ARE SOCIALLY RESPONSIBLE INVESTORS DIFFERENT FROM CONVENTIONAL INVESTORS?

A COMPARISON ACROSS SIX COUNTRIES

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Abstract

This paper provides an empirical analysis of the differences between socially responsible investors (SRI) and conventional investors in six countries. We show that differences are seen more often in investor attitudes and behaviour rather than in other criteria such as demographics. SRI investors appear to care more about social criteria rather than financial and shareholder interests and are more likely to punish firms for poor social performance as consumers as well as in their investment choices. All investors believe that good corporate social performance leads to good financial performance but conventional investors do not appear to follow this through in their portfolios. Market context also appears to be important.

Keywords: Socially Responsible Investment, Demographics, Investor Attitudes

1. Introduction

Socially Responsible Investment (SRI) appears to be becoming an increasingly important component of financial markets in a number of countries. In the United States, for example, it is estimated that more than 11% of all equity and fund holdings are held in SRI funds (Social Investment Forum (SIF) 2003). In the United Kingdom, it is estimated that 59% of the largest pension funds, representing 78% of all pension assets, had incorporated social issues into their investment strategies by 2000 and this number has grown rapidly since (UK Social Investment Forum (UKSIF) 2000, Sparkes 2002). In other countries the SRI industry is at an earlier stage of development but appears to be growing at a rapid pace and is gaining an increasingly significant share of overall investments, (see Ellman, 1996 and Social Investment Organisation (SIO) 2005 for Canada; Knowles, 2000 and the Ethical Investment Association (EIA) 2004 for Australia; Schlotens and Sprengres, 2001 and VBDO 2005 for the Netherlands and; the European Sustainable and Responsible Investment Forum (Eurosif) 2003, for a wider selection of European countries)

There is some debate in the academic and practitioner literature on what SRI or, "ethical investment," actually is (Sparkes and Cowton, 2004) but a common definition is as follows: -

> *"Socially Responsible Investing (SRI) is an investment process that considers the social and environmental consequences of investments, both positive and negative, within the context of rigorous financial analysis. It is a process of identifying and investing in companies that meet certain standards of Corporate Social Responsibility (CSR)…"* (SIF, 2003, p.3)

In particular SRI investors augment standard financial criteria on risk adjusted returns with CSR criteria including *inter alia* concerns about the environment, working practices, treatment of employees, corporate ethics and governance, charitable and community contributions as well as screening to avoid products which might be considered socially damaging such as tobacco and military hardware.

The literature on SRI does not have a central unifying framework but instead draws on a number of general theories from finance, investor psychology and CSR management. Approaches include standard models of investment returns (for example Russo and Fouts 1998, Dowell et al 2000 or Stone et al 2001); theories of investor types and psychology (O'Neil and Pienta 1994, McLachlen and Gardner 2004 and Goyen et al 2005) and; stakeholder theory (Waddock and Graves 1997, 1999). A number of studies also investigate demographic factors (Rosen et al 1991, Hayes 2001 and Tippet and Leung 2001).

Rather than focus on a particular model, the objective of this study is to identify some of the key regularities from the literature on SRI with a view to testing and comparing them in relatively large samples across a wider range of countries than is currently available in the empirical literature. We hope to be able to shed some light on which if any of these regularities are supported in our larger samples and to highlight those areas where future research and modelling strategies may prove fruitful.

In this respect the current study is in the spirit of articles on the attributes and attitudes of conventional investors which have a long history (Lease, Lewellen and Schlarbaum 1974, Cohn, Lewellen, Lease and Schlarbaum, 1975 and Schlarbaum, Lewellen and Lease 1978a, b) and which have lead to more recent papers about investor behaviour that have taught financial economists and practitioners a great deal about individual investors and have lead to a set of stylised facts which can be applied in many investment contexts (Odean, 1998, 1999, and Barber and Odean, 1999, 2000, 2001).

The paper is organised as follows; first we provide an overview of the dataset we use for the study and the tests we propose to apply. In Section 3 we provide a review of the literature on SRI from an academic and practitioner point of view and develop a set of hypotheses which are testable within the constraints of our data. We conclude with a discussion of the results and some observations on the implications of our study in the final section.

2. Data and Methodology

Many studies of conventional investors use account level data often involving tens of thousands of individual and institutional transactions (Odean, 1998, 1999, and Barber and Odean, 1999, 2000, 2001). Our study takes a slightly different approach and uses data from an extensive survey of stakeholder attitudes to CSR, which is published annually by GlobeScan Ltd and first appeared as the *Environics Millennium Poll* in 2000. In each year the survey covers a fully stratified, representative sample of around 1000 respondents in each of a wide selection of countries around the world. The responses are obtained from face-to-face or telephone interviews and at the country level, results are accurate to within +/- 3.1 percent. We use the 2003 survey responses and focus on six countries which have the highest number of shareholders and the most well developed SRI focus in their investment industries. Of the total sample, shareholders were identified using the following question: -

> *"Do you currently own shares in a company listed on a stock exchange, either directly or indirectly through a mutual fund, pension plan or other retirement fund?*
>
> *1. Yes, own shares directly;*
> *2. Yes, own shares indirectly through a mutual fund, pension plan or other retirement fund;*
> *3. No, do not own shares or;*
> *4. Yes, own shares both directly and indirectly"*

We use respondents choosing Options 1, 2 and 4 and identify SRI investors with the following question: -

> *"Has a company's demonstrated social responsibility ever had an influence on your investment decisions – have you either bought or sold its shares as a result? Would you say…?*
>
> *1. Yes, it had an influence at least once;*
> *2. I considered it, but didn't buy or sell shares as a result or;*
> *3. No, no effect on share purchases or sales"*

We define SRI investors as those who identified Option 1 and conventional investors as those who identified Option 2 or Option 3. This allows us to identify active SRI investors as a separate group and was based on the premise that whilst all investors are likely to consider all information about companies,

only those who actually act on the social aspects of this information can be considered SRI investors. We felt that this was the most consistent way to deal with the responses given the definition of SRI investors discussed earlier. Sample statistics are shown in Table 1.

The demographic data covers eight characteristics of the respondents; age, income, education level, gender, community size, internet use, employment in large companies; and religion. The demographic sub-groups are detailed in the results, column 1 of Table 3. Our data on attitudes and behaviour are collated from responses to six other questions in the survey, shown in Table 2.

The survey was not originally designed for the current project and so the hypotheses that we develop are driven in part by the questions that were actually asked, rather than by questions we would have liked to have asked. This places some obvious restrictions on the scope of the hypotheses we can test, for example we can not test risk aversion. Nonetheless the questions available are very wide ranging and appear to offer opportunities to test most of the salient hypotheses in the extant literature on SRI, which we turn to in the next section.

For this study we are mostly interested in identifying regularities that distinguish SRI investors from conventional investors, issues of causation are left for further study (Williams, 2005). We use standard $\chi^2(df)$ tests of association between the demographic and attitudinal characteristics of respondents and whether they are SRI or conventional investors, where *df* are the degrees of freedom (see for example Newbold (1995) p.415-19). The direction of any association is then tested using standard t-tests.

3. Literature Review and Hypothesis Development

3.1 Demographics

Studies of conventional investors show a number of demographic regularities. For example share ownership tends to be higher amongst men than women and tends to increase with age, income and educational attainment (ASX, 2005, ICI, 2005). For SRI investors the demographics appear to be slightly different and may provide a set of factors that distinguish SRI investors from conventional investors. Some studies find that SRI investors tend to be younger (Rosen, Sandler and Shani 1991, Hayes 2001) and in addition they also tend to be better educated and female rather than male (Tippet, 1999 and Tippet and Leung, 2001 in Australia and Scheuth, 2003 in the US). By contrast McLachlen and Gardner (2004) found no evidence of differences in age, education level or income for SRI investors in Australia. To test these competing positions we propose the following hypotheses: -

H_1: SRI investors will be younger than conventional investors

H_2: SRI investors will have a higher level of education than conventional investors

H_3: There will be more women than men amongst the SRI investors

H_4: There will be more women amongst SRI investors than amongst conventional investors

For income levels, Tippet (2001) argues that there may be an, "ethical penalty," which arises from lower returns or from less diversity in portfolios. As a consequence it might be argued that ethical investors are likely to be wealthier and so are more able to bear this financial cost (Tippet 2001, Tippet and Leung, 2001). This suggests the following hypothesis for income levels: -

H_5: SRI investors will have a higher household income than conventional investors

Studies of stakeholder influences on SRI show a number of apparent regularities for example, Waddock and Graves (1997a,b) show that relations with community stakeholders appear to be important in some

contexts and Waddack, Graves and Gorski (1998) show that companies included in the Dow Jones Sustainability Index tend to have a higher average number of employees than those which are excluded even though their average market capitalization and sales tend to be lower. This leads us to propose the following stakeholder hypotheses: -

H_6: SRI investors will be more likely to live in small communities than in large

H_7: SRI investors will be more likely to work in large companies than in small companies

Access to information about the social performance of companies has been suggested as a key element in stakeholder recognition of CSR and their subsequent behaviour towards firms (Mohr et al 2001, Crane and Livesey 2002). The Internet is of increasing importance (Esrock and Leichty 1998, Williams and Ho 1999, Coupland 2003, Coupland and Brown 2004, Chambers et al 2005) since the web gives better and freer exchange of information from international sources. Although all investors are likely to use many information sources, applying ethical screens is particularly information heavy so we would expect SRI investors to be more active in there use of the internet as a data source: -

H_8: There will be greater use of the internet amongst SRI investors than amongst conventional investors

3.2 Attitudes and Behaviour

3.2.1 Ethical Priors

One potential explanation as to why some investors choose ethical investments is that they have a prior preference for these types of vehicle. The Rest (1986) framework is often used in this context. This has four basic components; (1) identifying the moral issue; (2) making a moral judgement; (3) establishing moral intent and; (4) engaging in moral action. Each of these stages is influenced by personal values and ethical priors which are rather complicated in nature but may include *inter alia* personal utility value or, "feel good," effects (Webley et. al., 2001, Schueth, 2003, Michelson et. al., 2004), socio-cultural

influences on attitudes to corporate responsibility (Hofstede and Hofstede 2005, Katz et. al. 2002 and Williams and Zinkin 2005a) or religious beliefs (Naber, 2001, Brammer et. al. 2005, Williams and Zinkin, 2005). There is some evidence that these issues may be relevant in the initiation and outcomes of the SRI process (Schueth 2003, Michelson et. al 2004, Sparkes and Cowton, 2004) but perhaps in ways that may not be straight forward (Lewis 2002, Mackenzie and Lewis 1999, Lewis and Mackenzie 2000a). This leads us to propose the following hypothesis: -

H_9: A greater proportion of SRI investors will prioritise the ethical aims of firms over profit

H_{10}: More SRI investors than conventional investors will prioritise the ethical aims of firms over profit

H_{11}: SRI investors will be more likely to belong to a religious group than conventional investors

H_{12}: SRI investors will be more likely to punish firms for poor CSR than conventional investors

3.2.2 Investor Psychology

SRI investors may differ from conventional investors on the basis of the underlying psychology. For example, Goyen, Phillips and Beal (2005) suggest that some SRI investors may gain non-financial utility from the fact that their investments have a social dimension and O'Neil and Pienta (1994) find SRI investors tend to be more, "other-centred," rather than, "self-centred." McLachlen and Gardner (2004) use an adaptation of the consumer decision making styles model of Sproles (1985) and Sproles and Kendall (1986). They show that SRI investors differ from conventional investors in that they tend to be more, "perfectionist," in style and are more likely to suffer, "confusion from over-choice," that is they are less clear about what is and what is not a good investment. This may be due to the fact that risk adjusted financial returns are not the unique decision criterion. An alternative view is that of Friedman (1970) which claims that the social responsibility of firms is to make profits for their shareholders so that considerations for wider stakeholder groups should not be a priority. *A priori* SRI investors should have a wider focus which we test with the following hypothesis:-

H_{13}; SRI investors will prioritise social (other-centred) aims over financial (self-centred) aims

H_{14}: More SRI investors than conventional investors will prioritise social aims over financial aims

H_{15}: SRI investors will prioritise social (other-centred) aims over shareholder (self-centred) aims

H_{16}: More SRI investors than conventional investors will prioritise social aims over shareholder aims

3.2.3 Investor Strategy & Institutional Issues

Investor strategy is often classified into screening, (*exclusion* of socially bad investments and/or *inclusion* of socially good investments), stakeholder advocacy (*engagement* and/or *confrontation*) and community investment (Scheuth (2003), SIF (2003), SIO (2005), EIA (2004)). SRI investors are often characterised as being motivated by one or more of these issues (Cowton 1994, 1999, Domini, 2002 and Schueth, 2003) but appear to prefer, "soft," engagement in the form of dialogue with firms rather than, "hard," engagement in the form of active investment in firms with a view to changing their policies (Lewis and Mackenzie, 2000a,b). They also appear to be satisfied by partially ethical investment strategies and/or delegate their ethical screening to avoid costs (Mackenzie and Lewis, 1999). The impact of shareholder activism is unclear. Sparkes (1998) suggests that there is no effect whereas others suggests that there appears to be an association with better investment returns and corporate behaviour in the long-term (Nesbitt, 1994).

A related literature highlights the institutional structure of investment industries and shows that the causation might be reversed, that is that share ownership influences performance. Johnson and Greening (1999), Graves and Waddock (1994) for the US and Cox, Brammer and Milligan (2004) for the UK show that long-term institutional investment is positively related to corporate social performance and also to the form that it takes. They also suggest that by building a good relationship with their shareholders, through good CSR practices, firms may be able to provide a more stable ownership structure amongst this group of stakeholders. These observations may provide a motive for greater SRI investment through mutual funds since they help in the screening process and, because of their size, they have more influence when it

comes to stakeholder advocacy (Johnsen, 2003). Based on these observations we propose the following hypotheses: -

H_{17} There will be a greater use of funds amongst SRI investors than amongst conventional investors

3.2.4 Financial Returns

A large number of studies focus on the financial returns from SRI investments and investigate whether the increase in popular interest in these products can be explained by higher returns relative to conventional forms of investment. The results are mixed. For example, in the context of cause related investment, Grossman and Sharpe (1986) focus on the 1980s South Africa boycott and show that portfolios screened to exclude South Africa related businesses performed slightly better than unscreened portfolios for the period 1960-1983, whereas, Teoh, Welch, and Wazzan (1999) find that the boycott had almost no effect.

In terms of the environment, Russo and Fouts (1998) find that, company environmental performance appears be associated with above average returns on assets, when adjusted for a wide range of factors. U.S. multinational corporations that adopt high global environmental standards rather than lower local environmental standards also appear to have higher price/book ratios, (Dowell, Hart, Yeung, 2000). Using the *Innovest* environmental ratings, Guenster, Derwall, Bauer, and Koedijk (2005) find a significant positive relationship with both firm valuation and operating results.

General management issues also appear to be important. For example, Gompers, Ishii, and Metrick (2001) show that firms with corporate governance practices that focus on management aims rather than social aims tend to have lower price/book ratios, and firms with low corporate governance ratings had significantly below-average risk-adjusted returns over the period 1990-1999. A meta-analysis of extant studies of corporate social performance by Orlitzky, Schmidt, and Rynes (2003), finds a statistically significant positive association with corporate financial performance.

However, other studies suggest that the effect of social responsibility issues may be small or neutral. Drawing on standard finance principles Stone, Guerard, Gultekin, and Adams (2001), show that the returns of a stock selection model were not harmed by the implementation of social screens for the 1984-1997. In a study of the risk-adjusted returns of socially screened mutual funds Hamilton, Jo, and Statman (1993) find that they appear statistically indistinguishable from those of unscreened funds and Bauer, Koedijk, and Otten (2005) using the risk-adjusted performance of 103 German, U.S., and U.K. screened mutual funds over the period 1990-2001, find no significant differences between their returns and those of unscreened funds. Results available for Australian ethical investment trusts also show that their performance may be worse or neutral relative to conventional investments (Cummings, 2000 and Tippet, 2001).

These differences may be due to methodological problems, for example, McWilliams and Siegel (1999) and McWilliams, Seigel and Toeh (1999) suggest that many studies on comparative returns may be vitiated by statistical errors and Brammer and Pavelin (2005) suggest that the relationship between corporate reputation and performance has to take into account of a wider range of factors than is usual in the finance literature.

In order to help distinguish between these alternative positions we use the following directional hypothesis on the financial returns motive for SRI investors: -

H_{18}: More SRI investors will believe that socially responsible firms are more rather than less profitable

H_{19}: SRI investors will be more likely than conventional investors to believe socially responsible firms to be more profitable

3.2.5 Practitioner Literature

There is a considerable practitioner literature on SRI which is similar but sometimes slightly different in focus to that of the academic literature. The UK Social Investment Forum website identifies a set of key drivers of the increase in SRI from both the demand and the supply side. For consumers they highlight (1) changes in social values; (2) economic trends related to globalisation and the greater involvement of women and younger people in share ownership; (3) increased awareness of social issues due to high profile campaigns, investigative news reports and personal finance education; (4) increased direct selling of ethical products by financial advisors and; (5) increased disclosure and recognition of CSR by firms and the influence this has on their marketing strategies. Better disclosure is often achieved through, "triple bottom line," accounting which uses social/ethical and environmental reporting in addition to financial accounts (Norman and McDonald 2004). This leads us to propose the following hypotheses: -

H_{20}: SRI investors will be less likely to trust company accounts than to not trust them

H_{21}: Conventional investors will be more likely to trust company accounts than SRI investors

For institutions they identify the key drivers as (1) changes in the law, such as the 1995 Pensions Act and the "SRI Pensions Disclosure Regulation" of 2001; (2) the Charity's Trustee Act 2000 which highlighted the risks to charities of associations with bad firms or corrupt governments; (3) the, "SRI Overlay," by the four largest UK insurance companies which switched the overall balance of their portfolios in favour of SRI products; (4) the increasing recognition of the business case for CSR; and (5) increased demands for good corporate governance from other institutional stakeholders such as company insurers who, following the Association of British Insurers Guidelines 2002, often require firms to reduce their risk exposure by operating with good CSR.

In Australia, the Mays Report (2003) argues that the case for sustainable investment is that it provides superior performance at lower risk. The report identifies a set of, "added value drivers," which enhance

shareholder value and encourage SRI, these include; (1) enhanced reputation and brand loyalty; (2) better stakeholder relations; (3) employee loyalty, higher productivity and lower staff turnover; (4) better customer satisfaction, loyalty and so higher sales revenue; (5) overall cost savings; (6) reduced operational risk and threats from mergers and acquisitions; (7) potential alliances with business partners; (8) new business opportunities; (9) access to and lower costs of capital and; (10) reduces the need for and so the costs of regulatory intervention.

The report suggests that there is strong evidence to link ethical and environmental business practices to reduced risk profiles and improved brand reputation and that better workplace practices are strongly linked to enhancing a firm's human and intellectual capital, operational efficiency and overall revenue and profitability. Some of these observations are also found in the academic literature, for example Brammer and Pavelin (2005) argue that corporate social investment provides an insurance element for a firm's overall reputation. The link between SRI, CSR and performance is, as discussed above, less clearly established in the academic literature.

These observations, suggest that we may see differences in the determinants of the SRI decision across different countries due to the development of SRI in different market contexts, especially related to differences in institutional ownership and the regulatory environment (Williams, 2005). In the UK, for example, institutions dominate SRI activity (Sparkes, 2002) and so, SRI issues are delegated to fund managers who appear to be have active SRI strategies (see Cox et al., 2004). In Australia, direct share ownership is very high and individual investors appear to take on more of the screening activity themselves. As far as regulation is concerned, countries such as the US leave SRI regulation to the market and to shareholder advocacy initiatives, (Lyndenburg, 2002) whereas in the UK SRI is more regulated by government and non-governmental authorities (Sparkes and Cowton 2004, Williams, 2005). One aim of the study is to highlight any differences that may be due to these factors as a guide for further research.

4. Findings and Discussion

Our results are presented in Tables 3-5 and for brevity, a summary of the wide range of hypotheses we have tested are presented in Tables 6-8. In this section, we will make some general comments on the main features of the results.

4.1 Demographic variables

Table 3 shows that in general, demographic factors do not appear to distinguish between conventional and SRI investors since seven of the eight hypotheses are rejected overall. The hypothesis on education has some general support and three others show some support but only in particular countries. For example, whilst most SRI investors tend to be between 35-54 years old, there is generally no difference in the age profiles of SRI investors relative to conventional investors apart from in Germany where there is some association due to a higher proportion of SRI investors in older age groups. For Australia, our results are consistent with McLachlen and Gardner (2004) in that we find no general association on the basis of the χ^2 test, however we do find that the average age of Australian SRI investors appears to be lower at the 10% significance level based on a t-test of difference in means.

The results on education suggest that SRI investors tend to have a higher level of educational attainment in Australia, Canada, the Netherlands and the US on average and the association between education and investor types is also supported by the χ^2 tests, although that for Australia is marginally insignificant at standard criteria. Education does not appear to be important in Germany and the UK.

When it comes to income profiles our results show that there appears to be some association between income groups and investor types in Australia and Canada but not elsewhere. On average SRI investors have significantly higher incomes in Australia, Canada, Germany and the US based on t-tests of differences in means. In Germany and the US the lack of a general association is due to similar, even

distributions of investor types through the income groups in these countries, even though on average SRI investors tend to have higher incomes.

For employment types our results show that generally there is no association between employment in large firms and investor type, except in the US where SRI investors tend to work in larger firms more often. This may be because US firms tend to be larger on average or it may be that in the light of scandals such as Enron and WorldCom, US employees are more aware that even large firms have to take account of CSR if they are to be successful. Employees in large companies in the US may well be more attuned to SRI issues as a result.

The use of the internet as a possible source of information on CSR performance does not appear to influence investors in Australia, Germany and the UK but does appear to have some effect in Canada and the US where SRI investors are more likely to use the internet than conventional investors. In the Netherlands all respondents had used the internet in the recent period prior to the survey, so internet use was not a discriminating factor there.

For the other demographic variables, we find no significant associations. Contrary to Tippet and Leung (2001), and Scheuth (2003) we find that gender does not appear to be important in any of the countries of our sample. We find that community size appears to be generally unimportant, although in Australia SRI investors tend to live in smaller communities and in Canada they tend to live in larger communities but this does not appear to distinguish them from conventional investors at standard levels of significance.

4.2 Attitudinal and behavioural variables

Our results on attitudinal variables appear to be clearer in distinguishing between investor types. SRI investors prioritize the social aims of firms over financial aims in all of the countries covered apart from the US. The difference between those who say social aims are or are not important is typically greater

than 60:40. For conventional investors this split is typically closer to 50:50. Further, SRI investors are much more likely to follow through their ethical priorities into their overall purchasing. That is they are more likely to punish firms for poor CSR by changing their buying patterns or by discouraging others from buying from companies which do not maintain high ethical standards. In terms of the Friedman (1970) hypothesis, in most countries respondents do not agree that firms should only take account of shareholder objectives, only Canada and Germany differ in this respect.

When it comes to views on the role of firms, most investors look for a mix of profit motivated and ethical aims but there is a significant association of SRI investors with ethical aims in Canada and the UK. The results for the US are unusual since a large proportion of SRI investors cite profits as the main aim of firms and this tallies with the results mentioned above on financial vs. social priorities. Concern for ethical issues does not appear to be linked to any religious priors but is a general view taken by SRI investors irrespective of religious denomination, although because of the predominance of Christian faiths in the countries of our study we can only test between Catholics and Protestants, further research on other faith groups may provide different outcomes (see Brammer et al. 2005, Williams and Zinkin 2005).

In terms of perceptions of company performance, all investors appear to believe that firms with good CSR records have higher profits, whereas as discussed earlier the actual evidence for a relationship between CSR and firm performance is at best mixed. We discuss the implications of this result further in the final section. Our hypothesis on information is supported since SRI investors are less likely on average to trust company accounts than conventional investors but there is no general relationship based on the χ^2 tests.

Finally, taking all of the results together there appears to be clear evidence that market context is important in SRI. This is revealed both amongst the general relationships, which differ from country to country and amongst the results for individual countries, where is some cases the mean responses of SRI investors appear to be significantly different across a range of criteria as discussed above.

5. Conclusions and discussion

Studies of the attributes and attitudes of investors since the 1970s have provided a useful set of stylised facts which have helped both academics and practitioners to understand investor behaviour in some depth. The results of this study appear to suggest that in terms of SRI there appear to be regularities that distinguish ethical or socially responsible investors from conventional investors, which in principle opens up a fruitful research avenue in this field.

The biggest differences appear to be in investor attitudes and behaviours rather than in their demographic profiles since we did not identify strong discriminating relationships amongst any of the standard demographic variables we used. In particular, some associations identified in others studies, usually based on small samples, are not found in our larger samples across a wider range of countries, the most obvious being gender, (Tippet 2000, Tippet and Leong 2001, Schueth 2004). We also found no evidence that the efforts of those ethical investor lobby groups which draw on religious principles, appear to have much influence on actual investor behaviour, although as mentioned earlier this is limited to just two Christian groups.

When it comes to investor attitudes the picture is rather different. We find strong regularities in the association of attitudes to investor types which appear to be consistent across the different countries we studied. SRI investors tend to prioritise social aims over financial and shareholder aims for firms and there appears to be a link between investment behaviour and respondents' behaviour as consumers since those who are active CSR consumers appear more likely to be SRI investors as well.

One potentially very interesting result is that on investor perceptions of good CSR and company performance. The results show that all investors associate good CSR with good company performance, contrary to the mixed results amongst a wide range of academic studies. This raises an obvious question as to why conventional investors do not play a more active role in SRI products.

Further research on this issue would be useful, focussing perhaps on the marketing and recognition of SRI products, the availability of social funds, the switching costs between conventional and ethical portfolios and perhaps the risk profile of investors that choose conventional products relative to those that choose SRI products. This is an issue that could not be addressed in the current study due to the limitations of our data. Market context may also be important in this respect as well as in a wider sense since there appears to be some differences between the countries in our study which may be due to the level of development of SRI vehicles and different regulatory regimes.

Another useful avenue of future research might well focus on causal relationships, that is which of the factors identified appear to determine SRI choices for individual investors. A partial attempt at this is provided in a companion study (Williams 2005). The results also suggest that ethical priors and investor psychology appear to play an important role in SRI choices so that at a deeper level, understanding what causes different attitudes to be held between SRI and conventional investors would also be useful. Further research on the determinants of ethical priors in SRI investors and on the nature and causes of their investment psychology might also prove fruitful. Finally, early studies of investor attitudes and attributes (Lease, Lewellen and Schlarbaum 1974, Cohn, Lewellen, Lease and Schlarbaum, 1975 and Schlarbaum, Lewellen and Lease 1978a, b) lead to more recent studies focusing on risk characteristics, the volume of trades and other trading characteristics such as decisions related to the timing of trades and loss realisation (Odean, 1998, 1999, and Barber and Odean, 1999, 2000, 2001, Clarke-Murphy and Souter, 2005). Similar studies for SRI investors may help both academics and practitioners to understand this growing market segment more closely but would require more detailed account level data which unfortunately was not available in the dataset used in the current study.

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Table 1:
Summary of Characteristics of the Sample

	Australia	Canada	Germany	Netherlands	UK	USA
Sample	1013	1002	1000	1011	1002	1000
Shareholders	51.9%	47.9%	43.8%	33.3%	39.7%	55.5%
Of which: -						
Direct	55.3%	26.7%	33.1%	40.4%	46.2%	29.7%
Indirect	27.0%	59.4%	53.2%	59.6%	44.2%	48.6%
Both	17.7%	14.0%	13.7%	0.0%	9.5%	21.6%
SRI	27.6%	26.3%	18.0%	14.2%	18.1%	26.8%
Considered	8.9%	12.9%	9.8%	13.4%	12.6%	10.5%
Not SRI	63.5%	60.8%	72.1%	72.4%	69.3%	62.7%
Population[1]						
Shareholders	51	47.5	25	20	22**	50**
Direct	39	n.a.	8	n.a.	n.a.	n.a.
Indirect	12	n.a.	17	n.a.	n.a.	n.a.

Source: 1. ASX (2005) p2, data is for 2003 except *2002, Figures for the Netherlands and the UK are for direct shareholders only, figures for Germany show shareholders and share/fund-holders, those who are fund-holders only are excluded.

Table 2:
Questions on shareholder attitudes

Hypothesis	Question	Metric
Hypothesis 9 & 10: The Role of Firms	People have different views on the role of large companies in society. In your view, should large companies …?	1. Focus on making profit, paying taxes and providing employment in ways that obey all laws; 2. Do all this in ways that set higher ethical standards, going beyond what is required by law and actively helping build a better society for all; 3. Operate somewhere in between these two points of view.
Hypothesis 12: Propensity to Punish	In the past year, have you considered punishing a company you see as NOT socially responsible by either refusing to buy their products or speaking critically about the company to others? Would you say …?	1. Not considered doing this; 2. Considered this but didn't actually do it; 3. You have actually done this in the past year.
Hypotheses 13 & 14: Financial vs Social Priorities of Firms	As an investor, a company's social and environmental performance is NOT as important to me as its financial performance	Scale: (1) Strongly Agree to (5) Strongly Disagree
Hypotheses 15 & 16: Shareholder vs Social Priorities of Firms - Friedman (1970) Hypothesis	Companies should be more responsible to their shareholders than to the broader society	Scale: (1) Strongly Agree to (5) Strongly Disagree
Hypotheses 18 & 19: Perception of Profitability of Socially Responsible Companies	Companies that are socially **responsible** are more profitable than socially **irresponsible** companies	Scale: (1) Strongly Agree to (5) Strongly Disagree
Hypotheses 20 & 21: Confidence in Company Accounts	I do not trust the accuracy of company accounts	Scale: (1) Strongly Agree to (5) Strongly Disagree

Table 3:
Results on demographics

	Australia		Canada		Germany		The Netherlands		United Kingdom		United States	
	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional
Hypothesis 1: Age Group												
below 25	6.21%	5.82%	9.76%	8.00%	2.53%	10.31%	6.25%	8.33%	0.00%	4.95%	4.14%	2.50%
25-34	15.17%	17.99%	15.45%	17.71%	12.66%	13.93%	18.75%	21.18%	12.86%	17.34%	17.93%	15.25%
35-44	28.97%	20.37%	27.64%	20.57%	32.91%	34.26%	18.75%	16.67%	31.43%	19.50%	15.17%	20.25%
45-54	22.76%	24.07%	20.33%	24.57%	18.99%	20.06%	52.08%	50.00%	21.43%	21.98%	32.41%	25.00%
55-64	17.24%	14.55%	14.63%	16.29%	16.46%	17.55%	4.17%	3.82%	17.14%	21.05%	17.24%	15.75%
above 64	9.66%	17.20%	12.20%	12.86%	16.46%	3.90%	-	-	17.14%	15.17%	13.10%	21.25%
$\chi 2(5)$	8.430		3.523		21.148		0.492		8.532		8.920	
	[0.134]		[0.620]		[0.001]***		[0.974]		[0.129]		[0.112]	
Hypothesis 2: Education												
Low	55.86%	49.87%	48.00%	36.65%	2.53%	1.96%	4.17%	6.27%	46.38%	36.22%	58.39%	49.63%
Medium	33.79%	32.55%	45.60%	54.26%	50.63%	56.86%	54.17%	67.60%	20.29%	27.24%	40.27%	49.88%
High	10.34%	17.59%	6.40%	9.09%	46.84%	41.18%	41.67%	26.13%	33.33%	36.54%	1.34%	0.49%
$\chi^2(2)$	5.918		6.845		1.043		4.934		2.745		4.820	
	[0.116]		[0.077]*		[0.593]		[0.085]*		[0.253]		[0.089]*	
Hypotheses 3 & 4: Gender												
Male	55.86%	51.71%	53.17%	52.54%	46.84%	54.04%	66.67%	60.76%	51.39%	56.13%	53.02%	54.19%
Female	44.14%	48.29%	46.83%	47.46%	53.16%	45.96%	33.33%	39.24%	48.61%	43.87%	46.98%	45.81%
$\chi 2(1)$	0.728		0.015		1.348		0.606		0.537		0.060	
	[0.393]		[0.903]		[0.246]		[0.436]		[0.464]		[0.807]	
Hypothesis 5: Income												
Low	3.25%	13.44%	2.78%	5.90%	11.11%	14.84%	4.88%	5.56%	0.00%	1.72%	5.19%	4.83%
Medium Low	8.94%	13.77%	14.81%	21.74%	9.72%	13.65%	26.83%	26.59%	19.70%	17.93%	17.78%	23.59%
Medium	20.33%	16.72%	24.07%	24.84%	19.44%	18.69%	26.83%	36.90%	12.12%	13.45%	21.48%	23.86%
Medium High	27.64%	27.21%	31.48%	31.68%	29.17%	27.89%	14.63%	16.67%	27.27%	24.14%	31.11%	29.22%
High	39.84%	28.85%	26.85%	15.84%	30.56%	24.93%	26.83%	14.29%	40.91%	42.76%	24.44%	18.50%
$\chi 2(4)$	14.258		8.773		2.064		1.645		1.559		3.652	
	[0.007]***		[0.067]*		[0.979]		[0.801]		[0.816]		[0.455]	
Hypothesis 6: Community Size												
< 10,000	20.14%	14.17%	15.87%	25.81%	11.39%	11.42%	6.52%	2.47%	32.35%	33.77%	20.81%	17.24%
upto 100,000	14.58%	14.70%	29.37%	16.13%	18.99%	27.02%	52.17%	64.31%	35.29%	37.99%	8.05%	10.34%
100,000+	13.89%	15.75%	23.02%	27.42%	62.03%	54.04%	41.30%	33.22%	20.59%	16.88%	26.17%	29.56%
1 million +	51.39%	55.38%	31.75%	30.65%	7.59%	7.52%	-	-	11.76%	11.36%	44.97%	42.86%
$\chi 2(3)$	2.897		5.398		2.379		3.818		0.584		1.896	
	[0.408]		[0.145]		[0.498]		[0.148]		[0.899]		[0.594]	
Hypothesis 7: Industrial Employment												
Self	21.53%	13.95%	12.80%	11.30%	11.39%	13.69%	13.04%	22.11%	13.89%	18.21%	16.33%	15.38%
Household	6.94%	7.89%	7.20%	8.19%	15.19%	13.97%	8.70%	12.98%	16.67%	11.42%	16.33%	9.18%
Not	71.53%	78.16%	80.00%	80.51%	73.42%	72.35%	78.26%	64.91%	69.44%	70.37%	67.35%	75.43%
$\chi^2(2)$	6.095		0.745		0.335		3.205		1.949		5.981	
	[0.107]		[0.863]		[0.846]		[0.201]		[0.377]		[0.050]**	
Hypothesis 8: Use of the Internet												
Yes	77.93%	74.54%	83.33%	75.99%	67.09%	72.98%	100.00%	100.00%	65.28%	72.70%	87.92%	79.06%
No	22.07%	25.46%	16.67%	24.01%	32.91%	27.02%	0.00%	0.00%	34.72%	27.30%	12.08%	20.94%
$\chi^2(1)$	0.652		2.913		1.113				1.589		5.655	
	[0.419]		[0.088]*		[0.291]				[0.207]		[0.017]**	

$\chi^2(n)$ is a test of the difference between socially responsible and conventional investors, for n degrees of freedom
Probability values in brackets, ***, ** and * indicate statistical significance at the 1%, 5% and 10% levels respectively

Table 4:
Attitudes and Behaviours

	Australia		Canada		Germany		Netherlands		United Kingdom		United States	
	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional
Hypothesis 9 & 10: The Role of Firms												
Profit	7.64%	11.35%	8.00%	14.61%	29.11%	30.73%	43.48%	38.91%	7.04%	13.00%	58.39%	49.63%
Ethics	37.50%	31.13%	37.60%	29.23%	21.52%	22.91%	2.17%	3.64%	36.62%	23.53%	40.27%	49.88%
Both	54.86%	57.52%	54.40%	56.16%	49.37%	46.37%	54.35%	57.45%	56.34%	63.47%	1.34%	0.49%
Ethics & Profit	92.36%	88.65%	92.00%	85.39%	70.89%	69.27%	56.52%	61.09%	92.96%	87.00%	41.61%	50.37%
$\chi^2(2)$	4.146 [0.246]		6.963 [0.073]*		0.234 [0.889]		0.521 [0.771]		6.062 [0.048]**		4.820 [0.089]*	
Hypothesis 11: Religion												
Catholic	22.13%	20.92%	43.18%	45.82%	33.33%	38.55%	28.57%	32.82%	24.53%	16.04%	30.30%	30.53%
Protestant	40.16%	49.00%	47.73%	47.64%	41.33%	37.10%	19.05%	25.19%	62.26%	67.91%	69.70%	68.22%
None	37.70%	30.09%	9.09%	6.55%	25.33%	24.35%	52.38%	41.98%	13.21%	16.04%	0.00%	1.25%
$\chi^2(2)$	4.631 [0.201]		1.412 [0.703]		0.762 [0.683]		1.665 [0.435]		2.265 [0.322]		1.259 [0.533]	
Hypothesis 12: Propensity to Punish												
Not Punished	15.17%	32.18%	15.08%	34.28%	12.66%	29.69%	13.04%	54.35%	15.28%	38.15%	13.42%	34.00%
Considered	9.66%	17.29%	24.60%	27.20%	31.65%	26.61%	21.74%	16.67%	27.78%	27.69%	28.86%	27.79%
Have Punished	75.17%	50.53%	60.32%	38.53%	55.70%	43.70%	65.22%	28.99%	56.94%	34.15%	57.72%	38.21%
Have or Considered	84.83%	67.82%	84.92%	65.72%	87.34%	70.31%	86.96%	45.65%	84.72%	61.85%	86.58%	66.00%
$\chi^2(2)$	29.105 [0.000]***		24.740 [0.000]***		9.680 [0.008]***		29.619 [0.000]***		17.067 [0.000]***		25.749 [0.000]***	
Hypotheses 13 & 14: Financial vs Social Priorities of Firms												
Social aims not important	37.23%	50.97%	38.84%	49.00%	39.13%	52.97%	41.67%	55.71%	34.18%	52.97%	48.53%	47.70%
Social aims are important	62.77%	49.03%	61.16%	51.00%	60.87%	47.03%	58.33%	44.29%	65.82%	47.03%	51.47%	52.30%
$\chi^2(1)$	7.521 [0.007]***		3.725 [0.054]*		4.426 [0.035]**		3.252 [0.071]*		6.558 [0.010]*		0.028 [0.868]	
Hypotheses 15 & 16: Shareholder vs Social Priorities of Firms - Friedman (1970) Hypothesis												
Shareholders take priority	42.14%	46.88%	44.35%	57.39%	60.76%	53.24%	38.30%	41.82%	50.72%	49.03%	61.38%	62.85%
Broader social aims	57.86%	53.12%	55.65%	42.61%	39.24%	46.76%	61.70%	58.18%	49.28%	50.97%	38.62%	37.15%
$\chi^2(1)$	0.920 [0.338]		6.269 [0.012]**		1.474 [0.225]		0.205 [0.651]		0.065 [0.799]		0.098 [0.755]	
Hypothesis 17: Portfolio Strategy												
Direct (Equities)	53.79%	55.91%	34.13%	23.94%	41.77%	31.20%	64.58%	36.46%	51.39%	45.09%	34.23%	28.08%
Indirect (Funds)	23.45%	28.35%	45.24%	64.23%	41.77%	55.71%	35.42%	63.54%	40.28%	45.09%	36.91%	52.96%
Mixed (Both)	22.76%	15.75%	20.63%	11.83%	16.46%	13.09%	0.00%	0.00%	8.33%	9.82%	28.86%	18.97%
Funds & Mixed	46.21%	44.09%	65.87%	76.06%	58.23%	68.80%	35.42%	63.54%	48.61%	54.91%	65.77%	71.92%
$\chi^2(2)$	5.484 [0.139]		16.864 [0.001]***		6.829 [0.033]**		13.508 [0.000]***		0.951 [0.6217]		12.087 [0.002]***	
Hypotheses 18 & 19: Perception of Profitability of Socially Responsible Companies												
More profitable	58.14%	57.14%	62.18%	61.06%	51.95%	49.00%	61.36%	48.12%	60.00%	53.71%	64.62%	58.61%
Not more profitable	41.86%	42.86%	37.82%	38.94%	48.05%	51.00%	38.64%	51.88%	40.00%	46.29%	35.38%	41.39%
Z-test	1.825 [0.034]**	2.565 [0.005]***	2.583 [0.005]***	3.869 [0.000]***	0.342 [0.366]	-0.374 [0.354]	1.470 [0.071]*	-0.582 [0.280]	1.581 [0.057]*	1.245 [0.107]	3.199 [0.001]***	3.220 [0.001]***
$\chi^2(1)$	0.038 [0.846]		0.046 [0.829]		0.219 [0.639]		2.608 [0.106]		0.845 [0.358]		1.437 [0.231]	
Hypotheses 20 & 21: Confidence in Company Accounts												
Do not trust accounts	76.60%	71.97%	78.69%	74.19%	82.05%	73.24%	73.68%	62.87%	78.87%	70.00%	74.15%	74.18%
Trust accounts	23.40%	28.03%	21.31%	25.81%	17.95%	26.76%	26.32%	37.13%	21.13%	30.00%	25.85%	25.82%
$\chi^2(1)$	1.117 [0.291]		0.978 [0.323]		2.636 [0.104]		1.697 [0.193]		2.228 [0.136]		0.000 [0.995]	

$\chi^2(n)$ is a test of the difference between socially responsible and conventional investors, for n degrees of freedom
Z-test is a test of the difference in proportions
Probability values in brackets, ***, ** and * indicate statistical significance at the 1%, 5% and 10% levels respectively

Table 5:
Mean responses and differences between socially responsible and conventional investors

	Australia		Canada		Germany		The Netherlands		United Kingdom		United States	
	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional	SR Investors	Conventional
Demographic Variables												
Hypothesis 1: Age Group												
Mean	3.586	3.793	3.643	3.681	3.835	3.323	3.292	3.201	4.083	3.871	3.940	4.079
St Dev	(1.362)	(1.556)	(1.685)	(1.573)	(1.372)	(1.306)	(1.031)	(1.077)	(1.536)	(1.534)	(1.603)	(1.539)
T-Test	1.826		0.820		3.187		1.064		1.457		1.342	
	[0.068]*		[0.413]		[0.002]**		[0.288]		[0.146]		[0.180]	
Hypothesis 2: Education												
Mean	2.455	2.323	2.416	2.276	2.443	2.392	2.375	2.198	2.130	1.997	2.570	2.491
St Dev	(0.677)	(0.756)	(0.612)	(0.618)	(0.549)	(0.529)	(0.569)	(0.534)	(0.889)	(0.854)	(0.523)	(0.510)
T-Test	2.221		2.453		1.209		2.258		1.520		1.909	
	[0.027]**		[0.014]**		[0.227]		[0.024]**		[0.129]		[0.057]*	
Hypothesis 5: Income												
Mean	3.919	3.443	3.648	3.298	3.583	3.344	3.317	3.071	3.894	3.793	3.519	3.332
St Dev	(1.121)	(1.383)	(1.113)	(1.148)	(1.319)	(1.3756)	(1.274)	(1.107)	(1.1520)	(1.359)	(1.190)	(1.163)
T-Test	3.861		3.004		1.729		1.539		1.108		1.896	
	[0.000]***		[0.003]**		[0.084]*		[0.124]		[0.268]		[0.058]*	
Hypothesis 6: Community Size												
Mean	2.965	3.123	2.706	2.540	2.658	2.577	2.348	2.310	2.118	2.058	2.953	2.980
St Dev	(1.214)	(1.121)	(1.081)	(1.139)	(0.783)	(0.790)	(0.604)	(0.514)	(1.000)	(0.980)	(1.1702)	(1.106)
T-Test	1.710		1.803		1.278		0.947		0.976		0.838	
	[0.088]*		[0.072]*		[0.202]		[0.344]		[0.329]		[0.403]	
Attitudinal Variables												
Hypothesis 14: Financial vs Social Priorities of Firms												
Mean	2.923	2.587	2.984	2.581	2.684	2.415	2.708	2.413	2.859	2.530	2.692	2.572
St Dev	(0.957)	(1.011)	(1.095)	((0.964)	(0.968)	(0.922)	(1.031)	(0.883)	(1.060)	(1.072)	(1.034)	(1.046)
T-Test	3.675		3.791		2.483		2.137		2.583		1.572	
	[0.000]***		[0.000]***		[0.013]**		[0.033]**		[0.010]**		[0.117]	
Hypothesis 16: Shareholder vs Social Priorities of Firms - Friedman (1970) Hypothesis												
Mean	2.683	2.577	2.619	2.297	2.152	2.374	2.851	2.685	2.521	2.544	2.195	2.286
St Dev	(1.116)	(1.081)	(1.057)	(0.998)	(0.988)	(0.933)	(1.021)	(0.902)	(1.169)	(1.144)	(1.1548)	(1.143)
T-Test	1.394		3.172		2.107		1.444		0.771		1.271	
	[0.164]		[0.002]**		[0.036]**		[0.149]		[0.441]		[0.204]	
Hypothesis 19: Perception of Profitability of Socially Responsible Companies												
Mean	2.507	2.519	2.254	2.342	2.273	2.411	2.295	2.550	2.500	2.577	2.243	2.341
St Dev	(1.103)	(1.066)	(1.025)	(0.989)	(0.941)	(0.888)	(0.823)	(0.791)	(1.072)	(1.081)	(1.151)	(1.017)
T-Test	0.742		1.257		1.554		2.157		1.042		1.307	
	[0.458]		[0.209]		[0.121]		[0.031]**		[0.298]		[0.192]	
Hypthesis 21: Confidence in Company Accounts												
Mean	1.930	2.080	1.870	2.003	1.641	1.924	2.000	2.282	1.817	2.151	1.993	2.057
St Dev	(0.976)	(1.071)	(0.914)	(0.891)	(0.897)	(0.893)	(0.715)	(0.843)	(0.931)	(1.086)	(1.056)	(0.989)
T-Test	1.852		1.739		2.734		2.648		2.840		1.127	
	[0.066]*		[0.083]*		[0.006]**		[0.008]**		[0.005]**		[0.260]	

Table 6:
Summary of Results on Demographics

Hypothesis	Result	Decision
H_1: SRI investors will be younger than conventional investors	In Germany, SRI investors are significantly older than conventional investors on average but elsewhere there is no association between age distribution and investor type, except in Australia where there appears to be a lower average age at the 10% level although no general association on the basis of the χ^2 test	Reject
H_2: SRI investors will have a higher level of education than conventional investors	Average educational attainment appears to be higher for SRI investors in Australia, Canada, the Netherlands and US. A general association is rejected at the 5% level but not at the 10% level for three of these. For Australia a general association is rejected at the 10% level. Education levels do not distinguish between SRI and conventional investors in UK and Germany	Do not reject for Canada, US and the Netherlands Reject for UK and Germany Mixed results in Australia
H_3: There will be more women than men amongst the SRI investors	Men out-number women amongst the SRI investors in all countries	Reject
H_4: There will be more women amongst SRI investors than amongst conventional investors	Gender does not distinguish between SRI and conventional investors in any country	Reject
H_5: SRI investors will have a higher household income than conventional investors	On average, SRI investors have higher household incomes in Australia, Canada, Germany and the US; in the UK and the Netherlands there is no difference. A general association is rejected in all countries except Australia and Canada	Reject overall Do not reject Australia and Canada
H_6: SRI investors will be more likely to live in small communities than in large	On average compared to conventional investors, SRI investors tend to live in smaller communities in Australia and in larger communities in Canada but there is no general association between community size and investor type in any country	Reject
H_7: SRI investors will be more likely to work in large companies than in small companies	In the US SRI investors are more likely to be employed in large firms than conventional investors; elsewhere there is no difference between the groups	Reject overall Do not reject for the US
H_8: There will be greater use of the internet amongst SRI investors than amongst conventional investors	In the US and Canada, SRI investors are more likely to have used the web recently; elsewhere there is no difference between the groups	Reject overall Do not reject for US and Canada

Table 7: Summary of results on Attitudes

Hypothesis	Result	Decision
H_9: A greater proportion of SRI investors will prioritise the ethical aims of firms over profit	More SRI investors prioritise ethics over profit in Australia, Canada and the UK. In Germany, the Netherlands and the US SRI investors prioritise profits over ethics but in all countries apart from the US, SRI investors prioritise ethics or a mix over profits	Do not reject for Australia, Canada and the UK Reject for Germany, the US and the Netherlands
H_{10}: More SRI investors than conventional investors will prioritise the ethical aims of firms over profit	There is a general association between investor types and attitudes towards the role of firms in Canada, the UK and the US. In the US SRI investors are more likely than conventional investors to prioritise profits. Elsewhere there is no general association	Reject for Australia, Germany the US and the Netherlands Do not reject for Canada and the UK
H_{13}: SRI investors will prioritise **social** (other-centred) aims over **financial** (self-centred) aims	SRI investors prioritise social aims above financial aims in all countries except the US.	Do not reject
H_{14}: More SRI investors than conventional investors will prioritise **social** aims over **financial** aims	On average SRI investors are more likely to prioritise social rather than financial aims in all countries except the US. The difference is marginally insignificant in the US but elsewhere it is highly significant.	Do not reject
H_{15}: SRI investors will prioritise **social** (other-centred) aims over **shareholder** (self-centred) aims	SRI investors prioritise social aims in Australia, Canada and the Netherlands. In Germany and the US they prioritise shareholders. In the UK the split is even	Do not reject for Australia, Canada and Netherlands Reject for Germany, US and the UK
H_{16}: More SRI investors than conventional investors will prioritise **social** aims over **shareholder** aims	On average SRI investors in Canada are more likely to prioritise social aims than conventional investors. In Germany SRI investors prioritise shareholders; elsewhere there is no difference. The only general association appears in Canada.	Reject Do not reject for Canada
H_{18}: More SRI investors will believe that socially responsible firms are more rather than less profitable	SRI investors are more likely to believe that socially responsibly firms are more profitable	Do not reject
H_{19}: SRI investors will be more likely than conventional investors to believe socially responsible firms to be more profitable	There is no difference between SRI investors and conventional investors on the perception of profits and social responsibility. In all countries both groups believe socially responsible companies are more profitable.	Reject
H_{20}: SRI investors will be less likely to trust company accounts than to not trust them	SRI investors generally do not trust company accounts.	Do not reject
H_{21}: Conventional investors will be more likely to trust company accounts than SRI investors	Conventional investors are more likely on average to trust company accounts than SRI investors in all countries apart from in the US, but there is no general association between trust and investor type.	Reject

Table 8:
Summary of results on Behaviours

Hypothesis	Result	Decision
H_{11}: SRI investors will be more likely to belong to a religious group than conventional investors	There is no relationship between membership of a religious group and investor type in any country	Reject
H_{12}: SRI investors will be more likely to punish firms for poor CSR than conventional investors	SRI investors are more likely than conventional investors to punish poor CSR through their buying patterns in all countries and the significance level is always very high	Do not reject
H_{17}: There will be a greater use of funds amongst SRI investors than amongst conventional investors	There is a general association between investor type and portfolio mix in Canada, Germany, the Netherlands and the US, but SRI investors are less likely to use funds than conventional investors in each case. In Australia and the UK there is no general relationship	Reject