

Sustainability and Ethical Investment Preferences: A Study of Emerging Trends among Individual Investors in Maharashtra

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Abstract

A research investigation examines changing ethical and sustainable investment choices among Maharashtra individual investors while analyzing factors affecting their decision-making such as environmental sustainability and social responsibilities and financial rewards and corporate management principles. Ethical investing stands performed by environmental sustainability alongside social responsibility as main motivations although financial performance continues as a critical element. The research indicates that insufficient understanding of ethical investment choices stands as a considerable factor in deterring investment decisions. The research utilized descriptive design and structured questionnaires distributed to 300 individual investors to gain data which was analyzed statistically for ethical investment preference patterns. The research findings demonstrate that organizations should invest more resources into training people about sustainable investments.

Keywords: Ethical investment, sustainable investing, individual investors, environmental impact, social responsibility, corporate governance, investment preferences, etc.

Introduction

The global concern about sustainability problems together with social issues have driven investors to embrace socially responsible investment practices thus fueling sustainable finance growth. The integration of financial performance goals together with ethical considerations defines ethical investing which goes by the names of socially responsible investing (SRI) and environmental social and governance (ESG) investing (Friede, Busch, & Bassen, 2015). Investors in urban Maharashtra areas show growing interest in green investment options throughout the last ten years. Investors are motivated by climate change awareness combined with corporate governance scandals as well as societal equity concerns to link their investment portfolios with their personal values and social concerns (Nofsinger & Varma, 2014).

Individual investors make up a substantial part of Maharashtra's population since it stands as an economically vibrant state which now exhibits increasing dedication to ethical investment choices. The alignment between financial gains along with personal values and social-environmental outcomes brought ethical investment into broader acceptance than specialized choice. The Securities and Exchange Board of India (SEBI) requirement for ESG disclosures among listed companies together with existing laws has motivated investors to participate in sustainable financial products (SEBI, 2021). Research gaps persist about how individual investors in Maharashtra select sustainability along with ethical values along with their choice drivers and background characteristics in their financial choices. The present research objectives to connect this knowledge gap through an evaluation of the current ethical investment market trends and decision criteria which drive individual investors in Maharashtra towards sustainability while enriching studies on sustainable finance for developing economies.

Literature Review

The practice of sustainable and ethical investment growth now powerfully affects worldwide financial markets after its initial phase as a small movement. Sustainable investment assets represent more than one-third of the total assets under management globally according to GSIR (2020). The study of Renneboog, Ter Horst and Zhang (2008) shows that investors who commit to ethical principles seek financial benefits together with goals that go beyond conventional monetary returns including environmental protection and social justice along with corporate ethics standards.

The sustainable investment market continues to expand quickly while still building its

foundation in India. The population of investors in India shows increasing enthusiasm toward investing in ESG-themed mutual funds together with green bonds and impact investment activities (Sharma 2021). SEBI launched Business Responsibility and Sustainability Reporting requirements which bring transparency and accountability to corporations and strengthen the supply of information for environmentally focused investors (SEBI, 2021). Bansal and DesJardine's (2014) research indicates that Indian investors from Generation Z and millennial age groups prefer to support businesses making substantial social and environmental contributions (2014).

Multiple theories exist which explain how ethical investors behave. The Theory of Planned Behavior (Ajzen, 1991) successfully explains ethical investment choices because individuals base their actions on attitudinal perspectives supported by societal influences and perceived control factors toward sustainable investment options. According to Social Identity Theory people exhibit preference for financial investments that represent their identity along with their ethical principles (Tajfel & Turner, 1979). Personal beliefs and societal expectations shape investment choices of individuals according to these relevant theories which provide useful data analysis methods.

The population segments within societies show differing preferences regarding ethical investments according to observed research data. The study by Dorfleitner and Utz (2014) shows that people who are young along with being both better educated and earning more money tend to choose sustainable investment opportunities. An Indian research study conducted by Mishra and Modi (2016) showed that investors based in urban areas especially those located in cities like Mumbai and Pune implement an awareness strategy about ESG factors to gain access to ethical investment possibilities. India's collectivist cultural framework supports investments which integrate community well-being with personal monetary benefits (Hofstede, 2001).

The rise in ethical investment popularity continues to face obstacles in its path. Individual investors refrain from sustainable financial investments due to insufficient product availability alongside lower expected returns and lack of knowledge regarding sustainable investing (Sparkes & Cowton, 2004). The understanding of practical sustainable investment methods in Maharashtra demonstrates similar patterns to the rest of the country since awareness is on the rise but gap in knowledge persists. Financial advisors along with institutions need to take responsibility for both investor education and the development of specific ESG investment solutions.

Sustainable investing has experienced transformation through technology as well as digital platforms. Individual investors can easily obtain information on company sustainability practices through Fintech technologies and robo-advisors and ESG rating tools (Amel-Zadeh & Serafeim, 2018). Maharashtra benefits from advanced internet connectivity and high financial knowledge which creates novel ethical investment opportunities for its residents.

Limited research exists about sustainable and ethical investing at the regional level especially toward individual investors in Maharashtra which holds significant economic potential. Industry growth depends heavily on knowing the drivers and challenges along with the statistical information about investors for sustainable finance development in India. The research aims to identify how Maharashtra individuals who invest as individuals react to rising global ethical investment practices while exploring the variables which affect their changing financial choices.

Objectives:

The research aims to study ethical investment preference drivers for individual investors across Maharashtra while evaluating sustainability along with social responsibility in investment choices and recognizing population-related trends in addition to assessing regional financial market changes in ethical investment practices.

Methodology:

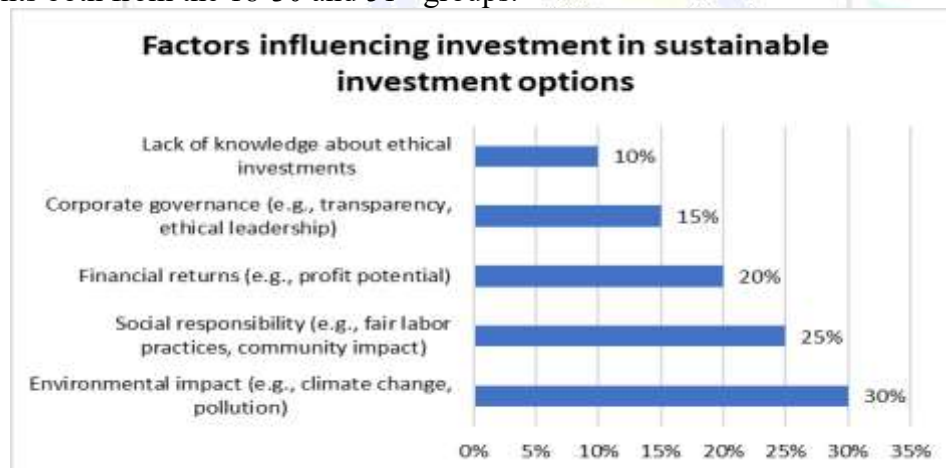
A descriptive design will be applied to investigate individual investor ethical investment behavior in Maharashtra. Research data collection will occur through structured questionnaires containing both standardized and free-response inquiries to obtain extensive findings. Three hundred individual investors have been included in the study after employing stratified random sampling to guarantee participation from various demographic categories including age, income, and level of education. The research method provides deep insights into the current ethical investment pattern changes among members of the target group.

Data analysis:

Multiple methods served to analyze the study data. Analyzing the data from the structured questionnaire followed descriptive statistical methods to present individual investor preferences and behaviors through mean, median, mode and standard deviation and range measurements. The distribution of data using frequencies allowed researchers to identify patterns regarding ethical investment preferences within different population groups.

Demographic Variable	Ethical Investment Preference	Frequency	Percentage
Age 18-30	Yes	45	15%
Age 31-40	No	85	28%
Age 41-50	Yes	110	37%
Age 51+	No	60	20%
Total	-	300	100%

Ethical investment preferences show a distinctive pattern when analyzed by age group according to the presented table. Ethical investments received support from 15% of people between 18-30 years old yet 28% of respondents between 31-40 years old did not show such preference. The preference for ethical investments reached its peak among those aged 41-50 since 37% picked ethical options but 20% of people aged 51 and above did not choose ethical investments. Ethical investment preferences were most prevalent within the 41-50 age range according to survey results yet traditional investment choices remained popular among respondents both from the 18-30 and 51+ groups.



The survey demonstrates that environmental considerations serve as the main determiner for ethical and sustainable investments since 30% of participants ranked them most important. The second highest point for investing goes to social responsibility at 25% demonstrating the necessity of fair work conditions and community effects. The 20% of respondents chose financial returns as their investment decision priority whereas corporate governance which encompasses ethical leadership received the decisions of 15% of respondents. A lack of

understanding regarding ethical investments prevented 10% of respondents from executing proper decisions according to their preferences. The data confirms that ethical investments heavily rely on environmental and social factors together with financial performance as their main determinants.

Conclusions:

Research findings indicate that Maharashtra investors choose ethical investments mainly based on their interest in social responsibility and environmental sustainability. Many survey participants demonstrated their focus on climate change as well as pollution reduction and fair work conditions instead of traditional financial gains and corporate governance models since they understand sustainable considerations in investment. Some investors in Maharashtra avoid sustainable investments because they lack sufficient information about ethical investments although knowledge scarcity remains a significant challenge for sustainable investing.

Recommendations:

Financial institutions and advisors should concentrate on informing investors about the long-term advantages of ethical investments, particularly emphasising their financial sustainability as well as their social and environmental effects, in order to promote the rise of ethical investing. Targeted awareness efforts and easily available tools are needed to make ethical investment easier for people, especially those who might not know much about it. By encouraging open corporate governance procedures and guaranteeing alignment with sustainability objectives, businesses may also increase investor trust and attract a wider spectrum of investors to ethical investments.

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