

## *Where is the responsible in RI engagement?*

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### **Abstract**

#### **Purpose**

Responsible investor (RI) engagement seeks to change corporate strategic priorities on environmental, social and governance (ESG) issues whilst balancing the financial imperative. This paper argues that attempts to change corporate strategic actions on climate change will be less effective whilst the financial performance logic provides relatively more legitimacy to investors and companies.

#### **Methodology**

A case of responsible investment engagement is used to illustrate multiple logics (ESG and financial) in the field of investment. Discourse of the proponent, supporters and opponents of Australia's first climate change shareholder resolution is analysed using framing analysis.

#### **Findings**

Framing indicated that the proposal emphasised the dominant financial performance logic and often omitted the ESG logic. One possible explanation is that the process of shareholder proposal nomination and the financial imperative within active ownership obligations effectively institutionalised RI engagement within the field of investment.

#### **Research limitations**

Although there are significant limitations to drawing inferences from a single example the setting for the case is pertinent to other contexts of RI engagement.

#### **Practical implications**

RI support for engagement initiatives such as the UN Principles of Responsible Investment clearinghouse and Carbon Disclosure Project Carbon Action should consider engagement as a contest for legitimacy.

#### **Social implications**

Voluntary mechanisms such as RI engagement on climate change have the potential to be an important pathway in the social response to the sustainability agenda, amidst lagging regulation.

#### **Originality**

In applying institutional theory to RI climate change activism this paper presents novel insights into the potential of engagement to effect change.

**Keywords:** Institutional theory, responsible investment, engagement, climate change, framing analysis

**Type of paper:** Case study

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