

INTENTION TO INVEST IN GREEN STOCK AMONG MALAYSIAN WORKING ADULTS

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Abstract

The objective of this study conducted is to examine the intention of **green stock investment** in this highspeed development information age where the technologies are growing with rapid movements every day. This is also supporting for **environmental, social and governance (ESG)** objectives. Four independent variables which are attitude towards green stock, social influence, perceived risk, and perceived return, had been recognized in the study to have a further understanding of the intention on green stocks investment among Malaysians which to explore on integration of **sustainable** on **environmental finance**. Total 139 valid respondents tested using the SPSS statistical tool for hypotheses tested. Research found P-value is less than 0.05 that resulted 3 out of 4 variables are significant.

Keywords: Green stock investment, sustainable, environmental finance, ESG

Introduction

The environment has become worse with the rise of harmful gases such as carbon monoxide and carbon dioxide in the year 2019, as reported by the International Energy Agency (International Energy Agency, 2020). Carbon monoxide emission in Malaysia rose from the year 2012 to the year 2018, which are 1.87 million metric tons and 2.21 million metric tons per capita respectively. Apart from the emissions of carbon, ozone depletion is also considered a serious issue that will create great harm to the environment (European Environment Agency). It can be seen that the practices of energy preservation and recycling are broad in scope in Western countries (European Environment Agency).

The individual who pays attention to the environment is known as 'green' consumers. Such a situation requires the act of investment decisions with immediate effect for the sake of keeping emission of harmful substances or gas low in long run plans (Yatim et al., 2017). Furthermore, Malaysia established a policy linked with renewable energy, climate change and tried to expand the green investment sector to achieve a green environment (Yatim et al., 2017). As the problems related to the environment arise and the tendency towards social responsibility products and services, social responsibility investment (SRI) currently became a new trend to be noticed worldwide which included the international stock market as well as the domestic stock market

which is in Malaysia (Borgers & Pownall, 2014). Not only in the stock market but SRI has also been made known in the marketplace and associated with academia which mainly focused on the extra knowledge that explains the investment behavior towards renewable energy (Borgers & Pownall, 2014).

SRI refers to the behavior of ethical investment which highlights the importance of the environment including air, water, and sound pollutant.

As explained by Schueth (2003), both SRI and ethical investment are essential areas that had been broadly used in the investment sector. In the Socially Responsibility Investments market, it has been reported that investments related to sustainability had reached USD145 billion, which has an increase of 300% from 2011 to 2015. The exception for the international market, which is in Austria, SRI is small in range and subject to the limit, which is under the development stage.

In contrast, the SRI investment market in Malaysia had become the largest investment field in Asia as it possessed 30% of the market in Asia (Khairini, 2017). Asia's SRI investment market did not include the country of Japan (Khairini, 2017). In Malaysia, it had been reported that the participants of the SRI investment market included investors who are in the field of retail and institution. Investors in the field of retail comprise individuals while investors in institutions included commercial banks, mutual funds, and investment banks (Khairini, 2017).

An example is the Employee Provident Fund which takes into account having higher social responsibility when reaching an investment decision. With regards to the plan, the launching of their own CSR concept by Bursa Malaysia in 2006 concentrates on the environmental, social, market, and working fields (Khairini, 2017).

Green investment refers to the act of investing in the environment, which also shows encouraging environmental improvements (European Environment Agency). Further explained by Bright, the purpose of green investment is for organizations to be concerned about the quality of the environment by releasing advanced tools and infrastructure. Green investment, also known as the essence of investment, helped in reducing greenhouse gas as well as a decrease in the emissions of air pollutants without lessening the number and efficiency of production. The interest in green investment derives from green activities (European Environment Agency).

Methodology

Research methodology strives to explain the route where the facts and data were collected, followed by analyzing the information. This section encompasses the research design, sampling design, questionnaire design, data collection, and data analysis. Research methodology is critical in guaranteeing the utilization of proper research procedures

Quantitative research obtains advantages based on its capacity to give a summary of research discoveries to the population in company with the factual investigation and it able to measure on the hypothesis's relationship. The target population of this study arise adults from Klang Valley,

Malaysia. The unit of analysis is the main subject or entity that has been studied in this research or study. For this study which is to determine the intention of green stocks onto Malaysian working adults' investment behavior Malaysia, the data is collected through the Malaysian working adult aged between 18 to 65. This range of people is as they are working in Malaysia, and they are the best-suited respondents for this research and study. This study able to collect total 139 review respondents as satisfactory to introduce the Malaysian's working adults who has invested in green stock. Google form was prepared and distributed in between the Klang Valley area. Two main section were requested to be filled by the respondent, section A, tested respondents on demographic information and Section B which applied 5-likert scale to measures on factors influences on intention of investing green stock among Malaysian adults.

Results and Discussion

For the pilot test, Cronbach's Alpha result showed above 0.7 for all variables. Total 85 (61%) female and 54 (39%) male respondents participate on this survey and majority age between 18 to 30 years old. 69% indicated self-employment and 73% have studied up to bachelor's degree. Besides only found 10.8% monthly income is more than RM5,500 and above.

Table 1 below indicated the research finding.

Table 1: Summary of research finding

Hypothesis	Significant Value	Accept/Reject
H1₁ : There is a significant relationship between attitude and the intention of investing in a green stock.	0.362	Reject (p-value > 0.05)
H2₁ : There is a significant relationship between social influence and the intention of investing in green stock.	0.03	Accept H1 (p-value < 0.05)
H3₁ : There is a significant relationship between perceived risk and the intention of investing in green stock.	0.010	Accept H3₁ (p-value < 0.05)
H4₁ : There is a significant relationship between perceived return and the intention of investing in green stock.	0.000	Accept H4₁ (p-value < 0.05)

Therefore the equation summary showed $Y=1.280+0.171(SN)-0.224(PR)+0.657(PRR)$.

SN = Social Influences
 PR = Perceived Risk
 PRR = Perceived Return

The variable **attitude is insignificant**, which showed not enough evidence to proof on the relationship. For the Financial service sector to have a better understanding of green stock investment intentions by clients with providing them financial training. **Social Influence** tested

positive impact on the intention to investment on the green stock. Therefore, the Green companies can have more promotion on the investment in Green benefits and information can be updated in social media, training and company official website to create awareness. Besides, **perceived risk** and intention of investing in a green stock. Individuals will have a relatively high perception of investment activities. In other words, they are more intended to invest in green stock while having higher perceived risk than low perceived risk. In brief, perceived risk greatly impacts investors' expectations on the result they would gain in green stock investment. The higher the **perceived return** on investment, the higher the green stock investment intentions. This is because individuals realized the perceived return on green investment is higher than other types of investment.

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