

Green Investment Decision and Its Influencing and Suggestive Factors

(With special reference to Lucknow, Uttar Pradesh, India)

Sandeep Kumar Rawat

Research Scholar, Department of Management, Dr. Shakuntala Misra National Rehabilitation University, Lucknow Uttar Pradesh, India

Dr. Anu

Assistant Professor, Department of Management, Dr. Shakuntala Misra National Rehabilitation University, Lucknow Uttar Pradesh, India

Received: 08th June 2020

Revised: 23rd July 2020

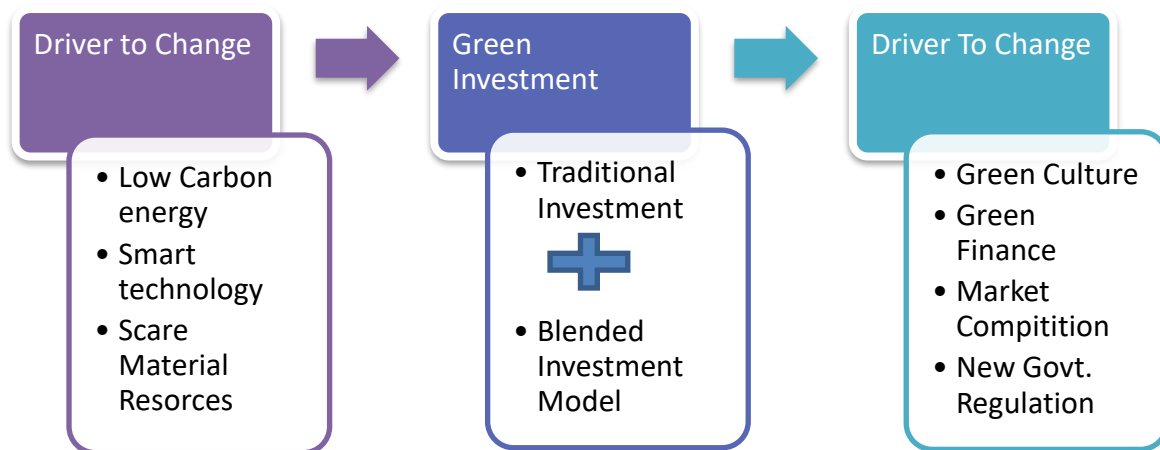
Accepted: 15th August 2020

Abstract: Green investment is an investment channel which implies to use the green technologies for improving the environment, protecting environment, sustaining natural resources and generating returns for the investors those who make investment in these channels. It is a well-known fact that decision for making investment in any investment option affected by the multiple factors. So, in this study a attempt is made to investigate to what extent friends and family, business news channels, News Paper and Magazine, investment websites and books influence the green investment decision of the investor. For this purpose 100 respondents data is collected by using the questionnaire from the Lucknow district of the Uttar Pradesh, India.

Key words: Green investment, Green technologies, sustaining Natural resources, Green investment decision

Introduction

Green investment refers a tool or a platform which is used by the different companies and government authorities for expunging the ecological disequilibrium. It is a powerful tool in hands of the companies and government authorities for finance the ecological projects. Introduction of green investment made these companies easy to work on environmental projects because environmental projects require a huge amount of funds and it was very difficult to raise such huge amount of funds only through traditional investment options.



Green Investment Implications



Figure No. 1 Green Investment Mechanism

Source: A model of green investments approach (2014)

It is clear from the above diagram that low carbon, smart technology, scarce material resources, green finance, green culture and new government regulation work as the stimulator of green investment. When these factors blended with the traditional investment option that becomes the green investment option. After blending the green stimulators with the traditional investment option will generate some external outcomes such as new consumer market, job creation new government policies for the reducing carbon, fulfilling the social responsibility and sustainability of the scarce material resources.

It is clear from the above discussion that green investment is one of profitable and environment friendly option. This endeavour is only get succeeded when investor when investor take participation on this mechanism.

Green investment is at the starting stage when it is about the Indian context. It is one of the fastest investment option among the investors but it is not as popular as other investment options. In simple word investors are not taking as much as interest as it could be. It can be due to many reasons. Reason can be the economic structure of India; it can also be the factors that influence the investment process of the investors such as consultation.

This study is attempted to investigate the source of information and consultation used by the investors at the time of forming the investment decision. For this purpose, six factors are taken into account which are, investment websites, News Paper and Magazine, family and friends, books and business news channels.

Review of related literature

Heinkel and Kraus et. al (2009) tour the effect upshot of bearing ethical investing on corporate behaviour in the opposed to taking risk, balanced setting. This study depicted that bearing ethical investing results to polluting companies have fewer investor because green investors avoid to invest in polluting companies' stock. Just because of this behaviour the prices of the polluting firm are lower which leads to increase in cost of capital. This study concluded that twenty percent of the green investors are required to induct any pollution generating firm to reform.

Eyraud and Clements et al. (2003) bridge the deficiency in the macro-economic literature on the regenerative resources of the energy. This study proposed a definition of green investment and also examined the trends and its antecedents of the green investment for 35 advanced emerging countries over the last decade. This study found that green investment has become a key driver of energy sector on the basis of the multi- country dataset.

Martin and Moser (2016) said that in the experimental markets manager of the green investment have no impact on the future cash flow. However, it can be seen that investor reacts in the favourably when manager highlighted and disclosed the benefits of the investment towards society and the environment over the cost of capital of the company. The finding of the study reveals that managers CSR behaviour and how investors and manager balanced wealth for the benefits of the society.

Koellner and Fenchel, et. al (2005) said that the idea of sustainable development kicks the market, during the past ten year. social and ecological benefits were considered by the private and institutional investors. It can also be observed that mutual funds in the green sector increased in the high peace rate. This study highlights the basic methods and principles which forms the basis of the sustainability rating. The study concluded that sustainability rating based on the fund management as well as investigation of the fund portfolio in the sustainability performance criteria.

Ryall and Riley(1996)examined the criteria adopted by the two fund management to evaluate corporate environmental policies. This study explained that financial institution, regulatory pressure, and other interest group have a crucial role to play in affecting corporate environmental policy by their investment decision.

Objective of the study

Following objective has been formed in this study.

- To determine the effect of source of information and advisory factor which influence the green investment decision of the green investor.

Scope of the study

This study is used the primary data of the Lucknow district of Uttar Pradesh, India. Data is collected by using the questionnaire.

Research methodology

Explorative research design has been adopted for the completion of the objective of the research.

Hypothesis of the study

Null Hypothesis

There is no significant difference among the Business news, Family and friends, investment websites, books and News Paper and Magazine in influencing the green investment decision of the green investors.

Collection of data

For the purpose of the study 100 green investors data have been collected from the Lucknow, Uttar Pradesh in India. Questionnaire has been used for the data collection purpose.

Analysis and interpretation of data

For the analysis of data tables and figures are used and for the testing of hypothesis Two- way ANNOVA is used.

Table No. 1

Composition of the Respondents

S.N.		Particulars	Frequency	Percentage
1.	Gender	Male	57	57
2.		Female	43	43
4.	Age	Less than 20 years	8	8
5.		21 to 30 years	46	46
5.		31 to 40	29	29

6.		41 to 50	10	10
7.		Above 50	7	7
8.	Marital Status	Single	73	73
9.		Married	27	27
10.	Education	High school and lower	4	4
11.		Intermediate	13	13
12.		Bachelor	26	26
13.		Masters	48	48
14.		Phd	9	9
15.	Working Position	Students	17	17
16.		Employed	40	40
17.		Self Employed	25	25
18.		Un employed	6	6
19.		Practicum	12	12

Interpretation

It can be observed that ratio of the male and female is almost same. Out of the total respondents majority of the respondent have done their post graduate, which is 48%. 73% respondents are unmarried. 29% percentage respondents age is in between 31 to 40 year. 40 % respondents are employed.

Testing of Hypothesis

For testing the hypothesis of the study one has to check normality of data, so tools can be applied accordingly. For this purpose one sample Kolmogorov- Smirnov test is applied.

Table No. 2

One-Sample Kolmogorov-Smirnov Test

	Books	News paper and magazine	Friends and family	Investment Websites	Business News channels like TIMES NOW,CNBC TV18, NDTV Profit etc.
N	100	100	100	100	100
Normal Parameters ^{a,b}					
Mean	3.07	3.05	2.40	2.68	3.22
Std. Deviation	1.647	1.395	1.303	1.254	1.330
Most Extreme Differences					
Absolute	.239	.206	.229	.251	.181
Positive	.192	.184	.229	.199	.110
Negative	-.239	-.206	-.177	-.251	-.181
Kolmogorov-Smirnov Z	2.394	2.057	2.287	2.507	1.812
Asymp. Sig. (2-tailed)	.000	.000	.000	.000	.003

a. Test distribution is Normal.

b. Calculated from data.

Table No. 3

One-Sample Kolmogorov-Smirnov Test 2

	Books	News paper and magazine	Friends and family	Investment Websites	Business News channels like TIMES NOW,CNBC TV18, NDTV Profit etc.
N	100	100	100	100	100
Uniform Parameters ^{a,b}					
Minimum	1	1	1	1	1
Maximum	5	5	5	5	5
Most Extreme Differences					
Absolute	.360	.220	.370	.300	.210
Positive	.250	.220	.370	.300	.150

Negative	-.360	-.220	-.080	-.150	-.210
Kolmogorov-Smirnov Z	3.600	2.200	3.700	3.000	2.100
Asymp. Sig. (2-tailed)	.000	.000	.000	.000	.000

a. Test distribution is Uniform.

b. Calculated from data.

Interpretation

It is clear from the above tables that all the value of the significance of the uniformity and normality is less than 0.05, which means the data is neither normal nor uniform hence non parametric test is applied.

Friedman Test

Table No. 4

Ranks

	Mean Rank
Books	3.20
News paper and magazine	3.13
Friends and family	2.54
Investment Websites	2.78
Business News channels like TIMES NOW, CNBC TV18, NDTV Profit etc.	3.36

Table No. 5

Test Statistics^a

N	100
Chi-Square	21.615
Df	4
Asymp. Sig.	.000

a. Friedman Test

Result of test

It can be seen from the above table that mean rank of the books, news paper and magazine, friends and family, investment websites and business news channel are 3.2, 3.13, 2.54, 2.78 and 3.36 respectively. The value of test statistic of the Friedman test is .000 which is less than .05. the extraction of which says that the null hypothesis is fails to accept hence it can be concluded that ***“There is no significant difference among the Business news, Family and friends, investment websites, books and News Paper and Magazine in influencing the green investment decision of the green investors”***.

CONCLUSION

On the basis of the above analysis, it can be concluded that the impact of Business news channels, family and friends, investment websites, books and newspaper and magazine on the green investment decision of the investors are significantly differs. It can also been seen that out of the all factors the most influencing factor of green investment decision is friends and family, where the least influencing factor of the investors green investment decision is business news channels.

Implication of the Study

This study is very useful for those investors, corporates and government authorities, which are directly and indirectly engaged in the financing the environmental projects and for looking for the profitable and sustainable investing.

References

- Doval, E., & Negulescu, O. (2014). A model of green investments approach. *Procedia Economics and Finance*, 15, 847-852.
- Heinkel, R., Kraus, A., & Zechner, J. (2001). The effect of green investment on corporate behavior. *Journal of financial and quantitative analysis*, 36(4), 431-449.
- Koellner, T., Weber, O., Fenchel, M., & Scholz, R. (2005). Principles for sustainability rating of investment funds. *Business Strategy and the Environment*, 14(1), 54-70.
- Martin, P. R., & Moser, D. V. (2016). Managers' green investment disclosures and investors' reaction. *Journal of Accounting and Economics*, 61(1), 239-254.
- Ryall, C., & Riley, S. (1996). Appraisal of the selection criteria used in green investment funds. *Business Strategy and the Environment*, 5(4), 231-241.
- Eyraud, L., Clements, B., & Wane, A. (2013). Green investment: Trends and determinants. *Energy Policy*, 60, 852-865.