Call for Papers for a Special Issue of the Journal of Business Ethics

Impact Investing – Critical Examinations of Motivations, Processes and Results

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Submission Deadline: 31 January 2020

Impact Investing describes a number of practices that aim for the most efficient capital allocation (the "investment" part) in relation to the achievement of certain social and environmental goals (the "impact" part). While the social impact goal is an essential part of impact investing, such practices can aim to achieve multiple objective functions including the generation of financial returns to investors. Multiple objective functions give rise to moral dilemmas and ethical tensions between stakeholders of the impact investing process. We expect submissions to this special issue to address to address these dilemmas and tensions.

The Rockefeller Foundation, envisages impact investing to "offer a bridge between traditional philanthropy, which incubates innovation and mobilizes attention to exciting solutions, and the private-sector capital markets that ultimately hold the wealth required to advance these solutions" (Bugg-Levine & Goldstein, 2009: 32). In addition to philanthropists, social and environmental non-profit organizations and individuals have gained interest in this ethically driven capitalistic approach to foster a social market economy.

The term quickly led to the launch of numerous impact investing funds that purported to combine financial return generation with social impact (Mudaliar et al., 2016). The vehicles supported by impact investing include hybrid startup organizations aiming to achieve systematic social change (Farber et al., 2015; Hockerts, 2015; Mair, Mayer, & Lutz, 2015) as well as private investments in public and non-profit collaborations (Edmiston & Nicholls, 2017; Jackson, 2013; Schaltegger et al., 2018a).

This special issue aims to collect contributions that critically examine different impact investing practices. We invite authors to elucidate the ethical decision process employed when impact investors decide to allocate capital to some investments (and not others). Contributions are expected to study contextual differences, they should also question when impact investing is subject to systematic bias (and with what consequences). Essentially, we encourage authors to apply ethical theories to improve our understanding of impact investing practices as well as their underlying motivations and performance results.

Impact investing research has grown out of socially responsible investing studies (Avetisyan & Hockerts, 2017; Galema, Plantinga, & Scholtens, 2008; Hockerts & Moir, 2004; Peylo & Schaltegger, 2014; Sparkes & Cowton, 2004), as well as research on related strategies such as venture philanthropy (Mair & Hehenberger, 2014). Early publications on impact investing have been anecdotal case studies (Ormiston et al., 2015; Silby, 2011), practitioner handbooks (Best & Harji, 2013; Emerson & Smalling, 2015), or texts promoting the virtue of impact investing (Brest & Born, 2013; Cheney et al., 2012; Emerson, 2003). Recent work has begun to provide empirical data about the size of the field and the type of investments (Buckland et al., 2013; Saltuk et al., 2011), as well as definitional clarity (Cahill, 2010; Höchstädter & Scheck, 2015).

More specific research covers areas such as how to measure social or environmental impact (Hehenberger & Harling, 2018; Millar & Hall, 2012; Nicholls et al., 2009) and how to scale impact investing (Ebrahim & Rangan, 2014; Thornley & Dailey, 2010). Other authors have studied what role specific asset classes play for impact investing such as social impact bonds (Cooper et al., 2016; McHugh et al., 2013) and equity investment (Brown, 2006; Rajan et al., 2014). Yet other publications have evaluated the sources of impact investing such as crowdfunding (Lehner & Nicholls, 2014) or pension funds (Wood et al., 2013).

A large part of this extant literature has been either descriptive or managerial in nature. For this reason, we see a need for compelling business ethical analysis, hypothesizing explanations for what is observed drawing on rich qualitative data, and testing these hypotheses through rigorous empirical work. Impact investing has become an important trend that has effectively attracted capital streams for philanthropic, sustainability and for-profit reasons. Without well founded critical reflection we run the risk that these capital streams fail to achieve the stated goals of social impact and financial returns.

As impact investing flourishes, it has real world impact on business ethics practices, public policy, development aid, philanthropic foundations, and the behavior of investors. The proposed special issue aims to understand the ethical consequences of impact investing, both direct and indirect. It will help evaluate the effectiveness of different impact investing practices (e.g. Social Impact Bonds, Impact-oriented Crowdfunding Platform) and help decision makers evaluate in which conditions impact investing is best applied and where the practice might have to be rethought. For example, there may be an ethical dilemma if the requirement to measure social impact forces impact investors to allocate resources to social enterprises whose results can be monetized, potentially bypassing more innovative, long-term solutions.

In particular we anticipate contributions to explore the role different stakeholders play in the impact investing process. A key question here is how impact investing explicitly or implicitly privileges certain decision makers over others and to raise the ethical implications of such patterns.

In elaborating on this guiding question, we invite scholars to investigate the following topics:

- What roles do different stakeholders in the impact investing process play?
    - In particular what types of investors can be differentiated and what are the ethical decision making processes underlying their engagement? How do they justify their legitimacy?
    - What types of impact investing funds can be identified and how do they differ in organizational structure, capabilities, and governance?
    - How do the organizations and projects targeted by impact investing differ and why do they select to engage in impact investing rather than other financing alternatives?
    - Are the ultimate beneficiaries aware of the presence of impact investors and how do they assess the legitimacy of impact investing?

- How do different impact investing practices deal with the ethical tensions resulting from the multiple objective functions pursued?
    - How do impact investors formulate their explicit and implicit objective functions?
    - What ethical tensions can be observed and how do impact investing funds purport to manage these internally?
    - How do these tensions manifest themselves between the different stakeholders (investors, fund managers, investees, and beneficiaries) and how are these addressed?

- What are the ethical implications of impact investing, both direct and indirect?
    - Do impact investing funds achieve their stated goals? What are the ethical consequences of missing out on some or all of the intended targets?
    - How do impact investing funds select their investees? What are the ethical implications of the deal screening and selection?
    - What is the overall effectiveness of impact investing and how could it be improved?
    - How does the emergence of impact investing affect the overall allocation of capital? In particular has impact investing lead to crowding out effects?

Submission Process:

Authors should refer to the Journal of Business Ethics website and follow the author instructions when submitting a paper. For more information see: http://www.springer.com/social+sciences/applied+ethics/journal/10551. Manuscripts should be submitted through the Editorial Manager at: http://www.editorialmanager.com/busi/. Upon submission, please indicate that your submission is to this Special Issue.

Getting your Paper Ready for Submission:

The special issue editors strongly recommend interested authors to engage in a series of friendly reviews with colleagues familiar with JBE and/or impact investing research prior to submitting to the special issue. Such practice will help improve the quality of your paper and significantly reduces the risk of a desk reject due to a lack of ft with JBE. Moreover, we recommend that all authors familiarize themselves with the JBE publication objectives by consulting the following two editorials:

- Greenwood, Michelle, and R. Edward Freeman. "Focusing on ethics and broadening our intellectual base." (2017): 1-3.
- Freeman, R. Edward, and Michelle Greenwood. "Letter from the incoming editors." Journal of Business Ethics 133.1 (2016): 1-3.

Paper Development Workshops:

The special issue editors plan to arrange a series of developmental workshops at which potential authors can submit work in progress and receive constructive feedback from the editors. While we recommend participation in these events, they are neither a prerequisite for submission, nor does participation guarantee inclusion in the special issue.

For now, we anticipate the following workshops:

- 22-24 May 2019 University of the Chinese Academy of Sciences (Beijing, China)
- 8-10 August 2019 PDW at the Academy of Management Conference (Boston, USA) *TBC
- 23-25 September 2019 Copenhagen Impact Investing Days (Copenhagen, Denmark)

Please contact the special issue editors for more information on these workshops.

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