

TOWARD A THEORY OF REASONS IN ETHICAL DECISION-MAKING: IMPACT INVESTING IN RENEWABLE ENERGY, EVIDENCE FROM CHINA

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Overview

This research project explores Renewable Energy Investment (REI) decision-making within an Impact Investing (II) narrative, aiming to achieve an enhanced understanding of the complex REI decision-making process drawing on behavioural reasoning theory. Addressing the ethical tensions with conflicting objectives faced by impact investors, this paper investigates how decision makers use reasons to justify and shape the REI decision-making process. This study represents an initial attempt to make sense of the novel field of II decision-making based on behavioural reasoning theory with a multi-stakeholder approach. This paper contributes to the key scholarly conversation of behavioural finance, while bringing insights from both the energy economics and the II literature. The context is set in China to shed light on the issues concerning II decision-makers in face of complex situations and uncertainties within one relatively identical social-economic environment, where the dataset is valuable in its own sense. This paper utilises an abductive research approach with thematic analysis of secondary literature, in-depth interviews with REI decision-makers, official government documents, and media reports to support the key findings. Drawing on a wide range of primary and secondary literature, this paper aims to extend behavioural reasoning theory embedded in the empirical data to understand REI decision-making. This paper contributes to the academic discourse on impact investment in sustainable energy development, as well as drawing implications for practitioners and policy makers in this field.

Methods

This paper pursued an exploratory interview study in order to gain insights into these REI investors' decision-making process. The lead author conducted 25 semi-structured interviews in Mainland China. Interview languages include both Mandarin and English. To understand the REI eco-system in China, the 25 research participants are leaders (CEOs, directors, and senior managers) in REI as individual stakeholders who possess a very high level of relevant knowledge and experience in the REI field from different sectors. The interview questions are organised around the participants' background, their *a priori* beliefs, perceptions of REI in China (knowledge), decision-making process (reasons and objectives), perceptions of institutional influences, stakeholder interaction, and investment portfolio. All interviews were audio-recorded and fully transcribed in verbatim style to provide a more complete and precise rendering of the interview data. Thematic analysis was used as the method to look for themes of meaning in the data. Techniques of axial coding was used to construct emergent themes from interview data using NVivo 12 software to support the coding process.

Results

This is still a working paper. I will add the Results and Conclusions sections closer to the conference date.

Conclusions