A Study on ESG Compliance & Disclosure and Its Impact On The Investment Behaviour With A Special Reference To The Software Industry In Canada

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Abstract

The implementation of the environmental, social, and governance (ESG) principle is imperative for the sustainable development of the global economy and society. The ESG principle has undergone a development process over the last twenty years since its formal proposition in 2004 (Sarangi, 2021)

The practice of ESG reporting facilitates transparency with respect to a company's environmental performance, social initiatives, and governance practices. This transparency empowers stakeholders to make well-informed decisions and to hold companies accountable for their actions. There is a current discourse pertaining to the extent to which corporations should reveal information concerning their ESG profiles and undertakings. The increasing incorporation of ESG considerations into the investment management process, facilitated by ESG ratings and research, can be attributed to the significance of ESG factors in influencing valuation and financial performance, thereby mitigating risks (Akala et al., 2022)(Akala et al., 2022).

The academic community continues to show interest in sustainable investment, as researchers and industry professionals endeavour to examine investor preferences regarding socially responsible investments that provide value for the ESG global market, which is marked by unpredictability and instability. Many studies have focused on the effect of ESG on corporate value and market return (Pei-yi, 2018).

There is little research that focusses on comparing the Company's perception towards ESG compliance and its impact on their return for the software industry (Borovkova & Wu -July, 2020). It is imperative to gain a comprehensive understanding of investors' perceptions of ESG compliance and transparency, as well as the resulting influence on investing behaviour. In order

to address this deficiency, the proposed research would rely on data pertaining to the level of environmental, social, and governance (ESG) transparency within enterprises, and its possible impact on their investment decisions. To fill this gap, the suggested research is based on data related to the software industry.

Keywords: ESG Investment, sustainable investment, investment behaviour

1. Introduction

The ESG investment philosophy is derived from socially responsible investing and is a branch of socially responsible investing. ESG stands for Environment (Economic), Society (Social) and Corporate Governance (Governance) (Wang et al., 2023).

Numerous investors acknowledge that corporations that demonstrate robust ESG performance typically demonstrate superior financial performance in an extended period. Several research works have indicated a favourable association between robust sustainability measures and enhanced risk-adjusted profits. The drivers of sustainable investment encompass the conviction that the inclusion of ESG factors can result in more precise evaluation of risks, improved allocation of capital, and heightened resilience of businesses (Friede et al., 2015).

1.1. Background of the Research

Several scholars are currently examining the potential significance of incorporating ESG criteria as a crucial factor for achieving success in investment endeavours. Additionally, there is ongoing research exploring whether shareholders exhibit a preference for investing in organisations that possess a robust corporate social responsibility image, which in turn may lead to enhanced financial performance (Song, 2016).

1.2. Problem Statement

There is little research that focusses on comparing the Company's perception towards ESG compliance and its impact on their return for the software industry (Borovkova & Wu -July, 2020). It is imperative to gain a comprehensive understanding of investors' perceptions of ESG compliance and transparency, as well as the resulting influence on investing behaviour. In order

to address this deficiency, the proposed research would rely on data pertaining to the level of ESG transparency within enterprises, and its possible impact on their investment decisions. To fill this gap, the suggested research is based on data related to the software industry.

1.3. Scope of the research

This study project entails a thorough examination of the Canadian software sector, with a focus on the application of ESG compliance and its potential impact on investment decisions. It aims to measure the importance of these policies in fostering sector sustainability. Furthermore, it dives into how ESG compliance and disclosure practices influence the investment attitudes of software sector investors, offering insight into their role in moulding investment decisions. Furthermore, the study intends to investigate how the availability of ESG-related information sources affects stakeholders' investment decision-making capabilities, offering significant insights into the dynamics of responsible investing in the Canadian software market.

1.4. Significance of the research

Despite significant progress in sustainable investment research, there remain certain areas that researchers are striving to address. The existing lacuna in sustainable investment requires further research to a diverse array of subjects. This research endeavours at gaining a deeper comprehension of the potential financial implications associated with sustainable investments in comparison to their conventional counterparts. Further research is required to investigate the risk-return characteristics, enduring financial consequences, and correlation between ESG factors and investment returns (Liang & Renneboog, 2020; Wang et al., 2023).

1.5. Research Questions

1. Is it important for the software industry in Canada to implement ESG Compliance & Disclosure Policies?
2. What is the impact of company’s ESG-related compliance on the investor’s decision?
3. What is the impact of availability of information source on the investment decision making capability?

1.6. Research Aim and Purpose

The aim of this study is to analyse the impact of ESG performance on investment choices and potentially on the performance of organisations.

1.7. Research Objectives

1. To investigate the importance of implementation of ESG compliance & disclosure policies in the software industry in Canada.
2. To study the impact of ESG compliance & disclosure on the investment perception of the investor for the software industry in Canada.
3. To understand the impact of availability of information source on the investment decision making capability.

1.8. Limitations

The requirement to report on ESG performance is not obligatory in Canada, except for federally regulated financial institutions which will start its mandatory reporting in 2024. This might limit the availability of data. However, it is noteworthy that the adoption of ESG reporting, and disclosure is increasingly prevalent within Canada.

2. Literature Review

According to Pinchot and Christianson(Pinchot & Christianson, 2019)(Pinchot & Christianson, 2019), the field of ESG management study is concerned with the examination of the various concerns related with the incorporation of environmental, social, and governance aspects into the operational procedures and strategic decisions of organisations (Wang et al., 2023).

According to Friede et al. (Friede et al., 2015), more than 2,200 academic research have been conducted in an effort to explore the connection between corporate financial performance (CFP) and ESG initiatives. The first academic research on the relationship between the financial success of corporations and their corporate social responsibility date back to the 1970s.

Borovkoba et al. found that ESG performance typically has a negative impact on stock returns in regions such as the United States and Asia, where investors place less importance on the concept of sustainability. Businesses that have a high ESG score and are located in these areas have lower levels of volatility and pose less risks (Borovkova & Wu -July, 2020).
Farook (Farooq, 2015), found that there is a negative relationship between the disclosure of ESG information and company performance in situations where there is less less difference in the availability of information. This unfavourable correlation develops as a result of the fact that participants in stock markets in developing countries consider ESG activities to be costs that are not relevant.

Finally, Borovoka et al (Borovkova & Wu -July, 2020) found that the size of a corporation was positively correlated with its ESG score. The observed phenomena can be related to the view that larger organisations hold greater financial resources to allocate towards sustainable practises, which in turn results in higher ESG scores. This notion can be supported by the observation that larger companies have been shown to have higher ESG scores.

2.1. Topic

The recent surge in sustainable investment research has led scholars and policymakers to evaluate the interconnections among the factors related to sustainable investment (Almarar&Nobanee, 2019) .

Notwithstanding the increase in attention, the incorporation of sustainable investing into capital markets is not yet a standard practise. There exist significant obstacles, such as widely acknowledged constraints associated with ESG data, that hinder the genuine expansion and integration of ESG practises into mainstream business operations (Amel-Zadeh et al., 2017).
The endeavour of procuring companies, be it through amalgamations, procurements, or alternative modes of corporate amalgamations, presents noteworthy obstacles for investing organisations. The trend of sustainable investments has been witnessing a consistent rise owing to the growing demand from investors. ESG factors are increasingly being acknowledged by institutional investors, asset managers, and individual investors as crucial elements in their

investment decision-making process. The escalating demand has the potential to augment enhance transparency, and expand the accessibility of sustainable investment alternatives, consequently amplifying the possibility of competitive returns (Niu et al., 2022).

The purpose of this research is to study and evaluate the impact of ESG on corporate valuation and impact on investing behaviour. More specifically, the research will focus on the stock market reactions to ESG compliance in order to answer how ESG compliance may affect the stock returns for large firms as compared to small firms in Canada.

2.2. Existing Research

Several scholars are currently examining the potential significance of incorporating ESG criteria as a crucial factor for achieving success in investment endeavours. Additionally, there is ongoing research exploring whether shareholders exhibit a preference for investing in organisations that possess a robust corporate social responsibility image, which in turn may lead to enhanced financial performance (Song, 2016)(Pei-yi, 2018). Some researchers also studied how ESG disclosure can be used as a risk mitigation strategy closely relates to sustainable development (Länsilahti, 2012)(Farooq, 2015)(Aritonang, 2018).

Further research is being conducted with regards to a consolidated ESG reporting structure that incorporates essential investment grade metrics and disclosures that cover ESG concerns (Cort & Esty, 2020).

2.3. Theoretical Framework

The stakeholder theory provides a helpful conceptual framework for understanding the dynamic relationship that exists between ESG aspects and the many different stakeholders who are involved in the operational activities of a firm. In order for organisations to achieve enduring success and sustainability, it is recommended, in accordance with the stakeholder theory, that they take into careful consideration and effectively manage the concerns and interests of all relevant stakeholders. When the stakeholder theory is applied to the field of ESG considerations, it becomes clear that the stakeholder theory underlines the necessity of actively involving stakeholders and effectively reacting to their ESG-related apprehensions. This

becomes apparent as a result of the fact that the application of stakeholder theory to the realm of ESG considerations is examined.

2.4. Research gap

There is a dearth of scholarly research that specifically examines the comparative effects of ESG factors on investment decision-making and prospective returns for companies operating in Canada. This study is grounded in data pertaining to the view of companies about ESG compliance. The objective is to examine the influence of ESG compliance on both the financial returns of companies and their investment decision-making processes. First, the researcher will investigate how the impact of ESG compliance and transparency can have an effect on the performance of those companies. After that, additional analyses will be carried out to predict the factors that determine ESG transparency (Wang et al., 2023) and how availability of ESG information could impact investment decision making capability (Friede et al., 2015)(Pei-yi, 2018).

3. Methodology

This research aims to examine the influence of ESG factors on the financial performance of corporations. The ultimate objective is to ascertain the existence of a correlation between ESG aspects and business performance.

3.1. Research Philosophy

The research philosophy pertaining to the examination of the influence of ESG factors on the performance of company may exhibit variability contingent upon the researcher's standpoint of the research. By applying the positivism research philosophy (David Crowther & Geoff Lancaster, 2008). the researcher seeks to collect quantitative data pertaining to the perception of ESG factors, and company performance. Subsequently, statistical analysis will be employed to examine hypotheses and ascertain correlations or causal relationships between these variables. The primary emphasis lies on the principles of objectivity, replicability, and generalizability in relation to the findings.

3.2. Sampling

Based on the research aims, the utilisation of non-probability sampling is recommended by the researcher. In this particular scenario, convenience sampling will be employed. The researcher understands that the utilisation of this particular sampling approach carries an increased likelihood of encountering sampling bias. The primary objective of the researcher is to ensure that the samples are as representative of the population as feasibly achievable. Non-probability sampling encompasses the utilisation of non-random selection techniques that are predicated on particular criteria for sample selection.

3.2.1. Population

The research will focus on 25 Canadian software companies. There is in average 5 executives per company would be contacted for the survey, making the total population 125.

3.2.2. Sampling frame

The sample frame comprises of all 25 companies that meet all the following criteria:

- All sectors/industries will be considered (both Media and telecommunications)
- All companies will be considered regardless of their size.

3.2.3. Sample size

Using Raosoft sample size calculator, the sample size for the study will be 95.
at 5% margin of error and a confidence level of 95%.

3.2.4. Sampling method

Given the objectives of this research, the researcher suggests using simple random sampling. The utilisation of simple random sampling is employed in order to draw statistical inferences pertaining to a certain population. Randomization is a powerful method for reducing the impact of any confounding variables, thereby ensuring strong internal validity. The researcher will strive to ensure that the samples are highly representative of the population.

3.2.5. Respondents

The researchers will solicit insights from investors to gain a comprehensive understanding of their viewpoints on ESG practices, as well as their perceptions regarding the potential impact of these practices on company performance. The researcher will carefully choose a varied pool of participants to encompass a wide range of viewpoints and guarantee a thorough comprehension of the influence of ESG factors on the performance of stocks. The respondents would comprise of various executives of the companies in the sector who are also investors in the said companies to provide a two-way approach to the study.

3.3. Sources of Data

3.3.1. Primary sources

The primary data was gathered via questionnaire that was distributed to all chosen investors and decision makers in the sample.

3.3.2. Secondary sources

The secondary data for the study will be conducted through such as academic papers, books, and reports, provide valuable context and existing knowledge on a research topic.

3.3.3. Methods of Data Collection

Given the research objectives the research will use collections methods that are quantitative in nature, and quantitative data collection methods and analyses (e.g., statistical analysis). Multiple companies will be surveyed in order to acquire data regarding how well companies have fared financially and how it relates to the level of ESG compliance they and how it progressed over the years.

3.4. Ethical considerations in this research

Due to the anticipated impact of the report on strategic company financial and acquisition strategy, ethical considerations should be given meticulous attention as follows:

- Consent: before starting the research, the researcher should seek participants' informed consent and to educate participants about the study's goals, methods, potential dangers and rewards, and the protections afforded to them.
- Data privacy and security: the researcher is required to handle and store data in a manner that is consistent with current data protection laws and regulations. The aforementioned tasks encompass obtaining the necessary authorizations and approvals, ensuring the protection of data from unauthorised entry, and implementing anonymization techniques as required. It is imperative for researcher to establish a clear definition regarding the duration for which data will be retained and the secure disposal methods that will be employed once the data is deemed unnecessary. It is imperative to take into account specific factors such as the protection of financial information, maintenance of data anonymity, and utilization of data solely for research objectives. It is imperative for the researcher to provide participants with information regarding the steps taken to safeguard their privacy and maintain confidentiality.
- Conflict of interest: The researcher is obligated to reveal any personal or financial relationships that could bias their research. Any potential for financial, professional, or personal bias in the research results must be avoided. Conflicts of interest must be disclosed and managed with honesty and openness.
- Compliance with legal and regulatory requirements: researcher must adhere to all local, national, and international legislation. Laws protecting personal information, intellectual property rights, ethical codes of conduct, and other sector- and profession-specific requirements all fall under this umbrella.

3.5. Proposed data analysis

To achieve the research objectives, the researcher would try to find the relationship between two variables, ESG disclosure/transparency and Investment decision. Descriptive analysis, regression testing and correlation will be used.

3.5.1. Descriptive Statistics

Descriptive statistics play a valuable role in generating unbiased and factual insights from collected data. It provides an analysis of information patterns and instances and establish the basis for examining correlations among variables. The study showcases the extent to which organisations disclose their ESG practises, as well as the correlations observed between these disclosures and investment decisions. This will be used for achieving the first objective of the study.

3.6. Research Hypothesis

Objective 1 Research Objective 1 will be analysed through descriptive statistics hence no hypothesis is formulated for the same.

Objective 2- Research Objective 2 will be analysed through following hypothesis:

Null-There is no significant impact of ESG compliance & disclosure on the investment perception of the investor.

Alternative-There is significant impact of ESG compliance & disclosure on the investment perception of the investor.

Objective 3: Research Objective 3 will be analysed through following hypothesis:

Null-There is no significant impact of availability of information source on the investment decision making capability.

Alternative-There is a significant impact of availability of information source on the investment decision making capability.

3.7. Validity and Reliability

Reporting on the validity and reliability of measures and methods is a crucial aspect for researchers, as it enables readers to evaluate the credibility and trustworthiness of their research outcomes.

The Researcher can enhance the rigour, credibility, and trustworthiness of this research findings by considering different types of validity. The following list comprises various types

of validity that will be taken into considerations: predictive validity, concurrent validity, content validity, construct validity, face validity and interpretive validity.

Reliability in research refers to the consistency and accuracy of study results over time and across different conditions. A reliable study can produce consistent findings when replicated or tested under similar circumstances, enhancing confidence in the validity of its conclusions (Daniel L. Segal & Frederick L. Coolidge, 2018). Cronbach Alpha will be calculated to check the internal validity and reliability of the questionnaire.

4. Data Analysis and Findings

4.1. Introduction

The study hypotheses are examined through the utilisation of basic regression analysis. Prior to undertaking these analyses, it is important to verify the normalcy assumption in order to utilise parametric tests. In conclusion, a comprehensive overview of the findings and outcomes obtained from the experimental evaluation of the research hypotheses is presented.

4.2. Cronbach Alpha

Cronbach's alpha is a statistical metric used to assess the internal consistency of the results, indicating the degree of interrelatedness among the items as a collective entity. Scale dependability is commonly regarded as a metric. In general, an appropriate level of internal consistency is indicated by a Cronbach's alpha score of 0.7 or higher. This suggests that the items in the measure are reliably measuring the same underlying construct. Elevated values, such as 0.8 or 0.9, signify heightened levels of internal consistency. Cronbach’s Alpha was calculated using excel as shown in table (1) below.

No	Objective	Hybothesis	Results
1	To study the impact of ESG compliance & disclosure on the investment perception of the investor for the software industry in Canada.	There is significant impact of ESG compliance & disclosure on the investment perception of the investor.	The first hypothesis is partially supported.
2	To understand the impact of availability of information source on the investment decision making capability.	There is significant impact of availability of information source on the investment decision making capability.	The second hypothesis is not supported.

Table 1 Cronbach's alpha Calculation

The calculated Cronbach's alpha coefficient for the Tangibles construct is 0.91, surpassing the predefined criterion. This indicates a high level of inter-item correlation and establishes the questionnaire questions as reliable measures for assessing the construct. Consequently, the Tangibles construct can be deemed as a reliable measure.

4.3. Demographic Analysis

Demographic data was collected through the conducted survey such as age, gender, education background and professional background. Figures (1-4) show the outcome of the data analysis.

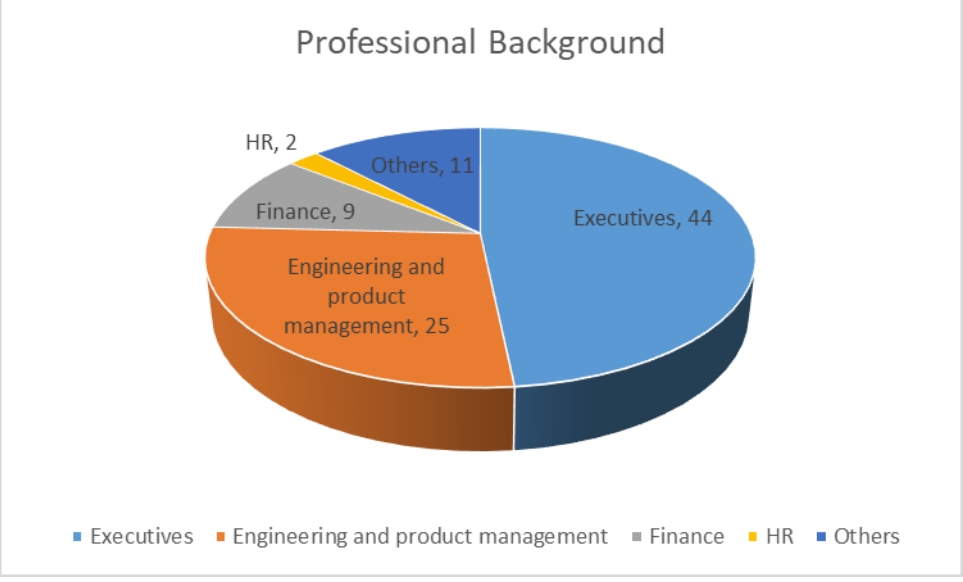

Figure 1 Professional background

Figure (1) above shows that 48% of the respondents are executive while 25% are either in engineering or product management.

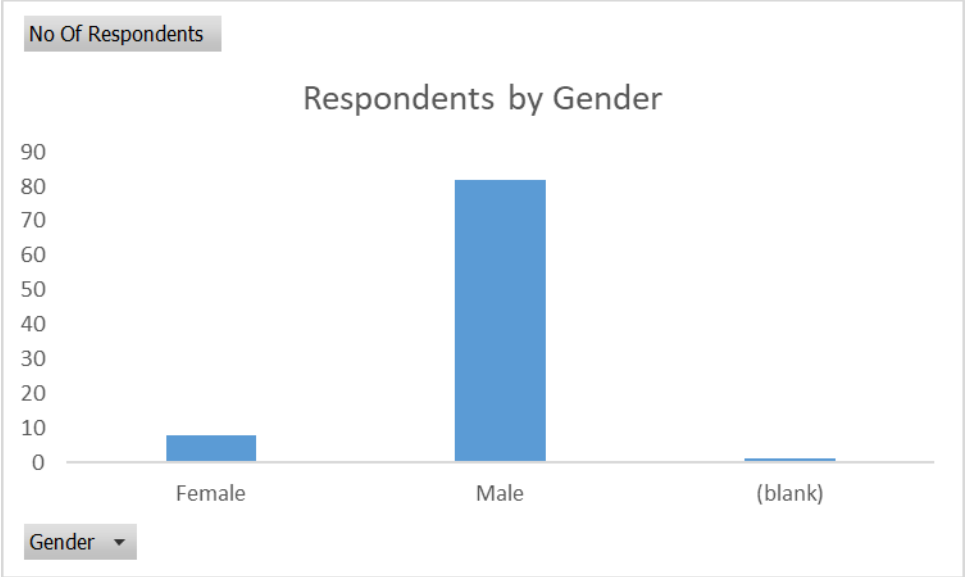

Figure 2 Respondents by Gender

Figure (2) above shows that 90% of the respondents are males

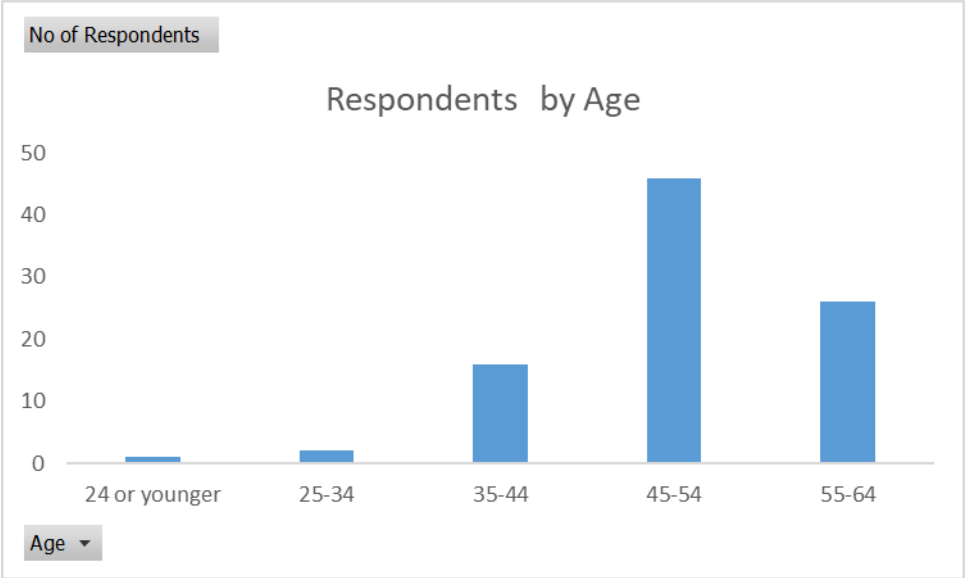

Figure 3 Respondents by age

Figure (3) shows that 50% of the respondents are between 45 and 54 years old while 29% of the respondents are between 55 and 64 years old

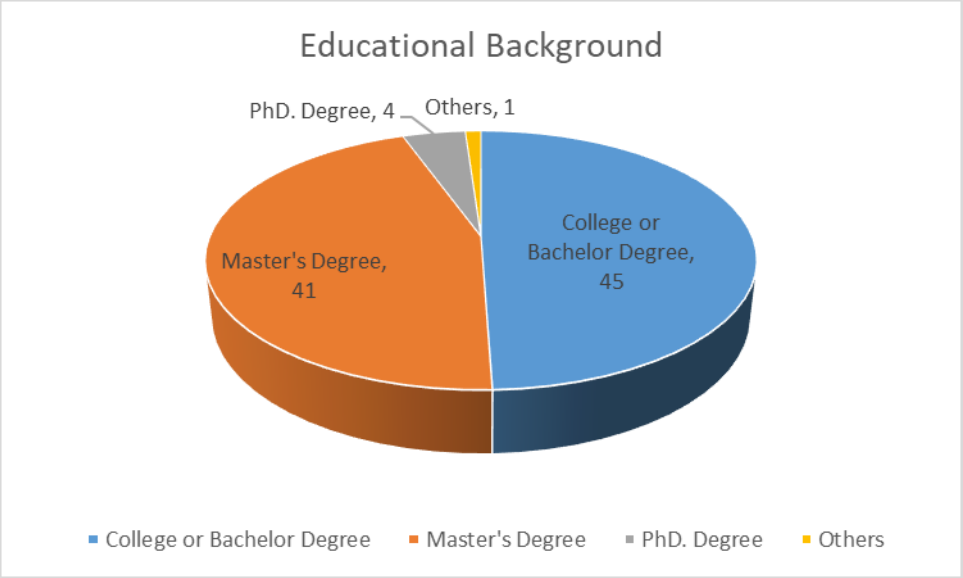

Figure 4 Respondents by educational background

Finally, the data shows 49% of the respondents has a college or university degree while 49% of the respondents has either Master's or PhD degree.

4.4. Correlation

Figure (5) shows the correlation between the different questions in the survey. The graph shows the strongest correlation are the following:

- ESG compliance and firm's long-term success
- Company's ESG transparency /strong policies and firm's overall financial performance
- ESG transparency and investment decisions

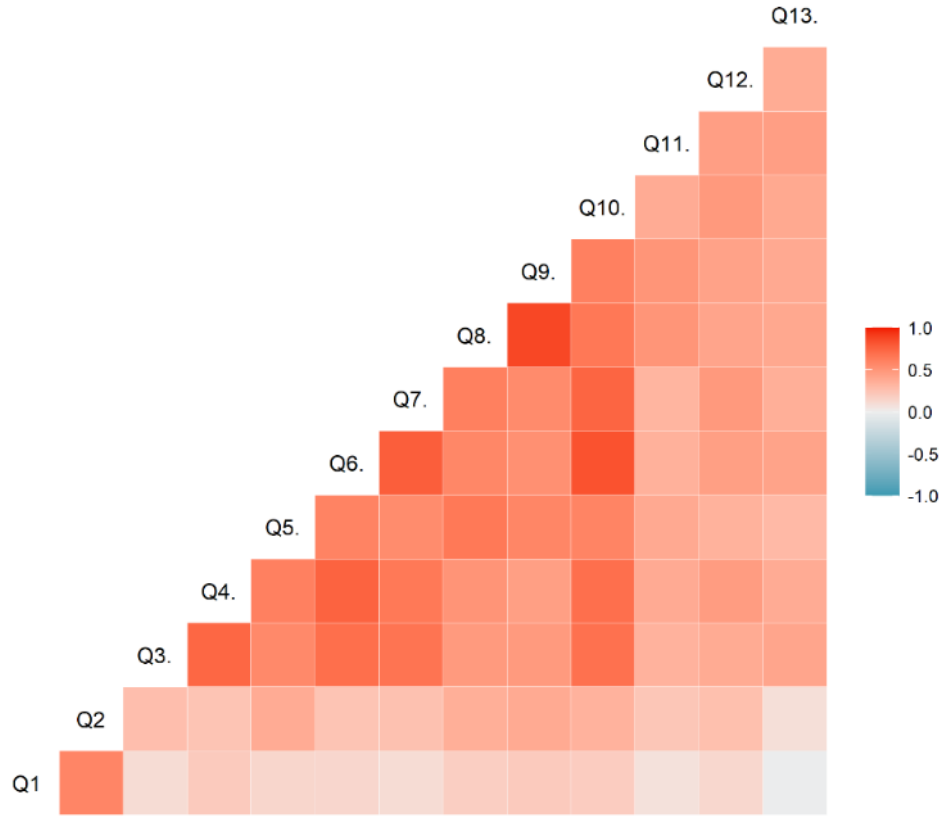

Figure 5 Correlation graph between different questions in the survey

The data shows weak positive to moderate positive correlation between the ESG transparency and investment decisions whether at the product level or at the company level.

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13
Q1	1												
Q2	0.588643	1											
Q3	0.106091	0.274097	1										
Q4	0.20499	0.24293	0.739919	1									
Q5	0.141018	0.383764	0.567075	0.616083	1								
Q6	0.136876	0.244764	0.704196	0.760722	0.602527	1							
Q7	0.106525	0.261057	0.678144	0.654492	0.553087	0.784403	1						
Q8	0.182631	0.362777	0.477904	0.508953	0.654775	0.581994	0.617405	1					
Q9	0.205305	0.390024	0.480687	0.45124	0.585091	0.530934	0.557644	0.877317	1				
Q10	0.193976	0.342196	0.69271	0.700949	0.595955	0.834493	0.748492	0.660107	0.615419	1			
Q11	0.076831	0.232187	0.343037	0.387119	0.395215	0.35085	0.328192	0.50368	0.504686	0.383137	1		
Q12	0.133104	0.267784	0.384504	0.467616	0.346815	0.452537	0.483424	0.421367	0.436115	0.481518	0.454432	1	
Q13	-0.01841	0.089061	0.415352	0.382349	0.30531	0.430316	0.362097	0.402737	0.396624	0.397695	0.454115	0.379494	1

Figure 6 Correlation data

4.5. Data Analysis

Figure 7 ESG Compliance and Company's long-term success

The data analysis shows that nearly (71%) of the respondents believe that ESG compliance is important for a company's long-term success (Figure 7).

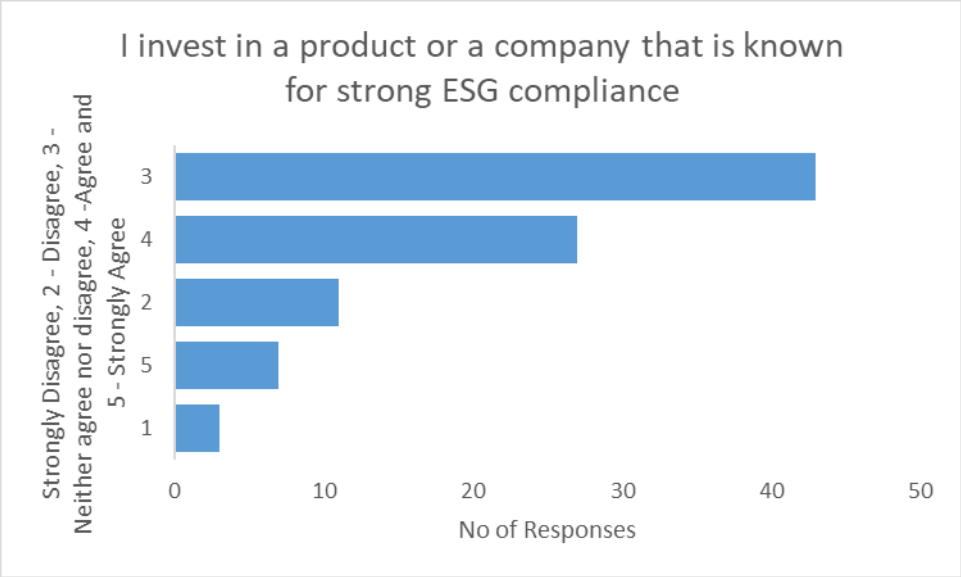

Figure 8 Investment and ESG Compliance

Meanwhile, only 37% of respondents agreed to invest in a product or a company that is known for strong ESG compliance which seem to be contradictory (Figure 8).

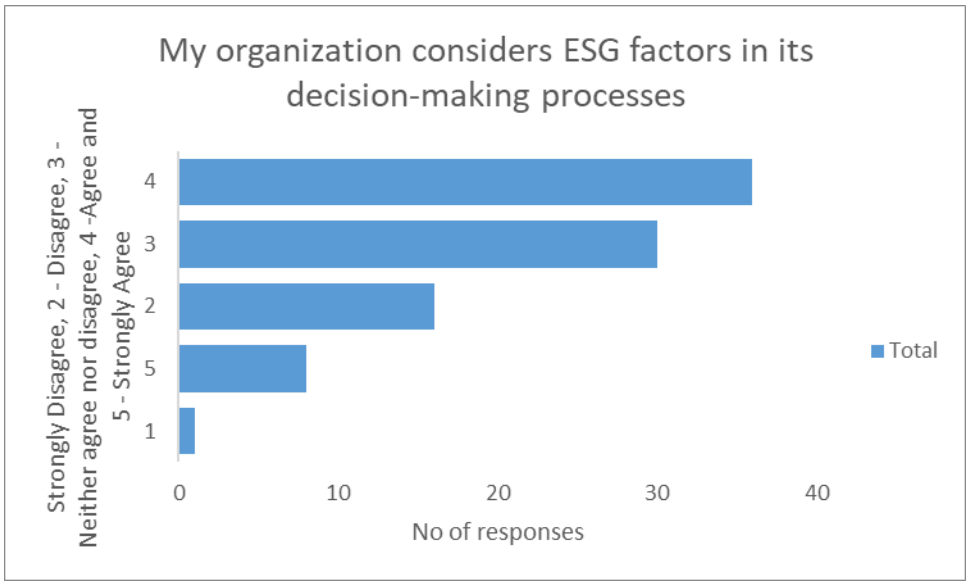

Figure 9 ESG factors and decision-making processes

The data also shows that only 48% of the respondents consider ESG factors when it comes to decision making processes (Figure 9).

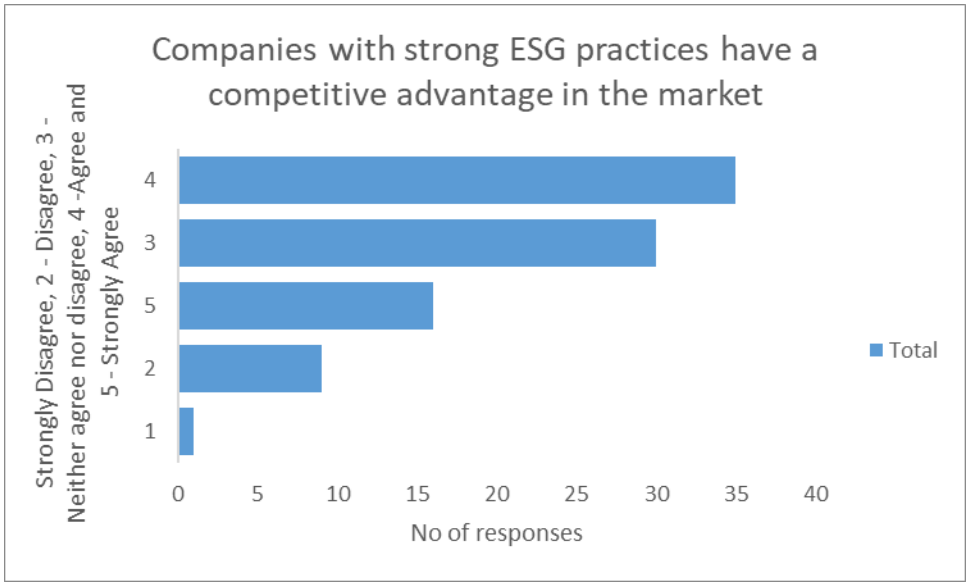

Figure 10 ESG practices and competitive advantage in the market

Meanwhile, the data shows that 55% of the respondents believes that companies with strong ESG practices have a competitive advantage in the market (Figure 10)

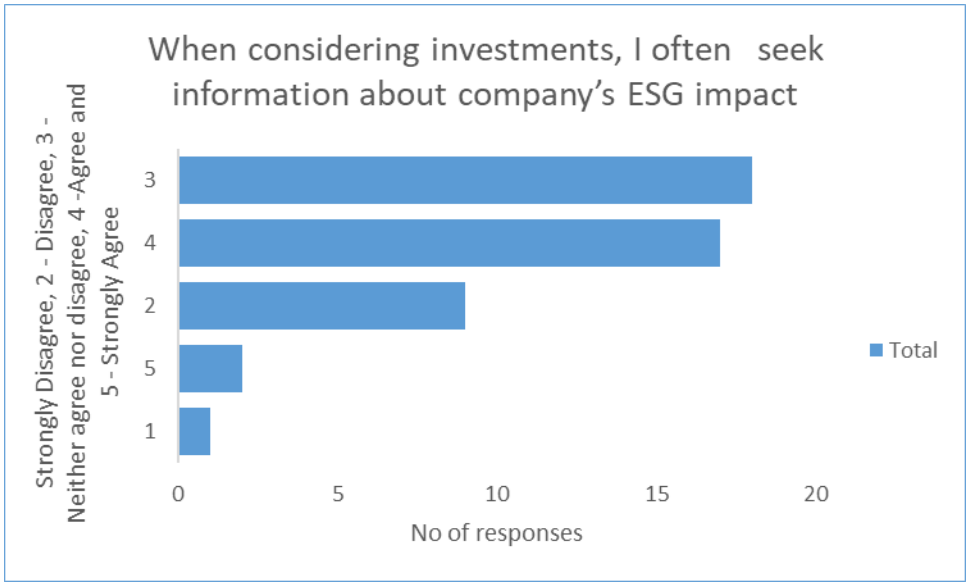

Figure 11 ESG and product investment decisions

The data also shows that only 35% of the respondents would seek information about company's ESG impact when considering investment (Figure 11).

4.6. Hypotheses testing

4.6.1. Testing the first hypothesis: The relation between ESG compliance & disclosure on the investment perception of the investor

Table 2 shows the regression model for the relation between ESG compliance & disclosure on the investment perception of the investor using excel.

Regression Statistics	
Multiple R	0.585091151
R Square	0.342331655
Adjusted R Square	0.334942123
Standard Error	0.814713826
Observations	91

Table 2 Regression testing – first hypothesis

It was found that there is moderate effect of the corporate transparency to ESG compliance and disclosure and the investment perception of the investor (58%). The r^2, coefficient of determination, which quantifies the proportion of data points that align with the regression line, is merely 34%. In simpler terms, only 34% of the values conform to the model. Therefore, the first hypothesis is partially supported.

4.6.2. Testing the second hypothesis: There is no significant impact of availability of information source on the investment decision making capability.

Table 3 shows the regression model for the relation between ESG compliance & disclosure on the investment perception of the investor.

Regression Statistics	
Multiple R	0.395215291
R Square	0.156195126
Adjusted R Square	0.146714172
Standard Error	0.844916891
Observations	91

Table 3 Regression testing – second hypothesis

It was found that there is an insignificant effect (39.5%) of the availability of ESG information and the investment perception of the investor. The r^2, the coefficient of determination in this case is only 15.6%Therefore, the second hypothesis is not supported.

5. Conclusion and Recommendations

This study examines investors' preferences for socially responsible investments that give value in the ESG global market and how ESG affects investment decisions. Theories and literature informed this study's selection of qualities. This study examined Canadian software companies using descriptive statistics. Ordinary least squares regression was used. This chapter summarises the entire research endeavour and its key conclusions. ESG information barely affects investors' investing perceptions. Corporate transparency has a minor effect on ESG compliance and disclosure and investor valuation. This research sought to improve understanding of ESG and its impact on investing decisions. All hypotheses were tested with the data. The empirical investigation of the hypotheses yielded a combination of results, as presented in table (3)

No	Objective	Hybothesis	Results
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Table 4 Findings Summarization

The research findings can be summarized as follows::

- The study revealed that a significant majority (about 71%) of the participants hold the belief that adherence to ESG standards is crucial for ensuring the sustained prosperity of a company.
- In the initial hypothesis, it was determined that there exists a moderate impact of corporate transparency on ESG compliance and disclosure, as well as on the investment perception of investors. Hence, the initial theory is substantiated to some extent.
- When it comes to the second hypothesis, the results suggests that there is a lack of meaningful impact between the availability of ESG information and the perspective of investors regarding their investment decisions. Consequently, the second hypothesis lacks empirical validity. In the meantime, only 37% of respondents indicated that they would be willing to invest in a product or a firm that is well-known for good ESG compliance. These results appear to be in contradiction with one another.
- The results also suggest that only 33% of the respondents believe in the reliability of ESG metrics and ratings when assessing a company's ESG performance.

5.1.Research Limitations

Like any other research, there are potential limitations faced while carrying out this study. In Canada, only federally regulated financial institutions are required to report on ESG performance, and that requirement won't begin until 2024. The results of the study are specific to the software industry. The sample size used in this study is 25 firms Therefore, generalizing the results for all firms (other than the sampled firms) becomes limited due to the nature of empirical model used.

5.2.Managerial/Theoretical Implication

The scope of the research survey encompassed both country-specific elements and common worldwide factors. Additionally, we collected investors' perspectives on these aspects. The selected executives and decision makers as the experts for the survey. Including institutional investors as the experts for this survey will be extremely valuable in validating our results.

Country-specific characteristics can enhance the accuracy of performance predictions for companies that have implemented ESG practices. Additionally, these factors can assist companies in directing their attention towards ESG concerns that are most pertinent to their individual country. The inclusion of shared global elements facilitates the uniformity of assessment criteria, hence enabling cross-border data comparisons. Companies can prioritize addressing imminent ESG implementation challenges and successfully resolving these challenges will bring advantages to the relevant stakeholders. It is obvious that additional training is required for employees, including executives, regarding ESG and its potential impact, which will help raise awareness across all stakeholders.

5.3.Future research directions recommendations

The results of this research provide evidence that corporate transparency on ESG compliance and disclosure has a moderate impact on the investment perception of investors. There are various ways in which this research could be further expanded. Initially, a limited sample size was proposed for this study, and hence increasing the size of this sample may provide additional information. Also, earlier research has shown strong relationships between ESG and investment decisions, that was found not to be true in this research. A comparison between the Canadian software firms and other firms (e.g. US firms) might reveal additional information to researchers. It is also suggested to look at the company size and whether the relationship between ESG and investment decisions will impact the research findings. One could then start drawing a higher degree of generalization.

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