



Social Investment Forum



NEWS ADVISORY

Study Relating Corporate Performance with Social Pressure Earns 2009 Moskowitz Prize

COLORADO SPRINGS, CO— November 4, 2009—SRI in the Rockies, the largest and longest-running sustainable and responsible investing conference in the world, has announced the winner of the 2009 Moskowitz Prize for academic research.

The winning study, "[The Economics and Politics of Corporate Social Performance](#)," was co-authored by David Baron of the Stanford Graduate School of Business, Maretno Harjoto of Pepperdine University's Graziadio School of Business and Management, and Hoje Jo of San Clara University's Leavey School of Business. The prize-winning research provides strong empirical evidence of the impact of social pressure on a company's financial and social performance.

The Moskowitz Prize is awarded annually by the [Center for Responsible Business](#) at UC Berkeley's Haas School of Business in cooperation with the Social Investment Forum. The prize is the only global award recognizing outstanding quantitative research in the field of socially responsible investing.

"This year's winning paper takes a more nuanced view of a firm and its interactions with society than most academic studies," says Lloyd Kurtz, Moskowitz Prize administrator and senior portfolio manager at Nelson Capital Management, an investment advisory affiliate of Wells Fargo. "Rather than view a company as simply a profit-maximizing engine—a common assumption of academic research—Baron and his colleagues hypothesize that firms attempt to meet demands not only for financial performance, but also for social performance in general, and for social action specifically."

In their paper, Baron, Harjoto, and Graziadio analyze data on the finances and social activities of 3,000 firms during the last four years of the Clinton administration and first four years of the Bush administration. Their findings include:

- Corporate financial performance and corporate social performance are largely unrelated, but that does not imply there is no causal relationship between the two for individual firms.
- Greater social pressure is associated with worse financial performance, which could reflect the effects of pressure on firms' reputations, brand equities, or productivity.
- Greater social pressure also results in greater corporate social performance.
- Consumer-facing companies tend to benefit financially from good social performance, while industrial companies do not.
- Companies facing significant social pressure from activists and NGOs tend to have sub-par financial performance.

"In short, the paper challenges academics and social investors alike to appreciate the complexity of firms' relationships with society, and demonstrates quantitative techniques that can help make sense of them," adds Kurtz, also a Haas School lecturer who teaches social investing in the Center for Responsible Business. "Until now there had not been an explicit attempt to model all of these relationships simultaneously within the context of a unifying theory of the firm."

The winning paper was selected from among 30 entries by a panel of judges from academia and the investment industry, and was announced at the 20th annual [SRI in the Rockies Conference](#), the premier annual conference for the sustainable and responsible investment industry in North America. SRI in the Rockies is produced by First Affirmative Financial Network in collaboration with the Social Investment Forum.

The winners received \$5,000 in prize money and their paper will be published in the [Journal of Investing](#).

The Moskowitz award was launched in 1996 by the non-profit [Social Investment Forum](#) to encourage and recognize outstanding research on socially responsible investing. Named for Milton Moskowitz, one of the first investigators to publish comparisons of the financial performance of screened and unscreened portfolios, the Prize came under the umbrella of the Center for Responsible Business in 2005.

About the Moskowitz Prize

Awarded by the [Center for Responsible Business](#) at the Haas School of Business, in cooperation with the Social Investment Forum during the annual SRI in the Rockies Conference, the Moskowitz Prize promotes the concept, practice, and growth of responsible investing. The sponsors of the Moskowitz Prize are: Calvert Group, First Affirmative Financial Network, KLD Research & Analytics, Inc., Nelson Capital Management, Neuberger Berman, Rockefeller and Co., and Trillium Asset Management.

About the SRI in the Rockies Conference

[SRI in the Rockies](#) is the premier annual gathering of the sustainable and responsible investment industry in North America. The 20th Anniversary SRI in the Rockies Conference was held October 25-28, 2009 in Tucson, Arizona. SRI in the Rockies is owned and produced by [First Affirmative Financial Network](#), an independent fee-only Registered Investment Advisor (SEC File #801-56587), in collaboration with the non-profit [Social Investment Forum](#).

Media Questions

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