

ABSTRACT

The purpose of this study is to determine the amount of ethical return and test the direct influence of expected returns, risk perception, social preferences and ethical returns on ethical investment decisions. The research is also intended to examine the influence of ethical returns in moderating the influence of expected returns, risk perceptions and social preferences on ethical investment decisions. The analysis used was conjoint analysis and Structural Equation Modelling – Partial Least Square (SEM-PLS). Conjoin analysis is used to determine the amount of ethical return, while SEM-PLS is used to test the influence between variables. The results of the study stated that the ethical return was determined at seven percent. Furthermore, expected returns, social preferences and ethical returns have a positive effect on ethical investment decisions. Ethical returns have succeeded in moderating the influence of return expectations and social preferences on ethical investment decisions. Nevertheless, risk perception has been proven not to influence ethical investment decisions. Ethical returns also fail to moderate the influence of risk perception on ethical investment decisions. This is suspected to be because ethical investors have practically known that ethical stocks have risks but still choose them to accommodate non-financial motives.

Keywords : Ethical investment, social preference, non financial motive, behavioral finance

