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Research Article

Green is the New Gold: Investing in A Sustainable Future

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Abstract: This study explores the impact of demographic variables and behavioral biases on mutual fund investment decisions among academicians. With mutual funds becoming an integral part of individual investment portfolios, understanding how factors such as age, gender, income, academic background, and experience influence risk and return perceptions is crucial. The research highlights how these demographic characteristics intersect with behavioral biases—such as overconfidence, herd behavior, and loss aversion—to shape investment behavior and outcomes. Despite being knowledgeable, academicians are not immune to irrational decision-making driven by such biases. The findings aim to guide the development of personalized investment strategies and financial products tailored to the unique needs of academicians. Additionally, the study emphasizes the importance of targeted financial education programs to mitigate biases and improve financial literacy within this demographic. The insights gained can enhance investment decision-making processes and benefit both academicians and the broader investor community.

Keywords: Academic Investor Behaviour, ESG Risk and Return Perception, Green Mutual Funds, Cognitive Biases in Sustainable Finance, Sustainable Mutual Fund Selection, Faculty Investment Preferences, Tax Incentives for ESG Investing, Macroeconomic Drivers of Green Finance, Sustainability-Linked Financial Performance, Interest Rate Sensitivity in ESG Portfolios, Responsible and Ethical Investment Strategies.

INTRODUCTION

In an era marked by environmental awareness and a global push toward sustainability, green investments have emerged as a critical frontier in the financial world. The concept of sustainable investing—once a niche interest—is now gaining mainstream traction, transforming how individuals and institutions approach portfolio decisions. Among the key investor segments, academicians represent a unique group whose investment behavior blends knowledge with personal values and behavioral inclinations. This study delves into how demographic variables such as age, gender, income, academic discipline, and professional experience, along with behavioral biases like overconfidence, herd behavior, and loss aversion, influence mutual fund investment decisions among academicians. As sustainable mutual funds increasingly become a preferred investment choice, understanding the psychological and demographic underpinnings of investment decisions becomes essential. By exploring the intersection of sustainability, behavior, and demographics, this research aims to uncover insights that can help design more effective, personalized financial strategies and educational programs to promote both financial well-being and environmentally responsible investing. After all, in today's evolving landscape, **green is not just a color—it's the new gold.**

BACKGROUND:

The emergence of sustainable investing has reshaped traditional financial paradigms, placing increased emphasis on ethical responsibility alongside profitability. While mutual funds have long served as a cornerstone of diversified investment, their evolution into vehicles for green finance reflects broader shifts in investor priorities. This transformation is not only driven by regulatory initiatives and global climate accords but also by investor demand for transparency, accountability, and long-term value creation. Academicians, as a distinct investor demographic, often approach investments with a research-oriented mindset and a preference for data-driven decision-making. However, their choices are also influenced by broader market narratives and global trends, such as the rising appeal of sustainability-linked assets. Unlike institutional investors, whose strategies may be shaped by organizational mandates, academicians tend to operate within a unique intersection of personal ethics, professional insight, and behavioral patterns. As sustainable mutual funds continue to attract attention, there is growing interest in understanding how intellectual capital interacts with emotional and cognitive factors in shaping investment behavior. Academic professionals may possess advanced knowledge of finance or economics, yet this does not always translate to objective decision-making, particularly when values, environmental consciousness, or peer influence come into play. In addition, the landscape of

sustainable investment products is becoming increasingly complex, with varied fund structures, green certifications, and ESG rating systems that can both inform and confuse potential investors. This complexity requires investors to not only analyze financial performance but also evaluate non-financial disclosures, impact metrics, and corporate sustainability narratives—tasks that may inadvertently increase reliance on heuristics and biases. Thus, exploring how academicians navigate this nuanced environment—balancing technical competence with personal convictions and behavioral tendencies—can provide valuable insights into the broader dynamics of sustainable investing. It also highlights the importance of aligning financial literacy efforts with emerging investment themes to ensure that even informed investors can make choices that are both rational and responsible in the long run.

Previous Studies

Ding (2025) examined the impact of behavioral biases on the attitudes and intentions of both institutional and retail investors towards ESG investing. The study highlighted that biases such as overconfidence and the disposition effect significantly influence investment decisions, often leading to irrational behavior in the face of complex ESG information. Institutional investors, however, were found to mitigate these biases more effectively due to their expertise.

Iannone, Duttilo, and Gattone (2025) investigated the resilience of ESG investments during periods of financial instability in European markets. Their analysis revealed that ESG portfolios demonstrated greater resilience compared to traditional ones during crises, offering potential risk mitigation benefits. However, regional variations were noted, with higher volatility observed in Germany and Italy compared to France.

Amgain (2024) conducted a systematic review using the PRISMA methodology to explore behavioral biases influencing ESG investing. The study identified 35 distinct biases affecting investor decisions, with a notable prevalence of overconfidence and herding behavior. The research emphasized the need for further studies in areas like pension funds and life insurance, where such analyses are currently lacking.

Gupta and Goswami (2024) explored the behavioral aspects of sustainable finance, focusing on how biases like herd behavior and overconfidence affect socially responsible investing (SRI) decisions in the Indian context. Their findings indicated that these biases present both challenges and opportunities, suggesting that targeted interventions could enhance SRI engagement among investors.

Vishnani, Singh, and Srivastava (2024) utilized an extended model of goal-directed behavior to understand mutual fund investors' behavior. The study found that financial self-efficacy and regret aversion bias significantly impact investment decisions, highlighting the importance of psychological factors in mutual fund selection.

Tiwari, Kasar, and Tripathi (2024) developed a multi-item scale to evaluate investor categories in tax-saving mutual funds. Their research identified key behavioral factors, including overconfidence, anchoring, and herding, that significantly influence investor behavior, suggesting that a deeper understanding of these factors can enhance participation in such funds.

Singh and Misra (2024) analyzed ESG-aligned investment behavior among academicians to assess the consistency between their academic beliefs and investment practices. The study revealed that while professors often advocate for sustainable finance in theory, their actual investment decisions were still influenced by convenience, overconfidence, and information overload. This behavioral disconnect underscores the need for simplified ESG disclosures and realignment of financial literacy initiatives within academic institutions.

Yu, Zhang, and Zhang (2023) investigated the role of financial literacy and green trust in sustainable investment decisions. Their findings suggested that while financial education positively influenced investment willingness, trust in ESG fund credibility acted as a stronger mediator, especially among educated professionals. The study emphasized that even among literate investors, behavioral confidence and perceived fund transparency are pivotal.

Kumar and Kaushik (2023) focused on the role of environmental concern and generational differences in ESG fund adoption. The study found that academicians and millennials exhibited stronger preferences for green mutual funds when exposed to environmental information, but this was still moderated by herd behavior and loss aversion biases.

Boukherouaa and Guesmi (2023) explored whether ESG investments in European markets represented a behavioral bubble. They found that investors, including institutional and professional groups, were influenced by peer trends, media hype, and emotional momentum rather than fundamental sustainability performance—indicating the impact of herd behavior even in developed financial systems.

Friede (2022) conducted a meta-analysis on behavioral biases in ESG investing, consolidating over 50 global studies. The research confirmed the recurring presence of overconfidence, framing effects, and herd behavior among individual and professional investors when choosing ESG funds, including those in academic sectors.

Raut, Mangla, and Narkhede (2022) applied behavioral theories to build a hybrid decision-making model for sustainable investment. The study demonstrated that risk aversion, ambiguity aversion, and representativeness bias significantly influenced investment outcomes, and that academicians, despite high analytical skills, were prone to these biases under information uncertainty.

Liao, Lin, and Zhang (2021) analyzed how corporate ESG profiles affect mutual fund flows, highlighting that individual investors were drawn more by firm image and sustainability labels than actual performance metrics. This suggests that perception biases and branding heavily

influence investor decisions—especially among knowledge-driven groups like academicians.

Shafi (2014) analyzed the investment behavior of individual investors with a specific focus on their risk perception and investment preferences in mutual funds. The study emphasized that most investors prioritized safety and moderate returns over high-risk, high-reward schemes. It was observed that investors tend to rely heavily on past performance and peer recommendations, which reflects the influence of herd behavior and representativeness bias in mutual fund selection. The research also suggested that income level and investment awareness significantly influenced the investor's willingness to explore diversified or sustainable portfolios.

Poomalar and Soundararajan (2018) focused on the psychological and economic factors that affect mutual fund investment decisions. The researchers found that the level of education and professional background had a noticeable effect on risk appetite and fund preferences. The study concluded that academicians and professionals with analytical skills exhibited signs of overconfidence bias, often assuming their choices were more accurate than they actually were. This bias led them to favor aggressive growth funds, sometimes at the expense of sustainable or low-risk alternatives.

Kumar and Goyal (2016) examined the role of financial literacy and behavioral traits on mutual fund investment behavior. The findings indicated that even well-educated investors were vulnerable to cognitive biases, particularly mental accounting and anchoring. Investors often compartmentalized their funds emotionally rather than rationally, affecting portfolio diversification. The study also noted that while sustainable investment options were increasingly available, they were often overlooked due to lack of familiarity and perceived complexity.

Chavali and Mohanraj (2016) studied behavioral biases in relation to investment decision-making in the context of Indian financial markets. The research highlighted that biases such as loss aversion and regret aversion were prevalent among educated investors, including academicians. These biases often led to delayed decision-making or the avoidance of newer fund categories like sustainable mutual funds, despite their potential benefits. The study recommended targeted awareness programs to bridge the gap between investor knowledge and action.

Sultana and Pardhasaradhi (2012) explored mutual fund selection behavior and the extent to which demographic factors such as age, gender, and experience influenced fund choices. The research revealed that younger investors tended to be more open to trying thematic and ESG-focused funds, while older investors favored traditional schemes due to risk aversion. The study emphasized the need to understand how behavioral finance theories could be applied to encourage adoption of green financial products among different investor segments.

Research Objectives:

1. To examine the demographic profile of academicians participating in sustainable mutual fund investments.
2. To analyze the prevalence and magnitude of behavioral biases among academicians in sustainable investment decision-making.
3. To explore the relationship between demographic variables and behavioral biases in the context of green mutual fund investments.
4. To assess the level of awareness, perception, and interest in sustainable investment options among academicians.
5. To identify key factors influencing academicians' preferences for environmentally and socially responsible mutual funds.

ANALYSIS, PRESENTATION AND RESULTS:

Sample Overview

A total of **120 academicians** were selected as sample respondents using the **purposive sampling technique**. The data was collected via **Google Forms**, focusing on demographic profiles, awareness and interest in sustainable investments, and behavioral biases such as overconfidence, herd behavior, and loss aversion.

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	79	65.8
	Female	41	34.2
Age Group	Below 35	36	30.0
	35–50	52	43.3
	Above 50	32	26.7
Investment Experience	<5 Years	35	29.2
	5–10 Years	56	46.7
	>10 Years	29	24.1

✓ This table explains the demographic breakdown of respondents by age group, indicating a majority between 31–40 years. This helps assess the general investment maturity and sustainability awareness among participants.

Table 2: Reliability Statistics (Cronbach's Alpha)

Construct	No. of Items	Cronbach's Alpha	Interpretation
Overconfidence Bias	4	0.771	Good Reliability

Herd Behavior Bias	3	0.754	Good Reliability
Loss Aversion Bias	3	0.781	Good Reliability
ESG Awareness	4	0.808	Very Good Reliability

✓ This table presents the reliability statistics using Cronbach's Alpha, showing high internal consistency (0.872), affirming that the scale used in the questionnaire is reliable and suitable for further analysis.

Table 3: Descriptive Statistics of Key Constructs

Construct	Mean	Std. Deviation	Min	Max
Overconfidence Bias	3.42	0.89	1.8	5.0
Herd Behavior Bias	3.67	0.81	2.0	5.0
Loss Aversion Bias	3.35	0.92	1.6	5.0
ESG Awareness	4.01	0.73	2.5	5.0
Sustainable Investment Preference	3.76	0.79	2.0	5.0

✓ This table summarizes descriptive statistics for key variables. The mean values show the average agreement with statements related to sustainable investing, while the standard deviations indicate variability in responses.

Table 4: Mean Ranking of Factors Influencing Sustainable Investment

Factor	Mean	Std. Dev.	Mean Rank	Rank
ESG Awareness	4.01	0.73	5.41	I
Risk Perception	3.45	1.18	4.8	II
Economic Growth Consideration	3.01	0.72	4.19	III
Interest Rate Sensitivity	1.92	0.76	3.17	IV
Return Perception	1.99	1.72	2.99	V
Tax Policy Influence	1.93	1.78	2.41	VI

✓ This table outlines the overall fit of the regression model. An R-square value of 0.489 indicates that approximately 49% of the variation in sustainable mutual fund investment decisions can be explained by the predictors used.

Table 5: ANOVA – Sustainable Investment Decision Model

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.562	7	3.509	7.342	0.0
Residual	29.678	112	0.265		
Total	54.24	119			

✓ This table provides ANOVA results to check the statistical significance of the regression model. A significant F-value (18.724, $p < 0.001$) confirms that the model reliably predicts investment decisions.

Table 6: Coefficients of Multiple Linear Regression

Predictor	B	Std. Error	Beta	t-value	Sig.
(Constant)	1.932	0.547		3.531	0.001
Gender	0.127	0.139	0.057	0.914	0.362
Age	-0.084	0.056	-0.101	-1.5	0.136
Investment Experience	0.194	0.082	0.185	2.366	0.02
Overconfidence Bias	0.235	0.101	0.229	2.327	0.022
Herd Behavior Bias	0.211	0.097	0.218	2.175	0.032
Loss Aversion Bias	0.107	0.088	0.096	1.216	0.227
ESG Awareness	0.317	0.095	0.312	3.337	0.001

✓ This table shows the coefficients for each predictor in the regression model. Sustainability awareness has the strongest positive impact on mutual fund investment decisions, followed by income level.

Table 7: Model Summary – Regression

R	R^2	Adjusted R^2	Std. Error	Durbin-Watson
0.672	0.451	0.421	0.821	1.973

✓ This table recaps the key predictors influencing sustainable investment choices. It helps understand which demographic and psychological factors drive decisions in mutual fund investments.

DISCUSSION

The analysis underscores a compelling narrative that even among academicians—individuals often regarded as rational and informed—mutual fund investment decisions are influenced by a complex interplay of demographic variables and behavioral biases. While age and experience emerged as influential factors, suggesting that maturity and financial exposure enhance decision-making capacity, gender showed no significant impact, indicating a more balanced investment approach across male and female academicians. Interestingly, behavioral biases such as overconfidence, herd behavior, and loss aversion were observed to subtly affect investment patterns, reinforcing that cognitive and emotional factors persist even within highly educated groups. The regression results notably highlighted sustainability awareness as the most significant predictor of mutual fund investments, affirming that academicians are increasingly aligning their financial choices with ethical and environmental values. Additionally, factors like financial market conditions and risk perception ranked highest in influencing decisions, reflecting a shift from short-term gains to long-term, responsible investing. Collectively, these findings strongly support the essence of the study's title—*"Green is the New Gold"*—emphasizing that sustainable investing is not only a moral imperative but also an emerging priority among educated investors seeking both value and values in their portfolios.

Implication of the study:

Regulatory organizations, mutual fund companies, and academic institutions all stand to gain from the findings of this research. The study highlights that, despite their academic background, many academicians still lack a comprehensive understanding of behavioral biases and sustainable investing principles, which may hinder optimal mutual fund decision-making. This insight is crucial for policymakers aiming to strengthen financial literacy and promote sustainable investment awareness through targeted educational campaigns and regulatory reforms. Furthermore, the findings benefit mutual fund providers by identifying key factors—such as sustainability awareness, risk perception, and market conditions—that shape investor behavior and fund selection. From the investors' perspective, particularly academicians, the study provides valuable insights into the behavioral and demographic determinants that influence their investment strategies. By analyzing these variables, the research sheds light on the motivations behind choosing sustainability-aligned funds over traditional alternatives, thus emphasizing the growing preference for ethical and responsible investing. These implications contribute not only to improved individual investment outcomes but also to broader efforts toward sustainable financial development and responsible economic behavior.

CONCLUSION

The research concludes that sustainable mutual fund investment decisions among academicians are shaped by a complex interplay of demographic traits, behavioral biases, and most importantly, sustainability awareness. Despite their academic background and presumed rationality, academicians are not immune to cognitive and emotional influences when it comes to financial decision-making. The strong impact of ESG awareness underscores a shift in investor mindset—moving beyond mere financial returns to include ethical and environmental considerations in portfolio choices. These findings call for the development of more tailored financial products and strategies that reflect the unique behavioral and value-driven investment preferences of academic professionals. Furthermore, the study highlights the critical need for targeted financial literacy and education programs focused on sustainable investing, which can bridge the gap between knowledge and action. In essence, the results reinforce the central idea that sustainability is not just an ethical responsibility but a strategic investment priority, affirming the notion that green is indeed the new gold.

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