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The Paradigm of Transformative Investment in the Context of Socially Oriented Theories

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Abstract. The article is devoted to the study of transformative investments in the context of socially oriented theories. The growing inequality of the regions, the lack of equal opportunities in obtaining basic vital goods force society to look for new forms of overcoming social problems, which include transformative investments. The new investment paradigm, which provides for investing in solving social and environmental problems, has become widespread in many countries, the potential of this type of investment is growing every year, meeting the goals of sustainable development. Despite the fact that the investment directions of transformative investments involve investing in various spheres, this article considers only social aspects. In connection with the above, the purpose of the proposed work is to present a paradigmatic justification of transformative investments in the context of socially oriented theories. It should be noted that the phenomenon of transformative investments can theoretically be explained in

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the context of different theories and concepts, depending on research tasks. In this paper, the theories of social justice and social policy, the theory of the welfare state are considered. To understand the essence of transformative investments, the paper considers their main characteristics, which allowed reflecting the specifics of these investments and the features of their evaluation. Transformative projects are aimed at solving a significant social problem, they must bring financial returns and ensure guaranteed profitability, which distinguishes them from projects provided by charity or state support. The scientific novelty of the work lies in the fact that this group of theories (along with other theories) can serve as a theoretical platform for the study of transformative investments aimed at the development of the social sphere, complementing the works of Russian and foreign scientists. The results of theoretical studies conducted by the authors determine the choice of the main directions and forms of investments that allow optimizing the social policy of the state. The paper concludes that it is necessary to maintain a balance in the social and economic spheres, taking into account the already established institutions and preventing abrupt changes in the redistribution of income; providing the population with appropriate tools and its active participation in development processes.

Key words: socially oriented theories, transforming investments, social sphere, social justice, social policy, welfare state.

Introduction

Society's ideas about social welfare, improving the quality of life and ways to achieve it, ensuring equal opportunities in gaining access to education, healthcare, fair distribution of benefits, balance between investing in the social sphere and production do not lose their relevance and concern society throughout the entire period of development of economic science, transforming in the process of human development, in the process of increasing the complexity of all spheres of human activity, operating in conditions of accumulating environmental and man-made risks. These aspects are aggravated by the problem of increasing inequality and imbalances in the socio-economic development of regions, where inequality, according to T. Piketty, "should be understood as the fact that the recapitalization of property accumulated in the past proceeds faster than production and wages grow. This inequality reflects a fundamental logical contradiction" (Piketty, 2015). In the work *Capital in the Twenty-First Century*, based on the analysis of the distribution of wealth for three centuries, the scientist concludes that property inequality increases with a decrease in economic growth, while the concentration of capital in the hands of a small group of individuals leads to a decrease in the democratic foundations of society. Analyzing the existing trend of capital ownership (one thousandth of the world's population possesses 20% of wealth)[1], he also predicts that by the second half of the 21st century, the same one thousandth of the world's population will already possess 60% of national wealth on a global scale. The negative result of the excess income policy is the increasing economic and social differentiation, which manifests itself in the ever-increasing rates of

[1] Piketty viewed the concepts of "wealth" and "capital" as similar, in connection with which his work was criticized by the German economist Stefan Homburg (Homburg S. (2014). Critical remarks on Piketty's *Capital in the Twenty-First Century*), who argued that the concept of "wealth" is broader than the concept of "capital", due to the fact that it includes not only capital goods created by man, but also land and natural resources.

unemployment growth and poverty. According to R.K. Shamileva, it generates an acute perception of social injustice, which has an impact on the most important spheres of human life (Shamileva, 2022).

The current situation, when the pace of economic growth is slowing down, real incomes of the population decrease, the existing inequality threatens severe social consequences, necessitates innovations in the social and labor sphere that require a new type of investment – transformative, "uniting the efforts of various actors: the state, society, individuals, organizations" (Bugg-Levine, Emerson, 2017). This type of investment is aimed at creating a "combined value", which allows taking into account the "integrated impact of investments on the economic, social and environmental performance of a company", helping to "balance the commercial and noncommercial activities of a company" (Lyshchikova, 2021).

The study of transformative investments is expanding in the scientific discourse due to the fact that they are considered as solutions to social problems, require more active involvement of private business, rejecting the established paradigm when social (and environmental) issues "should be addressed exclusively by the state or at the expense of charity" (Azizi et al., 2022).

The relatively new concept of "transformative investments" has a broader focus, as it means investments in solving economic, social and environmental problems. However, our work focuses on social orientation, especially since the terms "transformative investments" and "social investments" in some cases can be considered synonymous. That is why the article explores socially oriented theories that can be used as a theoretical basis for studying transformative investments: the theory of the Welfare State, the theory of social justice and social policy. The main provisions and directions of investing transformative investments, such as the social sphere, ecology and ensuring equal human rights in society, are reflected in a group of socially oriented theories. In the article, in terms of the theory of social justice and social policy, the provisions presented earlier in the work of G.M. Kvon (Kvon, 2023) are developed and supplemented: the directions of transformative investments and methodological issues of their assessment are substantiated. The theory of the Welfare State in the perspective of transformative investments is considered by the authors for the first time.

Methodology for studying transformative investments

Consideration of transformative investments in the context of various theories involves their research so as to determine essential characteristics, distinguish features, principles, evaluation methods, and select a theoretical basis.

Transformative investments as a system-forming component of a new investment paradigm require identifying their essential characteristics, principles of implementation, classification features, and substantiating methodological approaches to assessing their effectiveness. They are considered in the works of Russian and foreign authors. Thus, the work of E.B. Dvoryadkina and G.M. Kvon presents the essence of the concept of "transformative investments" and related concepts (impact investments, sustainable investments, influence investments, responsible investments, etc.) (Dvoryadkina, Kvon, 2020). Despite the fact that all of the above types of investments have a social (and environmental) orientation, there are certain differences between them, but the line between the concepts is very thin and not always identifiable. A. Bugg-Levine and J. Emerson call transformative investments "investments aimed at maximizing the social, economic and environmental value created by investment objects" (Bugg-Levine, Emerson, 2017). Transformative investments determine the conscious intention of investors to have a transformative impact on the surrounding socio-economic system. The choice of investment objects is carried out consciously, the result of the investment must have a mandatory assessment (be measured). Although investments in social projects often do not bring commercial profitability, transformative investments should pay off, i.e. be financially sound. In this regard, the issues of evaluating this type of investment are being updated, the complexity of which is due to the need to introduce an impact criterion: it should be taken into account in addition to other key, "standard" performance indicators. However, impact and financial return, according to the impact investing guide[2], do not always complement each other. The foreign discourse focuses on the theory of change, which is considered a key element in the assessment along with impact and intention (Jackson, 2013).

In our earlier work, an attempt was made to generalize approaches to the assessment of transformative investments based on the study of a number of works (Kvon, 2020). We pointed out that the complexity of the assessment depends on the following factors:

– difficulties in forecasting profitability due to ambiguity and a large variety of social effects;

– difficulties in measuring them (for example, due to the lack of feedback from the recipients of the effect: recipients may not be able to give feedback due to illness or be geographically unavailable, etc.);

– opacity of data on social effectiveness;

– difficulties in determining the discount rate, forecasting social impact (influence) due to the occurrence of externalities; it is also not always possible to determine whether a positive impact arises as a result of investing this particular type of investment or this impact would occur due to other reasons, etc.

Depending on the type of organization in which transformative investments are implemented and the type of impact, transformative investments can be classified according to the priority of goals: "primary social impact or financial benefit" (Pankrukhina et al., 2023).

Despite the difficulties outlined above, the following standards and methodologies have been adopted to assess transformative (impact)[3] investments:

– IRIS+ (Impact Reporting & Investment Standards)[4] developed by the Global impact Investing network – GIIN: the selection of indicators applied to specific industries on five aspects of impact is carried out; for each category of impact (for example, agriculture, health, etc.), metrics are set for which investors can navigate;

– the IMM (Impact measurement and management) methodology developed by the Rise Fund investment fund; the assessment is carried out in six stages, an IMM multiplier is being developed, a lower threshold for social impact (investment) is set; it is recommended to consider projects with a return of at least $ 2.5 for each dollar invested;

– the SROI (Social Return on Investment)[5] methodology, which takes into account a number of principles and provides for six stages[6]; the

[2] Godeke S., Briaud P. (2020). Impact Investing Handbook. An Implementation Guide for Practitioners. Available at: https://www.rockpa.org/wp-content/uploads/2020/10/RPA-Impact-Investing-Handbook-1.pdf

[3] We propose to consider the terms "transformative investments" and "impact investments" as synonyms.

[4] IRIS+ and the five dimensions of impact. Developed in partnership with the Impact Management Project. Available at: https://s3.amazonaws.com/giin-web-assets/iris/assets/files/guidance/IRIS_IMPalignment_20190510.pdf

[5] In the UK, the SROI network is now called the SVI (Social Value International) network.

[6] The SROI methodology was developed by the SROI network on instructions from the Cabinet of Ministers in 2009 and updated in 2012.

methodology is presented in the SROI manual[7]; according to M. Maldonado et al., the methodology "focuses on the inclusion of the created social value in the project evaluation, while social value is understood as the value of which stakeholders experience through changes in their lives" (Maldonado, Corbey, 2016).

We should note that traditional assessment of the effectiveness of investment projects according to Methodological Recommendations[8] (takes into account the economic impact of investment projects) also provides for compliance with a number of principles, and the principles of SROI do not contradict them.

The principles of transformative investing are formulated, as already mentioned, based on the requirements of the GIIN[9] impact investor network, the materials of an "Our Future" Foundation report[10], as well as the OECD report[11], and are presented in our previously published work in collaboration with E.G. Animitsa (Animitsa et al., 2020). They provide for investing taking into account the UN Sustainable Development Goals; obtaining market returns; maximum social impact, etc.

In transformative investing, economic and financial interests are combined, decision-making is carried out not only in the case of guaranteed return on investment (Bondarenko, 2015). Sometimes a situation of zero (and negative) profitability may arise, which is justified by a significant social impact that allows solving a significant social problem. According to Ye.V. Popov, the significance and role of a social project for society is determined by its position in accordance with the coordinates of systematization: the sphere of activity, state participation, the degree of participation, the level of initiation and the level of novelty (Popov, 2018).

The methodology for studying transformative investments also requires the formation of a certain theoretical basis, which can be used by various theories. We (among various groups of socially oriented theories) have chosen the theory of the Welfare State, as well as theories of social justice and social policy of the state.

Research results

Welfare State theory

The theory was developed in the second half of the 20th century, although the issues of addressing social problems, ensuring and maintaining social stability, alleviating poverty, achieving a happy and prosperous life based on a just, "ideal" social structure with equal access to benefits were touched upon in the works of Plato, Aristotle, More, Rousseau, Owen, Fourier, Saint-Simon et al. In the middle of the 19th century, according to the work of T.V. Sidorina (Sidorina, 2012), Lorenz von Stein introduced the concept of "social state", which provides for "the economic and social progress of all its members, since the development of one is a condition and consequence of the development of the other". Considering that different countries have formed different ideas about a just social structure, depending on the nature of state intervention, stratification of social groups, G. Esping-Andersen

[7] A guide to social return on investment: accounting for value (2012). Available at: https://neweconomics.org/uploads/files/aff3779953c5b88d53_cpm6v3v71.pdf (accessed: June 19, 2023).

[8] Methodological recommendations for evaluating the effectiveness of investment projects (second edition), approved by the Ministry of Economy, the Ministry of Finance and Gosstroy of the Russian Federation on June 21, 1999 No. VK 477. Available at: https://normativ.kontur.ru/document?moduleId=1&documentId=8730#h1944 (accessed: June 19, 2023).

[9] GIIN. Core Characteristics of Impact Investing. Available at: (accessed: June 19, 2023).

[10] World experience in the development of impact investments. "Our Future" Foundation. Available at: https://www.b-soc.ru (accessed: June 19, 2023).

[11] OECD report. Social impact investment: The impact imperative for sustainable development. Highlights. Available at: https://static.investindia.gov.in/s3fs-public/2019-11/Social-Impact-Investment-2019.pdf (accessed: June 19, 2023).

identified three types of welfare state, which later determined scientific research on social policy (Esping-Andersen, 1990). However, he did not consider states with a socialist model, therefore, in the future (as a development of the G. Esping-Andersen model), other typologies began to emerge, including a larger number of models (involving the use of cluster, factor, Boolean valued types of analysis, methods of principal components), systematization of which was carried out in the work (Bambra, 2007).

All attempts to classify countries into different types have the following common feature: they construct a typology that takes into account, according to G. Bonoli (Bonoli, 1997), the level of welfare ("how much") and the social insurance system ("how, in what way"); as well as the financing of social spending as a certain percentage of GDP, "the percentage of contribution financing and tax financing of social expenditures" (Sidorina, 2010).

In the context of this theory, special importance is attached to the paradigm of transformative (impact, social) investments that is based on the idea that "welfare states should invest in the development of skills and abilities from an early age", while social investment policies, according to the work (Baines et al., 2019), reinforce social policies, "that protect and stabilize by addressing some of the causes of disadvantage and giving people tools with which to improve their social situations"[12]. Many countries including but not limited to members states of the European Union (EU) – have adopted some elements of Social Investment, although uptake is far from uniform (Bouget et al, 2015).". At the same time, regional and local realities of social investment policies and programs that use different sources of investment financing depending on the regions should be taken into account. The authors of the above work refer to A. Hemerijck[13] (who outlined the critical impact of the global financial crisis on the future of the welfare state), and T. Leoni[14] (proposed to adopt the approach of social investment to the reform of the welfare state), who believed that social security spending within the framework of the welfare state is a long-term investment. T. Leoni also pointed to the emergence of new social risks caused by changed macroeconomic conditions, suggesting adjustments to the theory of the Welfare State.

Currently, the concept of the welfare state requires changes due to the transformation of macroeconomic conditions, the emergence of new social risks. In the work of T.Yu. Sidorina, with reference to N. Rose, alternatives to the welfare state are considered, the question of the revision of the "social" is raised; "social" is a reality that is "unclear, contradictory, imaginary and abolished by its own simulation" (Sidorina, 2012). In recent years, the welfare theory has been experiencing a crisis caused by quantitative factors (low economic growth, a reduction in the tax base (most countries have reduced progressive taxes on income and inheritance), unfavorable demographic trends) and qualitative factors (ensuring social protection and meeting new needs), which led to an increase in economic inequality. Criticism of the new realities based on consumption, limiting the ability of governments to meet the needs of their citizens by providing comprehensive social services and income

[12] Original text.

[13] Hemerijck A. (2013). Changing welfare states. Oxford: Oxford University Press. Available at: https://www.researchgate.net/publication/261030281_CHANGING_WELFARE_STATES_-_by_Anton_Hemerijck.

[14] Leoni T. (2015). The social investment perspective as guiding principle for welfare state adjustment. Austrian Institute of Economic Research (WIFO). Available at: https://www.euroframe.org/files/user_upload/euroframe/docs/2015/conference/Session%201/EUROF15_Leoni.pdf

transfers, has led to the realization of the necessity to apply a more dynamic approach involving investing in people's capabilities. The theory of the Welfare State forms the paradigm of the "state of social investment", which has become necessary due to the understanding of the structural nature of problems in the field of social policy. Social investments represent a conceptual basis for the transformation of the state, a normative idea for policy guidance.

A prerequisite for an effective social investment strategy is poverty minimization and guaranteed income, i.e. conditions must be created in which social protection and social investment mutually reinforce each other.

Theories of social justice and social policy of the state

The term "social justice", which has been of interest to society since the time of Aristotle, is interpreted in different ways. In the work of F.I. Gainullina and H.F. Sabirov (Gainullina, Sabirov, 2011), with reference to the works of Aristotle (*Nicomachean Ethics*), social justice is considered as a "subjective virtue" both in relation to the law and "in relation to another person".

The development of the concept of justice from the standpoint of liberalism (utilitarianism), conservatism and Marxism, as well as normative political theory, is presented in the work of G.Yu. Kanarsh (Kanarsh, 2019). The researcher reveals the features of this category in the views of foreign scientists (K. Manheim, I. Bentham and J.S. Mill, A. Sen, J. Rawls, K. Marx and F. Engels, M. Yang, F.A. von Hayek, M. Sandel, etc.), and Russian researchers (B.N. Kashnikov, A.V. Prokofiev, R.K. Shamileva, etc.).

The issues of social justice, social evolution and social reforms, consideration of not only the "economic man", but also the social man "in all manifestations of his social activity" are reflected in the works of the famous Scottish philosopher and economist John Stuart Mill, whose views are analyzed in the work of E.L. Shuremov (Shuremov, 2018). Being a representative of classical political economy and the founder of the theory of positivism, Mill advocated social justice, calling on governments to stimulate (in our interpretation to invest) the maintenance of the social sphere, providing for the poor. His proposed social reform is mainly aimed at limiting the property inequality of wealth.

The work of R.S. Grinberg notes the evolution of the concept of justice in various philosophical schools since Aristotle and Plato (Grinberg, 2012). The author points out that all ideas about justice "are connected to ideas about democracy and freedom".

In the book *A Theory of Justice* J. Rawls (Rawls, 1995) rejects the idea of social justice and the right of people to social benefits (including education, work) depending on their contribution to the economy and natural giftedness, except in cases of natural inequality (for example, for those people who are not endowed with certain possibilities at birth). Income guarantees for people with lower abilities should be provided by taxing the income of wealthier citizens.

The role of the state, which determines the "rules of the game", provides for the solution of issues of optimizing social policy: "free access of citizens to healthcare, culture, sports, social security and other areas" (Dolgorukova, 2019), corresponding to the areas of transformative investing.

In the World Bank report "Justice and Development: World Development Report"[15], social

[15] Justice and Development: World Development Report 2006. Translated from English by I.P. Gurov et al.; ed. by A.V. Bondarenko. Moscow: Ves' mir. Available at: https://enc.biblioclub.ru/Fund/Viewer.html?file=/Fund/Book/pdf/114379.pdf&embedded=true (accessed: June 25, 2023).

justice is understood as a situation in which individual citizens have equal opportunities to build a life of their own choice and are insured against extreme forms of deprivation in terms of achieving results.

In modern realities, when society has entered the post-industrial phase characterized by the accelerated development of digitalization and network structures, social justice can be considered from the standpoint of the means of social mobility. In the work of E.A. Grinchenko, social justice acts as a factor in “optimizing the system of social elevators”, allows coordinating the interests of various actors in terms of “equal access to social benefits and infrastructure” and ensuring “political and legal stability in the state” (Grinchenko, 2022).

In our opinion, it is relevant to study the issues of social policy and social justice in relation to the aging population, where the issues such as state expenditures on pension payments are inevitably raised. According to Yu.A. Zelikova, whose work reviews the current discussions on pension system reforms in various countries in the context of social justice, representatives of different age groups have different attitudes toward the ongoing reforms. The author concludes that it is necessary to support various age groups, as well as social investments in the policy of supporting women’s employment and children’s development. The analysis of most foreign studies, according to the author, confirms that intergenerational conflicts do not increase (Zelikova, 2022). Of particular interest is the attitude of young people toward issues of social justice, which allows them to realize career interests and life strategies. Based on a questionnaire survey, the results of which are given in the work of I.L. Chebinyaeva, it was revealed that the priorities of young people “are material prosperity, social success, professional realization, sense of being useful to society”, and social justice should be expressed through “ensuring equal access to social benefits” and equal starting opportunities to get a quality education, promotion in the profession through internships, to ensure the safety of life (Chebinyaeva, 2022).

Despite the implementation of social policy by the state, it is not enough to use only charity and social programs to solve the problems such as inequality, unfair distribution of income (in the form of wages and income from capital), implementation of forms of support to the poorest segments of the population to improve their standard of living (Yunus, 2017). Analyzing the existing mechanism of functioning of the capitalist economy, it is proposed to carry out its “restructuring” and create a “new economic mechanism” based on the concept of social business, taking into account not only social, but also existing environmental (climate) problems (Kvon, 2023).

According to W. Eucken (the author of the theory of economic orders, which is the methodological basis of the “social market economy”), economic policy and social policy are closely linked: economic policy ensures the implementation of the main directions of social policy, namely, “the policy of social guarantees; effective work; self-sufficiency and redistribution of income and property” (Eucken, 1995).

The understanding of the role of the welfare state in creating conditions for ensuring social justice is reflected in the work of I.I. Korchagina and L.M. Prokofieva. Subjective perception of fairness in terms of wages, income differentiation, standard of living, consumption, etc. has shown that people “admit the existence of inequality” due to the fact that different persons, depending on individual abilities, tend to “work more efficiently”, but believe that the state should ensure “regulation of distributive relations in order to reduce income differentiation” (Korchagina, Prokofieva, 2022).

Major areas of investment in the implementation of social policy, taking into account aspects of social justice

Ares and forms of investing	Substantiation of investments
1. Human abilities	
1.1. Early childhood development	Investing in the child's development has a significant impact on their health, motivation to study, and brings a more significant economic return in the future. Well-thought-out government measures can significantly reduce the gap between the capabilities of different social strata
1.2. School education	Expanding access to education, stimulating demand (encouraging parents to invest in children's education, paying scholarships, increasing enrollment) and supply (increasing teachers' salaries, improving education facilities and equipment, developing and implementing innovative teaching methods aimed at improving the academic performance of weaker students)
1.3. Health care	Granting state guarantees for the provision of services, grants-in-aid to stimulate health protection, development of the insurance market against diseases leading to catastrophic consequences (in the understanding of the ability of households to cover the costs of treatment in case of a loss of income)
1.4. Risk management	Developing the social protection system, providing a "safety net", preventing restrictions on investments intended for those in need of social protection (the working poor, unemployables, or persons for whom it is undesirable to work, special socially vulnerable groups) as a result of macroeconomic crises, restructuring of industries, weather conditions, natural disasters
2. Justice, land, infrastructure	
2.1. Creating fair justice systems	Ensuring a balance between strengthening the independence of justice systems and increasing their accountability, using measures to expand the accessibility of the judicial and legal system, leveling the "rules of the game" in the political, social and cultural fields; protecting the political rights of citizens
2.2. Ensuring more equitable access to land	Improving the functioning of the land market and providing poor citizens with guarantees of their right to land
2.3. Ensuring equal access to infrastructure	Expanding access to infrastructure services for the poor through a system of targeted subsidies; promoting the work of service providers
3. Markets and macroeconomics	
3.1. Financial markets	Investments in the implementation of programs aimed at helping the poor, ensuring more equal access of companies to financing; deepening and expanding access should be complemented by strengthening horizontal accountability, abandoning lobbying of individual large banks
3.2. Labor markets	Investments in the development of alternative social policy measures for regions (countries) (introduction of an unemployment insurance program and an employment program); ensuring the protection of poorer workers employed in the informal economy
3.3. Commodity markets	Removing barriers to foreign direct investment in order to liberalize trade; however, depending on the level of the country's development this may lead to increased income inequality due to the growing demand for skilled labor with the ongoing modernization of production processes; it is necessary to provide workers with the opportunity to freely move to a new job
3.4. Macroeconomic stability	Sound macroeconomic management and regulation of the financial sector to prevent the increase of injustice in the processes of overcoming crises (when restructuring costs are covered by raising taxes and reducing consumption)
4. Global stage	
	Reducing social injustice, discrimination against developing countries (for example, obstacles to migration to rich countries for unskilled workers, obstacles for producers of industrial and agricultural products from developing countries when they are sold in developed countries), leading to unequal provision of resources, taking into account the benefits of participation in the global economy, creating for all regions (countries) equal conditions in the field of economics and politics on a global scale
Source: own compilation taking into consideration the work: Hemerijck A. (Ed.). (2017). The Uses of Social Investment. Oxford: Oxford University Press. Available at: https://www.sipotra.it/wp-content/uploads/2018/11/The-Uses-of-Social-Investment.pdf	

The *Table* shows the main directions of transformative investment, justifying the need for its implementation and taking into account aspects of social justice in the implementation of social policy.

Thus, social policy should take into account the basic provisions of social protection, taking into account gender and structural changes in the labor market, with an understanding of the increasing importance of human capital. Transformative investments in the context of this theory, according to the works of A. Hemerijck and T. Leoni, provide for an increase in funds for lifelong education through the financing of social funds, activation of human capital, expansion of opportunities for social integration and participation in addressing state issues.

Discussion

The problems of social justice and social equality are also relevant for Russia. According to A.M. Ponomarev, for Russia "the refusal to provide freedom with social benefits and a sharply negative attitude toward the role of the state in regulating socio-economic processes turned out to be disastrous" (Ponomarev, 2015). With reference to F. Hayek (1999) the author argues that "there can be no distributive justice where no one distributes. Justice makes sense only as a norm of human behavior". The importance of the role of the state with the understanding "that only the state is able to counteract the elements of the growing social stratification, to guarantee fair access of people to public goods" is reflected in the works of O.T. Bogomolov, who draws attention to the fact that the unfair distribution of benefits leads to a split in society, an increase in tension; the development of the country is "inadequate to the challenges of the post-industrial era" (Bogomolov, 2001a; Bogomolov, 2001b).

Summarizing the research on transformative investments in the context of socially oriented theories, let us highlight the key positions of the theories of the Welfare State, social justice and social policy:

– the state, within the framework of social justice, guarantees the observance of fair competition, private property rights, contracts, as well as free access of citizens to healthcare, culture, sports, social security, etc.;

– a preventive social policy is envisaged, investments are focused on increasing labor productivity, supporting employment opportunities, acquiring and maintaining skills to prevent (permanent) unemployment;

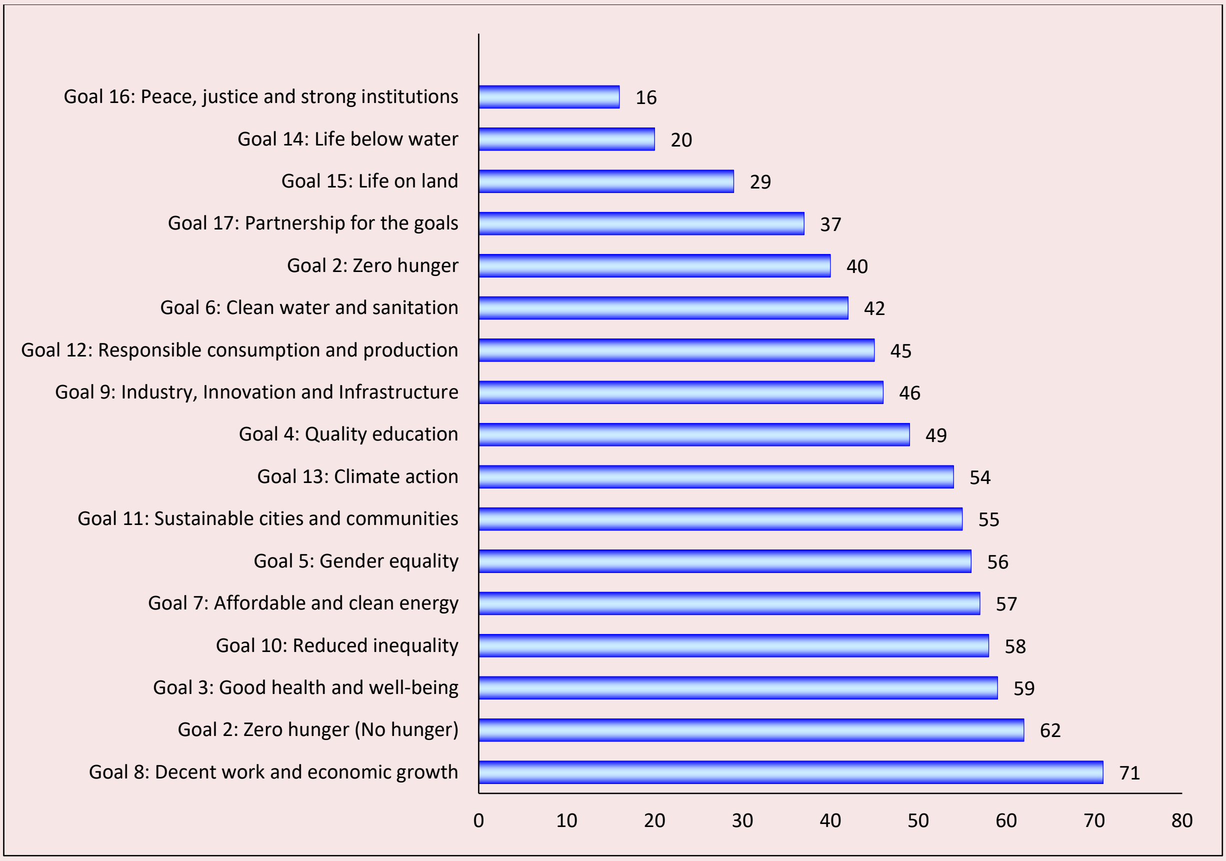
– to reduce the risk of poverty and need, long-term strategies are being implemented (throughout life) to invest in human abilities starting from early childhood;

– the prospect of socially transformative investments shifts the emphasis from remittances (compensation) to the service sector.

Speaking about the prospects of transformative investments aimed at addressing social issues, we can note that this trend is influenced by the general situation in the world regarding investment strategies. According to the UNCTAD World Investment Report 2023, "global flows of foreign direct investment decreased by 12 percent to $1.3 trillion in 2022"[16]. Although most of the report is devoted to the issues of achieving the Sustainable Development Goals (SDGs) in the field of energy, it is noted that "social sustainability bonds experienced a sharp decline by 18 percent". This is due to "geopolitical tensions and inflation". Nevertheless, according to the report, sustainable

[16] World Investment Report 2023. Available at: https://sun-connect.org/wpcont/uploads/wir2023_en.pdf (accessed: August 9, 2023).

Areas of the impact of transformative (impact) investments agreed with the SDGs, %



Source: Annual Impact Investor Survey (2020). P. 45. Available at: https://thegiin.org/assets/GIIN%20Annual%20Impact%20 Investor%20Survey%202020.pdf (accessed 09.08.2023).

strategies used by various funds demonstrate a fairly large percentage of solutions aimed at ESG issues (87%), integration of social aspects (82%), transformative (impact) investments (77%)[17]. The main directions of investments (agreed with the SDGs), based on the survey of transformative (impact) investors conducted by GIIN in 2020[18], are formed by the implementation of Goal 8 (decent work and economic growth), Goal 1 – poverty eradication, Goal 3 – good health and well-being[19] (*Figure*).

In Russia, the transformative investing paradigm has also been developed. According to TASS[20], it is indicated that Forbes magazine compiled a rating of Russian impact investors in 2021, which included 31 people. Investments in the "currency of good" for the period 2010–2021, according to the magazine, amounted to 31.5 billion U.S. dollars.

[17] The report indicates that these percentages are calculated from the number of reported funds, but only a third of the funds disclose these issues.

[18] Annual Impact Investor Survey 2020. Available at: https://thegiin.org/assets/GIIN%20Annual%20Impact%20 Investor%20Survey%202020.pdf (accessed: August 9, 2023).

[19] 294 investors were interviewed, investors could choose several areas.

[20] Forbes compiled a rating of impact investors in Russia. Available at: https://tass.ru/ekonomika/12222559 (accessed: August 9, 2023).

In the current socio-economic conditions in relation to Russia, an Association of Impact Investors has been established for the development of transformative investment, as well as "Our Future" Foundation, which is a member of GIIN, the Presidential Grants Fund, individual funds, regional associations for social entrepreneurship, whose purpose is to support social initiatives in the regions of the country. It is necessary to note the active cooperation of "Our Future" Foundation with business (for example, the companies Sibur, Norilsk Nickel), banks, governments of individual regions, the Ministry of Finance of Russia; the fund advises entrepreneurs and improves their qualifications, and it has also concluded separate agreements with a number of Russian universities to support social business. In our opinion, the growth of the transformative investment market depends on the promotion of this idea, fits well into the mentality of Russians as a tool for implementing social and environmental projects.

Thus, socially oriented theories, acting as a theoretical platform for transformative investments, are aimed at:

– optimizing the state's social policy in order to maintain a balance between increased activity in the social sphere and taking into account already established institutions where the state is not ready to make drastic changes in the redistribution of property and income;

– understanding that justice is closely linked to long-term prosperity, welfare and is important in the fight against poverty; it contributes to increasing human mobility, overcoming regional disparities and inequality "traps";

– substantiating the need for the active participation of more "poor" segments of the population in development processes, where the development processes themselves become more resistant to shocks, which leads to the improvement of institutions, poverty reduction, and the use of the potential of society.

Conclusion

Reforms implemented by different countries and aimed at the reduction of pension provision, sick pay and unemployment benefits have led to the need to search for new forms and methods of implementing social protection, since not all states already provide the same standard of living previously supported by state pensions and benefits. The new concept of the state of social investments, instead of paying compensation to the population affected by negative events, restoring the social protection system, provides for a preventive social policy (to give the population tools to prevent such events or minimize their consequences). In this regard, transformative investments (taking into account the formation of human capital at all stages of life) focus on increasing labor productivity. The prospect of social investment shifts the emphasis from remittances (compensation) to the service sector.

Taking into account the aspects of social justice in the implementation of investment provides for the selection of optimal policy options that should be aimed at alleviating poverty, reducing the uneven distribution of wealth and redistributing influence, benefits or subsidies; elaborating complementary measures in the implementation of social policy, collectively providing social protection, education, labor mobility.

The development of the theoretical basis for the study of transformative investments in the context of selected socially oriented theories forms a scientific basis that allows us to substantiate key provisions and directions of investing transformative investments that provide for the development of the social sphere, ensuring equal human rights in society, increasing its mobility, obtaining equal access to quality education, erasing gender differences, etc., optimizing the social policy pursued by countries.

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