

Chapter 3

Research Methodology

3.1 Introduction

This chapter comprises two main parts. The initial section delves into the study's design, encompassing the problem statement, study necessity, research inquiries, study objectives, scope, significance, conceptual framework, and null hypotheses. The subsequent section details the methodology adopted for this study, covering data nature and sources, collection methods, sampling approach, as well as the software and statistical tools utilized for data analysis.

3.2 Research Gap

The current landscape of investment behavior research predominantly concentrates on conventional markets, leaving a considerable void in understanding the intricate facets influencing investors' inclinations towards sustainable investments. Existing literature primarily emphasizes broader financial decision-making processes, failing to comprehensively address the distinct determinants that specifically shape an individual's intention to engage in sustainable investment avenues. This paucity in research fails to encapsulate the multifaceted factors, both intrinsic and extrinsic, which significantly influence investor choices within the domain of sustainable investments.

This research seeks to rectify this gap by conducting an in-depth analysis focused explicitly on dissecting the intricate interplay of factors that drive or hinder investor intentions in sustainable investments. By identifying and exploring these nuanced determinants, such as environmental, social, and governance (ESG) considerations, ethical principles, risk perceptions, financial incentives, and societal impact, this study aims to provide a more nuanced and detailed understanding of the decision-making processes specific to sustainable investment choices. By bridging this gap, the research endeavors to contribute significantly to the literature by offering insights that not only elucidate the complexities of sustainable investment decisions but also potentially inform strategies and policies to encourage greater investor participation in sustainable ventures. Ultimately, this comprehensive exploration aims to fill the void in understanding the specific dynamics and influences guiding investors towards or away from sustainable investment opportunities in today's financial landscape.

3.3 Objectives of the study

- To investigate the factors affecting investor's intention to invest in sustainable Investment.
- To analyze the influence of Environmental, Social and Governance (ESG) Factors affecting Sustainable Investment.
- To study the relationship between personal values and intention to invest in Sustainable Investment.
- To analyze the relationship between demographic variables and investor's intention to invest in Sustainable Investment.

3.4 Scope of the study

The scope of the research, "Analysis of Factors Affecting Investor's Intention to Invest in Sustainable Investment," encompasses a comprehensive investigation into the multifaceted dimensions that shape investors' inclinations towards sustainable investment opportunities. The study aims to examine a diverse range of factors using TPB Model that play pivotal roles in influencing investors' intentions within the burgeoning field of sustainable investments.

Environmental, Social, and Governance (ESG) Considerations: The research will delve into the impact of environmental, social, and governance factors on investor decision-making, exploring how these dimensions contribute to or hinder the attractiveness of sustainable investment options.

Ethical Principles and Values: The study will assess the significance of ethical considerations in investors' choices, examining how personal values and ethical principles influence the intention to invest in sustainable initiatives.

Risk Perceptions and Mitigation Strategies: An analysis of the perceived risks associated with sustainable investments will be conducted, along with an exploration of strategies employed by investors to mitigate these risks, providing insights into risk management within the context of sustainable finance.

Financial Incentives and Performance: The research will investigate the role of financial incentives and performance indicators in shaping investors' intentions, considering how economic factors contribute to the attractiveness of sustainable investment opportunities.

Societal Impact and Corporate Social Responsibility: The study will explore the influence of societal impact and corporate social responsibility on investor decisions, assessing how the broader implications of investments align with investors' values and objectives.

Demographic Variations: The research will consider demographic factors, such as age, gender, education, and income levels, to understand how these variables impact investor intentions in sustainable investments.

Policy Implications and Regulatory Frameworks: The study will also examine the influence of existing policies and regulatory frameworks on investors' perceptions and intentions regarding sustainable investments, contributing insights for policymakers and regulatory bodies.

By addressing these diverse aspects, the research aims to provide a holistic understanding of the factors influencing investors' intentions in sustainable investments, offering valuable insights for financial practitioners, policymakers, and scholars interested in the evolving landscape of sustainable finance.

3.5 Research Methodology

In simple terms, research embodies the quest for knowledge, involving a methodical and scientific exploration of a specific subject. It's the meticulous pursuit of information across various domains, representing an art of inquiry. The pursuit of new facts is captured in *The Advanced Learner's Dictionary of Current English* as a thorough investigation or inquiry (1), while Redman and Mory portray research as a structured effort to gain fresh insights (2). For many, research symbolizes a journey—a transition from the familiar to the unknown. This quest, driven by our inherent curiosity, pushes us to explore deeply and comprehend what lies beyond. This innate curiosity forms the

bedrock of knowledge acquisition, constituting what we term as research.

In academia, research takes on a technical dimension. Clifford Woody defines it as a process involving problem definition, hypothesis formulation, data collection, evaluation, deduction, and rigorous hypothesis testing. Slesinger and Stephenson emphasize research as the manipulation of elements to expand existing knowledge, contributing to theory or practical application (3). It's an original addition to existing knowledge, propelling its evolution. It involves seeking truth through study, observation, comparison, and experimentation—an objective pursuit of knowledge to solve problems. Research encompasses a systematic approach to identifying problems, formulating hypotheses, gathering and analyzing pertinent data, and deriving solutions or conclusions. Ultimately, research embodies a systematic method that guides problem-solving and contributes to knowledge advancement.

3.6 Sampling Design & Technique

Sampling design refers to the methodical plan or strategy employed to select a subset of individuals, items, or elements from a larger population for the purpose of research or study. This design ensures that the selected sample is representative of the entire population, allowing researchers to make inferences or generalizations about the larger group based on the characteristics and outcomes observed within the sample.

Sampling techniques refer to the systematic methods or procedures used to select a representative subset, or sample, from a larger population for research or study purposes. These techniques are employed to ensure that the selected sample adequately mirrors the characteristics of the entire population, allowing researchers to draw accurate conclusions or make valid inferences about the population based on the observations made within the sample. In this Research, The researcher selects convenience sampling based on accessibility.

3.7 Data Collection

A total 448 samples are collected from Students, Salaried Person, Self Employed, House Wife, Retired, Unemployed etc. from the state of Gujarat was selected for this study. During the data collection process, diligent efforts were made to ensure

comprehensive coverage of the entire state of Gujarat. For this Study both Primary as well as Secondary data sources are used.

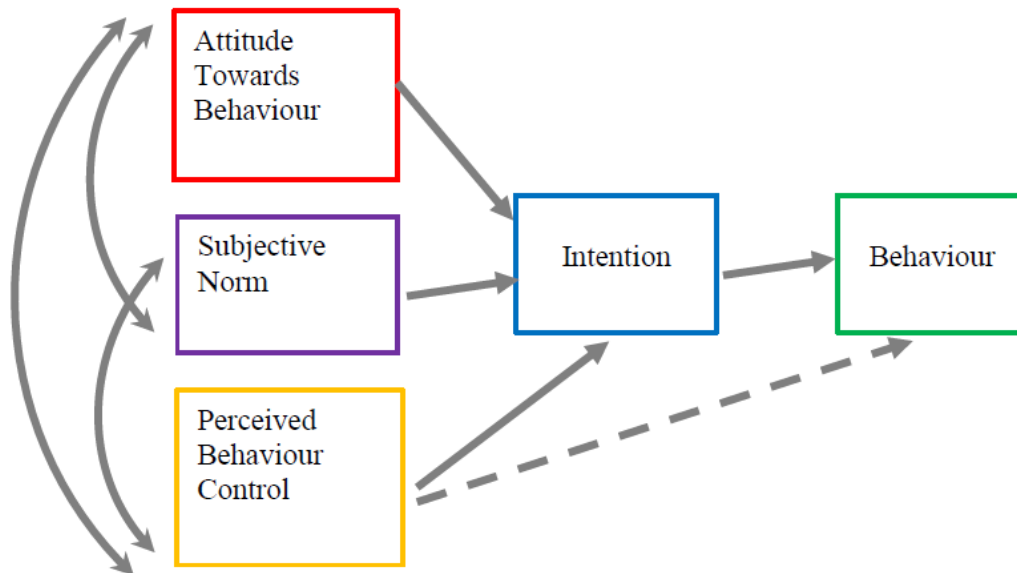
3.8 Research Instrument

A research instrument refers to the tool or means used by researchers to collect data or information for their study. It encompasses various methods or materials utilized to gather data, measure variables, or obtain information from participants. Research instruments can take different forms depending on the nature of the study, research objectives, and the type of data being collected. For this study researcher has used survey method using structured questionnaire.

The questionnaire is structured into three distinct sections to systematically gather information. Part A focuses on demographic details, capturing essential personal information from respondents. Part B is dedicated to exploring aspects related to sustainable investment, probing respondents' attitudes, preferences, and experiences in this domain. Lastly, Part C delves into the various factors that influence sustainable investment decisions, aiming to understand the specific elements that impact individuals' choices in this field. This division allows for a comprehensive exploration of both participant characteristics and their perspectives on sustainable investment, as well as the influential factors affecting their decisions within this realm.

3.9 Description of variables

Figure 3.9.1 Model of Theory of Planned Behavior



Source: Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behaviour and Human Decision Processes*, 50, 179-211.

Icek Ajzen introduced the Theory of Planned Behavior (TPB) in 1985 as an enhancement of the Theory of Reasoned Action (TRA), expanding on its foundational assumptions. TPB seeks to elucidate the motivational drivers influencing an individual's inclination to engage in specific behaviors. Within TPB, intention signifies the level of dedication a person is willing to exert to enact a behavior. Generally, stronger intentions correlate with a higher likelihood of behavioral performance. This model identifies three pivotal components—attitudes toward behavior, subjective norms, and perceived behavioral control—as the primary influencers shaping an individual's intention to engage in a particular behavior (Ajzen, 1991).

Perceived behavioral control stands out as the pivotal component distinguishing TPB from TRA. Within TPB, it holds the ability to directly influence an individual's behavior and, indirectly, impact behavior through its effect on intention. Essentially, while intention remains constant, perceived behavioral control is more likely to heighten an individual's efforts in successfully executing a series of behaviors. For instance, when two individuals share equal intentions to invest in green funds, the one confident in

their ability is more inclined to follow through compared to the hesitant counterpart (Ajzen, 1991).

Additionally, attitudes and subjective norms directly contribute to behavioral intention. Attitude toward behavior reflects a person's belief in the potential outcomes of engaging in a behavior. For instance, an individual who perceives supporting Socially Responsible Investing (SRI) as yielding positive outcomes will hold a favorable attitude toward SRI. Conversely, if they perceive SRI as lacking positive outcomes, their attitude may turn unfavorable. Moreover, subjective norms delineate the social pressures influencing an individual's decision to engage or refrain from a behavior.

Several studies have supported the Theory of Planned Behavior (TPB) and its application in understanding behavior towards Socially Responsible Investing (SRI) (Agyapong & Ewusi, 2017; Chitral & Pawan, 2015; Dagher & Itani, 2014; Ng et al., 2017). Researchers utilizing TPB found a strong influence on consumers' support for SRI. Similarly, Adam and Shauki's (2014) research exploring TPB's impact on Malaysian investors revealed significant relationships between attitude, subjective norms, and investor behavior in SRI, although perceived behavioral control did not exhibit significance in this context.

Despite its strengths, TPB has limitations in explaining investor behavior towards SRI. Notably, it focuses solely on behavioral factors and overlooks crucial external elements such as investment returns and risks—significant considerations for investors when venturing into financial securities.

To address these limitations, a new variable—return on social responsibility investment—is proposed for inclusion in the study. In the contemporary era, investors are primarily concerned with expected returns, essential for informed investment decisions (Nilson, 2007). Financial performance significantly influences investment choices, aligning with rational investor behavior aiming for returns rather than losses.

Measures like Return on Investment (ROI) and expected return gauge investment profitability (Zamfir, Manea, & Ionescu, 2016). Expected return, derived from historical outcomes, aids investors in predicting investment returns (Hassani &

Nabizadeh, 2017). Considering money's indispensable role in modern life, regardless of attitudes, norms, and behavioral control, the financial factor—return on social responsibility investment—ought to be integrated into the model to provide a comprehensive understanding of the factors influencing investors' decisions in SRI.

Table 3.1 Variables

Variable	Scale used to measure a variable	Type of measurement used to measure a variable	Source / Reference
Attitude (ATT)	Interval	Five Point Rating Likert Scale	Adam and Shauki (2014) Goles et al. (2008) Jensen et al. (2016) Paetzold and Busch (2014) Singh and Verma (2017)
Subjective Norms (SN)	Interval	Five Point Rating Likert Scale	(Gopi & Ramayah,2007)
Perceived Behavioral Control (PBC)	Interval	Five Point Rating Likert Scale	(Amin, Rahman & Razak, 2014)
Collectivism (CLL)	Interval	Five Point Rating Likert Scale	Iyer and Kashyap (2009) Bullough et al. (2017) Hofstede (1980) Triandis et al. (1986) Triandis and Gelfand (1998)
Materialism (MAT)	Interval	Five Point Rating Likert Scale	Iyer and Kashyap (2009) Kilbourne and Pickett (2008), Richins and Dawson (1992), Gentina et al. (2018) Griffin et al. (2004), Rahman (2018)
Environmental attitude (ENVT)	Interval	Five Point Rating Likert Scale	Sreekumar Nair and Ladha (2014) Renneboog et al. (2008) Dilla et al. (2016)

Social	Interval	Five Point Rating Likert Scale	Sreekumar Nair and Ladha (2014) Renneboog et al. (2008) Dilla et al. (2016)
Governance	Interval	Five Point Rating Likert Scale	Sreekumar Nair and Ladha (2014) Renneboog et al. (2008) Dilla et al. (2016)
Religiosity (RELG)	Interval	Five Point Rating Likert Scale	Iyer and Kashyap (2009) Alam et al. (2012), Iyer and Kashyap (2009) Singhapakdi et al. (2013) Sreekumar Nair and Ladha (2014)
SRI Intention (INT)	Interval	Five Point Rating Likert Scale	Talha et al. (2013) Fagan et al. (2008) Bock et al. (2005) Farouk et al. (2017)

3.10 Hypotheses of the study

H1: There is No Significance Difference between demographic variables and investor's intention to invest in Sustainable Investment.

H2: There is no Significance Relationship between Attitude and Behavioural Intention to use Sustainable Investment

H3: There is no Significance Relationship between Subject Norms and Behavioural Intention to use Sustainable Investment

H4: There is no Significance Relationship between Perceived Behavioural Control and Behavioural Intention to use Sustainable Investment

H5: There is no Significance Relationship between Environmental and Behavioural Intention to use Sustainable Investment

H6: There is no Significance Relationship between Social Factors and Behavioral Intention to use Sustainable Investment

H7: There is no Significance Relationship between Governance and Behavioural Intention to use Sustainable Investment

H8: There is no Significance Relationship between Collectivism and Behavioural Intention to use Sustainable Investment

H9: There is no Significance Relationship between Materialism and Behavioural Intention to use Sustainable Investment

H10: There is no Significance Relationship between Religiosity and Behavioural Intention to use Sustainable Investment