



Sustainable Finance: Emerging Challenges and Opportunities

Mario La Torre and Helen Chiappini

Sustainable finance, and all the related concepts under this umbrella term—such as ethical, socially responsible, and impact finance (Sandberg et al. 2009; Yen et al. 2019)—is emerging as a mainstream topic, gathering the interest of worldwide policymakers, practitioners, and academics.

Climate change, but also the unmet social needs, encourage a fast transition towards a sustainable economy and, in turn, the identification of a clear regulatory framework, able to support the financing of the most virtuous sectors. Several jurisdictions are moving on in this direction (OECD 2020), however, investors remain still caution due to the

M. La Torre

Department of Management, Sapienza University of Rome, Rome, Italy
e-mail: mario.latorre@uniroma1.it

H. Chiappini (✉)

Department of Management and Business Administration, G. d'Annunzio University of Chieti-Pescara, Pescara, Italy
e-mail: helen.chiappini@unich.it

© The Author(s), under exclusive license to Springer Nature Switzerland AG 2021

M. La Torre and H. Chiappini (eds.), *Contemporary Issues in Sustainable Finance*, Palgrave Studies

in Impact Finance, https://doi.org/10.1007/978-3-030-65133-6_1

risk of green-washing that the sustainable market currently faces (Parguel et al. 2011; Revelli 2017; Yu et al. 2020).

Undefined (or not aligned) regulations and green-washing are only some of the most relevant challenges of sustainable finance. This book aims to shed lights on current issues in sustainable finance through a critical presentation and discussion of theoretical issues, case studies of innovative financial products and sustainable institutions; it also empirically investigates some challenges related to both financial and social performance.

In more detail: the book explores challenges in the following main streams: (i) sustainable products, (ii) financial institutions and sustainable practices, (iii) investee organizations, and impact measurement.

The conclusions offer an overview on the most recent challenges faced by sustainable market and, more in general, by the global economy and financial system, over the COVID-19 pandemic crisis.

1.1 SUSTAINABLE PRODUCTS

Chapter 2 *Who likes SIBs? A bibliometric analysis of academic literature* by Luigi Corvo, Ludovica Pastore, and Matteo Ghibelli, investigates academic contributions on social impact bonds (SIBs) through a bibliometric analysis. The study reveals that existing literature has a positive and optimistic view of SIBs and that both governments and investee organizations consider outcome-based contracts as valuable schemes.

Chapter 3 *Fighting poverty and inequalities through social impact bonds: learning from case studies for supporting the COVID-19 response* by Annarita Trotta, Rosella Carè, Rossana Caridà, and Maria Cristina Migliazza, discusses critical case studies of SIBs aimed at addressing poverty and socio-economic inequalities. The chapter contributes to the ongoing debate on SIBs, providing a framework of practices useful for SIBs development, also in the post COVID-19 pandemic scenario.

Chapter 4 *Green bonds capital returns: the impact of market and macroeconomic variables*, by Alessandra Ortolano and Eliana Angelini studies the determinants of green bonds capital returns. Findings highlight peculiarities, like the negative autocorrelation or the lacking influence of stock market.

1.2 FINANCIAL INSTITUTIONS AND SUSTAINABLE PRACTICE

Chapter 5 *Crowdfunding as a support tool for the activity of social investors* by Antonio Minguzzi and Michele Modena, discusses the case study of an Italian crowdfunding platform, demonstrating that social crowdfunding promotes a significant interaction between all players involved in the crowdfunding scheme—non-profit organizations, social investors and donors—and improves the philanthropic activity of the banking foundation.

Chapter 6 *Environmental, Social, and Governance Integration in Asset Management Strategy: The Case of Candriam*, by Simona Cosimato, Nicola Cucari, and Giovanni Landi, examines how the asset manager integrates ESG factors into their investment strategies, and how they communicate such strategies.

Chapter 7 *Family Firms As Prominent Investment Organizations Of Social Finance: An Empirical Analysis Of U.S. Family Foundations*, by Carmen Gallucci, Rosalia Santulli, and Riccardo Tipaldi examines U.S. family foundations and supports that they are playing a significant role in the social finance landscape by providing social entrepreneurs with equity and debt capital, as well as grants.

Chapter 8 *Norwegian Pension fund's portfolio: What happens to the companies divested for environmental concerns?*, by Stefano Dell'Atti, Viviana Fanelli, and Federica Miglietta, investigates how international investors reacted to the news of firm exclusion from the portfolio of the Norwegian Government Pension Fund-Global. Results highlight different reactions according to the investors' behaviors.

1.3 INVESTEE ORGANIZATIONS AND IMPACT MEASUREMENT

Chapter 9 *Women's empowerment through social entrepreneurship and impact investing in Myanmar*, by Vlada Perekrestova, explores the role of social entrepreneurship and impact investing on women's empowerment in Myanmar. The chapter supports that impact investments in Myanmar play a decisive role in disrupting the current way of financing development, as well as in creating a new generation of female social entrepreneurs.

Chapter 10 *Social impact assessment: measurability and data management*, by Luigi Corvo and Lavinia Pastore, explores the great potential of technological innovation in favor of social and environmental impact objectives. The results give evidence that digital technologies may have a relevant role in making social processes more measurable, reliable and scalable.

Chapter 11 *Social impact assessment: a focus on Italian innovative startups with a social goal*, by Manuela Gallo and Valeria Vannoni, investigates impact assessment of startups that seek to achieve a social aim. The findings confirm the urgency of removing cultural and practical barriers that start-ups are experiencing in the measurement of social impact.

1.4 CONCLUDING REMARKS OVER A GLOBAL PANDEMIC

Chapter 12 *Sustainable finance challenges and COVID-19 pandemic: weathering the storm and preventing a new one*, by Helen Chiappini concludes the book with an overview of sustainable financial products implemented during the pandemic crisis and summarizes some reflections on how sustainable finance could represent a useful tool for reconstructing a resilient financial and economic system.

REFERENCES

- Yen, M. F., Shiu, Y. M., & Wang, C. F. (2019). Socially responsible investment returns and news: Evidence from Asia. *Corporate Social Responsibility and Environmental Management*, 26(6), 1565–1578.
- Yu, E. P. Y., Van Luu, B., & Chen, C. H. (2020). Greenwashing in environmental, social and governance disclosures. *Research in International Business and Finance*, 52, 101192.
- OECD. (2020). *Developing sustainable finance definitions and taxonomies*. Paris: OECD Publishing, Green Finance and Investment.
- Parguel, B., Benoît-Moreau, F., & Larceneux, F. (2011). How sustainability ratings might deter ‘Greenwashing’: A closer look at ethical corporate communication. *Journal of Business Ethics*, 102, 15.
- Revelli, C. (2017). Socially responsible investing (SRI): From mainstream to margin? *Research in International Business and Finance*, 39, 711–717.
- Sandberg, J., Juravle, C., Hedesström, T. M., & Hamilton, I. (2009). The heterogeneity of socially responsible investment. *Journal of Business Ethics*, 87(4), 519.