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Crowdfunding and Social Entrepreneurship: Spotlight on Intermediaries

Andrea Rey-Martí *, Antonia Mohedano-Suanes and Virginia Simón-Moya

Department of Business Administration "Juan José Renau Piqueras", University of Valencia, 46022 Valencia, Spain; antonia.mohedano@uv.es (A.M.S.); Virginia.Simon@uv.es (V.S.M.)

* Correspondence: andrea.rey@uv.es

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Abstract: This study contributes to the literature by describing how crowdfunding platforms that host social entrepreneurship projects build and preserve legitimacy. We study three intermediaries, analyzing the actions they take to ensure that creators and funders perceive crowdfunding as a trustworthy form of alternative finance. This study shows that the legitimacy that funders ascribe to a project's social and/or environmental aims is also a source of legitimacy for the intermediaries that promote social entrepreneurship projects. These intermediaries act as agents of social change, using a range of mechanisms to promote projects that seek to create social and/or environmental value in addition to economic value. Our study also has practical implications. We highlight the mechanisms used to reduce potential risks for intermediaries, creators, and funders and ensure their trust in crowdfunding.

Keywords: social entrepreneurship; crowdfunding; legitimacy; intermediaries; case study

1. Introduction

The financial services industry offers innovative forms of finance such as business lending, invoice trading, balance sheet consumer lending, and crowdfunding [1]. As in other sectors, the Internet has helped this industry develop by enabling the creation of new firms and business models. Through disruptive innovation, these new firms and business models challenge traditional banking [2–5]. In Europe, the alternative finance industry accounted for approximately 7.671 billion euros in 2016, representing a year-on-year increase of 41% from 2015. Crowdfunding has a market share of 26.7% of the alternative finance industry [1].

Worldwide, the primary users of crowdfunding are based in North America, where 14% of entrepreneurs raise the funding they need to start their businesses through crowdfunding. In stark contrast, only 2% of entrepreneurs in Asia, Oceania, and Africa use crowdfunding. In Europe, approximately 5% of entrepreneurs use crowdfunding [6].

Crowdfunding in all its forms consists of using the Internet and social networks to provide the role of intermediary between project creators (individuals or organizations), who seek funding, and funders (donors or investors), who may or may not seek some kind of tangible or intangible reward in return for funding projects. According to Gleasure and Feller [7], crowdfunding is considered a form of democratization of financial services because it provides financing opportunities for the types of projects that have typically been neglected by traditional banks due to their high risk. Such projects include self-employment projects and startups [4,8–10]. Crowdfunding's importance to entrepreneurial success explains the steady increase in the number of crowdfunding platforms that have appeared around the world to connect different types of projects with potential funders [5,10,11]. In social entrepreneurship, which encompasses both for-profit and not-for-profit enterprises, the role of crowdfunding is particularly important because it may be the only available source of funding [12–14]. However, few studies have explored crowdfunding [15,16], and even fewer have examined crowdfunding in the context of social entrepreneurship [17–20].

Some studies that have examined crowdfunding in the context of social entrepreneurship have focused on the project creator, exploring issues such as the influence of different factors on business success. Examples of these factors are characteristics of social entrepreneurs [21,22], the linguistic style used by social entrepreneurs [23], and the sustainability orientation of the project [2,24]. Other studies have focused on funders, exploring issues such as decision-making processes [25], the motives that lead funders to fund projects [26], funders' altruistic attitudes toward entrepreneurs [27], and the role of cultural differences when choosing which project to fund [12].

In addition to creators and funders, a third component—the platform—is necessary to make crowdfunding possible. The platform is the visible face of the intermediary, which is the organization that manages the crowdfunding process and enables interactions between creators and funders. However, with the exception of a small number of studies (e.g., [4,28]), few studies have focused on the intermediary, despite its key role in crowdfunding success.

Intermediaries must offer a valuable service [29] to compete in the crowdfunding industry. Trust, reputation, and legitimacy are key factors for survival and success within the industry [30]. Intermediaries generate revenue from different sources such as commissions on any funds raised, payment-handling charges, and fees for consulting services [31]. Accordingly, their performance and economic sustainability depend on the number of projects they can attract to the platform, the amount raised by those projects, and the success of those campaigns.

Platforms may be affected by a range of risks, which include cybersecurity and the failure of projects hosted on the platform. However, crowdfunding platforms have two primary concerns. The first concern is the risk that a prominent platform collapses due to professional negligence or bad practice. The second concern is the risk that one of the projects on these platforms is fraudulent [1]. Both situations can damage the platform's trustworthiness in the eyes of potential creators and funders. Furthermore, if either of the aforementioned concerns becomes a reality, other platforms could be affected negatively because the media, which can either support or undermine an organization's legitimacy [32], generally focus more on failure than on success [1]. Therefore, regardless of the crowdfunding model they use, intermediaries have a strong incentive for self-regulation to protect themselves from any risk that may harm their reputation in the eyes of potential campaign creators and funders [33].

Despite the key role of legitimacy in organizational survival [32], the way in which crowdfunding platforms that promote social entrepreneurship build and preserve legitimacy requires further study. Accordingly, identifying how crowdfunding platforms that promote social entrepreneurship build and preserve legitimacy is the aim of this study.

This paper has six further sections. In section 2, we define social entrepreneurship. In section 3, we justify the importance of crowdfunding for social entrepreneurship, and we describe the different crowdfunding models. In section 4, we examine the legitimacy of crowdfunding intermediaries that host social entrepreneurship projects. In section 5, we explain the method used to conduct the case studies, and we present and discuss our results in section 6. Section 7 provides the main conclusions of our study as well as its limitations and future lines of research.

2. The Domain of Social Entrepreneurship

Social entrepreneurship is a relatively young research field. The study of social entrepreneurship has yielded numerous research contributions in recent years [34–37]. However, there is no consensus on the definition of social entrepreneurship [35–40]. Social entrepreneurship can, therefore, be considered an "umbrella construct" that covers a wide array of phenomena [41]. According to Mair [42], this variation in the way social entrepreneurship is defined is due to the specific institutional, social, economic, and political factors that exist in each context where social entrepreneurship has been studied: "Social entrepreneurship means different things to different people. It also means different things to people in different places" [42] (p. 2).

Scholars also fail to agree on how social entrepreneurship takes place. Some scholars have linked social entrepreneurship to initiatives by single individuals [43], whereas others have argued that these initiatives may be undertaken by groups of individuals [44]. The debate extends to the type of organization or sector (private, public, or third sector) where social entrepreneurship takes place. Some studies link social entrepreneurship to a specific type of organization, such as not-for-profit organizations, whose business activity guarantees their economic sustainability [45–48]. Other studies suggest that social entrepreneurship may apply to different types of organizations in the not-for-profit and for-profit sectors and may even apply to government agencies [49–54]. Many scholars accept that an economic mission and a social mission are not mutually exclusive [39,54–56].

In an attempt to reconcile the wide array of social entrepreneurship definitions, Forouharfar et al. [38] found that social innovation, transformative social change, the recognition of opportunities to create social value, and the social mission are components of most definitions of social entrepreneurship. Accordingly, Forouharfar et al. [38] (p. 33) defined social entrepreneurship as "a socially mission-oriented innovation which seeks beneficial transformative social change by creativity and recognition of social opportunities in any sectors." We adopt this definition, which we consider the broadest and most inclusive, and which covers all elements shared by most definitions of social entrepreneurship. This definition implies that social entrepreneurship may occur in any type of organization, regardless of which sector the firm belongs to or whether a single individual or a group of individuals is responsible for the initiative [44,49]. Furthermore, this definition implies that social entrepreneurship may occur through the creation of a new organization or within an existing organization [43]. When entrepreneurship takes place within an existing organization, it is known as intrapreneurship [57].

3. Crowdfunding and Social Entrepreneurship

Funding is scarce in all forms of entrepreneurship. This scarcity of funding places new firms at a clear disadvantage with respect to incumbent firms [58]. This scarcity of funding represents an especially big problem in social entrepreneurship because social motivation often takes precedence over financial considerations and "does not align with the interests of traditional forms of finance" (banks, business angels, venture capital, etc.) [9] (p. 25). Projects of a social nature are unattractive to traditional lenders or investors because social goals sometimes conflict with the goal of maximizing profits [24]. This difficulty is compounded by the fierce competition among socially oriented organizations to attract donations and government aid. The availability of this aid has decreased dramatically in recent years because the recent economic crisis has forced many national governments to reduce social spending [59].

Crowdfunding offers a suitable way of funding social entrepreneurship initiatives [12–14,19]. The decisions of crowdfunders are also based on other factors such as the project's legitimacy and seeking a sense of co-creation rather than simply a financial return [19]. In addition, traditional forms of financing are unsuitable to support the development of social entrepreneurial organizations [60,61].

Crowdfunding originated as way of raising funds to support creative or artistic projects in music, cinema, theater, and so forth [62]. Recently, however, numerous platforms hosting a wide range of initiatives and projects using different crowdfunding models have emerged [63]. Crowdfunding classifications have been proposed by Hemer, Schwienbacher et al., Bradford, Haas et al., Kirby et al. [63–67], and others. One of the most widely used crowdfunding classifications is the proposal by the consultant Massolution [68]. According to this classification, there are four types of crowdfunding: equity-based, lending-based, reward-based, and donation-based crowdfunding.

In equity-based crowdfunding, funders receive a share in the capital of the company they invest in. In lending-based crowdfunding, or crowdlending, funders invest in the form of a loan. Funders recover their investment, potentially with interest. In reward-based crowdfunding, funders receive goods or services in exchange for their investment. These rewards may come in different forms such as public acknowledgment, product pre-sales, or limited editions of the product. Donation-based crowdfunding refers to investment in projects or firms with social ends. Donors receive neither monetary nor material reward for their investment. Thus, donation-based crowdfunding offers no return, prompting Cox et al. [69] to classify this type of crowdfunding as a form of digital philanthropy.

The most suitable type of crowdfunding for a social entrepreneurship initiative varies according to the relative importance of the initiative's social and economic objectives [70]. Whereas lending-based crowdfunding is the most widely used form of crowdfunding for commercial entrepreneurship ventures, reward-based and especially donation-based crowdfunding are the most widely used forms in the case of social entrepreneurship [21]. According to the Global Impact Investing Network 2018, crowdfunding platforms increasingly attract investors who are interested in profitability as well as the social and environmental impact of the projects they invest in. Although Mollick [71] cites a wide range of motives for financing projects, investors who make microfinance loans are more concerned with the social good that their loan can achieve than with the return on the loan.

4. Legitimacy of Intermediaries

Institutional theory [72–75] posits that legitimacy is a key antecedent to organizational survival and growth because it provides access to the necessary resources for the organization to function properly. When an organization acquires legitimacy, it is perceived as predictable and trustworthy [76]. This perception helps the organization establish relationships with other organizations and individuals by, for example, attracting new customers or entering into agreements with suppliers [77]. In short, legitimacy helps organizations secure the necessary resources to succeed [32]. Therefore, legitimacy may be considered a critical resource [78].

Legitimacy refers to "… a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" [76] (pp. 574). Legitimacy has regulative, normative, and cognitive elements [79]. Each element on its own or in conjunction with other elements constitutes the legitimacy of an organization. Thus, these three elements need not all be present simultaneously for the organization to be legitimized or institutionalized [80].

Regulative legitimacy refers to the perception that the organization meets the expectations created by governments, rules, regulations, standards set by regulators and professional associations, and so forth. An organization acquires this type of legitimacy when it creates the widespread perception that it complies with laws and regulations not only to avoid sanctions but also to act in the spirit of these laws and regulations [79].

An organization acquires normative legitimacy when its behavior is consistent with the norms and values of society. For example, treating employees fairly and operating within the bounds of accepted industry behavior or professional activity confer this type of legitimacy upon the organization [79]. Other sources of normative legitimacy are endorsements and relationships with other organizations through networks. An endorsement refers to the favorable opinion that one party (individual or organization) has of a second party, which indicates to a third party that the second party is trustworthy. For example, a story in the media that highlights the positive features of an organization indicates that this specific media channel trusts the organization, providing credibility and inspiring trust in others [32]. The legitimacy of an industry can also provide a source of legitimacy for organizations within that industry [81]. Thus, industry legitimacy may also be considered an endorsement. The network of relationships that an organization has with, for example, a financial institution, supplier, distributor, university, or industry association can also provide a source of normative legitimacy. These relationships can make external agents ascribe the same legitimacy to the organization as that which they ascribe to the other individuals or organizations in the network [32].

Finally, an organization has cognitive legitimacy when it is deemed acceptable and desirable because it appears to support and implement practices, methods, models, knowledge, and so forth that are widely accepted in the environment. One way of acquiring this form of legitimacy is to disclose the competencies of the top management team. A qualified top management team may be perceived as an indicator that the techniques that are adopted and the decisions that are made will lead to strong organizational performance [79].

The literature also suggests that, in addition to the firm's behavior, congruence between the organization's goals and social norms or values is also a source of normative legitimacy [74]. There is evidence that crowdfunding campaigns with social and/or environmental goals are more successful than exclusively profit-seeking campaigns. These campaigns achieve their funding goals more quickly and often even surpass these goals [25].

Under this definition, organizational legitimacy is an attributive concept because legitimacy stems from others' appraisals of the organization [82]. Therefore, organizations can take different actions to create, preserve, or restore legitimacy. These actions might include internal changes such as changing the organizational structure, management team, or business model. The organization might also try to effect change in the environment through, for example, marketing or lobbying for legislative change [76].

Legitimacy is important for all organizations, particularly new firms. New firms are at a disadvantage with respect to older organizations. Older organizations have had time to show society how they behave and might, therefore, have garnered some degree of trust or legitimacy [32]. The challenge is even greater when the organization belongs to a new industry such as crowdfunding. In such an environment, pioneering organizations lack a widely accepted system of rules, behavior, values, and laws that they must comply with [81].

In the next section, we present our qualitative study, examining how intermediaries that finance social entrepreneurship projects act to protect themselves from risk while portraying themselves as trustworthy to acquire legitimacy. The selected cases are Spanish intermediaries. Spain offers a suitable context for the study of how intermediaries build and preserve legitimacy. Although the Spanish crowdfunding industry is partially regulated, it has not yet been institutionalized.

5. Method

We used the case study method to explore how crowdfunding platforms that promote social entrepreneurship build and preserve legitimacy. The case study method is well suited to answering why and how questions about phenomena for which an analysis can be performed in a real-life context, direct observations can be made, and/or data can be obtained from people who are directly associated with the phenomena [83]. Qualitative research is particularly well suited to the study of phenomena about which there is limited knowledge [84], such as crowdfunding in the context of social entrepreneurship [17,19]. This study is descriptive. Given the novelty of this topic and the scarce associated literature, this study can also be considered exploratory [85,86].

We selected three Spanish intermediaries that promote social entrepreneurship projects. The crowdfunding model in each case differs. The first intermediary has an equity-based model. The second intermediary has a lending-based model. The third intermediary has a mixed model: some projects use a reward-based model, while others use a donation-based model.

Crowdfunding platforms with equity- or lending-based models have been regulated in Spain since 2015. Donation- and reward-based platforms remain unregulated. Under this regulation, crowdfunding intermediaries must be registered with the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV) and must be audited. In Spain, 26 crowdfunding platforms are registered with the CNMV. Only three of these intermediaries host social entrepreneurship projects. One of these intermediaries offers equity-based crowdfunding, and two offer lending-based crowdfunding. We studied the lending-based intermediary with the largest capital stock. Capital stock signals solvency and trust to third parties. We consulted the *Universo Crowdfunding* website to select reward- and donation-based intermediaries. No Spanish crowdfunding platform appearing on this website offers only donation-based crowdfunding. We selected Lateuaterra.org as the donation-based platform for this study because it provides an example of social intrapreneurship. Thus, we compared the project-selection processes, actions, and criteria used by different intermediaries with different crowdfunding models.

Following the methodological guidelines proposed by Yin [83], we gathered data from multiple sources to develop a holistic understanding of the phenomenon under study [86]. We collected data from interviews with managers and other employees of the selected platforms. A protocol for these interviews was specifically designed to ensure reliability. The interviews were recorded and transcribed [86]. We also gathered data from the websites of the three platforms and from news in the traditional press. Triangulation of the data from these different sources revealed a high level of consistency.

Each member of the research team analyzed the data. Triangulation between each researcher's analysis revealed a high degree of consensus [87]. During the analysis of the documentation, each researcher coded the interviews and written documentation independently from the other researchers. We asked each informant to review and approve a draft of the final report [83]. Only in one case was it necessary to make minor rectifications. To enhance reliability, we created a file containing the interview recordings, transcripts, and notes as well as data from the intermediaries' corporate websites, news in the traditional press, and the final report for each intermediary [83].

6. Results and Discussion

6.1. Case Descriptions

This section presents the main features of each intermediary. Although all three intermediaries are Spanish, each one has a different geographic coverage. Lateuaterra.org offers its services in a specific region. Colectual does so on a national basis. La Bolsa Social operates throughout Europe.

6.1.1. La Bolsa Social

La Bolsa Social, which was created in 2014, is an equity-based crowdfunding platform registered with the CNMV. According to the corporate website, La Bolsa Social's mission is "boosting the financing of companies with grow [sic] potential that will have a positive impact on society, and the environment. Bolsa Social is born to connect social impact investors and enterprises to promote the achievement of the United Nations (UN) Sustainable Development Goals." Its aim is to provide "innovative solutions for social challenges." Every project on the platform clearly indicates which of the 17 UN Sustainable Development Goals for 2030 it addresses. La Bolsa Social is a member of the European Venture Philanthropy Association [88]. According to the corporate website [88], "The Bolsa Social investors have funded 12 social and enviromental [sic] impact companies, with 2,467,470 euros."

6.1.2. Colectual

Colectual was created in 2015 following the Spanish banking crisis. It was created to connect investors seeking to minimize operational risk with ethically oriented entrepreneurs seeking funding. It is registered with the CNMV. Its services target "Spanish small and medium-sized enterprises that perform productive activities. These firms account for more than half of Spain's gross domestic product and employ more than two-thirds of the country's workers. We [Colectual] do not finance activities that are not related to the productive economy" [89]. According to its corporate website [89], Colectual has financed 58 projects with a combined value of 2,946,612 euros.

6.1.3. Lateuaterra.org

Lateuaterra.org hosts some reward-based projects and some donation-based projects. The primary objective of all projects is positive environmental impact. Most achieve this impact by providing innovative products and services. Examples include turning plastic waste found on beaches into recycled products and supporting the recovery of the wool textile industry. The corporate website describes Lateuaterra.org as the "first crowdfunding platform in Valencia to focus on environmental, ecological, and sustainable projects" [90].

Lateuaterra.org was created in 2017 by R-Comunicación. The services and products provided by R-Comunicación include communication plans, consultancy services for spokespersons, crisis prevention, crisis information management, corporate brochures, and a wide range of communication and advertising services for different types of organizations. A group of R-Comunicación employees identified an opportunity to give back to society after noticing that no platform hosted projects dedicated to protecting the environment while providing these projects with the necessary support in all facets of the communication process. Therefore, Lateuaterra.org is itself an example of social intrapreneurship, under the definition proposed by Mair and Martí [57]. According to its corporate website [90], Lateuaterra.org has funded five projects, each raising 100% of its funding goal. The total funding raised by these projects is 24,000 euros.

6.2. Results

Table 1 shows that each intermediary hosts projects created by organizations in different phases of their life cycle. La Bolsa Social only hosts firms whose business models have growth potential and have reported demonstrable turnover in the last year. Colectual only accepts projects created by small and medium-sized enterprises (SMEs) that have existed for at least two years and that are profitable. However, Lateuaterra.org hosts new firms or early-stage firms. The informants from Colectual and Lateuaterra.org highlighted the importance of crowdfunding for the creation of new businesses and the growth of microenterprises and SMEs in their early years. Because of their high risk, such firms generally lack access to traditional sources of funding. These results support the evidence reported in the literature [7,11–14,19].

Table 1. Differences between cases.

	La Bolsa Social	Colectual	Lateuaterra.org
Crowdfunding model	Equity-based	Lending-based	Reward-based and donation-based
Description	—Since 2014 —Registered with Comisión Nacional del Mercado de Valores (CNMV) —Connects social impact investors and enterprises to achieve United Nations (UN) Sustainable Development Goals —12 projects worth 2,467,470 euros	—Since 2015 —Registered with CNMV —Connects investors seeking to minimize operational risk with ethically oriented entrepreneurs seeking funding —58 projects worth 2,946,612 euros	—Since 2017 —All projects must have a positive environmental impact —5 projects worth 24,000 euros
Stage of the life cycle of the project seeking funding	—Companies with growth potential and demonstrable turnover in the last year	—Companies established at least two years ago	—Launch —Initial stages
Risks for funders	—Business failure —Low liquidity: difficulty selling shares in secondary market; medium- and long-term investments —Legal limitations in the transfer of shares due to company statutes, etc. —56% of investments make losses; 44% offer a return greater than invested capital; 9% provide a return greater than 10 times investment —Recommended to diversify investment in different sectors and businesses with different degrees of maturity —Potential moral damages if funds are employed for other uses	—Total or partial non-payment of investment —Insolvency of the borrowing company —Changes in economic outlook that (upwardly) alter market interest rates —Low liquidity; impossible to withdraw pledged funds in one transaction; funders recover pledges on a monthly basis —Potential moral damages if funds are employed for other uses	—Absence of economic risk (pledge made in the form of a donation) —Potential moral damages if funds are employed for other uses
Reward for funders	—Profitability linked to the distribution of profits by each business. Average return on investment of 2.2 times invested capital over 3.6 years	—Average profitability of investment of 5.8%	—Presence or absence of reward, which varies across projects and within the same project depending on amount pledged (public acknowledgment, product, etc.)
Platform's revenue stream from projects	—From campaign creators: (a) 1,000 euros to display the project (b) 6% of total loan if project attracts 100% of funding goal (c) 500 euros per year for five years for monitoring services and use of the investor forum	—From campaign creators: 2.0–3.5% of total loan amount for formalizing the loan depending on the loan period, type of operation, and financial solvency rating —From funders: Commissions for managing funds, documentation, and non-payment	—From campaign creators: 5% of amount raised by each project, only if successful (i.e., if 100% of funding goal is met) —From funders: no revenue stream
Campaign success factors	—Transparency:	—Transparency: (a) Project details for investors, including exhaustive justification of funding goal, details of	—Transparency:

	(a) Project details for investors, details of how the platform works, and risks of type of crowdfunding (b) Endorsement by CNMV (c) Audit and public release of accounts (d) Businesses that create social and/or environmental value in addition to economic value (e) Chance to get to know the creator, team, company, business plan, social impact, financial forecast, and other details	how the platform works, and risks of type of crowdfunding (b) Endorsement by CNMV (c) Audit and public release of accounts (d) Businesses that create social and/or environmental value in addition to economic value (e) Projects in attractive sectors for funders (principally renewable energy and biotech)	(a) Project details for investors, including exhaustive justification of funding goal and details of how the platform works (b) Businesses that create social and/or environmental value in addition to economic value (c) Motivation and perseverance of project creator Interest networks

Our results suggest that the risks for funders (low liquidity of investment, business failure, etc.), and accordingly the potential profits, are greater when funders' commitment to the project is also greater (see Table 1). When a campaign on La Bolsa Social (equity-based crowdfunding) is successful, the funder becomes a shareholder of the crowdfunded company (see Table 2). As a shareholder, neither profitability nor recovery of investment is guaranteed, as explained on La Bolsa Social's website:

> *In accordance with a survey carried by NESTA (an innovation foundation) [91] and the British Business Angels Association, the average return is around 2.2 times the money invested in an investment period of 3.6 years. This is to say a TIR [internal rate of return] higher than 20% a year, besides the important tax incentives derived from investing in less than 3 years [sic] old companies. It should be noticed that the average return of this study is the sum of very diverse returns: 56% of investments generate losses, with a return below the capital invested. Only 44% get a return higher than the capital invested; only 9% generate a return 10 times higher than the money invested.*

On Colectual (lending-based crowdfunding), the level of commitment of the funder to the crowdfunded business is lower than it is on La Bolsa Social because the relationship between the two parties ends once the loan has been repaid (see Table 2). This lower level of commitment also means lower potential gains. The average return on pledges made on Colectual is around 5.8%. In contrast, the average return on pledges made on La Bolsa Social can be up to 2.2 times invested capital over a period of 3.6 years (see Table 1). However, this investment entails greater risk. Funders on Colectual know the profitability of their investments before pledging because the platform displays the interest rate, repayment period, and risk of insolvency associated with each project. The investment also has greater liquidity on Colectual than on La Bolsa Social because it is recovered on a monthly basis as the creator of the project repays the loan (see Table 1). The corporate websites of La Bolsa Social and Colectual clearly inform investors that they will be exposed to the loss of their entire investment in the event of business failure or insolvency. Another risk for investors relates to opportunity cost. For example, over the life of the loan, the reference rate may rise above the rate announced by Colectual.

Table 1 shows that the risks taken by funders on Lateuaterra.org (donation- and reward-based crowdfunding) are lower. This observation is consistent with the findings of previous research [65,92]. The risk is not financial because funders expect at most a symbolic reward for their pledges. Therefore, the only risk relates to possible moral damages if the project is not carried out by the creator or if the creator uses funds raised on the platform for some other purpose. Funders on La Bolsa Social and Colectual are also exposed to this risk. The risk of moral damage is actually one of the main factors that discourage funders from pledging [15].

Regarding campaign success factors, as Xiao et al. [93] and Koch and Siering [94] have suggested, the justification of the funding goal on Colectual and Lateuaterra.org is fundamental. The determinants of success cited by Lateuaterra.org are motivation and perseverance by the campaign creator as well as support from the creator's community and interest networks. These findings are supported in the literature by the fact that geographic proximity between creator and funder encourages pledging [71,95]. However, other factors that have not been discussed in the literature also influence campaign success. For Colectual, one such factor is sector. According to Colectual's chief executive officer (CEO), innovation-based sectors such as those related to renewable energy and biotechnology are highly attractive to investors.

In all three cases, a further two antecedents to campaign success can be identified. The first antecedent is the creation of social and/or environmental value in addition to economic value. The second antecedent is transparency. Regarding the creation of social and/or environmental value, Frydrych et al. [18] suggested that the importance of social factors might be equal to or even greater than the importance of strictly financial performance. According to the CEO of Colectual,

> *All projects that have considered corporate social responsibility (CSR) have met their funding goals quickly, which implies that CSR is an important factor for investors.*

The intermediaries also seek to build and strengthen their normative legitimacy [79]. They use the projects on their platforms to do so because these projects are focused on achieving social and/or environmental goals. The literature suggests that investors seek not only profitability but also some kind of assurance that their investment supports actions that create social and/or environmental value as well as economic value [18,19]. For example, the CEO of La Bolsa Social made the following statements in a newspaper interview (published in EFEEMRENDE):

> *The creation of La Bolsa Social reflects a change in mentality throughout society… We are becoming increasingly aware that ethics and the economy should not be separated… considering well-rounded business projects whose mission is to improve society or the environment. These projects create solutions that contribute to a better world through organic farming, patient care technology, and entrepreneurship based on creative solutions. Our platform strives to go beyond CSR.*

In terms of transparency, our results suggest that all platforms strive to offer extensive, detailed information. Transparency has more dimensions for intermediaries such as La Bolsa Social and Colectual, where commitment and investment risk are greater (see Table 1). These intermediaries offer extensive, detailed information about projects, the risks faced by funders, the way the platform works, the legal regulations governing crowdfunding, the official registers these platforms must appear in by law, their accounts, and the results of the audits they must undergo by law (see Table 1). These efforts are aimed at building and strengthening legitimacy [76,96].

For Lateuaterra.org, transparency refers only to details of the way the platform works, information about projects, and exhaustive justification of funding goals. All informants concurred that transparency is crucial because of its effect on investors' perceived risk and trust. Our results are consistent with those reported by Koch and Siering [94], who showed that transparent information about the project increases investor trust and therefore the likelihood of campaign success.

All three platforms charge campaign creators a fee as a percentage of total funding raised if the campaign is successful (see Table 1). Unlike Lateuaterra.org, La Bolsa Social and Colectual have other revenue streams. Colectual generates revenue by charging for consulting on CSR implementation, managing the escrow account, making transfers, recovering unpaid debt, and so on. Consequently, the performance of each intermediary depends on the volume of projects it is able to attract and the number of successful campaigns. Both of these factors are conditioned by the transparency and trust the platforms convey to potential funders and the reputation of the platform derived from this transparency and trust. All informants stressed the importance of word of mouth to promote the platform, as well as the need to take great care to protect creators' and funders' interests.

6.2.1. The Crowdfunding Process: Activities of Intermediaries

The case study reveals five basic stages common to all platforms. These stages cover how intermediaries provide the crowdfunding service and which mechanisms they deploy to protect the interests of creators and funders as well as their own interests. As Table 2 shows, the stages are 1) screening or prior analysis, 2) viability analysis, 3) pitching and promoting the project, 4) formalization of the investment, loan, or donation, and 5) project monitoring.

Table 2. Stages and activities of intermediaries.

Stage	La Bolsa Social (equity-based crowdfunding)	Colectual (lending-based crowdfunding)	Lateuaterra.org (reward-based and donation-based crowdfunding)
Stage 1: Screening	—No screening	—Screening for history of non-payment by project creator	—Prior analysis of idea
Stage 2: Viability analysis	—Economic and financial viability analysis of project by selection committee, which includes experts from a consultancy —Financial and legal due diligence by a prestigious law firm (only if economic and financial viability assessment stage is passed) —Establishment of minimum and maximum funding goals, each representing a percentage of firm's capital stock —Minimum of 100,000 euros —Potential to adjust initial funding goal for acceptance	—Economic and financial viability analysis —Risk rating —Analysis of social and/or environmental impact —Establishment of interest rate and loan period —Evaluation of requested loan amount (potential for lowering initial solicited amount) —Potential to adjust initial funding goal for acceptance	—Analysis of the motivation and commitment of the project creator —Analysis of the level or development of the idea and the suitability of the funding goal —Evaluation of the capacity to execute the project —Potential to adjust initial funding goal for acceptance
Stage 3: Pitching and promoting the project	—Displaying the project on the platform (60–90 days) —Signing agreement of funding goal —Managing investor relations —Advisory and support services for strategy and attracting investment —Communication and marketing through online and offline actions to raise awareness —Participating in events with investors and prescribers —Drawing up investment agreement —Issuing legal documentation to investors —Opening and managing escrow account and handling transfers —Announcing when funding goal is met	—Displaying the project on the platform (45 days) —Signing agreement with creator —Events with businesspersons (potential creators or investors) —Advertising in press and on radio —Collaboration with external agents —Handling of raised funds using Lemonway payment gateway —Announcement when funding goal is met	—Displaying the project on the platform (39 days) —Advisory and support services for communications policy and awareness raising —No active search for funders (creator's responsibility) —Formalization of contract with project creator and launch on platform —Use of Mangopay payment gateway for transfers and transactions —Announcement when funding goal is met
Stage 4: Formalization of investment, loan, or donation or repayment of funding	—Formalization of investment when minimum is reached —Transfer of funds to project creator —Legal procedures for investors to become shareholders of the company —Funding returned to investors if minimum is not reached	—Formalization of loan if 90% of funding goal is met —Funding returned to investors if less than 90% of funding goal is raised	—Transfer of funds to project creator if 100% of funding goal is met —Funding returned to investors if less than 100% of funding goal is met
Stage 5: Monitoring of project	—Managing rights (political and economic) of investors as shareholders of the crowdfunded business —Reporting on economic, social, and environmental management indicators of the project	—Overseeing repayment of funders' pledges (capital plus interest) —Implementing recovery procedures in case of default	—Ensuring delivery of rewards for funders —No monitoring of project implementation

Stage 1: Screening and Prior Analysis

With the exception of La Bolsa Social, all intermediaries screen projects before analyzing their viability. On its website, La Bolsa Social states the requirements that projects must meet before they are evaluated. As shown in Table 3, the business must have positive economic, social, and environmental impact, have its office in the European Union, be incorporated as a private limited company or a limited company by shares, have demonstrable turnover in the last year, and have target financing of at least 100,000 euros.

Colectual screens projects to ensure the project creator has no history of non-payment. Colectual monitors other platforms where the creator might have previously participated. On its corporate website, Colectual specifies the eligibility requirements for businesses. Like the requirements established by La Bolsa Social, these requirements should be used by potential creators to decide whether their projects are eligible for the platform. The business should be at least two years old, should have reported profits, and should compete in sectors whose products do not harm others (e.g., arms, tobacco, and gambling) or involve speculation (see Table 3). The intermediaries seek to build legitimacy based on the goals of the projects they host. Colectual also creates normative legitimacy by stating its refusal to work with projects associated with arms, gambling, and similar industries. Such businesses are delegitimized by society. Lateuaterra.org also screens projects before performing viability analysis. Screening is based on information provided by creators by completing a simple form. As the CEO explains,

> *They then have to develop the project. Creators of initiatives that we deem reasonable must then develop the project and pitch it to us. At this stage, we perform a second round of screening. Once we see the developed project, we can decide whether it has been properly thought through.*

However, unlike La Bolsa Social and Colectual, Lateuaterra.org does not publish any requirements on its corporate website (see Table 3). Lateuaterra.org states that it hosts projects aimed at protecting the environment. Therefore, proposals should prioritize this objective over all others, as explained by the CEO:

> *The fact that we are a niche platform is a strength. We have built a community that is interested in and highly aware of the environment.*

Table 3. Mechanisms used by intermediaries to reduce potential risks.

Stage at which mechanism is used	Interests protected	La Bolsa Social (Equity-based)	Colectual (Lending-based)	Lateuaterra.org (Reward-based and donation-based)
Stage 1	—Funder — Intermediary	—Requirements for projects (creator self-exclusion): (a) Demonstrable positive turnover in the previous year (b) Creditable positive social or environmental impact (products should improve people's quality of life and the environment) (c) Office registered in European Union (EU) (d) Private limited company or a limited company by shares (e) Minimum funding goal of 100,000 Euros	—Requirements for projects (creator self-exclusion): (a) Exclusion of projects related to arms, tobacco, gambling, or speculation. (b) Company should be at least two years old and should have profits (c) Investigation into history of non-payment	—Exclusion of projects where creator does not show high levels of commitment and/or there is considerable difficulty to raise necessary funds depending on the funding goal.
Stage 2	—Funder — Intermediary	—Project selection criteria: (a) Economic and financial criteria (ability to generate growth and create value for investors) (b) Testable and measurable social and environmental impact (c) Due diligence of financial and legal information provided by creator	—Project selection criteria: (a) Financial solvency indicators (ability to repay loan) (b) Indicators of social and/or environmental impact (c) Risk rating (displayed on the platform together with the project)	—Project selection criteria: (a) Project creator's motivation and commitment to the idea (b) Level of development of the idea (c) Positive environmental impact (d) Ability to implement the project
Stage 2	—Funder — Intermediary	—Qualification of individuals involved in project evaluation and selection: (a) Analysis performed by a selection committee that includes members from a consultancy specialized in finance; subsequent analysis by legal consultant	—Qualification of individuals involved in project evaluation and selection: (a) Risk committee comprising the financial director of the company, a business development consultant, and an expert in banking	—Qualification of individuals involved in project evaluation and selection: (a) Analysis performed by a technical committee comprising two external experts (agricultural engineers), a representative of the local agricultural council of Valencia (*Consell Agrari Municipal de Valencia*), and a member of R-Comunicación.
Stage 3	—Project creator	—Security for project creator: (a) Confidentiality agreement signed by investor	---	---
Stage 4,5	—Funder — Intermediary —Project creator	—Handling of funds: (a) Collaboration with Triodos Bank to manage funds	—Handling of funds: (a) Use of Lemonway payment gateway, supervised by Bank of Spain, to handle funds	—Handling of funds: (a) Use of Mangopay payment gateway to handle funds

Stage 2: Project Viability Analysis

La Bolsa Social's project viability analysis has two phases. The first begins once the creator has submitted detailed project documentation to the platform. This documentation is analyzed by the selection committee, which includes experts from an international financial consultancy. Once the project has passed this first phase, the project is subjected to rigorous financial and legal due diligence by a prestigious law firm.

Colectual assesses the economic viability and risk of the project. Colectual also assesses whether the firm meets the platform's ethical standards. This assessment consists of examining the allocation of capital. Projects with a sound CSR policy and projects that by their very nature have a positive social and/or environmental impact are prioritized. As the CEO of Colectual explains,

> *One differentiating aspect of our company is that our CSR standards and requirements are more befitting of an IBEX company than an SME, which is what we actually are. We assign projects a double rating. The first rating is financial. This first rating is based on the solvency of the company and its ability to repay the loan. The other rating is voluntary… This second rating is a CSR rating.*

A positive evaluation of the project's social and environmental value means lower interest rates are available to the project creator. Thus, Colectual encourages creators who have not considered implementing CSR to do so. Once the economic viability and risk of the project have been evaluated, Colectual may propose a reduction in the funding goal. Setting the right funding goal is important for the intermediary's performance because the likelihood of meeting the funding goal is lower when this goal is high [71]. This evaluation is so rigorous that, in 2017, only 7% of all loan applications were accepted, as stated on the website:

> *We regret that, despite the rigorous risk analysis carried out by our team of experts, one of our firms defaulted on its loans. This situation has yet to be resolved, and we are hopeful of securing a positive outcome as soon as possible. The credit sector sometimes suffers defaults, and, like all investments, crowdfunding also entails risk. However, at Colectual, we strive to offer the lowest rate of default in the market. Evidence is that, in 2017, we accepted only 7% of all applications.*

The project-selection criteria of Lateuaterra.org center on two areas: the entrepreneur and the idea. Lateuaterra.org's technical committee evaluates the entrepreneur's motivation and implication in the project based on the plan pitched by the entrepreneur. The importance of motivation and commitment is reflected by the following quotation from an interview with the CEO of Lateuraterra.org:

> *We want to find people who are going to execute the project no matter what. If they don't get funding now, they'll get it further down the line, and if they have to downsize the project, they will, but they are going to carry out this project whatever happens.*

In addition to verifying that the project has a positive environmental impact, Lateuaterra.org evaluates whether it has been sufficiently developed and assesses the likelihood of implementing the project with the requested funding goal.

As Table 3 shows, another mechanism employed by the platforms to limit risk is to have highly qualified people to evaluate the economic, social, and environmental viability of the projects. The literature suggests that disclosing the technical competencies and qualifications of managers and other employees can provide cognitive legitimacy [32,79,97]. The following text taken from the Colectual website provides evidence of this mechanism:

> *To mitigate investment risk, a team of experts in risk management selects only the projects that have a low likelihood of default and that have a proven ability to generate revenue and repay the loan rather than relying on third-party guarantees.*

Similarly, in a newspaper (EFEEMPRENDE) interview published in 2015, the CEO of La Bolsa Social stated the following:

We are very selective about the companies that appear on our platform. They are chosen by a selection committee made up of international financial analysts as well as our own experts.

Once the project has been analyzed, the intermediaries can also suggest that the entrepreneur adjusts the funding goal, normally downward, to better meet the real needs of the project (see Table 2). This mechanism reduces the risk perceived by funders: The efforts of the intermediary to ensure that the requested funding matches the needs of the project and that the entrepreneur has the ability to properly manage the project increase funders' trust and positively influence funders' investment decisions [98].

Stage 3: Displaying the Project on the Platform

At this stage, the intermediaries with equity-based (La Bolsa Social) and lending-based (Colectual) models take certain actions to ensure campaign success and the smooth management of relationships with funders. As Table 2 shows, La Bolsa Social and Colectual are much more active than Lateuraterra.org at this stage.

La Bolsa Social takes several actions, some of which relate to advising the campaign creators on how to attract funding. Some actions relate to raising awareness of the campaign, including events with investors and prescribers, whereas others relate to legal and administrative tasks such as drawing up the investment agreement with the creator, distributing the legal documentation to funders, opening and managing the escrow account, and managing transfers made by funders (see Table 2).

Colectual does not directly promote individual projects. Instead, the platform is promoted to entrepreneurs and potential investors on an ongoing basis. The platform is publicized through events with businesspeople, the press and radio, online efforts to attract businesses, and, crucially, word of mouth. Before the project is launched, a contract is signed with the creator. This contract is made available on the platform, but only to registered investors.

Lateuaterra.org also formalizes the relationship with the creator by contract. This contract is published on the website. Lateuaterra.org's work at this stage is to advise creators on how to broaden their contact networks and how to raise awareness of their projects. Lagazio and Querci [99] reported the influence of the contact network and project promotion and communication on campaign success. While the project is displayed on the website, Lateuaterra.org encourages creators to use local contacts, neighbors, friends, family members, and other acquaintances to increase funding and contacts to support the project. Members of this local network of family, friends, and acquaintances may then make pledges to the startup through the platform, as the CEO of Lateuraterra.org explains:

Crowdfunding is based on the theory of circles. The first circle consists of friends, colleagues, and other stakeholders. The goal of crowdfunding is not to focus on this circle but to get everyone in this circle to spread the word to their own circles of friends and friends of friends. Doing so enlarges the circle, creating a wave that spreads to people who may be interested in the project's social and environmental impact.

The literature suggests that proximity between funders and creators has a positive influence on crowdfunding success. This proximity enables entrepreneurs to share their story with investors [16], which helps investors evaluate the project [31].

During this stage, all three intermediaries regularly update information on the funding raised by each project. Updating this information is important for two reasons. First, giving investors up-to-date information about the state of a project increases the likelihood that the project meets its funding goals [99]. Second, it is important to tell investors when the funding goal has been reached and how long this took. Projects with longer campaign durations elicit lower investor confidence and are therefore less likely to succeed [71]. Even so, as Table 2 shows, the campaign period is limited. La Bolsa Social has a high minimum funding goal (100,000 euros). Therefore, the campaign period is the longest of the three analyzed platforms (2 to 3 months). Projects remain on Colectual for a shorter period (45 days). The campaign period of Lateuaterra.org is just 39 days. Once the pre-established campaign period has elapsed, all intermediaries clearly display whether or not the funding goal has been achieved.

Stage 4: Formalization of the Investment, Loan, or Donation or Return of Funding

If the campaign is successful, the funds are transferred to the campaign creator (see Table 2). La Bolsa Social has a much more complex procedure than the other two intermediaries because of its equity-based crowdfunding model. Each project has a minimum and maximum funding goal. This amount represents a certain percentage of the capital stock of the business. If this minimum amount is not achieved, pledges are returned to funders at no cost. If the minimum amount is achieved, the financial institution that manages the escrow account transfers the funds to the project creator. At this stage, La Bolsa Social handles the necessary legal procedures on the investors' behalf to make the investors become shareholders of the company. Colectual formalizes loans to projects when 90% of the funding goal has been reached. However, Lateuaterra.org transfers the funds to the campaign creator only if 100% of the funding goal is met. If these thresholds are not met, both intermediaries return the pledges to funders.

Each of the three platforms works with a third party that handles the funds, transfers, and transactions with investors. La Bolsa Social uses Triodos Bank, Colectual uses Lemonway, and Lateuaterra.org uses Mangopay. As shown in Table 3, the use of a third party to handle funds is another mechanism that provides a guarantee to potential funders regarding the proper use of any raised funds.

Stage 5: Project Monitoring

If the campaign is successful (i.e., if it achieves 100% of its funding goal), La Bolsa Social formalizes the capital increase on behalf of all investors. The votes of all investors, who thereafter become shareholders, are legally represented at general meetings by a single investor of reference, who syndicates all aforementioned shareholders' votes. The chosen shareholder is the shareholder who made the largest investment. In accordance with Spanish law, this shareholder has the right to elect one member of the board of directors of the crowdfunded company. For the five years following the capital increase, the campaign creator is obliged to pay La Bolsa Social 500 euros a year in project monitoring costs. This monitoring takes the form of supervisory and advisory services provided by La Bolsa Social. It also pays for the right to use the investor forum, where investors have their queries and requests addressed. During this stage, the creator is obliged to publish a quarterly report to investors on the economic, social, and environmental dimensions of business performance.

Colectual ensures that funders receive their monthly repayments (plus interest) of the pledged amount. If the company defaults on the loan, Colectual does not guarantee either full or partial repayment of the pledged amount. However, Colectual has fund recovery procedures to resolve any non-payment issues.

Finally, Lateuaterra.org only monitors the situation to verify that any rewards offered by the campaign creator are received by funders. Lateuaterra.org does not monitor the allocation of funds. Lateuaterra.org is therefore unable to guarantee funders that the project has been implemented by the creator.

Our study suggests that the precautions and mechanisms applied by equity- or lending-based intermediaries to protect their interests and those of funders are stricter and more extensive than those used in reward- or donation-based crowdfunding models. The intermediaries also have mechanisms to protect campaign creators. For example, for campaigns on La Bolsa Social, potential investors can access full details of the project they wish to fund. As indicated in the literature [15], this access places creators in a vulnerable position because details of the business are made public. Creators are, therefore, exposed to the risk that their idea is imitated.

All intermediaries provide extensive, detailed information on their websites regarding their activity, the safeguards and precautions they use, and the risks taken by those who pledge funds. The goal of providing this information is to reduce adverse selection problems. Our study also shows that intermediaries act as agents of social change. Despite being profit-seeking organizations, Colectual and La Bolsa Social endeavor to ensure the positive social and/or environmental impact of the projects displayed on their platforms. As stated on La Bolsa Social's website,

> *In October 2014, a team of enthusiastic professionals created Bolsa Social as an active agent for the ethical transformation of society and finance. We are convinced of the enormous transformative potential of participative finance and impact investing.*

Colectual encourages positive social impact by reducing the interest on loans to projects that seek to create not only economic but also social and/or environmental value. La Bolsa Social requires projects to target both economic performance and social and/environmental performance (see Table 3). The projects appearing on La Bolsa Social explicitly state the UN Sustainable Development Goals that they address. These results support the literature [100] by suggesting that the management of an organization can promote change not only in that organization by creating social and/or environmental value but also in stakeholders by encouraging these stakeholders to seek positive social impact.

Finally, some informants cited the Spanish public's ongoing lack of awareness and trust in crowdfunding as one of the disadvantages of crowdfunding. For example, the CEO of Colectual reported the following:

> *We found that the market was slightly less mature than expected in terms of awareness of crowdlending. It is hard to create the open culture toward alternative finance that perhaps already exists in the UK or the US.*

The legitimacy of an organization and the legitimacy of that organization's sector mutually influence one another [32]. The fact that crowdfunding is not yet institutionalized in Spain prevents intermediaries from attracting creators and funders, potentially jeopardizing their survival. Moreover, these intermediaries are in their early years (see Table 1), so they have little history to endorse their trustworthiness [32]. This combination of factors explains their considerable communication efforts to acquire legitimacy. These efforts focus on raising awareness of their actions, demonstrating their professionalism (cognitive legitimacy), ensuring that their goals and actions comply with legal regulations (regulative legitimacy), social norms, and values, and aligning themselves with other trustworthy organizations (normative legitimacy). Regarding strategies to build legitimacy, our study shows that intermediaries seek to build trust by making their relationships with other organizations highly visible on their websites. An indicator of legitimacy is external actors' endorsements [32,101,102]. For example, Lateuaterrra.org displays the logos of collaborators such as the City of Valencia (Ayuntamiento de Valencia) and the School of Agricultural Engineering and Environment at the Polytechnic University of Valencia (Escuela Técnica Superior de Ingenieria Agronómica y Medio Natural de la Universidad Politécnica de Valencia). Similarly, La Bolsa Social's website refers to highly reputed partner organizations such as Triodos Bank.

Colectual plans to improve the services it offers project creators and funders by developing software that will streamline the economic and financial evaluation of projects to assess their suitability for the platform. This goal benefits creators, who can seek financing alternatives if the project is declined, while providing funders with greater investment protection.

Lateuaterra.org plans to promote the "open field" tool to provide a meeting point for social entrepreneurs in need of the capabilities or resources of other entrepreneurs, as explained by the CEO of Lateuaterra.org:

> *Our goal is to build a community. People with good ideas might need engineers or designers. We want to create a network for people with good ideas in need of not only economic resources but also human resources.*

7. Conclusions

As a form of alternative finance, crowdfunding offers a new collaborative formula that is particularly well suited and accessible to social entrepreneurs. Despite its relevance to social entrepreneurship, however, studies of crowdfunding are still scarce. Moreover, most studies have focused on either the project creator or the funder; very few have focused on intermediaries. We attempted to fill this gap in the literature by conducting a case study of the processes, activities, and mechanisms that intermediaries use to reduce the risks borne by creators, funders, and the intermediaries themselves.

Our study shows that one of the main disadvantages of crowdfunding with respect to other forms of financing is a lack of trust. Therefore, intermediaries devote considerable efforts to increasing the transparency of crowdfunding. For example, it is common practice for crowdfunding websites to display the contract between the platform and the project creator, exhaustive information on the project, and details of the risks that potential funders take by pledging or investing. Our study shows that these guarantees are particularly important in lending- and equity-based crowdfunding models. This study also shows that crowdfunding in the context of social entrepreneurship is possible because investors make their investment decisions based on the social and environmental impact of the projects they fund. Crowdfunding intermediaries act as agents of social change using a range of mechanisms to promote projects that seek to create social and/or environmental value in addition to economic value.

This study makes both academic and practical contributions. Academically, we contribute by analyzing crowdfunding in the context of social entrepreneurship, focusing on crowdfunding intermediaries. We also identify the mechanisms used to reduce potential risks that might affect the reputation and performance of these intermediaries while simultaneously reducing the risk to which creators and funders are exposed. This study also has practical implications, showing that the precautions taken by crowdfunding intermediaries make crowdfunding a trustworthy alternative for creators and funders.

One of the limitations of this study is the small number of cases considered. Future studies should cover more cases for each crowdfunding model. In addition, we considered only Spanish crowdfunding platforms. Scholars might benefit from considering platforms from other countries and exploring similarities and differences in processes and mechanisms. Doing so could shed light on the possible effect of cultural differences, thereby enriching the literature on this topic. We adopted the perspective of intermediaries (i.e., the crowdfunding platforms). The perspective of creators and funders should also be adopted to consider the viewpoints of all crowdfunding actors. Finally, future studies should compare our results with the perceptions of users to establish new crowdfunding procedures, tools, services, or even financing mechanisms for platforms to offer.

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