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Eugenio Cibruscola

HOW STAKEHOLDERS INTERACT TO PROMOTE THE EMERGENCE OF A NASCENT FIELD: THE CASE OF IMPACT INVESTING IN BRAZIL

São Paulo – Lisbon
2015

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How stakeholders interact to promote the emergence of a nascent field: The case of impact investing in Brazil.

Dissertation written as part of the Double Master's Degree Program between Insper and Nova SBE to obtain a Professional Master in Business Administration (Insper) and an International Master in Management (Nova SBE).

Concentration: Strategy

Supervisors:

Prof. Dr. Sérgio Lazzarini – Insper
Prof. Dr. Miguel Pina e Cunha – Nova SBE

Co-Supervisor: Prof. Dr. Carla Ramos - Insper

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Eugenio Cibruscola

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Dissertation Committee

Prof. Dr. Sérgio Lazzarini
Supervisor

Institution: Insper Signature: _____

Prof. Dr. Miguel Pina e Cunha
Supervisor

Institution: Nova SBE Signature: _____

Prof. Dr. Carla Ramos
Co-Supervisor

Institution: Insper Signature: _____

Prof. Dr. Cláudio Antonio Pinheiro Machado Filho

Institution: Universade de São Paulo Signature: _____

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EXECUTIVE SUMMARY

There are different manners in which individuals can invest their capital. On the one hand, there are traditional financial investments, namely those driven by maximization of short-term financial gains. On the other hand, there are purely social investments, such as philanthropic donations, that give no expectation of financial return. Standing In between the two sides of the spectrum is a new type of investment possibility, called impact investing. The approach proposed with this new way involves investing in companies whose primary objective is delivering social impact, whilst also generating competitive market returns. It aims to bring together the features of traditional and philanthropic investing.

The term *impact investing* first emerged in a Rockefeller Foundation meeting in 2007. Ever since then, the term has gained traction and won the attention of such players as JP Morgan and Goldman Sachs and the governments of the G8 countries, to mention but a few. Global-wide initiatives have emerged, such as the Global Task Force, and various reports were released that attempted to make sense of what the movement really was. Estimates about the amount of capital that was being and that could be invested; forecasts as to potential of the field as well as a wealth of recommendations for its development were quick to make the headlines.

There were specific reports on the investment processes of investment funds, for instance, but not a tailored research on how the whole ecosystem was working to promote the emergence of the field. This is the background in which this work was conceived and the question it aims to answer is precisely how the players of the field in Brazil are interacting to support its development.

Our research adopted various social dynamics frameworks to help society grasp what is taking place in the field of impact investing. While this approach is specialized to the field of interest, it can also contribute to the examination of new social movements involving multiple stakeholders towards a shared goal in different fields. It was possible to better comprehend the efforts and initiatives that impact-investing players are carrying out and to acquire a strategic view of the field. A diverse sample of key players was interviewed falling under three major categories: impact investors, intermediaries and impact-oriented businesses. The first category included any institution investing resources into an impact business, such as private equity and venture capital firms, as well as family offices. The second category featured any organization acting as a joint between the providers and beneficiaries of capital. They are incubators, accelerators, and ecosystem facilitators. By ecosystem facilitators we mean any organization contributing to the field in the form of studies,

advisory services, and periodically organized events. The last category was populated by beneficiaries of the services provided by the players in the other categories.

The results stemming from the interviews indicated that the young stage of the field has an impact on the way its players interact with each other. In fact, it is characterized by informal interactions by the lack of a leading institution coordinating the various efforts and initiatives. Because of that, interviewed actors displayed a high level of collaboration and cooperation, which resulted in the formation of alliances and partnerships for specific projects, as well as joint investment efforts when needed. However, it was also reported that the lack of success cases, combined with the informality of pressured, placed pressure on the different organizations to generate results, which in turn led them to interact with the same set of stakeholders. Finally, the sporadic and field-specific nature of formally organized events also appeared to be a reason for discomfort among interviewees.

In light of these results, we offer some recommendations that may be of use to impact-investing actors in Brazil and in other countries:

1) Keep the field open: while the actors in Brazil expressed enthusiasm at the idea of new players, a tendency also emerged of such actors, perhaps unconsciously, holding lines of communication and interactions with the same set of stakeholders, de facto fencing off potentially new ones. This might be beneficial for reinforcing established links, but it also stripes the environment of different perspectives and of the possibility of scaling up.

2) Narrow the term impact investing when it is time to do so: we report great strides in the way actors interacted to come up with as good a definition for the term as possible. For instance, in our context, a local task force wrote a “carta de principios”/”principles for social impact businesses”. However, we caution that striving to narrow the term now might discourage undecided players to join the field.

3) Strive to organize frequent action-oriented events: the field will do well to have more frequent events with the requirement that each of them ends with clear recommendations/plans of action for players to implement. To these events institutions from a variety of industries and sectors may be invited to participate that may enter field, contribute with different perspectives and, perhaps, new practices as well. The events should also feature governmental institutions, making them more knowledgeable about impact investing and helping them understand the regulatory constraints and policy opportunities in the sector. Finally, a major goal of this initiative will be to manage expectations among players, thereby maintaining excitement and dedication high that are needed for the field to grow.

ABSTRACT

This thesis studied how distinct stakeholders interact to promote the emergence of a nascent field such as the field of impact investing. As nations around the world are grappling with social needs, such as poverty, homelessness, crime and unemployment, impact investing has gained the public's attention for being a potential way to face those challenges. We believe that impact investing has the potential to shape how we conceive of and we mold our future society, which propelled us to devote our time, our energy and resources to study it.

To do so, we first reviewed the origins of impact investing and its current state of affairs globally. We then proceeded to present the field in Brazil, focusing on illustrating its actors, investments sizes and focus, as well as investment mechanisms. A host of theoretical strands anchored our investigation, namely the stakeholder management theory (*Donaldson & Preston, 1995; Freeman, 1984*) and the research conducted on how interactions may lead to the formation of institutions and to the structuring of a field (*Gray et al., 2015*).

To answer the research question, we carried out a series of interviews to collect our primary source of data; they involved different stakeholders in the field in Brazil and, where necessary, actors located abroad. The secondary source of data derived from the analysis of reports and studies on the field that were procured via independent research.

We contributed to the understanding of the development dynamics in a nascent field. Besides being lenses through which analysing an evolving reality, the institutionalization frameworks combined with a stakeholders-based perspective represent strategic tools for impact-investing players to organize their efforts and plan their actions. Hence, we provided a structured way to make sense of social phenomena, appreciate their evolution and be able to identify their future course.

We thus contributed to the academic literature by applying the concepts of stakeholders' attributes onto clear institutionalization model defining relations among stakeholders in a new field

Another significant takeaway from our investigation was the realization that our approach can be used to study both macro environments, such as a field or an industry, and micro contexts, such as a firm's internal social forces and settings.

Key words: *impact investing, interactions, social impact, framing, Brazil, and institutionalization*

LIST OF TABLES

LIST OF FIGURES

TABLE OF CONTENTS

1. INTRODUCTION

Making financial and social investments may be perceived to belong to two worlds apart. The former has often been linked to profit-making strategies, returns metrics and such actors as banks, financial institutions and single intermediaries; the latter has long been associated with philanthropic organizations.

The *socially responsible investing* (SRI) movement attempted to bridge such divide in perceptions, by promoting the screening of investments in companies that may negatively impact society or the environment (*Arjaliès, 2010; Baker & Nofsinger, 2012; Barnett & Salomon, 2006; De Colle & York, 2009; Renneboog et al., 2008; Sparkes & Cowton, 2004*). For instance, investment in companies in the tobacco, alcohol, alcohol, arms and gambling industries, to name but a few, would not be considered socially responsible investment.

A new class of investors, impact investors, built and expanded on the SRI movement. As illustrated by the Global Impact Investing Network (GIIN), a non-profit organization dedicated to increasing the scale and effectiveness of impact investing, impact investments are "investments made into companies, organizations, and funds with the intention to generate measureable social and environmental impact alongside a financial return" (*GIIN, 2015).*

Impact investors are different from philanthropists in that they do not donate their resources to projects and the return they require corresponds to at least the principal initially committed. (*Lazzarini et al., 2014*). Moreover, they not only screen for specific companies to be included in their portfolio, as is the case in socially responsible investing, but they also require established metrics of social-environmental performance (*Brest and Born, 2013; Taliento, Law, and Callanan, 2011*). Therefore, the impact investors touch on the highly debated topic of how to effectively assess impact. In a nutshell, impact investors not only support projects with high social impact, but they also participate in activities that are aimed at balancing financial profit and social impact (*Lazzarini et al., 2014*).

Since 2007, the term impact investing" has gained traction and attention; leading proponents of impact investing have contributed with their studies, report, practices, and attempts at generating a widely understood definition. In 2009, the Monitor Institute issued a report defining impact investing as an industry involving investments that generate social and environmental value as well as financial return, and estimated the field could reach US$ 500 billion by 2020 (*Monitor, 2009, p. 5*). In 2010, J.P. Morgan and Rockefeller Foundation generated a report labelling impact

investing as “new asset class”, and calculated the impact investment sector could potentially grow to US$ 400 billion to US$ 1 trillion by 2020 (*J.P. Morgan, 2010, p. 6)*.

Family offices, high-net-worth individuals and development finance institutions are so far the major sources of funds for impact investment managers and they only accounted for 2.5% of global asset ownership in 2011 (*World Economic Forum & Deloitte, 2013, p. 6*). Even governments have actively participated in this movement. The so-called Social Impact Bonds (SIBs), for instance, are financial mechanisms in which investors pay upfront at the beginning of a project and receive payments based on the results the project obtain (*Social Finance, 2013*). In 2010, Social Finance UK and the Department of Justice pioneered the first SIB. The project is a long-term commitment aimed at rehabilitating prisoners in order to reduce recidivism, which would in turn require fewer prisons and therefore imply fewer burdens on the Government’s budget (*Social Finance, 2013*). If the rehabilitation program succeeds, the Government will share part of the accumulated savings with investors. In 2012, Goldman Sachs Bank’s Urban Investment Group (UIG) led the first SIB in the United Sates, investing approximately US$ 10 million in a loan to support the rehabilitation program of young adults incarcerated on Rikers Island (*Goldman Sachs, 2012*). As in the case of the UK’s SIB, the repayment of the loan, contingent on the success of the program, will be based on the actual and expected cost savings the New York City Department of Correction produces as a result of decreased recidivism.

Yet, there is a perception that the field could grow at a more accelerated rate if new actors could be attracted to the impact investing movement. For instance, given the long-term nature of impact investments, insurance companies and pension funds, which collectively accounted for 87% of global asset ownership in 2011 (*World Economic Forum & Deloitte, 2013, p. 6*), could play a significant role in catalysing the sector. However, sometimes due to regulatory barriers and restrictions or lack of guidance and knowledge on investment opportunities (*US National Advisory Board On Impact Investing, 2014*), mainstream investors are not fully involved. The global Social Investment Taskforce, a group of international officials and senior figures from several fields across the G8 countries announced in 2013 (*Social Finance, 2013*) may create the link needed to attract new actors.

Whilst existing work has focused on ways to either open up a given field or to explain why players in said field should be contributing more in the first place, it has not paid enough attention to the way in which multiple stakeholders interact to promote the emergence of a nascent field**,** such as impact investing, and the processes that may be conceived therefrom.

Therefore, the research question addressed in this dissertation is: *How do distinct stakeholders interact to promote the emergence of a nascent field?* Before proceeding to analyse and answer this question, and presenting the relevant theoretical strands we selected that aided us in doing so, we shall first provide the definition of *interactions* and of *field*.

The concept of (organizational) *field*, central to institutional theory, has changed over the last decades, resulting in different scholars providing various views on the term. In its early incarnations, institutional theorists looked at the organizational field as the domain where an organization's actions are structured by the network of relationships within which it is embedded. As studies of inter-organizational relations developed, scholars broadened the field to include organizations that were not bound by goals or geography. These could include organizations that produce similar services or products, suppliers, resources and products consumers, regulatory agencies, and others (*DiMaggio and Powell, 1983*).

The common denominator of these organizations is that they comprise a community (field) of organizations partaking of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside the field (*Scott, 1995, p. 56*). The field may include constituents such as the government, critical exchange partners, sources of funding, professional and trade associations, special interest groups, and the general public (*DiMaggio and Powell, 1991; Scott, 1991)*. The behaviour of organizations within the fields is said to be guided by institutions: the cultural-cognitive, normative, and regulative structures that provided stability and collective meaning to social behaviour (*Scott, 1995*). These structures acted as social facts, which organizational actors took into account when determining appropriate action (*Zucker, 1997; Meyer and Rowan, 1983)*, leading to unified responses to uncertainty and ultimately isomorphism – a commonalty in form and function (*DiMaggio and Powell, 1983*).

In the late 1990s, the field began to be seen forming around the issues that became relevant to the interests and objectives of a specific collective or organizations (*Hoffman, 1999*). As a result, the organizational field was seen as dynamic, something other than isomorphism, and institutions were seen more as "the products of human design". A field is therefore seen as an outcome producer, views which later critiques challenged by suggesting that future research in the matter should conceptualize a field as mechanism (*Hoffman and Ventresca, 2002; Davis and Marquis, 2005*).

Moving further away from the focus on field outcomes, Wooten (*2006*) supports the idea that a field must be as a relational space providing an organization with the

opportunity to involve itself with other actors. This definition stresses the notion that actors take note of one another and they bring a field into existence through this process.

For the purpose of our research, we defined *field* as a dynamic community of organizations partaking of a common meaning system providing said organizations with the opportunity to involve themselves with other actors. As per *interaction*, we relate to the way Borgatti et al. (*2013*) approach the concept in their book. They present interactions as a component of relational events, where relational events refer to relationships that are not continuously persistent, namely that do not exist continuously over a specific period of time. Selling a house is an example of relational event, which culminate in a discrete event, the sale of the house. In their work, interactions are defined as "behaviours with respect to others and often observable by others", such as selling something to someone; talking to or helping someone; or fighting with someone (*Borgatti et al., 2013, p. 4*). We believe this definition of interactions fits with the scope of our investigation.

Having defined the concept of field and interaction we can return to analysing our research question. The importance of our investigation is justified because, in many countries, investors, non-profit organizations and governments have been interested in developing novel mechanisms to support investments for the public interes*t.* Hence, providing these institutions with a view of how different stakeholders interact may go a long way towards showing such institutions how to facilitate those interactions, and in the end contributing to the fulfilment of public interest and the well-being of society.

This paper aimed to address the research question by referring to such theoretical strand as the stakeholder management theory (Donaldson & Preston, *1995;* Freeman *1984*) and the work conducted on how interactions may lead to the formation of institutions and to the structuring of a field (*Gray et al., 2015*). We will present these in a subsequent section. We adopted an exploratory qualitative research methodology. Doing so is justified, as the field is a novel one. We intended to improve one's understanding of how stakeholders in this new field interact in order to advance it. Ultimately, the results of the research may provide a basis for other countries considering developing their impact-investing field.

2.THEORETICAL BACKGROUND

The research question we aimed to answer in this paper is *how distinct stakeholders interact to promote the emergence of a nascent field*, in our case the field of impact investing. Our choice of research question is justified by the realization that the reports, studies and research generated thus far by various organizations with stakes in the field have focused on the various perceptions of what the field is to different actors; on the specific actions that given players can take to unlock funding; on the restrictions investors and impact businesses face; or on the regulatory framework needed to stimulate the field's growth.

Whilst these matters are clearly critical to the field, and were of support to our research, we believed a study of the interactions among stakeholders would provide valuable and complementary insights into how the field could develop. That is, by investigating our research question, we complemented what has already been found out, thereby adding value to the field and to society. To this extent it is important to understand the field's stakeholders we are analysing, which led us to select the theory of stakeholder (*Donaldson & Preston, 1995; Freeman, 1984)* and concepts on the role of interactions in the creation of institutions and a field *(Gray et al., 2015)* as critical literature supporting our work.

Whilst the theory finds its application onto corporations, analysing the relationship between an organization and its constituency (both internal and external stakeholders) and providing a framework for such an organization to comprehend and manage the relationship, some of the founding blocks of the theory relate to our research. In particular, we found the clarification and classification of stakeholders instrumental in examining a nascent field. As laid out, current reports have discussed the importance of defining impact investing correctly; it is also essential to take a similar stand on who are the current and who could potentially be the stakeholders in the field. As a too narrow definition of the term impact investing may be misleading (*World Economic Forum, 2013, p. 6-12; World Economic Forum & Deloitte, 2013, p. 7-9*), and we may argue it may lead to fewer players participating with resources to the field, a narrow definition of what a stakeholder is in the field may limit the number of organizations involved. Simply put: we may miss opportunities to help the field grow.

Relating to the theory of stakeholder management was beneficial to the objective of this work, but doing so alone did not help us answer our research question of how stakeholders interact to promote the advancement of the field. We

argue that an expanded understanding of stakeholders may act in the same way as an expanded understanding of the term impact investing, namely that it may lead to changes in the way the field develops.

From there we sustained the belief that understanding the factors that shape interactions among stakeholders and how fields can emerge as a result was key to complement our investigation. This led us to review the literature on interactions and institutions. We then chose the work of Gray et al. (*2015)* due to its focus on how micro level interactions garner sufficient collective agreement to spur change in prevailing institutional arrangements. With respect to the topic at hand, a prevailing institutional arrangement will be the ways stakeholders had at their disposal to locate their funds (i.e. either to pure financial opportunities or philanthropic causes) before impact investing emerged.

2.1. STAKEHOLDER THEORY

One may find that any organization in a given field and/or the field per se is subject to stakeholders' attention and scrutiny. We reviewed the literature on stakeholder to address our research question. In doing so, we first revisited the definition of stakeholders, their attributes and categories**.** In his work, Jones (*1980*) provided a definition of corporate social responsibility that opened the discussion on stakeholders, namely as "the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership" (*Jones T.M.*, *1980, p. 59-60*). He also presented questions that were further studied and answered by subsequent researchers such as: "what are these groups (of stakeholders)? How many of them must be served? Which of their interests are important? How can their interest be balanced? How much of corporate money should be allotted to serve their interests?" Whilst these questions were asked at the time of Jones' work, they are still very relevant today and were instrumental in analysing how distinct stakeholders interact to promote the emergence of impact investing. In 1984, Freeman defined a stakeholder as an individual or a group of individuals who can be affected by or can influence the achievement of an organization's objectives (*Freeman, 1984*). Adding to that, Thompson, Wartick and Smith define stakeholders as groups "in relationships with an organization" (*1991, p. 209*).

Windsor (*1992*) raises a valid argument in stating that stakeholder theorists may offer different perspectives, depending on whether they vouch for a broader or

narrow view of the term and of a firm's stakeholder's universe. For instance, Freedman's definition of stakeholder is one of the broadest and allows the notion of stake and the field of stakeholders to include essentially anyone, except for the ones who cannot have an effect on or be affected by a firm. On the other end of the spectrum, Clarkson (*1994*) provided a very narrow definition of term, namely that stakeholders are voluntary and involuntary risk-bearers: "Voluntary stakeholders bears some form of risk as a result of having invested some form of capital, human or financial, something of value in a firm. Involuntary stakeholders are placed at risk as a result of a firm's activities. But without the element of risk, there is no stake" (Clarkson, *1994, p. 5*). By using risk, Clarkson illustrates a way to narrow stakeholders to only those possessing legitimate claims to the firm and, in doing so, disregards their power to influence and the legitimacy of their relationship to it.

Narrow views of stakeholders are based on the practical reality of limited resources and aim to define relevant groups in terms of their direct pertinence to a firm's core economic interests. Some scholars analyse stakeholders in terms of their necessity to the firm's survival (*Bowie, 1988; Freeman & Reed, 1983: Näsi, 1995*), whereas others define stakeholders as participants in exchange relationships (*Freeman & Evan, 1990; Hill and Jones, 1992; Cornell & Shapiro, 1987*). A few scholars take a stand with regard to moral claims and argue that stakeholder management should essentially embody the firm's participation in fostering moral relationships (*Freeman, 1994; Wicks, Gilbert, & Freeman, 1994*) or the firm's fulfilment of its duty to stakeholders in the sense of distributing the harms and benefits of its actions (*Donaldson & Preston, 1995; Evan & Freeman, 1988; Langtry, 1994*).

Broader views of stakeholders, instead, are based on the empirical reality of companies potentially affecting and affected by anyone and, in this sense, on the idea of identifying the different stakeholder types. According to these views, one might either want to know about all of their stakeholders for the firm's own purposes or to fairly participate in the firm's social system.

Given the stage at which the evolution of impact investing is found today and the need to scale it up significantly, imposing restrictions on the definition of who may be included as a stakeholder of the field may be a deterrent to the field's development. For this purpose, opting for a broader view of stakeholders is chosen for this work; we specifically favour Freeman's definition – *individual or a group of individuals who can be affected by or can influence the achievement of an organization's objectives*. Defining who is a stakeholder to a given corporation and in a given field is therefore a major first step the stakeholder theory presents. The second key step is clarifying what the term "stake" is. To do so, one shall draw a line between those groups with a

form of claim to a company and those who possess the ability to influence it. According to some scholars, two attributes are needed to identify a stakeholder: (1) a claim (legal, moral or presumed) and (2) the ability to influence a firm (*Savage, Nix, Whitehead, and Blair, 1991*). Other scholars, instead, see these two attributes as components of the definition of those actors holding a stake (*Brenner, 1993; Starik, 1994*). The position taken in this paper is that power and legitimacy are different, as will be illustrated later in this work. This is particularly true in the impact-investing field, where there are actors who may not hold a direct stake in the field, but who may have power to influence and shape it. The way such actors make use of their powers and/or claim will be part of this study.

Another way to understand the term stake implies understanding whether an entity may be considered as a stakeholder without actually being related to the firm. Stated differently, can a potential relationship be as important and worthy of consideration as an actual one? Even in this regard, scholars are divided. While some believe that such a possibility does not exist (*Ring, 1994*), others support the opposite view when referring to stakeholders as those who may be influenced by or may influence a given organization (*Starik, 1994*). Whilst it may be compelling to analyse stakeholders and stakes in a firm or in a field in terms of their relation to that, doing so may not be representative of the reality of the impact-investing field, as well as the impact it purports to make onto society. As impact investing aims to marry the two extremes of the investment spectrum, namely pure social and pure profit, it pushes potential limits and restrictions of the ordinary box. That is, the actors who were once traditionally confined to or focused on a given sphere of operations now have the task to reconsider their established practices. In fact, there may be actors who are currently not viewed as stakeholders but who need to be. Because of that, in this research study we embrace the belief that both established and potential relationships (among and between stakeholders) are important.

In reviewing the stakeholder theory, a valuable question was asked about power, dependence, reciprocity and relationships: if the firm and a stakeholder have a relationship, what is the nature of that relationship? (*Mitchell et al, 1997*). This is relevant to our research, since the nature of a relationship between two stakeholders (or more) may impact the way they interact and the outcome of their relationship, which will be their contribution to the development of the impact-investing field. In analysing the answers scholars give to that question, we found a select number of them focus on the firms' dependency on stakeholders for its survival; some focus on the stakeholder's dependency on the firm; and others are concentrated around the mutuality of power-dependence relations. Bringing the discussion on the impact-

investing plane, we argue that one should combine all of these different views; there are projects that depend on a fund's continuing influx of capital, there are funds that may depend on other stakeholders' actions for their survival, and ultimately there may be situations where a set of actors of the field depend on each other to achieve their desired goal.

2.1.1. Stakeholders Attributes

Following the clarification of what a stakeholder is and of what is at stake, one shall proceed to classify them. Doing so is important, in our belief, as it allows a given actor to craft different strategies and approaches when dealing with different stakeholders. It is also important as the different approaches adopted may have an impact on the relationship said stakeholder will have with other stakeholders. This is relevant to our research efforts, as we endeavour to study stakeholder's interactions (from their relationships with one another) in the context of a new field's development.

To understand how to classify stakeholders, it is useful to refer to the work of Mitchell et al. (*1997*), where the authors suggest that stakeholders may be classified based according to three variables: their level of power to influence or legitimacy of their claim or urgency of their claim, or a combination of these attributes. Based on that, one may grasp the level of salience the stakeholders in question will bear.

Power: according to the authors of the aforementioned work, power is defined as "the extent to which a party to a relationship has or can gain access to coercive, utilitarian, or normative means, to impose its will in the relationship." Power is considered transitory and its possession does not imply consciousness of having it (Mitchell et al., *1997, p. 865-866)*.

Legitimacy: Suchman (*1995, p. 574*) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." Claimants may or may not correctly perceive that their claims have legitimacy; similarly, a firm may have a different perception of its stakeholders' legitimacy compared with its stakeholders' own perception (*Mitchell et al., 1997, p. 869).*

Urgency: Mitchell et al. (*1997, p. 867*) determine urgency as "the degree to which stakeholders claim call for immediate attention. The authors believe that urgency only exists when (1) a relationship or claim is of a time-sensitive nature - degree to which managerial delay in attending to the claim or relationship is

unacceptable to the stakeholder - and (2) when that relationship or claim is important or critical to the stakeholders.

With regard to these attributes, Mitchell et al. (*1997, p. 868)* make an important contribution in arguing that: (1) each one of these attributes "is a variable, not a steady state, and can change for any particular entity or stakeholder-manager relationship; (2) "each attribute is a socially constructed, not objective reality; and (3) "consciousness and wilful exercise (of one or more attributes) may or may not be present."

The authors further highlight that the attributes of power, legitimacy and urgency are important in that they are useful tools in understanding how stakeholders may gain or lose (their level of) salience to a firm's managers; the attributes help executives prioritize (and optimize) their resources with respect to their stakeholders' claim. As they illustrate, each one attribute alone, and without its acknowledgment by the relevant stakeholder(s), may not cause the relationship between a stakeholder and a firm to increase in salience. However, when these attributes are combined, the level of salience in the relationship augments.

In applying the valuable above literature work on stakeholders' attributes to our research question and field of impact investing, we found ourselves agreeing with the concept of transitory power and related unconsciousness of its possession; there may be impact investment stakeholders currently playing a key role in mobilizing resources and contributing to the field's development, but who may cease to hold the light as a result of deliberate choice or external factors. In regard to urgency, we acknowledge the meaning of the term in the context explained above, as well as the fact that the authors do not attempt to "predict the circumstances under which time will be of the essence" in a relationship between stakeholders (*Mitchell et al. 1997*).

Whilst it may make sound sense that knowing when to label an event or claim of a stakeholder urgent is a laborious task for a firm and its decision makers, we believe that a sense of urgency is needed for stakeholders to interact and advance a new field. The exact moment or time when doing so is needed may still be difficult to identify, yet the current global movement in impact investing may represent the spark to the field that its actors might have been waiting for. Therefore, our field stakeholders have the chance to call for action, raising the overall level of urgency for other stakeholders as well. Relating to the aspect of relevance, it may be the case that, in a mature industry, a given organization may not consider a particular set of stakeholders as relevant parties deserving attention, rendering the relationship not a crucial one.

However, we argue that the relationships among different stakeholders in an emerging field ought to be relevant to one and other. When this is the case, cooperation among stakeholders is formed and plans and efforts to advance the field can be made.

2.2. INTERACTIONS, INSTITUTIONS AND FIELDS

Interactions occur among stakeholders through various forms of relationships and can influence organizations, institutions, and ultimately the development and growth of a field. In their work, Gray et al. (*2015*) provide an overview of factors influencing interactions and explicate the micro processes of institutionalization by adopting a framing perspective and an interactional approach to it. A frame is a subjective mechanism through which people evaluate and make sense out of situations. Blumer argued that what people do "is a result of how they define the situation in which they are called on to act" (*1969, p.19*). From there, an interactionist framing approach assumes that frames and institutions are built, deconstructed and rebuilt as individuals (interactant, or stakeholders as we aim to consider them in our paper) engage with one another in everyday interactions (*Gray et al., 2015, p.118*). Individuals borrow frames to inform their actions and reaffirm their interpretations (*Goffman, 1974*), but it is the "finely honed interactional work" (*Collins, 2004, p.20*) of building/deconstructing that influences whether a frame continues or ceases to exists, or is replaced by another. Frames and institutions are sustained and "made real by being acted our" (*Collins, 2004, p.16*) in patterns of interactions that may or may not become ritualized over time (*Gray et al., 2015, p.118*).

Interactive framing theory supports the idea that past frames form behavioural norms, which influence future behaviour based on the re-enactment of earlier frames (*Gray et al. 2015, p.119*). However, intentional or unintentional deviations from established frames may occur that are known as misfirings. There are three types of misfirings that are important to institutional change, and we believe to the way interactions develop that ultimately support said change: keying, frame breaks, and ambiguity. *Keying* is "the set of conventions by which a given activity is transformed into something patterned on this activity but seen by participants to be something quite else" (*Goffman, 1974, p.43-47)*. It is not the activity that changes, but rather the interactants' interpretation of it. An interaction may be characterized by a *frame break*, where interactants intentionally break the established frame because they believe it cannot be maintained. Ultimately, misfiring occurs in the case of *ambiguity* when interacts hold different interpretations from one another. When misfiring occurs,

powerful interactant may try to use their power to re-establish the order (*Goffman, 1967*) or the new frame may emerge and set off other frames as a result.

These three types of misfirings (keying, frame break and ambiguity) do not act independently of each other. They may also take place as a result of one another, generate further levels of framing that may or may not create shared meaning. This process of adding interpretations on top of previous ones is known as *lamination* (*Goffman, 1974*). Because new interpretations are borne out of lamination, additional laminations may help new entrants to join the interactions and incorporate their interpretation of what is going on. This means that new entrants in a relationship may shape the relationship by providing a different way of looking at the environment surrounding them. Relating this to a nascent field, new entrants' interpretative input may change the way their field develops. Lamination is then "a basic building block in explaining how micro level interactions amplify to be come more widely shared" (*Gray et al., 2015, p.120).*

Lamination therefore represents the process that may provide insight into how perceptions of matter in question change, how interactions develop, and how a given environment may be shaped as a result. But how exactly do micro level interactions frames develop into larger ones? As we aim to take the stand that a nascent field is compose of micro level interactions, this question would help analyse the mechanisms by which micro level interactions lead to a larger field, ultimately to the institutionalization of it. *Amplification* is the process by which micro level interactions frames move to macro and institutional levels (*Zucker, 1977*). Gray et al. (*2015*) suggest three processes of frame amplification that often occur in pairs or as a trio: *scope*; *regularity/frequency*; and *emotional intensification*.

Scope involves transfer of meaning through broadening or overlapping networks of interactants in a way that meanings are more widely held and move up levels. Diversity of interactants influences the degree to which dissemination of a wider frame occurs; the more diversity the set of interactants, the more different their frames, and the stronger the need for a wider one. Insightfully, as groups of individuals partake in various networks, they may propagate frames they hold in one network into another one in which they are (*Gray et al., 2015, p.120*). We believe this is insightful as it hints at the possibility that a field may benefit knowledge-wise when more diverse sets of interacts participate in it.

The likelihood of amplification to continue expanding from one network to the other and to spread throughout an entire field is dependent on whether narratives and shared accounts are available that emphasize the compatibility of the new frame with past practices and values (*Gondo and Amis, 2013; Green, 2004*). We believe this is

important when analysing a nascent field, impact investing in our case; success cases emerging within the field may serve as strengthening factors that the frames supporting the field are to be supported and amplified.

While some interactants are considered to have more power and to use amplification to promote new frames on an organization or field (*Gray and Kish-Gephat, 2013*), lower-power interactants can also play a role in introducing frame breaks and in encouraging their amplification (*Benford & Snow, 2000).* We recognize such standings on the frames and interactions to hold relevance in our research; it alludes to the possibility that the development of a nascent field may depend as much on high-ranked stakeholders as on lower-ranked ones. Hence, both parties may play an active role.

Regularity/frequency, the second of the three frame amplification processes, refers to the regularity and use of a frame by micro-level interactants. The higher the frequency is, the higher the durability of a frame (*Lammers, 2011).* Rituals, seen as repeated practices, play a key in role in the regularity of a frame, and ultimately to its durability. They heighten individual commitment to a given meaning and practice, and also create legitimacy for the frames (*Creed et al., 2002*). We view rituals as crucial mechanism in the development of a nascent field; as rituals aid the legitimation process of new frames, which may be underpinning the birth of a new field, they become important for solidifying interactions and shared meaning among stakeholders.

Emotional intensification, the last of the frame amplification processes, connects to regularity. It consists in arousing emotional intensity during rituals. As more emotional intensity is generated during a ritual, the more the interactant will associate with the new frame, positively or negatively (*Gray et al, 2015, p. 122).* In stimulating emotional intensity, rituals can generate emotional contagion within a group (*Collins, 1981; Hatfield, Cacioppo, & Rapson, 1993*). Depending on whether interactants identify positively or negatively with the frame, emotional contagion can foster cooperation or conflicts within a group (*Barsade, 2002*). As we study how interactions among stakeholders shape a new field, where interactions are influenced by frames that are in turn affected by emotions generated during rituals, the concepts of rituals and emotional intensification link to our investigation.

2.2.1. Institutionalization Dynamics

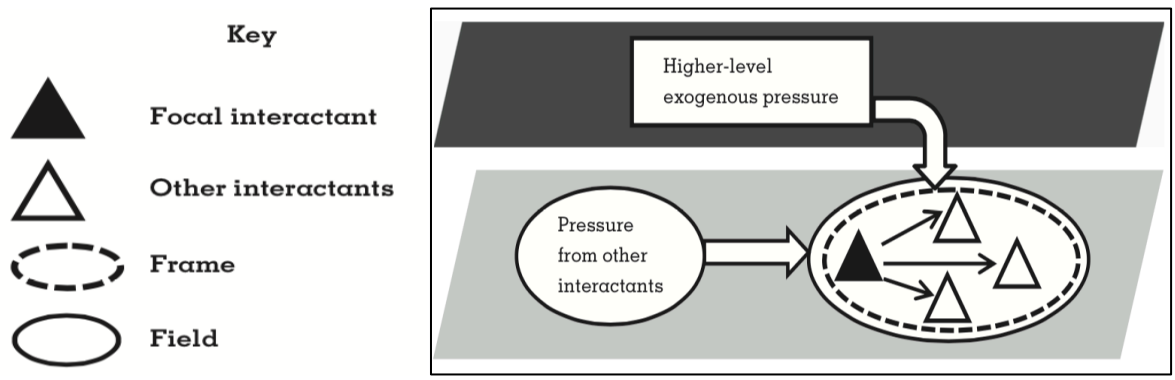
In their study of micro-processes and institutionalization, Gray et al. (*2015*) provide eight distinct frameworks that prove useful to understand how institutionalization may occur. These frameworks are based on the previously presented concepts of frame break, keying and ambiguity. Analysing them, we believe that they may serve as a critical lenses through which we may make sense of recent developments in the field of impact investing.

The first category of frameworks is presented as “frame brake and amplification of new frame. It consists in a break of the current frame and introduction of a new one. This may take place as a result of three different mechanisms: *externally induced reframing*, *internal framing*, and *master frame importing*.

Externally induced framing is characterized by a focal interactant adopting a new frame in response to pressures from forces outside of his/her field. These pressures “force interactants within a field to break their external frames and theorizing new ones in response” (*Gray et al., 2015, p.125*). Pressures may include such events as shocks or discontinuities (*Greenwood, Suddaby, and Hinings, 2002; Meyer, 1982).* While we found ourselves to relate to this concept of pressure and new frames, we believe it is more appropriate to perceive the work done by such forces as leading, rather than forcing, to the adoption of new frames in a field.

In this sense, the context out of which impact investing has been growing can be seen as the pressure in the model. That is, the need to find the way to conjugate (financial) investing with social impact, and at the same time potentially be a viable public administration framework for financially constrained governments. The constitution and role of the Global Task force may be considered as a further or complementary force supporting the process of new frame introduction.

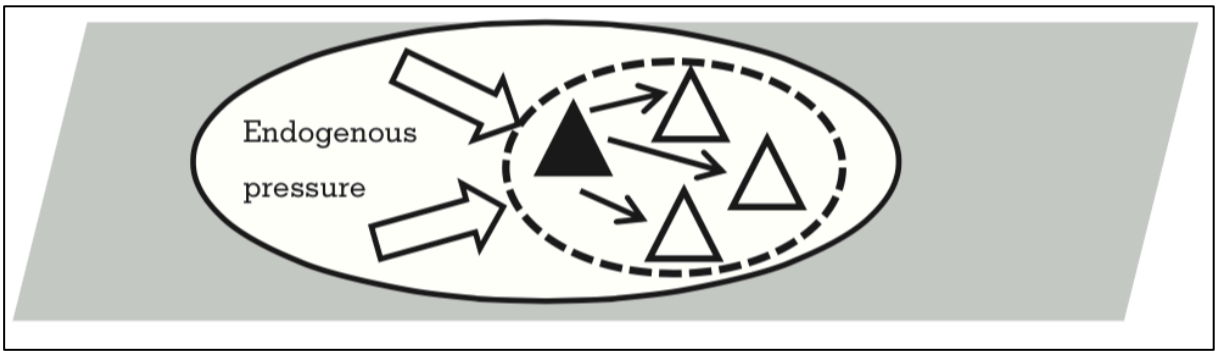
Figure 1 - Externally induced reframing



Source Figure: Gray et al. (2015)

In *Internal framing* takes place when a focal interactant initiates and encourages the revision of existing frames in the field where it operates. The interact exploits and exaggerates institutional contradictions with established social arrangements (*Seo and Creed, 2002)* to generate dissatisfaction with the status quo (*Greenwood and Hinings, 1996*). The initial work of The Rockfeller Foundation in providing a first definition of the term impact investment, and subsequent reports by established organizations in fields other than the third sector, may be examined through the lens of internal framing. We believe this framework is important, especially when connected to the concepts of intra-network interactions and new frames propagation; it alludes to the possibility that a focal interactant may be key in supporting a given frame, regardless of his/her specific field. This also may lead to our initial insight that more and diverse stakeholders may add value to the development of a new field.

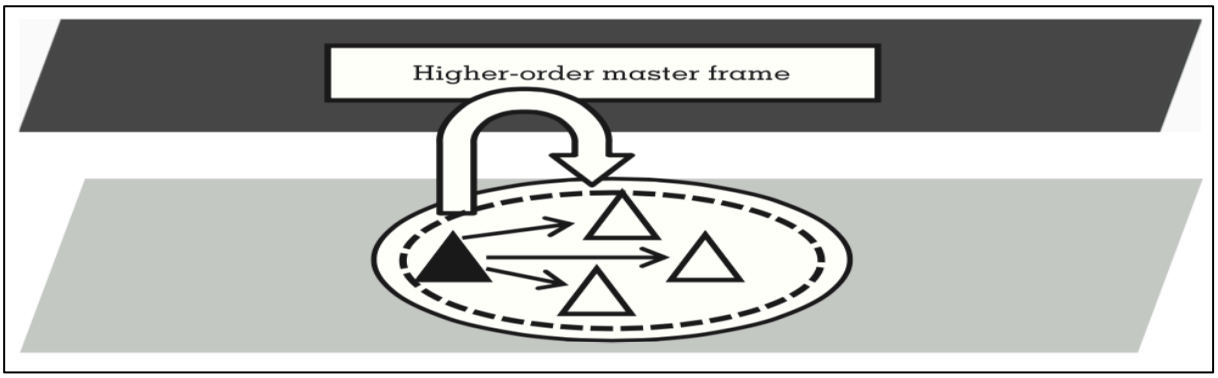
Figure 2 - Internal reframing



Source Figure: Gray et al. (2015)

In the case of *master frame importing*, a focal interactant who imports a master frame aims to obtain legitimacy by connecting their frames to successful movements (*Snow and Benford, 1992*). Master frames function as “core resources of the development of more targeted activism frames” (*Thornton et al., 2012, p. 176*). When importing a new frame, this involves various forces, both external and internal to the focal field with the aim to achieve break of the existing frame and amplification of a new one. We found this to be relevant to a nascent field. While it is a fact that impact investing has gained traction thanks to the work conducted in the G8 countries, other countries are attempting to follow suit. In doing so, impact investing interactants in one country may aid the development of the field by importing and adapting the master frame(s) created abroad, where we understand the master frame to be a set of rules, practices, procedures and methods.

Figure 3 - Master Frame Importing



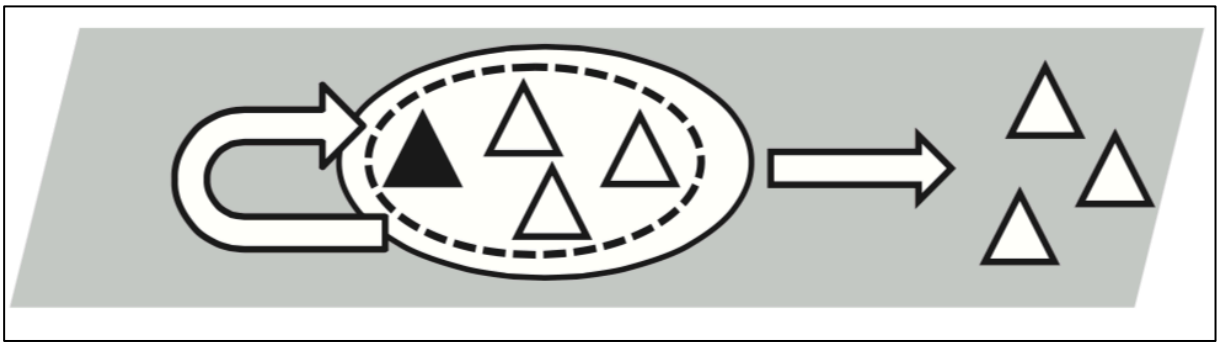
Source Figure: Gray et al. (2015)

The second category of frameworks is presented as “amplification of existing frames. It consists in the existing frame remaining operative and being promoted by the focal interactant. We believe this category well relates to ensuring a field or a given practice continues to live and amplify. We base our statement on visioning the new field in a more matured state.

Nonetheless, the usefulness of this framework is not confined to the field only. In fact, as we study interactions and we previously defined frames as subjective mechanism through which individuals understand reality, amplification of an existing frame may be observed from the perspective of a stakeholder unwilling to change the way he/she is analysing a specific matter relevant to other stakeholders. This may influence the interaction these stakeholders have with one another, and ultimately preventing the adoption of new frames and practices that may help the field grow more organically. Existing frame amplification involves *maintaining frame dominance* and *institutional distancing*.

Frame dominance maintenance “describes how the focal interactant reinforces an already existing frame in a field” (*Gray et. al, 2015, p. 128*) and may occur when interactants are interested in complying with current norms and practices (*Lawrence and Suddaby, 2006*). Amplification then takes place through repeated use of the existing frame (*Lammers, 2011)* combined with increasing emotional intensity.

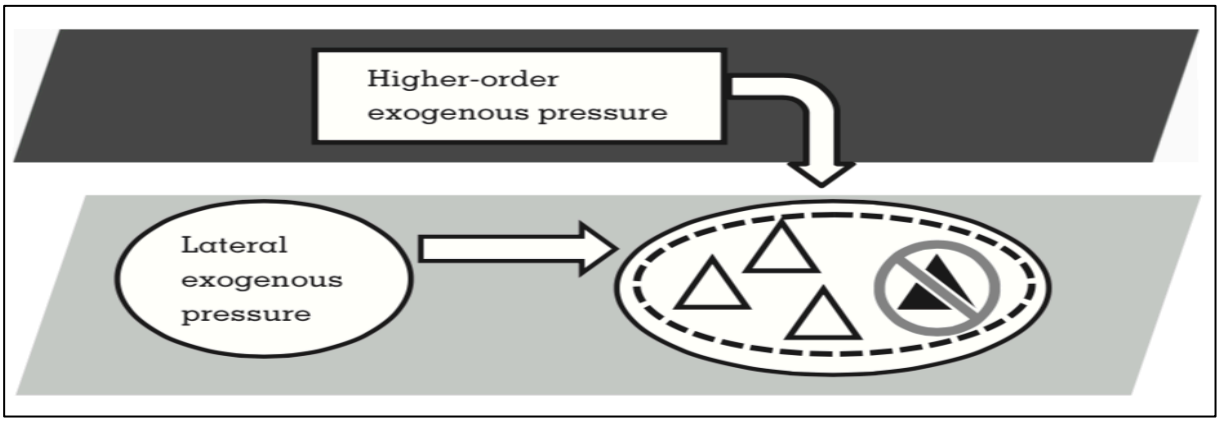
Figure 4 - Maintaining Frame Dominance



Source Figure: Gray et al. (2015)

In the mechanism of insti*tutional distancing*, some interactants in a field seek to avoid conformance to normative pressures by protecting themselves from the dominant frame in the field and by increasing the frequency of their chosen frame. Another type of institutional distancing is known as decoupling (*Meyer and Rowan, 1977).* When this happens, "there is a deliberate disconnection between organizational structures that enhance legitimacy and organizational practices that are believed with the organization to be technically efficient" (*Boxenbaum and Jonsson, 2008, p.90*).

Figure 5 - Institutional Distancing

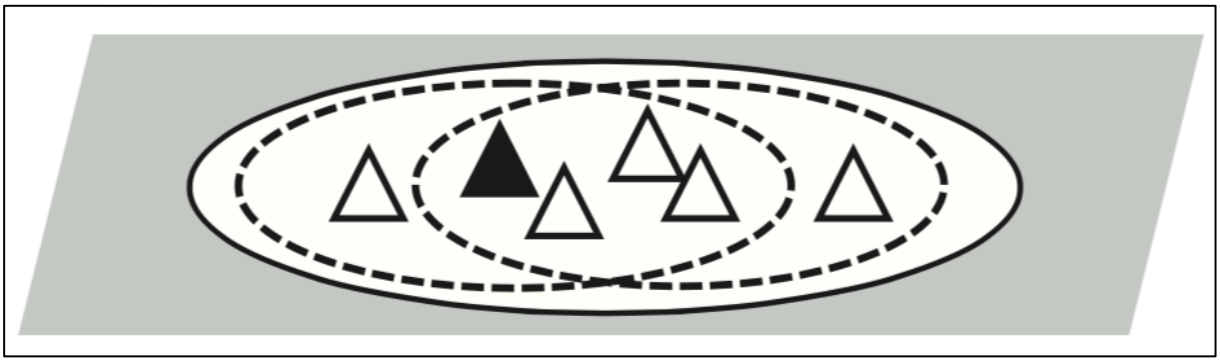


Source Figure: Gray et al. (2015)

The third category of frameworks is presented as "keying and amplification of modified frames. As previously introduced, keying is "the set of conventions by which a given activity is transformed into something patterned on this activity but seen by participants to be something quite else" (*Goffman, 1974, p.43-47)*. Because of this, a variation of the original frame is offered with a subtle change to its meaning. Multiple rekeyings may occur until one of them amplifies. Gray et al. (2015) suggest two mechanisms for this framework category: *frames merging* and *situated improvising*.

In *frames merging*, two or more focal interactants construct a new frame from existing ones with separate frames. This concept relates to our research, as impact investing results from the merger of different frames, such as those common to the traditional investing, philanthropic world, and socially responsible investing for instance. We believe that frame merging is important when studying interactions in the field of impact investing, as different frames may emerge resulting in new shapes the field may take.

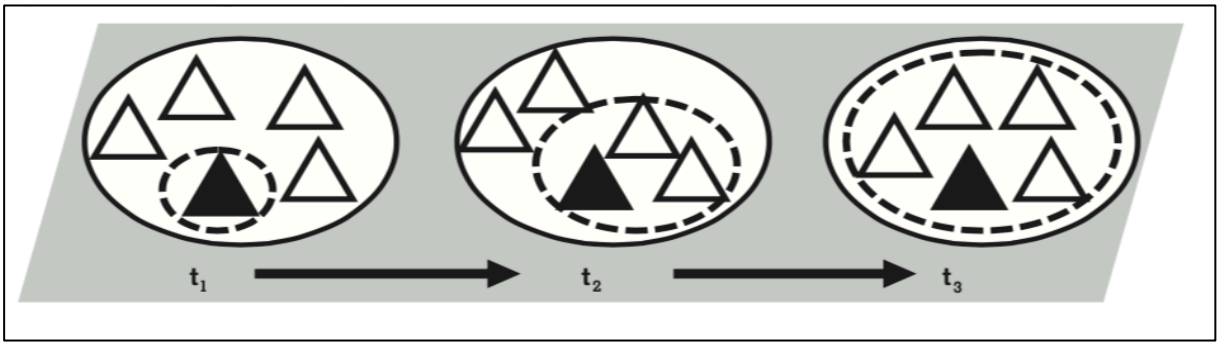
Figure 6 - Frame Merging



Source Figure: Gray et al. (2015)

In *situated improvising*, instead, gradual internal modifications of practices arise through experimentation (*Smets et al, 2012)*. The mechanism is similar to frame merging, in that interactants blend elements of different frames, without directly merging them completely. We believe this is relevant as a stakeholder in a field may look to adopt elements of practices from other stakeholders without accepting their whole practices and frames. Situated improvising may be useful to complement the idea from the previously explained master frame importing mechanism, where stakeholder may decide to gradually adopt the frame by first selecting the most relevant element of such frame to them and combine them with their current frames.

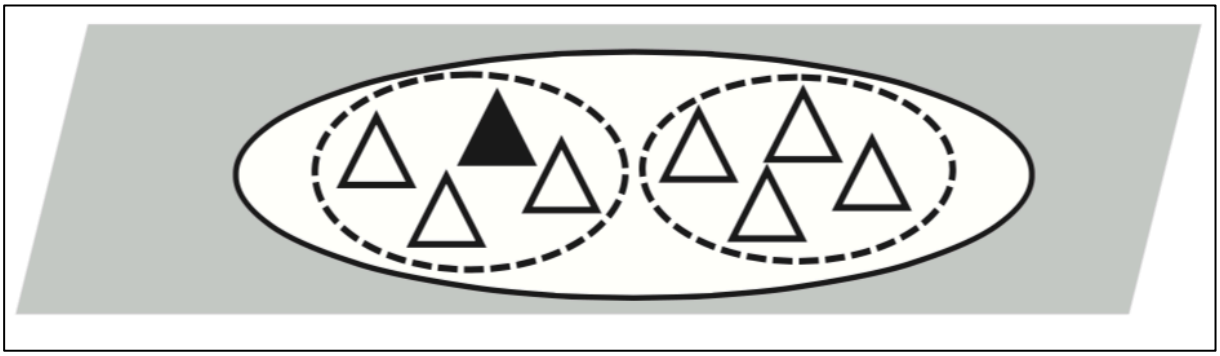
Figure 7 - Situated Improvising



Source Figure: Gray et al. (2015)

The last category of frameworks, labelled as “ambiguity and inconsistent amplification”, is insightful as it presents the possibility that interactants hold different frames, whilst still operating in the same field. Due to different frames, ambiguity about meaning is generated that causes misfiring and *frame plurality* is identified, particularly when no effort is made to align them or the effort is resisted. We believe this is important to impact investing, as ambiguity in a field may emerge with regard to practices to adopt or actions to take that may influence one category of stakeholder or the other. For instance, ambiguity about the (shared) meaning of the term impact investing has been refraining potential stakeholders from acting, hindering the rate at which the field could be mainstreamed. This may also be the case for potential consolidation of practices as the field continues to develop. Therefore, analysing interactions also through the lens of frame plurality is relevant to our study.

Figure 8 - Frame Plurality



Source Figure: Gray et al. (2015)

This section reviewed the eight frameworks that Gray et al. (2015) provided in their work in the light of impact investing as a nascent field of study. We hold the belief that, while different, these frameworks are complementary to each other and may help gain a better understanding of the dynamics that happened and that are currently taking place in the impact investing industry in various countries. As we conduct interviews, we will aim to explore whether these frameworks were de facto applied or may serve as a valuable future reference for stakeholders.

2.3. COMBINING THE THEORETICAL STRANDS

We presented two theoretical strands to support our study: stakeholder management theory (*Donaldson & Preston, 1995; Freeman, 1984*) and research on how interactions may lead to the formation of institutions and to the structuring of a field (*Gray et. al, 2015*).

In reviewing the stakeholder theory, we revisited the term stakeholder and we expressed our preference for a broader definition of it. We then proceeded to present the attributes of power, legitimacy and urgency, embracing the position that these are useful tools in understanding how stakeholders may gain or lose salience in a relationship.

In this context of relationships, we argue that we may have a better appreciation for how the stakeholders theory serves the purpose of our research by laying the second theoretical strand on those attributes, which influences the way a stakeholder behaves and is perceived by another stakeholder; a stakeholder with a lot of power and capable of harnessing the attribute of urgency will be able to draw the attention of a target company/another stakeholder, consequently influencing how the latter prioritizes and deals with the other constituencies.

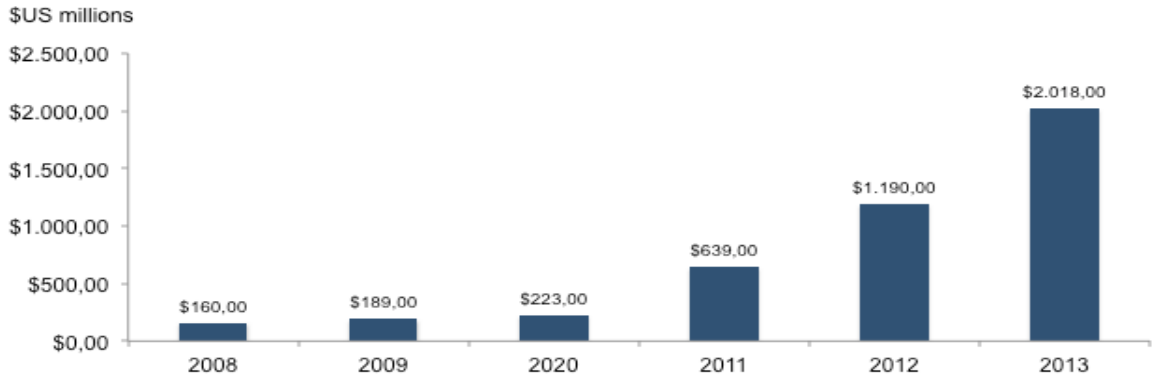
From an institutional dynamics perspective, the powerful stakeholder may be able to bring and impose an external frame onto other stakeholders or to avoid conformance to normative pressures and protect itself from the dominant frame. With the insight from the concepts of framing, ambiguity, emotional intensification and frequency, we hold it possible to understand how the stakeholder theory attributes may be explained in a stakeholder's relationship and interactions with others. This is relevant when attempting to understand how such a relationship and resulting interaction among stakeholders lead to the development of a nascent field, which is our objective.

3. IMPACT INVESTING IN BRAZIL

As previously illustrated, the field of impact investing has made significant progress from its early ages. In Latin America it has grown from only two to three international investors to more than fifty local and international players. As a result of such an increasing interest in the region, capital committed by impact investment funds in Latin American increased from US$ 160 million in 2008 to approximately US$2 billion by the end of 2013, which represents a 12-time increase in five years, as

is highlighted in the following chart (*Bain & Company's Report, The State of Impact Investing in Latin America 2014, p. 3*).

Figure 9 - Capital committed in LATAM



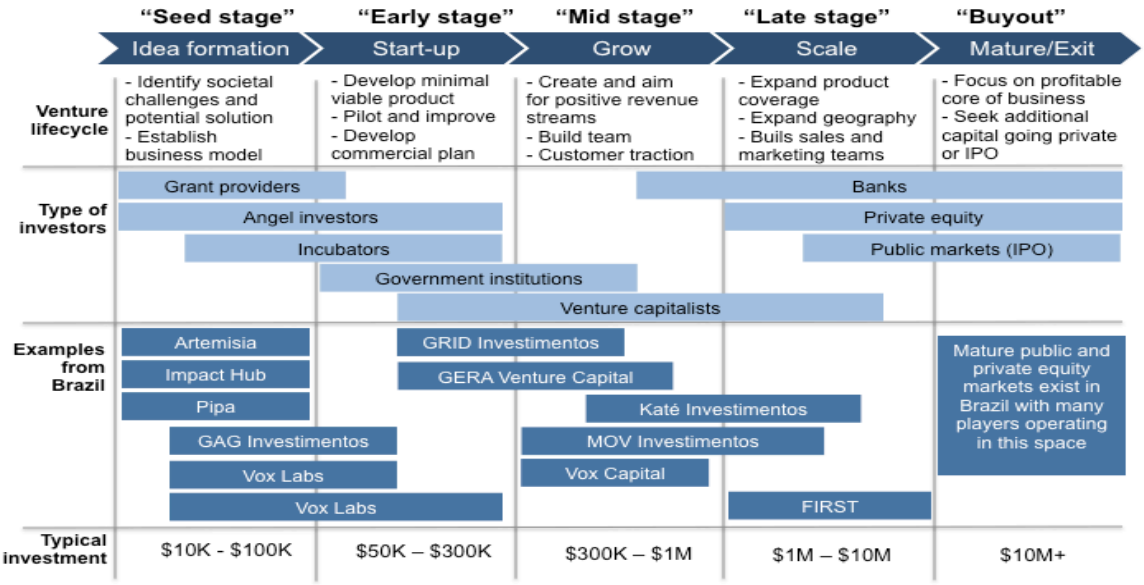
Source Figure: Bain & Company, The State of Impact Investing in Latin America (2014)

As of 2013, global capital committed to impact investment funds counted nearly US$ 10.6 billion, US$ 5 billion of which was invested. In this market, Latin America holds 19% of committed capital, namely US$ 2 billion. Out of the invested capital, the whole region accounts for roughly 16%, or US$ 800 million. While Mexico and Colombia together large shares, with about US$ 100 million and US$ 50 million invested respectively, Brazil is the country with the largest regional one, with US$ 180 million invested by such actors as impact investment funds and both foreign and domestic organizations (*Bain & Company's Report, State of Impact Investing in Latin America 2014, p. 5*).

As previously presented, the field grew to more than fifty players allocating resources to the region. Out of such group, twenty investors were identified to operate in the Brazilian impact investing landscape. In 2003, the Netherlands-based microfinance fund Oikocredit entered the Brazilian impact investment market first, followed by the International Finance Corporation (IFC) in 2005 and by the Inter-American Development Bank (IBD) in 2007. In 2008, SITWAI Finanças do Bem and MOV Investimentos began analysing opportunities in the impact investment field. In 2009, Vox Capital led the way and the launched the first national closed-end impact investment fund. LGT Venture Philanthropy, a Switzerland-based international foundation and impact investor followed suit. From that point, the number of investors augmented to twenty in 2013, with two new ones planning their entry in 2014. In the group of twenty actors operating in Brazil, one may find that eleven are international and nine are national (*Aspen Network of Development Entrepreneurs - ANDE), Mapping the Impact Investing Sector in Brazil 2014, p. 11*)

According to this study, the twenty investors identified can be grouped into different categories. To this extent, 40% of the investors' universe comprise of closed-end fund; 35% are represented by such diverse organizations as philanthropic investment firms, open-ended funds wit development banks or non-profit organizations, foundations, and accelerators; 10% feature business accelerators with financial investments; another 10% are populated by organizations carrying out continuous fundraising that are there defined as evergreen organizations; and the remaining 5% are held by the family offices operating in the field. The report by Bain & Company (2014) provides further insight into which categories impact investors in Brazil may fall, delineating such categories as angel investors, government institutions, venture capital and private equity firms. Since 2003, sixty-eight impact businesses in Brazil have received investment totalling US$ 76.4 million. The sources of funds for those impact businesses were international (55%) and national (45%), as presented on ANDE's research (2014). While the average investment ticket size amounted to approximately US$ 1,1 million (*ANDE, 2014, p. 17*), the study by Bain & Company portrays a valuable overview of the typical size of investment for the categories of impact investment players previously laid out, and with the specific name for some key players in the categories, and for different stages of investment. The figure below from the study visualises such spectrum of investments and summarizes what has been discussed thus far with regard to the different actors in Brazil and their investment appetite.

Figure 10 - Venture investment lifecycle



Source: Reproduction of Ecosystem's Mapping found on Bain & Company's Report, The State of Impact Investing in Latin America (2014)

As the report by ANDE (*2014*) showed, the sectors that actors target in Brazil are diverse, from renewable energy, to housing, to waste management, to forestry, to tourism. However, the main focus appears to be on education, with 19% of surveyed investors stating to be operating in that area; on healthcare, with 11% of players confirming investment efforts in such a domain; and on financial inclusions, with 9% of ANDE's surveyed total investors (nineteen out of twenty possible) investing in that sector. These three areas should not come as a surprise. They represent the main challenges the country is confronting. With regard to the financial instruments chosen to finance such investments, we highlight a preference of investors for equity, with 84% of them opting for this option, followed by convertible, with 47% of players utilizing this instrument, debt, with 32% of respondents in the ANDE's study using this means, and lastly donation, with 21% of surveyed contributing to the field in that manner (*Aspen Network of Development Entrepreneurs (ANDE), Mapping the Impact Investing Sector in Brazil 2014, p. 27; p.24)*.

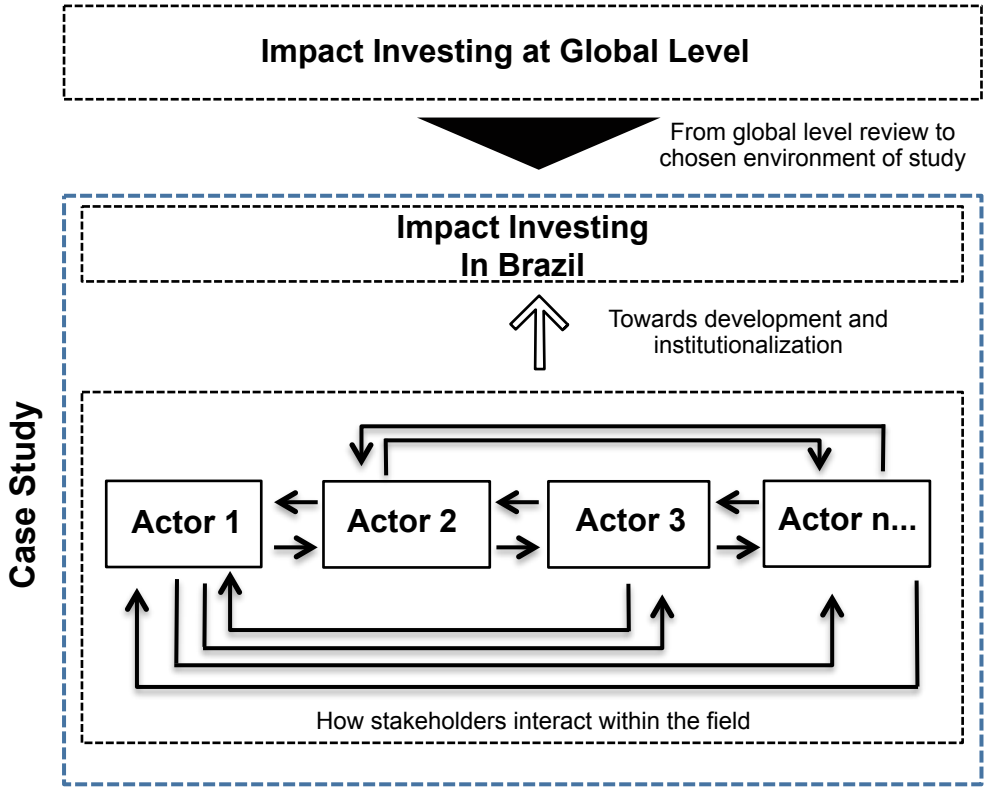
4. METHODOLOGY AND RESEARCH DESIGN

In this research project we applied a qualitative research methodology in order to understand how actors interacted to accelerate the development of impact investing in Brazil. The choice is justified by the fact that our goal is ingrained in interpreting a recent phenomenon (*Denzin and Lincoln, 2005, p.3*), and the way the various involved actors make sense of and relate to it (*Bryman, 1988, p.8*). The lack of both sufficient and consistent data to perform thorough quantitative analyses (*World Economic Forum & Deloitte, 2013: 25*) was another factor that influenced our choice of adopted methodology. As outlined above, our work was centred on the "how" of things, primarily following an exploratory format, and also attempted to understand the "why" of things, therefore also using an explanatory format. By studying interactions among stakeholders through these two formats, we provided the field with a set of suggestion of actions for the near future and long-term horizon.

Our investigation strategy was based on a case study. Mitchell (*1983*) defined a case study as a "detailed examination of an event, which the analyst believes exhibits the operation of some identified general theoretical principles" (*p. 192*). Yin (*1994*) defined a case study as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, and relying on multiple sources of evidence" (*p. 13*). According to Gomm, Hammersley, and Foster (*2000*), a case study refers to research that investigates a few cases in considerable depth. We felt that Yin's (*1994*) definition was the most aligned with the purpose of our work and with the way we set

to conduct our journey. Moving from the presented overview of the impact investment field at the global level, we chose the field of impact investing in Brazil to be our own case study in contrast to investigating one or a select of actors there (see Figure 11). Our geographical preference for studying the phenomenon in Brazil was dictated mainly by our presence in the region, previous research and professional experience there, all of which gave us easier access to leading players and institutions. Moreover, aside from not being our research goal, focusing on the way only one actor or few of them perceived of and related to their environment would have significantly limited the view one could have obtained of the field and of its current dynamics. Our aim was to obtain a holistic perspective on the field, therefore including several players of the field.

Figure 11 - Overview of research strategy



Source: Created independently

4.1. DATA COLLECTION AND DATA ANALYSIS

Understanding interactions among stakeholders requires a stronger appreciation of the social context, which can be better capture through in-depth interviews (*Gioia et. al., 2012, p. 16*). In-depth interviews are particularly useful when studying given actors' motivations and decisions behind and the results of their choices (*Ritchie and Lewis, 2003, p. 60*), which was at the base of our research target. While we acknowledged that conducting focus groups, another recognized practice used in qualitative studies, might have added other potentially valuable input and perspectives to our study, we also felt it might have limited our chosen participants' liberty in expressing their thoughts and ideas. We endeavoured to avoid that and to have as many unbiased pieces of data as practically possible.

The data collection process therefore included such techniques as individual semi-structured face-to-face and individual telephone interviews, as well as data triangulation with secondary sources (*Jick, 1979*). Semi-structured interviews provided primary data and involved open-ended questions as a general guide for interviewer, while allowing some flexibility to make adjustments and ask new questions depending on the interviewed player (*Kvale and Brinkmann, 2009; Opdenakker, 2006);* secondary data derived from videos, reports, cases, presentations, as well as other relevant material that we found and that our interviewees recommended.

None of the interviews were formally recorded, but detailed notes were taken as they were being conducted. While we were aware of the potential drawback of this approach, we made this choice as initial interactions with some of our interviewees revealed that recording them would have restrained them from answering comprehensively to one or more of our questions. We judged that such scenario was a much greater risk to the quality of the data we could have obtained otherwise.

We made use of data triangulation, by contrasting multiple sources of information (primary and secondary), to reduce biases from respondents and secondary data, which improved the integrity of our analysis. Finally, we would continuously referred back to our theoretical frameworks as we were gathering the results to verify that they were supporting our research vision.

4.1.1. INTERVIEWS STRUCTURE AND DATA ANALYSIS TECHNIQUE

Our open-ended questions were structured based on select areas/categories of interest. These were: (i) entry dynamics; (ii) field experience; (iii) threats and opportunities; (iv) the (interviewed) organization; and (v) impact investment interactions dynamics (see Appendix II and III for the interview scripts used). These categories connected with our chosen theoretical frameworks, as we will show in the next sections.

We conducted a set of preliminary interviews, out of which we gained data and insights for our core interview questions. Both interviews types allowed us to answer our research question. The preliminary interviews were regarded as preliminary interactions, to acquire up-to-date knowledge of the field and understand whom the relevant stakeholders are. This is central to the stakeholder theory and also aided us in the selection of the most relevant actors to interview later on.

With this mind, we structured our preliminary interactions based on three blocks of questions: (i) entry dynamics; (ii) field experience (iii) threats and opportunities. These blocks connected with our research question in the following way.

In the first block, we were interested in learning how actors enter the field of impact investing in Brazil, whether they intentionally considered joining it or current stakeholders in the field acted as connectors. As we presented in the beginning, there is a perception that the field could grow at a more accelerated rate with new entrants. Understanding how new or established stakeholders entered the field may offer data on the interactions among them. It may also provide insight into the attributes of stakeholders and the frames they adopt to analyse their reality.

In the second block, we were interested in knowing about the experience the interviewees has had within the field and with other stakeholders. This might cast light on the way they perceive the field and on how frames guide or have guided their interactions with it. As supported in the interactive framing theory, in fact, past frames form behavioural norms, which influence future behaviour based on the re-enactment of earlier frames (*Gray et al. 2015, p.119*). Combining the first block with the second, allowed us to gain a first view of the institutionalization dynamics depicted in the eight distinct frameworks.

In the third block, we obtained an overview of the challenges the stakeholders are facing and the way forward that they have identified. We believe this could create the base to delve deeper into how stakeholder go about those challenges, which is a

component of how they interact to promote the development of the field. For instance, they may encourage a revision of existing frames and practices, as in the case of internal framing (*Seo and Creed, 2002)*. Or they may import practices or frames (*Snow and Benford, 1992*).

Finally, we conducted a second round of interviews to complement our analysis. These were structured in two major areas of interest: (i) the organization (ii) impact investment interactions dynamics. These areas connect with our research question and baseline theoretical framework in the following way.

In the first area, we were interested in learning about the interviewed organization's stakeholders, how it classified them, the frequency and nature of their interactions, as well as the evolution of their relationship. A given organization may categorize one or more of its stakeholders according to the attribute of power and, because of that, may devote more resources and time to look after its relationship and interaction with such a stakeholder.

In the second area, we investigated the interactional nature of the field of impact investing in Brazil. This helped shed light on whether there was a specific stakeholder or group of them actively working to coordinate others actors. It helped one to conclude whether interactions among stakeholders occur formally or informally. Furthermore, we tried to understand which of the eight frameworks better fits the present state of affairs of the field, as well as which factors are missing for the stakeholders to interact more effectively and further advance it.

The two sets of interviews informed and complemented each other through two scripts that followed a top-to-bottom approach. The first script contained broader level questions; the second script had more detailed questions in the same topics as well as more questions in different, yet relevant ones. Wherever possible, we identified leading sub-categories of interest. For instance, in the first set of interviews we created the subcategory "how actors connect to contribute to the field"; in the second set of interviews, we created the following subcategories: **"**stakeholders, attributes and interactions" and "focal interactants, joint efforts and other initiatives**"** and "new field entrants, practices and emotional component to the field". As will be showcased in the findings analysis section, these subcategories also effectively link to our theoretical frameworks

All categories and subcategories in the data analysis section are cornerstones of template analysis. Template analysis involves the development of a list of codes/categories, otherwise referred to as "templates", which summarise and represent themes that the researcher deemed important to his/her study. Some or all

of them are identified a priori and may be changed or added to as the study advances (*King, 2004*).

Users of this technique claim to be uncovering the "real" beliefs and so on of their research participants. Others users find that the adoption of another similar, yet arguably more structured technique, such a grounded theory, lacks flexibility, as specifics steps for data gathering and analysis must be taken (*Strauss and Corbin, 1990*). It is the matter of flexibility that propelled us to adopt template analysis for our study. Moreover, our goal was not to generate or discover a new theory, which is the purpose of grounded theory research. Finally, other techniques did not fully match our ideas of how to conduct the data analysis. For instance, whilst nonetheless determining themes to study, with content analysis the researcher focuses on frequency at which such themes occur or are mentioned (*Jones, 1985*) which stands outside of the scope of our endeavours.

4.1.2. SAMPLING – SELECTION OF INTERVIEWEES

We interviewed a sample of 20 relevant actors in the field spanning the stages depicted in Figure 10, such as incubators, investment funds, impact businesses, consultancies, and governmental units. We also applied the snowball or chain sampling procedure (*Patton, 2005*), under which the existing informants recommend new respondents. A detailed list of interviewees can be found in Appendix I.

Following the guidelines on the National Research Centre for Research Methods (*Baker and Edwards, 2012*), 20 is an appropriate sample size, especially due to the novelty of the field being analysed and the desire to guarantee deep contextualization instead of broad empirical generalization. With regard to the choice of a diverse set of interviewees, limiting the choice of interviews to only investment funds, incubators, or impact businesses would have limited the scope of our study by limiting the quality of perspectives that we could gain.

Our sampling approach combined elements of different sampling approaches used in qualitative research. We were able to reach some of our study subjects via referral; this is the case of *snowballing*, also known as referral sampling, where current interview subjects refer new ones with a similar trait of interest the researcher is looking or ones with different traits but that may add value to the study. When we contacted other interviewees, we did so by taking advantage of a given opportunity available at a specific moment (a lecture, a connection with an individual outside of the study that had indirect links with the field of interest, our invitation to participate in field-related meetings, etc.); this is precisely the case of *opportunity sampling*, where the researcher takes advantage of unexpected opportunities that arise during the

investigation process. Ultimately, but more importantly, we conducted our choice of sample in the light of identifying interviewees who had specific traits, characteristics that connected to our theoretical framework, allowing us to maintain our focus on our research question; this is cornerstone of *intentional sampling*.

We therefore interviewed actors that we believed held one of the three attributes (power, legitimacy and urgency) previously presented. To identify such attributes, we based our intuition on the secondary data, as well as a set of preliminary pilot interactions designed to better understand the field and its stakeholders, all of which were complemented by core interviews. Where possible, we interviewed players that were part of the same investment chain (e.g., interviewing an impact-oriented business, as well as other institutions related to it, such as the fund investing in it and the incubator which helped the impact business in the first place). We believe that doing so reinforced our analysis, allowing us to crosscheck data gathered and to draw results and conclusions more effectively.

Given the focus of our paper, all of our interviewees were from Brazil. We decided to include one interviewed informant from outside of the country for its leadership position in and contribution to the movement. The interviews ranged from 30 minutes to three hours in length, totalling 28 hours of interaction. While we did not record them to maintain confidentiality, we diligently transcribed each answer and confirmed it with the informant during the interviewed. Table I shows a summarized description of our interviewees. We divided the sample into four categories: 1) impact investors, 2) intermediaries, 3) impact businesses and 4) other relevant players. While impact businesses and the government unit are strictly local, the other categories feature both local and international players with operations/offices in Brazil

Table 1 – Sample of Interviewees

			Location of interviewee	
Interviewee	**Number**	**Percentage**	**Brazil**	**Others**
Impact Investors				
Private equity/Venture capital	7	35%	7	0
Family offices	1	5%	1	0
Intermediaries				
Incubators/Accelerators	3	15%	3	0
Ecosystem facilitators	5	25%	4	1
Impact Businesses				
Early stage	1	5%	1	0
Expansion/maturity stage	1	5%	1	0
Others				
Consultants	1	5%	1	0
Government Units	1	5%	1	0
Total	**20**	**100%**	**19**	**1**

Source: Created independently

5. DATA ANALYSIS AND MAIN FINDINGS

5.1. THE CASE: THE MAIN FEATURES OF THE FIELD IN BRAZIL

As initially illustrated, whilst the field of impact investment in Brazil is still at its nascent stage, it holds the largest share of committed capital among other Latin American countries, with its ecosystem featuring an increase in the number of investors since 2003. Investments in the field span across different sectors, with the most resources being channelled to investments in education, healthcare and financial inclusion (*Aspen Network of Development Entrepreneurs - ANDE), Mapping the Impact Investing Sector in Brazil 2014, p. 27*). Investors seem to favour the utilization of different financial instruments to carry out their investment plans, with a strong preference for equity financing and convertible notes. Other forms of financing include debt and donations (*Aspen Network of Development Entrepreneurs - ANDE), Mapping the Impact Investing Sector in Brazil 2014, p. 24*).

While the average ticket size approximated US$ 1,1 million (*ANDE, 2014, p. 17*), each venture cycle of investment display different ticket sizes and players providing those resources. In the “seed stage”, where typical investment size ranges between US$ 10K and US$ 100K, we find the likes of Artemisia, Impact Hub, and Pipa. In the “early stage”, where investment ranges between US$ 50K and US$ 300K, GAG Investimentos, Vox Labs are featured. In the “mid stage”, where the investment ticket falls in the neighbourhood of US$ 300K and US$ 1M, we find GRID Investimentos, MOV Investimentos and Kaeté Investimentos. Both MOV and Kaeté Investimentos appear in the “late stage”, where the investment may total US$ 1M and up to US$ 10M (*Bain & Company’s Report, State of Impact Investing in Latin America 2014, p. 7*). With regard to actors outside of the supply of capital category, we find governmental entities, such as the Brazilian Development Bank, BNDES; intermediaries, such as the NGOs ICE and Ashoka, Insper, the network ANDE and the accelerator Endeavour; and institutions in need of funds, such as the educational platform Geekie for instance[1]. While our intuition would have led us to classify intermediary stakeholders (e.g. NGOs and academic institutions) according to the urgency attribute; government organizations (e.g. BNDES), according to the legitimacy attribute; and the providers of capital (e.g. GRID Investimentos and Artemisia) according to the power attribute, we tested our assumption during our core interviews.

[1] List is not exhaustive.

5.2. FIRST ROUND: PRELIMINARY INTERACTIONS AND RESULTS

In the preliminary interviews we initially understood how the actors were connected to the field, what their outlook was on its development and on the challenges they experienced. We asked how players first entered the field. The objective of this question was to comprehend whether the field was developing organically or whether its actors were neglecting opportunities to do so. Another question was what the (interviewed) stakeholders' experience in the field had been. The goal was to uncover inefficiencies in the way field organizations operate and the implications of their actions in the manner in which others may behave. An organization's choice of investment may send out incorrect signals about a given opportunities that may be misinterpreted/"misframed" by other stakeholders, affecting the way they interact. A further question was about the barriers actors face in their work in the field and what they thought of them. This had the purpose of grasping how different organizations acted and might interact to counter such challenges.

5.2.1. How actors connect to contribute to the field

Holding the focus firm on how impact-investing actors interact with each other, the opening of every interview included the question on how and when they first decided to enter and operate in the field. The purpose of this question was two-fold. On the one hand, it shed light on how the field is progressing in terms of visibility and acknowledgment; on other, it allowed us to understand what current players, and precisely which players, can do to stimulate continuous growth of the field.

The results from the various interviews conducted were consistent. Current field actors introduced the majority of companies interviewed to the field. One interviewer, a project leader in the state of Minas Gerais, pointed this out:

> "*In our journey to the impact-investing field, it was crucial to have received the support of such institutions as Instituto Semeia and Insper. From introducing us to the field to helping us structure our initiatives with both advice and actual counselling, I consider their role instrumental in our work. If I were asked which factors were most relevant in our decision to operate in the field, I would highlight institutions like them as main factors*". (*Interview #4: Governmental Unit, pers. comm., 2015*)

As highlighted above, current actors can function as force for inclusiveness and a key educator for potential new players. The education aspect of the initialization process was a recurring theme in the other interviews as well and considered functional by the interviewed:

> *"In our case, we did not even know we were impact-investment material. We were growing, but we never thought of ourselves as a social impact business. In this sense, it was crucial that we interacted with such players as Endeavours and Sistema B. I believe there may be other companies in the situation – they can be classified as social impact business, but they simply do not know it". (Interview #3: Impact Business, pers. comm., 2015)*

It appears effective that established actors of the field lead potential social impact business on the way to impact investing. As laid out, there may be opportunities in the field that may have the potential to add value to it, thereby contributing to escalating it further, but are not being uncovered. What seems to be relevant in this process is the lack of structure procedures around it. When asked the question of its relation with the field, an impact investment fund replied that it all happened as part of its own research:

> *"We were not "formally" introduced to the impact investing field. It all happened as part of my research really. I was researching about investment, social impact, business and I came across a few actors in Brazil, with whom I decided to get in contact". (Interview #7: Impact Investor pers. comm., 2015)*

Summary of Findings and Interpretation

- When referring to actors of the field, universities shall be considered as important hubs of knowledge transfer and education on the field, as well as valuable sources to connect to other players. This result provides insight into the important role academic institutions may play as stakeholders of the field.
- Current players can be highly effective in growing the field, by introducing and "mentoring" potentially new actors on what the field is and how it works.
- There may be valuable projects on the market that are not uncovered yet, because of the lack of knowledge entrepreneurs have of what

makes a company a social impact business. That is, how they look at/frame their business.

- The process of including new players is still very informal and mostly is based on word of mouth. A high urgency may not be felt by stakeholders to bolster the integration of more stakeholders into the field.

5.2.2. About the experience in the field and how the field has evolved thus far

With the intent of exploring how the ecosystem is working in Brazil, the analysis centred on their experience and opinions on how it has developed over time. Our interviewees emphasized that the market has grown in size over the last few years in terms of funds available, and that the dynamicity of hubs like São Paulo has made it more conceivable to enter and operate in the field.

> *"The field of impact investing has existed for over 10 years. However, it was labelled differently at different times. The field with the name that we know it today has existed for some 3 years. In this time, the amount of capital committed to the field increased significantly…and such capital is invested in various industries. Hubs like São Paulo or Bogotá have an ecosystem that is fertile for the field to grow, with various actors all residing in one place". (Interview #5: Other Category, pers. comm., 2015)*

Nonetheless, whilst the consultancy's analysis is data backed, the perceptions of players directly involved with impact investing differ slightly. In discussing the financing channels from which an impact business may benefit, one of our interviewees stated that sometimes funds take a narrow approach to investing and focus too much on one or two industries. In doing so, they might close their view to good projects lying outside of those industries but that may have great potential to grow if invested in.

> *"Impact investment funds are crucial for the field to develop. However, my belief from my experience is that they focused their investments too much on education and healthcare. In doing so, they neglect other industries and businesses therein that are socially and impact relevant, as is the case of the company we are running. We are not an education impact business. We are not a healthcare impact business. Therefore, we do not fall within their scope*

of investment. Do we make an impact, though? Absolutely". (Interview #3: Impact Business, pers. comm., 2015)

The practices adopted by one or more actors at the funding end of the spectrum have an impact on the manner in which other players behave and contribute to impact investing. The recent challenge with which the field has been riddled so far was the lack of valuable investment opportunities against the amount of capital available – there is more capital than valuable projects available for investments. In order to obtain another perspective on this discrepancy, active funds were interviewed and asked the same question as above.

"We try to be as inclusive in our approach to investment as possible. We look at businesses in various industries up to the limit of our internal capabilities. However, investment funds dedicated to impact investing, to my eyes, exhibited a tendency to favour projects that for sure will generate impact. That is, sure-fire, well-define "impact investment" projects. They seem to avoid risking too much, but that is exactly what they should be doing to stimulate the field. A solution to this problem could come in the form of more cooperation and co-investment/pooling of resources for a given project". (Interview #6: Impact Investor, pers. comm., 2015)

Therefore, a lack of risk taking seems to lead funds to invest in industries where there might the most impact projects available and having such institutions join forces would have the effect of diversifying risk on a given project/impact business. Another fund, however, adds another important perspective to the discussion:

"In Brazil, the number of potential opportunities to invest in is infinite on paper. I could go to an investor abroad and mention that Brazil needs investments in education, agriculture, healthcare, and just about in other industries having a major impact on the country. However, that is main problem I see. The lack of prepared entrepreneurs is the problem I see, and it leads to the lack of good projects that are worth investing in. Because of the lack of prepared people, the risk is greater, which is probably why funds do not invest as widely as you would expect. Co-investment does take place, but it is more of an informal practice." (Interview #7: Impact Investor, pers. comm., 2015)

Summary of Findings and Interpretation

- There exists a discrepancy between what the data suggests and what the actors perceive with regard to investment opportunities and funds that may impact the way future actors will behave. This is consistent with the concept that framing influences a stakeholder's future behaviour.
- The amount of capital available to the field is increasing, but impact investment funds are perceived to be risk averse and invest only in "classic" industry projects. This preliminary result is consistent with *frame dominance maintenance*, where an interactant reinforces an already existing frame.
- Formal pooling of resources may be a solution for funds to diversify risk. This result connects to the idea of *internal framing*, which takes place when an interactant initiates and encourages the revision of existing frames.
- There is a lack of quality projects to devote such resources to, which may be linked to the lack of prepared entrepreneurs that may be solved by engaging more former corporate executives in the field.

5.2.3. Threats and opportunities in impact investing

Interviewees reported diverse challenges to be addressed and opportunities to be exploited in the field. Frequent challenges involve bureaucracy, lack of cooperation among investment funds and of an actor being of guidance for the field, lack of risk taking and of success cases to boost the its credibility, and at times wrong approaches– waiting too long for a potential impact business to generate the results needed to qualify as an impact investment leads many of such businesses to never receive adequate funding and support. Nonetheless, actors believe that there are several opportunities that, if grasped, may solve some of the aforementioned threats and contribute to the field.

“I sit on the panel evaluating projects and I am often confronted with the situation where there are three or five projects that catch my attention, but that on their own they would not be able to scale up. However, if combined into one single proposal, these projects may add significant value to the field and generate the impact and return needed“. (Interview #6: Impact Investor, pers. comm., 2015)

“Bureaucracy in Brazil is a major barrier to many start-ups or business ideas. Combining projects can be a solution to that – you take eight different projects and combine them into one and you have eight different solutions for eight different problems, and you do not have to go through the bureaucratic process eight different times.“ (Interview #7: Impact Investor, pers. comm., 2015)

Opportunities to improve the knowledge transfer process and relation among actors may also come in the form of formal mentoring up to the point where the impact business meets a fund. Qualified actors may function as validators of a project, thereby increasing its probability to get funding and succeed.

“Impact business projects need to be accompanied by other, established actors in the field that may show them what impact investing is and how to go about, as well as how to structure their operations in a way that “meets the definition” of the field. Doing so would contribute to the field. You would have businesses knowing that they are impact ones and that they would be ready to be invested in. I believe we are missing out on that for now”. (Interview #3: Impact Business, pers. comm., 2015)

“When looking back, it was key that we were accompanied by given actors in the field. It taught us a lot about it and was a major help with the way we do things here, the way we structure our approach to measuring impact and we plan our activities. Having more of this would help the field.” (Interview #4: Governmental Unit, pers. comm., 2015)

All of our interviewees shared a common belief that the Government in Brazil could have a stronger impact on the development of the industry than it is currently doing. That is, it should use its legitimacy to make a more significant impact on the field. Whilst they do not believe the field should wait for the Government to solve all

the pending issues, there is a consensus that a more involved role, even if partial, would be a crucial support.

> *"The Government could definitely help a lot more than it does today. It could open new lines of credit or restructure the ones it currently has, like Finep. It could also devise fiscal incentives for companies operating in this field or wanting to". (Interview #3: Impact Business, pers. comm., 2015)*

> *"I believe the regulatory/public framework today is not supportive enough. There are possibilities to explore for us, actors operating in the field, such as tax reliefs program and release of the heavy burden on liability, as happened in other countries". (Interview #6: Impact Investor, pers. comm., 2015)*

> *"From our experience, an impact investment project needs to yield results. Even then, one has to understand whether the results/social impact can be attributable to the project itself or other non-field-related activities taking places. In this sense, we witness pressure from the government authorities to generate results, and this may impact the way a project develops altogether". (Interview #4: Governmental Unit, pers. comm., 2015)*

Summary of Findings and Interpretation

- With formal mentoring of established actors to potential ones, projects may be structured more effectively and become more appealing to funds as a result.
- Combining single projects may be a solution to bureaucracy. This result hints at the possibility of *situated improvising*, where gradual internal modifications of practices arise through experimentation. In this case, it may occur by experimenting the merger of single projects.
- The Government may provide support in the form of tax and liability burdens relief. This is in line with the idea of importing a *master frame*.

5.3. SECOND ROUND: INTERVIEWS AND RESULTS

In this second round of interviews, we endeavoured to comprehend the interactional nature of the field of impact investing in Brazil. We asked, for instance, whether there was a specific player "orchestrating" the manner in which the field works or whether initiatives are carried out as a result of joint efforts. The purpose of this question was to identify focal interactants in the field, connecting to the institutionalization frameworks presented. Another question was about communication among stakeholders, which will helped us understand whether the field is characterized by formal or informal communication, an important element to the concept of rituals that are at the base of institutionalization of new practices and fields. A further question was about the possibility that the entrance of new stakeholders might affect established practice, and how current players in the field would react to that. This is important as it spells the success of one or more institutional models that we introduced. For instance, in the case of frames merging, it is important that two or more actors are open to considering breaking their own frames for the creation of a new idea/practice.

5.3.1. Stakeholders, attributes and interactions

In our discussion of stakeholder theory, we argued that the different attributes might have an impact on the way actors of the field would perceive of and the type of interactions they would have with each other, whether voluntarily or unconsciously. As we interviewed actors belonging to the three macro areas of the investment chain (i.e. investors, intermediaries, impact businesses), our intuition led us to believe we would have different stakeholder categorizations and types of interactions. In enquiring about an organization's stakeholders, we let them tell us what they believed were their stakeholders and how they classified them, without providing much background to the question as not to influence the interviewee. We also asked about the decision-making process behind their choice and answers to confirm or reject our belief.

The results from our interviews were consistent with our intuition. Interviewed organizations framed their stakeholder constituency in the manner that was best in line with their own business focus or/and practices and assigned one or more attributes to the same stakeholder. For instance, investors, incubators and accelerators, as well as impact businesses revealed that investors and impact

businesses held significant level of power and legitimacy. However, not all interviewed actors seemed to display a difference in way they classify their stakeholders.

> *"We put all of our stakeholders on the same level, as long as they share the same values that we have. If a stakeholder ceases to share our values, he/she ceases to be part of our network. The stakeholder ceases to be our stakeholder". (Interview #16: Impact Business, pers. comm., 2015)*

The results also confirmed that the type and particularly the frequency of interactions differed among actors, depending on the importance of a stakeholder to the actor in question. More "relevant" stakeholders won more attention in the form of more frequent contact, whether via email, via phone or even via in-person meetings. For instance, a leading investment fund devoted a lot of its time on a daily basis to look after its investors and its invested businesses, while its interactions with other stakeholders would fall in the neighbourhood of weekly or monthly interactions.

When asked about other actors, both in the same domain of activity as the interviewed organization (a fund vs other fund) or in others (fund vs an intermediary), we report a tendency of interacting among peers. That is, a fund would reach out to the same actors it has been interacting for a while.

> *"My perception is that the stakeholders in this field, while opening and welcoming, seem to relate only to their own small set of peers. We then tend to have a small set of actors that have active and frequent interactions with each other while others, especially new ones, have difficulty participating".*
> *(Interview #11: Intermediary, pers. comm., 2015)*

We also reported a fairly informal and ad-hoc type or relationship among interviewed players. For instance, a given fund would reach to another fund only when strictly needed and mostly via phone or email. This was particularly highlighted in the interviews with intermediaries of the field.

Summary of Findings and Interpretation

- Most interviewed players classify their stakeholders and assign attributes according to their own business focus. In doing so, they devote more time and resources in interacting with their most relevant stakeholders, and that comes in the form of daily and weekly communication and, where possible, meetings.
- A given set of players seemed to favour interactions with peers or well-known actors, which possibly leaves out new entrants.
- Most types of interaction in the field are informal and ad hoc. That is, there appears to be a lack of periodic formal events, which we argue would add a ritual component to the field, and institutions call each other when in need of a consultation or for sharing ideas.

5.3.2. Focal interactants, joint efforts and other initiatives

In most of the eight institutionalization frameworks (*Gray et al., 2015*) we adopted for this paper, one may identify the presence of a focal interactant in the models. This interactant is responsible for introducing frames breaks, leading other interactants into merging established frames into a new one, as well as for maintaining established frames. With this mind, we set out to understand whether there is (or are) key players in Brazil that are "orchestrating" the development of the impact investing field and whether new practices, as a result of their interactions, are born out of that.

The interviews showed that while a few actors are perceived to be leading institutions for their efforts and tenure in the field, there was consistence in the data collected that no real player can be labelled as a "permanent" focal interactant in the strict sense we desire for our models. Players are working on independent projects that make them "temporary" focal actors.

> *"There is not a major leader. There are few big names, though, such as Vox Capital, which is perceived to be a leading institutions, but I do not see someone or something coordinating things". (Interview #13: Intermediary, pers. comm., 2015)*

“The field is still very new, which means there is room for an actor to stand up and assume a leading position. However, for the time being, there are many loose pieces to the puzzle; everybody is focusing on doing their own thing right, on producing results. I would not be able to say that one leader exists, as we are still learning”. (Interview #15: Impact Investor, pers. comm., 2015)

“We decided to conduct a full study on the accelerator market as to bring clarity to entrepreneurs. Every accelerator has its own way of operating, starting from the type of service they offer (more strategic vs more hands-on), and we realized that they often found it difficult to grasp the difference between one accelerator and the other. Moreover, no other actor was exactly doing what we wanted. That is when we decided we needed to coordinate an effort in that direction.“ (Interview #18: Intermediary, pers. comm., 2015)

Moreover, we report the work of BRIIX in fostering more integration among the various actors. The former founder of a leading Brazilian accelerator, Instituto Quintessa, established BRIIX with several other partners (e.g. investment funds and intermediaries) as a platform to connect investors to potential impact businesses, which are selected through a rigorous process characterized by specific parameters. The organization intends to include as many current or potential players onto the platform as possible. The only requirement is that such players have an interest in impact investing. In doing so, the institution is attempting to make the field more inclusive. Moreover, in an adaptive form, BRIIX’s structure mirrors SERA’s in diversifying the investment risks and the one of GIIRS in ratings impact businesses.

“I believe in including all players who have an interest in impact investing. It is from this feeling of inclusion that I perceived the field missed a tool, a way to get multiple players connected. This is when I conceived of BRIIX”. (Interview #11: Intermediary, pers. comm., 2015)

Other actors have also been interacting with the various organizations of the field to launch research projects, studies and leading projects. For instance, ANDE (Aspen Network of Development Entrepreneurs) has been teaming up with multiple stakeholders to study the structure and workings of the field. Another valuable example of network-based initiatives is ICE (Instituto de Cidadania Empresarial),

along with a set of partner institutions such as SITAWI, has been supporting the (project) Brazilian Task Force in a manner that resembles an alliance format.

The Brazilian Task Force (herein referred to as the Group) was inspired by the work of the Global Task Force and was founded in May 2014 by ICE, a non-profit organization focused on social business, along with the support of SITAWI. Its main objective is to expand the availability of public and private capital to finance social innovation aimed at solving Brazil's pressing social issues.

To do so, it has carried out a number of researches and planned new ones that will culminate in October 2015 in a set of recommendations to advance impact investing in Brazil. Its strategic partner Deloitte led one of the most recent studies; it delved into a complete and detailed analysis of capital providing mechanisms in Brazil. Other important pieces of work conducted involved the provision of a set of recommendations for the Development Bank in May 2015 and the creation of a "carta de principios"/"principles in June 2016 to classify social impact businesses.

Similar to the structure of its Global counterpart, which features different key representatives from G8 countries' economies, the Group is composed of eminent figures from various sectors of the Brazilian economy. Besides its members, the Task Force receives assistance from four other bodies:

1) The Executive Body – Constituted by ICE and SITAWI. It is responsible for putting into practice the decisions taken by the Group.

2) The Working Group – Composed of twenty recognized organizations, such as Vox Capital, Artemisia, JP Morgan, MOV Investimentos, USP, SEBRAE, BNDES (Brazilian Social Development Bank, and ANDE. It played a pivotal role in prioritizing the critical areas of actions of the Group.

3) The Strategic Committee – Formed by Deloitte Brasil and Telefônica Foundation, it provide strategic guidance to the work and decisions of the Group.

4) Financial Sponsors – Featuring ICE, Peninsula Institute, Telefônica Foundation, and LEW'LARA/TBWA.

Another way that actors are using to promote the development of the field is the participation in and support of other initiatives. Bamboo Finance is an example of institution that, outside of his core operations, participate in such initiatives as Swiss Capacity Building Facility (as a founding member), Smart Campaign (as a campaign endorser), Social Performance Task Force (as of the 1000 participating members), and IRIS (as an adopter of the impact reporting investment standards for some of its portfolio companies).

Summary of Findings and Interpretation

- There are institutions that are recognized for their focus and established activity in the field. However, we could not identify a real leader in the field that could be associated to the concept of focal interactant. That means any field's actors with sufficient drive and devotion may step up to be a focal impact investing interactant, and the work of new stakeholders, such as BRIIX, may be analysed from this perspective.
- Players, especially in the case intermediaries, seek to interact in the form group researches and/or studies connecting disparate stakeholder towards a cause (joint efforts).
- Another form of interaction takes the shape of alliances, as is the case of ICE's work supporting the Brazilian Task Force, or of participation in other initiatives, as Bamboo Finance is doing.

5.3.3. New field entrants, practices and emotional component to the field

As the field continues to develop, we foresee an increase in the number of players participating in it, which is needed for impact investing to win an elevated status and capitalize on the attraction it has gained. With more organizations, we expect that new entrants could shape established practices/frames or bring fresh ones onto the table. In most interviews conducted, our organizations responded favourably to this idea that new entrants could have an impact on their practices.

> *"There will probably be change. More players entering the field will lead to new and different practices. We have already noticed a shift in entrepreneurs' understanding of impact investing. They are more savvy about the terminology and concepts and that impacts the way we interact with them and the content of our interaction – less about getting them on the same page and more about how to make things happen." (Interview #13: Intermediary, pers. comm., 2015)*

> *"I believe Impact investing will become mainstream. As it grows and more institutions join what is now a movement, the change in practices that I see is a lot on the side of external players – companies will be forced to produce in a sustainable, better and less strictly capitalistic way." (Interview #16: Impact Business, pers. comm., 2015)*

"We are relatively new to the field of impact investing in Brazil, as our core practice is slightly different, with our main goal being social impact, but we believe in starting educating society from very early on and being as connected to other players as possible. This is why we are heading educational initiatives with universities and we are part of other groups to learn more about the field and share our thoughts." (Interview #10: Intermediary, pers. comm., 2015)

"The more new and different entrants we have, the more the field has a chance to scale up. New and different entrants, with individuals from different industries, bring new sets of eyes, perspectives and potentially a further level of structure that can allow the ecosystem to produce better businesses and have more impact." (Interview #15: Impact Investor, pers. comm., 2015)

Yet, a word of caution was also spared by one of the respondents, who held the belief that new players may add value, but the basis of the field need to be solid for positive change, if any, to take place.

"It depends a lot on the way investors perceive Impact Investing. If they continue to see this as Philanthropy or think that Impact Investing is only a matter of the basis of the pyramid, as it is much the case a lot of times, we'll continue to name ourselves an Educational Investment Company. That is because this is a very restrictive view in a market that is already very specific (education). If they understand Impact can have as a consequence healthy returns we can go back to naming ourselves impact investors." (Interview #12: Impact Investor, pers. comm., 2015)

We then enquired about the emotional component of the field. To be sure, our question is related to the emotional intensification frame discussed in our theoretical framework. Emotions are important to the institutionalization process as they lead an interactant to associate with the new frame, positively or negatively. When combined with the concept of rituals, they can increase cooperation or conflicts with a group (*Barsade, 2002*). Our interviews yielded that the emotional intensification level is high among impact investing players. Words like "excitement", "happy", "determined", "pride", "focused", "valuable social impact" and sentences such as "the impact this field could have is enormous" often populated the answers of our interviewees. All of them confirmed that the atmosphere is positive and energizing among the various

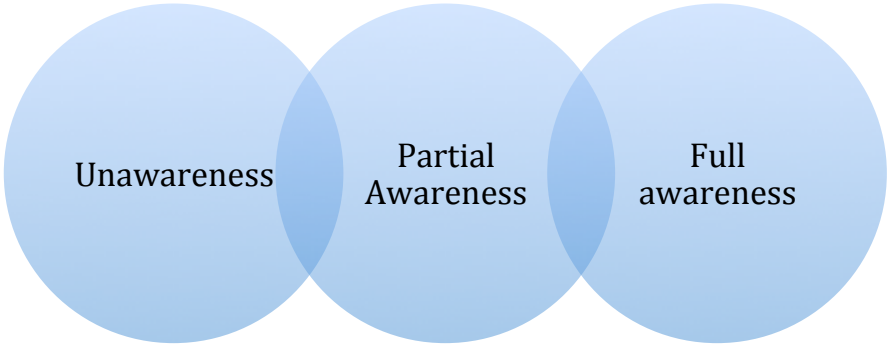
institutions. However, it also emerged that such positive attitude is often confined to and observed during formal events and that impact-investing players as a whole do not seem to let this spill into intensive interactions outside of organized gatherings.

> *"The are high expectations as well as a degree of anxiety in producing and showcasing results: success cases. I believe this is what leads some players to be less emotionally attached to the field as a whole, more risk averse and focused on their own business." (Interview #12: Impact Investor, pers. comm., 2015).*

> *"I do not think actors are not all about impact investing. In fact, overall, I would say there is great excitement among them for what has been done so far. If anything, I feel there is some anxiety over the lack of success cases and the reality that it takes time for investments to bear fruits, as well as frustration with the fact that players outside the field still cannot seem to grasp what impact investing is all about. So you have this great emotional momentum and this barrier in passing the message across to the "outer" world. In a way, what ICE and the Task Force are doing can been see in this light, but more along these lines has yet to come." (Interview #13: Intermediary, pers. comm., 2015).*

Valuable input that we received from one of our interviewees came in the form of a graph aimed at making sense of the field's emotional status, which we believe connects well to our work.

Figure 12 - Field Consciousness Level



(*Interview #11: Intermediary, pers. comm., 2015*)

According to our interviewee, the Brazilian impact-investing field lies at the intersection of “partial awareness” and “full awareness”. That is, established players, who have been operating in the field for longer and are also the ones with the most resilient and positive outlook on its development, tend to fall within the “full awareness” diagram above. The “partial awareness” diagram refers to those actors who have gradually started gaining exposure to the field, but who are not fully aware, and therefore not yet decided on their (emotional) stance on it, such as major corporations and blue-chip financial players. Potential new entrants or other actors who operate in the social sphere of investing but have yet not related themselves to the field also make up the “partial awareness” stage.

Summary of Findings and Interpretation

- The emotional component is present in the field, though seems to be mostly confined to established players of field and has yet not gained traction outside of it.
- Formal events were reported to be clear situations where such emotional component was visible by more than one interviewed player.
- The interviewed institutions yielded that anxiety about the lack of success stories and frustration with the outer environment holding out to join the movement are also present. These may be impacting the length to which players go in ensuring active, continuous and structured interaction with each other.
- Emotional intensification may surface as investments bear fruits and the field and the external environment (other potential players) move to full awareness.

6. DISCUSSION OF RESULTS

Our qualitative investigation was aimed at understanding how stakeholders of impact investing in Brazil were interacting to promote the field. It was our belief that the stakeholder theory and the attributes therein presented to classify stakeholders would be instrumental in grasping how actors of the field's actors in Brazil perceived of each other and how this impacted their interactions.

6.1. STAKEHOLDER THEORY

In the theory, we presented the debate over a narrower *vis-à-vis* a more general definition of the term stakeholder and we expressed our preference for a broader approach. We opted for a broader definition, taking into account the young development stage of impact investing and the possibility that a narrower view might deter potential entrants away from the field. Our interviewees demonstrated that it was an appropriate choice and that, in fact, they do believe that narrowing on whom should be included or not would be counterproductive

Another discussion in the theory related to the understanding of the term "stake" and the question of whether a potential stakeholder relationship might be as important as an established one. We embraced the belief that both established and potential relationships (among and between stakeholders) were important. We found this to be case in our interviews. As an impact businesses stated, "the organization of the future will have to look after all of their stakeholders, and be open to accepting new ones respecting the value of the organization in question". With respect to the field as a whole, our results showed that keeping an eye open for interactions outside of one's close knit of established connections is important for impact investin to attract new lifeblood, namely new institutions. The case of BRIIX attempting to be as inclusive as possible attests to that.

Finally, the theory presented three key attributes for a firm to classify its stakeholders, namely power, legitimacy and urgency, and we believed they could be relevant to classy stakeholders in a field's context of relationships as well rather than a firm's one only. Mitchell et al. (*1997, p. 868)* argue that these attributes are not steady states; that they are not objective, but rather socially constructed realities; and that they augment the level of salience in a relationship when they are combined.

What we found was that the interviewed institutions perform a classification of stakeholders, mostly in line with their core business or practice (framing). We report that the interviews perceived investors and impact business as having the attribute power in the ecosystem. In particular, one interviewee specified that impact

entrepreneurs have “the key to make or break the field, even more than the government could”. As for the intermediaries, some interviews assigned both legitimacy and urgency attributes, while others assigned the attribute of legitimacy only. Most interviewees believed the Government should be classified according to the attribute of legitimacy, while other believes the Government should have the attribute of power or bot legitimacy and power combined. These results confirm the theory that classification by attributes is more of a socially constructed practice than a well-defined taxonomy. In this classification, it surfaced that all the majority of our interviewees identified three major groups of stakeholders throughout the years until today: investors, intermediaries, and impact businesses. This result may conflict with the argument that the attributes can change over time. However, we caution against rejecting such argument altogether; impact investing in Brazil is far from being a static industry as more development should be expected, should the field grow, and this may have an impact on the classification we presented here.

6.2. INSTITUTIONALIZATION FRAMEWORKS

The framing our interviews have uncovered, as explained above, leads players to establish frequent contacts with the stakeholders they felt are more relevant to their operations, or with the ones they have know for the longest, which may preclude potentially new actors to enter the field. Our thought-out implications of this finding follow. Frequent contacts with a closed knit of stakeholders reinforce their relationships and can result in the creation of a field within a field. This is scenario may be best exemplified in the case of *frame dominance*.

In frame dominance a focal interactant reinforces an already existing frame (*Gray et. al, 2015, p. 128*). It may occur when interactants are interested in complying with current norms and practices (*Lawrence and Suddaby, 2006*). Both Repeated use of the existing frame and emotional intensity result in amplification (*Lammers, 2011).*

By reinforcing a frame, interactants still partake of a common meaning system, as we spelled out in our definition of a field. However, their preserved frame represents the basis of their meaning system, which differs from the one in which other actors of the overall ecosystem operate.

Going one step further, frame dominance can also evolve into other frames. As the members of this framework insulate themselves from the rest, they can push for any changes within boundaries they decide on. In fact, we discovered that interactions are characterized by informality and mainly occur via e-mail, phones and sporadic meetings, when necessary, and at events organized on an on-and-off basis.

This type of interaction seemed to be more consolidated among actors that were part of the same group. During these interactions, our interviewees conceded that they exchange ideas and pieces of advices, which are eventually embedded in their operations, and seek opportunities for operational and investment synergies. This links to the frameworks of frames merging and situated improvising.

We also learned that for the time being there is not an overarching leading interactant, but rather a set of actors who are focusing on their domains of activity, individually trying out new ideas, projects, or entering informal and formal partnerships when strictly needed, all of which may make them focal interactant. The Brazilian Task Force and the study they recently conducted about Brazil's impact investment market resources are examples of partnerships coordinated by ICE, which acted as leading hub. A total of over twenty organizations from disparate industries were involved in the effort. We also acknowledge that the various players displayed a collaborative attitude towards each other and openness to considering more interaction, should the opportunity present itself for them to do so.

Drawing upon these two examples, we can relate to our theory in the following way. The Brazilian Task Force itself, seen as a group of actors working together to provide overall guidance to the ecosystem's participants (as is the case with the Globa Task Force), can be associated with the *master frame importing framework*, where ICE, which acted as a focal interactant, worked to bring in and adapt the frame "Task Force" that had been developed in the context of G8 countries. ICE can also be understood in the context of *externally induced reframing*. To be sure, there was not a specific pressure that forced ICE to establish the Task Force, as the framework might suggests, but rather the impact investing movement and the momentum it was building abroad were stimulating factors in the choice. They way the framed situation turned them into a stakeholder of urgency that seized the window of opportunity.

Once introduced, the Brazilian Task Force becomes the focal interactant of the model, given the purpose of its mandate as delineated above, may carry out the master importing process again or attempt to act in a way that can be analysed through the other frameworks. By revising the roles of the Government and other entities, the social finance ecosystem and by preparing the ground for its recommendations, its efforts are best understood in the context of an internal reframing framework, where the focal interactant encourages the revision of existing frames.

BRIIX, the platform that aims to gather all actors in one place, is yet another example of institutional framework that we identified in our studies, namely an example of *internal reframing.* At the same time, the model on which BRIIX operates

is a result of a merger of practices from different fields, therefore it would also embrace a form of the *situated improvising* framework. When one of our interviewed investment funds yielded it sometimes carries out co-investments with it peers, we were able to refer to the *frames merging* framework.

To recapitulate, we found the field of impact investing in Brazil to display processes consistent with the following frames: internal reframing, situated improvising, frames merging, master frame importing, and externally induced framing.

We did not find processes consistent with the following frames: frame plurality, institutional distancing and frame dominance. Frame plurality occurs when when interactants with different frames operate in the same field and no effort is made to realign them or the effort to do is resisted.

While we acknowledged that our interviewed players are indeed using different frames to make sense of their reality, there does not seem to be a case of resistance of lack of effort. In fact, the level of cooperation reported contradicts the effort pillar of the frame plurality framework.

In institutional distancing, instead, some interactants wish to avoid adherence to the dominant frame. Our analysis does indicate that various organizations are experimenting with separate projects and shared initiatives. However, they are not doing so to distance themselves from a common frame, bur rather to potentially create one. We did discover the possibility that a select number of actors are leaning towards a form of frame dominance but, because the field is still at a very young stage, frames (whether individual or dominant ones) are in the making.

In fact, even in the processes consistent with the frames we were able to identify, we still think that there are elements that will help refine them. The ability of stakeholders to effectively harness the emotional content that has been generated in the field so far is crucial for the frames to both amplify further and pass the test of time. For instance, should organizations cease to believe in the potential of the field, initiatives like the one of BRIIX may not pass the start phase, because the motivation behind their efforts would not be as compelling. That also holds true for the Task Force; the Group's legitimacy, defined as "generalized perception or assumption that the actions of an entity are desirable", would not be so strong and we infer the Group would not be able to draw the same level of attention and interest in the various communities (academic, professional for example). Emotions management is therefore an important element to the frames found.

Another element is the role of the Government. Many interviewees indicated that public policy would be crucial for them and their practices, and overall for the field to scale up. Our study suggested that no real focal interactant exists for the time

being. We see an opportunity here. An increasing involvement of the Government would sweep away the concerns of several players that the field may be confined to itself. Hence, it would have a reassuring effect on the ecosystem. Apart from this, the Government may become the focal interactant and, in this sense, all the institutionalization frames would be improved. In this new capacity, the Government could work to support the growth of impact investing via new or improved regulation and a planning approach. Moreover, it could coordinate the situated improvising framework in a way that internal modifications of practices occur more structurally and in line with the specific public policies that it will devise.

On the other hand, the inexistence of a focal interactant does not challenge the usefulness of the institutionalization frameworks we adopted for our work, as proved above. While the frameworks call for one key interactant bringing changes to the field, they do not account for the change of time. In short, the framerworks represent a picture of the reality at the time we use them. Therefore, while impact investing Brazil does not feature a single players “orchestrating” and engaging other players, the plurality of initiatives, whether in the form of upcoming intermediaries with new business models; of market researches to clarify the roles of a set of actors; or of efforts behind a national Task Force, make specific stakeholders focal interactants of today.

With regard to informality of interactions, we believe it does not prevent the field from expanding further; the lack of rituals/repeated events might instead. In discussing how interactions could lead to institutionalization of a field, we explored the role that rituals, seen as repeated practices, play in the regularity of a frame, and ultimately to its durability. They heighten individual commitment to a given meaning and practice, and also create legitimacy for the frames (*Creed et. al., 2002*). We then discussed the importance of emotions during rituals for interactants, impact investment stakeholders in our case, to strengthen interactions and shared meaning among other stakeholders. Our findings show the field in Brazil features a strong emotional element among its members that was observed during organized events, This element is necessary for the frameworks to expand further and succeed, whether they are about a new initiative led by one stakeholder or a share effort among a group of them. Therefore, we see organized events as the needed rituals to maintain the level of emotion and dedication high among the plurality of actors.

7. CONCLUSIONS

We believe that impact investing can play a pivotal role in the economy of Brazil, especially in areas such as creating employability, providing banking and financing to more people in a sustainable matter, and lowering costs of energy and water supplies. In this sense, it is imperative that players of the field strive to interact more with each other and particularly with the outer community, which may not be up to speed with what impact investing can do. It might seem like a tall order, but we are confident the field will be able to reach further heights. We are convinced that the multiple players will find our work as a source of structural inspiration for their efforts, or as a different way of looking at reality.

7.1. CONTRIBUTION

In this paper we used established and recent frameworks by Gray et al. (*2015)* to make sense of the reality of interactions among actors in Brazil. We found this approach to intellectually stimulate our audience of interviewed institutions, much like an external consultant is known to be doing once he or she advises a new company. It had them stop and reflect on their work and on the field. As members of the academic community, we rejoice when academic work can have an impact on the professional world, which is often perceived to be distant from academia.

Our approach allowed us to uncover the type of relationships and interactions characterizing the field of impact investing in Brazil. We ascertained that the various players are interacting to promote the field, which is a sine-qua-non clause for its development. However, while we expected there to be a more organic effort, much like one might experience whilst working in a group of dedicate peers, interactions are occurring informally. That is, stakeholders are sharing ideas and tips of practices via e-mails and phones primarily and, when necessary, via ad-hoc meetings on a daily, weekly or monthly basis, depending on the stakeholders involved. This was particularly the case with intermediaries, such as knowledge producers, incubators and accelerators.

Another way that interviewed stakeholders revealed to be using to interact with the community is via ad-hoc joint efforts and initiatives, such as carrying out topic-specific studies and research, being part of and supporting other networks/organizations, or involving select actors into field-oriented projects such as the Task Force or BRIIX. In the case of accelerators and investment funds, we report

favourable interaction with respect to referring potential impact businesses to one another. Simply put: if an accelerator realizes that a given impact business could better suite another accelerator, a referral is made.

However, as interactions take on an informal format, the intensity might vary depending on the needs behind them. That is a point of concern for us. Another concern we share is the point brought up by a few interviewees that the field is composed of the same set of actors who, unconsciously, seem to interact with each other only.

7.1.1. Contribution to theory

A central theme in the stakeholder theory is the identification and classification of stakeholders. Our study applied such theory in the context of relationship in a complete field, taking a multiple stakeholder approach *vis-à-vis* the classic firm-to-field one. We aimed to test that classifying stakeholder by a specific set of attributes has an impact on the way these stakeholders interact with each other towards a shared goal, such as the advancement of their field. Our results yielded that as impact-investing institutions ranks a set of stakeholders in a higher position based on a specific attribute or the other, they devote more time and resources to them. This implies that a group of stakeholders will benefit from a sharing of ideas and practice, while others will not. Therefore the theory of stakeholders can be implemented to analysing relationship dynamics among stakeholders in an entire field, beyond allowing a firm to devise stakeholder-oriented initiatives and strategies.

We also adopted the stakeholder theory as a basis of institutionalization frameworks that we used to comprehend the relations among impact-investing players. Simply put: the stakeholder theory informed us that attribute-based classification of stakeholders impact their interactions and the frameworks inform us such interactions may lead to institutionalization of the field.

The framework theory was based on the concept of framing, the way one looks at reality, and illustrated that there are eight different models through which an ecosystem' interactions can escalate to its full institutionalization. While the theory is recently new, our results showed that it is possible to apply it to examine a novel and rapidly changing field.

While the models require a focal player, therein defined as focal interactant, our work demonstrated that the way one conceives of a focal interactant is important. If one takes a static stand on the matter, believing that a focal player is a an actor who dominates the field from its very inception, then models might not hold to the

letter. Instead, if one frames it differently and sees such player from a temporary perspective, similarly to the way Mitchell et al. (*1997*) frames the stakeholder attributes as changing states, then models become powerful tools to analyse dynamic environments.

Finally, our investigation supports that the way we frame our surroundings has a significant impact on we interact with them. A sociological and psychological approach, as highlighted in the framework theory, is useful to study single individuals and larger systems, such as a field.

7.1.2. Recommendations for the development of the field

From our interviews, we would then like to share the following practical guidelines for the field of impact investing Brazil that may be of use to the other countries as well:

1) Keep it open: our interviews yielded that while the actors in Brazil expressed enthusiasm at the idea of new players, a tendency also emerged of such actors, perhaps unconsciously, ending up holding lines of communication and interactions with same set of stakeholders, de facto creating a closed-off set of actors in the ecosystem. This might be beneficial for reinforcing established links, but it also stripes the environment of different sets of perspectives.

2) Narrow the term impact investing when it is time to do so: we report great strides in the way actors interacted to come up with as good a definition for the term as possible, such as the partnerships between ICE and the Working Group of select actors that created the “carta de principios”/”principles for social impact businesses”. However, we caution that striving to narrow the term now might close potentially valuable contributors from the field.

3) Strive to organize frequent action-oriented events: the field will do well to have more frequent events with the requirement that each of them ends with clear recommendations/plans of action for players to implement. To these events institutions from a variety of industries and sectors may be invited to participate that may enter field, contribute with different perspectives and, perhaps, new practices as well. As evidenced in in the interviews, a variety of players share the belief that the regulatory environment in Brazil is not supportive enough of impact investment initiatives and businesses. In this sense, the Government could structure field-specific lines of credit or revise the current ones, to begin with. For instance, state-owned banks in Brazil (such as BNDES) rarely examine in detail the impact of the businesses they support. They could help catalyse the field by requiring that their

supported firms should follow particular impact-based standards. However, at the base of the Government's lack of (expected) contribution lies the difficulty in fully grasping impact investing and the role of its actors. Frequent events could help:

1) Bridge this gap - By involving the Government in periodic interactions, the numerous institutions will be able to share the latest progresses made, the challenges encountered and the limitations faced, all of which will make Government more knowledgeable and competent about impact investing.

2) Manage expectations and maintain emotional and organizational dedication – It emerged that the actors share feelings of excitement about recent developments, of anxiety about the lack of success cases, as well as of dissatisfaction with the difficulty in galvanizing outsiders of the field. Emotions are a crucial component to the social dynamics frameworks used. Positive emotions provide the basis for cooperation, new initiatives and solutions to problems faced. During those events, actors will have the chance to manage their expectations about their work and the field with their peers, therefore not allowing anxiety and frustration to take over, which will help maintain the momentum built so far.

Indeed, there are trade-offs to be considered when events of this kind are organized. While a unique industry leader has not been identified, it may be that one of the individual leading organizations will set the tone to events and consequently have an impact on the topics discussed and how these are analysed. In short, it may act as a filter. Yet, the presence of other institutions could reduce the likelihood of this happening.

Nonetheless, a solution to this problem would be to time-limited discussion of topics relating to the most pressing issues and matters to the field. An example of this is found in ItaliaCamp, an Italian non-profit institution, which organized the first unstructured conferences in Italy where public and private institutions actively participated and generated solutions together. In these conferences, different categories of topics were set up and their discussion was time limited to facilitate the analysis of multiple issues. The task was for the participants of each category to choose the best ideas/projects presented by the end of the event.

7.2. LIMITATIONS AND SUGGESTIONS FUTURE RESEARCH

Our study is an initial attempt to study the novel field of impact investing from a different perspective and to set the course for more efforts in this regard. Yet, we acknowledge that it is subject to a number of limitations.

First, further research could pursue a larger and more comprehensive sample, including other impact-oriented businesses, perhaps using a more quantitative approach. An idea would be to interview both successful impact businesses, namely the ones meeting the requirements of accelerators, and unsuccessful ones in order to gain better insight into their relational aspect.

Second, the timing of our work and the stage of the field had an impact on the data we managed to collect in our interviews. Since impact investing in Brazil is very recent, we believe clear stakeholder's roles and interactions will start to emerge as the field gains more and more traction. Also, as key developments may occur in the coming months, with the Task Force issuing their recommendations, we foresee a time of changes, as conceptualized in the institutionalized frameworks in this paper. Therefore, future research should strive to plan a longer commitment to the study of interactions and conduct monthly interviews with the various stakeholders.

Third, we availed ourselves of one type of questionnaire for our interviews. Future researchers should consider devising different questionnaires for the different categories of stakeholders to be interviewed. For instance, investors could also receive questions more related to their interactions and initiatives with other investors rather than with the ecosystem as a whole only. Likewise, interviews with other categories of stakeholders should focus on their category first and foremost, only then taken on an overall view approach. Doing so will allow one to increase the probability of receiving rich data.

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APPENDIX I – List of Interviewees

ID	Company	Country	Interview date	Interview time (min)	Type of interaction
1	Intermediary	Brazil	16/01/2015	70	In-Person
2	Intermediary	UK	11/03/2015	45	Skype
3	Impact Business	Brazil	11/03/2015	45	Phone
4	Governmental Unit	Brazil	13/03/2015	50	Phone
5	Others	Brazil	13/03/2015	30	Phone
6	Impact Investor	Brazil	18/03/2015	80	In-Person
7	Impact Investor	Brazil	20/03/2015	60	In-Person
8	Impact Investor	Brazil	24/03/2015	90	In-Person
9	Impact Investor	Brazil	01/04/2015	60	Skype
10	Intermediary	Brazil	17/06/2015	180	Skype
11	Intermediary	Brazil	18/06/2015	180	In-Person
12	Impact Investor	Brazil	19/06/2015	160	In-Person
13	Intermediary	Brazil	23/06/2015	140	Skype
14	Impact Investor	Brazil	23/06/2015	60	Skype
15	Impact Investor	Brazil	24/06/2015	70	Skype
16	Impact Business	Brazil	26/06/2015	90	In-Person
17	Intermediary	Brazil	26/06/2015	45	Phone
18	Impact Investor	Brazil	30/06/2015	30	Skype
19	Intermediary	Brazil	30/06/2015	75	In-Person
20	Impact Investor	Brazil	30/06/2015	120	Skype

APPENDIX II – Script for Interviews (Round 1)

1. ENTRY DYNAMICS

- What is the engagement of your organization in the Impact Investing field?
- When and how did you first hear of the Impact Investing field?
- When, how and why did you consider operating in such field? Did some other players already operating in the field lead you to the field?

2. FIELD EXPERIENCE, THREATS AND OPPORTUNITIES

- What is your account of your experience in the field so far?
- Would you be able to delve deeper into your experience and current activity in the field? What have been the biggest challenges?
- How do you perceive the current ecosystem and the manners in which current and leading stakeholders are supporting it?
- How has the field changed since the moment you first acted in it/first heard of it? What do you think of the way the field is evolving? Do you believe the current players should act, interact and operate differently to help the field grow, and if so how?
- If you had the opportunity to change one or more things in the field to ensure it will function better, what would it be? Please, in your answer, ensure to include examples of what has so far been working well and of what did not.
- Have you ever heard of the Brazilian Task Force? (If interviewee answer YES, please move to subsection)
    - What are your thoughts about it?
    - Do you believe they are or can be an effective mechanism to advance the field?
    - How do you think they could be more effective?
    - What would you hope they would do to support the development of the field, and consequently organizations like yours?

APPENDIX III – Script for Interviews (Round 2)

Research Question: How do stakeholders interact to advance a nascent field?

Concepts:

- Interaction: component of relational events (not continuously present)
- Field: dynamic community of organizations in a common meaning system

- Framing: process through which people evaluate and make sense of situations/reality
- Keying: set of conventions transforming an activity into something patterned
- Frame break: when an interactant intentionally breaks a frame
- Ambiguity: when interactants hold different interpretations from one another
- Lamination: further level of framing
- 8 framing frameworks: Gray et Al, 2015

QUESTIONS

THE ORGANIZATION:

1. Who are your stakeholders in the impact-investing field? Why do you classify them as such?

2. How do you manage things with each of your stakeholders in the impact-investing field? Is it all the same? How often do you talk? You talk about what? What do you do together? Can you think of any examples? Do you meet or what other means of communication do you us with your stakeholders?

3. How have things between you and your stakeholders in the impact-investing field changed over time? Can you give me some examples? Why have things changed/not changed?

4. What sort of initiatives, if any, do you run to push the field forward? Do you act alone or in joint efforts? How often are these initiatives?

IMPACT INVESTMENT INTERACTIONS DYNAMICS:

1. In what concerns impact investment and everything related to it, how would you define the sector? Who do you perceive as currently playing a role in the field? How do the organizations interact with each other (what do they do together, how often do they talk, etc.)? Is there someone “orchestrating” the definition of the way things are done in the sector? Or is it the result of a joint effort/definition of things? Is it planned or emergent? Is there a defined way of doing things, or you just improvise and learn as you go along?

2. Do you think there has been any change over the years or in relation to a specific period of project? Have things changed stakeholder wise? Has there been a change regarding who is in the sector? Change in role? And power? Do you deal with different organizations now or has it remained the same since you have joined the sector? What stakeholders do you think should be or might contribute to the field? How and why?

3. How have your organization and developed activities changed over time? Why and how have things changed? Can you think of any examples? Did this have any impact on the way you perceive stakeholders and their role in the sector?

4. What do you think may happen as more actors enter the field of impact investing? Do you feel present practices/activities/routines in your organization or in the one(s) of other stakeholder's would change? Why and how? Can you think of any examples?

5. Do you think that there has been a significant effort at the global level to spark interest in and advance the field? How would you say this has impact and will further impact the way your activity and perceptions of things, as well as the field development in Brazil? Will the current practices change (If so How? If not, why?)? Will the involved organizations interact in different ways and with different purposes? In what terms? Can you think of any examples?

6. How would you define the current interactions among actors of the field of impact investing in Brazil to advance?

7. What would you say it is the level of collective conscience in the field? Is there a momentum going on? How could we make the most out of it?