FRAMING THE FACETS OF ESG

A QUALITATIVE STUDY ON HOW ESG INFORMATION IS PRESENTED BY ASSET MANAGERS IN CONVERSATIONS WITH INSTITUTIONAL INVESTORS

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Framing the Facets of ESG: A qualitative study on how ESG information is presented by asset managers in conversations with institutional investors

Abstract:

This qualitative study explores how asset management professionals frame ESG information in conversations with institutional investors by drawing upon framing theory. While prior academic research has mainly focused on the integration of ESG factors into investment practice, our study focuses on the communicative domain following integration in the investment process. A single case study was performed with supporting interviews from other asset management companies. Altogether, 20 asset management professionals in the functions of sales, investments, and ESG were interviewed. The findings indicate that financial and ESG information are complementary elements. Moreover, asset management professionals dynamically employ qualitative and quantitative frames when presenting ESG information. Plurality of frames is managed through several concepts from framing theory: Cueing, keying, and blending. In addition, asset management professionals undertake various activities to prepare the setting in which they interact with investors, as well as sustain and adjust the frame. This study expands on prior academic research by providing insights into framing in conversations.

Keywords:

ESG information, interactional frames, asset management, institutional investors, framing

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1. Introduction

Two decades ago, environmental, social, and governmental (ESG) issues were seldom included in investment decisions. However, these issues are increasingly incorporated into investment products due to increased demand from investors and evolving regulatory frameworks focused on ESG (Laskin, 2016).

Resulting from the increased demand for ESG information, information became available from a wider variety of sources (Du Rietz, 2014). The intention of providing a significantly greater amount of ESG information was intended to increase transparency for financial market participants.

However, there are several claims from academic research and institutions that the potential to mobilize capital to pursue ESG-related goals has yet to be realized (Friede, 2019). A recurrent explanation for this is a lack of comparability and transparency, which is, on the one hand, driven by the circumstance that ESG information is less standardized and harmonized than financial information used in the investment decision-making (Busch et al., 2016). On the other hand, ESG reporting standards intended to increase the consistency and comparability of the ESG information (Bose, 2020) tend to be perceived by investors as ambiguous and fragmented (Friede, 2019).

Given the multifaceted nature of ESG, which arises from various ESG metrics and methodologies, the investment industry seemed to be confronted with the challenge to incorporate and present two diverging types of information (Busch et al., 2016), namely financial information, which has been present for decades, and ESG information, which represents a more emergent type of information.

In response to the increased demand from investors for ESG investment products (Bose, 2020), the focus of the investment industry has shifted from the single objective of maximizing financial returns to a dual objective by additionally considering sustainable investment impacts (Markota Vukić et al., 2017). Various academic literature has focused on the technical challenges of integrating ESG into investment decisions (Balcilar et al., 2017; Cornell, 2021; Hübel & Scholz, 2020; Solomon & Solomon, 2006).

However, prior academic literature has focused to a lower degree on communication towards investors which follows the technical integration of ESG factors in the overall investment process. A decade ago, ESG was mainly utilized by investment companies for purposes related to impression management (Solomon et al., 2013; Young, 2013). Some studies have focused on the presentation and framing of ESG information towards retail investors, while there has been little research focusing on institutional investors.

Given this background, this thesis aims to explore how asset management professionals frame ESG information in conversations with institutional investors. This is interesting since integrating ESG factors into investing expands the conventional objective of earning returns on financial investments to a dual objective consisting of financial and ESG considerations. However, parts of the investment process have not been studied in depth by academic literature. Hence, our research question is formulated as follows:

How is ESG information framed by asset management professionals in conversations with institutional investors?

Driven by the relation of our research interest to the communication domain, our study is conducted in the context of a qualitative research design. We followed an abductive research process motivated by the fact that prior academic research has seldom focused on the communication of ESG information. This justified a more open and explorative approach (Bryman & Bell, 2011).

A single case study was conducted on a large multinational asset management firm, which will be referred to throughout the paper as Company Alpha. We conducted 17 interviews with asset management professionals working at Company Alpha as well as 3 supporting interviews with two other asset management firms. The focus of our study were conversations between asset management professionals and institutional investors.

We draw on framing theory to analyze our empirical findings. Previous academic research has shown that it is possible to study the behavior of one party engaging in a conversational context (Solomon et al., 2013). Due to the circumstance that ESG appears to be an emergent and evolving topic, we chose the perspective of interactional frames to examine the phenomenon (Goffman, as referenced by Dewulf et al. 2009). Within the concept of interactional frames, we analyzed our empirics through the concepts of cueing (Putnam & Holmer, 1992, as referenced in Dewulf et al. 2009), keying (Goffman, 1967, as referenced in Solomon et al. 2013) and blending (Cornelissen & Werner, 2014).

The results of our study indicate the following findings: First, asset management professionals undertake various activities to create an environment in which the framing of information is implemented in later stages of the conversational process. Second, financial and non-financial information and qualitative and qualitative framing tend to appear as complementary elements that asset management professionals dynamically apply to support each other. Third, asset management professionals tend to make arrangements to ensure that the frame built up in co-creation with investors during the conversational process is sustained.

The remaining part of this thesis is structured as follows: In section 2.1, some background information on ESG, as well as a review of previous academic literature, is provided. The framing theory used to answer the research question is outlined in section 2.2. Following this, the methodology of our study is explained in section 3. Next, our empirical results will be presented and analyzed in section 4. It will be followed by a discussion of our findings in section 5 and the presentation of practical implications that our study provides in section 6. Ultimately, concluding remarks and limitations will be outlined in section 7.

2. Theory

In the following section, the theoretical foundations of the study will be outlined. First, the concept of ESG will be briefly described before presenting an overview of prior academic literature in section 2.1. Following this, framing theory including the concepts of cueing, keying, and blending will be presented in section 2.2.

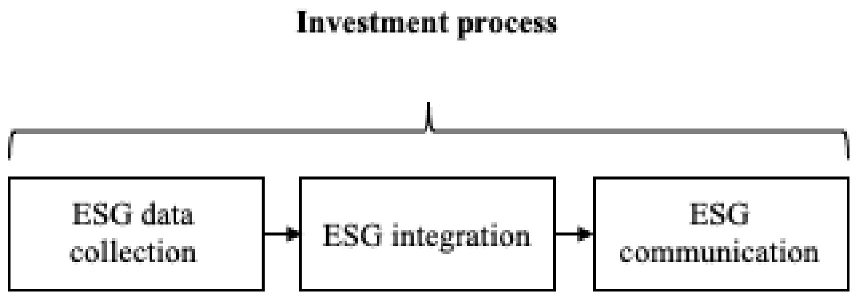

Figure 1. A simplified illustration of the structure of the investment process

2.1. Previous literature

2.1.1. The ambiguous nature of ESG factors

ESG is a broad concept that can refer to issues arising in conjunction with, but not limited to, climate change, carbon emissions, non-renewable resource dependency, human rights, poverty, health, diversity, bribery, and corruption (Young, 2013).

During the last decade, ESG has attracted increased attention from policymakers and investors due to the promise of making use of a range of non-financial information to better align finance with societal and long-term values (OECD, 2020). The necessity of an improved mobilization of private capital towards sustainable investments has been highlighted by both the United Nations and the European Commission (EU Commission, 2018; UN, 2015a, 2015b). In response to the increased investor demand for ESG, regulators have developed several ESG frameworks. Rodríguez-Gutiérrez (2018) mentioned that the information demands of investors have expanded, and in addition to financial, non-financial information is expected to be disclosed. Previous academic research has shown that the increased investor demand for non-financial information is considered to be the main driver for the sustainability reporting framework evolution (Bose, 2020).

In parallel with evolving regulatory frameworks and increasing investor demand, financial market participants have developed various sustainable finance offerings and approaches. Sustainability demands have also escalated and extended in scope. Notably, the ESG reporting regulation has become stricter with time, including new requirements for small and large businesses (White & Case, 2022). Friede (2019) suggests that while investors are increasingly committed to integrating ESG factors into their investments, they face many challenges. One core concern is the landscape of ESG reporting standards, which is perceived as ambiguous and fragmented (Friede, 2019).

While the reporting of financial information is mainly standardized through standards like GAAP and IFRS, there were also attempts to harmonize ESG reporting systems (Boerner, 2011). In addition, attempts were undertaken by the International Integrated Reporting Council (IIRC) to constitute an integrated reporting framework for ESG as well as the financial accounting data (IIRC, 2013). However, Christensen et al. (2022) claimed that the absence of common ESG disclosure standards causes shortfalls in data consistency as well as in the comparability of data. In general, the number of ESG reporting frameworks is significantly greater.

While harmonizing these frameworks is widely considered useful, research suggests that the attempts to do so are less advanced than in financial reporting. Cort and Esty (2020) argued that there is an increased demand for standardizing ESG data to improve clarity and better comparability on relative performance on ESG issues. While the authors stated that ESG reporting standards have enabled greater transparency, Cort and Esty (2020) argued that more work is needed to ensure that ESG data is better formulated and understood to be useful for decision-making. In contrast to these critical remarks from previous academic research, several studies consider the disclosure of ESG information as an opportunity. Bose (2020) stated that ESG frameworks have made ESG information easier to understand and more consistent. Another related view is that ESG information can arise from a wider variety of sources (Du Rietz, 2014).

Conway (2019) claimed that even though firms articulated their intentions to consider ESG factors, these claims might not be implemented in practice. In addition to that, Di Marco et al. (2022) stated that climate risk reporting is vulnerable to becoming a "ceremonial practice" which might be intended to serve the "institutional myth of risk transparency" rather than supporting the transformative change towards a more sustainable economy. Moreover, Chen et al. (2021) stated that to overcome challenges associated with ESG data, namely deficits in quantity, consistency, and quality, there is an increased reliance on ESG ratings, which contain various biases. ESG, therefore, appears to be a multifaceted issue. Moreover, Conway (2019) mentioned that the choice of a data provider for ESG rankings might significantly impact investment outcomes due to differing ranking criteria.

Examining more closely how the various participants in financial markets are related as part of the ESG ecosystem, it becomes clear that asset managers and institutional investors could be seen as intermediaries between issuers and providers of ESG information, and the end investors in the form of retail investors (OECD, 2020).

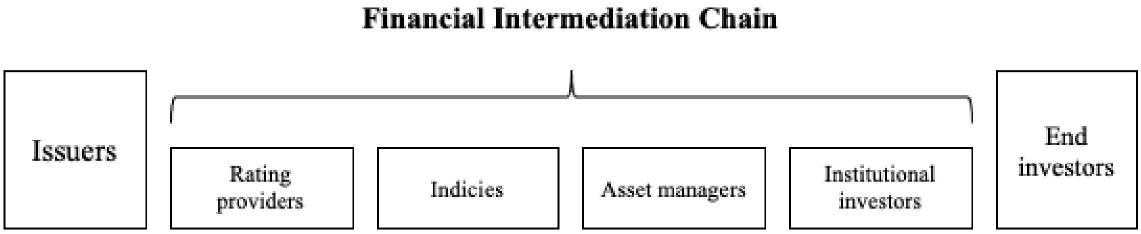

Figure 2. An illustration of the structure of the ESG financial ecosystem (adapted from OECD, 2020)

Previous academic research has predominantly focused on the effects on the ends of the financial intermediation chain, namely issuers (Gebhardt et al., 2022) and end investors (Hillenbrand et al., 2022; Strauß, 2021). In addition, some academic research has been conducted on institutional investors (Balp & Strampelli, 2022; Rytkönen & Louhiala-Salminen, 2014). These focuses mirror the broader themes examined by academic research in the area of ESG, namely the integration of ESG data and ESG reporting frameworks into investment decisions. However, less attention has been given to the domain of communicating ESG factors.

Given the known challenges, we consider it interesting to further explore the communication process and framing of ESG information between asset management professionals and institutional investors after having more closely examined the integration of ESG factors into investment decisions.

2.1.2. Integrating ESG information into investment practice

Previous academic research has claimed that incorporating ESG data into investment decisions can be burdensome. Criticizing the non-standardized nature of ESG reporting, Kaplan and Ramanna (2021) stated in an opinion piece that ESG reports tend to be broad in scope, which fails to address the measurement challenges in each of the three ESG factors. The authors also argued that the breadth of ESG reports allows firms to focus on improved actions in a reported factor. At the same time, performance might be weaker regarding unreported aspects, which enables companies to choose non-financial metrics which are in their favor (Kaplan & Ramanna, 2021). Busch et al. (2016) stated that ESG data might not be reliable and validly reflect reality, which the authors claimed to be problematic since it cannot be measured, which is aimed to be managed. Another concern raised by the authors was that ESG information does not tend to be standardized and harmonized, which poses challenges regarding the interpretation of data in the context of investment decision-making (Busch et al., 2016). Given the previously stated claims regarding the need for more transparency and comparability of ESG frameworks, there appears to be a tension between vague information inputs to be converted into material investment outcomes.

Drawing upon actor-network theory connected to the research aim of examining the practical aspects of integrating ESG factors into investment practice, Cederberg (2019) stated that the integration process tended to reproduce the separation between ESG and financial aspects. Therefore, Cederberg (2019) concluded that ESG considerations were integrated "in-between", which implied that the attempt to integrate ESG information into investment practices had a counterproductive effect due to the increasing degree of separation it ultimately generated. ESG factors were therefore not considered to make a difference in the investment decision-making process (Cederberg, 2019).

Interestingly, even though this tension is regularly attributed to ESG information, a similar phenomenon was observed by Graaf and Johed (2020) regarding financial information. The authors examine the use of accounting information by equity sales brokers to generate investment recommendations for clients (Graaf & Johed, 2020). The study showed that equity sales brokers were continually adding and removing accounting details to remain attractive, achieve recognition, and maintain distance from the consensus (Graaf & Johed, 2020).

In the context of financial information, Barker (1998) stated that raw data directly flowing from companies is of considerably greater importance to fund managers than processed data generated by analysts. Analysts, however, argue to play an essential role in the market for information, as both mechanisms of information efficiency and as providers of benchmarks for consensus valuation (Barker, 1998). Even though the input of analysis might be the same, the way of processing this input might greatly influence the overall result, namely the report, which is accessible to market participants (Barker 1998). Consequently, the phenomenon of interpreting data in a specific way and influencing the outcome of an analysis was also observed regarding financial information; ESG information tends to add a layer of complexity compared to conventional investing. This circumstance could also precipitate ESG investing and therefore increase the overall complexity of this specific investment category.

In the following, the financially material dimension of integrating ESG information into investment decisions will be discussed in greater detail before turning to the integration of non-financial factors and their implications for investment decisions. Cornell (2021) described that two primary factors affect expected returns for companies with high ESG ratings: investor preferences and risks. While high ESG ratings lower the cost of capital, this phenomenon goes hand in hand with lower expected returns for investors (Cornell, 2021). Moreover, Cornell (2021) stated that it is ultimately unclear if there is an ESG-related risk factor. However, the effect of lower risk for investors would also point towards lower expected returns, which drives the author’s conclusion that ESG investing might have social benefits but might not lead to higher expected returns.

Further elaborating on ESG-related risk considerations, Balcilar et al. (2017) state that ESG criteria do not necessarily shield investments from standard market shocks. However, the authors argue that supplementing conventional stock portfolios with sustainable counterparts overall improves the risk and return profile of stock portfolios. Given the point stated above by Cornell (2021) lower expected returns would also influence bond returns, since less risky investments generally provide investors with lower returns.

Attempting to assess ESG-related risk considerations quantitatively, Hübel and Scholz (2020) stated that rising sustainability awareness among regulators, consumers, and investors results in major sustainability risks for firms. Portfolios with pronounced ESG risk exposures exhibit substantially higher risks, and investors can compose portfolios with lower ESG risks while keeping risk-adjusted performance virtually unchanged (Hübel & Scholz, 2020). Hübel and Scholz (2020) constructed three ESG risk factors to assess the risk exposure of companies in a quantitative way. The authors claim that investors can measure the ESG risk exposures of all firms in their portfolios using only stock returns. As a result, strategically managing ESG risks may result in potential benefits for investors (Hübel & Scholz, 2020).

Studying how investment firms integrate ESG-related factors, Sciarelli et al. (2021) examined if ESG criteria integration in investment strategies can support the transition of finance towards more sustainable growth. The findings suggest that companies integrate ESG factors differently in accordance with their commitment to ESG, ranging from full commitment to less commitment (Sciarelli et al., 2021). Sciarelli et al. (2021) suggest that these circumstances mainly arise because of different approaches which were adopted by asset management companies regarding the integration of ESG criteria.

The integration of ESG disclosure into institutional investment was examined by Solomon and Solomon (2006). The authors stated that ESG disclosure was considered useful in the context of decision-making, however, publicly disclosed ESG information was not perceived to be adequate for decision-making in the context of investing. Alternatively, Solomon and Solomon (2006) observed a tendency of investors to obtain ESG disclosure through personal relationships with investee companies.

Young-Ferris and Roberts (2021) examined through a case study at a large asset management firm the barriers to ESG integration. The authors stated that even though regulatory efforts might provide tools to resolve obstacles in ESG integration in the form of common ESG disclosure standards, their study suggests the existence of discontinuities between financial and ESG inscriptions. Young-Ferris and Roberts (2021) therefore suggested that it might be challenging to attach a monetary value to ESG factors. Due to this conflicting nature of financial and ESG factors, Young-Ferris and Roberts (2021) mentioned that there might be challenges to ESG integration that go beyond the harmonization of ESG reporting standards. The authors further claimed that the assessment of ESG factors might create a false sense of security for both investment companies and investors. The authors stated that positioning ESG issues as financially material by highlighting their impact on risk and return might align with the established normative orientation of investors to maximize financial returns (Young-Ferris & Roberts, 2021). Nevertheless, the limitation to financially material risks while neglecting non-financial aspects might lead to an incomplete assessment of the investment (Young-Ferris & Roberts, 2021).

Turning more towards non-financial information included in investment decisions, Markota Vukić et al. (2017) concluded that current market trends and new legislation are putting pressure on forming a new type of accounting information that is non-financial, more specifically sustainability accounting. The continuance of these trends is reasonably motivated by corporate stakeholders' increased demand for insight into companies' ESG impact. Stakeholders demand non-financial information to be able to identify risks, increase transparency and trust, along with the ability to manage change toward sustainable ESG goals (Markota Vukić et al., 2017).

As stated above, the societal megatrend of sustainability drives the growing demand of investors for sustainable investment opportunities. Amel-Zadeh and Serafeim (2018) examined how investors use these new facets of reporting as well as their intentions of when using ESG information through a global survey. The authors find that relevance to investment performance is the most frequently mentioned motivation (Amel-Zadeh & Serafeim, 2018). In addition to that, client demand, product strategy, and ethical considerations seem to influence investors' actions (Amel-Zadeh & Serafeim, 2018). Amel-Zadeh and Serafeim (2018) mentioned the lack of reporting standards as a pitfall for using ESG information. Eccles et al. (2020) claimed that these shortcomings have caused the provision of ESG ratings by data providers. However, the authors suggested that a shift occurred in these rankings from focusing on externalities to focusing on financially material effects (Eccles et al., 2020).

Even though there is some research regarding investors' use and companies' integration of ESG information, less attention in academic literature has been paid so far to how investment companies and investment advisors use and communicate ESG information.

2.1.3. The role of asset management professionals

Having assessed the technical domain of integrating ESG information into investments as well as the related challenges, the following section will focus on the communication domain. Therefore, we consider it insightful to elaborate more on the current status of academic literature regarding the presentation of financial information to investors before moving into the presentation of ESG information.

Exploring how different presentation techniques are used concerning financial information, Hamilton and Winchel (2019) stated that financial information presented by companies and sell-side analysts usually contains persuasive angles which might influence investors' capital allocation decisions. The authors described the circumstances under which an investors’ response to a financial disclosure will likely represent the investors’ intuition or reflect more analytical processing of the financial information (Hamilton & Winchel, 2019).

Giorgi and Weber (2015) studied how positioning information in various ways affects investors' appreciation of practices, products, and people from the investors’ perspective. Specifically, they focused on the effects on professional investor evaluations when exposed to multiple perspectives from the same advisor under recurring communication and by multiple advisors competing to get their attention. Interestingly, the results showed that investors appreciate advisors that communicate with repertoires of various perspectives that resonate with their needs, offer a balanced amount of novelty compared to other advisors' positioning, and are internally coherent over time (Giorgi & Weber, 2015).

Turning towards non-financial information, Laskin (2016) examined the professional practice of investor relations by surveying investor relations professionals, which proposed that they at that time devoted more effort to communicating non-financial information than previously due to increased demand from investors. The research shows that non-financial information has increasing importance in generating business value, which means that a lack of communication of this information might affect the valuation of companies negatively (Laskin, 2016). This study highlights the importance of communication between investors and investees, especially when it comes to non-financial information.

A factor that has not been intensively examined in academic literature is the role of investment advisors in investors' decision-making in the context of ESG. Paetzold et al. (2015) examined through a survey approach the degree of proactivity among investment advisors regarding the presentation of sustainable investing. The study examines the communication between retail investors and retail and private banking investment advisors. The authors argued that advisors' activity in communicating about sustainable investments relates to their expectation of sustainable investments regarding financial returns, real-world impact, and the fuzziness and trustworthiness of sustainable investments. In contrast to prior research, Paetzold et al. (2015) stated that advisors do not appear to be influenced by expected risk and their values. However, the authors highlighted that investment advisors underweight aspects related to risk and self-transcendent matters relative to their clients might limit client portfolios' suitability, skew capital allocation, and depress the role of sustainable investments in financial markets. Consequently, advisors and salespeople, in their mediating part, might be an essential barrier to sustainable development (Paetzold et al., 2015). Paetzold et al. (2015) studied the dynamics when institutional investors are presenting sustainable investments to retail investors. Even though the research aim of this thesis is located to the left of the part Paetzold et al. (2015) examined in the financial intermediation chain, the study provides valuable insights regarding other parts of the financial intermediation chain.

Given these insights from academic research, there appear to be additional factors outside the communication of ESG frameworks that might influence the communication of ESG information to institutional investors. Young (2013) studied in the context of a longitudinal case study at a large global asset manager the development of the proposition of ESG integration. Young (2013) suggested that the original goal of integrating ESG factors into investments might have been to increase awareness among investors of ESG issues. Nevertheless, Young (2013) claimed that the acceptance of ESG factors might be only given when positioned in accordance with the economic rationale of financial materiality. Therefore, non-financially material ESG information might be neglected in conversations with institutional investors since preference is given to financially material issues, which might be perceived to be more suitable to draw the attention of investors on a certain topic. Young (2013) therefore concluded that the translation of ESG factors into financially material outcomes was an essential step in maneuvering institutional investors to consider ESG factors when making investment decisions. Resulting from this, ESG considerations tend to be absent from the prevalent financially material presentation of investment information which is centered around rationality, calculation, and objectivity (Young, 2013). Overall, academic literature tends to have identified evidence which leads to the conclusion that financial considerations appear to be prevalent, while ESG considerations are considered in the second place.

Solomon et al. (2013) examined the usage of ESG reporting by institutional investors. The authors concluded that ESG reporting was used mainly for impression management vis-à-vis investees. Due to the circumstance that investors shared and agreed upon a frame that did not accept fabrication, investors instead supposed that investee companies did not strive for the intention to deceive them. Overall, the authors found that the frame was rarely broken and exchanged for demand for transparency and genuine accountability. Solomon et al. (2013) thus concluded that ESG integration was an “empty exercise” due to the perceptions that ESG factors were perceived as less important than financial ones. Below the surface, on which ESG factors seemed to influence investment decisions, financial reporting was stated to be still the driving force (Solomon et al., 2013). The authors further outlined that even though investors engaged and employed resources on social and environmental reporting, they knew these considerations would be second and financial factors would be prioritized. Overall, Solomon et al. (2013) claimed that investment firms primarily included ESG factors for building legitimacy. Considering that this study was conducted a decade ago, it appears to be questionable if a tightening regulatory environment and increasing demand from investors highlighted by academic research might have affected contemporary practices.

Overall, prior research has suggested that the way in which investment information is presented to investors tends to influence the outcome of the investment process. Furthermore, considering ESG factors seems to add an additional layer of complexity, analogous to the added complexity identified by prior academic research when integrating ESG factors into investments.

Prior academic research has thoroughly focused on challenges centering around ESG data and ESG reporting frameworks as well as integration challenges, which tend to be connected more to the technical domain of ESG integration. However, it becomes clear that there has not been done much research regarding the domain, which is following the technical domain in the investment process, namely the domain of communication. In greater detail, prior academic research has so far not focused on techniques of how investment companies, especially asset management companies, frame ESG information in conversations with investors. Given the circumstance that few researchers have considered the dimension of ESG communication even though academic research overall appears to have an interest in the process of including ESG factors into financial investments, we consider it relevant to explore further aspects influencing the overarching investment process outside the technical domain. Consequently, our research aim is to explore the framing of ESG information by asset management professionals towards institutional investors.

2.2. Conceptual framework

2.2.1. Framing theory

We draw upon framing theory to explore how asset management professionals present information throughout conversations. According to Cornelissen and Werner (2014), framing theory was first developed by Burke (1937) and Bateson (1972) but is mainly known through the work of Goffman (1974). Academic research has applied framing in various fields within social sciences, and we will below further explain and motivate our choice of framing theory and its relevance to our study.

Goffman (1974, p. 11 as cited in Cornelissen & Werner, 2014) defined frames as "principles of organization which govern the subjective meanings we assign to social events". Framing theory directs attention to the form and operation of these social structures, which shape individuals' interpretations of the past, the present, and the future and guides individual sensemaking (Weick, 1995). Since our research interest is to understand how asset management professionals position ESG information towards institutional investors in conversations, we consider framing theory relevant for our study.

Framing theory has during the past already been used when examining phenomena around accounting, such as the relationship between client satisfaction and audit quality through the lens of two different types of framing (Ricci, 2022), the usefulness of causal chain framing in the context of accountability (Dalla Via et al., 2019), framing as a calculable space in the context of ESG reports (Sobkowiak et al., 2020) and framing as a way of sense-making regarding goodwill reporting (Durocher & Georgiou, 2022) and carbon accounting (Ascui & Lovell, 2011). A conceptual paper by Vollmer (2019) is especially interesting in the context of our study. The author understood framing as a way in which information is presented depending on the receiver of the information. Based on this angle of framing theory, Vollmer (2019) examined the phenomenon that preparers of accounts are never confronted with an explicit setting in which the report will be used, which can be challenging since varying circumstances among practitioners might heavily influence framing. The author claimed that accountants are intermediaries between individuals and the accounting information (Vollmer, 2019). Therefore, Vollmer (2019) further outlined that accounting practitioners develop social skills. However, their position might be challenged by ongoing socio-technical change. Resulting from this, Vollmer (2019) concluded that this position might be undermined if accounting practitioners fail to prove these skills or reject the social skills due to a preference for orientating towards "cleaner forms of expertise". Vollmer (2019) further outlined that to create a domain in which individuals can make sense of presented information, certain elements are included or excluded to guide sensemaking through various elements which can be used or connected.

Young-Ferris and Roberts (2021) argued that positioning ESG information as financially material and therefore impacting risk and return would be in accordance with the established normative orientation of investors. The authors understood framing as connecting a new domain to a previously known domain and therefore present information in a way that is familiar to investors. By connecting ESG factors with a mainly economic rationale, apparent legitimacy was increased according to the authors (Young-Ferris & Roberts, 2021).

Frames are also developed from the acts of framing, alluding to how individuals use symbolic gestures and conversations in context to support already existing interpretive frames or to build up new ones (Cornelissen & Werner, 2014). Englund et al. (2013) claimed that there is arguably ambiguity in the area of framing, which appears to at least partially result from conceptual differences and varying approaches concerning methodology and ontology (Dewulf et al., 2009). Dewulf et al. (2009) distinguished between two main categories within academic research on frames: interactional constructions and cognitive representations.

Tannen and Wallat (1987, as cited in Dewulf et al., 2009) elaborated on the distinction between the two concepts. Knowledge schemas or mental structures that help interpret incoming perceptual information and refer to expectations on events, people, and settings, is the cognitive approach to framing. In contrast to that, the authors referred to the interactional approach to framing as the arrangement of a specific interaction and focus on how communication characterizes particular aspects of what is happening when interacting (Tannen & Wallat, 1987, as cited in Dewulf et al., 2009).

Given the fact that cognitive representations and interactional constructions tend to represent two archetypical models, we aimed to select one of these two concepts since we intended to avoid blending those concepts. A critical difference between these two approaches is that the interactional approach is regarded to be dynamic and is shaped by ongoing reactions. Another influential factor of interactional frames is that depending on a situated context, issues are defined (Dewulf et al., 2009). In contrast, the cognitive approach considers frames as representations stored in the memory (Dewulf et al., 2009).

Drawing upon previous academic research on frames, we argue that interactional constructions are an insightful theoretical approach considering our research interest. While cognitive frames, according to previous research, tend to be more stable (Dewulf et al., 2009), we perceived choosing this approach as creating a contrast with the circumstance that ESG tends to be a rather evolving than a stable area. As previously outlined, academic research argued that ESG is an emergent area that is still evolving, which supports the approach of analyzing our empirical material through the lens of the more emergent viewpoint of interactional frames. Due to the circumstance that we followed an abductive research approach, it is also reasonable to consider the direction our empirical material points to. Some aspects of our empirical analysis (see section 4.3.2 to 4.3.5) point towards emerging instead of stable frames: The observed incidence that asset management professionals might develop and shift the form of framing throughout the conversational process as well as the incidence that asset management professionals prepare and adjust frames to enable meaningful conversations points towards an interactional approach. Another indication is represented by the dynamic utilization of different types of framing depending on the situational context in which asset management professionals present investment product information.

Choosing to study the framing of ESG information from the angle of interactional frames left us with the issue that two counterparties are influencing the process of interactional constructions, while our study only examined the actions of one of the parties. During our research, we only had the opportunity to explore asset management professionals' points of view and did not conduct interviews with institutional investors. Even though our study draws on empirical material which was obtained from only one of the two parties in the interaction, previous research has shown that using interactional framing as a conceptual framework is still valid when accessing only one party of the interaction (Solomon et al., 2013). Analogous to the circumstance of Solomon et al. (2013), who did not aim to unveil the "reality" of institutional investors, our research aim was not to unveil the effects of framing institutional investors experience during conversations with asset management professionals, but to explore in which ways asset management professionals adjust the framing of information based on perceived characteristics of institutional investors.

Therefore, we argue that even though we only examine the framing undertaken by asset management professionals in conversations, we can still elaborate on social interactions.

2.2.2. Constitution and operation of frames

In the following, three concepts that we consider necessary for analyzing the empirical material will be presented. These concepts are namely cueing, keying, and blending.

Framing in processes was described by Putnam and Holmer (1992, as referenced in Dewulf et al., 2009) as dynamic in the sense that participants form the meaning of their ongoing interactions by cueing and reacting to each other. Schelling (1960, as cited by Vollmer, 2019) stated that “participants will often converge on some clue for coordinating behavior, some focal point for each person's expectation of what the other expects him to expect to be expected to do” in the context of tacit coordination. Goffman (1974, as cited by Vollmer, 2019) included the same concept while studying the role of cues in framing transformation. Vollmer (2019) stated that specific cues “set the tone of distinct levels of coordination”. Vollmer (2019) further elaborated that this coordination might occur at a distance or interpersonally.

Consequently, framing can shift during conversations. In case that perceptions of interactions differ, the two parties involved in a communication must consciously or unconsciously negotiate the nature of process framing through continuing interactions (Dewulf et al., 2009). Scheff (1960, as cited by Vollmer, 2019) therefore, described the overall aim of cues as “finding the key, or rather finding a key that is mutually recognized”. Vollmer (2007) mentioned that using certain elements will usually work reliably as a cue that keying has been intended.

The concept of keying was described as "activities, events, and biographies that are already meaningful from the standpoint of some primary framework, in terms of another framework" (Snow et al., 1986, p. 474). Frames are not necessarily fixed constructs and can be broken when discrepancies emerge between the frame and individual aspects, e.g., impression management (Solomon et al., 2013). According to Solomon et al. (2013), keying is connected with breaking frames. Framing can however be seen as the selection of aspects applied to make communication more salient (Goffman, 1967, as referenced in Solomon et al., 2013). Keying is defined as “the process of transcription” and involves mutual awareness and focus of attention as well as shared awareness (Solomon et al., 2013). Consequently, the concept of keying involves “participants in mutual recognition of shifts in alignment” (Scheff, 2005, p. 374, as cited by Solomon et al., 2013). The shift from one frame to another includes an alteration of perceptions across the involved parties (Solomon et al., 2013). Overall, keying was explained as a signal or trigger of a change (Goffman, 1974, as cited by Solomon et al., 2013) which “informs participants that a significant shift of frame has occurred” (Goffman, 1974, as quoted by Vollmer, 2007). Keying, in this case, can be referenced as a trigger of an alteration in the perception of reality among one or all of those involved in the interaction (Solomon et al., 2013). As presented in section 4.3.2 of our empirical analysis, asset management professionals and institutional investors might have diverging views on ESG investing. It was described that educational input provided by asset management professionals was utilized not to steer but enable investors to make an informed decision regarding ESG investing by creating an understanding of the underlying investment approaches.

Thus, we consider keying as a relevant concept to further build on the interactional framing in communication. We aim to analyze if and how keying is used when discrepancies in the perception of reality between investors and asset management professionals arise.

In addition to interactional framing and the concepts of cueing and keying, we find it relevant to study ESG communication from the perspective of more than one frame. Given the fact that conversations between asset management professionals and investors were described as an interplay between financial and ESG information, which will be further described in section 4.3.3 of our empirical analysis, we argue that analyzing the information framed by asset management professionals during conversations with investors through different lenses or frames will be a meaningful approach to analyze our empirical material.

Prior research claimed that individuals might not only reason in direct ways from a source to a target but also may iteratively align cognitive frames, or elements of such frames, to derive new inferences, which is also referred to as frame blending (Cornelissen & Werner, 2014). This aligns with the complementary nature of different information types described by asset management professionals and will be further explained in section 4.3.3 of our empirical analysis. Moreover, our empirics point to the direction that ESG information can be framed in a qualitative as well as a qualitative way due to both the non-financially and financially material nature of ESG data. Since our research interest is primarily connected to the ESG frame, we consider it valuable to subdivide the ESG frame into a qualitative and quantitative dimension. Therefore, we consider it insightful to analyze also interplays between quantitative and qualitative framing within the ESG frame.

Furthermore, Cornelissen and Werner (2014) stated that besides assuming "top-down" access to cognitive meaning, there is a tendency in academic research to lean more towards symbolic interactionism, which perceives human behavior more as a result of individuals interacting with each other and using language besides other symbols to create meaning. Due to the indications resulting from our empirics that asset management professionals do not assume passivity on the side of the receiver, namely the investors, we consider this as a valuable angle to include in creating our conceptual framework. The circumstance that phenomena which tend to occur in cognitive frames through the blending of frames and symbolic interactionalism also mirror our empirics leaves us less concerned regarding the analysis of our empirics through the lens of interactional constructions.

In addition, previous research has indicated that tensions and contradictions in understanding concepts may result from overlapping frames of references. Ascui and Lovell (2011) studied the different conceptions of the meaning of carbon accounting and claimed that the contradictions could be explained by “collisions” between overlapping frames. In this case, the frames mentioned were political, physical, financial, market-enabling, and social/environmental views on the carbon accounting (Ascui & Lovell, 2011). This is interesting in the context of our study since it opens up the possibility of exploring a plurality of frames in connection with the topic of ESG themes. In addition, some dimensions described by Ascui and Lovell (2011) appear to be predominantly qualitative, social, or political, while other dimensions appear to be predominantly quantitative, like financial or physical, domains.

To conclude, we will analyze our empirics by first focusing on how the presentation of financial and ESG information executed by asset management professionals towards institutional investors differs but also complements each other. Building on this analysis, we will further analyze which types of framing occur within the ESG frame and explore the dynamics between these qualitative and quantitative types of framing. An overview of the conceptual framework is presented below.

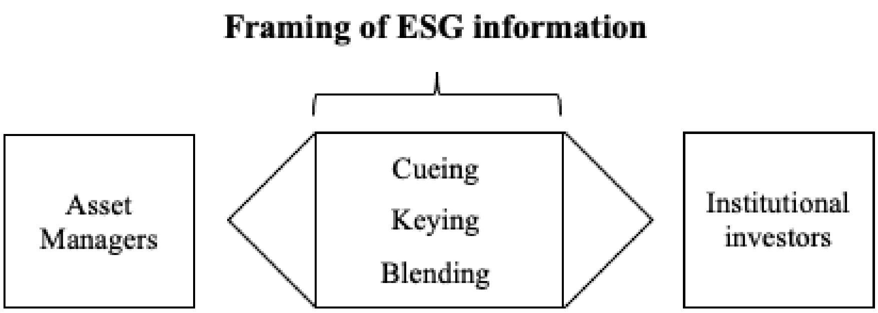

Figure 3. An illustration of ESG frame constitution and operation

3. Methodology

In the following section, the research methodology will be outlined. First, the research strategy and design choices will be explained in section 3.1. Following this, the data collection mechanisms will be described in section 3.2. Next, section 3.3 will elaborate on the data analysis. Ultimately, section 3.4 will reflect on the research quality of the conducted study.

3.1. Research approach

3.1.1. Research strategy

Our research interest was to analyze the presentation of information by asset management professionals to institutional investors in conversations. Given that one party involved in a communicative setting is examined, a qualitative study design appeared suitable. Since there was an empirical gap and no expectations regarding the findings could be formulated, a quantitative study design would not be applicable. Consequently, this study has been conducted through a qualitative research strategy as described by Vaivio (2008, p. 65), “qualitative research strives towards theoretically valuable interpretations. It uses multiple sources of evidence, such as interviews, documents, and other texts, and forms of participant observation within the research site”. The methodological paradigm applied in this study is interpretive social science. Our research aim was to explore the mechanisms behind framing ESG information by asset management professionals towards investors in conversational settings. We identified several mechanisms and the underlying rationales by analyzing socially meaningful actions observed during interviews with asset management professionals from three asset management companies.

The paradigm of interpretive research emphasizes the role of interpretation, understanding, and language in social science (Chua, 1986). Furthermore, social reality is considered “emergent, subjectively created and objectified through human interaction” (Chua, 1986, p. 615). In line with the interpretative perspective of social science, we intended to obtain insights about human intention by subjectively interpreting empirical observations.

3.1.2. Research design

This study was designed as a single case study with complementary insights from supporting interviews. The case company was selected based on our aim to explore framing of ESG information in conversations with institutional investors. Accordingly, the case company chosen, Company Alpha, is a multinational asset management company which manages assets worth more than a trillion US dollars. The asset management company is among the 10 biggest asset managers worldwide and its product offering to investors contains ESG investment products. The complementary companies were chosen based on analogous characteristics to the case company to enhance comparability between the case study and the supporting insights. Company Beta is therefore a multinational asset management company which also ranges among the 10 biggest asset managers worldwide and manages assets worth more than a trillion US dollars. Company Gamma is a multinational asset management company among the 100 biggest asset managers worldwide and manages assets worth multiple billions of US dollars. A single case study is considered relevant in investigating a phenomenon that is difficult to access from a research perspective (Yin, 2018, as cited in Young-Ferris & Roberts, 2021). Further, the difficulty of negotiating access to elite interviewees in historically secretive organizations makes this study original.

The case study can be considered instrumental (Stake, 1995 as referenced in Bryman & Bell, 2011, p. 60) given the circumstance that we use the case study to understand the broader context in which specific framing mechanisms regarding ESG information are caused to arise during conversations between asset management professionals and investors. Focusing on a single case in-depth, the presence of certain framing mechanisms depending on the context of the conversation can be best understood (Dubois & Gadde, 2002). Moreover, single case studies enable the description of a phenomenon in a particular context in a plentiful manner (Dyer & Wilkins, 1991). While a multiple case study across several asset management companies was initially planned and would likely have offered an opportunity for comparative analysis, appropriately symmetrical access could not be negotiated due to the practical constraints. Ultimately, we were able to conduct 17 interviews at one asset management company. However, despite extensive efforts to enroll additional interviewees, we could only conduct three interviews with employees from two additional asset management firms. Hence, our empirical material reflects one case company's operations: The ones of Company Alpha. Still, we consider it relevant to include the insights gained to accentuate that the identified issues of framing ESG information are not unique to Company Alpha, but also seem to arise across the asset management industry. However, the exploration of mechanisms of framing when presenting ESG information and the underlying rationale for employing these mechanisms are limited to Company Alpha.

Regarding our research design, we further considered our primary unit of measurement and analysis to be focused on certain types of groupings (Bryman & Bell, 2011, p. 67), which in the context of our study translated to three formal functions within Company Alpha: the sales department, the ESG department, and the investment department. However, the data was collected on an individual level since our interest covers individual experiences and understandings on the framing of ESG information, which is in line with our research question. This analytical level enables us to detect similarities and discrepancies on an individual and function levels. Moreover, asset management companies provide due to their structure of containing both an investment and a sales side, which are equally important in the organization, an insightful setting for a study which is unique throughout the financial intermediation chain.

Our sampling approach was primarily opportunistic sampling due to the limited availability of elite interviewees. Since our research interest presumed that interviewees had a background and knowledge which did not automatically translate to a particular role designation, we used snowball sampling through recommendations of prior interviewees. Initial contact was made with a smaller group of highly relevant interviewees, that further recommended and initiated contact with other interviewees based on relevance and availability (Bryman & Bell, 2011, p. 192). This type of sampling could also be referenced as convenience-based due to the restricted accessibility of this study’s interviewees (Bryman & Bell, 2011, p. 190).

3.2. Data collection

Semi-structured interviews were chosen as the most appropriate data collection method to explore framing in the context of the presentation of ESG information to institutional investors. 20 interviews were conducted, between February and May 2023, with people employed in roles within the sales, investment, or ESG function. Although efforts were undertaken to interview as many asset management professionals as possible across the three companies, the sample size is limited. 17 interviews were conducted as part of the case study, while 3 interviews were conducted as supporting interviews. 11 interviews were conducted with asset management professionals employed in the area of sales, 5 interviews were conducted with asset management professionals employed in the area of investments, and 4 interviews were conducted with asset management professionals in the area of ESG. A table defining the division of interviewees is shown below.

Table 1. Interview table

Interviewee	Interview	Company / Position	Duration	Date
A	1	Alpha / Sales	65 min	27/02/2023
	12		22 min	13/04/2023
B	2	Alpha / Sales	53 min	28/02/2023
C	3	Alpha / Sales	56 min	03/03/2023
D	4	Alpha / Sales	26 min	09/03/2023
	13		21 min	14/04/2023
E	5	Beta / Sales	49 min	15/03/2023
F	6	Alpha / Investments	29 min	15/03/2023
	20		21 min	08/05/2023
G	7	Alpha / Investments	31 min	17/03/2023
H	8	Alpha / Sales	38 min	23/03/2023
I	9	Alpha / Investments	32 min	26/03/2023
J	10	Alpha / ESG	67 min	06/04/2023
	17		23 min	28/04/2023
K	11	Alpha / Sales	28 min	06/04/2023
	19		15 min	05/05/2023
L	14	Alpha / ESG	28 min	17/04/2023
M	15	Gamma / ESG	28 min	20/04/2023
N	16	Gamma / Investments	24 min	20/04/2023
O	18	Alpha / Sales	20 min	30/04/2023

Given our interest in the positioning of ESG information, the main target group for our interviews were asset management professionals employed in the sales function since these professionals are predestined to be more frequently involved in conversations with institutional investors. The average interview time was 34 minutes, and all the interviews were conducted through online video calls.

Two pilot interviews were held with one ESG representative and one sales representative at Company Alpha in the beginning of February 2023. These interviews were explorative, and the insights gained were used to refine the interview guide (available in Appendix 1). The structure of every interview was to start with providing background on our research interest and the interest to the specific interviewee along with asking for consent with regards to data storage (GDPR) and recording. The questions in the interview guide were adjusted and selected depending on the role of the employee, e.g., a sales representative was asked questions related to the communication between representatives of the sales function and investors. To better identify, revise and explore relevant topics that came to light during the conduction of interviews, the format was kept exploratory.

3.3. Data analysis

The analysis of the collected empirical material followed an abductive research approach (Dubois & Gadde, 2002). As described by Lukka and Modell (2010, p. 467), "abduction is about developing ("inventing") theoretically informed explanations to new, and often surprising, empirical observations". Consequently, our data collection, analysis, and theoretical development were conducted interactively and intertemporally. This can be exemplified by the development of the above presented conceptual framework, whereas the empirical observations guided the choice of a relevant conceptual framework. The abductive research process was especially noticeable when interpreting data, revising the research question, collecting complementary data, and developing the conceptual framework through several iterations.

The data analysis was conducted in a structured manner and consisted of, firstly, transcription of the interviews and coding by both authors individually to ensure that all relevant themes and quotes were noted. Secondly, the data was thematically analyzed, and the citations were sectioned into themes, based on similarities, differences, and repetitions of how ESG information was framed in conversations between asset management professionals and investors. Moreover, tensions between data points were tracked. Aligned with the abductive approach, the themes were continuously contrasted, i.e., matched to the conceptual frameworks, which introduced new theoretical concepts. While the analysis was initially centered around themes such as investor and product characteristics, it became clear throughout the further analytical process that the sequence of actions undertaken appeared to play an important role in data analysis. Consequently, the conversational process towards institutional investors, described by asset management professionals, was simplified and labeled according to the driving characteristics of the respective process stage. Ultimately, the core actions undertaken in the respective stage of the process were analyzed.

3.4. Research quality

To evaluate research within the business and management field, Bryman and Bell (2011, p. 41) emphasized three important criteria; reliability, replication, and validity. Replication or replicability entails that the researcher is required to outline the procedure in great detail for other researchers to be able to replicate the findings (Bryman & Bell, 2011, p. 41). There are, however, discrepancies within research regarding the appropriateness of using the criteria of reliability and validity in the qualitative research (Bryman & Bell, 2011, p. 43). Lincoln and Guba (1985, as referenced in Bryman & Bell, 2011, p. 43) proposed that trustworthiness could be an alternative criterion to assess qualitative research. In this study, to ensure validity through trustworthiness and authenticity (Bryman & Bell, 2011; Lukka & Modell, 2010), the empirics are presented in detail, and quotes are directly cited from the interviews. To avert a partial view on collected and presented empirics and to add trustworthiness, room for tensions, inconsistencies, and paradoxes (Lukka & Modell, 2010) was accustomed. Further, the process of our study was outlined in this section to gain reliability (Bryman & Bell, 2011, p. 41).

4. Empirical analysis

In this section, the empirical analysis will be presented, starting with exploring asset management professionals' intentions and perceived challenges. Following this, relevant circumstances influencing the framing process on the side of the counterparty of asset management companies, namely institutional investors, will be assessed. Ultimately, it will be outlined how asset management professionals dynamically adjust the framing of information and use different types of information in a complementary manner throughout the stages of the sales process.

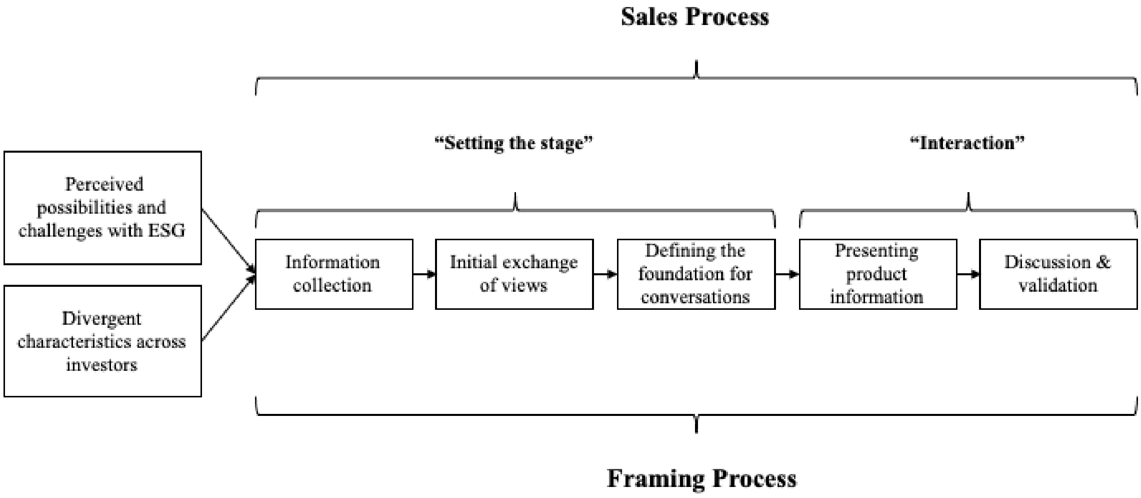

Figure 4. An illustration of the sales process

4.1. Perceived possibilities and challenges with ESG

Overall, asset management professionals claim that they aim to serve investors' needs and act in the investors' best interest. In addition to that, it was stated during the interviews that asset management companies endeavor the "goal [...] to establish [them]selves as a brand that clients can reach out to in case of questions or if they need something" - (Interview 3, Company Alpha, Sales)

ESG investing was perceived to be a highly relevant topic by asset management professionals. However, it was also stated that ESG investing is not the only investment approach asset management companies are focusing on when aiming to act in the best interest of the respective investor.

> More and more money is flowing into ESG [...] because people care about it, and we use this money for our investors. If you play into the cards of investors, it is kind of a trend

> now, and of course, it is probably also a long-term trend. However, non-ESG companies might also be interesting since many overlook them currently. And there is also money to be made from this effect. (Interview 6, Company Alpha, Investments)

Overall, asset management professionals and investors face the challenge of balancing the two facets of the dual objective inherent to ESG investing: The financial performance objective and the ESG objective. This effect arises from the circumstance that, depending on the intensity of the sustainable investment approach, certain asset classes are excluded from the spectrum of possible investments, which might have both positive and negative outcomes.

> We are still helping a lot of investors by just going through their ideas since there are a lot of issues when moving from a non-ESG to an ESG approach. You cannot invest anymore in a lot of traditional asset classes. Since currently, superior returns are coming from investments in oil and commodities, you might lose a diversification benefit. It is not necessarily good for investors to exclude these things because there is a performance issue and there is a diversification issue, and you need to try to help the investors with this, maybe try to find alternatives so that they can maybe get a diversification benefit by investing in something else. (Interview 5, Company Beta, Sales)

Asked about challenges throughout the sales process, asset management professionals mentioned overexcitement among investors as well as asset management companies regarding the topic of ESG as a common incident. Focusing on the investor side, asset management professionals mentioned one phenomenon which seems to be in some cases especially correlated with sustainable investing. This so-called “ESG bias” was described to arise under the following circumstances:

> Last year was a very bad year across all asset classes, and one exception from this was the energy sector, and it is a recurring theme in discussions we have with investors. They first have to re-establish trust since many investors are also disappointed by ESG strategies because they are underweighted in energy and weapons by definition. You had this topic before, probably ten years ago. As soon as the first green bonds came out, some companies have used this as a marketing tool to collect money, also partly from end investors, and the end investors thought, ‘Oh, it is green, great, I can check the box,’ and then the company went bankrupt. (Interview 14, Company Alpha, ESG)

Resulting from this “ESG bias”, asset management professionals saw an increased risk of discontent among investors when investing in sustainable investment strategies. This anticipated potential dissatisfaction also relates to the circumstance that ESG is a topic without a clear focus on one “right solution” due to varying investment approaches labeled as ESG investing.

> The next story will be that some companies that are kind of ‘dirty’ now will transform and then become the new ESG leaders, and then all the investors will say: ‘Hey, did I not

> participate again?' If you do not understand that this is not a black-and-white picture but that we are all on a journey to transform an overall economy to Net Zero, that is a bit of a danger that this whole topic of sustainability will actually go down the drain because ESG is not black or white. (Interview 14, Company Alpha, ESG)

It was further outlined that the multifaceted nature of ESG can lead to the circumstance that the ESG "approach is the same, but the criteria and the parameters that [two individuals] use are different. The attraction of these intellectual shortcuts like 'This is more sustainable, this is less sustainable'... It does not work like that, the group sustainability, it is not like risk or return or price where you have really comparable metrics" - (Interview 17, Company Alpha, ESG).

Given these circumstances, asset management professionals claimed that there is an overarching dilemma the asset management industry is confronted with. Since ESG is a controversial topic, some market participants "are afraid of saying things around sustainability because it will be taken out of context and then [there will be] a big headline which results in reputational damage that [one] simply cannot recover from" - (Interview 10, Company Alpha, ESG).

4.2. Divergent characteristics across investors

It was widely mentioned that investors' needs and preferences could vary significantly, even when investors belong to the same segment. This arises from the fact that every "investor needs different things, different products, and a different [level of] support" - (Interview 3, Company Alpha, Sales). Furthermore, asset management professionals explained that certain regulatory requirements apply to some industries. However, besides these common regulatory requirements, asset management professionals stated that differences among investors could not solely be explained by the type of segment or industry an institutional investor belongs to.

> There are differences among investors, but this is not about the type of investor. Insurance companies do not automatically want something different than a bank. It usually has to do with the individual values. (Interview 5, Company Beta, Sales)

An overall tendency that asset management professionals spot among investors is that the sophistication of investors tends to increase with the size of the investment team of the investor. Consequently, larger institutional investors tend to have more capacious investment teams.

> In general, there are great variations among investors. Especially large institutional investors are further in their process and approach or have dedicated people and investment teams regarding ESG. But especially smaller investors cannot deal with the topic and therefore just seek advice on how to comply with regulations. (Interview 1, Company Alpha, Sales)

The degree of sophistication tends, according to asset management professionals, loosely correlate with the segment the respective investor belongs to since "institutions like insurance companies, large banks, and very large pension funds will have the expertise, and in many cases, they also have dedicated sustainability teams and experts. Smaller pension funds or independent advisors would need more support with this, and they also tend not to have the resources as the large institutions have" - (Interview 10, Company Alpha, ESG). Asset management professionals further stated that the degree of sophistication was also considered to be "very size dependent. Larger corporates deal with it differently and have also employed people to take care of this issue. Companies that have been criticized for not doing many things right have to deal with ESG differently. But smaller, owner-managed companies that are not as prominent tend to treat the topic as a secondary issue" - (Interview 18, Company Alpha, Sales).

Across segments, asset management professionals made an overarching distinction between two groups of investors. Consequently, asset management professionals feel a need to adjust to these different characteristics throughout the sales process.

> There are two groups of investors. One is mainly interested in just getting the stamp. And at best, they wish to have as little as possible changed with regard to exposure, allocation, and so on. They want to confirm with EU Taxonomy, but as little as possible change regarding risk factors and exposure. The other group wants to buy something sustainable and see a change arising from this, they want to see a difference compared to a conventional portfolio. (Interview 2, Company Alpha, Sales)

Considering that investor characteristics tend to impact the framing in conversations with investors, the focus of the following subsection will be to more closely examine which strategies and tactics asset management professionals apply regarding the framing of information when communicating with diverse types of investors.

4.3.ESG in communication

Asset management professionals explained that there is "potentially a longer stage in which [they] develop the [relationship] with the investor, [which] could be called the initial interaction phase or development stage. Later [in the process, one is] talking about a concrete product or solution" - (Interview 3, Company Alpha, Sales). Following this rationale, the presentation of the empirical data was divided into different consecutive phases, which relate to the main driver or intention in a respective stage.

4.3.1. Information collection

To identify investors' needs, asset management professionals stated that their overall aim is to "try to collect as much information about an investor, their experiences, needs and conditions" - (Interview 3, Company Alpha, Sales) in a stage which will be referred to as information collection.

This includes elemental information such as conversations about the asset classes an investor is currently invested in, as well as investment goals and requirements of an investor, which is typically achieved through discussions. Asset management professionals stated that they intend to "know if investors are looking into a certain topic to offer help and be in front of the investor early and not when they have an opinion about something, [since it is then] very hard to change it. [Asset management professionals] want to help them in the process" - (Interview 4, Company Alpha, Sales). Further questioning the rationale behind the aim to be involved in the early stages of the investment process, asset management professionals stated that being involved early in the process would have a positive effect on the relationship with the investor.

> You can give guidance on how you think is the right way to approach or deal with a topic. On the one hand, it helps since if an investor agrees, he sees you as a solution provider. And this is better for your relationship, for everything, especially for trust, because you need to build trust. And you do not build trust by calling every other week with a new product, you build trust with solutions. (Interview 13, Company Alpha, Sales)

It was highlighted by asset management professionals that "the relationship might be breaking at some point, and then it will take with most investors a really long time to get back to a good mood and to earn their trust again" - (Interview 3, Company Alpha, Sales). Consequently, asset management professionals seem to aim to avoid mistakes through information collection. Some asset management professionals stated that they actively use ESG as a starting point for discussions since "ESG is a requirement to fulfill, but it is also very helpful in conversations, a good topic to have an open conversation with investors. It enables [relationship managers] to get to know them better, see how they operate, and learn about their views" - (Interview 4, Company Alpha, Sales). ESG discussions, therefore, enable asset management professionals to collect more information about an investor in the early stages of the investment process.

Given the insights from these initial discussions, asset management professionals claim to start early in the process to adjust the communication towards the respective investor needs. Furthermore, the conversation process was described by asset management professionals as a rather dynamic than a static process.

> It always changes. The more you communicate with one investor, the more information you have, and then you adjust. It is a dynamic process. I mean, it is like with every relationship, right? (Interview 13, Company Alpha, Sales)

Some asset management professionals further explained that before having the first interaction with clients, they are guided by internal resources regarding ESG preferences and requirements of certain investor types.

> We have lots of internal resources where we collect various information regarding ESG and different investor profiles. This also helps to educate yourself. And then of course, you have to go out to the investor and understand whether this is really only an assumption that is made internally or whether it also reflects the reality of how the investor thinks about ESG. (Interview 8, Company Alpha, Sales)

Due to these circumstances, the ability to actively listen was a characteristic described as important for relationship managers who serve as the first contact point for investors. Asset management professionals “try to read between the lines and look where the pain points might be. And if [the investors] are not certain what to do, [asset management professionals] might ask some follow-up questions and try to understand and make transparent what [the asset management company] can offer on this” - (Interview 11, Company Alpha, Sales).

Asset management professionals further stated that they “have to ask clients to figure out their preferences, and since everybody does something different, it is quite tricky to find a product that fits everyone. It is almost impossible” (Interview 5, Company Beta, Sales). However, the degree to which investors’ requirements can be fulfilled is further limited by the availability of suitable products since “some products might not exist that investors want to invest in. Some topics are still not being fully reflected on the market. […] A lot has been developed, but not for all product categories” - (Interview 3, Company Alpha, Sales).

Adding another layer of complexity to external ESG frameworks designed by regulators, investors, and asset management companies might have internal ESG frameworks.

> Some clients have additional internal rules regarding what they consider sustainable, which can be a problem. Institutional investors who construct portfolios at a larger scale are facing constraints regarding liquidity or the size of the product. There are some hurdles for some asset classes and specific exposures for which there might not be a product available yet. (Interview 2, Company Alpha, Sales)

Since internal rules and regulations seem to heavily influence if a product is a good fit for a respective investor, it will be further explored in the next subsection how asset management companies and investors align their views on ESG through conversations.

4.3.2. The initial exchange of views

In accordance with the circumstance that individual investors’ views and opinions regarding the sustainability conformance of investment products might differ, these respective opinions appear to assemble into an ESG view that seems unique to every investor.

> Every investor has their own view on what sustainability means, but not on what financial performance means. (Interview 1, Company Alpha, Sales)

Analogous to the individual views on ESG of each investor, also asset management companies have an individual view on ESG, which appears to reflect their evaluation of ESG factors that will influence investments most significantly in the future. This is essential since “in investment management, you are never trading the present, but you are trading the future” - (Interview 11, Company Alpha, Sales). Resulting from this, “even if investors do not want to do anything sustainable at all, the portfolio manager has to take these risks into account for regular portfolio management purposes” - (Interview 1, Company Alpha, Sales). Since asset management companies stated to be fiduciary to investors, they have an interest in taking these effects into account because otherwise, investors “tend to lose on operating income because they are not focusing on topics that are relevant for the future, also in ESG terms” - (Interview 11, Company Alpha, Sales). To mitigate these potentially financially harmful future effects on investors, asset management professionals stated to closely monitor these potential effects and assess the related expected outcomes.

> Every asset manager has their own approach, so there was a lot of explaining to do, finding out what is considered a standard and what is necessary in terms of regulation. How do we think that regulation is going to change, and how can we make sure that our products fit with the regulations but also with our internal frameworks. (Interview 5, Company Beta, Sales)

Caused by the fact that differing views on ESG are based on opinions and varying prioritization of numerous ESG factors, asset management professionals stated that there might be incorrect assessments and resulting views on the topic of ESG. However, it is possible that a multitude of equally correct views on ESG coexists.

> I mean, I was going to say there is no right or wrong. There are wrongs, but there are so many rights, and people need to understand this palette of the different rights. (Interview 10, Company Alpha, ESG)

Even though there is “more data available now than ever before” - (Interview 10, Company Alpha, ESG), both parties “need to process all that information and determine what is material and what is relevant for a specific holding and here comes the subjective element, where what [asset management companies] think is relevant and the degree to which this is relevant may differ from the way that [investors] think it is relevant and the degree to which it is relevant. Even if both have the same process, the outcome of that process will be different, and this is where comparability is very, very difficult.” - (Interview 17, Company Alpha, ESG).

As a result of the circumstance that asset management companies as well as investors individually create their particular view on ESG, the views of asset management companies might differ from the investors’ one. Asset management professionals, therefore, highlighted the significance of aligning views and expectations.

> We learn about the ESG preferences of investors through discussions and conversations. Investors explain their views to us, and we explain our views to them. However, there are a lot of questions that are not answered yet regarding ESG, and there is no standardized process. (Interview 4, Company Alpha, Sales)

It was outlined that it can be "hard to find common ground and agree on certain topics, but in the end, it is up to the investors to tell what they are looking for" - (Interview 8, Company Alpha, Sales). So even though both parties explain their views on ESG to each other, it is the investors' view on ESG which is ultimately decisive. Motivated by differing views on sustainability, asset management companies started to offer different approaches towards sustainable investing to fulfill various investor needs and requirements.

> We have different sustainable strategies because investors have different opinions on sustainability. (Interview 14, Company Alpha, ESG)

These requirements and needs were explained to partially correlate among certain industries in which institutional investors operate due to conducting business in the same regulatory environment. These similarities seem to serve as a starting point when identifying a suitable ESG framework that is relevant for a respective investor.

> The regulation of the client being a pension fund, being a foundation, or being a church drives how you communicate, so it gives you the framework. For example, a church, by definition, is more concerned about ESG than a pension fund. Foundations manage money for certain topics. The purpose of the foundation sets the framework, but also the regulations set the frame for the pension funds and the churches. They have specific requirements. (Interview 13, Company Alpha, Sales)

Nevertheless, other characteristics such as investment purpose or individual beliefs and values play a role. In the following subsection, it will be further elaborated on how asset management professionals aspire to develop an underlying foundation for conversations with investors, even though individual views might differ.

4.3.3. Defining the foundation for conversations

Given the variety of ESG frameworks and sustainable investing strategies, asset management professionals claimed that it could be a challenge for ESG investing to achieve the existence of a common basis on which ESG discussions are enabled. The fact that ESG information is not as standardized as financial information was mentioned as a common hurdle to overcome.

> I think the big problem is that ESG is not really defined yet. The rules are not finished, and there is room for interpretation. Additionally, there are also differences across countries. You do not really have a common language. (Interview 4, Company Alpha, Sales)

Asset management professionals seem to partially establish a common language through ESG "frameworks because otherwise, something cannot be communicated externally as something sustainable. It is necessary to be compliant with the frameworks and the regulation" - (Interview 2, Company Alpha, Sales). The lack of ESG frameworks the overall asset management can agree on was mentioned by some asset management professionals to potentially be "root causes [for] unintentional greenwashing: Building products, using ESG data, wanting to do something good. […] Regulation is just catching up, and so there is a whole ecosystem of people creating what they believe to be sustainable, creating their own narratives, their methodologies, and so they quickly have to change those methodologies to meet new and arising regulation" - (Interview 7, Company Alpha, Investments).

Given the condition that ESG information was not incorporated in investment decisions for a comparable lengthy period as conventional financial information, such as risk and return profiles, asset management professionals perceived financial information to be more easily interpreted by institutional investors. It was described that "there are still a few parties that struggle with ESG information, even senior people in the business. Financial information just has always been there" - (Interview 3, Company Alpha, Sales). However, this phenomenon was described to partially also be observed regarding less established financial concepts.

> Overall, financial information is much better understood by investors. But depending on the asset class, there might also be some open questions, for example, when it comes to alternative investments. Some investors might ask, for example, what an IRR is. But in general, they are more sophisticated in the area of financials, and there is much more agreement, there is less discussion around these numbers. (Interview 1, Company Alpha, Sales)

As a consequence arising from these circumstances, asset management professionals highlighted their intentions to raise awareness for all available ESG investment options, which was overall described as providing educational input.

> It is interesting to see that some people just do not know. Investors also appreciate having these conversations and understanding what is out there. Sometimes they are wondering if there is something they did not know that is on the map of options, and then you trigger a thought process, and if we get to this point, it is already a big win. (Interview 11, Company Alpha, Sales)

The first contact point for investors is usually the respective relationship manager, and "it is a core competency of a relationship manager to understand how sophisticated the investor is, how much educational input and meetings are needed. But there is no standardized way of how to manage a relationship" - (Interview 1, Company Alpha, Sales). The majority of the asset management professionals interviewed in the area of sales perceived education to be a core element of their duties as relationship managers.

Overall, there tend to be three influencing factors which have to be considered when defining the foundation for presenting investment product information: The ESG knowledge base of the respective investor, the depth of expertise in the topic of ESG of the representative of the respective investor as well as the focus of the role of the representative of the respective investor.

The value of providing education to investors was highlighted by several of the asset management professionals interviewed.

> I think we really have to try to achieve with education and with more transparency that investors are truly understanding what they are investing in, whether that is an ESG strategy or not. But this is a bit of a danger regarding ESG: People then think, 'Okay, I'm doing something good with the investment', but do not deal with the investment in depth. I mean, it remains a financial investment, you have to deal with risk and return profiles and understand how it works. And that always has to be taken into consideration depending on your own risk level and your investment horizon. (Interview 14, Company Alpha, ESG)

Asset management professionals motivated the additional complexity of ESG through the fact that "sustainability is all about the outcome and understanding what approach someone takes to get to that outcome, and this is why you need disclosures. [Investors] need to understand how this is happening, but [they] cannot fully compare the approaches, and this is what makes it even more difficult to understand" - (Interview 17, Company Alpha, ESG).

Asset management professionals explained that besides the knowledge base of a respective investor, there is another factor that determines the depth and breadth in which ESG is discussed. Relationship managers claimed that they adjust these factors to the role of the respective counterparty on the investor side throughout the conversation.

> I mean, of course, if you are talking to a specialist, being about ESG or any asset class, the conversation is more quantitative. If you talk to someone, maybe the head of the board or a person who is not a specialist, you talk more qualitatively. Of course, you need to adjust. (Interview 13, Company Alpha, Sales)

However, relationship managers do not only provide educational input but also ensure that the parties taking part in a conversation are equivalent in terms of expertise. One potential reaction to advanced maturity and knowledge base of professionals on the investor side, which was described asset management professionals, was to "bring more specialists in at the beginning of the process. I think our goal is to find the topics and then the people in the asset management company they need to talk to. Just listen and then bring the right people in" - (Interview 4, Company Alpha, Sales).

Adding to the two decisive factors above, namely knowledge base and professionals involved on the investor side, asset management professionals described that the main focus of conversations may also be determined by the respective focus of the counterparty on the investors' side.

> If I talk to the investment side of investors, I talk about both ESG and financials. When I speak to ESG representatives of the investors, the conversation is more related to ESG. But I see ESG and financial conversations as linked together, they are equally important. (Interview 4, Company Alpha, Sales)

Overall, one asset management professional stated that there was a shift from discussing ESG information more qualitatively to a more standardized and quantitative basis in the past. This development was described as a "duet including risk and return and ESG indicators because if [one] makes a decision on ESG, that has an impact on risk and return and vice versa" - (Interview 14, Company Alpha, ESG). The mean of standardization was described as financial materiality.

> In 2019, we have seen a bit of a shift. That was in the approach of the EU regulation. There has always been a discussion on ESG. But the discussion that took place before was value-based, so to say, centered around a value system. Whereas, with ESG integration, the financial material integration on indicators and only taking into account what potentially has an impact on the value of a company. It was developing from value-based to values-based: Show quantitative numbers for a valuation regarding ESG. And that was a massive paradigm shift. (Interview 14, Company Alpha, ESG)

This paradigm shift was indirectly described by other asset management professionals who emphasized the incident that currently, "ESG conversations with investors focus on E, while S and G come second" - (Interview 4, Company Alpha, Sales). This would be coherent with the previously mentioned paradigm shift since factors in the environmental domain "tend to be more tangible, like carbon footprint or compliance with the Paris climate agreement" - (Interview 9, Company Alpha, Investments). However, it was claimed by asset management professionals that they are sometimes wondering if certain data is "measured because it is the regulator that requires it or if [asset management companies] think [they] can create value by optimizing, for example, energy usage or emissions" - (Interview 16, Company Gamma, Investments).

Given the paradigm shift mentioned above, it will be further examined in the next subsection in which context qualitative discussions around ESG and quantitative valuations of ESG factors are used for framing purposes during the process of presenting product information to investors.

4.3.4. Presenting product information

As outlined in the previous paragraph, financial and ESG information are considered to be connected and equally important by asset management professionals. However, asset management professionals mentioned one core difference between financial and ESG information:

> Financial information is more standardized since firms are required to report it in a specific way, which is not the case for ESG information. Therefore, it is a bit more challenging and ambiguous to deal with ESG data since it is not as standardized. (Interview 20, Company Alpha, Investments)

Asked about the regular way of presenting financial and ESG information, asset management professionals stated that "financial information is presented in graphs and tables, ESG information can also be presented in graphs and tables, but it can also be more qualitative information […]. But thinking about a fact sheet, the information is presented similarly, no matter if it is financial or ESG information" - (Interview 5, Company Beta, Sales).

While the presentation of financial and ESG information appears to be quite standardized for documents with at least partially a regulatory purpose, such as fact sheets, the way asset management professionals present ESG information to investors seems to vary. The primary rationale behind this approach was explained by the fact that regulatory documents require "diving deep into pages and pages of information, and barely anyone has time for that" - (Interview 3, Company Alpha, Sales).

> We talk way more about financials because that is the ultimate goal of investing. ESG comes up on different levels than financials since financials are so material to any investment, and it is standardized that you provide them. ESG comes up quite frequently but is rather a discussion topic. You cannot just provide one percentage number; it is much more discussion. And also, clients are much more vague about it and sometimes do not know what they want. (Interview 1, Company Alpha, Sales)

As described above, asset management professionals advocated that financial and ESG information is used and presented in a complementary way. Interestingly, asset management professionals furthermore stated that also within the area of ESG information, there are various ways to communicate this information, namely qualitatively and quantitatively framed information.

> There will always be investors who act very value-based regarding the topic of ESG, and that will also appear often in the private customer area. But the discussion that you have on the numerical level about how ESG is influencing the value of an asset is truly different. (Interview 14, Company Alpha, ESG)

This factor seems at first glance to be more prevalent for private investors, however, "some institutional clients, like churches, are extremely restrictive in terms of what they invest in. It depends on the background and the values of the institutional investor or the organization they represent. They can sometimes also behave like what is more typical for private investors" - (Interview 5, Company Beta, Sales). Besides these similarities observed by asset management professionals, it was further claimed that "behind every institutional investor are many retail investors, people who choose [how] to invest their pension money or people choosing from what company or what product to include when they buy an insurance policy. So, at the end of the day, it is the same group of people" - (Interview 17, Company Alpha, ESG). However, bundling multiple retail investors together into institutional investors tends to increase sophistication of investors since a dedicated investment team can handle investments.

Asset management professionals further stated that there is a development in conversations which manifests in "moving away from just labeling [investment products] as ESG to explaining what is [contained] in it and why it is sustainable" - (Interview 2, Company Alpha, Sales).

Asset management professionals explained that conversations around ESG typically start by "first talking about it qualitatively. If [they] notice that the customer is interested and wants to talk about it, then the quantitative comes in" - (Interview 18, Company Alpha, Sales). On the one hand, asset management professionals claim that it is "good to have data which is supporting an opinion [because] it is sometimes also interpretation, so it is always good to have data to support what is said" - (Interview 13, Company Alpha, Sales) and that "quantitative [framing] is more credible and supports the qualitative [framing]" - (Interview 18, Company Alpha, Sales). Asset management professionals stated that to obtain reliable data to back up claims, they "work with data providers such as MSCI that do ESG ratings and are extremely involved in this topic" - (Interview 18, Company Alpha, Sales).

On the other hand, asset management professionals stated a "need to quantify [ESG information]. Because otherwise [there cannot be] developed a systematic framework of assessing ESG risks" - (Interview 10, Company Alpha, ESG). In addition to that, asset management professionals claimed to "use qualitative, but also quantitative examples, to measure [impacts], [since what one] cannot measure, [one] cannot manage" (Interview 19, Company Alpha, Sales).

While in the first case, ESG data seems to be used to reinforce a view stated by asset management professionals, the quantification of ESG data appears to be used in the second case to be used to transform qualitative information into quantitative input. Nevertheless, asset management professionals also highlighted one challenge arising from quantifying qualitative ESG data since it "gives more context that helps you understand the [quantitative] data, [which] will sometimes only tell half the story and qualitative data is necessary to understand the broader background" - (Interview 10, Company Alpha, ESG). This circumstance was also highlighted by asset management professionals employed in the investment function:

> Assessing ESG data offers the opportunity to explore another dimension of information that cannot be explored through financial information. This can quite significantly influence the valuation of investment targets. (Interview 20, Company Alpha, Investments)

Asset management professionals further elaborated on this subject by stating that "the scores are standardized, which helps to make a comparison, but it does not really always capture the material subject that [asset management professionals are] talking about" - (Interview 15, Company Gamma, ESG). Moreover, the ambiguity of ESG scores was described as an issue since "when [one] hears ESG score, it could mean a middle million different things, depending on the methodology" - (Interview 15, Company Gamma, ESG).

Besides financial and ESG information, "there is also another huge block, and this is the sales story" - (Interview 2, Company Alpha, Sales). Asset management professionals explained that the sales story elaborates on "why the product in the current environment makes sense or what the long-term driver" - (Interview 2, Company Alpha, Sales) behind the respective product is.

One strategy that was described by asset management professionals, regardless of presenting financial or ESG information, was storytelling. Asset management professionals described the usefulness of storytelling arising from connecting a specific example or image to an overall effect.

> If you want people to understand what you are saying, you have to make it easy to understand. Telling a story always helps people. If I tell you now that there are physical and transition risks from biodiversity, it will not really mean much to you, but if I tell you that there is a parasite that impacts bananas and now 90% of the world's banana production is based on this specific type, and we are close to not having bananas, you will understand this as a physical risk. You will understand the story rather if I explain the references in risk. And this is not sustainability specific. I think it applies generally if you want to communicate things to other people and you want them to remember. Everyone is very busy. Everyone has the risk of information overload. If you do not really take the time to explain it in a better and more relatable way, it will just go over people's senses. (Interview 10, Company Alpha, ESG)

Depending on the requirements and communication needs of the respective investor, asset management professionals stated that they dynamically adjust the "story" to the individual investor.

> I mean, it comes back to the point that you need to know what your client wants to hear, right? How you need to provide information. You need to know who is in front of you and what you need to tell them. And that is how you need to build your story. If I were talking to a specialist, I would use more data. If I were talking to the head of sales, who is not a specialist in that topic, I would be more high-level. You need to know how you want to

> communicate information and that is how you apply a story here. (Interview 13, Company Alpha, Sales)

In the view of asset management employees who are responsible for the presentation of information regarding investment products, storytelling is a strategy that is especially helpful when presenting sustainable investment products since “it is about the stories you can tell with funds. And I think stories can be told really well with sustainable themes and impact investing” - (Interview 7, Company Alpha, Investments). Asset management professionals further explained that even though storytelling is a powerful tool, it might be cumbersome to “give to [investors] the expectation for a specific outcome, because it may not be the outcome that they will get. This makes it doubly difficult for sustainability because [one] needs to go through the hurdle of people understanding the implications of investing in different asset classes, for example, the difference between growth and value equities and fixed income. And then [there is] an extra layer of sustainability to add on top of this, and storytelling is good because it makes things tangible, but [one has] to be careful how to do it” - (Interview 17, Company Alpha, ESG).

It was also mentioned during the interviews that presenting ESG information without any context might be challenging since it does not “tell anything if [one] just drops it there without reference or without putting it in relation” - (Interview 1, Company Alpha, Sales). One strategy mentioned by asset management professionals employed in relationship management was presenting information to investors “really measurable and visualize it. For example, if you bring a case study, it is easier for them to understand” - (Interview 8, Company Alpha, Sales). Asset management professionals also considered case studies a powerful tool since investors “always listen when [one] tells how their counterparts [implement ESG]. They listen because they always want to know how others do it and what others do” - (Interview 18, Company Alpha, Sales). Nevertheless, it was highlighted that one “can give a case study, but it has to also be clear at the same time that this is just one illustrative example. It does not mean that this is the outcome that [the investors] will always get. […] It should never happen that you provide information that is not clear, fair, or misleading, and it is not only what [asset management companies] think is fair, clear, and not misleading. It is also the expectation, the interpretation of the other person at the receiving end” - (Interview 17, Company Alpha, ESG).

Another strategy that asset management professionals mentioned was that “it is very helpful if [one] can quantify the impact of a certain product […] to give [investors] a rough estimate of what an investment would cause in the future. It really helps investors to quantify things and to understand their impact” - (Interview 8, Company Alpha, Sales). It was further elaborated that asset management professionals “try to use quantification where [one] can to tell the story. In some cases, [one] may want to bring something to life. […] For example, if [one] does [this], then this will save so many emissions, which translates into this number of flights. More sophisticated institutional investors can understand the nitty-gritty behind the estimations. For retail investors, this is where [one] has to be very, very careful, and most of the time [there is] the risk of misunderstanding and the lower are the chances that someone will spend time reading through all the details of how [one] has made the estimations" - (Interview 17, Company Alpha, ESG).

Given these dynamic framing adjustments depending on the varying exigencies of the respective investor, it seems at first glance counter-intuitive to restrict the room for maneuvering for asset management professionals. However, asset management companies attempt to include "basically an extra step that makes sure that all communication regarding sustainability is aligned on a firm level" - (Interview 1, Company Alpha, Sales). Asset management professionals reacted positively to attempts to standardize ESG conversations and did not consider it as a boundary. Given the fact that relationship managers, who act as the first point of contact for investors, are generalists, it was supposed to be helpful by asset management professionals to receive more guidance regarding the topic of ESG.

> I do not think it is a boundary. I think you need to have a framework for how you communicate to be confident. You do not want to talk to 10 people, and everyone says something different, so I think it helps to give you guidance and to give you frameworks. You can, of course, adjust it in the way you need for the form you communicate, but I think we need to have it had since not all of us are ESG specialists. It is for me easier to have guidance from ESG specialists on how we communicate certain things. (Interview 13, Company Alpha, Sales)

Given the incident that asset management professionals aim to be early in the investment process in contact with the client, provide educational input and adjust the framing of information dynamically to the respective counterparty in conversations, it was described that the shift towards a new generation of investors might have future implications regarding the framing strategies used by asset management companies.

> Investing is still dominated by people of a certain age group, which tends to be a bit older. Now, there is a shift to a younger audience. This younger group does not want to go to a bank to get financial advice and is much more self-directed. This changes our industry a lot because we want to explain what we do and what our products are. It becomes much more important to market a brand, having the right name for the product also becomes more important, and more self-explanatory names are needed. The communication strategy is changing and will change for all asset managers over the coming decades. (Interview 5, Company Beta, Sales)

Asset management professionals describe that "the institutional investor business is kind of old school. Social media is not used to communicate with them, as it developed now in the retail investor business" - (Interview 4, Company Alpha, Sales). Should the overall effect of a more self-directed generation of investors spill over to the institutional investor area, it might be possible that adjustments would be more complex to implement than for private investors. Therefore, asset management professionals described a matter of trying to “make sure that [asset management companies] evolve with the market, environment, and technology. Old school 20 years ago was the new way of doing things that were 40 years ago old” - (Interview 17, Company Alpha, ESG). One upcoming challenge could be that asset management professionals are in an environment characterized by more self-directed investors not able to direct messages clearly to one specific audience. This would allow quantification of ESG information, storytelling and employing case studies to a lower degree since there is the risk that some, especially less sophisticated, investors would not perceive this information as fair, clear and not misleading anymore.

4.3.5. Discussion and validation

Following the presentation of potentially suitable products for an investor, the suitability of the presented solutions for a respective investor tends to be discussed and validated. In line with the previously stated behavior to adjust the framing and presentation of information to the individual needs and requirements of an investor, asset management professionals also claimed to adjust presentation materials sent as follow-ups to direct conversations according to the needs of an investor. Asset management professionals stated that they “would not change anything content-wise, but [they] would exclude or rephrase stuff to make it more digestible because it always depends on who is the receiver of the information” - (Interview 11, Company Alpha, Sales). It was further explained that the information contained is usually “follow-up information on a certain smaller topic that was initially discussed, so [asset management professionals] streamline it […] Not steer it, but if [asset management professionals] understand and have the feeling that this certain topic is what [investors] are looking for, but they might not know that it exists, [asset management professionals] try to funnel this” - (Interview 11, Company Alpha, Sales).

In case that an investor does not proactively consider taking ESG into account during the investment process as necessary, asset management professionals stated that they emphasize consequences that might potentially arise from this investment decision. However, this appears to be limited to the values-based approach, which was stated to be prevalent among investors following the previously described paradigm shift.

> If an investor is not interested or convinced about the importance of ESG, I normally start by showing them risk and return profiles and move along the way into ESG. Several studies demonstrate that taking ESG factors into account improves the risk and return profile. The second aspect I raise is reputational risk since there is regulatory and reputational pressure to consider ESG investing. I do not talk investors into something, but I highlight the future effects of their investment decision. (Interview 11, Company Alpha, Sales)

In contrast to this, investors that are passionate about ESG take the importance of the topic for granted and therefore are concerned about other factors. Asset management professionals stated during the interviews that investors increasingly challenge the fact that an investment product is really “green”. Therefore, it is in this stage crucial for asset management professionals to establish credibility.

> I have the impression that more and more funds pick out specific examples, like real-life examples from their portfolio holdings. ‘Having beehives next to windmills to promote biodiversity,’ for example. I think more and more investors want to hear what an investment product is doing in a concrete way. (Interview 2, Company Alpha, Sales)

Even though asset management professionals advocated to have sufficiently elaborated tactics at hand to validate the characteristics of an individual sustainable investment product, the comparability between multiple sustainable investment products was described to be more challenging.

> Financial information is much more easily compared across competitors. You can tell with high certainty if a product is better or worse in terms of financial performance compared to a competitors’ product. But it is extremely difficult to do this on an ESG basis. ESG is much, much, much more qualitative, and the data is not as reliable as financial data. (Interview 5, Company Beta, Sales)

Relating the challenge of aggravated comparability between multiple investment products back to the initial dilemma that asset management professionals described, namely the probability that investors get influenced by a phenomenon labeled as “ESG bias”, asset management professionals stated that not only investors might be subject to this bias, but that also the asset management industry might face this pitfall.

> It is easy to get overexcited about ESG. ‘Oh, we are investing in these amazing companies. Can we actually do something to save the world?’ Yes, collectively. And we need governments. We need all of the asset management industry, but not one investor can do that. (Interview 7, Company Alpha, Investments)

In line with the paradigm shift mentioned above from value-based to values-based approaches, asset management professionals seem to aim for more quantitatively motivated investment metrics regarding investment practices to mitigate such risks.

> You have got financial experts trying to figure out what science-based targets are and what transition pathways are. This is a whole new subject. It is based on science. And I think in the future, there should be more climate and science experts within organizations that have strong roles and can affect decision-making. (Interview 7, Company Alpha, Investments)

Asset management professionals described this dilemma to be partially inherent to the business model of their industry since “it is natural that, on the one hand, you want to be the first mover on ESG, but on the other hand, it is difficult to do this in a reasonable and informed manner due to limited databases you have. It is really difficult to navigate this, you do not want to be too outspoken, but you cannot remain silent either. I think you have to be very sure that you have clarified what you do to the absolute best of your abilities so that it can withhold criticism" - (Interview 3, Company Alpha, Sales).

This circumstance seems to have led during the past to the occurrence that "some asset management companies are not very clever regarding their communication. They do not take it very seriously; they just communicate something which is not fully implemented yet. That is an issue, using ESG as a marketing tool while not having all the processes implemented" - (Interview 4, Company Alpha, Sales). However, asset management professionals further explained that for a functioning process, there has to be "technical expertise because lack of expertise and understanding [can] seep into bad communication. So [issues in] the technical domain may lead to communication issues" - (Interview 7, Company Alpha, Investments).

Asked for ways to mitigate this pitfall in external communication, it was claimed that asset management professionals "should be very certain about what [they] do and what [they] communicate, and maybe that was not the case with certain asset management companies during the past" - (Interview 5, Company Beta, Sales). Overall, asset management professionals highlighted the importance of not making "sweeping claims that are not substantiated" - (Interview 7, Company Alpha, Investments).

In addition to carefully monitoring external communication, asset management professionals also explained that they internally refine the way they present information to investors based on feedback received from investors since it "helps to develop the narrative and processes around ESG. It is important to actively listen to the [investor] and get back with feedback on already existing storylines" - (Interview 11, Company Alpha, Sales). This feedback loop seemed to exist across asset management companies.

> When it came to ESG now, there were so many new things. What information are investors interested in? How do we display information in the best way, and how do we disseminate that information to investors on a regular basis? (Interview 5, Company Beta, Sales)

Asset management professionals perceived the input for internal refinement of communication strategies compared to framing information to investors as "more valuable in the other direction where I can provide ESG representatives with insights what [investors] are thinking of" - (Interview 11, Company Alpha, Sales).

4.3.6. Diverging frames complement each other dynamically

Our empirics point to the conclusion that ESG information can be framed in two different ways in order to be meaningful to an investor. The first way, which is more commonly used for investors that are not passionate about ESG, is directed toward quantifying the impact of ESG information through risk measures or KPIs (e.g., carbon intensity score). The second way is directed towards demonstrating to investors that the asset management company is taking ESG seriously and ensuring credibility, which is more commonly used towards investors who are passionate about sustainability.

However, there are indications that these two ways of framing ESG information are more closely related than it appears at first sight. Overall, it seems that there are two different ways of framing that complement each other. In the same way, as financial and ESG information complement each other, framing ESG information in qualitative and quantitative terms appears to complement one another, respectively.

Moreover, asset management professionals seem to invest considerable time into establishing an overall setting in which conversations centering around concrete investment products are implemented later in the process.

Lastly, it seems like asset management professionals invest after conversations with investors again a considerable amount of time into sustaining and partially adjusting the setting, which was created in earlier stages of the sales process. This phenomenon tends to appear internally through feedback loops as well as externally through adjustments throughout the sales process.

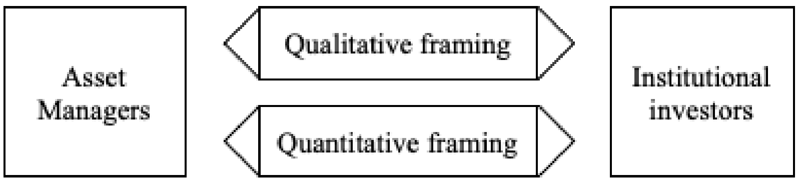

Figure 5. An illustration of the main result of the empirical analysis

5. Discussion

In this section, the empirical findings are discussed and related to previous academic research. First, it will be discussed in which aspects of the framing process the concept of cueing is reflected. Following this, it will be elaborated how the concepts of keying as well as blending are reflected in activities which asset management professionals undertake throughout the framing process. Ultimately, it will be discussed in which context asset management professionals combine the concepts of cueing, keying, and blending.

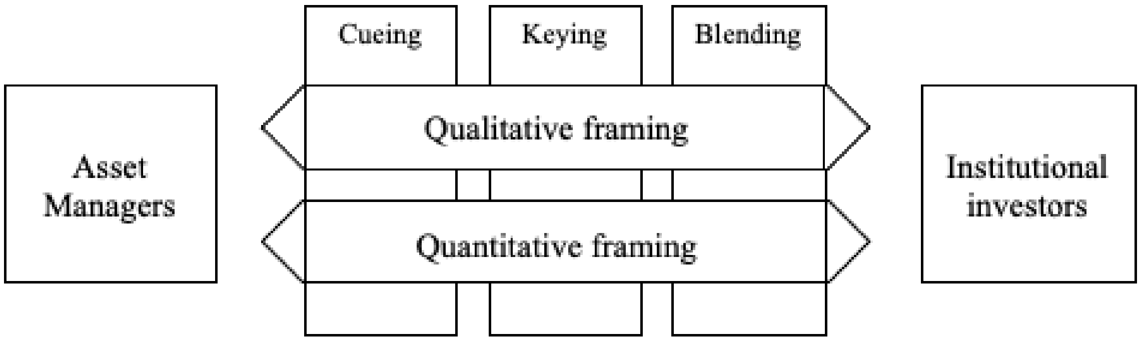

Figure 6. Relevant framing concepts in interactions with investors

5.1. Utilizing cues to identify investor needs

Even though the presentation of investment product information is the first stage in the sales process in which asset management professionals frame information towards investors, they undertake various actions antecedently to actively interacting with investors. To be able to adjust the framing in the conversation as closely as possible to the communication needs of the respective investor, asset management professionals first collect as much information about the respective investor as possible before exchanging views on ESG. Conversations centering around the topic of ESG were described by some asset management professionals as a useful tool to get to know the investor better. The final step before entering the main conversation, which is centered around concrete investment products, is to determine which individuals on the investors' side will be present in the investment product presentation and how much educational input is needed to ensure that the respective investor is enabled to make an informed decision about how his funds should be invested.

Our empirics point towards the direction that the concept of cueing (Putnam & Holmer, 1992, as cited in Dewulf et al., 2009) as part of framing theory is employed before asset management professionals start presenting investment information to investors. Our findings add a more detailed nuance to the understanding of roles during cueing in the context of asset management companies since the more dominant view is the view of the institutional investor. As discrepancies arise between the ESG view of asset management professionals and institutional investors, the concept of cueing tends to be involved to reach common understanding. However, asset management professionals stated that they are not openly negotiating with investors regarding the view on ESG, but more adjusting their next steps based on the identified cues. Therefore, negotiating appears to take place in a more subtle way than described by Putnam and Holmer (1992, as referenced in Dewulf et al., 2009). Additionally, the initial exchange of views is a cue for asset management professionals regarding how much educational input the respective investor might need.

These findings align with the observation made by prior research that investors appear to appreciate financial advisors that communicate with framing repertoires which resonate with their needs (Giorgi & Weber, 2015). Our empirics indicate that to develop a suitable framing repertoire, asset management professionals employ internal resources and external interactions with the investor to establish a setting in which the framing of investment product information will be most adequate.

Previous academic research has elaborated on the higher complexity of ESG data and the resulting challenges of integrating ESG factors (Amel-Zadeh & Serafeim, 2018; Busch et al., 2016; Cederberg, 2019; Friede, 2019). Our findings indicate that the exchange of ESG views is therefore an essential part of the investment process and therefore adds new insights regarding the consequences of the complexity of ESG which was described by prior research. Moreover, our findings are in line with prior academic research, which found that ESG information is subject to some deficits, namely reliability, and validity, which results in the challenge of interpretation of ESG data in investment decision-making (Busch et al., 2016). Our findings expand on those of prior studies by providing insights into how asset management professionals address the challenge of interpreting ESG data by outlining different integration mechanisms during conversations with institutional investors.

Cederberg (2019) stated that ESG is placed in an "in-between position", however, our findings extend on previous research by identifying mechanisms in conversations which are intended to mitigate the positioning of ESG factors as "in-between".

5.2. Establishing a common frame through keying

The concept of keying became evident in two mechanisms that were identified through our empirical analysis. One mechanism was the provision of educational input, which was directed towards the goal of enabling investors to make an informed investment decision. This is in line with the concept of keying as outlined by Goffman (1967, as referenced in Dewulf et al., 2009) since educational input can be used to raise awareness of ESG-related topics institutional investors were initially not aware of. In line with Snow et al (1986, p. 474), considering ESG factors is already meaningful to investors. Through the provision of educational input, a shift in the frame of investors is triggered. This observation is in line with Goffman (1974, as cited by Vollmer, 2007). Mutual awareness and focus of attention as well as shared awareness (Solomon et al., 2013) seem to be existent in the context of the provision of educational input and both parties work together on achieving an intended outcome. However, given the role of asset management professionals as advisors towards investors, the shift of the existing frame tends to occur more on the side of the investor in this context, which further nuances on prior academic findings regarding the concept of keying.

The second mechanism evident in our empirics was the conveyance of consequences arising from not considering ESG factors during the investment decision-making process. Asset management professionals claimed that they frame the potential implications in terms of risk and return profiles and potential reputational risks, which they believed to be a more suitable form to increase understanding among certain investors. This observed mechanism aligns with the description of keying as a “process of transcription” (Solomon et al., 2013).

Our findings align with the observation made by Young (2013) that positioning ESG factors as financially material might raise awareness among institutional investors. However, our findings nuance the results of Young (2013) by providing insights into how asset management professionals proactively use this circumstance. Moreover, our findings expand on the results of Paetzold et al. (2015), who found that investment advisors do not appear to be influenced by expected risk. Considering that the study results of Paetzold et al. (2015) were obtained in a more downstream part of the financial intermediation chain, our findings add additional insights in an upstream part of the financial intermediation chain.

Furthermore, our findings align with the observation made by Young-Ferris and Roberts (2021) that investors might react favorably when ESG information is framed in relation to an established concept, namely financial materiality. While Cederberg (2019) stated that integrating ESG factors would strengthen the separation between ESG and financial aspects in the technical domain, our findings expand on this observation by elaborating on how the incorporation of ESG factors is intended to be ensured through providing educational input in the communicative domain. Our results, therefore, add a new perspective on the effects of ESG integration depending on operating in the technical or communicative domain of ESG integration.

5.3. Providing varied insights through blending

During the empirical analysis, two frames for presenting ESG information became apparent: A qualitative and a quantitative frame. Only the qualitative frame was capable of reflecting all facets of ESG information, since some non-financial information could not be reliably quantified. Consequently, the qualitative frame was intended to position ESG factors in a non-financial way, while the quantitative frame was mainly used to support qualitatively made claims by providing references or quantifying the effects of a sustainable investment. Qualitatively and quantitatively framed ESG information was used in conjunction by asset management professionals. Therefore, one application of the concept of blending became apparent since asset management professionals perceived qualitative and quantitative framing as complementary. While the framing of financial information was described as predominantly quantitative, ESG information was perceived to be predominantly qualitative. This is motivated by the circumstance that in sustainable investing, it is necessary to understand the background since in contrast to financial information, ESG information can hardly be presented without any context or reference according to asset management professionals.

In addition to that, conversations around ESG information tend especially in earlier stages of the process to be discussions. Since ESG discussion were considered to enable asset management professionals to communicate with investors in an additional, more qualitative dimension, it opened up for the opportunity to get to know investors from a supplementary angle during the initial interaction phase.

Our findings are in line with the claim made by Young-Ferris and Roberts (2021) that solely presenting financially material information would neglect some facets of ESG factors. Asset management professionals explained to primary frame ESG information qualitatively, since this type of framing was perceived to enable a more universal presentation of ESG considerations, before reinforcing it with quantitative claims. However, our findings expand on the observation made by Young-Ferris and Roberts (2021) since qualitative and quantitative framing were perceived, according to our findings, as equally important and linked, while Young-Ferris and Roberts (2021) described them primarily as conflicting.

The second application of blending became apparent due to the circumstance that qualitative and quantitative ESG framing was applied dynamically by asset management professionals. Even though qualitative ESG framing was considered to be more prevalent, there were settings in which quantitative framing was perceived as a useful mechanism to support or specify qualitative framing. The first context in which quantitative framing was considered useful was to support previously qualitatively made claims. Considering the appearance of ESG as a multifaceted topic and diverging views regarding the topic of sustainable investing, asset management professionals valued the opportunity to substitute qualitatively made claims with quantitative information. Prevalent quantification approaches were ESG rankings generated by external data providers.

The second context in which quantitative framing was considered as useful by asset management professionals was to specify the expected impact or effect of investing in a sustainable investment product. Quantification in this case allowed a more tangible assessment of the consequences of an investment decision which was improving the ability of investors to estimate the investment outcome given the dual objective of sustainable investing. Prevalent quantification approaches were equivalent scores, e.g. carbon footprint.

In situations where quantitative framing was considered potentially burdensome by asset management professionals, qualitative framing remained more prevalent, and investment outcomes were described in a more tangible but still qualitative way. Prevalent approaches were case studies or storytelling, which allowed for a more definite assessment of investment outcomes but avoided potentially unsubstantiated claims. The rationale behind this is the commitment of asset management professionals to avoid providing information that is not clear, fair, or misleading.

Overall, asset management professionals tend to dynamically assess which form of framing is more suitable for an individual investor. Consequently, the framing will be dynamically adjusted throughout the conversational process.

Our findings align with employing different elements that can be used or connected to enable sense-making across individuals (Vollmer, 2019). In addition to that, our findings accentuate the blended nature in which qualitative and quantitative framing are used in the context of the co-creation of frames, which is in line with the observation made by Cornelissen and Werner (2014) who found that individuals iteratively align frames, or elements of such frames. Overall, our findings emphasize the perception of financial and ESG information as complementary elements that asset management professionals dynamically apply throughout the framing process to achieve co-creation of framing together with the investor.

Young (2013) claimed that ESG factors are partially neglected due to their lack of ability to draw investors' attention. Our findings complement and develop this observation since they identify a strategy that asset management professionals have adopted to counterbalance the negligence of certain ESG-related themes. The adopted approaches by asset management professionals to address the necessity to frame ESG information qualitatively in some situations is also in line with the rising importance of non-financial information as suggested by prior research (Laskin, 2016).

Young-Ferris and Roberts (2021) mentioned the difficulties related to attaching a monetary value to ESG factors. This challenge is also reflected in our findings since asset management professionals perceived quantification as burdensome in some situations.

However, our findings expand on this aspect since other ways of quantification than attaching a monetary value were described by asset management professionals, e.g., framing information in terms of real-life examples and carbon footprint.

Our findings align with prior academic research stating that even though the input of an analysis might be identical, the outcome could significantly differ (Barker, 1998). Our findings add to prior research by contributing that qualitative information can unveil facts that cannot be fully captured quantitatively. Moreover, our findings are in line with the perceived challenges of investors in integrating ESG factors as described by Friede (2019). Our study expands on these findings by examining a strategy that asset management professionals in their role as fiduciaries employ aiming to assists investors to overcome these challenges.

5.4. Combining framing concepts to adjust and sustain the frame

Asset management professionals tend to see themselves confronted with a dilemma: On the one hand, asset management professionals are fiduciary towards the investors and aim to enable the financial participation of investors in the investment trend of sustainable investing. On the other hand, sustainable investing adds an additional layer of complexity and inherits the risk of investors falling for "ESG bias". This situation was described to lead to a restraint regarding proactively framing sustainable investments after some investment companies took advantage of the popularity of sustainable investing a decade ago.

This observed development aligns with prior research findings that described ESG integration as an "empty exercise" used for impression management (Di Marco et al., 2022; Solomon et al., 2013). Our findings add to prior research by implying that asset management professionals undertake several activities to mitigate these effects arising from destructive behavior in the past across the investment industry. It was stated that asset management companies aim to align the framing of ESG information during conversations with investors on a firm-wide level. Moreover, asset management professionals described the necessity of being certain about the necessary processes to enable reliable investment choices when creating sustainable investment products and compliance with ESG frameworks as a basic requirement of framing ESG information of the respective investment products. Our findings therefore expand on prior academic research on integrating ESG factors into investment practice (Amel-Zadeh & Serafeim, 2018; Busch et al., 2016; Cederberg, 2019) since they highlight the dependency of ESG communication on successful ESG integration.

In addition to that, our empirics point to the fact that asset management professionals use quantified ESG information primarily to validate the sustainable investment characteristics of the respective investment products. Overall, the empirics indicate that asset management professionals take preventive actions to ensure that the setting for conversations built through earlier stages of the process is not broken by investors' doubts regarding the substantiation of claims.

Our empirics further indicate that asset management professionals tend to apply observations and insights gained during conversations with investors to complement and adjust existing narratives when framing ESG information through internal feedback loops. This finding implies that asset management professionals dynamically adapt and alter the process of framing to investors' communication needs. Examining this phenomenon through the lens of framing theory, it appears that asset management professionals receive new or additional cues from investors during the implementation of framing. These emergent cues potentially lead to adjustments of keying and blending strategies, depending on the direction the additional cues are pointing towards. These findings align with the observations made by Vollmer (2019), who stated that finding a balance through including or omitting certain elements through which in turn a domain is created. Within this domain, individuals are enabled to make sense of presented information.

Moreover, our findings point in the direction that asset management professionals aim to overcome the challenge of framing information regarding sustainable investing credibly through actively using feedback from investors, which adds perspective to the observations made by previous academic literature. These findings are in line with the findings of Vollmer (2019), who claimed that the position of accounting practitioners might be undermined if they fail to prove social skills as intermediaries or reject those skills. In accordance with the intermediary role of asset management professionals, our findings mirror the observed circumstances in the context of accounting practitioners as described by Vollmer (2019). Consequently, our findings indicate that the insights gained throughout conversations with investors are used co-creational for adjusting and sustaining the framing of ESG information.

As stated above, previous academic literature claimed that approximately a decade ago, some investment companies included ESG factors mainly for impression management (Solomon et al., 2013; Young, 2013). This circumstance is also reflected in our findings. Moreover, prior research has found that following the growing awareness of sustainable aspects, investment processes were adjusted, and varied forms of ESG integration were realized (Young, 2013). Our findings emphasize that this adjustment of processes throughout the investment industry does not solely apply to investment processes but also to framing processes in the context of conversations with investors. Moreover, Cederberg (2019) described encounters between ESG analysts and portfolio managers as necessary to ensure integration of ESG. Our findings indicate analogous dynamics in the communication domain, since the insights obtained by asset management professionals employed in the sales function were perceived as highly valuable to asset management professionals employed in the ESG function to adjust ESG narratives more closely to investors' communication needs.

The overall observation made throughout our empirical analysis is that asset management professionals do not only once customize the process toward investors' needs but also continuously adjust and aim to improve the framing of information toward investors. This overarching finding reasonably indicates that frames are established and altered in a co-creational manner in the context of our study, which is in line with the concept of interactional frames (Dewulf et al., 2009).

6. Implications

Based on the insights obtained through our study, we have identified three practical implications. First, implications regarding the translation of ESG frameworks currently undertaken by asset management professionals will be presented. Second, the potential implications of "ESG bias" will be described. Third, implications regarding the adequacy of ESG reporting as a tool to increase transparency and comparability will be outlined.

The first implication of our study centers around the observed circumstance that asset management professionals currently tend to translate ESG frameworks at least partially to investors. Prior academic literature has mentioned that ESG reporting frameworks are perceived to be ambiguous and fragmented (Friede, 2019). Furthermore, Cort and Esty (2020) claimed that ESG data is currently not fully presented in a form that is considered useful for decision-making. As previously stated, our empirical study indicates that in the context of asset management, a significant amount of work regarding the translation of ESG metrics is currently performed by intermediaries, namely asset management professionals. Consequently, our study implies that the challenge of processing ESG data is, in practice, not only approached by investors but also by intermediaries. Building on the idea of framing, one practical implication could be to incorporate elements into ESG frameworks that support the concepts of cueing, keying, and blending. Further research is needed to validate and further elaborate on this concern.

The second implication arises from the "ESG bias" asset management professionals mentioned during the interviews. One challenge to integrating ESG factors into investing, besides the existence of complex ESG reporting standards, were behavioral biases (Friede, 2019). Our findings indicate that in addition to known behavioral biases in the context of investing, there might be one bias specific to ESG investing. This bias was in our study described as positive attribution towards sustainable investment products which is made by investors. In greater detail, this bias was described as attributing the intended positive outcome in the area of sustainability to the financial aspects of an investment product. The "ESG bias" became especially apparent in the context of a more volatile market which, according to our empirics, raised concerns among investors regarding financial returns. Since sustainable investments turned out to outperform conventional investments to a lower degree in a volatile market environment, this could point towards a downward spiral, negatively affecting the demand for sustainable investment products. One practical implication of this observation could therefore be that framing in the context of investing should be robust over business cycles since some of the currently employed framing concepts might have been developed in a bull market. The currently applied risk framing of ESG factors might reveal to be problematic once the overall market environment becomes riskier. Therefore, it might be advantageous to evaluate more proactively in which forms of ESG information is framed.

In addition, it might be interesting to more closely examine overlaps and differences between biases that were studied in conventional investing and the biases arising in ESG investing. Such a study could potentially contribute to further elaborating measures to prevent investors from falling for those biases. Nevertheless, further research is needed to validate and further explore this concern.

The third implication arises from the presentation of ESG information for regulatory purposes, which asset management professionals mentioned during the interviews. Several studies highlighted the potential of ESG information to increase transparency for investors. Bose (2020) stated that the frameworks have made ESG information easier to understand and more consistent. Another point that is related to the variety of ESG reporting frameworks is that ESG information can arise from a wider variety of sources (Du Rietz, 2014).

Our empirics point to the fact that asset management professionals dynamically adjust the framing and presentation of ESG information throughout the sales process. However, there is one case in which ESG and financial information are presented in a unified way: the prospectus of investment products.

Previous literature in financial communication claimed that the presentation of financial information for regulatory and reporting purposes might be challenging to understand for some investors types. Epstein and Pava (1994) stated that conventional annual reports are difficult to read and understand, especially for non-professional investors, and that the majority of respondents in their survey demanded the inclusion of further explanation of the presented financial information in less technical terms (Epstein & Pava, 1994).

Given the greater variety of ESG frameworks compared to financial reporting frameworks, combined with the findings of our empirics regarding the two influencing factors, namely the investment purpose of the institutional investor and the regulatory requirements prevalent in the respective industry of the investor, it appears questionable if all types of investors can use ESG information as a tool which increases transparency, as the regulator intended it. Furthermore, our empirics suggest that some investor groups consider the prospectus as overly technical and unpleasant to read, which is in line with the findings of Epstein and Pava (1994).

Epstein and Pava (1994) suggested a summary annual report (SAR) as one potential solution to this constraint. Overall, our empirics indicate that asset management professionals react to these constraints by adjusting the framing of ESG information according to the regulatory and communicative needs of the respective institutional investor. However, this approach does not appear to be practicable for regulatory purposes since there seems to be less agreement on ESG indicators than on financial indicators due to diverging views on ESG. While Epstein and Pava (1994) stated that these constraints regarding financial information prevail, especially for non-professional investors, Strauß (2021) suggested that analogical constraints exist for private investors concerning ESG investing. Adding to that, our empirics indicate that these concerns might not only exist for retail investors but are also more common among some types of institutional investors.

Our findings suggest that this might apply especially to institutional investors who show a lower degree of sophistication but are passionate about the topic of ESG. It was stated during the interviews that these investors, given the complexity of the prospectus, are predisposed to conduct extrapolation by superficially reviewing characteristics of investment characteristics, followed by making an intellectual shortcut, which results in falling for attribution bias. Therefore, we consider it questionable if the currently used variety of ESG frameworks is a suitable tool to increase transparency for investors. Further research is needed to validate and further explore the facets of this concern.

7. Conclusion

The purpose of this thesis has been to explore how asset management professionals frame ESG information in conversations with institutional investors. Using the theory of interactional frames and the concepts of cueing, keying, and blending, we aimed to answer the following research question:

How is ESG information framed by asset management professionals in conversations with institutional investors?

The answer that our study provides is threefold:

First, asset management professionals use two different frames in the presentation of ESG information, namely a qualitative and a quantitative frame. While the qualitative frame is capable of representing all facets of ESG information, the quantitative frame is either used to support qualitatively made claims or to frame effects in a more tangible way towards institutional investors.

Second, there are various actions undertaken by asset management professionals before the presentation of product information. One of these actions is information collection which allows to adjust the framing of ESG information to the investors' needs. Another preparatory action before implementing framing is the provision of educational input to ensure that investors are enabled to make an informed investment decision.

Third, qualitative and qualitative frames act as complementary elements which are dynamically applied. Furthermore, asset management professionals undertake actions to sustain or adjust the frames continuously.

Overall, we contributed to the previous literature in the area of ESG communication by adding insights into the perspective on framing information towards institutional investors. More specifically, we contribute to previous research with findings regarding how interactional frames and the use of cueing, keying, and blending concepts influence the presentation of ESG information towards institutional investors. Our findings indicate that preparatory activities, which reflect characteristics of cueing and keying, are undertaken before moving on to the actual framing of information to prepare a substantial setting for the framing, which is constructed in co-creation by asset management professionals and institutional investors.

Our findings indicate that qualitative and quantitative elements of framing dynamically support and supplement each other in the actual framing process. While the primary type of framing appears to be qualitative, quantitative elements serve a dual purpose of either as tools to establish credibility by reinforcing qualitatively made claims or as quantification to measure output or frame it in a more tangible way towards institutional investors. The plurality of frames is therefore managed through frame blending.

Moreover, our findings indicate that asset management professionals undertake actions following the actual presentation of information to sustain and adjust the frame, which was co-created by the two parties before framing was implemented. In adjusting and sustaining the frame, new cues trigger adjustments which then potentially involve the concepts of keying and blending.

The findings of this study are subject to limitations. One possible limitation is a conceivably limited sample since we focused on asset management professionals employed in three functions, namely sales, ESG, and investments. Other perspectives from asset management professionals employed, e.g., in the risk management or marketing functions, could have added supplementary insights. Even though employees of the marketing function tend to have less direct contact with institutional investors, their insights on framing investment product information could have potentially added an insightful angle to our study.

Another possible limitation of our study arises from the interpretative perspective and the resulting research design. The research design allowed for the subjective experiences and opinions of the interviewees. It may have also impacted the empirical material collected that we disclosed to the interviewees that the main focus of our study was ESG information. Therefore, they might have described their experiences and opinions in an overenthusiastic manner.

Considering implications for future research, one possibility would be to conduct a multiple case study on various asset management companies to be able to compare framing tactics across asset management firms. This would yield insights regarding the question if framing tactics of asset management firms resemble each other or if framing tactics are unique to each asset management firm depending on its characteristics. Another possibility would be to study both sides involved in the conversation, namely asset management professionals and institutional investors. This kind of study would allow for additional observations into conversation dynamics and potentially provide an even more insightful research design for applying the perspective of interactional frames. A third possibility would be to study in greater detail how different characteristics across various investor segments influence the framing tactics due to the circumstance that we only had the opportunity to study some selected investor segments but did not explore the angle of family offices or non-governmental organizations.

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Appendix 1 – Interview guide

Formalities

- Recording of the interview
- GDPR consent form
- Anonymity

Example of questions – Sales representative

- How is the sales process organized for new customers and existing customers? What are the differences?
- When and in which form is financial and ESG information usually communicated?
- Talk me through the process of pitching and onboarding new clients.
- What are the different phases of the process?
- How do you interact with clients/ investors?
- What's the setting for discussing with clients? Physical/ virtual meeting? Presentation/ Slides? Coffee/ Dinner?
- What is the weight between financial and ESG information that is requested by new clients?
- How much time do you spend on explaining the financial information vs. ESG information?
- Is there, content-wise, any development of the information that existing clients have requested over the past years?
- How do you learn about a specific investor's ESG preferences?
- Are there limitations in how to gain this knowledge? Is it possible/relevant to ask early on? Does this give relevant/sufficiently detailed insight? How much information is gained later in the process?
- Do you think this type of asking for ESG preferences captures the full scope of investors' preferences?
- Do you see any differences across different investor groups regarding ESG preferences?
- What was done in the past regarding financial and ESG communication? Why was it changed?
- Was there, in your opinion, a particular game-changer that pushed sustainable development in asset management forward?
- Do you spot any differences between active and passive products?
- What is a good product? What are its decisive characteristics?
- How is financial information incorporated in fund presentations (e.g., graphs, charts, numbers, qualitative information)?
- How is ESG information incorporated in fund presentations (e.g., graphs, charts, numbers, qualitative information)?
    - Differences and Similarities?

- How much information from ESG frameworks or ESG accounting is incorporated?
- Do you perceive any differences in how investors understand financial vs. ESG information? Are there particular areas that stand out in terms of generating questions (differences among investor groups)?
- Is information from ESG frameworks modified in a more understandable way?
- What tactics or strategies do you use to make ESG information more understandable or increase comprehension among investors?
- How to ensure credibility when interacting with clients?
- What are you doing better than other firms?
- Is there any feedback loop in the organization about what investors want and what information they need?
- Did you have the experience that investors also consult other sources regarding the information on your products?
- Is ESG something that you are pushing for when communicating with clients? (active/ reactive)
- How to deal with different levels of maturity among different investors/counterparties regarding sustainability?
- Did you experience differing communication needs across different investor groups?
- What are external and internal communication challenges?
- Were there any mistakes made by other companies in communicating this information? How do you try to avoid those mistakes?
- Do you see any new emerging trends regarding the communication of financial or ESG information?
- Do you consider ESG information useful in the communication process or as a requirement that has to be fulfilled?
- Do you think the investors fully understand the ESG information you present to them? Are there any issues?

Example of questions – ESG representative

- Do you think that data availability is currently sufficient to reliably rate investment products? What does “reliable” mean to you?
- What are common problems with ESG data (e.g., measurability)?
- Is there any cooperation with third-party providers (e.g., MSCI)? What do these cooperations look like?
- Do you think ESG data can and/or should be more quantified, or will the reporting remain mainly qualitative?
- Do you think that the current ESG frameworks allow capturing the investment preferences of clients?
- Are there, from your point of view, any pitfalls in the current ESG frameworks?
- Do you think ESG frameworks are comprehensive for an average investor/client?
- What is a good product? What are its decisive characteristics?

- Do you see an increased demand for sustainable investment products?
- --> Which factors are driving the increased demand for sustainable investment products among institutional investors?
- Did you spot any differing preferences regarding sustainable investment products across different investor types?
- Have you seen geographical differences in investors' demand for sustainable investment products?
- Do you see any trends or changes regarding the demand for certain sustainable investment products?
- Which options do clients have to engage with asset management companies if unsatisfied with a particular product?
- Are there any restrictions or specific guidelines that must be considered when marketing sustainable investment products to clients?
- What tactics or strategies do you use to make ESG information more understandable or increase comprehension among investors?
- How to ensure credibility when interacting with clients?
- Do you see any challenges arising from transmitting ESG data qualitatively to clients?
- What are generally, from your point of view, the root causes for greenwashing scandals in the asset management industry?
- Do you think that a tightening regulatory environment will contribute to mitigating these root causes?
- Do you think challenges arising from ESG arise more from the technical or more from a communication dimension or even any other dimension?
- Do you think adverse effects from dealing with financial information also affect ESG communication?
- Despite external communication challenges, did you also experience internal communication challenges regarding ESG?
- Trends and Developments
- What was done in the past regarding financial and ESG communication? Why was it changed?
- Do you see any new emerging trends regarding financial or ESG information communication?

Example of questions – Investment representative

- What does the process of incorporating ESG data into product offerings look like?
- At which stages of the investment process is ESG data used?
- What is the weight of time spent on financial and ESG factors when constructing portfolios/products?
- Does this weight differ significantly across product categories?
- What is the weight of time spent on financial and ESG factors when presenting new product offerings to the sales side?
- What role do ESG frameworks play in the portfolio construction process?

- Is there any ESG KPI or similar that you or investors find more important? How is this KPI communicated/ presented?
- Challenges of ESG
- Given the current availability of ESG data and processing, do you find it challenging to work with this data? What could be improved from your perspective?
- Do you think challenges arising from ESG arise more from the technical or more from a communication dimension or even any other dimension?
- Is some ESG approaches harder to incorporate than others into portfolio construction (e.g., screening, best in class, thematic, impact investing)?
- What are external and internal communication challenges?
- Do you think that ESG information is incorporated in a sufficiently understandable way for institutional investors into fund documents like the prospectus? Would concepts used in financial communication, like the summary annual report, help?
- Opportunities
- What opportunities do you see in the increased demand and disclosure of ESG information?
- Has your focus shifted over the last couple of years? Why? How?

Example of follow-up questions

- Do you consider ESG information as less harmonized and standardized than financial information?
- Were you ever in a situation where you considered it a challenge that ESG information is less standardized and harmonized? Could you give an example?
- Do you think there are tensions between ESG and financial information? Or are they complementing each other?
- Are there any strategies when presenting investment information externally or internally (quantification, case study, storytelling, etc.)?
- Were you ever in a situation where the inclusion of ESG factors into an investment product was challenged?
- Are financial and ESG information used complementarily? Could you give an example?
- Is ESG information communicated both quantitatively and qualitatively? Could you give an example?
- What is the advantage of communicating ESG information qualitatively or quantitatively?