# Socially responsible investing: problems and prospects

# Nataliia Khomyk

**Department of Management and Marketing, NTUU ‘KPI’**

*E-mail: Angel\_NP@ukr.net*

The rapid development of financial services at the end of XX - beginning of XXI century not only led to the formation of new financial instruments and services, but also new methods and investment strategies. One strategy is socially responsible investment (SRI), which is often called ethical investing.

Recently, socially responsible investment (SRI) has increased significantly in popularity among investors worldwide. SRI investors combine financial objectives with their desire to contribute to the solution of social, ethical and environmental issues. After all, it is through the investment sphere effectively ensured a balance between social justice and economic efficiency. Even the financial crisis failed to offset the rapid pace of development of SRI. While traditional investments under professional management showed minimal growth of 1-2%, socially responsible investments continued to grow rapidly by 10-20%.

The essence of this type of investment is that investors choose financial services and instruments for investing financial resources not only based on economic motives and profitability of these tools, but also with regard to whether, in what will be invested their money, what consequences this will have for the natural environment, the general public and local communities. In practice, it appears that socially responsible investors shun invest in environmentally unsafe and military production, producing harmful products (tobacco, etc.), gambling.

Socially responsible investors can be both individuals and institutions: companies, universities, hospitals, foundations, public and private pension funds, non-profit and religious organizations. Currently, the vast majority of socially responsible investors is institutional investors. Despite the fact that some institutional investors aimed at getting quick profit, most of them are looking for stable income from the "long" investments. Because they are interested in long-term profitability of companies in their investment portfolios, and thus have an incentive to engage in strategic corporate management and a focus on innovative companies with good management. Socially responsible investing takes into account the financial needs of investors and investment impact on society.

Socially responsible investing is spreading rapidly in the global financial services market, especially since in 2000 enacted the Global Compact, aimed at improving the social responsibility of business, compliance with human rights and environmental requirements, the Global Compact are more than 6500 companies and organizations from 130 countries.

Active growth of the socially responsible investing continues in recent years, despite the global financial crisis, which led to a temporary decrease in activity in the financial markets, but did not change the basic trends in these markets.

The problem is that some of the new trends and investment strategies that have emerged in developed and mature financial markets slowly spread in countries with financial markets, emerging and developing countries, including Ukraine. Identify approaches to enhance socially responsible investment in the domestic financial market is described to study.

In countries with financial markets, emerging and developing countries, particularly in post-Soviet Eastern Europe, socially responsible investing much less common because of the general lack of financial services market and a lower level of material well-being of most individual investors, so often expressed opinion that there is no real economic assumptions for the development of this type of investment, but in practice socially responsible investing gradually attracting more attention.

In general, the peculiarities of socially responsible investing means that this investment strategy has attracted in recent years more and more attention of investors. One reason for this is that the market for socially responsible investment is growing much faster than traditional market investment services, and it is this dynamic growth determines the prospects of such investment. In addition, socially responsible investing increasingly influences the reputation of the company and improves its capitalization.

**References**

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