

Erratum to: The Opportunity Cost of Negative Screening in Socially Responsible Investing
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In the above-mentioned article, an error has occurred in Table 3, which reports the four-factor return performance of sin stock portfolios and sin stock-free portfolios. The performance of sin stock portfolios is unaffected; we refer to Table 4. For sin stock-free portfolios, the rectified results are:

Table 3: Return performance of portfolios excluding sin stocks, 01/1991-12/2012

	Alpha	MktRf	SMB	HML	WML	R ²
Screened S&P 500 vs. Unscreened S&P 500						
S&P 500 without TotalSin – S&P 500	-0.0006 (0.0004)	0.0441*** (0.0081)	0.0649*** (0.0130)	0.0153 (0.0156)	-0.0167** (0.0078)	0.1793
S&P 500 without Triumvirate of Sin – S&P 500	-0.0002* (0.0001)	0.0059*** (0.0020)	0.0016 (0.0026)	-0.0004 (0.0030)	-0.0024 (0.0018)	0.0464

This table shows the results from regressing the excess returns on portfolios with a long position in non-sin stocks and a corresponding short position in the unscreened S&P 500 index on the US Carhart (1997) factors using LAD estimation. The TotalSin sample includes all the stocks involved with the fourteen controversial issues described in the data section and defined in Appendix 1. The Triumvirate of Sin refers to the companies involved in alcohol, gambling, and tobacco. Alpha is the intercept, indicating out- or underperformance relative to the unscreened S&P 500 index. MktRf, SMB, HML, and WML are the coefficients on the S&P 500 market portfolio and the US Size, Book-to-Market, and Momentum factors. In brackets are the standard errors obtained using the Design Bootstrap procedure with 10,000 replications. * Statistical significance at the 10 % level. ** Statistical significance at the 5 % level. *** Statistical significance at the 1 % level.

This rectification implies that there is a negative but insignificant effect of screening on risk-adjusted return performance. Results for sin portfolios (Table 4 in the manuscript) are unaffected. Hence, opportunity costs of negative screening consist in the foregone investments in various sin stock categories which outperform other stocks on a risk-adjusted basis.

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Tabel 3 gepresenteerd als regressie screened portfolio excess returns@Carhart factors, in plaats van: long(screened)-short(market)

Table 3: Return performance of portfolios excluding sin stocks, 01/1991-12/2012

	Alpha	MktRf	SMB	HML	WML	R ²
Screened S&P 500						
S&P 500 without TotalSin	-0.0006 (0.0004)	1.0441*** (0.0081)	0.0649*** (0.0132)	0.0153 (0.0155)	-0.0167** (0.0079)	0.9221
S&P 500 without Triumvirate of Sin	-0.0002* (0.0001)	1.0059*** (0.0020)	0.0016 (0.0026)	-0.0004 (0.0030)	-0.0024 (0.0018)	0.9781

This table shows the results from regressing the excess returns on portfolios excluding sin stocks on the US Carhart (1997) factors using LAD estimation. The TotalSin sample includes all the stocks involved with the fourteen controversial issues described in the data section and defined in Appendix 1. The Triumvirate of Sin refers to the companies involved in alcohol, gambling, and tobacco. Alpha is the intercept, indicating out- or underperformance relative to the unscreened S&P 500 index. MktRf, SMB, HML, and WML are the coefficients on the S&P 500 market portfolio and the US Size, Book-to-Market, and Momentum factors. In brackets are the standard errors obtained using the Design Bootstrap procedure with 10,000 replications. * Statistical significance at the 10 % level. ** Statistical significance at the 5 % level. *** Statistical significance at the 1 % level.