

# Ethical Investment Decision Making, Moral Identity, Risk and Workspace Environment

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## ABSTRACT

This study shows that when portfolio risk is low, participants low in moral identity internalization (MII) are more likely to choose an immoral (vs. moral) portfolio when they work in a cubicle (vs. open space) work environment. In contrast, for high MII participants ethical investment decision-making is not affected by the type of workspace or portfolio risk.

## HYPOTHESES

- ❖H1: When portfolio risk is low, investors low in MII are more likely to choose moral (vs. immoral) assets in open (vs. isolated) workspace. Investors high in MII are more likely to invest in moral portfolios regardless of workspace.
- ❖H2: When portfolio risk is high, investors low in MII are more likely to choose immoral assets regardless of workspace layouts. In contrast, Investors with high MII are more likely to invest in moral portfolios regardless of workspace.

## LAB SETTING



## THEORETICAL BACKGROUND

### Moral Investment

- ❖Sustainable, responsible and impact (SRI) investing has risen from \$6.57 trillion to \$8.72 trillion during 2014-2016. (US Social Investment Forum, 2016)
- ❖Investors who are concerned about social issues employ different financial decision making strategies. (William, 2007)

### Moral Identity Internalization

- ❖People high in MII value their moral commitments and are more likely to engage in charitable behavior.
- ❖People low in MII are more likely to be affected by situational factors or cues from their environment. (e.g., Winterich et al. 2013)

### Workspace Layout

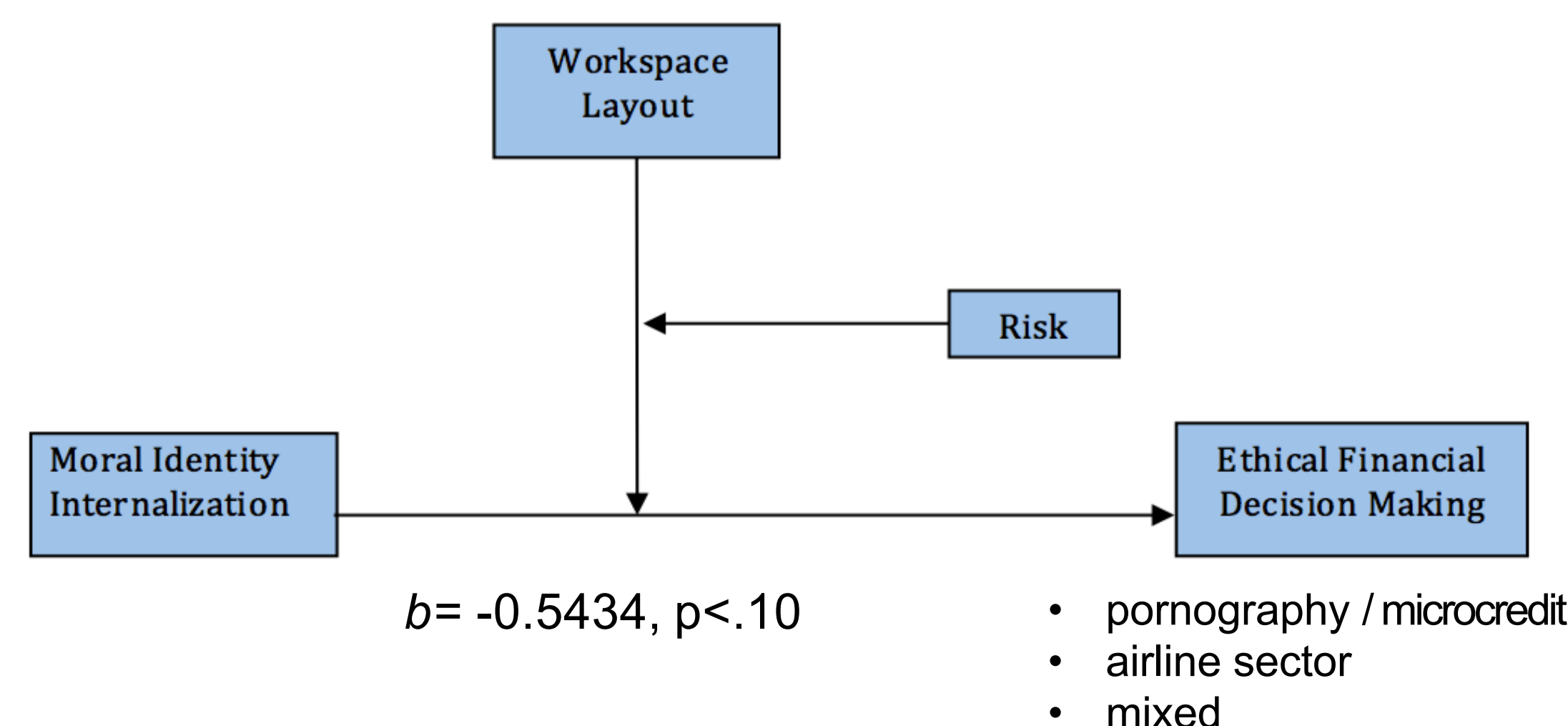
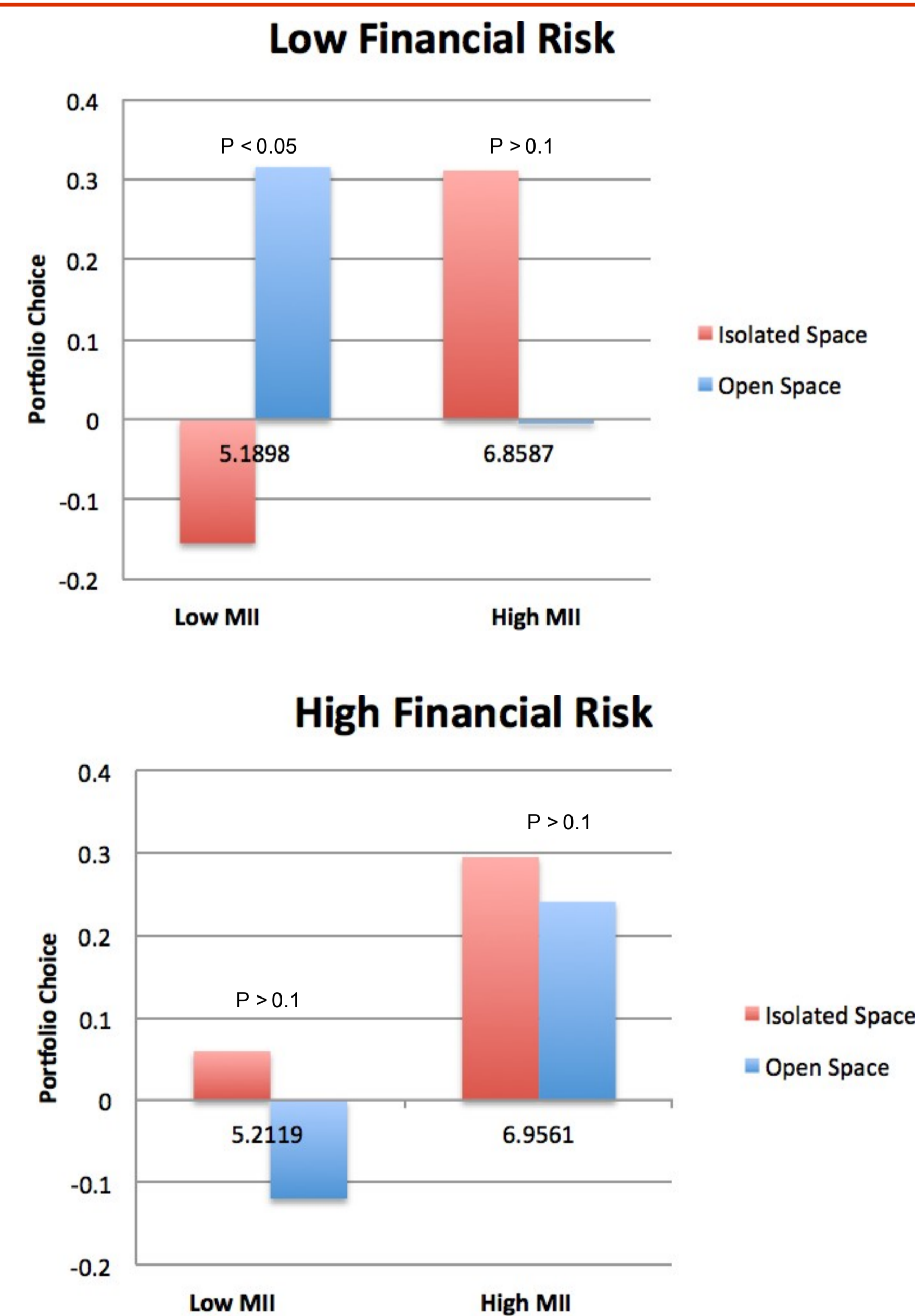
- ❖The cubicle (isolated) workspace provides workers with higher sense of privacy and triggers the sense of autonomy.
- ❖The open-plan office provides less privacy and a lower sense of autonomy for workers.

### Risk

- ❖People who “do the act that promotes the greatest good for oneself” are more likely to alter their decisions when the the risk perception is introduced to the process of decision-making (Fraedrich and Renrell, 1992, p. 284)

## EXPERIMENT

2 (space: open vs. isolated) by 2 (risk: high vs. low) by 2 (MII: high vs. low) between subjects study (N=263)



## DISCUSSION

### Open workspace:

- ❖low MII participants feel pressure as a result of working in the open space (i.e., they experience supervision and social pressure from other participants and from RA) (Ajzen and Fishbein, 1977; Ajzen, 1991; Ajzen and Fishbein, 2004).
- ❖low MII participants are more willing to disregard their moral value to act as a moral person by choosing moral assets as a strategy of impression management.

### Isolated workspace:

- ❖low MII participants make their decision with more autonomy and less concern for the views of others.
- ❖low MII participants are more likely to choose immoral portfolios.