

Article

Business Models for Sustainable Finance: The Case Study of Social Impact Bonds

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Abstract: Business models for sustainability (BMfS) are relevant topics on research agendas, given their orientation toward sustainability issues. However, traditional versions of these models are often ill-equipped at solving complex social problems. Cross-sector partnerships for sustainability (CSPfS) have been recognized as a new paradigm that mitigates the failure of traditional models. Impact investing, and social impact bonds (SIBs) in particular, represent an interesting field of research in innovative business models for sustainable finance, even though the literature does not consider SIBs within this broader field. We propose an exploratory study based on qualitative methods aimed at conceptualizing SIBs within the framework of BMfS and understanding how SIB collaboration varies across social sectors and geographical areas. Our study identifies three different models of SIBs characterized by the different degrees of collaboration between actors: (i) SIB as a fully collaborative partnership; (ii) SIB as a low-collaborative partnership; and (iii) SIB as a partially collaborative partnership. Our findings are useful to policy makers and practitioners involved in the SIB design, suggesting that a fully collaborative SIB model may stand a better chance of achieving the expected social impacts.

Keywords: business models for sustainability; cross-sector partnership for sustainability; impact investing; social impact bonds
