Guilford Glazer Faculty of Business & Management
Management Leads Society

הפקולטה לניהול ע"ש גילפורד גלייזר
ניהול מוביל חברה

מכון ג'ק, ג'וזף ומורטון מנדל למנהיגות חברתית
Jack, Joseph and Morton Mandel Institute for Social Leadership

אוניברסיטת בן-גוריון בנגב
Ben-Gurion University of the Negev

תכנית מנדל מנהיגות חברתית, תואר שני במנהל עסקים, מזמינה את חברי הסגל בפקולטה לניהול להרצאת משרה בנושא:

Social Impact Bonds:

Between Philanthropy and Investments

Arie Levy, October 28th 2020 2pm by zoom

https://zoom.us/j/97020673689?pwd=T1V0NnZQdDZMYW1rVmtXb1o2RmRDdz09

Abstract

Social Impact Bonds (SIBs) bring investors, service providers, and governments together to collaborate on and alleviate social issues. This model utilizes private funds to invest in social interventions, thus capitalizing on reduced public spending when its goals have been achieved. At a time when research on decade-old SIBs is still scarce, in this study we determine empirically what SIBs have contributed and what their future holds. In-depth interviews conducted with different stakeholders indicate that SIB investors are less concerned with the financial aspect of the funding, and more motivated with proposed reform in the public and third sectors. Although SIBs confer the particular benefits of outcome-based measurement and innovation, there exist barriers for mainstreaming of the model.

The expectation of the SIB model is to generate new forms of cross-sectorial cooperation and increase capital invested in the social sector by attracting private sources of funds. Using datasets compiled of current SIBs, we found this model to be highly dependent on philanthropy and nonprofit sources. While this dependency has changed over the years, compared to the impact investing field, private funds and funders remain under-represented.

The attractiveness of SIB investments can potentially be increased by demonstrating their financial benefits. However, despite recent interest, researchers have overlooked how investing in SIB affects corporate investors' equity prices. Focusing on this effect, we used event-study methodology over a seven-month period to analyze stock prices and relevant market index prices. We found an effect similar to that seen in other reputation-enhancement initiatives; while positive and statistically significant, it is short-lived and generally less economically important than other effects on stock prices occurring before and after these events.

The findings of the current study are of relevance to corporate and institutional investors as well to as governments, intermediaries, and nonprofits that want to attract corporate investors to SIBs. Because there may be a gap in expectations regarding the return SIBs could generate as impact investments, their focus should be on the potential of cross-sectorial cooperation and a more sophisticated form of impact philanthropy.

Keywords: Social Impact Bonds; SIB; Pay For Success; PFS; Impact investment, Philanthropy