

Responsible Private Equity: A Review and Research Agenda

Susshmeet Kaur, Dr. Sheeba Kapil

Indian Institute of Foreign Trade, Delhi, India

Abstract

Private equity firms, including venture capital allocated \$20.29 billion in asset management deals globally in 2024, highlighting their growing influence shaping on economic activities and resource allocation. Meanwhile, the global financial deficit for sustainable development has expanded to \$4.2 trillion highlighting insufficiency of traditional funds and a need for strategic reforms to mobilize private capital. Private equity firms are characterized to improve the operational performance of their portfolio companies, and these skills can be leveraged to drive sustainability through ESG integration, fostering innovation and adopting corporate sustainable practices and sustainable business models. This study conducts a comprehensive review of private equity including venture capital, growth equity and buyout in relation to sustainability by employing a hybrid review that integrates bibliometric analysis cum systematic literature review. 260 articles were retrieved from Scopus and Web of Science database using PRISMA framework and TCCM framework as reporting structure. This study explores the interlinkage between private equity capital and sustainable investments by addressing key research questions: How does private equity contribute to sustainability? What are the motivations, drivers, barriers and challenges? And, what role does private equity capital play in attaining sustainability. Based on this study process the theoretical foundation of the literature along with geographical context, constituents and methodologies adopted were also identified. The study explores emerging themes and proposes avenues for future research using 3W1H framework. This review has practical implications for private equity firms, portfolio companies, entrepreneurs and policymakers.

Keywords: ESG; hybrid review; impact investing; sustainability; venture capital.