



Motivations of Value Driven Investors

Marco Heimann
Sébastien Pouget
Jean-François Bonnefon

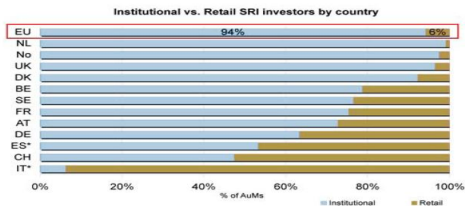
University of Toulouse
marcoheimann@gmail.com

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Motivations for investing socially responsible

Generally people feel good about giving, buying green products and value the well being of others (Anik, Aknin, Norton, & Dunn, 2009). Yet SRI is largely driven by institutionals.



How do retail investors perceive SRI?



The present study

- ▶ Initiated by Chaire FDIR: public-private partnership
- ▶ Online
- ▶ N = 5672 French retail clients: 1305 SRI, 2956 Conventional, and 1411 savings plan
- ▶ Overall response rate: 3% (continue collecting data)
- ▶ Incentive: gain 5.000 €
- ▶ The study had three objectives:
 1. *Investor attitudes and perceptions*
 2. *Investment behavior in an investment game*
 3. *Investment behavior in a controlled experimental fictitious funds*

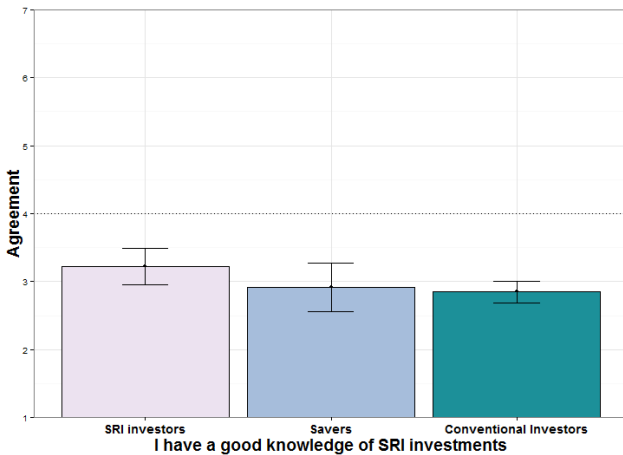
Measurement

We measured attitudes and perceptions with direct questions.
Participants answered on a 7-point likert scale.

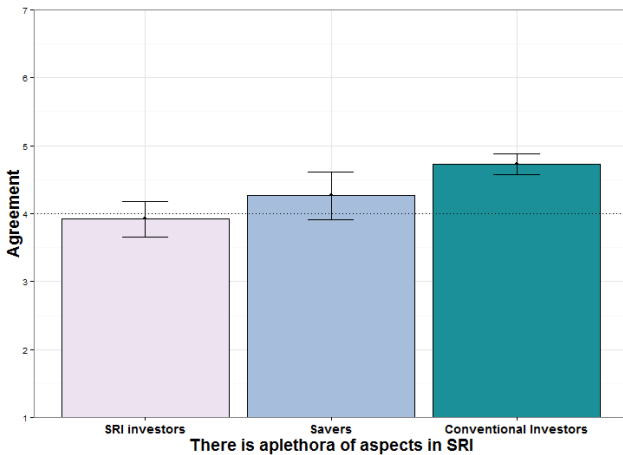
Strongly disagree _0 _1 _2 Question:...? _3 _4 _5 _6 _7 Completely agree



Attitudes towards SRI

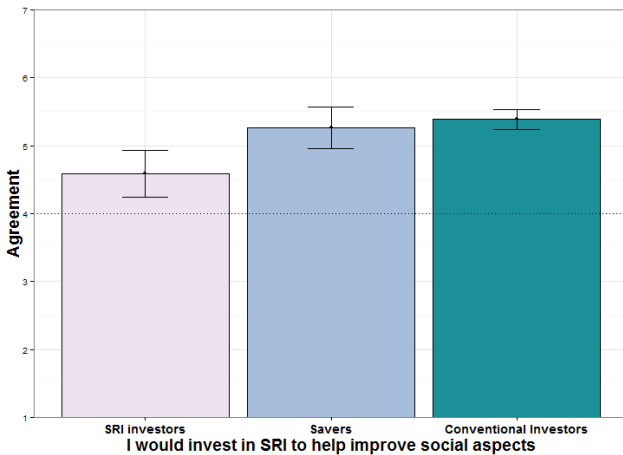


Attitudes towards SRI

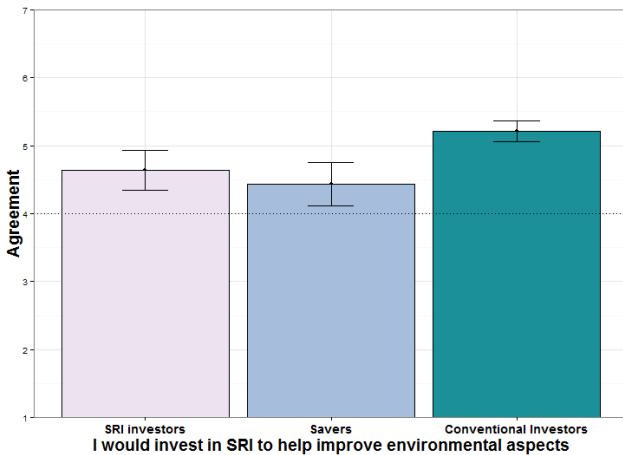




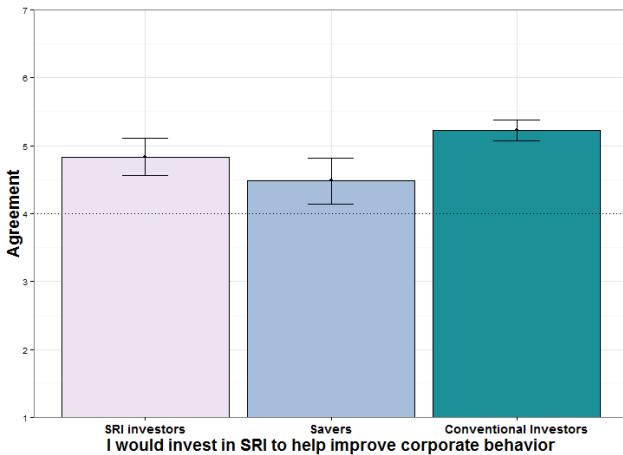
Reasons to invest in SRI



Reasons to invest in SRI

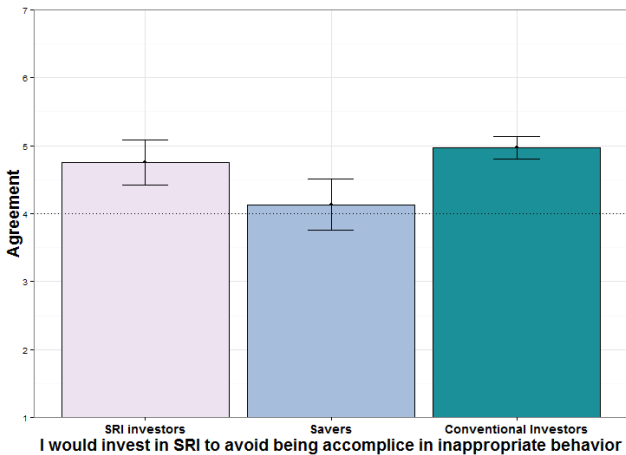


Reasons to invest in SRI

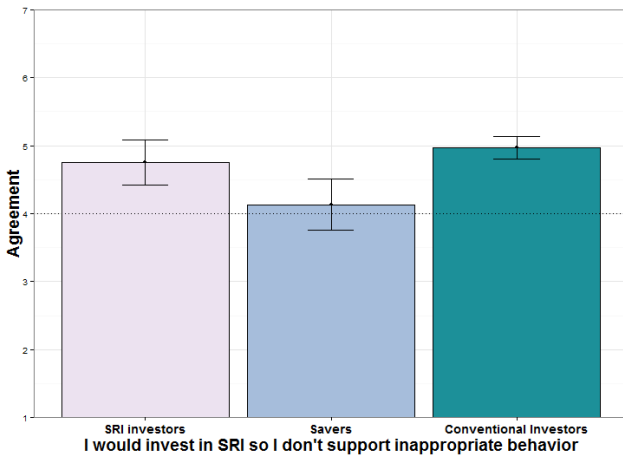




Reasons to invest in SRI

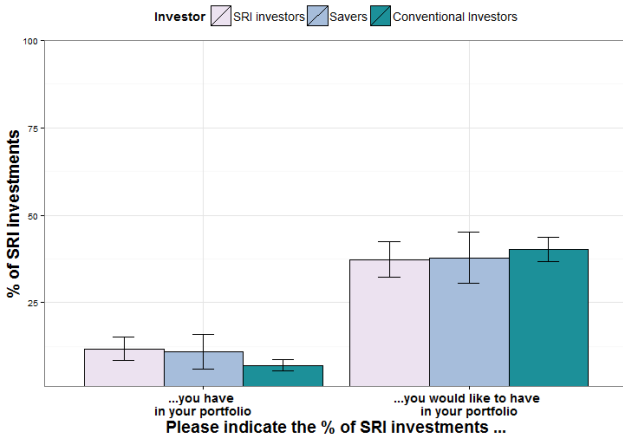


Reasons to invest in SRI



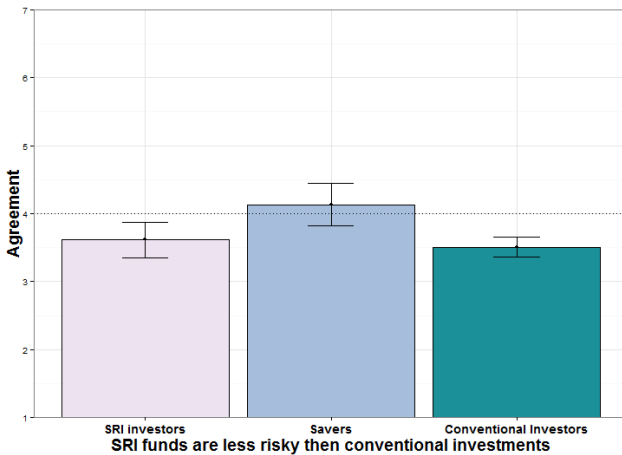


Financial aspects of SRI

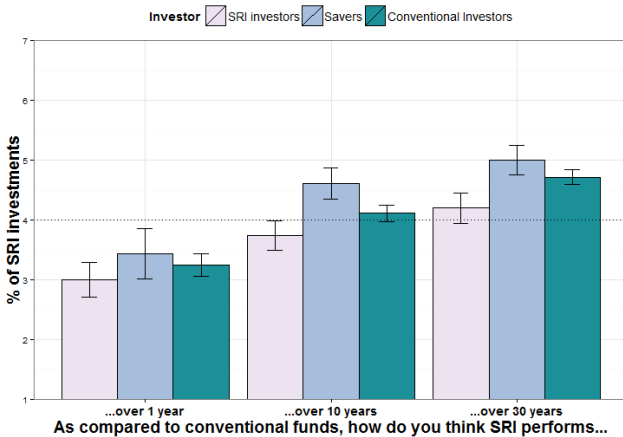




Financial aspects of SRI



Financial aspects of SRI



An investment game in which participants allocated 5.000 € between multiple funds

- ▶ One participant received real positions
- ▶ Real funds, short statement
- ▶ Links to detailed and summary prospectus
- ▶ One SRI fund
- ▶ One conventional fund (same investment universe but no SRI analysis)

$$SRI_{propensity} = \frac{SRI_{fund}}{SRI_{fund} + Conventional_{fund}} \quad (1)$$

[Methods](#)

This is an example of what investors saw:

Europe Capital Durable[Learnmore](#)

Euro Capital Durable is suitable for investors who wish to invest in European businesses who have a sustainable development approach.%

Europe Stock[Learnmore](#)

Europe Stock is a fund intended for investors seeking access to European equities.%

France Stock[Learnmore](#)

France Stock is a fund intended for investors seeking diversified investments in the euro zone mainly French%

Fund European Equity High Dividend[Learnmore](#)

Fund European Equity High Dividend ID D support for investors seeking access to European equities with strong dividends.%

Europe Actions Immobilier[Learnmore](#)

Immobilier European equities ND is a fund intended for investors seeking access to French or European listed real estate companies.%

Total 100,00%



Methods

1. SRI fund wit **Novetic label** for half of participants
 - ▶ Positive consumer reactions to labels (Sirieix, Delanchy, Remaud, Zepeda, & Gurviez, 2013; Loureiro & Lotade, 2005)
 - ▶ Labels structure french market (Hobeika, Ponsard, & Poret, 2013)
2. **Public portfolio** if win for half of participants
 - ▶ Image concerns (Ariely, Bracha, & Meier, 2009)



Methods

3. **Donation to NGO** before the game for half of participants

- ▶ Compensatory ethics (Monin & Miller, 2001)
- ▶ Ethical context: Priming pro-social behavior makes investors more alert to SRI
- ▶ Genuine Altruism - do participants who donate also invest in SRI?

Personality related questions:

1. **Impulsivness** (Temporal discounting) (Laibson et al., 2002)
 - ▶ *Would you prefer to receive 500 € today or 550 € tomorrow?*
 - ▶ *Would you prefer to receive 500 € in one year or 550 € in one year and one day?*
2. **Consumer Effectiveness** (Nilsson, 2008)
 - ▶ *It is useless for the individual to act against pollution.*
3. **Altruism** (Ariely et al., 2009)
 - ▶ *I take time for others.*
4. **Risk taking** (Saini & Martin, 2009)
 - ▶ *I seek the adventure.*



Methods

- 5. Self monitoring:** interaction with image concern manipulation
 - ▶ *At parties or meetings, I do not want to do or say things that may appeal to others.*
- 6. Financial expertise** (self reported + quiz)
- 7. Demographics:** Wealth, savings, education, age, gender

Results

Proportion of SRI in game (betareg)

Investors	All	SRI	Non SRI
(Intercept)	0.70 (0.37)	3.34 (1.38)*	-0.32 (0.46)
Amount of donation before	-0.18 (0.08)*	-0.41 (0.27)	-0.15 (0.08)
Impulsiveness (discount)	0.24 (0.08)**	-0.02 (0.32)	0.24 (0.09)**
Social values	0.27 (0.09)**	0.14 (0.25)	0.22 (0.11)
Investment Experience	-0.26 (0.09)**	-0.15 (0.28)	-0.28 (0.10)**
Search for informations (clicks)	-0.26 (0.07)***	-0.98 (0.20)***	-0.17 (0.07)*
Self Monitoring	0.21 (0.09)*	0.40 (0.29)	0.24 (0.09)*
Absence of SRI label	-0.31 (0.15)*	-1.30 (0.42)**	-0.23 (0.17)
Altruism	0.16 (0.08)*	0.36 (0.36)	0.09 (0.10)
Portfolio to be published	-0.16 (0.15)	-1.14 (0.62)	0.00 (0.17)
Consumer effectiveness	-0.01 (0.09)	0.83 (0.26)**	-0.07 (0.10)
Personal risk propensity	0.10 (0.08)	0.23 (0.26)	0.16 (0.10)
Capital (real+perceived)	0.02 (0.09)	0.69 (0.28)*	-0.10 (0.11)
Age	0.00 (0.01)	-0.01 (0.03)	0.02 (0.01)*
Studies	0.10 (0.08)	0.08 (0.18)	0.15 (0.09)
Work	0.00 (0.09)	0.01 (0.25)	-0.11 (0.10)
SRI Performance 1 year	0.00 (0.14)	0.05 (0.48)	-0.09 (0.15)
SRI Performance 10 year	-0.19 (0.19)	0.04 (0.47)	0.05 (0.22)
SRI Performance 30 year	0.13 (0.13)	-0.48 (0.26)	0.09 (0.15)
SRI Risk perception	0.05 (0.09)	0.37 (0.32)	0.06 (0.09)
Knowledge about SRI	-0.15 (0.09)	-0.51 (0.31)	-0.05 (0.10)
SRI to change society	0.06 (0.09)	0.00 (0.28)	0.11 (0.10)
Pseudo R ²	0.24	0.67	0.26
Log Likelihood	86.33	48.21	61.42
Num. obs.	150	32	118

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$



Results

Dependent Variable is investor type (SRI or no-SRI)

	Likelihood to own SRI (logit)
(Intercept)	-5.60 (1.34)***
Don Before	-0.86 (0.41)*
Capital (real+perceived)	-1.19 (0.35)***
Age	0.07 (0.02)**
Impulsiveness (discount)	0.30 (0.27)
Social values	-0.45 (0.30)
Investment Experience	0.37 (0.33)
Self Monitoring	-0.10 (0.29)
Absence of SRI label	0.59 (0.48)
Altruism	0.20 (0.29)
Consumer effectiveness	0.08 (0.30)
Risk	-0.03 (0.28)
Studies	-0.17 (0.25)
Work	-0.29 (0.28)
Time	-0.57 (0.42)
SRI Performance 1 year	-0.24 (0.45)
SRI Performance 10 year	0.02 (0.60)
SRI Performance 30 year	-0.63 (0.41)
SRI Risk perception	-0.30 (0.30)
Knowledge about SRI	-0.12 (0.30)
SRI to change society	0.21 (0.29)
AIC	161.52
BIC	224.75
Log Likelihood	-59.76
Deviance	119.52
Num. obs.	150

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Methods

Moral value similarity underlies perceived investment value –
(Olsen, 2008)

Each participant rated 6 funds:

Gestion Responsable

Good financial performance[?]

Rating *****

ESG rating[?]:

Environment [?] 7

Social [?] 7

Governance [?] 7

- ▶ Good (*****) - Rating: 777
- ▶ Good (*****) - Rating: 555
- ▶ Good (*****) - Rating: 944
- ▶ Good (*****) - Rating: 494
- ▶ Good (*****) - Rating: 449
- ▶ Average (***) - Rating: 777

Methods



- ▶ Environmental ONG
- ▶ Social ONG
- ▶ Governance ONG
- ▶ ESG ranking and pairwise comparisons

$$Similarity_E = \frac{\sum_{i=1}^3 E_i}{j} * Rating_E \quad (2)$$

$$Similarity_{ESG} = \frac{Similarity_E + Similarity_S + Similarity_G}{3} \quad (3)$$



Results

Propensity to invest in fictitious funds

	Overall Values	ESG Values
Similarity	0.11 (0.05)*	
Performance	0.16 (0.11)	0.16 (0.11)
Similarity:Performance	0.01 (0.04)	
Environmental values (E)		0.09 (0.03)***
Ssocial Values (S)		0.02 (0.03)
Governance values (G)		0.01 (0.03)
Performance:E		0.00 (0.02)
Performance:S		0.00 (0.02)
Performance:G		0.00 (0.02)
R ²	0.02	0.03
Adj. R ²	0.01	0.02
Num. obs.	912	912

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$



Conclusions

1. SRI labels increase likelihood to invest
2. When investors seek for information they become less likely to invest in SRI - explore possible reasons
3. Investors who donated to an ONG are less likely to invest in SRI - compensatory ethics
4. Impulsive people are less likely to invest in SRI
5. Moral values predict SRI: The effect of similarity is likely due to environmental concerns



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Conclusions

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Conclusions

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