

Dynamic perspective on sense making: How do responsible investors' actors make sense of their actions?

Linda Markowitz

SIUE, Department of Sociology

Céline Louche

Vlerick Leuven Gent Management School

Steve Lydenberg

Domini Social Investments



Central question

How do responsible
investors' actors make
sense of their actions?

Institutional complexity

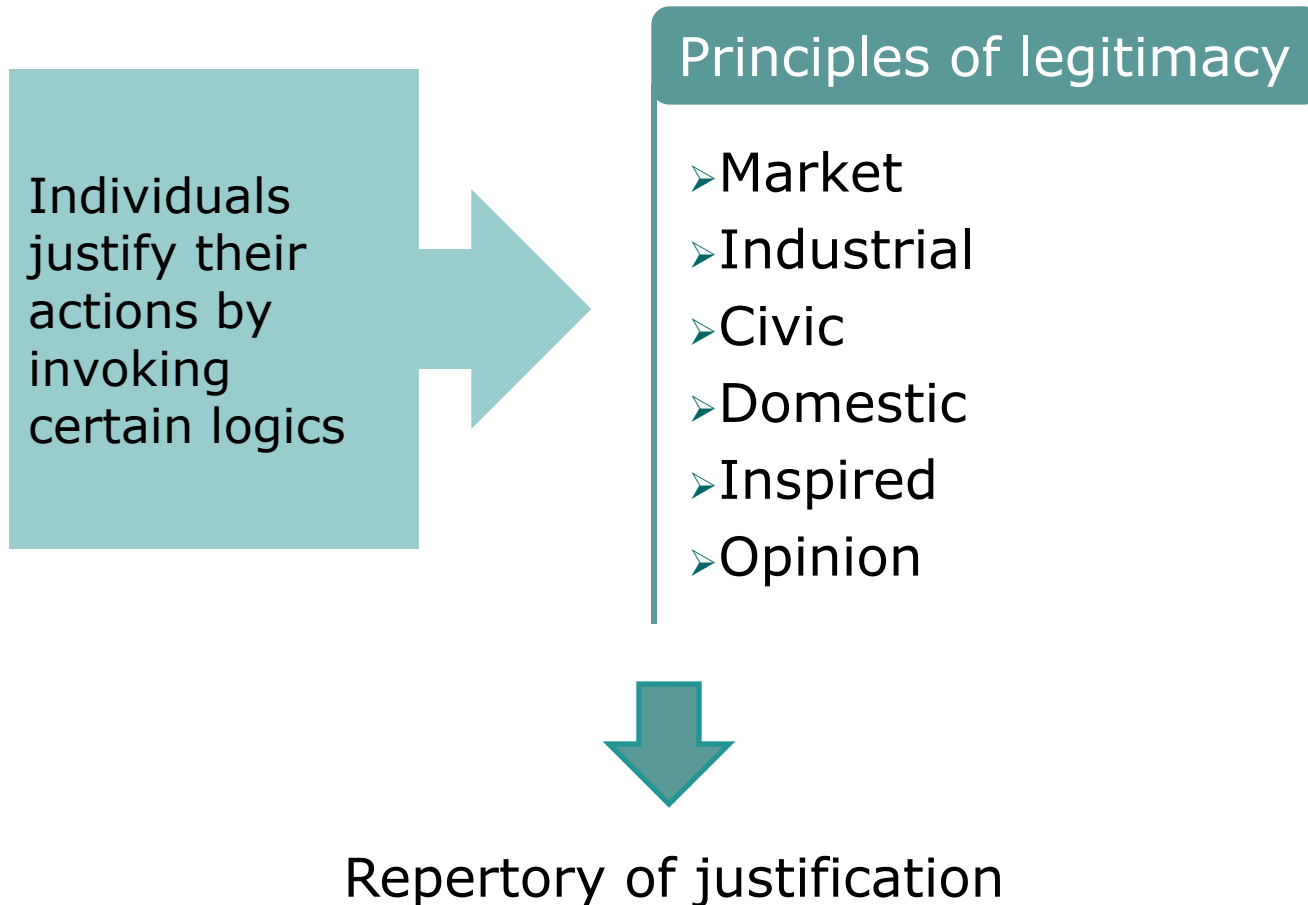
Individuals are embedded in multiple institutional contexts

Social Locations

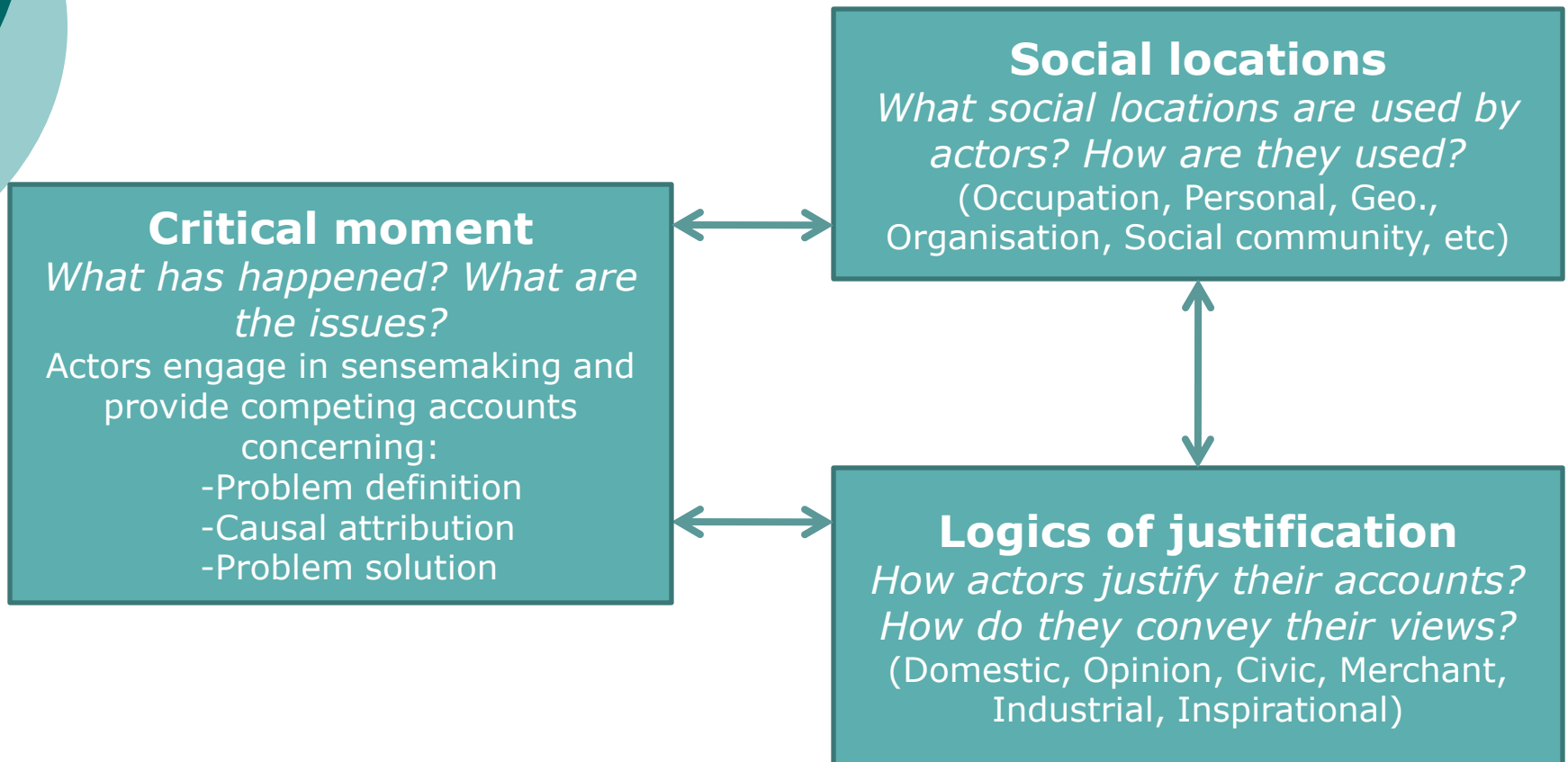
- Occupation
- Geographical area
- Organisation
- Personal
- Social community
- ...

Institutional complexity

Logics of justification



Theoretical framework





Research Questions

- Q1: How do RI actors (fund managers and analysts) make sense of their actions?
- Q2: How do RI actors deal with institutional complexity?
- Q3: How do they mobilize 'social locations' and 'logics of justification' during their work of justification?
- Q4: What is the dynamic between 'social locations' and 'logics of justification'?

Data

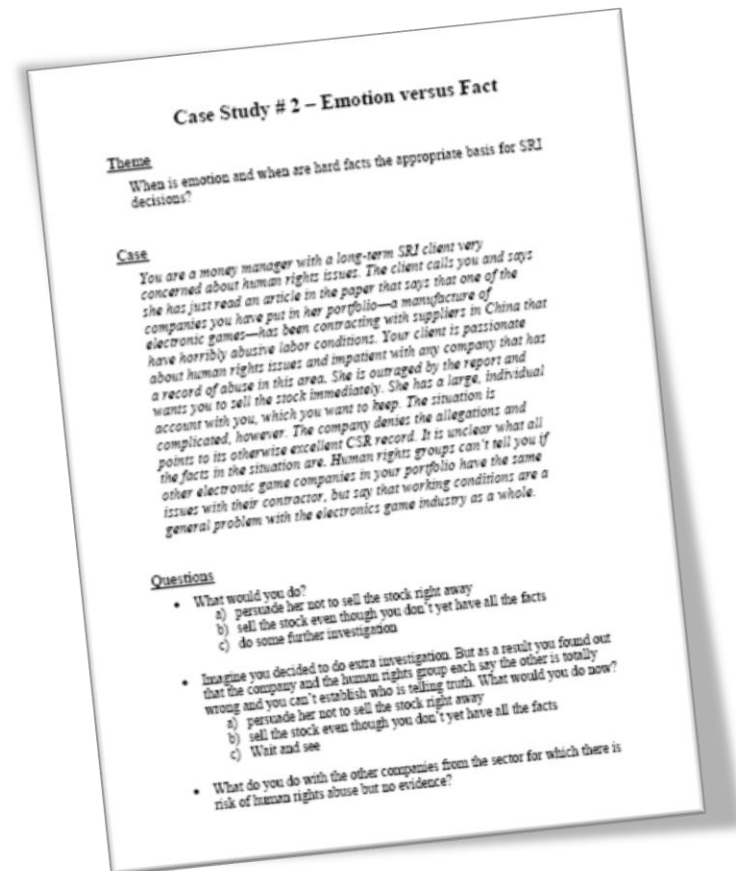
- 35 interviews with RI fund managers and analysts (2008)

Geographical scope	
Europe	12
U.K.	7
North America	9
Asia	7

Interviewee's occupation	
Fund managers	13
Internal RI analysts	10
External RI analysts	12

Interview design

- 13 mini cases
 - Multilevel
 - Individual
 - Organisational
 - Societal
 - Multidimensional
 - Ethical
 - Cultural
 - Sustainability
 - Financial



The cases

Case 1	Types of RI Investors	➔	Standardisation or Customisation
Case 2	Emotion vs Fact	➔	Communication
Case 3	Exit vs Voice	➔	Influence
Case 4	Sustainability Returns vs Fin. Returns	➔	Measurement
Case 5	Alleged vs Confirmed Illegal Activity	➔	Lawsuits
Case 6	Can a company change?	➔	Symbolic or Substantive Change
Case 7	Public vs Private Engagement	➔	Trust
Case 8	Relativity of RI Standards	➔	Global vs Local RI
Case 9	Fiduciary Duties and SRI Guidelines	➔	Short Termism
Case 10	Incompleteness of Data	➔	Disclosure
Case 11	Exclusion of Industries	➔	Borderline
Case 12	Emerging Issues	➔	Unknown Risks
Case 13	Privatization of Public Services	➔	Long Term Benefits

Preliminary findings

- RI actors use multiple social locations

	Case 1	Case 2	Case 3	Case 4
Social community	3	3	5	4
Personal	10	21	35	28
Occupation	6	6	9	7
Goe. Area	2	1	8	2
Company	11	37	57	29



Preliminary findings

- RI actors use elements of grammar from different logics of justification
 - Measurement and expertise (Industrial World).
 - Impact on the financial performance, costs implied (Market World).
 - Commitment to certain (ethical) principles(Civic World)

"How much is this client worth? " (case 2)

"We would try to win the client in all cases" (case 1)

Market *"As a money manager I would persuade my client not to sell the stock right away, and in the meantime I would like to do some further research or investigation to see how this investment will actually impact our clients asset value over the long term." (case 2)*

"Yes, absolutely, because of what we were saying about revenue. An individual really can't pay me enough to do this." (case 3)

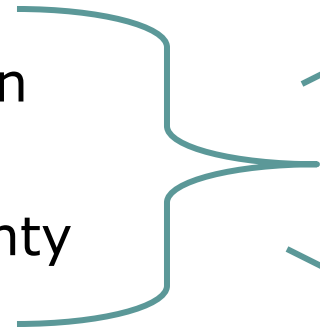


Industrial	<p>"let's start off to try to establish what the facts are." (case 2)</p> <p>"It's not efficient or useful to lump them into types " (case 1)</p> <p>"I don't have an ethical approach. I basically say: all exclusionary criteria is good, I don't have any hierarchy. If someone tells me I want... In the exclusionary criteria I put all the opposite. I can understand that someone says 'I want to exclude civil nuclear' and if someone else says 'I want civil nuclear', I just give. That's were I am not to give a lesson of morality to people. Where I will have a strong input is on the financial performance and the impact on the financial performance" (case 1)</p>
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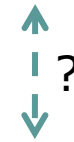


Civic	<p>"The information that we provided, could be used for sort of the opposite reason that we intended it to be... it could be used in a different way, from what the intended purpose of it is. " (case 1)</p> <p>"ethically, it's never right to cheat, but it's even more wrong to cheat a poor person than to cheat a rich person, because the impact on the poor person's well-being is more direct. " (case 1)</p> <p>"But for a woman who is scrapping and saving for every nickel, to offer that instead of the cheapest possible product, which has therefore about a 1% annual performance advantage – I view as irresponsible." (case 1)</p>
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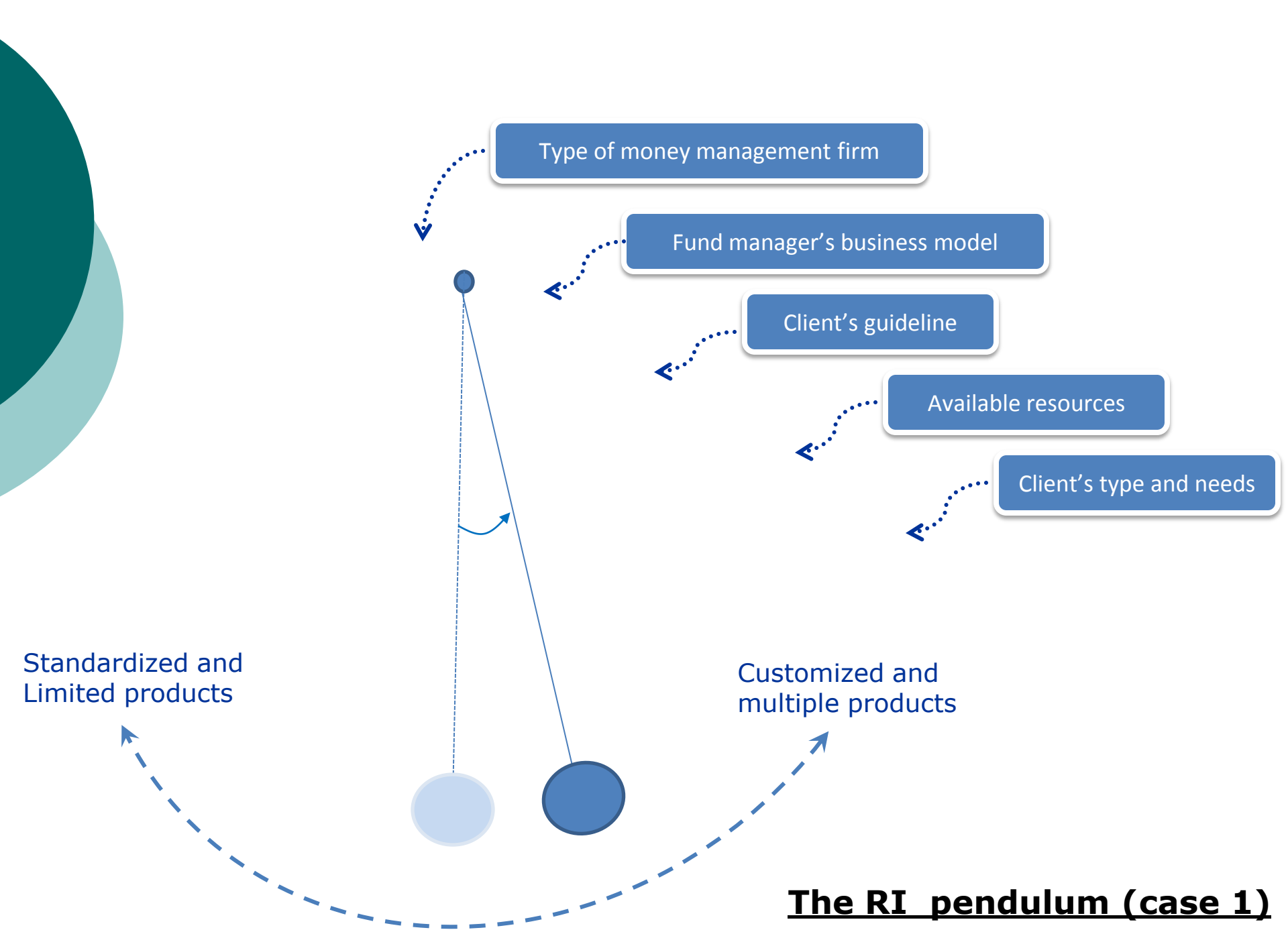
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- Confusion
 - Tension
 - Uncertainty

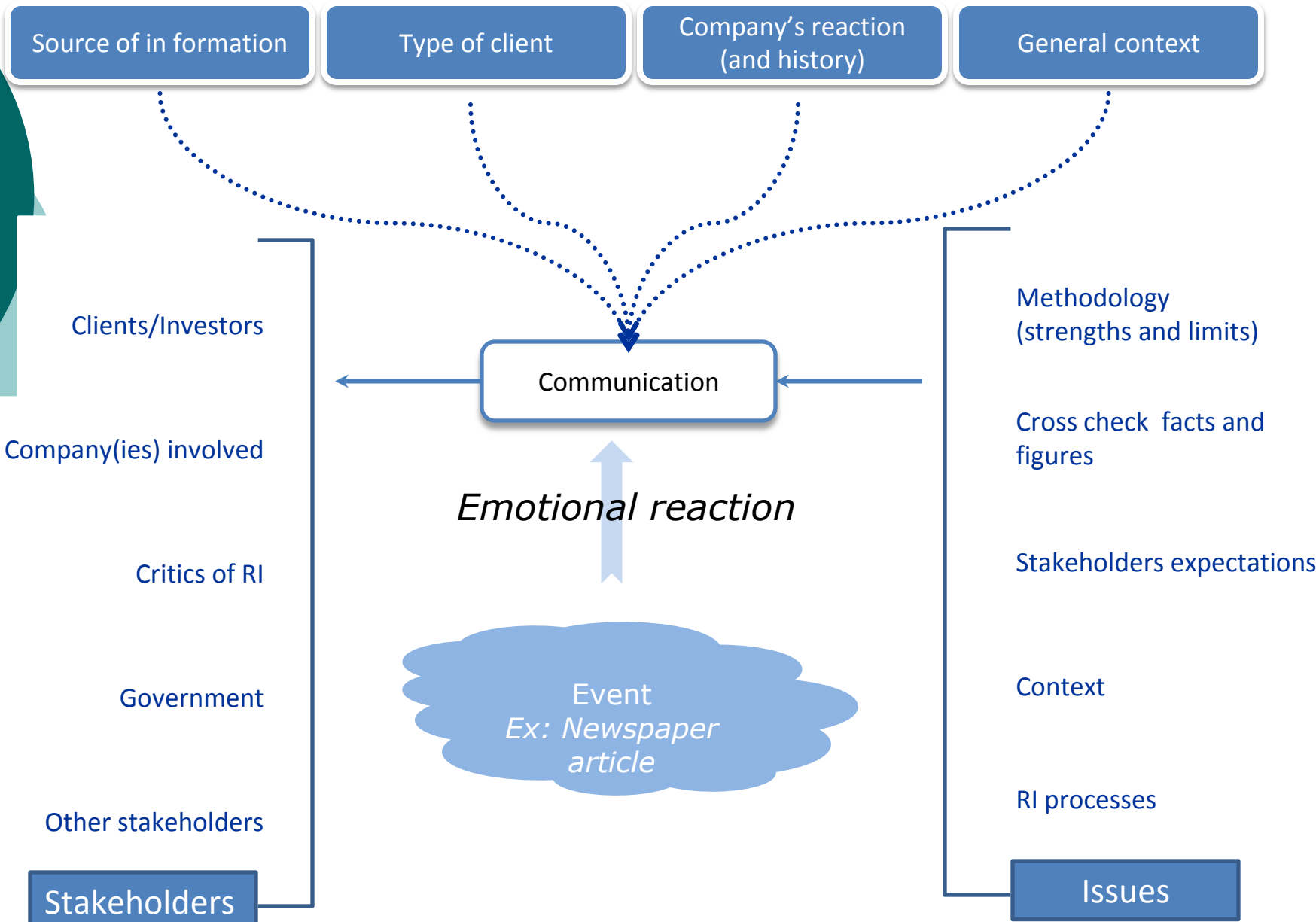


Multiple social locations



Multiple logics of justification





Source of information

Type of client

Company's reaction
(and history)

General context

Clients/Investors

Company(ies) involved

Critics of RI

Government

Other stakeholders

Stakeholders

Communication

Emotional reaction

Event
Ex: Newspaper
article

Methodology
(strengths and limits)

Cross check facts and
figures

Stakeholders expectations

Context

RI processes

Issues

19/05/2010

case 2