

Socially responsible investment: Explaining its uneven development and human resource management consequences

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In this paper we address two research questions. First, to what extent has Socially Responsible Investment (SRI) developed unevenly across countries with different corporate governance systems and how might we explain this? Second, what consequences does its uneven development have for human resource management (HRM)? We map the nature and extent of SRI equities across five industrialized countries - Germany, Japan, the UK, the US and Australia. We find that differences between the institutional, corporate governance and cultural characteristics of national business systems explain variations in the size and significance of SRI across countries. We also find that SRI has an impact on HRM in institutional contexts such as where its influence is complemented by strong employee voice institutions. The notion of "institutional complementarities," within and across spheres of a corporate governance system is a useful theoretical lens for understanding the varied impact of SRI across different corporate governance systems. Further, future studies of HRM will need to consider the heterodox pressures produced by SRI that may influence its conduct. Implications for SRI fund managers are considered, especially how they might use the notion of institutional. Complementarities to help in their investment decisions and in the impact they can exert. Specifically SRI funds are likely to be more effective where they can form alliances with other existing bodies or where they spur the development of such bodies. The implications for other actors in HRM and corporate governance are also considered