

Socially Responsible Investment

Where do we Stand?

ESSEC Business School

Center for Capitalism, Globalization and Governance - C²G²

May 31st, 2012, Seminar Room F22, 14.00-18.00pm

Session 1: Constructing Socially Responsible Investment

- Afshin Mehrpouya. *"From God to Markets"*.
- Aurélien Acquier. *"Constructing an Infrastructure for Calculability - The Case of the GRI"*

Session 2: Socially Responsible Investment in Practice

- Fabrizio Ferraro. *"The Responsible Voice of Investors – A Theory of Stakeholder Engagement"*.
- Nicolas Mottis. *"Socially Responsible Investment in France"*.
- Diane-Laure Arjaliès, Sirle Burklande and Martin Messner. *"Competing Worlds and Contested Product Categories: The Case of Socially Responsible Investment in France"*.

Five complementary papers explored the issue from two different perspectives:

- a) The construction of SRI
- b) The practice of SRI

The insights provided were extremely rich and the debates proved intense. We certainly cannot do justice to the energy level present in the room in the few words of summary we propose here:

1. All presenters agreed that the field of SRI has significantly matured over a period of ten years. SRI is now up there on the agenda and it is a familiar notion within the financial community.
2. With its roots clearly in US religious and radical activist movements, SRI has become "mainstreamed" through time – from "God" to "Markets". Not everybody agreed, though, on what exactly the notion of "mainstreaming" implied.
3. SRI originally emerged as a social movement, moved by political and ideological goals. The success of the movement can be measured in the degree to which SRI becomes diffused and "routinized" through time within the financial community – as an idea at least if not yet fully as a practice. In the process, though, the movement might be losing some of its more "radical teeth" – its original energy of "indignation".

4. This is well illustrated in the profound change of logic that has characterized the field – away from shaming, condemnation and exclusion tactics towards, increasingly, participatory engagement and dialogue. Not radical opposition and exit but the “responsible voice” of investors.
5. In the process, one wonders whether SRI may not have the tendency to become just one more set of managerial and auditing practices. What if SRI was just but one more facet of an overpowering “Audit Society”? But is it really possible to construct an “architecture” of calculability to apprehend and measure socially responsible behavior? And, by the way, who has the legitimacy to engage in such a construction?
6. Everybody agreed that SRI has also internationalized and it is important now to understand the multi-level dynamics of the SRI field. There is a global SRI field where the dominant language is clearly financial. But there are also localized, often nationally based, SRI dynamics – which reveal a fair amount of variability and greater or lesser degrees of decoupling on the ground from the discursive expectations produced at the global level. “Socially Responsible Investment in France” has its own inimitable flavor!

Even though SRI has come a long way, there are many remaining fragilities and open questions:

7. The resilience of SRI hinges upon the capacity for it to come to reflect not only at the level of corporate discourse and strategic plans but also at the level of the routine management of business units. SRI will only be seriously institutionalized when it turns into a structuring logic for the transformation of business processes at the operational level.
8. It is not clear whether the SRI world can move away from its current schizophrenic nature – between the mainstreaming drive pushing in the direction of a business case for SRI and the value driven propositions calling for an ethical and responsible capitalism as a matter of principle. Will those two logics continue to co-exist sometimes uncomfortably or will the SRI community find a way to blend them into a really hybrid “third way”?
9. What about the impact of the current crisis? Can it lead to a re-evaluation of priorities that might be detrimental to a focus on social responsibility?