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“A Social Movement Perspective on Finance: How Socially Responsible Investment Mattered”

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Agenda

- What is Socially Responsible Investment in France?
- Dominant approaches of French SRI
- French SRI as a new Social Movement
- Research question
- Theoretical background
- Research methods
- Case study findings
- Contributions

What is Socially Responsible Investment (SRI) in France?

Origins

- 1920s – US Methodists and Quakers’ ethical will to avoid companies present in the ‘sin-stocks’ (e.g. alcohol, gambling, pornography, tobacco and weapons).
- 2000s – Creation of most of the French SRI funds namely due to public pension funds’ pressure (64% of funds would integrate SRI criteria in 2009).

Goals

- French SRI funds : no sector’s exclusion.
- Investing in the most socially responsible companies in each sector.
- Providing good financial performance.
- ‘SRI Mainstreaming’ phenomenon.

Means

- Companies’ SRI assessment provided by social rating agencies.
- SRI Analysts teams inside asset management companies.
- Asset Managers integrating SRI criteria.

Dominant approaches of French SRI

Business Ethics

- Morality concerns
- Some investors want to favor ethical firms.
- **Underlying action: some marginal actors follow their personal convictions.**
- *Ex: Roux (2005)*

Corporate Social Responsibility

- Legitimacy concerns
- Environmental pressures encourage investors to integrate SRI criteria.
- **Underlying action: different institutional entrepreneurs aim to convince other actors.**
- *Ex: Dejean, Gond and Leca (2004)*

Financial Performance

- Financial concerns
- The most socially responsible companies will be the more profitable.
- **Underlying action: investors integrate financially-driven SRI considerations.**
- *Ex: Lucas-Leclin (2006)*



Paper's proposition: **The French SRI is Social Movement whose explicit goal has been to drive institutional change.**

Underlying action: **SRI is the result of an organized and deliberative collective action.**

French SRI as a new Social Movement

The French SRI Movement satisfies the four features of the new social movements (*Touraine, 1969; Zald and Berger, 1978*):

Having a collective identity

- SRI challengers feel that they pertain to the same movement; friendship plays a key role.
- *Penalva-Icher (2007); Déjean (2004)*

Sharing individual resources in the pursuit of a common purpose

- For the movement to succeed, SRI challengers cooperate, share knowledge and financial resources.
- *Penalva-Icher (2007); Déjean (2004)*

Desiring to change existing institutions

- SRI challengers aim at bringing SRI logics into the mainstream French asset management sector's ones.
- *Europlace (2008)*

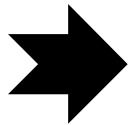
Providing a general orientation for the Society

- SRI should permit the restoration of social responsibility within the financial markets.
- *Europlace (2008)*

Research Question

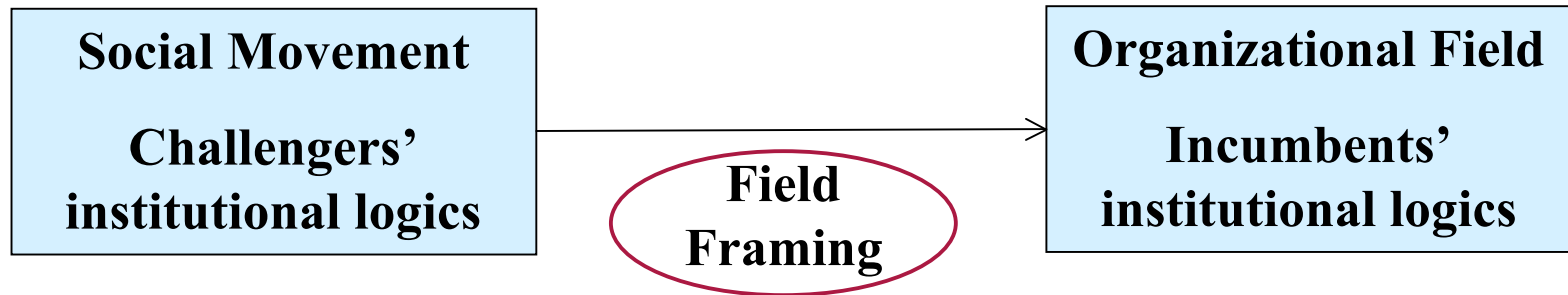
To what extent and under which conditions can these new social movements change economic institutions?

Empirical support:



A longitudinal case study of the impacts of the French SRI Movement's 'field-framing' (*Goffman, 1974; Benford and Snow, 2000; Lounsbury et al., 2003*) on the French asset management field's institutional logics (*DiMaggio and Powell, 1983; Friedland and Alford, 1991*).

Theoretical background



> The **political and active construction** (*Goffman, 1974; Benford and Snow, 2000; Lounsbury et al., 2003; McAdam et al., 1996*) used by challengers to **change a field's institutional logics** (e.g. the incumbents' organizational principles) (*DiMaggio and Powell, 1983; Friedland and Alford, 1991*). It relies on the:

- ✓ **mobilizing structures**: the organizational forms available to the challengers;
- ✓ **political opportunity structures**: which provide the context to the challengers.

Research Methods

Semi-structured interviews

(July 2007 – March 2009)

- 15 interviews within the challengers' group
- 18 interviews within the incumbents' group
- 5 asset management companies, 4 financial institutions, 2 brokers, 2 trade-unions, 2 NGOs, 1 pension fund, 1 think-tank and 5 social rating agencies

Participative observation

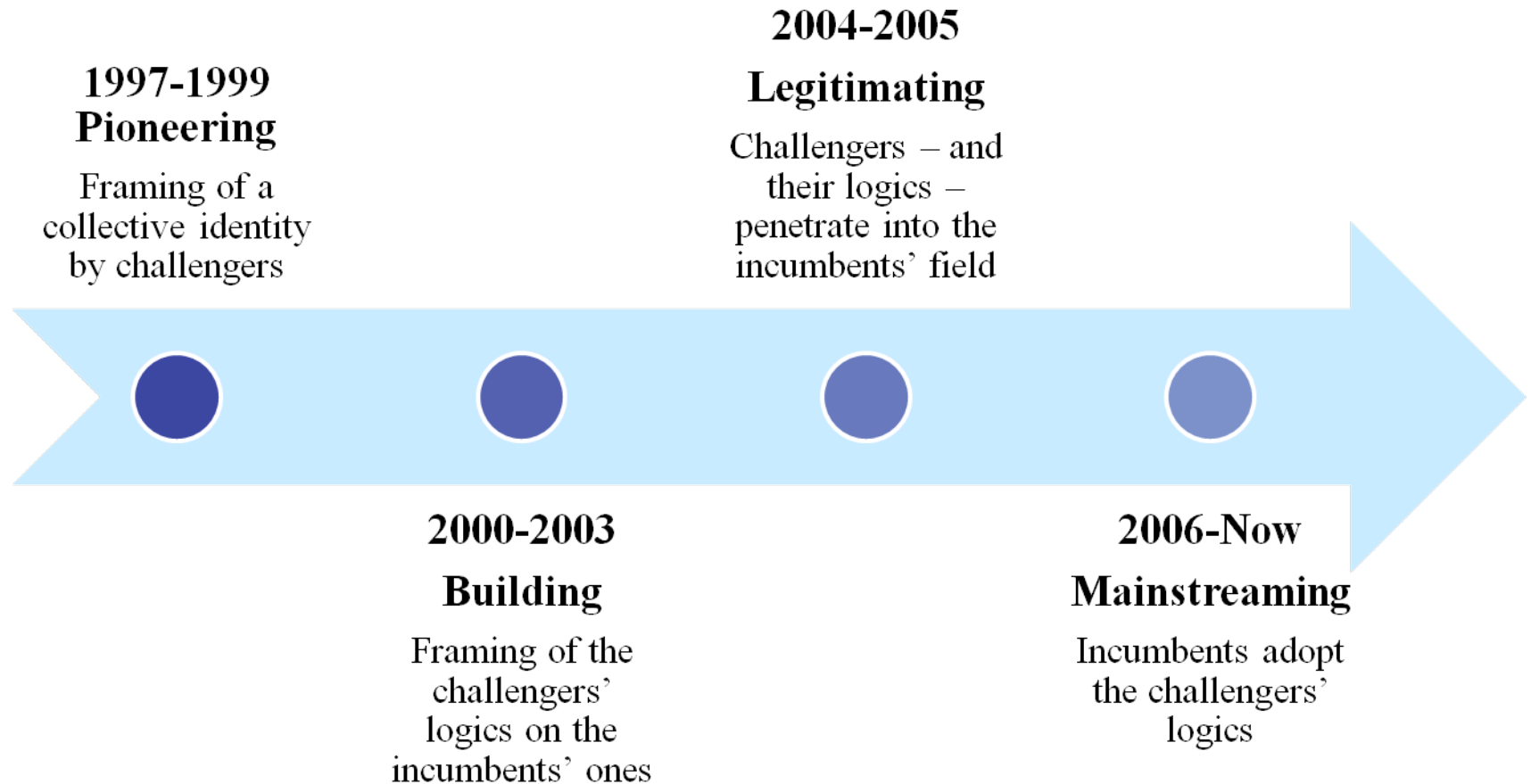
(June 2006-June 2009)

- SRI analyst in a French asset management company
- Participation in business meetings, think-tank, SRI road shows, etc. (almost 40 formal events per year)
- Day-to-day field notes

Documents and secondary data

- Market data (Novethic, Financial Authorities)
- Professional reports (consultants, asset managers, brokers and social rating agencies)
- Newspapers, etc.

Case study findings



Contributions

Social Movements

- Social movements can play a prominent role in changing economic institutions.
- The success of a social movement leads to its death.

Institutional Change

- Social movements can trigger change among a field's institutional logics.
- The stabilization of a social movement around institutional logics can spawn the creation of a new field.

Socially Responsible Investment

- CSR 'compromise-movements' can be successful.
- Social movement theory could permit the understanding of the SRI's dilemma: 'niche vs. mainstream'
- The French SRI movement seems to be nationally rooted.

Thank you.



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