

Independent study title	INSTITUTIONAL INVESTORS & ESG PREFERENCES: EVIDENCE FROM ASEAN MARKETS
Author	Krittayod Athachit
Degree	Master of Science (Finance)
Major field/Faculty/University	Master of Science Program in Finance (International Program) Faculty of Commerce and Accountancy Thammasat University
Independent study advisor	Associate Professor Sakkakom Maneenop, Ph.D
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## ABSTRACT

This paper conducts a study on effect of ESG performance on ESG preference of Institutional Investors between 2014 and 2023.

This paper investigates the effect of firms' ESG performance on institutional investor preference. As sustainable investing becomes increasingly mainstream, institutional investors are a significant group in promoting ESG performance through their ownership and engagement strategies. From OLS regression data across multiple years and firms, this study examines whether higher ESG scores are positively associated with greater institutional investor presence and their ownership. The findings support to clientele effect and strong systematic stewardship among institutional investors in ASEAN's emerging market.

These results reveal that firms with stronger ESG performance will attract a larger number of institutional investors and exhibit higher average ownership. The result is shown that the governance score has a only components which negative impact on institutional ownership ratio. This contrast may reflect fundamental differences between EM and DM. These findings highlight the evolving preferences of institutional investors and their potential to influence corporate sustainability efforts in ASEAN market.

**Keywords:** ESG performance, Institutional Investors, ASEAN, Financial performance,  
Emerging market

