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Why is Las Vegas busy everyday? A behavioural analysis of impact investors' attitude and decision-making process

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ABSTRACT

Remarking a discrepancy in the statistics of a growing influence of impact investment and yet its restrictive inclusion in the financial market has encouraged this inductive research to take an alternative approach to address the impact investment market. In an emic perspective, this study aims to assess the factors motivating individuals and institutions to pursue impact investment. Further, it also investigates some elements that guide the decision making of the investors in this field. The qualitative nature of the research demands exceptional secondary sources and it is rendered more credible with the inclusion of three relevant primary sources. The analysis of the interviews and its assessment vis-a-vis the theories of behavioral finance, we have learned that media narratives and norms are the external factors that motivate people to invest responsibly. However, their personality, attitudes, values, and moral intensity are also inherent factors that encourage them. Their decision making is reliant upon heuristic biases caused by emotional factors such as trust and human relational more than accountability and data. The investors also tend to be oriented towards risk minimization rather than profit maximization, since many do not view impact investment as a traditional investment and neither do they expect to make a profit, nevertheless, it is debatable and depends on the individual. If the first inquiry is to assess the factors that encourage traditional investors to pursue social impact, then the second inquiry about Church investors is an antithetic approach as we evaluate factors that make Church investors consider financial gain alongside the social service. We conclude that it is the recognition of the need to become financially sustainable We can use these findings to restructure the choice architecture we provide to the clients by collecting relevant data to learn more about their values, attitude, and behavior to ease the decision-making process and encourage impact investment.

Keywords: Social science, Behavioral Finance, Impact Investment

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Appendix

1. Introduction and Contextualization

According to Global Impact Investing Network (*GIIN_2017 Annual Impact Investor Survey Press Release.Pdf*, n.d., 2020), impact assets under management in 2015 add up to USD 77 billion and by 2018 it rose to USD 502 billion, according to the same source(*GIIN_2019 Annual Impact Investor Survey_webfile.Pdf*, n.d, 2020).On a graph, this growth would look like an extraordinary exponential curve in a short period. What could be the possible reason for such an impressive hike? Before getting into that question let us contextualize these numbers in the current market realities. It suffices to add one more variable - total assets under management (AUM) globally, to render the aforementioned impressive curve invisible because the total AUM globally exceeds 80 trillion according to the PwC report(*Awm-Revolution-Full-Report-Final.Pdf*, n.d., 2020). The impact investment market is thriving independently and it is worth asking how it soared however one can not neglect the market that it exists in. So, against a backdrop of the traditional market, the emerging impact investment field is insignificant which leads us to pose an antithetic inquiry to the previous question - Why is the impact investment market untapped in the 'real world'? The obvious answer is its nascent stage as the term was only coined in 2007 (Rockefeller Philanthropy Advisors, 2020) but various approaches could be taken to understand why impact investing is gaining traction and conversely why it is still lagging? One way to go is to view this antithetic inquiry in the lens of behavioral finance. The market is nothing but people, and to understand the market we need to, in the crudest terms - get into the head of the people to assess the swell of chop and change in their perceptions towards impact investment. The aim is to address the question - *What are the elements that influence capital allocation towards impact investment?* To further investigate the question, this inquiry necessitates sub-questions - Is there a difference between individuals and institutions? What are the initial motives and what is the decision making process? How has it changed over time?

One of the most challenging tasks in any academic paper about impact investment is defining it and its other peers. Therefore, it is essential to establish a mutual understanding of the concept. Furthermore, a basic understanding of the history of behavioral finance and prominent literature in the field will help to establish a common disciplinary background before employing this subject to undertake this inquiry. Later, I will introduce my internship organization - Geneva Agape Foundation (GAF) and shed light on their role in the impact investment field and my experience with them. Then, I will discuss methods, ethical questions, and positionality before getting into a thorough literature review specifically centered around impact investment in behavioral finance. Further, I analyze my findings and decode the interviews to then conclude my paper by giving theoretical implications and practical suggestions as well as possibilities for further investigation.

1.1 **Taxonomy and Intersubjectivity**

Impact investing is one of several value-based investment techniques that lie along a continuum between traditional risk/return based investing and philanthropy (Cooper et al., 2014). In 2007, the term “impact investing” was coined by The Rockefeller Foundation, putting a name to investments made to generate both financial return and social and/or environmental impact. The loose articulation has allowed flexibility in the theoretical and practical employment of ‘impact investment’. This flexibility of the term could be a blessing for those attempting to employ it in practice but it is a curse for those trying to understand the concept. Studies covering the problem have also revealed that the most common approach is to recognize the terms "impact investment", "social investment" or "social impact investment" as similar concepts (Vasylchuk, et al., 2019), so will be the case in this research paper. Another relevant concept is a faith-based investing that can be understood as religious organizations that are concerned with investing responsibly by upholding the values and principles that their particular faith stands for.

This paper looks at people’s attitudes specifically towards impact investment but the lines are thin and in among the different concepts of social finance but in this case, the slight differences amongst these concepts do not necessarily affect the study. This is because we are concerned with the dichotomy between traditional finance and alternative finance. Both impact investment and faith-based investment take an alternative approach to finance, therefore it can be helpful to look at generalizing the investors' motivation towards both these strategies. In addition, research has revealed that faith-based investing shares many commonalities with responsible investing (Louche et al., 2012). Therefore, most of the generalization for motivation holds for both nevertheless at times where there is a need to specifically differentiate between the investors' attitudes in these two domains, it will be mentioned and discussed.

1.2 **Behavioral Finance**

It was in the 1960s that two cognitive psychologists introduced a theory - prospect theory - in response to the utility theory to challenge the rational market debate. Prospect theory argues that subjective factors interfere in decision making, causing individuals to deviate from rational behavior through behavioral abnormalities named cognitive biases (Kahneman & Tversky, 1979). Behavioral economics thus emerged as a discipline. Human beings are not machines that use algorithms and economic models to make decisions, our brains are widely susceptible to the social atmosphere, cultural values, and other subjective aspects (Shefrin, 2000). Being affected by these externalities we are vulnerable to cognitive biases in the decision-making process. Behavioral economics aims to understand and accept these biases. By the 1980s there were further inquiries in the area of heuristics and cognitive biases linked to the process of making financial decisions (Tversky & Kahneman, 1974; Kahneman & Tversky, 1979; Kahneman & Smith, 2002). This is where behavioral finance is immersed as an extension of behavioral economics, the former is foregrounded in the foundational theories of the later. (Tomer, 2007).The proliferation of scholarly attention towards this discipline has resulted in theories and concepts that may help promote certain choices over others to encourage consumers to decide for the betterment of their society. Behavioral finance aims to understand why people do not necessarily take the most rational approach while making financial decisions. There are many unexplored factors and well-theorized factors that are believed to have effects on the decision-making process.

Behavioral finance is rooted in probability and mathematics because quantifying behavior was the aim of the founding fathers of this discipline – Kahneman, and Tversky (1979). Upon years of exploration in depth and breadth, researchers have expanded to the descriptive side of this subject, which is the one that is pertinent to this research. In hindsight, it is believable why the research and credibility of this discipline gained momentum after 2008. For instance, heuristics is a segment of behavioral finance that was explored in that period. Heuristics is relevant here because it deals with the mental processes of decision making and biases involved in doing so. Other studies also included how individuals make decisions and the way they interact or influence other individuals, organizations, markets, and society (Birnberg and Ganguly, 2012).

1.3 **Internship Institution**

I was an intern at the Geneva Agape Foundation (GAF) from 27 March to May 3rd, dedicating up to twenty hours a week. GAF is an organization that envisions a world where love (agape) transforms lives and society, the gap between poor and rich is reduced, environment is protected, conflicts are solved in peace and decisions and actions are driven by values and virtues. To fulfil this dream they have chosen to be involved in innovative philanthropy and value driven investment where their role is to act as a think tank and an incubator so that mutual learning, synergies and greater impact become true. Further, ethics is at the core of GAF's beliefs so most of their services aim to uphold a serious ethical standard and they encourage companies to be more ethically oriented alongside promoting education in this field. This focus is largely because of the director and my mentor, Prof. Christoph Stückelberger,'s professional and academic focus on ethics and business. He has extensive experience in ethics and theology holding managerial positions in various renowned organizations. The foundation has a small yet passionate team which makes it possible to overcome challenges as they have faith in the mission of the organization. One of the challenges is the lack of funding that GAF aims to address, having said that, capital may be acquired but their real asset is their proactive and dynamic team dedicated towards the mission.

The geographical focus of GAF is mainly China and Africa where they connect entrepreneurs and NGOs. It is funded by donations, training services and potentially income from investments. Other services provided by the NGO include - Supporting project selection, selecting partners, helping set up foundations, generate impact reports, provide consulting services on legal and tax based issues and offering consultancy to investors in China on values-driven investments.

Since the last few years their work has been focused on projects in China, and recently they have recognized the need of marketing impact investment in Switzerland because there is a significantly present christian community that GAF intends to work with in the future even more. They have also successfully organized annual conferences for the past three years to provide a networking platform for developing projects and investors.

In the impact investment field GAF remains a sui generis NGO, at least in the area because the only other organizations with similar services and reach are the UN ethics office and other subsidiaries of private companies and banks.

As far as my experience is concerned, this internship was a unique experience taking into account the circumstances of the moment. Instead of taking public transport to Geneva to work at the Ecumenical center where various other international organizations are set along with GAF's office, I was a seven-hour flight away from Geneva, working from home. Along with the situation, the expectations and the experience altered as well because it exposed me to the skills that I did not know I needed to begin with.

As I had expressed my interest in strengthening my knowledge about social finance taxonomy, my first task was to write a report about the same. I took the opportunity to make my very first infographic report, this is an ongoing project since I was simultaneously working on another report that both me and my mentor identified as an interesting task for me to conduct an insightful for their organization to know about. I worked on a report about faith-based investment in India, focusing on the Hindu religion and its different sects. I conducted unstructured interviews with priests and other active members of the temple of their respective sects to gain knowledge about the patterns in their financial and social activities.

For two weeks after that, I was involved in helping to fill in their faith-based directory. This directory is on their website for the visitors to look through organizations depending on their needs. I conducted basic desktop research for up to a hundred organizations to be added to the faith-based directory.

Lastly, I was assigned three different people that I could interview to learn about impact investment and faith-based investment which helped me immensely with my final paper by acting as my primary sources. My mentor and I kept in contact on a weekly basis which was effective and efficient as he checked in with me about my tasks at the beginning of the week and I emailed him the updates at the end of the week.

Initially, I expected to be learning about project assessment and evaluation. Although it would have been a valuable skill to learn, I am content with the type of experience and exposure I was provided with at GAF as a remote intern. It was a holistic experience, academically as well as professionally. Academically, I feel confident in employing different vocabularies relating to impact investment because I researched a myriad of organizations working in the domain and interacted with their different perceptions of it. I also learned about the different ways of measuring impact, which is widely discussed in the field. I would have liked to learn more about it and perhaps be involved in a project relating to the subject. However, I understand that with the time constraints and remote working, another project might not have been feasible. Having taken a class on qualitative research especially on conducting interviews, this project has been a great opportunity to put my knowledge into practice. Professionally, I grew a lot owing to the circumstances that forced me to embrace the reality of uncertainty. I realized the undeniable importance of adaptability as a professional. It is necessary to respond quickly to different situations and be as prepared as possible to overcome any challenges not only because of one’s commitment to the job but also because of one's dedication to the mission they work for. Further, I learned the importance of navigating work-life balance while working from home. The flexibility that comes with it and the challenges that are faced while working from home are envisaged to be some of the many social transformations that the post-pandemic world might encounter. The 'inconvenience' of this experience, therefore, became an opportunity to learn from and reflect upon.

2. Literature review

With the existing literature on the subject of behavioral finance, it is possible to analyze either market anomalies or individual behavior and the focus of this research veers towards the latter. An abundance of research is done about the decision making and cognitive processes involved in traditional financial markets and trading. But only a restricted pool of research has been carried out of the same in the domain of impact investment.

There is copious evidence to suggest that investors in the impact investment field are in it for the values rather than the financial returns, meaning their priority is usually the social aspect. One of the studies concluded that investors have both utilitarian (financial) goals and expressive (non-financial) ones and the non-financial motivations can influence the reaction to unsatisfactory investment performance. Although it is not equivocally agreed that impact investors are primarily concerned with the values rather than the financial return, it is widely suggested in academia (Renneboog, Zhang, Horst, 2008; Rubaltelli, Lotto, Rumiati, 2015)

However this is not to say that all investors' social outlook guides their investment decision, some research suggests that intrinsic personality aspects play a crucial role. Research assessing the influence of extraversion and neuroticism on individuals' behavior in the asset market shows that more extraverted individuals pay higher prices for financial assets and they buy more financial assets when assets are overpriced than less extraverted individuals do. More neurotic individuals hold less risky assets in their financial portfolios than less neurotic individuals do. It suggests that factoring in the personality of the investor can be a crucial factor, although gender does not seem to have a big impact (Oehler et al., 2017). Furthermore, there is research to provide evidence for the fact that the demographics are not as crucial of a factor as their attitudes in the decision-making process. This is to say that the attitudes of investors have a bigger impact than their age or gender per se (Williams, 2005).

Various other research is in line with the debate that the attitude of the investors affect their decision-making. For instance, in terms of the type of people who are drawn towards impact investing, multiple research has suggested that the attitudes of investors are a crucial factor, especially consumer attitude. If the investors include socially responsible consumption behavior they are likely to allocate their funds in that direction as well (Williams, 2007).

Following on the attitude of investors, other deeper personality aspects such as morality have been identified as a factor influencing the motivation to invest ethically. A comparative study of conventional and impact investors points out their differences in the level at which ethical issues are important to them as well as their moral intensity (McLachlan & Gardner, 2004).

Lastly, decision making for impact investors is not only limited to their internal cognition and personality. Research has also pointed out the external motivations that impact decision making. Malaysia centered research shows that social norms and trends motivate people towards ethical investment more than their attitude. This is also in line with one of the most prominent behavioral finance theories - herding, which implies that investors are highly influenced by those around them and so are their decisions, more so than their internal values and motives (Shauki & Adam, 2012).

Above mentioned literature is focused on, by and large, individual investors but the impact investment market is not only led by individual investors but also institutions. Whilst there is not much research around the comparison of individual vs institutional investing motivation, there has been some research and theorizations around the motivation of companies and institutions to be involved in socially responsible activities. The companies believe that “it is the right thing to do” and often their consideration of socially responsible activities is to cover up their wrongdoing of the past (Kang et al., 2015). Theis study is focused on companies and CSR motivation but it can be used to predict the attitudes and motivations of traditional firms and pension funds to be involved in the impact investment market.

My research aims to add to the insufficient amount of research carried out to examine the factors that insinuate people and institutions interested in impact investment. It aims to fill a gap of the methodical approach taken to this inquiry because the majority of the literature in this field has been carried out through surveys. By including an interview-based qualitative approach I aim to enrich the methodological pool of the literature in this domain.

3. Methods

This qualitative research paper takes an inductive approach wherein it largely includes secondary sources to analyze the topic. Primary data was also collected by conducting three semi-structured interviews with professionals in the impact investment field, each lasting about forty minutes. They were assigned to me by my mentor through considering who would be apt for this inquiry, the selection included cultural and professional diversity. The interview included open-ended questions some of which were sent to them before the interview. I have tried to avoid leading questions and I have mentioned in the analysis who introduced a particular topic in the discussion whether it was me or the interviewee himself.

Some of the open-ended questions included - "*Tell me about your experience with value investment and your interaction with the investors? What decision-making process goes in picking the projects they choose to invest with?, Which is more important - morality or profitability? Are they mutually exclusive?"*(See Appendix) The interviews were conducted virtually and ethical standards were upheld. Firstly, the video was recorded only after asking for their permission first off record and then on record. Secondly, they were assured of the confidentiality which was maintained by putting the transcription of their interviews in a password protected device. Therefore the research abided by the human subject protocol and internship learning agreement.

3.1 Participants

Rev Séamus Finn is a leader in faith-based socially responsible investing and is active with the Interfaith Center on Corporate Responsibility. He also represents Missionary Oblates on the boards of directors. His exposure to investors and companies could make him an ideal candidate to talk about their motives. His knowledge of theology and experience with faith-based investing is also an important aspect of the research. Jukka-Pekka Karkkainen is a Finnish impact investor with experience in Sub Saharan Africa, especially with SMEs. He is the CFO of Finn Church Aid Investments. He is well equipped to talk about the trends in this field. Dr. Bright Mawudor, Deputy, General Secretary of All Africa Conference of Churches who consults the church about sustainable investment. Therefore, he has credible knowledge of the church, its structure, and functions in this field, making him an apt participant.

3.2 Procedure

The process of analysis included thorough inspection of literature in the area to identify the most prominent and pertinent scholarly inquiries. For the primary data, it was first transcribed and coded into concepts that emerged in each interview. Those were then categorized in terms of conceptual recurring and their relevance with the discussed literature. The analysis is finally presented as a narrative description in the research paper.

Before diving into the analysis, I would also like to use this section to acknowledge reflexivity as it would help the reader internalize the research positionality that not only drove me to pursue the research but also could provide insights into the possible presence of cognitive bias.

3.3 Reflexivity and Positionality

As a postmodernist, I deem it indispensable to discuss my positionality and reflexivity because the results drawn in the next section may not be objective but it would allow the readers to view it through my lens and interpret it through theirs. I am a twenty-year-old Indian woman who studies liberal arts. The intersectionality between these identities shapes the way I look at, interpret, and analyze the people's view, which in this case is the interviewer's opinions on impact investment. Gender, color, age, and other factors certainly play a role in the dynamics while interacting with individuals (Collins, 1990). Collective assumptions and stereotypes lead us to have preconceived notions and expectations from others without our conscious realization of it, I would like to acknowledge it as a possibility while establishing rapport with my interviewees. Being educated in India for most of my life, I have seen the world, especially the west in a critical view. Having a leftist political stance, a postmodern view of neoliberal discourse, my opinions veer towards criticism of capitalism as a system. These beliefs and values may impact what I focus on while interacting with someone. As a researcher despite having tried my best to holistically include all the material from primary and secondary resources, I may be a victim to cognitive bias by involuntarily focusing on some points more than others. An interesting personal dilemma to address is to do with my father's profession and my perception of him as my mentor, more so personally than professionally. This is relevant to my reflexivity because he is a portfolio manager who strongly views social impact and financial gain as being hermetically sealed off of each other. And at Agape foundation I focused on looking at the social impact and financial gain as being logically intertwined and mutually inclusive. Having my father always wanted to convince me otherwise could lead to bias, but in fact, it has led to me pursuing this internship as well as this research paper and potentially a career in this field.

4. Discussion

The first four subsections below will be answering the question in regards to individual investors, wherein the first two sections address their motivation to invest their capital towards a social cause and the last two attempts to decode the non-financial factors in the project investment analysis. Finally, the penultimate section scratches the surface for understanding impact investment for institutional investors, specifically, Church investors. Finally, a brief section on culture aims to view behavioral finance and cross-cultural psychology in tandem to assess the possible cultural bias in the way individuals have preconceived notions due to their surroundings.

4.1 External Factors

Generally speaking, the motivation towards impact investment and its trend comes from the climate change concern. According to my primary sources, there is an equivocal agreement that climate change is usually at the core of people's motivation to be increasingly interested in impact investment. To paraphrase one of my interviewees - one would have to be disconnected from the current realities to not know about what is happening in the world (referring to environmental destruction)(Finn, April 14, 2020). The destruction has undeniably increased but it is not to say that it was not non-existent years ago, which implies that the recent rise in concern is due to the media. Although the primary sources identify climate change as a major factor motivating people to invest responsibly, it tacitly implies that the motivation and the influence is, in fact, the media that has rightly diverted its narratives to address the climate crisis. This is in accordance with suggested theories that people's inclinations change as the narratives of the people around them change, which is directly affected by the atmosphere around them (Shiller, 2017). It would not be entirely wrong to claim that this atmosphere is highly influenced by the media and the narratives propagated there. Mr. Kärkkäinen (Personal communication, April 17, 2020) mentioned that until last year he approached the investors whereas recently the tables have turned and, this sudden change of heart can arguably be interpreted as an example of heuristic bias which occurs when one takes 'short-cuts' or emotional routes to make a decision (Kukacka & Barunik, 2013). Seeing more of their peers 'doing good', investors or pension funds feel the need to follow since it has become the 'norm to do good', in fact to the extent that some of them only 'pretend' to do good (Kärkkäinen, April 17, 2020). So unlike some research one can not claim that investors enter this field only because of one's personality and attitude. Many of the people involved in impact investment are not necessarily due to rational decision making; instead, they are in it due to decisions made as a result of heuristic bias to follow the 'norm'.

4.2 Internal Factors

This is not to say that the investors' personality and attitude are of no importance to their drive for impact investment. People are also often internally driven because for example they feel as though they do not have 'any other option' to save the planet if we do not start acting now (Kärkkäinen, April 17, 2020). Those with an overly optimistic look on the world might not see the urgency to change their attitudes and behaviors to comply with responsible behavior. It can be hypothesized that people's perception of the political and environmental realities may lead them to direct their capital towards something that is 'not contributing to the destruction of the planet' (Finn, April 14, 2020; Kärkkäinen, April 17, 2020). Two factors help identify whether an investors' motivation is coming from external factors as mentioned in the above paragraph or an internal factor - a sense of urgency and moral intensity. One can argue that because the moral intensity is closely linked with religiosity, faith-based investors are necessarily motivated through their personality and attitude and not external factors. This is partly justified, and it will be brought into light in a later section while discussing church investments. As far as moral intensity and urgency are concerned, it is plausible to say that having a strong personal identity and values affects it. So, a person's identity could be a factor in motivating them towards impact investment but it is certainly identified as a factor that helps decision-making process of the impact investors (Finn, April 14, 2020)

4.3 Trust

This brings us to the next section of the question that is concerned with the decision-making process of these investors. Firstly, the decision-making process is affected by the reason that motivates them to be an impact investor in the first place which is why it was necessary to discuss it before. The interviewees incontestably accord to the importance of 'track record' and availability of ‘accountable data’ to make a decision (Finn, April 14, 2020; Kärkkäinen, April 17, 2020), these were the factors that the interviewee brought into the discussion however when the interviewer introduced the factor of the social network they agreed on the indispensable value of humans and their social ties that help people make their decision. To reiterate the point, data provides gives a chance to evaluate a project on a rational basis, but as pointed out by prospect theory we do not always act as rational beings since we ‘trust humans more than numbers and we should not be gullible enough to look at one report and make a decision’ (Finn, April 14, 202). As shown by heuristics theories, we are likely to make decisions based on trust and emotional connection rather than rational knowledge. In other words, it is of utmost importance for a project to have a ‘good record’ since most investors do not want to ‘risk’ their capital with little accountability but an essential part of the decision-making process can also be trust or relation with the person on the other side.

4.4 Opportunity vs Risk

Another narrative that came up very often during the interview was the ‘risk vs opportunity’ discourse. The way a capital holder views a project is central to the decision making process because it gives insights into not only whether they are interested in impact investment but also what kind and scales of project they would prioritize. The lack of capital for the SME’s described as ‘missing middle’ is a serious challenge in the industry but the interviewee prefers to look at it as an opportunity, whilst most conventional investors would look at it as a risk (Personal communication, Kärkkäinen, April 17, 2020). Nevertheless, While talking about impact investment, the interviewees tended to apply the term ‘taking a risk’ which implies that a majority views it as a risk rather than an opportunity (Finn, April 14, 2020; Kärkkäinen, April 17, 2020). The interviewees also agreed that their impact investment is often evaluated alongside their other conventional investments, which suggests the investors need to expect returns that can compete with other equities and securities that are included in their portfolio. Therefore, the risk factor is a crucial aspect in decision making. One of the major findings of behavioral finance agrees with the 'risk-opportunity approach. In simple terms, this finding states that people feel more pain losing a thousand dollars than they feel pleasure gaining it (Tversky, Kahneman, 2018). In this sense both primary and secondary sources agree with the importance of risk in mitigating biases in decision-making.

However, not all literature is in line with this finding because there is also literature to support the finding that investors prioritize social change more than financial return (Rubaltelli,et al., 2015) and if that is the case, the centrality of risk is not of prime importance in their decision making process.

This is also an example demonstrating the need to understand an investors goals and motivation in order to gain an insight in their decision making process. For instance, for someone who is motivated to make social change, might see impact investing projects as opportunities whereas someone who is simply looking to diversify their portfolio perhaps might let the 'risk' factor affect their choice.

4.5 Faith-based Institutions

The myriad of intrinsic and extrinsic factors identified in this paper could be applied to impact investors and faith-based investors, considering there is research to support the similarities between the two. Insights provided by Dr. Mawduor on Church investment reveals that these factors might not be pertinent to an institution, specifically a faith-based institutional investor, primarily because of the way they seem to understand the concept and apply it. For church-based investors, impact investment lies further away from conventional investment on the spectrum,' leaning towards philanthropy. As a religious institution, it can be regarded as axiomatic that the meeting social needs superseded any other needs. The inconsideration of other factors such as financial sustainability, in making decisions about funding projects, is precisely the reason the churches need impact investment, explains Dr. Mawudor (Personal communication, April 23, 2020). Any income that is generated through these investments - that are interpreted as 'donations'- is only used towards sustaining the program and the 'profit' - that is rather seen as 'surplus' (ibid). The lack of funding or the administrative efforts needed to access these fundings has made the church contemplate an alternative approach to philosophy by demanding negligible returns on their investments, largely to sustain their project and not having to rely on donations. The motivation, in this case, is not any personal factors or cognitive reasons, it is very simply out of necessity. The necessity is not only because the funding is not enough but also because of the rise of entrepreneurial philosophy and the fact that reliance on donors does not bring about development. The need to be independent to fund development in the African continent can be identified a major factor is a shift towards impact investing. Insofar as motivation for social impact is concerned, it is regarded as axiomatic for a religious institution to be motivated towards social cause because it is seen as a 'moral obligation' to serve one's community. Moral obligation is linked with an identity that is geared towards strict religious principles and thereafter the obligation to follow through with them demonstrating a level of moral intensity. In the previous section, we concluded that moral intensity and identity drives conventional investors towards the social aspect. Therefore, reinforcing the idea that moral intensity and a clear identity are two crucial motivational factors to drive someone towards a social cause.

4.6 Cultural Relevance

Cognitive processes and personal identity are very susceptible to the culture we are surrounded by therefore, it can also have a significant impact on one's decision making. While it has been maintained by copious amounts of research, I would also argue that people make underlying assumptions depending on their cultural positionality, which not only impacts how they view or understand a concept, in this case, impact investment, but also the decisions they make in regards to it. To illustrate this point, I will reintroduce one of the interviewee's perception of an individual's motivation towards impact investing compared to institutions (Kärkkäinen, April 17, 2020). He considers it manageable for an individual to take a risk to put their capital towards impact investment compared to an institution whereas, on the other hand, another participant believes that individuals are profit-oriented and might lack the capital to take a risk but institutions on the other hand can find it easier to be oriented towards social goals (Mawudor, April 23, 2020)[1]. Owing to their professional backgrounds and possibly cultural context, it is plausible for them to assume a certain quality in individuals when handling money.

5. Conclusion

Finally, to address the questions evoked in the introduction, we can conclude that the popularity of impact investment is partly the result of climate change as a growing concept in the media narratives. The media trends shape collective opinions and collective opinions and norms influence individual decisions owing to the rise in the concept. Having said that, the impact investing market is still lagging when compared to the traditional market because of

[1] To be noted that the former participant referred to pension funds as institutions and the latter referred churches as institutions.

the limited data available on the subject and the relatively low information about methods of value assessment in the field.

To conclude by addressing the title of the paper – ‘why is Las Vegas busy every day?’ It is because people are irrational. Despite knowing the theory behind gambling and realizing the probability of loss, people still choose to participate in irrational activities. These factors affect decision making not only in Vegas but everywhere and everyone around the world. This title highlights the irrationality of decision making because this paper is based on the theory that people’s decisions’ are not always rationally motivated, as in the case of impact investment they are motivated due to media, personal views, religious sentiments, aligning with the norm, following the trend, emotional and personal bias and so on.

5.1 Recommendations and implications

The analysis of the findings in the discussion has laid the groundwork to initiate practical recommendations. They are as follows:

- One of the findings suggested that some investors and individuals are in the business to maintain or build their reputation and to follow their competitors. One strategy could be to study their competitors to collect information about their social and sustainability reports. Undertaking a comparative analysis helps us contextualize the clients and predict their possible interest, considering that their motive might only be to compete with the others in the market.
- A revelation was also regarding the increased focus on loss rather than profit. If people are motivated to make their decisions based on loss minimization the organization should consider stressing on the aspect of the safety margin of the projects to encourage investment.

- To match the investors with the apt project, it could be beneficial to create a short survey with questions that could help us learn what motivates the investor, what is their experience, their personality, their attitudes, etc. For instance: A Likert scale can be used to ask questions such as “How important is the maximization of profit”, “How concerned are you about climate change”. Further, we can investigate where they get their news from, what their past investment experience has included, their experience with ‘risky’ investments, and so on. This will not only help provide exclusive customer service to the clients but also save time and help us create a well-curated list of projects for the investors that minimizes and enriches their choices.
- A quantitative method of data collection of the clients' goals, choices, motivations, etc could be compiled and analyzed every end of the year to have a generalized idea about the patterns, trends, and dynamics in the field which then helps us to make better decisions to serve the clients.
- We also learned that despite financial analysis and reliance on data to assess their choices, the investors' decisions could be swayed by nonfinancial factors such as networks, trust in another person, etc. Therefore, including personal anecdotes and stories of the beneficiaries from previous projects could show the investors a different perspective and an opportunity to view the organization with a different lens which might resonate with the investors' values thus influencing their decision.

5.2 Future Directions

This research is spread rather thin and it could be useful for future use as preliminary research and choose one particular subject to go in-depth and thicken the inquiry with depth rather than giving it thinly spread attempting to address various issues at once. For instance, it could be useful to particularly look into individual investors or perhaps narrow down based on a region or a country.

Faith-based institutions have been revealed to have a very different approach then the rest since they do not view the impact investment as resembling conventional investment, a lot of literature about behavioral finance might not be pertinent to it. It could thus be useful to consider the motivation behind donation instead of investing. Donation and investment are two almost dichotomous ways of handling and viewing capital and therefore it should be an independent inquiry in itself.

Spatial and temporal constraints required the elimination of the section discussing 'nudge theory' that asks a follow-up question on our inquiry - after recognizing what motivates investors to put their money towards impact investment, how can we use behavioral finance theories to encourage people to consider impact investment? Delving into this theory could also help suggest ways in which the facilitating organization such as Agape can suggest projects to the investors based on their personality, past, goals, etc.

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Jukka-Pekka Kärkkäinen, Interview, 17 April 2020

Dr. Bright Mawudor, Interview, 23 April 2020

APPENDIX

Weekly update of the internship:

March 26, First week

Following up on our conversation, I have been looking into investment and ethics in the Hindu religion. It was very difficult to find because it is basically non-existent. I looked into a research paper about Jainism and ethics in business, which revealed that investment organizations aren't very prominent in this culture because people believe in donations and not in any rewards or returns. However, upon a brief conversation with some family members there is more to it, I found that temples are a networking place and many business related activities take place within these religious organizations, much more than any research online can show. Indian temples own more gold than anywhere else in the world and recently schemes have been developed to invest the gold in the market. Temples are one of the active trades in the market! I am hoping to work on it more.

I have brainstormed a list of questions to ask for the interview. During the call, you mentioned about sending some documents and the names of some partners to research, I will work on more questions if I know who to tailor them towards.

I have not gotten a chance to work on my paper but I have been reading more research every day.

Finally, I will be working on the taxonomy and terminologies this weekend.

April 2, Second Week

I have been working on the following:

- Started with the directory by filling information of 10-15 organizations. It took a while as I was still figuring it out, but I had a brief call with Elvira and I will pick up the pace over the weekend. Perhaps we can talk about a few confusions regarding filling out the information, on Tuesday.

- I had three semi-structured phone interviews with:
    - The head of a regional private temple
    - Treasurer of a Jain temple
    - An author of two Hindu mythological books

  All of the interviews lasted more than an hour and I gathered some interesting information, I still am hoping to hear back from 2 people. After which, I will be working to make an infographic report of the workings of these institutions.

April 10, Third Week

I have been largely focusing on the directory. I finished with 80 organizations, I have about 20 more left that I aim to finish by tomorrow and I will go over them again during the weekend and it should be ready for you by next week. I worked on my final paper, on the section where I need to write about my internship. Since I am not working in the office, I might have a few questions to ask you next week to have a detailed description in that section where I describe my internship. Rev Seamus has not reached out to me yet to I am assuming I will be able to have an interview with him and Dr. Bright Mawudor sometime next week.

April 17, Fourth Week

- I had the interview with Rev. Séamus Finn, it went well and I have transcribed the notes from the interview. He also offered a follow up in case I have further questions after having analysed this interview responses. Today I prepared further for the interview with Jukka, which is scheduled for tomorrow. I just sent a follow up to Dr. Mawudor as he has not gotten back to me.

- I attempted to mentally retrieve all that I had lost, I am attaching the first draft of the two reports I am working on. I normally write very academic reports but here I have tried something new by attempting to integrate some infographics and making it more alive. It is a work in progress, I am sending it to you so that you can comment on the presentation and outline, to guide me towards where you would like me to focus more.

- I saw the social impact measurement webinar and I thought it was very interesting. The more I learn about the measurements the more curious I am, I also liked the report on the same subject done by the previous intern.

- Following up from your previous email, we can schedule a call at some point to discuss the extension of this internship.

-I read your article which was insightful and had some great reflections of this time. I am yet to email the concerned office, to encourage them to share it through the college's social media.

April 30, Last two weeks

Worked on the final paper

Interview Questionnaire[2]

Rev Séamus Finn

1. Tell me about your experience with value investment and your interaction with the investors? What kind of interaction is it?
2. What are the most imp criteria for investors? Do investors view faith-based investment, more as a donation?
3. While aligning money with mission, what comes first mission/impact or the money?
4. During your interaction, have there been companies that haven't been very receptive towards the idea of SRI ? Can you tell me about it?

[2] Transcript may be provided upon request only

5. What are the commonalities and peculiarities among the church investors and faith based institutions that you work with? (in terms of their motivations, values, demographic, etc) are there cultural differences if you have worked in diff places
6. What motivates or drives value based investors (is it their peers, social media, church, past ?)
7. What decision making process goes in picking the projects they choose to invest with?
8. How do you know whether a company's motivation is to 'green wash' or impact wash or if they genuinely care?
9. What is important morality or profitability? Are they mutually exclusive?
10. What are the sort of questions these investors ask themselves when they decide to put their money towards a project, how does that change with a relatively smaller or larger capital.
11. What is the role of trust in value investing ?

Jukka-Pekka Kärkkäinen, Interview, April 2020

1. When was the first time you familiarized yourself with the idea of value- based investment? Can you recall the exact situation or event or person that inspired you ?
2. There is always a debate of whether profit/financial return or social impact should be the priority What do you think? And how do you think it is possible to make these two coexist
3. What is the decision making process before selecting a project?
4. Walk me through a meeting with a potential investor? What are investors' top most questions before deciding on a project. (can you give me a concrete example?)
5. If you were to have a meeting with a prospective investor, how does it go? Can you recall an example
6. Have you noticed any commonalities among Impact Investors . What would you say is the demographics of these investors? Are these institutions with specific values, are these young individual investors, more male/female? Are there any commonalities among them?
7. Do morals have a role to a play in choosing impact investment, and do what extent moral intensity plays a role.
8. What is it about the current situation that is attracting more investors
9. Are these people newly interested in the subject come from a complete philanthropic background or a complete traditional investment background; or is it not significant?
10. Role of identity and personal goals while picking projects.As well as moral intensity. conscience , morally engaged
11. Can you compare the priorities of individual investors to institutional?
12. What is it that drives people to allocate their money towards a cause ?
13. There are cases of organizations trying to 'green wash' 'social impact wash', It makes me wonder whether one of the drivers for allocating money towards social causes is out of guilt rather than responsibility ?

Dr. Bright Mawudor, Interview, April 2020

1. What impact and value inv. Mean to you and what is your background in the field ?

2. How does a Church decide where to invest? What is the priority?
3. What is the decision making process of project selection? Can you walk me through one of them?
4. What are a few recent projects that you invested in? can you walk me through the decision process. (the goals are very broad so basically any project can fit it, how do you
5. What is the role of trust and social networks?
6. says you have been involved 15 years so what made the church to take the decision to be responsible and sustainable inv. Donor support pressure?Why did the church begin impact investing, what motivated it? Is it social pressure or are they inspired by its growing value in the market? Or are they guilty of not investing according to God's will?
7. What is the constraints as an institution for impact investing(insti vs indv. In impact inv)
8. As you have also worked in Germany, and in your opinion what are the similarities and differences among the attitude, values and decision making of investors in Africa and in Europe?
9. Do you consider investment as a way to transform orthodox investment methods or do you see it as a step further in philanthropy and donations