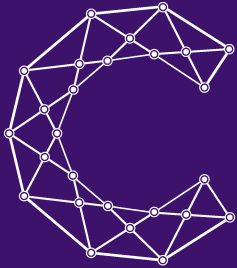# SII Attitudinal and Behavioural Research

Greg B Davies, PhD

@GregBDavies

centapse

Research overview: Objectives, background, application

- How to influence two key aspects to encourage Social Impact Investing (SII)
  - Interest in social impact investing
  - Tendency to act on this interest – this is difficult to assess in a survey (i.e., without observing actual behaviour) but we have two proxies:
    - Willingness to spend time learning about SII
    - Previous knowledge of and participation in SII
- How people think about impact and causes, therefore how to communicate with them on this
- Survey questions build on previous work
  - Both academic, and by Barclays and Ethex
  - Baseline findings are largely consistent with previous work though this pushes much deeper into attitudes to doing good and specific causes, and how they affect interest and engagement with SII
- Research outputs have a number of potential uses in practical application
  - Provides understanding of current attitudinal state of broad population
  - Guides crafting of key communications messages for population as a whole
  - Enables design of effective individual profiling tools
  - Identifies attitudinal segments of population for targeted messaging

Main recommendations

Key communication messages for overall population

1. Raise broad **awareness** of SII in groups most likely to be responses to SII messages

2. Draw attention to potential to **align** investment goals to values and achieve meaningful impact at same time (focussing on accessible examples and case studies)

3. For certain target groups (of individual investors), recognise potential to consciously **trade-off** social good and financial outcomes; "buying" the maximum social good with your wealth

4. Making investors **comfortable** with the notion of SII and decreasing general perceptions of barriers to it

Individual interaction once investors are identified and engaged

- Only after raising awareness and generating comfort around the topic
  - More detail on how products work and presenting specific causes, products and characteristics
  - This phase needs to be highly tailored to individual investors, indicating value in individual profiling tools, decision frameworks, and adviser tools
- Bring advisers on board
  - Currently, advisers have a negative relationship with client interest in SII
    - This could be that those more concerned about barriers to SII are those who are most likely to use advisers
    - But more likely that advisers accentuate perceived barriers to SII to avoid having to engage with it
  - Either way this provides an opportunity to improve access to SII

Survey design and respondent profile

- Representative UK sample of 1,000 individuals
  - Over 18
  - Household investible assets of > £30k
  - Quotas imposed to ensure representation across gender and region
  - Controls imposed for speed of response and missing data to maintain quality of response
  - Randomisation of question blocks and statements within questions to control for order effects
- Sample collected by *Research Now* – respondents paid for participating to create unbiased sample; online, self-administered survey*
- Questionnaire design and behavioural/statistical analysis by *Centapse*

- Demographic profile
  - Average age 51; 33% > 60
  - 51% female
  - Well spread across UK regions
  - 87% with professional or administrative positions at different levels
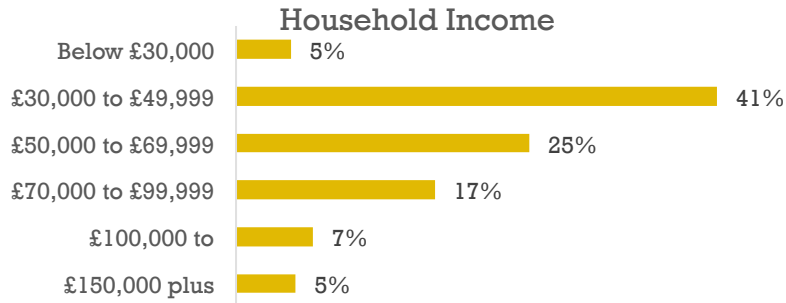 - 63% at least Bachelor's degree
  - 46% 'not religious'

Age
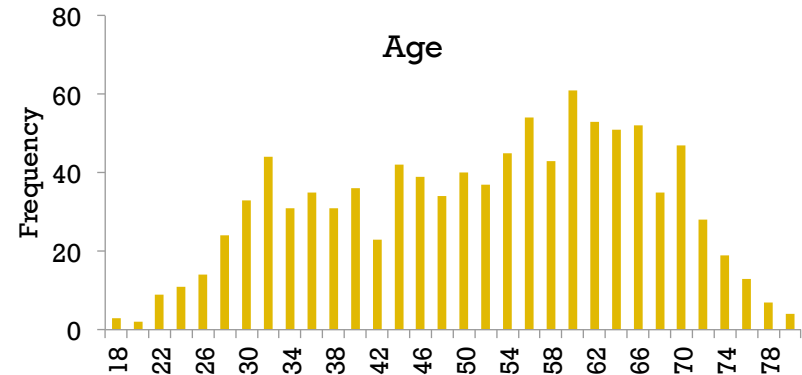
* Median response time: 13 minutes (within bounds of where response quality typically becomes a concern)
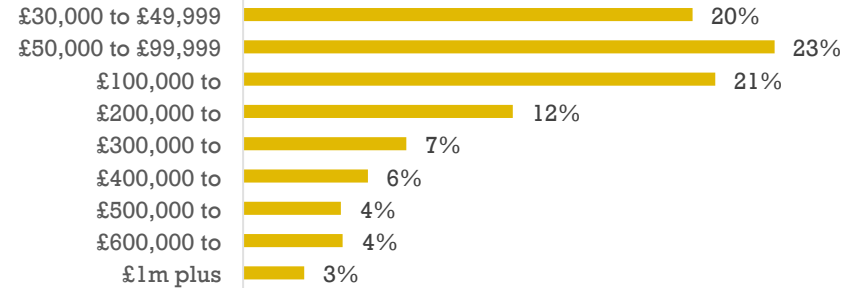
Financial profile of respondents

- Sample wealthier than UK average due to investable assets > £30K, but capture range of wealth levels
- Is substantial unused cash for deployment to SII
- Previous work* has shown that SII would come mostly from cash (62% of people would allocate unused cash; 44% would redeploy traditional investments; 7% would reduce philanthropy)

Household investible Assets

£30,000 to £49,999	20%
£50,000 to £99,999	23%
£100,000 to	21%
£200,000 to	12%
£300,000 to	7%
£400,000 to	6%
£500,000 to	4%
£600,000 to	4%
£1m plus	3%

Household Income

Below £30,000	5%
£30,000 to £49,999	41%
£50,000 to £69,999	25%
£70,000 to £99,999	17%
£100,000 to	7%
£150,000 plus	5%

Cash savings

Below £30,000	10%
£30,000 to £49,999	22%
£50,000 to £99,999	25%
£100,000 to	19%
£200,000 to	9%
£300,000 to	6%
£400,000 to	3%
£500,000 to	2%
£600,000 plus	4%
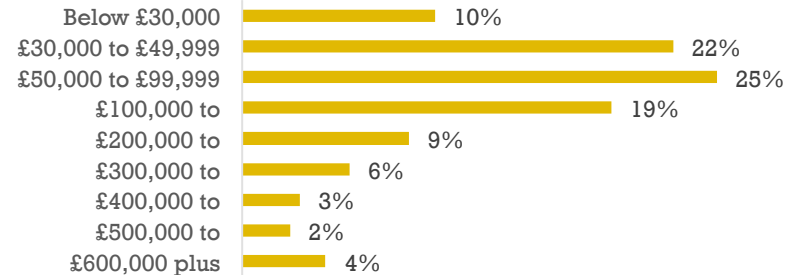
* The Value of Being Human (Barclays 2015)

Previous SII involvement, and use of financial advice
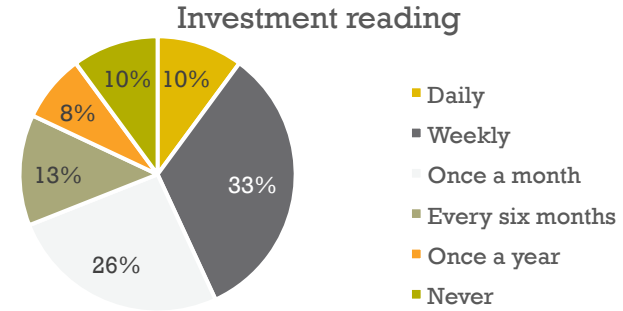
- 44% use some financial advice
- 13% have previously invested in impact investments (or think they have)
- 69% read about investments at least once per month
  - Reading about investments is one of the most powerful variables predicting SII interest
  - But there is very little SII in mainstream press
- Email was generally most preferred method to receive information

Investment reading

- Daily
- Weekly
- Once a month
- Every six months
- Once a year
- Never

10% 10%
8%
33%
13%
26%

Have you ever invested in an Impact Investment?

Yes
13%

No
87%

Use a financial adviser?

45.1%
32.7%
11.7%
10.5%

Yes, for all of my investments | Yes, for some of my investments | No, I prefer to invest myself | No, I don't invest
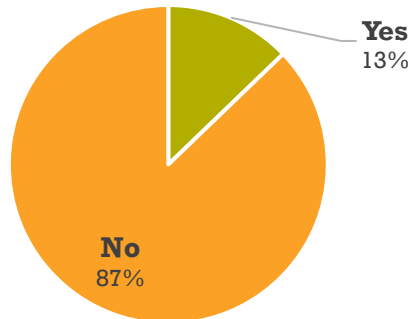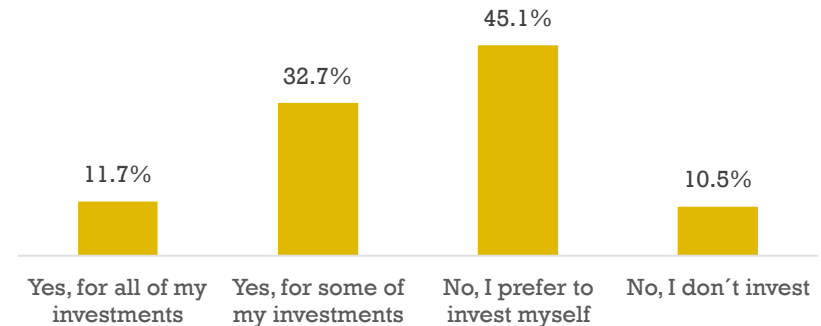
Baseline interest in SII and willingness to act on this across population

- Interest in Social Impact Investing
  - Only 18% of respondents are more than moderately interested in SII
  - 23% claim they know what it is
  - 13% have participated in it
  - In general demographic variables are not strong predictors of interest
  - Attitudes are strong predictors
- Willingness to act (through learning)
  - 39% would be willing to spend an hour of spare time to learning about SII (no: 34%; I don't know: 27%)
  - However, only 3% clicked the link for more information at end of survey (note: this is after 15 minutes of responding to questions, so perhaps unsurprising)

How interested in SII are you?

[Bar chart: % of respondents]
- Not at all interested: 13%
- 35%
- 35%
- 12%
- Extremely interested: 6%
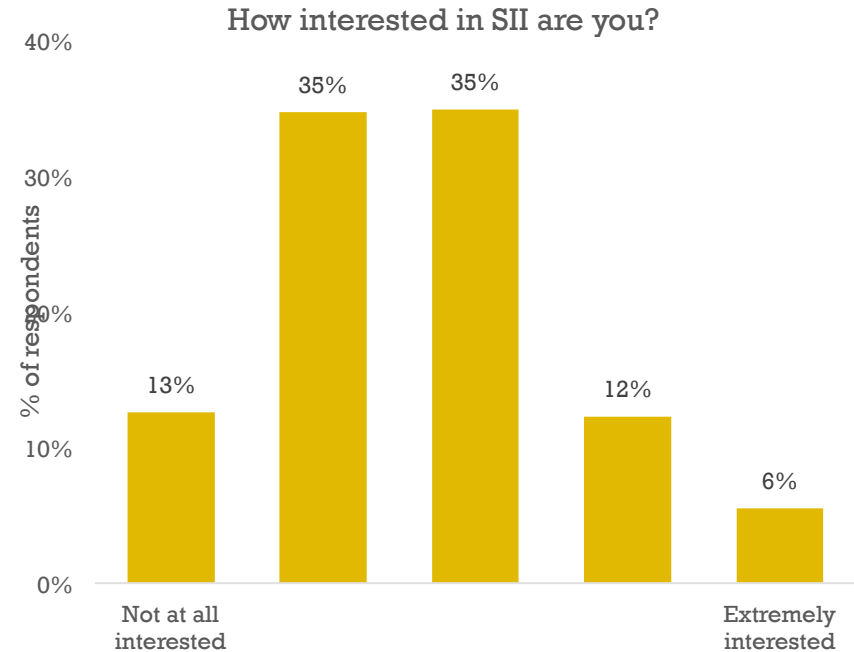
Factor analysis reveals six key dimensions which best explain attitudinal differences between individuals

Dimensions which polarise respondents strongly (i.e., attitudes range widely from low to high)

- **Impact Trade-off**: willingness to give up returns or liquidity, or accept risk, to achieve impact
  - *I wouldn't mind locking up portions of my wealth for long periods in an Impact Investment*
  - *I would be willing to take greater financial risk with an Impact Investment than I would with a traditional investment*
  - *With an impact investment, I would accept a lower financial return than I could obtain with a traditional investment*
- **Barriers**: concern with negative perceptions of impact investments
  - *Social impact is difficult to measure*
  - *I don't know enough about Impact Investing*
  - *It can be difficult to sell Impact Investments quickly*
  - *No one I know has an Impact Investment*
  - *Impact Investing is still too new*
  - *Impact investment seems too risky*
- **Impact Desire**: desire to align investment portfolio with values
  - *I would like to exclude investments that are unethical*
  - *I would like to exclude investments in organisations that have poor environment, social or governance practices*
  - *I would like to proactively seek investments in organisations that adopt progressive environment, social or governance practices*
  - *I would like to invest in organisations that are not just ethical but seek to do additional good in the world*

Dimensions with less polarisation –most people tend to have higher scores with only a few disagreeing

- **Need for Evidence**: investor's need to be convinced of real impact
  - *I would need quantitative evidence to convince me an investment had a social impact*
  - *I would need real-life examples to convince me an investment had a social impact*
  - *I would require verification by an independent third party to convince me an investment had a social impact*
  - *I would only consider doing social good if I can make sure the impact is measurable and real*
- **Altruism**: feeling of responsibility that one should make a difference in the world
  - *I have a responsibility to make the world a better place*
  - *It is important to me to protect the vulnerable in society*
  - *Making a difference in the world (as a 'guiding principle for your life)*
- **Money Focus**: focus on money, wealth and achievement
  - *Money is the best measure of success*
  - *Personal Achievement (as a 'guiding principle for your life)*
  - *Financial Wealth (as a 'guiding principle for your life)*

Factor analysis – extracting the key dimensions underlying attitudes to SII

- Factor analysis distills data down to the underlying dimensions that most explain attitudinal differences between people
  - Each is formed by scores on a particular set of questions
  - All individuals have a particular pattern of attitudes given by scores on these six scales
  - Most powerful dimensions are often those which strongly discriminate between people
- We can then examine:
  - What each of these dimensions tells us about how people's SII attitudes are different from each other
  - Which dimensions best predict interest in (and willingness to engage with) SII
  - What sort of people score low or high on each factor, leading to better knowledge of who they are
  - Whether there are clusters of people who share similar attitudes
- These six factors enable us to:
  - Craft messages that will target those who are most likely to be interested in SII (4 key messages)
  - Craft messages that will increase scores on those dimensions that should lead to greater interest in SII
  - Construct evidence-based profiling tools to identify the core SII attitudes of individual investors
  - Identify sub-groups/segments of population with similar attitudes for more precisely targeted communication


9
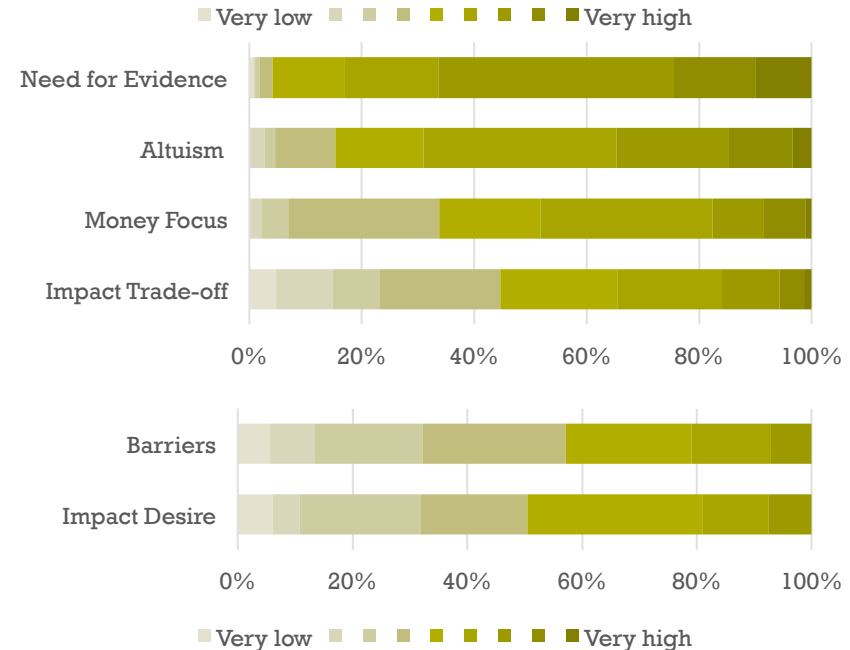
Examining the role of these factors in explaining *interest in SII* reveals four key themes

	What we learned…	What this means…
Promote general knowledge and awareness	• Previous knowledge or experience of SII and the amount people read about investments is highly predictive of interest in SII… • …but current awareness is very low • Lack of knowledge of SII is a core reason for investors avoiding it	• The first priority should be simply to boost overall awareness of SII • Avoid fine distinctions about types of SII, causes, products, or any complexity – just make more people aware it exists

Demonstrate portfolios can be aligned to values	• *Impact Desire* - single factor which most explains interest in SII
	• Population does not perceive distinctions along a 'spectrum' off SII (i.e., ethical vs. responsible vs. ESG vs. sustainable)
	• In general people want to *align* investments with values
	• High *Impact Desire* is found across 3 distinct groups (Value Aligners; Impact Maximisers; Conservatives), comprising 43% of population
		• Emphasise possibility of doing good and aligning to values
		• Focus on *expressing* values, rather than maximising impact or social/ financial trade-off
		  • Focus on specific goals and causes of interest to each investor
		  • Personalise and describe good that would result – narratives and stories are important for this group

Draw attention to potential to consciously trade-off social good and financial outcomes	• Substantial number of people are prepared to trade-off financial and social outcomes and are interested in how to most *effectively* use their wealth to do social good
	• Strong correlation (38%) to Impact Desire
	• Key differentiating factor for *Impact Maximising* segment (17% of population), which has highest potential for engagement in SII
		• Ignoring this theme could harm overall interest in SII
		  • Limit potential and reach of SII
		  • Undermine intrinsic motivation of population to do good
		  • Alienate those most motivated to maximise social outcomes
		• Focus on possibility of trading off financial for social returns to **buy** more social good with your wealth
		  • Emphasis on doing good more efficiently, widely, and effectively
		  • Mutually reinforces **alignment** message

Make people *comfortable* with SII	• Those concerned with barriers to SII much less likely to be interested in SII – use of advisers increases such concerns • Specific barriers are not the issue, investors tend to perceive all as barriers, or none • Generally strong *Need for Evidence* before people are comfortable with SII, though little distinction made between types of evidence • Transparency is important, but can be harmful if not well designed	• Indicates that messaging need to promote general comfort with SII • People usually don't want information, they want comfort • Detail is not conducive to comfort, but instead tends to remove it • Use: Case studies, examples and stories; Simple 'kite mark' indicators from respected, trusted organisations; Thoughtful, well-designed, disclosure of **minimum cruc**ial information

How much does each variable predict interest?

- To establish what predicts interest in SII we ran regression analyses using all 6 factors plus all additional variables
- There are four strong broad routes to increasing interest – these are distinct, but mutually reinforcing
  1. ***SII Knowledge*** and *investment reading* together point to importance of raising general awareness as high priority
  2. ***Impact Desire*** is easily largest single variable: increase awareness on potential to achieve personally meaningful impact, focussing on accessible examples, case studies and stories
  3. ***Impact Trade-off***: recognise possibility to increase impact per £ (also found in previous Barclays work)
  4. ***Barriers***: combat concerns to raise ***comfort*** with SII
- *Altruism*, *Need for Evidence*, and *Money Focus* are **not** predictive of interest in SII (in part because individuals tend to have a smaller range of attitudes on these variables)
- In general demographic variables are not limitations to interest in SII, although interest increases somewhat with *education* and *amount of cash savings*, and decreases with *age*
- All of these factors are statistically significant after controlling for all available variables
  - More idiosyncratic influencing variables are shown on the right
  - Full table of significant variables is shown in appendix
- In the next pages we will look deeper into each of the four main routes to influencing interest in SII

Size of effect of each variable on SII interest
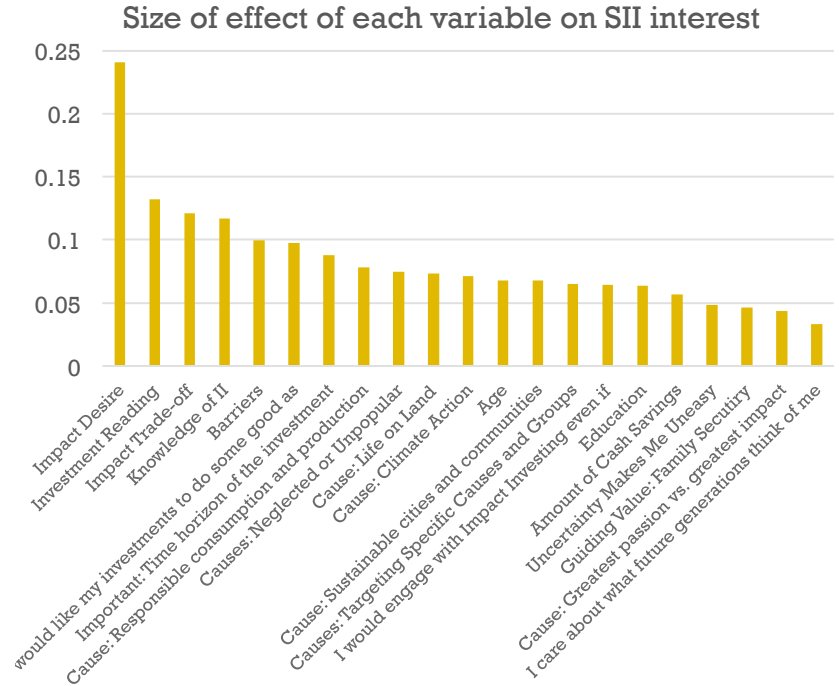
Theme 1: Promote general knowledge and awareness

- Previous knowledge and experience are powerful predictors of interest…but awareness is very low
  - For those who don't know what it is only 11% are more than moderately interested…
  - For those who do this increases to 37%
- Lack of knowledge also among the most important reasons given for *avoiding* SII
  - 64% cite "I don't know enough about impact investing" as at least moderate reason to avoid; for 33% a strong reason
  - "No one I know has an impact investment" – 23% strong reason
  - "Impact investing is still too new" – 20% strong reason

How interested in Impact Investing are you?

Do you know what Impact Investing is? (23% yes)
No / Yes

Which would be a reason for you to avoid Impact Investing?

No reason / Slight reason / Moderate reason / Strong reason
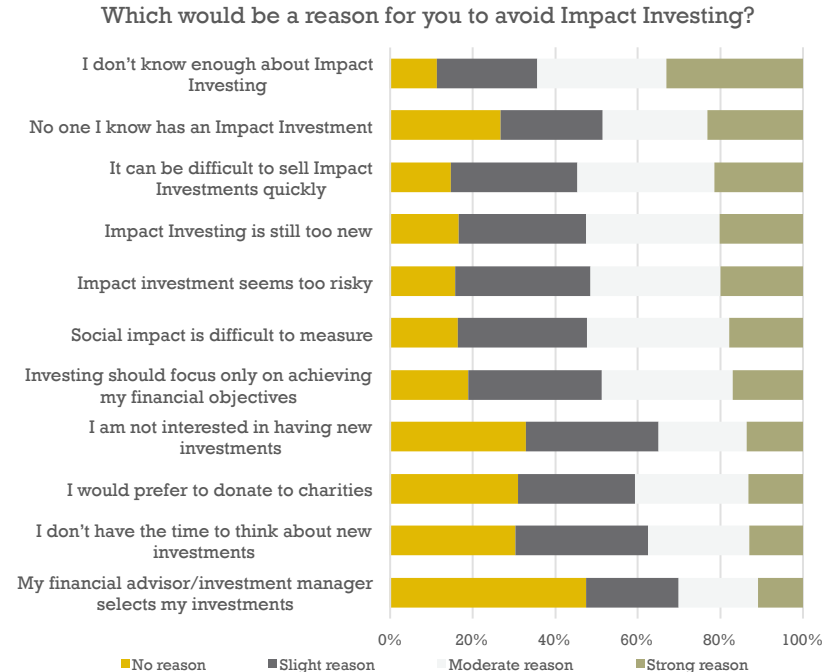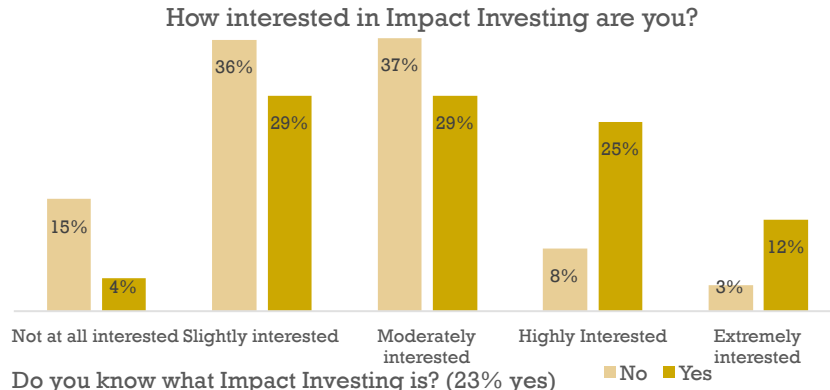
Theme 1: What predicts prior knowledge/participation of SII?

(R^2=42%)	Negative Effect	Positive Effect
Extremely High Significance (<0.1%)	***Demographics***: Age; Doesn't invest	***Demographics***: Amount of cash savings; Donations over last year; Lives in London ***Attitudes***: I am more prepared to take investment risks than others; I would prefer any Impact Investments I made to be anonymous ***Causes***: Global partnerships for sustainable development; Quality Education
High Significance (<1%)	***Attitudes***: I just want to maximise my financial returns	***Demographics***: Education ***Attitudes***: The threat from global warming is exaggerated ***Cause characteristics***: It allows me to take personal control of future outcomes
Significant (<5%)	***Attitudes***: My financial adviser/ investment manager selects my investments ***Cause characteristics***: I have access to information or have read about that cause	

- Table on left shows all significant variables which predict prior knowledge of, or participation in, SII
  - Top row has most significant variables
  - R^2 is measure of how much of total variance in knowledge/participation is explained by all variables: here, variables together explain 42% of differences between people, leaving 58% due to unobserved idiosyncratic factors
- Those who don't invest are (unsurprisingly) unlikely to have encountered SII before; nor are older people
- More likely to have prior knowledge or engagement:
  - Those who live in London, have donated more to charity in the last 12 months, and who have higher cash savings; to a lesser extent those who are highly educated
  - Higher risk takers, and those who prefer anonymity
  - Those for whom *global partnerships* or *quality education* are important causes
- Having a financial adviser makes people *less* likely to have prior knowledge or engagement (though this is a weaker effect)

Theme 2: Demonstrate portfolios can be aligned to values

- *Impact Desire* is single strongest attitudinal dimension predicting interest
- This dimension strongly differentiates across population...
  - But little difference in responses to the questions themselves (people tend to agree to all, or disagree to all)
  - Implies that fine-tuned distinctions between 'ethical', 'ESG', 'additionality' will not be effective
  - Such distinctions are important, but should be introduced later in the sequence of communications to encourage participation in SII
- Supporting data:
  - Only 8% disagree with "I would like my investments to do some good as well as provide me with a financial return"
  - Only 4% disagree that "it is possible to do good and make money at the same time"
- For those high on Impact Desire, emphasise *possibility of doing good (of any sort) with your investments, and aligning them to your values*
- More about 'zero cost' approach to doing social good
  - Communication should be about focussing on specific goals and causes of interest to each investor
  - Personalise and describe good that would result – narratives and stories are important for this group

To what extent would the following affect your choice of investment?

Legend: ■ Wouldn't affect ■ Slight effect ■ Moderate Effect ■ Strong effect

Category	Wouldn't affect	Slight effect	Moderate Effect	Strong effect
I just want to maximise my financial returns.	55	223	359	363
I would like to exclude investments that are unethical.	126	293	328	253
I would like to exclude investments in organisations that have poor environment, social or governance practices.	115	277	358	250
I would like to proactively seek investments in organisations that adopt progressive environment, social or governance practices.	130	288	403	179
I would like to have impact investments that would not be invested in based solely on their expected financial returns.	162	356	364	118
I would like to invest in organisations that are not just ethical but seek to do additional good in the world.	134	287	391	188

14

Theme 2: The predictors of *Impact Desire*

$R^2 = 68\%$	Negative Effect	Positive Effect
Extremely High Significance (<0.1%)		***Attitudes***: I would like to have impact investments that would not be invested in based solely on their expected financial returns; I just want to maximise my financial returns; I would like my investments to do some good as well as provide me with a financial return; Guiding principle: Unity with nature ***Important in II decision***: The particular social or environmental cause that is targeted; Time horizon of the investment
High Significance (<1%)	***Attitudes***: The threat from global warming is exaggerated	***Demographics***: Age ***Adding descriptions to causes***
Significant (<5%)	***Attitudes***: I like helping others because it gives me a sense of control; My main responsibility is to care for my family and myself; I would prefer any Impact Investments I made to be anonymous ***Cause***: Long-term impact	***Important in II decision***: Demonstrated track record of positive social impact ***Cause***: Zero hunger; No poverty; Global partnerships for sustainable development; Immediate impact

- High explanatory power of observed variables - $R^2 = 68\%$
- Very strongly positive influence on *Impact Desire* of:
  - Wanting to find investments that others wouldn't invest in just on basis of financial returns… but nonetheless wanting to maximise their own (i.e., not keen on impact-financial trade-off)
  - Wanting investments to do good as well as provide a financial return: this question predicts interest in SII directly, *in addition*, to the effect on *Impact Desire*
  - Those for whom *Unity with Nature* is a guiding principle for life
  - Those who would find these important when choosing an SII
    - The specific cause; *Impact Desire* is also in general increased by adding more description to causes
    - The time horizon: this is also predictive of interest in SII *in addition* to its affect on *Impact Desire*
- Unlike most factors influencing SII, this factor is stronger for older people

Theme 3: Recognise possibility to consciously **trade-off** social good and financial outcomes

- Substantial number of people are prepared to trade-off financial and social outcomes and are interested in how to most effectively use their wealth to do social good
- This factor was also strong explanatory factor in earlier *Barclays* research
- Ignoring this theme could undermine the intrinsic motivation of the population to do good; and alienate those most motivated to maximise social outcomes
- Strong correlation (38%) to *Desire for Impact* – the two approaches not either/or, but mutually reinforcing
- This dimension is the key differentiating factor of *Impact Maximising* population segment (the segment with highest potential for engagement in SII)
- Slightly more willing to take on more risk, followed by lower returns, and finally lower liquidity
- Recognise **possibility of** *buying more* **social good with your wealth**
  - More on *efficacy* of the impact
  - Doing good more efficiently, more widely, and where it might not otherwise happen

Investment Attitudes

16
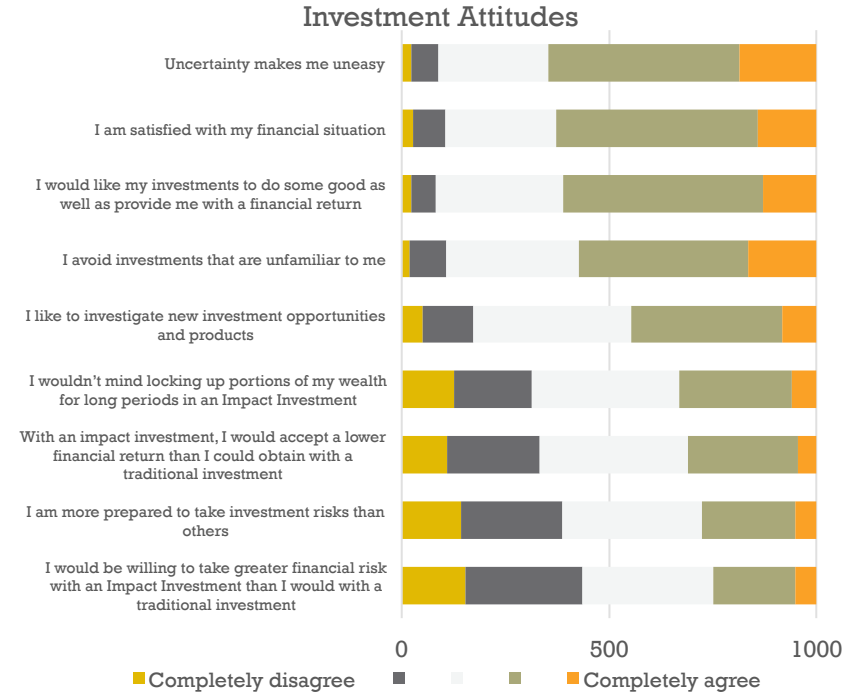
Theme 3: Predictors of *Impact Trade-off*

(R^2=64%)	Negative Effect	Positive Effect
Extremely High Significance (<0.1%)	***Demographics***: Age ***Important in II decision***: The expected financial return of the investment ***Causes***: Local communities or areas	***Attitudes***: I would engage with Impact Investing even if there was ambiguity around the actual social outcome; I am more prepared to take investment risks than others; I would like my investments to do some good as well as provide me with a financial return; I would like to have impact investments that would not be invested in based solely on their expected financial returns; Being personally involved in the charities, causes or projects being supported would encourage me to invest ***Causes***: Reduced inequalities; Distant communities or areas ***Cause characteristics***: It may struggle to attract funds
High Significance (<1%)	***Important in II decision***: Demonstrated track record of positive financial returns	***Attitudes***: Impact investing would challenge charitable organisations to be more business-like ***Important in II decision***: Demonstrated track record of positive social impact ***Cause characteristics***: It pursues broad approaches to doing good
Significant (<5%)	***Attitudes***: I just want to maximise my financial returns; Guiding principle: Family security ***Important in II decision***: Time horizon of the investment	***Important in II decision***: Transparency of where the funds are going

- Highly predicted by observable variables (R^2=64%)
- Much more likely for younger individuals, higher risk takers, and those willing to get personally involved
- Expected return and track record of SII much less important in investment decision; but track record of social outcomes more important
- Those who score high are the group that would engage with causes less likely to be funded
  - Distant communities or areas; reducing inequalities
  - Causes struggling to attract funds
  - Ambiguous social outcomes
  - Those that wouldn't be invested in based only on financial returns
  - Broad approaches to doing good
- Ignoring this dimension may miss out those most motivated to achieve maximum and most efficient social good, and willing to direct funds to the less 'popular' causes
- It is the group most prepared to drive 'deep' impact

Theme 4: Make people *comfortable* with SII – *Barriers & Evidence*

- **Concern with *Barriers* to SII very strongly decreases interest in SII**
  - Specific barriers are not the issue, investors tend to perceive all as barriers, or none
  - Indicates that messaging need to promote general comfort with SII
- **Whilst not predictive of interest in SII, or willingness to learn about it, there is also generally strong *Need for Evidence* of impact before people are comfortable with SII**
  - Again, people don't distinguish much between types of evidence, just tending to agree with all
  - Supported by other data
    - 52% say that 'social impact is difficult to measure' is at least moderately important as a reason to avoid SII
    - Only 13% disagree that 'a good rating by an independent agency' would be at least moderately important in selected an impact investment. Only 3% not at all important

SII attitudes

I would need quantitative evidence to convince me an investment had a social impact.

I would need real-life examples to convince me an investment had a social impact.

I would only consider doing social good if I can make sure the impact is measurable and real.

I would require verification by an independent third party to convince me an investment had a social impact.

Impact investing would challenge charitable organisations to be more business-like.

Being personally involved in the charities, causes or projects being supported would encourage me to invest.

I would prefer any Impact Investments I made to be anonymous.

I would enjoy talking to my friends and colleagues about Impact Investing.

Charitable donations are more effective in achieving positive social outcomes than Impact Investing.

I would engage with Impact Investing even if there was ambiguity around the actual social outcome.

0   500   1000

■ Strongly disagree ■ ■ ■ ■ Strongly agree

Theme 4: Make people *comfortable* with SII - *Transparency*

- Only 7% **don't** think that 'transparency of where the funds are going' would have at least moderate importance in selecting an impact investment
- **However**, transparency can be harmful: detailed disclosure leads to information overload and fatigue
- People usually don't want information, they want **comfort** (i.e., *Need for Evidence* on previous slide)
- For the most part detail is not conducive to **comfort**, but instead tends to remove it
  - The greater the detail the more people are put off engaging due to perceived complexity and choice overload, so detail should only be provided a) when necessary, b) to the minimum degree, and c) in very well designed formats.
  - Promote active choice by making it easy and non-daunting
  - Most people are not interested the detail, but rather a sense of comfort that it has been thought through for them
- Instead use:
  - Case studies, examples and stories
  - Simple 'kite mark' indicators from respected, trusted organisation
  - Thoughtful, well-designed, disclosure of **minimum cruc**ial information

When selecting an investment that supports a social or environmental cause, how important would the following be for you to make your decision?

- Transparency of where the funds are going.
- The expected financial risk of the investment.
- The expected financial return of the investment.
- Demonstrated track record of positive financial returns.
- Demonstrated track record of positive social impact.
- A good rating by an independent agency
- The particular social or environmental cause that is targeted.
- Degree to which the impact can be measured.
- Level of liquidity of the investment.
- Time horizon of the investment.
- Tax relief on the investment.
- Geographic area of the impact.

0   500   1000

■ Not at all important   ■   ■ Extremely important

Theme 4: Predictors of Barriers

(R²=34%)	Negative Effect	Positive Effect
Extremely High Significance (<0.1%)	*Attitudes*: I am more prepared to take investment risks than others	*Demographics*: Uses financial adviser *Attitudes*: My financial adviser/ investment manager selects my investments; I avoid investments that are unfamiliar to me *Important in II decision*: The expected financial risk of the investment
High Significance (<1%)	*Attitudes*: Being personally involved in the charities, causes or projects being supported would encourage me to invest; Guiding value: Making a difference in the world	*Attitudes*: My main responsibility is to care for my family and myself *Important in II decision*: A good rating by an independent agency *Causes*: Clean water and sanitation *Used mobile to answer survey (not PC)*
Significant (<5%)	*Attitudes*: I would engage with Impact Investing even if there was ambiguity around the actual social outcome *Causes*: Quality education; Global impact *Cause characteristics*: Certainty about impact	*Causes*: Local impact; Climate action

- Relatively low predictive power of observed variables (R^2=34%)
- Barriers to SII are more important for those with lower *Risk Tolerance* and more focus on the financial risk of the investment
- High perceptions for those who would avoid unfamiliar investments
- Use of financial adviser is very strongly predictive of high perceptions of barriers to SII (could be because nervous people are more likely to take advice… or because advisers are drawing more attention to barriers)

Theme 4: Predictors of Need for Evidence
Note: most respondents have high Need for Evidence

(R²=48%)	Negative Effect	Positive Effect
Extremely High Significance (<0.1%)	*Attitudes*: I would engage with Impact Investing even if there was ambiguity around the actual social outcome *Causes*: Ambitious but unmeasurable impact	*Cause characteristics*: Certainty about impact; It targets specific causes or groups *Attitudes*: I avoid investments that are unfamiliar to me; Impact investing would challenge charitable organisations to be more business-like; Charitable donations are more effective in achieving positive social outcomes than Impact Investing; I would prefer any Impact Investments I made to be anonymous *Causes*: Measureable but limited impact *Demographics*: Age
High Significance (<1%)		*Important in II decision*: Demonstrated track record of positive financial returns; Degree to which the impact can be measured
Significant (<5%)	*Attitudes*: I would like to have impact investments that would not be invested in based solely on their expected financial returns *Causes*: General programmes	*Important in II decision*: Transparency of where the funds are going; The expected financial risk of the investment *Attitudes*: The threat from global warming is exaggerated *Causes*: Specific organisations

- Older investors have higher need for evidence
- As do those who avoid unfamiliar investments and ambiguity in social outcomes, and would prefer anonymous SII
- Would prefer limited but measureable impact, to ambitious but unmeasurable
- Stronger attitudes to charity: think SII might challenge charities to be more business-like, but also believe (currently) that donations likely to be more socially effective than SII

Moving from *interest* to *action*

- Useful to know what drives *interest* in SII, but more crucial to know what might spur people to turn this interest into *action*

- Difficult without pilots or experiments of sort for which we don't yet know enough to design (filling this gap is in part purpose of current work)

- However, we do have proxies for action
  - Features of those who are early adopted. However, only addresses those who are already adopters but doesn't tell us how to induce action in next group.
  - Examine correlates of those willing to spend a free hour next week learning more about it
  - Examine correlates of those who clicked link offered at end of the survey

- Ultimately, next step needs to be testing specific messages and interventions in experimental setting to test spurs to action

Willingness to learn about SII

- Aspects that influence *interest* **also** predictive of willingness to learn more about it, with some exceptions (slides 10/11)

- Prior knowledge and engagement is itself predictive of desire to learn more, but more weakly than it is predictive of *interest*
  - Possibly since some of their curiosity is already sated, even if desire to invest isn't
  - Indicates there are likely to be benefits from greater awareness, even from those already aware

Clicked on 'learn more now' link at end of survey

- Was very stringent test of interest (ask came at end of a 15-minute survey): only 2.7% clicked

- Statistical power not high, but some significant effects:
  - Higher on *Impact Desire*, but not *Impact Trade-off*
  - More interested in causes offering
    - Greatest impact, not greatest passion
    - Global, not local, impact
  - Higher on previous donations in the last 12 months (controlled for wealth, income, etc.)
  - No discernible effect of *Barriers*, Knowledge, or *Impact Trade-off*

How to talk to individual investors about causes for greatest effect

- The second main objective of this research was to determine how to talk to people about social causes to best raise interest
  - E.g., Is the UN Sustainable Development Goal categorisation the right way to approach goals? Are there deeper underlying themes to these? Do people respond better to shorter or longer descriptions?
  - Or should we instead talk about generic characteristics of causes (e.g., local vs. distant; immediate vs. long-term)?
- We tested attitudes through both lenses, as well as testing
  - Different ways of describing causes
  - What people prefer when forced to choose between two competing cause types
- Factor analysis led to much less structure than on attitudes, showing that attitudes to causes are much more idiosyncratic

UN Sustainable development goals - support

- Very little factor structure behind these goals
  - Strong tendency to either support all … or none
  - Beyond that cause attraction is very idiosyncratic
  - Highest support and perceptions of importance for those related to basic needs (poverty, hunger, education, health, clean energy, clean water)
  - With exception of *Clean Energy* these are also those people most likely to have been supported in the past
- However, there are some weak groups
  - *Zero hunger* and *No poverty* are the most similar
  - Some tendency to see following as a bundle (but only when no descriptions are given)
    - Affordable and clean energy
    - Decent world and economic growth
    - Industry, innovation and infrastructure
    - Sustainable cities and communities
    - Responsible consumption and production
    - Climate action
    - Life below water
    - Life on land
    - Global partnerships for sustainable development
  - *Arts and culture* (not a UN SDG) is idiosyncratic

How important are these causes to you?

| Not at all | | | | Extremely |
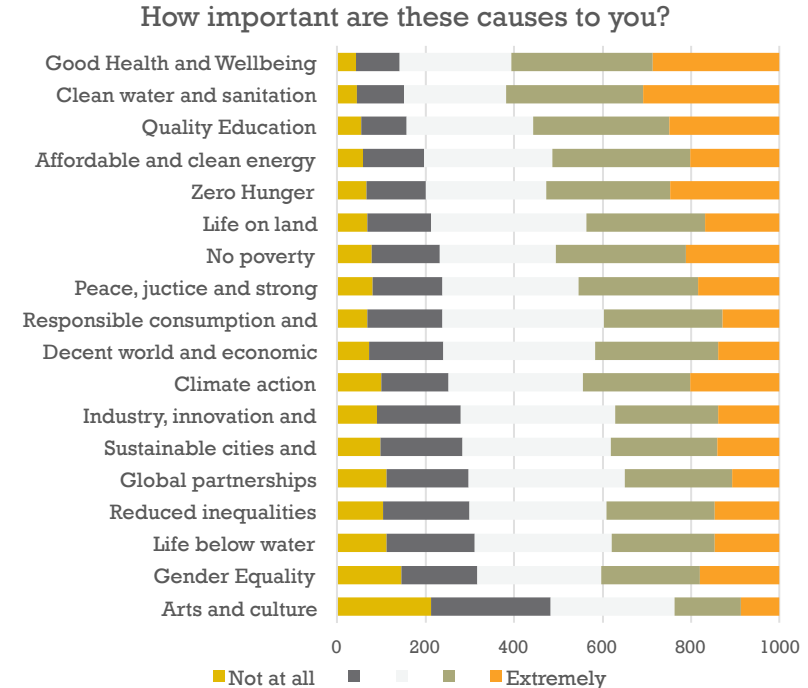
UN Sustainable development goals – descriptions

- 50/50 randomisation of whether respondents were given just UN cause name, or the name plus the brief one-sentence description (taken from UN SDG website)
- Adding descriptions to causes:
  - Leads to lower perceived importance where general agreement is already highest: *Good Health and Wellbeing*; *Clean Water and Sanitation*; *Quality Education*
  - Boosts causes for which precise meaning of the brief title might not be clear: *Life on Land*; *Life Below Water*; *Industry, Innovation & Infrastructure*; *Gender Equality*

How important is each cause?

Chart: bar chart comparing "Ave - no descriptions" (yellow) and "Ave - descriptions" (grey) across causes: Clean water and sanitation, Good Health and Wellbeing, Quality Education, Zero Hunger, Affordable and clean energy, No poverty, Life on land, Peace, juctice and strong institutions, Climate action, Decent world and economic growth, Responsible consumption and production, Industry, innovation and infrastructure, Sustainable cities and communities, Reduced inequalities, Gender Equality, Life below water, Global partnerships, Arts and culture. Y-axis from 2 to 4.

Legend: ■ Ave - no descriptions ■ Ave - descriptions

UN Sustainable development goals – question type

- **All causes were tested on three different question types:**
  - *How important is this cause to you?*
  - *Addressing the cause is an urgent need*
  - *I fear the consequences if we fail to address this cause*

- **In general people score causes highest on** *urgent need*; **then** *fear the consequences.* **Both reliably higher than** *How important is this cause to you?*

- **Might indicate better to focus on consequences or urgency to induce action on causes**

- **Environmental causes (& global partnerships) have higher scores for** *fearing consequences* **than** *urgency*

Average Scores: Importance, Consequences, and Urgency

Legend: Q6 importance, Q7 fear, Q8 need

Categories (top to bottom): No poverty. / Zero Hunger. / Good health and wellbeing. / Quality education. / Gender equality. / Clean water and sanitation. / Affordable and clean energy. / Decent world and economic growth. / Industry, innovation and infrastructure. / Reduced inequalities. / Sustainable cities and communities. / Responsible consumption and production. / Climate action. / Life below water. / Life on land. / Peace, justice and strong institutions. / Global partnerships for sustainable / Arts and culture.

UN Sustainable development goals – question type

Addressing this cause is an urgent need
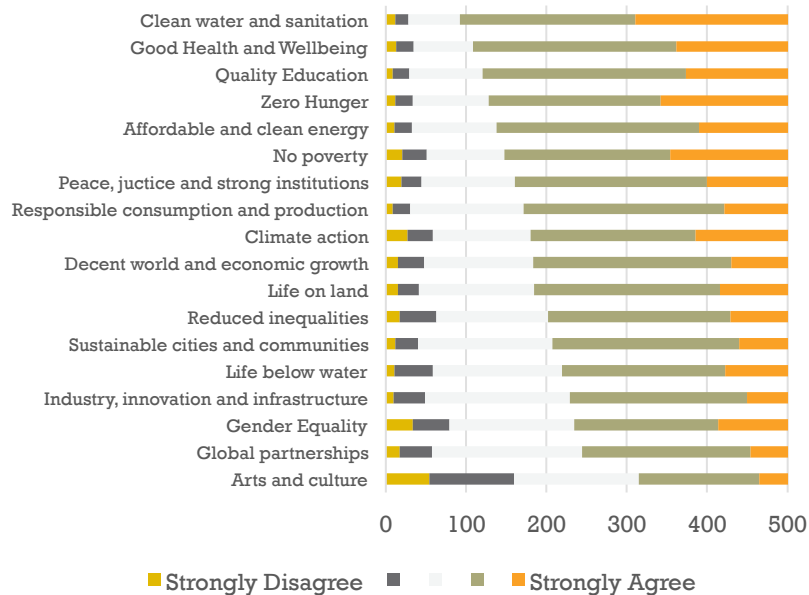
I **fear the consequences** if we fail to address this cause
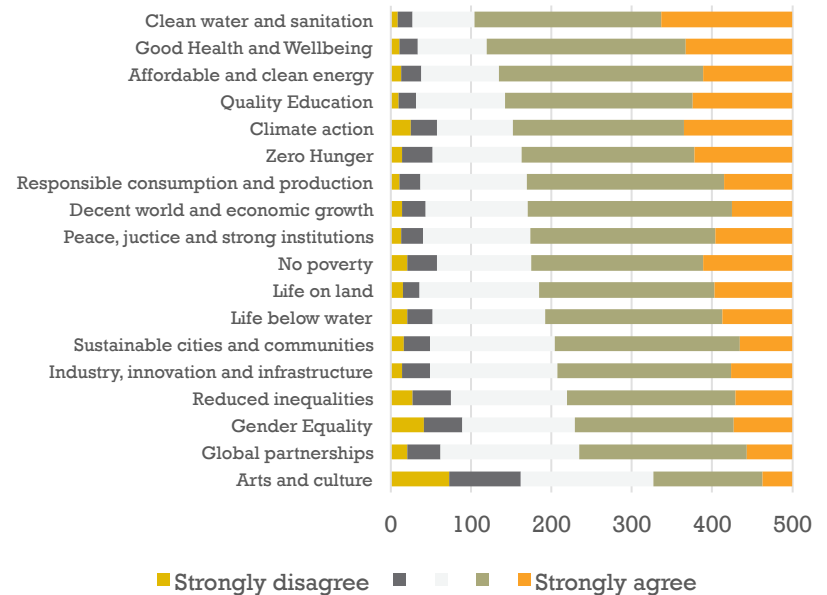
General attitudes to cause characteristics – 2 factors

- Again, limited factor structure
  - Tendency to either support all of them… or none
  - Except for: *I would not be attracted to investments that target specific social or environmental causes*
- However, there are two firmer factors
  - *Certainty:* Leads to higher concern about specific causes rather than general; High on *Altruism*, *Impact Desire*, *Need for Evidence*
    - It is certain to produce social or environmental impact
    - It produces substantial social or environmental good
    - I'm certain the investment will make a difference
    - It brings a long-term benefit
    - It is very clear what the money is spent on
    - It stops harm being done today
    - It provides immediate social or environmental good
  - *Personal involvement*: Leads to lower concern about causes; High on *Money Focus*; older age groups
    - I have suffered it myself
    - I have had personal experiences related to that cause
    - It is related to my professional background
    - I hope to benefit from it in the future
    - Others I know support that cause

28
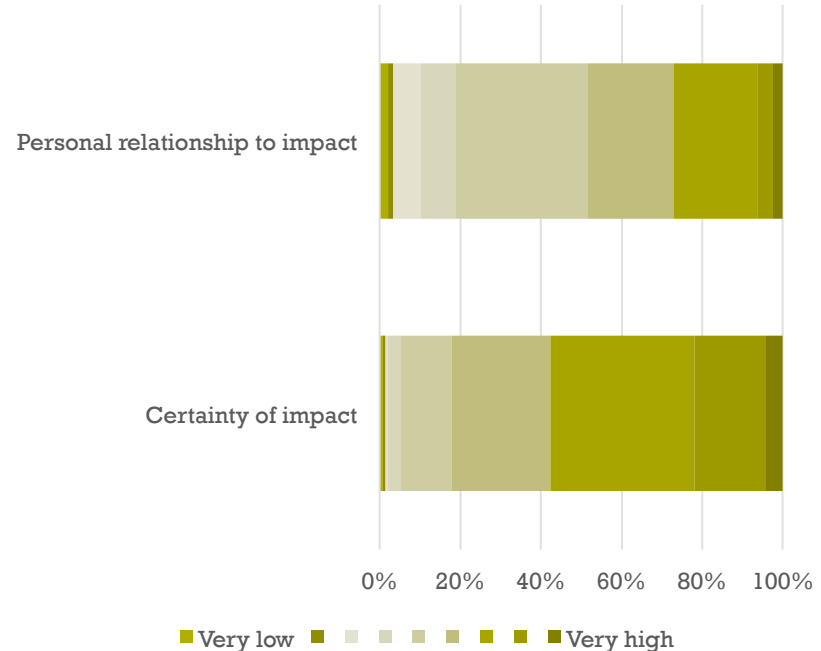
General attitudes to cause characteristics - other

- Other than two identified factors
  - All other statements stand alone, and may appeal to particular individuals in idiosyncratic ways
  - Whether investors have "*access to information or read about that cause*" is strongest in making them more likely to invest in a cause (supports need for *general awareness*)
- Characteristics least likely to motivate investment in a cause are:
  - *I want to right a wrong from the past*
  - *It may struggle to attract funds*
  - *It is a neglected or unpopular cause*
- However these may still be strong motivators for particular individuals, and these individuals are most likely to be generally interested in SII or motivated to learn more (e.g., high on *Impact Trade-off*)

I would be more likely to make an investment supporting a particular cause if...
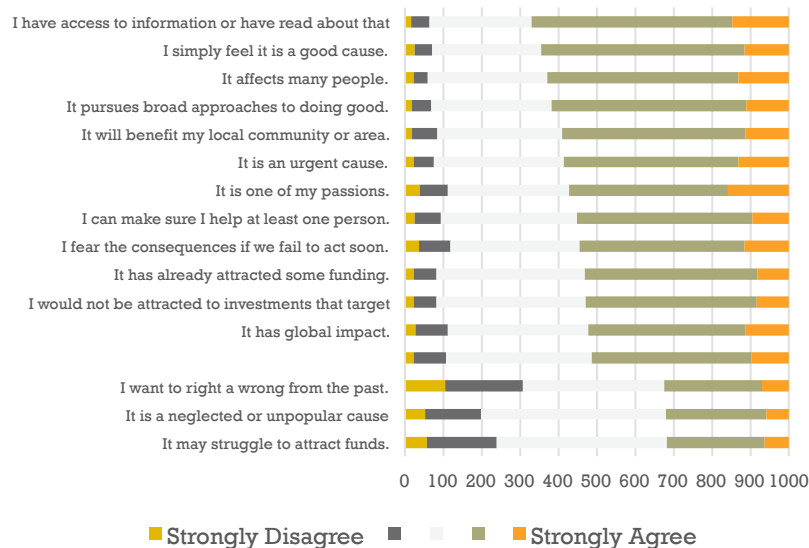
Forced choices between cause characteristics

- Because of tendency to agree/ disagree with all cause types (e.g., I would support both global and local causes) it might be useful to force a choice to create a stronger narrative

- In general this reveals preferences for measureable, specific, impact rather than passion, local, certain, transparent, and funded causes

- However, there are individuals with opposite preferences
  - Higher risk tolerance, *Money Focus*, and interest in causes with *Personal Involvement* leads towards reverse pattern
  - Those high on *Impact Trade-off*

Which characteristic would you prefer?
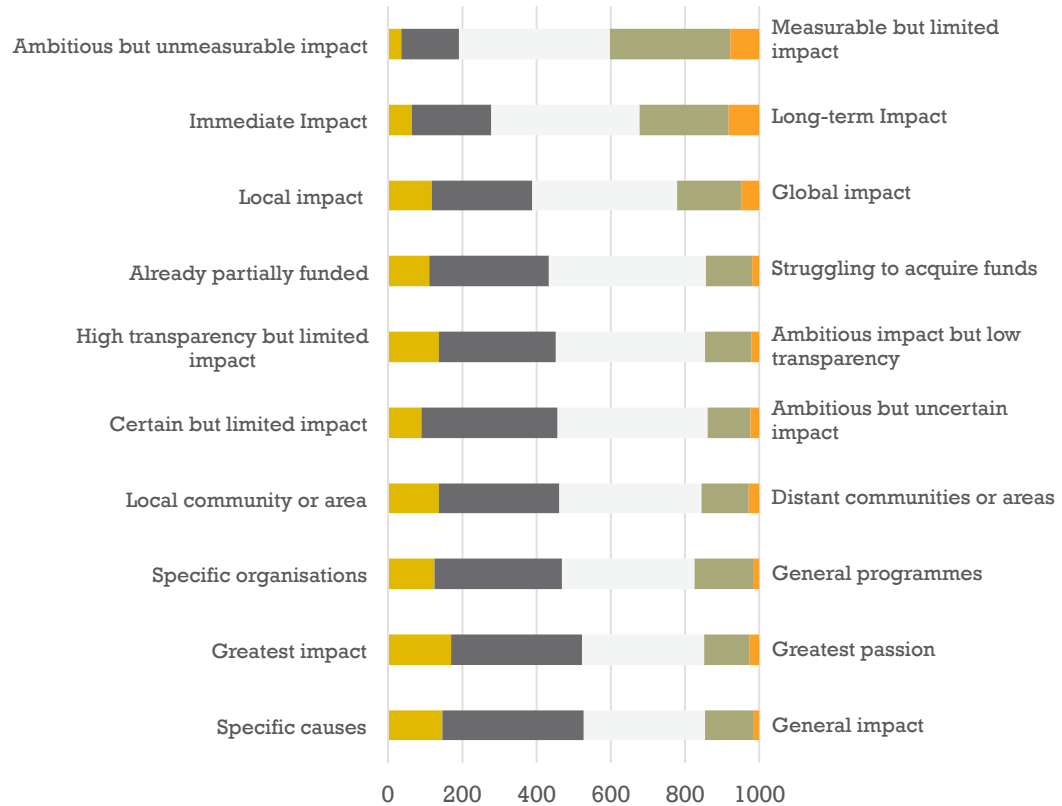
Attitudinal segments – cluster analysis

- Cluster analysis identifies groups ("clusters") of people that share similar attitudes across the 6 core dimensions
- We can then examine the characteristics of each of these groups and use them to target communications and messages most likely to resonate with each
- This reveals 6 clear population clusters:
  - Two interested in SII in two distinct ways (32%)
    1. **Impact Maximisers** (17%)
    2. **Value Aligners** (15%)
  - Two groups representing average population: the smaller is disinterested, the larger moderately interested (40%)
    3. **Disinterested** (15%)
    4. **Moderately Interested** (25%)
  - Two generally disinterested in SII (27% of population)
    5. **Selfish** (16%)
    6. **Conservatives** (11%)
- Individuals in these groups differ substantially on each of 6 attitudinal dimensions, with exception of *Need for Evidence* on which all groups are on average high
- Groups also don't differ much on whether *time horizon* is important when choosing an SII, though this is highly significant in predicting interest in SII
- These clusters may be used to target specific messages towards particular population groups

Segment Scores on Attitudinal Factors
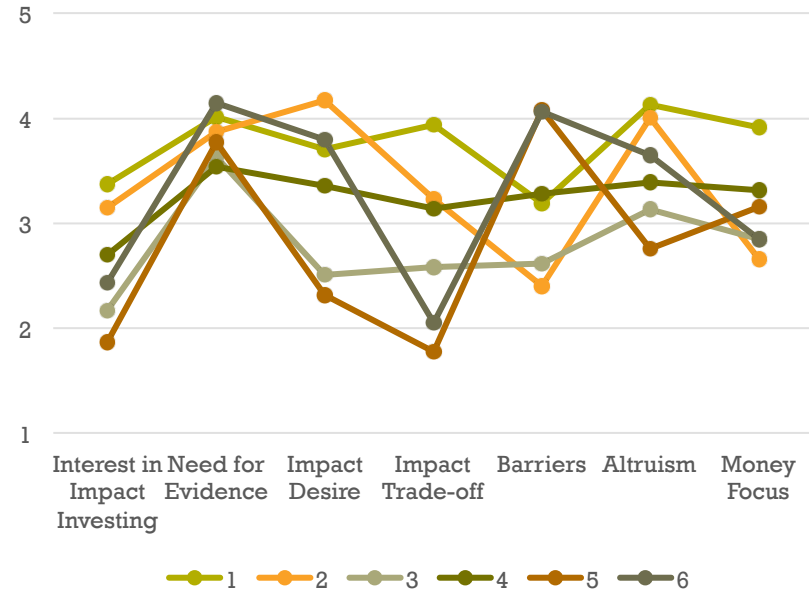
Interested in SII (32%)

1. Impact Maximisers (17%)

- Younger, higher income, investment savvy, educated city-dwellers
- Particularly money focussed and focussed on the efficiency of deploying money to social causes, including the efficiency of the causes
- Very interested in trading-off financial for social outcomes, and more likely to be influenced by financial aspects of the investments than group 2 (e.g., barriers, tax relief)
- Most likely to have already engaged with SII.
- Highest interest in SII; By substantial margin also the highest in existing knowledge and experience of SII
- **Attitudinal dimensions**
  - Higher than average on *Impact Desire*, but very high on *Impact Trade-Off*
  - Moderate on Barriers
  - Highest on *Altruism*; but also highest on *Money Focus*
- **Demographics** - this group stands out from all others in numerous ways: youngest group; highest income; Highest education; most London based; highest donations over last 12 months; and read the most about investing.
- **Other attitudes**: most Risk Tolerant; most likely to think threat from global warming is exaggerated; care about what future generations think of them; likely to participate in SII even if outcome was ambiguous; most likely to think that charitable donations more effective than SII; most likely to want investments to do some good as well as provide financial return
- **Causes**: Highly interested in all causes (stand out from others on "efficiency causes" (e.g., industry, innovation and infrastructure), and less popular causes (gender equality, arts and culture); likely to be interested in an impact investment for pretty much any reason – particularly stand out from others on: investments with personal involvement; neglected causes; righting a wrong from the past; those that struggle to attract funds
- **Group has highest potential to engage and should be addressed with narratives of efficiency and personal involvement to making a difference**

2. Value Aligners (15%)

- Also highly interested, but much less money and efficiency focussed
- Strongest desire to seek impact, but more likely to see this as an expression of their values than something to maximise
- Less worried about financial aspect of the investments and barriers to investment, and are more likely to be swayed by narratives about the social outcomes, than about efficiency
- Want to do good for its own sake and less worried about costs and benefits
- **Attitudinal** dimensions - similar to the previous in many ways:
  - High interest in SII and high altruism
  - However less likely to be concerned with barriers to SII
  - Much less money focussed (the least of all groups)
  - Less willing to trade-off financial for social outcomes
- Doesn't stand out from the rest of population on demographics, just on attitudes; and not more likely to have previous knowledge
- **Attitudes**: least likely to think threat from global warming is exaggerated; generally, want investments to align to values
- **Causes**: high interest in all causes (slightly lower than group 1 on efficiency and less popular causes). Highest desire for *certainty of impact*; less interest in personal involvement with the cause. More likely to be attracted by ambitious causes or narratives than efficiency
- Transparency of where funds are going is a more important factor in selecting an investment than for most (except Group 6)
- **Group with great potential to engage, and should be addressed with narratives of social outcome, certain impact and aligning values**

Average (40%) and *Sceptics* (27%)

3. Disinterested (15%)
- Similar to fourth group below, which has fairly moderate scores for all variables, but lower across the board
- Second lowest level of interest of all six groups
- Tend to be older, and generally disinterested in *all* causes
- **Will be a very difficult group to engage**

4. Moderately Interested (25%)
- Displays on average *moderate* interest in SII
- Fairly moderate on all other attitudinal dimensions, including both desire to reflect their values through investing, and willingness to trade-off financial outcomes for social good
- Younger than average on the whole, and more likely than average to have existing experience or knowledge of SII (more than Group 2)
- **Key group to target to pull them into either group 1 or group 2**

5. Selfish (16%)
- Lowest interest in SII; in aligning portfolios to social good; or for financial/ social trade-offs
- Highly concerned with barriers to SII and low in Altruism
- Older, have relatively low income, but high wealth, and seem generally disinterested in doing good in the world at all (also lowest donations)
- Least interested in *every* cause; and would find financial aspects of impact investments important in making decisions
- Very low previous knowledge or experience of SII, and lower average education levels
- **Very unlikely to engage with SII**

- **Conservative (11%)**
  - Similar to the *Selfish* in terms of high concern for *barriers* and low *Impact Trade-off* - however, comes from different background attitudes.
    - Have moderate interest in SII, moderate desire to exhibit impact through their portfolios, and moderate altruism
    - Highest *Need for Evidence*
  - Oldest group on average, with the lowest wealth and income levels; and like *Selfish* have low previous knowledge/experience of SII and education
  - Despite being altruistic and impact oriented they are sceptical this can or should be done through investing – generally low investing risk tolerance and high anxiety, also avoiding unfamiliar or novel investments
  - However, relatively high affinity for specific causes (on average just below the two *Interested* groups), with *Good health and wellbeing*, and *Clean Water and Sanitation* standing out as particularly high
  - When forced to choose between causes show the strongest opinions: certain but limited impact over ambitious but uncertain; measurable but limited over ambitious but unmeasurable; specific organisations over general programs; greatest impact over greatest passion; high transparency but limited impact over ambitious but low transparency; and local communities or areas over distant
  - As with groups 1 & 2, *certainty of impact* would induce investment in cause
  - Would be concerned about a number of aspects of investments when choosing an SII, particularly expected financial returns and risk of the investment (similar to the *Selfish*) and transparency of where funds are going (similar to the *Value Aligners*)
  - **Can be targeted by presenting SII options with low risk, empathising social outcome and proving endorsement from an external agency**

Group	Interest in SII	Average age	% Female	% > Bachelor degree	% London based	Potential to engage in SII
1. Impact Maximisers	High	40	55%	74%	27%	High
2. Value Aligners	High	54	58%	66%	11%	High
3. Disinterested	Medium Low	54	38%	62%	7%	Low
4. Moderately interested	Average	48	52%	61%	14%	High
5. Selfish	Low	57	42%	54%	8%	Low
6. Conservative	Medium Low	60	60%	55%	10%	Moderate

Donations

Donations (last 12 months)

●1 ●2 ●3 ●4 ●5 ●6

Demographics

Income   Investible Assets   Cash Savings   Investment Reading

●1 ●2 ●3 ●4 ●5 ●6

Demographics

Knowledge   Higher Education   Completed survey by mobile   London based

●1 ●2 ●3 ●4 ●5 ●6

34

Additional Attitudes

I just want to maximise my financial returns.
I would like to have impact investments that would not be invested in based solely on their
My financial advisor/investment manager selects my investments.
I am more prepared to take investment risks than others.
Uncertainty makes me uneasy.
I avoid investments that are unfamiliar to me.
I would like my investments to do some good as well as provide me with a financial return.
I like helping others because it gives me a sense of control.
The threat from global warming is exaggerated.
My main responsibility is to care for my family and myself.
It is possible to do good and make money at the same time.
I care about what future generations think of me.
Being personally involved in the charities, causes or projects being supported would encourage
Impact investing would challenge charitable organisations to be more business-like.
I would prefer any Impact Investments I made to be anonymous.
I would engage with Impact Investing even if there was ambiguity around the actual social
Charitable donations are more effective in achieving positive social outcomes than Impact
Guiding value: Family security
Guiding value: Social justice
Guiding value: Unity with nature

Causes

Legend: 1, 2, 3, 4, 5, 6

X-axis categories:
1. No poverty.
2. Zero Hunger.
3. Good health and wellbeing.
4. Quality education.
5. Gender equality.
6. Clean water and sanitation.
7. Affordable and clean energy.
8. Decent world and economic growth.
9. Industry, innovation and infrastructure.
10. Reduced inequalities.
11. Sustainable cities and communities.
12. Responsible consumption and production.
13. Climate action.
14. Life below water.
15. Life on land.
16. Peace, justice and strong institutions.
17. Global partnerships for sustainable development.
18. Arts and culture.

Cause choices

Legend: 1, 2, 3, 4, 5, 6

| | Certain but limited impact vs. Ambitious but uncertain impact | Immediate Impact vs. Long-term Impact | Ambitious but unmeasurable impact vs. Measurable but limited impact | Local impact vs. Global impact | Specific organisations vs. General programmes | Already partially funded vs. Struggling to acquire funds | Specific causes vs. General impact | Greatest impact vs Greatest passion | High transparency but limited impact vs. Ambitious impact but low transparency | Local community or area vs. Distant communities or areas |

I would be more willing to make an impact investment if…

Categories (x-axis): Certainty of Impact; Personal Involvement with Cause; It is an urgent cause.; It affects many people.; It is one of my passions.; It is a neglected or unpopular cause; I want to right a wrong from the past.; It allows me to take personal control of future outcomes.; I fear the consequences if we fail to act soon.; I simply feel it is a good cause.; I can make sure I help at least one person.; It has already attracted some funding.; It may struggle to attract funds.; It has global impact.; It will benefit my local community or area.; It targets specific causes or groups.; It pursues broad approaches to doing good.; I would not be attracted to investments that target specific

Legend: 1, 2, 3, 4, 5, 6

38

How important are the following in selecting an impact investment?

Legend: 1, 2, 3, 4, 5, 6

X-axis categories:
1. The particular social or environmental cause that is targeted.
2. A good rating by an independent agency
3. Geographic area of the impact.
4. Degree to which the impact can be measured.
5. The expected financial risk of the investment.
6. The expected financial return of the investment.
7. Level of liquidity of the investment.
8. Transparency of where the funds are going.
9. Time horizon of the investment.
10. Tax relief on the investment.
11. Demonstrated track record of positive social impact.
12. Demonstrated track record of positive financial returns.

IFA sample – findings relative to general population

- Questionnaire was also sent to a group of IFAs to see how their attitudes differ
  - We have data on only 34 IFAs, so cannot draw strong conclusions
  - Self-selecting, so likely to be biased towards existing interest in SII
- Generally fall towards 'interested' side, but not most interested
  - Interest in SII equivalent to Group 2
  - Ave *Impact Desire*, but high *Impact Trade-off*
  - Low perceptions of *Barriers* to SII
- Middling interest in specific causes
- However…
  - More strongly drawn to long-term, specific, and ambitious causes
  - Strongly pursue impact rather than passion

Segment Scores on Attitudinal Factors
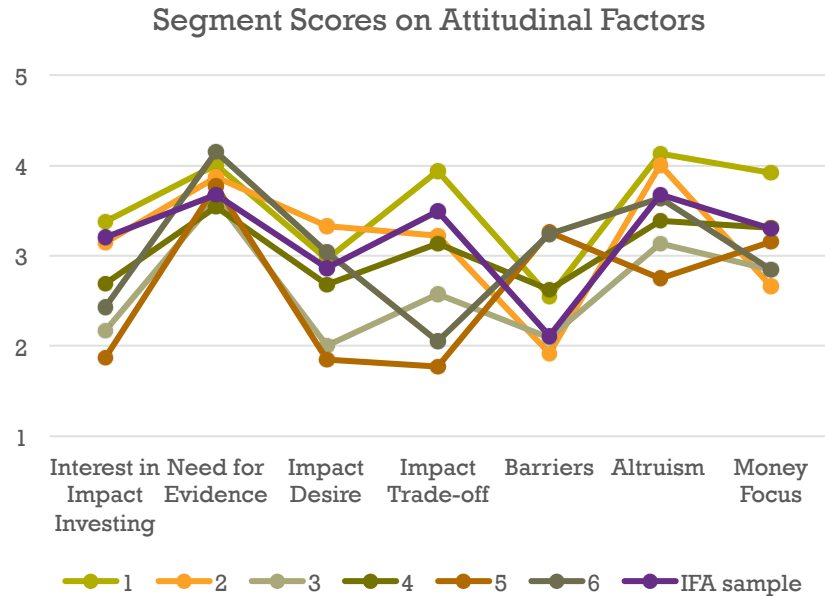
GregBDavies@Centapse.com
www.centapse.com
@Centapse

Appendix – additional data cuts

	How interested are you in impact investing? ($R^2 \sim 44\%$)	willing to spend it learning more about __Impact Investing__? ($R^2 \sim 27\%$)
Impact Desire (also ++++ for 'Click')	+ + + +	+ + + +
Impact Trade-off	+ + + +	+ + + +
Altruism		+ +
Money Focus		
Need for Evidence		
Barriers	- - - -	- -
Knowledge of II	+ + + +	+ +
Investment Reading	+ + + +	+ + + +
Education	+ +	
Age	- -	- - - -
Amount of cash savings	+ +	
I would like my investments to do some good as well as provide me with a financial return	+ + + +	
I would engage with Impact Investing even if there was ambiguity around the actual social outcome	+ +	
Importance of 'Time Horizon' when selecting impact investment	+ + + +	+
Importance of 'good rating by independent agency' when selecting impact investment		+ + +
Importance of 'transparency of where the funds are going' when selecting impact investment		- - -
Importance of 'geographic area of impact' when selecting impact investment		- -
Cause: Affordable and Clean Energy		+ + +
Cause: Quality Education		- -
Cause: Responsible consumption and production	+ +	
Cause: Life on Land	+ +	+ + + +
Cause: Climate Action	+ +	
I would be more likely to make an II supporting a specific cause if: I want to right a wrong from the past		+ + +
I would be more likely to make an II supporting a specific cause if: it was neglected or unpopular	+ +	
I would be more likely to make an II supporting a specific cause if: it targets specific causes or groups	+ +	
Prefer II into a local community or area than distant community or area		+ +
Prefer II into cause with measureable but limited impact to ambitious but unmeasureable impact		+ +

Correlations between key factors

	How interested in II are you?	Altruism	Impact Trade-off	Impact Desire	Barriers	Need for evidence	Money Focus	Knowledge of II	Certainty of impact	Personal relationship to cause	Willing to learn	Frequently read about investment
How interested in II are you?	100%											
Altruism	38%	100%										
Impact Trade-off	46%	44%	100%									
Impact Desire	45%	52%	38%	100%								
Barriers	-23%	-16%	-26%	-12%	100%							
Need for evidence	9%	23%	-4%	18%	16%	100%						
Money Focus	19%	7%	16%	-1%	-1%	4%	100%					
Knowledge of II	32%	15%	37%	10%	-10%	-6%	30%	100%				
Certainty of impact	33%	55%	30%	47%	-9%	47%	5%	6%	100%			
Personal relationship to cause	27%	31%	31%	21%	-2%	16%	37%	28%	40%	100%		
Willing to learn	49%	34%	47%	36%	-25%	4%	23%	29%	30%	27%	100%	
Frequently read about investment	26%	7%	18%	4%	-9%	10%	23%	26%	11%	11%	33%	100%

Other attitudinal variables

Personality and Attitudes

6. My main responsibility is to care for my family and myself.
7. It is possible to do good and make money at the same time.
10. I am optimistic about my future.
9. It is important to me to protect the vulnerable in society.
1. I have a responsibility to make the world a better place.
2. I often do things on the spur of the moment.
8. I care about what future generations think of me.
5. The threat from global warming is exaggerated.
4. I like helping others because it gives me a sense of control.
3. Money is the best measure of success.

Strongly Disagree / Strongly Agree

How important each value is for you as a guiding principle in your life?

Family security
Wisdom
Social justice
Personal Achievement
Financial Wealth
Making a difference in the world
Unity with nature
Supporting my community
Authority

Opposed to my values / Not important / Slightly important / Very important / Of supreme importance
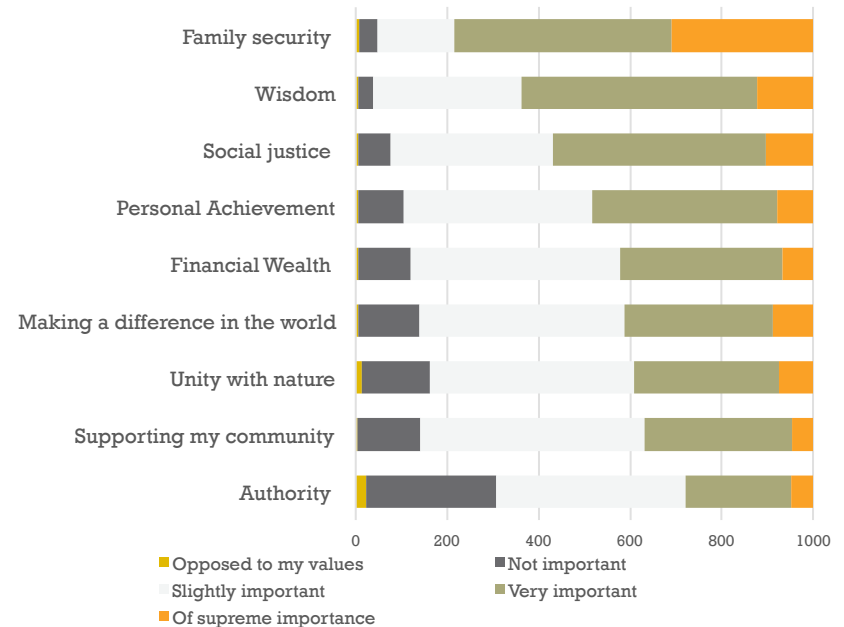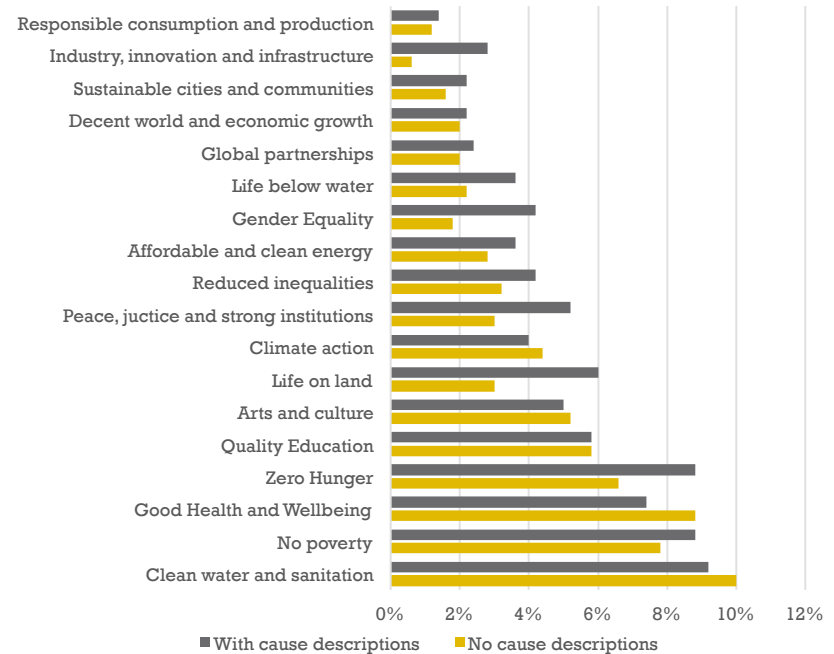
UN Sustainable development goals – other data

Correlations between interest in causes and interest in SII

Cause	
Sustainable cities and communities	
Global partnerships	
Climate action	
Life on land	
Decent world and economic growth	
Gender Equality	
No poverty	
Reduced inequalities	
Zero Hunger	
Affordable and clean energy	
Industry, innovation and infrastructure	
Arts and culture	
Life below water	
Responsible consumption and production	
Quality Education	
Peace, juctice and strong institutions	
Good Health and Wellbeing	
Clean water and sanitation	

Legend: ■ No descriptions ■ Descriptions

I have supported this cause

Cause	
Responsible consumption and production	
Industry, innovation and infrastructure	
Sustainable cities and communities	
Decent world and economic growth	
Global partnerships	
Life below water	
Gender Equality	
Affordable and clean energy	
Reduced inequalities	
Peace, juctice and strong institutions	
Climate action	
Life on land	
Arts and culture	
Quality Education	
Zero Hunger	
Good Health and Wellbeing	
No poverty	
Clean water and sanitation	

Legend: ■ With cause descriptions ■ No cause descriptions

Cause choices

Causes

Legend: 1, 2, 3, 4, 5, 6, IFA sample

Categories:
1. No poverty.
2. Zero Hunger.
3. Good health and wellbeing.
4. Quality education.
5. Gender equality.
6. Clean water and sanitation.
7. Affordable and clean energy.
8. Decent world and economic growth.
9. Industry, innovation and infrastructure.
10. Reduced inequalities.
11. Sustainable cities and communities.
12. Responsible consumption and
13. Climate action.
14. Life below water.
15. Life on land.
16. Peace, justice and strong institutions.
17. Global partnerships for sustainable
18. Arts and culture.