

The Impact of Environmental Corporate Social Responsibility (ECSR) and the Perceived Moral Intensity on the Intention of Ethical Investment

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Abstract : This study seeks to examine perceived environmental corporate social responsibility (ECSR) with a focus on negative environmental questions, related to intention of ethical investment intention after a environmental failure recovery. An empirical test was employed to test the hypotheses. We manipulated the information on negative ECSR activities of a hypothetical firm in a experimental design with a failure recovery treatment. The company's negative ECSR recovery was depicted in a positive perspective (depicting a follow-up strong social action), whereas in the negative ECSR treatment it was described in a negative perspective (depicting a follow-up non social action). In both treatments, information about other key characteristics of the focal company were kept constant. Investors' intentions to invest in the company's stock were evaluated by multi-item scales. Results indicate that positive ECSR recovery information about a firm enhances investors' intentions to invest in the company's stock. In addition, perceived moral intensity has a significant impact on the intention of ethical investment and that perceived moral intensity also serves as a key moderating variable in the relationship between negative ECSR and the intention of ethical investment. Finally, theoretical and managerial implications of the findings are discussed. Practical implications: The results suggest that managers may need to be aware of perceived moral intensity as a key variable in restoring the intention of ethical investment. The results further suggest that perceived moral intensity has a direct, and it also has an moderating influence between ECSR and the intention of ethical investment. Originality/value: In an attempt to deepen the understanding of how investors perceptions of firm environmental CSR are connected with other investor-related outcomes through ECSR recovery, the present research proposes a comprehensive model which encompasses ECSR and other key relationship constructs after a ECSR failure and recovery.

Keywords : ethical investment, Environmental Corporate Social Responsibility(ECSR), ECSR recovery, moral intensity

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