

Identifying Investment Analysts Approach to Using Environmental Information

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Abstract

Introduction: Stock analysts are active intermediaries in financial markets. They give advice on buying, maintaining or selling stocks based on different information analysis. The way in which environmental information is included in the evaluation models of analysts has not been clearly defined so far.

Method: This research is a field survey and it is applicable in terms of its purpose. In order to measure the importance, priority and the main reason of giving attention (or lack of attention) to any of the environmental indices announced by the Global Reporting Initiative, 64 investment managers active in investment funds under the supervision of the Tehran Stock Exchange filled in the questionnaires in 2007 and their responses were examined using one-sample, binomial and Friedman tests.

Results: The results of the research reveal that raw materials and energy indices mostly matter to the analysts and the main reason of paying attention to these standards is the interests of shareholders. Further, the analysts prioritize environmental indices which energy, raw materials, following environmental regulations and water take higher priority respectively.

Conclusion: Information about raw materials and energy which has been considered in the context of traditional reporting and sustainability reporting, regardless of the differences, affects the decision making of investment analysts. The voluntary nature of social responsibility reporting can lead to selective reporting and performance by companies and thus it distorts the goal of sustainable development. In this regard, it is suggested not only trying to raise awareness of capital market activists, but also reviewing the importance of environmental issues in relevant legal requirements.

Keywords: Environmental Information, Global Reporting Initiative, Investment Analysts, Sustainable Development.

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