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Caroline D. Ditlev-Simonsen
Handelshøyskolen BI

Fred Wenstøp
Handelshøyskolen BI

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Caroline D Ditlev-Simonsen, PhD

Associate Professor, Co-Director Centre for Corporate Responsibility
BI – Norwegian Business School, Department of Accounting, Auditing and Law
Tel +47 90 787 737 caroline.d.ditlev-simonsen@bi.no

Fred Wenstøp, Professor emeritus

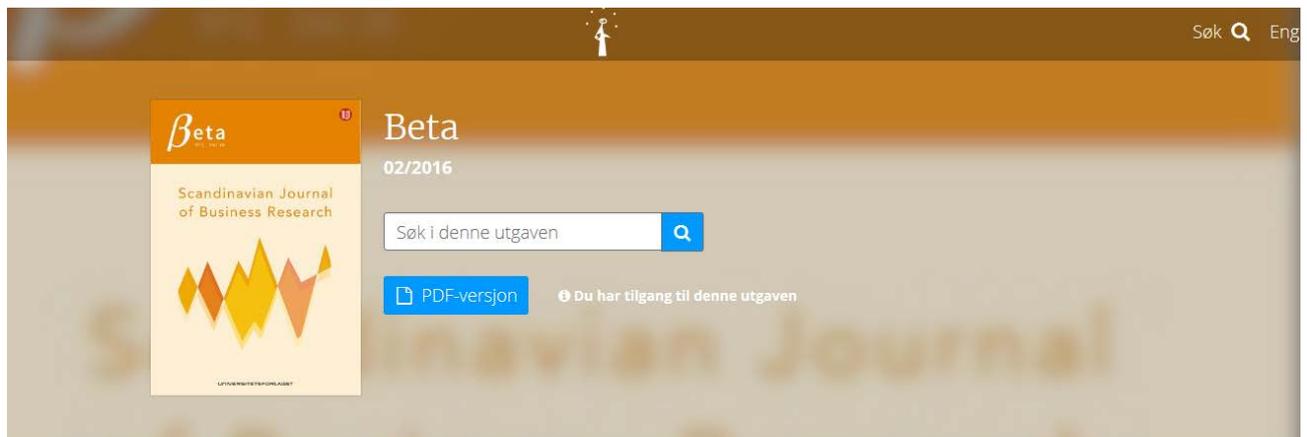
BI – Norwegian Business School, Department of Strategy
Tel: +47 46 41 04 93 e-mail fred.wenstop@bi.no

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Attitudes towards ethical pension management among Norwegians

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av Caroline D Ditlev-Simonsen og Fred Wenstøp

[Sammendrag](#)

Caroline Dale Ditlev-Simonsen is Associate Professor at BI Norwegian Business School. She holds a PhD in Leadership and Organization (BI Norwegian Business School), a Masters degree in Energy and Environmental Studies (Boston University) and a Bachelors degree in Business Administration (Simon Fraser University, Vancouver). Ditlev-Simonsen is Co-Director at the BI Centre for Corporate Responsibility

Fred E. Wenstøp is Professor Emeritus at BI Norwegian Business School. He graduated from the University of Oslo in 1969 in Cybernetics, and earned his PhD in 1975 from the University of California at Berkeley in the field of Management Science. Wenstøp's research areas are operations research, environmental management, and ethics.

Sammendrag

I denne studien har vi kartlagt nordmenns holdninger til etisk forvaltning av pensjonsfond som kan innebære redusert pensjon. Vi studerer folks holdning til etikk angående eget pensjonsfond samt deres forestillinger hvilke holdninger andre har.

Fokuset er på hvordan politisk partipreferanse og tilhørende verdier påvirke holdninger. Vi analyserer dataene med tre velkjente verdisystemer beskrevet av henholdsvis Inglehart, Welzel og Hellevik.

Vi finner at 40 % sier de ville velge etisk investering selv om det betyr at deres egen pensjon vil bli redusert, mens 32 % sier nei. Det er uvisst hvor de 28 % som sier de ikke vet, vil ende opp, men dette kan tolkes som en generell positiv holdning i befolkningen til etisk pensjonsforvaltning.

Holdningene er avhengig av verdier, og Helleviks verdisystem er en litt bedre indikator enn de andre. Funnene viser at viljen til å investere etisk øker med idealisme, venstreorientering og utdanningsnivå, og synker med inntekt. De samme verdiene er ikke relatert til folks oppfatning av hvordan de tror andre ville valgt når det gjelder villighet til etisk pensjonsforvaltning.

Nøkkelord: Social Responsible Investment (SRI), pensjon fond, verdisystemer, holdninger, World Values Survey (WVS), Inglehart, Welzel, Hellevik, Petroleumsfondet utland

Abstract

We have surveyed the attitudes of Norwegians toward ethical pension management that carries an opportunity cost. We study attitude regarding own pension fund as well as belief about other people's attitudes.

The focus is on how political party preference and associated values affect attitudes. We analyze the data with three alternative values systems: Inglehart's Materialism-Postmaterialism scale, Welzel's Sacred-Secular and Obedient-Emancipative scales and Hellevik's Traditional-Modern, Materialism-Idealism, and Political Left-Right scales.

Our findings show that 40% of the respondents claim they would choose ethical investment, even though it implies reduced pension. 28% would not choose ethical investment. It is unclear how those who say they do not know would end up, still the findings can be interpreted as a general positive attitude among people to ethical pension management.

Attitudes depend on values, and Hellevik's value system is a slightly better predictor than the two other value systems. The findings show that willingness to invest ethically increases with idealism, leftist position and education level, and sinks with income. However, the values are not related to people's perception of other people's attitudes.

Keywords: Social Responsible Investment (SRI), pension funds, value system, attitudes, World Values Survey (WVS), Inglehart, Welzel, Hellevik, The Norwegian government Pension Fund (GPF)

1. Introduction

This paper is about whether Norwegians accept deliberate ethical investment in their pension fund if there is a trade-off between financial return and ethics. The study is based on two surveys of approximately 400 respondents each, and the background for the questions is the well-known fact that the so called "oil fund" – the Norwegian Government Pension Fund Global (GPF) – uses ethical investment guidelines, and that the fund has suffered an opportunity cost after excluding tobacco.

We present the main results as well as the impact of gender, age, income and education level. We also investigate whether peoples' values can explain the data by comparing three different values systems. These are

1. Inglehart's Materialism-Postmaterialism 12-items scale (Inglehart, 1977)
2. Welzel's two-dimensional value system with Sacred-Secular and Obedient-Emancipative axes (Welzel, 2013)
3. Hellevik's three-dimensional value system with Traditional-Modern, Materialism-Idealism, and Left-Right political position axes (Norwegian Monitor) (Hellevik, 2008)

Ethical investment is best known as Social Responsible Investment or SRI — an acronym for combining different strategies to promote the common good. It enjoys increasing popularity, and the European SRI study (Eurosif, 2014) found that SRI strategies were continuing to grow at a faster rate from 2011 to 2013 relative to more standard asset management strategies in the European market. However, the important question of whether SRI involves a trade-off between financial return and responsibility, or actually represents a win-win strategy, seems to be left unanswered as exemplified by an inconclusive review of 21 scholarly studies published from 2008 to 2010 (Sjöström, 2011).

Although many studies have explored how return on investment depends on ethical investment, to our knowledge no one has investigated whether people are willing to reduce their pension in order to promote good causes. Such information would be useful for several reasons. It would be interesting for political parties that want to take public sentiment into account, and for managers of competing private pension funds. It might also throw light on to what extent different segments of the population think ethically when it comes to investment in pension funds. For instance, are gender, age, income, education level, or political leaning related to willingness to ethical investment?

And finally, to what degree can people's values explain willingness to reduce their pension for the common good?

This study aims to explore these questions.

2 The Structure of the Paper

We begin by presenting ethical investment and social responsible investment in the Norwegian context, including the GPF. Since the data indicate that political party preference

is strongly associated with people's attitudes towards SRI for pension funds, we continue with a presentation of the Norwegian political landscape and underlying value dimensions. We then present the surveys and data before we build regression models that seek to explain the responses in terms of values and demographic characteristics of respondents. Finally, we summarize and discuss the findings and suggest future research in the field.

3 Social Responsible Investment (SRI)

Social responsible investment (SRI) is an investment strategy that considers financial return as well as promoting the common good when evaluating investment alternatives. The Quakers in the U.S. were probably among the first to practice SRI around 1750 when they did not want to make money on the slave trade and consequently did not invest in such companies.

In Scandinavia, the first SRI fund, AktieAnsvar Aktiefond (Share responsible fund), was established in Sweden in 1965 by the Temperance movement and the Baptist Church, and the first two Norwegian SRI funds were established in 1989 by the insurance company Vesta (Bengtsson, 2008). Since then, SRI has become an important investment tool in Scandinavia, and is by far the largest investment practice in Norway among the Nordic countries (Scholtens & Sievänen, 2013).

The most common SRI practice is to exclude companies based on screening for ethical behavior. Some investors also apply a "best-in-class" approach, selecting and investing in companies that are the best from an environmental and/or social perspective. A key challenge for the exclusion approach is how to decide what is ethically "right" and "wrong"; i.e., what kind of companies to exclude. The decision is closely related to personal norms. For example, some people will claim that investing in an abortion clinic is responsible (ethically right). Women should have the right to abortion, they believe, and overpopulation is a sustainability challenge for our planet. Others might differ for religious or other reasons and consider abortion ethically wrong. Other contested issues include alcohol, tobacco, gambling, pornography, weapons, contraception, fossil fuel production and the military. Nuclear energy is particularly controversial. Some SRI funds exclude it, whereas others consider nuclear energy a way to reduce CO₂ emissions and therefore invest in it, with both sides claiming to be ethical.

3.1 SRI in the Norwegian Context: The Norwegian Government Pension Fund (GPF)

The Norwegian Government Pension Fund (GPF) is one of the world's largest pension funds, with a market value close to NOK 6000 billion in 2014, which equals more than NOK 1 million per inhabitant. The fund is based on revenues from Norway's oil and gas industry and is "saving for future generations in Norway," according to the fund's home page ("GPF responsible investment," 2010). Furthermore, the fund invests in about 8,000 companies in 82 countries, amounting to 1.3% of the world's listed companies. Its SRI guidelines exclude companies that: (1) produce weapons that violate fundamental humanitarian principles through their normal use, (2) produce tobacco, and (3) sell weapons or military material to states that are affected by investment restrictions as described in the management mandate (Clark & Monk, 2010). The Ministry of Finance governs the management of the fund, and

seeks to optimize return on investments while observing its role as a responsible investor. The Petroleum Fund's Advisory Council on Ethics has been evaluating whether investments fulfill the ethical investment criteria.

The concept of ethical investment for the Government Pension Fund (GPF) was introduced politically by the Socialist Party in 2001, and in 2002 the government appointed a committee to propose ethical guidelines. In 2003 the committee delivered its proposal, which formed the basis for ethical investments (Stortingsmelding, 2004). After the guidelines were introduced, stakeholders were invited to voice their opinions at public hearings. NGOs such as World Wide Fund Norway, Amnesty International Norway, Rainforest Foundation Norway, and Save the Children Norway were active respondents. Research institutions, private citizens and other stakeholders also made recommendations. In addition, a continuing lively debate takes place in social media, where political parties and NGOs are particularly active. Thus, it is a reasonable assumption that public awareness about the guidelines and their potential impact on the return on investment is widespread.

Since funds invest in efficient markets with the objective to maximize beneficiaries' return on investment, any additional objectives or restrictions are generally considered to incur an opportunity cost. But there are other opinions. Sethi (2005), for instance, claims that current measurement of future risk understates or overlooks long-term risks because of the inherent short-run bias of financial intermediaries whose compensation depends on short-term results. He therefore finds evidence to suggest that these intermediaries engage in self-serving practices and thus fail in their duties to serve their clients' — i.e., pension funds' — best interests. Lewis and Juravle (2010), in their qualitative study of SRI champions, also identify short-termism as one of the key obstacles to ethical investment, but observe that for SRI to have a significant influence, greater government intervention is required.

This brings us back to the GPF and its development. In White Paper 20 (2008-2009) the Ministry of Finance recommended that companies producing tobacco should be excluded from the GPF, as an added investment restriction to the SRI guidelines. It received support from Parliament, and tobacco exclusion started in 2009. In hindsight, the central bank of Norway has compared the ROI of a global portfolio with and without the exclusions implemented in GPF from August 2005 to November 2011. The negative screening resulted in an opportunity cost of NOK 10.6 billion (€1.3 billion) (Det Konglige Finansdepartement, 2012). The opportunity cost is primarily due to the exclusion of tobacco, which has been widely published in Norwegian social media. The GPF is therefore a good background case for investigating the values of the populace when it comes to willingness to reduce one's own pension through ethical investments.

The general consensus among all political parties in Norway is for the GPF to invest ethically, although support ranges from hot to lukewarm; the discussion is about exactly what guidelines to follow and which industries or companies to exclude. Although Norway practices representative democracy, meaning that the voters elect representatives to serve on their behalf without necessarily consulting them on every issue, one would think that the politicians speak for their constituents on this contentious issue. This is what we want to investigate, with a focus on the relevance of political beliefs and values. First, we will present the Norwegian political landscape. Thereafter we will give an overview over the alternative value systems.

4 Norwegian Politics and Values

4.1 Political Parties

There are seven political parties with enough support to give them a chance to be represented in Parliament: the Socialist Party, the Labour Party, the Centre (Agricultural) Party, the Liberal Party, the Christian Democratic Party, the Green Party, the Conservative Party and the Progress Party. The two main parties are Labour, which for a long period after World War II ran a majority government, and the Conservatives, who several times in recent years have threatened Labour's leading position. The three middle parties are small, but have several times played pivotal roles in shifting coalitions. Figure 1 presents the result of the most recent 2013 election (Kommunal- og moderniseringsdepartementet, 2014)

Figure 1 in here

Election 2013 results, with Parliamentary parties ordered from left to right

The Socialist Party was alone in 2001-2002 when it proposed that the GPF should start to invest ethically, a proposal that was accepted by Parliament in 2004, against the votes of the Progress Party and without consulting the general population, the beneficiary of returns from the GPF.

Although there is now a general consensus among the parties about SRI, it is still possible to discern shades of opinion. Reading the political platforms of the different parties, it seems fair to say that the Socialists are still strong supporters while two major parties — Labour and the Conservatives — support the idea if it does not cost too much. The Centre Party is rather quiet about the issue while the Liberals and Christian Democrats are strong supporters, with the Liberals emphasizing environmentally friendly investments and the Christian Democrats arguing for investment in poor countries. The Progress Party is a lukewarm supporter and does not want the fund managed as a “toy” for diverse political priorities.

5 Value Systems

If people are willing to trade off financial returns against ethics with regard to their pension fund, the reasons ought to be found in their values — how they want to live their lives and what their goals are. Among other things, values strongly influence attitudes toward the environment and concern for other people's welfare. It is evident that parties and individuals have struggled with how to address SRI in the Norwegian Government Pension Fund setting.

It is therefore interesting to investigate to which extent this is based on and can be explained through underlying values.

We will relate our data to three alternative, widely accepted values systems:

1. Inglehart's Materialism-Postmaterialism 12-items scale (Inglehart, 1977)
2. Welzel's two-dimensional value system with Sacred-Secular and Obedient-Emancipative axes (World Values Survey) (Welzel, 2013)
3. Hellevik's three-dimensional value system with Traditional-Modern, Materialism-Idealism, and Left-Right political position axes (Norwegian Monitor) (Hellevik, 2008)

5.1 Inglehart's 12 items Materialism-Postmaterialism Scale

Inglehart's Materialism-postmaterialism value scale is based on 12 items. Six items determine the degree of materialism: maintain order, fight rising prices, economic growth, strong defense, stable economy, fight crime. The six postmaterialist items are: more say in government, protect free speech, more say in jobs, beautify cities and countryside, more human society, society where ideas count. Inglehart's basic tenet is that as societies become more affluent and economic security is taken more or less for granted, people tend to shift from being materialist to becoming postmaterialist. Postmaterialism has been associated with pro-environmentalism and is found to have a strong link with the level of education (Bean & Papadakis, 1994, p. 266; Moors, 2003).

Although Norway is one of the more affluent countries in the world, there is still a considerable variance in postmaterialist scores within the population, as Figure 2 shows. There, we see the average scores of the respondents according to political party preference as documented in the WVS Norwegian survey (Listhaug, 2007). The average party scores on postmaterialism appear to be related to their attitudes towards SRI in the GPF, as described above. The Progress party has the lowest score, and socialists and communists the highest. Thus, we should expect to find a positive association between willingness to invest ethically and postmaterialism in the statistical analysis.

Figure 2 in here

The scores of Inglehart's 12 items scale on postmaterialism according to Norwegian political party preference. Data retrieved from the World Values Survey (Listhaug, 2007)

5.2 Welzel's two Dimensional Value Model With Sacred-Secular and Obedient-Emancipative Scales

Inglehart has developed his ideas further and introduced two scales to replace the single postmaterialism scale, one with *traditional versus secular-rational* values and the other with

survival versus self-expression values (Inglehart & Baker, 2000). Welzel's two-dimensional value model is a still further development of this model (C Welzel, 2013). He has analyzed data collected through the World Value Survey (WVS) and presented a theory of how human emancipation leads to a "better world". The two scales are:

- **Secular Values** (or Sacred-vs.-Secular Values) which is developed through five questions about religion, respect for authority, national pride and independence.
- **Emancipative Values** (or Obedient-vs.-Emancipative Values) which is developed through five questions addressing issues like happiness, trust, freedom and societal participation. Higher score on these questions favours freedom of choice and equal opportunities.

By comparing countries, Welzel shows that as GDP increases, so does emancipative values, wellbeing (ibid. page 188), and unselfish orientation (ibid. page 205). He also finds a positive relation between emancipative values, income and education level (ibid. page 99).

Welzel points out that countries like Norway, which is ranked high on environmental impact, is also high on environmental quality. This suggests that high standard of living does not necessarily imply environmental degradation. The relationship between environmental quality and human empowerment "exist because something in the human empowerment process makes societies take action for better environmental quality. Most likely, this "something" is emancipative values" (Welzel, 2013, page 379)

From the point of view responsible investment of pension funds, Norwegians should thus be more likely to prioritize sustainable fund management than people in other countries. Furthermore, we should expect to find a variance within Norway, where people with more income and education, should be more emancipated and less selfish. Emancipated people would be more likely to invest their pension money in a sustainable manner – even though it implies less pension in the long run.

Figure 3 shows that there is an obvious correlation between Welzel's two scales, when political party preference is the unit of observation (The WVS data base use the term "Restricted" instead of "Obedient").

Figure 3 in here

Average scores of Welzel's values according to Norwegian political party preference. Data retrieved from the World Values Survey (Listhaug, 2007).

5.3 Hellevik's Norwegian Monitor Value System

Ottar Hellevik has for three decades been monitoring Norwegian values by observing how people score on a system of value dimensions. He has conducted at 62 questions survey, and the responses are used to develop 25 value-indexes. Through factor analysis, three value dimensions are developed.

The two most important axes in this model are the Traditional-Modern and Materialism-Idealism scales. According to Hellevik, the Traditional-Modern scale “contrasts those who are positive to technological innovations, risk taking, spontaneity, urban life, new social mores such as gender equality, to those who believe in established traditions, religion, authority, conformity, frugality, respect for law and order” (Hellevik, 2015). The Materialism-Idealism scale, on the other hand contrasts those that favor economic growth, material possessions and consumption, putting their own needs above concern for others, with those who value self-realization, close interpersonal relations, religion, good health and concern for the environment (ibid). Women and those with a higher education tend to be more idealistic in their value orientation than men and those with less education (Hellevik, 2002).

The Materialism-Idealism index is obviously a promising candidate for predicting a willingness to invest ethically. The Traditional-Modern index is a more doubtful candidate, however, as it is difficult to discern relevant underlying factors. We have therefore included the third most important scale in Hellevik’s value system, namely the Political Left-Right dimension. The left wing traditionally favors a mixed public-private economic system with state ownership of basic industry, public governance of welfare, social security and the environment. The right wing favors freedom, private ownership and a market economy with little governmental interference. Thus, we should expect leftist people to be more willing to invest ethically than those on the right wing.

Figure 4 shows the average scores on Hellevik’s two most promising axes, according to Norwegian political party preference. The Materialism-Idealism scores are retrieved from Dalen (2013), and the left-right political dimension from WVS (Listhaug, 2007). The two scales seem quite unrelated when political parties are units of observation.

Figure 4 in here

Average scores of Hellevik’s two most significant value scales according to Norwegian political party preference. The Materialism-Idealism scores are retrieved from Dalen (2013), and the left-right political dimension from World Value Survey (Listhaug, 2007)

6 The Surveys

The survey was conducted by TNS Gallup. TNS Gallup is a leading survey service in Norway which pre-election surveys tend to very well predict the actual political election results. The method used is called Online Omnibus. Online Omnibus is a web based interview with a representative selection of the Norwegian population from the age of 18 years and up. The sample for the Online Omnibus survey, which is drawn from TNS GallupPanel, is stratified based on age, gender and location (geographic

The response rate on surveys generally has to a large extent declined the last decades (Hellevik, 2015a, 2015b). Generally surveys conducted through the TNS GallupPanel has a response rate of 50-60 percent which is good relative to many other similar panel surveys based on the same type of pre-recruited web panels. However, if we should take into account the recruitment process for this type of webpanel the response rate would be much lower.

The respondent is not pre-recruited for this particular survey. Still, low response rate does not necessarily imply that the findings cannot represent the initial population. The quality of the recruitment, the sample drawn and routines for maintenance and updating of the panel is of importance. In addition, the formulation of the questions, as well as the interpretation of the answers is also important to take into account when analyzing the findings (Hellevik, 2015a).

The two questions in this survey was simple to answer. The respondents had three alternative answers, and were asked to cross off one of these (“yes,” “no” or “don’t know”).

Our study included only people with income (full time or part time employed), and the response is weighted according to the national statistics through Statistics Norway^[1].

Two independent random samples of approximately 400 respondents representing the Norwegian population were surveyed anonymously in March 2014. We call the two samples **Group 1** and **Group 2**. Members of group 1 were asked whether they think other people would invest ethically, while those in group 2 were asked whether they would personally invest ethically. To avoid one question influencing the answer to the other, nobody got both questions.

We asked two different questions because we might expect a self-serving bias if we surveyed people by just asking if they would be willing to sacrifice from their own pension fund to achieve ethical investment. The response entails no commitment, and to answer yes would help many people maintain a good self-image. Such self-serving bias is a prevalent cognitive or perceptual process that serves to maintain self-esteem (Forsyth, 2008), and there are indications that it is more common among younger people (Lachman, 1990) and men (Christensen, Sullaway, & King, 1983).

Since we didn’t know the extent of the self-serving bias in our context, we compared it with a question about how ethical respondents think other people are. Presumably, the investment they actually made would lie somewhere between the two.

6.1 The Survey Questions

Group 1 members were asked about their belief in other people’s ethics. The question was (translated from Norwegian):

^[1] Statistics Norway reports to the Ministry of Finance and [the Statistics Act of 1989](#), but is a professionally autonomous organisation with a mandate to determine what it publishes, as well as when and how the publishing takes place.

“The Norwegian Government Pension Fund Global uses ethical guidelines for its investments. Some of these guidelines, such as excluding tobacco shares, have resulted in reduced return on investment for the fund.

In their own pension fund management, do you think *most people* would choose ethical investment if it means that *their own* pension will be reduced?

Please answer “yes,” “no” or “don’t know”.

Group 2 members were asked about their attitudes toward their **own pension**. The question was:

“The Norwegian Government Pension Fund Global uses ethical guidelines for its investments. Some of these guidelines, such as excluding tobacco shares, have resulted in reduced return on investment for the fund. In *your own* pension fund management, would you choose ethical investment if it means that *your* pension would be reduced?”

Please answer “yes,” “no” or “don’t know”.

7 Data Presentation

7.1 Own Investment Ethics Versus Belief About Other People

Only 20.5% of the respondents in group 1 thought *most people* would choose ethical investment if it means that their own pension would be reduced, while 56.3% answered “no” to the question. This leaves a rather large proportion of 44.2%, however, who “don’t know.”

On the other hand, in group 2, a much larger proportion (40.3%) would choose ethical investment even if it meant that *their own* pension would be reduced, while only 31.9% answered no. Thus, people appear to think much better about themselves than others when it comes to ethical investment in pension funds. A chi-square test shows that there is a very significant difference between the two groups ($p = 0,000$), which corresponds well with the expected self-serving bias. The data is summarized and presented graphically in Figure 5.

Figure 5 in here

The main result from the survey. Group 1 answered the question: In their own pension fund management, do you think most people would choose ethical investment if it means that their own pension will be reduced? Group 2 answered the question: In your own pension fund management, would you choose ethical investment if it means that your pension would be reduced?

The data show that the overall enthusiasm for ethical pension investments that might reduce pension funds is lower than what one might expect from the general political support that guidelines for the GPF enjoy in Norway. Both “yes”-tallies are well below 50%, and that invites to a closer examination of the political landscape.

7.2 Investment Ethics and Political Preference

The respondents were also asked which political party they voted for in the latest parliamentary election. This question reduced the number of valid responses somewhat, since some people did not remember, or did not choose to answer it. To simplify the picture, and to achieve sufficient observations within the groups, we have therefore lumped the three middle parties into one group, called the Centre Group. The three parties have in common that they are small and mostly in opposition and thus freer to advocate their own special interests. After renaming the Socialists and the Progress Party, we now have five political groups for the analysis: Left, Labour, Centre, Conservative and Right.

The response of Group 1 to the question “In their own pension fund management, do you think most people would choose ethical investment if it means that their own pension will be reduced?” we got the results shown in Figure 6.

Figure 6 in here

Group 1: Attitude toward others pension. The responses to the question: “In their own pension fund management, do you think most people would choose ethical investment if it means that their own pension will be reduced?”

The Leftists appear to be most optimistic about other people’s investment ethics, and the Conservatives and Labour most pessimistic, but a chi-square test shows that these differences are far from significant. We cannot therefore infer political differences from this figure alone.

The picture changes, however, when we turn to the respondents’ own pension fund.

In this case, a chi-square test shows that the differences among the parties are very significant (Pearson chi-square p -value = 0.000). The data is summarized and presented graphically in Figure 7.

Figure 7 in here

Group 2: Attitude toward one’s own pension. The responses to the question: “In your own pension fund management, would you choose ethical investment if it means that your pension would be reduced?”

The data show a pattern that is strikingly similar to the different parties' attitudes towards ethical guidelines for the GPF. Leftist voters are enthusiastically for guidelines while the Rightists are emphatically against — thus betraying somewhat the Progress Party's official standpoint. Labour and the Conservatives, the main parties in several governments, have many voters who are uncertain about ethical investment. The Centre group, with its special-interest parties, is next in enthusiasm after the Leftists. Thus, the political parties seem to reflect their voters' ethical attitudes well, and vice versa. The only problem is a lack of general enthusiasm, since the overall support for ethical investment in pension funds hovers below 50%.

7.3 The Impact of Demographic Characteristics

We have used simple cross-tabulation with chi-square tests to study the relationship between dichotomous demographic variables and the two questions about ethical investments.

- *Gender*: About the same proportion (20%) of women and men believed that other people are willing to invest ethically, while 65% of men and 47% of women answered no, with a much higher proportion of women responding “Don't know.” The difference is very significant ($p = 0.000$). When it came to their own ethical investment, 42% of women and 38% of men were willing to invest ethically even if they knew it might reduce their pension. The big difference, however, is in the proportions of no answers to this question: 17% of the women answered “no” versus 45% of the men. The difference is very significant ($p = 0.000$).
- *Education*: Respondents with university or college degrees had a lower tendency to believe that other people are willing to invest ethically, but it is not significant on the 5% level ($p = 0.07$). The attitude was the opposite, however, when it came to investing ethically themselves: 48% of those with a high education level answered yes versus only 28% of those with a low education level. The difference here is very significant ($p = 0,000$). Apparently, higher education creates a larger distrust regarding other peoples' ethics compared with one's own.
- *Age and income*: We found no significant relation between the answers to the two questions and the age of the respondents (four age groups) or annual salary (two groups).

8 Connecting Data Bases to Include Values

In order to investigate whether any of the three value systems can contribute to an explanation of our findings, we have connected our own survey with the World Values Survey's (WVS) data for Norway (Listhaug, 2007) and the Norwegian Monitor (NM) data as presented by Dalen (2013). All three data bases have information about voting behavior with respect to political party. Thus, we can find the average scores for people voting for the same party on all relevant value dimensions. The WVS data have information about Sacred-secular and Restrictive-emancipative scores, as well as Materialism-postmaterialism scores and the

Left-right political position. The NM data shows the average scores on the Materialism-Idealism axis and the Traditional-Modern value axis for the different political parties. The connecting party dependent averages are shown in Table 1. In the subsequent analysis, these averages are used as indicators of the respondent's scores on the different value dimensions, given their voting behavior.

This method is admittedly a bit problematic since the value indicators hide the true variation in the respondent's scores on the different value dimension. If this information were available, we would probably find a clearer picture of how value systems affect ethics. Our results must therefore be read with this in mind.

Table 1 in here

Average scores depending on political party preference in Norway. The Materialism-Postmaterialism scale (Inglehart), Sacred-Secular and Obedient-Emancipative scores (Welzel) and the Left-Right political position are computed from the World Values Survey (Listhaug, 2007). The Materialism-Idealism and the Traditional-Modern scores are taken from the Norwegian Monitor's data presentation (Hellevik) (Dalen, 2013).

9 Data Analysis of Value Dimensions

We have investigated the relation between the response variables (on ethical management of others and own pension), and the three alternative value systems by Inglehart, Welzel and Hellevik with linear regression models. In addition to the values, we have included age (years), gender, income (9 points interval scale), and education (5 points interval scale) as control variables. There are two alternative dependent variables, namely the (no/don't know/yes) answers of group 1 and 2, respectively, in the survey. The answers are coded on an interval scale as -1, 0, +1.

For each group, we have built six regression models, one for each of the three value systems with and without control variables. When the control variables are included, we have used Wald's backward regression to try to achieve a significant model.

9.1 Models of Belief About Other Persons' Ethics (Group 1 Other People's Ethics)

None of regression models without control variables yield a significant model to explain answers to the question "Do you think *most people* would choose ethical investment if it means that *their own* pension will be reduced?"

When the control variables are included, there is still no significance with respect to the alternative value systems. However, personal income and age turn out to be significant at the 5 % level regardless of which value system that was included from the start of the backward linear regression analysis process. It ends with a model where age and education alone are

significant: The older you are and the higher your education level, the less trust you have in other peoples' ethics.

9.2 Models of own Reported Ethics (Group 2, own Ethics)

The other question was "In *your own* pension fund management, would you choose ethical investment if it means that *your* pension would be reduced?" The results are reported for the tree value systems below.

Inglehart's 12 items Postmaterialism scale: Without control variables, Postmaterialism is highly significant ($p = 0.000$): the more postmaterialistic, the more willing to invest ethically. This still holds true when the control variables are included, and here the result is the same as above: both personal income and education level are significant ($p = 0.040$ and $p = 0.000$, respectively), and income has a negative and education level a positive effect. The adjusted R square is 0.165.

Welzel's value system: Without control variables, the two value dimensions Sacred-Secular and Restrictive-Emancipative are both highly significant ($p = 0.000$). The more sacred and the more emancipative you are, the more willing are you to invest ethically. This also holds true when the control variables are included. In this case, income and education are also significant. The more you earn, the less willing are you to invest ethically ($p = 0.025$); and the higher your education level, the more willing are you to invest ethically ($p = 0.002$). The adjusted R square is 0.200.

Hellevik's Norwegian Monitor: Without control variables, the Traditional-Modern variable is not significant ($p = 0.175$), while Materialism-Idealism and Left-Right position are highly significant ($p = 0.000$ for both). The more idealistic and the more leftist, the more willing to invest ethically. The Traditional-Modern variable disappears in the backward regression analysis when the control variables are included, and the final model includes Materialism-Idealism ($p = 0.037$) and Left-Right position ($p = 0.000$) as well as Personal income ($p = 0.086$) and Education level ($p = 0.000$). The signs are as before: willingness to invest ethically increases with idealism, leftist position and education level, and sinks with income. In this case, the adjusted R square is 0.26.

Thus, while all three value systems yield similar results, the Norwegian Monitor's second and third value together has the highest explanatory power among the three value systems.

10 Summary and Conclusion

This article has presented a study of attitudes among Norwegians toward social responsible investment (SRI) for pension funds. The Norwegian Government Pension Fund (GPF) manages the pension of the Norwegian population and is one of the world's largest funds. The GPF applies SRI by excluding unethical businesses, and the exclusion of tobacco, in particular, has resulted in reduced return on investment (ROI).

The Norwegian population was not consulted when it was decided to include ethical investment criteria in the GPF. The decision was made by the country's democratically elected politicians, but the question remained whether this was in accordance with general

sentiment. To find out, we surveyed a representative sample of the Norwegian population, asking about their opinion on ethical investment of *own* pension as well as their belief about *other* peoples' ethical attitude.

Our data show that 40 percent of the respondents would include ethical considerations in their personal pension management if it implied reduced pension, while 32 percent answered no. Even if it is uncertain on which side the 28 percent that did not know would end up, this indicates that Norwegians in general agree with the political decision of having an ethical investment strategy for the GPF. The respondents' beliefs about other peoples' ethical attitude, however, was lower. About 20 percent thought other people would choose to apply ethical criteria for their own pension management if it resulted in reduced pension.

We used linear regression analysis to investigate whether underlying values can contribute to an understanding of people's responses in our survey, and chose three well known value systems, two international ones proposed by Ronald Inglehart (1977) and Christian Welzel (2014) with data available from the World Values Survey (Listhaug, 2007), and one national proposed by Ottar Hellevik (2015) with data available from the Norwegian Monitor (Dalen, 2013). Our survey as well as these two databases have information about political voting behavior. Thus, we could connect the two data bases to our respondents by using party dependent averages as indicators for our respondents' scores on the value scales.

It turned out that none of the three value systems could contribute significantly to an understanding of peoples' beliefs about other peoples' ethics. However, we got very significant findings with regard to ethical management of one's own pension fund. We found that the more postmaterialistic you are, the more ethical (Inglehart, adjusted $R^2 = 0.165$). Further, the more sacred and the more emancipative you are, the more willing you are to invest ethically (Welzel, adjusted $R^2 = 0.20$). And finally, the more idealistic and the more leftist you are, the more willing to invest ethically (Hellevik, adjusted $R^2 = 0.26$).

All these results are as expected, but it is noteworthy that an ethical attitude increases with sacredness in Welzel's value system. This corresponds to the fact that idealism increases with religiosity, and ethics with idealism in Hellevik's system.

The regression models initially included gender, age, income, and education level as control variables. Of these, only income and education level turned out to be significant. For all three models, higher education leads to more interest in investing ethically, and more income leads to less interest. A strong correlation with the value scales is probably the reason that income has a negative effect in the regression models.

It is noteworthy that although all three models are highly significant (ANOVA sig. = 0.000 for all), the explanatory power is rather weak in terms of adjusted R^2 . This is not surprising because how you respond to the survey question depend on your beliefs about two central questions:

- 1) What will be the actual impact of SRI on your pension?
- 2) Will SRI actually do any good for the world at large?

There are fundamental uncertainties involved here, and considerable randomness to be expected regarding such beliefs.

As for values, the basic question in the survey is whether one would be willing to trade off one's consumption against promotion of the common good, and the Norwegian Government Pension Fund is used as a background example. At least two value aspects suggest themselves in this trade-off. One has to do with the free market versus governmental interference, which is closely linked to political left-right orientation. Another is materialism (own consumption) versus idealism (promotion of the common good even if the actual consequences are obscure). This value dimension has also been identified as a major explanatory factor in Norwegians' value choices (Hellevik, 2015).

It turned out that the respondents' beliefs about other peoples' willingness to invest ethically did not depend on their own values, nor on demographical characteristics, except for some indication that older and more educated people are less trusting of other peoples' ethics. The picture changed dramatically, however, when it comes to self-reported ethics. In that case, people were significantly more willing to trade off financial returns against ethics if they were postmaterialists, or sacred and emancipated, or idealists and politically left leaning.

Our study illustrates the tension between direct and indirect, or representative, democracy. If there were a referendum on whether the GPF should practice SRI, our data indicate an undeceive vote. In a representative democracy like Norway, however, the politicians are elected to make decisions on behalf of the voters, which appears to lead to more ethical and sustainable decisions. As individuals, we appear to be more shortsighted.

Further research should compare Norwegian attitudes with attitudes in other countries. A follow up study in Norway should be more specific about the consequences of ethical management of pension funds, and include questions for direct computation of value scores.

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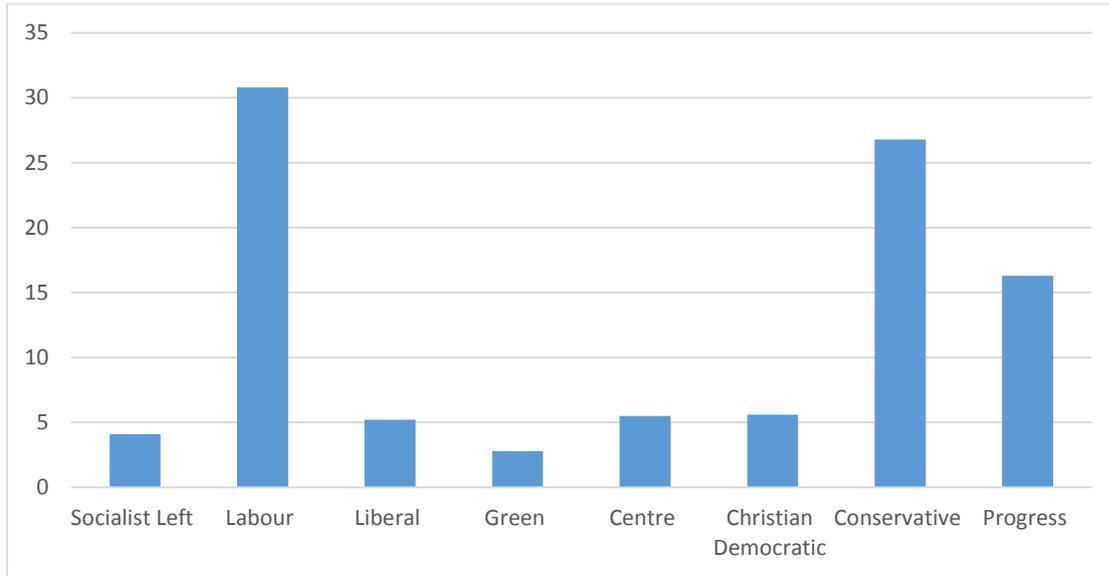


Figure 1: Election 2013 results, with Parliamentary parties ordered from left to right

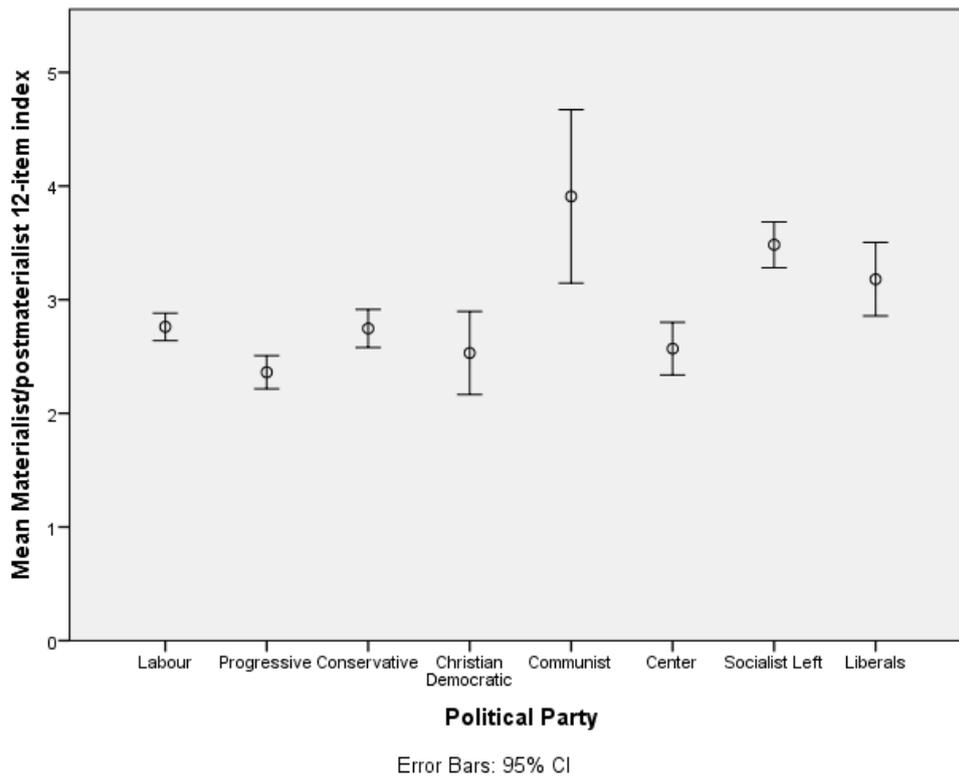


Figure 2: The scores of Inglehart's 12 items scale on postmaterialism according to Norwegian political party preference. Data retrieved from the World Values Survey (Listhaug, 2007).

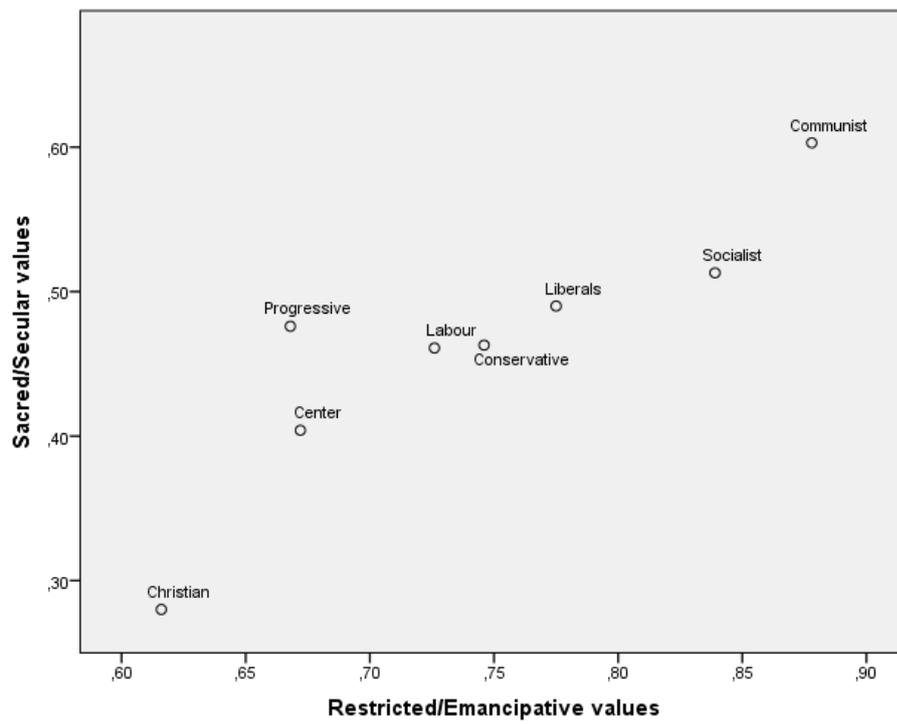


Figure 3: Average scores of Welzel's values according to Norwegian political party preference. Data retrieved from the World Values Survey (Listhaug, 2007).

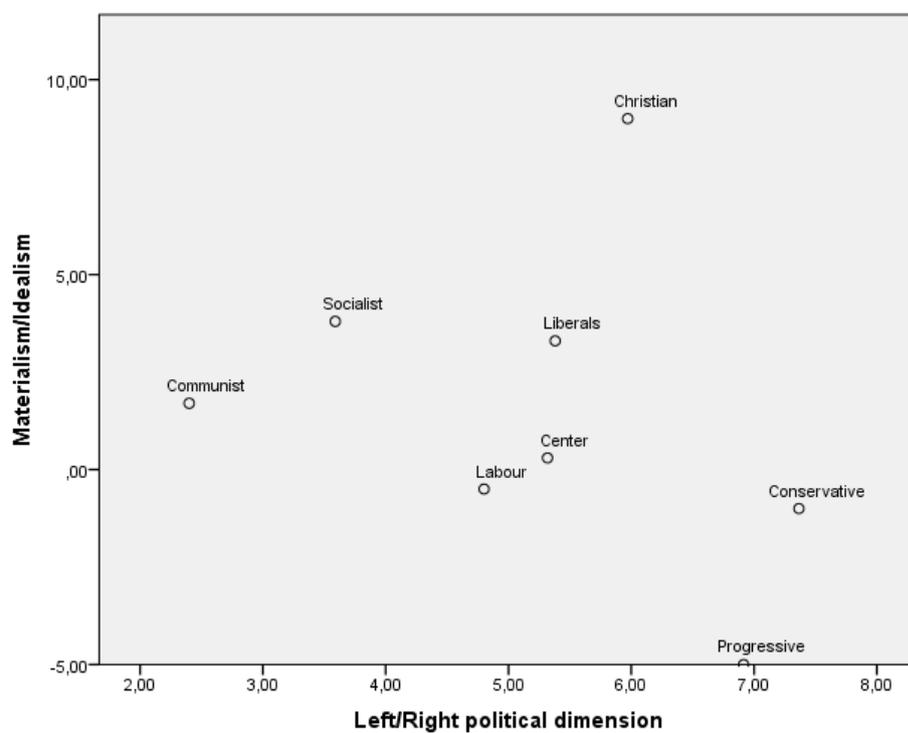


Figure 4: Average scores of Hellevik's two most significant value scales according to Norwegian political party preference. The Materialism-Idealism scores are retrieved from Dalen (2013), and the left-right political dimension from WVS (Listhaug, 2007).

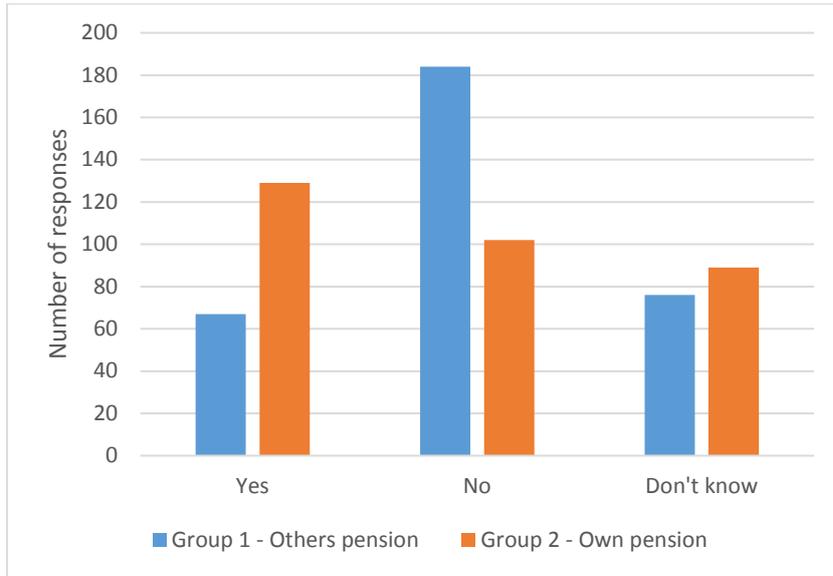


Figure 1: The main result from the survey. Group 1 answered the question: In their own pension fund management, do you think *most people* would choose ethical investment if it means that *their own* pension will be reduced? Group 2 answered the question: In your own pension fund management, would *you* choose ethical investment if it means that *your* pension would be reduced?

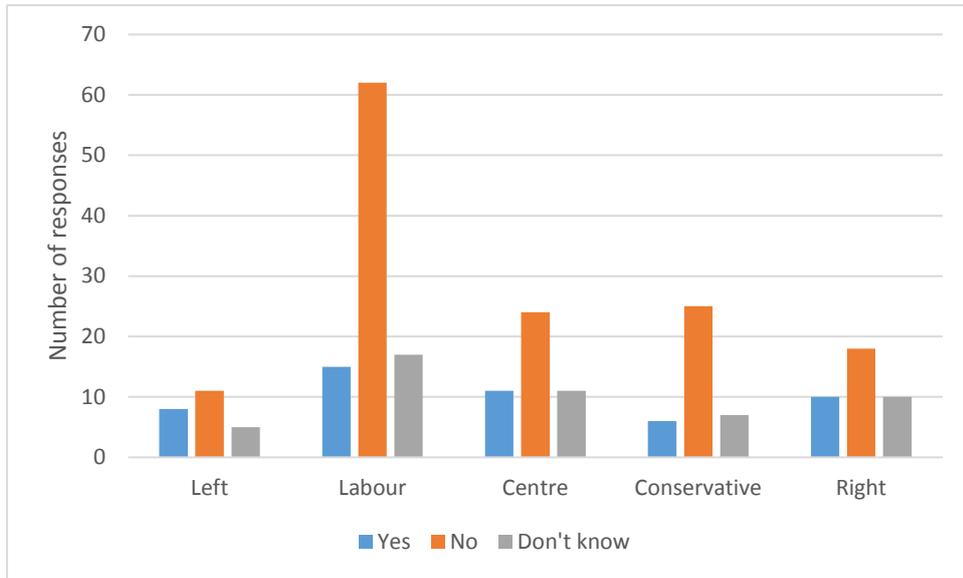


Figure 6: Group 1: Attitude toward others pension. The responses to the question: “In their own pension fund management, do you think most people would choose ethical investment if it means that their own pension will be reduced?”

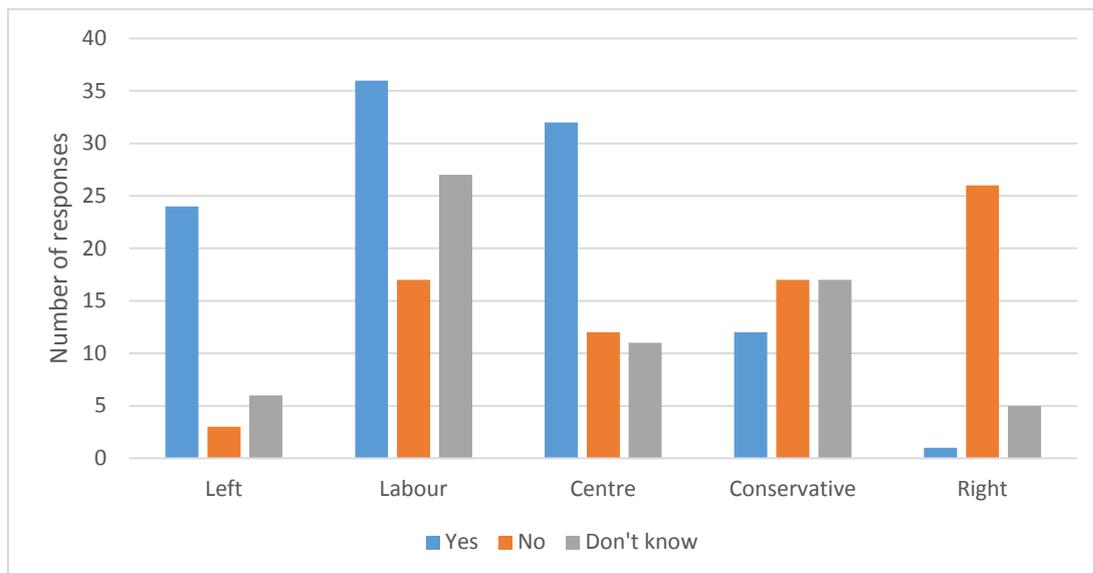


Figure 7: Group 2: Attitude toward one's own pension. The responses to the question: "In your own pension fund management, would you choose ethical investment if it means that your pension would be reduced?"

Table 1: Average scores depending on political party preference in Norway. The Materialism-Postmaterialism scale (Inglehart), Sacred-Secular and Obedient-Emancipative scores (Welzel) and the Left-Right political position are computed from the World Values Survey (Listhaug, 2007). The Materialism-Idealism and the Traditional-Modern scores are taken from the Norwegian Monitor's data presentation (Hellevik) (Dalen, 2013).

	Secular	Emancipative	Postmaterialist	Left_Right	Idealism	Modern
Labour	,461	,726	2,761	4,801	-0,5	0,4
Progressive	,476	,668	2,361	6,915	-5,0	-2,5
Conservative	,463	,746	2,747	7,365	-1,0	-0,5
Christian	,280	,616	2,531	5,971	9,0	-5,3
Communist	,603	,878	3,909	2,400	1,7	5,0
Center	,404	,672	2,569	5,318	0,3	-3,0
Socialist	,513	,839	3,484	3,589	3,8	5,0
Liberals	,490	,775	3,180	5,380	3,3	4,2