

Consumer Investments in Socially Responsible Mutual Funds: Is Customer Satisfaction Dependent on Financial Return or on Social, Environmental and Ethical Quality?

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Abstract

The availability and marketing of goods and services proclaimed as socially, environmentally and ethically (SEE) responsible has grown during the last few decades. Previous research has mainly focused on why and how customers purchase products that fill certain responsibility criteria. However, little attention has been paid to how SEE attributes influence consumer satisfaction of SEE profiled goods or services. This study examines the impact of a set of technical and functional quality attributes on customer satisfaction in a socially responsible investment (SRI) setting using a quantitative survey method with Swedish private investors as respondents. The results indicate that financial performance of the SRI mutual fund and social, environmental, and ethical quality are important predictors of customer satisfaction in different ways. The study highlights the notion that if customers are satisfied with how the SRI mutual fund works with SEE issues, customers may be more likely to invest (and re-invest) in SRI, thus making a difference on a larger scale and in the longer term concerning sustainability issues. This paper represents one of the first attempts to study the SRI investors and motives behind this specific consumer behavior. As such it utilizes a consumer perspective on CSR issues in that it approaches both the demand side (consumer demand) and supply side (capital investments) of the financial system. Further research from this perspective is likely to add to our knowledge on how consumers can engage as private investors in CSR issues.

Keywords: Customer satisfaction, socially responsible investment, service quality