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Building institutional legitimacy in impact investing

Strategies and gaps in financial communication and discourse

Othmar M. Lehner
Said Business School, University of Oxford, Oxford, UK
Theresia Harrer
Middlesex University, London, UK, and
Madeleine Quast
Fachhochschule Oberosterreich Fakultat fur Management, Steyr, Austria

Abstract

Purpose – Impact investing denominates an investment logic that combines social and environmental goals, financial returns as well as personal values. The purpose of this paper is to consider the concept of legitimacy to be an appropriate way to understand how actors in the impact investing market influence discourse in order to overcome the inherent liability of newness – based on hybrid institutional logics – through their financial and non-financial communication.

Design/methodology/approach – Based on two theoretically defined sets of codes, a thematic discourse analysis is conducted by analysing meaningful units derived from documents produced by case-selected actors in the impact investing industry, which are then categorised into rhetorical strategies for legitimacy building.

Findings – The paper finds that actors use diverse legitimisation strategies based on their relative positioning in the impact investing market. These strategies determine the actors' main discursive foci and, in turn, are affected by the overall organisational activities, governance and mission. This study proposes and discusses eight legitimacy creating strategies of relevant archetypes of impact investing actors in their financial and non-financial communication. Following these interconnected discursive engagements, a communication gap can be demonstrated between investors, intermediaries and social entrepreneurs.

Originality/value – Such discursive engagement gaps can provide a theoretical lens to explain the almost non-functional market and, as practical implications, show the need for convergence and harmonisation in financial and non-financial reports and communiques. This research further contributes to theory by providing insights into the discursive creation of legitimacy, and by promoting a better understanding of the emerging field of impact investing.

Keywords Communication, Discourse, Legitimacy, Impact investing, Impact reporting

Paper type Research paper

Introduction

Societal challenges, such as climate change, the depletion of natural reserves, hunger, poverty, water scarcity or gender inequality together with a global social-media outreach have created new markets and may provide the underpinnings for increasing activity in social entrepreneurship and responsible investments. Social entrepreneurs pursue a social or environmental mission through their economic activity (Huybrechts and Nicholls, 2013; Nicholls, 2009, 2010), following hybrid business models that combine social, environmental and economic elements and include people, planet and profit in their rationale (Lehner and Nicholls, 2014).

Looking from a financial, investment perspective, Moore *et al.* (2012) argue that traditional sources of finance for social and environmental undertakings, for instance governmental grants, may become even scarcer in the near future due to ongoing austerity measurements. At the same time, Clark *et al.* (2015) or Friede *et al.* (2015) find that a shift towards the inclusion of sustainability factors in investment decisions can entail an even better financial performance, making a strong point for investors to look into this area.

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Yet, Lehner (2013) sees that traditional finance instruments that do not include social returns in their logic may be inadequate for social entrepreneurs due to their inherent liability of newness and the resulting risk-premiums. Furthermore, Moore *et al.* (2012) highlight that even if the capital supply was sufficient, institutional barriers and disincentives would still prevail and prevent private capital from being channelled into innovative social and environmental businesses because of the incompatible rationales and discourses.

Approaching and understanding this need to adapt (Brandstetter and Lehner, 2014; Harji and Jackson, 2012), impact investing as a sector has become one aspect of the social finance movement (Lehner and Nicholls, 2014) that has gained a large momentum since the term was originally coined by the Rockefeller Foundation in 2007 (Harji and Jackson, 2012). Still, according to Lehner and Nicholls (2014), the social impact market appears to be in its infancy. They further indicate that such innovative investment efforts have to be institutionalised and legitimised before more mainstream financial markets can be reached.

The current problems in impact investing are intensified by a lack of terminological clarity (Harji and Jackson, 2012; Höchstädter and Scheck, 2015), and a scarcity of capital across the acceptable risk-and-return-spectrum together with a shortage of track records of successful high-quality impact investments (Harji and Jackson, 2012; Saltuk *et al.*, 2011).

Building Legitimacy is often regarded as an effective way to overcome the liability of newness and ensure organisational survival and success (Fisher *et al.*, 2017; Suchman, 1995; Zimmerman and Zeitz, 2002), as it imparts easier access to resources from external stakeholders and also fosters the process of the above-mentioned institutionalisation. Yet from a research point of view we do not well know how legitimacy can be created in a multi-contested field such as impact investing and how financial and non-financial communication in the "narrative economy" (Shiller, 2017) would need be configured in order to achieve the building of legitimacy. Thus, the following research questions have been postulated:

RQ1. How can institutional legitimacy help us understand the impact investing market better?

RQ2. How are the relevant archetypical actors contributing to discourse in the field through their financial and non-financial communication activities?

RQ3. Which legitimisation strategies can be identified, depending on the type of actor?

RQ4. Are certain discursive foci of particular relevance in the corresponding reports and communiques?

The paper proceeds as follows. In the first part, literature on impact investing and legitimacy theory is reviewed and the link between these is point out. In the course of this analysis, the authors also propose a classification of active actors in the field by refining earlier academic conceptualisations. In the second part, a thematic discourse analysis of reports and investor communiques is conducted. Meaningful units primarily deriving from documents of selected actors are coded based on two different sets of codes, specifying general main discursive foci and legitimisation efforts of analysed actors. Finally, the findings are discussed and areas for further research are identified. Due to the nascent state of the literature (Edmondson and McManus, 2007), the aim of this paper is to provide theoretically informed propositions and methodological foundations for further inquiries rather than postulating unsubstantiated generalised claims based on inevitably subjective interpretations.

Impact investing

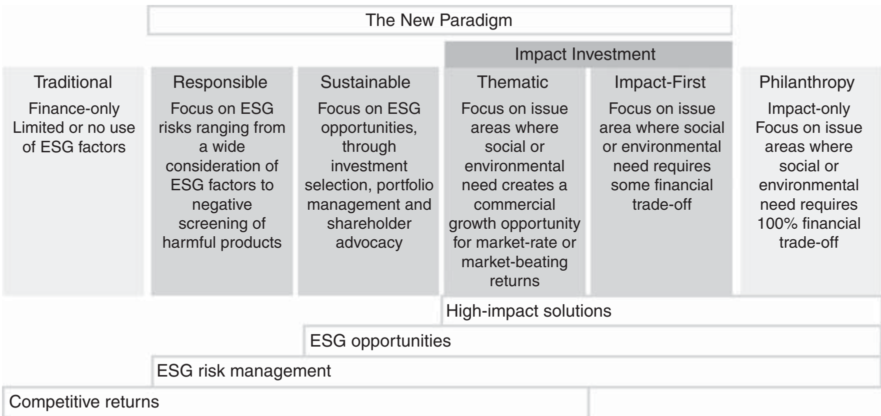
Multiple, often divergent, firm-specific definitions of the term impact investing and blurred boundaries with related concepts such as "socially responsible investments" or "sustainable finance" have obstructed a common understanding of impact investing's main principles

(Höchstädter and Scheck, 2015). Despite this, all definitions seem to agree that the characteristics of impact investing comprise the intentional creation of social and/or environmental impact alongside of financial returns (Brandstetter and Lehner, 2015; Daggers and Nicholls, 2017; Harji and Jackson, 2012). This joint creation of social, environmental and financial value is often referred to as "blended value", for example, by Bugg-Levine and Emerson (2011), Harji and Jackson (2012), Nicholls (2010) and Weber (2017). Wood *et al.* (2012, 2013) assume that institutional impact investors can act as agents who are able to catalyse further investments by legitimising the industry for other investors and service providers. However, according to Saltuk *et al.* (2011), there are two major challenges which investors face when they are opting for impact investing: first, a lack of capital across the acceptable risk-return-spectrum, and second a relative shortage of tracked successful high-quality investment opportunities (GIIN, 2016). Furthermore, difficulties concerning exit strategies, problems in defining a common language to talk about impact investing and a lack of innovative structures for portfolios rank amongst the most critical challenges confronting the impact investing industry (GIIN, 2016; Saltuk *et al.*, 2011).

Brandstetter and Lehner (2015) position impact investments as a new and innovative paradigm in the financial world and provide an overview of a spectrum of investors, spanning between philanthropists and traditional commercial investors. This spectrum is based on: the willingness to compromise on financial performance for social and environmental returns; and the investment foci between negative and positive selections based on environmental, social and governance (ESG) criteria (Brandstetter and Lehner, 2014; Harji and Jackson, 2012; Wilson, 2014) (Figure 1).

Although institutions such as the Global Impact Investing Network (GIIN) or B-Lab have already made significant efforts in promoting the industry's advancement by establishing comprehensive reporting and measurement standards such as IRIS, GIIRS and B-Impact Assessment and there is more and more regulatory pressure to report non-financial information; traditional investors are still slow in adapting.

In any financial market, intermediaries are specialised entities that are experts in structuring deals and portfolios and take a key position in the relationship between those providing and those in need of capital. According to Wood *et al.* (2013), most institutional asset owners leave their portfolio management to intermediaries. By considering this critical role in more detail, intermediaries can promote or even undermine impact investments regardless of the asset owner's particular impact objective.



Source: Brandstetter and Lehner (2015, p. 89)

Figure 1.
Spectrum of social finance

Finally, besides supply and demand actors and intermediaries, the investment environment (atmosphere), which is distinctly shaped by governments, policy makers and regulatory authorities, can make or break public legitimisation and thus contribute to society's validity judgement regarding impact investments (Bitektine and Haack, 2015). Following our initial thoughts on the impact investing industry landscape established by Brandstetter and Lehner (2014), the authors now combine their contributions with the findings of Harji and Jackson (2012) in Figure 2.

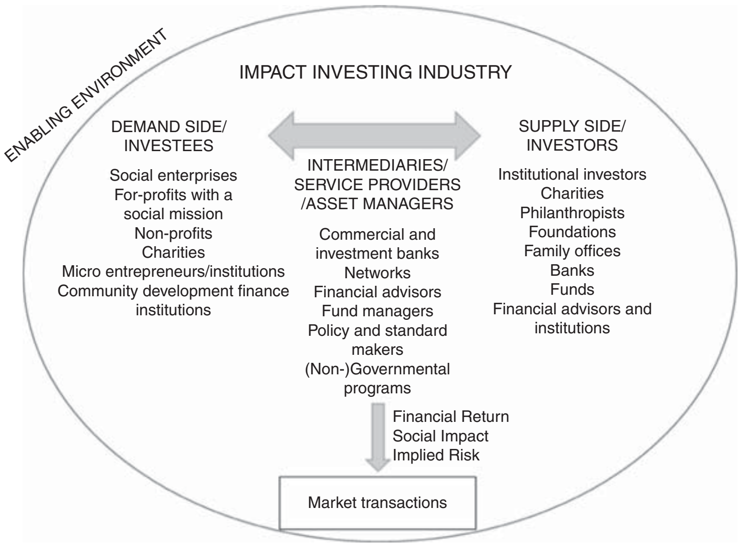
This figure provides insights into the interplay between different types of investors, intermediaries and investees, and sheds light on the division of the industry's landscape in terms of asset owners, asset managers, service providers and the demand side. To enable a successful and fair-priced resource flow between the actors, in other words to overcome the problems stemming from the liability of newness, the concept of blended value creation needs to be accepted and legitimised (Fisher *et al.*, 2017; Zimmerman and Zeitz, 2002).

The concept of legitimacy

While legitimacy in management is often positioned in institutional theory (Tost, 2011), it is also widely accepted and applied in philosophy or political sciences. Thus, as shown in Table I, diverse definitions of legitimacy based on Suchman's (1995) overview can be found in the literature.

Suddaby *et al.* (2015) address the widespread application and popularity of legitimacy as a concept and offer a classification of existing research into three distinct perspectives on legitimacy: legitimacy as property, legitimacy as process and legitimacy as perception. Because the different perspectives are important when it comes to understanding legitimisation strategies in a field, these three approaches will now be elaborated upon in the next few paragraphs.

First, building upon the thought of legitimacy as property, the authors denote that legitimacy occurs as an "immaterial resource which a company gains or acquires from its



Sources: Authors, based on Brandstetter and Lehner (2014, p. 17) and Harji and Jackson (2012, p. xi)

Figure 2. The actors in the impact investing industry

Table I. Foundational definitions of legitimacy

Author	Definition
Ashforth and Gibbs (1990, p. 177)	"A social judgment that is ultimately accorded to the organization by its constituents"
Dowling and Pfeffer (1975, p. 122)	"Congruence between the social values associated with or implied by (organisations') activities and the norms of acceptable behaviour in the larger social system"
Scott (1995, p. 72)	"A condition reflecting cultural alignment or consonance with relevant rules, laws or normative values"
Suchman (1995, p. 574)	"A generalised perception or assumption the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions"
Zimmerman and Zeitz (2002, p. 414)	"Social judgment of acceptance, appropriateness and desirability enabling access to resources"

audiences through adopting structures, practices and symbols that are regarded to be legitimate" (p. 12). Consequently, the legitimacy object can be constituted by the degree of fit to its contextual conditions and environments. In this perspective, fundamental works such as Aldrich and Fiol (1994) additionally refer to legitimacy as socio-political underpinning. They state that legitimacy refers to a certain degree of congruence between an organisation's characteristics or expectations and the cultural system it is surrounded by. Further work by Scott (1995) adds the dimensions of regulative and normative legitimacy. He not only asks whether an organisation's characteristics complies with a cultural system's regulative processes, but also how well certain organisational actions, values and characteristics align with the broader social environment. Acknowledging these early findings in the concept of legitimacy as property, Suchman (1995) offers an influential conceptualisation and defines pragmatic, moral and cognitive legitimacy, whereas the pragmatic type asks whether and how organisational structures or practice work is successful and fulfils the expected outcomes. However, this faces criticism as some scholars (Aldrich and Ruef, 2006) have described this test as organisational learning.

Second, building upon the perspective of legitimacy as process, Suddaby *et al.* (2015) refer to legitimacy as a constant process of development, renegotiation and maintenance. This active discourse can occur through language (Searle, 1969; Zilber, 2006), communication (Suddaby, 2010) and texts (Czarniawski and Joerges, 1996) and evokes critical negotiations on prevailing institutionalised practices. Ultimately, such events can lead to a socially constructed stigma or illegitimacy, and as a result new, emerging legitimacy judgements will become commonly accepted. Compared to the previous perspective, this new one refers to the degree of agency possessed by multiple actors.

Reframing the definition of actor-related legitimacy, there are several voices that have to be recognised. For instance, referring to socially constructed illegitimacy in the context of institutionalism, Maguire and Hardy (2009) state that instead of a single institutionalised actor, multiple (outside) actors initiate and reframe an existing perception of legitimacy. However, Suddaby and Greenwood (2005) note a certain degree of institutionalism in the process of meaning-making, especially language. Therefore, the (rhetorical) discourse on renegotiating legitimacy may again be influenced by specific actors in institutions.

For the third perspective, Suddaby *et al.* (2015) propose the classification of legitimacy as perception. Acknowledging both the property and process perspectives regarding legitimacy, they note that instead of remarking physical characteristics and the structuralised renegotiation, legitimacy as perception refers to assessment or judgement of the societal fit of an organisation's characteristics and the individual process of making judgement. They describe legitimacy as a multi-level process including different actors. While these actors form subjective judgements, they also take into account the collective opinion about the legitimacy subject. Legitimacy is all about the evaluators' propriety judgements which, in turn, are highly dependent on the validity judgement created by society. This perspective emerges from a "cross-level research agenda, focused on individual, micro-level socio-cognitive processes and their macro-level antecedents and consequences" (Suddaby *et al.*, 2015, p. 40).

An overlap between social psychologists' views and institutionalist theorists is highlighted by Tost (2011). She relies on the socially emergent views of pragmatic and moral legitimacy and further adds that from an institutionalist perspective the notion of cognitive and regulative legitimacy must be joined. However, it becomes evident that in the legitimacy judgement process most scholars strongly rely on social underpinnings. This is because these views often depict the substantive domain of judgement triggers, instead of only referring to specific cues or the prevalence of legitimacy's validity. The pragmatic precondition sees legitimacy as a perception of the social construction of reality. For single evaluators, this perception manifests a form of propriety judgements about the legitimacy subject. Depending on the strength of the validity judgement, the individual opinion reflects the collective view of society. In this view, and reflecting on impact investing and social entrepreneurship, the worsening of global ills has caused a mental trigger and has alarmed pioneers (Olesiak *et al.*, 2015) that existing resources are not sufficient to address emergent global challenges (Harji and Jackson, 2012).

Based on the introduced perspectives on legitimacy, Tost (2011) integrates micro-level judgements into a process with three stages: judgement formation, use and the reassessment phase. The latter two stages, however, are constantly interrelated and may lead to the afore mentioned isomorphism in an institution as social system. Therein, Bitektine and Haack (2015) contribute to research on validity and propriety legitimacy judgements by stating that under the condition of institutional stability, the judgement process is isomorphic and dominated by the strong collective opinion. A perceived incongruence between new financial as well as non-financial information received about an entity and the validity judgement triggers a "mental alarm" causing active reassessment of legitimacy judgements (Tost, 2011). The existing collective opinion is weakened, and the status quo is problematised by the suggestion of illegitimacy. Thus, the legitimacy of an entity is assessed against a set of social norms. In the formation phase individuals can process information in two ways: they either seek to actively construct judgement (evaluative mode), or passively use validity cues (passive mode) and cultural expectations to create new forms of judgements regarding the overall legitimacy.

Finally, Aldrich and Fiol (1994) put emphasis on the social context in which new industries or innovations operate. They state that although the social context represents established meaning in a society, it also offers sites for renegotiations. Innovative actors can initiate processes of social construction through their communiques with the outcome of new meanings that, in turn, eventually alter institutional norms (Aldrich and Fiol, 1994).

Following these thoughts, in our inquiry we combine processes of social construction via renegotiation of prevalent legitimacy Tost (2011) as a lens, with Suddaby's *et al.* (2015) assumptions of macro-level antecedents and consequences, when we analyse the financial as well as non-financial communication of actors in the field.

Methodology

Numerous scholars (Hoefer and Green, 2016; Lounsbury and Glynn, 2011; Ruebottom, 2011) argue that legitimacy is based on the expectations and perceptions of the audience in a given social system, which can be influenced through rhetoric devices, presentation and communication strategies. In respect of this there is ample support for the influence of discourse on the creation of legitimacy (Bitektine and Haack, 2015; Phillips *et al.*, 2004; Vaara and Tienari, 2008; Vaara *et al.*, 2006). Discourse also produces certain meanings and is constitutive of the social world (Bryman, 2012; Hardy and Thomas, 2012; Phillips *et al.*, 2004).

Fairclough (1992) argues that texts constitute one important form of social action. He describes textual analysis as the enhancement of findings produced through discourse analysis and differentiates between linguistic and intertextual analysis; the first extends traditional linguistic analysis by organisational structures and cohesion, while the latter adds up orders of discourse and argues that society and history are inseparable from texts. Intertextual analysis taking into account the social context may help in understanding how legitimacy is created in discourse in the field of impact investing.

In addition to constructing objects, discourse also establishes concepts and subject positions (Fairclough, 1992; Parker, 1992; Phillips and Hardy, 1997). While legitimacy as property (Bitektine and Haack, 2015) merely represents the creation of an object in a discourse, the more agentic view of legitimacy as the outcome of an active process of negotiation (Bitektine and Haack, 2015) defines legitimacy as a concept. Concepts are the ideas that arise out of a discourse consisting of dynamic and permanently changing sets of texts and entail the evaluation of moral values and beliefs (Phillips and Hardy, 1997). This is especially relevant when it comes to compare structured, reductionist financial information with often more elaborate non-financial reports and communiques, as both first need to be understood as concepts to find a common ground.

Despite the many agreements on the power of language, Alvesson and Karreman (2000) refer to unclear definitions and an undifferentiated use of the term discourse in social sciences and organisational studies. Therefore, they suggest a less standardised discourse as a basis for the referred subject. Consequently, this paper understates the effect of power by not sharing a Foucauldian (2000) treatment of "data as expression of standardised discourse" (p. 1134); alternatively, it borrows from Braun and Clarke's (2006) thematic analysis which is rooted in psychology. This approach helps to identify certain patterns either as stories or themes/meaningful units, and also defines language as constitutive of social meanings. However, by using such themes in a thematic analysis, the research may be strongly influenced by the researcher's judgements (Braun and Clarke, 2006).

In order to analyse the discourse, a total of 19 actors, representing investors, intermediaries and investees, are included in the qualitative study. These actors were purposefully selected based on their salience in media and research. They can thus be seen as exemplary for their specific roles. During the analysis, the original classification of archetypical actors described in the academic literature (see Figure 2) is adapted and a further classification into archetypes based on their roles and activities is proposed. As can be seen in Table II, an overview of the selected subjects of the analysis with the categorisation of archetypes, each actor's number in the document registry, their geographic location, a short description as well as the number of documents and meaningful units analysed is provided. Documents gathered for the analysis are screenshots of homepage contents concerning investor relations, reports provided online and offline, official documents as well as photographs and video-recordings of interviews (Bryman, 2012). Each document is signified by a number in the authors' document registry. Based on this, 721 meaningful units were extracted for analysis from the 282 documents. These units were then coded with two different sets of codes, which will be explained in the following paragraphs.

Following a theoretically informed approach, *a priori* themes are derived from the available literature on impact investing and legitimacy theory. The first set of codes follows the ESG criteria, which are defined as distinctive features held by both traditional investors and sustainable investors by Brandstetter and Lehner (2014). In Table III, four distinct themes are identified. The theme "financial" has been added based on the blended value principle of impact investments, while the theme "business model and industry" has been included in the course of analysis following evidence of the

Table II. Selected cases, documents and units and their classification into archetypes based on roles

Arche type	Organisation	Location	Description	Docs	Units
Social investors	Acumen Fund (http://acumen.org)	Head Office in New York; offices in India, East Africa, Pakistan, West Africa, England, Latin America/Colombia	Acumen Fund receives charitable donations and makes debt or equity investments in "game changing companies" that have the ability to scale. Returns received are recycled to make new investments with a strong focus on ending poverty. Acumen Fund offers fellowships for future leaders in the social sector	17	37
	Bill and Melinda Gates Foundation (www.gates foundation.org)	Headquarters in Seattle, USA; offices in China, Ethiopia, Europe, the Middle East, India, Nigeria, South Africa, Washington DC	Tax-exempt private foundation founded by Bill and Melinda Gates with the belief that every life has equal value. In developing countries, the focus is put on the improvement of health and the reduction of poverty, while in the USA the Foundation wants to provide access to education	13	24
	Bridges Ventures (www. bridgesfundmanagement.com)	London, UK and New York City, USA	"Money that makes a difference". Bridges Ventures is an investment firm that tries to prove that finding solutions to the world's problems can unlock a substantial commercial opportunity. Business is regarded as a powerful force for good	9	35
	Rockefeller Foundation (www. rockefeller foundation.org/)	Headquarters in New York, USA; offices in Italy, Kenya, Thailand	The Rockefeller Foundation is a philanthropic foundation that engages in impact investing initiatives with the goal of building greater resilience and advancing more inclusive economies. The Foundation's Bellagio Centre is often named as the place where the term impact investing was first coined	14	41
	Triple Jump (http://triplejump.eu/)	Headquarters in Amsterdam, NL; offices in Thailand, Georgia, Mexico, Peru, Kenya	Investment manager that improves access to finance services for entrepreneurs at the bottom of the pyramid. Triple Jump provides capital and advisory services and aims to expand financial service providers in all stages of the entrepreneurs' development. For investors, they offer portfolio management and impact measurement	14	42
Sustainable Financers	BNP Paribas (https:// wealthmanagementbnpparibas/en/)	Worldwide operations	BNP Paribas calls itself "The bank for a changing world". BNP Paribas Wealth Management offers to invest money in sustainable and responsible investment funds that take into account ESG criteria	10	30

(*continued*)

Arche type	Organisation	Location	Description	Docs	Units
	JP Morgan (www.jpmorganchase.com/)	Worldwide operations	The bank engages in the impact investing sector by providing capital itself and by managing funds and offering financial advisory. Impact investing is regarded as an opportunity for economic growth and a responsibility	13	25
	Sonen Capital (www.sonencapital.com/)	San Francisco, USA	Investment management firm that is convinced that investing to generate financial returns and to create social or environmental objectives are mutually reinforcing objectives	11	32
	Triodos Bank (www.triodos.com/en/investment-management/)	Worldwide operations	The Triodos Bank calls itself the most sustainable bank and leader in transparency. Triodos Investment Management manages impact investing funds and is a founding member of the GIIN	28	70
Enablers	Big Society Capital (www.bigsocietycapital.com/)	London, UK	BSC invests in intermediaries who then invest in charities and social enterprises with the aim of attracting co-investors and creating systemic change by achieving positive investment returns. Their mission is to have a transformative impact on the social impact investment market in the UK and to increase awareness of and confidence in social investments	12	33
	Global Impact Investing Network (https://thegiin.org/)	New York, USA	The GIIN is an organisation dedicated to increasing the scale and effectiveness of impact investing around the world. The GIIN builds infrastructure and supports activities and education accelerating the development of the industry	11	25
	Social Finance (www.socialfinance.org.uk/)	London, UK	Social Finance as a non-profit organisation which partners with the government, the social sector and the financial community in the form of the social impact bond to create lasting solutions for social problems in the UK and beyond. Social Finance was the first organisation to successfully launch a social impact bond which was then adopted by other actors in the industry	18	64
Enablers continued	Toniic (www.toniic.com)	Headquarters in San Francisco, USA	Toniic envisions a global financial ecosystem that creates a positive social and environmental impact. The organisation aims to be a global action community for impact investors,	18	34

(*continued*)

Table II.

Arche type	Organisation	Location	Description	Docs	Units
			entrepreneurs and partners where they can share knowledge and promote the impact investing industry		
	Unreasonable Institute, now Uncharted (http://unreasonableinstitute.org or https://uncharted.org)	Headquarters in Colorado, USA; teams in East Africa, Mexico, Brazil, New Zealand, France, Ghana, Boston, Japan, Morocco, India, Ecuador, Ukraine	The Unreasonable Institute aims to unite entrepreneurs that have a mission to address the world's major problems. The entrepreneurs are supported with mentors, funders and a global network. During the process of writing this paper, the Unreasonable Institute changed its appearance; it is now called Uncharted and has placed a greater focus on the solution of problems and the enabling function they want to have for their entrepreneurs	14	29
Impact entrepreneurs	Babington Group (https://babington.co.uk/)	Derby, UK offices around the UK	Babington Group aims to realise young people's full potential by providing training and opportunities to create a better future. The organisation tackles the problem of inequality in access to professional education in the UK	14	33
	Capital Good Fund (https://capitalgoodfund.org/)	Providence, Rhode Island, USA	Capital Good Fund envisions an America free of poverty. They work on empowering underserved families by providing them with financial services that help them to build better lives for themselves	20	36
	Indian School Finance Company (https://isfc.in/)	New Delhi, India	The ISFC is a non-banking finance company that engages in lending to educational institutions and managers of such institutions. Students are enabled to access quality education by investments in infrastructure improvements	15	27
	Jibu (http://jibuco.com/)	Kenya, Rwanda, Uganda	Jibu gives loans to franchisees that sell purified, convenient and affordable water in Jibu bottles. The social mission is providing access to affordable drinking water for everyone and empowering entrepreneurs	25	68
	Peterborough Prison Bond (www.socialfinance.org.uk/impact/criminal-justice/)	Peterborough, UK	The first Social Impact Bond in the UK with the aim of reducing the reoffending rates of short sentenced prisoners in the Peterborough Prison by providing them with professional services and support after their release. After the invention the Ministry of Justice implemented a national programme adopting the basic idea	6	36
			Total documents/units for analysis	282	721

Table II.

Theme		Code	Detail	Description
SE	Social and environmental	SC	Social change	Tackling society's problems with a focus on systemic change
		SIS	Social and environmental issues	Problem discourse about inequality, health issues, pollution, scarcity of clean water, expensive energy, global warming, etc.
		SIM	Social and environmental impact	Definitions Equality and empowerment, healthcare, for the environment or in terms of sustainability Qualitative data on social impact
		SM	Social mission	Missions, visions and goals the actors follow with their business model
G	Governance, transparency and positioning	GP	Positioning	Reference to authorities and own industry role Reference to leadership, powerful leaders and their experience
		GT	Transparency	Reporting and measurement Structures for control Stakeholder inclusion
		GR	Responsibility	Responsibility for industry growth, for social impact, towards clients and stakeholders
		GA	Accessibility	Making impact investments and their benefits understandable and accessible for everyone
F	Financial	FR	Financial return	Emphasis on the financial return Scaling of financial return
		FI	Financial instruments	Risk diversification and portfolio optimisation Financial instruments used
		FS	Sustainable Investing	Blended value principle Inclusion of ESG criteria Impact investment as a business opportunity
B	Business model and industry	BMI	Business model and industry	Development of the industry by partnerships, research, transferring knowledge, etc. Networks and interconnectivity of the industry Challenges and future development

Table III.
A priori code set for analysis of discursive focus, based on the literature review

high importance of business development in discourse of the field. The main themes are extended by detailed codes.

For the second set of codes, the high influence of rhetoric on legitimacy judgements is considered. Codes are derived from Bitektine and Haack's (2015) work involving rhetorical strategies promoting propriety and validity judgements identified in the literature. Their main argument is that each message received by evaluators serves as a cue based on the established macro-level validity. While strategies promoting validity aim to inform the evaluator about the exclusive valid collective opinion, strategies promoting propriety emphasise the positive outcomes associated with the adoption of a particular opinion or the negative outcomes that follow when sharing the opinion of competing alternative strategies. In order to answer the research question of how legitimacy is created in discourse in the field of impact investing, corresponding strategies are included as the second set of codes in analysis. The original table by Bitektine and Haack (2015) is presented in Table IV and extended by comments on how these rhetorical strategies appear in the field.

Each meaningful unit was coded based on both sets of codes. In total, 928 codes are assigned. Because some meaningful units are not describable with only one code, the counts of meaningful units and codes and within the two sets of codes differ. Counts for codes for discursive focus amount to 826, while counts for codes in relation with legitimacy total 853. Using intercoder reliability, all units have at least been coded by two coders and divergences lead to a discussion and group decision involving all authors. Table V provides examples of the transformation of units into codes.

Strategies promoting propriety/legitimacy	Subtypes	Meaning for discourse analysis	Code
Strategies emphasising the success of an entity; emphasising that a practice offers an appropriate and efficient solution to a problem of societal concern or that it fails to offer such a solution (theorisation)	Success and failure narratives	Success is defined differently for the actors; therefore, it is understood broadly for analysis Success: e.g. financial return, qualitative and quantitative impact, networks, successful initiatives or programmes. Failure: e.g. challenges unsolved, missed targets	SF
	Problem discourse and solution discourse	Referring to social and environmental issues and how they are solved by impact investing; appear together or separated (problem or solution discourse)	PSD
	Problematising the ineffectiveness and injustice of existing practices	Referring to the ineffectiveness and injustice of existing systems and actors to solve society's problems	IN
	Rationalisation – providing rational arguments and references to utility to establish property	Explanation of and information on the business model, quantitative impact and financial data, measurement, reporting, portfolio management	RA
Strategies constructing identities to confer or destroy the propriety of an entity	Valorising and demonising actors	Valorising actors: relationships in the industry Demonising actors: incapabilities in the system	VDA
	Idealising a construction of an actor's identity as conditional on carrying out social behaviours	Reference to the (social) mission related to impact investments	ID
Strategies creating resonance with the normative beliefs of evaluators	Frame alignment – the process of making issue interpretations congruent with prevalent local accounts (frames in communication need to match frames in thought)	Appealing to moral and ethical considerations through signals (e.g. photos of children or women), reference to typical mainstream discourses (e.g. explaining complicated structures more easily)	FA
	Value-based theorisation drawing on appeals to norms from wider belief systems, from reference to institutional norms and logics and from linking discourse to orders of worth (to higher-order principles that define appropriate forms of behaviour)	Implying logics and beliefs that do not have to be rational but that lead to a certain behaviour (e.g. human rights, equal rights, i.e. access to water)	VBT
Strategies emphasising the moral value of the local entity	Ethos justification stressing the importance of considering the important role of justice and ethics in judgements	Moral and ethical considerations leading to certain behaviours; interwoven with VBT	ET
	Moralisation as a strategy establishing propriety by moral arguments		MO
Strategies addressing emotions	Pathos Justifications characterised by passionate appeals	Appealing to emotions by photos (especially of children, black women, female entrepreneurs) and strong wording; interwoven with FA	PA

Sources: Based on Bitektine and Haack (2015, p. 65); extended by authors

Table IV.
Code Set 2 for rhetorical strategies promoting legitimacy as propriety

Meaningful unit	Code DIS	Code LEGI	Further explanation	Actor doc. NR.
"When you are choosing responsible investments, you are supporting the economy of tomorrow in a practical way, while at the same time seizing investment opportunities in sustainable development today. As an investor, you have to power to influence major social issues"	FS	VBT	Sustainable future economy	BNP Paribas 2-06-10-01
"As a global financial institution, JP Morgan Chase has embraced this approach and is actively channelling capital towards these solutions. We hope to lead the market by providing high quality, market insights and new opportunities"	FS GP	SF	Positioning as market leader	JP Morgan 2-03-01-02
"Our conviction is that investing to generate financial returns and lasting social and environmental impact are not only compatible, but also mutually reinforcing objectives"	FS	ID	Blended value	Sonen Capital 1-02-02-02
"Our approach to banking is based on the fundamental belief that money can help to create change. We value people, planet and profit - and take all three into account in everything we do. We call this sustainable banking"	FS	ID	Sustainable banking	Triodos Bank 2-01-25-02

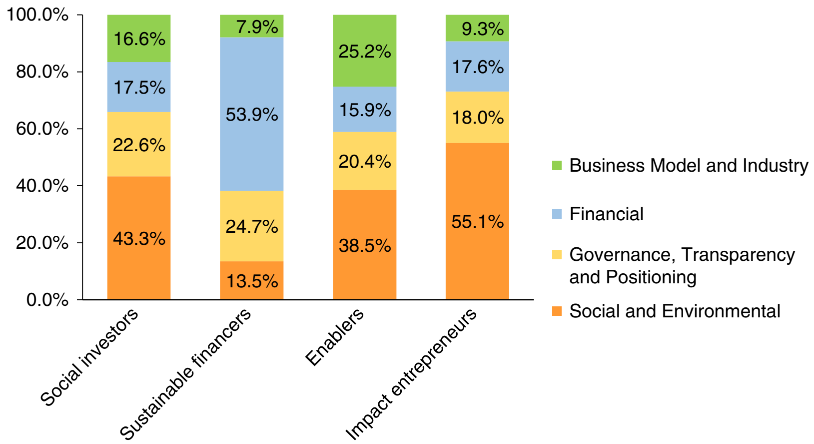
Table V.
Examples of meaningful units for the archetype of sustainable financers

Empirical findings

Critical reflection on the discursive engagement of archetypical actors

First, a classification of actors into archetypes based on the organisations' main services, activities and mission statements is proposed in Figure 3. It presents four different archetypes (see also Table II), namely, social investors, sustainable financiers, enablers and impact entrepreneurs and displays their specific discursive efforts, which will be detailed in the next sections.

What is striking is the different communication between certain actor types. While social investors (e.g. the Gates Foundation or Bridges Ventures) and impact entrepreneurs largely share their composition, and enablers (e.g. Toniic) go to great lengths to connect both worlds, so-called sustainable financiers stemming from traditional institutions (e.g. BNP Paribas or JP Morgan) still predominantly "talk" traditional finance in their impact investing related reports and communiques.



Source: Authors

Figure 3.
Graphical result – discursive focus of archetypes

Social investors are organisations that invest their own capital, either via intermediaries or directly to social entrepreneurs. They often also provide advisory and networking services, which is why they are not always clearly separable from so-called intermediaries.

Discursively, their strong social mission is displayed by 43.3 per cent of all meaningful units of social investors being marked with a code concerning social and environmental themes. Their investment activities and the offering of intermediary services are often justified through discursive elements referring to governance, transparency and positioning in the network (22.6 per cent). Social investors also aim to occupy an enabling role in the industry and thus also connect and engage in a public discourse thematising the development of the whole industry (16.6 per cent). Their role as outcome oriented investors is made clear through the reference to the blended value their investments can achieve (17.5 per cent). Nevertheless, social investors clearly put the emphasis of their investment activities on the social impact created. On a more detailed level, the codes most frequently assigned to social investors' meaningful units are BMI (16.6 per cent), SM (15.2 per cent) and FS (13.8 per cent).

Sustainable financers are investors who incorporate impact investments into their traditional investment portfolio (e.g. Sonen Capital) and traditional financial intermediaries who include impact investments into their financial and/or advisory services (e.g. banks). Sustainable financers emphasise the blended value principle of impact investments and the reasonable financial returns that can be generated (53.9 per cent of all meaningful units for this archetype), with FS being the strongest code (38.8 per cent of all units for this archetype). Their good governance system them compels them to discursively define their underlying values as transparency (13.5 per cent coded with GT) and responsibility and they often combine this with a notion of their leading role in the industry (11.2 per cent coded with GP) with 24.7 per cent of units being coded as governance, transparency and responsibility. Sustainable financers present impact investing as a new business opportunity that needs to be incorporated in the overall product portfolio in order to remain competitive. Social and environmental impact is characterised investing into ESG aware sustainable organisations that are referred to as the "leaders of tomorrow". Social problems as opportunities and overall market development are of rather subordinate importance in their discourse. It almost seems that they have to accept the ESG/impact investing market rather than embrace it.

Enablers intermediaries and sometimes early stage investors who are strongly focused on developing the impact investing industry and bridging supply and demand. Amongst all archetypes, the code BMI is most dominant for enablers (25.2 per cent of all meaningful units for this archetype). Enablers conduct research, pioneer the implementation of new financial instruments (e.g. the social impact bond) and build networks to increase the interconnectivity between the actors inside and outside the field (e.g. Unreasonable Institute, Toniic). The mission statements and the discursive engagement of enablers are highly diverse. Similar to social investors, enablers concentrate on social and environmental issues (38.5 per cent) as well as aspects referring to governance, positioning or transparency (20.4 per cent). Besides their enabling role in the industry (BMI), the most crucial factors for enablers are their social impact (SIM, 15.9 per cent) and transparency (GT, 12.8 per cent).

Impact entrepreneurs benefit from the money either directly invested by investors or indirectly provided via intermediaries. The term itself includes entrepreneurs focusing on social and/or environmental impacts. This group has the strongest social and environmental focus in their discourse (55.1 per cent of all meaningful units for this archetype). The most frequently assigned codes amongst this archetype are SIM (22.4 per cent), SM (14.6 per cent) and FS (14.1 per cent), while more neutral discursive efforts are made by explaining basic business and financing models (18.0 per cent of meaningful units coded with GT, GP, GA or GR). The blended value principle is included to explain how investors and beneficiaries personally benefit from investing in the entrepreneurs' business models (17.6 per cent). Their communiques and reports often either lack or insufficiently provide standardised financial information.

Especially for impact entrepreneurs and sustainable financers, discursive engagement is aligned with their organisational structures and missions. The main focus in discourse in the impact investing industry is placed on the social and environmental effects that impact investments can achieve. In total, 38.5 per cent of all meaningful units of all actors are coded with a theme related to social and environmental aspects. Within this discursive focus, impact entrepreneurs represent the most dominant group of actors with 35.5 per cent of social and environmental discourse. Amongst the social and environmental themes, SIM (14.4 per cent over all archetypes) and SM (11.4 per cent) are the most used codes for discourse analysis. Moreover, SIM is the second most frequently used code over all meaningful units and all actors.

In 21.3 per cent of all coded units, actors refer to transparency (GT, 11.6 per cent) and their own role in the industry (GP, 9.7 per cent). Neutral arguments are deployed by all actors in order to include the business character of impact investments in discourse and to rationalise and justify their engagement in the industry. Their participation in this rationalising form of discourse is equally strong, ranging from 21.0 to 27.8 per cent of this discursive focus. Supporting the blended value principle of impact investments, 24.9 per cent of all meaningful units refer to sustainable finance, financial return or financial instruments. The code FS is the most commonly used code for discourse analysis as it is assigned to 18.2 per cent of all meaningful units over all archetypes. Representing 46.6 per cent of this focus, sustainable financers are the group of actors engaging most progressively in financial discourse. Finally, 15.3 per cent of all units are coded with BMI, establishing a connection to the industry, its development and the partnerships created. Enablers represent the most active group of actors in this category, taking advantage of 45.2 per cent of discursive efforts within this focus. Providing evidence regarding the strong commitment to the acceleration of the industry's growth, BMI is the second most frequently used code after FS and before SIM.

Rhetorical strategies to build legitimacy

To finally answer the research questions how legitimacy is created through the discourse in the impact investing industry, the rhetorical strategies promoting "propriety" as proposed by Bitektine and Haack (2015) have been used as *a priori* codes (see Table IV). The following section presents the strategies in descending order according to their frequency in the financial and non-financial communication documents, while Table VI provides further insights into the analysis by citing meaningful units for each legitimisation strategy.

Rationalisation. Rationalisation is the most important rhetorical strategy in promoting propriety for all actors in the impact investing industry. In total, 25.7 per cent of all meaningful units analysed follow the objective to provide (often structured) rational and objective arguments in order to create legitimacy. For all archetypes, rationalisation is amongst the three most relevant legitimisation strategies. In particular, sustainable financers (42.0 per cent of meaningful archetype units) due to their closeness to traditional financial reporting and compliance with external regulations rely on this strategy.

Success and failure narratives. Due to the different mission statements and foci of actors, success has been defined quite broadly for this analysis and is dependent on the actors realising it. Differences in the definition of success become apparent with the meaningful units stated for this strategy in Table VI. For all actors, success and failure narratives are the second most commonly used legitimisation strategy in the field (18.5 per cent). Especially enablers (26.3 per cent of meaningful archetype units) emphasise the successes they achieve with their work, followed by impact entrepreneurs (18.5 per cent) and social investors (15.0 per cent).

Problem and solution discourse. Problem and solution discourse is coded with 14.7 per cent of all meaningful units over all archetypes. Enablers incorporate this strategy,

Legitimation strategy	Meaningful units	Further explanation	Actor and document NR	Arche type
1. Rationalisation	"Impact investments are investments made with the intention of realising measurable positive social and environmental benefits alongside competitive financial returns"	Competitiveness and measurability	Sonen Capital 1-02-06-02	Sustainable financers
	"Triple Jump is one of the founding signatories of the Principles for Investing in Inclusive Finance and reports annually on its application on the principles"	Reporting	Triple Jump 1-06-01-01-01	Social investors
	"A key differentiator of impact investing from other investment strategies is the commitment of the investor to measuring and reporting on the social and/or environmental performance of their investments"	Measurement and reporting	GIIN 4-01-07-01	Enablers
2. Success and failure narratives	"Our success is defined by how well our investments enable the poor to transform their lives"	Definition of success	Acumen Fund 1-01-14-02	Social investors
	"Peterborough Social Impact Bond reduces reoffending by 8.4%; investors on course for payment in 2016"	Quantitative success	Peterborough Prison Bond 3-03-02-01	Impact entrepreneurs
	"Through our grant making over the last nine years, we have invested more than $40 million in building the networks, measurements, and standards that have enabled impact investing to mature into a tool for investors"	Success in maturing industry	Rockefeller Foundation 1-04-03-01	Social investors
3. Problem and solution discourse	"Social impact bonds raise investment to alleviate social problems. They fund interventions which address the unmet needs of vulnerable groups of our society"	Solution discourse	Social Finance 2-05-08-01	Enablers
	"Increasingly, entrepreneurs and investors recognise the potential of market based tools to offer new solutions to some of our most pressing social and environmental challenges. In both developed and developing countries, this approach complements public sector and philanthropic initiatives by attracting private sector capital to develop innovative solutions"	Solution discourse	JP Morgan 2-03-01-02	Sustainable financers
	"We have long believed that Government cannot be expected to resolve these challenges by itself; nor can the social sector be expected to pick up the pieces. The private sector must play a key role, too"	Problem and solution discourse	Bridges Ventures 1-05-01-01	Social investors
4. Frame alignment	"At the heart of what we do is being people. So every number on the budget is a young person's life that we manage to change"	Context to people	Babington Group 3-04-08-05	Impact entrepreneurs

(*continued*)

Table VI. Meaningful units per legitimisation strategy

Legitimation strategy	Meaningful units	Further explanation	Actor and document NR	Arche type
5. Value-based theorisation	"All lives have equal value. We are impatient optimists working to reduce inequity"	Same rights for everyone	Bill and Melinda Gates Foundation 1-07-01-02	Social investors
	"Investing is a responsibility, and a prodigious means of meeting these huge challenges and guiding the social model of the future"	Impact investing is the right thing to do	BNP Paribas 2-06-04-02	Sustainable financers
	"To create a world in which no one is limited by their circumstance"	Everyone should have all possibilities	Unreasonable Institute 2-02-09-01_05	Enablers
6. Valorising and demonising actors	"Social enterprises, when intelligently created, mentored and funded, can be incredibly effective drivers of positive change"	Valorising social enterprises	Toniic 2-04-17-01	Enablers
	"We focus on sustainable intermediaries and solutions that will achieve positive investment returns as we believe they will be able to attract the most co-investors and ultimately achieve the greatest systemic change"	Valorising business partners	Big Society Capital 1-03-03-01	Enablers
7. Idealising identity	"A world leader in making money work for positive change"	Own perception of identity	Triodos Bank 2-01-14-02	Sustainable financers
	"People see us as a water company. We see ourselves as an opportunity company, […] creating organic growth through job creation in the local economy"	Identity defined by social mission	Jibu 3-05-02-05	Impact entrepreneurs
8. Ineffectiveness and injustice of existing practices	"The American mainstream financial services industry - banks, credit unions, credit cards – works well for those who have access to it […]. Unfortunately, the tens of millions who have no or poor credit, are underbanked, or don't meet the other requirements of the financial sector turn to the […] predatory financial services industry"	Injustice of existing practices	Capital Good Fund 3-01-10-01	Impact entrepreneurs
	"Earlier these institutions were facing challenges to get funding from the formal financial sector, as a result the requirements were met either by borrowing from unorganised market at higher cost or these projects were delayed/shelved till accumulations from internal accruals"	Ineffectiveness of existing practices	ISFC 3-02-07-02	Impact entre4preneurs

Source: Authors

Table VI.

with 17.0 per cent of all meaningful units assigned to discourse trying to explain why it is necessary to further develop and support the growth of the industry. Generally, the emergence of impact investing is referred to as a "solution" to current problems. Social investors (16.7 per cent) and impact entrepreneurs (16.3 per cent) present their business models as the solution for social and environmental issues. Sustainable financers on the other hand rarely thematise problems (6.5 per cent).

Frame alignment. The strategy frame alignment is presented in close connection to the strategies appealing to pathos and emotions. Frame alignment is strongly incorporated in discourse in the form of pictures and is coded in 12.1 per cent of all meaningful units – when adding Pathos Justification (3.0 per cent) these strategies even amount to 15.1 per cent. A typical example would be the lonely polar bear on thin ice as a warning symbol for climate change.

In particular, socially motivated actors such as social investors (amounting to 19.4 per cent of archetype units) and impact entrepreneurs (19.3 per cent) use more pictures to symbolise their success stories, visualise the impact created and demonstrate the collaborative initiative.

Value-based theorisation. Moralisation and Ethos Justification are considered to be interwoven with value-based theorisation. In total, these three strategies amount to 9.7 per cent of all codes assigned to the meaningful units. Actors engage in this strategy differently. For instance, sustainable financers (12.5 per cent of archetype units) believe that it is reasonable and necessary to incorporate impact investments in a financial service provider's product spectrum as well as in an investor's portfolio in order to comply with good corporate governance. In contrast, social investors (9.2 per cent) or impact entrepreneurs (11.2 per cent) create more resonance with individual's personal values.

Idealising identity. The organisational structure and governance is pivotal for efforts idealising identity (ID). While impact entrepreneurs regard their organisations' mission to be conditional on achieving social impact even on a personal level, sustainable financers present their business as conditional on achieving financial returns alongside social impact. In total, 7.4 per cent of meaningful units are coded with ID. It is surprising that, for sustainable financers, ID is the third most frequently used legitimisation strategy with 10.1 per cent of all meaningful units for this archetype, however, that may be explained with the overlap with CSR activities and reporting. For sustainable financers, it seems to be necessary to emphasise their social identity because otherwise the social impact focus may not be clearly distinguishable from their basic organisational identity as traditional finance providers.

Valorising and demonising actors. Discourse analysis presents a high interconnectivity between actors in the field of impact investing. Partnerships, networks and the sharing of knowledge are priorities. The code VDA is present with 7.3 per cent of all meaningful units coded with "valorising" the much more prevalent side. Demonising of other actors on the other hand is not a relevant strategy in the field, as this would go against the clearly communicated belief of an "inherently good human nature". References to the incapability of other actors are also scarce. Other actors are often valorised by mentioning partnerships, co-creation and joint projects. Social investors (8.4 per cent of archetype units) and sustainable financers (8.3 per cent) use this strategy most frequently.

Ineffectiveness and injustice of existing practices. Although the impact investing industry is presented as the counterpart to the frequently criticised financial system, actors shy references to the ineffectiveness and injustice of the existing system. This is very different to more critical approaches from political organisations and shows that impact investing fundamentally wants to improve and enhance capitalism rather than oppose it. Only 1.6 per cent of all meaningful units over all archetypes are assigned with the code IN. Impact entrepreneurs refer most often to the local inefficacies and social voids they aim to solve with their organisational models (2.6 per cent). It may be concluded that the delegitimating of the traditional financial sector is not pursued by the actors in the impact investing industry and efforts to include it in structured financial products are much more prevalent.

The above discussed strategies are almost always interwoven and therefore legitimisation strategies are aggregated into three groups as presented in Table VII.

Table VII.
Aggregation of legitimisation strategies

Strategies promoting propriety	Aggregation level 1	Aggregation level 2	Group
Strategies emphasising the success of an entity […]	SF PSD IN RA	SF PSD IN RA	1
Strategies constructing identities and actors […]	VDA ID	VDA ID	2
Strategies creating resonance with normative beliefs of evaluators	FA VBT	FA VBT	3
Strategies emphasising the moral value of the local entity	ET MO	ET MO	
Strategies addressing emotions	PA	PA	

Source: Authors

Rationalising strategies (Group 1) are included most frequently and evenly amongst archetypes. Socially motivated actors engage more in strategies appealing to values and emotions (Group 3) in comparison to pragmatic financers and enablers (Group 2).

Discussion and conclusion

Summing up the findings from above, this study indicates a strong connection between legitimisation strategies and the social identity of actors. A predetermined structure based on institutions which can be identified in their financial as well as non-financial communication, addressing moral and ethical values, emotions as well as their relations to other actors in the industry. Thus, our study provides support for the explanatory potential of institutional legitimacy theory even in socially constructed fields such as impact investing.

By questioning the status quo, impact investing as a new form of incorporating hybrid thinking, torn between financial and non-financial goals, has been shown to bring with a communication gap between the involved actors depending on their main focus being either ESG or financial goals. This results in difficulties in resource acquisition because of a failure in matching financial information needs and supply through to a not yet institutionalised (standardized) system of information exchange. Yet, the findings also indicate that actors strongly acknowledge the need to build legitimacy as a step to overcome these communication gaps.

Based on a thematical discourse analysis (Foucault, 1972; Hall, 1992; Hardy and Thomas, 2012, 2015; Maguire and Hardy, 2009; Phillips and Hardy, 1997; Phillips *et al.*, 2004) this study proposes and discusses eight legitimacy creating strategies of relevant archetypes of impact investing actors in their financial and non-financial communication.

On the one hand, social investors and impact entrepreneurs can discursively interact without limitations because of their similar focus on social and environmental aspects; yet, financial communication between sustainable financers and impact entrepreneurs might prove to be difficult due to their different discursive emphases. While sustainable financers clarify their aims to achieve competitive financial returns, impact entrepreneurs rather communicate the non-financial social and environmental impact that they might create. This gap is currently bridged by enablers, who demonstrate the most diverse discursive engagement of all archetypes and act as translators between these worlds.

It has been demonstrated that such an inconsistent and incompatible discourse in the communication of the types of actors at the moment impedes the creation of a collective understanding regarding the principles of impact investing. Following Suddaby's *et al.* (2015) call, it is further argued that the creation of an institutional legitimacy might harmonise previous communication gaps, as it curbs a competitive discursive engagement of individual actors (p. 40).

Previously, scholars in the field of impact investing have simply identified investors, intermediaries and investees (Brandstetter and Lehner, 2015), while others rather separate into the supply, demand and service providers (Harji and Jackson, 2012). Based on the conducted analysis, actors are rather found to be strongly interconnected in the form of partnerships and are active in various roles of the field. The study thus furthermore adds to the insufficient distinction of actors by identifying archetypes based their main social mission and core activities and distinguishing the roles of social investors, sustainable financers, enablers and impact entrepreneurs. The results show that the archetypical categorisation also predicts their discursive foci.

One research question asks how legitimacy is created in discourse in the impact investing industry. The literature identifies micro-level individual propriety and macro-level collective validity judgements for legitimacy. Dependent on their personal value system, the valid social norms and stability of the environment, evaluators engage in an active or passive evaluation mode (Bitektine and Haack, 2015; Suddaby *et al.*, 2015; Tost, 2011). Following the empirical evidence, we can hypothesise that the inconsistent discursive engagement indicates that actors notice the lack of a strong and unquestioned collective opinion (common values) that would be reproducible in discourse. Rather their aim is to build strong propriety judgements which can then form a resistant validity judgement for the field. Moreover, the body of research claims that rhetoric and language are powerful in terms of influencing these judgements (e.g. Hoefer and Green, 2016; Lounsbury and Glynn, 2011; Ruebottom, 2011). Subsequently, this research question is approached by including the rhetorical strategies promoting propriety proposed by Bitektine and Haack (2015). The empirical findings identify rationalisation, success and failure narratives and problem and solution discourse as the most dominant strategies in the field, all of which belong to the group of rationalising strategies. Strategies appealing to ethos and pathos are the second most commonly incorporated in discourse. Alongside legitimacy judgements relating to social identity and relationships in the field, this group is also included in discourse but occurs less frequently than rationalising elements.

Based on this and on a more collective level, it may be concluded that actors in the field aim to build pragmatic and moral legitimacy (Suchman, 1995, p. 578). The discursive emphasis on objective and rationalising arguments relating to transparency, accountability and responsibility provide arguments for the creation of pragmatic legitimacy (Suchman, 1995). Furthermore, the reference to social, environmental and financial impact aims to build consequential legitimacy (p. 580), whereby legitimisation efforts are diminished by the continuous inclusion of challenges associated with measurement. Through their subordinated strategies, the rhetorical strategies promoting successful ventures such as success and failure narratives and strategies appealing to the evaluators' value systems such as frame alignment and value-based theorisation contribute to the creation of structural legitimacy (p. 581). Personal legitimacy (p. 581) is built through the inclusion of personal success stories.

This paper is an early inquiry combining legitimacy theory and impact investing and applies a qualitative approach to contribute to research in both fields. Potential limitations of the study thus can be first the relatively small sample size of 928 documents in a large field and second, the strong reliance on subjective evaluations of the authors throughout the coding process. Third, external reliability and validity (Bryman, 2012) are limited due to the highly dynamic social setting the analysis was conducted in. The enabler "Unreasonable Institute", which has recently changed its name and overall appearance, sets a good example for high dynamics; even though the institute fulfils the classification as "enabler" better than before, a newly conducted discourse analysis would probably provide slightly different findings for this actor now. These limitations also indicate the need for further research.

To cope with the inherent dynamic of the field, further research seems necessary to look deeper in the connection of the maturity status of a specific actor to the legitimisation strategies and discursive foci in their communication. In addition, by examining power factors within the discourse, certain recurring sets of themes may be identified as playing an important role in guiding legitimisation strategies. Finally, it might also be helpful to shift the focus of analysis of financial and non-financial communication to the identification and interpretation of signals and symbols in socio-economic phenomena such as impact investing. Well-known signals such as certain KPIs and symbols such as auditor stamps have long lost their universality and have sometimes even been replaced by culturally loaded, ambiguous and hermeneutic signals such as the philanthropic actions of CEOs or the perceived environmental value of innovations. This is a potentially good starting point for future research on investor relations and financial communication in the age of social media.

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Corresponding author
Theresia Harrer can be contacted at: theresa.harrer17@gmail.com

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