

Abstract Of The Research On Trust And Socially Responsible Investment

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1 Summary of the research

The presented work is part of a PhD project that articulates around the role of moral values for perceived trustworthiness of socially responsible investment funds. Adding a psychological dimension - perceived trustworthiness - to existing investment behaviour research the project aims to provide higher granularity in the understanding of socially responsible investors decision making. Therefor the focus is on both, the factors of trustworthiness and the consequences of increased trust on investment decisions.

In the presented paper we argue that the recent financial crisis spread a climate of mistrust amongst investors and the general public. One major task for major decision makers is to restore trust. We experimentally test the prediction that socially responsible investment funds with moral values similar to the ones of investors are perceived to be more trustworthy than funds with different or without values. In three experiments we test the effect of value similarity and compare it to the effects of social labeling and past financial performance. Participants were recruited online and on campus.

In the continuity of the project the next steps are a comparison of the results to the results obtained with real investors and an extension of the research question to the consequences of increased trust.

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2 Relevance to the research themes

The study is most relevant to the theme entitled “Comparing responsible investment practices across organizations and asset classes.”. Covering the investor side the project contributes to a better understanding of the impact investment practices have on investors trust and investment decisions in the French context. Experimental designs provide insights into causal relationships between institutional responsible investment practices and investor behavior.

3 Description of research methods and findings

We use experimental design studies to test our predictions. Manipulations include the descriptions of investment funds (performance, ESG screening criteria, social labels) and investors personal moral values. Measures of perceived trustworthiness are taken by the means of Likert-type scale following Anderson’s experimental instructions. In our first studies we find value similarity to be the underlying factor of the effect of social responsibility on peoples trust. Further simply labeling a fund as ethical did not effect trust ratings whereas financial performance has a more general effect.

4 Expected contribution to theory and practice

Focusing on the psychological concept of trust we expect our findings to be relevant for both practitioners and academics. Higher granularity in the understanding of cognitive mechanisms underlying investors decisions provide useful tools for marketers and retailers. Extending existing empirical findings we also hope to consolidate previous research on trust in providing the groundings for more context specific models.