Call for Papers

Alternative investment and entrepreneurship: Powering the social economy

Special Issue

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Alternative investment has emerged as a hot topic for researchers interested in understanding how new investment mechanisms, instruments and infrastructures can power the social economy.

We understand the social economy as "the universe of practices and forms of mobilising economic resources towards the satisfaction of human needs that belong neither to for-profit enterprises, nor to the institutions of the state in the narrow sense" (Moulaert & Ailenei, 2005: 2042). While arguably the aim of all productive activity is the satisfaction of human needs, not all members of society are equally served by the market and public sector. This is evident across financially-deprived and marginalized social groups.

The emergence and re-emergence of the social economy can be attributed historically to periods of socioeconomic crisis, where civil society seems to come together in response to the alienation and non-satisfaction of needs by the traditional private or public sectors. In the 1850s, we observed the expansion of mutual support organisations against de-regulated competition. This was followed in the 1880s by agricultural and saving co-operatives emerging against industrial agriculture, which was outpacing small owners given the large investments requirements. In the 1920s, consumption and housing cooperatives emerged after the economic crisis, which were interestingly institutionalized during WW2 and later became part of the welfare system. Cooperativism as a philosophy gained momentum during the last two decades of the 20th century in response to the crisis of the mass-production system and expansion of capitalism, which led to local economic development initiatives and the mushrooming of NGOs and enterprises with social objectives. Today, we have witnessed a rare resurgence of social economy enterprises, which seems to be a reaction to neo-liberal principles and individualist ideology, and the multiple crises derived from the exacerbation of capitalism, yet reliant on the structure those principles and ideologies have enabled.

In this context, both traditional and non-traditional social economy enterprises are contained in our social economy framing for this special issue. On the one hand we consider cooperatives, mutual support and voluntary organisations and associations, including charities and foundations. On the other hand, newer (arguably more hybrid) initiatives, organizations and categories, such as: social enterprises, community ventures, L3Cs, community interest companies, public-benefit corporations, and even B Corps.

We situate alternative investment in this large and varied social economy landscape. Thus, alternative investment has a prosocial orientation and concerns the use of repayable finance with a focus on achieving some form of social and/or environmental outcome. From the investor's perspective, prior research has outlined the value-added activities of social investment (Di Lorenzo and Scarlata, 2018). From the entrepreneur's perspective, prior research has shown that investment in social enterprises has clear financial benefits when seen against other important venturing factors (Muñoz and Kimmitt, 2018). Despite this, we know very little about the many alternative investment instruments that currently exist in this domain and its relationship with social economy entrepreneurship. However, from policy-makers, investors, social entrepreneurs and others, there is increasing momentum behind social investment as a vehicle for stimulating and growing entrepreneurship. With this in mind and through this call for papers, *Journal of Business Venturing Insights* is inviting submissions at the intersection of alternative investment, entrepreneurship and the social economy. The interaction between these areas can be explored at different levels and from different angles.

Macro level

At the macro level, alternative investment has emerged to disrupt the relationship between the financial system and wider society (Davis & Braunholtz-Speight 2016). In line with the re-emergence argument above, it is reasonable to argue today that alternative forms of investment can rebalance or potentially change in radical ways the relationship between the financial system and society. In this context, we consider that engaging philosophically in the exploration of the meaning and purpose of money and investment is an interesting pursuit.

Davis and Braunholtz-Speight (2016) also argue that such types of investment can even foster resilience in local communities which are the ones normally affected by swift changes in the financial sector and the main victims of socioeconomic crises and shocks. Alternative investment can potentially enable communities, through the formation of community enterprises, to better resist, absorb, accommodate and recover from the effects of crises and shocks. This is counterintuitive when compared to the exclusion effect that the financial system normally has on local communities. But, does it really work? We do not know whether and (if so) how alternative forms of investment contribute to building resilience in local communities.

At this level, we are also interested in situating alternative investment and entrepreneurship in broader complex social problems. The issues the social economy cares about are complex: tangled and interdependent (Lowe & Plimmer 2019). This means that venturing efforts and alternative investment are not alone and the social outcomes they seek to enable cannot be attributed to the change they seem to ignite, even less so social impact (Kimmitt & Muñoz 2018). When social outcomes are so hard to determine and 'prove', how can we make sense of the value of alternative investment and its effect on entrepreneurship?

More concretely at the macro level, we believe that many wider social processes involved in alternative investment and entrepreneurship as engines of the social economy are still understudied. Participatory budgeting for example, as a democratic way of allocating alternative forms of investment. Since this involves distributed agency through local participation in financial decision-making and shared control over the flow of resources, the logics, processes and effects of alternative investment are likely to be different from everything we know. What happens when these processes are supported by or channelled through local currencies instead?. This virtually offers a blank canvas for new entrepreneurship research.

Meso level

At a macro-meso level, we are also interested in alternative investment policy and policy instruments and their relationship with social economy entrepreneurship. We wonder what is the role of government in investing in the social economy? Does it change somehow the logics and functioning of social commissioning and contracts? We also wonder what is the role and effect of the different investment instruments and vehicles. For example, Social Impact Bonds (SIBs) emerged in 2010 as a way for private investors to fund the working capital risk attached to a variety of social projects. The repayment of this finance is dependent upon the agreed 'outcomes' of the project being achieved. If and when they are achieved, another party (typically the government) repays the investor at a rate of return. If the outcomes are not met, the investor will lose all or some of their investment (Gustafsson-Wright et al. 2015). SIBs have now proliferated globally as a way for governments to de-risk investments in social programmes (Fraser et al. 2018). However, very little empirical detail exists about them and their relationship with entrepreneurship is barely known.

The range of financial alternatives aimed at seeding entrepreneurship has expanded considerably (Bruton et al., 2015). In terms of alternative investment instruments, what is the role and effects of the different alternatives available to social economy enterprises, either debt- or equity-based, for example: community shares, patient capital, impact investing, revolving funds, P2P lending, charity bonds, equity-based (prosocial) crowdfunding, among others. Is there a space here for alternative, local or community currencies? Recent evidence (Davis & Cartwright, 2019) suggests that investment-based crowdfunding offers a viable and significant opportunity for governments seeking additional models of finance for public services, whilst also growing local engagement between the public sector and their community. If this is so, what is the role for social economy entrepreneurship as intermediary between the public and civic realms?

Also at a meso level, we are curious about the investor – entrepreneur relationships. First, we believe that the notion of return is still ill-defined. Given the range of options, mechanisms and outcomes available, we wonder what is the actual meaning of return over alternative investment? How can this be operationalized and implemented? What are the consequences of alternative implementation types? Are there any other returns on investment other than social and/or economic? In terms of the expected returns, are higher returns always better? As in traditional investment, where the higher the ROI rate is more attractive to investors (risk-adjusted), we have worked under the assumption that higher SROI is also better since this means that more social value is created out of a given investment. But is this so? As in traditional investment, maybe higher social returns may end up being counterproductive, leading to rebound effects or unleashing unnecessary risks.

Micro level

At the micro-level, we are also interested in venture-level determinants, mechanisms and impacts of alternative investment. Alternative investment (investment allocation and returns), measurement, social performance and behaviors are deeply intertwined in social economy ventures (Beer & Micheli, 2017). However, these streams, at least in entrepreneurship research, have grown separately.

Anecdotal evidence suggest that a missing bridge exists between investors and entrepreneurs. At the time social economy entrepreneurs complain about the lack of investment available to them, investors complain about the level of preparedness they see across the social economy enterprising community, particularly when compared to purely commercial ventures. As this seems to be about being ready to receive and allocate investment, what does investment readiness mean within the social economy, for the investor, the social economy enterprise and the entrepreneur(s) in charge.

Dark side

As with any phenomena, we are curious about the dark side of alternative investment. For example, what is gaming in alternative investment, how does it work and with what consequences? Also, there is a worrying moral neutrality when it comes to social investors and entrepreneurs, where everything about it seems to be good, given the assumed underlying intentions and also assumed lack of financial greediness. Yet, we also know about the hidden motivations behind philanthropic investment and the heroic acts of social entrepreneurs. Is there an egotistical return on investment? If so, how can factor it in? While this might add transparency, it might also detract people from engaging in alternative investment.

We are aware that all of the above is present across contexts, yet it is likely that they will emerge and shape up differently. What is the relationship between the social economy and entrepreneurship in developed vs. emerging markets? How are they different?

Virtual special issue (VSI) process

This is a virtual special issue (VSI), which means that submitted papers will be handled as part of the normal submission flow of the journal, but will be designated as belonging to the special issue. Accepted articles will be published in the first available regular issue and will simultaneously appear in a special section dedicated to VSIs. In this way, the content of the special issue can be called up at any time and it will be continuously expanding.

A VSI is not published in one batch, but emerges over time as each contribution is published when ready. The implication of this VSI format is that it operates on an open deadline, making the publication process dynamic and timely.

Submission guidelines for JBVI

Questions and informal enquiries should be directed to:

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