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Accountability on Climate Change: The Role of SRI Corporate Engagement

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ABSTRACT

This paper explores the potential for socially responsible investor (SRI) corporate engagement to hold corporations to account for climate change impacts. Illuminating the key features of SRI corporate engagement as a regulatory mechanism highlights the supportive nature of SRI engagement. Networks of SRIs currently provide supportive functions such as reframing norms, establishing dialogue and providing resources to improve. However the voluntary nature of corporate responses to SRI engagement may limit the effectiveness as a regulatory mechanism. Corporate desires for legitimacy may lead to manipulation and capture of engagement efforts. In this paper I argue that the effectiveness of SRI engagement on climate change could be enhanced if it served as part of a responsive regulatory regime. This paper builds the conceptual framework for responsive regulation of climate change. I outline how the current practice of SRI corporate engagement could operate in a responsive regime. Responsive regulation involves both support and sanctions to improve compliance. A responsive regulation regime involves integrating supportive actions with sanctions, offering an incentive for compliance with SRI engagement. In seeking to re-articulate voluntary and legal approaches this paper addresses a gap in the literature on climate change regulation. The social implication of this research is that by promoting the role of organisational stakeholders such as SRI in climate change regulation, accountability may improve. Directions for future research include exploring how a responsive regime could operate in the international context.

Keywords: socially responsible investment, responsive regulation, climate change