Drivers of ESG Pillar Perceived Importance in Sustainable Investing: Trading Experience and Salience Heuristic Susceptibility

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ABSTRACT,

This study aims to investigate how (potential) investor behaviors and characteristics (i.e., susceptibility to salience heuristics and trading experience) influence the perceived importance of individual ESG (Environmental, Social, and Governance) pillars. To also investigate how each of these ESG pillars affects an investor's portfolio allocation on ESG products. Based on the survey distributed online to 106 respondents, the findings show that salience susceptibility has a positive significant influence on each individual ESG pillar, particularly a stronger influence on the Environmental and Social pillars. Meanwhile, Trading experience had a positive significant influence on the Environmental and Social pillars. Furthermore, the Governance pillar had a positive significant influence on ESG percentage allocation. Meanwhile, Environmental importance had a negative significant influence on the ESG percentage allocation. The interpretations of these findings would offer further insights on drivers of sustainable investment decisions.

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Salience Heuristics, Trading Experience, ESG Pillars, Sustainable Investing, Behavioral Finance, Investment Decisions

1. INTRODUCTION

Understanding how individual investors perceive and prioritize each separate Environmental, Social, and Governance (ESG) pillar is important in developing financial investment products' (e.g., stocks, bonds, funds, etc.) strategies. These ESG pillars are also used to assess a company's long-term performance risk aside from their financial ones. However, a commonly used metric, the ESG rating, aggregates these three components of sustainability into a single score. This divergence of different sustainability aspects could misinterpret the discrete importance and actual value of each ESG pillar from investors to make sustainable investment decisions (Berg et al., 2022). Furthermore, when companies try to do sustainability initiatives, they would mainly focus on environmental aspects and overlook other pillars (Deloitte, 2023). A study by Wang et al., (2024) found that companies would score disproportionately high in one dimension of ESG and underperform in the others, causing a misleading on overall ESG ratings. This is often observed when comparing ESG ratings provided by institutions (e.g., MSCI and Sustainalytics) with an equally weighted score. The same study suggests that varied ESG scores, that overvalue the Environmental pillar, provided by different rating agencies, could inadvertently lead companies to green/cross-washing. An example of this would be TotalEnergies' cross-washing effort. A case study by Hassani and Bahini. (2024) showed that the company overstated its ESG performance, hence overvaluing its ESG score, by overemphasizing its environmental pillar/activities (i.e., clean energy investments) while masking unsustainable practices in other pillars (i.e., large investments in fossil fuel projects with social and human rights problems).

With the rising concern about sustainability matters in every industry, there is a rapidly increasing number of investors using ESG ratings provided on the internet and media covered to make investment decisions (Bao et al., 2024). Depending on how much a company informs its sustainability and the overall amount of coverage between each ESG component, investors could find certain pillars more interesting unintendedly. The Ontario Securities Commission (OSC) found that ESG rating is the main factor that influences retail investors' investment decisions. Observing that the start-rated ratings have more influence as opposed to letter-rated ratings. This finding further emphasized the need for standardization of ESG ratings to help investors be better informed (Kan et al., 2022). This suggests that investors may rely solely on the most prominent or easily consumed information without further examination when making investment decisions. Wherein, the presentation of information itself shapes investment preferences and decisions, especially when salient information is processed without further analysis.

This reliance on highly prominent or emotionally evoking information reflects the salience heuristics. Of which, it is a cognitive mental shortcut where individuals disproportionately value the most prominent and accessible information, distracting them from investors' goals and distorting decisions (Bordalo et al., 2022). Considering these heuristics, investors' decision-making process would be distorted based on how certain information is being presented. A study done by Cosemans and Frehen, (2016) showed that investors would overweight stocks with salient recent returns (upsides) and expect them to continue to outperform in the future that turns out to underperform. That being said, salience is contextual, as information is perceived as salient when it appears distinguishable by individuals (Chen et al., 2022). This research, therefore, seeks to examine the perceived importance of individual ESG pillars among retail and potential investors, and the influence of Investors' trading experience and susceptibility to the salience heuristic.

1.1 Research Questions

Main Question:

How do investor trading experience and susceptibility to salience heuristics influence the perceived importance of individual ESG pillars in sustainable investment decisions, and how do these perceptions influence ESG portfolio allocation?

Sub-questions:

1. How does trading experience influence the perceived importance of each ESG pillar?
2. How does the high susceptibility to salience heuristic influence the perceived importance of each ESG pillar?
3. What is the overall importance of ESG initiatives considerations and which ESG pillar (Environmental, Social, Governance) significantly influences retail and potential investors when deciding on their (potential) asset portfolios?

1.2 Academic/Practical Relevance

This research is crucial in addition to the study field of behavioral finances with a more nuanced and in-depth contribution. Focusing on the perceived importance of individual ESG components to retail investors and the drivers of such perceived importance. In general, understanding behaviors behind investment decisions is of growing academic and practical interest in the context of investment strategies (Elmas et al., 2024). This research specifically would try to examine the perceived importance of each individual ESG component and the drivers of it that develop investors' potential asset portfolios.

While salience can be strategically influenced by firms (Bordalo et al., 2022), this thesis emphasizes how preexisting mental shortcuts influence investors' perceptions. In this case, perceived importance of each ESG pillar. Furthermore, supporting the current emphasis on transparent and standardized ESG measurement. This could prevent the effect of salience heuristics, if any, that could cause unintended results for investors.

2. LITERATURE REVIEW

2.1 ESG Investment Behavior

The rise of Environmental, Social, and Governance (ESG) rating scores provided by independent rating agencies have increased in recent years due to demands from both institutional and private investors (Aslan & Posch, 2022). However, the aggregate rating score may not represent the diverse preferences of retail

investors. As suggested by Assaf et al., (2024), an aggregate ESG score might oversimplify these diverse investors' preferences and might not reflect an individual's investment values. Wherein, these ESG ratings are of inconsistent quality and largely dispersed amongst different rating agencies (Kräussl et al., 2023). To further give insights into this study field, Keeley et al. (2022) and Assaf et al. (2024) emphasized the importance of the social component in ESG rating scores to investors. However, existing studies on the drivers behind specific ESG preferences may be scarce. Study by Giglio et al. (2024) found that investors expected the long-term return on overall ESG investments to underperform on the market by about 2.1% per year. Where they found that only 6% invested due to financial motives. Aside from those complete financial motives, the study also states that 24% and 22% of investors invest in ESG due to ethical considerations (i.e., personal societal values) and climate hedging motives. The latter investors believe that these investments would prepare them for future climate-related financial risk. Although it is to protect their portfolio in the future financially, these investors would still invest in ESG products despite expectations of underperformance in the broader market.

2.2 Investor Trading Experience and ESG Investment Behavior

Considering trading experience (in years) as a potential driving factor to examine the relative importance of individual ESG pillars is important as aforementioned. There have been studies concluding that different experiences would lead to different investing behaviors. Therefore, different levels of investing experience may influence an investor's prioritizations on different ESG pillars.

Different years of investing experience may influence how investors assess each ESG pillar. Those with less years would show a high preference for sustainability due to increasing concerns in the media. They would either rely on an aggregate ESG score to determine sustainability or overweigh certain ESG pillars for their investment decisions. On the other hand, experienced investors will use ESG information if they have relevancy towards an investment's performance, e.g., risk management (Amel-Zadeh & Serafeim, 2017).

Furthermore, those with more investing years are positively correlated with approaching financial intermediaries that adopt ESG strategies (Cucinelli & Soana, 2023). This suggests that experienced investors would engage more with sustainable investing practices. In the perspective of these experienced investors who have been investing over the years, the integration of ESG in investment decisions would be a source for long-term value creation and risk mitigation (Krueger, 2020).

This implies that not only does trading experience influence the overall investment behavior, but they also influence preferences towards sustainable investments. However, there could be a distinction on the prioritization of individual ESG pillars between investors with higher trading years than that of the lower ones.

2.3 Salience Heuristics and Investment Behavior

Multiple studies have shown that behavioral finance theories offer a foundation to understand how certain characteristics affect decisions in the context of financial management and investing (Elmas et al., 2024). Studies on behavioral finances suggest that investors often rely on heuristics to make investment decisions. In general, heuristics are mental shortcuts that simplify decision-making process in the presence of information complexity and uncertainty (Shah et al., 2024). Heuristics are then resorted to help investors make decisions easier from information overload at the cost of distorted judgments (Bordalo et al., 2022).

For this research, the salience heuristics will be further explored. Salience refers to certain information being more perceived due to its distinctive property (Chen et al., 2022). Chaudary (2018) considered salience heuristics as a composite of familiarity bias and availability bias. All of which causes individuals to overweight certain information due to its prominence or that is emotionally capturing. In terms of investment horizons, Chaudary (2018) found that the salience bias has 1.5 more significance towards long-term investment in general as opposed to those of the short term. The author suspects that investors prefer familiar stocks for long term holdings to anticipate higher returns.

Alcocer and Torress (2024) found that salience can distort perceptions of Investors on value and risk to make quick decisions given the budget and time constraints. Furthermore, salience itself could tactically be manipulated by firms and politicians to divert and distort individuals' perceptions and decisions away from targeted and valued information (Bordalo et al., 2022). It is without a doubt that investors who are susceptible to salience heuristics could have different investment preferences and behaviors considering that salience could be manipulated.

Furthermore, many investors who trade on ESG stocks were due to climate hedging purposes as they have higher returns when climate risks arise as aforementioned (Giglio et al., 2024). Additionally, companies with relatively high ESG scores face less financial distress risk and such funds are relying on long-term investment strategy (Cerqueti et al., 2021). Considering that salience heuristics affect the perception and decisions of investment risks and horizon attitudes, one would assume that individuals with high susceptibility to salience heuristics would have different behaviors towards ESG assets as opposed to those with no such tendencies.

2.4 Salience Heuristics and ESG Investment Behavior

The Ontario Securities Commission (2024) found that the star-rated type of rating (i.e., 5 stars indicates high ESG rating) has more significance on investment decisions as opposed to the letter-rated type of rating. An example of a letter-rated type of rating would be those provided by MSCI. Whereby, the rating scales from "CCC", indicating "laggard", to "AAA", indicating

"Leader" of the industry (MSCI, 2024). This reliance and tendency towards salience heuristics/cues is further exemplified when investors would still invest in funds labelled as sustainable funds despite having a contradictory strategy. Having investors to overvalue such salient information, e.g. name of asset, and overlook the mismatch of actual strategy, could make them dismiss greenwashing (Wang et al., 2024; OSC, 2024).

Rzeźnik et al. (2021) found that retail investors were influenced by the visual salience of ESG ratings as opposed to their actual meaning. Investors mistakenly interpreted low scores as downgrades when Sustainalytics inverted its rating scales. This causes selloffs in stock despite no changes in actual ESG information. This response could purely reflect the inattentiveness of investors. However, the visual salience of the rating may further reinforce this behavior of consuming information without further contextual understanding. Furthermore, these ESG ratings are proven to be inconsistent with lacking consensus amongst different rating agencies. Charlin et al. (2022) examined a low inter-rater reliability (18.3%) and agreement (5.4%) between 3 common ESG ratings (MSCI, Sustainalytics, and Asset4). Building upon this research, Bissoondoyal-Bheenick et al. (2024) found that MSCI rating has high disagreements with the other two ESG rating providers (Sustainalytics and Asset4). Agreements in each study refer to how a company would receive significantly different ESG scores from different rating agencies.

These findings further demonstrate that relying on salient cues that could change and are inconsistent could lead to poor and unintended outcomes as investors would neglect deep analytical processes to make proper investment decisions. Such behaviors upon salient cues are due to limited attention (Ramos et al., 2020). This study found that limited attention causes investors to focus salient cues, such as media-covered firms and price extremes of the 52-week highs of a stock. Such salient cues trigger increased trading activities. Furthermore, Iwata (2018) found that there is a positive effect of salient cues, e.g., media prominence/advertisement, on the behavior and attention of decision makers. Emphasizing that attention and decisions would favor alternatives with salient cues.

2.5 Hypotheses

2.5.1 Hypothesis 1

The incorporation of ESG strategies is seen as a risk mitigation strategy by experienced investors (Krueger, 2020). Considering that experienced investors are more exposed to financial concepts and risk-return tradeoffs, with the rise of sustainability concerns, experienced investors are likely to engage in more ESG products. However, which ESG pillar in specific remains unknown. Hence, hypothesis 1 investigates whether trading experience significantly influences the perceived importance of each ESG pillar. To test this hypothesis, 3 separate regression models are to be conducted with each E, S, and G as the dependent variable and Trading Experience as one of the key independent variables as depicted in Figure 1.

H1a/b/c: "Trading experience has a significant influence on the perceived importance of (a) Environmental, (b) Social, and (c) Governance pillars"

2.5.2 Hypothesis 2

The E pillar seems to receive most of the attention due to more topics and issues that it addresses, such as, climate change, carbon footprint, and sustainability (Senadheera et al., 2021). In contrast, the S and G pillar still lacks general academic consensus and requires more study and empirical research to understand their impact (Amaral et al., 2023). That said, an individual with high susceptibility to salience heuristics may perceive the E pillar as the most important due to more visibility and media coverage. With this assumption, investors with salience susceptibility may also perceive the importance of other ESG pillars significantly depending on how they consume information.

H2a/b/c: "Susceptibility to salience heuristics has a significant influence on the perceived importance of:

(a) Environmental pillar (positively),
(b) Social pillar (negatively),
(c) Governance pillar (negatively)."

2.5.3 Hypothesis 3

Based on previous hypotheses, investors could have different perceived importance of each ESG pillars. That subjective importance and attitude could influence investment decisions (Amgain, 2024). Considering that the E pillar seems to overshadow other pillars in discussion of sustainability (Annarelli et al., 2024), one would assume that the E pillar would be perceived as the most important pillar with a positive effect. However, subjective importance and personal preference exists, and the assumption of uniform perceptions should be avoided. Hence, hypothesis 3 would examine which of the ESG pillar is perceived as most important when making ESG investments. Whereby, model 4 would test this hypothesis.

H3a/b/c: "The perceived importance of (a) Environmental, (b) Social, and (c) Governance pillar has a significant influence on the ESG allocation of (potential) investors"

2.6 Conceptual Framework

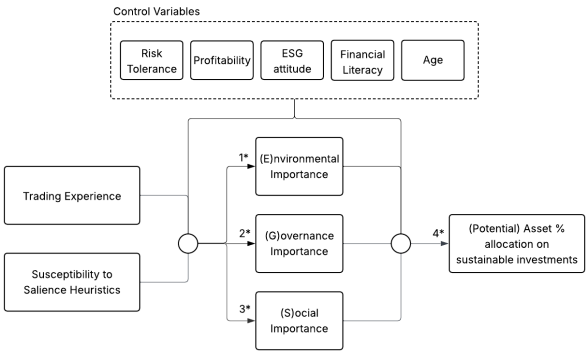

Figure 1. Conceptual Framework

* Indication of regression model number

3. METHODOLOGY

3.1 Sample

To conduct this research, a total of 106 responses were collected from participants through a link distributed online. With English as the language set for the questionnaires, the survey link was distributed to retail and potential investors. Of which, these participants were able to access the survey link through WhatsApp group chats, personal message, LinkedIn messages, and referrals. That said, the sampling method for this research is a convenience sampling.

Upon being redirected to the survey page after accessing the link, the participants were ought to read the informed consent at the first page to be informed about the overall purpose of the study and their rights as a participant of said study. This section is then followed by a question that confirms the participants willingness to participate in this study and gives consent for their answers to be studied upon. Of which, all 106 participants were able to answer 'yes' and have their answers processed.

3.2 Operationalization

Through the visualization of the conceptual framework as seen from Figure 1, identifying the relevant variables for each regression model was achieved with ease. As pictured in Figure 1, this study would have 4 regression models. The first 3 regression models would have recurring independent variables (i.e., trading experience and susceptibility to salience heuristics). Whereby, each 3 models would have different dependent variables representing the perceived importance of each individual ESG pillar. On the other hand, the individual E, S, and G pillar were treated as independent variables in model 4 to predict ESG allocation in respondents (potential) portfolio.

Aside from the informed consent page for an ethical conduct and a page to inform potential investors to make hypothetical choices as if they were a retail investor with current behavior, the overall survey is comprised of five sections, each measuring different variables necessary for data analysis. The first section was made to measure the respondents trading experience in years and their age range. With a 5-point Likert scale, the remaining control variables had one item asking basic self-evaluating questions about their investment characteristics/attitude (i.e., risk tolerance, profit motive, financial literacy, and ESG attitude). Further on to the next section, the respondents were asked 6 reflective questions about their specific ESG considerations in their investment decisions with a 5-point Likert scale. Each ESG pillar had 2 items that measured the respondents perceived importance of each pillar. E.g., "How important is resource sustainability in your investment decision?" would measure the E importance variable.

After the ESG section, the respondents were then asked to answer 2 self-assessment questions in a 5-point Likert scale. Whereby, both questions measure their susceptibility to salience heuristics (independent variable). Finally, the ESG allocation variable was asked at the last section in a continuous scale.

Considering that this research studies the behavior of potential investors as well, some terminologies were included in the survey to better give context for inexperienced investors, such as ESG, resource sustainability, corporate transparency, etc. Furthermore, each variable would be treated as a composite score of the 2 items measured. Meaning, the average score of 2 items that measure the same variable would be averaged. For instance, resource sustainability importance and carbon footprint importance would represent the E importance variable. To operationalize the variables from Table 1, models 1, 2, and 3 will use equation 1 with the only differences being the dependent variables (i.e., E, S, and G pillar importance). Therefore, model 4 will use equation 2 as seen below:

Equation 1 (Model 1/2/3):

$$\text{E/S/G Importance} = \beta_0 + \beta_1\text{Salience} + \beta_2\text{TradingExperience} + \beta_i\text{*Controls} + \text{residual}$$

Equation 2 (Model 4):

$$\text{ESG Allocation} = \beta_0 + \beta_1\text{E Importance} + \beta_2\text{S Importance} + \beta_3\text{G Importance} + \beta_i\text{*Controls} + \text{residual}$$

Table 1 – Operationalization table

Variable	Definition	Data Category	Items
Trading experience (IV)	Investors years of trading financial products	Ordinal*	1: "Years of investing?"
Salience Susceptibility (IV)	Having one's attention be differentially directed to an item of its environment (Ramos et al., 2020)	5-point Likert scale*	2: "Likeliness of Investing based on stock's 1. High media coverage 2. Format of information"
E importance model 1,2,3 (DV) model 4 (IV)	Perceived importance of the E pillar in decisions (Assaf et al., 2024)	5-point Likert scale*	2: "The importance of 1. Resource sustainability 2. Company's carbon footprint"
S importance model 1,2,3 (DV) model 4 (IV)	Perceived importance of the S pillar in decisions (Assaf et al., 2024)	5-point Likert scale*	2: "The importance of 1. Employee welfare 2. Fair labour practices"
G importance model 1,2,3 (DV) model 4 (IV)	Perceived importance of the G pillar in decisions (Assaf et al., 2024)	5-point Likert scale*	2: "The importance of 1. Corporate transparency 2. Shareholders' rights"
ESG allocation % (DV)	Investor's percentage of portfolio allocated to ESG products	Ratio*	1: "Percentage of portfolio on ESG products"
Age (CV)	Investor's Age	Ordinal*	1: "Choose your age range"
Risk Tolerance (CV)	Investor's readiness for a risk level to achieve certain gains (Chandra et al., 2024)	5-point Likert scale*	1: "For a high return, I am willing to take risks"
Profit Motive (CV)	Investor's investment decisions due to pecuniary reasons (Giglio et al., 2024)	5-point Likert scale*	1: "Financial returns are the main priority of investing"
Financial Literacy (CV)	Investor's capability to comprehend financial concepts (Yang et al., 2024)	5-point Likert scale*	1: "I have a good understanding of financial/investing concepts"
ESG Attitude (CV)	Investor's consideration of an investment's sustainability	5-point Likert scale*	1: "ESG inititives are important considerations"

**Operationalized as continuous variables for analysis*

3.2.1 Control variables

To isolate the effect of the main independent variables, five control variables (i.e. age, risk tolerance, profitability motive, financial literacy and overall ESG attitude) are included to strengthen the validity of this study. This ensures that the

relationship between the main independent variable and the dependent variable is not distorted as other influential variables are accounted for.

In general, age has been a common predictor used in behavioral finance studies. In terms of its influence on sustainable investments, Morgan Stanley (2025) found that younger generations would allocate a higher proportion of their portfolio to sustainable investments. Hence, it should also be predicted likewise for this research.

Similarly, risk tolerance is also a common predictor of investment behavior. Aini and Lutfi (2019) found that investors with higher risk tolerance levels would invest in assets with high risks. Considering that ESG investments provides long-term value creation and risk mitigation as aforementioned (Krueger, 2020), the risk tolerance level of investors should have a significant influence on sustainable investment decisions. However, findings by Chandra et al., (2024) indicate an insignificant effect (weak positive relationship) between risk tolerance and ESG investment. Regardless, this variable is to be included as a control measure to account for individual risk perception.

Another variable to be included as a control variable would be respondents' profit motive. As mentioned earlier, those with financial/profitability motives are less likely to engage in ESG investing (Giglio et al., 2024). Li et al. (2024) also suggested that those who invest in ESG assets would do so if it brings financial benefits.

A commonly used control variable in behavioral finance studies, financial literacy would also be treated as a control variable in this study. It is a variable that measures respondents' capability to understand financial concepts and, eventually, make sound financial decisions. A study by Yang et al. (2024) found that there is a positive relationship between financial and the awareness of investors to ESG investments. Those that are financially literate would also better comprehend the risk-return tradeoffs and risk management in general. These are aspects to consider in overall investment decisions, especially ESG investments.

Considering that models 1, 2, and 3 predict respondents' importance for each ESG pillar, it is important to include their overall ESG attitude as a control variable. It is a crucial variable as often, any preferences towards ESG are caused by ethical considerations or personal values (Hartzmark & Sussman, 2019). Hence, the overall ESG attitude would capture the general perceived importance of an ESG pillar. By including this variable as a control variable, it would account for any predispositions on relative importance of each ESG pillar and allocated ESG percentage in respondents' (potential) portfolio for model 4.

3.3 Data Analysis

Upon finishing the data collection process, the data was exported to a .csv file from the survey program (Qualtrics) and imported to RStudio. Since the imported data from Qualtrics has unnecessary data columns, e.g., survey duration and status, data cleaning and preparation was done prior to the actual data analysis. Furthermore, before conducting correlation test and regression analysis, several tests were done to determine any changes in method or data variables.

Since many of the variables used in this study derive from a composite score of items, these variables' reliability will be tested based on their Cronbach's alpha. Whereby, this validation test is needed as the reliability of this composite item variables determines the ability of the variable to predict and measure consistently (Tavakol & Dennick, 2011).

A Shapiro-Wilk test was also conducted to assess the normality of the variables to be used in the correlation matrix. This was done as the Pearson correlation statistical procedure assumes that the data set is normally distributed (Ghasemi & Zahediasl, 2012). If the data set of the variables is not normally distributed, p value < 0.05, a Spearman rank correlation test would be done as it does not require normally distributed data (Schober et al., 2018).

Considering that this study aims to model relationship with multiple independent variables with a continuous variable (ESG allocation), this study would run an Ordinary Least Squares (OLS) regression analysis. Since there are assumptions for the OLS regression, several statistical tests were done to examine if the data set meets those assumptions.

OLS assumptions 1,2, and 4 are necessary to run an OLS model (Team, 2022). The OLS model assumes the data's 1. Linearity, 2. Homoscedasticity, 4. Normality of errors. To test assumption 1 and 2, a visual analysis was done with a Residual vs Fitted plot. Further on, a Q-Q plot was conducted to test assumption 4 on every model. The correlation matrix could also test if the data set meets assumption 5, multicollinearity. A Variance Inflation Factor (VIF) table was also done to further test this assumption of multicollinearity.

4. RESULTS

Based on the Shapiro-Wilk test observed in Table 2 (see appendix 9.1), all the variables seem to have low significance level. If a p – value of a variable is lower than 0.05, it is not normally distributed (Ghasemi & Zahediasl, 2012). Considering that all the main variables have a p – value < 0.05, the null hypothesis that says the sample is normally distributed is rejected. That said, a Spearman's rank was done instead to examine the correlation between the variables. Further statistical tests, i.e., Cronbach's alpha and the OLS regression assumption test, would be further delineated at later sections.

4.1 Respondents' profile

Table 3 contains the respondents' trading profile and behaviors.

Table 3 – Investors' characteristics (N = 106)

	Frequency	Percentage %
Age		
18-24	54	50.943
25-34	16	15.094
35-44	6	5.660
45-54	13	12.264
55-65	12	11.321

> 65	5	4.717
Risk Tolerance		
1 (low)	1	0.943
2'	3	2.830
3'	9	8.491
4'	54	50.943
5 (high)	39	36.792
Financial Literacy		
1 (low)	2	1.887
2'	8	7.547
3'	31	29.245
4'	37	34.906
5 (high)	28	26.415
ESG attitude		
1 (low)	5	4.717
2'	13	12.264
3'	21	19.811
4'	53	50.000
5 (high)	14	13.208

4.2 Descriptive Analysis

Presented below in Table 4 is the mean and standard deviation for all the independent and dependent variables used for this study. With a mean of 3.132 and 3.16 in a 5-point Likert scale for items Social1 and Social2 respectively, the composite item variable of Social Importance seems to have similar item means compared to other composite item variables. Competing close to this would be the variable of Governance Importance with mean items of 4.226 and 4.387. On the other hand, the items of both variables of Environmental Importance and Salience Susceptibility seem to be the least coordinated composite variable in terms of the means of items. With means of 3.594 and 3.075, the items of Environmental Importance might not be closely related. Wherein, a low Cronbach's alpha could be predicted through this. Likewise, with means of 3.491 and 3.066, the items of Salience Susceptibility might not be closely related, and a low Cronbach's alpha should be expected.

A low Cronbach's alpha implies the low convergent validity of the composite variable's construct measured by poorly correlated items (Tavakol & Dennick, 2011). In general, a high Cronbach's alpha is to be desired from all composite variables. This is to ensure the reliability of the results that these variables predict for the regression model.

In terms of standard deviation, items of Governance Importance seem to have the lowest standard deviation. In addition to the high mean of 4 and above in a 5-point Likert scale, it seems that the respondents have a high agreement on these items and highly perceive the importance of the Government pillar. Although items of Social Importance may have similar Means, they have a relatively higher standard deviation compared to the items of other composite variables. This suggests a high variance between the answers of respondents when answering these items. Wherein, a high Cronbach's alpha is to be expected for this composite variable.

Table 4 – Descriptive statistics

	Mean	SD	α
Environmental Importance			0.65
Environmental1	3.594	0.903	
Environmental2	3.075	1.066	
Social Importance			0.9
Social1	3.132	1.105	
Social2	3.16	1.122	
Governance Importance			0.85
Governance1	4.226	0.694	
Governance2	4.387	0.698	
Salience Susceptibility			0.6
Salience1	3.491	0.796	
Salience2	3.066	0.949	
ESG allocation	36.67	23.546	

4.3 Scale Validation

4.3.1 Cronbach's Alpha

As seen in the previous table 4, both Social and Governance Importance composite variable have a high alpha. On the other hand, both Environmental Importance and Salience Susceptibility have a much lower alpha compared to the former two variables. This is as predicted earlier in the previous section due to the differences in the Means of both items under their respective composite variables. A low alpha could be due to low number of items, low interrelatedness, or heterogeneous constructs (Tavakol & Dennick, 2011). However, it might not be due to the low number of items as other composite variables have high alpha with the same number of items. That said, it might be due to low relatedness/heterogeneity of the items.

For the items of Environmental Importance, resource sustainability and carbon footprint, although falls under environmental pillar, they focus on different issues. As opposed to Social Importance items, employee welfare and fair labor practices, both questions focus on the sustainability of workers. For Salience Susceptibility, it might also be due to heterogeneity of items considering that susceptibility to salience heuristics of respondents is more difficult to measure. Furthermore, it is a complex topic and could only be measured through scientific tools, e.g., eye tracking. Hence, the questions asked in this survey to measure salience susceptibility is sort of different from one another, i.e., one asking their likeliness to invest based on a stock/company's media prominence and the other asks their likeliness to invest on stocks that has visual salient cues.

Regardless, based on Allevato (2019) and Georger & Mallery. (2003), both variables with an alpha of 0.65 and 0.60 should not have any changes made as they still fall under the category of "questionable" that ranges from 0.6 to 0.69. As opposed to having an alpha <0.50 where it is unaccepted and should be revised or discarded (Tavakol & Dennick, 2011). That said, interpreting or analyzing value for E Importance and Salience Susceptibility should be done carefully due to their alpha.

4.4 Correlation

Table 5 below shows the correlation matrix of all the main independent and dependent variables. Table 6 has the complete correlation matrix (see appendix 9.2). At first glance variable E Importance and S Importance have a high correlation, 0.596. Since both variables are independent variables for model 4, this could indicate multicollinearity. Similarly, there is a highly positive correlation between Age and Trading experience, 0.638, as seen from Table 6. This is to be expected as trading experience would naturally increase as age increases. Although a relatively higher correlation value, both relationship is not considered high enough (i.e., $r > 0.7$) to have multicollinearity issue (Vatcheva et al., 2016). This issue will further be assessed at the OLS assumption diagnostics section.

The next highest correlation observed exists between G importance and Trading experience. It shows a moderate positive correlation, 0.289. Meaning, higher trading experience is correlated with a high perceived importance of the G pillar. Furthermore, there seems to also be a significant relationship between G Importance and ESG allocation. It also appears to be a correlation existing between Salience susceptibility with both the E and S Importance variables, 0.240 and 0.266 respectively.

Table 5 – Correlation

	E importance	S importance	G importance	Salience susceptibility	ESG allocation	Trading experience
E importance		0.596 ***	0.221 *	0.240 *	0.035	-0.085
S importance			0.286 **	0.266 **	0.103	-0.153
G importance				0.141	0.289 **	0.313 **
Salience susceptibility					0.053	-0.131
Portfolio allocation (%)						0.046

**** = p < .001, ** = p < .01, * = p < .05, · = p < .10 (two-tailed); indicates levels of statistical significance.*

4.5 OLS Assumption Diagnostics

4.5.1 Linearity

To assess linearity, a Residual vs Fitted plot was conducted for all 4 models. Linearity is met if the residuals are randomly scattered along the zero line with no trend (Kim, 2019). Models 1, 2, and 3 generally meet this requirement (see appendix 9.3). However, as seen from Figure 4d, which has ESG allocation as the dependent variable, there seems to be a slight curve and pattern. This indicates non-linearity. To address this, log transformation was done to that dependent variable only as the other model with other variables meets the assumption. (Valchanov, 2021).

4.5.2 Homoscedasticity

The previous Residual vs Fitted plot was used again to test this assumption of homoscedasticity. Likewise, a random and scattered plot (i.e., no cone shapes) around the zero line indicates constant variance of errors (Kim, 2019). Based on the plots, all models including the log transformed model 4 seem to meet this requirement of homoscedasticity.

4.5.3 Normality of residuals

To test the normality of all models' residuals, Q-Q plots were computed (see Figure 4f-4i of appendix 9.3). Residuals normality occurs when the data points are closely plotted near a diagonal line (Schmidt & Finan, 2017). All model, including the log-transformed model 4 follows the diagonal line.

4.5.4 Multicollinearity (VIF)

Previously mentioned in the correlation matrix section, there seems to be a correlation between the independent variables of model 4, E Importance and S Importance. Although they are not a high correlation value, a Variance Inflation Factor (VIF) table was done to test for OLS assumption of multicollinearity.

As Vatcheva et al. (2016) mentioned, there is no universal agreement on the threshold of the VIF value that indicates multicollinearity. However, they have been suggested that a threshold for VIF being greater than 5 or 10 should be an indication for multicollinearity. Of which, none of the variables have an VIF above 3 as observed in Table 7 (see appendix 9.3).

Hence, the only change from these testing is log transforming the ESG allocation variable for model 4. Previous statistical analysis was done again with this new log-transformed variable, however, no changes in the correlation matrix. This is because the spearman's rank was used for the correlation matrix that measures the correlation based on rank and not value.

4.6 Hypothesis Testing

Table 8 below shows the regression statistics of 4 different models conducted separately. Models 1, 2, and 3 have the same independent variables, but different dependent variables with E, S, and G as the outcome variables. However, in model 4, the E, S, and G become the independent variable to predict the variable of ESG allocation of respondents. Model 4 uses the log transformed dependent variable of ESG allocation.

The adjusted R2 for model 1, 2, 3, and 4 is 0.305, 0.163, 0.245, and 0.030 respectively. To interpret this, models 1, 2, 3, and 4 explain approximately 30.5%, 16.3%, 24.5%, and 3.0% of the variance in their respective dependent variables.

4.6.1 Hypothesis 1

To test hypothesis 1, the regression statistics and the influence of the variable Trading Experience in model 1(E), 2(S), and 3(G) should be observed in Table 8. Based on the regression result, there is a positive significant effect of Trading Experience on perceived importance of Environmental pillar ($\beta = 0.046$, $p < 0.05$) and Social pillar ($\beta = 0.073$, $p < 0.01$). However, it is not the case with the effect on the Governance pillar, ($\beta = 0.019$, $p > 0.05$). That said, for hypothesis 1, the result could reject the null hypothesis for H1a and H1b. In other words, more experienced investors are significantly more likely to have higher perceived importance for the E and S pillar.

4.6.2 Hypothesis 2

To test hypothesis 2, the effect of the variable Salience Susceptibility in model 1(E), 2(S), and 3(G) can be examined in Table 8 as well. Based on the regression results, Salience Susceptibly has a significant and positive effect on the perceived importance of the Environmental pillar ($\beta = 0.277$, $p < 0.001$), Social pillar ($\beta = 0.383$, $p < 0.001$), and Governance pillar ($\beta =$

0.204, $p < 0.01$). With these statistical results, the study rejects the null hypothesis for H2a-H2c. Meaning, investors that are highly susceptible to salience heuristics are significantly more likely to have higher perceived importance for all ESG pillars.

4.6.3 Hypothesis 3

To test hypothesis 3, model 4 was used with log-transformed ESG allocation as the dependent variable. Amongst the 3 ESG pillars, the regression result shown in Table 8 indicates that the G Importance has a significant positive effect on ESG allocation ($\beta = 0.254$, $p < 0.05$). E Importance has also a significant effect on ESG allocation, however, a negative one ($\beta = -0.225$, $p < 0.05$). On the other hand, the S Importance does not have a significant effect on ESG allocation ($\beta = 0.061$, $p > 0.05$). That said, the results reject the null hypothesis for H3a and H3c.

Table 8 – Regression results

	Model 1-3			Model 4
	E importance (1)	S importance (2)	G importance (3)	Log ESG allocation (4)
Constant	1.951***	2.348***	1.860***	2.782***
	(0.558)	(0.781)	(0.453)	(0.603)
Salience susceptibility	0.277***	0.383***	0.204**	
	(0.101)	(0.142)	(0.082)	
Trading experience	0.046*	0.073**	0.019	
	(0.024)	(0.033)	(0.019)	
Age	-0.011*	-0.019**	0.005	0.003
	(0.006)	(0.009)	(0.005)	(0.005)
Risk tolerance	0.077	-0.209*	0.025	-0.035
	(0.083)	(0.116)	(0.068)	(0.092)
Profit motive	-0.212**	0.078	0.135*	-0.133
	(0.099)	(0.138)	(0.080)	(0.114)
Financial Literacy	0.005	-0.101	0.140**	-0.019
	(0.084)	(0.117)	(0.068)	(0.088)
ESG attitude	0.347***	0.194**	0.093*	0.200**
	(0.069)	(0.096)	(0.056)	(0.083)
E importance				-0.225*
				(0.135)
S importance				0.061
				(0.096)
G importance				0.254*
				(0.148)
Observations	106	106	106	106
R2	0.351	0.219	0.296	0.104
Adjusted R2	0.305	0.163	0.245	0.030

**** = p < .001, ** = p < .01, * = p < .05, · = p < .10 (two-tailed); indicates levels of statistical significance.*

4.7 Control Variables Discussion

Among the control variables included (i.e., Age, Risk tolerance, Profit motive, financial literacy, and ESG attitude), a few of these variables exhibited significant effects across the 4 regression models.

The variable for Age exhibits a negative significant effect on Environmental Importance ($\beta = -0.011$, $p < 0.05$) and Social Importance ($\beta = -0.019$, $p < 0.01$). This suggests that older investors put less importance on the E and S pillars compared to the younger investors. This partially supports the idea from Morgan Stanley (2025) that younger investors highly perceive the importance of sustainable investment. However, it does not fully support the findings of the research as the variable age has no significant impact on Governance importance ($\beta = 0.005$, $p > 0.05$) and ESG allocation ($\beta = 0.003$, $p > 0.05$). These results show that there may be different influences of age on different ESG pillars perceived importance, but not necessarily reflect the actual behavior.

In model 2, Risk tolerance has a significant negative effect on Social Importance ($\beta = -0.209$, $p < 0.05$). This means that investors with higher risk tolerance tend to put less importance on the S pillar. This suggests that investors with high risk tolerance level perceive investments focused on Social initiatives to be risk averse.

In terms of profit motive, the results vary across different models. It can be observed that profit motive has a negative significant effect on Environmental Importance ($\beta = -0.212$, $p < 0.01$). This implies that investors with high profitability motives tend to perceive the E pillar will lower importance. In contrast, profit motive has a positive significant effect on Governance Importance ($\beta = 0.135$, $p < 0.05$). This suggests that investors with high profitability motives value the G pillar due to their association with shareholders' rights practices and transparency to evidently examine the profitability of the invested company.

Furthermore, financial literacy exhibited a significant positive effect on Governance Importance in model 3 ($\beta = 0.140$, $p < 0.01$). This suggests that investors who are more financially literate tend to highly perceive the importance of the G pillar. Considering the items that measures the Governance pillar questions the importance of corporate transparency and shareholders' rights, investors that are well equipped with financial knowledge would value governance practices that protects their rights and requires accountability to assess the company's performance.

As evidently seen, the control variable of ESG attitude has consistent significant effects across models 1, 2, 3, and 4. This control variable exhibited significant positive effect on Environmental Importance ($\beta = 0.347$, $p < 0.001$), Social Importance ($\beta = 0.194$, $p < 0.01$), Governance Importance ($\beta = 0.093$, $p < 0.05$), and ESG allocation ($\beta = 0.200$, $p < 0.01$). This is an expected result as an investors' overall attitude towards ESG initiatives should be able to predict the dependent variables that measure their ESG preferences and decisions. The constant positive significant effect across all 4 models implies that the overall ESG consideration on one's investment decisions plays a significant role in influencing sustainable investment behaviors. Furthermore, the results also emphasize that these behaviors reflect their desire and actual ESG investment behavior.

5. DISCUSSION

To test for the 3 hypotheses, 4 models were conducted to investigate the effects of Trading Experience and Salience Susceptibility on the perceived importance of each ESG pillar. To also see how this perceived importance of each ESG pillar influences an investor's (potential) ESG asset allocation.

For the first hypothesis, the regression analysis was able to support hypothesis H1a and H1b. It is exhibited that there is a positive significant effect of Trading Experience on Environmental importance ($\beta = 0.046$, $p < 0.05$) and Social Importance ($\beta = 0.073$, $p < 0.01$). With a significant effect on 2 pillars, these results align with previous literature mentioned that suggests experienced investors are more likely to engage in

sustainable investing practices and puts high importance on ESG pillars (Cucinelli & Soana, 2023). Items, such as resource sustainability, that measure the E pillar ensure long-term value creation and reduce risk. This further supports the claim that experienced investors would engage in ESG investing for the benefits of risk mitigation it provides and the value it creates in the long run (Krueger, 2020; Amel-Zadeh & Serafeim, 2017). However, as seen from Table 8, Trading experience does not have a significant effect on the Governance Importance ($\beta = 0.019$, $p > 0.05$). Considering this effect and the high Means for both items that measures the G pillar, all investors of varying experience highly perceive the importance of the G pillar. The uniform agreement for these items, Corporate transparency and Shareholders' rights, of the G pillar signifies the importance of said pillars for all investors. Emphasizing the importance of this pillar.

For the second hypothesis, the regression analysis supports all hypotheses in terms of the significant effects. As seen in the conceptual framework (Figure 1), even after controlling for the effects of the 5 control variables for each models 1 to 3, Salience susceptibility still exhibit a significant positive effect on the perceived importance of the E pillar ($\beta = 0.277$, $p < 0.001$), Social pillar ($\beta = 0.383$, $p < 0.001$), and Governance pillar ($\beta = 0.204$, $p < 0.01$). However, when examined carefully, Salience Susceptibility has more significance on dependent variables E pillar and S pillar as opposed to the G pillar. This result supports previous findings of Bordalo et al. (2022) that suggest emotionally or visually prominent issues (e.g., climate change or social justice) are more likely to influence investors' perception. As opposed to the G importance, it has lower associations with Salience Susceptibility as the topics and items are less visible and emotive compared to the other pillars (e.g., corporate transparency and shareholder's rights). Whereby, governance importance refers more to the management of a company.

These results could be better understood by referring to the findings of behavioral finance, where heuristics help simplify complex decision-making processes (Shah et al., 2024). Wherein, companies could utilize heuristics by distorting information with highly salient cues. This can be observed with the case of TotalEnergies that did cross washing to improve their ESG ratings by overemphasizing their Environmental activities to cover their other poorly performed pillars (Hassani & Bahini, 2024). Furthermore, Iwata (2018) suggests the influence of salient cues (e.g., media coverage and prominence) on investment decisions. Hence, considering these findings and the support from previous literature, the strong positive significant effect of salience susceptibility on the Environmental and Social importance emphasizes how directed attention on salient cues (i.e., visually, emotionally, and frequently prominent) can favor those ESG pillars that are more prominent in media and have more "marketable" features (e.g., climate change and social justice). This further supports previous suggestions that salience heuristics can distort decisions, specifically ESG prioritization in this study.

For the third hypothesis, the regression analysis in model 4 showed that the perceived importance of G pillar had a significant positive effect on ESG allocation ($\beta = 0.254$, $p < 0.05$). This suggests that investors who highly perceive the importance of the G pillar tend to allocate more portion of their portfolio to ESG investments. This opposes initial hypotheses that assumes the E pillar would be the only pillar with a positive significant effect on the ESG allocation. As a matter of fact, although Environmental importance had a significant effect on ESG allocation, it had a negative relationship ($\beta = -0.225$, $p < 0.05$). This suggests that investors who highly perceives the E pillar tend to allocate less on ESG products. This might seem counterintuitive at first, however, this result may be due to the green/cross-washing skepticism as shown from a case study on TotalEnergies by Hassani and Bahini (2024). An effort to inflate and overvalue a company's ESG rating and performance by highlighting, oftentimes, Environmental initiatives while overshadowing current unsustainable operations that concerns the S and G pillars. As a result, Investors that highly perceives the E importance might perceive ESG products with skepticism and reduces their allocations.

This result may contradict the implications of a positive significant effect from the control variable of ESG attitude on ESG allocation. However, this further supports the claim that the aggregate concept of sustainability and ESG pillars to represent overall sustainability could misrepresent the unique perceived importance of individual investors on each ESG pillar. Furthermore, as mentioned in the operationalization section, the variable ESG attitude was asked prior to the individual ESG pillars where investors are informed with elaborated information for each pillar. Allowing investors to familiarize and distinguish the different ESG pillars. Hence, considering the different effects of each ESG pillar, these findings support the suggestion that the aggregate ESG scores may not represent the individual preferences of investors (Berg et al., 2022).

6. CONCLUSION

This study has an aim to answer the main question of "How do investor trading experience and susceptibility to salience heuristics influence the perceived importance of individual ESG pillars in sustainable investment decisions, and how do these perceptions influence ESG portfolio allocation?" To address this, 3 sub-questions were made. Of which, the 3 hypotheses were set out to answer them through 4 regression models.

Despite controlling the effects of other control variables, susceptibility to salience heuristics still has a positive significant effect on all 3 ESG pillars. This supports the significance aspect of hypotheses 2. Notably, there is a stronger significance on the E and S pillars as opposed to the lower significance level on the G pillar. This further aligns with Bordalo et al., (2022), that suggests the significant influence of emotionally and visually salient issues, found in the E and S pillars, on investor's perceived importance.

In contrast, the variable trading experience had only a significant effect on the E and S pillar, support hypothesis H1a and H1b. The low significance effect on the G pillar and the high Means for Governance importance items seem to imply that all investors with varying experiences highly perceive the importance of the G pillar (i.e., corporate transparency & shareholders' rights).

For hypothesis 3, model 4 shows that the G pillar has a positive and significant effect on investors (potential) ESG allocation. Unexpectedly, the perceived Environmental importance had a negative significant effect on ESG allocation. These support the significance aspect of H3a and H3c. This counterintuitive result may imply that investors with high perceived importance on the E pillar might be wary on ESG companies due to green/cross washing activities (Hassani & Bahini, 2024). This interpretation might oppose the result that the control variable of ESG attitude had a positive significant effect on ESG allocation. Despite so, given the format of the survey, these findings support the idea that the concept of sustainability being put in an aggregate score may not represent the individual preferences of each ESG pillar (Assaf et al., 2024).

As stated, the control variable of ESG attitude had a consistent positive and significant effect on the perceived ESG pillars and overall allocation. This implies that the overall consideration of sustainability on investment decisions provides a foundational and guiding role in investment behaviors and perceptions. Which may be stronger than other factors, at least in this study.

Henceforth, there are multiple significant results based on the analysis. However, there are two main findings that would be further concluded in section 6.1 Implications.

6.1 Implications

6.1.1 Theoretical Implications

Considering this study falls under behavioral finance, the findings of this research contribute to the growing study field of behavioral finance literature. Doing so by examining how investor's trading experience and salience susceptibility influence ESG perceived importance and investment decisions. The added value from this study is treating each ESG pillar as separate variables as often, environmental issues are only brought upon when discussing sustainability (Senadheera et al., 2021).

The finding from this study that exhibits a significant effect of salience susceptibility on individual ESG perceived importance further support existing theory on the effects of heuristics (Bordalo et al., 2022). However, the main finding for this variable is the lower significance effect on the G pillar compared to the other pillars. This may be due to the less salient features/issues of this pillar compared to the others as aforementioned. Furthermore, the other main findings of the unexpected inverse relationship between the environmental perceived importance and ESG allocation could imply the common overemphasis on environmental sustainability and green/cross-washing efforts to manipulate ESG rating, highly salient information. The positive significant effect of ESG attitude on ESG allocation further signifies that there is a mismatch between individuals specific perceived importance for each ESG pillar.

6.1.2 Practical Implications

As mentioned early on the paper, this thesis focuses primarily on showing the effects of salience susceptibility on investor's perception and the overall importance of each ESG pillar in ESG allocation. However, considering that this study shows a significant effect of salience susceptibility, ESG ratings should have better agreement and reliability score amongst each provider (Charlin et al., 2022). Although ESG is an important information in itself, it is highly salient due to its simple and easily digestible characteristics that allows for a cognitive shortcut to make investment decisions. A standardized ESG rating method should be arranged and ensure that it does not encourage any green/cross-washing.

6.2 Limitations and future research

Although this study has theoretical and practical implications, it is to be noted that there are limitations. 106 respondents might be sufficient given there are only 11 variables, a larger sample size would further improve the findings by proving more robust results and accuracy. This would also improve generalizability. Furthermore, the sampling used for this study uses a convenient sampling method. Whereby, the survey was distributed out to respondents based on accessibility. This could reduce the generalizability of this study. Hence, for future research, a non-biased sampling method with a much larger sample size is preferred

Furthermore, although it is still questionably accepted, the Cronbach's alpha of variables salience susceptibility (6.0) and Environmental importance (6.5) could be higher in the future by ensuring the items have more inter-relatedness. However, the alpha value is still not far from the preferred threshold of >7.0 (Georger & Mallery., 2003). With this limitation, the items of each composite variables should be ensured that they are of high inter-relations that measures the same construct. Perhaps, with more items that measure a variable.

Moreover, this study included responses from potential investors who have yet to start engaging in investing activities. Of which, these potential investors represent half of the survey's respondents. Although potential investors are included, they are not compared to retail investors. This could provide an in-depth understanding of the effect of trading experience and perhaps offer more theoretical implications for future studies.

Lastly, AI-assisted tools were utilized to support solely the coding process in RStudio to ensure time efficiency given the time constraints. Although this might not be a limitation to the findings or have any influence on interpretations of results, it should be acknowledged for transparency. Hence, this study has some limitations to be considered that could reduce the reliability of the findings.

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9. APPENDICES

9.1 Normality

Table 2 – Shapiro-Wilk test

	Shapiro- Wilk Test	
	Statistics	Significance
E Importance	0.96033	0.002991
S Importance	0.93992	0.0001202
G Importance	0.82998	1.07E-09
Salience Susceptibility	0.94572	0.000284
ESG porfolio allocation	0.93101	3.44E-05
Trading experience	0.85924	1.29E-08

9.2 Complete correlation matrix

Table 6 – Complete correlation matrix

	E importance	S importance	G importance	Salience susceptibility	ESG allocation	Trading experience	Age	Risk tolerance	Profit motive	Financial Literacy	ESG attitude
E importance	1.00	0.596 ***	0.221 *	0.240 *	0.035	-0.083	-0.170 ·	0.055	-0.112	-0.069	0.552 ***
S importance		1.00	0.286 **	0.266 **	0.103	-0.153	-0.215 *	-0.059	0.073	-0.101	0.287 **
G importance			1.00	0.141	0.289 **	0.313 **	0.233 *	0.169 ·	0.335 ***	0.360 ***	0.201 *
Salience susceptibility				1.00	0.053	-0.131	-0.218 *	0.108	-0.025	0.036	0.149
Portfolio allocation (%)					1.00	0.046	0.011	-0.046	0.001	0.064	0.273 **
Trading experience						1.00	0.638 ***	0.166	0.190 ·	0.591 ***	0.024
Age							1.00	0.153	0.096	0.404 ***	-0.090
Risk tolerance								1.00	0.370 ***	0.172 ·	-0.016
Profit motive									1.00	0.315 **	-0.051
Financial Literacy										1.00	0.006
ESG attitude											1.00

**** – p < .001, ** – p < .01, * – p < .05, · – p < .10 (two-tailed); indicates levels of statistical significance.*

9.3 OLS Assumption

Figure 4a – Residual vs fitted plot for model1

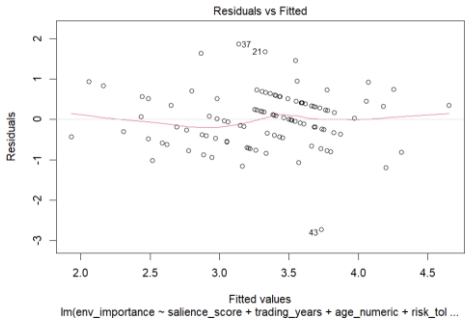


Figure 4b – Residual vs fitted plot for model2

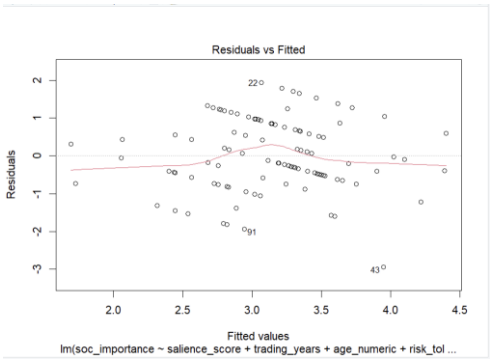


Figure 4c – Residual vs fitted plot for model3

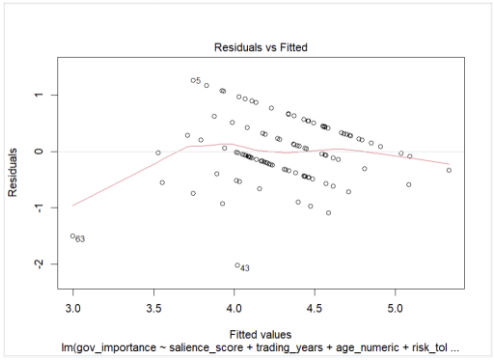


Figure 4d – Residual vs fitted plot for model4

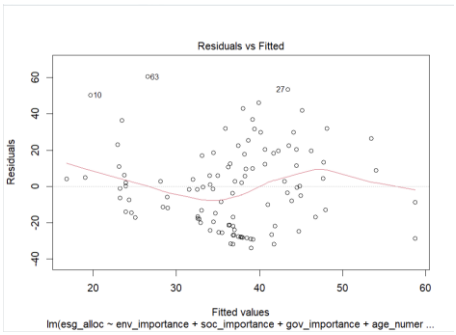


Figure 4e – Residual vs fitted plot for model4 (log)

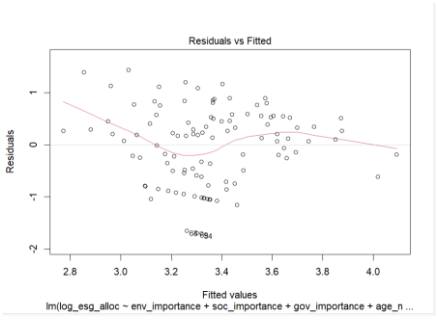


Figure 4f – Q-Q plot – model1

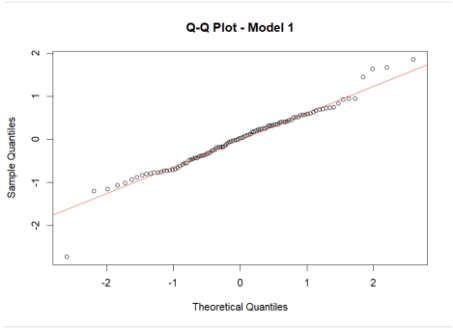


Figure 4g – Q-Q plot – model2

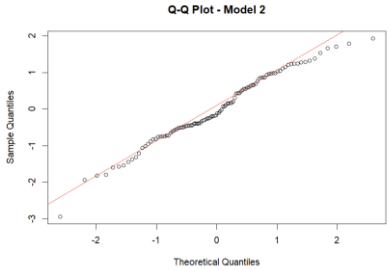


Table 7 – Variance Inflation Factor (VIF) table

Variable	Model (1)	Model (2)	Model (3)	Model (4)_log
Salience susceptibility	1.126	1.126	1.126	-
Trading experience	2.314	2.314	2.314	-
Age	2.120	2.120	2.120	1.340
Risk tolerance	1.242	1.242	1.242	1.323
Profit motive	1.317	1.317	1.317	1.513
Financial literacy	1.492	1.492	1.492	1.431
ESG attitude	1.073	1.073	1.073	1.360
E importance	-	-	-	2.397
S importance	-	-	-	1.972
G importance	-	-	-	1.758

9.4 Survey

Trading Experience

How many years have you been investing in financial assets (e.g. stocks, bonds, mutual funds, ETFs, ESG-related products)?

- I have not invested yet (potential investor)
- < 1
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- > 10

Age

Choose your age range

- 18-24
- 25-34
- 35-44
- 45-54
- 55-65
- >65

Figure 4h – Q-Q plot – model3

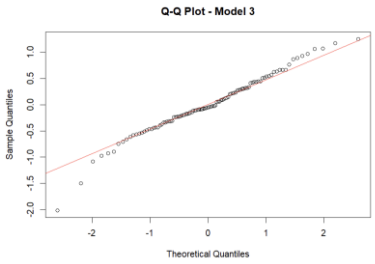
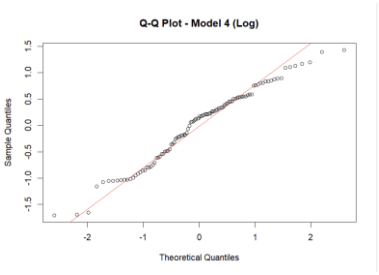


Figure 4i – Q-Q plot – model4 (log)



Investing Attitudes

On a scale from 1-5 (strongly disagree to strongly agree), rate your agreeance on these statements

	Strongly Disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly Agree
For a high return on an investment, I am willing to take significant risks					
Financial returns are the main priority when making investment decisions					
I have a good understanding of investing and/or financial concepts					
ESG initiatives* are important to be taken into consideration when making investment decisions					

ESG Preferences

Please rate on a scale from 1 – 5 (very unimportant to very important) for the questions below

Under the questions are explanations of the key terms.

	Very Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Very Important
How important is resource sustainability* in your investment decisions?					
How important is a company's carbon footprint* in influencing your investment decisions?					
How important is employee welfare* in your investment decisions?					
How important are fair labor practices* in your investment decisions?					
How important is corporate transparency* in your investment decisions?					
How important is corporate practice on shareholders' rights* in your investment decisions?					

Salience suscept

Answer the questions below on a scale from 1-5 (strongly disagree to strongly agree)

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
Are you likely to invest in certain stocks based on their high media coverage or public prominence?					
To what extent does simplified information (e.g., key highlights or visualizations) exclusively influence your investment decision on a stock, even when other relevant data is acknowledged?					

Portfolio %

On a rough estimate (if you were to trade), what % of your total investment portfolio is on (would be on) sustainable investments?

0 100

Portfolio % on sustainable investments 0