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UNDERSTANDING THE USE OF ESG INFORMATION AMONG ASIAN INVESTORS: A STUDY ON THE INTEGRATION OF ESG FACTORS IN INVESTMENT DECISION-MAKING IN ASIA"

Muhammad Bilal

MS Management

Institute of management science Peshawar

Email bilal.mohamad52@yahoo.com

DR- Yasser Kamal

Associate professor

Institute of management science Peshawar

Email yasir.kamal@imsciences.edu.pk

Farhat Iqbal

MBA

Institute of management science Peshawar

Email imsfarhat3939@gmail.com

Uroosa Falak

Bahauddin Zakariya University

uroosafalak7@gmail.com

Abstract

Aim:

the main purpose of the study was to conduct a survey of the investor from the different stock markets of Asia and try to develop the idea that how and why investor uses ESG information. ESG is "environmental, "social" and "governess" information is nonfinancial information reported in the financial reports according to sustainable accounting standards

Methodology

The study used a survey methodology for incorporating the finding of different investors. The study adopted a questionnaire from the study of Zadeh & Serafeim (2018). A total of 60 respondents participated in the study.

Findings:

The finding of the study is that investor is increasingly seeing the pivotal role of the non-financial information in the financial reports. They also consider the non-financial information as a key factor for the investment decision because of the regulations to comply with ESG information that can help them avoid the risk. However, most of the investors from Asia believe that the ESG information reported is inconsistent, unavailable, and not verified.

Key words ESG information, Investors ASIA

1.Introduction

21century is witness to some of the most shocking environmental changes the earth has experienced so far. With the rapid expansion of the companies, it has brought a blazer effect on the environment different government and environmental protection agencies have encouraged these companies to adapt to these corporate integrated reporting systems. The crux of the integrated reporting is ESG information.

The ESG stands for the “environmental, social, and governance” what that is a “Framework” for analyzing and assessing how well are they compare to their peer in terms of their performance against these metrics under the Ewe have for the environment, we have water usage, wastage production, and general kind of environmental behavior, how efficient they are at managing their resources, and also looking after the environment around them. Under the social, it around how well they do treat their clients, and then there is also some diversity aspect the management in the workforce. And then under the governance, that around share class structure, and governance structure within the company how well the company is run? When you take all this together, is what you are looking at is another way of assessing without looking at a balance sheet and looking at broader society at large (Gitman, Chorn, & Fargo, 2009)

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Over the past few decades, the world has seen exponential growth in the number of companies that measure environmental data for example (carbon emission water consumption comma waste generation. However, is social data like ESG, and integrating still lack some of the Essentials that are necessary for the reporting standards set by the environmental and socio-economic social-economic committees establish. However, from the historical perspective in the 90s, only 20 companies comply with its standards and reported sustainability and integrated reporting in their finances. Over time, corporate sustainability reporting has increased to 9000 by 2016. Similarly, the investor's small investors' interest has also gone rapidly towards the PSG information. “Signatories to the UN Principles for Responsible Investment, launched in 2006, committed to incorporating ESG issues into their investment analysis and ownership policies and practices. As of 2016, the principles had about 1,400 signatories, with total assets under management of about $60 trillion”.

The investor sentiments are how the investor will act upon certain news or event in the market. “There have been several papers focusing on what is called "investor sentiment" -- the propensity of individuals to trade on "noise" and emotions rather than facts. Sentiment causes investors to have beliefs about future cash flows and investment risks that aren't justified” “The first one is the classical approach which emphasizes the point that there is no room for the investor sentiment in finance. There are two sorts of points of view about investor sentiment in finance. “Recently, However, in modern finance, behavioral finance is one of the most important aspects of finance which determined how the sentiment can shape up the market in the future (Renneboog, Ter Horst, & Zhang, 2008).

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The recent report environmental protection agency depicts an alarming situation for the Asian countries. Where most of the densely polluted cities are from Asia for this reason, the government has introduced the integrated reporting system. Therefore, the governments and environmental protection agencies are taking action to ensure that these corporations and business entities comply with the corporate integrated reporting structure. The main theme of the corporate reporting structure is ESG. The main concerns are how to do these investor values this ESG. The investor sentiments are determining the overall market. In modern financial markets, sentiments are valued very high. Therefore, determining the investor sentiments towards the ESG is important.

1.2 Following are the research question

Q1 Does the investor use the ESG information?

Q2 How do investors use this information?

Do investors value ESG information in their investment decision?

2. Literature review

2.1 Theoretical review

The theory put forward by Williams et. al, (2011) highlights the role of the financial crisis in increasing investor focus on ESG information. The argument is that the failure of governance systems to protect investor interests during the crisis has motivated investors to demand greater transparency and accountability from companies in regards to ESG issues. This, in turn, has increased the importance of ESG information in investment decision making.

Moreover, the relationship between modern portfolio theory and ESG factors has yet to be fully examined. There is a growing interest in exploring this relationship, as investors seek to understand how ESG factors may impact investment performance and risk. The need to study ESG factors and their impact on investment outcomes is crucial in order to provide investors with a more comprehensive understanding of the risks and opportunities associated with investing in companies that prioritize sustainability.

2.3 Potential investors of the ESG

The potential audiences for ESG disclosures include:

- Investors: ESG information is important for investors, who use it to make informed investment decisions.
- Regulators: ESG information is also relevant to regulators, who use it to monitor and enforce environmental and social standards.
- Customers: Companies may also disclose ESG information to their customers, who use it to evaluate the company's sustainability practices.
- Employees: ESG information is also important to employees, who may use it to assess the company's values and culture.
- Suppliers: Suppliers may also use ESG information to evaluate a company's sustainability practices and determine whether to do business with the company.
- Civil society organizations: Civil society organizations may use ESG information to monitor and advocate for more sustainable business practices. (Seager et. all, 2018)

Figure 1

Esg information stakeholders

(Amel-Zadeh & Serafeim, 2017)

2.3 ESG and CSR

Understanding social responsibility is a prerequisite for understanding the ESG information system. Social standards that can impact economic conduct and, as a result, the market's outcome are known as social responsibility (Merton, 2006). The social focal point in recent years has been the environment and social obligations. As a result, the financial markets have been affected by these movements (Benabou &Tirole, 2010). Consequently, provide a framework for comprehending the motivations behind corporate social responsibility. Few people have, however, supported the notion of basing investment decisions on "corporate prosocial conduct in the investment choice."

The number of investors is more tended towards corporate social responsibility is considering the ESG information. However, the investor can be divided into categories based on the school of thought to which they belong. One of the schools of thought is a pristine capitalist who believes is that business should only be a concern with maximizing investor wealth. The other schools of thought “expedients” recognize that some social responsibility expenditure may be necessary to better strategically position an organization to maximize profits.

2.4 Empirical review

The findings of these studies support the idea that investors value ESG information and use it as a factor in their investment decision making process. These studies suggest that investors consider ESG information as part of their overall assessment of a company, including financial performance, and view it as a sign of a company's long-term sustainability. The ESG information is considered to be an important component of socially responsible investing, and investors increasingly view companies that prioritize environmental, social, and governance factors as more attractive investment opportunities(Amel-Zadeh & Serafeim, 2017,Vandekerckhove, Leys, & Liedekerke, 200)

The investor sentiment is an important aspect of investment, and the study by Sun, Zhao, Wang, & Cho (2018) suggests that the level of CSR disclosures made by managers may vary depending on the investor sentiment. The study found that during periods of low investor sentiment, managers are more likely to make high levels of CSR disclosures, and vice versa. This relationship highlights the importance of considering the emotional and psychological state of investors when evaluating the impact of CSR disclosures on investment outcomes.

It is important to note that this study was conducted for listed public sector organizations, and the findings may not be directly applicable to all companies and industries. Further research is needed to examine the relationship between investor sentiment and CSR disclosures in a wider range of contexts.

The study suggests that the impact of ESG information on investment decisions can be complex and influenced by various factors, including investor preferences and cultural and social norms. Some investors may prioritize profit maximization and overlook ESG information, while others may consider ESG information and factor it into their investment decisions. The study in India highlights the role of religious and social responsibility in investment decisions, which underscores the importance of considering cultural and social factors in understanding the impact of ESG information on investment decisions(Meeampol & Ogunlan, 2009).

The study suggests that investors, particularly those in Australia and surveyed superannuation fund members, have a strong interest in ESG information, particularly in regards to governance issues. This highlights the importance of companies disclosing relevant and reliable ESG information, especially in the area of governance, in order to meet the increasing demand and expectations of investors. However, it is also important to note that the findings may not necessarily apply to all investors and that the impact of ESG information on investment decisions can still be influenced by various factors and may vary across different contexts and regions.(de Zwaan, Stewart, & Subramaniam, 2011)

Institutional investors can play a crucial role in promoting better disclosure of ESG information by companies. They hold a significant amount of power in the market due to their ability to influence companies through their investments. However, this power is only as strong as the quality of the information they have about the companies they invest in. If the information on ESG performance is incomplete or unreliable, institutional investors may not be able to make informed investment decisions. Therefore, it is important for companies to provide comprehensive and accurate ESG information for the benefit of both investors and the environment (Royal & O'Donnell 2014)"

Investor perception is a crucial factor in determining the importance and use of ESG information in investment decisions. However, not all investors may prioritize ESG considerations when making investment decisions. Some investors may prioritize financial performance and growth over ESG factors, as the value of their investment is primarily based on economic factors. This highlights the need for further studies to understand investor perceptions and behaviors towards ESG information, as well as the need for education and awareness about the long-term benefits of ESG investment (Khemir, 2019)

This trend is supported by research, including a study by Landi and Sciarelli (2018), which highlights the increased concern for ESG and CSR information among Italian investors. Another study has shown that ESG information disclosure can positively impact firm performance in the European banking sector. The trend towards investing in ESG-conscious firms is driven by the belief that ESG information disclosure can increase investor confidence and provide benefits such as improved access to funding and reduced regulatory risk.

The concern for ESG information disclosure is increasing in developing countries, where the focus is primarily on environmental issues. This increased concern for environmental and social issues is driving investors to demand ESG information disclosure from firms and their managers. As a result, investment in firms that prioritize ESG disclosure is becoming more common in developing countries. Therefore, this paper will study how investor in

3.Research Methodology

3.1 Research Method

The study uses a quantitative research methodology, which applies two classical methodologies: experimental methodology and survey methodology. While experimental methodology is not commonly used in social sciences, survey methodology is the most commonly used methodology in social sciences. The nature of the study, which aims to study the use of ESG information by investors in investment decisions, required the use of survey methodology design.

3.2 Sampling technique/ sample size

"Convenience-based sampling technique" was used in the study. The questionnaire which was adopted was distributed in the form of a google doc. Thus, the response of the investors was recorded. Sample six which was selected for the study is 60 due to the limitation of the study

3.3 The instrument of data collection

The study will use a questionnaire to collect the data. The question was adopted from the study by Zadeh & Serafeim (2018). The original questionnaire which was used in their study about the use of the ESG information by the investor was modified according to the need of the data.

3.4 Respondent of the study

The respondent of the study as being an investor from different stock markets around Asia. The three major stock market investor from Asia was selected for the study. The investor from the following stock market participated in the study. PSX Pakistan stock market, the Chinese stock market, the Malaysian stock market.

3.5 Statistical test used

A Cornchboch alpha test will be used to test the reliability consistency of the questionnaire. Another test to show the results of the respondent is a descriptive study. Since the study's main methodology s a survey, therefore, the descriptive statistic will be the best to achieve the objective of the study.

4.Data analysis

4.1 Cronbach alpha

Cronbach's alpha is a commonly used test for evaluating the reliability of a questionnaire. A value of .694 for Cronbach's alpha is considered to be close to the ideal value of 1, indicating a high level of reliability for the questionnaire as a tool for collecting data.

Table 1 Cronbach alpha

Case Processing Summary			
		N	%
Cases	Valid	60	100.0
	Excluded[a]	0	.0
	Total	60	100.0

Reliability Statistics	
Cronbach's Alpha	N of Items
.694	10

4. 2 Descriptive statistic test

Descriptive statistics are commonly used to analyze survey data because they provide a summary of the main features of the data set, such as the mean, median, mode, range, and standard deviation. These measures provide an overall picture of the distribution of responses and allow researchers to describe the characteristics of the sample. Additionally, descriptive statistics can also help identify outliers or extreme values, which can have a significant impact on the results. These statistics are also useful for identifying patterns and relationships in the data, such as trends,

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associations, and correlations. It is important to note that descriptive statistics should always be accompanied by appropriate visual aids, such as histograms, bar charts, or scatterplots, to help illustrate the results in a clear and concise manner. This makes the results easier to interpret and understand for both researchers and readers (Zadeh & Serafeim ,2018).

1.Do Investors increasingly see a pivotal role for nonfinancial information in investment decision-making?

Frequency	percentage	cumulative frequency
yes	61	61
no	29	29
		100

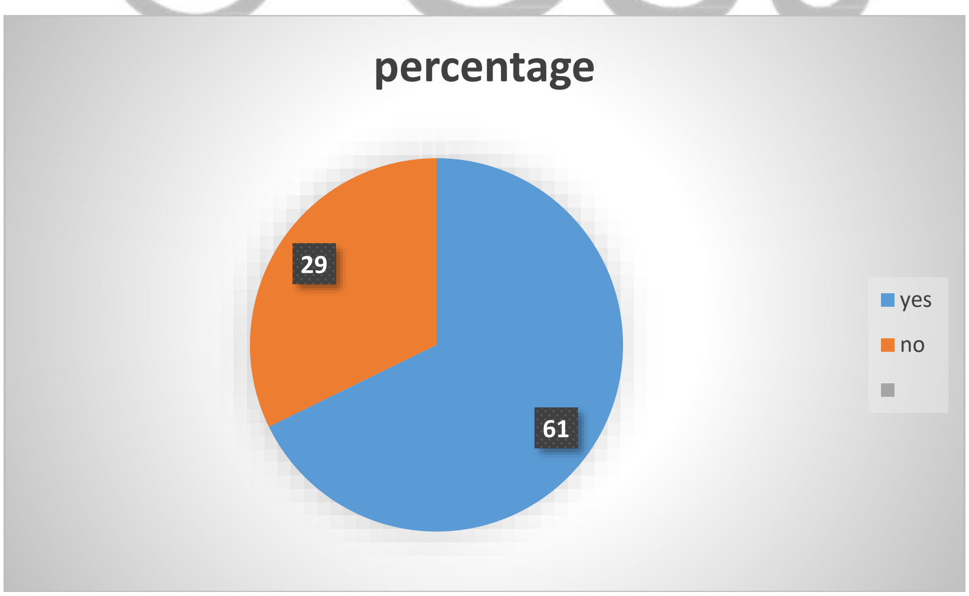

Figure 2

The results of the survey suggest that the majority (60%) of the respondents believe that non-financial information plays a pivotal role in investment decision-making. This highlights the increasing importance of non-financial information, such as environmental, social, and governance (ESG) factors, in investment decisions. This shift towards considering non-financial information is driven by a growing awareness of the long-term risks and benefits associated with investments.

On the other hand, 31% of the respondents disagree that non-financial information plays a pivotal role in investment decision-making, suggesting that traditional financial metrics still dominate investment decisions for these individuals. The remaining 9% of respondents are uncertain and believe that "maybe" non-financial information is important in investment decisions.

Overall, these results demonstrate that there is a diversity of opinions on the role of non-financial information in investment decision-making. However, the majority of respondents believe that non-financial information is increasingly important, indicating a shift towards more sustainable and responsible investment practices.

The respondent response shows that 61% percent of the people believe that the firm does not disclose that ESG information which may affect their business model. However, 29 percent of respondents believe companies display ESG information which may affect that company.

2.Do companies adequately disclose their ESG risks that could affect their current business models?

frequency	percentage	cumulative frequency
yes	51	51

no	49	49
		100

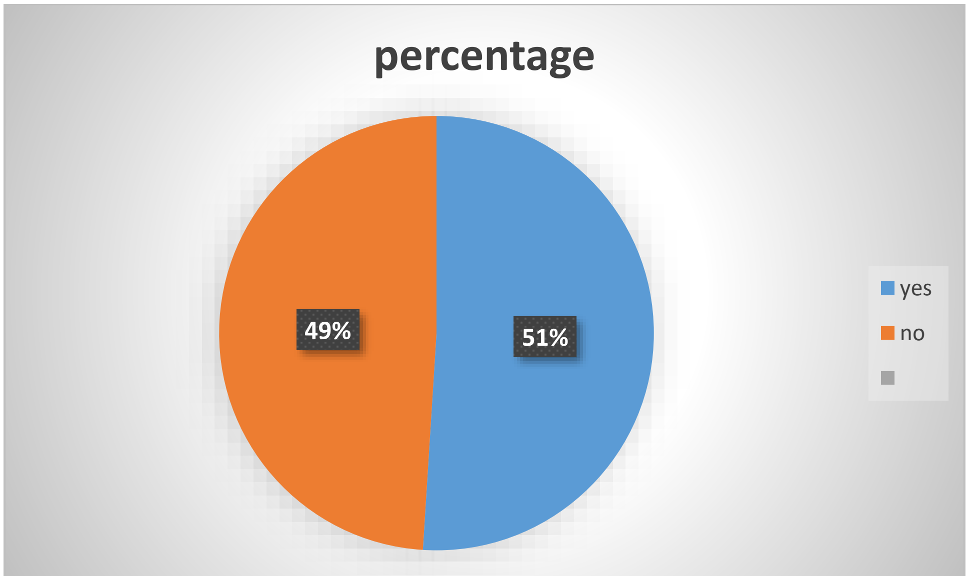

Figure 3

Do companies adequately disclose their ESG risks that could affect their current business models?

The results of the survey suggest that half of the respondents (51%) believe that companies are adequately disclosing their ESG risks that could affect their current business models, while the other half (49%) believe that they are not. This shows a split in opinions on the level of transparency and disclosure of ESG risks by companies.

Companies that disclose their ESG risks can help investors make informed investment decisions and assess the potential risks and opportunities associated with a particular company. However, many companies may not fully disclose their ESG risks, either due to a lack of understanding or a lack of motivation to do so. Inadequate disclosure of ESG risks can result in a lack of trust and accountability, which can have negative impacts on both the company and its stakeholders.

3. What do you believe motivates a company to report details on its nonfinancial and ESG activities?

Frequency	percentage	cumulative frequency
Build corporate reputation with customers	20	20
Comply with regulatory requirements	15	35
Respond to investor requests for disclosure	15	50
Demonstrate risk management	10	60
Respond to competitive pressure	10	70
Explain business strategy more clearly	10	80
Demonstrate return on ESG investments Demonstrate cost saving	20	100

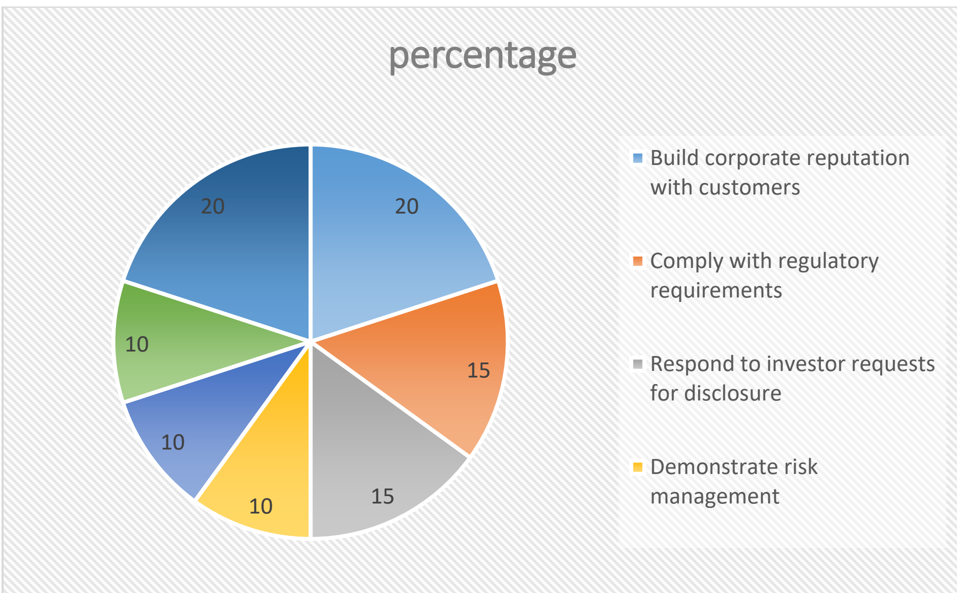

Figure 4

The results of the question show that there is a diversity of motivations for companies to report details on their non-financial and ESG activities. The top motivations identified by the respondents are:

Building corporate reputation with customers (20%) - Companies may report on their non-financial and ESG activities to enhance their reputation and build trust with customers, employees, and other stakeholders. This can help attract new customers and retain existing ones, as well as improve the overall image of the company.

Complying with regulatory requirements (15%) - Companies may be required to disclose certain non-financial and ESG information as part of their regulatory compliance obligations. This can help ensure that companies are meeting legal and ethical standards, and avoiding potential penalties.

Responding to investor requests for disclosure (15%) - Companies may report on their non-financial and ESG activities to meet the demands of investors who are increasingly interested in sustainable and responsible investment practices.

Demonstrating risk management (10%) - Companies may report on their non-financial and ESG activities to show how they are managing environmental, social, and governance risks that could potentially impact their business operations.

Responding to competitive pressure (10%) - Companies may report on their non-financial and ESG activities to stay competitive with other companies that are already doing so, and to avoid being left behind in the marketplace.

Explaining business strategy more clearly (10%) - Companies may report on their non-financial and ESG activities to provide greater transparency and clarity about their overall business strategy, including their priorities and values.

Demonstrating return on ESG investments and cost savings (20%) - Companies may report on their non-financial and ESG activities to show the financial benefits of sustainable and responsible business practices, including improved returns and cost savings

4.Do Stranded assets remain a concern for a majority of investors

Frequency	percentage	cumulative frequency
yes	61	61
No, but we are likely to monitor this closely in the future No	20	81
Don't know	19	19

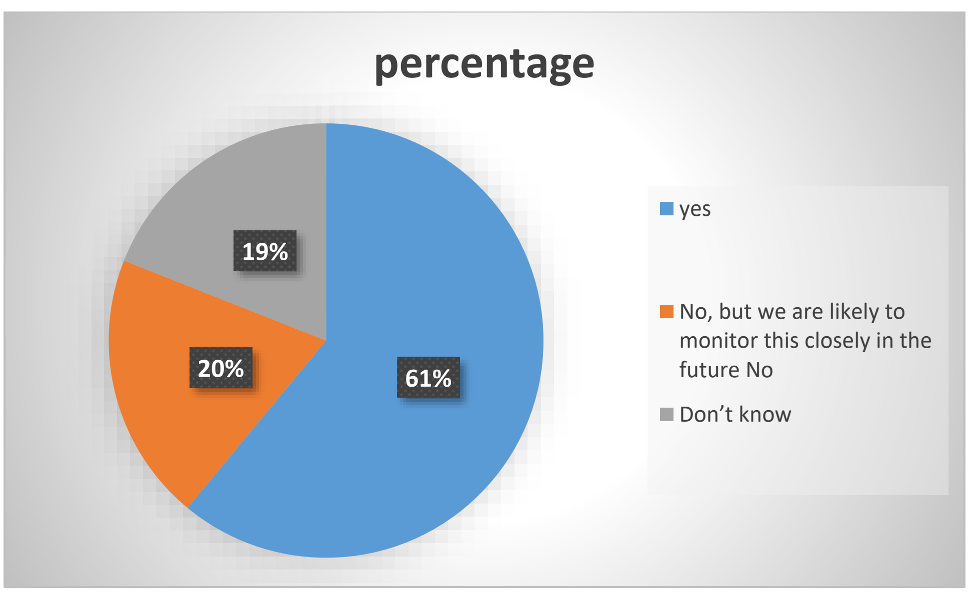

Figure 5

The results of the survey show that a majority of the respondents (61%) believe that stranded assets remain a concern for investors. Stranded assets refer to investments in fossil fuels and other resources that may become uneconomical or unviable due to shifts in technology or policy, leading to a decline in value. This is a concern for investors who may be holding these assets in their portfolios, as it could result in significant losses.

On the other hand, 20% of the respondents do not believe that stranded assets are a concern for investors at the moment, but are likely to monitor the situation closely in the future. This suggests that these respondents are aware of the potential risks posed by stranded assets and are taking a cautious approach to their investments.

Finally, 19% of the respondents indicate that they don't know if stranded assets remain a concern for investors. This highlights a lack of awareness or understanding about this issue among some investors, which could limit their ability to make informed investment decisions.

5.As a result of the "2-degree" economy targets reached following the COP21 meetings in Paris, investors are expecting companies to

Respond	percentage	cumulative frequency
Dramatically increase disclosures of company climate practices and related risk management	35	35
strategies Moderately increase disclosures of company climate practices and related risk management strategies	30	75
Make little or no change in disclosures of company climate practices and related risk management strategies.	25	100

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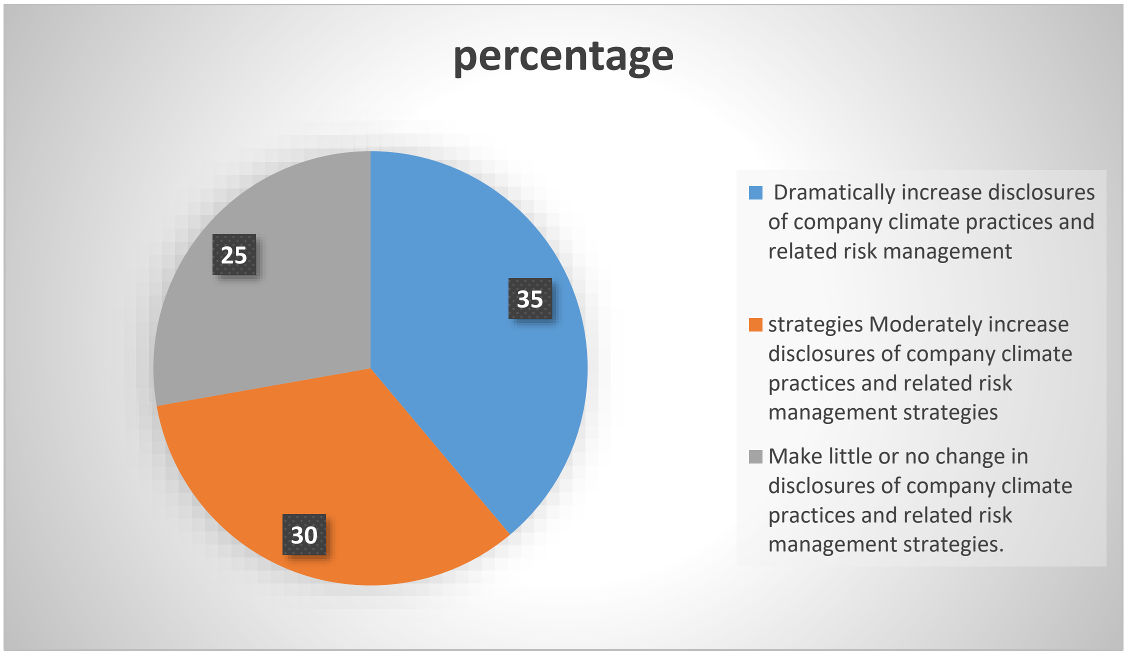

Figure 6

35% of investors expect companies to dramatically increase their disclosures, while 30% of investors expect a moderate increase in disclosures. 25% of investors expect little or no change in disclosures.

In total, 65% of investors expect an increase in disclosures, while 25% expect little to no change. This indicates that a majority of investors are anticipating companies to be more transparent and proactive in addressing climate risks and management practices.

6. Scandals have brought greater investor scrutiny of nonfinancial disclosures. To what extent have recent revelations of noncompliance with ESG expectations by large multinational companies caused you to pay closer attention to issuers' nonfinancial disclosures?

Respond	percentage	cumulative frequency
I pay much closer attention to nonfinancial disclosures as a result of recent noncompliance revelations	45	45
I pay somewhat closer attention to nonfinancial disclosures as a result of recent noncompliance revelations	30	75
Recent revelations have not changed my attention to nonfinancial disclosures	25	100

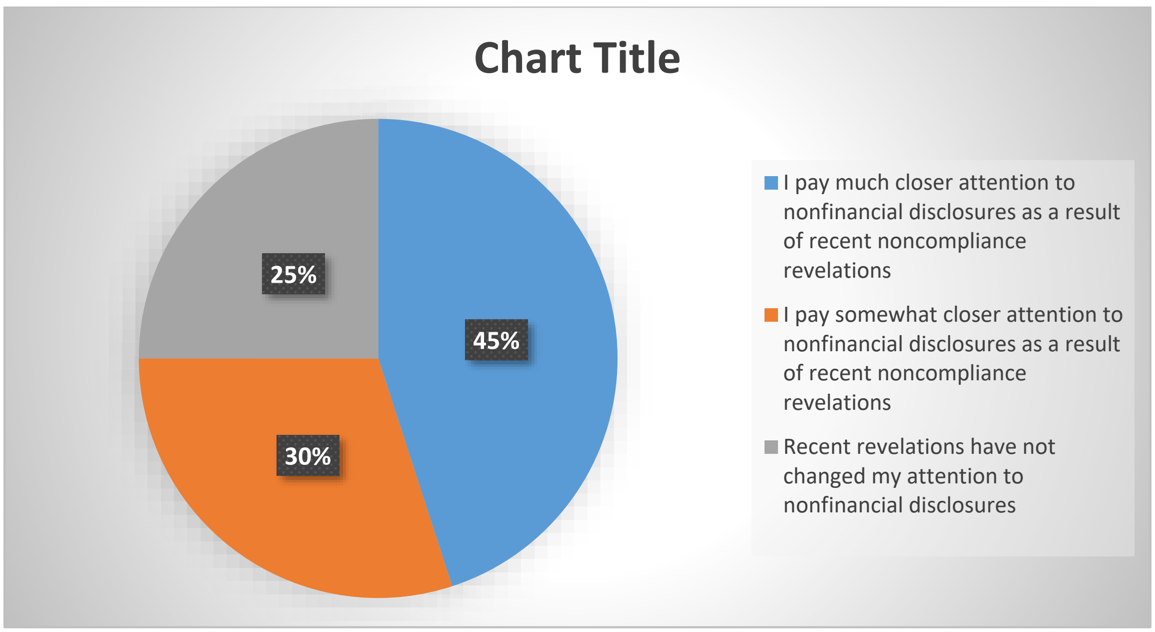

Figure 7

45% of investors pay much closer attention to nonfinancial disclosures as a result of recent noncompliance revelations, while 30% of investors pay somewhat closer attention. 25% of investors say that recent revelations have not changed their attention to nonfinancial disclosures.

In total, 75% of investors have increased their attention to nonfinancial disclosures, while 25% have not. This indicates that the majority of investors are becoming more cautious and paying greater attention to nonfinancial disclosures in the wake of recent scandals.

8. Survey responses to question: How important will the following methods of using ESG information in your investment process become in the next 5 years?

Respond	percentage	cumulative frequency
very important	50	50
somewhat important	30	80
not important	20	100

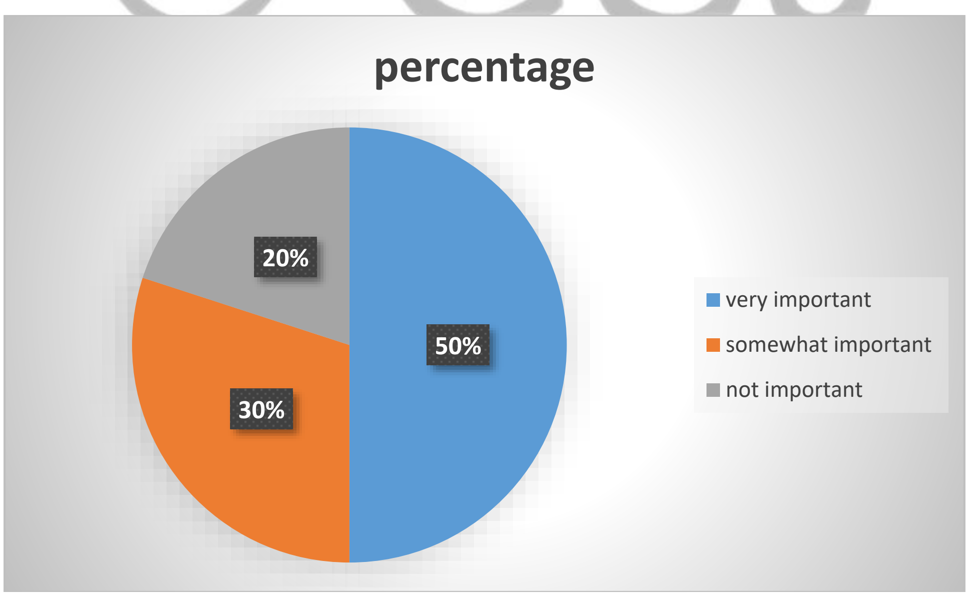

Figure 8

Based on the question responses, 80% of the respondents believe that using Environmental, Social and Governance (ESG) information in their investment process will be either very important or somewhat important in the next 5 years. 50% of the respondents consider it to be very important, while 30% consider it to be somewhat important. On the other hand, 20% of the respondents believe that using ESG information will not be important in their investment process in the next 5 years.

9.Corporate governance, environmental and human rights risk are most likely to alter investors' decisions How would the following disclosures about a prospective investment affect your investment decision?

Respond	**percentage**	**cumulative frequency**
Risk or history of poor governance	20	20
Human rights risk from operations	15	35
Limited verification of data and claims ESG	20	55
risks in supply chain that is unmanaged	10	65
Risk or history of poor environmental	20	85
performance Risk from resource scarcity — e.g., water	15	100

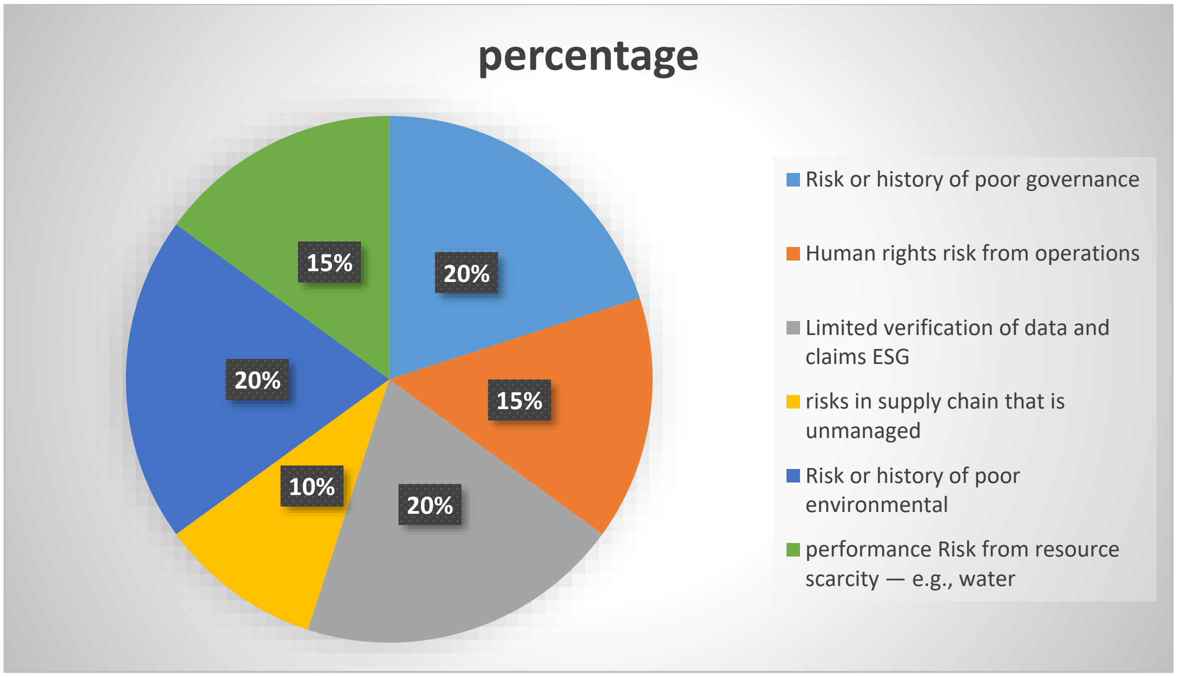

Figure 9

According to the question respond result, 85% of the respondents indicate that they would be affected by the various disclosures about a prospective investment. Out of the factors listed, the risk or history of poor environmental performance and risk from resource scarcity (e.g., water) seem to have the greatest impact, with 20% of respondents indicating that these factors would affect their investment decisions. The risk or history of poor governance and human rights risk from operations also have a moderate impact, with 20% and 15% of respondents indicating that these factors would affect their investment decisions, respectively.

The results suggest that environmental and social factors are becoming increasingly important to investors and they are paying closer attention to the governance, environmental and human rights risks associated with potential investments. This is consistent with the growing trend towards sustainable and responsible investing. Moreover, the limited verification of data and claims and risks in supply chain that is unmanaged appear to have the least impact on investment decisions, with 55% and 65% of respondents indicating that these factors would affect their investment decisions, respectively.

Respond	**percentage**	**cumulative frequency**
Nonfinancial measurements are seldom available for comparison with those of other companies	40	40
Nonfinancial information is often inconsistent, unavailable, or not verified	40	80
Nonfinancial disclosures are seldom material or have a financial impact	20	100

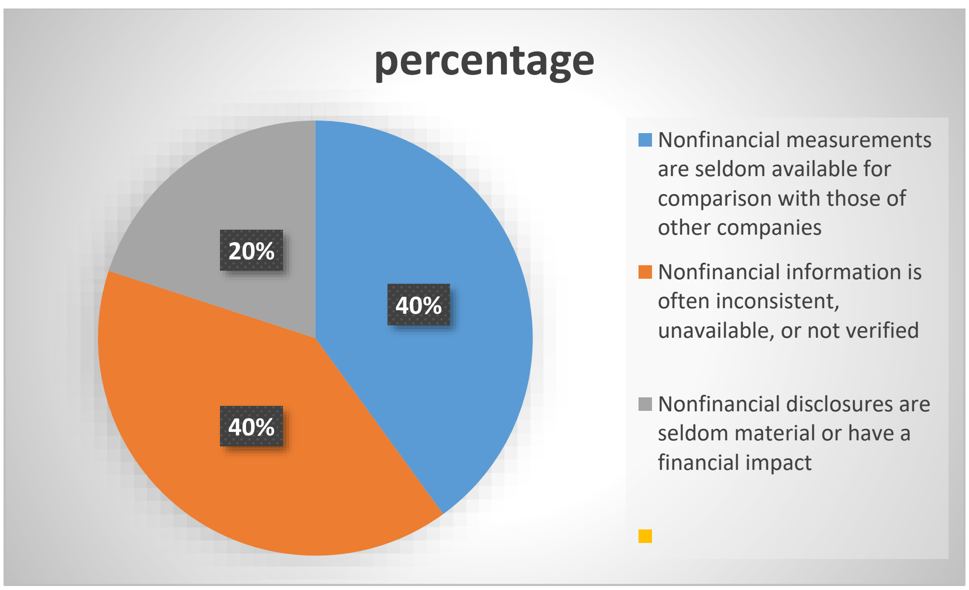

Figure 10

Based on the survey results, 80% of the respondents believe that nonfinancial information is either seldom available for comparison with other companies or is often inconsistent, unavailable, or not verified. 40% of the respondents believe that nonfinancial measurements are seldom available for comparison with those of other companies, while the same percentage believes that nonfinancial information is often inconsistent, unavailable, or not verified. On the other hand, 20% of the respondents believe that nonfinancial disclosures are seldom material or have a financial impact.

These results suggest that a significant portion of the surveyed population is facing challenges in using nonfinancial information in their investment process. The lack of comparability and consistency of nonfinancial information, as well as the absence of material impact, can make it difficult for investors to make informed investment decisions. This highlights the need for improved and standardized reporting of nonfinancial information in order to facilitate better-informed investment decisions.

5. Findings and discussion

This is a survey report that aims to understand the attitudes and beliefs of investors regarding the role of non-financial information in investment decision-making, the level of ESG risks disclosed by companies, and the motivations for companies to report their non-financial and ESG activities. The survey used Cronbach's alpha, a commonly used test for evaluating the reliability of a questionnaire, which had a value of .694, considered close to the ideal value of 1, indicating a high level of reliability for the questionnaire as a tool for collecting data.

The results of the survey showed that 61% of the respondents believed that non-financial information plays a pivotal role in investment decision-making, while 31% disagreed and 9% were uncertain. On the question of whether companies adequately disclose their ESG risks, 51% believed that they do, while 49% believed they do not. The top motivations identified by the respondents for companies to report details on their non-financial and ESG activities were building corporate reputation with customers (20%), complying with regulatory requirements (15%), and responding to investor requests for disclosure (15%). These results demonstrate a diversity of opinions on the role of non-financial information in investment decision-making and the level of ESG risks disclosed by companies. They also highlight the growing importance of considering non-financial information in investment decisions and the increasing demand for transparency and disclosure of ESG risks. We also provide evidence that the great majority of investors use ESG data for financial rather than moral motives. The majority of the respondents thinks that ESG information is significant to investment success. However, which information is likely to be material? Systematically differs between nations (e.g., a nation with a more severe water pollution problem).

vs a nation where corruption is a more significant problem), industries (e.g. an industry impacted severely by climate change versus a sector impacted by human rights breaches in its supply chain chain) as well as business tactics (e.g. firms that follow differentiation versus a low price strategy). For Khan et al. (2016) demonstrate that the great majority of ESG data for each specific sector is publicly available. irrelevant to investment success and that industry-specific material information differs sampling of US stocks. Understanding how the significance of ESG data differs between nations, Consequently, industries and corporate strategies are of paramount relevance. In conclusion, several investors use ESG data due to customer demand or as part of their investment process. On their product development procedure. This raises intriguing questions regarding future goods using this technology. ESG-related information. Green bonds are a fantastic example, since the revenues of these bonds are designated for environmental causes. funds granted for environmental improvement initiatives. Understanding the price and structure contracts may give information on investor preferences and how such financial instruments operate enhance socioeconomic results.

5.1 Contribution of the study

The literature contribution of this study is that it sheds light on the importance of ESG information in the investment decision making process of investors in the Asian stock markets. The findings of this study provide valuable insights into the current understanding and utilization of ESG information among investors in Asia. The results indicate that investors are becoming increasingly aware of the significance of non-financial information in financial reports and are using it as a key factor in their investment decisions.

Moreover, the study highlights the challenges faced by investors in terms of inconsistent, unavailable, and unverified ESG information. This contribution to the literature can be used as a starting point for future research that addresses these issues and helps to improve the quality and consistency of ESG information reporting in the financial sector.

The use of the questionnaire adopted from the study of Zadeh & Serafeim (2018) provides a comparative perspective and adds to the existing body of knowledge on the topic. Overall, this study contributes to the understanding of the role of ESG information in investment decision making and the challenges faced by investors in Asia.

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Appendix 1

Questionnaire

Respected sir,

My name is Muhammad Bilal I am the MS scholar at institute of management sciences Peshawar. I am conducting this research survey on the topic the why and how investor uses ESG information. The environmental issues are effecting the world environment. After, several efforts from the environmental the corporations comply with integrated reporting. Therefore, you are requested to kindly participate in the study.

Muhammad Bilal

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1) Do Investors increasingly see a pivotal role for nonfinancial information in investment decision-making?

A) yes b) no

2) Do companies adequately disclose their ESG risks that could affect their current business models?

A) Yes

b) No,

3)What do you believe motivates a company to report details on its nonfinancial and ESG activities?

A) Build corporate reputation with customers

b) Comply with regulatory requirements

c) Respond to investor requests for disclosure

d) Demonstrate risk management

e) Respond to competitive pressure

f) Explain business strategy more clearly

g) Demonstrate return on ESG investments Demonstrate cost saving.

4) Stranded assets remain a concern for a majority of investors.

A) Yes

b) No, but we are likely to monitor this closely in the future No

c) Don't know

5) As a result of the "2-degree" economy targets reached following the COP21 meetings in Paris, investors are expecting companies to

A) Dramatically increase disclosures of company climate practices and related risk management

b) strategies Moderately increase disclosures of company climate practices and related risk management strategies

c) Make little or no change in disclosures of company climate practices and related risk management strategies.

6) Scandals have brought greater investor scrutiny of nonfinancial disclosures. To what extent have recent revelations of noncompliance with ESG expectations by large multinational companies caused you to pay closer attention to issuers' nonfinancial disclosures?

A) I pay much closer attention to nonfinancial disclosures as a result of recent noncompliance revelations

b) I pay somewhat closer attention to nonfinancial disclosures as a result of recent noncompliance revelations

c) Recent revelations have not changed my attention to nonfinancial disclosures

7) Investors read widely in search of valuable nonfinancial information; no single source dominates decision-making. How useful do you find the following sources of nonfinancial information when making an investment decision?

a) Annual report

b) Integrated report

c)Press coverage and business commentary

d) Corporate web site (including sustainability and corporate governance)

e)ESG information from a financial data provider

f) Equity research and advice prepared by broker-dealers Sustainability Accounting Standards Board indicators

g) Corporate social responsibility (CSR)

h) sustainability report Sustainability or CSR index rankings produced by a third party Social media channels including a company's Twitter, Facebook or YouTube page.

8) Survey responses to question: How important will the following methods of using ESG information in your investment process become in the next 5 years?

9) Corporate governance, environmental and human rights risk are most likely to alter investors' decisions How would the following disclosures about a prospective investment affect your investment decision?

a) Risk or history of poor governance

B) Human rights risk from operations

C) Limited verification of data and claims ESG

E) risks in supply chain that is unmanaged

F) Risk or history of poor environmental

G) performance Risk from resource scarcity — e.g., water

H) Absence of a direct link between ESG initiatives and business strategy to create value in the short, medium and long term Risk from climate change

10) Investors lament the lack of comparative nonfinancial information. Which of the following statements best reflects your views on why you do not consider nonfinancial issues in your decision-making?

a) Nonfinancial measurements are seldom available for comparison with those of other companies

b) Nonfinancial information is often inconsistent, unavailable, or not verified

c) Nonfinancial disclosures are seldom material or have a financial impact