations on air quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Biodiversity impacts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17

What kind of ESG information from a company will make you take into consideration while making investment decisions?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

- Customers & Public aspect *

	5	4	3	2	1
Customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community relations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fair disclosure and labeling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human rights	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fair marketing and advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Data security and customer privacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18

What kind of ESG information from a company will make you take into consideration while making investment decisions?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

- Human Resources aspect

*

	5	4	3	2	1
Employee health, safety, and well-being	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labor relations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Compensation and benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fair labor practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recruitment, development, and retention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Diversity and inclusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19

What kind of ESG information from a company will make you take into consideration while making investment decisions?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

- Products & Services aspect

*

	5	4	3	2	1
The long-term impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product quality and safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Materials sourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product packaging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20

What kind of ESG information from a company will make you take into consideration while making investment decisions?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

- Corporate Governance aspect

*

	5	4	3	2	1
Codes of conduct, ethics, and anti-corruption	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leadership and board policies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stakeholder engagement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political influence and transparency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21

Which of the following factors limit your firm's ability to use ESG information in your investment decisions?

Choose whichever is applicable. You can choose more than one.

*

- Lack of comparability across firms
- Lack of standards in reporting ESG information
- The cost of gathering and analyzing ESG information
- General ESG information to be disclosed by firms
- Lack of quantifiable ESG information
- Lack of comparability over time
- The disclosure of ESG information by firms is too infrequent to be useful
- Lack of reliability of data/lack of audit and assurance
- There is too much disclosure making it difficult to filter out what is material
- None of the above

22

What is the investment process assists you in integrate ESG information?

(Scale: 5 = Agree Strongly, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Disagree Strongly)

*

	5	4	3	2	1
Engagement in the firm that I invested in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To evaluate the stock's systematic risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To have portfolio of investment with topics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To get high ESG performance through investment portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am not using ESG information as an important element for me during investment decision making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23

Do you think how important of ESG information from the following method able to assists you for investment process in the future?

(Scale: 5 = Very Important, 4 = Important, 3 = Neutral, 2 = Not Important, 1 = Totally Not Important) *

	5	4	3	2	1
Environment management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement with society	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improvement on product or service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transparency in shareholder's profile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Compliance with law and regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Thank you for your respond :)

thank you

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