

Driving positive social and environmental impacts through equity crowdfunding: evidence from social enterprises

Qualitative
Research in
Financial Markets

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Received 4 July 2024
Revised 22 January 2025
13 May 2025
Accepted 23 May 2025

Abstract

Purpose – Over the past two decades, social enterprises have increasingly attracted scholarly attention. Social entrepreneurship leverages business practices to tackle social and environmental issues and is characterized by integrating commercial enterprise models with nonprofit missions. Key factors such as financial sustainability and organizational resilience are crucial for advancing social objectives. Despite the absence of a universally accepted definition, social entrepreneurship involves elements like social innovation (SI), market orientation and social value generation. The purpose of this study is to examine the role of equity crowdfunding as a financing opportunity for social enterprises (SEs).

Design/methodology/approach – This study uses a multiple case study analysis.

Findings – This study reveals the potential of equity crowdfunding as a mechanism to foster social innovation and generate positive societal impact. The findings suggest that equity crowdfunding can play a meaningful role in addressing the funding gap faced by social enterprises, thereby supporting the achievement of their social missions.

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Funding: This project has received funding from the European Union's Horizon 2020 research and innovation program under the Marie Skłodowska-Curie grant agreement number 892293.

CRedit author statement: Rosella Carè: Conceptualization, Methodology, Formal analysis, Investigation, Validation, Writing – original draft, Writing – review & editing, Supervision, Project administration, Funding acquisition.

Rabia Fatima: Data collection, Data visualization.

Stella Carè: Data collection.



Qualitative Research in Financial
Markets
Emerald Publishing Limited
1755-4179
DOI [10.1108/QRFM-07-2024-0180](https://doi.org/10.1108/QRFM-07-2024-0180)

Originality/value – This research provides insights into the role of equity crowdfunding in social entrepreneurship, a relatively underexplored area. This study underscores the importance of financial tools in facilitating SI and advancing the missions of SEs.

Keywords Equity crowdfunding, Social enterprises, Impact enterprises, Impact investing, Social entrepreneurship

Paper type Research paper

1. Introduction

In the past two decades, the field of social entrepreneurship has witnessed a significant increase in scholarly attention (Boni *et al.*, 2024; Defourmy and Nyssens, 2013; Glasbeek *et al.*, 2024; Hietschold *et al.*, 2023; Nuchian *et al.*, 2024; Quilloy *et al.*, 2024). Scholars frequently describe social entrepreneurship as leveraging business practices to address critical social and environmental issues (Haugh, 2007; Mair *et al.*, 2012; Santos, 2012). Within this broader field, social enterprises (SEs) represent one of the primary organizational forms through which social entrepreneurship is operationalized. A wide range of definitions for SEs can be found in the literature. Numerous studies have sought to clarify the complex concepts and models associated with SEs (Borzaga and Defourmy, 2001; Defourmy *et al.*, 2021). However, a shared understanding or unified definition remains elusive, reflecting the multifaceted nature of the concept (Defourmy *et al.*, 2021; Defourmy and Nyssens, 2017).

Although there is no universally accepted definition, social entrepreneurship is broadly recognized through a framework encompassing a social entrepreneur or entrepreneurial team, organizational structure, social innovation (SI), market orientation and social value generation (Choi and Majumdar, 2014).

In this context, SI refers to developing more effective, efficient or sustainable solutions, addressing market failures and reducing public spending while promoting societal well-being (Bautista-Gómez and van Niekerk, 2022). This approach to entrepreneurship, which can unfold within new and existing organizations (Mair and Marti, 2006), is distinguished by its primary focus on achieving a social mission, contrasting with the profit-driven motives of traditional commercial entrepreneurship (Saebi *et al.*, 2019).

In addition to SEs, some novel forms of legal entities aim to generate stable profits while significantly mitigating social and/or environmental issues through their business operations. These organizations are often called “social impact businesses,” “societal impact enterprises” or “impact enterprises.” The distinction between SEs and societal impact enterprises lies in their primary goals. SEs focus on creating more social value for target populations or communities to achieve long-term sustainability, while societal impact enterprises prioritize profitability alongside their commitment to addressing societal challenges (Vecchi *et al.*, 2016). According to Ferrarini *et al.* (2019), social impact enterprises are intermediaries between civil society organizations and for-profit companies. These enterprises can be legally constituted as for-profit organizations while focusing entirely on solving social and/or environmental problems directly through their core economic activities (Ferrarini *et al.*, 2019). Within this evolving ecosystem, concepts such as *blended value* (Emerson, 2003) – which emphasizes the integration of financial, social and environmental returns – *social finance* (Daggers and Nicholls, 2016; Nicholls, 2010) – referring to investment mechanisms designed to achieve both financial returns and measurable impact – and the related *tradeoffs* between these objectives (Brest and Born, 2013) are central to understanding how SEs attract mission-aligned capital.

Although these enterprises combine profitability with impact, many studies highlight significant barriers that hinder their growth or contribute to their failure. A recurring challenge is the funding gap, which arises because the focus on social value is often less attractive to

traditional capital lenders, such as banks, private equity investors or venture capitalists (Cosma *et al.*, 2019; Davies *et al.*, 2019; European Commission, 2015; Hynes, 2009; Lyons and Kickul, 2013; Santos *et al.*, 2015). Evidence from prior research suggests that alternative financing mechanisms (Carè *et al.*, 2018; Carè and Weber, 2023), such as crowdfunding, can help bridge this gap by facilitating the growth of social and impact enterprises. Among these mechanisms, crowdfunding stands out as a model where entrepreneurial individuals and groups – cultural, social and for-profit – seek funding for their ventures by leveraging small contributions from many individuals through the internet, bypassing traditional financial intermediaries (Mollick, 2014). However, despite its transformative potential, research examining the specific role of crowdfunding in financing SEs and initiatives aimed at generating positive societal impact remains limited, leaving a critical gap in the literature.

Building on the existing literature, this study identifies two specific gaps. First, while alternative finance has been discussed in connection with social entrepreneurship, the specific contribution of equity crowdfunding to the growth and operational sustainability of SEs remains underexplored. Second, few studies have examined how equity crowdfunding fosters mechanisms such as trust, transparency and alignment between social mission and financial expectations – critical for the long-term success of SEs.

To address this gap, this paper examines how equity crowdfunding can support SEs in creating positive societal impacts, fostering SI and driving social change by overcoming traditional barriers to financial investment. Given the limited number of theoretical studies addressing this emerging topic, we adopt a grounded theory methodology based on multiple case studies (Corbin and Strauss, 2008; Eisenhardt, 1989; Yin, 2013). In particular, this study contributes to addressing these gaps in three main ways. First, it advances theoretical understanding by exploring how equity crowdfunding enables SEs to generate social and environmental value through mechanisms such as transparency, mission alignment and investor trust. Second, it offers a methodological contribution by applying a grounded theory approach based on multiple case studies – an underused method in this field – which allows for an in-depth, inductively derived conceptualization. Third, it provides practice-oriented insights for social entrepreneurs and crowdfunding platforms, highlighting the strategic importance of impact communication and relational dynamics in ensuring both funding success and long-term societal engagement.

Our findings reveal that equity crowdfunding is a viable mechanism for bridging the funding gap faced by SEs, providing them with access to diverse financial resources while enhancing their ability to generate social and environmental value. By highlighting the critical role of transparency in impact measurement and fostering trust-based relationships with socially motivated investors, equity crowdfunding emerges as a powerful catalyst for innovation and societal impact within the SE ecosystem. The subsequent sections are structured as follows: Section 2 provides the theoretical framework, while Section 3 outlines the research methodology using a grounded theory approach based on multiple case studies. Section 4 explains the case study analysis. The main findings are presented in Section 5, and Section 6 concludes with contributions to theory and practice alongside the implications and limitations of this study.

2. Theoretical framework

2.1 *Setting the scene: Exploring the contribution of social enterprises and impact ventures to the most pressing societal challenges*

The term “social entrepreneurship” refers to innovative and creative approaches adopted by a diverse group of actors, including grassroots activists, non-governmental organizations, policymakers, international institutions and corporations, to tackle various social challenges (Nicholls, 2008). Among these, SEs represent a key organizational form through which SI can

be observed and implemented (Phillips *et al.*, 2019), particularly in sectors such as justice, environment, education, health, arts and culture.

SI is defined as:

[...] a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals (Phills *et al.*, 2008, p. 36).

This close alignment with societal impact positions SEs as natural carriers of SI, enabling them to drive change across various domains (Defourmy and Nyssens, 2013; Harrison *et al.*, 2010; Tortia *et al.*, 2020). SEs are often characterized by features such as voluntary participation, operational independence from the state and a commitment to the “triple bottom line” of people, planet and profit (Betts *et al.*, 2018; Jones and Keogh, 2006). By pursuing both financial returns and social impact, social entrepreneurs address societal challenges that traditional approaches have often failed to resolve (Betts *et al.*, 2018). However, their hybrid nature also introduces unique challenges, such as maintaining a balance between social and financial missions, managing scarce resources and meeting diverse stakeholder expectations (Doherty *et al.*, 2014).

The role of SI is further emphasized in definitions of SEs, where innovation is often central to their mission and operations. Perrini and Vurro (2006) introduced the concept of “socially innovative entrepreneurs” (p. 57), while Austin *et al.* (2006) described SEs as “innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors” (p. 371). Additionally, the literature on SEs often uses a range of terms and labels to describe organizations with overlapping goals and characteristics, such as “social impact businesses,” “societal impact enterprises” and “impact enterprises.” These novel forms of legal entities, collectively referred to as social purpose organizations, are designed to achieve both stable profits and meaningful social or environmental impact (Lepik *et al.*, 2022).

Grabenwarter (2011) highlights that social impact businesses are uniquely positioned to attract capital from both for-profit and not-for-profit investors because of their ability to deliver meaningful societal outcomes while ensuring attractive financial returns (pp. 2–3). Positioned at the intersection of the private and philanthropic sectors, these organizations prioritize their social mission while maintaining financial sustainability (Bezerra-de-Sousa *et al.*, 2022). Vecchi *et al.* (2016, p. 65) further explain that the social or environmental impact of these enterprises is embedded in their commercial business models, allowing them to address societal demands effectively while achieving profitability. Simply put, they generate societal impact by selling products or services, creating both financial returns and positive outcomes (Vecchi *et al.*, 2016).

A key distinction between SEs and societal impact enterprises lies in their primary objectives. While SEs aim to create long-term social value for specific populations or communities to promote sustainability, societal impact enterprises balance profitability with addressing specific societal challenges (Vecchi *et al.*, 2016). This distinction highlights an ongoing debate within the academic community about the role and positioning of social impact enterprises. Ferrarini *et al.* (2019) suggest that these entities can be placed along a spectrum, ranging from civil society organizations to for-profit companies. Even when adopting a for-profit legal structure, social impact enterprises remain committed to solving social or environmental issues through their core business activities.

2.2 Understanding crowdfunding as a potential accelerator for social impact by starting from the funding gap for social enterprises

The survival, economic prosperity and societal impact of SEs largely depend on their ability to secure financial resources (Austin *et al.*, 2006; Doherty *et al.*, 2014; Schätzlein *et al.*, 2023; Zhao and Lounsbury, 2016). However, critical barriers continue to hinder their growth and, in

some cases, contribute to their failure. Among the most significant challenges are a lack of resources, small business size and limited access to finance and funding (Leslie, 2002; Staicu, 2018). These structural limitations are further aggravated by issues such as inadequate premises, a shortage of qualified staff and cash flow constraints (Brown and Murphy, 2003; Coburn and Rijdsdijk, 2010; Staicu, 2018). Such obstacles make it particularly difficult for SEs to attract financial support from traditional lenders, such as banks, private equity investors or venture capitalists, who often view SEs as less attractive because of their prioritization of social value over financial returns (Cosma *et al.*, 2019; Doherty *et al.*, 2014; Lyon and Owen, 2019).

Systemic challenges further exacerbate the funding gap. Bielefeld (2009) points out that inconsistent funding priorities, unclear investor goals and limited trust between investors and enterprises can significantly impede access to finance. Abdou and El Ebrashi (2015) emphasize that impact ventures, which are for-profit enterprises with a social mission, frequently rely on personal networks, founders or grants from international donors to survive or even launch. Additionally, limited public awareness about SEs creates further hurdles in securing financial resources, restricting their growth potential (Davies *et al.*, 2019; European Commission, 2015; Hynes, 2009; Santos *et al.*, 2015). These persistent challenges highlight the pressing need for innovative financing mechanisms to bridge the funding gap that affects both SEs and impact ventures (Lyons and Kickul, 2013).

In response, crowdfunding has emerged as a promising alternative financing mechanism, particularly for SEs and impact ventures (Chandna, 2022; Hussain *et al.*, 2023; Lehner and Nicholls, 2017; Riniker, 2024). Crowdfunding leverages an open call, typically conducted online, to solicit financial contributions through donations, rewards, loans or equity investments (Belleflamme *et al.*, 2014; Lambert and Schwiendbacher, 2010). For SEs, crowdfunding enables entrepreneurs to access relatively small contributions from a large number of individuals, bypassing traditional financial intermediaries (Mollick, 2014). The four primary models of crowdfunding – reward-, donation-, lending- and equity-based – offer diverse pathways to finance social and impact-driven ventures (Banhatti, 2016; Cosma *et al.*, 2019).

While much of the existing literature focuses on the general relationship between crowdfunding and SEs (Banhatti, 2016; Lehner, 2016; Meyskens and Bird, 2015), equity crowdfunding remains relatively underexplored, particularly regarding its role in supporting SEs. This study seeks to address this research gap by investigating how equity crowdfunding enables SEs and impact ventures to generate positive societal impacts. Unlike prior research, which predominantly centers on the startup phase (pre-seed or seed stage), this study broadens the scope by analyzing both startups and established enterprises that use equity crowdfunding to fund growth and scale their operations.

To clarify the theoretical rationale underlying our investigation, we argue that equity crowdfunding supports SEs through two key mechanisms. First, it enables SEs to overcome funding barriers by directly accessing mission-aligned capital, thus acting as a social impact accelerator. Second, it fosters investor engagement and trust, enabling purpose-driven backers to actively support social and environmental goals. These two dimensions form the basis of our conceptual framework, which guided data collection and coding. As shown in Figure 1, we structure our analysis across three coding layers (first-order codes, second-order themes and aggregate dimensions) that empirically substantiate the theoretical pathways through which equity crowdfunding contributes to SE growth and impact.

3. Research design and methodology

The primary purpose of this study is to explore how equity crowdfunding helps SEs create positive societal impacts. We followed an exploratory and inductive research approach using a grounded theory methodology based on multiple case studies (Corbin and Strauss, 2008;

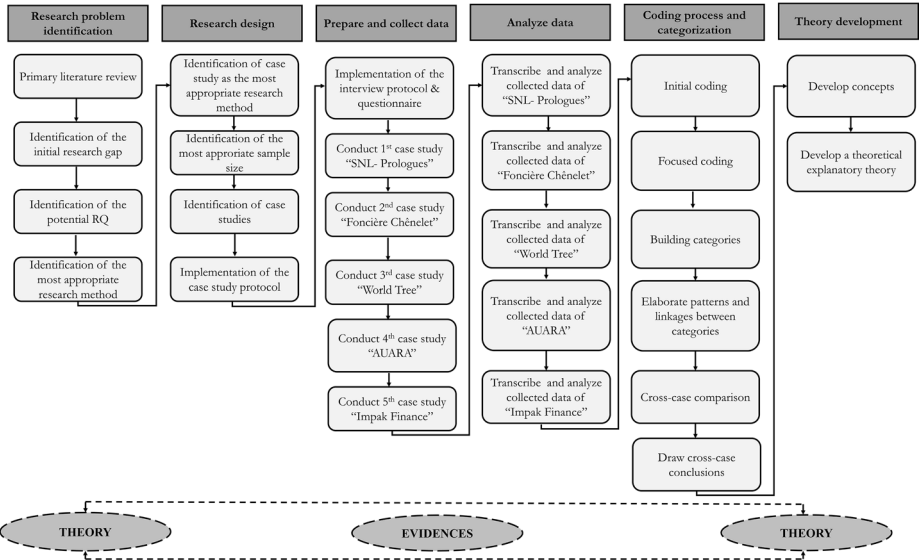


Figure 1. The methodological flowchart
 Source: Figure courtesy of Carè *et al.* (2023)

Eisenhardt, 1989; Urquhart *et al.*, 2010; Yin, 2009). Grounded theory is defined as a qualitative research approach that uses a systematic sequence of procedures to construct an inductively derived theory concerning a particular phenomenon (Strauss and Corbin, 1990, p. 24). The preference for a qualitative rather than a quantitative method was based on the former’s capability to yield valuable insights into intricate phenomena (Eisenhardt and Graebner, 2007).

We also used the multiple-case study methodology, which is considered most suitable for exploratory research (Eisenhardt, 1989; Gibbert *et al.*, 2008), as it provides more precise, engaging and verifiable instruments (Eisenhardt and Graebner, 2007; Yin, 2009) when the goal is to establish a framework based on data analysis (Trocin *et al.*, 2021).

According to Yin (2003), case study research allows the investigation of phenomena in their general complexity and within their natural environment. Such a feature makes this methodological approach effective for studies on an unexplored topic where the main aim is to answer research questions about the “how” and “why” of a phenomenon (Yin, 2003; Yin, 2017).

The multiple-case study design offers significant advantages, including simplifying cross-comparative analysis, which aids in identifying new variables and understanding complex processes within social contexts (Massaro *et al.*, 2019). It also enhances the external validity of findings, broadening their generalizability and relevance to a wider range of settings (Yin, 2003). Given the alignment between our research question, objectives and these characteristics, the multiple-case study approach is considered highly suitable for this investigation. An overview of the methodological steps adopted is provided in Figure 1.

3.1 Case selection

Concerning the number of cases considered in our analysis, as explained by Eisenhardt (1991), the most appropriate number depends on what is already known and the extent to which a new case could contribute additional insights. Yin (2013) emphasizes that a multiple case study approach

should adhere to a sampling logic. Selecting appropriate case studies is essential to align with the research objectives, as highlighted by [Shakir \(2002\)](#). This process involves ensuring the relevance and adequacy of the cases to maintain the study's overall quality. In this research, we adopted the theoretical sampling strategy proposed by [Eisenhardt and Graebner \(2007\)](#), focusing on theory development rather than hypothesis testing. Cases were chosen for their richness, prioritizing their contribution to theoretical insights over their uniqueness ([Eisenhardt and Graebner, 2007](#)). Theoretical sampling, guided by conceptual considerations, aims to generate and refine theory rather than merely describe phenomena ([Carè et al., 2023](#)). As described by [Glaser and Strauss \(1967, p. 45\)](#), this approach involves iterative cycles of data collection, coding and analysis, with each step informing the subsequent data to be gathered. According to [Strauss and Corbin \(1998, p. 201\)](#), this method helps uncover variations among concepts and enrich categories in terms of their dimensions and properties. [Charmaz \(2006\)](#) further notes that theoretical sampling enhances analytic abstraction by identifying variations and addressing gaps that need further exploration.

The process begins with initial data collection and open coding, which generates preliminary codes that guide subsequent data collection. [Glaser \(1978\)](#) describes how memo-writing and constant comparison work together to refine categories, clarify their boundaries and identify gaps within the emerging theory. By comparing codes iteratively, researchers build a provisional set of conceptual categories, allowing new ones to emerge and existing ones to be enriched. The sampling process intentionally seeks both theoretical similarities and differences to fully explore the dimensions of each category, continuing until a core category is identified and saturated. At this stage, analysis and memo-writing become increasingly abstract, focusing on integrating and refining the core category and its related properties ([Glaser, 1978](#)).

The goal of theoretical sampling is to select cases that are conceptually relevant, support the development of categories and highlight extreme or varied examples within the emerging theory ([Eisenhardt, 1989, p. 537](#)). [Patton \(2014\)](#) notes that qualitative studies typically use small, purposefully chosen samples. In this study, a sample size of five was deemed sufficient to enable a deep investigation into the phenomenon ([Eisenhardt, 1989; Yin, 1994](#)).

Five cases were selected from SEs operating in diverse geographical areas, including France, Spain, Canada and the USA. All the selected SEs share a strong “impact orientation,” making them particularly relevant for the study's objectives. These cases were analyzed with an explorative mindset, relying primarily on qualitative data to gain deeper insights. [Table 1](#) provides an overview of the sample and data sources[1].

To encapsulate the diverse organizational forms represented in this study while maintaining a clear focus, we adopt the term “social enterprises” as a unifying label. This term is broadly defined to include revenue-generating organizations with a clear social or environmental mission, consistent with established literature. Specifically, the sample captures a range of organizational forms, including cooperatives (e.g. Solidarités Nouvelles pour le Logement), B-Corps (e.g. Foncière Chênelet and Impak Finance), for-profit SEs (e.g. World Tree) and mission-driven organizations holding specific accreditations, such as the SE Mark CIC (e.g. AUARA) or the Entreprise Solidaire d'Utilité Sociale (Solidarity Enterprise of Social Utility) (ESUS) classification (e.g. Solidarités Nouvelles pour le Logement and Foncière Chênelet).

Further details are provided in [Appendix 1](#) (sample overview), [2](#) (mission and current goals), [3](#) (value propositions and contributions to SI) and [4](#) (impact assessment and delivered values).

3.2 Data collection

To confirm the validity of our research process, we adopted a multisource approach, using interviews with financial directors, managers and CEOs, along with internal company documents, archival records (e.g. newspaper articles, website information and project reports) and follow-up communications for clarification ([Biancone et al., 2021; Yin, 2017](#)).

Table 1. Overview of the sample and data sources

#	Company name	Description	Type of enterprise	Founded year	Country of origin	Sources of collected data
1.	SNL-Prologues	The Solidarités Nouvelles pour le Logement (SNL-Prologues) support people excluded from sustainable housing due to insufficient resources. (www.solidarites-nouvelles-logement.org/)	Cooperative (Union d'Economie Sociale) – ESUS***	1995	France	The data was collected from the interview, corresponding emails, the company's website – such as blogs, impact stories and impact reports – shared internal documents, the equity crowdfunding platforms (Lita.Co. and Investissementsolidaire.fr), and the information published by the main partners
2.	Foncière Chênelet	La Foncière Chênelet sets up societal projects to build or/and renovate comfortable and low energy consumption accommodation (social housing) for the elderly or families with a disabled member, young couples starting their lives and big families to offer them a rewarding living environment by renting the social houses on the long term (https://fonciere-chenelet.org/)	French B-Corp*, ESUS***	2009	France	The data was collected from the interview, corresponding emails, the company's website – such as blogs, impact stories and impact reports – shared internal documents, the equity crowdfunding platform (Lita.Co.) and the information published by main partners
3.	World Tree	World Tree offers impact investors the opportunity to participate in a timber investment through its Eco-Tree Program. In this program, each year, the company plant Empress Splendor trees in the Americas on the land	For-profit Social Enterprise	2001	The USA	The data was collected from the interview, corresponding emails, the company's website – such as blogs, impact stories and impact reports –shared internal documents, equity crowdfunding platforms

(continued)

Table 1. Continued

#	Company name	Description	Type of enterprise	Founded year	Country of origin	Sources of collected data
		of their partners (farmers and landowners) who own degraded lands or/and do not have the resources to cultivate that land. Besides social impact, this enterprise creates direct environmental benefits related to carbon sequestration, land regeneration, native forest protection and a healthy ecosystem – while through the sale of lumber, it provides a significant financial return to all its stakeholders, such as impact investors, framers and lumber buyers (www.worldtree.eco/)				(FrontFundr and Wefunder), and the information published by main partners
4.	AUARA	AUARA is the Spanish mineral water brand that sells mineral water and organic beverages in 100% recycled rPET plastic bottles, which CO ₂ footprint is up to 50% lower than standard PET and invests 100% of the generated dividends for access to drinking water projects in developing countries (https://auara.org/)	Social Enterprise Mark CIC (UK)**	2015	Spain	The data was collected from the interview, corresponding emails, the company's website – such as blogs, impact stories and impact reports – shared internal documents, the equity crowdfunding platform (La Bolsa)
5.	Impak Finance	Impak is an impact-rating startup that has built Impak IS ² – the impact assessment and scoring solution that relies on leading	For-profit, Mission-driven B-Corp*	2016	Canada	The data was collected from the interview, corresponding emails, the company's website – such as blogs, impact stories

(continued)

Table 1. Continued

#	Company name	Description	Type of enterprise	Founded year	Country of origin	Sources of collected data
		international standards, such as Impact Management Project (IMP) and Sustainable Development Goals (SDGs). This digital platform provides the impact statement and Impak Score™ of each analyzed business organization to financial investors and banks. These offer services help financial investors and bankers to make impact-oriented sustainable decisions based on assessments that go beyond ESG and include both the positive and negative social or/and environmental impacts companies generate – whether listed or private (www.impactfinance.com/)				and impact reports – shared internal documents, equity crowdfunding platform (FrontFundr) and the information published by main partners

Note(s): *B-Corp: A certification for businesses that meet high standards of verified social and environmental performance, public transparency and legal accountability; **Social Enterprise Mark CIC (UK): An international social enterprise accreditation proving an enterprise is operating with social objectives as its primary purpose; ***ESUS: “Entreprise Solidaire d’Utilité Sociale” (Solidarity Enterprise of Social Utility) – A French legal classification for enterprises pursuing social objectives

Source(s): Authors’ own creation

An interview protocol was developed following Yin's (2009) guidelines to standardize data collection and enhance reliability. Semi-structured interviews, conducted in June 2022, were guided by a pilot-tested questionnaire to ensure clarity and appropriate scope. Interviewees were carefully selected for their ability to provide detailed insights into equity crowdfunding and its role in fostering social impact.

To further verify the data, participants were asked to share additional internal documents and archival records whenever possible (Yin, 2009). The authors transcribed and independently analyzed all interviews. A case study database was developed to increase reliability, and final reports of the findings were shared with participants for validation.

3.3 Data analysis and coding

The analysis began with detailed descriptions of the selected cases, following Eisenhardt's methodological guidance (1989). Each researcher independently reviewed the interview transcripts and field notes, developing an initial coding scheme based on the principles of grounded theory (Corbin and Strauss, 2008; Carè *et al.*, 2018; Carè *et al.*, 2023). Through an iterative coding process, first-order concepts were identified and subsequently grouped into second-order themes. These themes were further synthesized into final categories that encapsulate the role of equity crowdfunding in fostering positive societal impacts.

Methodological rigor was ensured by adhering to several key principles. Construct validity was achieved through data triangulation, leveraging diverse sources and maintaining a transparent chain of evidence (Gibbert *et al.*, 2008; Yin, 2009). Internal validity was supported by pattern-matching techniques and cross-case comparisons to identify consistent relationships and themes across the data set (Eisenhardt, 1989; Yin, 2009). External validity was strengthened by situating the findings within their broader contextual and environmental factors, ensuring their relevance and applicability beyond the specific cases analyzed (Yin, 2003). Finally, reliability was reinforced by developing a comprehensive case study protocol and establishing a well-documented case study database, which provided a systematic foundation for the research process (Yin, 2009). Additionally, the final reports of our findings were sent to each participant for validation, further enhancing the credibility of the results.

Interview data were broken down into themes – namely, characteristics of the SEs, crowdfunding campaigns and platforms – reflecting the role of equity crowdfunding adoption as a funding strategy for social impact creation. Using the coding approach suggested by Carè *et al.* (2018) and Nguyen *et al.* (2021), we developed the scheme presented in Figure 2.

4. Case study analysis

Following the methodology outlined in the previous section, this part of the study presents an analysis based on the themes identified in Figure 2. These themes – characteristics of the SEs, the dynamics of the crowdfunding campaigns and the features of the platforms – illustrate the role of equity crowdfunding as a funding strategy for fostering social impact. The coding approach proposed by Carè *et al.* (2018) and Nguyen *et al.* (2021) was used to systematically develop and structure these thematic dimensions.

4.1 Characteristics of the social enterprises

SEs in the sample are strongly involved in SI (Table 2) and have an “impact orientation”, being able to create both environmental and social impacts.

In Table 2, the categories of impact – E1 (reduce or offset carbon emissions), E2 (reduce waste production or recycling), E3 (secure, affordable and clean energy system), S1 (action to end or mitigate poverty/target underserved communities), S2 (solution to education or unemployment issues), S3 (access to clean houses or water and sanitation), S4 (improving

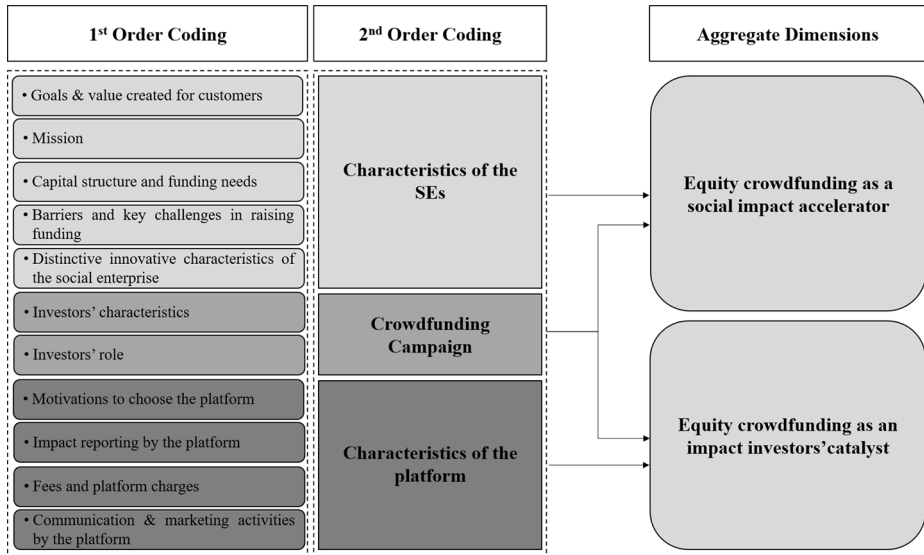


Figure 2. Coding framework
Source: Authors' own creation

health conditions and/or better livelihood or quality of life), ES1 (mobilizing capital for positive impact), ES2 (creating awareness through education or advocacy), ES3 (partnering for sustainable change), ES4 (data transparency through sustainability reporting or real-time impact data) and ES5 (SI through innovative products or services for social or environmental issues) – were developed following the approach suggested by Carè *et al.* (2023). Specifically, the categories were adapted to reflect the unique characteristics of the cases analyzed and the thematic dimensions identified through the grounded theory methodology. Each researcher independently reviewed and coded the data, assigning the categories to specific impacts based on the evidence provided by the cases. This process ensured that both direct and indirect contributions were accurately captured. Direct contributions signify that the SE's core activities or business model explicitly target a specific impact dimension, such as reducing carbon emissions or providing access to clean water. Indirect contributions, on the other hand, indicate a facilitative role, where the SE's actions empower or enable other stakeholders to create positive societal or environmental outcomes. For example, SEs offering tools for sustainable investment indirectly mobilize capital for positive impact by supporting decision-making processes.

The coding process was iterative, with regular discussions between the researchers to resolve discrepancies and reach a consensus. Furthermore, the concept of mixed impact, highlighted in Table 2, captures the interplay between environmental and social dimensions. Mixed impact occurs when SEs simultaneously address environmental and social challenges, creating a synergistic effect. For instance, SEs that provide affordable, energy-efficient housing reduce carbon emissions (environmental impact) and enhance access to safe living conditions (social impact).

Furthermore, our selected sample of SEs has a mixed capital structure (debt and equity) and has also used other funding options (e.g. initial coin offerings, venture capital and angel

Table 2. Value propositions and impact created

#	Cases	Value proposition	Environmental impact (E)		Roles to create impact					Environmental and social impact (ES)				
			E1	E2	E3	S1	S2	S3	S4	ES1	ES2	ES3	ES4	ES5
1.	SNL-Prologues	To provide integration housing and social support for the poor in greater Paris	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*
2.	Foncière Chênelet	To provide a housing solution that addresses the issues of poverty, unemployment and the environment	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*
3.	World Tree	To offer different financial opportunities for stakeholders – such as investors, landowners (farmers) and lumber buyers (customers) – regarding investment in Empress Splendor trees plantation and harvesting so that with the social and environmental impact, they can earn a significant financial return	✓****	✓*	✓*	✓*	✓****	✓*	✓*	✓*	✓*	✓*	✓*	✓*
4.	AUARA	To provide help by developing clean water projects for the world's most needy communities	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*	✓*
5.	Impak Finance	To offer financial assessment services and tools that allow citizens, businesses, investors and financial institutions to make impact-oriented investment decisions or use their capital to create sustainable economic growth, ultimately benefiting people and the planet	✓**	✓**	✓**	✓**	✓**	✓**	✓**	✓**	✓**	✓**	✓**	✓**

Note(s): E1 = Reduce or/and offset carbon emissions; E2 = Reduce waste production or recycling; E3 = Secure, affordable and clean energy system; S1 = Action to end or mitigate poverty/target underserved communities; S2 = Solution to education or unemployment issues; S3 = Access to clean houses or/and water and sanitation; S4 = Improving health conditions and/or better livelihood or quality of life; ES 1 = Mobilizing capital for positive impact; ES 2 = Creating awareness (education or advocacy); ES 3 = Partner up for sustainable change; ES 4 = Data transparency, sustainability reporting or real-time data impact data; ES 5 = (Social Innovation) Innovative products or services for social or/and environmental issues; “*” Direct role; “**” Indirect role; “***” Direct as well as indirect role

Source(s): Authors' own creation

funding) (Table 3). Equity crowdfunding can be considered an alternative funding source (or not the primary source).

Table 3 highlights that our sample has used equity crowdfunding for the pre-seed, seed, growth and maturity stages and that it has been used as a not only principal funding strategy but also complementary funding strategy (as in the case of AUARA and Impak Finance) after venture capital and business angel rounds.

Table 4 provides an overview of the funding needs and strategies of SEs in our sample.

4.2 Characteristics of the crowdfunding platforms

Previous studies have investigated the determinants of crowdfunding success (Mollick, 2014; Nguyen *et al.*, 2021; Saluzzo and Alegre, 2021). Analyzing a sample of 335 reward-based crowdfunding projects and 33,036 investment decisions from the Spanish Goteo platform, Borrero-Domínguez *et al.* (2020) found that crowdfunding initiatives supporting social impact projects with an ecological focus tend to underperform. Similarly, Mollick (2014) highlighted the importance of location, showing that the proximity between funders and fundraisers increases the likelihood of fundraising success. In the context of crowdfunding platforms for social entrepreneurs, Rey-Martí *et al.* (2019) emphasized their role as agents of social change, using various mechanisms to promote projects that aim to generate social and/or environmental value alongside economic returns.

The investigated enterprises have raised capital through the leading platforms, La Bolsa Social and Lita.Co., FrontFundr and WeFunder. La Bolsa Social and Lita.Co. are crowdfunding platforms devoted explicitly to providing finance only to SEs or organizations with positive social and/or environmental impact. FrontFundr and WeFunder are generic crowdfunding platforms providing financial opportunities to all businesses. Table 5 provides an overview of the platforms selected by the SEs.

Table 3. Overall capitals structure and other financing techniques

Case	Overall capital structure	Financing sources other than equity crowdfunding
SNL-Prologues	In total, 66.66% financed through equity and 33.33% through debt	Loan guarantees, quasi-equity debt and public offerings through our network and over-the-counter through financial institutions
Foncière Chênelet	In total, for each project, 46% financed through shareholders' investments (solidarity investors), 31% financed through subsidies and 23% financed through debts – consignment mortgages (In French: Caisse des dépôts et)	Subsidies and consignment mortgages (In French: Caisse des dépôts et)
World Tree	100% equity-based capital structure	Funding through accredited investors, parent company and institutional investors
AUARA	In total, 90% financed through equity and 10% through debt	Funding from family and friends, venture capital and angel funding
Impak Finance	100% equity-based capital structure	Initial coin offering (ICOs), angel funding, venture capital and funding from strategic investors (financial institutions)

Source(s): Interview data and authors' own creation

Table 4. Funding needs and funding strategies

Funding purpose	Seed and growth and scale stage Growth and scale stage Growth and scale stage Pre-seed, seed and growth and scale stage Pre-seed stage Seed stage: crowdfunding Growth and Scale stage: loan guarantees, Quasi-equity debt, public offering through network and over-the-counter with the financial institution Growth and scale stage: tripartite funding model, that is, 1/3 from equity (private shareholders), 1/3 by subsidies (government and private) and 1/3 by consignment mortgage Growth and scale stage: accredited investors; capital raised through parent company, world tree technology and institutional investors Pre-seed stage: funding from family and friends Seed stage: crowdfunding Growth and scale stage: venture capital and angels funding Pre-seed stage: angel investors, venture capital, strategic investors (financial institutions) and ICOs (Impak Coin) 77.77% via equity, 6.94% via long-term debts and 15.27% via short-term debts 46% via equity (solidarity investors), 31% via subsidies and 23% from debts, such as consignment mortgages (In French: Caisse des dépôts et consignation mortgages) 100% via equity 90% via equity and 10% via debt 100% via equity	SNL-Prologues Foncière Chênelet World Tree AUARA Impak Finance SNL-Prologues Foncière Chênelet World Tree AUARA Impak Finance SNL-Prologues Foncière Chênelet World Tree AUARA Impak Finance SNL-Prologues
Other funding options		
Capital structure		
Barriers or challenges in raising funds	<p>(1) The legal framework, now we are stabilized since 2019</p> <p>(2) The need to find advisors on legal issues</p> <p>(3) Fame/Notoriety of our company (Lack of information among the public, as many more people want to invest in the social business but only a few know how to)</p> <p>(1) Unstructured model, therefore, faces problem to attract investors</p> <p>(1) Investors are more hesitant to invest in the eco-program</p> <p>(1) Educating individuals (investors) the meaning of a social enterprise</p> <p>(2) Finding impact investors</p> <p>(1) Creating awareness or educating investors regarding the equity crowdfunding approach</p>	<p>Foncière Chênelet</p> <p>World Tree</p> <p>AUARA</p> <p>Impak Finance</p>
Source(s): Interview data and authors' own creation		

Both specialized and generalized platforms can support SEs in raising funds. Even if classified as “generalist,” FrontFundr and WeFunder have a strong mission to “benefit society” (Table 6).

SEs choose the platform based on the public they can reach and involve. They also consider the platform’s “social and sustainable” mission.

5. Discussion and lessons learned

Crowdfunding represents an alternative financing source for social entrepreneurs, offering unique opportunities that should be leveraged, particularly given the potential contributions of such entrepreneurial activities to SI and societal impact. The rapid growth of crowdfunding in recent years underscores the need for increased attention from policymakers. The findings are interpreted through the lens of our conceptual framework (Figure 2), which distinguishes between two core mechanisms – equity crowdfunding as a social impact accelerator and as a catalyst for impact investors – that emerged during data coding and guide our analysis of the cases. Our analysis identifies three interrelated mechanisms through which equity crowdfunding supports SEs:

- (1) the availability of alternative and mission-aligned capital;
- (2) the role of transparency in impact measurement and disclosure; and
- (3) the engagement of socially motivated investors.

These mechanisms guide the discussion that follows. This section presents a summary of the key findings discussed in the preceding sections.

5.1 Does a funding gap still exist for social enterprises that generate positive impact?

One key mechanism emerging from our analysis is the diversification of funding options, which allows SEs to overcome traditional financing barriers by accessing alternative, mission-aligned capital. This mechanism challenges the assumption of an insurmountable funding gap, showing how SEs navigate resource constraints through hybrid funding models, including equity crowdfunding.

In concrete terms, SI refers to “innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social” (Mulgan, 2006, p. 146). SEs can play a prominent role in overcoming social problems and supporting sustainable development. Lumpkin *et al.* (2013) defined social entrepreneurship as generating social value by combining resources in novel ways to address societal needs, catalyze social transformation or establish novel organizations. According to Mair and Marti (2006), social entrepreneurs distinguish themselves from other types of entrepreneurs by prioritizing the creation of social value. Social value creation can be realized by catalyzing societal change by addressing the community’s social issues or needs. Value creation is the pivotal factor in pooling resources through innovative solutions capable of positively impacting marginalized communities (Alegre *et al.*, 2017; Chell, 2007; Hill *et al.*, 2010; Moss *et al.*, 2008).

Several studies have examined how the limited array of financial support options and a lack of interest from banks have been identified as the primary barriers to the development of SEs (Pelucha *et al.*, 2017).

Our case studies confirm that equity crowdfunding can be a viable funding option for SEs. However, they also challenge the notion that SEs are inherently limited in securing funding from alternative sources. This observation is particularly intriguing, as it prompts a reconsideration of established beliefs. Previous literature has consistently highlighted a

Table 5. Equity crowdfunding campaigns and platforms selected

Case	No. of campaigns	Funding stage	% of total capital structure	Investors	Campaigns			Platforms			Main focus of the platform
					Minimum investment	Year	Total raised capital	Total time period to reach the target	Selected crowdfunding platform	Platform fee	
SNL-Prologues	2	Seed Stage	3.6%	548 individual investors	1,000 €	2020	1,228,700 €	2 months and 8 months	Indirect equity crowdfunding campaign: Lita.Co. Direct equity crowdfunding campaign: Investissementsolidaire.fr	Campaign fee: 3% of the raised capital Legal fee: 1500 € Management fee: 2400 €	Impact and Ethical campaigns
Foncière Chênelet	2	Growth stage	3.02%	Not confirmed but all individual investors	304.21 €	2017	284,320.96 € 1,354,338.40 €	1 to 2 months 1 to 2 months	Direct equity crowdfunding campaign: Lita.Co. Direct equity crowdfunding campaign: Investissementsolidaire.fr	Campaign fee: 1500 € Management fee: 2400 €	Impact and Ethical campaigns
World Tree	3	Growth stage	33.33% (1/3)	1,449, in which 95% are individuals	3,000 \$ 3,000 \$	2018 2019	799,625 \$ 448,000 \$	5 months 5 months	FrontFundr FrontFundr	Campaign fee: 3% of the raised capital	Impact and Ethical campaigns
AUARA	4	Seed stage	10.04%	62 individual investors	1,000 \$	2021	3575,988 \$	5 months	WeFunder	Total 7.5 % of the raised capital Campaign fee: 5% of the raised capital Legal fee: 500 € Management fee: 500 €	All types of campaigns Impact and Ethical campaigns
Impak Finance	1	Pre-seed stage	15 %	970 individual investors	100 \$	2016	1,039,869 \$ (CA)	1 month	La Bolsa FrontFundr	Trade fee 7% Due diligence and listing Fee: 5000 \$ (CA)	Impact and Ethical campaigns

Source(s): Interview data and authors' own creation

Table 6. Characteristics of the platforms

Platform	Description	Country*	Impact report	Generalist vs specialized
La Bolsa Social	La Bolsa Social is a Social Stock Exchange founded in 2014 and is registered with the CNMV (Comisión Nacional del Mercado de Valores), Spain. La Bolsa Social connects impact investors – who want to generate financial as well as impact returns – with enterprises that are contributing to the achievement of the United Nations Sustainable Development Goals (SDGs) (La Bolsa Social, 2025)	ES/ES	Yes	Specialized
WeFunder	WeFunder is US-based crowdfunding platform founded in 2011. It is registered as a funding portal with the Securities and Exchange Commission (SEC) and is a portal member of the Financial Industry Regulatory Authority (FINRA). As a public benefit corporation, WeFunder's mission is “to revitalize capitalism”. Therefore, this digital platform offers non-accredited private investors to invest (often in exchange for equity stakes) in different kinds of startups or companies that solve the needs or provide benefit to society. According to the company's impact report (2021), since 2012, this platform has provided a total of \$554m to 2,125 business founders (WeFunder, 2021)	The USA/The USA	Yes	Generalist
FrontFundr	FrontFundr is a Canadian equity crowdfunding platform founded in 2013 and is registered as an Exempt Market Dealer (EMD) with eight provincial securities commissions (Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan). According to the company's website, FrontFundr's mission is to “democratize the private markets (or venture capital)”. Therefore, this online private markets investing platform help entrepreneurs turn their groundbreaking ideas (either impact-driven or/and income generating) into reality by connecting them with potential investors. According to website real-time data, this platform has raised over \$140m for more than 100 campaigns (FrontFundr, 2025)	Canada/Canada	No	Generalist
Lita.Co	Lita.Co is the European equity crowdfunding platform for impact investing founded in 2014 and is registered with the AMF (l'Autorité des Marchés Financiers) as a CIP (Conseiller en Investissement Participatif). Currently, it is operating in France, Belgium and Italy. According to the company's website, Lita.Co. mission is to promote investment in “social enterprises with a strong positive social or/and environmental impact”. In this regard, this equity-based crowdfunding platform allows social investors to invest in social enterprises that contribute to the achievement of one or more of the 17 SDGs set out by the United Nations. According to Lita.Co. (France) website real-time data, this platform has raised funds from social investors for 44,980 sustainable economy projects, which is total 87.8m euros (LITA.Co France, 2025)	France/ France, Belgium, Italy	Upon request	Specialized

Note(s): *Platform headquarter/In which the platform operates

Source(s): Authors' own creation

funding gap for SEs, a gap our cases have successfully navigated by diversifying their funding sources, including venture capital, business angels and institutional investors.

This situation invites further exploration in the future, suggesting that the funding gap may be more intricately connected to the essence of their business/impact idea and the level of transparency they maintain rather than being solely determined by the availability of funding options. It raises an important question: Could there be a correlation between the clarity with which SEs can demonstrate the impact they create and the availability of funding? In other words, does enhanced clarity in presenting their impact lead to increased funding opportunities?

Investigating this potential correlation could offer valuable insights into how SEs can better position themselves to attract funding and further their societal objectives:

Lesson learned # 1: The availability of diverse funding options, including equity crowdfunding, challenges the traditional belief that SEs are limited in securing financial support. This suggests that the funding gap for SEs may be more related to the clarity of their impact presentation and level of transparency than the mere availability of funding sources. Clarifying their social impact and improving transparency can potentially enhance funding opportunities and further SEs' societal objectives.

Our findings are confirmed by the study of [Lehner and Nicholls \(2017\)](#). They explain that crowdfunding can not only provide the necessary funds for SEs but also enhance their legitimacy through early societal participation and interaction. This legitimacy can be understood as a strong positive signal that enhances funding opportunities for investors. More this case study identified idiosyncratic hurdles to why an efficient social finance market has yet to be created. More precisely, research explores a framework illustrating how coordinated efforts can leverage the strengths and mitigate the weaknesses of individual participants. The study also outlines the steps required, along with the potential benefits and consequences, for stakeholders across the public, private and third sectors.

5.2 *Measuring the impact created and disclosing it*

Another important mechanism is transparency in impact measurement and disclosure. This mechanism plays a central role in investor trust-building and legitimacy, helping SEs attract both crowd and institutional investors by clearly communicating the value they generate.

Our cases reveal that both the crowdfunding platforms and the SEs themselves benefit from measuring and disclosing the impact they create. From the platform perspective, being transparent about the impact they facilitate or being recognized as a platform dedicated to connecting investors with companies with a clear impact orientation helps them be accountable to investors and SEs. This accountability makes them a more attractive choice for SEs looking to launch campaigns. From the SEs' perspective, transparency appeals to the crowd of potential investors and other types of investors. However, it is important to note that impact measurement practices are still in their early stages of development. Nevertheless, they hold the potential to provide a reliable means of enhancing the role of equity crowdfunding as a funding source for social and environmentally impactful initiatives:

Lesson learned # 2: Transparency in impact measurement and disclosure is vital for both crowdfunding platforms and SEs. This transparency enhances SEs' appeal to investors and allows platforms to build trust, ultimately bolstering equity crowdfunding's role as a funding source for socially and environmentally impactful initiatives.

Our results align with the recent publication by [Giderler and Vanclay \(2024\)](#), who also emphasize the importance of both transparency and accountability in SEs. To strengthen these principles, they proposed social impact assessment as a tool to help SEs demonstrate transparency and accountability by evaluating and disclosing the positive and negative risks and impacts of their operations. This approach helps build trust among directly and indirectly

affected individuals, as well as other stakeholders, including investors, employees, volunteers and the broader community.

5.3 Equity crowdfunding as a form of socially motivated investors' catalyst

A third mechanism highlighted by our cases is the activation of socially motivated investors through equity crowdfunding. Unlike traditional finance, equity crowdfunding fosters investor engagement based on not only financial return expectations but also shared social and environmental missions.

Previous research has highlighted that SEs may not always pique the interest of traditional early-stage investors primarily focused on achieving financial returns (Banhatti, 2016; Kuppuswamy and Bayus, 2017). Examining the motivations behind social entrepreneurs turning to crowdfunding, Bergamini *et al.* (2017) highlighted that their primary reason is the lack of conventional funding alternatives. However, our analysis presents a more nuanced perspective, suggesting that this explanation does not hold universally true. Cases within our sample demonstrate that SEs can attract various types of investments throughout their lifecycle, such as venture capital, angel investors, institutional investors and strategic investors. Furthermore, multiple successful crowdfunding rounds within our SEs confirm their ability to establish strong relationships with their crowd investors. These investors view equity crowdfunding as a means to create long-term positive impacts on society and the environment. In such cases, investors are driven by a desire to contribute positively to society and clearly understand how their investments in SEs can generate meaningful and enduring impact. This aspect seems to be also confirmed by Hussain *et al.* (2023), who consider equity crowdfunding to obtain a long-term engagement with investors, thus leading to a long-term impact (p. 16):

Lesson learned # 3: SEs can attract diverse forms of investment and cultivate lasting relationships with their crowd investors, who view equity crowdfunding to create long-term positive impacts on society and the environment.

The findings align with recent perspectives shared by various researchers on the significance of equity crowdfunding as a sustainable investment avenue for impact-oriented investors (Gai *et al.*, 2025; Vismara, 2019; Yáñez-Valdés and Guerrero, 2023). However, according to Gai *et al.* (2025), it is crucial for policymakers to enhance sustainability investment frameworks by enforcing stricter disclosure requirements, improving impact measurement standards and strengthening due diligence processes. More precisely, implementing standardized frameworks for reporting environmental and social impacts – particularly those aligned with regulations such as the EU Taxonomy and EU Sustainable Finance Disclosure Regulation – can help mitigate the risk of greenwashing and increase transparency. Additionally, incentive mechanisms, such as co-investment programs or tax benefits, could promote sustainable investments.

6. Conclusions, limitations and future directions

This study explored how equity crowdfunding supports SEs in generating positive societal impacts. By empirically analyzing the role of equity crowdfunding in social projects, this research highlights its potential to bridge the funding gap for SEs and foster the creation of social and environmental value.

The findings underscore several key insights. Equity crowdfunding emerges as a viable and complementary funding source, effectively challenging traditional assumptions about the funding limitations of SEs. Contrary to the prevalent notion of an insurmountable funding gap, this study demonstrates that equity crowdfunding provides SEs with access to diverse financial resources beyond conventional means. By engaging a broad spectrum of

socially motivated investors, SEs can overcome barriers previously considered insurmountable, positioning themselves as attractive opportunities for funding.

This study also emphasizes the critical role of transparency in impact measurement and disclosure, which enhances trust and appeal among investors and stakeholders. SEs that clearly articulate and measure their social and environmental contributions are better positioned to secure funding from the crowd and institutional investors. Transparency fosters credibility and facilitates stronger, trust-based relationships with investors, which can lead to sustained funding opportunities and long-term support.

Additionally, this research highlights how SEs can cultivate enduring relationships with socially motivated investors through equity crowdfunding. These investors are often driven by not solely financial returns but also the desire to create lasting positive impacts on society and the environment. By aligning their missions with the values of these investors, SEs can amplify their societal and environmental contributions while fostering a more engaged and supportive investor base. The findings resonate with the theoretical premises discussed earlier, particularly the dual nature of SEs and societal impact enterprises as hybrid organizations balancing profitability and social value (Vecchi *et al.*, 2016; Ferrarini *et al.*, 2019). By empirically confirming that equity crowdfunding can help mitigate structural funding barriers – highlighted in the literature as a core challenge for both SEs and impact ventures (Cosma *et al.*, 2019; Staicu, 2018) – this study reinforces the notion that alternative financial instruments can act as accelerators of SI. Moreover, the emphasis on transparency, investor trust and mission alignment aligns with existing theories positioning SEs as carriers of SI operating under resource constraints but committed to systemic change (Defourmy and Nyssens, 2013; Phills *et al.*, 2008). In this sense, equity crowdfunding is not merely a funding tool but also a governance mechanism that supports the sustainability and scalability of socially oriented business models.

The multiple case study methodology provided in-depth insights into these dynamics, emphasizing the unique ways equity crowdfunding facilitates resource acquisition for SEs. However, this methodological choice also introduces limitations. The findings are based on “analytical generalization” rather than “statistical generalization” (Elia *et al.*, 2020; Urbinati *et al.*, 2020; Yin, 1994) and, thus, may not fully capture the broader spectrum of SEs across different contexts.

Future research could build on these insights by exploring a larger and more diverse sample of SEs to uncover additional patterns and dynamics. Incorporating quantitative approaches would complement these findings and offer a robust validation of the qualitative insights presented in this study. Furthermore, there is significant potential to investigate the long-term sustainability and scalability of equity crowdfunding as a funding mechanism for SEs. Exploring sector-specific factors, the interplay between regional regulatory frameworks and crowdfunding effectiveness and how equity crowdfunding shapes the operational and strategic decisions of SEs over time would provide valuable contributions to this field. By addressing these aspects, future studies can offer a more comprehensive understanding of how equity crowdfunding can be optimized to support SEs in achieving their missions.

6.1 Practical implications

Building on the “lessons learned” outlined in the previous sections, this study identifies critical practical implications that emphasize the role of equity crowdfunding in supporting SEs and advancing their societal and environmental missions.

Equity crowdfunding serves as a transformative funding mechanism that complements traditional financing options. Bridging the funding gap enables SEs to access diverse funding streams and engage socially motivated investors, enhancing their capacity to generate

meaningful societal and environmental value. This reinforces the observation that diversifying funding sources can strengthen SEs' resilience and scalability.

Another important implication is transparency in impact measurement and disclosure. Communicating the societal value created allows SEs to attract investors and build trust within their ecosystems. For crowdfunding platforms, prioritizing impact-driven projects and maintaining transparency enhances their role as credible intermediaries between SEs and purpose-driven investors. These findings underscore the importance of developing and adopting standardized frameworks for impact reporting, which could significantly enhance the credibility and effectiveness of equity crowdfunding campaigns.

Policymakers also play a crucial role in maximizing the societal benefits of crowdfunding. By incentivizing transparency, fostering collaboration between platforms and SEs and creating an enabling regulatory environment, they can strengthen the ecosystem for socially impactful initiatives. Specific measures could include reducing barriers for SEs to launch campaigns and supporting platforms dedicated to social and environmental projects.

By integrating these insights, SEs, crowdfunding platforms and policymakers can collaborate to harness equity crowdfunding's full potential and drive meaningful societal progress through innovative financial solutions.

By synthesizing the findings and positioning them within the broader academic discourse, this study offers three main contributions. First, it enhances theoretical understanding by illustrating how equity crowdfunding enables SEs to generate social and environmental value through mechanisms rooted in transparency, trust and mission alignment. Second, it provides a methodological contribution by applying a grounded theory approach to an area that remains underexplored, thereby yielding empirically grounded insights. Third, it delivers practical guidance for social entrepreneurs and crowdfunding platforms, underscoring the importance of impact communication and values-based investor engagement in securing funding and amplifying societal benefits. These contributions complement the identified literature gaps and aim to encourage further research on the financial and strategic dimensions of SEs.

Note

1. The information reported and analyzed in this article was collected between May and July 2022 through interviews, documentation provided by participants, and publicly available sources. Participants were given the opportunity to review and validate the collected data, ensuring the accuracy and completeness of the information used in the case study analyses.

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Table A1. Sample overview

Company name	Description	Founded year	Country of origin	Countries of operation	Legal structure or type of enterprise	Key partners in creating social or/and environmental impact
SNL-Prologues	<p>The Solidarités Nouvelles pour le Logement (SNL-Prologues) support people excluded from sustainable housing because of insufficient resources. The SNL-Prologues rehabilitates integration housing (follows the “Housing First” approach) and rents them exclusively to individuals in very precarious situations. This social enterprise accompanies these people for an average of three years until they find a permanent housing solution. During this time, the tenants regain stability and move on to sustainable housing. Besides providing the accommodation, each tenant is accompanied by neighborhood volunteers and a social worker from the association, which provides them social support (www.solidarites-nouvelles-logement.org/)</p>	1995	France	1	Public Limited Company, Solidarity enterprises of social utility (ESUS) ¹ and Finansol certified	Company Employee Saving Funds, Large Donors – Ile de France region and fondation Abbé Pierre and Local partners
Foncière Chênelet	<p>La Foncière Chênelet is recognized as an enterprise of public benefit. This social enterprise sets up societal projects to build or/and renovate comfortable and low energy consumption accommodation (social housing) for the elderly or families with a disabled member, young couples starting their lives and big families to offer them a rewarding living environment by renting</p>	2009	France	2	Simplified joint stock company (SAS) ² , B-Corporation, Solidarity enterprises of social utility (ESUS) ¹ and Finansol certified	Public and Private Funders (Institutional and Financial Partners), Real State Agencies, Solidarity Companies, SMEs and Associations

(continued)

Table A1. Continued

Company name	Description	Founded year	Country of origin	Countries of operation	Legal structure or type of enterprise	Key partners in creating social or/and environmental impact
World Tree	<p>the social houses on the long term (https://fonciere-chemet.org/) World Tree is an American agroforestry company that promotes the economic and environmental benefits of the Empress Splendor (<i>Paulownia elongata</i> and <i>Paulownia fortunei</i>) tree. The social enterprise is the largest grower of Empress Splendor in the Americas. The company invests the impact investors' investments in producing beautiful as well as sustainable eco-timber for the rapidly growing lumber market of North America. To plant those trees, this enterprise does long-term contracts with farmers and landowners who own degraded lands or/and do not have the resources to cultivate that land. Once the Empress Splendor trees mature within 10 years, the company sells them to lumber buyers and shares the profit with farmers/landowners and investors. However, the fast growth property of this tree makes it the best choice for carbon sequestration, land regeneration, native forest protection and timber production. In short, this social enterprise creates tangible social and environmental benefits and provides a significant financial return to all its stakeholders, such as impact investors,</p>	2001	USA	5	For-profit Social Enterprise	Organizations and Companies that have the same mission and values, for example, Adrian Grenier, Lunaria Financial and Centered Wealth, Green Diamond Solutions, Kiss the Ground, Soil Health Academy, Sustainable Furnishings Council and many more

(continued)

Table A1. Continued

Company name	Description	Founded year	Country of origin	Countries of operation	Legal structure or type of enterprise	Key partners in creating social or/and environmental impact
AUARA	framers and lumber buyers. (www.worldtree.eco/) AUARA is the Spanish mineral water social enterprise, which invests 100% of the dividends it generates with its sales in developing projects for access to drinking water in developing countries. In addition to this social impact, this social enterprise also has a significant environmental impact – as it is manufacturing all its bottles with 100% recycled rPET plastic, which CO ₂ footprint is up to 50% lower than standard PET (https://auara.org/)	2015	Spain	1	Social enterprise certified by Social Enterprise Mark	Suppliers, NGOs, Investors, Shareholders and Commercial Distributors
Impak Finance	Impak is the Canadian and French impact rating startup that has built Impak IS ² – the impact assessment and scoring solution that relies on leading international standards, such as Impact Management Project (IMP) and the United Nations 17 Sustainable Development Goals (SDGs). This solution provides a global extra-financial balance sheet statement, known as an impact statement, that includes both positive and negative impacts. Moreover, this user-friendly digital platform generates an Impak Score TM for each analyzed business organization. These offer services help financial investors and bankers to make	2016	Canada	2	B-Corporation	Financial institutions and the platforms, for example, Impact management project (IMP), world benchmarking alliance, SDGs and Social Value Canada

(continued)

Table A1. Continued

Company name	Description	Founded year	Country of origin	Countries of operation	Legal structure or type of enterprise	Key partners in creating social or/and environmental impact
	<p>impact-oriented sustainable decisions based on assessments that go beyond ESG and include both the positive and negative social or/and environmental impacts companies generate – whether listed or private. Besides this, Impak has also developed three Impak Indices based on Impak ScoreTM and other Impak database elements (www.impakfinance.com/)</p>					

Note(s): ¹In French: Entreprise Solidaire d'Utilité Sociale; ²In French: Société par Actions Simplifiées (SAS)

Source(s): Interview data and Authors own creation

Appendix 2

Table A2. Mission and current goals

Case	Mission*	Current goals*
SNL-Prologues	[...] Our enterprise mission is to provide an affordable home in the time the people need to (no less, no more) [...]	[...] Our enterprise's main current goals are to increase production by 100 housing per year from 50, to minimize the energy costs of the housing and to improve our capacity to recycle when we rehabilitate (95% of our production) [...]
Foncière Chênelet	[...] Our mission is to build quality social houses against the dominant thought, namely, "poor houses for the poor", with the energy problems and unpaid rents that result [...]	[...] The main goal is to build and/or renovate comfortable, low-energy consumption accommodation adapted for elderly people or families with disabled members, which offers them a rewarding living environment [...]
World Tree	[...] World Tree's mission is to raise capital from private impact investors for the regeneration of undervalued farmland by Empress-based forestry [...]	[...] Our company's current goal is to raise funds and plan for our eco tree 2022 project. We are working on two fundraising programs. As we offer eco tree investment programs for impact investors almost every year to raise funds for planting or harvesting trees. Every year project is based on a 10-year program. So every year, we issue securities through the security exchange commission in the USA and also parallel one for Canadian investors, but Canadian investors invest in Canadian dollars, which saves them from US tax. So this year eco tree program 2022, we have two types of fundraising programs. • Reg CF or Regulation crowdfunding: offers a minimum investment of \$1,000 for impact investors for the equivalent of 1,000 acres of land planting trees. • Reg-D or regulation D: offers a minimum investment of \$22,500 for accredited investors. So, our focus is to raise the capital because when this offers close we know how much money we raised, how many trees we can grow, and how much land we need. All the planning and resources we gather will go together for ten years [...]
AUARA	[...] Our enterprise believes that together we can end the greatest poverty, the lack of clean water that affects more than 700 million people [...]	[...] On a social basis, our current goal is to provide 200,000 people access to clean water by 2024 [...]

(continued)

Table A2. Continued

Case	Mission*	Current goals*
Impak Finance	<p>[...] Impak main mission is to help economic players (investors) to make responsible choices by rating the negative and positive social or/and environmental impact of the companies [...]</p> <p>[...] In other words, our company’s mission is to help investors and lenders make more sustainable decisions by providing them with assessments that go beyond ESG and include both the negative and positive impacts of their assets – listed or private [...]</p>	<p>[...] Our current focus is to revolutionize the investment industry’s processes because in order to achieve the SDGs, we need private sector investment, and the investors would only agree to move their investments towards sustainable businesses if they have authentic assessment data. Briefly, our company wants to contribute to shift the purpose of capital in society or to educate society to invest in more sustainable ways, while still considering profitability. Therefore, through the impact assessment and scoring solution, Impak’s primary goal is to channel capital towards companies with a positive social or/ and environmental impact. Moreover, Impak’s secondary goal is to trigger traditional companies’ potential to transform and use the impact assessment as an incentive to truly create a positive impact and mitigate the negative [...]</p>

Note(s): *Answers provided by the interviewees

Source(s): Interview data

Appendix 3

Table A3. Value propositions and contributions to social innovation

#	Cases	Value proposition	Contribution to social innovation*	Level of social innovation
1.	SNL-Prologues	To provides integration housing and social support for the poor in greater Paris	[...] We not only provide houses to homeless individuals immediately but also provide them a friendly help from our volunteers (the good neighbors), which help them stabilize themselves first and then return to a more normal life. In this regard, we aggregate small and large Donors, Public Grants and Equity from small Investors to large institutions to accomplish our mission. Our financial mix is innovative. Further, we are following one of the most innovative approaches, "Housing first," before even the name was introduced in the market [...]	High
2.	Foncière Chênelet	To provides a housing solution that addresses the issues of poverty, unemployment and the environment	[...] We are building social housing. We have innovative construction techniques (high energy efficiency and fulfill inhabitants' demands) to build those accommodations. The used material quality ensures greater durability and the labor that helps build the houses provided by the parent company Chênelet. We even provide the same quality in those areas of France (rural or suburban areas) where social or other social housing landlords don't go. So. We think that we are covering every pillar of sustainable development [...]	Medium
3.	World Tree	To offer different financial opportunities for stakeholders – such as investors, landowners (farmers) and lumber buyers (customers) – regarding investment in Empress Splendor trees plantation and harvesting so that with the social and environmental impact, they can earn a significant financial return	[...] Our company's impact is both environmental and social, but the major focus is on the environment. However, we are moving towards social impact. We are reframing our model to provide more benefit to people and the planet. So from a social perspective, we are providing income or livelihood to people who own degraded lands, and no one is willing to buy those lands (especially in the USA), and the land owners do not have the resources to cultivate those lands. So, we work closely with those land owners (farmers) and provide them an opportunity to generate revenue by growing Empress Splendor trees on their land or growing it as a companion crop with	High

(continued)

Table A3. Continued

#	Cases	Value proposition	Contribution to social innovation*	Level of social innovation
4.	AUARA	To provide help by developing clean water projects for the world's most needy communities	cocoa, banana, potatoes, or coffee plant (this offer is mostly accepted by Mexico or costa Rica farmers) or grow it with apiculture. So, our business model is very innovative, which creates environmental as well as social benefits at the same time [...] [...] AUARA have managed, through a commercial company, which involves all company shareholders – customers, suppliers, financiers, NGOs, shareholders and others – to change their daily habits in order to jointly fulfill the social purpose through AUARA. In this regard, as a social enterprise, AUARA helps those individuals who are in need of clean water or lack the right to life because of lack of drinking water. A recent report shows that AUARA has provided more than 92,000 people access to clean water, more than 19 million recycled bottles and around 488 tons of plastic material [...]	High
5.	Impak Finance	To offer financial assessment services and tools that allow citizens, businesses, investors and financial institutions to make impact-oriented investment decisions or use their capital to create sustainable economic growth, ultimately benefiting people and the planet	[...] I think the way we innovate and the way we achieve our mission. Our aim is to support economic growth that has a positive societal impact. Therefore, we used the double, dynamic, contextual data-driven materiality approach, which provides investors the data regarding the impacts that an organization has on the society and environment in terms of its operations and value chain and, at the same time, considers the impacts the environment and society have on the companies. This innovative approach measures not only social and environmental risk but also identifies positive impact opportunities that ultimately provide a clear picture to investors regarding how a company affects people and the planet [...].	Not clear

Note(s): *Answers provided by the interviewees

Source(s): Interview data and authors' own creation

Appendix 4

Table A4. Impact assessment and delivered values

Cases	Impact assessment procedure*	Delivered social or/and environmental values**
SNL-Prologues	<p>[...] We measure the created social and environmental value on the basis of the following criteria:</p> <ol style="list-style-type: none"> 1. Composition of provided housing services to individuals 2. The standard of living of tenants 3. Average time of tenant stay at SNL houses 4. Social services provided by social workers or volunteers [...] 	<p>[...] We publish the impact report for all our shareholders on yearly bases. According to the 2021 Social Impact Report (In French: ÉTUDE D'IMPACT SOCIAL)</p> <ol style="list-style-type: none"> 1. A total of 3038 people are present in our accommodation. Of which 47 % are single-parent families, 18% couples with children, 32% are single people and 3% are childless couples. Further, 91% of the heads of single-parent families are women. Besides this, in total, 3038 individuals, 1389 are children 18 or below 18 age group 2. 84% individuals had no personal accommodation before. In total, 86% tenants' conditions are below the poverty line and 52% of tenants' households' living standards are less than 734 € per month. 3. 69% of tenants were rehoused during 3 years periods in permanent housing. 97% of tenants that leave in 2021 have moved into permanent housing – such as 98% in social housing, 9% percent in private accommodation, 1% in SNL sustainable housing and 1% in other sustainable properties 4. Total 30 social workers specialized in housing issues. Each social worker monitored on average 40 households. In total, 4498 social workers' visits to tenants' homes were recorded. Moreover, 1358 volunteers mobilized various missions, such as accompanying tenant families, participating in fundraising, organizing events, searching for new accommodation and witnessing our actions and challenge. In total, 115 Local Solidarity Groups were active in 2021 [...]
Foncière Chênelet	<p>[...] We measure social and environmental values on a quarterly and annually basis. This methodology was developed as part of the partnership between “BNP Paribas Asset Management” and the “ESSEC Entrepreneurship” and “Impact Innovation Chair”. It assesses the main “Sustainable Development Goals” to which we</p>	<p>[...] We publish the activity report (In French: Rapport d'activité) annually or quarterly. According to the latest report 2021 (In French: Rapport d'activité), We mentioned the outcome of all societal projects in which we build environmentally friendly, healthy, comfortable, low-cost social houses that</p>

(continued)

Table A4. Continued

Cases	Impact assessment procedure*	Delivered social or/and environmental values**
World Tree	<p>contribute as an association or a solidarity company. It is based on the following steps:</p> <ol style="list-style-type: none"> 1. Pre-selection of the SDGs that are a priori relevant with regard to the social mission and the purpose of the partner. 2. Consultation of the sub-SDGs of each selected SDG in order to validate their relevance to the core business of the partner 3. Assessment of the contribution to the selected sub-SDGs (targets) based on targeting impact and result indicators from the indicator database developed by Cerise1 or similar impact indicators 4. Additional analysis on the selected SDGs to see if the partner's contribution is aligned with the French macroeconomic strategy: France has decided to monitor its contribution to the SDGs with specific macroeconomic indicators, adapted to the challenges of the territory and the level of economic development, social and environmental of the country. The analysis is carried out using indicators defined by INSEE 5. Maintenance: BNP Paribas Asset Management validates the results of the analysis during a qualitative interview with the partner [...] <p>[...] To measure the impact, we reviewed our database of investors, staff and farmers, scientific literature, interviewed investors and farmers and conducted a survey of our farmers in the regions where we work. For the 2021 impact report, we collected survey data from 42 framers in Costa Rica, 38 framers in the USA, 14 in Mexico and 12 in Guatemala. Moreover,</p>	<p>are fully suitable for the aged and disabled people. The recent impact we created is: rehoused (In French: personnes relogées) for 450 people, built (In French: logements construits) 162 social houses in total areas of 13,535 m².</p> <p>We also assess the contribution to SDGs. Our company is contributing to the following SDGs:</p> <p>SDG 7: Affordable, reliable, sustainable and modern energy for all, target 7.2: By 2030, substantially boost the share of renewable energy in the global energy mix:</p> <p>Till today, our enterprise helped in decreasing carbon footprints by 97% as compared to traditional social housing and saving on average 1024 euros per household – thanks to the improved energy performance and avoided energy consumption of 132 KWh/m²/year</p> <p>SDG 10: Reducing inequality, target 10.2: By 2030, empower all people and promote their social, economic and political rights, regardless of their age, gender, disabilities, their race, affiliation, ethnicity, origins, religion, or economic or other status. In 2020, 178 people were rehoused with total work of 9,500 hours of insertion.</p> <p>SDG 11: Sustainable cities and communities, target 11.1: By 2030, ensure access for all to safe and adequate housing and basic services at affordable cost and improve slum neighborhoods. In 2020, 12 housing were rented; in 2021, 27 housing were rented and 156 beneficiaries took advantage of “very social” rents. Further, on a yearly basis, we visit inhabitants' houses to take their feedback [...]</p>
		<p>[...] We prepare an impact report that is intended to provide impact investors, farmers, staff and other stakeholders a brief overview of the social, environmental and economic impact. As in 2021: We contribute to the following SDGs</p> <p>SDG 1 (Target 1.5): End poverty in all its forms everywhere: The survey and the</p>

(continued)

Table A4. Continued

Cases	Impact assessment procedure*	Delivered social or/and environmental values**
	<p>we just have 1 farmer in Canada so we count his response in USA for the purpose of data visualization. With the available data we measure the indicators that helps us to understand which SDG we are contributing to [...].</p>	<p>collected data from farmers showed that 56 % of farmers participated to mitigating risk, 67% to generate wealth and 88% for long-term financial prosperity.</p> <p>SDG 5 (Target 5.5): Achieve gender equality and empower all women and girls: The survey showed that in total, 100 percent 28% are female farmers.</p> <p>SDG 8 (Target 8.2): Decent work and economic growth: The survey and the collected data from farmers showed that 37% farmers participated in creating jobs, 94% were involved in the tree program with their communities (friends and family) and 66% involved to improve their land productivity.</p> <p>SDG 12 (Target 12.2): Ensure sustainable consumption and production patterns: The market survey showed that Empress Splendor lumber is not only sustainable but also has other attributes, such as lightweight, relative strength and workability which make it superior to other wood products.</p> <p>SDG 13 (Target 13.1): Take urgent action to combat climate change and its impacts: we did the analysis on the bases of the very conservative estimate, which is planting 110 Empress trees per acre to absorb 30 tons of carbon dioxide per year. Over speculation is that the trees we planted in 2021 will absorb over 2.5 million tons of CO2 by 2050.</p> <p>SDG 15 (Target 15.3): restore, protect and promote sustainable use of terrestrial ecosystems: The survey and the collected data from farmers showed that the issue of soil erosion decreased by 52 %, social fertility improved by 64% and biodiversity increased by 42% after planting Empress trees.</p> <p>SDG 17 (Target 17.16): Partnership for the goals: Our main focus is to contribute in achieving the 2030 agenda. In this regard, to enhance our operations, we have developed strong partnerships with organizations and companies that share our mission and values [...].</p>

(continued)

Table A4. Continued

Cases	Impact assessment procedure*	Delivered social or/and environmental values**
AUARA	<p>[...] We measure through Social Return Of Investment (SROI). The SROI is a method based on principles of measurement of extra-financial value, that is, the environmental, social, and economic value, which is not currently reflected in conventional financial accounting in relation to the resources invested in a business, project, or initiative. This method helps us to measure and evaluate the impact we produce and share with our main stakeholders. In addition, this process facilitates the identification of ways to improve our management activities and the performance of the invested resources. We are creating social or/and environmental values all around the world.</p> <p>Precisely, on a social basis, every liter of AUARA water sale amount helps to generate 4 liters of drinking water in developing countries. As of January 2022, AUARA has provided drinking water access to more than 85,193 individuals. AUARA also creates significant environmental values, as it sells products named bottled mineral water and carbonated mineral water to the public in Rpet 100% Recycled packaging. However, our main objective is SDG 6 (Clean water and sanitation). At AUARA, we also have a more or less direct impact on 13 of the 17 SDGs, either through our projects for access to drinking water in communities in the process of development (which help alleviate problems of poverty, hunger, equality, or Education) or the products we sell, trying to introduce good practices related to recycling, circular economy, sustainability, fair trade, etc [...]</p>	<p>[...] We provide real-time data to all our shareholders. Till today, we have provided 92,340 individuals access to clean water and sanitation, 169,687,062 liters of drinking water in developing countries and built 130 hand pumps around 19 countries [...].</p> <p>[...] However, our main objective is SDG 6 (Clean water and sanitation). At AUARA, we also have a more or less direct impact on 13 of the 17 SDGs, either through our projects for access to drinking water in communities in the process of development (which help alleviate problems of poverty, hunger, equality, or education) or the products we sell, trying to introduce good practices related to recycling, circular economy, sustainability, fair trade, etc [...]</p>
Impak Finance	<p>[...] We measure the impact of our enterprise on the basis of two indicators. One is the proportion of revenue that we linked to SDGs, which is a total of 100 percent. The other one is the capital we use to manage our clients' data. So to measure our company's positive impact,</p>	<p>[...] Our company followed the theory of change that is embedded in the IMP framework to assess the positive outcome of companies. I mentioned before, it is not easy to measure our company's impact. We are currently working on our company impact statement to explicate to which</p>

(continued)

Table A4. Continued

Cases	Impact assessment procedure*	Delivered social or/and environmental values**
	we use these two indicators. However, it's not easy to measure our company's impact [...].	SDGs we are contributing, but this will be ready by the end of the year. However, mainly we are right now contributing to SDG 17: Partnership for goals – target 17.16, which main motive is to boost the global partnership for sustainable development by involving multi-stakeholder partners that mobilize and share knowledge, technologies, expertise and financial resources in order to achieve sustainable development goals As we are not directly investing but providing means to our clients (financial institutions), who are also our partners to invest in sustainable ways, which also shows our company's indirect positive impact on people and the planet [...].

Note(s): *Answers provided by the interviewees; ** Answers provided by the interviewees, real-time data published on the website or data published in the 2021 impact report or activity report
Source(s): Interview data and authors' own creation

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