

Mainstreaming Responsible Investment in France: How Calculative Agencies Sustain and Shape Markets

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Structure of the presentation

1. Conceptual foundations
2. Context, Method and Data
3. Research Findings
4. Implications for Practice

Conceptual Foundations (1)

Calculability for Market Construction

- Calculability/performativity perspective on markets in economic sociology (Callon 1998, Fourcade 2006)
- Markets as 'Collective Calculative Devices' (Callon & Muniesa 2005)
- Central role of 'calculability' to design and develop market by addressing dominant uncertainties (e.g., how to evaluate the cash flow of a .com start-up? See Beunza & Garud 2007)
- Potential roles of calculability
 - on the *supply side* for **building and singularizing products / services** (e.g. option pricing in MacKenzie & Millo 2003)
 - on the *demand side* for **revealing products / services qualities** and **equipping customers** (e.g. Michelin guide in Karpik 2000 or Cochoy 2002 on supermarket)

Conceptual Foundations (2)

Organizing Calculability for RI

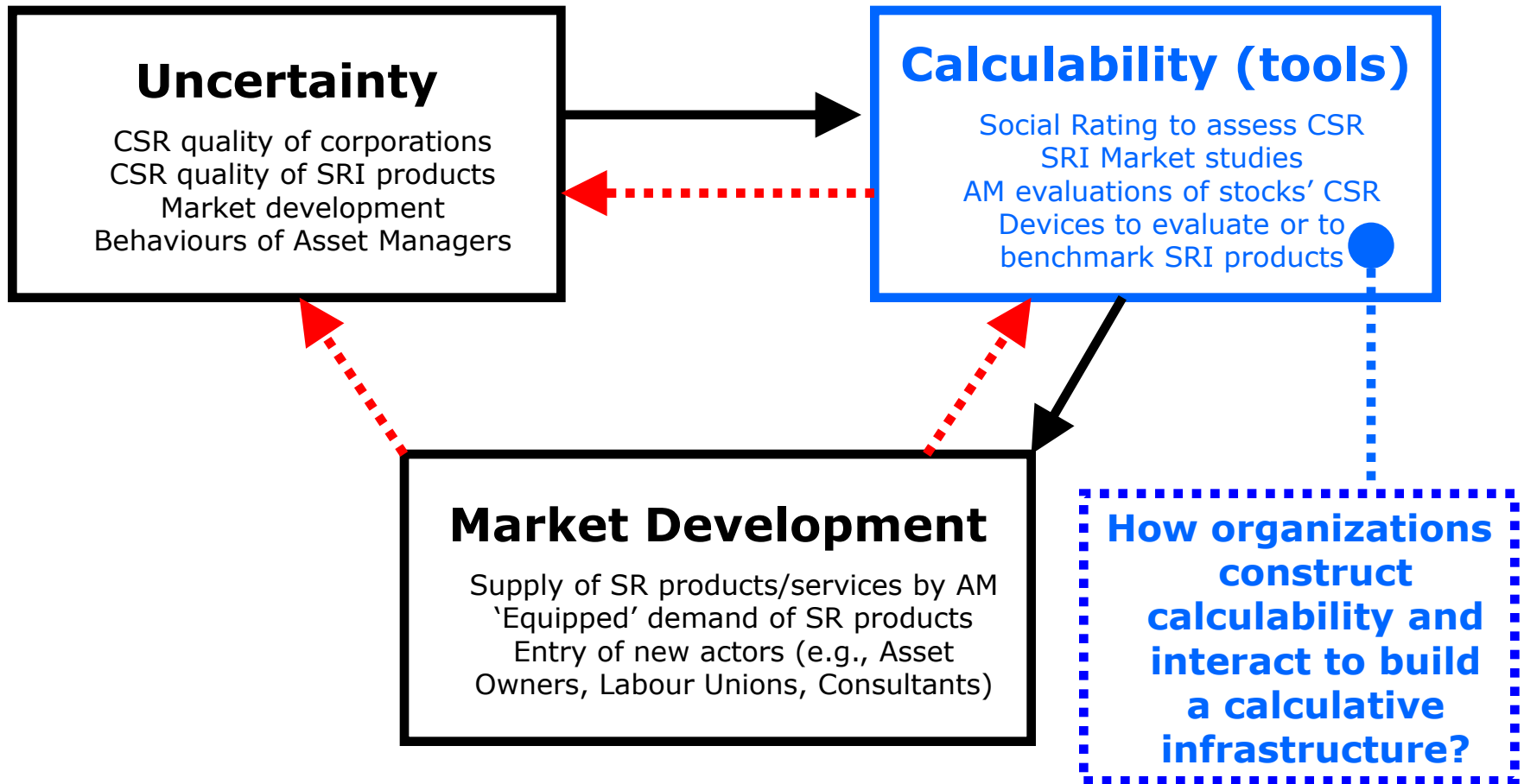
- Case of RI → ideal 'extreme case' due to the difficulties to make stock's social responsibility calculable (see, Gond & Crane 2010; Rowley & Berman 2000)
- Role of a calculative infrastructure in the recent developments of RI market highlighted (e.g. Déjean, Gond & Leca 2004; Waddock 2008)
- Yet, few research has investigated how calculative agencies, tools and devices support the development of RI

Research questions

- What is the role of organizations in the construction of calculability?
- How do calculative agencies interact with each other to build a calculative infrastructure for market development?
- How market developments reshape calculative capacities across organizations?

Conceptual Foundations (3)

Underlying framework, **research question**, and **emerging insights**



Context, Method, and Data

- **Construction of RI in France**
 - First attempts to develop products in the early 1980s
 - Not take off before the late 1990s and the creation of Arese
 - Today very dynamics European market for RI
- **Research design: A Longitudinal Study**
 - Historical reconstruction of the RI construction process
 - Analysis of the role of calculative agencies at each stage of French RI market development
- **Data analysis** (Langley 1999)
 - Qualitative analysis to reconstruct the process
 - Combination of bracketing / narrative / quantification
- **Data collection**
 - Multiple sources and methods of collection combined (archives, newspaper reports, interviews, ethnographic analysis) to reflect the various levels of analysis of the study

Context, Method, and Data

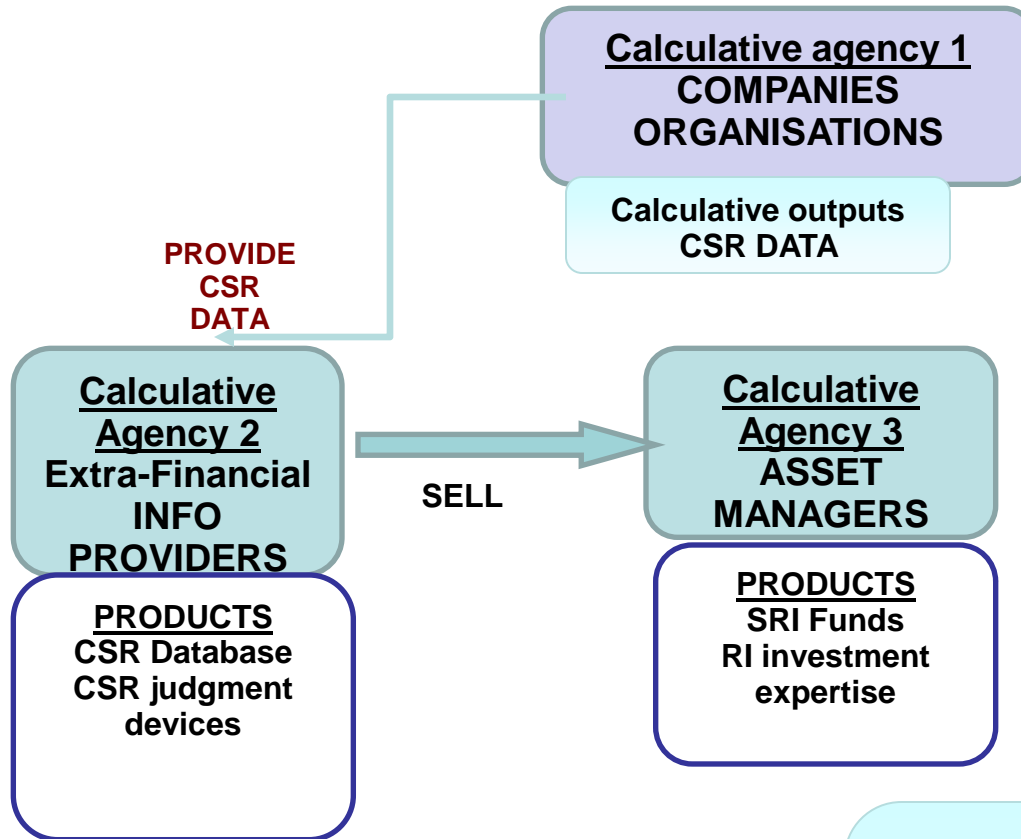
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Findings: Mainstreaming facts

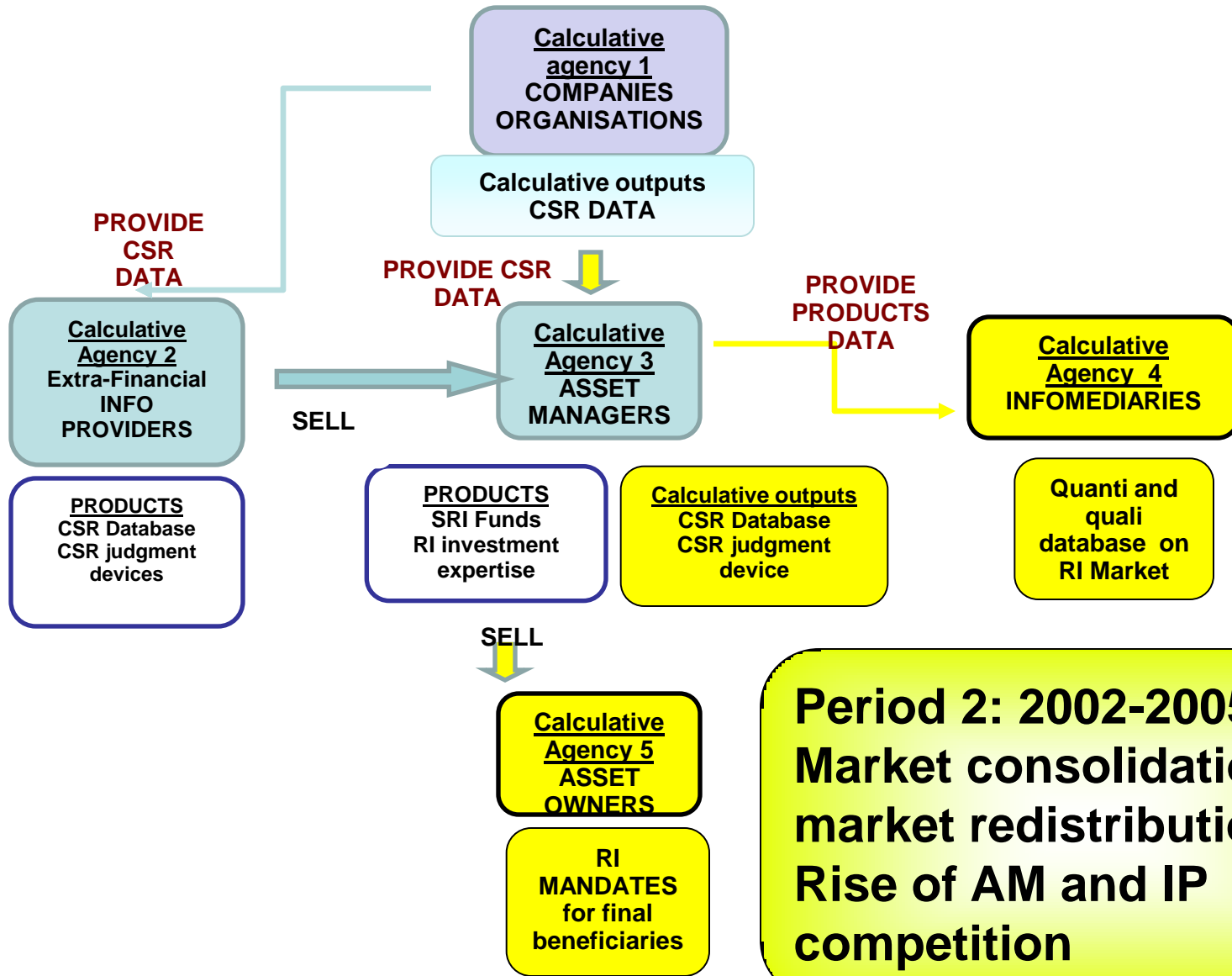
- **1999:** 10 AM providing around 10 SRI Funds
- **2007:** 47 AM providing around 175 SRI funds

- 2003: **10%** of asset managers with SRI funds bought CSR services of 3 or more CSR info providers
- 2007: **27%** are in this situation

- 2003: **31%** of AM declared to have a buy side of SRI analysts team of 2 and more
- 2007: **40%** declared the same thing

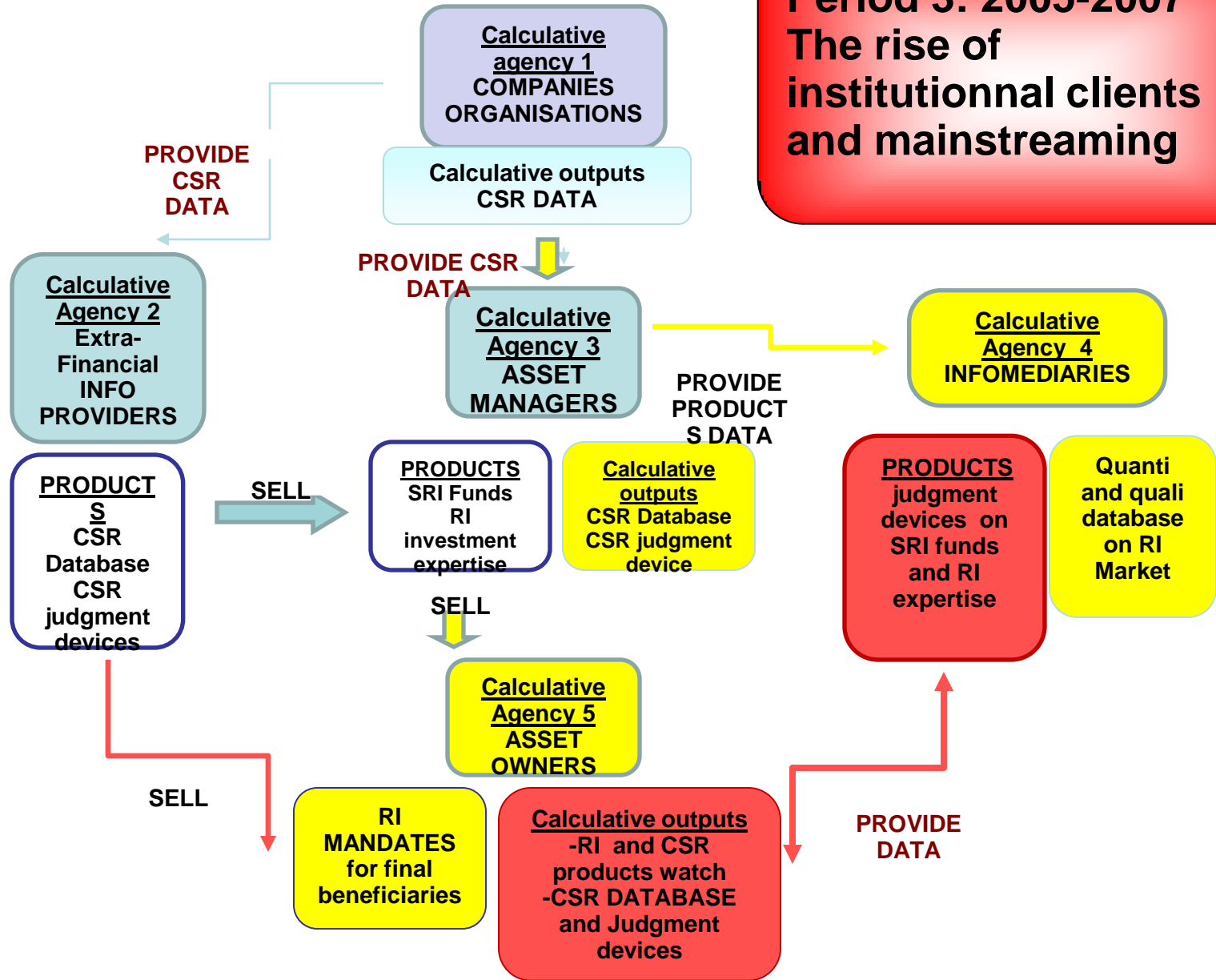


Period 1: 1997-2002
Market emergence and
calculability centralization
Rise of ARESE



Period 2: 2002-2005
Market consolidation and market redistribution
Rise of AM and IP competition

Period 3: 2005-2007
The rise of
institutional clients
and mainstreaming



Managerial Implications

- To understand the strategic interest of developing the right calculative agencies in order to mainstream their local RI markets
- Comparative interest particularly in emerging RI markets where the lack/weakness of certain calculative agencies can prevent a faster development of RI mainstreaming.

Thanks for your attention