

A technology company is considering making a deal with the Chinese government, which will allow the company to launch a new search engine in China. However, in exchange, the company would have to agree to censor content that is considered inappropriate by the government, and help the government locate people that oppose it. If the company decided to make this deal, do you think it would be morally appropriate to be the owner of its shares? The objective of the project is to explore to what extent the answer to these types of moral problems depends on our moral inclinations (which can be accurately assessed), and the circumstances in which these questions are asked. Put differently, I will look how the weight of corporate “sins” can change: whereas for some people and in some situations the company’s sins will be judged as minor (and acceptable), for other people and situations they will be judged as grave (and unacceptable).

My research will contribute to an interesting literature on sin stocks, that is stocks issued by companies that engage in morally objectionable activities. In four studies, I will: (1) investigate how individual differences in moral inclinations affect judgments of corporations, (2) check whether sins can be inherited or (3) diluted (e.g., by mixing a sin company with virtuous companies), and (4) look whether a ‘sin’ can be forgiven more easily if a company engaged in socially responsible behavior before or after the ‘sin’. All of this will be achieved with the use of experiments, which have many benefits over using historical data, typically used in financial studies. The investigation will be aided by tools and theories from psychology, namely the process dissociation analysis and the moral licensing theory.

What will we learn from this research? The present research will help us understand how easy it is to change the way that a company is judged, which has a fundamental impact on how willing we are to invest in it. This judgment can change in two ways. In the first case, people can increase their acceptance of morally dubious behavior, even though in isolation they might feel that what the company has done is unacceptable. In the second case, people can become more sensitive to what is happening in the company and demand immediate punishment for the wrongdoings, even though the company might bear little responsibility for some ‘sins’ (e.g., what its CEO has done in his or her private life). In either case, society should know that these shifts in judgment take place and know the circumstances in which they happen (or *don’t* happen, e.g. when it is difficult for a company to ‘shake off’ its past, and sins have high ‘stickiness’).

Apart from providing general conclusions, the research should also be helpful to both scientists and practitioners. The former will hopefully be inspired to produce new theories that will be able to integrate the findings uncovered by the research, concerning, for example, how for some people sins are easily diluted, and for others they are easily inherited. Practitioners might, among other things, more fully appreciate the negative effects of being associated with a morally objectionable provider of capital.