Impact Investing and Firm Financial Performance Aligned With SDG 8 (Decent Work and Economic Growth): A Conceptual Framework

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ABSTRACT

The concept of impact investing has received greater recognition as a form of strategic investing that embodies the financial performance alongside social and environmental performance. Specifically, it has become the trend to align with Sustainable Development Goal 8 (SDG 8), that facilitates decent work and economic growth, in order to access sustainable and inclusive development in firms. Nonetheless, even with the increased use of impact investing, the conceptual understanding about the impact of such investments on the financial performance of a firm and how social impact can be converted into financial value is still lacking. The purpose of this study is to build a conceptual framework of impact investing and firm financial performance, where SDG 8 alignment is a mediator variable. The paper, based on the stakeholder theory, resource-based view, and institutional theory suggests that impact investing improves financial performance by the company by bettering employee welfare, job creation, and the productivity of workforce to bolster organizational efficiency, competitive advantage, and legitimacy. The framework further proposes that alignment with SDG 8 improves the trust and corporate reputation of the stakeholders and investor confidence to boost financial results. This work can make a contribution to the literature as it offers a thorough theoretical description of the mechanisms through which impact investing has the ability to generate social and financial value. The suggested framework provides valuable implications to managers, investors, and policymakers as it attracts attention to the strategic position of impact investing as a tool to attain financial sustainability and at the same time contribute to global development objectives. The research also offers a basis of the future empirical studies on the relationship of sustainable finance and firm performance.

Keywords: Impact Investing; Sustainable Development Goal 8; Firm Financial Performance; Decent Work; Economic Growth; Sustainable Finance

INTRODUCTION

Impact investing became an important part of sustainable finance as the growing necessity to measure financial results with social and environmental impact has become emergent. In contrast to other conventional methods of investment as using a profit maximization strategy, impact investing aims to deliver quantifiable social change in addition to monetary gains (Clarkin and Cangioni, 2016; Agrawal and Hockerts, 2021). Impact investing is on the rise worldwide as investors, corporations, and policymakers have acknowledged the potential of the approach to provide solutions to the social issues, including unemployment, inequality, economic instability, and remain financially viable (Weber, 2016; Boulongne et al., 2024). This change is indicative of a more general change in corporate strategy, where sustainability needs are now being incorporated into the core operations of a business to guarantee long-term competitiveness and value creation to the stakeholders (Hebb, 2013).

The United Nations Sustainable Development Goals (SDGs) are closely related to the adoption of impact investing as they establish a universal framework of attainment of inclusive and sustainable development (Frey, 2018). SDG 8: Decent Work and Economic Growth is one of the 17 SDGs that is the most important in facilitating productive employment, economic growth, and well-being of the workforce (Kreinin and Aigner, 2022). SDG 8 focuses on enhancing the state of working conditions, bettering labor productivity and promoting economic development in an inclusive manner, which will be critical towards social and economic sustainability (Zehri et al., 2024a). Companies also help SDG 8 through investments in the welfare of employees, creation of jobs and productivity that can enhance efficiency and competitiveness of the organization (Petrakis, n.d.).

Sustainability practices by corporations such as impact investing have been linked to better financial and non-financial performance. Sustainable investments may increase the reputation of firms, trust of stakeholders, and operational efficiency that lead to the increase in the financial performance (Revelli and Viviani, 2015; Barakat et al., 2024). Along with that, companies that adhere to sustainability principles can be favoured in investor confidence and market risk, as investors will move toward socially responsible companies (Hoang et al., 2026). Thus, SDG alignment and impact investing are two strategic practices that combine financial performance and sustainable development goals.

Problem Statement

Although the practice of impact investing is increasingly being embraced, the financial consequences of impact investing on firms continue to be the point of controversy. Although the idea of impact investing is aimed at producing financial and social returns, the overall impact on the financial performance of the firms is not well-consented (Viviani and Maurel, 2019; Nobanee et al., 2025). According to some studies, impact investing improves financial performance by increasing stakeholders relationships and competitive advantage but other researchers point to the existence of trade-offs between social and financial goals (Lazzarini et al., 2021; Brest and Born, 2013).

Moreover, companies are more and more oriented at SDG 8 goals, including job creation and decent work, but the means by which these investments affect financial performance are not clear (Frey, 2018; Zehri et al., 2024a). The lack of explicit conceptual framework that connects the impact investing, SDG 8 alignment, and financial performance does not allow us to understand how sustainable investments can generate financial value to firms. This is unclear and is a challenge to managers and investors who want to balance financial performance and social impact.

Research Gap

The literature that has been reviewed has explored the concept of impact investing and financial performance and how SDGs contribute to sustainable development. Nevertheless, impact investing, SDG 8 outcomes, and firm financial performance have not been conceptually integrated (Agrawal and Hockerts, 2021; Weber, 2016). The bulk of the literature has addressed the financial results of sustainable investments or the social consequences of SDG-oriented initiatives, but it has not looked at the process by which these constructs relate to one another (Revelli and Viviani, 2015; Boulongne et al., 2024).

Also, the mediating value of SDG 8 has not been thoroughly examined in terms of elucidating the effects of impact investing and the financial performance. This is a critical gap especially in the emerging economies where impact investing has been key to supporting employment and economic growth (Zehri et al., 2024a). Thus, a unified conceptual framework that describes the correlation among impact investing, SDG 8 alignment, and firm financial performance is necessary.

Research Objective

The ultimate aim of this paper is to design a conceptual model of the relationship between impact investing and Sustainable Development Goal 8 and their impact on the financial performance of firms. Particularly, the research paper will seek to describe how impact investing has the effect of leading to decent work, economic growth, and organizational financial performance. The framework combines the stakeholder theory, resource-based view, and institutional theory to provide an elaborate theoretical explanation of how impact investing is related to financial performance.

Research Questions

In line with the objective of the research, the study will respond to the following research questions

- How impact investing affects firm financial performance?
- What is the impact of SDG 8 on the correlation between impact investing and financial performance?
- How do the sustainability-based investments add to the social and financial value-generation?

LITERATURE REVIEW

Impact Investing

Impact investing is the investment that is intended to deliver a quantifiable social and environmental benefit in addition to a financial outcome (Clarkin and Cangioni, 2016; Weber, 2016). In contrast to conventional investments, which are usually concentrated on increasing profits without looking at societal value creation, impact investing is a two-fold objective strategy that considers the financial and societal value creation (Brest and Born, 2013; Hebb, 2013). It has a background in responsible investing practices like socially responsible investing (SRI) and environmental, social, and governance (ESG) investing, but it is distinguished by its very deliberate intentionality and measurement of impact (Agrawal and Hockerts, 2021; Marzuki et al., 2023).

The major ones are intentionality, measurability, and expectations of financial return (Reeder and Colantonio, 2013). Based on the projected financial returns, impact investments may be divided into market-rate investments and concessionary ones (Evans, 2013; Trelstad, 2016). Such investments are usually channeled to areas like renewable energy, job creation, healthcare, and financial inclusion (Boulongne et al., 2024).

The stakeholder theory is a theoretical underpinning of impact investing and it focuses on delivering value to various different stakeholders other than shareholders (Lazzarini et al., 2021). According to the resource-based view, social investments increase intangible resources like reputation and commitment of employees, which is part of competitive advantage (Viviani and Maurel, 2019). The institutional theory also describes the ways in which firms consider impact investing to be able to acquire legitimacy and align with the expectations of the society and the principles of sustainability (Agrawal and Hockerts, 2019).

Firm Financial Performance

Firm financial performance is defined as the capacity of a firm to make profit and generate shareholder value out of the activities of the firm operational and strategic (Mill, 2006). It is a major sign of organizational success and sustainability and a measure of effectiveness of managerial decisions and use of resources (Barakat et al., 2024). The accounting-based and market-based measures are usually used to assess financial performance, each of which measures a variety of aspects of performance.

Accounting metrics such as return on assets (ROA), return on equity (ROE), and profit margins evaluate efficiency and profitability in operations using past financial reports (Revelli and Viviani, 2015).These measures give an understanding of the efficiency of firms to use their assets and equity to produce revenues. Tobin-based and stock-based indicators like Q and stock returns indicate what the investors think and anticipate of the future performance and growth of the firm (Gray et al., 2015).

Strategic investments such as sustainability and impact-oriented plans, which affect financial performance, may increase operational efficiency, innovation, and reputation (Nobanee et al., 2025). Sustainability-focused investments can enhance the financial performance of a company in terms of risk reduction, stakeholder confidence, and competitiveness in the long term (Hoang et al., 2026). Thus, financial performance is a vital outcome variable in the measurement of impact investing strategy effectiveness.

Sustainable Development Goals (SDG 8)

SDG 8 (Sustainable Development Goal 8) aims at achieving sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work to name a few (Frey, 2018). It highlights boosting labor productivity, providing safe working environments, entrepreneurship promotion, and economic development (Petrakis, n.d.). SDG 8 understands that employment and productivity are crucial to economic sustainability and social welfare (Zehri et al., 2024a).

Decent work on SDG 8 encompasses equitable payment, work environment, rights of workers and skill transfer which leads to workforce productivity and efficiency in an organization (Kreinin and Aigner, 2022). Innovation, investment, and financial inclusion are all parts of economic growth since they help businesses to grow and create job opportunities (Zehri et al., 2024b).

In the case of firms, SDG 8 compliance is beneficial because it leads to better operational performance through employee satisfaction, lowering turnover, and the increase of workforce commitment (Frey, 2018). Organizations with decent work practices are also better placed to have increased productivity and financial sustainability in the long term (Petrakis, n.d.). Moreover, companies that are involved in SDG 8 goals enjoy better corporate reputation, stakeholder trust, and regulatory assistance, which positively affect business results and competitiveness (Kreinin and Aigner, 2022). Therefore, SDG 8 is a significant framework that connects the social responsibility and economic and financial results.

Impact Investing and Financial Performance Relationship

Impact investing and financial performance relationship has been extensively discussed with studies indicating positive, neutral, and mixed findings. According to several studies, impact investing positively affects financial performance through the increase in operational efficiency, innovation, and relationship with stakeholders (Viviani and Maurel, 2019; Nobanee et al., 2025). Impact investments empower the reputation and trust of the firms leading to profitability growth and higher market value (Boulongne et al., 2024).

The meta-analysis research of socially responsible investing suggests that impact-oriented investments are not likely to reduce financial performance and might even increase long-term performance (Revelli & Viviani, 2015). Likewise, sustainable and impact investments enhance the value of the firm by its use of signaling effects and enhanced investor confidence (Hoang et al., 2026). Another support that impact investors offer is strategic support, governance, and long-term capital, which improve the performance of the firm (Gray et al., 2015).

Nevertheless, there are also cases of mixed effects of studies, where trade-offs between financial and social goals can be observed (Lazzarini et al., 2021). Investment concessions to social impact that are more inclined to bring lower returns in the short-term can be made (Brest and Born, 2013). Nevertheless, the majority of the literature is of the opinion that impact investing generates financial value in the long term through enhancing organizational competencies and competitive edges (Agrawal and Hockerts, 2021; Barakat et al. 2024). Thus, impact investing is increasingly considered as one of the strategic methods of the realization of financial and social performance goals.

Impact Investing and SDG 8

Impact investing is very important in SDG 8 since it enhances the creation of employment, financial inclusion, and sustainable economic growth (Weber, 2016). Investments in social enterprises, small businesses, and underserved communities can help to create jobs and generate income, which help to develop the economy (Boulongne et al., 2024). Another effect of impact investments is the increased access to finance which allows business to grow and become more productive (Zehri et al., 2024a).

Impact investors tend to focus on investments in other areas, including education, healthcare, and entrepreneurship as the ones that directly impact decent work and human capital creation (Agrawal and Hockerts, 2021). The investments are beneficial to overall employee well-being, as they offer better working conditions, opportunities to develop their skills, and employment security (Kreinin and Aigner, 2022). Better quality of workforce will boost organizational employee performance and economic ability.

Moreover, impact investing helps to foster a comprehensive economic development through facilitating innovation and sustainable business models (Petrakis, n.d.). Impact investing is also used to finance financial inclusion programs that reduce inequalities and generate economic opportunities (Zehri et al., 2024b).

Subsequently, the impact investing plays a crucial role in meeting the SDG 8 goals through the attainment of financial gains in relation to social and economic developmental impacts (Weber, 2016). This correlation with the firms as agents of sustainable economic growth is enhanced.

SDG 8 and Financial Performance

Correlation with SDG 8 has a positive impact in the financial performance of firms through increasing the productivity of the workforce, operational efficiency, and sustainability of the organization (Frey, 2018). Fair wages, safety of employees and development of their skills are decent work practices that enhance employee satisfaction and lower turnover leading to better productivity and financial performance (Kreinin and Aigner, 2022). Companies that have superior employment policies tend to have increased operation efficiency and profitability.

There is also the contribution of financial inclusion and creation of employment to economic growth and expansion of a firm, which positively influence financial performances (Zehri et al., 2024a). Better working conditions are also associated with increased employee motivation and engagement that increases their performance and organizational effectiveness (Petrakis, n.d.). These advances are reflected in the improved financial measures like profitability and return on assets.

More so, businesses that are congruent with SDG 8 have better corporate reputation and stakeholder trust, which increases investor loyalty and market value (Barakat et al., 2024). Sustainable employment practices will also minimize operational risks and enhance business sustainability in the long run (Kreinin and Aigner, 2022). Thus, the alignment of SDG 8 enhances both financial and social performance, which proves the strategic value of decent work and economic growth to the sustainability and competitiveness of firms.

Theoretical Foundation

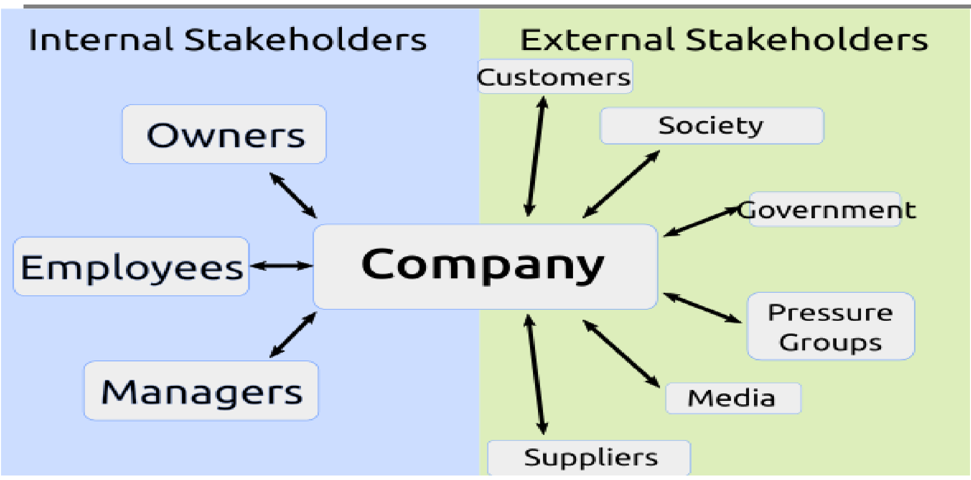
Stakeholder Theory

The stakeholder theory also offers the basic theoretical background of the correlation between impact investing and the financial performance of the firm. The theory concludes that the firms can generate value to wider stakeholders, besides shareholders, employees, customers, investors and even society as a whole (Freeman, 1984). Impact investing goes hand in hand with the stakeholder theory as both social and financial goals are planned, thus, accommodating the interests of various groups of stakeholders (Hebb, 2013; Agrawal and Hockerts, 2021).

The benefits of impact investing are an improvement in the relationship with stakeholders through the well-being of employees, contributing to the development of the community, and ensuring responsible social conduct of the business (Weber, 2016). Such moves enhance stakeholder trust, loyalty and commitment which have a positive impact on the performance of the firms. To illustrate, high productivity is achieved when employees are more satisfied, whereas high customer loyalty and investor trust are achieved when corporate reputation is high (Viviani and Maurel, 2019). More and more investors are preferring companies with a high level of social responsibility, which is why the access to capital and the financial results of the company are going to improve (Barakat et al., 2024).

Moreover, impact investing companies minimize stakeholder conflicts and increase sustainability in the long term (Lazzarini et al., 2021). Such alignment of the stakeholders generates competitive advantages that enhance profits and value of the firm. Thus, the stakeholder theory describes the process of increasing stakeholder relationships under the influence of impact investing, which leads to the improvement of financial performance of the firm.

Figure 1 - Stakeholder Theory Mechanism.



Source - T Freeman (1984), Hebb (2013), and Agrawal and Hockerts (2021).

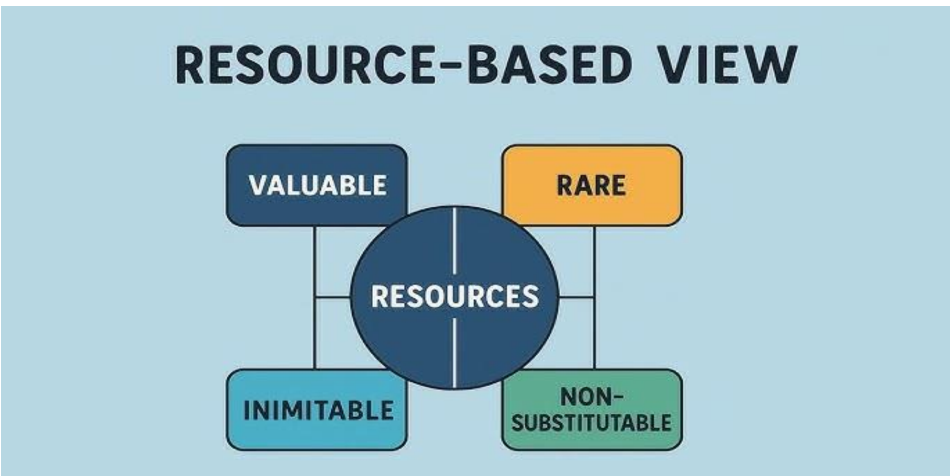
Resource-Based View (RBV)

Resource-Based View (RBV) is a theory that explains the way companies attain competitive advantage by having valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). Impact investing also leads to building of this category of strategic resource, especially intangible resources like corporate reputation, employee dedication, and corporate culture (Viviani and Maurel, 2019). These are the intangible assets that contribute to capabilities of the firms as well as financial performance.

Impact investing enhances the reputation of other companies because it shows their interest in sustainability and social responsibility, which contributes to the increase in the trust of stakeholders and the reputation in the market (Boulongne et al., 2024). Good reputation brings investors, customers and high quality employees towards the firm, improving the competitiveness of the firm. Moreover, investments in line with SDG 8 enhance the working conditions of the employees and their job satisfaction, which leads to an increase in the productivity and operational efficiency levels (Kreinin and Aigner, 2022).

Innovation and knowledge are also encouraged by impact investing in a situation that leads to sustainable competitive advantage (Agrawal and Hockerts, 2019). These abilities enhance financial performance over the long run through the boost of efficiency and minimization of operational risks (Hoang et al., 2026). Thus, RBV clarifies the role of impact investing in enhancing firm-specific strategic resources, which results in the high level of financial performance and sustainable competitive advantage.

Figure 2 - Mechanism of Resource-Based View.



Source: Barney (1991), Viviani and Maurel (2019) and Agrawal and Hockerts (2019) works.

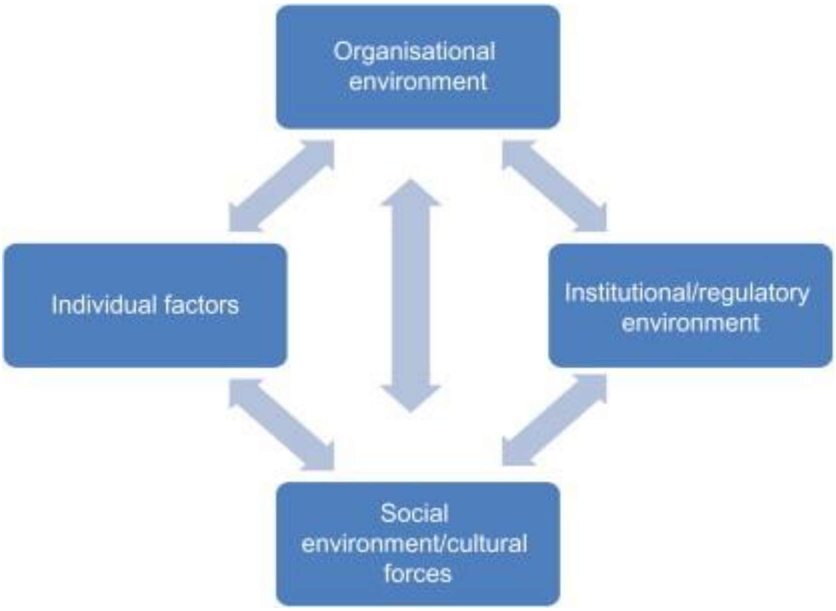
Institutional Theory

The institutional theory is a theory that describes the manner in which firms embrace socially acceptable practices in order to achieve legitimacy and enhance organizational performance (DiMaggio and Powell, 1983). Organizations exist in institutional frameworks which help to shape their actions in the form of regulatory, normative and social pressures. Impact investing and in line with SDG 8 portrays the reaction of firms to these institutional pressures in order to implement sustainable and socially responsible practices (Weber, 2016).

Companies that practice impact investing show adherence to the international sustainability requirements, a factor that increases their legitimacy to the stakeholders, regulatory authorities as well as shareholders (Hebb, 2013). The legitimacy enhances the reputation of the corporation, investor trust, and the availability of financial resources (Barakat et al., 2024). Companies that are consistent with SDG 8 are viewed as accountable and sustainable, which makes stakeholders support them and the market (Kreinin and Aigner, 2022).

Regulatory risks and firm stability also decrease due to institutional legitimacy and positively affect the financial performance (Boulongne et al., 2024). Investors are showing a growing preference to companies that are in line with their sustainability objectives, thus leading to better market performance and financial results (Nobanee et al., 2025). Thus, the institutional theory describes the way firms engage in the practice of impact investing to acquire the legitimacy which leads to financial performance improvement and long-term sustainability.

Figure 3 - Mechanism of the Institutional Theory.



Source: DiMaggio and Powell (1983), Weber (2016) and Nobanee et al. (2025).

Formulation of Conceptual Framework

Variable identification

The current theoretical framework assesses the connection between impact investing and firm financial performance, and SDG 8 alignment is a mediating variable. Impact investing is defined as the independent variable because it is the strategic manner in which firms invest their financial resources in the generation of social and financial returns (Clarkin and Cangioni, 2016; Agrawal and Hockerts, 2021). The dependent variable is firm financial performance and shows how the firm can achieve profitability and shareholder value due to such investments (Revelli and Viviani, 2015; Barakat et al., 2024).

The mediating variable offered to determine the mechanism by which impact investing can affect financial performance is SDG 8 compliance, which encompasses the decent work, employment creation, and economic productivity (Frey, 2018; Zehri et al., 2024). Investments in workforce productivity and the performance of an

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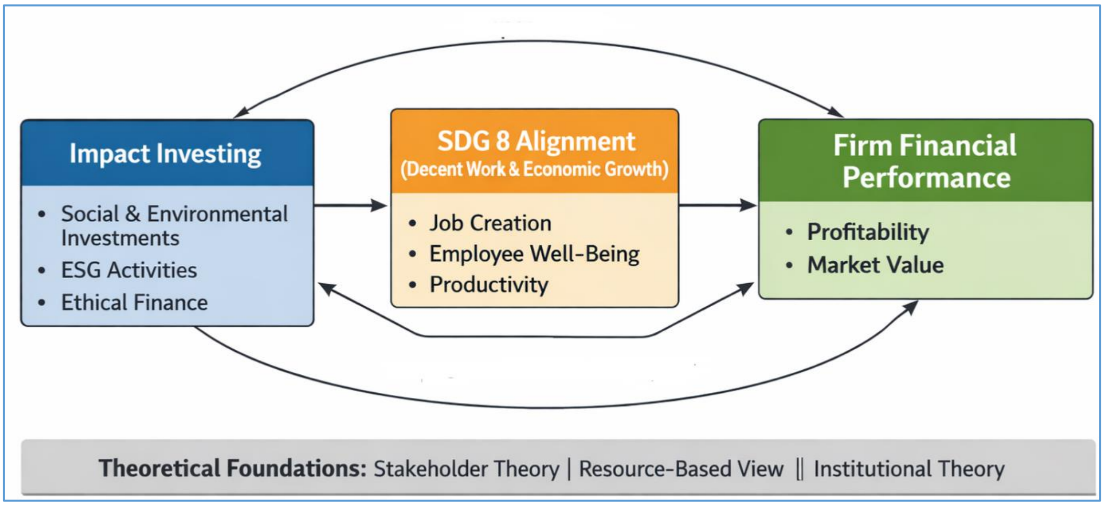
organization are impact investments that are aimed at improving the welfare of employees, their skills, and inclusive economic activities (Kreinin and Aigner, 2022).

Stakeholder theory, resource-based view, and institutional theory support the framework and explain how socially responsible investments enhance relationships to stakeholders, strategic resources, and organizational legitimacy, which helps to increase financial performance (Weber, 2016; Viviani and Maurel, 2019). The model therefore features financial and social aspect of explaining the performance of firms.

Conceptual Framework Explanation

Impact investing boosts the financial performance of firms by its effects on SDG 8 results. The companies that practice impact investing invest resources to advance the working conditions of the employees, create new jobs, and increase productivity, and all of them directly impact SDG 8 goals (Zehri et al., 2024; Petrakis, n.d.). The enhanced working conditions promote the employee satisfaction, motivation, and productivity leading to the improvement of operational efficiency and profitability (Kreinin and Aigner, 2022).

Figure 4 – Proposed Conceptual framework for the study



Moreover, impact investing improves the corporate reputation and the trust of stakeholders, thus, increasing investor confidence and bettering performance in the market (Boulongne et al., 2024). Companies that conform to SDG 8 are viewed as socially-responsible and this enhances their legitimacy and competitive edge (Weber, 2016). Such legitimacy helps to improve financial performance due to the increased access of investors, loyalty, and efficiency in their operations (Hoang et al., 2026).

Also, impact investing helps to create innovations, improve skills, and workforce stability that improve the performance of firms over time (Agrawal & Hockerts, 2019). Thus, SDG 8 is a very important means of connecting impact investing and financial performance. The model is the interaction between financial and social goals to enhance the performance and sustainability of the firm.

Proposed Propositions

The propositions are developed based on the literature and theoretical foundation as follows:

Proposition 1: Impact investing has positive effects on the firm financial performance.

Impact investing helps improve the financial performance through the enhancement of a good reputation of the firm, trust in stakeholders, and operational efficiency (Viviani and Maurel, 2019; Nobanee et al., 2025). Companies that practice impact investing draw investors and clients, which enhance profitability and the value of the firm (Barakat et al., 2024).

Proposition 2: Impact investing has a positive impact on SDG 8 performance

Impact investing encourages decent employment, work, and economic productivity, and all of these activities contribute directly to SDG 8 goals (Weber, 2016; Zehri et al., 2024). Such investments help to support the quality of the workforce and sustainability of organizations (Kreinin and Aigner, 2022).

Proposition 3: SDG 8 results have a positive impact on the financial performance of firms.

The better the employees are treated and feel, the higher the efficiency and profitability of their operations (Frey, 2018). Companies in accordance with SDG 8 have better reputation and stakeholder trust, which leads to better financial performance (Barakat et al., 2024).

Proposition 4: SDG 8 mediates the association between impact investing and the financial performance of the firm.

Impact investing is also effective in improving financial performance by contributing to employment, productivity, and decent work, as these contribute to firm efficiency and competitiveness (Zehri et al., 2024; Boulongne et al., 2024). Therefore, SDG 8 is another important tool that connects impact investing to financial performance.

DISCUSSION

The offered conceptual framework also advances the expanding body of research on impact investing by describing the mechanism according to which impact investing affects firm financial performance, namely, through alignment with SDG 8. Although the effects of socially responsible and impact investing on financial performance have been explored previously, the concept of decent work and its modifying impact on economic growth has not been conceptualized (Agrawal and Hockerts, 2021; Viviani and Maurel, 2019). This framework is better in explaining how social investments will be translated into monetary results by incorporating SDG 8 as a mediating construct. The framework shows that indirectly through the improvement of employment and workforce productivity and economic contributions, impact investing boosts firm performance and competitiveness (Frey, 2018; Kreinin and Aigner, 2022).

The framework also enhances stakeholder theory, resource-based view and institutional theory where sustainability objectives are adopted in financial performance models. The theory of stakeholder explains how impact investment can enhance relationships and trust between stakeholders and subsequently, performance (Hebb, 2013). In the same manner, resource-based view shows that investment in employee welfare and sustainability generate desirable intangible resources that enhance competitive advantage (Barney, 1991). The institutional theory also confirms the assumption that compliance with SDG 8 leads to organizational legitimacy, which increases investor wealth and financial performance (Weber, 2016). In this way, the framework gives a multi-theoretical exposition of the financial worth of the sustainability-based investments.

The significance of this framework is that it will be used to discuss the existing debate on whether social investments lead to an increase or fall of the financial performance (Revelli and Viviani, 2015; Nobanee et al., 2025). The model shows that social and financial goals can be mutually reinforcing and not conflicting by showing the mediating position of SDG 8. This helps in furthering the knowledge on sustainable finance and offers a basis on which future empirical studies can be developed.

Implications

Theoretical Implications

- Fills the gap in the field of impact investment literature, by including SDG 8 as a mediation model, and the absence of integrated conceptualization (Agrawal and Hockerts, 2021).
- Leaves a mark in the stakeholder theory by outlining how the idea of impact investing contributes to financial performance through better stakeholder relationships (Hebb, 2013).

- Strengthens resource-based perspective by the fact that it defines decent work and labor productivity as strategic intangible resources which enhance competitiveness of the firm (Barney, 1991).
- Makes a contribution to institutional theory because it shows how the alignment of SDGs improves legitimacy and financial performance (Weber, 2016).
- Bridges supports the sustainability and financial performance literature by incorporating SDGs into the firm models of performance.

Managerial Implications

- Helps managers realize that it is possible to use impact investing to enhance profitability, not only social impacts.
- Provides incentives to companies to invest on the welfare of employees, job creation, and productivity in order to improve the financial performance.
- Shows that SDG aligned strategies enhance the image of firms and investor trust.
- Helps companies to prepare long-term sustainability plans associated with financial expansion.
- Assists in making decisions on sustainable investment allocation.

Policy Implications

- Helps policymakers to popularize impact investing as a means to grow the economy and create jobs.
- Requests governments to offer incentives on corporate investments that are aligned to SDGs.
- Assists regulators to create policies that relate sustainability and financial performance.
- Favours the involvement of the petite sector in meeting SDG 8 targets.
- Enhances the contribution of impact investing towards national and global targets on sustainability.

CONCLUSION

The current conceptual paper built a framework to describe the linkage between impact investing and firm financial performance by referring to the Sustainable Development Goal 8 (Decent Work and Economic Growth). According to the framework, the impact investment will not only improve the financial performance directly but also indirectly by improving decent work, the creation of employment, and productivity of workforce. Impact investing enhances the competitive edge of firms, as well as long-term financial stability, by promoting employee welfare, organizational performance, and its contribution to the economy (Frey, 2018; Kreinin and Aigner, 2022).

The framework blends the stakeholder theory, resource-based view and institutional theory in explaining the strategic value of impact investing. These two schools of thought show that impact investing leads to increased trust in stakeholders, establishment of valuable intangible resources, and organizational legitimacy that translates to the achievement of better financial performance (Barney, 1991; Weber, 2016). This integration gives a complete clarification on how social as well as financial goals can be mutually supportive.

The proposed study will help in the literature by placing SDG 8 as one of the main mechanisms that connect impact investing and financial performance. The framework is valuable as it informs managers, investors, and policymakers with the financial pay off of sustainable and socially responsible investments. It also gives a base to empirical studies of the financial issues of impact investing in various organizational and economic settings.

Future Research Directions

The following future research directions are suggested -

- Empirical testing of the proposed conceptual framework in various industries and geographical settings can be done in future research to prove the proposed relationships.
- One of the ways through which researchers can analyze the mediating effect of SDG 8 is by using primary or secondary financial and sustainability data.
- Future research can incorporate the moderating variables, like the size of the firm, corporate governance, and industry.
- Comparative research of the developed and emerging economies can reveal more about the financial effects of investments aligned with SDGs.
- Longitudinal studies are able to study the long-term financial implications of impact investing.
- Other SDGs that can be incorporated into the future research include SDG 9 (Industry, Innovation, and Infrastructure) and SDG 12 (Responsible Consumption and Production).
- Conducting research on the use of impact investing in small and medium enterprises is possible.
- Such prospective research will make the empirical knowledge on sustainable finance and how it contributes to the enhancement of firm performance stronger.

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