

The Carol and Lawrence Zicklin Center for Business Ethics Research Research Project

Topic Exploring the socially responsible investing (SRI) decision process:
When and how do expectations about corporate social responsibility
affect the decision to engage in SRI?

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Description Over the past two decades the phenomenon of Socially Responsible Investing (SRI) has become more widespread. However, knowledge about the socially responsible investor is still largely limited to descriptive accounts. Not only is there no theoretical basis for understanding SRI but there is also little knowledge about the individual and contextual variables that predict the investor's decision. The question of "why do some investors practice SRI and others don't?" is therefore still largely unanswered. This ambiguity about the support of corporate social activities by the investing public is problematic. Corporations need to know why investors choose to invest in socially responsible corporations and to what extent their choice of corporations that are less socially responsible is indeed a reflection of their low preference for corporate social responsibility or a reflection of other constraining factors. To address this shortcoming in the current literature this paper develops a model of the decision to invest socially responsibly that is grounded in the social cognition literature. The hypotheses proposed in the model are tested with an experimental survey conducted with 190 subjects from two major US universities.