

Socially responsible mutual funds: an efficiency comparison among the European countries

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Abstract

Socially responsible investment (SRI) funds have seen an increasing interest among investors.

Given the ethical considerations which drive socially responsible investments in mutual funds, investors might be willing to accept for SRI mutual funds lower financial returns. Actually, the literature on ethical investing has long investigated the issue of the eventual penalisation incurred by investments in SRI mutual funds, in search for an answer to the question whether it is possible to do well while doing good. The answer which comes out from many empirical investigations are somewhat surprising, since most of the results suggest that it is not necessary to sacrifice returns in order to pursue ethical objectives.

The aims of this contribution are threefold.

The first objective is to evaluate the performance of SRI equity mutual funds in the main European countries with three different DEA models.

Secondly, with a series of statistical tests we compare the performance of SRI and non SRI mutual funds in the various countries, to determine if SRI mutual funds have to sacrifice something in terms of financial performance.

Thirdly, we compare the performance obtained by SRI mutual funds among the different European countries.