

**INVESTOR BEHAVIOUR AND ESG REPORTING: INSIGHTS FROM BRSR CORE
KPIs**

Kanika Mangla

Research scholar, Manav Rachna International Institute of Research and Studies

Dr. Neha Yadav

Assistant Professor, Manav Rachna International Institute of Research and Studies

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Abstract

The whole investment analytics recently focused on ESG parameters, while the BRSR Core India comes from the rear. This paper examines the notion of ESG parameters on behaviour of investors rather than just investment intention, with a discourse on nine KPIs under BRSR Core. The data of primary investors suitable for quantitatively explanatory research was collected for reliability assessment, correlation examination, and its regression modeling. As per the findings, BRSR's governance indicators come up as the strongest predictor of investment behavior, followed by the implications for the environment and social responsibility. The study found that a sample size of 350 respondents provided sufficient data for statistical assessment and model evaluation. The study used convenience sampling to gather data from easily reachable participants who provided different viewpoints about their ESG-based investment patterns. This study seems to provide for the opening of a new approach in sustainable finance literature when combining mandatory ESG disclosure with observable investor behavior within a practical behavioral finance framework

Keywords: ESG investing, investment behaviour, BRSR Core KPIs, sustainable finance, behavioural finance, India

1 Introduction

There is a new wide-ranging shift in considerations of investors, mainly as a result of the merging of sustainability concerns in investments with the canonical financial benchmarks. So, traditional investing was very conservative, always focusing on money matters - that is, accountancy like profits, risk-reward relationships, and capital market assessments. These concerns have today evolved into a vast number of ideas-from global warming to social development implied all around the running of business-affording a new level of industry standard operations. It is hence considered ESG matters that assist in evaluation of long-term value creation, organizational resilience, and ethical accountability. Put in a word, ESG disclosure submits perception of comparable data that shelter proponents to free any constrictive homogeneous conduct of short-run gainful prospect to the count of rather diffused sustainability-based risks and opportunities during investment judgment.

Regulation had tightened globally, presenting challenges representing shifts in common norms and expectations for stakeholders. In the Indian context, the notion of Business Responsibility Sustainability Reporting (BRSR) and a more concentrated aspect of BRSR "Core" therefore signify milestones toward standardizing ESG reporting practice. The "Core" layer includes a palette of quantitatively measurable Key Performance Indicators (KPIs) that allow investors to apprehend corporate sustainability performance in a more consistent manner. Such KPIs encompass critical environmental parameters, namely those of emissions intensity, achieving efficiencies in resource use; social dimensions of employee wellbeing, workforce diversity; and governance dimensions of ethical conduct, value-chain responsibility. The BRSR Core also inherently carries one more serious implication, which is that it, in terms of first steps to

gradually concretise and quantify sustainability objectives; it assigns meters of ESG into the dimensions, thereby making companies more transparent while dealing with the reading asymmetry for investors to produce more reasonable analyses.

Understanding the use of ESG research information in/investment decision making allows informed comparison of the few available feasibility studies as well as bridging the information gap between ESG and investment decisions. Indeed, the first primary weakness occurs when information should lead to serious outcomes, i.e. a portfolio allocation, trading frequency, and integration of other considerations toward one's investment choices-areas on which very few studies have yet to make statements. Conscious evidence-based assessments will then show differing forms of investment decisions and actions. Seeing how the lack of guidance provided by sustainability information is allowed to influence investment decisions, especially in those developing markets where the ESG is at its fledging stage, is where real investment decisions are made: this is the viable operational foundation for achieving pungency in sustainability.

The behavioral sciences give an up-close and personal insight into ESG-digesting behavior in the investor decision-making exercise. Decisions and information cues are employed by investors when they face uncertainties, cognitive shortcuts often used for resolving problems about as diverse as risk, ethical norms and the sustainability of the organisation over the long term. So, the greater disclosure of good governance will boost inquiries' confidence not by eliminating agency-related doubts but by decreased agency fears, while a flash sound performance indicator in the environmental area will already tell you about the investor's pre-empting strategy in terms of compliance. So, ESG disclosure frameworks, such as BSR Core, enhance transparency while also influencing the investor mindset and hence reaction.

Having said all these, present study would focus on examining the impact of ESG factors on the financial investment decisions of investors in India, with a special emphasis on its stated BRSR Core's nine Key Performance Indicators. Analysing the firm performance data to understand the regulatory ESG impact on investor behavior integrates these KPIs with the modern finance theory in order to boost the knowledge on sustainable finance and provide empirical youth to the evolving role of ESG in shaping modern investment practice.

2. Literature Review

There is drastically changing the shaping of investment decision-making nowadays, predominantly attributed to the growing importance of an ESG approach: the traditional financial models that veered towards the optimisation of risk and return based on little more than financial indicators now seem to have waned into near insignificance due to the increasing discussion and studies that show how sustainability demonstrations are becoming more and more integrated into the decision processes that investors increasingly put into play (Gillan et al., 2021; Velte, 2022). ESG disclosures just provide deeper insights into the environmentally sustainable and socially responsible practices and general governance decisions undertaken, so that investors could be able to gauge the organisation's long-term staying power and ethical positioning vis-à-vis risk. Various pieces of empirical evidence make a noise about how ESG integration culminates in shaping investment behaviour as against mere intentions or attitudes (Zheng, 2024).

Behavioural finance research states that ESG metrics function as informational signals that shape investor psychology and decision-making patterns. Furthermore, investors often use sustainability indicators as cognitive shortcuts through which to frame corporate risk or credibility when working under conditions of uncertainty. Recent studies have shown behavioural biases, perceptions of moral alignment, and informational framing influence ESG-oriented investment choices (Gupta, & Goswami, 2024; Shaik & Yadavalli 2025), meaning

ESG disclosures are not mere information carriers, rather vehicles for behavioural stimulation in shaping portfolio allocation or trade behaviours.

Climate-related risks have led to greater scrutiny of environmental factors in Environmental, Social, and Governance (ESG) investments. Investors now see measures such as green house-gas emissions, energy efficiency, and resource utilisation as, if not the most, highly useful metrics for gauging future-oriented corporate sustainability performance (Krueger, et al., 2020). Empirical studies support environmental performances as being able to influence capital flows due to signals of readiness for regulatory changes and long-term operational steady-state (Angorani, 2024). Financial disclosures relating to environmental performance are associated with lower risks from climate change by a greater perception of investors for sustainability which may help them blend their investment strategies in return.

There has been a significant shift towards ESG factors in investment criteria in the past few years, where the social element of ESG was seen to be the most crucial. Social factors-most notably employee welfare, diversity strategies, and fair labor practices-build the stage upon which corporate reputation and stakeholder reliability are measured- including empirical research in emerging markets that allude to the growing belief that soundly efficient social performance will correspond to low operational risk and the promotion of corporate legitimacy (Shakil et al., 2019). Behavioral studies imply that social funds may predispose investment preferences via ethical considerations and the creation of long-term value expectations (Shaik & Yadavalli, 2025). As mentioned above, social indicators are starting to function as key stimulants of investment behaviour in the growing global ESG Investment movement, specifically within the portfolio of investors looking to integrate financial objectives with societal impacts.

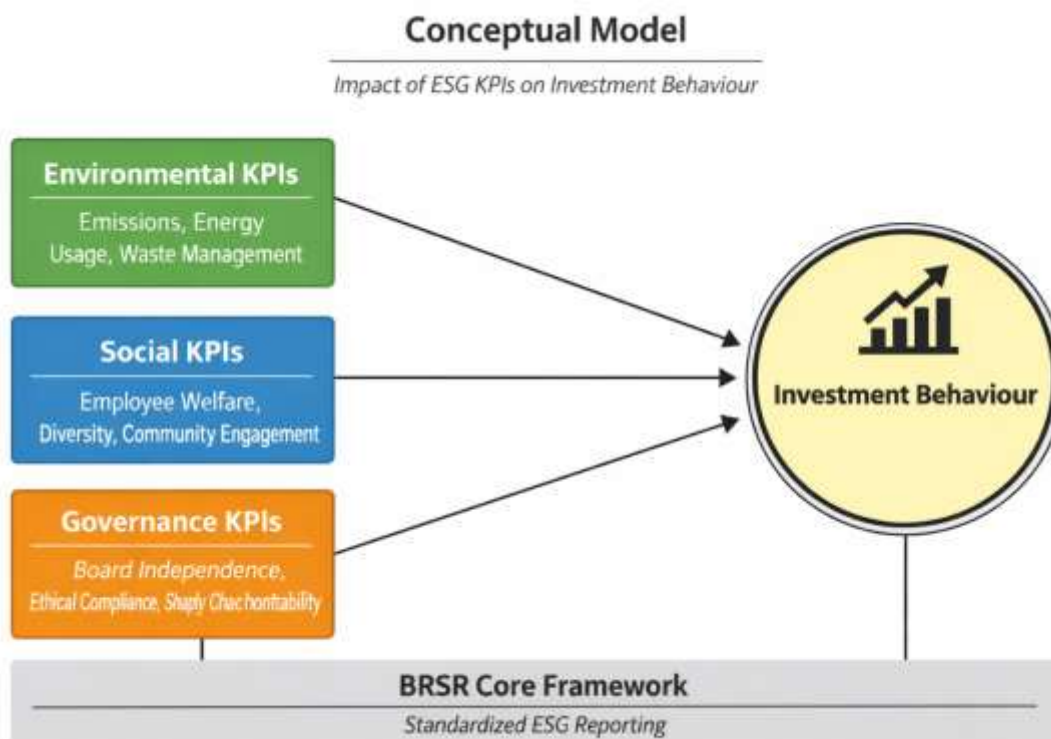
Evidence-Based Governance factors play a pivotal role in the spectrum of environmental, social, and governance (ESG) evaluation because of their direct correlation with transparency, accountability, and ethical leadership. Governance disclosure mitigates informational asymmetry as well as agency conflicts, thereby engendering trust among investors. Recent studies maintain that ESG disclosure positively affects investor behaviour by enhancing trust and resulting in efficient decision making (Zheng, 2024). Governance indicators such as board independence, compliant practices, and sustainability in value chains are selected by investors because they qualify the organization as being stable for the long term and having a capability to manage risks. On the other hand, behavioural studies show that governance criteria tend to have a greater impact on investment decisions compared against environmental and social factors, and this is because they serve as straightforward means of financial credibility (Gupta & Goswami, 2024).

Moving forward with the same perspective, another evolving stream of literature looks toward the interaction between ESG investing and behavioural finance. In new studies, researchers argue that ESG integration reflects not only financial motives but, more importantly, psychological motives like ethical preferences, risk averseness, and a preference for long-term thinking (Tran, Hoque & Le 2025). Additional citations argue that investor sentiment significantly influences ESG-related market behavior under uncertain investment conditions or during periods of financial distress (Bahloul, Mroua & Naifar 2024). In the almost extensive body of literature on ESG, discussion has been ongoing regarding the parameters within restructured regulatory frameworks such as the Business Responsibility and Sustainability Reporting (BRSR) Core of India. This research gap hampers the capacity to understand ESG KPIs in influencing actual investment behavioral patterns in emerging markets. This study bridges efficiently by incorporating resonates the BRSR Core indicators within the framework of behavioural finance to investigate investor behavior driven by ESG considerations among

Indian investors. ESG KPIs have proved invaluable in translating sustainability practices into measurable metrics that assist investor decision-making. Task-specific KPIs, such as emissions intensity, workforce diversity and governance compliance, are assessed by investors for the purpose of more systematic evaluation of risks and long-term performances of the companies (Gillan et al., 2021; Velte, 2022). Recent evidence suggests that KPI-based ESG disclosure enhances the information capacity of investors and directly influences their investment behaviour by reinforcing the perception of transparency along with the commitment to sustainability (Gupta & Goswami, 2024; Zheng, 2024). Mandatory regulators stipulated by BRSR Core will further reinforce the significance of KPI based on KPIs in achieving harmonization of ESG plea cases.

3. Conceptual Model and Hypotheses

3.1 Conceptual Framework



3.2 Hypotheses

H1: Environmental KPIs significantly influence investment behaviour.

H2: Social KPIs significantly influence investment behaviour.

H3: Governance KPIs significantly influence investment behaviour.

4. Research Methodology

4.1 Research Design

The research used a quantitative explanatory research design, which followed the principles of behavioral finance, to investigate which ESG factors affected people who made investment decisions. The method enables researchers to establish direct cause-and-effect links that exist between ESG Key Performance Indicators, and the decision-making patterns exhibited by

investors. The research gathered data from individual investors and ESG-focused professionals who had appropriate experience in investments and knowledge about sustainable practices. The study found that a sample size of 350 respondents provided sufficient data for statistical assessment and model evaluation. The study used convenience sampling to gather data from easily reachable participants who provided different viewpoints about their ESG-based investment patterns.

4.2 Measurement Model

Table 1: Constructs and Measurement

Construct	KPI Indicators	Measurement
Environmental (ENV)	Emissions, Energy, Water, Waste	Likert Scale
Social (SOC)	Safety, Diversity, Wages	Likert Scale
Governance (GOV)	Ethics, Compliance, Value Chain	Likert Scale
Investment Behaviour (IB)	ESG-based portfolio preference, trading behaviour	Likert Scale

4.3 Structural Regression Model

$$IB = \alpha + \beta_1 ENV + \beta_2 SOC + \beta_3 GOV + \varepsilon$$

Where:

- *IB*= Investment Behaviour
- *ENV*= Environmental KPIs
- *SOC*= Social KPIs
- *GOV*= Governance KPIs

5. Data Analysis

5.1 Reliability Testing

Table 2: Cronbach's Alpha

Construct	Alpha
Environmental KPIs	0.84
Social KPIs	0.81
Governance KPIs	0.88
Investment Behaviour	0.86

For the constructs examined in this study, Table 2 displays the Cronbach's Alpha. It is the measure of the internal consistency of constructs in a scale. All constructs show a Cronbach's Alpha of more than 0.80, which depicts right consistency.

5.2 Correlation Matrix

Table 3: Correlation Results

Variables	ENV	SOC	GOV	IB
ENV	1			
SOC	0.48**	1		
GOV	0.55**	0.52**	1	
IB	0.63**	0.59**	0.71**	1

p < 0.01

The above table presents the relationship among the variables of the study, that is, Environmental KPIs (ENV), Social KPIs (SOC), Governance KPIs (GOV), and Investment Behaviour (IB). All the correlations were positive and significant, implying that better ESG attainment is associated with stronger investment behaviour. They have governance KPIs with the highest potential, which seem to strongly support transparency, accountability, and ethical performance as confidence generators for investors.

5.3 Regression Results

Table 4: Model Summary

R	R ²	Adjusted R ²	Std. Error
0.74	0.55	0.53	0.43

The model explains 55% variance in investment behaviour, indicating strong predictive power.

Table 5: Regression Coefficients

Predictor	Beta (β)	t-value	Sig.
Environmental KPIs	0.30	5.62	0.000
Social KPIs	0.24	4.41	0.000
Governance KPIs	0.43	8.11	0.000

Environmental, Social, and Governance (ESG) indicators are showing causation for Investment Behaviour. The key details of the Beta (β) along with t-values and Significance levels have been summarized in the multiple regression model. Each of the three ESG indicators affects investment behavior in a significant way. The t-values are well above 0.5, and this is what is taken as an indication of a consistent period in all three behaviors. The governance KPI would be the most influential factor in determining how ESG measures could inherently shape the investment decision.

6. Discussion

The study results demonstrate that governance KPIs serve as the primary factor which determines how investors make their investment decisions. Investors use three factors which include corporate transparency and ethical practices and corporate accountability to assess how companies perform their business operations. Strong governance disclosures create better investor confidence because they show less agency risk while they make financial and non-financial data more trustworthy. Environmental KPIs drive investment decisions because they demonstrate how climate change risks and sustainable resource management have become more important for investors who make their investment choices. Customers will develop higher preferences for businesses which show environmental responsibility as businesses face growing regulatory requirements and environmental protection concerns.

The implementation of social key performance indicators helps investors to assess organizational stability and employee welfare and their continuous dedication to stakeholder protection. Investor assessment of a company depends on two indicators which show employee welfare and diversity because these factors demonstrate the organization will maintain its operations while working according to ethical standards. ESG disclosures serve as informational shortcuts for investors who want to make investment decisions because they provide necessary information to help investors handle their decision-making challenges which occur during uncertain times. ESG key performance indicators deliver quantifiable environmental sustainability data which enables investors to assess corporate financial risks and ethical standing with greater accuracy thus influencing their investment decisions and portfolio distribution.

7. Theoretical Contribution

This study advances ESG research through its three main achievements which include:

- Moving from investment intention → investment behaviour (stronger empirical construct).
- The operationalisation of BRSR Core KPIs through a behavioural finance model.
- The development of an India-specific ESG investment behaviour framework which suits emerging market conditions.

8. Conclusion

The research findings show that ESG parameters significantly impact how Indian investors make their investment choices because sustainability factors have become more important in their financial decision processes. Governance KPIs become the most important determinants because investors value organizations that demonstrate their commitment to transparent operations and ethical behavior and accountable practices. Public awareness about climate risks changes investment patterns through environmental indicators while social KPIs create perceptions of corporate stability and socially responsible business operations. The BRSR Core framework improves ESG assessment methods by providing standardized measurable sustainability indicators which help investors make better-organized investment choices that support long-term value creation.

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