

THE IMPORTANCE AND LIMITS OF SALIENT INFORMATION IN SUSTAINABLE INVESTING: AN EYE-TRACKING EXPERIMENT

We investigate how increasing the salience of sustainability or financial performance information affects investors' attention and decision-making. Drawing on an eye-tracking based investment choice experiment and survey research, we provide evidence that salient information only takes effect when accounting for investors' endorsement of self-transcendence values. Our findings substantiate a critical limitation of salience theory, the neglect of inter-individual differences, and caution against overly simplistic nudging strategies.

Motivation

- In recent years, sustainable investing experienced strong growth, but market sizes vary considerably across regions
- Prior studies identified various information-related barriers, predominantly through survey research
- Yet, the underlying process between informational inputs and (sustainable) investment outcomes is still largely a "black box" (Døskeland & Pedersen, 2015)
- Eye movement research can provide insights into the "black box" of human decision processes (Orquin & Mueller Loose, 2013)

Method

- Choice experiment: 176 participants received equity funds information and made 10 consecutive investment choices

Bitte nehmen Sie an, dass Sie in einen Aktienfonds investieren möchten und dies wären die einzigen Alternativen. Welchen Aktienfonds würden Sie am ehesten wählen?

	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative 5
Wertentwicklung	7,5% (mittel)	5,5% (niedrig)	9,5% (hoch)	7,5% (mittel)	5,5% (niedrig)
Risiko-klasse	Klasse 7 (hoch)	Klasse 1 (gering)	Klasse 4 (mittel)	Klasse 1 (gering)	Klasse 7 (hoch)
Fondskosten pro Jahr	2,25% (hoch)	1,5% (mittel)	1,5% (mittel)	0,75% (niedrig)	2,25% (hoch)
Fondsanbieter	Union Investment	Union Investment	Deka Investment	Union Investment	DWS Investments
Nachhaltig-keitsiegel	kein FNG-Siegel	kein FNG-Siegel	FNG-Siegel (3 Sterne)	FNG-Siegel (3 Sterne)	FNG-Siegel
	Auswählen	Auswählen	Auswählen	Auswählen	Auswählen

- Random assignment to conditions: C1 = sustainability salient, C2 = fin. performance salient, C3 = control group
- Investment choices were eye-tracked to measure the number of fixations to information attributes
- Follow-up survey on investors' values and further controls

Results

- On average, increasing the salience of information does not influence investors' attention and decision-making
- Two offsetting forces explain this finding: salient sustainability information increases (decreases) attention to and importance of sustainability information among investors with a high (low) degree of self-transcendence values
- The opposite effect is found when financial performance information is salient

Implications

- (Un-)Sustainable investing depends on the interaction of salient information and investors' values
- Salience-based sustainability labels for investment products may equally promote and inhibit sustainable investing
- Target group specific information and communication measures appear warranted

Dr. Josua Oll



Research interests

- Management
- Sustainability
- Finance

Lectures

- Einführung in die Betriebswirtschaftslehre (Bachelor)
- Unternehmensstrategien (Bachelor)
- Strategisches Management (Master)
- Corporate Social Responsibility (Master)
- Unternehmen und gesellschaftlicher Wandel (Master)

Literature

- Døskeland, T., & Pedersen, L. J. T. (2015). Investing with brain or heart? A field experiment on responsible investment. *Management Science*, 62(6), 1632-1644.
- Orquin, J. L., & Mueller Loose, S. M. (2013). Attention and choice: A review on eye movements in decision making. *Acta Psychologica*, 144(1), 190-206.