5  Implications for Practitioners and Researchers

"The future is not completely beyond our control. It is the work of our own hands."
(Robert F. Kennedy)

After having elaborated on the claim of corporate change as resulting from a set of various sensemaking processes this chapter summarizes how our understanding of the claim of corporate change, with its different stance toward what is meaningful may enrich and extend the theory and practice of responsible investment. Our distinct objective is thereby to encourage institutional investors and scholars in the field of responsible investment to question their underlying, and often taken-for-granted assumptions which dominate their activities and to focus their attention on novel aspects that may have been overlooked so far.

5.1  Implications for Institutional Investors

5.1.1  Tie Your Beliefs and Actions: Investor Responsibility Matters

The first aspect we would like to raise with regard to the claim of corporate change is that investor responsibility matters. What does that mean in the light of our study? Drawing upon our review of various scholarly and practitioner literature we argue that early definitions of responsible investment primarily referred to the practice of investing in socially responsible companies. The responsibility of institutional investors, implied by the term ‘responsible investment’, was thus defined in terms of whether or not institutional investors aligned their investments with the various dimensions known from mainstream research on CSR. A second wave of research was initiated by Davis and Thompson’s essay on corporate control in the 1990s where the authors acknowledged the increase in concentrated ownership and institutional investor’s growing role of active owners. In the following decade practitioners and scholars in the field of responsible investment extended their definition of an investor’s responsibility and argued that institutional investors should become actively involved in lobbying irresponsible corporations to become socially responsible.
What strikes us is that these narratives of an investor’s responsibility *seem to define responsibility as independent from an investor’s understanding of responsibility*. That is, an investor is considered responsible when he invests in responsible companies. Or he is viewed as responsible when he lobbies a corporation for becoming responsible. However, ‘being responsible’ is not as easy as these narratives pretend. What is missing is the fact that institutional investors *need to make sense of responsibility first to be able to know where they are going to invest or which company to lobby for*. Put simply, we should ask ourselves: Can institutional investors invest in something which they do not understand? Or, can they lobby for change if they do not have a clue about what is changing? As we have showed in chapter four, responsibility is not a ‘given’ that can easily be observed. Rather, responsibility is an ongoing process evolving over time which is continuously shaped and modified by the way organizational members make sense of it.

Drawing upon sensemaking studies, we thus propose an idea of *investor responsibility* as “a mindset to focus on process” (Weick, 1995a, p. 13). It is the concern to concentrate on what institutional investors are doing, how they enact their environment and it is less about how they interpret what the environment is demanding from them: “Sensemaking … is less about discovery than it is about invention. To engage in sensemaking is to construct, filter, frame, create facticity … and render the subjective into something more tangible” (ibid., pp. 13-14). Investor responsibility is thus *inventive*; it changes the role of an institutional investor from being an observer of responsible behaviour into one of becoming an ‘enactor’ of responsibility.

What does this imply for institutional investors? As we have argued in section 4.1 responsible investment is the *activity of how institutional investors generate clear roles and relationships with regard to environment and society which later impose on them*. Investor responsibility thus refers to the *process* by which organizational members link their thinking and acting to construct their organization-specific sense of responsibility. It is important to understand at this point that investor responsibility is nothing that can be described in absolute terms. Rather, it depends on each investor’s unique sensemaking patterns (e.g., mutual funds differ from pension funds when enacting responsibility). Why is investor responsibility important then? The