

The Valuation of Corporate Social Responsibility: A Willingness to Pay Experiment*

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Abstract

We present an experimental study of investors' willingness to pay for socially responsible assets. We design an initial public offering experiment in which various assets may be issued with an identical financial risk and return profile but with different intensity and timing of social responsibility: the expected social benefit of assets may be high or low, and the social benefit may occur when the financial payoff is good or bad. The social benefit is represented in the experiment by a donation to a charity that is realized only if the asset is issued. In the experiment, individuals attribute a positive value to social responsibility at an increasing rate. Moreover, when the societal benefit occurs along with bad financial performance, assets suffer from a price discount compared to cases in which it occurs with good performance. This implies that the utility function appear to be non-separable in wealth and societal benefits. We offer implications for the design of corporate social responsibility and for the pricing of responsible assets.

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1 Introduction

According to Bénabou and Tirole (2010), Corporate social responsibility (CSR) refers to corporate actions that go beyond legal obligations in the pursuit of social interest. Some CSR actions, referred to as strategic CSR by Baron (2001), are beneficial for profits: in such win-win situations, both shareholders and society as a whole benefit. Other CSR actions reduce profits to benefit stakeholders (Kitzmüller and Shimshack, 2012, refer to these actions as not-for-profit CSR; Benabou and Tirole, 2010, refer to them as delegated philanthropy). In both cases, the question that arises is whether shareholders value the benefits generated by CSR on society.

This question is of particular relevance given the significant development of Socially Responsible Investing (SRI) in today's financial markets. SRI enables investors to incorporate non-financial values in their investment decisions. In 2020, SRI represents roughly \$17.1 trillion or more than one third of US assets under management, up by 42% since 2018 (US SIF (2020)). Whether investors choose SRI for non-financial considerations related to CSR or because they expect to improve their portfolios' risk-return tradeoff is however not clear. On the one hand, Riedl and Smeets (2017) and Bauer et al. (2021) show that social preferences are a primary determinant of the decisions to invest in responsible mutual funds and have more sustainable pension savings. Similarly, Barber et al. (2021) provide evidence that institutional investors invest in impact funds despite the fact that these funds earn lower returns than traditional venture capital funds. On the other hand, Døskeland and Pedersen (2016) find that individual investors are primarily motivated by financial considerations to invest in responsible funds. In addition, it seems that individual and institutional investors expect to earn higher returns and reduce portfolio risk by incorporating climate risk and investing more responsibly (Hartzmark and Sussman (2019), Krüger et al. (2020)). Corroborating this evidence, the signatories of the United Nations Principles of Responsible Investment, who are institutional investors representing \$103.4tn of global assets under management, commit to incorporating environmental, social and governance (ESG) issues in their investment process because they “believe that ESG issues can affect the performance of investment portfolios” (UNPRI (2021b,a)).

This paper proposes a willingness to pay experiment to study whether investors value CSR in a setting in which it does not affect financial performance. Our experiment features initial public offerings of several assets which have identical financial payoffs. The assets' payoffs are presented as lotteries with two states, one good state, with a high financial payoff, and one bad state, with a low financial payoff. Both states are equally likely. Responsible assets additionally distribute a societal benefit. We model this benefit as a donation to a charity (Baron (2007); Bénabou and Tirole (2010)). We select three well-known charities, Greenpeace, the Red Cross and Transparency International to cover environmental, social and governance issues, respectively. In the basic setup of our

experiment, the donation of the responsible asset is similar in the good and bad state. To test whether the correlation with economic conditions has an influence on preferences for social responsibility, we compare subjects' willingness to pay if the donation only takes place in the bad state or in the good state, while keeping the distribution of the donation constant. To measure whether subjects display increasing marginal utility from doing good, we introduce a highly responsible asset that displays an expected donation that is twice as large as the baseline donation. We can thus test how individuals evaluate large compared to small levels of responsibility.

To infer subjects' willingness to pay for the asset's responsibility characteristic, assets are auctioned off using a Becker et al. (1964) mechanism that guarantees truth-telling under some conditions. Because our experimental design ensures identical risk-return expectations for all assets, pecuniary motives cannot explain potential differences in asset prices. Moreover, by construction, subjects' choices matter for their compensation. Stating an inflated or deflated willingness to pay for an asset results in a lower expected compensation. Subjects learn in the experimental instructions that if, and only if, a transaction takes place, the donation is actually handed over to the respective charity. Thus, subjects know their decisions have an impact.

After the experiment, we present subjects with a questionnaire to measure their personality traits and gain a better understanding of the psychological drivers that motivate people to invest responsibly. Specifically, we test how altruism (Brodback et al. (2019); Schwartz (1992)), long-term orientation (Bearden et al. (2006); Flammer and Bansal (2017); Slawinski et al. (2017)), religious values (Kumar et al. (2011); Peifer (2010)), political engagement (Bolsen et al. (2014); Dawes et al. (2011); Fowler (2006)), and the perceived effectiveness of doing good (Brodback et al. (2019); Nilsson (2008, 2009)) relate to individuals' willingness to pay for social responsibility.

Using the experimental methodology allows us to circumvent two major difficulties faced by empirical studies on CSR and SRI. First, it allows us to control expectations on assets' financial payoffs and thereby identify the willingness to pay for their impact on society. Second, it enables us to exogenously vary the level, type and timing of the societal benefits.

Our results show that there is generally a higher willingness to pay for socially responsible assets than for conventional assets, which increases steeply in an asset's social benefit. For an asset with a donation of €20 in each state, which represents 40% of the expected financial payoff of €50, the premium compared to the conventional asset is only three cents and not statistically significantly different from zero. For an asset with a donation of €40 in each state, which represents 80% of the expected financial payoff, the premium increases to a statistically significant €5.50. For a twice as large societal benefit, the increase in individuals' average willingness to pay is more than 18-fold, suggesting that individuals' marginal utility from doing good increases. Overall, however, although

individuals are willing to pay more for the responsible asset than the conventional one, the magnitude of the premium is substantially smaller than the expected amount of the donation.

In addition, we find that individuals' willingness to pay for CSR strongly depends on the correlation between the societal benefit and the financial payoff. Individuals are willing to pay significantly more for assets which donate only in the good state than for assets that donate only in the bad state. For assets that have an expected donation of €20, the asset that donates only in the good state has a significantly positive premium of €2.90 compared to the conventional asset. In contrast, the asset that donates only in the bad state has significantly negative premium of €-4.06. Thus, although both assets have the same expected donation of €20, their price difference is nearly €7. The lower price we document for the asset which donates only in the bad state suggests that our subjects do not perceive a donation as a hedge against their own bad financial outcome. On the contrary, it seems that individuals display reluctance for social responsibility that delivers societal impact in bad financial times. This finding is in line with ex-post inequity aversion as modelled by Fehr and Schmidt (1999) and Bolton and Ockenfels (2000). Individuals' preference for an asset which only donates in a good state corresponds to correlation seeking behavior, as defined by Richard (1975), Epstein and Tanny (1980) and Eeckhoudt et al. (2007). Overall, our result implies that utility function appears to be non-separable in wealth and societal benefits.

Our results at an individual level show that premia for social responsibility increase in an individual's level of altruism, measured by a psychometric questionnaire. This is line with previous literature, see Brodback et al. (2019); Riedl and Smeets (2017); Nilsson (2009). We further show that the preference for positive correlation between financial payoffs and societal benefits does not depend on altruism. We also show that subjects with high altruism have linear preferences for donation: for them, marginal utility from doing good is constant.

Finally, we find that individuals perceive social issues to be the most important, as they are willing to pay the highest premia for assets which donate to a social cause. The positive premia of responsible over conventional assets are lower for environmental and least for governance issues. However, these results might stem from the different brand images or perceived trustworthiness of the various charities we selected for our experiment.

Our work is related to experimental and survey studies on socially responsible investing that analyze, for example, who invests responsibly (Brodback et al. (2019); Dorfleitner and Utz (2014); Gutsche and Ziegler (2019); Nilsson (2009)), why people invest responsibly (Brodback et al. (2019); Glac (2009); Gutsche and Ziegler (2019); Riedl and Smeets (2017)), how differential information affects responsible investing (Barreda-Tarrazona et al. (2011); Døskeland and Pedersen (2016); Lewis and Mackenzie (2000); Pasewark and Riley (2010); Webley et al. (2001); Martin and Moser (2016); Crifo et al. (2015)) and

willingness-to-pay for social responsibility (Gutsche and Ziegler (2019)). It is also related to experimental studies on IPOs and different auction mechanisms (Goswami et al. (1996); Zhang (2009); Bonini and Voloshyna (2013); Füllbrunn et al. (2020); Almeida and Leal (2015)), as well as literature experimentally investigating giving under risk (Brock et al. (2013); Cappelen et al. (2013); Cettolin et al. (2017)).

We contribute to this literature in two ways. First, we present a novel and incentivized experimental design that elicits an individual’s willingness to pay for responsible assets. By assuring that conventional and responsible assets have identical risk-return trade-offs, we learn how much an individual is willing to pay for social responsibility. With otherwise identical assets, we therefore circumvent any effects pecuniary motives would have on the valuation of assets (Brodback et al. (2019); Døskeland and Pedersen (2016); Glac (2009)). Our paper thus allows to advance our understanding of whether non-financial values induce price premia in investment decisions. Second, by varying the timing of occurrence of an asset’s social responsibility we learn about whether the state of the economy has an impact on how much an individual is willing to pay for a responsible asset. At the same time, it allows us to elicit individual’s multivariate risk attitudes for wealth and ”doing good”. To the best of our knowledge, our paper is the first to investigate preferences for correlation between risks on wealth and on pro-social benefits such as donations.

In concurrent and complementary work, Bonnefon et al. (2019) propose an experiment to study how subjects bid for risk-free assets that generate positive or negative externalities. They find that subjects’ bids reflect a sizeable portion of the externalities generated by the assets, both for the positive and the negative cases, even when subjects’ choices have no consequences. The result that actual impact does not affect willingness to pay is in line with the findings of Heeb et al. (2021). We complement the work of Bonnefon et al. (2019) and Heeb et al. (2021) by explicitly modelling risky assets and investigating whether the correlation between cash flows and externalities affects asset valuation. In another related study, Humphrey et al. (2020) design an experiment to understand how externalities influence individuals’ capital allocation between a risky asset and cash. This study features two treatments in which a sum which equals the payoff earned by the subject on the risky asset is donated to, or deducted from, an amount of money offered to a non-profit organization. Results show that negative externalities matter for capital allocations but not positive externalities. We complement this work by focusing on asset valuation and by studying whether the size and the timing of the externality affects valuation.

Our main finding that a responsible asset generating an extra-financial benefit in bad times suffers from a valuation discount has implications for the design of CSR policies and for the pricing of responsible assets. First, it suggests that it would be beneficial for firms to design socially responsible projects such that they generate extra-financial benefits that have a positive beta with respect to the market portfolio. Second, it suggests that

to study the link between asset prices and corporate social responsibility, it is important to control for the beta of the extra-financial benefits produced by firms.

This rest of the paper proceeds as follows. We present the experimental setup in Section 2. Section 3 presents the theoretical predictions and main hypotheses. Section 4 explains the experimental assets and study implementation. We report descriptive statistics and results in Section 5. Section 6 assesses the robustness of our findings. Lastly, we discuss practical implications and conclude in Section 7.

2 Experimental Setup

In our experiment, individuals are presented with five different assets A_k where $k \in 1, \dots, 5$. We model assets as lotteries (Gneezy and Potters (1997); Plott and Sunder (1982)). The economy can be in a good state h , in which case the asset payoff is high, or in a bad state l , in which case the asset payoff is low. Figure 1 shows the assets we use in our baseline experiment. The conventional asset A_1 , which contains no responsibility component, offers a financial payoff of 100 experimental currency units in state h and zero in state l . Both states occur with equal probabilities of 0.5. This simple structure of our setup ensures that participants can easily form expectations. It is straightforward to compute that the expected financial payoff amounts to 50.

[Figure 1 about here.]

To model responsibility in our experimental setting, we closely follow Bénabou and Tirole (2010). They define corporate social responsibility (hereafter, CSR) as the fact that firms act in the interest of their stakeholders and society on a voluntary basis and beyond their legal obligations. Within CSR, they define delegated philanthropy as “a channel for the expression of citizen values” (Bénabou and Tirole (2010, p. 10)). The firm engages in CSR on behalf of stakeholders (investors, customers...) to do good in society. In our experiment, we model a firm’s impact on society as a donation to charity. The donation reflects Bénabou and Tirole (2010)’s idea of delegated philanthropy. If participants purchase the asset, a donation is made on their behalf. For the donation, we select well-known charities that reflect the environmental, social, and governance (ESG) dimensions that are common in responsible investing (UNPRI (2018)).

We present the participants with four different responsible assets A_k , where $k \in 2, \dots, 5$. The financial payoffs in all states are identical to the conventional asset A_1 and the same for all responsible assets A_2, \dots, A_5 . We thus ensure that financial considerations do not affect participants’ willingness to pay for the conventional and responsible assets. The responsible assets can have a donation in the good state and/or the bad state. We define the donation or doing good component of the asset A_k in the good state h as g_{h,A_k} . The donation in the bad state l is g_{l,A_k} . For asset A_2 , we have $g_{h,A_2} = g_{l,A_2} = 20$. For asset

A_3 , we have $g_{h,A_3} = 0$ and $g_{l,A_3} = 40$. For asset A_4 , we have $g_{h,A_4} = 40$ and $g_{l,A_4} = 0$. And for asset A_5 , we have $g_{h,A_5} = g_{l,A_5} = 40$. We chose these particular values for the donations because, as shown in the next section, they allow us to draw inferences about subjects' preferences for donations. Remark that the expected level of donation is the same for assets A_2 , A_3 , and A_4 , and that it is twice as large for asset A_5 . Figure 2 shows the structure of the responsible assets' financial payoffs and societal benefits.

[Figure 2 about here.]

We request participants to state their willingness to pay for each experimental asset. To induce truthful revelation of the maximum amount a subject is ready to pay to buy a given asset, we use Becker et al. (1964)'s mechanism. For a given purchase decision of a given asset A_k , participants are endowed with 100 experimental currency units, which they can use to make a bid denoted b_{A_k} . The benchmark price p_{A_k} , at which a transaction may occur, is randomly determined using a uniform distribution between the lowest and highest potential financial payoffs. Each integer in this interval is thus equally likely. A transaction occurs at the benchmark price p_{A_k} if and only if a participant's bid b_{A_k} is larger than or equal to the benchmark price p_{A_k} . Individual choice thus matters and a donation is only made if the participant is willing to pay a sufficiently high price. We use Becker et al. (1964)'s mechanism as a metaphor for an initial public offering.

3 Theoretical Predictions

To interpret our experimental data, we set up a theoretical model based on expected utility theory. We consider a framework in which the utility from wealth and from doing good are potentially non-separable. We denote an individual's utility function by $U(w, g)$, with w her level of wealth and g the level of social benefit. We assume that an agent's utility increases with wealth, i.e., $\frac{\partial U}{\partial w} > 0$. A participant maximizes her expected utility with respect to her bid b_{A_k} . The maximization problem is given by

$$\begin{aligned} \max_{b_{A_k}} \mathbb{E}[U(w, g)] = & \int_0^{100} \frac{1}{100} \left(\mathbb{1}_{b_{A_k} \geq p_{A_k}} \left[\frac{1}{2} U(200 - p_{A_k}, g_{h,A_k}) + \frac{1}{2} U(100 - p_{A_k}, g_{l,A_k}) \right] \right. \\ & \left. + \mathbb{1}_{b_{A_k} < p_{A_k}} U(100, 0) \right) dp_{A_k}. \end{aligned} \tag{1}$$

If the bid b_{A_k} exceeds the randomly determined price p_{A_k} of an experimental asset A_k , that is $b_{A_k} \geq p_{A_k}$, a transaction occurs. With probability $\frac{1}{2}$ the economy is either in the good or the bad state. In the good state h the subject's utility depends on the initial endowment plus the financial payoff of the lottery minus the randomly determined price p_{A_k} of the asset ($200 - p_{A_k}$), and on the donation in the good state (g_{h,A_k}). In the bad state

l , the financial payoff of the lottery is zero, hence the price p_{A_k} of the asset is subtracted from the initial endowment ($100 - p_{A_k}$), and the subject's utility further depends on the donation in the bad state (g_{l,A_k}). If the participant's bid b_{A_k} is lower than the randomly determined price p_{A_k} of the asset, that is $b_{A_k} < p_{A_k}$, there is no transaction. In this case, the participant's utility depends solely on her initial endowment of 100. Indeed, when there is no transaction, the asset is not issued and, thus, there is neither a financial payoff nor a social benefit.

Rearranging Equation (1) leads to

$$\begin{aligned} \max_{b_{A_k}} \mathbb{E}[U(w, g)] &= \int_0^{b_{A_k}} \frac{1}{100} \left[\frac{1}{2} U(200 - p_{A_k}, g_{h,A_k}) + \frac{1}{2} U(100 - p_{A_k}, g_{l,A_k}) \right] dp_{A_k} \\ &+ \int_{b_{A_k}}^{100} \frac{1}{100} U(100, 0) dp_{A_k}. \end{aligned} \quad (2)$$

The first-order condition for a participant maximizing her utility with respect to her bid b_{A_k} is

$$\frac{1}{100} \left[\frac{1}{2} U(200 - b_{A_k}, g_{h,A_k}) + \frac{1}{2} U(100 - b_{A_k}, g_{l,A_k}) \right] - \frac{1}{100} U(100, 0) = 0. \quad (3)$$

The second-order condition follows from taking the derivative of Equation (3) and reads as:

$$\frac{1}{100} \left[-\frac{1}{2} U'(200 - b_{A_k}, g_{h,A_k}) - \frac{1}{2} U'(100 - b_{A_k}, g_{l,A_k}) \right] < 0, \quad (4)$$

which confirms that we observe a maximum.

3.1 Hypothesis 1

In the first hypothesis, we propose that individuals are willing to pay more for an asset with which they do good, i.e., $b_{A_k}^* > b_{A_1}^*$, where $k \in 2, \dots, 5$. Indeed, several strands of literature suggest that people gain utility from other-regarding behavior. A large body of work shows that people – depending on their personality characteristics – donate time and money to improve the lives of others (Andreoni and Vesterlund (2001); Andreoni et al. (2003, 2017); Ariely et al. (2009); Carpenter and Myers (2010); DellaVigna et al. (2012); Eckel and Grossman (1996, 1998, 2003); DellaVigna et al. (2013); Smeets et al. (2015)). Similarly, the marketing literature suggests that consumers are willing to pay price premia for products that are associated with a pro-social component. These products can be more environmentally friendly, such as organic products, or related to better labor working conditions, such as fair trade products (Casadesus-Masanell et al. (2009); Elfenbein and McManus (2010); Gneezy et al. (2010); Loureiro and Lotade (2005); Tully and Winer (2014)). Therefore, we hypothesize that:

H1: Individuals are willing to pay more for an asset with which they do good than for a conventional asset.

To make the link between this hypothesis and preferences in our expected utility framework, we study the optimal willingness to pay for the conventional asset A_1 and for the responsible asset A_2 . The first-order condition shown in Equation (3) indicates that the willingness to pay for asset A_1 is such that:

$$U(100, 0) = \frac{1}{2}U(200 - b_{A_1}^*, 0) + \frac{1}{2}U(100 - b_{A_1}^*, 0), \quad (5)$$

Likewise, for asset A_2 , we have:

$$U(100, 0) = \frac{1}{2}U(200 - b_{A_2}^*, 20) + \frac{1}{2}U(100 - b_{A_2}^*, 20). \quad (6)$$

Under the assumption that $\frac{\partial U}{\partial w} > 0$, our hypothesis *H1*, that is $b_{A_2}^* > b_{A_1}^*$, is thus equivalent to:

$$U(200 - b, 20) + U(100 - b, 20) > U(200 - b, 0) + U(100 - b, 0), \quad (7)$$

which we rearrange as

$$U(200 - b, 20) - U(200 - b, 0) > U(100 - b, 0) - U(100 - b, 20), \quad (8)$$

and then rewrite using integrals to yield

$$\int_0^{20} \left[\frac{\partial U}{\partial g}(200 - b, g) + \frac{\partial U}{\partial g}(100 - b, g) \right] dg > 0. \quad (9)$$

We thus have that: $b_{A_2}^* > b_{A_1}^* \iff \mathbb{E}\left(\frac{\partial U}{\partial g}\right) > 0$. Hypothesis *H1* is thus equivalent to saying that utility increases with donations, on average. In Appendix A, we derive the same result using the other responsible assets A_k , with $k \in \{3, 4, 5\}$.

3.2 Hypothesis 2

Despite having important asset pricing consequences, research on investors' preferences for corporations that do good in different economic times is scarce.¹ To formulate hypothesis 2, we rely on research in management and social psychology. A recent article by Morewedge et al. (2016) investigates “emotional hedging”, the fact of betting against a

¹ The literature that deals with socially responsible investing and corporate social responsibility during crisis focuses on the relation between corporate social responsibility and financial performance (see Lins et al. (2017); Muller and Kräussl (2011); Nofsinger and Varma (2014), for the great financial crisis, and Albuquerque et al. (2020) for the Covid-19 crisis).

desirable outcome. Sports fans and supporters of US presidential candidates were offered a payment should their favoured team or candidate lose. If a financial payment could be a substitute for the desirable outcome, a participant should hedge against the bad outcome. In contrast to this prediction, Morewedge et al. (2016) find that participants were reluctant to hedge as they felt it was disloyal to bet against their team or candidate.

Another stream of research suggests that individuals' generosity increases with their well-being (Cunningham (1979)). A related phenomenon is the "warm-glow of success" according to which people who have succeeded at a task are more generous (see Isen (1970), Isen et al. (1973), Isen and Levin (1972), Harada (1983)). Studies that investigate longitudinal panel data confirm this effect and suggest that happy individuals are more inclined to volunteer (Thoits and Hewitt (2001)) or donate to a charity (Boenigk and Mayr (2016); Wang et al. (2008)). One caveat is that the warm-glow of success refers to ex-post donations, i.e., donations after the state of happiness is realized. Our experimental setting requires participants to assess outcomes ex-ante, however.

In line with the above reasoning, we propose the following hypothesis:

H2: Individuals are willing to pay more for a responsible asset where the societal benefit occurs in the good state than for a responsible asset where the societal benefit occurs in the bad state.

Hypothesis *H2* is equivalent to $b_{A_4}^* > b_{A_3}^*$. It speaks to multivariate risk preferences, a concept originally introduced by Richard (1975). Hypothesis *H2* would hold if individuals display correlation seeking preferences. To the best of our knowledge, no other work in the experimental literature studies correlation risk preferences within the domain of charity, donations or responsible investing.²

To make the link between this hypothesis and preferences in our expected utility framework, we study the optimal willingness to pay for the responsible assets A_3 and A_4 . The first-order condition shown in Equation (3) indicates that the willingness to pay for asset A_3 is such that:

$$U(100, 0) = \frac{1}{2}U(200 - b_{A_3}^*, 0) + \frac{1}{2}U(100 - b_{A_3}^*, 40). \quad (10)$$

For A_4 , we have:

$$U(100, 0) = \frac{1}{2}U(200 - b_{A_4}^*, 40) + \frac{1}{2}U(100 - b_{A_4}^*, 0). \quad (11)$$

² The theoretical literature deals with higher order risk preferences within the domain of health and wealth (Rey and Rochet (2004); Lee (2005); Kakolyris (2017); Crainich et al. (2017); Attema et al. (2019)), intertemporal consumption and savings decisions (Leland (1978); Bommier (2005); Andersen et al. (2018)), inequality (Atkinson and Bourguignon (1982)), labor (Eaton and Rosen (1980); Tressler and Menezes (1980)), energy policy (Keeney (1977)) and international relations (O'Neil (2001)).

Under the assumption that $\frac{\partial U}{\partial w} > 0$, our hypothesis *H2*, that is $b_{A_3}^* < b_{A_4}^*$, is thus equivalent to:

$$U(200 - b, 0) + U(100 - b, 40) < U(200 - b, 40) + U(100 - b, 0). \quad (12)$$

Rearranging and building the integral leads to the following equivalent form:

$$\begin{aligned} U(200 - b, 0) - U(200 - b, 40) &< U(100 - b, 0) - U(100 - b, 40) \\ \Leftrightarrow \int_{40}^0 \left[\frac{\partial U}{\partial g}(200 - b, g) - \frac{\partial U}{\partial g}(100 - b, g) \right] dg &< 0. \end{aligned} \quad (13)$$

Integrating on the financial payoffs w yields:

$$\begin{aligned} \int_{40}^0 \int_{100-b}^{200-b} \frac{\partial^2 U}{\partial w \partial g}(w, g) dw dg &< 0 \\ \Leftrightarrow - \int_0^{40} \int_{100-b}^{200-b} \frac{\partial^2 U}{\partial w \partial g}(w, g) dw dg &< 0. \end{aligned} \quad (14)$$

We thus have that: $b_{A_3}^* < b_{A_4}^* \iff \mathbb{E}\left(\frac{\partial^2 U}{\partial w \partial g}\right) > 0$. This result is a reminiscence of the insights offered by Richard (1975), Epstein and Tanny (1980) and Eeckhoudt et al. (2007). Hypothesis *H2* is thus equivalent to saying that the cross-derivative of utility is on average positive. Remark that we could reject *H2* if subjects were correlation neutral (as when utility is separable in wealth and donations) or correlation averse.

3.3 Hypothesis 3

The literature suggests a positive correlation over time between donations: people who give more to one good cause tend to give more to another cause (see, e.g., Benz and Meier (2008); de Oliveira et al. (2011); Vesterlund (2006)). This suggests an underlying motivation to give that can manifest in an incremental way – people who already gave are willing to give even more. Other research has documented increasing marginal utility, as in the case of collectables (Simões et al. (2014)) or small increases (up to 1 year) in life-expectancy (Kvamme et al. (2010)). We therefore formulate the following hypothesis:

H3: Individuals are willing to pay increasingly more for more responsible assets.

Hypothesis *H3* is equivalent to $(b_{A_5}^* - b_{A_2}^*) > (b_{A_2}^* - b_{A_1}^*)$. To make the link between this hypothesis and preferences for donations, we construct the first-order condition for

asset A_5 following Equation (3):

$$U(100, 0) = \frac{1}{2}U(200 - b_{A_5}^*, 40) + \frac{1}{2}U(100 - b_{A_5}^*, 40). \quad (15)$$

Under the assumption that $\frac{\partial U}{\partial w} > 0$, our hypothesis $H3$ is equivalent to:

$$\begin{aligned} U(200 - b, 40) + U(100 - b, 40) - (U(200 - b, 20) + U(100 - b, 20)) > \\ U(200 - b, 20) + U(100 - b, 20) - (U(200 - b, 0) + U(100 - b, 0)), \end{aligned} \quad (16)$$

which we can rewrite as

$$\begin{aligned} U(200 - b, 40) - U(200 - b, 20) + U(100 - b, 40) - U(100 - b, 20) > \\ U(200 - b, 20) - U(200 - b, 0) + U(100 - b, 20) - U(100 - b, 0). \end{aligned} \quad (17)$$

This is equivalent to:

$$\begin{aligned} \int_0^{20} \frac{\partial U}{\partial g} (200 - b, g + 20) dg + \int_0^{20} \frac{\partial U}{\partial g} (100 - b, g + 20) dg > \\ \int_0^{20} \frac{\partial U}{\partial g} (200 - b, g) dg + \int_0^{20} \frac{\partial U}{\partial g} (100 - b, g) dg. \end{aligned} \quad (18)$$

Rearranging, we get:

$$\begin{aligned} \int_0^{20} \left[\frac{\partial U}{\partial g} (200 - b, g + 20) - \frac{\partial U}{\partial g} (200 - b, g) + \frac{\partial U}{\partial g} (100 - b, g + 20) - \frac{\partial U}{\partial g} (100 - b, g) \right] dg > 0 \\ \Leftrightarrow \int_0^{20} \left[\int_0^{20} \frac{\partial^2 U}{\partial g^2} (200 - b, g) dg + \int_0^{20} \frac{\partial^2 U}{\partial g^2} (100 - b, g) dg \right] dg > 0. \end{aligned} \quad (19)$$

This reasoning shows that: $(b_{A_5}^* - b_{A_2}^*) > (b_{A_2}^* - b_{A_1}^*) \iff \mathbb{E}(\frac{\partial^2 U}{\partial g^2}) > 0$. Hypothesis $H3$ is thus equivalent to saying that the second-derivative of utility with respect to donations is on average positive.

4 Experimental Design

4.1 Implementation

Our experiment is computer-based. To avoid order effects, assets are presented in random order. To represent assets' societal benefits, we select Greenpeace, the Red Cross, and Transparency International as charities that receive the donations. These charities cover the three domains of responsible investing, namely environmental, social and governance factors, respectively. When they face the responsible assets, participants read a brief mission statement taken from each charity's website. Further, a logo of the respective charity signals to which cause an asset donates. We do so to ensure that individuals

understand the good cause that is associated with an asset. We only expect a positive premium for the responsible asset if participants understand the good cause and, in addition, care about it (Ariely et al. (2009); Bennett (2003)).

Each responsible asset A_k , with $k \in \{2, 3, 4, 5\}$, is implemented with each charity, in random order. Moreover, each asset A_k , with $k \in \{1, 2, 3, 4, 5\}$, is faced twice by each participant. This enables us to filter out some noise. In total, every participant makes 26 decisions (2 replications for the conventional asset A_1 plus 4 types of asset times 3 charities times 2 replications for the responsible assets $A_{2,\dots,5}$).

In Figures 3 to 5, we display examples of screenshots from the experiment with responsible asset A_2 . After observing this screen, participants are asked for the price they would be willing to pay for the asset, i.e., their bid.

[Figure 3 about here.]

[Figure 4 about here.]

[Figure 5 about here.]

We recruited participants from the university's experimental subject pool that allows students of all disciplines to sign up. We have a relatively diverse sample structure with only 51% of business and economics students. The experiment lasted on average 35 minutes per session. Instructions were read aloud by the experimenter before the start of the experiment. Each participant had a written copy of the instructions available. After 7 sessions, we obtained an initial data set of 143 participants. Unexpectedly, we observed that 13.99% of the 143 participants reported an average willingness to pay (hereafter, WTP) of 100 for the conventional asset. These irrationally high bids suggest that some participants did not fully understand the instructions. As a consequence, the instructions were slightly revised and we moreover included a pen and paper quiz to be taken by every participant before the start of the experiment. Participants received immediate feedback on their quizzes by the experimenter. In particular, the new instructions emphasize more clearly how compensation relates to the participant's willingness to pay for an asset. To do so, we present two exemplary persons and discuss their variable payment in three scenarios, in which the randomly determined price varies. With the pen and paper quiz, we make sure that participants comprehend how their bids and the randomly determined prices of assets determine their potential compensation. We conducted 7 additional sessions with 159 subjects who faced the new instructions. With the new instructions, the fraction of subjects with average WTP of 100 for the conventional asset reduced to 3.78%. Below, we discuss results of our analyses for the full set of 302 participants. We control for the use of new instructions in all analyses. Both versions of the instructions as well as the pen and paper quiz are displayed in Appendices C.1 to C.3.

4.2 Incentive Compatibility

All participants receive a fixed payment of €10 as a show-up fee, which is the typical hourly wage for a student job in Germany. The incentive compatible variable payment relies on the Becker, DeGroot, and Marschak mechanism (Becker et al. (1964)) which we introduced in section 2. In order to elicit willingness to pay, we pay out only 10% of participants with a variable payment on top of the fixed payment.³ We randomly select these 10% of participants to be paid out according to one randomly determined investment decision. For their payout, we exchange 1 experimental currency unit for 1€. That is, every participant receives a fixed payment for participation in addition to a $\frac{1}{10}$ chance to receive the attractive variable payment that is substantially higher. The monthly available net income (after payment of fixed costs) of a typical German student amounts to €215 (Statista (2017)). With an overall (i.e., fixed + variable) payment that can sum up to be more than €200, our incentive compensation may represent a substantial amount for student subjects. These higher amounts make incentives more salient while keeping the expected payout for the experimenter at a reasonable level.

Participants who were randomly selected to receive the variable payment rolled dice to determine which decision and state of the world matter for their payment. Winning participants earned an average variable compensation of €119.62. The overall (i.e., fixed plus variable) average payout per participant amounts to €19.51. Note that by design, the variable payout can be zero at the least and not result in a loss.

4.3 Measurement of Variables

The dependent variables for our analyses are derived from the participants' bids $b_{A,1}$ to $b_{A,5}$ (we average bids over the two decisions subjects make for a given asset). These bids are obtained by asking participants to state their willingness to pay for the respective assets. We then compare the stated willingnesses to pay for responsible assets and for the conventional asset. If this difference is positive, corresponding to a premium, we learn that individuals are indeed willing to pay more for an asset with which they do good. Participants further report a self-assessed portrait of psychological and demographic characteristics via a questionnaire following the experiment. This questionnaire is displayed in Appendix D.

Previous research based on surveys and holding data suggests that social preferences are an important determinant of the decision to invest responsibly.⁴ We follow Brodback

³ See Charness et al. (2016); Dohmen et al. (2011); Laury (2005); Vrecko and Langer (2013) for recent evidence on the feasibility of this procedure.

⁴ See Brodback et al. (2019); Gutsche et al. (2016); Nilsson (2009); Wiesel et al. (2016); Riedl and Smeets (2017). There is no clear consensus in the literature how to assess social preferences and the aforementioned articles have, e.g., relied on self-reported donations or reciprocal behavior in experimental games to proxy for social preferences.

et al. (2019) and utilize items from the Schwartz (1992) value inventory to measure participants' altruistic values. By additionally measuring egoistic values, we can assess extrinsic motivations for responsible investments. These items are very commonly used in value research (Lindeman and Verkasalo (2005); Parks-Leduc et al. (2015)). As recommended by Schwartz (1992, p. 17), participants rate on an 8-point Likert scale ranging from "Not important at all" to "Of supreme importance" to what extent the respective items represent "a guiding principle in their life". We select 9 of the overall 56 items in the Schwartz (1992) value inventory (see Appendix D, items 1.1 – 1.9, taken from Brodback et al. (2019)). To measure egoism, we select 5 of these 9 items: authority, social power, wealth, ambition, and success. To measure altruism, we select the remaining 4 items: equality, social justice, protecting the environment, and unity with nature. Brodback et al. (2019) show that the egoism and altruism scales measure different variables and are internally consistent.

With items 2.1 – 2.5 we elicit investment knowledge as well as risk and return expectations of socially responsible investments (hereafter, SRI).⁵ We ask our participants to assess their investment knowledge on a 5-point scale ranging from "Very poor" to "Very good". Participants next report how long they have been investing with options ranging from "Not at all" to "More than 10 years". Participants then indicate whether they have heard about SRI before this experiment.⁶ Items 2.4 and 2.5 ask for an assessment of the risk and performance of SRI in comparison to conventional investments. Participants indicate on a 5-point Likert scale ranging from "A lot less risky" to "A lot more risky" how they perceive the risk of SRI, and on a 5-point Likert scale ranging from "Much higher" to "Much lower" their return perceptions of SRI compared to conventional investments.

Next, participants have to assess the effectiveness of doing good.⁷ In Appendix D, items 2.6 – 2.9, we utilize a scale for perceived effectiveness of doing good based on Nilsson (2008, 2009)'s perceived consumer effectiveness. To adapt the scale to our context, we additionally word items to fit charitable contributions instead of investments in SRI. Our scales are thus similar to the perceived social impact scale in Riedl and Smeets (2017), yet cover a broader impact of doing good. Participants rate on a 7-point Likert scale their agreement to statements such as "By contributing to a charity (investing in SRI) every individual can have a positive effect on the environment.", "Every person has the power to influence social problems by contributing to a charity (investing in SRI).", "It does not

⁵ See van Rooij et al. (2011); Riedl and Smeets (2017); Dorfleitner and Utz (2014); Nilsson (2008).

⁶ To understand the intuition behind responsible investments, a brief definition is provided at the beginning of the second part of the questionnaire. The definition is obtained from the 2017 annual report of Forum Nachhaltige Geldanlagen, "an association promoting sustainable investment in Germany, Austria and Switzerland", similar to the US SIF. The report is available online at https://www.forum-ng.org/images/stories/Publikationen/fng_marktbericht_2017_online.pdf.

⁷ This assessment follows the rationale that an individual is more likely to engage in pro-social behavior if she thinks this is effective and will ultimately make a difference (Brodback et al. (2019); Nilsson (2008); Stern et al. (1999)).

matter if I donate to a good cause (invest in SRI) since one person acting alone cannot make a difference.”, and “It is useless for the individual to contribute to charities doing anything about pollution (to the reduction of pollution with investments in SRI).”.

Previous research finds that long-term orientation is generally linked to a higher ability to account for negative consequences in later times (D’Alessio et al. (2003); Keough et al. (1999)) and has been linked to better stakeholder relations and increased shareholder value (Flammer and Bansal (2017); Wang and Bansal (2012)). In order to elicit an individual’s long-term orientation, we utilize the Bearden et al. (2006) scale. This scale has been shown to be reliable across different cultures. Participants rate their agreement on 7-point Likert scales to eight items such as “I plan for the long term.”, “I value a strong link to my past.”, or “Traditional values are important to me.” (Appendix D, items 3.1 – 3.8).

Further, we gather standard demographic items as control variables.⁸ The first control variable is gender (item 4.1). In item 4.2, participants report their age in years. Next, participants self-report their marital status among “single, married, divorced, and widowed” and further report whether they have children and if so, how many (items 4.3 – 4.4). Item 4.5 asks for the participants’ education. With items 4.6 – 4.8 we inquire about income and differentiate between participants’ self-reported monthly net income and their family’s monthly net income. Additionally, we ask participants whether they are recipients of BAföG.⁹

SRI may be related to religiousness (Statman (2005); Williams (2007)).¹⁰ It is thus important to control for religiousness, which we assess by asking for a self-rated assessment of religiousness (on a 7-point scale) and the frequency of church-attendance in a typical year (items 4.11 and 4.13).

SRI has evolved into a multifaceted class of investments - nowadays, also labor standards or political orientation are relevant for investors.¹¹ It is thus necessary to control for political engagement, which we assess via self-reported items. Participants indicate whether they are members of a political party, participated in the last vote, and assess their political interest on a 1-7 scale (Appendix D, items 4.12, 4.14 and 4.15).

We finally ask subjects for a self-assessment of their risk-aversion on a 7-point Likert scale¹², which is presented in Appendix D, item 4.16.

⁸ See Dorfleitner and Utz (2014); Junkus and Berry (2010); Schueth (2003); McLachlan and Gardner (2004); Nilsson (2008); Williams (2007).

⁹ BAföG is a German government-funded student loan with eligibility dependent on parent income.

¹⁰ Religion affects socially responsible investments (Kumar et al. (2011); Peifer (2010)) as well as charitable contributions (Bekkers and Wiepking (2011); Brooks and Lewis (2001); Eckel and Grossman (2003); Low et al. (2007)).

¹¹ See Edmans (2011); Edmans et al. (2018); Hong and Kostovetsky (2012)). Previous literature further shows that political engagement relates to overall pro-social behavior (Bolsen et al. (2014); Dawes et al. (2011); Fowler (2006)).

¹² See Charness et al. (2013), Dohmen et al. (2011), Lönnqvist et al. (2015), Vrecko and Langer (2013)

4.4 Participant Characteristics

[Table 1 about here.]

Table 1 shows descriptive statistics of the 302 participants' characteristics (the interested reader is referred to Appendix E, where we show the full set of participant characteristics). In our sample, 46% of participants are female and 54% are male. Unsurprisingly, the average age is relatively low at 23.22 years. The majority of participants are between 21 and 23 years old (43.7%).¹³ Regarding educational achievements, 61.9% obtained the "Abitur" (the German matriculation examination) and 30.5% report to have a Bachelor's degree. These educational achievements reflect the fact that we recruit participants from a student subject pool. An assessment of self-reported monthly net income reveals that the majority of participants (participants' parents) have more than 500€ (3500€) available. This is also reflected in the low rate of subjects who receive the German government-funded student grant Bafög with 15.9%.

5 Results

5.1 Hypothesis Testing

[Table 2 about here.]

We depict participants' average willingness to pay for all of our experimental assets in Table 2. To filter out noise, we average the stated WTP across replications and charities. While we only observe a marginal difference in WTP between the conventional asset A_1 and asset A_2 , the remaining assets suggest an interesting pattern. The average WTP for asset A_3 is *lower* than that of all other assets. For the responsible assets A_4 and A_5 , our participants have a higher average WTP.

[Figure 6 about here.]

These data are displayed in Figure 6. In the top panel, we show the average WTP for asset A_1 to A_5 . In the bottom panel of Figure 6, we plot the average percentage premia of the responsible assets over the conventional asset A_1 which we compute as: $\frac{b_{A_k} - b_{A_1}}{b_{A_1}}$, where $k = 2, \dots, 5$. We are able to identify percentage premia in the range of 5% to more than 17% for assets A_2 , A_4 , and A_5 . For the responsible asset A_3 however, we find a slightly negative percentage premium of almost 2% in line with its previously established lower WTP.

¹³ As there is evidence that young individuals have a higher WTP for environmental issues than older individuals (Achtnicht (2012); Jones et al. (2009)), we might find a higher WTP for the asset that donates to Greenpeace than one would find in a sample of older subjects.

For the remainder of the paper, we focus on average premia of responsible assets over the conventional asset. We assess the statistical significance of average absolute Euro premia with t-tests. This is adequate because we use a within subject design.

[Table 3 about here.]

Results are in Table 3. We assess the statistical significance of premia for assets A_k , $k \in \{2, \dots, 5\}$, over A_1 . If we find a significantly higher willingness to pay for the responsible asset, we interpret the findings in support of Hypothesis $H1$.

The majority of premia are positive. For asset A_2 we find a small positive premium of €0.03 over A_1 . Unsurprisingly, this premium is not statistically significant. For asset A_3 , we find a highly significant negative premium of €-4.06. This premium suggests a strong dislike for an asset which only donates in the bad state of the world.¹⁴ When the donation only occurs in the good state, however, we find a significantly higher premium at €2.90 for asset A_4 over the conventional asset. The “high-responsibility” asset A_5 yields a highly significant premium of roughly €5.50. We also assess the average premium for all responsible assets, which we refer to as “Premium $A_{2,\dots,5}$ ”. This premium is once again positive, amounts to €1.09, but is insignificant. We conjecture that the highly negative premium for asset A_3 counteracts the positive premia for assets A_2 , A_4 , and A_5 . Therefore, we consider the average premium for assets A_2 , A_4 , and A_5 , which we refer to as “Premium $A_{2,4,5}$ ” in the next step. As expected, we find a positive and statistically significant premium of €2.81.

We proceed analogously with t-tests for Hypotheses $H2$ and $H3$ by comparing the stated willingness to pay for the respective assets. “Premium $A_4 - A_3$ ” is calculated as the difference in WTP between A_4 and A_3 and allows an assessment of Hypothesis $H2$. If the mean is significant and negative, we interpret this evidence against Hypothesis $H2$. In this case, doing good would serve as a hedge against bad times. If the mean premium is positive, the evidence is supportive of Hypothesis $H2$. The unconditional test of “Premium $A_4 - A_3$ ” in Table 3 reveals a highly significant positive premium of €6.96. This suggests that our subjects are willing to pay significantly more for an asset which donates only in the good state of the world compared to an asset with a donation only in the bad state of the world. This is also indicative of individuals exhibiting correlation seeking preferences for wealth and donation.¹⁵

Lastly, we investigate “Premium $H3$ ”, which is calculated as the difference between $(b_{A_5} - b_{A_2})$ and $(b_{A_2} - b_{A_1})$, see section 3.3. The positive premium of €5.43 shows that individuals’ willingness to pay increases at an increasing rate in the amount an asset donates to a good cause, which is supportive of Hypothesis $H3$.

¹⁴ This result may be in line with inequity aversion as modelled by Fehr and Schmidt (1999) and Bolton and Ockenfels (2000). We study this issue in more details later.

¹⁵ Behavior which is in line with works of Frederick et al. (2002), Brunette et al. (2017) and Jokung and Mitra (2019).

5.2 Determinants of Premia for Responsible Assets

In addition to testing our hypotheses, we use regression analyses to study the impact of psychological and social traits on the willingness to pay for responsible assets, as it compares to the conventional asset. For the four responsible assets A_2 to A_5 , the dependent variable is Premium A_k (where $k \in \{2, \dots, 5\}$), computed as the difference in willingness to pay between a responsible asset A_k and the conventional asset A_1 , i.e., a participant's premium in Euro for a responsible asset A_k over the conventional asset A_1 . We estimate the following equation using ordinary least squares:

$$\begin{aligned} \text{Premium } A_k i = \alpha + \beta_1 \text{Altruism}_i + \beta_2 \text{LTO}_i + \beta_3 \text{Religion}_i + \beta_4 \text{Politics}_i + \beta_5 \text{PEG}_i \\ + \lambda X_i + \epsilon_i, \quad (20) \end{aligned}$$

where *Altruism* is the participant i 's score on the altruism scale. *LTO* indicates how long-term oriented a participant is. *Religion* and *Politics* represent a participant's religiousness and political engagement, respectively. *PEG* is the perceived effectiveness of doing good, i.e., how much a participant believes her pro-social behavior (in the form of socially responsible investments or donations) will make a difference. The vector X consists of further controls such as demographic variables, risk and return perceptions of SRI relative to conventional investments, risk aversion, and a dummy variable to control whether the participant faced the new instructions.

[Table 4 about here.]

[Table 5 about here.]

Estimation results for various specifications of Equation 20 are presented in Table 4 and Table 5. Note that we standardize all independent variables. The regression constants thus correspond to the unconditional averages indicated in Table 3. The premia we report for assets A_2 to A_5 are robust to controlling for personality traits and demographics.

Table 4 shows that altruism positively and significantly affects premia for all responsible assets, from A_2 to A_5 . At the individual level, altruism thus appears as the strongest driver of the premium for responsible assets. This is line with previous literature, see Brodback et al. (2019); Riedl and Smeets (2017); Nilsson (2009). We add to this literature the fact that this result holds with the introduction of risk in societal benefits and with different correlations between financial returns and societal benefits. Our results also point to an economically large impact of altruism. A one-standard deviation increase in the level of altruism translates into an increase of almost €4, to be compared to an average premium around €1 and €3 (see columns (1) and (2) in Table 5). In column (4) of Table 5, altruism appears to have a negative impact on the difference between $b_5 - b_2$ and

$b_2 - b_1$. A one-standard deviation increase in altruism leads to a decrease of €4.28. Given that the unconditional difference is €5.43, this suggests that, for individuals with altruism that is one standard deviation above average, utility is linear in the level of donation. This is also a novel result regarding the impact of altruism on responsible investments.

Table 5 shows that the preference for correlation between financial payoffs and societal benefits does not depend on altruism: column (3) indicates that the coefficient on altruism is not statistically different from zero.

Regarding participant’s religiousness, our results are generally inconclusive. Coefficients for the self-reported level of religiousness are positive, yet insignificant, for all specifications of responsible assets compared to the conventional asset. In turn, the coefficient for the dummy variable church attendance is negative and insignificant. When we look at the absolute numbers of church visits per year instead, a different pattern emerges. The coefficients are consistently negatively related to the premia of responsible assets over A_1 . For assets A_2 and A_5 , as evident from columns (1) and (4) of Table 4, the coefficient is significant at the 5% and 10% level, respectively. These at first counterintuitive results allow for two cautious interpretations. First, religiousness is generally found to be positively related to donations¹⁶, which speaks in favor of a positive relation. If individuals frequently attend church, however, a second interpretation might come into play, which ultimately counteracts the positive effect of religiousness. We propose that frequent church attendance raises the possibility that the majority of charitable contributions do not go towards conventional “secular” charities. Individuals who frequently attend church might rather give to causes promoted by their church, e.g., via collection boxes. Due to the special nature, magnitude, and consistency of religious donations even in times of economic distress (List (2011)), it might be that religious donations saturate churchgoers’ overall contributions. In turn, we interpret the negative coefficients of church attendance as plausible. For the remaining control variables, the coefficients are mostly insignificant.

6 Robustness and Additional Treatments

6.1 Robustness Tests

We conduct number of tests to check whether our main findings still hold when certain experimental conditions are modified/alternated. While the detailed description of each procedure and results are presented in Appendix B.1 - B.5, here we just provide a brief overview of the robustness analysis.

As discussed above, we have revised the instructions of the experiment for approximately half of the subjects. To account for the fact that our findings might be driven by the

¹⁶ See Bekkers and Wiepking (2011); Eckel and Grossman (2003).

fraction of participants who faced the old instructions, we investigate whether they hold for the subset of participants, who faced the new instructions (see Appendix B.1). The results suggest that the Euro premia are of similar magnitude and statistical significance compared to the full sample. We thus confirm that our conditional results hold regardless of facing the old or new instructions. When repeating our main analyses with percentage premia as dependent variable (see Appendix B.2) for both samples, the full one and the subsample of participants who faced the new instructions, we similarly conclude that our evidence is generally in favor of Hypotheses $H1$, $H2$, and $H3$.

As we outline above, we selected well-known charities, each reflecting one of the environmental, social, and governance dimensions of SRI. So far, we were interested in whether individuals generally value social responsibility in their investment decisions. In Appendix B.3 we investigate how preferences for particular causes impact socially responsible behavior. Our results hold for each of the three charities but appear the strongest for the Red Cross and the weakest for Transparency International, Greenpeace being in the middle position.

We next test whether the order of experimental assets affected participants' willingness to pay (see Appendix B.4). In the experiment, we randomize whether participants first see the conventional asset (51%), or a responsible asset (49%). We find no significant differences in WTP or premia depending on whether a participant first faces a conventional or a responsible asset, i.e., the premia for social responsibility are statistically significant and meaningful regardless of the order of experimental assets.

Finally, in Appendix B.5 we investigate whether the repeated nature of facing every asset twice results in learning effects that could ultimately influence individual's willingness to pay. We do not find any learning effect: our results are similar when we focus on the first and the second time subjects face each lottery.

6.2 Additional Treatments

To assess if there is a particular role played by the zero payout in the bad state and if inequity aversion drives our results, we introduce two additional types of experimental assets with the same expected payoffs and donations, but different payoffs in the good and bad states.

We first repeat our original experimental assets A_1 to A_5 with donations to the Red Cross, as depicted in Figure 7.

[Figure 7 about here.]

To account for the fact that the zero payout in the bad state may affect subjects' choices, we introduce a new type of assets that pay out 90 and 10 in the good state and bad state, respectively, as shown in Figure 8. This enables to avoid the zero payout, have the same average payoff and have a roughly similar level of volatility. Our empirical analysis is

identical to the baseline setting, except that we now use the “new” A_1 , which is denoted as A_{11} , as reference for calculating the premium for the responsible assets.

[Figure 8 about here.]

The second new type of experimental assets is depicted in Figure 9. It enables us to study whether our negative premium for A_3 stems from the fact that subjects dislike the inequitable outcome between themselves and the charity in the bad state. While keeping the expected payoffs and donation constant, the payoff in the good and bad state now amounts to 60 and 40, respectively. As this choice affects significantly the outcome distribution of the new A_3 , which is called A_{23} , we calculate the premium relative to the new conventional asset A_{21} with 60/40 payout in the good/bad state. All else equal, if the negative premium for A_3 is the product of subjects’ aversion to inequitable payoffs for themselves and the charity, we should now find a positive premium for A_{23} when subjects value CSR.

[Figure 9 about here.]

We obtain 30 rounds of assets (for each of the 3 types, A , A_1 , and A_2 , there are 5 assets and 2 turns). We limit this experiment to the Red Cross, because we are concerned that participants might loose attention, if we present them with more than 30 rounds of assets. We run these new experiments with a new sample of 151 participants.

[Table 6 about here.]

[Table 7 about here.]

The average willingness to pay and premia for all the 15 assets are shown in Table 6 and Table 7. The willingness to pay for assets with 60/40 payoff in good/bad state (bottom panel) are larger than the ones for assets with 90/10 payoff (middle panel) which are larger than the ones for assets with 0/100 payoff in good/bad state (upper panel). This pattern suggests that the decrease in payoff volatility is associated with an increase in the willingness to pay. The premium on asset A_{13} is significantly negative. Thus, it seems unlikely that our findings are due to a type of “zero payout aversion”. The premium on asset A_{23} is also negative, but it is not statistically significant and the magnitude is smaller compared to our earlier results.

[Table 8 about here.]

[Table 9 about here.]

[Table 10 about here.]

[Table 11 about here.]

Table 9 display our main regression analyses restricted to data with the additional treatments. This table reinforces the robustness of our findings: subjects prefer when the societal benefit is positively correlated with their financial payoff (see column (3)) and subjects display an increasing marginal benefit from societal benefits (see column (4)). Table 10 shows that our results are not driven by the zero payoff: the constant that represents the average difference between the treatments with payoffs of 90 and 10 versus 100 and 0 is small and never statistically significant.

Likewise, Table 11 shows that our result on the preference for a positive correlation between financial and societal payoffs is not driven by inequity aversion: the constant that represents the average difference between the treatments with payoffs 60-40 and the ones with 100-0 is small and not statistically significant for the two regressions of interest represented in columns (3) and (4). Inequity aversion might play a role in our experiment since subjects seem willing to pay more for lottery A2 in the 60-40 treatment than in the 100-0 one (the constant is positive and statistically significant in column (2)).

7 Conclusion

This paper studies whether investors value the societal performance of the assets in which they invest. This issue is important because it is at the core of the socially responsible investing industry that has witnessed a strong development in the recent past. It is also important for firms to better understand how their Corporate Social Responsibility policies affect their cost of capital.

We propose a laboratory experiment that enables us identify the willingness to pay for risky assets with different levels, types and timing of social responsibility. In the experiment, assets, if they are issued, generate a financial cash flow, received by subjects, and also a donation, sent to a well-established charity. We vary the amount of expected donation, it can be null, low and high. This enables us to study whether marginal utility is increasing or not. We also vary the timing of the donation: it can occur when the financial payoff is high or when it is low. This enables us to measure subjects' preferences for correlation between financial payoff and societal impact. Finally, we study assets that generate donations to different types of charities related to Environmental, Social and Governance issues. Truthful revelation of the willingness to pay is incentivized via a Becker-DeGroot-Marschak mechanism. At the individual level, we relate the willingness to pay to various psychological and social characteristics measured via questionnaires.

Our main findings are threefold. First, marginal utility is increasing. Second, subjects prefer when financial cash flows and societal impacts are positively correlated. Third, altruism induces higher willingness to pay and is not associated with the preference for positive correlation.

Our experiment could be extended in various dimensions. For example, it could be interesting to study investments with risky negative societal impacts and to study how investors react to changes in the variance of the societal impacts. This is left for future research.

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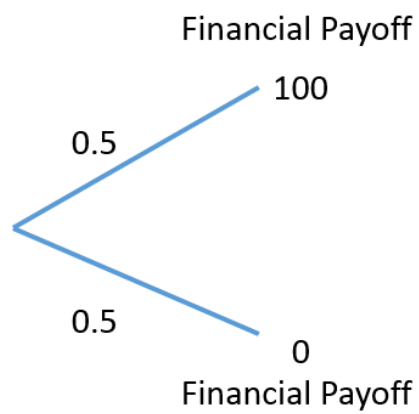
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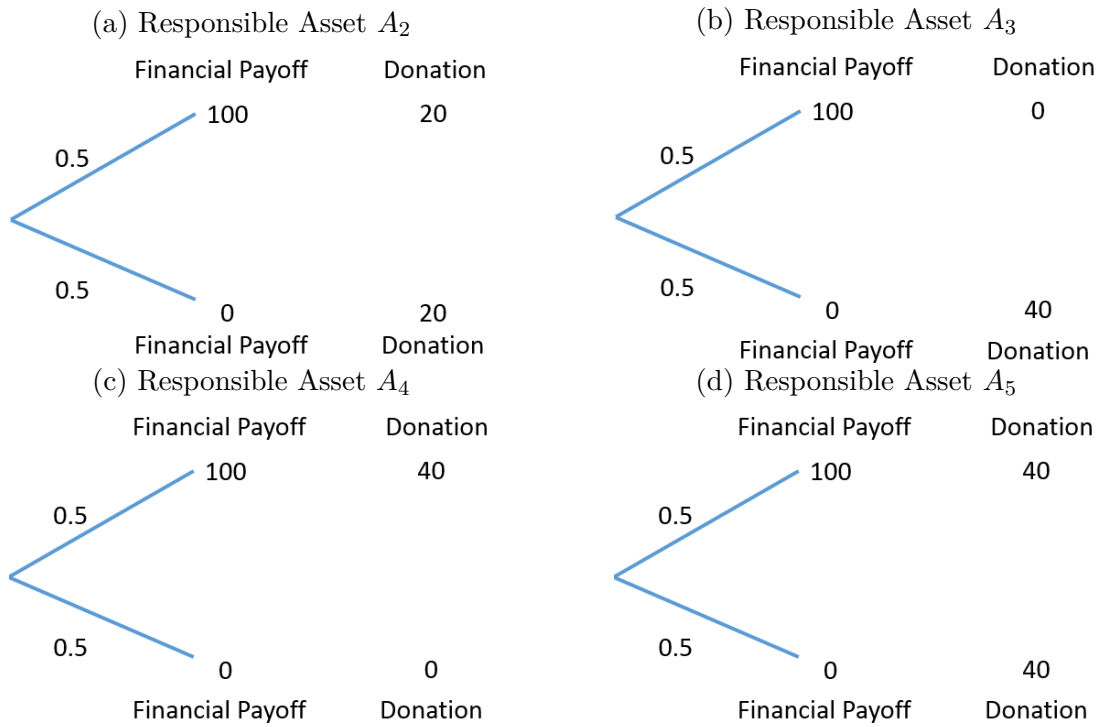
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Figure 1: Payoff Profile of Conventional Asset A_1



Note: This figure shows the payoff profile of the conventional asset A_1 . There are two states that can occur with equal probabilities 0.5, respectively. The financial payoff in the good state is 100 experimental currency units and the financial payoff in the bad state is zero experimental currency units.

Figure 2: Payoff Profiles and Donations of Responsible Assets $A_{2,\dots,5}$



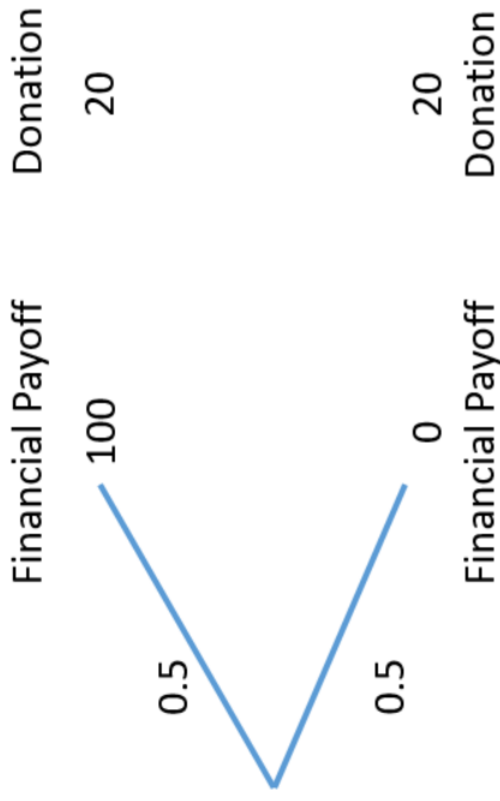
Note: This figure shows the payoff profiles and donations of the responsible assets $A_{2,\dots,5}$. There are two states that can occur with equal probabilities 0.5, respectively. The financial payoff in the good state is 100 experimental currency units and the financial payoff in the bad state is zero experimental currency units. To model social responsibility, a donation of g_{h,A_k} in the good state and g_{l,A_k} in the bad state is made to a charity.

Figure 3: Screenshot of Experimental Asset Implementation



The asset below includes a donation to:

The International Committee of the Red Cross (ICRC) is an impartial, neutral and independent organization whose exclusively humanitarian mission is to protect the lives and dignity of victims of armed conflict and other situations of violence and to provide them with assistance. The ICRC also endeavours to prevent suffering by promoting and strengthening humanitarian law and universal humanitarian principles. (Source: Red Cross Website)



Please indicate your maximum payment for the above asset that donates to the charity Red Cross!

(between 0 and 100)

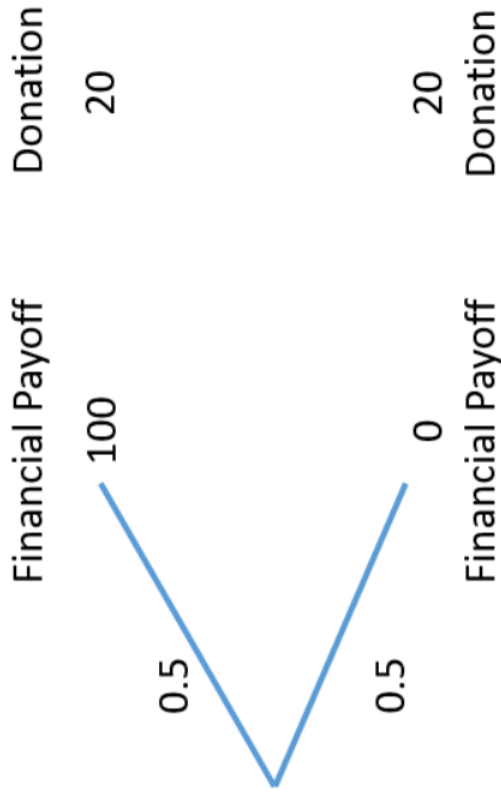
Note: This figure exemplarily shows the responsible asset A_2 which offers a donation of 20 in both states of the economy to the Red Cross in our experimental environment.

Figure 4: Screenshot of Experimental Asset Implementation

GREENPEACE

The asset below includes a donation to:

Greenpeace is an independent campaigning organisation, which uses peaceful, creative confrontation to expose global environmental problems, and develop solutions for a green and peaceful future. Greenpeace's goal is to ensure the ability of the earth to nurture life in all its diversity. That means we want to protect biodiversity in all forms, prevent pollution and abuse of the earth's ocean, land, air and fresh water, end all nuclear threats, and promote peace, global disarmament and non-violence. (Source: Greenpeace Website)



Please indicate your maximum payment for the above asset that donates to the charity Greenpeace!

 (between 0 and 100)

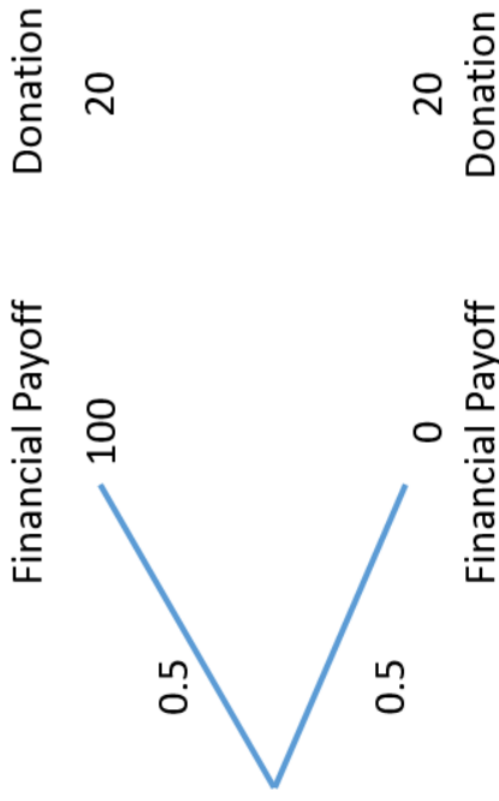
Note: This figure exemplarily shows the responsible asset A_2 which offers a donation of 20 in both states of the economy to Greenpeace in our experimental environment.

Figure 5: Screenshot of Experimental Asset Implementation



The asset below includes a donation to:

From villages in rural India to the corridors of power in Brussels, Transparency International gives voice to the victims and witnesses of corruption. We work together with governments, businesses and citizens to stop the abuse of power, bribery and secret deals. As a global movement with one vision, we want a world free of corruption. Through chapters in more than 100 countries and an international secretariat in Berlin, we are leading the fight against corruption to turn this vision into reality. (Source: Transparency International Website)

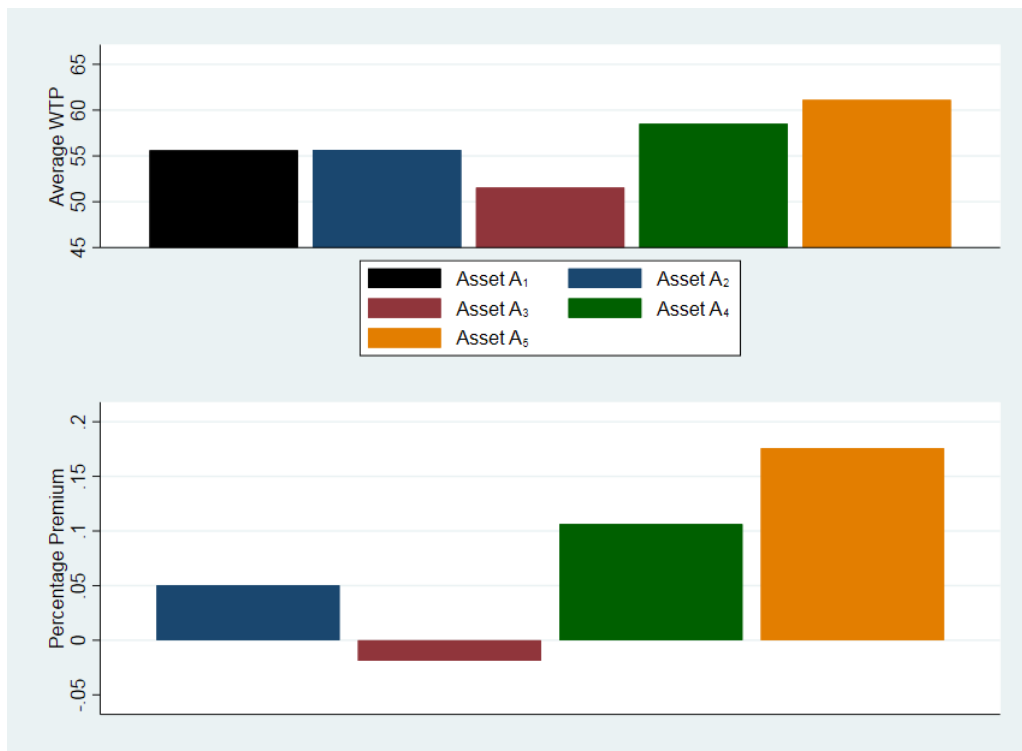


Please indicate your maximum payment for the above asset that donates to the charity Transparency International!

 (between 0 and 100)

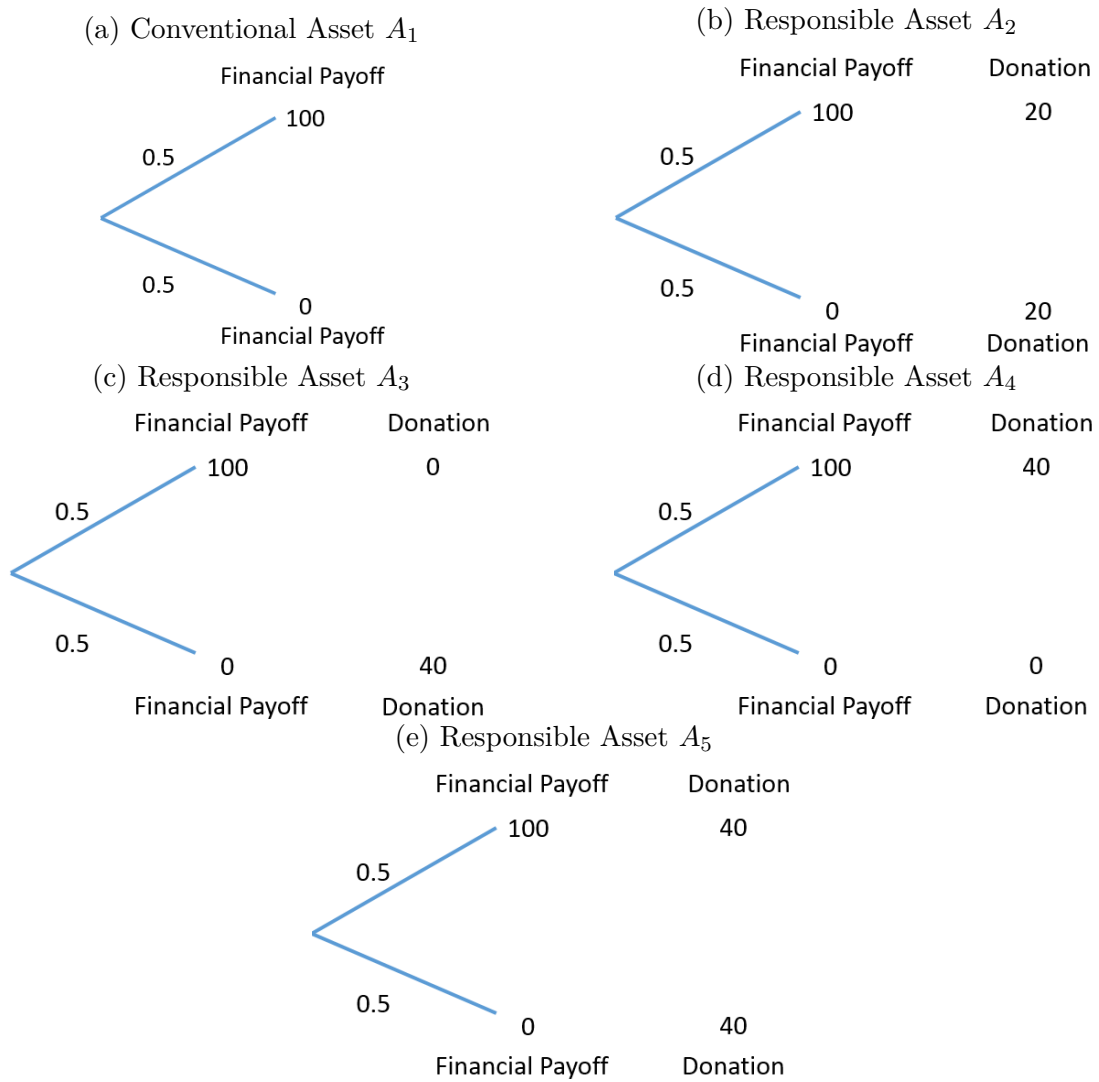
Note: This figure exemplarily shows the responsible asset A_2 which offers a donation of 20 in both states of the economy to Transparency International in our experimental environment.

Figure 6: Average WTP and Percentage Premia per Asset



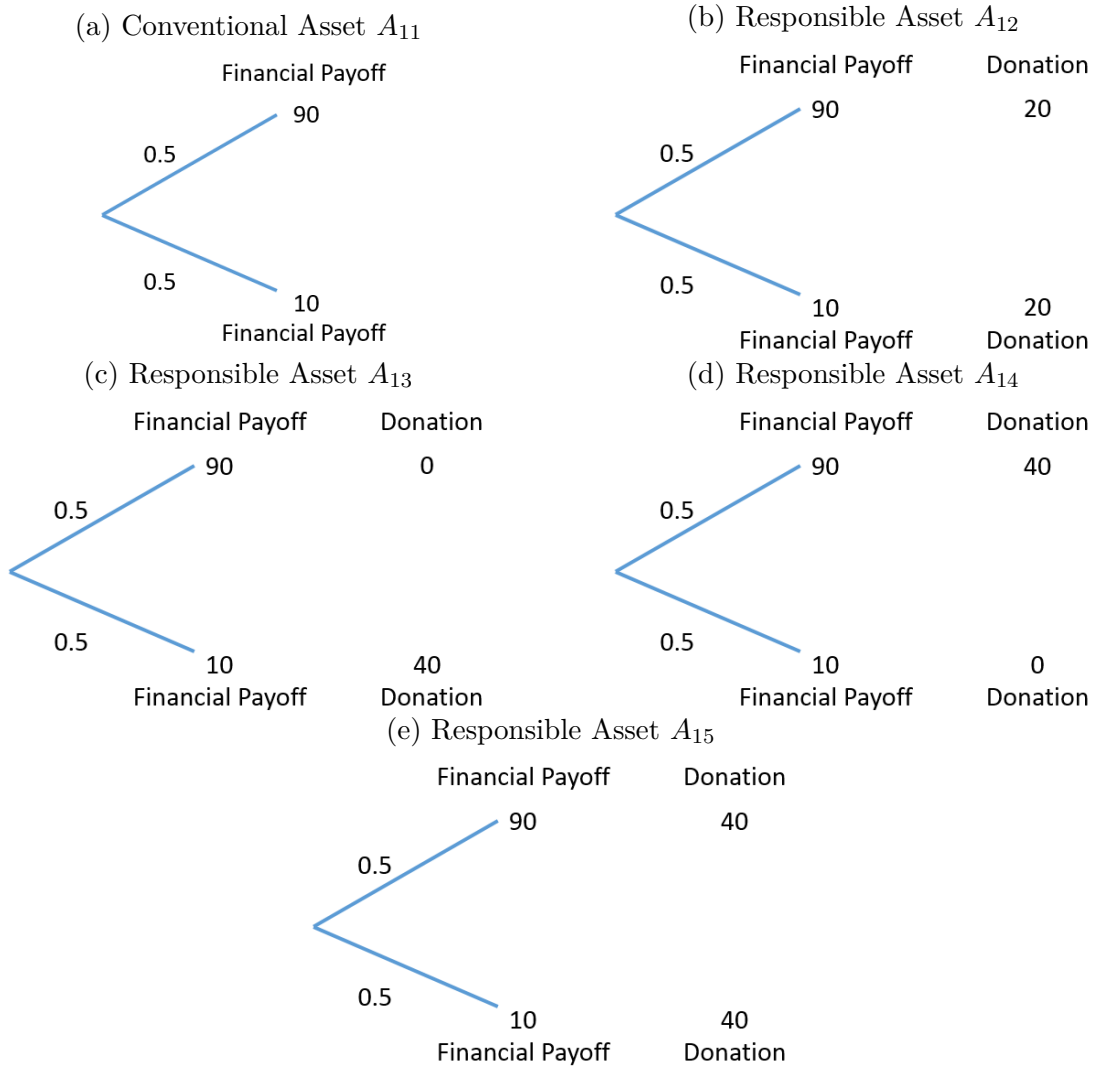
Note: Average willingness to pay in Euro for assets A_1 to A_5 (upper panel) and percentage premia of responsible assets A_2 to A_5 over the conventional asset A_1 (lower panel).

Figure 7: Standard Experimental Assets; Donation: Red Cross



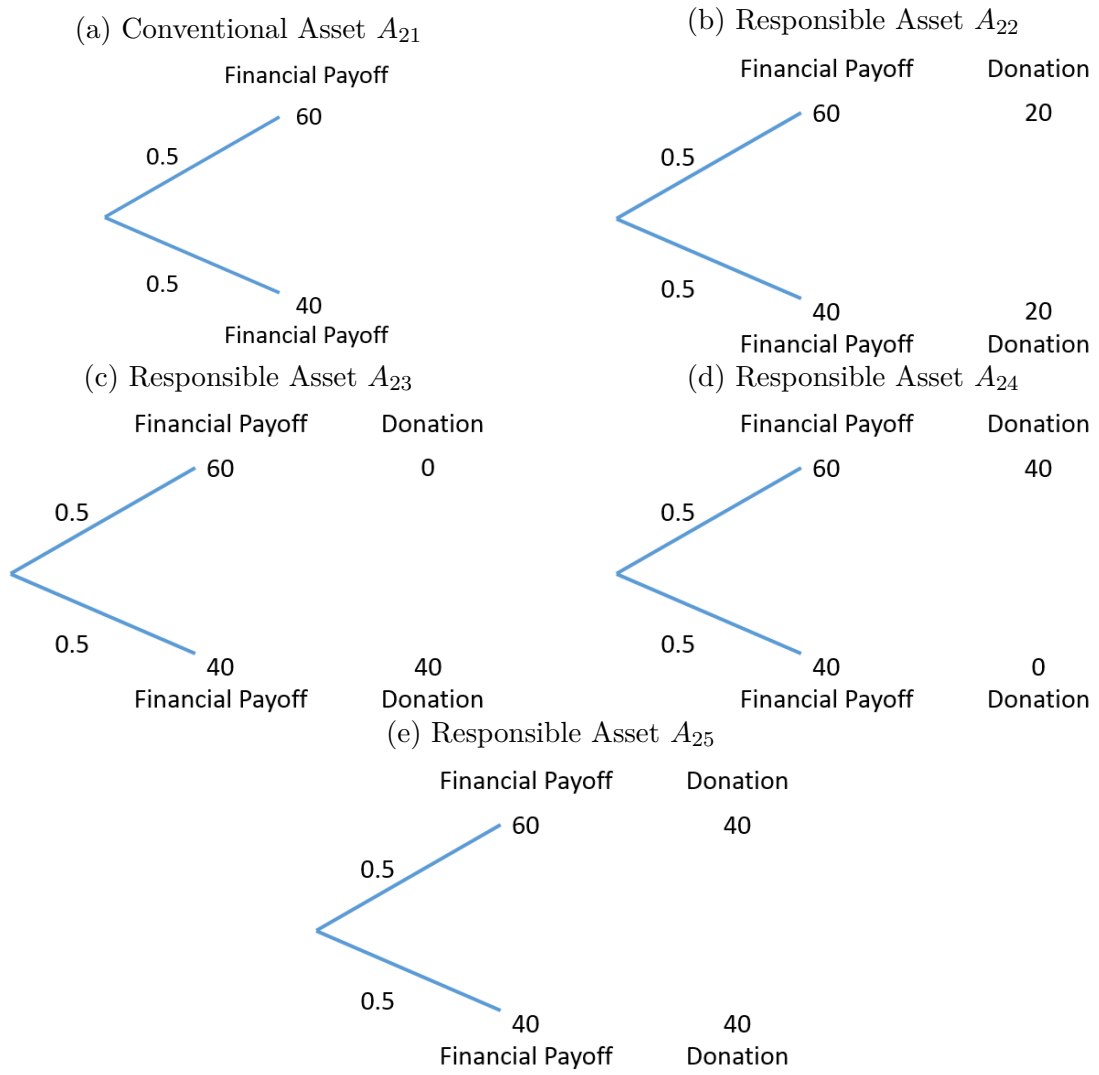
Note: Payoffs of assets A_1 to A_5 under the initial treatment.

Figure 8: Robustness Test: Aversion to Zero; Donation: Red Cross



Note: Payoffs of assets A_{11} to A_{15} under the first alternative treatment.

Figure 9: Robustness Test: Inequity / Inequality Aversion; Donation: Red Cross



Note: Payoffs of assets A_{21} to A_{25} under the second alternative treatment.

Table 1: Participant Characteristics

Measure	Value	#	%
Gender	Female	139	46.0
	Male	163	54.0
Age	<21	53	17.5
	21-23	132	43.7
	24-26	79	26.2
	>26	38	12.6
Education	Apprenticeship	8	2.6
	Abitur	187	61.9
	Bachelor	92	30.5
	Master	8	2.6
	Other	7	2.3
Income	<349	73	24.2
	350-499	60	19.9
	500-649	66	21.9
	>650	103	34.1
Family Income	<1499	23	7.6
	1500-3499	79	26.2
	3500-6000	141	46.7
	>6000	59	19.5
Bafög	Yes	48	15.9
	No	254	84.1

Note: This table shows demographic characteristics of the 302 participants. # refers to the absolute number of participants in a category. % is the amount of participants in this category relative to the total sample.

“Abitur” is the German matriculation examination required to enroll at a university. “Bafög” is a German government-funded student loan with eligibility dependent on parent income.

Table 2: Summary Statistics for Assets A_1 to A_5

	mean	sd	min	max
Average WTP A_1	55.6142	21.1138	0.00	100.00
Average WTP A_2	55.6474	20.0129	0.00	100.00
Average WTP A_3	51.5535	20.9535	0.00	100.00
Average WTP A_4	58.5160	20.1350	0.00	100.00
Average WTP A_5	61.1153	20.8779	0.00	100.00

Note: This table shows summary statistics for the willingness to pay (WTP) of asset A_1 to A_5 , averaged across turns and charities, respectively.

Table 3: Mean Asset Premia to assess Hypotheses 1-3

	mean	t-statistic
Premium A_2	0.0331	0.0274
Premium A_3	-4.0607	-3.1939
Premium A_4	2.9018	2.4993
Premium A_5	5.5011	4.1359
Premium $A_{2,\dots,5}$	1.0938	0.9830
Premium $A_{2,4,5}$	2.8120	2.4735
Premium $A_4 - A_3$	6.9625	5.8764
Premium $H3$	5.4349	3.7331

Note: This table shows premia of responsible assets in absolute terms in column (1). “Premium A_2 ” to “Premium A_5 ” are the average Euro premia of responsible assets A_2 to A_5 over the conventional asset A_1 , respectively. “Premium $A_{2,\dots,5}$ ” is the average premium of all responsible assets over the conventional asset. “Premium $A_{2,4,5}$ ” is the average premium of assets A_2 , A_4 , and A_5 over the conventional asset A_1 . “Premium $A_4 - A_3$ ” is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. “Premium $H3$ ” is defined as $(b_{A_5} - b_{A_2}) - (b_{A_4} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

Table 4: Willingness to Pay for Social Responsibility and Personality Traits

	(1)	(2)	(3)	(4)
	Premium A_2	Premium A_3	Premium A_4	Premium A_5
Constant	0.0331 (1.183)	-4.061*** (1.271)	2.902** (1.139)	5.501*** (1.269)
Altruism	4.510*** (1.373)	3.246** (1.399)	2.535* (1.343)	4.741*** (1.343)
Egoism	-1.367 (1.695)	0.105 (1.651)	-1.981 (1.588)	-2.055 (1.765)
LTO	0.0552 (1.385)	-0.582 (1.365)	1.154 (1.239)	0.997 (1.392)
Religiousness	1.433 (1.620)	1.777 (1.761)	2.195 (1.586)	1.523 (1.679)
Church Attendance	-0.123 (1.479)	-1.115 (1.582)	-0.209 (1.454)	-0.671 (1.637)
Church visits (p.a.)	-2.297** (1.058)	-1.362 (0.866)	-1.136 (1.399)	-1.820* (1.093)
Interest Politics	0.663 (1.354)	-0.371 (1.308)	1.257 (1.376)	1.240 (1.422)
Election Participation	0.180 (0.309)	0.143 (0.266)	-0.218 (0.324)	0.280 (0.320)
Political Party	2.048 (5.329)	6.133 (4.397)	-2.001 (5.052)	1.741 (5.229)
PE Donations	0.009 (1.700)	1.269 (1.866)	0.826 (1.679)	1.104 (1.949)
PSE	-1.853 (1.578)	-1.129 (1.756)	-1.370 (1.763)	-0.657 (1.770)
Gender	-2.706* (1.441)	-2.780* (1.616)	-0.951 (1.372)	-1.154 (1.555)
Age	0.247 (1.181)	0.256 (1.256)	-0.471 (1.135)	-1.287 (1.294)
Marital Status	-1.346 (1.278)	-1.643 (1.305)	-2.003* (1.211)	-2.844** (1.346)
Income	0.335 (1.355)	1.663 (1.433)	-0.618 (1.362)	-0.167 (1.539)
Family Income	1.448 (1.454)	1.125 (1.494)	0.611 (1.527)	2.337 (1.687)
Bafoeg	1.140 (1.321)	0.870 (1.464)	0.976 (1.376)	1.903 (1.590)
Risk Aversion	-2.042 (1.287)	-1.869 (1.408)	-3.387*** (1.163)	-2.540* (1.438)
SRI Return Perception	-1.537 (1.282)	-1.065 (1.270)	-2.046* (1.238)	-2.777** (1.343)
SRI Risk Perception	0.981 (1.427)	0.616 (1.432)	0.486 (1.436)	0.678 (1.494)
SRI Awareness	1.042 (1.205)	1.221 (1.357)	1.917 (1.168)	1.916 (1.287)
Inv Time	-2.627 (1.674)	-1.691 (1.738)	-0.643 (1.428)	-2.842* (1.578)
InvKH	1.886 (1.529)	0.424 (1.604)	-0.0271 (1.381)	1.093 (1.462)
New Instructions	-0.254 (1.342)	-1.330 (1.383)	-0.0706 (1.256)	0.547 (1.434)
Adjusted R^2	0.042	0.001	0.038	0.089
Observations	302	302	302	302

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1 . Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table 5: Willingness to Pay for Social Responsibility and Personality Traits II

	(1) Premium $A_{2,\dots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium H_3	(5) Premium $A_5 - A_4$
Constant	1.094 (1.085)	2.812** (1.099)	6.962*** (1.186)	5.435*** (1.445)	2.599*** (0.942)
Altruism	3.758*** (1.155)	3.929*** (1.181)	-0.711 (1.577)	-4.279** (1.806)	2.207* (1.289)
Egoism	-1.324 (1.556)	-1.801 (1.591)	-2.086 (1.317)	0.678 (1.934)	-0.0741 (1.065)
LTO	0.406 (1.209)	0.735 (1.232)	1.736 (1.216)	0.886 (1.745)	-0.158 (1.049)
Religiousness	1.732 (1.507)	1.717 (1.524)	0.418 (1.512)	-1.342 (1.981)	-0.672 (1.115)
Church Attendance	-0.529 (1.379)	-0.334 (1.412)	0.906 (1.454)	-0.425 (1.789)	-0.463 (1.138)
Church visits (p.a.)	-1.654 (1.004)	-1.751 (1.135)	0.226 (1.236)	2.774** (1.202)	-0.685 (0.684)
Interest Politics	0.697 (1.228)	1.054 (1.295)	1.628 (1.285)	-0.0864 (1.610)	-0.0162 (0.944)
Election Participation	0.0963 (0.251)	0.0806 (0.283)	-0.361 (0.383)	-0.0805 (0.411)	0.497 (0.302)
Political Party	1.980 (4.683)	0.596 (4.982)	-8.133** (3.561)	-2.356 (6.196)	3.742 (2.662)
PE Donations	0.802 (1.617)	0.646 (1.614)	-0.442 (1.618)	1.085 (1.980)	0.278 (1.501)
PSE	-1.252 (1.471)	-1.293 (1.486)	-0.241 (1.969)	3.048 (1.888)	0.713 (1.696)
Gender	-1.898 (1.332)	-1.604 (1.343)	1.829 (1.508)	4.258** (1.743)	-0.204 (1.129)
Age	-0.314 (1.063)	-0.504 (1.116)	-0.727 (1.236)	-1.782 (1.424)	-0.815 (0.826)
Marital Status	-1.959* (1.146)	-2.064* (1.176)	-0.360 (1.235)	-0.152 (1.615)	-0.842 (0.974)
Income	0.303 (1.266)	-0.150 (1.306)	-2.280* (1.380)	-0.838 (1.650)	0.450 (1.092)
Family Income	1.380 (1.398)	1.465 (1.460)	-0.514 (1.394)	-0.558 (1.646)	1.726 (1.061)
Bafoeg	1.222 (1.269)	1.340 (1.305)	0.106 (1.440)	-0.377 (1.583)	0.928 (1.186)
Risk Aversion	-2.459** (1.205)	-2.656** (1.202)	-1.519 (1.145)	1.543 (1.476)	0.848 (0.975)
SRI Return Perception	-1.856 (1.139)	-2.120* (1.185)	-0.981 (1.236)	0.297 (1.605)	-0.731 (0.993)
SRI Risk Perception	0.690 (1.297)	0.715 (1.336)	-0.130 (1.419)	-1.284 (1.696)	0.192 (1.122)
SRI Awareness	1.524 (1.087)	1.625 (1.094)	0.697 (1.391)	-0.168 (1.550)	-0.001 (1.065)
Inv Time	-1.951 (1.448)	-2.038 (1.426)	1.048 (1.464)	2.412 (2.367)	-2.199** (1.025)
InvKH	0.844 (1.343)	0.984 (1.340)	-0.451 (1.401)	-2.679 (1.996)	1.120 (1.118)
New Instructions	-0.277 (1.230)	0.0739 (1.248)	1.260 (1.216)	1.056 (1.566)	0.617 (1.007)
Adjusted R^2	0.049	0.065	-0.002	0.015	-0.003
Observations	302	302	302	302	302

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table 6: Summary Statistics for Assets A_1 to A_{25}

	mean	sd	min	max
Average WTP A_1	49.1060	23.3066	0.00	100.00
Average WTP A_2	46.9139	23.4766	0.00	100.00
Average WTP A_3	45.4205	22.9336	0.00	100.00
Average WTP A_4	47.5099	24.6749	0.00	100.00
Average WTP A_5	50.7053	25.4148	0.00	100.00
Average WTP A_{11}	50.9636	21.1715	0.00	100.00
Average WTP A_{12}	49.7384	21.5577	10.00	100.00
Average WTP A_{13}	47.4570	19.9883	0.00	100.00
Average WTP A_{14}	50.2914	23.4022	0.00	100.00
Average WTP A_{15}	53.6589	23.5341	0.00	100.00
Average WTP A_{21}	52.3079	13.5708	20.00	100.00
Average WTP A_{22}	53.5629	18.2714	0.00	100.00
Average WTP A_{23}	50.4338	19.0200	0.00	100.00
Average WTP A_{24}	51.6821	18.1021	5.00	100.00
Average WTP A_{25}	56.5497	22.8628	0.00	100.00

Note: This table shows summary statistics for the willingness to pay (WTP) of asset A_1 to A_{25} , averaged across turns, respectively. Assets A_1 to A_5 have a payoff of 100 in the good state and of 0 in the bad state. Assets A_{11} to A_{15} have a payoff of 90 in the good state and of 10 in the bad state. Assets A_{21} to A_{25} have a payoff of 60 in the good state and of 40 in the bad state.

Table 7: Mean Asset Premia

	mean	t-statistic
Premium A_2	-2.1921	-1.3106
Premium A_3	-3.6854	-2.0762
Premium A_4	-1.5960	-0.9598
Premium A_5	1.5993	0.8101
Premium $A_{2,\dots,5}$	-1.4685	-0.9303
Premium $A_{2,4,5}$	-0.7296	-0.4526
Premium $A_4 - A_3$	2.0894	1.4096
Premium $H3_{100/0}$	5.9834	2.7350
Premium A_{12}	-1.2252	-0.8464
Premium A_{13}	-3.5066	-2.1227
Premium A_{14}	-0.6722	-0.4820
Premium A_{15}	2.6954	1.4981
Premium $A_{12,\dots,15}$	-0.6772	-0.4936
Premium $A_{12,14,15}$	0.2660	0.1909
Premium $A_{14} - A_{13}$	2.8344	1.8112
Premium $H3_{90/10}$	5.1457	2.7331
Premium A_{22}	1.2549	1.0256
Premium A_{23}	-1.8742	-1.3242
Premium A_{24}	-0.6258	-0.5017
Premium A_{25}	4.2417	2.5282
Premium $A_{22,\dots,25}$	0.7492	0.5946
Premium $A_{22,24,25}$	1.6236	1.2836
Premium $A_{24} - A_{23}$	1.2483	1.1725
Premium $H3_{60/40}$	1.7318	1.1870

Note: This table shows premia of responsible assets in absolute terms in column (1). In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

Table 8: Willingness to Pay for Social Responsibility and Personality Traits

	(1)	(2)	(3)	(4)
	Avr. Premium	Avr. Premium	Avr. Premium	Avr. Premium
	A_2, A_{12}, A_{22}	A_3, A_{13}, A_{23}	A_4, A_{14}, A_{24}	A_5, A_{15}, A_{25}
Constant	-0.721 (1.024)	-3.022** (1.276)	-0.965 (1.043)	3.342** (1.519)
Altruism	2.356* (1.308)	1.562 (1.629)	2.964** (1.332)	2.208 (1.940)
Egoism	0.674 (1.367)	0.631 (1.703)	1.715 (1.392)	2.215 (2.028)
LTO	-2.549* (1.355)	-1.028 (1.687)	-2.184 (1.379)	-1.274 (2.009)
Religiousness	-2.027 (1.485)	-3.415* (1.849)	-2.023 (1.511)	-5.236** (2.202)
Church Attendance	1.593 (1.331)	-0.312 (1.658)	0.935 (1.355)	0.048 (1.974)
Church Visits (p.a.)	0.806 (1.309)	1.304 (1.630)	1.150 (1.332)	2.740 (1.941)
Interest Politics	0.931 (1.253)	1.265 (1.560)	-0.010 (1.275)	3.695** (1.858)
Election Participation	0.023 (0.328)	0.097 (0.409)	-0.019 (0.334)	-0.358 (0.487)
Political Party	-0.316 (4.934)	0.707 (6.146)	2.254 (5.023)	-3.043 (7.318)
PE Donations	1.725 (1.453)	1.724 (1.810)	-0.903 (1.479)	2.639 (2.155)
PSE	-0.415 (1.464)	-1.071 (1.824)	1.229 (1.491)	-1.491 (2.172)
Gender	-1.025 (1.398)	-2.386 (1.741)	-1.666 (1.423)	-2.461 (2.073)
Age	0.948 (1.232)	-1.365 (1.534)	-0.131 (1.254)	-1.688 (1.827)
Marital Status	-2.370** (1.196)	-1.787 (1.489)	-1.768 (1.217)	-1.768 (1.773)
Income	-1.310 (1.098)	-1.166 (1.368)	-1.344 (1.118)	-2.922* (1.629)
Family Income	-0.766 (1.281)	-0.902 (1.595)	-1.377 (1.304)	-3.592* (1.900)
Bafog	-4.286 (3.709)	-3.824 (4.620)	-4.153 (3.776)	-3.693 (5.501)
Risk Aversion	0.441 (1.129)	-0.058 (1.406)	0.182 (1.149)	-0.126 (1.674)
SRI Return Perception	-0.433 (1.158)	-0.766 (1.442)	-0.359 (1.179)	-0.599 (1.717)
SRI Risk Perception	-0.798 (1.131)	-0.956 (1.409)	-1.195 (1.152)	-2.689 (1.678)
SRI Awareness	-1.337 (1.201)	-0.684 (1.497)	-1.652 (1.223)	-2.052 (1.782)
Inv Time	2.194 (1.335)	2.768* (1.663)	3.486** (1.359)	4.640** (1.980)
InvKH	0.893 (1.447)	1.386 (1.803)	-0.145 (1.474)	1.202 (2.147)
Adjusted R^2	0.077	-0.024	0.052	0.072
Observations	151	151	151	151

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The dependent variable is the average premium of the respective responsible asset under 3 treatments over the conventional asset A_1 , A_{11} , or A_{21} . Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafog is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. All independent variables are standardized to allow for a conditional assessment of the premium via the constant.

Table 9: Willingness to Pay for Social Responsibility and Personality Traits II

	(1) Avr. Premium $A_{2,\dots,5},$ $A_{12,\dots,15}, A_{22,\dots,25}$	(2) Avr. Premium $A_{2,4,5},$ $A_{12,14,15}, A_{22,24,25}$	(3) Avr. Premium $A_4 - A_3,$ $A_{14} - A_{13}, A_{24} - A_{23}$	(4) Avr. Premium $H_{3_{100/0}},$ $H_{3_{90/10}}, H_{3_{60/40}}$	(5) Avr. Premium $A_5 - A_4,$ $A_{15} - A_{14}, A_{25} - A_{24}$
Constant	-0.341 (1.075)	0.552 (1.087)	2.057* (1.140)	4.784*** (1.268)	4.307*** (1.126)
Altruism	2.272 (1.372)	2.509* (1.388)	1.402 (1.456)	-2.505 (1.618)	-0.756 (1.438)
Egoism	1.309 (1.434)	1.535 (1.450)	1.084 (1.522)	0.868 (1.692)	0.500 (1.503)
LTO	-1.759 (1.421)	-2.002 (1.437)	-1.156 (1.508)	3.824** (1.676)	0.910 (1.490)
Religiousness	-3.175** (1.557)	-3.096* (1.575)	1.392 (1.652)	-1.182 (1.837)	-3.213* (1.632)
Church Attendance	0.566 (1.396)	0.858 (1.412)	1.246 (1.481)	-3.138* (1.647)	-0.887 (1.463)
Church Visits (p.a.)	1.500 (1.373)	1.565 (1.388)	-0.154 (1.457)	1.129 (1.619)	1.591 (1.439)
Interest Politics	1.470 (1.314)	1.539 (1.329)	-1.274 (1.394)	1.833 (1.550)	3.705*** (1.378)
Election Participation	-0.064 (0.344)	-0.118 (0.348)	-0.116 (0.365)	-0.404 (0.406)	-0.339 (0.361)
Political Party	-0.100 (5.176)	-0.368 (5.234)	1.547 (5.492)	-2.411 (6.105)	-5.297 (5.425)
PE Donations	1.296 (1.524)	1.154 (1.541)	-2.627 (1.617)	-0.811 (1.798)	3.542** (1.598)
PSE	-0.437 (1.536)	-0.226 (1.553)	2.300 (1.630)	-0.660 (1.812)	-2.720* (1.610)
Gender	-1.884 (1.467)	-1.717 (1.483)	0.720 (1.556)	-0.412 (1.730)	-0.795 (1.537)
Age	-0.559 (1.292)	-0.291 (1.307)	1.234 (1.371)	-3.583** (1.524)	-1.557 (1.354)
Marital Status	-1.923 (1.254)	-1.969 (1.268)	0.019 (1.331)	2.971** (1.479)	-0.000 (1.315)
Income	-1.686 (1.152)	-1.859 (1.165)	-0.177 (1.223)	-0.302 (1.359)	-1.578 (1.208)
Family Income	-1.659 (1.344)	-1.912 (1.359)	-0.475 (1.426)	-2.059 (1.585)	-2.215 (1.408)
Bafoeg	-3.989 (3.892)	-4.044 (3.935)	-0.329 (4.129)	4.880 (4.590)	0.460 (4.079)
Risk Aversion	0.110 (1.184)	0.166 (1.197)	0.241 (1.256)	-1.007 (1.397)	-0.309 (1.241)
SRI Return Perception	-0.539 (1.215)	-0.463 (1.228)	0.407 (1.289)	0.266 (1.433)	-0.240 (1.273)
SRI Risk Perception	-1.409 (1.187)	-1.560 (1.200)	-0.239 (1.259)	-1.093 (1.400)	-1.493 (1.244)
SRI Awareness	-1.431 (1.260)	-1.680 (1.275)	-0.968 (1.337)	0.623 (1.487)	-0.400 (1.321)
Inv Time	3.272** (1.400)	3.440** (1.416)	0.719 (1.486)	0.253 (1.652)	1.154 (1.468)
InvKH	0.834 (1.518)	0.650 (1.535)	-1.530 (1.611)	-0.584 (1.791)	1.346 (1.592)
Adjusted R^2	0.060	0.077	-0.074	0.083	0.028
Observations	151	151	151	151	151

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. All independent variables are standardized to allow for a conditional assessment of the premium via the constant.

Table 10: Willingness to Pay for Social Responsibility and Personality Traits II (Effect of Zero Payoff)

	(1) Premium $A_{12,\dots,15}$ -Premium $A_{2,\dots,5}$	(2) Premium $A_{12,14,15}$ -Premium $A_{2,4,5}$	(3) Premium $A_{14} - A_{13}$ -Premium $A_4 - A_3$	(4) Premium $H_{390/10}$ -Premium $H_{3100/0}$	(5) Premium $A_{15} - A_{14}$ -Premium $A_5 - A_4$
Constant	0.791 (1.693)	0.996 (1.730)	0.745 (1.588)	-0.838 (2.676)	0.172 (1.619)
Altruism	-3.389 (2.162)	-3.103 (2.208)	3.135 (2.027)	5.702* (3.416)	-2.457 (2.067)
Egoism	-2.136 (2.260)	-1.959 (2.309)	3.298 (2.119)	-0.443 (3.571)	-5.122** (2.161)
LTO	-2.337 (2.239)	-2.541 (2.287)	-0.759 (2.099)	2.160 (3.538)	-0.220 (2.141)
Religiousness	2.381 (2.454)	2.723 (2.507)	2.069 (2.301)	1.878 (3.878)	0.363 (2.346)
Church Attendance	-3.482 (2.200)	-3.337 (2.247)	1.488 (2.062)	1.255 (3.476)	-2.206 (2.103)
Church Visits (p.a.)	2.921 (2.163)	3.170 (2.209)	-1.029 (2.028)	-3.599 (3.418)	3.233 (2.068)
Interest Politics	1.972 (2.071)	1.954 (2.115)	0.500 (1.942)	-3.719 (3.272)	-1.547 (1.980)
Election Participation	0.649 (0.543)	0.530 (0.554)	-1.257** (0.509)	0.271 (0.857)	1.572*** (0.519)
Political Party	-6.323 (8.155)	-6.247 (8.331)	-2.731 (7.647)	9.946 (12.887)	6.289 (7.797)
PE Donations	3.082 (2.402)	3.349 (2.453)	0.889 (2.252)	-1.884 (3.795)	0.786 (2.296)
PSE	-0.540 (2.421)	-0.490 (2.473)	0.967 (2.269)	-0.718 (3.825)	-1.679 (2.314)
Gender	1.206 (2.311)	0.766 (2.360)	-0.141 (2.167)	-0.764 (3.652)	-2.699 (2.209)
Age	-0.959 (2.036)	-0.532 (2.079)	1.516 (1.909)	-2.117 (3.217)	-0.562 (1.946)
Marital Status	1.097 (1.976)	1.023 (2.019)	-2.087 (1.853)	-1.375 (3.123)	2.871 (1.889)
Income	2.826 (1.816)	3.041 (1.855)	1.948 (1.702)	-2.808 (2.869)	-1.730 (1.736)
Family Income	1.034 (2.117)	1.054 (2.163)	-0.177 (1.985)	-2.723 (3.346)	-0.127 (2.024)
Bafoeg	-0.444 (6.131)	-1.332 (6.263)	2.970 (5.749)	-9.558 (9.689)	-14.504** (5.862)
Risk Aversion	-0.409 (1.866)	-0.436 (1.906)	-1.493 (1.749)	-0.407 (2.948)	2.022 (1.784)
SRI Return Perception	3.027 (1.914)	2.567 (1.955)	-2.488 (1.795)	-5.898* (3.025)	-0.027 (1.830)
SRI Risk Perception	2.407 (1.870)	2.439 (1.910)	-0.762 (1.753)	-1.763 (2.955)	1.706 (1.788)
SRI Awareness	1.219 (1.986)	1.628 (2.029)	1.753 (1.862)	0.936 (3.138)	0.664 (1.899)
Inv Time	-5.494** (2.206)	-5.644** (2.254)	0.122 (2.069)	5.514 (3.486)	-1.251 (2.109)
InvKH	3.721 (2.392)	4.236* (2.444)	0.652 (2.243)	-2.664 (3.781)	2.871 (2.287)
Adjusted R^2	0.005	0.004	0.009	-0.047	0.056
Observations	151	151	151	151	151

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. All independent variables are standardized to allow for a conditional assessment of the premium via the constant.

Table 11: Willingness to Pay for Social Responsibility and Personality Traits II (Effect of Inequity Aversion)

	(1) Premium $A_{22,\dots,25}$ -Premium $A_{2,\dots,5}$	(2) Premium $A_{22,24,25}$ -Premium $A_{2,4,5}$	(3) Premium $A_{24} - A_{23}$ -Premium $A_4 - A_3$	(4) Premium $H_{360/40}$ -Premium $H_{3100/0}$	(5) Premium $A_{25} - A_{24}$ -Premium $A_5 - A_4$
Constant	2.590 (1.577)	2.850* (1.601)	-0.841 (1.467)	-2.762 (3.004)	3.162 (2.145)
Altruism	-2.412 (2.014)	-2.384 (2.045)	2.286 (1.873)	4.190 (3.835)	-3.023 (2.739)
Egoism	1.465 (2.105)	1.665 (2.137)	2.236 (1.958)	1.545 (4.009)	-1.322 (2.863)
LTO	-2.417 (2.085)	-2.320 (2.118)	1.356 (1.940)	3.973 (3.972)	-1.062 (2.836)
Religiousness	-0.099 (2.285)	-0.261 (2.321)	0.403 (2.125)	3.462 (4.353)	-0.684 (3.108)
Church Attendance	-0.814 (2.049)	-0.728 (2.080)	1.895 (1.905)	-1.302 (3.902)	-3.260 (2.786)
Church Visits (p.a.)	-0.724 (2.014)	-0.517 (2.046)	-0.664 (1.873)	-4.675 (3.837)	0.753 (2.740)
Interest Politics	1.538 (1.929)	0.956 (1.958)	-3.412* (1.794)	-0.202 (3.673)	2.053 (2.623)
Election Participation	0.524 (0.505)	0.480 (0.513)	-0.477 (0.470)	0.410 (0.963)	0.797 (0.687)
Political Party	-2.040 (7.595)	-1.281 (7.713)	2.420 (7.064)	-2.809 (14.467)	-0.339 (10.33)
PE Donations	4.913** (2.237)	4.748** (2.271)	-0.872 (2.080)	-4.744 (4.260)	0.354 (3.042)
PSE	-3.303 (2.254)	-3.197 (2.289)	1.741 (2.097)	1.166 (4.294)	-2.870 (3.066)
Gender	1.504 (2.152)	0.738 (2.185)	-1.493 (2.002)	-0.526 (4.099)	-2.550 (2.927)
Age	-3.641* (1.896)	-3.686* (1.925)	0.401 (1.763)	1.343 (3.611)	-1.748 (2.579)
Marital Status	4.578** (1.841)	4.407** (1.869)	-1.818 (1.712)	-2.459 (3.506)	2.537 (2.503)
Income	0.590 (1.691)	0.724 (1.717)	2.548 (1.573)	-4.531 (3.221)	-4.628** (2.300)
Family Income	-2.328 (1.972)	-2.480 (2.002)	0.609 (1.834)	-5.578 (3.756)	-4.717* (2.682)
Bafoeg	-0.457 (5.710)	-1.280 (5.799)	-0.478 (5.311)	-15.129 (10.876)	-10.154 (7.766)
Risk Aversion	0.392 (1.738)	0.348 (1.764)	-0.518 (1.616)	-2.371 (3.310)	-0.106 (2.363)
SRI Return Perception	1.667 (1.783)	1.619 (1.810)	-0.088 (1.658)	-4.745 (3.395)	-1.220 (2.424)
SRI Risk Perception	0.140 (1.741)	0.269 (1.768)	0.671 (1.620)	-1.788 (3.317)	-0.763 (2.368)
SRI Awareness	1.777 (1.850)	2.616 (1.878)	3.352* (1.720)	-0.117 (3.523)	0.843 (2.516)
Inv Time	-0.788 (2.055)	-0.704 (2.087)	0.184 (1.911)	4.242 (3.914)	1.431 (2.795)
InvKH	0.033 (2.228)	0.252 (2.263)	-0.830 (2.072)	-1.829 (4.244)	2.319 (3.030)
Adjusted R^2	0.022	0.020	-0.016	-0.052	-0.020
Observations	151	151	151	151	151

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. All independent variables are standardized to allow for a conditional assessment of the premium via the constant.

Appendix

A Additional Tests for Hypothesis 1

Consider our experimental setup in which a participant submits a continuous bid b_{A_k} for asset A_k , and $\frac{\partial U}{\partial w} > 0$.

A participant's expected utility function is given by: $\max_{b_{A_k}} \mathbb{E}[U(w, g)]$, where w is the financial payoff and g reflects the donation. Further assume that g_{h, A_k} is the donation in the good state and g_{l, A_k} is the donation in the bad state.

$$\begin{aligned} \max_{b_{A_k}} \mathbb{E}[U(w, g)] &= \int_0^{100} \frac{1}{100} \left(\mathbb{1}_{b_{A_k} \geq p_{A_k}} \left[\frac{1}{2} U(200 - p_{A_k}, g_{h, A_k}) + \frac{1}{2} U(100 - p_{A_k}, g_{l, A_k}) \right] \right. \\ &\quad \left. + \mathbb{1}_{b_{A_k} < p_{A_k}} U(100, 0) \right) dp_{A_k} \\ &= \int_0^{b_{A_k}} \frac{1}{100} \left[\frac{1}{2} U(200 - p_{A_k}, g_{h, A_k}) + \frac{1}{2} U(100 - p_{A_k}, g_{l, A_k}) \right] dp_{A_k} \\ &\quad + \int_{b_{A_k}}^{100} \frac{1}{100} U(100, 0) dp_{A_k} \end{aligned}$$

First-order condition:

$$\frac{1}{100} \left[\frac{1}{2} U(200 - b_{A_k}, g_{h, A_k}) + \frac{1}{2} U(100 - b_{A_k}, g_{l, A_k}) \right] - \frac{1}{100} U(100, 0) = 0$$

Second-order condition:

$$\frac{1}{100} \left[-\frac{1}{2} U'(200 - b_{A_k}, g_{h, A_k}) - \frac{1}{2} U'(100 - b_{A_k}, g_{l, A_k}) \right] < 0$$

Now consider the different assets we model:

- Asset A1: no donation, $g_{h, A_1} = g_{l, A_1} = 0$
- Asset A2: $g_{h, A_2} = g_{l, A_2} = 20$
- Asset A3: $g_{h, A_3} = 0$ $g_{l, A_3} = 40$
- Asset A4: $g_{h, A_4} = 40$ $g_{l, A_4} = 0$
- Asset A5: $g_{h, A_5} = g_{l, A_5} = 40$

The optimal bids $b_{A_k}^*$ are:

- $b_{A_1}^*$ is such that: $U(100, 0) = \frac{1}{2} U(200 - b_{A_1}^*, 0) + \frac{1}{2} U(100 - b_{A_1}^*, 0)$
- $b_{A_2}^*$ is such that: $U(100, 0) = \frac{1}{2} U(200 - b_{A_2}^*, 20) + \frac{1}{2} U(100 - b_{A_2}^*, 20)$
- $b_{A_3}^*$ is such that: $U(100, 0) = \frac{1}{2} U(200 - b_{A_3}^*, 0) + \frac{1}{2} U(100 - b_{A_3}^*, 40)$

- $b_{A_4}^*$ is such that: $U(100, 0) = \frac{1}{2}U(200 - b_{A_4}^*, 40) + \frac{1}{2}U(100 - b_{A_4}^*, 0)$
- $b_{A_5}^*$ is such that: $U(100, 0) = \frac{1}{2}U(200 - b_{A_5}^*, 40) + \frac{1}{2}U(100 - b_{A_5}^*, 40)$

In Section 3.1, we use a comparison of participants' bids for A_2 and A_1 to test whether they derive utility from doing good. Following the same logic, we can use any of the responsible assets to show that, for any $k > 1$, $\mathbb{E}(\frac{\partial U}{\partial g}) > 0$ if and only if $b_{A_k}^* > b_{A_1}^*$.

B Appendix to Section 6

B.1 Analysis of Subsamples

To account for the fact that our findings might be driven by the fraction of participants who faced the old instructions, we investigate whether they hold for the subset of participants, who faced the new instructions. Summary statistics of the average WTP

Table B1: Summary Statistics for Assets A_1 to A_5 – New Instructions Subsample

	mean	sd	min	max
Average WTP A_1	50.7484	20.0075	0.00	100.00
Average WTP A_2	50.7621	17.9408	0.00	100.00
Average WTP A_3	45.4727	20.1567	0.00	100.00
Average WTP A_4	54.3805	19.1447	0.00	100.00
Average WTP A_5	57.1971	19.6526	0.00	100.00

Note: This table shows summary statistics for the willingness to pay of assets A_1 to A_5 for the subsample of participants, who faced the revised instructions. The WTP is averaged across turns and charities, respectively.

for assets A_1 to A_5 are reported in Table B1. In comparison to the average WTP for the full sample in Table 2, it becomes evident that the revised instructions had a substantial influence on lowering the overall WTP. Just as for the full sample, the absolute Euro premium of A_2 over A_1 seems negligible upon visual inspection, while the average WTP for asset A_3 is substantially lower compared to WTP for the other assets. We proceed analogously and conduct unconditional tests on the means of the premia of assets A_2 to A_5 over the conventional asset A_1 in Table B2. The results suggest that our results are qualitatively similar, yet the magnitude of the absolute premia is even more substantial in all significant cases.

As shown in Table B3, the Euro premia are of similar magnitude and statistical significance compared to the full sample. We thus confirm that our conditional results hold regardless of facing the old or new instructions. The results reported in Table B4 further confirm that Hypotheses $H2$ and $H3$ also hold for this smaller subsample. For

Table B2: Mean Asset Premia to assess Hypotheses 1-3 – New Instructions Subsample

	mean	t-statistic
Premium A_2	0.0136	0.0074
Premium A_3	-5.2757	-2.7016
Premium A_4	3.6321	2.0644
Premium A_5	6.4486	3.2620
Premium $A_{2,\dots,5}$	1.2047	0.7094
Premium $A_{2,4,5}$	3.3658	1.9573
Premium $A_4 - A_3$	8.9078	4.9301
Premium $H3$	6.4214	3.0999

Note: This table shows premia of responsible assets in absolute terms for a subset of participants, who faced the new instructions in column (1). “Premium A_2 ” to “Premium A_5 ” are the average Euro premia of responsible assets A_2 to A_5 over the conventional asset A_1 , respectively. “Premium $A_{2,\dots,5}$ ” is the average premium of all responsible assets over the conventional asset. “Premium $A_{2,4,5}$ ” is the average premium of assets A_2 , A_4 , and A_5 over the conventional asset A_1 . “Premium $A_4 - A_3$ ” is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. “Premium $H3$ ” is defined as $(b_{A_5} - b_{A_2}) - (b_{A_2} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

the Euro premium of asset A_4 over the conventional asset, the coefficient for the control variable altruism loses significance. The economic magnitude of the coefficient is however similar as in the full sample. Corroborative evidence is presented in columns (1) and (2) of Table B4. The results of the average premia for all responsible assets or the average of the responsible assets A_2 , A_4 , and A_5 confirm that the premia generally increase in altruism.

B.2 Percentage Premia

We repeat our main analyses with percentage premia as dependent variable. That is, for every Euro premium investigated in Tables 4 and 5, we calculate the respective percentages relative to the participant’s bid for the conventional asset b_{A_1} as $\frac{\text{Premium } A_k}{b_{A_1}}$, where $k = 2, \dots, 5$. Note that the number of observations slightly reduces to 295, because 7 participants stated a WTP of zero for the conventional asset. There are two possible explanations why these 7 participants could show this behavior. Either, they are infinitely risk-averse, or they did not understand the experimental setup. We argue that the latter explanation is more likely, because the 7 participants’ self-reported risk-aversion is not particularly high. One way to address the issue that these participants did not understand the setup is to replace their zero WTP with a low value such as 0.01 or 1 experimental currency units. This choice would result in extremely high positive percentage premia which would work in our favor. In order not to inflate our results, we hence decided to eliminate these 7 participants with zero WTP for the conventional asset A_1 . Therefore,

Table B3: Willingness to Pay for Social Responsibility and Personality Traits – Subsample Analysis

	(1) Premium A_2	(2) Premium A_3	(3) Premium A_4	(4) Premium A_5
Constant	0.014 (1.799)	-5.276*** (1.978)	3.632** (1.765)	6.449*** (1.895)
Altruism	8.191*** (2.186)	6.254** (2.454)	3.574 (2.657)	7.999*** (2.288)
Egoism	1.549 (2.868)	3.433 (2.883)	-0.211 (2.925)	0.550 (2.981)
LTO	-2.569 (2.083)	-2.557 (2.113)	-0.208 (2.313)	0.386 (2.317)
Religiousness	0.389 (2.580)	1.865 (3.066)	1.227 (2.681)	-0.742 (2.615)
Church Attendance	2.212 (2.374)	-0.110 (2.642)	2.588 (2.240)	2.317 (2.459)
Church visits (p.a.)	-0.911 (1.623)	-0.125 (1.587)	-0.727 (2.038)	-0.843 (1.859)
Interest Politics	1.611 (2.139)	-1.069 (2.171)	2.922 (2.323)	2.528 (2.340)
Election Participation	0.540 (0.384)	0.629 (0.400)	-0.074 (0.441)	0.769 (0.477)
Political Party	-0.416 (8.088)	4.553 (7.089)	-8.100 (7.924)	-0.632 (7.945)
PE Donations	-4.296 (3.034)	-2.639 (3.283)	-1.141 (3.197)	-3.764 (3.316)
PSE	-1.492 (2.908)	-0.705 (3.268)	-1.487 (3.586)	-0.170 (3.182)
Gender	-2.489 (2.010)	-2.943 (2.502)	-1.621 (2.113)	-1.374 (2.271)
Age	0.993 (1.801)	0.109 (2.032)	1.064 (1.659)	0.197 (1.836)
Marital Status	-4.299** (2.126)	-4.095* (2.203)	-3.819* (1.976)	-5.524** (2.195)
Income	1.286 (2.194)	3.621 (2.422)	-1.569 (2.318)	0.701 (2.315)
Family Income	1.439 (2.223)	1.723 (2.357)	1.673 (2.317)	3.048 (2.483)
Bafoeg	1.642 (2.176)	1.004 (2.601)	2.324 (2.216)	2.924 (2.506)
Risk Aversion	-2.064 (2.058)	-2.157 (2.321)	-3.657* (1.882)	-2.023 (2.264)
SRI Return Perception	-2.086 (1.935)	-1.081 (1.981)	-3.195* (1.926)	-3.908* (2.047)
SRI Risk Perception	1.103 (2.318)	0.115 (2.428)	1.521 (2.445)	1.215 (2.369)
SRI Awareness	0.171 (1.675)	0.153 (2.003)	2.010 (1.687)	0.972 (1.768)
Inv Time	-2.352 (2.306)	-0.981 (2.797)	-1.759 (2.359)	-4.951** (2.429)
InvKH	0.152 (2.486)	-2.040 (2.879)	0.021 (2.511)	0.394 (2.437)
Adjusted R^2	0.034	-0.026	-0.007	0.082
Observations	159	159	159	159

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of subjects, who received the new instructions. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1 . Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 3, suggesting no multicollinearity to be present.

Table B4: Willingness to Pay for Social Responsibility and Personality Traits – Subsample Analysis II

	(1) Premium $A_{2,\dots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	1.205 (1.677)	3.365** (1.683)	8.908*** (1.827)	6.421*** (2.065)	2.817** (1.422)
Altruism	6.505*** (2.046)	6.588*** (2.089)	-2.680 (3.027)	-8.384*** (2.542)	4.425* (2.409)
Egoism	1.330 (2.749)	0.629 (2.803)	-3.644 (2.212)	-2.548 (3.046)	0.761 (1.709)
LTO	-1.237 (1.959)	-0.797 (2.066)	2.349 (2.223)	5.525** (2.442)	0.595 (1.877)
Religiousness	0.685 (2.427)	0.291 (2.411)	-0.638 (3.070)	-1.519 (3.037)	-1.969 (2.204)
Church Attendance	1.752 (2.239)	2.372 (2.225)	2.698 (2.112)	-2.107 (2.752)	-0.271 (1.560)
Church visits (p.a.)	-0.652 (1.643)	-0.827 (1.753)	-0.603 (1.683)	0.980 (1.675)	-0.115 (1.148)
Interest Politics	1.498 (2.075)	2.354 (2.166)	3.990** (1.937)	-0.694 (2.380)	-0.393 (1.260)
Election Participation	0.466 (0.342)	0.412 (0.384)	-0.703 (0.588)	-0.310 (0.423)	0.843* (0.446)
Political Party	-1.149 (7.306)	-3.049 (7.651)	-12.653** (5.806)	0.199 (8.970)	7.468* (4.457)
PE Donations	-2.960 (2.881)	-3.067 (2.902)	1.498 (3.085)	4.829 (3.430)	-2.623 (2.611)
PSE	-0.963 (2.737)	-1.050 (2.768)	-0.783 (4.098)	2.814 (3.241)	1.317 (3.457)
Gender	-2.107 (1.990)	-1.828 (1.954)	1.322 (2.341)	3.605 (2.291)	0.247 (1.762)
Age	0.591 (1.650)	0.751 (1.658)	0.955 (1.718)	-1.790 (2.054)	-0.867 (1.195)
Marital Status	-4.434** (1.894)	-4.547** (1.918)	0.276 (2.190)	3.074 (2.482)	-1.706 (1.758)
Income	1.010 (2.080)	0.139 (2.088)	-5.190** (2.226)	-1.871 (2.518)	2.270 (1.871)
Family Income	1.971 (2.180)	2.053 (2.223)	-0.050 (1.960)	0.169 (2.281)	1.375 (1.585)
Bafoeg	1.973 (2.144)	2.297 (2.105)	1.320 (2.298)	-0.359 (2.425)	0.601 (2.001)
Risk Aversion	-2.475 (1.961)	-2.581 (1.935)	-1.499 (1.882)	2.104 (2.230)	1.634 (1.524)
SRI Return Perception	-2.567 (1.798)	-3.063 (1.852)	-2.114 (1.837)	0.264 (2.216)	-0.713 (1.442)
SRI Risk Perception	0.989 (2.154)	1.280 (2.181)	1.406 (2.498)	-0.991 (2.545)	-0.306 (1.922)
SRI Awareness	0.826 (1.542)	1.051 (1.529)	1.857 (2.143)	0.630 (1.983)	-1.038 (1.615)
Inv Time	-2.510 (2.291)	-3.020 (2.237)	-0.778 (2.222)	-0.248 (2.648)	-3.192** (1.594)
InvKH	-0.368 (2.339)	0.189 (2.311)	2.061 (2.586)	0.089 (2.932)	0.373 (1.905)
Adjusted R^2	0.024	0.042	-0.023	0.006	0.022
Observations	159	159	159	159	159

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of subjects, who received the new instructions with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 3, suggesting no multicollinearity to be present.

the percentage premia have to be interpreted cautiously and represent a conservative estimate.¹⁷

Table B5: Mean Percentage Premia to assess Hypotheses 1-3

	mean	t-statistic
Premium A_2	0.0503	2.1591
Premium A_3	-0.0188	-0.7123
Premium A_4	0.1064	4.5545
Premium A_5	0.1758	5.7417
Premium $A_{2,\dots,5}$	0.0784	3.3766
Premium $A_{2,4,5}$	0.1108	4.6818
Premium $A_4 - A_3$	0.1252	4.9320
Premium $H3$	0.0752	2.8173

Note: This table shows percentage premia of responsible assets over the conventional asset A_1 in column (1). “Premium A_2 ” to “Premium A_5 ” are the average percentage premia of responsible assets A_2 to A_5 over the conventional asset A_1 , respectively. “Premium $A_{2,\dots,5}$ ” is the average percentage premium of all responsible assets over the conventional asset. “Premium $A_{2,4,5}$ ” is the average percentage premium of assets A_2 , A_4 , and A_5 over the conventional asset A_1 . “Premium $A_4 - A_3$ ” is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. “Premium $H3$ ” is defined as $(b_{A_5} - b_{A_2}) - (b_{A_4} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

In Table B5, we report means of the average percentage premia. As before, we first use t-tests to assess the unconditional significance of each percentage premium. The findings are qualitatively very similar to the Euro premia discussed earlier. With the exception of the premium of asset A_3 over asset A_1 , all of the premia are positive and moreover statistically significant. While the percentage premium of asset A_3 over A_1 is still negative and meaningful with a discount of almost 2%, this premium loses statistical significance. The average premium for responsible assets is 7.8%, as indicated by the mean value of “Premium $A_{2,\dots,5}$ ”. Focusing only on the assets A_2 , A_4 , and A_5 , the average premium is 11%. With the exception of asset A_3 , the results of these unconditional tests support Hypothesis $H1$. The premium of asset A_4 over asset A_3 is again positive and highly statistically significant, suggesting that we can confirm Hypothesis $H2$. Lastly, also Hypothesis $H3$ is confirmed in the unconditional tests of the percentage premium.

Results from regression analyses are shown in Table B6. Independent variables are again standardized, allowing to assess the conditional significance of the percentage premia via the regression constants. The results reported in Table B6 confirm the univariate

¹⁷ We confirm our findings for the absolute (Euro) premia also for the 295 participants who did not state a zero WTP for asset A_1 . These findings are not reported here for the sake of brevity and are available from the authors upon request. We further investigate the percentage premia in Appendix F, in which we show that high percentage premia are very unlikely. Additionally, we confirm all of our findings when we winsorize or truncate the most extreme bids of the distribution in unreported results.

Table B6: Percentage Premia and Personality Traits

	(1)	(2)	(3)	(4)
	Premium A_2	Premium A_3	Premium A_4	Premium A_5
Constant	0.050** (0.023)	-0.019 (0.026)	0.106*** (0.023)	0.176*** (0.030)
Altruism	0.064** (0.029)	0.047* (0.026)	0.025 (0.031)	0.079** (0.031)
Egoism	-0.044 (0.029)	-0.021 (0.027)	-0.051* (0.031)	-0.055* (0.033)
LTO	-0.010 (0.026)	-0.017 (0.024)	0.023 (0.026)	0.010 (0.029)
Religiousness	0.007 (0.034)	0.022 (0.036)	0.028 (0.034)	0.011 (0.038)
Church Attendance	0.005 (0.034)	-0.018 (0.036)	-0.003 (0.033)	-0.010 (0.039)
Church visits (p.a.)	-0.037** (0.015)	-0.027* (0.014)	-0.024 (0.020)	-0.033* (0.017)
Interest Politics	0.016 (0.027)	0.005 (0.031)	0.017 (0.029)	0.036 (0.035)
Election Participation	0.005 (0.006)	0.005 (0.005)	-0.002 (0.006)	0.008 (0.006)
Political Party	0.030 (0.093)	0.080 (0.076)	0.009 (0.085)	0.029 (0.098)
PE Donations	0.026 (0.030)	0.052 (0.033)	0.033 (0.030)	0.054 (0.039)
PSE	-0.041 (0.035)	-0.008 (0.033)	-0.030 (0.037)	-0.012 (0.039)
Gender	-0.043 (0.032)	-0.053 (0.036)	0.002 (0.031)	-0.026 (0.039)
Age	0.002 (0.023)	-0.012 (0.021)	-0.007 (0.027)	-0.037 (0.027)
Marital Status	-0.020 (0.022)	-0.012 (0.024)	-0.021 (0.023)	-0.045 (0.028)
Income	-0.016 (0.027)	0.015 (0.029)	-0.039 (0.029)	-0.030 (0.035)
Family Income	0.020 (0.026)	0.012 (0.027)	0.016 (0.028)	0.044 (0.034)
Bafoeg	0.019 (0.027)	0.027 (0.038)	0.021 (0.026)	0.048 (0.044)
Risk Aversion	-0.028 (0.025)	-0.035 (0.034)	-0.058*** (0.022)	-0.050 (0.037)
SRI Return Perception	-0.013 (0.027)	-0.024 (0.024)	-0.030 (0.025)	-0.050* (0.029)
SRI Risk Perception	0.005 (0.028)	0.011 (0.033)	0.001 (0.028)	0.020 (0.037)
SRI Awareness	0.019 (0.024)	0.027 (0.028)	0.044* (0.024)	0.047 (0.030)
Inv Time	-0.047* (0.025)	-0.036 (0.028)	-0.020 (0.025)	-0.059* (0.030)
InvKH	0.027 (0.030)	0.007 (0.030)	0.002 (0.029)	0.023 (0.033)
New Instructions	-0.009 (0.025)	-0.037 (0.028)	-0.004 (0.025)	0.008 (0.032)
Adjusted R^2	0.017	0.005	0.020	0.067
Observations	295	295	295	295

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1 , relative to the willingness-to-pay for A_1 . Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

tests: Our subjects are willing to pay more for a socially responsible asset than for a conventional asset. This finding is stable and confirms Hypothesis $H1$, unless the social responsibility of the asset is associated with bad economic conditions. For two alternative specifications of percentage premia, we confirm that our subjects are indeed willing to pay more for a socially responsible asset than for a conventional asset. In columns (1) and (2) of Table B7, we test whether there is a significant percentage premium for the average of all responsible assets, and only assets A_2 , A_4 , and A_5 , respectively. Compared to the Euro premia discussed above, the average percentage premium of all responsible assets “Premium $A_{2,\dots,5}$ ” is now positive and significant at the 1% level. This result likely stems from the fact that the coefficient for asset A_3 is no longer significantly negative and moreover the coefficient of the percentage premium for asset A_2 over the conventional asset is now statistically significant.

In order to test Hypothesis $H2$, consider column (3) of Table B7. We find corroborative evidence that individuals are willing to pay more for social responsibility when it occurs in good times than in bad times. The premium amounts to an economically meaningful 12.5% and is significant at the 1% level. In column (4), we test and confirm Hypothesis $H3$ also when the premium is computed in relative rather than absolute terms.

The aforementioned results moreover show that the percentage premia increase in an individual’s level of altruism. While the altruism coefficient for the percentage premium for A_4 (column (3) of Table B6) loses statistical significance, this effect is confirmed for the responsible assets A_2 , A_3 , A_5 individually, and also for the averages of percentage premia (Premium $A_{2,\dots,5}$, and Premium $A_{2,4,5}$). The coefficient for egoism is negative and marginally significant for the relative premia of assets A_4 , A_5 , and for Premium $A_{2,4,5}$. This finding is not surprising because our responsible assets have identical financial benefits to the conventional asset. We hence expect that egoistic individuals should not care about the social benefit.

As for the remaining control variables, only the annual number of church visits as proxy for religiousness shows some evidence of a negative impact on percentage premia for the individual assets A_2 , A_3 , and A_5 , as well as the average of all responsible assets (Premium $A_{2,\dots,5}$), and Premium $A_{2,4,5}$, respectively.

Further results investigating percentage premia for the subsample of participants, who received new instructions are reported in Tables B8, B9, and B10.¹⁸ The conditional tests of the percentage premia with regression analysis, reported in Tables B9 and B10, again

¹⁸ Again, the number of observations reduces slightly from 159 to 153 because some participants stated a zero WTP for the conventional asset A_1 . Therefore, the same cautious interpretation of results as before applies. Our results again represent a conservative estimate because we do not intend to inflate them and consequently remove participants with zero WTP for A_1 . We repeat all analyses with this reduced sample also for the absolute (Euro) premia and find qualitatively similar, yet slightly less significant results. The results are once again generally in favor of Hypothesis $H1$ and supportive of Hypotheses $H2$ and $H3$. These findings are not reported here for the sake of brevity and are available from the authors upon request.

Table B7: Percentage Premia and Personality Traits II

	(1) Premium $A_{2,\dots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium H_3	(5) Premium $A_5 - A_4$
Constant	0.078*** (0.023)	0.111*** (0.023)	0.125*** (0.025)	0.075*** (0.027)	0.069*** (0.022)
Altruism	0.054** (0.025)	0.056** (0.027)	-0.021 (0.034)	-0.049 (0.036)	0.053** (0.026)
Egoism	-0.043 (0.027)	-0.050* (0.029)	-0.031 (0.029)	0.032 (0.032)	-0.004 (0.021)
LTO	0.002 (0.023)	0.008 (0.025)	0.040 (0.026)	0.029 (0.031)	-0.014 (0.021)
Religiousness	0.017 (0.033)	0.015 (0.033)	0.006 (0.031)	-0.003 (0.040)	-0.017 (0.024)
Church Attendance	-0.006 (0.033)	-0.003 (0.034)	0.015 (0.029)	-0.021 (0.038)	-0.007 (0.024)
Church visits (p.a.)	-0.030** (0.014)	-0.031* (0.016)	0.003 (0.022)	0.041** (0.019)	-0.009 (0.014)
Interest Politics	0.018 (0.028)	0.023 (0.028)	0.012 (0.030)	0.003 (0.031)	0.019 (0.025)
Election Participation	0.004 (0.004)	0.004 (0.005)	-0.006 (0.008)	-0.001 (0.008)	0.010 (0.006)
Political Party	0.037 (0.081)	0.023 (0.087)	-0.071 (0.070)	-0.032 (0.119)	0.021 (0.058)
PE Donations	0.041 (0.029)	0.037 (0.030)	-0.019 (0.032)	0.001 (0.035)	0.021 (0.031)
PSE	-0.023 (0.031)	-0.028 (0.033)	-0.022 (0.041)	0.069* (0.041)	0.018 (0.034)
Gender	-0.030 (0.031)	-0.022 (0.032)	0.055* (0.032)	0.060* (0.035)	-0.028 (0.027)
Age	-0.014 (0.021)	-0.014 (0.024)	0.005 (0.026)	-0.041 (0.027)	-0.030 (0.018)
Marital Status	-0.024 (0.021)	-0.029 (0.022)	-0.010 (0.025)	-0.006 (0.027)	-0.024 (0.021)
Income	-0.018 (0.027)	-0.029 (0.028)	-0.054* (0.031)	0.002 (0.031)	0.009 (0.025)
Family Income	0.023 (0.026)	0.027 (0.028)	0.004 (0.026)	0.003 (0.028)	0.027 (0.021)
Bafoeg	0.029 (0.030)	0.029 (0.029)	-0.007 (0.036)	0.010 (0.029)	0.027 (0.035)
Risk Aversion	-0.043 (0.027)	-0.045* (0.025)	-0.023 (0.029)	0.005 (0.026)	0.008 (0.029)
SRI Return Perception	-0.029 (0.024)	-0.031 (0.025)	-0.006 (0.024)	-0.024 (0.034)	-0.020 (0.020)
SRI Risk Perception	0.009 (0.028)	0.008 (0.028)	-0.011 (0.033)	0.011 (0.031)	0.019 (0.029)
SRI Awareness	0.034 (0.023)	0.037 (0.024)	0.018 (0.029)	0.008 (0.028)	0.003 (0.024)
Inv Time	-0.040* (0.024)	-0.042* (0.024)	0.016 (0.027)	0.035 (0.034)	-0.039* (0.021)
InvKH	0.015 (0.028)	0.017 (0.029)	-0.005 (0.028)	-0.032 (0.037)	0.021 (0.023)
New Instructions	-0.011 (0.025)	-0.002 (0.025)	0.033 (0.027)	0.026 (0.029)	0.013 (0.024)
Adjusted R^2	0.034	0.043	-0.008	-0.008	0.008
Observations	295	295	295	295	295

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying percentage premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table B8: Mean Percentage Premia to assess Hypotheses 1-3 – New Instructions Subsample

	mean	t-statistic
Premium A_2	0.0399	1.2146
Premium A_3	-0.0623	-1.7722
Premium A_4	0.1156	3.5472
Premium A_5	0.1846	4.7254
Premium $A_{2,\dots,5}$	0.0695	2.2529
Premium $A_{2,4,5}$	0.1134	3.5568
Premium $A_4 - A_3$	0.1779	4.8387
Premium $H3$	0.1049	2.7784

Note: This table shows percentage premia of responsible assets over the conventional asset A_1 for a subset of participants, who faced the new instructions in column (1). “Premium A_2 ” to “Premium A_5 ” are the average percentage premia of responsible assets A_2 to A_5 over the conventional asset A_1 , respectively. “Premium $A_{2,\dots,5}$ ” is the average percentage premium of all responsible assets over the conventional asset. “Premium $A_{2,4,5}$ ” is the average percentage premium of assets A_2 , A_4 , and A_5 over the conventional asset A_1 . “Premium $A_4 - A_3$ ” is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. “Premium $H3$ ” is defined as $(b_{A_5} - b_{A_2}) - (b_{A_4} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

confirm our earlier results. We thus conclude that our evidence is generally in favor of Hypotheses $H1$, $H2$, and $H3$ also for the smaller subsample. For those participants that faced new instructions, we find some evidence that a long-term orientation is associated with lower percentage premia, while participating in the election is associated with higher premia. As this evidence is not consistent across Euro and percentage premia, we cautiously interpret the relation between long-term orientation, political engagement, and WTP as inconclusive.

B.3 Preferences for Environmental, Social, or Governance Causes

We now investigate how preferences for particular causes impact socially responsible behavior. By disentangling whether the premium differs depending on the cause of the donation, we learn about the financial consequences (in terms of willingness to pay) of delegated philanthropy (Ariely et al. (2009); Bénabou and Tirole (2010); Bennett (2003)). Figure B1 shows the average willingness to pay per asset in the upper panel. Visual inspection of the average willingness to pay for assets A_2 to A_5 suggests that subjects generally seem to prefer social causes followed by donations to environmental and governance causes. The lower panel of Figure B1 contains percentage premia for the responsible assets A_2 to A_5 , which confirm this pattern. We use t-tests to examine if there are differences in the percentage premia for the respective responsible assets A_2 to

Table B9: Percentage Premia and Personality Traits – New Instructions Subsample

	(1)	(2)	(3)	(4)
	Premium A_2	Premium A_3	Premium A_4	Premium A_5
Constant	0.040 (0.032)	-0.062* (0.035)	0.116*** (0.033)	0.185*** (0.038)
Altruism	0.126*** (0.046)	0.095** (0.044)	0.030 (0.057)	0.126*** (0.048)
Egoism	0.013 (0.046)	0.049 (0.044)	-0.023 (0.052)	-0.005 (0.055)
LTO	-0.094*** (0.036)	-0.075** (0.037)	-0.032 (0.041)	-0.038 (0.045)
Religiousness	0.012 (0.043)	0.022 (0.054)	0.031 (0.046)	-0.008 (0.048)
Church Attendance	0.051 (0.043)	0.007 (0.052)	0.048 (0.041)	0.054 (0.051)
Church visits (p.a.)	-0.006 (0.024)	0.005 (0.025)	-0.020 (0.031)	-0.005 (0.028)
Interest Politics	0.018 (0.035)	-0.033 (0.038)	0.043 (0.040)	0.032 (0.042)
Election Participation	0.014** (0.007)	0.015* (0.008)	0.003 (0.009)	0.021** (0.009)
Political Party	0.013 (0.121)	0.093 (0.109)	-0.060 (0.124)	0.045 (0.137)
PE Donations	-0.058 (0.051)	-0.036 (0.053)	-0.013 (0.058)	-0.048 (0.060)
PSE	-0.042 (0.054)	0.007 (0.055)	-0.031 (0.071)	-0.009 (0.063)
Gender	-0.044 (0.041)	-0.051 (0.047)	-0.014 (0.042)	-0.029 (0.050)
Age	0.008 (0.034)	-0.027 (0.033)	0.012 (0.042)	-0.026 (0.039)
Marital Status	-0.086** (0.035)	-0.057 (0.038)	-0.055 (0.038)	-0.110*** (0.041)
Income	0.010 (0.039)	0.078* (0.040)	-0.052 (0.048)	0.014 (0.048)
Family Income	0.006 (0.041)	0.013 (0.043)	0.027 (0.045)	0.041 (0.055)
Bafoeg	0.012 (0.042)	0.000 (0.049)	0.036 (0.046)	0.031 (0.055)
Risk Aversion	-0.004 (0.039)	-0.009 (0.047)	-0.048 (0.038)	-0.009 (0.048)
SRI Return Perception	-0.000 (0.039)	-0.005 (0.033)	-0.033 (0.038)	-0.040 (0.040)
SRI Risk Perception	-0.018 (0.038)	-0.029 (0.041)	-0.004 (0.042)	-0.017 (0.043)
SRI Awareness	-0.007 (0.033)	-0.011 (0.040)	0.039 (0.033)	0.013 (0.037)
Inv Time	-0.048 (0.036)	-0.022 (0.044)	-0.053 (0.038)	-0.104** (0.043)
InvKH	-0.037 (0.042)	-0.074 (0.046)	-0.015 (0.044)	-0.019 (0.046)
Adjusted R^2	0.061	-0.012	-0.034	0.061
Observations	153	153	153	153

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of participants, who faced the new instructions. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1 , relative to the willingness to pay for A_1 . Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Table B10: Percentage Premia and Personality Traits – New Instructions Subsample II

	(1) Premium $A_{2,\dots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium H_3	(5) Premium $A_5 - A_4$
Constant	0.069** (0.030)	0.113*** (0.031)	0.178*** (0.037)	0.105*** (0.037)	0.069** (0.028)
Altruism	0.094** (0.040)	0.094** (0.044)	-0.064 (0.066)	-0.126** (0.056)	0.096** (0.047)
Egoism	0.008 (0.045)	-0.005 (0.048)	-0.072 (0.046)	-0.031 (0.046)	0.018 (0.033)
LTO	-0.060* (0.034)	-0.055 (0.037)	0.043 (0.044)	0.150*** (0.041)	-0.006 (0.037)
Religiousness	0.014 (0.040)	0.012 (0.040)	0.010 (0.062)	-0.032 (0.053)	-0.039 (0.045)
Church Attendance	0.040 (0.042)	0.051 (0.042)	0.041 (0.045)	-0.048 (0.048)	0.006 (0.034)
Church visits (p.a.)	-0.007 (0.023)	-0.011 (0.025)	-0.026 (0.035)	0.007 (0.027)	0.015 (0.023)
Interest Politics	0.015 (0.034)	0.031 (0.036)	0.076* (0.040)	-0.004 (0.041)	-0.011 (0.026)
Election Participation	0.013** (0.006)	0.013* (0.007)	-0.012 (0.013)	-0.007 (0.008)	0.019** (0.009)
Political Party	0.023 (0.110)	-0.001 (0.119)	-0.153 (0.116)	0.019 (0.150)	0.105 (0.094)
PE Donations	-0.039 (0.048)	-0.040 (0.051)	0.023 (0.061)	0.068 (0.061)	-0.036 (0.048)
PSE	-0.019 (0.050)	-0.027 (0.054)	-0.038 (0.085)	0.076 (0.063)	0.022 (0.066)
Gender	-0.034 (0.040)	-0.029 (0.041)	0.037 (0.045)	0.059 (0.046)	-0.014 (0.034)
Age	-0.008 (0.033)	-0.002 (0.037)	0.039 (0.040)	-0.042 (0.037)	-0.037 (0.026)
Marital Status	-0.077** (0.033)	-0.084** (0.034)	0.002 (0.046)	0.062 (0.042)	-0.054 (0.036)
Income	0.013 (0.038)	-0.009 (0.041)	-0.130** (0.050)	-0.006 (0.042)	0.066* (0.037)
Family Income	0.022 (0.043)	0.025 (0.045)	0.014 (0.039)	0.030 (0.039)	0.015 (0.032)
Bafoeg	0.020 (0.043)	0.026 (0.044)	0.036 (0.048)	0.008 (0.043)	-0.005 (0.038)
Risk Aversion	-0.017 (0.040)	-0.020 (0.039)	-0.040 (0.039)	-0.000 (0.040)	0.040 (0.031)
SRI Return Perception	-0.020 (0.034)	-0.024 (0.036)	-0.028 (0.037)	-0.040 (0.046)	-0.007 (0.028)
SRI Risk Perception	-0.017 (0.035)	-0.013 (0.036)	0.025 (0.051)	0.018 (0.043)	-0.013 (0.040)
SRI Awareness	0.008 (0.031)	0.015 (0.031)	0.049 (0.044)	0.028 (0.038)	-0.026 (0.033)
Inv Time	-0.057 (0.036)	-0.069* (0.036)	-0.031 (0.042)	-0.007 (0.046)	-0.052 (0.032)
InvKH	-0.036 (0.039)	-0.024 (0.041)	0.058 (0.049)	0.055 (0.051)	-0.004 (0.035)
Adjusted R^2	0.023	0.032	-0.017	0.057	0.036
Observations	153	153	153	153	153

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying percentage premia as dependent variables for a subset of participants, who faced the new instructions. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Figure B1: Willingness to Pay and Percentage Premia per Charity



Note: Average willingness to pay in Euro (upper panel) and percentage premia (lower panel) for responsible assets A_2 to A_5 per charity.

A_5 , depending on whether the recipient of the donation is an environmental, social, or governance charity. First, we consider the complete sample. We find convincing evidence for the fact that social causes elicit higher percentage premia than governance causes. The difference is 0.0311 for asset A_2 (t-stat. 2.1379, p-value 0.0334), 0.0284 for asset A_3 (t-stat. 2.2027, p-value 0.0284), 0.0320 for asset A_4 (t-stat. 1.9557, p-value 0.0514), and amounts to 0.0362 for asset A_5 (t-stat. 2.0843, p-value 0.0380). Further, for asset A_2 , our subjects pay a 0.0299 percentage points higher premium for social over environmental causes (t-stat. 2.0235, p-value 0.0439). Disentangling the preferences for the environmental, social, and governance dimensions in socially responsible investment products suggests that social causes are most material.

For the 52% of participants who faced the new instructions, we only find significant differences between both social and environmental causes relative to governance causes for the responsible asset A_5 . These differences in percentage premia amount to 0.0504 for social versus governance (t-stat. 2.2021, p-value 0.0292), and 0.0371 for environmental versus governance (t-stat. 1.7429, p-value 0.0834). Furthermore, a comparison of absolute premia for the full sample and subsample of participants who faced the new instructions confirms these patterns, yet the differences are less significant. We therefore advise to cautiously interpret these results. Our result that individuals have a preference for the social dimension is in line with evidence from consumer decisions. In an extensive meta-

analysis, Tully and Winer (2014) find that the WTP for socially responsible products is highest for the social dimension.

B.4 Pro-Social Framing

First facing a responsible asset in the WTP elicitation could potentially have an impact on the stated willingness to pay and overall premia, respectively. In the upper panel of

Table B11: Does the Order of Assets Impact the Willingness to Pay?

	A_1 first	$A_{2,\dots,5}$ first	Difference	t-statistic
Average WTP A_1	54.1526	57.1351	2.9825	1.2282
Average WTP A_2	55.7067	55.5856	-0.1211	-0.0525
Average WTP A_3	50.2284	52.9324	2.7040	1.1216
Average WTP A_4	58.5758	58.4538	-0.1220	-0.0525
Average WTP A_5	61.3279	60.8941	-0.4338	-0.1802
Premium A_2	-1.5496	1.5541	-3.1037	-1.2854
Premium A_3	-3.9242	-4.2027	-0.2785	-0.1093
Premium A_4	4.4232	1.3187	-3.1045	-1.3384
Premium A_5	7.1753	3.7590	-3.4163	-1.2854

Note: This table shows WTP for assets A_1 to A_5 in the upper panel. We differentiate whether a subject faces the conventional asset A_1 (A_1 first, column (2)) or a responsible asset first ($A_{2,\dots,5}$ first, (column (3)), respectively. Moreover, we show absolute (Euro) premia of responsible assets in the lower panel. We report t-statistics to assess whether the order of the assets have an impact on WTP and premia, respectively.

Table B11, we report participants' WTP for assets A_1 to A_5 while differentiating whether a subject first saw the conventional asset (column (2)), or a responsible asset (column (3)) in the experiment. The lower panel reports participants' absolute premia for assets A_2 to A_5 over the conventional asset A_1 , again for participants who face a conventional or responsible asset first, individually. We find no significant differences in WTP or premia depending on whether a participant first faces a conventional or a responsible asset. This unconditional evidence suggests that the order of experimental assets has no influence for participants' evaluations.

We proceed by repeating our main analyses for two additional subsamples. First, we report in Tables B12 and B13 regression results of the responsible asset's Euro premia only for those subjects, who first saw the conventional asset. The results show that the Euro premia are of similar magnitude and significance compared to the full sample. We consequently confirm Hypotheses $H1$, $H2$, and $H3$ also for those participants, who first saw the conventional asset. While similar in economic magnitude, the coefficient for altruism loses significance for the premium of asset A_3 over the conventional asset. From columns (1) and (2) of Table B13 we conclude that average premia for all responsible

Table B12: Willingness to Pay for Social Responsibility and Personality Traits – Conventional Asset First

	(1)	(2)	(3)	(4)
	Premium A_2	Premium A_3	Premium A_4	Premium A_5
Constant	1.554 (1.682)	-3.924** (1.850)	4.423*** (1.495)	7.175*** (1.822)
Altruism	3.115* (1.816)	2.476 (1.987)	3.768** (1.826)	3.799* (2.031)
Egoism	-2.085 (2.303)	-0.519 (2.376)	-2.126 (1.855)	-2.035 (2.541)
LTO	-0.666 (1.928)	0.582 (1.942)	-0.308 (1.650)	1.564 (1.989)
Religiousness	2.703 (2.304)	1.115 (2.835)	3.537 (2.217)	3.024 (2.620)
Church Attendance	0.401 (2.050)	0.371 (2.260)	-0.384 (1.751)	-0.637 (2.329)
Church visits (p.a.)	0.169 (1.612)	2.499 (1.798)	-0.423 (1.421)	-0.522 (1.589)
Interest Politics	-1.003 (1.952)	-1.525 (2.200)	-0.889 (1.599)	-1.026 (2.073)
Election Participation	0.235 (0.408)	-0.176 (0.469)	-0.125 (0.440)	0.498 (0.472)
Political Party	9.010 (11.190)	8.119 (9.558)	-0.356 (8.731)	9.207 (10.905)
PE Donations	-0.521 (2.653)	-0.107 (2.683)	1.741 (2.276)	0.257 (3.062)
PSE	-2.189 (2.610)	0.157 (2.870)	-3.798 (2.315)	0.460 (3.096)
Gender	-0.619 (1.976)	-1.265 (2.537)	-0.134 (1.924)	0.276 (2.238)
Age	3.856 (2.626)	4.209* (2.159)	3.492* (1.985)	3.266 (2.524)
Marital Status	-2.251 (2.053)	-3.571 (2.163)	-2.962* (1.716)	-4.284** (2.118)
Income	-0.384 (2.236)	-0.226 (2.427)	-0.861 (1.765)	-3.403 (2.368)
Family Income	4.799** (2.126)	4.542** (2.084)	5.598*** (1.891)	7.285*** (2.322)
Bafoeg	3.282 (2.097)	3.708 (2.330)	3.878** (1.783)	4.955** (2.218)
Risk Aversion	-1.118 (1.751)	-0.713 (2.066)	-3.442** (1.503)	-1.220 (1.974)
SRI Return Perception	-0.874 (1.764)	1.621 (1.775)	-1.739 (1.462)	-2.221 (1.803)
SRI Risk Perception	-0.527 (2.417)	-0.556 (2.470)	1.124 (2.154)	0.648 (2.433)
SRI Awareness	0.447 (1.752)	-0.019 (2.134)	1.160 (1.579)	1.220 (1.926)
Inv Time	-2.621 (1.850)	-0.247 (2.538)	-2.981 (2.072)	-3.788* (2.267)
InvKH	0.036 (2.087)	-0.227 (2.571)	-0.017 (1.938)	-0.347 (2.262)
New Instructions	-1.795 (2.001)	-3.385* (1.964)	0.806 (1.633)	-0.486 (2.087)
Adjusted R^2	-0.002	-0.030	0.085	0.058
Observations	154	154	154	154

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of participants, who first faced a conventional asset. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1 . Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Table B13: Willingness to Pay for Social Responsibility and Personality Traits – Conventional Asset First II

	(1) Premium $A_{2,\dots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	2.307 (1.549)	4.384*** (1.548)	8.347*** (1.603)	4.067** (1.984)	2.752** (1.234)
Altruism	3.289* (1.680)	3.561** (1.707)	1.293 (1.890)	-2.431 (2.350)	0.030 (1.609)
Egoism	-1.691 (2.108)	-2.082 (2.119)	-1.607 (1.796)	2.134 (2.618)	0.092 (1.530)
LTO	0.293 (1.747)	0.196 (1.748)	-0.890 (1.384)	2.895 (2.253)	1.872 (1.255)
Religiousness	2.595 (2.277)	3.088 (2.244)	2.423 (2.324)	-2.381 (2.541)	-0.513 (1.635)
Church Attendance	-0.062 (1.886)	-0.207 (1.888)	-0.755 (1.973)	-1.440 (2.360)	-0.253 (1.565)
Church visits (p.a.)	0.431 (1.489)	-0.259 (1.464)	-2.923** (1.332)	-0.861 (1.957)	-0.099 (0.918)
Interest Politics	-1.111 (1.794)	-0.973 (1.748)	0.636 (1.675)	0.981 (2.305)	-0.137 (1.359)
Election Participation	0.108 (0.364)	0.203 (0.397)	0.051 (0.590)	0.029 (0.493)	0.624* (0.338)
Political Party	6.495 (9.506)	5.954 (9.720)	-8.475 (5.742)	-8.813 (12.883)	9.563 (6.222)
PE Donations	0.343 (2.519)	0.492 (2.551)	1.848 (1.812)	1.298 (2.840)	-1.484 (1.602)
PSE	-1.343 (2.541)	-1.842 (2.534)	-3.955* (2.132)	4.838* (2.815)	4.258** (1.818)
Gender	-0.436 (1.902)	-0.159 (1.887)	1.131 (2.444)	1.515 (2.435)	0.410 (1.582)
Age	3.706* (2.168)	3.538 (2.247)	-0.717 (1.570)	-4.445 (3.095)	-0.226 (1.460)
Marital Status	-3.267* (1.829)	-3.166* (1.825)	0.609 (1.733)	0.219 (2.430)	-1.322 (1.426)
Income	-1.219 (1.996)	-1.550 (1.954)	-0.636 (1.990)	-2.634 (2.665)	-2.542 (1.761)
Family Income	5.556*** (1.917)	5.894*** (1.976)	1.055 (1.923)	-2.313 (2.391)	1.687 (1.568)
Bafoeg	3.956** (1.875)	4.038** (1.860)	0.171 (2.254)	-1.608 (2.500)	1.077 (1.803)
Risk Aversion	-1.623 (1.635)	-1.927 (1.592)	-2.729 (1.851)	1.017 (2.039)	2.221 (1.551)
SRI Return Perception	-0.803 (1.520)	-1.611 (1.535)	-3.360** (1.606)	-0.474 (2.231)	-0.482 (1.350)
SRI Risk Perception	0.172 (2.176)	0.415 (2.186)	1.680 (2.094)	1.702 (2.764)	-0.476 (1.669)
SRI Awareness	0.702 (1.665)	0.942 (1.621)	1.179 (1.823)	0.327 (2.117)	0.059 (1.317)
Inv Time	-2.409 (2.003)	-3.130 (1.956)	-2.734 (2.070)	1.454 (2.035)	-0.807 (1.332)
InvKH	-0.139 (2.008)	-0.109 (1.965)	0.211 (2.184)	-0.420 (2.503)	-0.330 (1.441)
New Instructions	-1.215 (1.787)	-0.492 (1.802)	4.190*** (1.523)	3.104 (2.274)	-1.292 (1.290)
Adjusted R^2	0.020	0.048	0.022	0.027	-0.031
Observations	154	154	154	154	154

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying premia as dependent variables for a subset of participants, who first faced a conventional asset. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Table B14: Willingness to Pay for Social Responsibility and Personality Traits – Responsible Asset First

	(1)	(2)	(3)	(4)
	Premium A_2	Premium A_3	Premium A_4	Premium A_5
Constant	-1.550 (1.651)	-4.203** (1.711)	1.319 (1.723)	3.759** (1.772)
Altruism	6.982*** (2.088)	4.427** (2.110)	3.081 (2.047)	6.487*** (1.952)
Egoism	-0.151 (2.051)	0.726 (1.880)	-1.820 (2.476)	-2.451 (2.114)
LTO	0.577 (1.826)	-1.717 (1.948)	3.279* (1.935)	0.598 (1.802)
Religiousness	0.774 (2.736)	1.600 (2.575)	1.288 (2.651)	0.822 (2.601)
Church Attendance	-2.789 (2.480)	-3.525 (2.534)	-0.422 (2.499)	-2.714 (2.605)
Church visits (p.a.)	-2.301 (1.439)	-2.673** (1.152)	-1.466 (2.025)	-1.592 (1.416)
Interest Politics	0.926 (1.824)	-0.589 (1.753)	2.064 (2.056)	1.669 (1.813)
Election Participation	0.207 (0.481)	0.341 (0.324)	-0.283 (0.507)	0.102 (0.465)
Political Party	-2.130 (4.948)	3.732 (3.933)	-1.931 (5.595)	-1.711 (5.163)
PE Donations	0.267 (2.030)	2.358 (2.457)	-0.010 (2.268)	2.198 (2.309)
PSE	-0.456 (2.077)	-0.397 (2.236)	0.800 (2.389)	-0.326 (2.172)
Gender	-5.284** (2.360)	-5.812** (2.472)	-1.646 (2.352)	-3.377 (2.491)
Age	-2.490* (1.479)	-2.683* (1.386)	-2.511* (1.503)	-4.272** (1.803)
Marital Status	0.904 (1.900)	1.804 (1.758)	-0.646 (1.946)	0.128 (1.969)
Income	0.374 (1.761)	2.484 (1.716)	0.042 (1.918)	2.223 (1.851)
Family Income	-1.164 (2.089)	-1.244 (2.270)	-4.177* (2.252)	-1.383 (2.309)
Bafoeg	0.187 (1.776)	0.096 (2.137)	-1.746 (2.103)	0.119 (2.156)
Risk Aversion	-2.974* (1.730)	-3.337* (1.901)	-2.576 (1.713)	-2.811 (1.962)
SRI Return Perception	-1.408 (1.882)	-2.742 (1.779)	-2.605 (1.993)	-2.410 (2.058)
SRI Risk Perception	0.984 (1.974)	0.910 (1.929)	-0.423 (2.003)	-0.878 (2.004)
SRI Awareness	0.476 (1.826)	1.077 (2.013)	1.090 (1.867)	1.148 (2.097)
Inv Time	-3.073 (2.587)	-3.603* (2.082)	1.534 (1.936)	-2.139 (2.054)
InvKH	3.462 (2.330)	0.851 (2.255)	-0.396 (2.202)	2.291 (2.256)
New Instructions	1.308 (2.044)	0.680 (2.115)	-1.089 (2.082)	1.639 (2.111)
Adjusted R^2	0.095	0.072	-0.005	0.112
Observations	148	148	148	148

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of participants, who first faced a responsible asset. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1 . Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table B15: Willingness to Pay for Social Responsibility and Personality Traits – Responsible Asset First II

	(1) Premium $A_{2,\dots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	-0.169 (1.518)	1.176 (1.564)	5.521*** (1.686)	6.858*** (2.062)	2.440* (1.440)
Altruism	5.244*** (1.746)	5.517*** (1.780)	-1.346 (2.193)	-7.478*** (2.727)	3.405* (2.013)
Egoism	-0.924 (1.912)	-1.474 (2.069)	-2.547 (2.203)	-2.149 (2.442)	-0.631 (1.610)
LTO	0.684 (1.637)	1.485 (1.662)	4.996*** (1.784)	-0.556 (2.494)	-2.681 (1.737)
Religiousness	1.121 (2.419)	0.961 (2.489)	-0.312 (2.145)	-0.727 (3.404)	-0.466 (1.869)
Church Attendance	-2.362 (2.268)	-1.975 (2.347)	3.103 (2.357)	2.864 (3.098)	-2.292 (1.859)
Church visits (p.a.)	-2.008 (1.337)	-1.786 (1.510)	1.207 (1.783)	3.009* (1.766)	-0.126 (1.389)
Interest Politics	1.017 (1.648)	1.553 (1.774)	2.653 (1.906)	-0.184 (2.334)	-0.395 (1.357)
Election Participatio	0.092 (0.379)	0.008 (0.431)	-0.625 (0.517)	-0.311 (0.629)	0.385 (0.503)
Political Party	-0.510 (4.339)	-1.924 (4.947)	-5.663 (5.449)	2.550 (5.888)	0.219 (3.419)
PE Donations	1.203 (1.910)	0.818 (1.880)	-2.368 (2.486)	1.664 (2.651)	2.208 (2.404)
PSE	-0.095 (1.784)	0.006 (1.804)	1.197 (2.835)	0.586 (2.669)	-1.126 (2.719)
Gender	-4.029* (2.209)	-3.435 (2.246)	4.166** (2.056)	7.190*** (2.707)	-1.731 (1.824)
Age	-2.989** (1.312)	-3.091** (1.468)	0.171 (1.719)	0.709 (1.713)	-1.760 (1.255)
Marital Status	0.547 (1.690)	0.129 (1.787)	-2.450 (1.722)	-1.681 (2.570)	0.774 (1.384)
Income	1.281 (1.583)	0.880 (1.691)	-2.442 (1.883)	1.474 (2.356)	2.181 (1.374)
Family Income	-1.992 (1.988)	-2.241 (2.048)	-2.932 (2.128)	0.946 (2.481)	2.794 (1.783)
Bafoeg	-0.336 (1.781)	-0.480 (1.819)	-1.842 (2.093)	-0.256 (2.149)	1.865 (1.736)
Risk Aversion	-2.924* (1.659)	-2.787 (1.684)	0.761 (1.427)	3.136 (2.045)	-0.236 (1.327)
SRI Return Perception	-2.291 (1.686)	-2.141 (1.822)	0.137 (1.990)	0.406 (2.284)	0.195 (1.553)
SRI Risk Perception	0.148 (1.793)	-0.106 (1.856)	-1.333 (1.774)	-2.845 (2.505)	-0.455 (1.401)
SRI Awareness	0.948 (1.662)	0.905 (1.704)	0.013 (2.077)	0.197 (2.208)	0.059 (1.905)
Inv Time	-1.820 (1.819)	-1.226 (1.884)	5.137** (2.369)	4.006 (4.202)	-3.673* (1.886)
InvKH	1.552 (2.017)	1.786 (2.051)	-1.247 (2.017)	-4.632 (3.197)	2.687 (1.878)
New Instructions	0.634 (1.888)	0.619 (1.913)	-1.768 (1.773)	-0.976 (2.529)	2.728 (1.727)
Adjusted R^2	0.078	0.073	0.049	0.045	0.014
Observations	148	148	148	148	148

Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying premia as dependent variables for a subset of participants, who first faced a responsible asset. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

assets (Premium $A_{2,\dots,5}$) or for the average of A_2 , A_4 , and A_5 (Premium $A_{2,4,5}$) relate positively and significantly to altruism.

Second, we report in Tables B14 and B15 regression results of a subset of participants who first saw a responsible asset. Again, the average Euro premia are of similar magnitude and significance as in the full sample. The premium for A_2 is now negative, yet this result is insignificant. The results allows us to generally confirm Hypotheses $H1$, $H2$, and $H3$. Further, the premia are consistently positively related to altruism. The coefficient for altruism loses significance for the premium of A_4 , yet is similar in economic magnitude as in the full sample. For assets A_2 , A_5 , the average of all responsible assets, and the average of A_2 , A_4 , and A_5 , the coefficient is significant at the 1% level, and at the 5% level for A_3 . Our findings suggest that – regardless of whether participants first saw the conventional or a responsible asset in the experiment – the premia for social responsibility are statistically significant and meaningful.

B.5 Learning

Table B16: Do Repeated Evaluations of Assets Impact the Willingness to Pay?

	Turn 1	Turn 2	Difference	t-statistic
Average WTP A_1	55.3344	55.8940	-0.5596	-0.5462
Average WTP A_2	55.4382	55.8565	-0.4183	-0.6143
Average WTP A_3	51.6214	51.4857	0.1357	0.1626
Average WTP A_4	58.3212	58.7108	-0.3896	-0.5400
Average WTP A_5	60.9636	61.2671	-0.3035	-0.4058
Premium A_2	0.1038	-0.0375	0.1413	0.1284
Premium A_3	-3.7130	-4.4084	0.6954	0.5524
Premium A_4	2.9868	2.8168	0.1700	0.1336
Premium A_5	5.6291	5.3731	0.2560	0.2093

Note: This table shows WTP for assets A_1 to A_5 in the first and second turn, respectively, in the upper panel. Moreover, we show absolute (Euro) premia of responsible assets in the lower panel. We report t-statistics to assess whether the repeated evaluations of the assets have an impact on WTP and premia, respectively.

We investigate whether the repeated nature of facing every asset twice results in learning effects that could ultimately influence individual’s willingness to pay. In the upper panel of Table B16, we report our subjects’ WTP for assets A_1 to A_5 for each turn individually for the full sample. Additionally, the lower panel shows Euro premia of the responsible assets A_2 to A_5 relative to the conventional asset A_1 , again for turn 1 and 2 individually. Results of paired sample t-tests reveal no significant differences in WTP across turns. We therefore conclude that our design choice to present every asset-charity combination twice to subjects does not significantly affect their WTP. Consistent with this

finding, there are no significant differences across turns also for the subset of participants facing the revised instructions.

C Instructions

C.1 Initial Instructions

Dear Student,

Welcome to our experiment. We would like to thank you in advance for your participation.

Our experiment is fully computer-based and divided into **three sections**. In **section 1**, you will receive an introduction and explanations of our experimental environment. It is strictly required that you carefully read and comprehend all instructions. We will provide examples in section 1 to help you understand the setup of our experiment. Please raise your hand if you have any questions or if you encounter any problems during the experiment – the experimenter will immediately come and assist you.

In **section 2**, you will take part in the actual experiment, wherein you are presented with investment decisions over 26 rounds. In each of the 26 rounds, you will have to state your willingness-to-pay (WTP) for several investment products. An investment is risky and will yield one out of two possible outcomes with equal probability (50% probability of occurrence of either the good or the bad state). Of course you do not know in advance which outcome will be realized. You will receive an endowment of 100 units out of which you can state your WTP for the respective assets in each round. Decisions that you have made in previous rounds will not affect later rounds. That is, in every investment decision of section 2, you will have 100 units available. It is crucial that you pay attention to the WTP because it has a direct influence on your potential variable compensation.

Section 3 is a concluding questionnaire. Please answer all questions carefully. Your answers will be treated anonymously and they will be used for research-purposes only. No third party will obtain access to your answers at any time whatsoever!

You will receive a fixed payment of 10 € for participating in the experiment. In addition to that, every participant has a 10% chance of being compensated depending on the choices they make in the experiment in section 2.

Specifically, this variable payment will be based on your stated willingness-to-pay for **one randomly selected** decision in the experiment. Therefore, it is in your best interest to think thoroughly about all answers that you give in this experiment and carefully state your willingness-to-pay for each asset. We will randomly determine which of your answers counts for the variable payment. A more detailed explanation of the exact payment rules will be given shortly.

Please note that you are not allowed to talk to fellow students during the experiment or to look at other peoples' screens. A violation of these rules will cause an immediate exclusion **without pay** from the experiment. During the experiment, the use of the internet or personal devices (cellphones, pocket calculators, etc.) is not allowed.

Please raise your hand if you have any questions during the experiment. The experimenter will immediately come and assist you. Do you have any questions at this time?

Experimental setup and variable payment

In addition to the 10 € show-up fee, each participant has a 10% chance to receive a variable payment upon completing this experiment. The variable payment is based on one of your answers (randomly determined) in the experiment. In 26 rounds, we will present different assets that might be similar. When you start the experiment, you will find an example to familiarize yourself with the setup. The assets have the following outcome profile. With equal probability (i.e., 50%), an asset will either be in the good state or the bad state of the world. The asset payoff in the good state of the world will always be 100 units and 0 units in the bad state.

There are assets that include a donation to a good cause. For these assets, a donation will be made to a charity. Further details on the amount of the donation and its recipient will be available to you. **For you as an investor, all assets have identical financial payoffs and only differ with respect to the donation.** The assets and charities are randomized across participants, yet every participant faces all of the assets. You are asked to enter the maximum amount you are willing to pay for each asset. We will then randomly determine a price for each asset. A transaction (i.e., an investment) will only take place at the randomly determined price if the willingness-to-pay you stated is equal to or larger than the randomly determined price.

We will determine randomly whether you are among the 10% that will receive the variable payment and which of your choices counts for the variable payment. In this case, you will receive the payoff of the selected decision in units with a 1:1 conversion in Euro. It is therefore in your best interest to state your **maximum willingness-to-pay (WTP) for each asset** because otherwise, there might be no transaction and you cannot benefit from the outcomes.

The following table gives an overview of the investment situation for various examples:

Determined Price	Your stated WTP	You pay
10	45	10
20	45	20
30	45	30
40	45	40
50	45	No transaction
60	45	No transaction
70	45	No transaction
80	45	No transaction
90	45	No transaction
100	45	No transaction
62	10	No transaction
62	20	No transaction
62	30	No transaction
62	40	No transaction
62	50	No transaction
62	60	No transaction
62	70	62
62	80	62
62	90	62
62	100	62

If the transaction takes place at the respective determined price (i.e. your stated WTP is equal to or larger than the determined price), this will be directly reflected in your payoff. The determined price will be deducted from your endowment to reflect the investment in the asset. With equal probability, we either observe the good or bad state of the world. Then, we determine your payoff accordingly, taking into account your WTP and the outcome of the asset. **We will actually donate the specified amount to the charity when the asset includes a donation and publish contribution receipts in our showcase.**

C.2 Revised Instructions

Dear Students,

Welcome to our experiment. We would like to thank you in advance for your participation.

Our experiment is divided into **three sections**. In **section 1**, you will receive an introduction into the experimental environment and get acquainted with the setup. Please raise your hand if you have any questions or if you encounter any problems during the experiment. In **section 2**, you will take part in the actual experiment, wherein you indicate your willingness-to-pay for several assets. **Section 3** is a concluding questionnaire. Please answer all questions carefully. Your answers will be treated anonymously and they will be used for research-purposes only. No third party will obtain access to your answers at any time whatsoever!

You will receive a fixed payment of 10 € for participating in the experiment. Please note that you are not allowed to talk to fellow students during the experiment or to look at other peoples' screens. A violation of these rules will cause an immediate exclusion without pay from the experiment. During the experiment, the use of the internet or personal devices (cellphones, pocket calculators, etc.) is not allowed.

Experimental setup and variable payment

When you start the experiment, you will find an exemplary asset to familiarize yourself with the setup. Over 26 rounds, we will then present different assets that might be similar.

In each round, you have 100 units available, your financial “endowment”. Decisions that you have made in previous rounds will not affect your endowment for later rounds. That is, for every decision, you will have an endowment of 100 units available.

The assets have a 50% chance of paying out 100 units and a 50% chance of paying out 0 units. That is, the payout of an asset is with equal probability, just like in a coin-toss, either 100 or 0. The expected payout of all assets therefore amounts to 50 units. Some assets include a donation to a charity next to their regular payout. Further details on the amount of the donation and its recipient will be available to you. For you as participant, all assets have identical financial payouts and only differ with respect to the donation. The assets and charities are randomized across participants, yet every participant faces all of the assets. You are required to enter the maximum amount you are willing to pay for each asset, your “maximum payment”.

For 10% of the participants, we pay an additional variable payment with a 1:1 conversion in Euro for one randomly determined asset. For this asset, a price between 0 and 100 will be randomly determined. If your maximum payment is greater than or equal to this “randomly determined price”, you buy the asset. If your maximum payment is less than the randomly determined price, you do not buy the asset.

Should the randomly selected asset for your variable payment include a donation, we will actually donate the amount to the charity if your maximum payment is greater than or equal to the randomly determined price, and publish contribution receipts in our showcase.

In a nutshell, there are two possibilities for your variable payment:

1. Your maximum payment is **greater than or equal to** the randomly determined price: You buy the asset

$$\text{Your variable payment} = \text{Endowment} - \text{randomly determined price} + \text{asset payout}$$

2. Your maximum payment is **less than** the randomly determined price: You do not buy the asset

$$\text{Your variable payment} = \text{Endowment}$$

The following table gives an overview of the variable payment in two examples:

	Endowment	Your maximum Payment	Randomly determined Price	Buy?	Variable Payment	
Person 1	100	30	30	Yes	70	+ 50% chance of 100
			55	No	100	-
			70	No	100	-
Person 2	100	60	30	Yes	70	+ 50% chance of 100
			55	Yes	45	+ 50% chance of 100
			70	No	100	-

This table depicts variable payments for two exemplary persons that each have an endowment of 100 units.

- Person 1 always has a maximum payment of 30 units for the asset. If the randomly determined price of the asset is 30, Person 1 buys the asset. As variable payment, Person 1 therefore receives 70 units (100 Endowment – 30 randomly determined price) and has a 50% chance to receive the asset payout of 100 units. A randomly determined price of 55 is greater than the maximum payment of Person 1. As a consequence, Person 1 does not buy the asset and only receives the endowment of 100 as variable payment. For a randomly determined price of 70, Person 1 will also not buy the asset and the variable payment is again 100.
- Person 2 always has a maximum payment of 60 units for the asset. If the randomly determined price of the asset is 30, Person 2 buys the asset. As variable payment, Person 2 therefore receives 70 units (100 Endowment – 30 randomly determined price) and has a 50% chance to receive the asset payout of 100 units. If the randomly determined price is 55, Person 2 therefore receives 45 units (100 endowment – 55 randomly determined price) and has a 50% chance to receive the asset payout of 100 units. A randomly determined price of 70 is greater than the maximum payment of Person 2. As a consequence, Person 2 does not buy the asset and only receives the endowment of 100 as variable payment.

C.3 Quiz

Note: Answers (marked in gray) not visible to subjects

Quiz

Below, you find three scenarios that put you in a similar situation as in the experiment. For each scenario, you have to indicate what variable payment you would receive as participant.

Just as in the experiment, you have an endowment of 100 units for each decision. You only buy an asset if your maximum payment is greater than or equal to the randomly determined price of the asset.

If your maximum payment is greater than or equal to the randomly determined price of the asset, you buy the asset and receive

- Variable Payment = Endowment – Randomly determined Price + Asset Payout

If your maximum payment is less than the randomly determined price of the asset, you do not buy the asset and receive

- Variable Payment = Endowment

Scenario 1

Imagine an asset has a randomly determined price of 60 and a payout of 100. Your endowment is 100.

How much do you receive as variable payment if your maximum payment for this asset is:

- a) 30? _____ (100 Endowment = 100, No buy)
- b) 50? _____ (100 Endowment = 100, No buy)
- c) 70? _____ (100 Endowment – 60 Price + 100 Payout = 140)
- d) 100? _____ (100 Endowment – 60 Price + 100 Payout = 140)

Scenario 2

Imagine your maximum payment for an asset is 60 and you have an endowment of 100. How much do you receive as variable payment if the asset has a payout of 0 and a randomly determined price of:

- a) 30? _____ (100 Endowment – 30 Price + 0 Payout = 70)
- b) 50? _____ (100 Endowment – 50 Price + 0 Payout = 50)
- c) 70? _____ (100 Endowment = 100, No buy)
- d) 100? _____ (100 Endowment = 100, No buy)

Scenario 3

Imagine an asset has a randomly determined price of 100 and a payout of 0. Your endowment is 100. What is your variable payment if your maximum payment is:

- a) 30? _____ (100 Endowment = 100, No buy)
- b) 50? _____ (100 Endowment = 100, No buy)
- c) 70? _____ (100 Endowment = 100, No buy)
- d) 100? _____ (100 Endowment – 100 Price + 0 Payout = 0)

We will now go over the results together to assure you have understood the variable payment.

D Survey

1. Values										
How important are the following values to you as a guiding principle in life?										
1	<i>Authority (the right to lead or command)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
2	<i>Social power (control over others, dominance)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
3	<i>Wealth (material possessions, money)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
4	<i>Ambition (hard working, aspiring)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
5	<i>Success (achieving goals)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
6	<i>Equality (equal opportunity for all)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
7	<i>Social justice (correcting injustice, care for the weak)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
8	<i>Protecting the environment (preserving nature)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance
9	<i>Unity with nature (fitting into nature)</i>									
	Not important at all	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Of supreme importance

2. Investment knowledge and beliefs about socially responsible investments (SRI)	
<p>"Socially responsible investment is the general term for sustainable, responsible, ethical, social, and environmental investment and all other investment processes, that take the influence of ESG (Environment, Social and Governance) criteria into account in their financial analysis." (Forum Nachhaltige Geldanlagen)</p>	
1	<p><i>How would you rate your investment knowledge ?</i></p> <p>Very poor <input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Very good <input type="checkbox"/></p>
2	<p><i>How long have you been investing?</i></p> <p><input type="checkbox"/> not at all <input type="checkbox"/> 1 to 3 years <input type="checkbox"/> 5 to 10 years <input type="checkbox"/> up to 1 year <input type="checkbox"/> 3 to 5 years <input type="checkbox"/> more than 10 years</p>
3	<p><i>Have you heard of socially responsible investments (e.g. socially responsible mutual funds) before this experiment?</i></p> <p>No <input type="checkbox"/> Yes <input type="checkbox"/></p>
4	<p><i>How do you assess the risk of socially responsible investments in comparison to conventional ones?</i></p> <p>A lot less risky <input type="checkbox"/> Less risky <input type="checkbox"/> About the same <input type="checkbox"/> More risky <input type="checkbox"/> A lot more risky <input type="checkbox"/></p>
5	<p><i>How do you assess the performance of socially responsible investments in comparison to conventional ones?</i></p> <p>Much lower <input type="checkbox"/> Lower <input type="checkbox"/> About the same <input type="checkbox"/> Higher <input type="checkbox"/> Much higher <input type="checkbox"/></p>
Please indicate below your level of agreement with the following statements.	
6	<p><i>By contributing to a charity (investing in SRI) every individual can have a positive effect on the environment.</i></p> <p>Strongly disagree <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 Strongly agree</p>
7	<p><i>Every person has the power to influence social problems by contributing to a charity (investing in SRI).</i></p> <p>Strongly disagree <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 Strongly agree</p>
8	<p><i>It does not matter if I donate to a good cause (invest in SRI) since one person acting alone cannot make a difference.</i></p> <p>Strongly disagree <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 Strongly agree</p>
9	<p><i>It is useless for the individual to contribute to charities doing anything about pollution (to the reduction of pollution with investments in SRI).</i></p> <p>Strongly disagree <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 Strongly agree</p>

3. Time Perspective

Read each item and, as honestly as you can, answer the question: 'How characteristic or true is this of me?'
Check the appropriate answer according to the scale below.

1	<i>Respect for tradition is important to me.</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree
2	<i>I plan for the long term.</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree
3	<i>Family heritage is important to me.</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree
4	<i>I value a strong link to my past.</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree
5	<i>I work hard for success in the future.</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree
6	<i>I don't mind giving up today's fun for success in the future</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree
7	<i>Traditional values are important to me.</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree
8	<i>Persistence is important to me.</i>	Strongly disagree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strongly agree

13	<i>Do you attend church? (If yes, how often in a typical year?)</i>																		
	<input type="checkbox"/> no <input type="checkbox"/> yes _____ times per year																		
14	<i>Did you participate in the most recent election?</i>																		
	<input type="checkbox"/> no <input type="checkbox"/> yes																		
15	<i>Are you member of a political party?</i>																		
	<input type="checkbox"/> no <input type="checkbox"/> yes																		
16	<i>To what degree would you consider yourself risk averse?</i>																		
	<table style="width: 100%; border: none;"> <tr> <td style="text-align: left;">Not risk averse</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td style="text-align: right;">Very</td> </tr> <tr> <td style="text-align: left;">at all</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> <td style="text-align: right;">risk averse</td> </tr> </table>	Not risk averse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very	at all	1	2	3	4	5	6	7	risk averse
Not risk averse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very											
at all	1	2	3	4	5	6	7	risk averse											

E Supplementary Tables

Table D1: Participant Characteristics

Measure	Value	#	%
Gender	Female	139	46.0
	Male	163	54.0
Age	<21	53	17.5
	21-23	132	43.7
	24-26	79	26.2
	>26	38	12.6
Education	Apprenticeship	8	2.6
	Abitur	187	61.9
	Bachelor	92	30.5
	Master	8	2.6
	Other	7	2.3
Income	<349	73	24.2
	350-499	60	19.9
	500-649	66	21.9
	>650	103	34.1
Family Income	<1499	23	7.6
	1500-3499	79	26.2
	3500-6000	141	46.7
	>6000	59	19.5
Bafög	No	254	84.1
	Yes	48	15.9
Marital Status	Single	134	44.4
	In a relationship	162	53.6
	Married	6	2.0
Investment know-how	Very Poor	41	13.6
	Poor	94	31.1
	Average	113	37.4
	Good	50	16.6
	Very Good	4	1.3

Table D1 – continued from previous page

Measure	Value	#	%
Investment Time	None	226	74.8
	<1 year	26	8.6
	1-3 years	18	6.0
	3-5 years	18	6.0
	5-10 years	11	3.6
	>10 years	3	1.0
SRI Awareness	No	151	50.0
	Yes	151	50.0
SRI Risk Perception	A lot less	7	2.3
	Less	114	37.7
	About the same	105	34.8
	More	76	25.2
	A lot more	0	0.0
SRI Return Perception	A lot less	18	6.0
	Less	182	60.3
	About the same	59	19.5
	More	43	14.2
	A lot more	0	0.0
Church Visits (p.a.)	0	149	49.3
	1-5	108	35.8
	6-10	25	8.3
	>10	20	6.6
Election Participation	No	21	7.0
	Yes	281	93.0
Political Party	No	275	91.1
	Yes	27	8.9

Note: This table shows individual characteristics of the 302 participants. # refers to the absolute number of participants in a category. % is the amount of participants in this category relative to the total sample. “Abitur” is the German matriculation examination required to enroll at a university. “Bafög” is a German government-funded student loan with eligibility dependent on parent income.

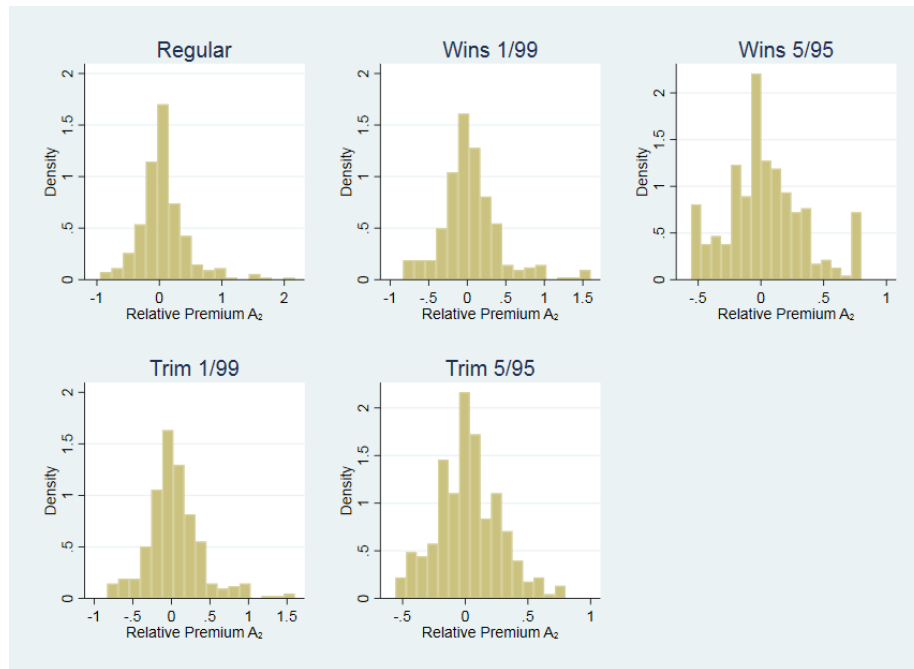
Table D2: Summary Statistics

	mean	25 th	median	75 th	std. dev.	min	max
Altruism	6.18	5.50	6.25	7.25	1.34	1.00	8.00
Egoism	4.99	4.20	5.00	5.80	1.16	1.40	8.00
PE Donations	5.30	4.75	5.50	6.25	1.11	1.00	7.00
PSE	5.39	4.75	5.50	6.00	1.04	1.00	7.00
LTO	4.13	3.38	4.13	4.88	1.09	1.25	6.63
Religiousness	2.90	1.00	2.00	4.00	1.82	1.00	7.00
Political Interest	5.32	5.00	6.00	6.00	1.37	1.00	7.00
Risk Aversion	4.02	3.00	4.00	5.00	1.30	1.00	7.00

Note: This table complements Table D1 and reports summary statistics for several control variables. Altruism and Egoism assess an individual's values on Likert scales ranging from 1 to 8. PE Donations (PSE) is the perceived effectiveness of donations (SRI) and measures whether an individual believes her engagement in donations (SRI) to be feasible, on a Likert scale ranging from 1 to 7. LTO measures an individual's long-term orientation on a scale (1-7). Religiousness and Political Interest are the individual's self-reported levels of Religiousness and Political Interest, respectively, on scales ranging from 1-7. Risk Aversion is the individual's self-assessment on a scale ranging from "Not risk averse at all" (1) to "Very risk averse" (7).

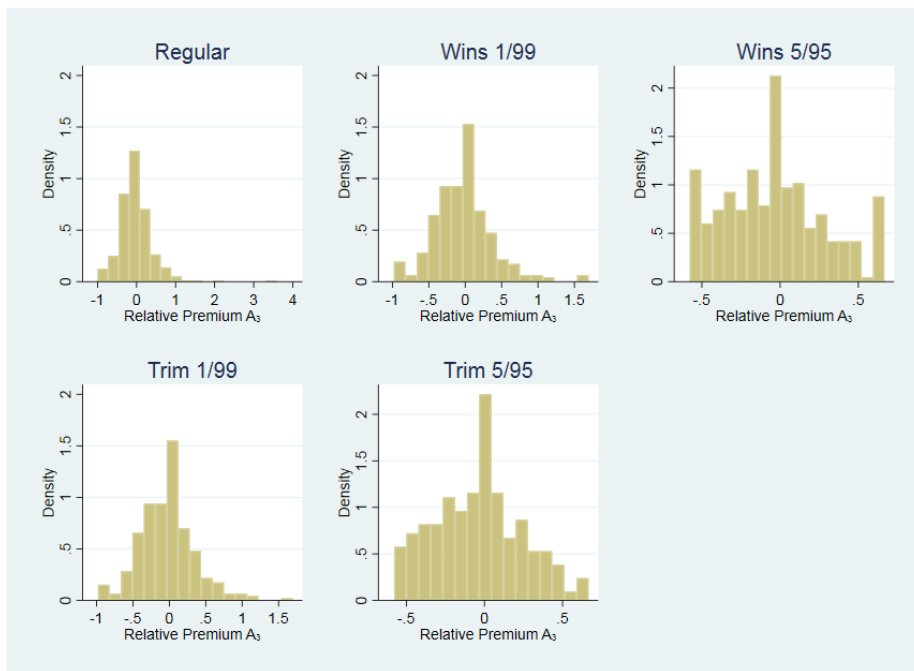
F Supplementary Figures

Figure E1: Distribution of Percentage Premia for A_2



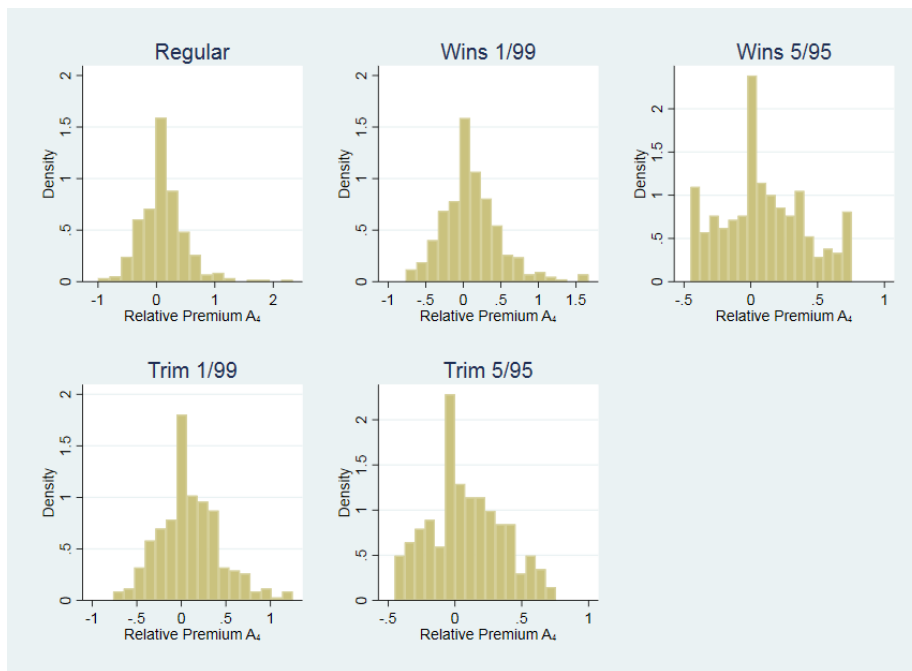
Note: This figure shows the distribution of percentage premia for A_2 (premia *relative* to the bid for the conventional asset A_1). The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E2: Distribution of Percentage Premia for A_3



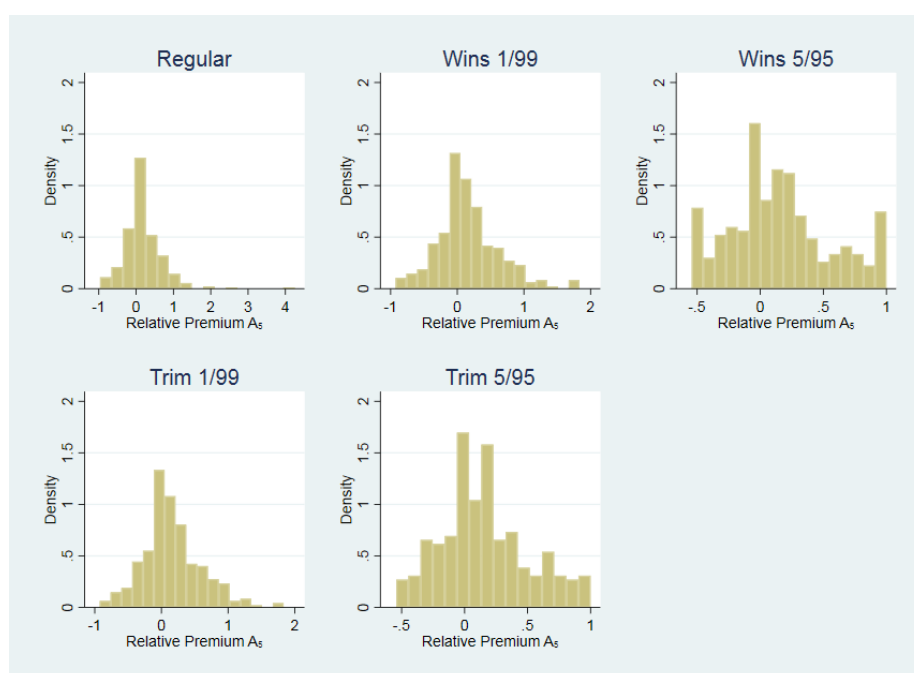
Note: This figure shows the distribution of percentage premia for A_3 (premia *relative* to the bid for the conventional asset A_1). The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E3: Distribution of Percentage Premia for A_4



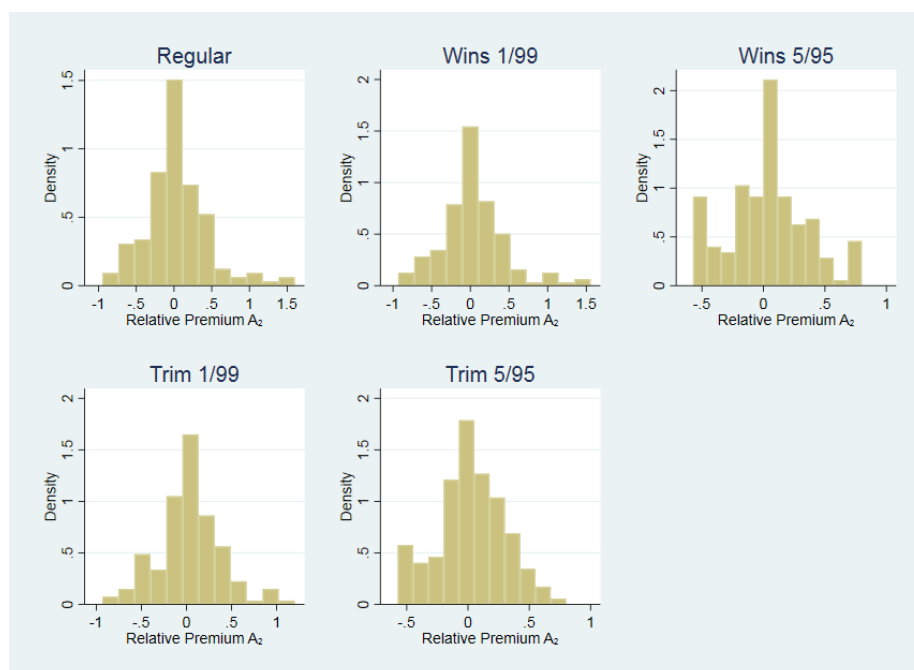
Note: This figure shows the distribution of percentage premia for A_4 (premia *relative* to the bid for the conventional asset A_1). The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E4: Distribution of Percentage Premia for A_5



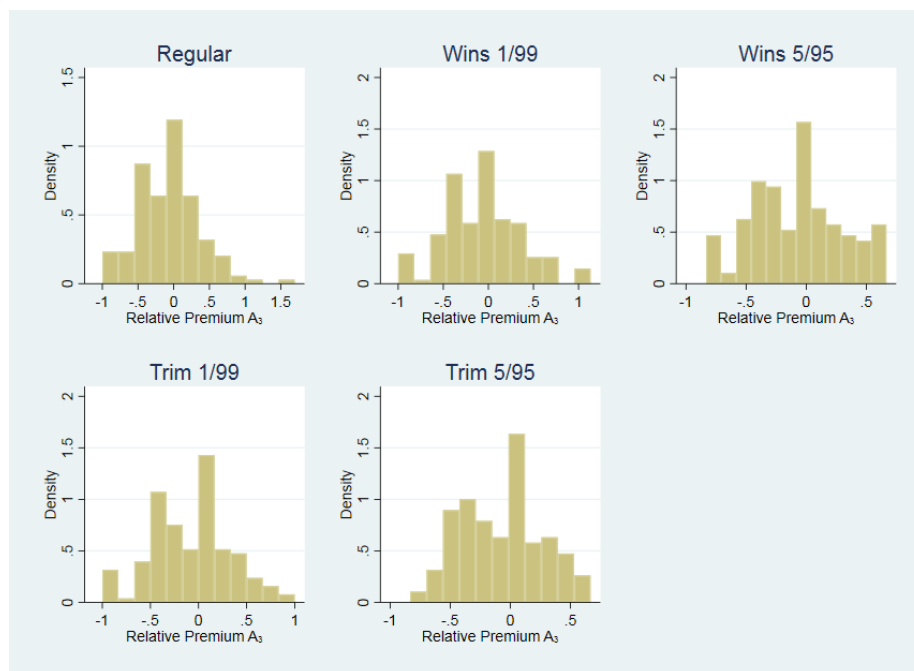
Note: This figure shows the distribution of percentage premia for A_5 (premia *relative* to the bid for the conventional asset A_1). The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E5: Distribution of Percentage Premia for A_2 - New Instructions Subsample



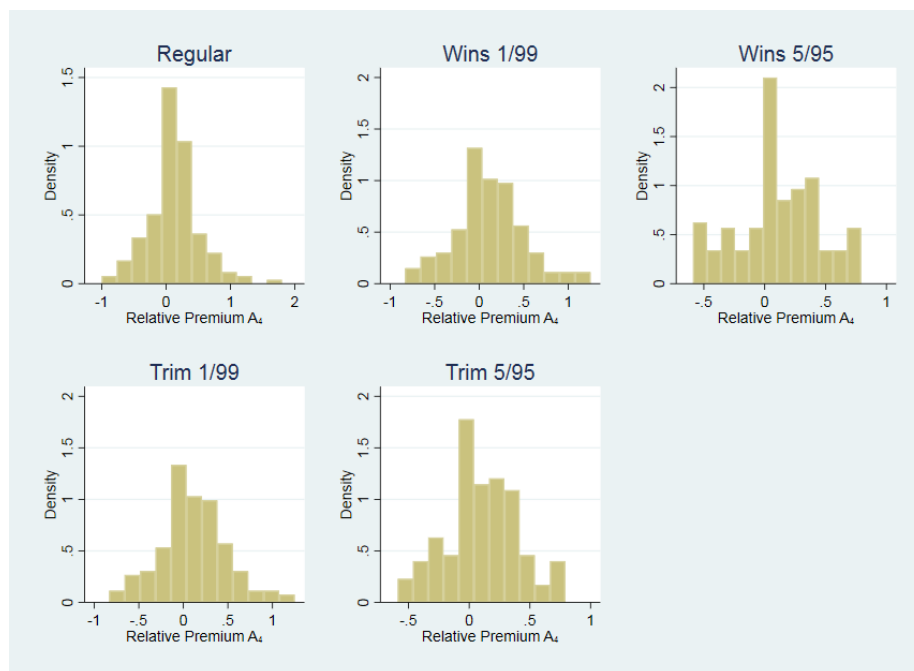
Note: This figure shows the distribution of percentage premia for A_2 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E6: Distribution of Percentage Premia for A_3 - New Instructions Subsample



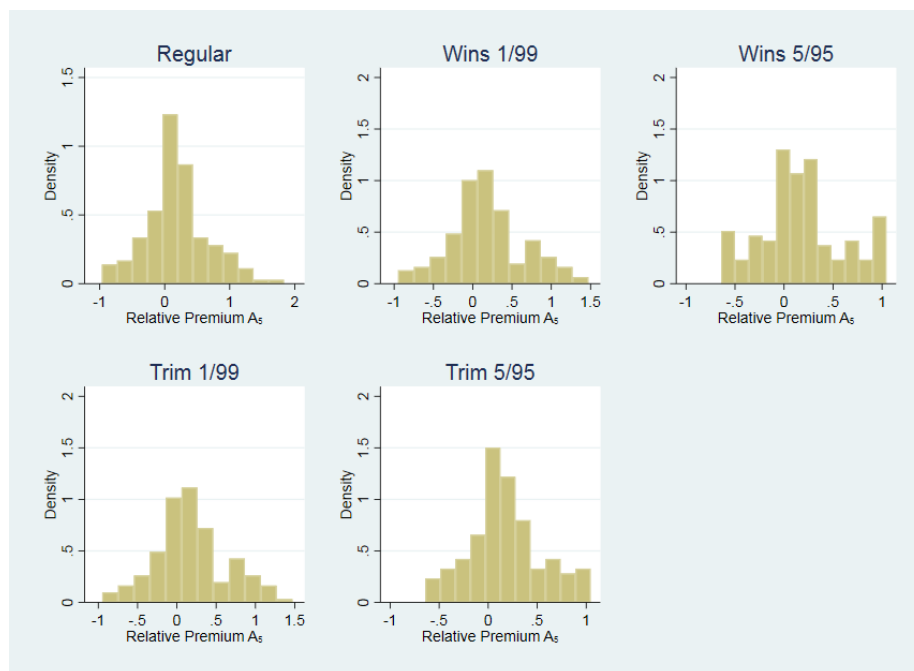
Note: This figure shows the distribution of percentage premia for A_3 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E7: Distribution of Percentage Premia for A_4 - New Instructions Subsample



Note: This figure shows the distribution of percentage premia for A_4 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E8: Distribution of Percentage Premia for A_5 - New Instructions Subsample



Note: This figure shows the distribution of percentage premia for A_5 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel “Regular” shows the distribution of percentage premia in the full data. The panels “Wins 1/99 (5/95)” indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels “Trim 1/99 (5/95)” indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.