Empirical Economics Letters, 25 (6): (June 2026), pp. 59-69 *ISSN 1681 8997*
https://doi.org/10.5281/zenodo.21189703

ESG Performance and Sustainable Mutual Fund Ownership Entry: Firm-Level Evidence

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Abstract: The study examines whether lagged firm ESG performance is a predictor of sustainable mutual fund ownership entry in the following period, controlling for firm characteristics. The analysis uses the fixed effects Poisson model for estimation on a sample of S&P 1500 firms from 2006 to 2025. The results reveal that firms with higher ESG performance faces higher sustainable mutual fund ownership entry, given firm financial and corporate governance characteristics. The results highlight that for firms, ESG or sustainability profiles are more important than financial performance to attract sustainable investments.

Keywords: ESG Performance, ESG, Sustainable Investment Vehicle, Sustainable Mutual Fund, Ownership Entry, Institutional Ownership

JEL Classification Number: G11, G23, M14, C23, Q56

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