“Doing good while doing well”

An investigation of Generation Y's intention to invest socially responsibly

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Abstract

**Purpose** - The purpose of this study is to investigate behavioral factors influencing investment intentions.

**Design/methodology/approach** – A descriptive quantitative study was conducted utilizing an online questionnaire with a total of 121 respondents.

**Findings** - The results of the study indicated that Subjective Norm, Perceived Behavioral Control, and Perceived Consumer Effectiveness are positively related to Intention to Invest. Attitude and Perceived Risk did not reach statistical significance and no conclusions could therefore be drawn regarding the concepts.

**Research limitations/implications** - The greatest limitation of the study is that it measures intention and not actual behavior which could be of more value, both from a theoretical and managerial perspective. The implication of the study is that it contributes to the Socially Responsible Investment literature from the intentional perspective and that it considers Generation Y, two aspects that have previously been neglected. The study further provides companies operating in SRI industry with a framework to use when acquiring customers within Generation Y.

**Originality/value** - As recent Socially Responsible Investment research has focused almost exclusively on financial performance this study offers value in that it instead explains behavioral factors influencing the Intention to Invest. It further focuses on Generation Y which is the upcoming generation when it comes to investing that has to a large extent been neglected in the SRI literature.

**Keywords** - Social responsible investments, Generation Y, Theory of planned behavior, Consumer behavior, Perceived risk, Perceived consumer effectiveness, Questionnaire, Intention to Invest.
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Thank you!

Pontus Sandberg  Ronny Huynh  Christoffer Jensen
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1. Introduction

The introduction contains a background in which the topic of the research is introduced and a problematization of why research is needed within the topic is also included. The purpose and research question of the research are presented in the end of the chapter.

It is not an overstatement claiming that people have become more aware of their individual influence on their surroundings, and neither is stating that there is a growing strive for acting in ways that minimize one's impact upon dire situations (Soler-Domínguez et al., 2016). A great example of such a situation would be the environmental crisis and the potentially devastating effects that it could result in over time. However, acknowledging how decisions and actions affect the bigger picture also opens up new doors and enables the general public to realize what they can do on an individual level to minimize the negative side-effects of their own decisions (Auer & Schuhmacher, 2016; Coles, 2016). Additionally, corporate social responsibility has increased in importance as consumers have started to value corporations that show signs of taking action while bearing responsibility in mind (Auer & Schuhmacher, 2016). Hence, existing and new markets have adapted and emerged in order to satisfy the ever-growing needs of the end customer, in regards to sustainability and environmental concerns. An example of such an emerging market is the one concerning socially responsible investments (SRIs) (Auer & Schuhmacher, 2016). A socially responsible investment can be placed by both private investors as well as companies, and is defined as “a financial investment process that takes into account social, environmental and corporate governance impacts and/or investment in the community” (Escrig-Olmedo et al. 2013, p. 410). Moreover, there are a variety of different types of investments that are considered as socially responsible and sustainable in nature including; financial investments which foster ecological, ethical, and social aspects including green money, social investment, and sustainable investments. However, the most popular out of the different socially responsible investments is in general socially responsible funds, also referred to as socially responsible mutual funds, where individuals place capital in funds solely existing to support causes tied to socially responsible investments yet be profitable to the investor (Petrillo et al., 2016). An example of a socially responsible fund could be a fund that does not invest in companies trading e.g. weapons, tobacco, alcohol and child labor (Böllenn, 2007).

Furthermore, Scholtens and Sievänen (2013) state that there is a growing concern for how decisions and actions within the business sector affect Environmental, Societal and Governmental (ESG) factors and if development in general can progress while maintaining a socially
responsible perspective. Additionally, ESG factors have been highlighted as the three pillars of sustainability and form the foundation on which SRIs are built and aim to nurture (Escrig-Olmedo et al., 2013; Auer & Schuhmacher, 2016). In particular, examples of such actions would be reducing climate impact, protecting human rights or encouraging labor-management relations (Oekom Research, 2012; Escrig-Olmedo et al., 2013; Scholtens & Sievänen, 2013; Auer & Schuhmacher, 2016).

A fact that is further worthy of acknowledgement in the context of SRIs is the difference in perception and attitude towards such investments among different people. Joyce et al. (2010) illuminate the fact that the global marketplace is currently experiencing a transition among both consumers and managers, as the Baby Boomer-generation is succeeded by both Generation X as well as Y. Hence, the characteristics of younger generations is going to be reflected in both consumers as well as companies (Joyce et al., 2010). Both Generation X and Y have been described as being represented by individuals permeated by values of increased freedom, quality and flexibility in life, with these values replacing older ideologies of hard work and security (Joyce et al., 2010; Nga & Yien, 2013).

Generation Y (individuals born 1981-1995, based on Solka et al., 2011) further differs from previous generations in a variety of aspects (Kim et al., 2009). Eisner (2005) states that it is the generation with the highest level of education to date and that individuals within the generation strive to find occupation where they can achieve a sense of self-fulfillment. Other aspects which characterize Generation Y are the sense of helping others and the possession of a solid occupational moral (Eisner, 2005; Garlick & Langley, 2007) and Fürth et al. (2002) further state that Generation Y is more environmentally aware than previous generations. Additionally, in relation to SRIs and the underlying investment process, Generation Y has shown a high interest in the aforementioned ESG issues (Williams et al. 2010; Nga & Yien, 2013). Generation Y is also a generation which is described as being more socially conscious in terms of their impact on surroundings (Nga & Yien, 2013). Moreover, the evolution of the internet and the increased popularity of social media have created a sense of community within Generation Y, and in particular one that see value in acting in a sustainable manner (Nga & Yien, 2013). However, in the context of SRIs, little is known of the willingness to actually invest in funds of this nature in particular and differences in opinion among different segments of people and generations has to a large degree been overlooked in previous research conducted on the subject (Travinski, 2008; Nilsson, 2009; Wins & Zwergel, 2016).
SRI research in the last decade has instead focused almost exclusively on financial performance of SRIs and whether or not there is a difference in the financial performance of such investments compared to conventional investments (Bollenn, 2007; Revelli & Viviani, 2013). An interesting finding of these studies is that even though the financial performance of socially responsible funds is very similar to conventional funds, the former represents a significantly smaller market share (Revelli & Viviani, 2013; Pilar & Ballester, 2015). A likely partial explanation for the smaller market share of SRIs is provided by Bollenn (2007) who claims that investors might have diffuse prior beliefs regarding the financial effectiveness of SR funds compared to conventional funds.

Furthermore, as recent research in the SRI literature has neglected private investors’ Intention to Invest and treated investors as a homogenous group, Generation Y’s SRI behavior has been overlooked (Bollenn, 2007; Nilsson, 2009; Valentine & Powers, 2013). As mentioned previously, it is a generation with different core values and consumption motivation compared to previous generations (Nga et al. 2010) and they are in addition to this supportive of social causes and share a strong positive attitude towards socially responsible companies (Furlow, 2011; Nga & Yien 2013; Valentine & Powers, 2013). According to Shanmugasundaram and Balakrishnan (2010) previous research shows that the characteristic of a generation affects the investment behavior of the individuals belonging to that generation. Hence, as Generation Y has been proven to be a generation with a distinct character it could correlate to differences in their investment behavior compared to previous generations.

Their willingness to take on risk has shown to be higher than that of previous generations, however, little to no research has investigated risk perceptions of investing socially responsible which could be of additional interest as it is a generation with a lack of financial awareness and planning (Nga et al. 2010). In addition to this, not only the characteristics of a generation have shown to influence demand for SR-products, but also factors such as age, education, occupation etc. (Escrig-Olmedo et al. 2013).

Due to the sheer size of Generation Y and that they are now graduating and entering the workforce, their spending power is increasing and as a result they present a powerful and attractive consumer segment for companies (Valentine & Powers, 2013; Kim & Ammeter, 2008). These factors combined with Generation Y’s support for social causes and that they believe they can create a better future via their employment choices and lifestyle (Williams et al. 2010; Nga & Yien, 2013) suggests they are a fitting target group for mutual fund companies operating in SRIs.
As mentioned previously, SR-funds represent a significantly smaller market share than conventional funds but as Generation Y is gradually replacing previous generations as consumers the market might change due to their support for social causes and SR-companies (Nga et al. 2010). If they will choose to invest socially responsible is however also dependent on their Perceived Consumer Effectiveness (PCE), i.e. if they believe their individual investment will have any effect in solving the issue the fund sets out to assist (Nilsson, 2009; Williams et al. 2010; Nga & Yien, 2013).

Even though SRI is increasing and more socially responsible funds are becoming available (Benson & Humphrey, 2008; Pilar & Ballester, 2015; Rubaltelli et al. 2015) an important part that has not been addressed sufficiently in the SRI literature is the intentional factors affecting individuals’ decision to invest in such funds (Bollenn, 2007). By understanding intentions behind investment decisions, companies operating in SRI can tailor their products and services according to their segment’s preferences and also assist in ESG issues while maintaining profitability (DeBondt et al. 2008; Nga & Yien, 2013; Valentine & Powers, 2013). From a theoretical perspective it would contribute to the understanding of intentional factors influencing such investments rather than their financial performance (Bollenn, 2007).

1.1 Purpose
The purpose of this study is to investigate Generation Y’s intention to invest socially responsibly.

1.2 Research question
Which factors influence the intention of socially responsible investment decisions among Generation Y?
2. Theoretical framework

In the theoretical framework the various theories and concepts are discussed in relation to Intention to Invest (INT). The proposed hypotheses for each theoretical concept are also presented together with the justification and reasoning behind the chosen hypotheses.

2.1 Theory of Planned Behavior

The Theory of Planned Behavior (TPB) was first introduced by Icek Ajzen in order to predict individuals’ behavior. The theory was proposed in 1985, and has since been a well-used model to predict behavior (Ajzen, 2011; Armitage & Conner, 2001). TPB can also be used to predict intention to perform behavior by analyzing individuals’ Attitude (ATT), Subjective Norm (SN), and their Perceived Behavioral Control (PBC) (Ajzen, 1991). The theory was based on the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975) and the reason why TRA extended into TPB was due to the difficulty of explaining behaviors when just utilizing the TRA-model. The TPB-model has been a widespread theory and there is strong empirical support for the theory (Armitage & Conner, 2001). The TPB-model has been applied in various contexts, including: medical (Enaker, 2014; Asare, 2015; Finke, 2015), smoking behavior (Su et al., 2015), food consumption (Kirti & Swati, 2014; Basset-Gunter et al. 2015; Kothe & Mullan, 2015), charity and philanthropy (Linden, 2011; Smith & McSweeney, 2011; Knowles et al. 2012) and in sustainability reporting (Thoradeniya et al., 2015). In the context of SRI in relation to TPB, some studies have been conducted. Hofmann et al. (2008) conducted a study of ethical investments with an exploratory approach in which he explored the factors that influence ethical investment based on the TPB-model. Moreover, Adam and Shauki (2014) conducted an explanatory study of SRI with the use of Malaysian investors as the sample group with some modifications to the TPB-model.

One of the main constructs of TPB is intention, as it is assumed that intention is a key determination that predicts and influences one's behavior (Ajzen, 2011). According to Ajzen (1991, p. 181): “Intentions are assumed to capture the motivational factors that influence a behaviour and to indicate how hard people are willing to try or how much effort they would exert to perform the behaviour”. In this particular study, individuals would be asked about their Intention to Invest (INT) in funds that have been categorized as socially responsible. As aforementioned, TPB also proposes that there are three fundamental variables affecting one’s intention (INT): Attitude (ATT), Subjective Norm (SN), and Perceived Behavioral Control (PBC)
(Ajzen, 2011). These three variables together form individuals’ intention, where PBC is assumed to have a direct impact on the individuals’ behavior (Ajzen, 2011). However, the relation between intention and behavior is not measured due to the difficulties of measuring actual behavior (Bryman & Bell, 2011).

Attitude (ATT) evaluates the individual’s favorability or unfavorability towards a certain subject. It can describe how an individual is positioned in respect to an action, event, or object (Fishbein & Ajzen, 1975). In regard to this study, ATT is described as the individual's evaluation of favorability or unfavorability to invest socially responsibly. The relationship between ATT and INT has long been supported, and validated research has empirically supported this relationship (Fishbein & Ajzen 1975; Armitage & Conner, 2001; Hofmann et al. 2008). It has been noted by Bollenn (2007) that investors’ ATT towards SR-funds financial effectiveness are more diffuse compared to conventional funds. In the context of socially responsible investments the relationship between ATT towards SRI and INT could need further investigation. Therefore, the following hypothesis is proposed:

**H1: There is a positive relationship between Generation Y’s Attitude (ATT) towards SRIs and Intention to Invest (INT).**

Subjective Norms (SN) refer to the motivational pressure, i.e. social pressure that an individual is exposed to or the belief regarding whether other individuals approves or disapproves of the behavior (Ajzen, 1991). The variable of SN proposes that an individual's behavior is affected by someone of importance, which is relevant to him or her. The individual behavior is according to the variable influenced by someone of importance’s belief whether one should perform the particular behavior or not (Adam & Shauki, 2014). In regards to this research, SN refers to one's beliefs about whether someone of importance thinks one should invest in a fund that is socially responsible. However, some pieces of research questions the predictive capability of SN. Armitage and Conner (2001) argue in their meta-analysis of TPB that the construct of SN is generally acknowledged as a weak predictor of intention. Sheppard et al. (1988) strengthens the latter statement of Armitage & Conner (2001) with studies concerning TRA, the predecessor of TPB, that SN is the weakest predictor of intention. In addition, Hofmann et al. (2008) found in their exploratory study that: “all participants reported that their investment decisions were not, or were only rarely affected, by significant others, friends, relatives or the society as a whole”
(Hofmann et al., 2008, p. 113). This was due to the fact that in general, individuals do not like to discuss money issues to others. However, contradictory to the previous statement, the study also concludes that both conventional and ethical investors believe that one should invest ethically because that was viewed as the norm of some group of individuals (Hofmann et al., 2008). Despite studies proposing SN as a weak predictor, Armitage and Conner (2001) suggest that an explanation of the poor performance could be linked to that many of the studies carried out was with a single-item scale. This ought to have affected the reliability of the study negatively compared to a multi-item scale (Bryman & Bell, 2011). Therefore, the following hypothesis is proposed:

**H2: There is a positive relationship between Generation Y’s Subjective Norms (SN) and Intention to Invest (INT) in SRIs.**

Lastly, Perceived Behavioral Control (PBC) can be described as people’s perception of the ease of difficulty of performing the behavior of interest (Ajzen, 1991). Ajzen (1991) further states that one must have the availability of the relevant means and opportunity to perform the action. Adam and Shauki (2014) argue in their study that PBC in regards to SRIs include the understanding to trade SR-funds as well as the ease of access to investments. The variable of PBC has in previous meta-analysis been supported to account for a significant level of variance in intention (Armitage & Conner, 2001). In addition, PBC have also been supported to directly affect the individual’s actual behavior. However, in the context of SRI, PBC have been found to not show any significance in explaining individual’s actual behavior (Hofmann et al., 2008; Adam & Shauki, 2014). Based on previous research, the relationship between PBC and actual behavior is not drawn into question in this research. However, regarding the relation between PBC and INT, the following is hypothesized:

**H3: There is a positive relationship between Generation Y’s Perceived Behavioral Control (PBC) over SRIs and Intention to Invest (INT).**

A topic that Ajzen (1991) discusses is the different degrees of importance the three core variables have in relation towards each other depending on situation. “The relative importance of attitude, subjective norm, and perceived behavioral control in the prediction of intention is expected to
vary across behaviors and situations” (Ajzen, 1991, p.188). Ajzen (1991) argues that the weight of the relation between the independent variables and intention is argued to be dependent on the type of behavior and situation (Ajzen, 1991). For example, in some instances where ATT is strong, the variable of PBC might lose some of its predictive power towards intention.

The TPB-model is a well-accepted model (Armitage & Conner, 2001). However, some researchers have criticized the model for being too narrow and questioning the sufficiency (Armitage & Conner, 2001; Hasbullah et al., 2014) meaning that the three core variables of TPB (ATT, SN, and PBC) are not sufficient enough to predict intention in some contexts. It is argued that one ought to incorporate other external variables in order to predict intention in some situations (Armitage & Conner, 2001; Hasbullah et al. 2014), which is further strengthened by Ajzen (1991). Ajzen (1991) describes the TPB model as a flexible model, which allows researchers to include other variables, which could allow a greater generalization to different types of research contexts. This research utilizes the TPB-model as the foundation of the research with the aforementioned variables, with inclusion of additional external variables. Perceived Risk and Perceived Consumer Effectiveness were included into the model as they are recurring topics in the SRI literature (Nilsson, 2008; Nilsson 2009; Wins & Zwergel, 2015; Auer & Schuhmacher, 2016).

2.2 Perceived Risk
When discussing finance and investment, risk is a natural component to acknowledge in regards to the decision making process (Sachse et al. 2012). Pavlou (2003) defines the general Perceived Risk (PR) as “the consumer’s subjective belief of suffering a loss in pursuit of a desired outcome” (Pavlou, 2003, p. 109). In other words, consumers will have personal beliefs regarding the potential risk based on the information available tied to SRIs and ethical funds. Moreover, different authors define risk perception in a variety of ways with MacCrimmon and Wehrung (1985) defining risk perception as one’s willingness to take risks whereas Sitkin and Weingart (1995) argue that risk perception and calculation is a behavior that evolves over time as part of experiential learning.

Previous studies on the subject have shown that PR is a subjective construct affected by both quantitative as well as qualitative features of the situation at hand (Sachse et al. 2012).
Furthermore, studies have shown that the feeling of losing is far stronger than that of winning. Thaler et al. (1997) state that the disutility of losing a set amount of capital is about twice the utility of gaining the same amount, known as loss aversion theory. However, it should also be noted that the general perception of the relationship between risk and reward is defined with higher risk being equal to a higher reward (Duxbury & Summers, 2004; Bertsimas et al. 2004; Veld & Veld-Merkoulova, 2008; Sachse et al. 2012; Auer & Schuhmacher, 2016). However, Sachse et al. (2012) further present data that shows that potential gains and losses are not the sole influential factors, with aspects such as worry and predictability being heavy influencers within risk perception.

Furthermore, previous research has presented different ways of deciphering the actual investment process and the underlying factors of influence. The findings of Sitkin and Weingart (1995) are based on four dimensions that describe the investor’s thought process: opportunity-threat, gain-loss, positive-negative and success-failure, each being rather straightforward in their representation. Nosić et al. (2010) describe a similar process with the investor’s decision being formed around a risk-return framework. Within the framework investors wage the pros and cons of an investment before making the actual decision. Nosić et al. (2010) further state that risk can be more thoroughly understood by splitting the concept into three major components: perceived return, risk attitude and risk perception. Each component correlate to a specific part of the potential investor’s decision making process leading up to the investment being placed (Nosić et al. 2010). PR correlates to the expected return that the investor may gain from placing the investment, whereas risk attitude determines how drawn an investor is towards assets tied to risks compared to assets that are deemed as being risk free (Nosić et al., 2010). Risk perception on the other hand describes the investor’s perception of the characteristics and severity of the actual risk at hand (Nosić et al., 2010).

Furthermore, Sachse et al. (2012) present evidence of demographical aspects such as gender and age as being unimportant in relation to PR. However, Nga et al. (2010) state that individuals belonging to Generation Y express a greater willingness to take general risks and previous studies have also shown that Generation Y is a generation conscious of their social image and alert to current trends (Heaney, 2007; Twenge & Campbell, 2008) which strengthens the belief that Generation Y should be more prone to actively take risks and invest in socially responsible funds, hence the following hypothesis is proposed:
H4: There is a positive relationship between Generation Y’s Perceived Risk (PR) of SRIs and Intention to Invest (INT).

2.3 Perceived Consumer Effectiveness
According to Nilsson (2008), Perceived Consumer Effectiveness (PCE) refers to the assumption that consumers are more likely to act on a social issue if they think their behavior will assist in solving the issue at hand. In the context of this research, PCE is extended to reflect the extent to which consumers believe their individual investments influence societal, governmental and environmental issues as they are often regarded the more prominent objectives of SRIs to support (Jansson & Biel, 2011; Scholtens & Sievänen, 2013).

Several pieces of research have provided reason to believe that SRI decisions differ depending on how individuals relate to ESG issues and their PCE (Nilsson, 2009; Jansson & Biel, 2011). For example, PCE in combination with pro social attitudes has shown to influence consumer behavior and more specifically individuals’ intention to invest in SRIs (Wins & Zwergel, 2015). Previous research regarding investment behavior in SRIs has indicated that private investors appear to be relatively price inelastic when investing socially responsible (Beal & Goyen, 1998; Lewis & Mackenzie, 2000; Jansson & Biel, 2011). A likely explanation for this is that these investors consider ESG issues to be more important than financial return (Nilsson, 2009) and in a piece of research conducted by Beal et al (2005), concepts such as “non-wealth returns” and psychic returns” were mentioned as possible potential drivers of investment intention. The concepts refer to that SR-investors can, by investing in SRIs receive returns that are not in the form of financial gain but instead a feeling of contributing to a worthwhile cause and doing something good for other people. In addition to this, Beal and Goyen (1998) found that social responsibility can in some cases even be more important to customers than financial return for SR-investor. The results of Beal and Goyen (1998) were further strengthened in a study conducted by Nilsson (2009) where SR-investors were divided into three clusters based on two variables, “importance of financial return” “importance of financial return and social responsibility” and “importance of social responsibility”. The results showed that PCE is strongest for consumers who value social responsibility primarily and weakest for consumers who primarily value financial profit (Nilsson, 2009). The findings are in line with those of Lewis and Mackenzie (2000) and Jansson and Biel (2011) who claim that some consumers are motivated primarily by altruistic motives and have a
high belief in their ability to do ESG good via their choice of funds and to a large extent they disregard the financial performance of the fund and are therefore relatively inelastic for the costs of investing socially responsible.

An interesting point is that the SR-investment behavior in many ways contradicts what has historically been mentioned as the fundamental objective of both private and institutional investors which is to maximize the expected rate of return on investment portfolios (Koellner et al. 2005; Escrig-Oledo et al. 2013).

Furthermore, as Generation Y consumers are more socially conscious compared to previous generations (Nga & Yien, 2013) and believe they can have a positive impact on the future via their lifestyle, their intention to invest socially responsible could decline if their PCE is low (Williams et al. 2010; Nga & Yien, 2013). Drawing on the reasoning of PCE and previous research within the field, the following was hypothesized:

**H5: There is a positive relationship between Generation Y’s Perceived Consumer Effectiveness (PCE) in SRIs and Intention to Invest (INT).**

2.4 Conceptual model

*The chapter below presents the conceptual model of this research along with the proposed hypotheses.*

The conceptual model is founded on previously validated research. The TPB-model acts as a foundation for the conceptual model with the variables of Attitude (ATT), Subjective Norm (SN), and Perceived Behavioral Control (PBC). In addition, TPB is described as a flexible model, which allows researchers to include other variables, which could allow for greater generalization and on different types of research contexts (Ajzen, 1991). Therefore, the variables of Perceived Risk (PR) and Perceived Consumer Effectiveness (PCE) were further added based on justification from previous research. The added independent variable of Perceived Risk (PR) was adapted from Thaler et al. (1997) and Perceived Consumer Effectiveness (PCE) was adapted from Nilsson (2008). The five independent variables measured towards the dependent variable of Intention to Invest (INT) in socially responsible funds, in order to observe potential correlation
between the aforementioned variables. The conceptual model is presented with the proposed hypotheses, see figure 2.

**H1:** There is a positive relationship between Generation Y’s Attitude (ATT) towards SRIs and Intention to Invest (INT).

**H2:** There is a positive relationship between Generation Y’s Subjective Norms (SN) and Intention to Invest (INT) in SRIs.

**H3:** There is a positive relationship between Generation Y’s Perceived Behavioral Control (PBC) over SRIs and Intention to Invest (INT).

**H4:** There is a positive relationship between Generation Y’s Perceived Risk (PR) of SRIs and Intention to Invest (INT).

**H5:** There is a positive relationship between Generation Y’s Perceived Consumer Effectiveness (PCE) in SRIs and Intention to Invest (INT).

*Figure 1 - Conceptual model*
3. Methodology

The methodology chapter explains the chosen research approach and design, data collection method, item development, sample and sampling method, data analysis and lastly quality criteria.

3.1 Research approach and design

A quantitative research approach was applied for this research based on the suggestion of Ghauri and Grønhaug (2005) who state this it is the preferred approach when aiming to measure and and quantify concrete concepts. The quantitative approach allowed for a more convenient and quantifiable treatment of a large sample size compared to a qualitative approach (Bryman & Bell, 2011). A larger sample size was considered, as the ability to generalize the results to a greater extent increases with a larger population. The research design utilized was an online questionnaire to reach as many respondents as possible in the most time-efficient manner. Additionally, as this research implements a descriptive approach due to a wish of wanting to identify and describe the variability among the different variables (Saunders et al., 2009). The foundation of a descriptive framework is built upon first identifying the main variables and then presuming the relationship between them. This procedure was conducted as a pre-phase to the scale development (Yin, 2003; Saunders et al., 2009).

3.2 Scale development

In the development of the questionnaire, frameworks from previously validated research were used in the construction of the items. Multi-items scales were used, as a single-item scale would not be deemed as reliable enough for capturing sufficient data of the constructs. All the variables had a minimum of three items per construct, which follows the guidelines by Hair et al. (2010).

Attitude (ATT). Individual's ATT were measured using three items based on the framework from Fishbein and Ajzen (1975). ATT evaluates the individual’s favorability or unfavorability towards a certain subject. It can describe how an individual is positioned in respect to an action, event, or object (Fishbein & Ajzen, 1975). The items were adapted from Gibson and Frakes (1997) as well as Buchan (2005). The items were then further redesigned into statements of agreeableness, instead of a bipolar adjective scale were the adjectives are anchored in the beginning and end of each scale. This was done in order to correspond better with the items of the remaining constructs, as they were presented in statements of agreeableness. Gibson and Frakes (1997) reported the collection of items reliable as the Cronbach’s alphas were above 0.75.
Subjective Norm (SN). The items capturing SN were constructed based on research done by Buchan (2005) and Alleyne and Broome (2011). The SN-construct consisted of three items measuring the motivational pressure, i.e. social pressure that an individual is exposed to or the belief regarding whether other individuals approve or disapprove with the behavior (Ajzen, 1991). Buchan (2005) reported a reliability score of 0.835, respectively Alleyne and Broome (2011) reported a reliability higher than 0.72.

Perceived Behavioral Control (PBC). Three items were used to measure PBC, all of them were based on Alleyne and Broome (2011) in order to capture data regarding individuals’ perception of the ease or difficulty of performing the behavior of interest (Ajzen, 1991). Alleyne and Broome (2011) reported a reliability score for the PBC items of 0.72.

Perceived Risk (PR). The construct of Perceived Risk consisted of three items in order to capture the consumer’s subjective belief of suffering a loss in pursuit of a desired outcome (Pavlou, 2003, p. 109). The items were adopted from Nilsson (2009) where a reliability score of 0.69 were reported.

Perceived Consumer Effectiveness (PCE). Following the research by Nilsson (2009), three items were adopted in order to measure the extent to which individuals perceive their investment decision will assist in solving ESG issues (Nilsson, 2009). One of the three items were reversed, allowing a more dynamic questionnaire layout, after the collection the data, the item was then converted and set into the correct order. Nilsson (2009) further reported a reliability score of 0.75.

Intention to Invest (INT). Lastly, three items were used in order to capture individuals’ intention to invest in socially responsible funds. The items were both adopted from Buchan (2005) and Thoradeniya et al. (2015). Because Buchan (2005) only utilized 1 item when measuring intention there is no reliability score to report from the study. However, Thoradeniya et al (2015) included more items in their study and reported a reliability score of 0.959.

In addition to the dependent and independent variables control variables was added into the questionnaire. Bryman and Bell (2011) describes control variables as additional variables that
may influence the nation of the relationship between the variables. The items of *Gender, Age, Occupation, Education level, Investment experience* were added as control variables.

### 3.3 Operationalization

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</thead>
</table>
| ATTITUDE (ATT) | Evaluates the individual’s favorability or unfavorability towards a certain subject. It can describe how an individual is positioned in respect to an action, event, or object (Fishbein & Ajzen, 1975). | To get an understanding of the respondents' attitude toward socially responsible investments (SRIs). | 1. I believe that socially responsible funds are good.  
2. I believe that socially responsible funds are ethical.  
3. I believe that investing in a socially responsible fund is a wise decision. |
| SUBJECTIVE NORMS (SN) | Refers to the motivational pressure, i.e. social pressure that an individual is exposed to or the belief regarding whether other individuals approves or disapproves the behavior (Ajzen, 1991). | To gain an understanding of the factors influencing the respondents in their decision making process. | 4. People who are important to me think that investing in socially responsible funds is a good idea.  
5. People who are important to me would think that I should invest in socially responsible funds if I were to invest.  
6. People who are important to me think that investing in a socially responsible fund would be a wise idea. |
<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>CONCEPTUAL DEFINITION</th>
<th>OPERATIONAL DEFINITION</th>
<th>ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERCEIVED RISK (PR)</td>
<td>Defined as “the consumer’s subjective belief of suffering a loss in pursuit of a desired outcome” (Pavlou, 2003, p. 109).</td>
<td>To get an understanding of the respondents’ expressed concerns regarding an investment throughout the decision- and investment process.</td>
<td>7. I feel concerned investing in socially responsible funds, compared to conventional funds, since the possibility that my money will be lost is higher.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8. I would rather invest most of my money in low risk socially responsible funds because I am worried that I will lose my money if I invest in socially responsible funds with a higher risk level</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9. I would choose socially responsible funds since I believe that they will perform better financially in the long term.</td>
</tr>
<tr>
<td>PERCEIVED BEHAVIORAL CONTROL (PBC)</td>
<td>Described as people’s perception of the ease of difficulty of performing the behavior of interest (Ajzen, 1991).</td>
<td>To gain an understanding of the respondents’ expressed difficulty to invest in SRI.s.</td>
<td>10. If I want to invest in socially responsible funds I can easily do so.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>11. I have the knowledge to invest in socially responsible funds.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>12. There are plenty of opportunities for me to invest in socially responsible funds.</td>
</tr>
</tbody>
</table>
### CONSTRUCT | CONCEPTUAL DEFINITION | OPERATIONAL DEFINITION | ITEMS
---|---|---|---
**PERCEIVED CONSUMER EFFECTIVENESS (PCE)** | Refers to the assumption that consumers are more likely to act on a social issue if they think their behavior will assist in solving the issue at hand (Nilsson, 2008). | To get an understanding of the respondents’ beliefs; if they feel that their investments actually make a difference. | 13. By investing in socially responsible funds I can have a positive effect on the environment.  
14. I have the power to help solve societal problems by investing in socially responsible funds.  
15. It does not matter if I invest my money in socially responsible funds since one person acting alone cannot make a difference. |

### CONSTRUCT | CONCEPTUAL DEFINITION | OPERATIONAL DEFINITION | ITEMS
---|---|---|---
**INTENTION TO INVEST (INT)** | To get an understanding of the respondents’ intention to invest in socially responsible funds. | 16. I have the intention to start or continue to invest in socially responsible funds.  
17. If I had the opportunity I would invest in socially responsible funds.  
18. I may invest in socially responsible funds in the future. |

### CONSTRUCT | CONCEPTUAL DEFINITION | OPERATIONAL DEFINITION | ITEMS
---|---|---|---
**CONTROL VARIABLES** | To gather demographical information tied to the respondents. | 19. I have invested in socially responsible funds  
20. Gender (kön)  
21. Age (birth year/ålder)  
22. Occupation (yrke)  
23. Education level (utbildningsnivå) |

*Figure 2 – Operationalization*
3.4 Sampling
As mentioned previously, the chosen sample group for the research group was Generation Y, i.e. individuals born 1981-1995 which was the only age-segment included in this study. Furthermore, a minimum of 90 respondents was needed in order to reach an appropriate sample size for conducting a regression analysis based on the suggestion from Green (1991). Green’s (1991) suggested formula; \(50 + 8 \times M\) (\(M=\)Number of independent variables) was applied and the minimum amount of respondents needed to fulfill the requirement would thus be \(50 + 8 \times 5 = 90\) respondents. A total of 128 respondents completed the questionnaire, 7 of which were not part of Generation Y and were thus removed. This resulted in a final sample group of 121, which is above Green (1991)’s recommendation.

3.5 Data collection method
The items were all presented as a statement of agreeableness, where a 7-point Likert scale was utilized. The 7-point Likert scale were anchored by strongly disagree and strongly agree, scale of 1 representing a low agreeableness and 7 a high agreeableness.

The questionnaire was designed in a way that items concerning the independent variables (ATT, SN, PBC, PR, PCE) were presented first followed by the dependent variable (INT). Lastly, items concerning the individual's demographic profile were asserted. In order to increase the response rate of the questionnaire endorsements were added in the form of lottery tickets, were the respondents had the chance to win them if they completed the questionnaire. In addition, for each completed questionnaire the authors donated 2 SEK to a charitable organization. The questionnaire can be found in Appendix A.

The online questionnaire was partly distributed via Facebook as Generation Y in general are very active users of social media (Bollenn, 2007) and it was thus considered an appropriate channel to use to reach the appropriate sample size. To further increase the amount of responses in a time efficient manner, a snowball sample was utilized. An event was created on social media where the respondents could invite their friends to answer the survey. In addition to social media, the questionnaire was also distributed to several forums discussing financial matters in an attempt to increase the answer ratio as the individuals on the forums are more likely to be interested in the subject and might therefore be more prone to answer the questionnaire. As the questionnaire was distributed through the author's’ personal social media accounts and networks, some individuals faced a greater chance of being selected and to be a part of the sample compared to others. The
sample itself was hence deemed a non-probability convenience sample in addition to the snowball-sample (Saunders, 2009; Aaker et al., 2011; Bryman and Bell 2011). In total the questionnaire reached approximately 1000 respondents resulting in a response rate of 12.8%.

Furthermore, secondary data was collected in the preliminary phase of this research by creating a conceptual framework and model, which provided one with an overview of the chosen research topic and connected theories. Additionally, a review of the used literature was conducted in order to eliminate sources that were deemed unreliable and to provide a thorough understanding of the topic in connection to the chosen theories. In order to estimate the credibility of the sources used and the articles selected, they had to have been deemed both scientific in nature as well as peer-reviewed.

3.6 Quality criteria
Validity and reliability tests are considered the two most vital tests to carry out in research in order to ensure quality of a research. Bryman and Bell (2011) suggest face and construct validity as a means of doing this. According to Bryman and Bell (2011) face validity measures whether or not the questionnaire reflects the chosen constructs (pre-test process) whereas construct validity was estimated and reached through the process of basing the presented hypotheses on theories relevant to the construct of interest and research subject overall (Aaker et al., 2011; Bryman and Bell, 2011). Prior to the questionnaire, five hypotheses predicting the relationships of the different constructs were created. Moreover, the items themselves were as aforementioned all based on previously validated research, which further strengthens the validity of the items used. In addition to this, a draft of the questionnaire was presented to a senior lecturer at Linnaeus University for further validation and lastly, a final draft of the questionnaire was presented to six master’s level students in order to find and eliminate irregularities. After the pre-tests, there were some minor changes to the structure and wording of the questionnaire to make it easier to understand.

Furthermore, a reliability analysis was conducted in order to ensure the reliability of the collected participatory answers. A Cronbach’s Alpha analysis was utilized in order to investigate the internal reliability. A minimum Cronbach’s alpha value of 0.6 was set, as suggested by Hair et al. (2003), Hair et al. (2010) and Malhotra (2010). If a value of less than 0.6 would occur, the internal reliability would be deemed as unreliable, thus calling for revision or removal of item(s) within that variable.
In addition to the reliability analysis, construct validity was established using Pearson’s correlation, also called Pearson’s r, which was implemented in order to observe and measure the direction and level of strength between the different researched constructs. Variables can range from 1 to 0 when measuring Pearson’s r (Saunders et al. 2007; Bryman & Bell, 2011), 1 indicates an absolute correlation between the constructs and 0 indicates that there is no correlation at all. To ensure construct validity the Pearson’s r score should never exceed 0.9 (Saunders et al. 2007).

Furthermore, the Variance Inflation Factor (VIF) was also analyzed, which examines the absence of correlation between two or more independent variables (Saunders et al., 2009). The lowest possible value for VIF is 1 and that is what one should aim for. However, a suggestion from Hair et al. (2011) is that an accepted rule of thumb regarding VIF is that its value should not exceed 5.

A p-value of 0.05 had to be met in order for a relationship to be deemed statistically significant, based on the suggestion of Nolan and Heinzen (2008). However, it should be noted that the lower the p-value is, the higher the significance level, a p-value of 0.05 means that a study’s findings can be stated with 95% certainty and a p-value of 0.01 means that a study’s findings can be stated with 99% certainty (Hair et al. 2010; Bryman & Bell, 2011). Hence, an even lower p-value than 0.05 was preferred in order to draw conclusions with highest possible certainty.

3.7 Data Analysis
After the data collection was completed the data was put into the statistical software program SPSS Statistics (version 21), which is a common software utilized by marketers and other types of researchers (Bryman & Bell, 2011). Three different types of tests were utilized: Cronbach’s Alpha, Pearson's Correlation analysis, and linear regression. The Cronbach’s Alpha analysis and the Pearson’s Correlation analysis was part of the quality criteria analysis, while the regression analysis was part of the hypotheses testing. The first step in the data analysis was to code the different items, followed by analyzing the internal reliability for each variable using Cronbach’s Alpha. The second step was to observe the extent that the different variables were related to each other using Pearson’s r. The last step was to examine if the relationships between the independent variables and dependent variable exhibited a valid significant level, using a linear regression analysis.
4. Results

The following chapter presents the descriptive statistics of the sample group, the questionnaire’s reliability, validity and lastly the hypothesis tests.

4.1 Descriptive Data

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>55</td>
<td>45.5%</td>
</tr>
<tr>
<td>Male</td>
<td>66</td>
<td>54.5%</td>
</tr>
<tr>
<td><strong>Birth Year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981-1985</td>
<td>7</td>
<td>5.8%</td>
</tr>
<tr>
<td>1986-1990</td>
<td>31</td>
<td>25.6%</td>
</tr>
<tr>
<td>1991-1995</td>
<td>83</td>
<td>68.6%</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>80</td>
<td>66.1%</td>
</tr>
<tr>
<td>Working</td>
<td>39</td>
<td>32.2%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>Highest Education Level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary School</td>
<td>4</td>
<td>3.3%</td>
</tr>
<tr>
<td>High School</td>
<td>19</td>
<td>15.7%</td>
</tr>
<tr>
<td>University</td>
<td>95</td>
<td>78.5%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Invested in SR-funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>18</td>
<td>14.9%</td>
</tr>
<tr>
<td>No</td>
<td>103</td>
<td>85.1%</td>
</tr>
</tbody>
</table>

*N: 121*

*Table 1 – Descriptive data*

Table 1 above illustrates the descriptive information of the sample. A total of 121 data sets were used in the analysis. The proportion of genders was relatively even, 55 of the respondents were female and 66 were male which accounted for 45.5 % and 54.5 % of the respondents respectively. The sample group was also divided based on age but it is important to note that all of the age groups were within the age span of Generation Y. The majority of the respondents were within the 1991-1995 age groups with 83 (68.6%) respondents, 39 respondents (25.6%) were part of the 1986-1990 segment and 7 respondents (5.8%) were part of the 1981-1985 segment. Furthermore, 80 (66.1%) respondents were students and 39 (32.2%) were working
professionals, only two respondents (1.7 %) had the occupation of “other”. In addition, majority of the respondents also possessed the highest education level included in the questionnaire: “University”, with a total of 95 (78.5%), the remaining respondents possessed the education level of “High School” and “Secondary School” with 19 (15.7%) respectively 4 (3.3%) respondents. Finally, the last descriptive question invested if the respondents had invested in SR-funds before; 103 (85.1%) of the respondents had not invested in SR-funds prior to the questionnaire and 18 (14.9%) had invested.

4.2 Reliability

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of items</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATT</td>
<td>3</td>
<td>.876</td>
</tr>
<tr>
<td>SN</td>
<td>3</td>
<td>.878</td>
</tr>
<tr>
<td>PBC</td>
<td>3</td>
<td>.777</td>
</tr>
<tr>
<td>PR</td>
<td>2</td>
<td>.603</td>
</tr>
<tr>
<td>PCE</td>
<td>3</td>
<td>.655</td>
</tr>
<tr>
<td>INT</td>
<td>3</td>
<td>.807</td>
</tr>
</tbody>
</table>

Note: PR possesses one reversed item.

Table 2 – Reliability data

Table 2 illustrates all of the constructs used in the analysis: Attitude (ATT), Subjective Norm (SN), Perceived Behavioral Control (PBC), Perceived Risk (PR), Perceived Consumer Effectiveness (PCE), and Intention to Invest (INT). The figure also illustrates the number of items per construct with the correspondent Cronbach’s Alpha. A minimum Cronbach’s Alpha value of 0.6 was set prior to testing to deem a construct reliable (Hair et al., 2003; Hair et al., 2010; Malhotra, 2010). The first reliability analysis result showed acceptable reliability levels for all constructs except PR. The construct of PR with three items exhibited a low Cronbach’s Alpha value of 0.453, which resulted in the removal of item no. 9 (see appendix A). An acceptable Cronbach’s Alpha value for PR was reached after the item was deleted, hence the construct of PR only contained two items. The second reliability test exhibited Cronbach’s Alpha values from 0.603 to 0.878, which are all above the 0.6 limit.
<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATT</td>
<td>5.44</td>
<td>1.301</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SN</td>
<td>4.31</td>
<td>1.324</td>
<td>.606**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBC</td>
<td>4.96</td>
<td>1.155</td>
<td>.586**</td>
<td>.590**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>4.22</td>
<td>1.362</td>
<td>.096</td>
<td>.137</td>
<td>.148</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCE</td>
<td>4.27</td>
<td>.857</td>
<td>.422**</td>
<td>.460**</td>
<td>.467**</td>
<td>.229*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INT</td>
<td>4.35</td>
<td>1.384</td>
<td>.553**</td>
<td>.637**</td>
<td>.601**</td>
<td>.020</td>
<td>.510**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-</td>
<td>-</td>
<td>-.206*</td>
<td>-.137</td>
<td>-.126</td>
<td>-.085</td>
<td>.039</td>
<td>-.019</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birth Year</td>
<td>-</td>
<td>-</td>
<td>.085</td>
<td>.061</td>
<td>.073</td>
<td>.189*</td>
<td>.115</td>
<td>.081</td>
<td>-.153</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td>-</td>
<td>-</td>
<td>-.099</td>
<td>-.128</td>
<td>-.100</td>
<td>-.189*</td>
<td>-.319**</td>
<td>-.069</td>
<td>.214*</td>
<td>-.273**</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Level</td>
<td>-</td>
<td>-</td>
<td>.184*</td>
<td>.096</td>
<td>.081</td>
<td>-.009</td>
<td>-.048</td>
<td>.107</td>
<td>-.219*</td>
<td>.109</td>
<td>.080</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Invested in SR-funds</td>
<td>-</td>
<td>-</td>
<td>-.158</td>
<td>-.267**</td>
<td>-.110</td>
<td>.050</td>
<td>-.178</td>
<td>-.282**</td>
<td>.178</td>
<td>.012</td>
<td>.028</td>
<td>-.114</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes: n = 121; *p < 0.05; **p < 0.01 (two-tailed)

Table 3 – Validity testing
4.3 Validity

Table 3 displays the Pearson correlation test between the different constructs. None of the relations between the constructs showed any correlation value higher than 0.9 thus ensuring construct validity based on Saunders et al. (2007) suggestion. In addition to the Pearson correlation test, a Variance Inflation Factor (VIF) test was also analyzed. None of the constructs exceeded 5, the VIF value for the different construct ranged from 1.091 to 1.992, which is far below the suggested threshold by Hair et al. (2011).
4.4 Hypotheses test

Table 4 illustrates the hypotheses testing. In order to test the proposed hypotheses, a linear regression was conducted. In line with the conceptual model of this research, the variable of Intention to Invest (INT) was set as the dependent variable in the regression. In model 1, all the control variables were inserted (Gender, Birth Year, Occupation, Education Level, and Investment Experience) and in model 2 the independent variables were further included among with the control variables.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1 (Control Variables)</th>
<th>Model 2 (Control Variables &amp; Independent Variables)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Control Variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>.209</td>
<td>(.263)</td>
</tr>
<tr>
<td>Birth Year</td>
<td>.159</td>
<td>(.217)</td>
</tr>
<tr>
<td>Occupation</td>
<td>-.157</td>
<td>(.227)</td>
</tr>
<tr>
<td>Education Level</td>
<td>.233</td>
<td>(.243)</td>
</tr>
<tr>
<td>Invested in SR-funds</td>
<td>-1.102**</td>
<td>(.350)</td>
</tr>
<tr>
<td>Independent Variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATT (H1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SN (H2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBC (H3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR (H4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCE (H5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>.098*</td>
<td></td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.059*</td>
<td></td>
</tr>
<tr>
<td>R$^2$ Change</td>
<td>.098*</td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Intention to Invest (INT)

* p < 0.05  ** p < 0.01

Table 4 – Hypotheses testing

Both the unstandardized B coefficient and the Standard Error was presented for each model, among with $R^2$, Adjusted $R^2$, and $R^2$ change. The p-value was marked with one or two stars, illustrating the significance level for each respective construct. One star represented a significance level of p < 0.05 and two stars represented a significant level of p < 0.01.
In both model 1 and model 2 the adjusted R² showed significant p-values. Model 1 displayed a significance level of p < 0.05 and model 2 a significance level of p < 0.01. The adjusted R² of model 1 did not display a high goodness-of-fit measure for the model based on the control variables (.059) nor did it present a high R² change (.098). However, after the independent variables were included in model 2 the goodness-of-fit measure increased dramatically. The adjusted R² increased to .524 indicating that the model explains 52.4% of the variance in Intention to Invest (INT) in socially responsible funds. The R² change furthermore increased to .465.

From the hypothesis testing with the use of a linear regression, the result illustrated that H2 - Subjective Norm (SN), H3 - Perceived Behavioral Control (PBC), and H5 - Perceived Consumer Effectiveness (PCE) are positively related to Intention to Invest (INT) and thus supported. H2 exhibited that there is a positive relationship between Generation Y’s Subjective Norm (SN) and Intention to Invest (INT) in SRIs, at a significant level of p < 0.01, with a positive B coefficient of .313 which means that when SN increases by 1, INT increases by .313. H3 exhibited that there is a positive relationship between Generation Y’s Perceived Behavioral Control (PBC) over SRIs and Intention to Invest (INT), at a significant level of p < 0.01 and a positive B coefficient of .316 which means that when PBC increases by 1, INT increases by .316. H5 exhibited that there is a positive relationship between Generation Y’s Perceived Consumer Effectiveness (PCE) in SRIs and Intention to Invest (INT), at a significant level of p < 0.05, with a B coefficient of .331 which means that when PCE increases by 1, INT increases by .331.

Moreover, H1 - there is a positive relationship between Generation Y’s Attitude (ATT) towards SRIs and Intention to Invest (INT), and H4 - there is a positive relationship between Generation Y’s Perceived Risk (PR) in SRIs and Intention to Invest (INT), did not display high enough significance levels (p > 0.05) and were thus rejected.
**H1:** There is a positive relationship between Generation Y’s Attitude (ATT) towards SRIs and Intention to Invest (INT).

**H2:** There is a positive relationship between Generation Y’s Subjective Norms (SN) and Intention to Invest (INT) in SRIs.

**H3:** There is a positive relationship between Generation Y’s Perceived Behavioral Control (PBC) over SRIs and Intention to Invest (INT).

**H4:** There is a positive relationship between Generation Y’s Perceived Risk (PR) of SRIs and Intention to Invest (INT).

**H5:** There is a positive relationship between Generation Y’s Perceived Consumer Effectiveness (PCE) in SRIs and Intention to Invest (INT).

**Figure 3 – Revised conceptual model, past hypothesis test results.**
5. Discussion

In this chapter, the results of this research will be discussed and connected to previous studies. In addition, the research question is answered.

This research attempts to examine factors that influence the intention of socially responsible investment decisions. The results showed that three out of the five proposed hypotheses were supported. In regards to the TPB-model, only two of the three core variables of the TPB-model were supported. H1 - which examines the relationship between ATT and INT did not present a significant relation, thus rejecting one of the core variables of the TPB model. The outcome of H1, illustrates that one cannot draw conclusions regarding if ATT exhibits a positive or negative effect on the respondents’ Intention to Invest in socially responsible funds which is contradicting to previous research (Ajzen & Fishbein, 1980; Armitage & Conner, 2001; Hofmann et al., 2008).

An issue that Ajzen (1991) has discussed is the different degree of importance regarding the three core variables, i.e. that the importance of each variable depends on the situation, “the relative importance of attitude, subjective norm, and perceived behavioral control in the prediction of intention is expected to vary across behaviors and situations” (Ajzen, 1991, p.188). In this context, ATT might not be as prominent in predicting intention as the other variables. An explanation for this could be that attitude towards SRI could mean and measure different aspects depending on the respondent. Previous research (Bollenn, 2007) has shown that consumers generally believe that SRIs generate a lower rate of return compared to conventional investments which could influence their attitude negatively. However, they could simultaneously believe that their investment decision will affect ESG concerns favorably and thus have a positive attitude towards SRIs. This could be an explanation for the insignificant relationship of ATT towards INT, despite the other two core variables of TPB were supported (H2 & H3).

For the second hypothesis concerning Subjective Norm’s relationship to intention, it exhibited a valid significance level and was thus supported. This meant that there is a positive relation between Generation Y’s Subjective Norms (SN) and Generation Y’s Intention to Invest (INT) in socially responsible funds. The relationship illustrates that an individual's intention is influenced by someone of importance for him or her, depending on their belief if one should perform the particular action or not (Adam & Shauki, 2014). In respect to previous research, the issue regarding SN is that the construct is generally acknowledged as a weak prediction of intention (Sheppard et al., 1988; Armitage & Conner, 2001). In the context of investments, Hofmann et al. (2008) argue that individuals do not feel comfortable discussing money issues with others.
Contradicting to the previous studies (c.f. Sheppard et al., 1988; Armitage & Conner, 2001), the outcome of this research found that SN affect INT somewhat similar in relation to the other supported hypotheses (≈ b coefficient). This outcome might have been affected by the factor that this research only investigated Generation Y, as they have been shown to possess different core values and consumption motivations compared previous generations (Nga. et al 2010). Furthermore, another reasoning concerning the contradicting outcome could also be explained by that many of the previous studies only utilized a single-item scale (Armitage & Conner, 2001), whereas this research utilized a multi-item scale, which ought to improve the outcome of the data (Bryman & Bell, 2011).

The last of the three core variables of TPB, H3 also exhibited a valid significance level, thus supporting the hypothesis: “There is a positive relationship between Generation Y’s Perceived Behavioral Control (PBC) over SRIs and Intention to Invest (INT)” . This indicates that Generations Y’s ease of performing the action of investing in socially responsible funds and their intention to invest in such funds are correlated. In addition, the individual’s understanding of how to trade SRI products and their ease of access to investments is related to their intention to invest (Adam & Shauki, 2014). This outcome correlates with previous meta-analysis that has supported that PBC accounts for a significant level of variance in intention (Armitage & Conner, 2001).

The relationship between Perceived Risk (PR) and Intention to Invest (INT) did not show statistical significance; hence H4 was rejected. An explanation for the lack of statistical significance could be the difficulty of measuring Perceived Risk in the context of financial investments. The definition of Perceived Risk adopted in this study from Pavlou (2003, p. 109) was “the consumer’s subjective belief of suffering a loss in pursuit of a desired outcome” which proved hard to measure as risk is a multifaceted concept in the world of finance where higher risk usually means higher reward and vice versa (Duxbury & Summers, 2004; Bertsimas et al., 2004; Veld & Veld-Merkoulova, 2008; Sachse et al., 2012). This could influence and confuse respondents when answering the questionnaire and thus render the study unable to neither draw any certain conclusions nor assert any relationships with certainty. However, even though the variable proved to lack statistical significance, the mean values of PR and the rest of the variables were still analyzed. PR scored a mean value of 4,22, which is very close to a neutral value on the implemented Likert-scale. Hence, the mean scores of the variable must be rejected from this context as well, since such a neutral score only can lead to conclusions based upon speculation.
Perceived Consumer Effectiveness (PCE) expressed a positive relationship to Intention to Invest (INT), thus strengthening Williams et al's (2010) and Nga and Yien’s (2013) claims that Generation Y believes they can create a better future via their investment decisions. The fact that a positive relationship was exhibited without any information regarding the financial performance of the SR fund suggests a price inelasticity among the respondents in accordance with the findings of Beal and Goyen (1998), Lewis and Mackenzie (2000), as well as Jansson and Biel (2011). A likely explanation for this is suggested by Nilsson (2009) and Williams et al (2010) who claim that ESG issues are more important than financial return to many investors and that Generation Y value these questions highly. “Non-wealth returns” and “psychic returns” are concepts explaining an alternate intention to invest mentioned by Beal et al. (2005) which suggest that investors choose to invest in order to do good for others and contribute to a worthwhile cause. These intentions appear to be applicable to Generation Y which strengthens the claims by Valentine and Powers (2013), Furlow (2011), and Nga and Yien (2013) that they are supportive of social causes and share a strong positive attitude toward socially responsible companies. An interesting point of the findings regarding PCE is that it challenges what has previously been called the fundamental objective of investing, namely to maximize rate of return on investment portfolios (Koellner et al., 2005; Escrig-Oledo et al. 2013). More research comparing the importance of PCE and financial return is however needed to draw more precise conclusions but the results of this study suggests that with the generation shift, the investment market could be changing towards a more SRI-oriented one.

In regards to the research question of this research; “which factors influence the intention of socially responsible investment decisions among Generation Y?”, the result from the analysis displayed the outcome that the variables of Subjective Norm (SN), Perceived Behavioral Control (PBC), and Perceived Consumer Effectiveness (PCE) influence Generation Y’s intention of investing socially responsibly.
6. Conclusions

In the following chapter the research is concluded in connection to the stated purpose.

With regards to the purpose of this study, to investigate Generation Y’s Intention to Invest socially responsibly, the proposed model displayed a high goodness-of-fit as it explained 52.4% of the variance in Intention to Invest in socially responsible funds. Subjective Norm, Perceived Behavioral Control and Perceived Consumer Effectiveness showed to be positively related to Intention to Invest in socially responsible funds. Important to note however is that neither Attitude nor Perceived Risk were statistically significant and thus no conclusions can be drawn with certainty regarding their relationship to intention to invest in this context.

This study distinguishes itself from most previous research as it emphasizes factors influencing consumers’ Intention to Invest in SRIIs rather than investigating the financial performance of them. As SRI investors have previously been treated as a homogenous group this study further distinguishes itself by researching the overlooked segment of Generation Y in relation to SRI. The results indicate that the Intention to Invest socially responsible is high in Generation Y, which means that SRI could possibly account for a larger market share in the future in connection to Generation Y’s different consumption habits and values.
7. Implications

The following chapter includes both theoretical as well as managerial implications, describing how the findings of the study are valuable from both an academic and a practical perspective.

The results of the study provide companies operating in the SRI market with a framework to utilize when acquiring investors within Generation Y. By understanding the behavioral factors that influence their Intention to Invest, the companies can tailor their products according to Generation Y’s preferences. According to the results, Generation Y has the knowledge to invest in socially responsible funds and they believe they can create a change for the better by doing so. In addition to this they appear to be relatively price inelastic which suggests that companies should focus more on how the socially responsible fund could support ESG issues with their help rather than the financial return of said investment.

As previous SRI research has focused almost exclusively on the financial performance of such funds the main theoretical contribution of this study lies in its explanation of intentional factors in connection to SRIs. Generation Y has furthermore to a large extent been overlooked in the SRI literature. Differences of Generation Y compared to other generations have been noted in several studies but how these differences realize in investment intentions has received insufficient attention. The findings support several notions about Generation Y’s behavior which can be generalized to SRI such as their strong support for social causes and that they believe they can create a better future via their choices which shows in their Intention to Invest socially responsibly. The results were however also contradictory to some studies who found that factors such as age, occupation and gender influence the demand for SRI products as no such significant relationships were found.
8. Limitations and future research

In this chapter, the limitations of the research are presented along with suggestions for future research based on the findings presented.

As for all pieces of research, this one is not without limitations. An important note is that this research only investigated the relationship between the different variables on a correlational level and not on a casual level, thus one cannot state that the variables would exhibit a causal effect towards each other. In addition, despite that the research reached the limit of the minimum suggested sample size (Green, 1991), a higher sample size ought to improve the result of the data, thus allowing for more generalizability. To further increase the generalizability, this research utilized a convenience sample rather than a random sample which would have been preferred in order to increase the generalizability of the results even further (Bryman & Bell, 2011). Furthermore, in respect to the TPB-model, this research did not draw any relationship towards individual’s actual investment behavior due to the adversity to measure the actual investment behavior of individuals. In addition to the two external variables of PR and PCE, one could had incorporated other external variables if one would find any variables more suited to the research model. The difficulty to draw any direct conclusion between PR and INT posed as an issue, as the concept of PR in relation to SRI incorporates a rewards-factor into the equation. In explanation, if the risk is high there is a possibility for high reward, therefore data gathering for PR proved to be challenging.

As for future research, the study at hand provides a foundation for future research as it suggests a model that can be compared to other generations to quantify the intentional differences regarding socially responsible investing. In addition to this, future research could provide more empirical information concerning Generation Y’s intention if conducted with a longitudinal approach, as gathering data during a longer period provides a more stable result compared to a single point of time. Lastly, as the current research measured intention rather than actual investment behavior, future research could examine this, thus closing the gap in the original TPB-model and provide an even more accurate framework.


Duxbury, D, & Summers, B 2004, 'Financial risk perception. Are individuals variance averse or loss averse?', *Economics Letters*, 84, p. 21-28, ScienceDirect


Appendix A

Hi!

We are three marketing students currently writing our master’s thesis at Linnaeus University in Växjö. It would be greatly appreciated if you could take a few minutes to answer our questionnaire. All answers will be treated anonymously. By participating you will have a chance to win three lottery tickets (Trisslotter), the winner will be randomly selected later (enter your e-mail to be considered). We will also donate 2 SEK for every answer to a charitable organization.

The survey will be concerned with socially responsible investments and more specifically, social responsible funds. Social responsible funds are defined as “ethical and sustainable funds”, essentially investments and funds aimed at generating profit while doing a good cause. Socially responsible fund would be a fund that does not invest in example: gun production, deforestation, alcohol, tobacco, etc.

Hej!

Vi är tre marknadsföringsstudenter som skriver vår D-uppsats på Linnéuniversitetet i Växjö. Vi skulle verkligen uppskatta om du kunde ta ett par minuter och svara på vår undersökning. Alla deltagare och svar kommer förbli anonyma. Som tack för mödan, så har du samtidigt chans att vinna tre Trisslotter, vinnaren kommer slumpmässigt koras (skriv i din e-mail för att vara med i uttagningen). Vi kommer även donera 2kr för varje svar till en välgörenhetsorganisation.

Undersökningen riktar sig mot socialt ansvarsfulla investeringar, närmre bestämt socialt ansvarsfulla fonder. Socialt ansvarsfulla fonder definieras som “etiskt korrekt och hållbara fonder”, investeringar som ämnar generera vinst genom att göra en god gärning. Socialt ansvarsfulla fonder kan vara fonder som inte investerar i till exempel: vapenproduktion, skogsskövling, alkohol, tobak, etc.
Control Question.
Kontrollfråga.

I was born in or between 1981-1995.

Yes (Ja)
No (Nej)

1. I believe that socially responsible funds are good.
Jag tycker att socialt ansvarsfulla fonder är bra.

2. I believe that socially responsible funds are ethical.
Jag tycker att socialt ansvarsfulla fonder är etiska.

3. I believe that investing in a socially responsible fund is a wise decision.
Jag tycket det är ett klokt beslut att investera i socialt ansvarsfulla fonder.

4. People who are important to me think that investing in socially responsible funds is a good idea.
Människor som är viktiga för mig tycker det är en bra idé att investera i socialt ansvarstagande fonder.

5. People who are important to me would think that I should invest in socially responsible funds if I were to invest.
Människor som är viktiga för mig tycker att jag borde investera i socialt ansvarstagande fonder om jag ska investera i något.

6. People who are important to me think that investing in a socially responsible fund would be a wise idea.
Människor som är viktiga för mig tycker att det vore klokt att investera i socialt ansvarstagande fonder.

7. I feel concerned investing in socially responsible funds, compared to conventional funds, since the possibility that my money will be lost is higher. (Reversed)
Jag känner mig orolig inför att investera i socialt ansvarstagande fonder, jämfört med vanliga fonder, eftersom det finns en större risk att mina pengar går förlorade.
8. I would rather invest most of my money in low risk socially responsible funds because I am worried that I will lose my money if I invest in socially responsible funds with a higher risk level. (Reversed)
Jag skulle hellre investera majoriteten av mina pengar i socialt ansvarstagande fonder med låg risknivå eftersom jag är orolig för att förlora pengarna om jag investerar i socialt ansvarstagande fonder med högre risknivå.

9. I would choose socially responsible funds since I believe that they will perform better financially in the long term.
Jag skulle välja socialt ansvarstagande fonder eftersom jag tror att de kommer prestera finansiellt bättre i långden.

10. If I want to invest in socially responsible funds I can easily do so.
Ifall jag skulle vilja investera i socialt ansvarstagande fonder kan jag enkelt göra det.

11. I have the knowledge to invest in socially responsible funds.
Jag har kunskapen att investera i socialt ansvarstagande fonder.

12. There are plenty of opportunities for me to invest in socially responsible funds.
Det finns många möjligheter för mig att investera i socialt ansvarstagande fonder.

13. By investing in socially responsible funds I can have a positive effect on the environment.
Genom att investera i socialt ansvarstagande fonder kan jag ha en positiv inverkan på miljön.

14. I have the power to help solve societal problems by investing in socially responsible funds.
Jag har möjligheten att hjälpa till att lösa sociala problem genom att investera i ansvarstagande fonder.

15. It does not matter if I invest my money in socially responsible funds since one person acting alone cannot make a difference. (Reversed)
Det spelar ingen roll om jag investerar mina pengar i socialt ansvarstagande fonder eftersom en person inte ensam kan göra skillnad.

16. I have the intention to start or continue to invest in socially responsible funds.
Jag har avsikt att börja eller fortsätta med att investera i socialt ansvarstagande fonder.

17. If I had the opportunity I would invest in socially responsible funds.
Ifall jag skulle få möjligheten så skulle jag investera i socialt ansvarstagande fonder.
18. I may invest in socially responsible funds in the future. 
Jag kanske investerar i socialt ansvarstagande fonder i framtiden.

19. I have invested in socially responsible funds. 
Jag har investerat i socialt avsvarstagande fonder.

Yes/No

20. Gender (Kön) 
Male/Female

21. Age (Birth year) 
Ålder (Födelseår) 
1981-1985 
1986-1990 
1991-1995

22. Occupation (Yrke) 
Student (Student) 
Working (Arbetande) 
Unemployed (Arbetslös) 
Other (Annat)

23. Education level (Utbildningsnivå) 
Secondary School (Högstadieutbildning) 
High school (Gymnasiutbildning) 
University (Universitetsutbildning) 
Other (Annat)

24. Enter your email address (if you want to participate in the lottery drawing) 
Skriv i din e-postadress (om du vill vara med i utlottningen av Trisslotter)