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Original Research Article

PERCEPTIONS ABOUT SOCIAL RESPONSIBLE INVESTING AMONG ACADEMIC STAFF: EVIDENCE FROM THE UNIVERSITY OF CAPE COAST, GHANA

ABSTRACT

Aims: This study is focused on the perceptions about social responsible investing (SRI) among academic staff. The target population for the study were staff of the University of Cape Coast.

Study design: The study employed the cross-sectional survey research design.

Place and Duration of Study: The study took place between September 2016 and December, 2016 at the University of Cape Coast, Ghana. The data was collected from Academic Staff of the University.

Methodology:Three hundred and two (302) questionnaires were given out for data collection but in all, a total of two hundred and eighty-five (285) responses were received and were used for the study. Descriptive analysis such as frequencies, percentages and regression were used to analyse the responses gathered. The SPSS software was employed in the analysis of data collected.

Results:The study revealed that, the knowledge about SRI concept was relatively low these respondents. However, it was observed these respondents were much familiar of the principle of SRI in making investment decisions.

Conclusion:it was evident that social responsible investing ideology is not well diffused even among the learned communities such as the university. This can be attributed to inadequate research on this subject matter by the research community. It is, therefore, necessary that attention be turned to this critical area of research. For corporate bodies, it is area where they can obtain a competitive advantage, by reviewing their policies and incorporating such corporate responsible behaviours

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- Keywords: Social Responsible Investing, Perception, Academic Staff
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10 **1. INTRODUCTION**

11 Social Responsible Investing (SRI) appears to be an increasingly important component of financial 12 markets in a number of countries. In the United States, for example, it was estimated that more than 13 11% of all equity and fund holdings were held in Social Investment Forum (SIF) funds [1]. In the 14 United Kingdom, 59% of the largest pension funds, representing 78% of all pension assets, had 15 incorporated social issues into their investment decisions by 2000 and this number had grown 16 significantly over the years [2][3]. In other countries, Ghana and South Africa, the SRI industry is at an 17 earlier stage of development. However, in South Africa, this appears to be growing at a rapid pace. 18 This form of investment is gaining an increasingly significant share of overall investments 19 [4][5][6][7][8][9].Currently, SRI is has become common as ordinary investors realise the power they 20 hold to influence companies for the better. As such, SRI is moving towards positive screening with

investment in companies whose products and services have a sustainable effect on society and the
environment. Also, investors are realising that socially responsible investments can perform just as
well as other types of investment.

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In spite of the increasing realization of the power of investors to influence companies for the better service delivery, there is little evidence of the perception of investors about SRIamong potential investors in Ghana. This pioneering work sought to fill the gap in literature by analysingtheperception of potential investors, whether SRIis a criterion in making their investment decision.

29 2. LITERATURE REVIEW

30 Socially responsible investing integrates social and environmental issues into traditional 31 investmentdecision process. This has emerged as a new concept in investment due to the growing 32 concerns forcorporate social responsibility [10]. This practice dates back many hundreds of years and 33 was rooted in some religions. For many centuries, most religious investors whose traditions support 34 peace and non-violence have actively avoided investing in enterprises that profit from products 35 designed to harm fellow human beings. Many avoid the "sin" stocks, those companies in the alcohol, 36 tobacco, and gaming industries. The recent roots of social investing trace through many civil liberty 37 and civil rights campaigns of the previous century. During that time, a series of social and 38 environmental movements, from civil rights and women's rights to the anti-war and anti-nuke 39 movements, served to increase the awareness around issues of social responsibility. These concerns 40 also broadened to include management and labour issues.

41 Over the past years, the Bhopal, Chernobyl, and Exxon Valdez incidents, along with vast amounts of 42 information on global warming, ozone depletion, and the concomitant risks to life on the planet, have 43 brought the seriousness of environmental issues to the forefront of social investors' minds. Having 44 protested discrimination in South Africa, the apartheid system, investors also began to look more 45 achingly at the employment practices of companies in the United States. Most recently, issues of 46 human rights and safe working conditions in factories around the world producing goods for U.S. 47 consumption have become rallying points for investors who expect both good financial performance 48 and good social and environmental performance from the firms in which they invest.

Although socially responsible investment is not a new subject, there is yet no known explanation as to
what its definition really is. Over the years, academic literatures have referred to a broad genre of

51 investment practices that integrated the consideration of environmental, social and governance (ESG) 52 issues by a perplexing array of names. Some of the common names include socially responsible 53 investment, ethical investment, sustainable investment and, more recently, responsible investment. 54 This different terms used to refer to this concept have resulted in a confusion regarding the exact 55 meaning of this practice. For the purpose of the study, SRI is defined as an investment practice that 56 incorporates ESG issues and ethical issues into investment decisions.

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58 The theory of planned behaviour (TPB) predicts one's intention to engage in a behaviour at a specific 59 time and location. It postulates one' behaviour is driven by one'sintentions thatis afunction of 60 anattitude toward that behaviour, subjective norms, and perceived behavioural control. The decision to 61 undertakesocial responsible investment is driven by one's attitude to engaging in such behaviour. 62 That is, attitude is a predictor and trigger of human behaviour. Human behaviour is under the voluntary 63 control of the individual. Therefore, potential investors have the power to control where (type of 64 securities) and how to invest based on available information. In social responsible investment, 65 investors'decisions are often based on the integrated social contract theory (managers' ethical 66 decisions) and the signalling theory (firms' responsibility to engage in voluntary disclosure).

67 According to [10], SRI which integrates social and environmental criteria into traditional 68 investmentdecision process, has emerged due to the growing concerns forcorporate social 69 responsibility. However, the definition of the concept still remain unresolved. In effect several 70 terminologies such as socially responsible investment, ethical investment, sustainable investment 71 and, more recently, responsible investment have been used in literature[11] [12] [13].[14] found that in 72 building their investment portfolio, such investors consider companies that make contribution to 73 society. In evaluating companies for investment, preference is given to firms that are outstanding 74 employer-employee relations, companies that make and sell safe and useful products and 75 demonstrate respect for human rights around the world[13] [14] [15]. [16]found evidence that provides 76 support for the existence of direct and indirect effect of participation in human right on 77 investment. Furthermore, considerations by such investors are a company's position on issues of 78 corporate governance, climate change and carbon emission, political contribution, gender 79 discrimination, investment in gambling and weapons[17][18]. [19] also concluded that social and 80 explicit cultural variables have a measurable effect on investment.

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81 Literature documents mixed results on the issue of social responsible investment. Existing evidence 82 differ from one country to country and sector by sector. However, it is found to have gained grounds in 83 developed than developing countries. [10] posit that the concept is already prevalent in developed 84 countries but still gaining momentum towards emerging markets.For instance, evidence from South 85 Africa indicates that while investors appear to have a grasp of ESG issues, there was sparse 86 evidence of actual mainstream investment decisions. What was missing especially, was how they 87 integrate ESG issues into investment decision making. Therefore, the perception about SRI though 88 low in South Africa, it is still growing. In the Spanish market SRI has a low perception among investors 89 in Spain though there are a lot of SRI funds available. According [20], the Spanish SRI market, many 90 investors are unaware that the returns on SRI are the same as with any other fund in the same 91 category, given that the management approach is the same. The absent of relevant SRI information 92 means investors continuously, rely on existing financial information such returns of assets, growth 93 prospects and other market information in making investment decisions. For instance, a 2013 94 PricewaterhouseCoopers report [21]indicated investors believe providing return on capital employed 95 is crucial in their evaluation of a firm. Other studies that posit investors rely on accounting and 96 financial information include [22] and [23].[24] concludes that retail investors currently are most 97 concerned with economic performance information, followed by governance, and then corporate 98 social responsibility information. [19a]observed occupational and educational variables were the most 99 important determinants when making investment decisions. Most of these investors were women in 100 their late middle age, highly educated, with middle and higher incomes. Their findings show lack of 101 awareness of SRI financial products on the market.

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103 Several studies[25][26][27][28][29][30] referred SRI as being "young," against theory that seems to 104 suggest SRI is an old practice. Besides, none of these studies had indicated the age of this "young 105 SRI."According to [31], age, gender, level of education, income have been used to explain the 106 behaviour of both social investors to conventional investors [28]. Results from previous studies 107 [32] have found social investors being younger with higher level of education. Furthermore, social 108 investors have been found to be female, younger, more educated[33] and focused more on 109 environmental concerns than financial performance. [34] found that one's CSR inclination falls with 110 level of education.[35]concludes CSR awareness less depends on the education.Previous studies

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111 [36]suggest the SRI market is in the hands of those with the most knowledge. The current study 112 explores the extent of individual investor knowledge and information on social, ethical and 113 environmental investment.SRI investors have a higher level of education and knowledge and 114 consequently have a higher interest investing in SRI funds. However, a higher income may be too 115 much of a generalisation since a high level of education do not automatically guarantee a higher 116 income [36].

117

Throughout the different studies performed in the area of SRI to date, certain themes emerged consistently. First, the majority of SRI investors seem to be as interested in the financial performance of their investments as rational investors, which indicates that for most SRI investors, SRI is not an act of charity or an attempt to ameliorate a guilty conscience [15][37][38][32].

122 3. MATERIAL AND METHODS

This study focuses on the staff, potential investors, who are deemed to be knowledgeable, in issues of CSR and SRI. The total population of the employees in the institution is 1,400 people. A sample of 302 staff was selected for the study based on the [39] Table. A scale format involves the use of a special rating scale that asks respondents to indicate the extent of agreement with a series of statements to a given subject [40]. The study employed mainly primary data sourced using a selfadministered questionnaires with a rating scale.

129 3.1 Structural Equation Modelling

The study employed structural equation modelling (SEM) to examine effects among the variables. SEM considers between each latent constructs and observed indicators. SEM is a blend of two statistical methods of factor analysis and path analysis into one broad statistical method [41][42]. According to [41], SEM consists of a two-part 1) measurement of the part that relates the observed variable with variable latent through confirmatory factor analysis, and structural part 2) that relationship between variable latent with regression simultaneous.

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The software employed for data processing included the Statistical Package for Social Sciences (Version 21.0) for generating the descriptive statistics and SmartPLS (3.0) for the assessment of the reliability and validity of the measurement and the structural models. Partial Least Squares impacton the analysis model (i.e. structural inner model) that examines the association between latent

variables. In order to deal with this, it is expected that individual average extracted variance (AVE) is
bigger than the squared correlation amid the constructs originating from the measurement model.
Based on this, the concluding model is obtained by dropping constructs with factor loadings of less
than 0.5.

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146 **3.2Measurement of Variables**

Financial factors (FF) were measured using indicators of financial performance such as return on
 capital, potential for growth, price of security, dividend policy, annual report of the firm, track
 records of directors

150 *Non-financial factors (NF)* were measured using constructs such as environmental, social,
 151 governanceand deterring factors.

Environmental factors (EF) –*The*indicators used included environmental policies of the firm, environmental management systems, pollution control, extent of water pollution, hazardous and solid waste, recycling efforts, level of toxic chemicals produced by the firm, energy efficiency and organization's level of emissions.

Social factors (SF) – Included indicators such as respect for human rights, product safety, workplace
with health and safety, working conditions of employees, treatment of customers, stakeholder
relations, diversity of workforce, equal opportunities, labour relations and social solidarity.

159 *Governance Factors (GF)* – Included indicators such as accounting quality, information 160 transparency, audit quality, shareholder rights, board structure, board skills, independence directors,

161 separation of chairmanship and chief executive officer (CEO) as well as independent leadership

Deterring factors (DF) – Included indicators such as activities related to pornography, gamblingrelated activities, activities that abuse the environment, supporting abortion practices, activities that abuse and human and labour rights, activities relating to tobacco and alcohol, lack of transparency in business practices, support for repressive or dictatorial regimes, activities related to armaments and animal testing.

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168 4. RESULTS AND DISCUSSION

The study sought the opinions of respondents on different aspect of investment and social investing.Appendix 2 provides the social demographics of respondents in the study. The result of the session

looks at the other results from the study. The purpose of the study was to analyse the perception ofstaff of the university about social responsible investments.

173 4.1Knowledge on Socially Responsible Investment

174 In spite of the increasing realisation of the power of investors to influence companies, results from the 175 survey showed half of the respondents (50.2%) did not have an idea about social responsible 176 investment. Meanwhile, 49.8 % of the respondents confirmed that they had heard of social 177 responsible investment.

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179 The results has implication for how these potential investors respond to corporate entities' conduct of 180 business in this society. As a way to gain further insight into the dynamics of social responsible 181 investments, the demographic background of respondents with respect to their response to the 182 question of whether they have heard of social responsible investing was explored. From Table 1, the 183 results from the analysis of the age of respondents indicates those who responded in the affirmative 184 were more for age range 46-55 (27), 56-65 (13) and 66+ (1). This is compared with those who 185 responded No to the question that was asked. Responses from the younger age group (18-24) had 186 less people (7) out of (10), the 25-34 group had 63 out of 114 responding in the negative. Similar 187 response was observed for the 35-45 group, where 48 out of 94 responding in the negative. This 188 results suggests people in older age bracket tend to have an idea about social responsible investing 189 that the younger generation.

190 Table 1. Idea about Social Responsible Investment

Have you hear	Have you heard of socially responsible investing?		Number	Percentage
Response:	Yes		142	49.8
	No		143	50.2
			285	100%
		Yes	No	Total
Sex	Male	96	98	194
	Female	45	46	91
		141	144	285
Age	18-24	3	7	10
C C	25-34	51	63	114
	35-45	46	48	94
	46-55	27	16	43
	56-65	13	10	23
	66+	1	0	1
		141	144	285
Income Level	< 1000	1	1	2
	1000-5000	84	103	187
	5001-10000	50	34	84
	10001-15000	6	5	11

	15000+	0 141	1 144	1 285	
Education	Diploma (HND) First degree Second degree	3 22 72	1 43 72	4 65 144	
	Third degree	44 141	28 144	72 285	

191 Source: field data, 2016

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From the results, more of the people (103) that fall within the GHS1000-GHS5000 income bracket and therefore has the potential to invest had not heard of social responsible investing. The remaining 84 responded in the affirmative.

196 It was also observed that awareness level increases with level of education. After the first degree 197 level, it is observed the number who responded in the affirmative increases, compared to those who 198 said No to the question posed.

- 199
- 200 4.2 Financial factors of investment

Making investment decisions requires the consideration of several factors that can potentially affect its outcome including financial and non-financial indicators. From the six (6) indicators used to represent financial factors, *returns on capital* received the highest rating (4.58) in terms of the factors considered by these potential investors before investing. This implies many people, especially those who took part in the study, their investment decision is largely influenced by expected returns. At the extreme end, the results implies these potential investors are not so much concerned about the tract records of directors, as much as they receive returns on their monies invested in a business.

208 Table 2: Financial Factors

Financial Factors	Mean	
Return on capital	4.58	
Potential for growth	4.17	
Price of security	3.81	
Dividend policy	3.61	
Annual report of the firm	3.28	
Track records of directors	3.20	

209 **Source: Field Data, 2016**

This is followed by firm's potential for growth (4.17), the price of the share (3.81); dividend policy (3.61), nature of the annual report of the firm (3.28) and track records of directors (3.20) in that order. The implication is that investors consider returns on capital invested as a priority for making investment but barely look at the track record of the directors of a firm before investing. According to a 215 2013 PricewaterhouseCoopers report, investors believe providing return on capital employed is often

- a crucial part of their analysis of the company's performance and stewardship.
- 217

218 4.3 Perception about Indicators for making Investment Decisions

219 Also, investors would include the ESG factors into their investment schemes while investing and these 220 factors according to the priority of the investor, are environmental policies of the firm, environmental 221 management systems, their pollution control in the community and the hazardous and solid waste 222 produced by the firm (see Table 3). The firm's level of emissions was their least priority, signalling 223 their low level of environmental awareness and concern. This is because the level of carbon 224 emissions or all emissions in general are not measured, therefore, these potential investors are not 225 conscious of the potential danger of level of emissions produced by firms and its effect on the 226 environment and health.

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environment and health.

In the case of the social factors, investors prioritized respect for human rights, product safety, workplace health and safety, and working conditions of employees before investing. The social factors valued by most of these potential investors is respect for human rights. This is in line with the findings in [15][13] and [14] who opined that in evaluating companies for investment, preference is given to firms that are outstanding employer-employee relations, companies that make and sell safe and useful products and demonstrate respect for human rights around the world.

234 Table 3: Environmental and Social factors

Environmental factors	Mean	Social factors	Mean
Environmental policies of the firm	5.98	Respect for human rights	7.00
Environmental management systems	5.91	Product safety	6.71
Pollution control	5.71	Workplace with health and safety	6.46
Extent of water pollution	5.62	Working conditions of employees	6.43
Hazardous and solid waste	5.56	Treatment of customers	6.37
Recycling efforts	5.45	Stakeholder relations	6.05
Level of toxic chemicals from the firm	5.29	Diversity of workforce	5.70
Energy efficiency	5.20	Equal opportunities	5.60
Organisation's level of emissions	5.20	Labour relations	5.47

235 **Source: Field Data, 2016**

Respondents prioritized the factors for governance factors (Table 4) as follows; accounting quality of the firm, information transparency, audit quality of the firm's accounts, shareholder rights and firm's board structure. The implication is that the nature of the people on the board, its size and composition is not a priority in considering to invest in companies by these potential investors. Their initial preoccupation in investing in a company would be the accounting quality of the firm. This is followed by

- 242 information transparency. This implies the companies must disclose to potential investors, as much
- as, possible critical information required in making investment decisions.
- 244 245

Table 4: Governance and Deterring factors

Governance factors	Mean	Deterring factors	Mean
Accounting quality	6.14	Activities related to pornography	6.55
Information transparency	6.02	Gambling-related activities	6.52
Audit quality	5.87	Activities that abuse the environment	6.48
Shareholder rights	5.78	Abortion practices	6.40
Board structure	5.52	Activities that abuse &human and labour rights	6.40
Board skills	5.38	Activities relating to tobacco and alcohol	6.20
Independence directors	5.26	Lack of transparency in business practices	6.11
Separation of chairmanship and CEO	5.08	Support for repressive or dictatorial regimes	6.04
Independent leadership	4.91	Activities related to armaments Animal testing	5.73 5.07

246 Source: Field Data, 2016

247 Furthermore, respondents were asked to indicate and rank some factors that could deter (a.k.a. the 248 negative screening before investment) someone from investing in a company. From Table 4, it was 249 observed that investors indicated that their highest deterring factor that will prevent them from 250 participating in a firm is when they realize that the firm supports or engage in activities related to 251 pornography, followed by firms that engages in gambling. In the view of the respondents, they would 252 refrain from investing in a company that promotes or engages in such activities. This supports the 253 social and the cultural views of the people in this society. Similar findings was also obtained in [19] 254 who concluded that social and explicit cultural variables have a measurable effect on investment. The 255 least of their consideration is companies that engages in animal testing. 256 257 4.4 Test of the theoretical model 258 There was the need to probe further into the relationship among main variables of the study (DF, EF,

259 FF, GF and SF). A hypothesised relationship between some of these variables and their constructs

- 260 based on theory resulted in the model in Figure 1. The output presents a test of the direction, strength
- and level of significance of the pathcoefficients (gammas).



263 Figure 1: Test of the research model (PLS, n=285)

264 4.4.1 Measurement Model

As a requirement, the results from the SEM conform to various validity and reliability checks such as

266 construct validity which was assessed using the convergent and discriminant validity tests.

267 4.4.2 Convergent Validity

268 Convergent Validity is the extent to which items measuring the same concept agree[43] and [42].

- From Table 5, it was observed the factor loadings and composite reliabilities, all exceeded the 0.5 and
- 270 0.7 benchmark respectively, setby [44]. With composite reliability ranging from 0.721 to 0.806 and a
- 271 minimum factor loading of0.539, this was enough evidence of convergent validity.
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Table 5: Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	AVE
DF	0.582	0.624	0.775	0.539
EF	0.580	0.597	0.779	0.542
FF	0.257	0.282	0.721	0.570
GF	0.640	0.663	0.806	0.583
SF	0.620	0.642	0.792	0.560

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275 Discriminant Validity

Three test for checking discriminant validity produced results that justify this criteria was met by the model. This includes the Fornell-Larcker Criterion (FLC), Cross Loadings (CLs) and Heterotrait-

- 278 Monotrait Ratio (HTMT). The FLC showed the square root of the AVE of each construct is higher than
- its highest correlation with any other construct ([45]. For CLs, it is observed from the Table 6 that an
- 280 indicator's outer loadings on a construct is higher than all its cross loadings with other constructs.

281 Finally, HTMT Ratio (as it is required) indicated values of 0.85 and below.

- 282 Table 6: Discrimant Validity
- 283 284
 - Fornell-Larcker Criterion

		DF	EF	FF	GF	SF
	DF	0.734				
	EF	0.345	0.736			
	FF	0.272	0.298	0.755		
	GF	0.401	0.497	0.325	0.763	
		0.368	0.477	0.326	0.505	0.748
285	Cross Loadings				~ ~ ~	05
	DE0					SF
	DF3	0.825	0.304	0.248	0.252	0.232
	DF5	0.596	0.146	0.139	0.237	0.230
	DF7	0.762	0.276	0.193	0.399	0.357
	EF5	0.250	0.749	0.254	0.366	0.314
	EF6	0.314	0.799	0.213	0.465	0.400
	EF7	0.180	0.652	0.191	0.235	0.343
	FF3	0.165	0.166	0.636	0.238	0.163
	FF4	0.239	0.271	0.857	0.257	0.309
	GF6	0.339	0.391	0.244	0.765	0.392
	GF7	0.310	0.381	0.286	0.841	0.357
	GF9	0.271	0.376	0.207	0.675	0.428
	SF7	0.301	0.393	0.303	0.388	0.816
	SF8	0.318	0.388	0.229	0.391	0.700
	SF9	0.182	0.264	0.169	0.358	0.724
286	Heterotrait-Monotrait Ratio (HTMT)					
		DF	EF	FF	GF	SF
	DF					
	EF	0.555				
	FF	0.664	0.746			
	GF	0.659	0.799	0.800		
	SF	0.598	0.775	0.740	0.815	

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289 4.5 Structural Model

As indicated in theoretical model (Figure 1) five relationships were tested using the path analysis presented in Table 7. In the first relationship, DF was seen to have a significant causal relationship with EF ($\beta = 0.285$, $\rho < 0.00$). This implies as people consider DF in making the investment decisions, it results in much more consideration for EF as well. Alternatively if people perceive a company to have less problems with DF, then they would focus less on EF in making investment decisions in such

companies. This implies, companies ranked low on deterring issues are likely to rank low onenvironmental issues as well.

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Furthermore, the results showed a significant relationship between DF and FF ($\beta = 0.221$, $\rho < 0.00$). This implies as the firm engage in more environmental friendly activities, it is favoured by investors as a suitable organisation to invest in, thus boasting their finance and financial performance. Similar observations were made for GF and FF ($\beta = 0.177$, $\rho < 0.00$); SF and FF ($\beta = 0.188$, $\rho < 0.00$). The results show that EF, GF and SF significantly influenced FF. Thus, firms that work on their environmental, governance and social indicators can create positive image for the firm. Such image could positively impact on the firm's financial outcome or performance.

The structural model was evaluated for reliability using the path coefficient, the Q^2 and the Adjusted R². From the theoretical model two dependent variables EF and FF were set-up. The Adjusted R² for the two (*EF* = 0.16; *FF* = 0.15) showed several factors in each case are unaccounted for by the model. Meanwhile, the Adjusted R² though low suggests about 16% and 15% respectively of them are explained by only the independent that actually affect the dependent variable.

Meanwhile, as [46] suggests, R² is more likely to be small such perceptional and human behaviour studies, because human behaviour is difficult to predict. In such cases, emphasis is laid on the statistical significance of the exogenous variables. Results from the Table 7 showed a statistically significant predictors ($\rho < 0.00$) between the endogenous and the exogenous variables, except for DF and FF ($\beta = 0.132$, $\rho < 0.05$). Furthermore, the predictive relevance of the dependent variables (Q^2 : EF = .077; FF=.071) are more than zero for each of the variables in Table 6.TheQ² values above zero indicated that the values are well reconstructed and that the model has predictive relevance.

R^2 Adjusted : E Q^2 : EF = 0.07	EF = 0.164; FF = 0.146 7; FF = 0.071			
	Coefficients	F-Suared	T Statistics	P Values
DF -> EF	0.285	0.090	4.601	0.000
DF -> FF	0.132	0.016	2.090	0.037
FF -> EF	0.221	0.054	3.785	0.000
GF -> FF	0.177	0.026	2.887	0.004
SF -> FF	0 188	0.030	3 188	0 002

317 Table 7: Results from the structural Model R^2 : EF =0.158; FF = 0.155;

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Among otherissues the study documents companies that ranked low on deterring factors would be

320 ranked low of environmental factors. Furthermore, investors favour firms with better deterring records.

321 Such firms, therefore, become the target for investment which ultimately impacts positively on such 322 firm's financial performance. Moreover, governance indicators is ranked high, then it would impacts 323 positively on the finances of the firm. Firms with high ordered social indicators also experiences 324 improved finances.

325

326 5. CONCLUSION

The results suggests more of the respondents had not heard about the concept of social responsible investing. Furthermore, both male and female responded in the negative when they were asked if they had heard of this concept before. Moreover, the older generation had relatively more people responding in the affirmative than the younger generation.

On the elements considered before investment, return on investment was found to be of prior interest to the sample selected. Although the majority indicated they have not heard of the concept "social responsible investing," they were, however, conscious of its principles and ideals. This is reflected in the fact that they would consider a company's environmental policies, respect for human right and accounting quality before investing in it. These potential investors were not ready to invest in companies that engage in or supports pornographic activities, gambling and their related activities.

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On the whole, it was evident that social responsible investing ideology is not well diffused even among the learned communities such as the university. This can be attributed to inadequate research on this subject matter by the research community. It is, therefore, necessary that attention be turned to this critical area of research. For corporate bodies, it is area where they can obtain a competitive advantage, by reviewing their policies and incorporating such corporate responsible behaviours.

The results has implication for theory. Existing finance theories do not incorporate ESG issues in their prepositions. This study, therefore, adds to any existing theories in setting the platform for analysing investors' decision to choose a firm base on its ESG ranking and score. For policymakers, the study highlights the importance of ESG to the investor, and hence, the need to formulate, implement and such enforce policies. For practice, corporate entities need to highlight ESG practices, since it can attract investors.

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 analysis-how-do-i-interpret-r-squared-and-assess-the-goodness-of-fit.
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450 451 **7. APPENDIX**

452 Appendix 1: Social Demographics of Respondents

Variable	Description	Numb	er	Fre	quency	Perce	nt	
Gender	Male	285		194			68.1	
	Female			91			31.9	
Age	18 – 24 vears	285	10			3.5		
3	25 – 34 vears				114			40.0
	35 – 45 vears				94			33.0
	46 – 55				43			15.1
	56 – 65 vears				23			8.1
	66 and above				1			0.3
Education	First degree	285		65			22.8	
	Second degree				114			50.5
	Third degree				70			24.6
	Others				6			2.1
Income leve	el Ghc 1,000 – 5,0	000	285		187			65.6
	Ghc 5,001 – 10,	,000			84			29.5
	Ghc 10,001 – 1	5,000			11			3.9
	Others				3			1.1

472 Appendix 2: Educational level and income level of respondents

Education	Income Level			
	Ghc 1,000 - 5,000	Ghc 5,001 - 10,000	Ghc 10,001 - 15,000	Others
First Degree	56 (29.9%)	9 (10.7%)	0 (0%)	0
Second Degree	110 (58.8%)	33 (39.3%)	0 (0%)	1
Third Degree	20 (10.7%)	41 (48.8%)	8 (72.7%)	1
Others	1 (0.6%)	1 (1.2%)	3 (27.3%)	1
Total	187	84	11	3

473 Source: Field Data, 2016.