Working Paper: Understanding Impact Investing: Insights from a Structured Literature Review

Abstract

A growing impact investing market can catalyse a paradigm shift in global finance and redefine the role of capital in addressing global challenges and sustainable development. However, despite significant expansion, impact investing remains a niche market compared to traditional investment sectors. This structured literature review analyses existing academic literature on the influential factors for scalability in impact investing, inductively creating a conceptual framework to understand the factors influencing its growth potential. The findings reveal seven major influential factors: 1) ecosystem development and infrastructure, 2) impact measurement and standards, 3) capacity building and expertise, 4) regulatory and policy framework, 5) investment opportunities, 6) transparency and information, 7) investor engagement & participation. Recognizing the challenges of scaling remains a critical factor as the facilitation of impact investments is only meaningful when it effectively enhances social benefits.

Key words: Impact Investing, Scalability, Literature Review

Introduction

The field of impact investing has experienced significant growth since its formal inception in 2007, hosted by the Rockefeller Foundation (Höchstädter & Scheck, 2015). With the term came greater clarity and consensus around how best to practice impact investing. Academic interest in investing for social and environmental impact has roots stretching back over two decades (Arosio, 2011). In 2000, Emerson & Cabaj criticized the prevailing notion that financial returns and social returns were mutually exclusive. In this view, investments should generate financial and social returns at the same time (Emerson, 2003). Over the past decade, this innovative approach to social finance has gained increasing attention from practitioners, researchers, and policymakers (Rizzello et al., 2016) due to its revolutionary approach to the traditional finance market. With the integrating of financial tools with social and environmental objectives, the conventional profit-maximization approach is called into question, focusing on measurable positive impacts alongside financial returns. The sector's rapid expansion is evidenced by the Global Impact Investing Network's (GIIN) estimate that the market has reached $1.164 trillion in assets under management as of 2022 (Hand et al., 2022), marking a significant milestone in its development. By unlocking capital for social and environmental issues, impact investing creates a synergy between social impact and economic value creation, simultaneously providing financial returns to investors while contributing to sustainable development on a global scale. This approach is particularly compelling as it not only creates social impact but also helps to address the significant funding gap identified by the United Nations (UN) for achieving the Sustainable Development Goals (SDGs). The UN estimates that developing countries alone face a $2.5 trillion financing gap to meet these goals (UN, 2018), highlighting the potential role of impact investing in unlocking capital to tackle pressing social and environmental challenges. By targeting companies that contribute to the SDGs, impact investing harnesses the power of capital markets to drive meaningful change while generating financial returns for investors.

Despite the growing interest and engagement in impact investing, and a call for research on facilitating balanced growth in impact investing markets (Islam & Scott, 2022), questions regarding scalability remain largely unanswered in the existing literature. With few exceptions focusing on barriers (Achleitner et al., 2013; Alemany & Scarlata, 2010), empirical analysis more often do not provide a comprehensive and systematic overview, but rather focus on single parties like specific industries, countries and actors. While much of the existing research has focused predominantly on the main markets of Anglo-Saxon countries, particularly the UK and US, considered as pioneers in the sector, there is a notable gap in knowledge regarding the interface between global impact investing and its developmental potential. As the field continues to evolve, this gap highlights the need for a deeper exploration of the factors that can influence the scalability of impact investing, which is crucial for maximizing its potential to address the world's most pressing challenges.

This structured literature review seeks to address this gap by providing a nuanced understanding of the underlying issues within the field.

➔ *RQ1: What are the factors that drive impact investing's scalability defined in literature?*

It highlights the concern that, without such insights, the impact investing sector may progress in a fragmented manner, potentially undermining its effectiveness and cohesion (Nicholls, 2010; Höchstädter & Scheck, 2015). Furthermore, through this analysis, building on existing literature, this study contributes not only to the ongoing discourse on closing the financing gap, but also presents a conceptual framework able to support the growth of impact investing.

➔ *RQ2: How can impact investing scalability be conceptualized?*

A structured literature review (SLR) is used to clarify the influential factors, enabling future researchers to make use of a framework to streamline the research. The remainder of the paper is structured as follows. Section 2 gives an overview on the terminology of impact investing and scalability. Section 3 details the research method, including data collection and analysis procedures. Section 4 critically reviews the main results. Section 5 provides a discussion of the literature review findings and future research. Section 6 concludes with 1) identifying the influential factors and 2) create a conceptual framework for future growth.

Impact Investing

Definition

Impact investing, as defined by the Global Impact Investing Network (GIIN), refers to "investments that aim to solve social or environmental challenges while generating profit." Within the broader spectrum of social finance (Nicholls & Emerson, 2015), impact investing has a unique position between philanthropy and socially responsible investments (SRI). Unlike philanthropy, impact investments expect a financial return or at minimum, the return of principal capital (Hebb, 2013; Jackson, 2013). It is distinguished between *impact-first* forms of impact investing (Bozesan, 2013; Freirich & Fulton, 2009; Hebb, 2013), where measurable social impact is at the forefront, and financial returns are rather an additional benefit and *finance-first* approaches of impact investing have a stronger commercial orientation. The impact investing approach differs from SRI, which "integrated ESG (Environmental, Social, Governance) factors in the research, analysis and selection process of securities within an investment portfolio" (Eurosif), in their intentionality, seeking to improve social and environmental conditions (Bugg-Levine & Emerson, 2011). It is furthermore characterized by two additional factors, namely a concrete contribution as well as the possibility to measure the created impact. Impact investing distinguishes itself from other sustainable finance vehicles by primarily focusing on unlisted organizations, often through private equity, debt, or guarantees (Brest & Born, 2013; Höchstädter & Scheck, 2015). Venture philanthropy is not only expanding its scope to include repayable investment approaches (Hehenberger & Harling, 2013; Mair & Hehenberger, 2014), but it is also attracting increasing interest from mainstream private and institutional investors, such as high-net-worth individuals (HNWIs), foundations and pension funds. At the same time impact investments is not a relevant investment tool for everybody. Retail investors, e.g., are still unfamiliar with the concept and lack awareness and understanding. Overall, the interest in impact investments underscores a growing recognition of the potential for financial returns alongside social impact, reflecting a shift in investment strategies within the philanthropic sector.

Policy & Regulation

The development of the impact investing market is supported by political initiatives and regulatory frameworks on a national, European and global level. Soon after the Rockefeller foundation coined the term impact investing, the GIIN was established in 2009. Followed by the first attempts to integrate new social innovation vehicles, such as social impact bonds in UK in 2010, while launching the social impact investment bank Big Society Capital, as well as the Social impact Investing Taskforce of the G8 in 2013, set up by British Prime Minister David Cameron, which joined forces with the OECD to bring impact investing to the global market (Social Impact Investment Taskforce, 2014). Another initiative formed in the United Kingdom is the Big Society Initiative, or the 90-10 frame in France, that encourages companies to invest 10% of their employees´ savings in government-recognized solidarity companies or revenue sharing funds (Jégourel & Maveyraud, 2008). In 2015, the UN launched its Agenda 2030 for Sustainable Development, which introduced the 17 SDGs. At the same time, the Paris Climate Agreement highlighted the importance of impact investments to provide financial resources. Further attempts in Europe on the topic of sustainable finance are represented by the European Green Deal, including the EU taxonomy, that was politically initiated to ensure zero emissions and making Europe the first climate-neutral continent by 2050 and an extension of this environmental approach in 2021 to social strategies and objectives. New tools for impact investing evolved from the Social Impact Accelerator by the European Investment Fund (EIF) to support the impact-aligned movement. Furthermore, various European initiatives emerged, including the EU Action Plan and the application of a transparency framework, the Sustainable Finance Disclosure Regulation (SFDR) in 2021. The SFDR aims to redirect investments towards sustainable activities and include regulatory technical standards, while the Corporate Sustainability Reporting Directive (CSRD) from 2022 includes a disclosure obligation for companies regarding their sustainability information. In addition to this engagement, these frameworks only represent a brief overview of the recently launched initiatives.

Scalability

Even though scaling is a crucial organizational phase for institutions expanding their impact and maintain market relevance, scaling impact remains as one of the biggest challenges in research and practice (Canatelli, 2017; Bradach, 2003; Scheuerle & Schmitz, 2016).

Existing literature has not distinguished scaling impact and scaling organizations distinctively. Social organizations such as foundations, social businesses, social enterprises, and non-governmental organizations (NGOs) play a crucial role in addressing societal challenges and driving social innovation. However, most research see organizational growth as a part of the outcome of scaling (Dees et al., 2004), including growing revenues or rising numbers of people served. For example, Dees, Anderson, and Wei-Skillern (2004) claim that scaling social impact has three forms: scaling an organization, replicating a program, and spreading a principle. Bloom and Skloot (2010) as well as Bloom and Smith (2010) measure scaling impact in four aspects: (1) progress in alleviating the problem, (2) scaled organizational capacities, (3) increasing number of individuals served, and (4) increased geographic area served. The majority of the definitions of scaling are more about scaling organizations (expansions in programs, income, beneficiaries, and geographic regions), rather than scaling the impact. Next to organisational scaling, in the field of social innovation and social entrepreneurship, the relevance to understand the mechanisms required to transition ideas have been set into a broader perspective (Bradach, 2010; Evans & Clarke, 2011, McPhedran et al., 2011, Mulgan et al., 2008). Scaling impact is not limited to scaling organizations or serving more people (Bradach, 2010; Han & Shah, 2020). It is more about the effectiveness of addressing a social issue, transforming the way people perceive a problem, and changing the status quo. As Roger Martin and Sally Osberg state, “scale is a question of an organization’s effectiveness at transforming a suboptimal status quo" (Martin & Osberg, 2015:166). Scaling impact is thereby the transformation of social change or system change and less about scaling organizations.

To achieve growth, different strategies exist that are divided by Moore et al. (2015) into: scaling up, scaling out and scaling deep. Strategies for scaling up have the potential to change institutions at a political or regulatory level. For other initiatives scaling out is a relevant technique to replicate successful innovations and thereby increase the number of people or communities impacted. Strategies for scaling deep are related to relationships, cultural values and beliefs. These strategies are individually critical, as they influence how social systems and institutions are transformed through the efforts of organizations, foundations and change agents.

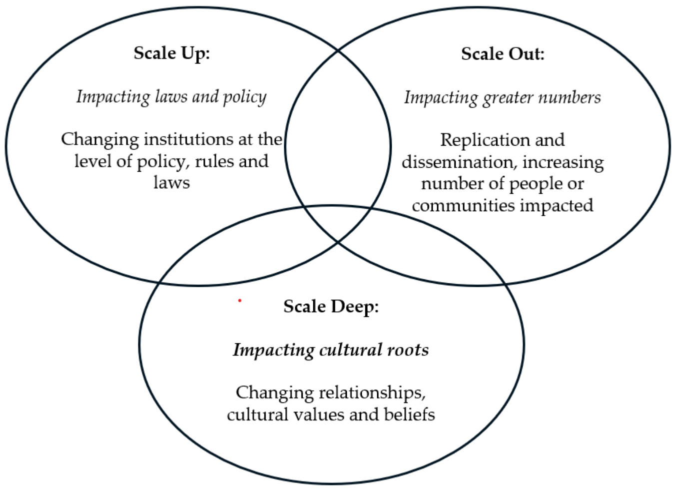

Figure 1: Scaling out, scaling up and scaling deep for social innovation, own illustration based on Moore et al. 2015

Other authors (Aschari-Lincoln & Jacobs, 2018), integrate capacity scaling (evolve organizational, human resource and financial capacities) in their scalability strategies and derive the three key success enablers on 1) financial provider alignment on scaling approach and goals, 2) coherence in understanding the interrelatedness of capacity, up-scaling and deep-scaling, 3) alignment of impact reporting across target groups.

Despite the recognized significance of scaling impact, it remains one of the most challenging aspects in academia and practice, specifically a gap of existing literature in the intersection of scaling impact and impact investing is visible.

Methodology

Data Collection and Cleaning

To address the research questions posed in this paper on 1) What factors drive the scalability of impact investing as defined in literature, and 2) How can impact investing scalability be conceptualized, this study employs a structured literature review (SLR) to provide an overview of the existing perspectives at the intersection of impact and scaling. This literature review was started by consulting a few prominent articles on impact investing (e.g., Nicholls, 2010; Höchstädter & Scheck, 2015; Hehenberger et al., 2019) for identifying key themes, trends and gaps. The paper utilizes Cooper´s (1988) taxonomy to categorizes the review based on five criteria: 1) focus, b) goal, c) perspective, d) coverage and e) organization. Thereby, this SLR focusses on influential factors identified in the literature, has the goal to compare and integrate findings, adopts an external perspective, ensures representative coverage and is organized conceptually. Following the principles outlined by Webster & Watson (2002), the SLR process is organized into three steps: search, selection, and analysis of the collected literature.

First, the search strategy is crucial, involving the formulation of a search string and the selection of an appropriate database. For this research, we chose the Web of Science database, which provides a comprehensive view of existing literature across various disciplines. The focus was solely laid on WoS, since impact investing is a nuanced topic that intersects finance, social impact, and sustainability, and thus provides the most academically fitting access to authoritative sources. The search string ("impact invest*" AND ("Scal*" OR "Grow*" OR "Enabl*") combined terminology related to impact investments and scaling, focusing on terms present in titles, abstracts and keywords (Figure 2). Recognizing that "scaling" may be referred to by different terms, we also included synonymous phrases such as "growth" and "enabler". A conscious decision was made to focus exclusively on the word of "impact investments" as well as on positive connotated terms related to impact investing, instead of obstacles and barriers. This search resulted in 247 hits. Furthermore, the review was limited to publications written in English (240 hits), covering a timeframe from 2007, when the concept of impact began to gain traction, until 2024 (234 hits), including articles, proceeding paper, review article and book chapters. This search process yielded a total of 230 publications

Second, before the analysis was started, we undertook a selection and screening process for the publications by evaluating titles, abstracts and full texts. This exclusion process reduced the sample from 230 to 33. Out of these 33 we had to exclude 3 articles that topic wise did not match the expectations. Another article that was included did not require the language criteria, however after using a translation tool, we kept it in the sample, as the content was fitting. Out of these 30 articles, two articles had to be excluded to access restrictions, resulting in a total of 28 articles. Forward and backward searches (Webster & Watson, 2002) yield into five additional results, and a final data base of 33 articles.

Third, the analysis integrated the extraction of the publication outlet, document type, year and country of publication and research area. The full text analysis is based on the content analysis of Wolfswinkel and Wilderom (2011). MAXQDA was used to perform the open, axial, and selective coding. All papers were analyzed to reach a comprehensive understanding of the influential scaling factors. Open coding is the first step in the analysis process, that is focused on text sections that describe the concept of impact scalability. Following up with the second step of coding (axial coding), we broke the data into smaller parts and organized the codes by showing relationships between the factors. Finalizing the analysis with a selective coding, factors from the axial coding are further examined. We conducted a semantic decomposition analysis (Akmajian et al., 2010) that revealed seven recurring elements within the identified enablers. The analysis process involved comparing, relating and linking concepts with relevant excerpts from the papers. This was achieved through an iterative process, alternating between open, axial and selective coding methods. This process continued until theoretical saturation was reached, as described by Wolfswinkel & Wilderom (2011), used to identify and categorize the enablers of impact investing scalability.

This SLR primarily focuses on publications from scientific outlets, which may result in the omission of potentially different understandings and terminologies used by practitioners in the impact investing market. Many reports and non-academic publications in this field could offer valuable insights that are not captured in this study. Additionally, the diversity in terminology used to describe growth, scale potential, and impact investing itself presents a challenge. Despite our thorough grounding of the search strings in the background literature, it is possible that some relevant papers using alternative terms may have been inadvertently excluded from our analysis. Still, based on the principles for conducting structured literature reviews outlined by Webster and Watson (2002), we believe to have adequately captured the key components of the focal phenomenon in our review.

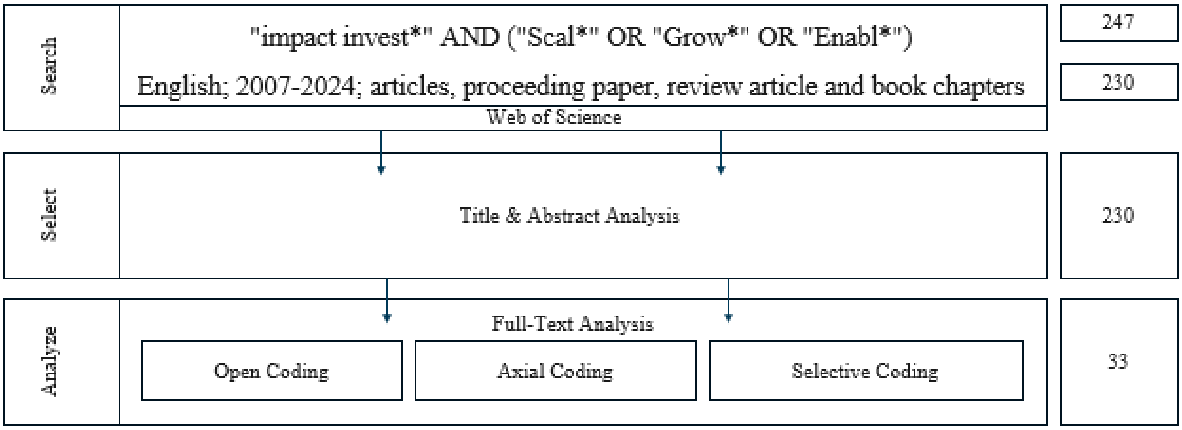

Figure 2: Research process

Data Description

To receive a comprehensive overview of the general database this literature review was built on, a description of the 247 identified publications is presented, spanning the period from the inception of the term impact investing in 2007, to the present. This examination reveals a notable trend in the development and scholarly interest in impact and scalability research. The trajectory of publications demonstrates a consistent upward trend from 2007 till 2020, which marked the peak of scholarly output in this intersection of literature. However, a decline in publication volume is observed from 2021 to 2023 (cf. Figure 3).

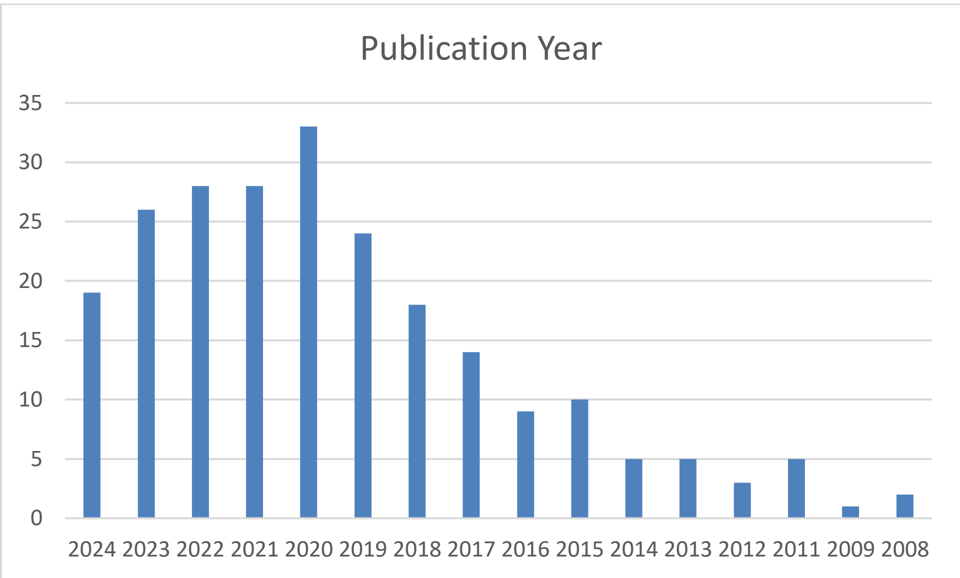

Figure 3: Amount on Publications on Impact Investing and Scalability, between 2008-2024

An analysis of the geographical distribution of scientific publications reveals a significant concentration in Anglo-Saxon countries, which have historically been at the forefront of academic research and publishing. The US consistently ranks as the top producer of scientific articles, followed closely by the UK (cf. Figure 4).

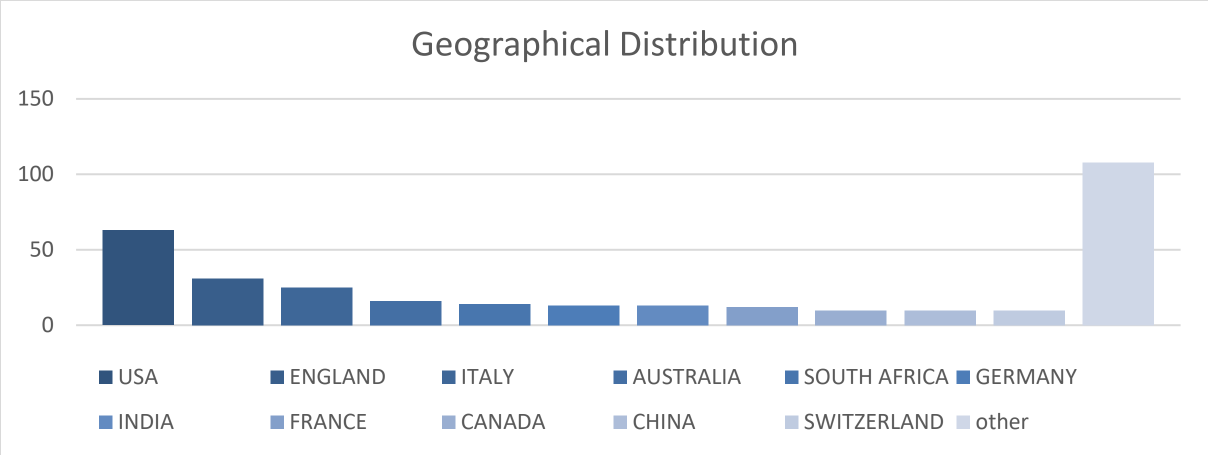

Figure 4: Geographical Distribution of Scientific Publications

An analysis of the publication landscape reveals a distinct concentration of research in specific academic domains and journals. The distribution of publications across disciplines and outlets can be characterized as follows: Most documents were published in the areas of business; business finance and management, followed by environmental studies and green sustainable science technology, with a strong publication focus in the journal: *Sustainability* and the *Journal of Business Ethics* (cf. Figure 5).

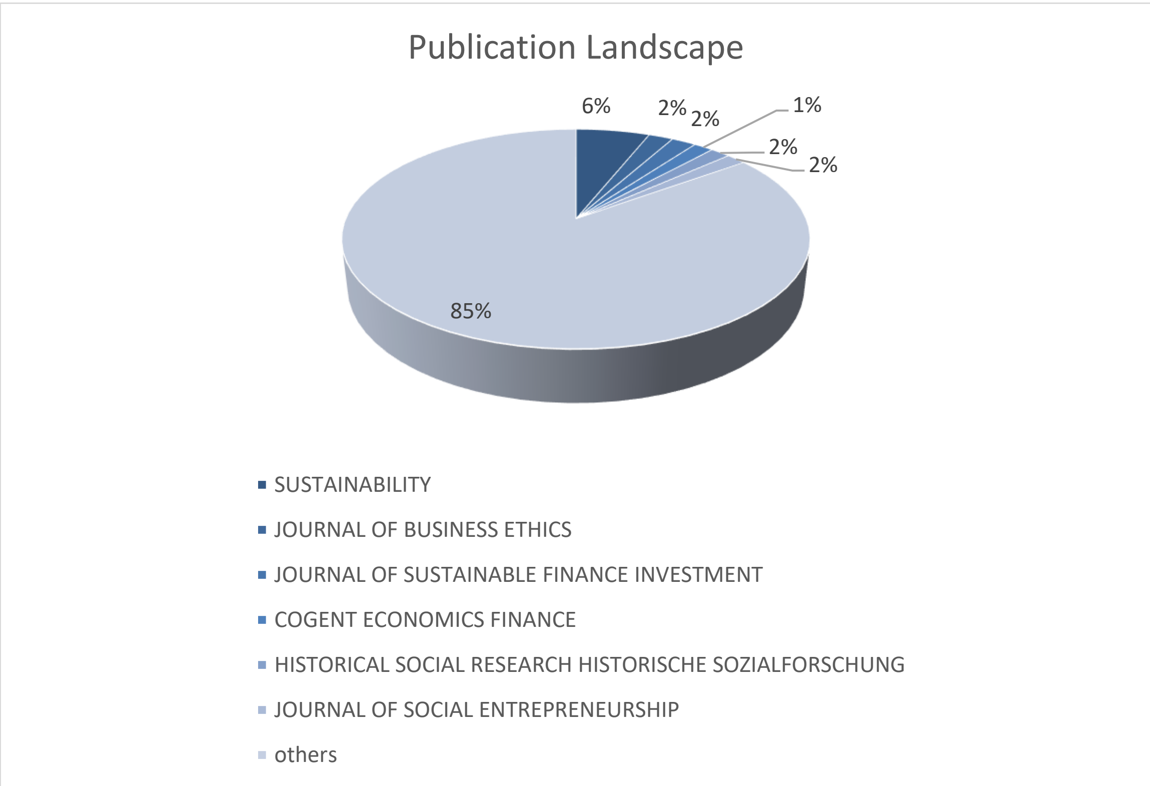

Figure 5: Publication Landscape of Selected Dataset

Results

The systematic analysis and coding of the literature resulted in the presentation of seven key enablers that drive the scalability of impact investments. These enablers represent critical factors that contribute to the growth and expansion of the impact investing sector.

The identified enablers are:

1. Factor: *Ecosystem development & infrastructure*: This encompasses the supportive networks, platforms, and systems necessary for impact investing to thrive.
2. Factor: *Impact measurement and standards*: The development and adoption of robust metrics and standardized approaches to assess and report social and environmental outcomes.
3. Factor: *Capacity building and expertise*: Enhancing the skills, knowledge, and capabilities of stakeholders involved in impact investing.
4. Factor: *Regulatory framework*: The establishment of supportive policies and regulations that facilitate impact investing activities.
5. Factor: *Investment opportunities*: The availability and diversity of impact-oriented investment options across various sectors and asset classes.
6. Factor: *Transparency and information*: The accessibility and clarity of information related to impact investments, their performance, and outcomes.
7. Factor: *Investor engagement and participation*: The active involvement and commitment of investors in the impact investing space.

The analysis has shown that these enablers can individually but also collectively form a framework for understanding the key drivers of scalability in the impact investing sector. The order is ranked upon the importance, starting with the factor of ecosystem development and infrastructure as the factor that was rated the most often by the authors (cf. Table 1).

Factors Authors	1) Ecosystem Development & Infrastructure	2) Impact Measurement & Standards	3) Capacity Building & Expertise	4) Regulatory Framework	5) Investment Opportunities	6) Transparency & Information	7) Investor Engagement & Participation
Acevedo & Wu (2017)	X		X	X	X		
Adhikari & Chalkasra (2023)			X				X
Alijani & Karyotis (2019)		X		X			
Andrikopoulos (2020)	X	X					X
Aschari-Lincoln & Jacobs (2018)		X		X			
Baturina (2023)	X	X	X				X
Brest & Born (2013)	X			X	X	X	
Bugg-Levine & Goldstein (2009)	X	X		X			X
Chiappini et al. (2023			X				
Clarkin & Cangioni (2016)	X	X		X	X		
Ebrahim & Rangan (2014	X	X	X	X			
Findlay & Moran (2019)		X					
Glänzel & Scheuerle (2015)	X					X	
Han & Shah (2020)	X		X				
Heinz et al. (2024)	X	X	X		X	X	X
Islam (2022)	X		X		X		
Islam & Scott (2022)	X	X			X		
Kappen et al. (2019)		X		X			
Léon et al. (2020)	X			X	X	X	
McCallum (2020)					X	X	
McCallum & Viviers (2020)	X		X	X	X		
Menichetti (2019)		X			X		
Michelucci (2017)	X		X	X	X		X
Philips et al. (2021)		X	X				
Schrötgens & Boenigk (2017)		X					X
Shome et al. (2023)		X		X			

Singhania & Swami (2024)	X	X			X	X	
Tekula & Andersen (2019)	X		X				
Tewari et al. (2020)		X					
Tucker (2018)		X		X	X	X	
Viglialoro et al. (2024)	X	X	X		X		
Weber & Kröger (2015)		X	X			X	X
Wiggan (2018)	X	X	X	X		X	X

Table 1: Concept Matrix of Scaling Factors in Impact Investing

The previous described coding process has resulted in seven factors used in existing literature to describe the interlinkage between impact investing and scalability. On this basis, a holistic conceptualization for impact investing scalability was developed, resulting from literature outcomes.

Scalability potential of impact investing is dependent on four superordinate elements: 1) operational capacity, 2) impact intelligence, 3) market infrastructure and 4) regulatory framework. The developed concept divides the individual elements in: internal and external factors. On the one hand, internal factors are related to a) operational capacity, including capacity building and expertise (Heinz et al., 2024; Baturina, 2023; Chiappini et al., 2023), as well as investor engagement and participation (Michelucci, 2017; Heinz et al., 2024; Schrötgens & Boenigk, 2017), identifying private investors as important stakeholder and future investors group, as they can support building a more diverse impact investment culture (Höchstädter & Scheck, 2015) and b) impact intelligence, including impact measurement & standards (Bugg-Levine & Goldstein, 2009; Wiggan, 2018; Andrikopoulos, 2020) as well as transparency & information (Brest & Born, 2013) that focus on reliable information and avoid the risk of impact-washing (Singhania & Swami, 2024). On the other hand, external factors are related to a) the market infrastructure, including ecosystem development and infrastructure (Heinz et al., 2024; Ebrahim & Rangan, 2014) as well we b) the regulatory framework, splitted into policies and legal structures (Michelucci, 2017; Léon et al. 2020). This conceptualized framework majorly focus on two scaling strategies, namely the upscaling part, where market und regulatory infrastructure are important, as well as capacity scaling, where operational expertise and engagement as well as impact intelligence, including measurement tools are valuable (cf. Figure 6). Both of these scaling techniques have influence on scaling deep and scaling out potential, that are only implicitly part of that framework, but due to the fact that the results from the literature review have not focused on these sides, they are not taken into account.

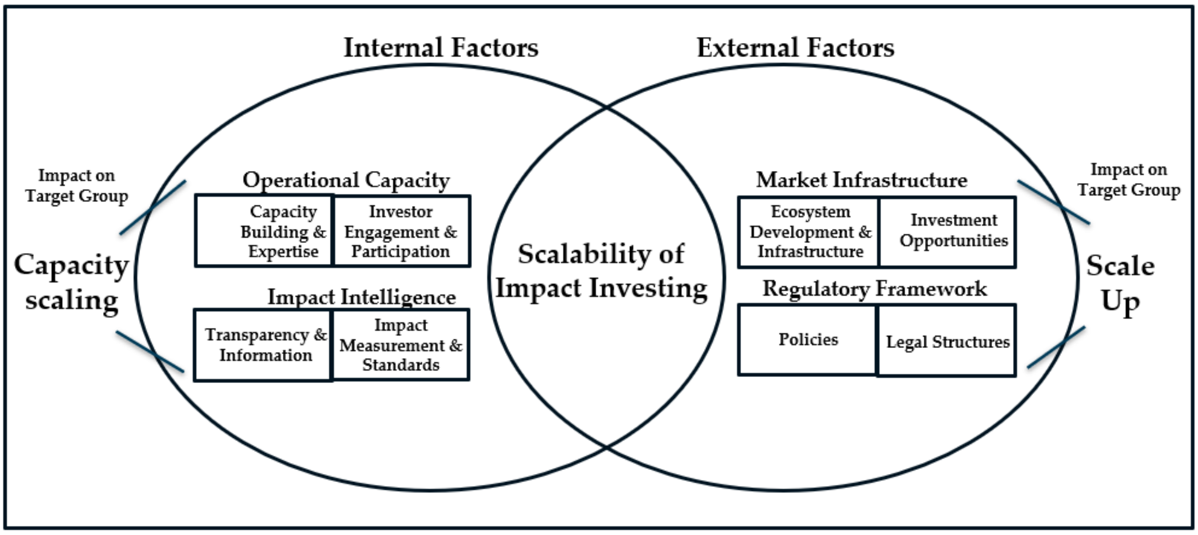

Figure 6: Framework for Scaling Impact Investing

Discussion

The results by this literature review highlight certain key aspects that are part of a *capacity scaling* and part of a *scale up* process.

Mentioning the *capacity scaling* approach, focusing on evolving organisations, human resources and financial capacities, Aschari & Jacobs (2018) focus similarly on the key enablers of financial provider alignment, as well as the alignment of impact reporting. Additionally, in this papers definition, there is another focus on operational strategies to support growth, such as through *operational capacity* building, which includes building expertise and investing in human resources. The role and importance of intermediaries (Islam & Scott, 2022; Michelucci, 2017) are included here. As well as investor engagement and their active participation, that are mentioned to serve the market demand (Baturina, 2023), specifically by HNWI (Heinz et al., 2024), foundations (Michelucci, 2017) as well as retail and mass affluent investors. This investor engagement can be compared to the previous mentioned financial capacities. Additionally, this papers conceptualization highlights the significance of *impact intelligence*, meaning analytical unified measures (Andrikopoulos, 2020) and credible standards (Bugg-Levine & Goldstein, 2009; Clarkin & Cangioni, 2016) with a solid data base, that should be reported transparently to avoid impact-washing (Singhania & Swami, 2024). Established standards on reporting systems, such as the Global Impact Investing Rating System (Andrikopoulos, 2020) or new guidelines such as the SFDR in the European context, are already set in place and could support the general lack of institutional readiness. Further technological innovation through digital platforms and fintech solutions could support this complexity (Singhania & Swami, 2024). According to this, a certain level to transparency and reliable information sharing, such as on risks and expected returns (Brest & Born, 2013; Glänzel & Scheuerle, 2015) in order to avoid information asymmetries (Wiggan, 2018) and create legitimacy (Weber & Kröger, 2015) is mentioned as crucial.

The *scale up* process, takes a closer look to the external influential factors, in creating a solid *market infrastructure* as well as pushing *regulatory frameworks*. Market infrastructure thereby consists first of *ecosystem development* as well as the establishment of an *infrastructure* (Léon et al., 2020; Wiggan, 2018). This includes market enablers (Michelucci, 2017), relationship building (Glänzel & Scheuerle, 2015) and collaboration among sectors (Baturina, 2023; Heinz et al., 2024; Shinghania & Swami, 2024). According to Tekula & Andersen (2019), the scalability of impact investing is dependent on a spectrum of facilitators. These include the public sector, the governments, the private sector with foundations as well academic institutions and knowledge hubs. Building platforms for industry development, could support this ecosystem (Bugg-Levine & Goldstein, 2009). Enabling factors, next to the ecosystem, a second part of the market infrastructure, are represented by the creation of *investment opportunities*. Thereby the development of capital market for attracting capital can facilitate flow in this market and increase liquidity (Andrikopoulos, 2020). The rather small deal size (Michelucci, 2017) as well as limited exit options (Brest & Born, 2013), public funding restrictions (McCallum, 2020) represent challenges. In terms of *regulatory frameworks*, the establishment of supportive policies and regulations that facilitate impact investing activities incentivize further growth potential (Michelucci, 2017, Bugg-Levine & Goldstein, 2009). These include legal structures (Léon et al., 2020) and reporting processes (Aschari-Lincoln & Jacobs, 2018) to scale up the field.

Conclusion

In conclusion, this structured literature review highlights the critical role of scaling factors in fostering the growth and effectiveness of impact investing. The study identifies seven key enablers that are essential for market development and scaling: *ecosystem development, impact measurement, capacity building, regulatory frameworks, investment opportunities*, achieving full *impact transparency*, e.g.

through impact-weighted accounting, and *investor engagement.* According to the selected literature, these enablers are crucial in creating a conducive environment for impact investing to thrive and address global challenges effectively. The research underscores that the success of scaling impact investing initiatives, both nationally and transnationally, depends on specific configurations of these enabling factors combined with scaling strategies. This aligns with configurational approaches in strategic management, suggesting that while the average effectiveness of enablers may show only marginal variation across different strategies, certain combinations can gain significant contributions. By identifying these critical enablers and their interplay with scaling strategies, this study addresses important gaps in the literature within the intersection of impact investing and scalability and provides valuable insights for practitioners, policymakers, and researchers. Finally, this literature review proposes a novel framework for understanding how to enhance the effectiveness and scalability of impact investing, ultimately contributing to the field's potential in tackling pressing social and environmental issues. It includes the dual process of *capacity scaling* and *scaling up* effects. Future research could dive further into the connections among them. The findings emphasize the importance of a holistic approach to developing the impact investing market, where attention to these key enablers can unlock the full potential of this innovative approach to sustainable finance.

Note: Working Paper

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