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The Effect Of ESG Disclosure And Sustainable Practices On Investor Decision Making In Indian Textile Industry

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Abstract: *This study investigates the impact of ESG (Environmental, Social, and Governance) disclosure and sustainable practices on investor decision-making in India's textile industry. With growing global emphasis on responsible investment, the research seeks to understand whether awareness of ESG factors among investors influences their capital allocation decisions. The textile sector, known for its substantial environmental and social footprint, provides a relevant backdrop for this inquiry. The study employs a quantitative approach using data collected from 180 respondents with diverse educational backgrounds. Statistical analyses including ANOVA, Pearson correlation, linear regression, and Structural Equation Modeling (SEM) were used to examine relationships between awareness of ESG disclosure, sustainable practices, and their influence on investment behavior. The findings reveal that investors with higher educational qualifications exhibit significantly greater awareness of ESG disclosures and sustainable practices. There is a statistically significant positive correlation between awareness levels and the impact ESG scores have on investment decisions. Notably, awareness of industry-specific sustainable practices demonstrates a stronger influence on investment decisions than general ESG disclosure. While the regression model explains a modest portion of the variance, the results underscore the growing relevance of ESG awareness in shaping investment behavior. This study highlights the need for improved ESG communication by textile firms and the importance of investor education to promote sustainability-driven investment strategies.*

Keywords: ESG Disclosure, Sustainable Practices, Investor Decision-Making, India's Textile Industry

INTRODUCTION:

ESG stands for Environmental, Social, and Governance, three key pillars that assess a company's ethical impact and sustainability practices. In the textile industry, ESG plays a critical role due to the sector's heavy consumption of natural resources, labor intensity, and complex global supply chains. For textile companies, ESG reporting and compliance go beyond mere regulatory obligations they reflect the firm's commitment to sustainable manufacturing, fair labor practices, and transparent corporate governance. ESG frameworks help textile businesses identify risks and opportunities, build investor confidence, and align with global standards like the UN Sustainable Development Goals (SDGs).

Environmental considerations in ESG are highly significant for the textile industry, which is one of the largest polluters globally. It involves managing the industry's carbon footprint, reducing water consumption, minimizing chemical usage, and controlling waste. Textile firms are expected to adopt cleaner technologies like zero-liquid discharge (ZLD) systems, sustainable dyes, and recycled raw materials (e.g., PET-based fabrics). Companies that prioritize environmental sustainability demonstrate reduced operational risks and improved brand equity. For investors, clear environmental disclosures signal long-term resilience and lower exposure to regulatory or reputational risks.

The "Social" dimension in ESG focuses on how textile firms treat workers, engage with communities, and ensure health and safety standards. This is especially relevant in countries like India, where the textile sector is a major employer of unorganized and female labor. Key practices include fair wages, safe working conditions, prevention of child labor, gender equality, and community engagement. Transparent disclosure of social policies and outcomes builds trust with consumers and investors alike. Companies with strong social performance often experience better employee retention, customer loyalty, and access to ethical investment funds.

Governance involves the systems, policies, and leadership structures that ensure accountability, transparency, and ethical business conduct. For textile companies, this includes having independent boards, anti-corruption policies, ESG oversight committees, and regular sustainability audits. Good governance reassures stakeholders that ESG claims are not superficial but backed by verifiable actions and accountability. For investors, robust governance practices mitigate risks such as fraud, litigation, and mismanagement. As global investors increasingly factor ESG scores into their decisions, textile companies

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with strong governance and full ESG disclosure are more likely to attract capital and strategic partnerships.

Impact on Decision Making:

Environmental, Social, and Governance (ESG) factors are increasingly shaping how investors evaluate companies and make capital allocation decisions. Rather than focusing solely on traditional financial metrics like profit and return on equity, modern investors now assess how well a company manages its environmental impact, social responsibility, and governance standards. In doing so, ESG serves as a risk management tool and a value indicator. Companies with strong ESG practices are seen as more sustainable, resilient, and better equipped to handle regulatory changes, reputational risks, and long-term challenges making them more attractive to investors.

Environmental considerations such as a company's carbon emissions, energy use, waste management, and water conservation have become crucial for investors who want to mitigate exposure to climate-related risks. In industries like textiles, which are resource-intensive, companies that adopt eco-friendly manufacturing methods or circular economy practices are often favored. Investors perceive such businesses as proactive and adaptive, reducing their long-term environmental liabilities and benefiting from regulatory incentives or green funding opportunities.

Social factors also play a significant role in investor choices. Investors examine how a company treats its employees, manages its supply chain, and engages with local communities. Issues like labor exploitation, health and safety, and diversity are especially relevant in labor-intensive sectors like textiles. Firms that uphold human rights, ensure workplace safety, and promote inclusivity are less likely to face legal action or consumer backlash thus presenting lower operational risk. Moreover, ethical investing trends have led to the rise of Socially Responsible Investing (SRI) and ESG-focused mutual funds, where investor preferences directly reward socially conscious companies.

Governance has a direct impact on investor confidence. Governance includes leadership structure, board independence, anti-corruption measures, executive compensation, and overall corporate transparency. Investors prefer companies with accountable governance structures because it signals financial discipline, ethical conduct, and readiness for long-term growth. Weak governance, on the other hand, can lead to fraud, mismanagement, or ESG greenwashing, making such companies less appealing. In summary, strong ESG performance not only enhances a firm's reputation and operational efficiency but also influences investor behavior by reducing perceived risks and aligning with ethical investment goals.

REVIEW OF LITERATURE:

1. **Suman Kumar Das (2025)**, In the research paper titled, "Investigating Circularity in India's Textile Industry: Overcoming Challenges and Leveraging Digitization for Growth". Das concludes that while India's textile MSMEs face significant barriers in adopting circular economy practices—like supply-chain coordination and regulatory compliance a strategic roadmap leveraging digitization (e.g., Das concludes that while India's textile MSMEs face significant barriers in adopting circular economy practices—like supply-chain coordination and regulatory compliance— a strategic roadmap leveraging digitization (e.g., blockchain, IoT) can help surmount them. Enhancing traceability and data analytics can attract ESG-driven capital by demonstrating sustainability metrics to investors, thereby influencing investment decisions positively.
2. **Nandini & Sudharani (2022)**, In the research paper titled, "A Study on Impact of Environmental Accounting on Profitability of Companies listed in Bombay Stock Exchange". They find a statistically significant positive relationship between environmental accounting expenses and profitability metrics (ROCE, ROA, net profit margin). The inference is clear: investors rewarded firms that internalize environmental costs, signalling that transparent ESG disclosures can improve investor sentiment in India's textile-related sectors.
3. **Eeshaan, et.al (2024)**, In the research paper titled, "ESG driven pairs algorithm for sustainable trading: Analysis from the Indian market". This study demonstrates that integrating ESG ratings into pairs-trading algorithms yields better risk-adjusted returns than traditional strategies. The authors argue that such models appeal to quantitatively focused investors in Indian markets, emphasizing how sustainable disclosures can directly influence fund allocation decisions.
4. **Bapat, et.al (2022)**, In the research paper titled, "Sentiment Analysis of ESG disclosures on Stock Market". The authors show a strong correlation between positive sentiment in ESG disclosures (via social media/news) and stock price performance across tested firms. They stress that investor behavioural

response to ESG narratives matters in India, with sentiment acting as a conduit between disclosure and investment choices—even in textile-linked stocks.

5. **Maji & Lohia (2024)**, In the research paper titled, "Unveiling the financial effect of ESG disclosure on financial performance in India: climate-sensitive corporates' perspective". This panel-data study of BSE-listed non-financial firms (2019–22) finds ESG disclosure especially the Governance component positively affects firm performance, moderated by industry climate sensitivity. For textile companies (often climate-sensitive), better ESG transparency especially in governance boosts investor confidence and valuations.
6. **Mishra, et.al (2024)**, In the research paper titled, "Does climate governance moderate the relationship between ESG reporting and firm value? Empirical evidence from India". Using 2016–2021 data, they report initial negative firm value impact from ESG reporting but show that robust climate-governance structures (e.g., board independence, meetings) significantly ameliorate this effect. Textile firms that embed climate oversight benefit through improved firm valuation, thus shaping investor decisions.
7. **Pandey et.al (2024)**, In the research paper titled, "Impact of ESG regulation on stock market returns: Investor responses to a reasonable assurance mandate". An event study around India's ESG assurance mandate reveals modest negative abnormal returns initially (–1.2%), but firms with higher ESG scores show less decline. Hence, verified ESG disclosures can buffer adverse investor reactions, influencing capital flows in sectors like textiles as regulations mature.
8. **Malik et al. (2024)**, In the research paper titled, "Impact of ESG disclosure on firm performance and cost of debt: Empirical evidence from India". The authors find that higher ESG scores across the NIFTY 500 associate with better ROA, Tobin's Q, and reduced cost of debt. Strong ESG disclosure signals improved stakeholder alignment and lower financial risk—factors that explicitly guide investor and lender decision-making in textile firms.
9. **Agarwala, et.al (2024)**, In the research paper titled, "ESG disclosures and corporate performance: A non-linear and disaggregated approach". Employing data from NSE 500 (2014–22), they uncover a U-shaped relationship: minimal ESG yields poor market response, but after a disclosure threshold, positive impact follows—especially for S and G components. Textiles must invest beyond superficial compliance to affect long-term investor valuation.
10. **Dr A. Sakthivel (2024)**, In the research paper titled, "Growing Importance of ESG in the Indian Apparel & Textile Sector". Industry experts highlight how sustainable practices—water reduction, recycled fabrics, ethical labor, board-level ESG committees—are now integral to competitiveness. They argue investors increasingly demand ESG metrics for risk mitigation and reputation, making sustainability a prerequisite for capital inflows in the textile sector.

Research Gap:

Despite growing attention toward ESG (Environmental, Social, and Governance) practices globally, there remains a significant research gap in the Indian context, particularly within the textile industry—a sector known for its high environmental and social impact. While existing studies have broadly examined ESG disclosures and their influence on firm performance or investor behavior in developed markets, there is limited empirical research that explores how Indian textile companies' ESG reporting specifically affects investor decision-making. Most available literature either generalizes across industries or focuses on financial outcomes rather than investor perceptions, behavior, and criteria for sustainable investment. Furthermore, there is a scarcity of sector-specific insights on how sustainable practices (e.g., eco-friendly manufacturing, ethical labor use, and waste reduction) translate into tangible investor confidence or capital inflows. This study thus aims to bridge the gap by providing focused, data-driven insights into how ESG disclosures and sustainability initiatives influence investor behavior in India's textile industry.

RESEARCH METHODOLOGY:

The research adopted a quantitative methodology using a structured survey to assess the awareness and impact of ESG (Environmental, Social, and Governance) disclosure and sustainable practices on investor decision-making within India's textile sector. A sample of 180 respondents was selected using purposive sampling, targeting individuals with varied educational qualifications to examine differences in ESG awareness. Data was collected through a standardized questionnaire comprising Likert-scale items related to ESG disclosure, sustainable practices, and investment behavior. Statistical tools such as ANOVA, Pearson correlation, linear regression, and Structural Equation Modeling (SEM) were applied to test hypotheses and identify relationships between variables. The analysis was conducted using SPSS and

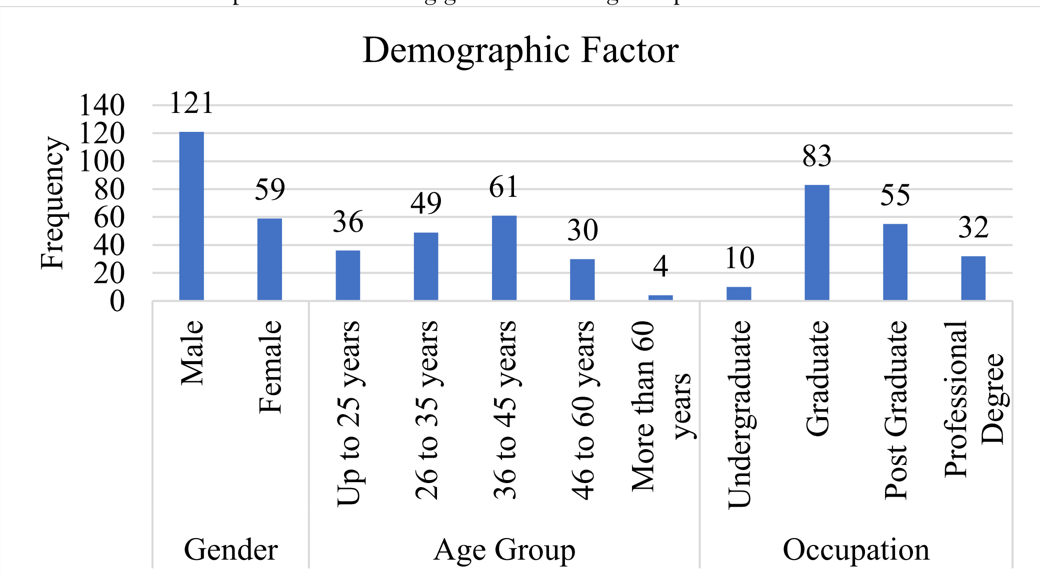
SmartPLS software to ensure accuracy in measuring constructs and validating the research model. The methodology enabled a comprehensive examination of how different levels of ESG knowledge influence investor behavior, particularly in the context of the environmentally sensitive textile industry.

Data Analysis:

The following table indicates the demographic factor of the study:

Sr.no	Demographic Factor	Category	Frequency	Percent
1	Gender	Male	121	67.2
		Female	59	32.8
2	Age Group	Up to 25 years	36	20.0
		26 to 35 years	49	27.2
		36 to 45 years	61	33.9
		46 to 60 years	30	16.7
		More than 60 years	4	2.2
3	Occupation	Undergraduate	10	5.6
		Graduate	83	46.1
		Post Graduate	55	30.6
		Professional Degree	32	17.8

The demographic profile of the respondents reveals a majority of male participants (121) compared to females (59), indicating a gender imbalance in the sample. In terms of age distribution, the largest group falls within the 36 to 45 years range (61 respondents), followed by the 26 to 35 years group (49), suggesting that middle-aged respondents were more represented. Younger respondents up to 25 years (36) and those aged 46 to 60 years (30) were moderately represented, while only 4 respondents were above 60, indicating limited participation from senior citizens. Regarding occupation or educational qualification, graduates formed the largest group (83), followed by postgraduates (55) and professionals with degrees (32), while undergraduates (10) represented the smallest segment. This suggests a relatively educated sample with a concentration of respondents holding graduate or higher qualifications.



Objective-1: To study the knowledge of ESG Disclosure and Sustainable practices according to the qualification of the Investors.

Null Hypothesis H_{01A}: There is no significant difference in Awareness of ESG Disclosure according to the qualification of investors.

Alternate Hypothesis H_{11A}: There is a significant difference in Awareness of ESG Disclosure according to the qualification of investors.

To test the above null hypothesis, ANOVA and F-test is applied and results are as follows:

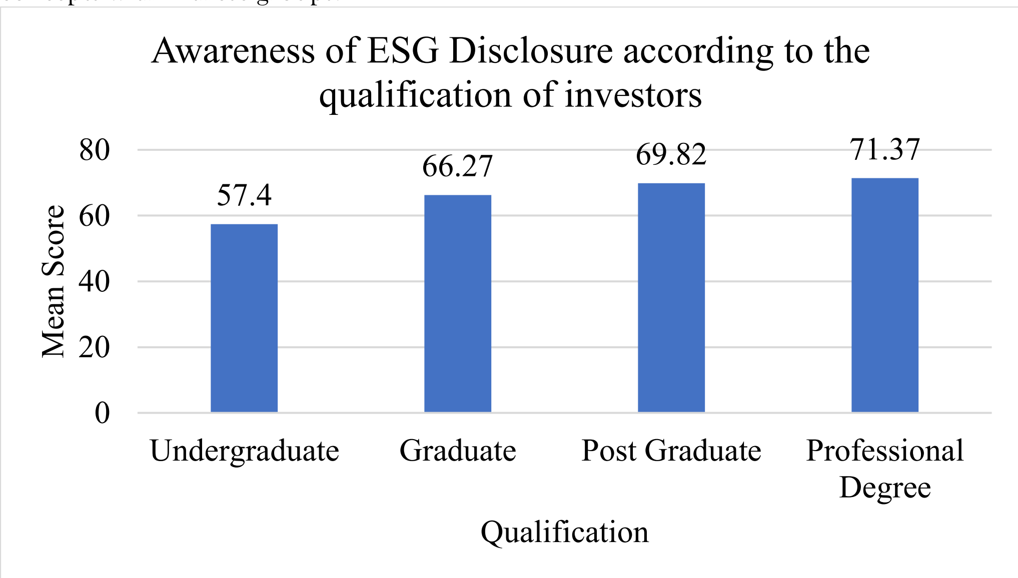
ANOVA					
Awareness of ESG Disclosure					
	Sum of Squares	df	Mean Square	F	P-value
Between Groups	1909.950	3	636.650	5.428	.001

Within Groups	20644.250	176	117.297		
Total	22554.200	179			

Interpretation: The above results indicate that calculated p-value is 0.001. It is less than 0.05. Therefore ANOVA and F-test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.
Conclusion: There is a significant difference in Awareness of ESG Disclosure according to the qualification of investors.
Findings: To understand the findings, mean scores are obtained and presented as follows:

Report			
Awareness of ESG Disclosure			
Qualification	Mean	N	Std. Deviation
Undergraduate	57.40	10	13.566
Graduate	66.27	83	11.917
Post Graduate	69.82	55	9.013
Professional Degree	71.37	32	9.764
Total	67.77	180	11.225

The mean scores indicate a clear trend in the awareness of ESG (Environmental, Social, and Governance) disclosure in the textile sector across different qualification levels. Respondents with a professional degree reported the highest mean awareness score of 71.37, followed closely by postgraduates with a mean of 69.82, suggesting that individuals with higher educational attainment tend to have greater awareness of ESG disclosures. Graduates showed a moderate level of awareness with a mean score of 66.27, while undergraduates had the lowest awareness at 57.40. This pattern implies a positive correlation between educational qualification and ESG awareness, with awareness increasing as the level of education rises. The standard deviation values show that responses within each group were relatively consistent, particularly among postgraduates and professionals, indicating a more uniform understanding of ESG concepts within these groups.



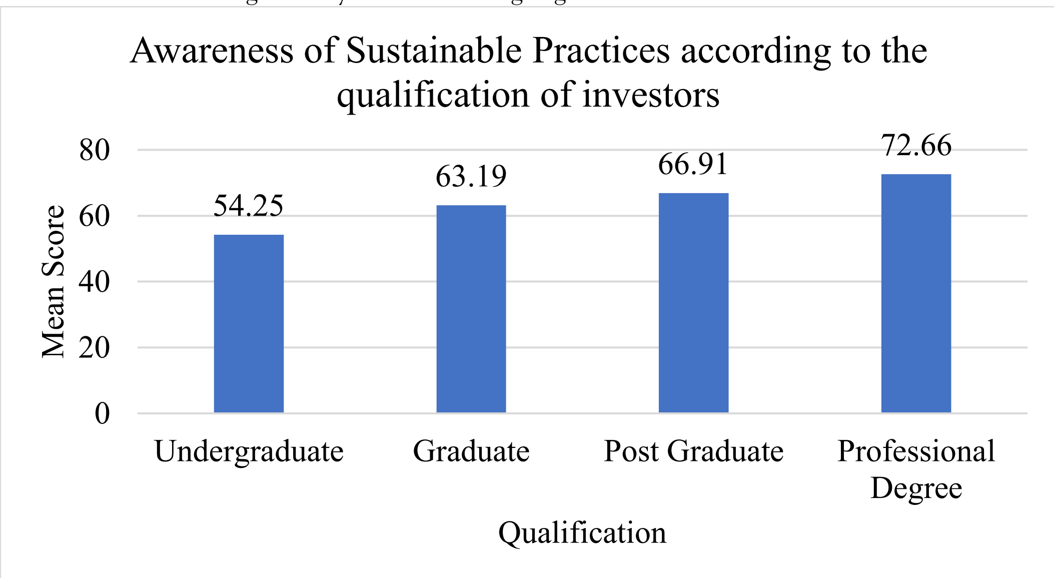
Null Hypothesis H_{01B}: There is no significant difference in Awareness of Sustainable Practices according to the qualification of investors.
Alternate Hypothesis H_{11B}: There is a significant difference in Awareness of Sustainable Practices according to the qualification of investors.
To test the above null hypothesis, ANOVA and F-test is applied and results are as follows:

ANOVA					
Awareness of Sustainable Practices of Textile sector					
	Sum of Squares	df	Mean Square	F	P-value
Between Groups	3455.410	3	1151.803	4.094	.008
Within Groups	49515.805	176	281.340		
Total	52971.215	179			

Interpretation: The above results indicate that calculated p-value is 0.008. It is less than 0.05. Therefore ANOVA and F-test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.
Conclusion: There is a significant difference in Awareness of Sustainable Practices according to the qualification of investors.
Findings: To understand the findings, mean scores are obtained and presented as follows:

Report			
Awareness of Sustainable Practices of Automobile sector			
Qualification	Mean	N	Std. Deviation
Undergraduate	54.25	10	12.859
Graduate	63.19	83	19.370
Post Graduate	66.91	55	16.022
Professional Degree	72.66	32	10.471
Total	65.51	180	17.203

The mean scores for awareness of sustainable practices in the automobile sector indicate a progressive increase with higher educational qualifications. Respondents holding professional degrees demonstrated the highest awareness, with a mean score of 72.66 and the lowest standard deviation (10.471), suggesting both high and consistent awareness levels in this group. Postgraduates followed with a mean of 66.91, reflecting relatively strong awareness, though with more variability (SD = 16.022). Graduates had a moderate awareness level at 63.19, but with a higher standard deviation (19.370), indicating greater variation in responses. Undergraduates had the lowest awareness score at 54.25, which suggests limited understanding or exposure to sustainable practices in the automobile sector. Overall, the results highlight a positive association between educational attainment and awareness of sustainability, with more educated individuals generally demonstrating higher and more consistent awareness.



Objective-2: To analyse the relationship between understanding of ESG disclosure and sustainable practices in investment decisions.
Null Hypothesis H_{02A}: There is no relationship between awareness of ESG disclosure investment Decision.
Alternate Hypothesis H_{12A}: There is a relationship between awareness of ESG disclosure investment Decision.
To test the above null hypothesis, Pearson Correlation test is applied and results are as follows:

Correlations			
		Impact of ESG score on investment decision	Awareness of ESG Disclosure
	Pearson Correlation	1	.173*

Impact of ESG score on investment decision	P-value		.021
	N	180	180
Awareness of ESG Disclosure	Pearson Correlation	.173*	1
	P-value	.021	
	N	180	180
*. Correlation is significant at the 0.05 level (2-tailed).			

Interpretation: The above results indicate that calculated p-value is 0.021. It is less than 0.05. Therefore Pearson Correlation test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.
Conclusion: There is a relationship between awareness of ESG disclosure investment Decision.
Findings: The Pearson correlation analysis reveals a statistically significant positive relationship between awareness of ESG disclosure and the impact of ESG score on investment decisions, with a correlation coefficient of 0.173 and a p-value of 0.021 (N = 180). Although the strength of the correlation is weak, the positive direction suggests that as awareness of ESG disclosure increases, so does the influence of ESG scores on investors' decision-making. The p-value being less than 0.05 indicates that this relationship is statistically significant and not due to random chance. This implies that enhancing awareness of ESG disclosures in the textile sector may lead to greater consideration of ESG scores by investors when making investment decisions.

Null Hypothesis H_{02B}: There is relationship between awareness of sustainable practices on investment Decision.
Alternate Hypothesis H_{12B}: There is a relationship between awareness of sustainable practices on investment Decision.
To test the above null hypothesis, Pearson Correlation test is applied and results are as follows:

Correlations			
		Impact of ESG score on investment decision	Awareness of Sustainable Practices of textile sector
Impact of ESG score on investment decision	Pearson Correlation	1	.278**
	P-value		.000
	N	180	180
Awareness of Sustainable Practices of textile sector	Pearson Correlation	.278**	1
	P-value	.000	
	N	180	180
**. Correlation is significant at the 0.01 level (2-tailed).			

Interpretation: The above results indicate that calculated p-value is 0.000. It is less than 0.05. Therefore Pearson Correlation test is rejected. Hence Null hypothesis is rejected and Alternate hypothesis is accepted.
Conclusion: There is a relationship between awareness of sustainable practices on investment Decision.
Findings: The Pearson correlation coefficient between the impact of ESG score on investment decision and awareness of sustainable practices in the automobile sector is 0.278, with a p-value of 0.000 based on 180 respondents. This indicates a moderate positive and statistically significant relationship, suggesting that as awareness of sustainable practices in the automobile sector increases, the influence of ESG scores on investment decisions also increases. The very low p-value (less than 0.001) confirms that the correlation is highly significant and not due to chance. This finding highlights that greater knowledge of industry-specific sustainable practices, even outside the textile sector, positively shapes investor perceptions and enhances the role of ESG scores in their decision-making processes.

Linear Regression:
Dependent Variable: Impact of ESG score on investment decision

Independent Variable: Awareness of Sustainable Practices of textile sector, Awareness of ESG Disclosure

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.289[a]	.083	.073	17.034
a. Predictors: (Constant), Awareness of Sustainable Practices of Textile sector, Awareness of ESG Disclosure				

The R Square value of 0.083 in the linear regression model indicates that approximately 8.3% of the variance in the dependent variable—the impact of ESG score on investment decisions—can be explained by the two independent variables: awareness of sustainable practices in the textile sector and awareness of ESG disclosure. This suggests that while there is a statistically significant relationship, the model has a relatively low explanatory power, meaning other unaccounted factors may play a more substantial role in influencing investment decisions. The Adjusted R Square of 0.073 further confirms this, adjusting for the number of predictors and sample size. The standard error of the estimate (17.034) indicates the average distance that the observed values fall from the regression line, implying some variability in responses not captured by the model.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	P-value
1	Regression	4670.745	2	2335.372	8.049	.000[b]
	Residual	51355.833	177	290.146		
	Total	56026.578	179			
a. Dependent Variable: Impact of ESG score on investment decision						
b. Predictors: (Constant), Awareness of Sustainable Practices of Textile sector, Awareness of ESG Disclosure						

Above results indicates that p-value is 0.000. It is less than 0.05. It indicates that linear regression model is good to fit.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.802	8.095		4.423	.000
	Awareness of ESG Disclosure	.129	.122	.082	1.062	.290
	Awareness of Sustainable Practices of Textile sector	.256	.079	.249	3.217	.002
a. Dependent Variable: Impact of ESG score on investment decision						

Above table indicate the values of coefficients and corresponding significance. According to p-value of the Impact of ESG score factors it is observed that except "Awareness of ESG Disclosure" and "Awareness of Sustainable Practices" all remaining variables has significant impact on ESG score factors.
The mathematical equation to estimate the ESG score factors is presented as follows:
I= 35.802 + 0.129*ESG + 0.256*SP

Structural Equation Modelling:
Dependent Variable: Impact of ESG score on investment decision
Independent Variable: Awareness of Sustainable Practices of textile sector, Awareness of ESG Disclosure

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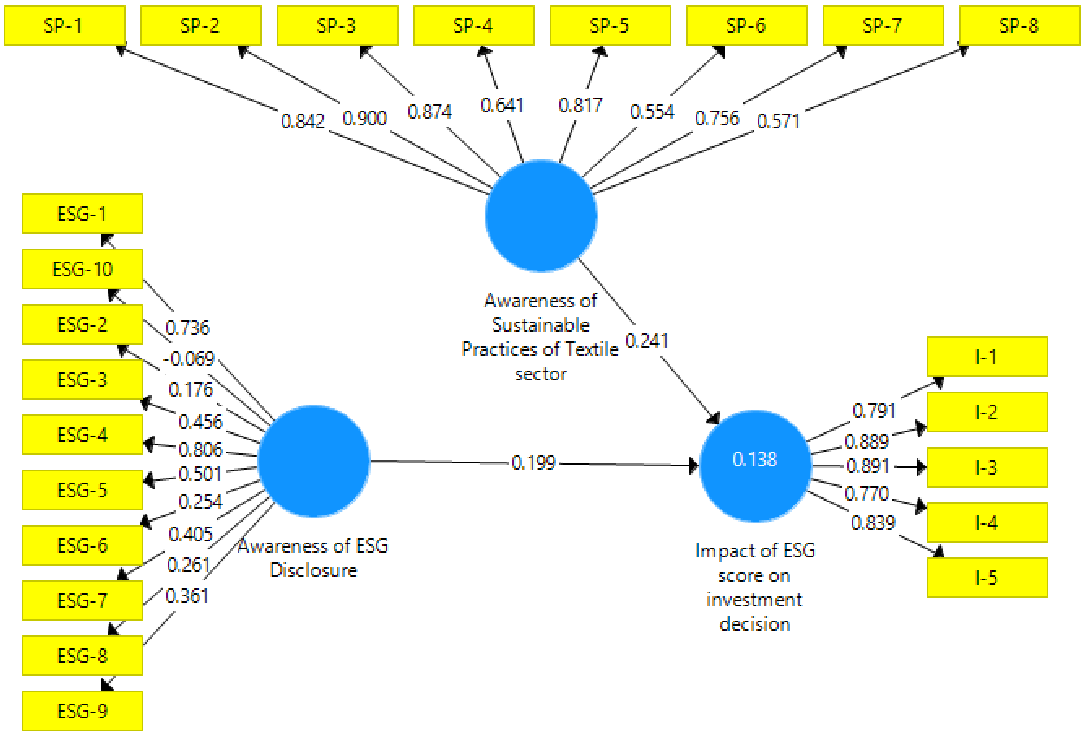

Path Coefficients:

	Impact of ESG score on investment decision
Awareness of ESG Disclosure	0.20
Awareness of Sustainable Practices of Textile sector	0.24

The path coefficients table represents the strength and direction of relationships between the independent variables—Awareness of ESG Disclosure and Awareness of Sustainable Practices of the Textile Sector—and the dependent variable—Impact of ESG score on investment decision. The coefficient for Awareness of ESG Disclosure is 0.20, and for Awareness of Sustainable Practices of the Textile Sector, it is 0.24. Both are positive, indicating that an increase in awareness in either dimension contributes positively to the impact ESG scores have on investment decisions. However, the slightly higher coefficient for sustainable practices suggests that investors may be more influenced by industry-specific sustainable actions than by general ESG disclosure.

Outer Loadings:

	Awareness of ESG Disclosure	Awareness of Sustainable Practices of Textile sector	Impact of ESG score on investment decision
ESG-1	0.74		
ESG-10	-0.07		
ESG-2	0.18		
ESG-3	0.46		
ESG-4	0.81		
ESG-5	0.50		
ESG-6	0.25		
ESG-7	0.40		
ESG-8	0.26		
ESG-9	0.36		

I-1			0.79
I-2			0.89
I-3			0.89
I-4			0.77
I-5			0.84
SP-1		0.84	
SP-2		0.90	
SP-3		0.87	
SP-4		0.64	
SP-5		0.82	
SP-6		0.55	
SP-7		0.76	
SP-8		0.57	

Outer loadings represent the correlation between each observed variable (indicator/item) and its underlying latent construct. In this case, items like ESG-4 (0.81) and ESG-1 (0.74) show strong loadings, meaning they are good indicators of Awareness of ESG Disclosure. In contrast, ESG-10 (-0.07) and ESG-2 (0.18) have very low or even negative loadings, suggesting they do not contribute meaningfully to the construct and may need to be reviewed or removed. For Awareness of Sustainable Practices, high loadings such as SP-2 (0.90) and SP-3 (0.87) show these items are strong and reliable measures. Similarly, investment decision items like I-2 and I-3 (both 0.89) indicate that these are strong and consistent reflections of investor behavior influenced by ESG scores.

Outer Weights:

	Awareness of ESG Disclosure	**Awareness of Sustainable Practices of Textile sector**	**Impact of ESG score on investment decision**
ESG-1	0.42		
ESG-10	-0.12		
ESG-2	0.00		
ESG-3	0.14		
ESG-4	0.41		
ESG-5	0.25		
ESG-6	0.07		
ESG-7	0.12		
ESG-8	0.02		
ESG-9	0.25		
I-1			0.21
I-2			0.29
I-3			0.25
I-4			0.19
I-5			0.25
SP-1		0.17	
SP-2		0.22	
SP-3		0.27	
SP-4		0.09	
SP-5		0.22	

SP-6		0.04	
SP-7		0.17	
SP-8		0.07	

Outer weights represent the relative importance of each indicator in forming the composite score of its respective latent construct. For Awareness of ESG Disclosure, ESG-1 (0.42) and ESG-4 (0.41) have the highest weights, meaning they are the most influential in shaping the construct, while items like ESG-10 (-0.12) and ESG-2 (0.00) contribute little or negatively, further supporting the suggestion that these may be weak indicators. In the Sustainable Practices construct, SP-3 (0.27) and SP-2 (0.22) have the most weight, highlighting their strong influence, while items like SP-6 (0.04) and SP-8 (0.07) are weaker. For Investment Decision, items I-2 (0.29) and I-3 (0.25) are the most influential, indicating that these statements are the most significant in capturing how ESG scores impact investor choices.

CONCLUSION:

The overall analysis concludes that investor awareness of ESG disclosure and sustainable practices significantly influences investment decisions in the context of the textile sector. Demographic insights reveal that respondents with higher educational qualifications exhibit greater ESG and sustainability awareness, indicating a strong link between education and responsible investing behavior. Both ANOVA and Pearson correlation tests confirm that awareness of ESG disclosure and sustainable practices differs significantly across educational qualifications and is positively correlated with the impact ESG scores have on investment decisions. Linear regression and SEM further validate this relationship, though with modest explanatory power, suggesting that while ESG factors play a role, other variables also affect investor choices. The path coefficients and outer loadings/weights from SEM highlight that sustainable practices carry slightly more influence than general ESG disclosure, emphasizing the importance of industry-specific sustainability initiatives. Ultimately, this study underscores the growing relevance of ESG factors in investment behavior and highlights the need for better ESG communication and education—particularly in sectors like textiles, which are under increasing environmental and social scrutiny.

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