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ORIGINAL PAPER

Who Has a Seat at the Table in Impact Investing? Addressing Inequality by Giving Voice

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Abstract

Despite recognizing the importance of impact investing in combating complex societal challenges, researchers have yet to examine the capacity of the field to address systemic inequality. While impact investments are intended to benefit vulnerable stakeholders, the voices of those stakeholders are generally overlooked in the design and implementation of such investments. To resolve this oversight, we theorize how the fields' design—through its tools, organizations, and field-level bodies—influences its capacity to address inequality by focusing on the concept of giving voice, which we define as the inclusive participation of vulnerable stakeholders in decision-making processes. We build from stakeholder engagement research to show how the design of impact investing can address inequality using three illustrative cases: social impact bonds, impact investing funds, and national advisory boards. We conclude with a discussion of how the ethical decision of giving voice to vulnerable stakeholders will determine the capacity of the field to address inequality, as well as provide implications for future research and practice.

Keywords Impact investing · Giving voice · Inequality

> *I had believed that our institution—all our people, all our processes—would serve as a check and balance against individual biases. I assumed, without really stopping to acknowledge my assumption, that issues I might overlook, or be ignorant of, would be raised by someone else—and that the space was there to raise them. It is clear to me now that this was a manifestation of the very inequality we were seeking to dismantle.*
> Darren Walker, President of Ford Foundation (2016).

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Introduction

Impact investing is purported to have the power to mobilize investment capital to areas and organizations with the most need and ability to generate positive social and environmental impact (Agrawal & Hockerts, 2021; Emerson, 2003; Goldstein & Bugg-Levine, 2009). Yet, some researchers and practitioners are skeptical of whether financial markets designed by the wealthiest of society can effectively address economic, socio-political, and health inequalities (Giridharadas, 2018; McHugh et al., 2013). One major critique has been that the field is designed top-down by investors and other powerful stakeholders, who determine where to allocate capital and how to most effectively measure the investments' social and environmental impact (Hayes et al., 2018; Hehenberger et al., 2019). Others challenge whether the field is distinct enough from mainstream financial markets, allowing investors to reap the main benefits (Hehenberger et al., 2019).

The purpose of this article is to explore the following question: how does the design of the impact investing field affect its capacity to address structural inequalities? Impact investing is in its early stages, where the field's ideology is being assembled (Hannigan & Casasnovas, 2020;

Hehenberger et al., 2019), and not yet fully diffused across sectors (Jones et al., 2019). Before the field achieves paradigm consensus (Daggers & Nicholls, 2016; Höchstädter & Scheck, 2015), we have the opportunity to examine and reorient the way in which the field is being shaped (Agrawal & Hockerts, 2021; Casasnovas, 2022).

Thought leaders and practitioners have argued for the need to prioritize inclusion and equity, but academic work has yet to capture "who influences greater power on decision making" (Agrawal & Hockerts, 2021, p. 171), especially as it pertains to which stakeholders are included in the way the field is being shaped. Examining who is sitting at the decision-making table allows us to more fully understand the ethical tensions that lie in the assumptions made by those designing the field. Our manuscript brings these issues front and center, exploring how the field of impact investing is being designed, by whom, and for whom.

We do so by providing a theoretical model that explains why giving voice to vulnerable stakeholders (i.e., giving them 'a seat at the table') is critical to defining impact investing's approach and its capacity to address structural inequality. We build on multi-stakeholder management literature (Roloff, 2008; Svendsen & Laberge, 2005) to show that addressing inequality depends on how investors and field-level actors actively engage the voices of other actors such as vulnerable stakeholders rather than view them as mere beneficiaries or recipients of investments. Drawing specifically from issue-focused and organization-focused stakeholder perspectives (Roloff, 2008), we argue divergent impact approaches—systemic-impact and organizational-impact approaches—engage vulnerable stakeholders differently, which, respectively, increase or decrease the capacity for impact investing to address structural inequality. We use three examples to illustrate our theoretical model: social impact bonds (a financial tool), impact investing funds (a financial intermediary), and impact investing National Advisory Boards (a field body).

Our theoretical model and illustrative examples make two important contributions. First, we extend the impact investing literature by showing how systemic issues such as inequality can only be addressed if its tools and organizations incorporate the process of giving voice, what we define as inclusive participation of vulnerable stakeholders in decision-making processes. Drawing from stakeholder engagement literature (Barney & Harrison, 2020; Civera & Freeman, 2019; Roloff, 2008), we show that the risk of engaging only powerful stakeholders and disregarding vulnerable ones mitigates the capacity for impact investing to address systemic issues.

Second, we contribute to the growing literature that studies the emergence of this field (Casasnovas & Ventresca, 2016; Grodal, 2018; Leibel et al., 2017). Specifically, we show how a multilevel perspective (Purdy & Gray, 2009) on the design of a field sets a critical foundation for understanding how a field emerges and evolves. Prior research *independently* demonstrates the role of financial tools (Slager et al., 2012), intermediary organizations (Lee et al., 2017), and field-convening bodies (Mair & Hehenberger, 2014) as critical to the emergence of fields that lie at the intersection of social and financial practices. Building from this work, we show that examining the integrated effect of design practices at different levels captures a more complete understanding of how systemic problems like inequality can be addressed.

Theory Background

An Ethical Fork in the Road: Organizations and Inequality

Inequality is an entrenched problem and well-established social institution (Mair et al., 2016; McGahan, 2018; Suddaby et al., 2018) that "tends to persist and even increase from generation to generation—rich families tend to get richer while poor ones remain poor; gender pay gaps remain in place over generations; Blacks, Hispanics and other racial minorities tend to fare worse than their white fellow citizens," (Amis et al., 2018, p. 1133). Organizations face an ethical decision to consider what role to play in addressing such structural inequalities. If organizations decide to address them, they must actively and purposefully work toward changing entrenched organizational and interorganizational behaviors (Mair et al., 2016). Otherwise, the tools and programs designed to enable economic development and progress can exacerbate inequality and have unintended consequences on society's well-being (Amis et al., 2019).

Capitalist mantras such as efficiency, meritocracy, and positive globalization have concrete instantiations in the everyday life of organizations that normalize inequalities (Amis et al., 2019). For example, Hayes and colleagues (2018) found that inequality can depend on how market practices become "enacted into mundane calculative practices," (p. 1203). Their study showed how power imbalances between international development donors and grassroots organizations could have negative consequences for the beneficiaries they intended to help.

While debates exist as to the measures and magnitude of inequality (e.g., Di Lorenzo & Scarlata, 2019), the more recent debate in the management and organizational context is the extent to which new practices at the intersection of the business and social sectors pay attention to, and play a role in, addressing such social problems (Ferraro et al., 2015; Hehenberger et al., 2019; Mair et al., 2016; Martí, 2018). Actors straddling the intersection between financial and social sectors are therefore at an ethical fork in the road: if their practices have direct and indirect effects on structural inequalities, how can they recognize those effects and implement strategies and behaviors that mitigate rather than exacerbate inequality? While market-based approaches often encourage certain practices associated with accumulation and the maximization of financial returns while suppressing alternative orders (Hehenberger et al., 2019), it is also the case that "purposive organizational activity can transform (…) entrenched patterns" (Mair et al., 2016, p. 2024) of inequality. This latter approach is often the promise of impact investing.

Taking Pulse: Is Impact Investing Addressing Inequality?

Impact investing is a form of financial investing aimed to address society's pervasive social and environmental problems (Agrawal & Hockerts, 2021; Höchstädter & Scheck, 2015). The practice is distinct from others like socially responsible investing and sustainable investing because of a deliberate focus on generating positive impact rather than minimizing, or considering, negative impacts on different stakeholders (Sandberg et al., 2009; Yan et al., 2018). The term was coined in 2007 by a convergence of actors in both the private and public sectors as investing with the intention "to create a positive, measurable social and environmental impact alongside a financial return" (Hand et al., 2020, p. 42).

Despite the initial consensus on this broad definition, there are still different approaches to impact investing (Daggers & Nicholls, 2016; Höchstädter & Scheck, 2015), reflected in the segmentation of the market (Casasnovas, 2022). For example, some investors consider 'additionality' (the fact that the impact would not take place without that investment) a necessary feature of impact investing, while others do not (Edmiston & Nicholls, 2018). Impact measurement frameworks are also a source of intense debate. Examples include measuring unique or generalized outputs and outcomes, expecting individual or collective impact, and comparing across organizations and sectors to assess and benchmark social or environmental impact (Ebrahim, 2019; Ormiston, 2019; Wry & Haugh, 2018). Measuring impact is challenging because "impact investing decisions engender particular challenges related to their cross categorical nature: by crossing domains of business and charity, impact investors grapple with unfamiliar combinations of investments and notions of value" (Lee et al., 2020, p. 190). As a result, there is a paucity of knowledge around the impact of the field itself.

Criticism about the field's potential to achieve systemic change has been raised from both academia (Nicholls & Teasdale, 2017; Sinclair et al., 2014) and practitioners (e.g., Giridharadas, 2018). Ford Foundation President Darren Walker (2015, p. 1) articulates how the concept of 'doing well by doing good' may "inadvertently widen inequality in the course of making money, even though we claim to support equality and justice when giving it away." He further argues that the idea of looking at structural inequalities is missing because investors have failed to "question our own circumstances: a system that produces vast differences in privilege, and then tasks the most privileged with improving the system."

Therein lies both a theoretical and practical issue: at this time in the early stages of field emergence, how impact investing practices are designed and who designs them are critical to how the field will be shaped (Agrawal & Hockerts, 2021; Santos & Eisenhardt, 2009). However, because the focus of impact investing has been to gain adoption in its early stages (Quinn & Munir, 2017), these issues have not been sufficiently addressed. In their recent study on the creation of impact investing's field ideology, Hehenberger and colleagues (2019) confirm Darren Walker's observation that "promoting democracy, inclusiveness, and cooperative approaches to addressing societal challenges were formulated and expressed in meetings we attended, but these ideas were suppressed" (p.1693). Both Walker and Hehenberger and colleagues imply that addressing systemic problems of inequality must begin upstream by looking at who is (or not) included in the design processes that shape the field and its subsequent practices (Heath, 2020; Casasnovas, 2022).

This prompts us to take pulse on how the impact investing field is being designed and its subsequent effects on structural inequalities. While the intentionality of generating positive social impact is a defining feature in impact investing, the term itself sidelines ethical debates about the normative assumptions that underlie the intentions of powerful actors making decisions about the field. In this sense, just because investors label themselves under the 'impact investing' category and to some degree, pursue positive impact, they do not necessarily address systemic issues like inequality. Our model brings these issues front and center, exploring how the field of impact investing is being designed, by whom, and for whom.

Giving Voice in Impact Investing: A Mechanism for Addressing Structural Inequalities

Recent discussions in fields related to impact investing (e.g., social entrepreneurship) have sought to understand how to give voice to marginalized and vulnerable populations (Montgomery et al., 2012). Social movements have traditionally been seen as "one of the principal forms through which collectivities give voice to their grievances and concerns" (Snow et al., 2004, p. 3). However, additional research on social entrepreneurship and related topics has shown how vulnerable collectives can also be empowered using less antagonistic approaches, leveraging the power of markets and participatory architectures to address societal challenges (Akemu et al., 2016; Ferraro et al., 2015; Kornberger et al., 2018).

The field of impact investing purports the *intention* to mitigate societal problems through financial investment. However, this focus on 'intentionality' assumes those making decisions have the necessary knowledge about how to address complex and deep-rooted social challenges, as well as that they represent the interests of all parties. The reality is that corporate decisions generally lack engagement of vulnerable stakeholders—actors that lack power and are marginalized (Civera et al., 2019)—because they "are distanced and alienated from the centers of decision making" (Ahen, 2017, p. 102). As a result, decisions are made by few on behalf of the many.

In contrast, we introduce the process of *giving voice*, defined as the inclusive participation of vulnerable stakeholders in decision-making processes. Specifically, we build from the notion of "shaking stakeholders" (Sulkowski et al., 2018), highlighting how impact investors may actively engage stakeholders that are affected by the issue at hand but might be complacent with the situation. As Sulkowski and colleagues mention (2018), this becomes especially relevant when addressing complex societal problems.

In impact investing, vulnerable stakeholders are those communities and beneficiaries that impact-focused businesses and investments intend to serve. Despite the understanding that participatory processes are critical to address complex systemic problems like structural inequalities (Ferraro & Beunza, 2018; Ferraro et al., 2015), impact investing tools and practices do not always promote the involvement of vulnerable stakeholders. For example, viewing the role of beneficiaries simply as the recipients of an investment overlooks their on-the-ground knowledge and capacity to be active partners in addressing social challenges (Mària & Arenas, 2009; Mayes et al., 2013). Therefore, the intentional involvement of, and interaction with, vulnerable stakeholders is critical if impact investing is to effectively address structural inequalities (Bridoux & Stoelhorst, 2016; Mair et al., 2016).

In the diversity literature, inclusion is defined as the degree to which individuals are treated as insiders and allowed and encouraged to retain uniqueness and belonging within a group (Shore et al., 2011). Inclusive environments are then described as places where individuals of all backgrounds are fairly treated, valued for who they are, and included in core decision making (Ely & Thomas, 2001; Nishii, 2013). While such inclusion practices "create greater equality" (Shore et al., 2011, p. 1281) within organizations, we argue that *inclusive participation* in the design of a field will also help address inequality at a systemic level. In the following sections, we theorize this process in three steps: 1) giving or not voice in the design of tools, organizations, and field bodies, 2) having a systemic or organizational approach, and 3) increasing or decreasing the capacity to address structural inequalities (see Fig. 1 for a visual representation).

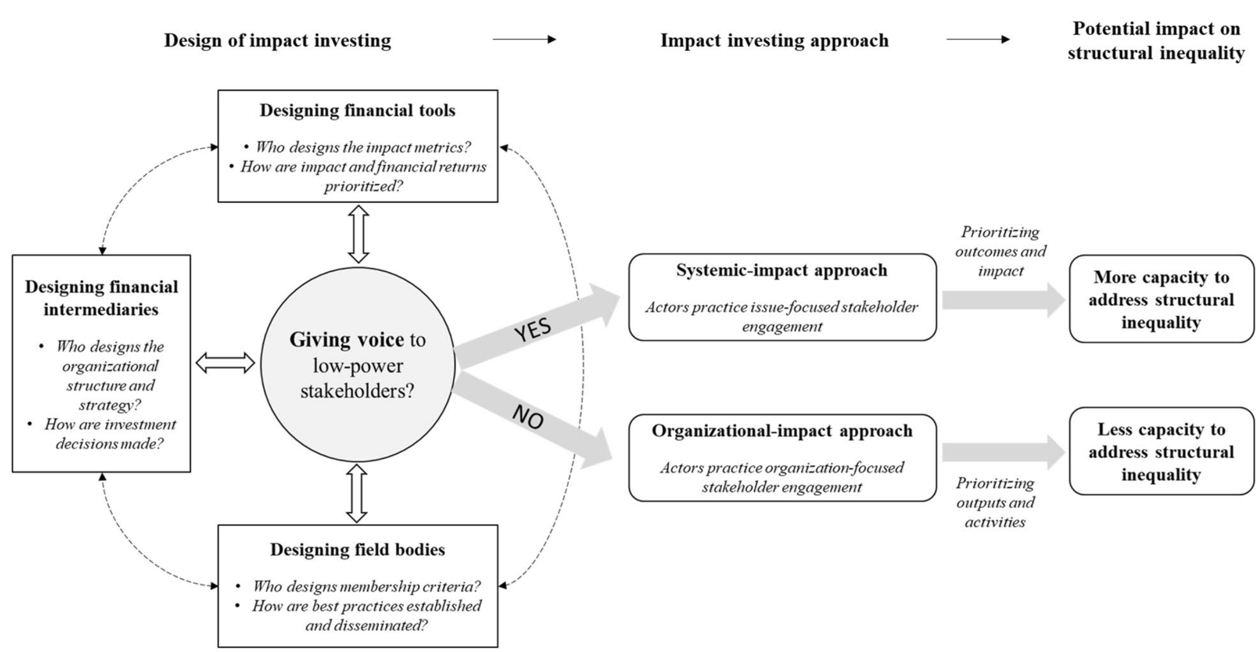


Fig. 1 Process model of giving voice in impact investing

Giving Voice in the Multilevel Design of Impact Investing

The core questions in the first step of our process model are whether and how the design process gives voice. We examine these questions at three different levels of the field: financial tools, organizations, and field bodies. We then discuss how each level influences one another and, collectively, shape the emerging field.

Financial tools are those instruments and devices that are used to invest, measure, or set standards in the financial industry. Prior research has shown how they have a performative effect on how markets develop (MacKenzie & Millo, 2003; Quattrone, 2009). For example, according to Beunza and Ferraro (2019), ESG (environmental, social, and governance) rating tools were instrumental in shaping the growth and features of responsible investing. The authors argue that the design of the calculative device was a central step in field development, as it incorporated taken-for-granted norms and values and brought together a diverse network of field actors. Other financial tools, such as sustainability-related stock indexes, have been also analyzed for their role in framing and attaching values to the emerging field (Slager et al., 2012).

These examples point to the importance of two central questions in the design of tools in impact investing and whether the tool being designed is giving voice to vulnerable stakeholders. First, who is leading the design of the tools? If those leading the design are solely those with the dollars to invest, the tools might not be useful to other actors such as beneficiaries and other vulnerable stakeholders. Second, what features of the tools are prioritized or made central? If the design lacks the voice of vulnerable stakeholders, central features will be determined based on the interests and goals of the decision makers, reflecting power imbalances in the calculation processes and the inner working of the financial tools, which will influence the development of the field (Giamporcaro & Gond, 2016).

At another level, impact investing *organizations* often mediate between asset owners (such as institutional or individual investors) and the final recipients of those funds (usually social enterprises). These intermediary organizations are called impact investing funds, and their forms and strategies often mirror those in the traditional financial industry. Economic and organizational sociology has pointed to the role of intermediaries as being critical to processes of field emergence (Lee et al., 2017; Mair et al., 2012). For example, Hellman & Puri (2002, p. 169) identified how venture capital firms played a role "over and beyond" what was expected from traditional financial intermediaries and contributed to the professionalization of the start-up ecosystem. Suchman (1995, p. 264, 2000) showed how lawyers in Silicon Valley contributed to build and diffuse a particular 'cultural milieu,' the norms and meanings that made transactions between venture capitalists and entrepreneurs to be "comprehensible, desirable, feasible and meaningful." Similarly, in the commercial music industry, intermediaries were key actors that influenced how the field was understood by creating, distributing, and interpreting information in specific ways (Anand & Peterson, 2000). Especially in early stages, where "category meaning and acceptance are in flux" (Lee et al., 2017, p. 448), intermediaries have a direct influence on legitimizing specific practices and approaches.

Intermediary organizations can be designed either in a way that gives voice to vulnerable stakeholders or in a way that reinforces the position of powerful ones. Paying attention to questions such how organizations are structured and what strategies they follow determines whether voice is given to vulnerable stakeholders. When an organization's decision-making structure is a small number of executives, the interest and expertise of vulnerable stakeholders are likely to be excluded from the investment process.

Finally, *field bodies* serve as convening spaces that also influence the design process as a field develops (Mair & Hehenberger, 2014). For example, the International Swaps and Dealers Association (ISDA) played a central role in the creation of the global over-the-counter derivatives market (Morgan, 2008). On the one hand, it developed new rules by bringing together market participants and helped overcome potentially problematic issues. On the other hand, it influenced national governments and it was able to enforce an agreement that favored ISDA members above other actors. Such industry or professional associations influence field emergence and transformation (Greenwood et al., 2002). Their role as both conveners of public events and backstage 'experts' meetings are crucial for setting field boundaries and reframing institutional models (Mair & Hehenberger, 2014).

Field bodies can be designed to give voice to vulnerable stakeholders, but may also solidify the power of incumbents (Greenwood et al., 2002). In impact investing, this depends on factors such as the criteria (money, status, diversity, knowledge, etc.) to join field associations and the processes by which best practices are agreed-upon and disseminated to the broader sector. Giving voice in the design of field bodies would disregard characteristics such as money and status and opt for prioritizing the participation of actors who identify closest to the systemic issues that are to be tackled.

The bodies of work articulating the influence of tools, organizations, and field bodies on field emergence (Hehenberger et al., 2019; Kimmitt & Muñoz, 2018; Quinn & Munir, 2017) overlook their interrelationship. The complexity of new fields, especially those emerging at the intersection of different sectors (Zietsma et al., 2017), warrants a multilevel approach that incorporates how different elements interact and together build the new field infrastructure

(Purdy & Gray, 2009). For example, financial tools are often operated by intermediary organizations and diffused as best practices by field bodies, and intermediary organizations are often members or even leaders in field bodies. We incorporate their interrelation, represented in the dotted arrows in Fig. 1.

If impact investing funds give voice and therefore "put the beneficiaries at the center of the solutions" (Gianoncelli et al., 2019, p. 86), they will use financial tools that include impact metrics that are directly relevant for vulnerable stakeholders. Similarly, if field bodies are designed with inclusive membership criteria, they will promote practices and regulation that favor those impact investing funds that put the beneficiaries at the center. Thus, giving voice requires not simply creating a tool or providing board seats at a corporate level. Rather, giving voice requires all influential decisions in a field to substantively make a dent in addressing systemic inequalities. Whether giving voice is or is not incorporated across levels influences the type of impact approach taken.

Engaging Stakeholders: Organizational-Impact vs Systemic-Impact Approaches

The next step is understanding how giving voice or not in the design of tools, organizations, and field bodies collectively drives the impact approach pursued. Two approaches diverge based on how vulnerable stakeholders are engaged (central part of Fig. 1). Building from stakeholder engagement literature allows for a more complete picture of how actors manage stakeholder relationships, determining which actors shape, and are shaped, by organizational activities (Freeman, 2010).

Academics and practitioners have paid increasing attention to stakeholders in furthering social welfare (Bridoux & Stoelhorst, 2016; Jones et al., 2016, 2018). For example, the Business Roundtable, comprised of 181 CEOs of some of the largest global firms that have redefined the purpose of their corporations, claim to "share a fundamental commitment to all of our stakeholders" (Statement on the Purpose of a Corporation, 2019, p. 1). However, there are divergent ways of applying a stakeholder approach in management that rests on how stakeholders are engaged: organization-focused and issue-focused (Roloff, 2008).

The former takes a firm-centric perspective on stakeholder engagement (Derry, 2012; Harrison & Freeman, 1999; Rowley, 1997), which implies asking what value is created and captured by the firm. The analysis hence centers on how such processes affect the firm's stakeholders. Stakeholder engagement, which is defined as the "practices that the organization undertakes to involve stakeholders in a positive manner in organizational activities" (Greenwood, 2007, pp. 317–318), is then understood as managing stakeholder relationships for the benefit of the focal organization, rather than analyzing the societal impact of the firm's activities. In this sense, the stakeholder approach has been criticized because it can "legitimize and consolidate the power of corporations" (Banerjee, 2008, p. 51).

In our theoretical model, an organization-focused approach follows a design process that fails to give voice. Prior research has shown group performance suffers when unique individuals are not included or their uniqueness is not valued as a source of insight and skill (Shore et al., 2011). Thus, if vulnerable stakeholders are not deliberately involved in the design of impact investing tools, organizations, and field bodies, their unique knowledge, and perspectives (about the roots of complex problems, the interrelation among different forms of discrimination, or the potential side effects of certain interventions) will be lost. This process can lead to 'groupthink,' that is the poor-quality decision-making that results from certain assumptions being unchallenged in search for harmony or conformity (Janis, 1982). This is because an organization-focused perspective tends to view vulnerable stakeholders simply as beneficiaries rather than an integral part of how the organization creates and captures value.

When actors participating in impact investing have an organization-focused perspective, they embrace what we label as an *organizational-impact approach*, in which actors are more concerned with their own individual impact (i.e., number of schools built, number of patients treated, etc.) than with the collective efforts to address social problems and change unequal systems. Prioritizing the consequences of impact investing on individual organizations (because it might be more appealing for communication purposes or for raising new funds), rather than the broader consequences it can have on society, is an instrumentalization of stakeholder theory (Agle et al., 2008).

In contrast, issue-focused stakeholder management (Roloff, 2008) emphasizes a relational approach that is "based on cooperative relationships and mutual and shared responsibilities" (Civera & Freeman, 2019, p. 40). Civera and Freeman (2019) highlight two important points: (1) the engagement between the firm and its stakeholders should be continuous and take place across the different phases of emergence and growth of the firm's activities, and (2) the approach should be one of joint value creation, acknowledging that each actor plays an important role in the value chain (see also Freeman et al., 2020).

In issue-focused stakeholder engagement, relationships outside the scope of the organization are considered vital to the entity. Prior work demonstrates consistent communication and input from stakeholders, including interactions with vulnerable ones, "increases the quality of relationships among actors engaged," which in turn has a positive impact on the outcomes of the relationship (Rühli et al., 2017). Here, vulnerable stakeholders' particular knowledge and perspectives are incorporated in the decision-making process. For example, a foundation may deliberately seek input from beneficiaries or communities for how a grant should be formulated rather than ask for feedback after the grant has been allocated (Hehenberger et al., 2020).

While the stakeholders under consideration do not necessarily differ between issue- and organization-focused approaches, the relationship in an issue-focused approach carries more weight because the organization's outcomes are tied to systemic issues. By engaging stakeholders as part of addressing broader issues, this approach "enables corporations to address complex problems and challenges in cooperation with stakeholders" (Roloff, 2008, p. 233). In the context of impact investing, we associate issue-focused stakeholder engagement with what we label as a *systemic-impact approach,* in which actors focus on addressing challenges at the systems level through a collective effort shared by investors, social enterprises, and beneficiaries.

Addressing Structural Inequalities

Structural inequality is a systemic and multifaceted issue (Amis et al., 2018), so in order to address it organizations need to understand its root causes and how the system works. While impact investing claims to target social and environmental impact alongside a financial return (Hand et al., 2020), we cannot assume that such impact is geared toward changing unequal and unfair systems. To better conceptualize this relationship, we suggest that systemic-impact approaches will increase the capacity to address structural inequalities, while organizational-impact approaches will hinder it (see right part of Fig. 1). Furthermore, we argue that this relationship is driven by the way impact investing actors *prioritize* their impact on society, which is largely revealed in the way they measure impact.

The topic of impact measurement has been a priority because whether and how impact is measured is critical to the field's legitimacy (Berndt & Wirth, 2018). Impact measurement (its form, structure, and process) has been a growing topic in both academic and practitioner conversations (Hehenberger et al., 2020; Staessens et al., 2018). One of the recent critiques in these discussions has been that impact investing has failed to capture systemic issues, such as structural inequalities, because measurement has been short-term and narrowly focused, prioritizing indicators related to outputs and activities (Sinclair et al., 2014).

Structural inequalities are, by nature, difficult to measure due to their long-term and interconnected nature. For example, measuring outcomes such as "changing power dynamics" and "eliminating racial biases in funding" are far more ambiguous than measuring outputs such as "number of clients served" and "amount of funds allocated to minorities." Fully addressing structural inequality requires a long-term and issue-focused approach to impact measurement, rather than a focus on outputs or activities. Therefore, an organizational-impact approach, which puts the organization at the center of its decision making, is ill-equipped to examine greater societal issues (Dawkins, 2014; Mitchell et al., 1997; Svendsen & Laberge, 2005).

In contrast, a systemic-impact approach rests on the premise that the core intent of impact investing is to address systemic issues. The systemic-impact approach is built from the concept of giving voice and designed to bring vulnerable stakeholders into the design process. This approach more closely aligns with addressing structural inequalities, as it focuses on changing failing or unfair systems rather than on achieving specific organizational outputs (Chaudhury et al., 2016). For example, if a foundation acknowledges the power dynamics in a funding relationship, they may address structural inequality by empowering beneficiaries to take part in the data management process, such as determining what data would be most useful to beneficiaries and their communities (Hehenberger et al., 2020).

Illustrative Examples of Giving Voice in Impact Investing

Following prior research that leverages illustrative examples to support theoretically developed models (Besharov & Smith, 2014; Montgomery et al., 2012; Pache & Santos, 2010), we use three examples to bring our theoretical model to life: social impact bonds, impact investing funds, and impact investing National Advisory Boards (see Table 1). Social impact bonds are a financial tool that brings the public, financial, and social sectors together through a pay-for-success model. Impact investing funds are financial intermediaries that have the dual objective of achieving financial returns and a measurable social impact. Third, impact investing National Advisory Boards are multi-sector field bodies that many countries have established to promote impact investing by making recommendations, generating knowledge, and diffusing best practices. Each example illustrates how actors move through the design process as theorized in Fig. 1. We contrast what happens when the process does or does not give voice, the subsequent impact approaches, and the potential to address structural inequality.

The illustrative examples that follow are based on our deep immersion in the field. Both of us have spent over ten years in the impact investing sector across the world. Our engagement included individual and group interviews, field observation, and extensive time reading archival materials in the UK, United States, and Spain, among other countries. We have served as researchers and active participants in convening groups, funding decisions, and sector-wide conferences. To illustrate the theoretical model, we searched our

Table 1 Summary of illustrative cases

Example	Social impact bonds	Impact investing funds	Impact investing national advisory boards
Case of	Financial tool	Financial intermediary	Field body
Brief description	A pay-for-success financial instrument that leverages private investment to innovate in the provision of social services	Investment funds that invest in social enterprises with the dual objective of financial returns and measurable social impact	Multi-sector organizations established to drive the impact investing field forward
Level of Analysis	Tool	Organization	Field
What role does it play in the design of the field?	The SIB exemplifies how impact investing tools bring actors from different sectors together, including how each actor is involved, what are the incentives for each, how impact is measured, and how impact is linked to investors' returns	The structures and strategies of these funds have a direct influence on the type of investor that will predominate, the expected returns, the most common target investees, how impact is measured, and whether/how the returns are linked to the impact achieved	The NABs make recommendations about the design of their domestic markets for impact investing, including the supply, demand, intermediation, and specific regulation, generate knowledge, and diffuse best practices

data for instances in which giving (or not giving) voice took place. As a result, we found three examples: impact investing tools, organizations, and field bodies. Together, we analyzed each example and the implications of their design on the impact investing field.

In the following sections, we detail an impact investing tool, an impact investing fund, and an impact investing field-convening body. We describe the design process, whether and how the process gives voice to vulnerable stakeholders, and its potential capacity to address structural inequalities (Fig. 2).

Designing Financial Tools: Social Impact Bonds

Impact investing actors use a variety of tools to provide funding and measure their impact, one of which is called a Social Impact Bond (SIB). A SIB is an outcomes-based financing tool created to improve social outcomes for a specific purpose and improve efficiency of the capital allocated (Berndt & Wirth, 2018). These are sometimes called 'pay-for-success,' 'payment-by-results,' or 'social outcomes contracts.' SIBs were developed in response to the assumption that public administrations often lack the resources or the flexibility to design and implement innovative social programs. This tool is used to leverage financial resources from private investors and holds public administrations accountable to repayment only when the intervention delivered by the social sector organization achieves its social-outcome goal (see Fig. 3 for details). The following examples illustrate how SIBs have a higher capacity to address structural inequality when their design gives voice to vulnerable stakeholders.

An example of a SIB that gave voice to vulnerable stakeholders in its design took place in Spain, where the city council incorporated social sector organizations working with children in care as co-designers of a policy intervention. The design of the SIB incorporated inclusive participation by setting one of its goals to become a 'listening tool' that would generate knowledge about policy interventions, so that successful innovations could later become public policy and subsequent systemic effects. In this case, the co-design approach between social sector organizations and city council, paired with setting goals such as becoming listening tools, fostered the opportunity to address systemic inequality through public policy changes.

In another instance, the municipality of Lisbon was focused on the issue of improving educational outcomes through innovative projects, but they did not know how to choose them and did not have the funds to pay for them up front. They used a SIB to gather multiple stakeholders—public and private—to collectively focus on the issue of improving educational attainment. In this effort, the municipality contacted a social enterprise that helped students via

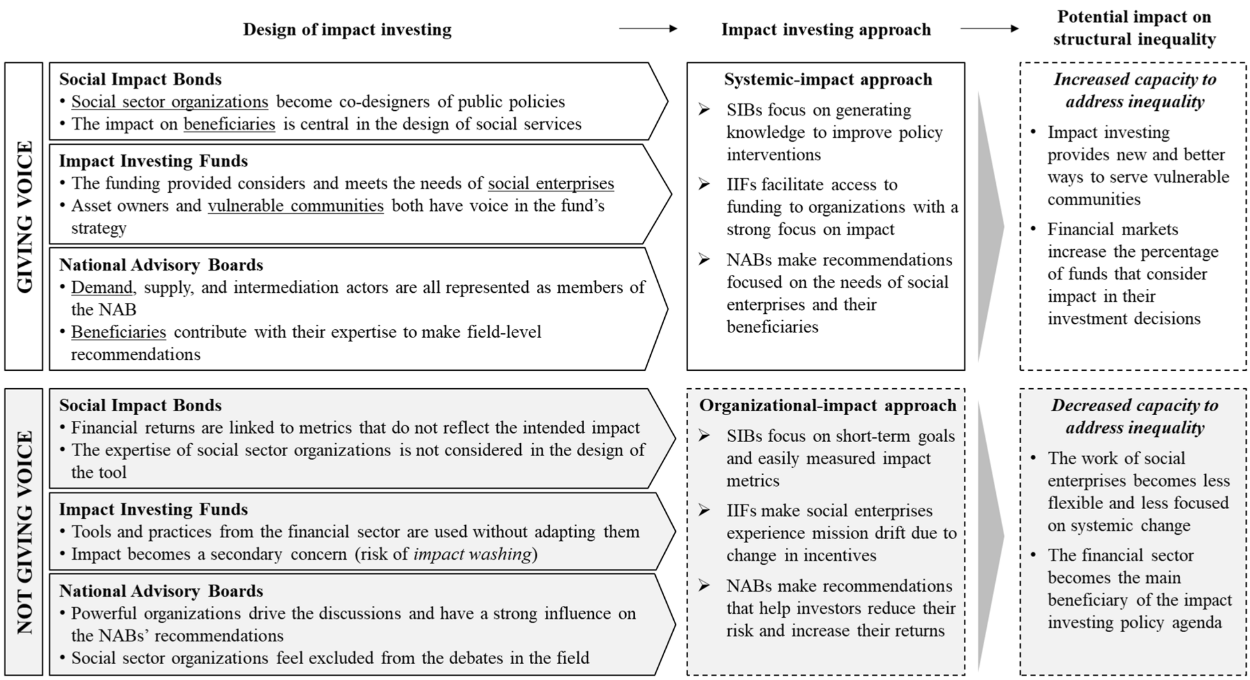
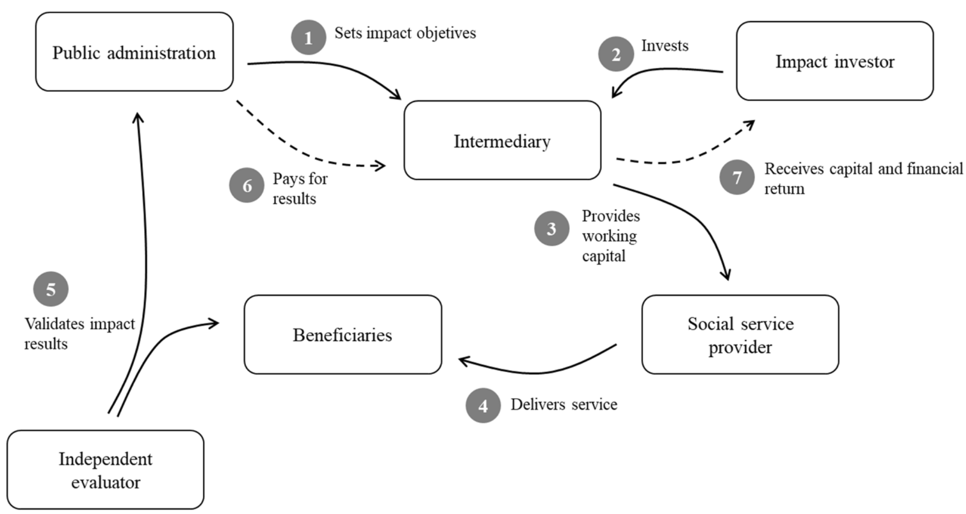


Fig. 2 Illustrative examples of giving voice in impact investing

Fig. 3 Example of social impact bond structure



computer programming and included these vulnerable stakeholders as co-designers of the intervention.

As illustrated in these examples, giving voice in the design of SIBs requires an extra step of including an often-overlooked stakeholder. Instead of waiting to incorporate vulnerable stakeholders until after the intervention was implemented, structuring the SIB by giving voice to vulnerable stakeholders in its design was a central consideration. Doing so led to implementing the SIB with a systemic-impact approach by all actors, prioritizing long-term systemic outcomes such as regional or national policy changes.

However, SIBs may overlook the process of giving voice and end up with little capacity to address systemic social issues. When an SIB is designed with an organizational-impact approach, actors focus on short-term goals and outcomes that might not be shared by all stakeholders. This shortchanges the time it takes to thoroughly engage beneficiaries and gives credit to the criticism that their "voice rarely figures into any discussion" (Roy et al., 2018).

The recent documentary The Invisible Heart (Pequeneza, 2018) illustrates the organizational-impact approach taken by two SIBs in Chicago and Toronto. Each SIB was designed mostly by investors and consultants, who exercised an excessive influence over policy makers, and did not understand the lived experience from the vulnerable communities they aimed to support. In this instance, the investors and social sector organizations had very different experiences of the SIB. While the former saw them as successful because some of the organizational success metrics had been reached and the financial returns obtained, the latter observed that the impact on the beneficiaries was meager and the inequalities that existed in the community were left unaddressed.

This outcome reflects an approach that favors advances in specific organizational-impact measures but disregards the effects that these tools have, intentionally or not, on addressing systemic issues. Furthermore, if the design of the SIB prioritizes outcomes such as investors' financial returns, the SIB structure will shift control from democratically elected public actors to powerful private elites, hence becoming a tool that ignores the voices of vulnerable stakeholders and subsequently reinforces rather than reduces structural inequalities.

As described by our model and the SIB examples, we posit that financial tools designed to give voice to vulnerable actors will more likely result in a systemic-impact approach, hence leading to a greater capacity to address structural inequalities.

Designing Financial Intermediaries: Impact Investing Funds

Impact investing funds (IIFs) are key intermediary organizations in this field, and hold the lion's share of the $715 billion global market of impact investing (Hand et al., 2020). They raise funding from a variety of investors (usually called Limited Partners or LPs), including institutional investors, foundations, family offices, public agencies, and high-net-worth individuals among others, with the purpose of investing those funds in organizations that combine a clear social mission with the capacity to provide a financial return (see Fig. 4).

Although 'intentionality of impact' is a defining characteristic of impact investing (Hand et al., 2020), it is very difficult to assess or measure. Yet, their understanding of 'impact' will determine how fund managers design the strategies and structures of their funds. For example, those coming from very sophisticated financial services backgrounds were prone to over engineering when designing products for social enterprises, thus increasing their costs. In contrast, managers who have been working with social enterprises or in the social sector for many years often see impact investing as an additional form of providing finance with a clear focus on achieving impact.

The motivations and norms associated with the logic from the financial sector also drive how impact is assessed and measured. Actors with a clear impact focus sometimes criticize individuals with long and successful careers in the financial industry, arguing that they suddenly land on the topic of impact investment as they feel the need to give something back. In these instances, financial professionals that explore new deals may have a narrower understanding of impact and carry with them tools and practices that favor specific, easy-to-measure outputs rather than systemic change (Kent & Dacin, 2013).

While practitioners acknowledge that impact investing requires a multi-sector effort comprised of actors with different backgrounds and skills, the examples describe the risk that the voice of vulnerable stakeholders (such as beneficiaries and social sector organizations) might be swept away by organizational-focused financial outcomes. If that happens, organizational financial objectives can easily overshadow more long-term and systemic-impact goals. For that reason, some fund managers articulate the need to find the right voices to include in the design of their fund, alluding to the inclusive participation of stakeholders with financial sector experience but who also understand the inner working of the social sector. The resulting systemic- or organizational-impact approach taken by intermediary organizations depends on the background of the organizational members and their capacity and willingness to give voice to vulnerable stakeholders.

Giving voice is also determined by Limited Partners (LPs), who invest money into the fund and influence the strategy and direction of the financial intermediary. The European Investment Fund, for example, demands that the

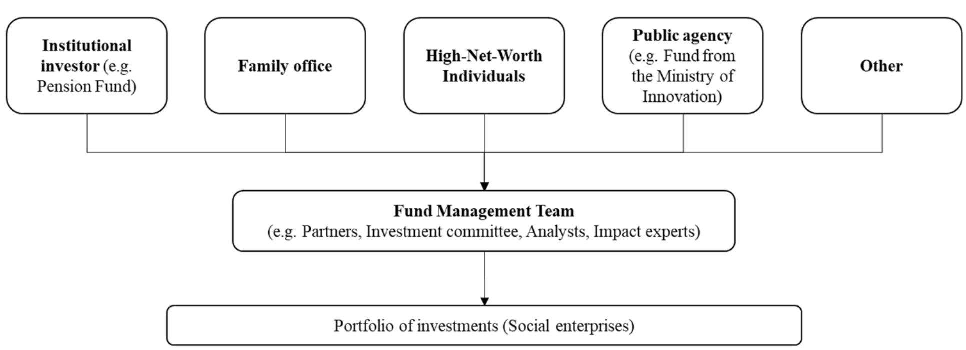


Fig. 4 Example of intermediation structure in an impact investing fund

funds they work with define between three and five impact metrics for every deal they close. This practice shows that impact measurement and management is a central consideration as the deals are designed, and directly comes from the influence of the LPs. Therefore, for financial intermediaries, the process of raising funds can be designed to give voice to vulnerable stakeholders based on whether LPs seek these voices at the onset of the fund's creation. If these alternative voices are not included, the fund risks falling into an organizational-impact approach, focusing on specific short-term metrics that are easily communicated and marketed but may not address structural inequality. We have seen evidence of this with mission drift in microfinance (Kent & Dacin, 2013) as well as with financial intermediaries skewing operations to favor financial returns over benefiting the poorest of the poor (Ebrahim et al., 2014; Khavul et al., 2013).

While voice in IIFs is usually distributed according to financial contributions, taking a systemic-impact approach requires a different allocation of voice. For example, Pi Investments intentionally includes the perspective of beneficiaries and other vulnerable stakeholders. They allocate funds in a global portfolio of IIFs and actively seek intermediaries and co-investors with credibility in their sector. They evaluate their work beyond organizational outputs, such as number of dollars invested with an impact focus, by focusing on systemic impact, such as investments that support infrastructure to transition to a more sustainable economy. Their impact criteria were formed by engagement with a variety of actors from social and environmental leaders to leading investors, public thinkers, and academics.

Across their portfolio, they are intentional about answering questions regarding the engagement of local communities in their investment process, the use of advice from NGOs and industry experts, the social/environmental value that the fund manager can add, and how will the eventual 'exit' from the company affect the social/environmental value created. Pi Investments found alignment in investing in HCAP, a fund with a vision of stimulating the economic well-being of communities because of their implementation of the tool Gainful Jobs, which gives employees an active voice and direct communication tool to its investors and limited partners. As a result, Pi Investments has been able to achieve its intended impact, maintaining its mission throughout the design and implementation of the fund.

In contrast to Pi Investments, IIF's taking an organizational-impact approach may be more susceptible to the critique of 'impact washing,' whereby investors claim a focus on social or environmental impact that is only superficial and subordinated to financial returns. In that case, not only will the emerging field of impact investing suffer a decrease in legitimacy and lose the opportunity to be transformational, but the lack of a systemic approach will also reproduce and reinforce structures of inequality (Hehenberger et al., 2019).

As our model suggests, we theorize that when IIFs give voice to vulnerable stakeholders in the design of their structures and investment decisions, the higher likelihood the impact investing field will adopt a systemic-impact approach, leading to a higher capacity to address systemic inequalities.

Designing Field Bodies: National Advisory Boards

Field bodies are interorganizational structures such as trade associations and alliances, which set standards and best practices that drive the development of a field (Mair & Hehenberger, 2014; Morgan, 2008). National Advisory Boards (NABs) are multi-sector collaborations within countries, usually including members from foundations, impact investors, social enterprise incubators, academics, government officials, and other stakeholders from the social and financial sectors. Members are typically seen as system change agents, as they have "demonstrated their potential to unlock new sources of impact capital and develop national impact infrastructure and policies" (Wood & Deane, 2017, p. 3). Figure 5 provides detail on how NABs are structured. To understand whether and how impact investing has the capacity to address structural inequality, it is critical to look at how field bodies give voice to vulnerable stakeholders in the design of membership criteria and the process of establishing and disseminating best practices.

The Global Steering Group (GSG) for Impact Investment, an international association promoting impact investing, states that "experience has shown that it is in the best interest of the NAB to have strong representation from the demand side and the voice of people at or close to the ground to ensure the voices often least represented are heard" (*National Advisory Boards: A handbook*, 2019, p. 43), as this increases its credibility and legitimacy. As a result, the engagement of vulnerable stakeholders "opened the door to engagement with skeptics on the issues of whether and when impact investing is an appropriate tool to further public and social goals," (Wood & Deane, 2017, p. 18). Following our theoretical model, we next illustrate how broadening the voices of decision makers determines a specific impact approach (systemic or organizational) and its subsequent capacity to address inequality.

For each NAB, the first step in giving voice involves inclusive participation of actors from outside the financial sector or directly involved in impact investments. Doing so gives the NAB a specific understanding of the demand side of financing. For example, in a meeting of an emerging NAB, a venture capitalist felt that impact investing should have nothing to do with social sector organizations, and instead look only at opportunities that could achieve market rate, risk-adjusted returns. Then, the CEO of a social enterprise accelerator, whose experience alongside beneficiaries of impact investing

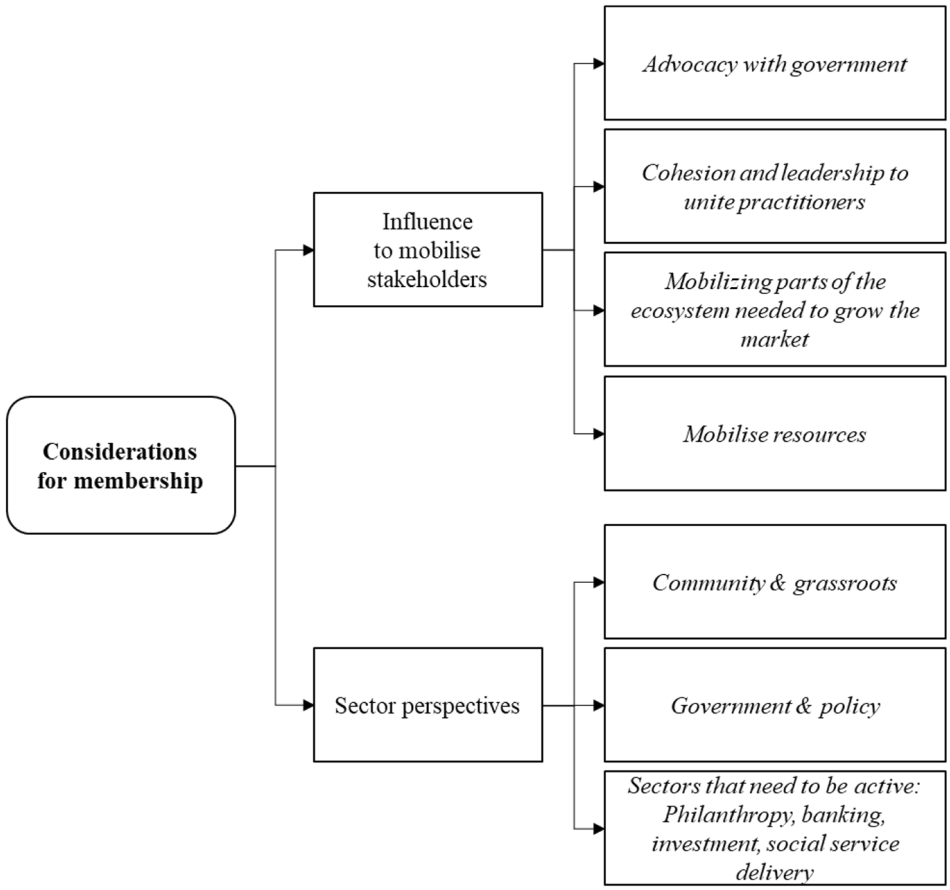


Fig. 5 Example of national advisory board membership sonsiderations. (Source: Adapted from the Global Steering Group (GSG) for impact investment)

elevated their voices, countered the argument by pointing to the need of concessionary funds in early stages of social venture creation. This discussion resulted in one of the NAB's recommendations being to provide more flexible capital to small social enterprises with an emphasis on impact.

In another instance, a NAB gave voice to local charities and social enterprises while designing their recommendations. The vulnerable stakeholders expressed the challenge of pursuing impact investing (and generating private profit) while still requiring tax-exempt status because of the beneficiaries they serve. As a result, the NAB became an advocate for the blended opportunity for organizations to pursue private profit and maintain their tax-exempt status.

These NABs demonstrated how giving voice to those closer to the beneficiaries challenges the assumptions that powerful actors know what is best to achieve systemic impact. Their recommendations not only focused on incentives for specific organizational members (such as tax cuts for impact investors or catalytic funds from public institutions), but also on systemic ways to serve overlooked social enterprises and other potential investees that affect structural inequalities.

Giving voice to vulnerable stakeholders in a field body also gives legitimacy vis-à-vis potential contestation (Jones et al., 2019). As suggested by these examples, including multiple voices in the design of NABs provides a healthy critical perspective on the possibilities and limitations of impact investing. Embedding the voice of vulnerable stakeholders in the design process challenges the biases or assumptions that more powerful stakeholders may have regarding the symptoms and causes of structural inequality.

However, NABs have also received some opposition toward impact investing and some of its tools, because they seemed 'imposed' by the financial sector (McHugh et al., 2013). In a training session about impact investing with a philanthropic foundation, a tense debate started when some of the attendees questioned the arrogance from some impact investing advocates and their way of dismissing previous approaches and tools used by the nonprofit sector. For this reason, giving voice to social sector organizations and their beneficiaries in the NABs is one way to prevent future downstream conflict and to design recommendations focused on achieving systemic impact.

Despite the purported potential for NABs to take a systemic-impact approach when they give voice to vulnerable stakeholders, their composition and operation may overlook the process of giving voice and instead adopt an organizational-impact approach. Each NAB is self-funded, which "remains a challenge for many NABs, particularly potential NABs in development," (Wood & Deane, 2017, p. 13). In many cases, resourceful actors play a more prominent role because they financially sponsor the NAB and are awarded decision-making roles. For example, in one country, six organizations sponsored the activities of the taskforce in charge of promoting impact investing in exchange for a membership position in the future NAB. In other countries, membership is reserved for individuals or organizations that have powerful networks or can mobilize resources in different ways (*National Advisory Boards: A handbook*, 2019, p. 45).

When certain actors 'pay their way' into the NAB is a manifestation of an organizational-impact approach. As much as this design has its advantages and may help with the establishment of the NABs, it may also encourage a sort of plutocracy that leaves other stakeholders with less resources at the sidelines of decision making. In doing so, stakeholders with unique knowledge, expertise, or legitimacy related to a particular inequality are overlooked and underutilized. The result is a lack of stakeholder diversity and a narrow focus on the benefits and sustainability of the organization and its members rather than systemic change.

Another example is the emergence of the impact investing infrastructure in the UK, in which the NAB played a central role. Powerful stakeholders catered impact investing toward the mainstream financial sector instead of focusing on the financial needs of social enterprises (Casasnovas & Ferraro, 2021). This resulted in a misalignment of funding opportunities that fueled few enterprises closest to the complex societal issues impact investing was intended to serve. In response, the Alternative Commission on Social Investment was launched to "investigate what's wrong with the UK social investment market" (Alternative Commission on Social Investment, 2015, p. 5). The Commission concluded that there was a "a major disjuncture between the rhetoric of the 'first trillion of social impact investment' heralded in a recent G8 report and the reality on the ground in the UK" (Alternative Commission on Social Investment, 2015, p. 3). This example illustrates the second stage of our process model, suggesting field bodies have agency over whether they will address structural inequality depending on whether they take an organizational or impact-focused approach.

The process of designing NABs and other field bodies, specifically whether and how they give voice, sets the trajectory for the field's emergence and subsequent adoption. Our model suggests that, if the voices of powerful investors subsume vulnerable stakeholders, the field will be designed using organizational-impact approaches. While the output may yield high returns with low risk for investors, it may also leave entrenched social problems and their structural causes unaddressed.

Even though we discussed each case independently, our examples demonstrate that no one field body, tool, or organization can independently shape the field of impact investing. For example, if field bodies such as NABs do not give voice to vulnerable stakeholders, they will likely recommend and diffuse tools adopted by organizations that prioritize organization-centric impact metrics rather than those addressing systemic change. When financial intermediaries fail to give voice to their target beneficiaries, the financial tools utilized may be unlikely to reduce structural inequalities. And if field bodies become more focused on their own impact and sustainability, they will likely prioritize the membership of impact investing funds that connect them with powerful allies rather than including funds with a systemic-impact approach.

Impact investing is well positioned to re-conceptualize the design of its tools, organizations, and field bodies given its nascent stage. We posit that giving voice to vulnerable stakeholders in this design process can help impact investing enter a virtuous cycle where the perspective and goals of all stakeholders, including vulnerable communities, become central in the development of the field. Otherwise, closing the door to these often-marginalized actors might lead to a vicious cycle in which impact investing falls short to the promise of becoming an opportunity to change structural inequalities in the financial markets and our society.

Discussion

Impact Investing and Inequality: The Importance of 'Giving Voice'

Our manuscript contributes to the growing interest in impact investing (Agrawal & Hockerts, 2021; Hehenberger et al., 2019; Höchstädter & Scheck, 2015) by focusing on an overlooked component of the field: how the design of the impact investing field affects its capacity to address structural inequalities. To do so, we introduce the concept of *giving voice*, which we define as the inclusive participation of vulnerable stakeholders in decision-making processes. Further, we build from organization- and issue-focused stakeholder management (Roloff, 2008) to introduce *organizational-impact* and *systemic-impact* approaches. Approaches differ depending on whether actors are more concerned with the individual impact of their organizations (organizational-impact) or with the collective efforts to address social problems and change unequal systems (systemic-impact). Last, we suggest that giving voice is not only a matter of implementing robust action strategies (Etzion et al., 2017; Ferraro et al., 2015; Padgett & Ansell, 1993), but also an ethical imperative to empower the vulnerable communities that impact investing is supposed to benefit (Mària & Arenas, 2009; Murphy & Vives, 2013; Sulkowski et al., 2018).

Actors that take a systemic-impact, rather than an organizational-impact approach, ensure vulnerable voices are heard during the design phase of its tools, organizations, and field bodies. Organizational-impact approaches claim intentionality of generating positive social impact, but the impact is often localized and centered around the objectives of a specific organization. Unintended consequences of this approach to impact investing include (1) focusing on outcomes that are easily measurable rather than those that are most needed (sometimes called mission drift) (McHugh et al., 2013), (2) a trend toward the privatization of the social sector (Nicholls & Teasdale, 2017), and (3) a reinforcement of the power imbalances between funders and social sector organizations (Hayes et al., 2018). Such unintended consequences are an example of how impact investing can have positive local impact while also having negative structural impact as it reinforces, rather than mitigates, patterns of inequality.

Our study suggests that a systemic-impact approach that elevates the voice of vulnerable stakeholders will increase the field's capacity to address structural inequality. Despite the understanding that "the transformation of social and local realities necessitates a deep knowledge of those stakeholders' lives, as well as the causes and effects of their exclusion," (Martí, 2018, p. 967), well-intended approaches often suffer from "top-down management and difficulties in listening to local communities," (Nahi, 2016, p. 417). We suggest the process of giving voice not only leads to a systemic-impact approach, but demonstrates an ethical decision that includes the potential beneficiaries in the process of decision making in order to address structural inequalities (Mair et al., 2016).

Our three illustrative examples detail how impact investing actors give voice to vulnerable stakeholders when designing the tools and organizations of the field. Each example revealed the importance of giving voice in the convening process (Dorado, 2005), which consists of "formally organizing events and bringing together dissimilar actors who do not meet habitually" (Mair & Hehenberger, 2014, p. 1177). Our focus on the design stage highlights that paying attention to who initiates the convening, who is involved in the decision-making, the motives of the conveners, and the expectations of the audience are critical yet sometimes omitted in the convening process (Mair & Hehenberger, 2014). Because it brings together actors with diverse voices, convening is especially relevant when "organizing to solve complex social problems" (Dorado, 2005, p. 390).

We also contribute to research that acknowledges how "power relationships shift" (Svendsen & Laberge, 2005, p. 100) when convening incorporates diverse actors. Specifically, we show how giving voice to vulnerable stakeholders during field emergence is critical. The design stage sets precedent for who becomes part of the group in the first place, and how the convening process shapes the nascent field. Our theoretical model and illustrative examples explain the difference between giving voice or not to vulnerable stakeholders, the systemic- or organizational-impact approach of the field, and the resulting capacity to address structural inequalities. In the case of impact investing, not only is a systemic-impact approach important because it "brings the benefit of a multitude of voices and lenses" (Montgomery et al., 2012, p. 380), but also from an ethical standpoint of empowering vulnerable stakeholders and making them co-creators of the solutions they need.

A Multilevel Perspective on the Design of the Impact Investing Field

Our second contribution highlights the importance of studying the relationship among multiple levels in the design of fields (Casasnovas & Chliova, 2020; Tracey et al., 2011). While research on social entrepreneurship and impact investing has tended to study either the tradeoffs (Gümüsay et al., 2019; Pache & Santos, 2013) or the advantages (Battilana et al., 2017; Jay, 2013) of combining social and financial goals at the organizational level, we extend this work to suggest how such approaches can influence broader socioeconomic structures like inequality (see also Nicholls & Teasdale, 2017; Sinclair et al., 2014). Following recent research that has emphasized the need to study "entrenched patterns of inequality" (Amis et al., 2018; Mair et al., 2016, p. 2022), we look upstream to the design of the impact investing field to understand whether issues of inequality can be addressed and, if not, where the process breaks down (Heath, 2020). We argue that the profit-impact dichotomy is too narrow and organization-centric, emphasizing the need to look beyond a single tool or organization and focus on the design of the field at different levels.

Studying the early moments of development of a new field enables us to consider alternative designs before the prevailing ones become taken for granted (Hannigan & Casasnovas, 2020; Lounsbury et al., 2003). Further, the specific examples of tools, organizations, and field bodies provide us with a broad and multilevel perspective about the early stages of this context. Our model identifies different ways in which 'giving voice' becomes a key element of that design (Dorado, 2005; Mair & Hehenberger, 2014).

Early stages of new fields are critical for defining their features and boundaries (Santos & Eisenhardt, 2009) as organizations collectively create the cultural and material infrastructure that will support the field's activity (Hinings et al., 2017; Lee et al., 2018). We point to the importance of examining tools, organizations, and field bodies, as well as their interrelationship. Studying just one level misses the relationship each has to one another and falls short of considering the structural issues of the emerging field. Hehenberger et al. (2019) suggest this could be the case in impact investing, where the early assembly of a field ideology based on for-profit and top-down approaches sidelines potential alternative orders that are more grassroots-oriented, participatory, and systems-oriented. We extend these findings by suggesting that the involvement of vulnerable stakeholders in the creation and adoption of different practices becomes a key element during field emergence.

We suggest it is timely to address the question of structural inequality because impact investing lacks an institutionalized template (Chliova & Ringov, 2017; Pache & Santos, 2013) and many tools and organizations are still being designed (Casasnovas, 2022). As in other fields, the pioneering impact investing tools and organizations existed before 'official' industry associations were established (Morgan, 2008). The organizations and actors that pioneered these tools became influential to convening bodies, and to subsequent organizations that adopted already endorsed tools. Therefore, although the outcomes of impact investing are usually discussed at an organizational level, our multilevel approach emphasizes the need to understand how tools, organizations, and field bodies influence one another and how together they can address structural inequality. If this systemic perspective is not considered, the current state of impact investing risks favoring dominant ideologies that later will "have the power to influence practices and behaviors" (Hehenberger et al., 2019, p. 1687) without critically analyzing the full range of potential outcomes.

Practical Implications and Future Research

Actors in emerging fields at the intersection of business and social practices face an important ethical decision: what impact do they want to have on current structures of inequality? It is a timely opportunity for actors who are shaping the field of impact investing to pause and understand how different practices are likely to reduce or enhance inequality. Emphasizing relationships and promoting ongoing and horizontal interactions is likely to improve the outcomes of innovation processes to address complex social challenges (Rühli et al., 2017). We argue this is possible by considering how giving voice is integrated in the design of impact investing tools, intermediaries, and field-building actors.

While we introduce the process of giving voice as the mechanism for connecting impact investing and systemic inequality, we understand that there is a threshold of how much and when inclusive participation of vulnerable stakeholders is most effective. The opportunity cost of engaging beneficiaries and other vulnerable stakeholders in every major and minor decision takes more resources (i.e., time, capital, and education) on behalf of all decision makers. It also assumes that all stakeholders, if given the opportunity, want to provide a voice (Sulkowski et al., 2018). Future research following the field's emergence can examine at what point vulnerable stakeholders have expressed their voice to ensure systemic inequality is effectively addressed. Practitioners may also consider unique design processes, such as the inclusion of vulnerable stakeholders as board members, to address the lack of voice more directly in decision-making.

While our illustrative examples bring our theoretical model to life, a more systematic analysis of how impact investing tools, organizations, and field infrastructure include the voice of vulnerable stakeholders would help us better understand whether the field is adopting a systemic-impact approach, and hence its potential to address structural inequalities. Such future research should confirm or bring nuance to the specific links between giving voice and the type of impact investing approach. For example, a systematic review of existing organizations and tools can guide practitioners toward design practices with a systemic-impact approach.

In addition, our theoretical model suggests two divergent paths stemming from whether the tools, organizations, and field bodies give voice or not. These paths dichotomize the resulting outcome of addressing structural inequalities. Not only do we recognize that there is a continuum to how giving voice is considered and incorporated in the design process, but also the spectrum to which systemic inequalities are addressed. Because systemic inequality is abstract and long-term, this result will happen in a distant future. Future research may be able to fully capture these outcomes in widespread and long-term data collection efforts and examine questions such as: What is the degree to which giving voice becomes sufficient to address systemic inequalities? How does the continuum of low–high inclusion vary across different tools, organizations, and field bodies? The implication here directly affects practitioners as thought leaders diffuse certain practices throughout the sector.

Further, because impact investing has a social component, there is a normative assumption that the field is being designed under ethical considerations. We have argued that unless the design process is examined and voice is intentionally given, little will be done to address systemic inequality. However, this view might imply the assumption that investors only look for their own benefit and disregard systemic-impact outcomes. An important avenue for future research could examine investors' intentions, either qualitatively or quantitatively, through motivation, identity, and decision-making processes. This will provide a more bottom-up understanding of the field, allowing new actors and practices to challenge some of the assumptions that practitioners (and researchers) take for granted.

By definition, entrenched inequalities are complex and hard to tackle (Mair et al., 2016), but we illustrate that giving voice to vulnerable stakeholders is a first step for tipping the scales toward a fairer and more inclusive society. Current debates about the distinction between investing *with* impact and investing *for* impact (Investing for Impact, 2019) also bring to the fore the difference between only 'considering' vulnerable stakeholders and giving them a seat at the table so that they can participate in setting the rules of the game. We suggest the following implications for practitioners: 1) Those designing SIBs tools that link social and environmental impact with financial returns need to ensure impact metrics have buy-in from all the stakeholders involved, 2) Impact investing fund managers incorporate impact concerns throughout the investment process, such as including vulnerable stakeholders in investment committees or advisory boards, and 3) Those designing field-level structures be reminded that vulnerable stakeholders carry important knowledge and legitimacy necessary to make systemic change the field purports to have in the first place.

Conclusion

Ensuring the impact investing field is rooted in practices designed to make systemic changes that address pervasive problems of inequality is critical to the future of the field. Our manuscript suggests giving voice is a mechanism that shifts an organizational-impact approach to a systemic-impact approach. Impact investing runs the risk of making the normative assumption that those in powerful positions make the most appropriate decisions on behalf of the wants, needs, and knowledge of other stakeholders, such as recipients and beneficiaries of impact investments. Ultimately, we argue that for impact investing to thrive as a distinct phenomenon, those stakeholders that impact investing aims to serve must have a seat at the table at different levels. Without doing so, we risk missing the forest for the trees, as we celebrate local cases that combine financial returns with social impact while we reinforce power imbalances and unfair social structures.

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Declarations

Conflict of interest We confirm that we comply with the ethical standards of the Journal of Business Ethics. There is no conflict of interest for the authors regarding funding received or regarding any other issue.

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