

This article was downloaded by: [Othmar M. Lehner]

On: 02 May 2013, At: 14:23

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Venture Capital: An International Journal of Entrepreneurial Finance

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/tvec20>

Crowdfunding social ventures: a model and research agenda

Othmar M. Lehner ^a

^a ACRN U. Centre for Research Methodology Austria , Cambridge , UK

Published online: 02 May 2013.

To cite this article: Othmar M. Lehner (2013): Crowdfunding social ventures: a model and research agenda, Venture Capital: An International Journal of Entrepreneurial Finance, DOI:10.1080/13691066.2013.782624

To link to this article: <http://dx.doi.org/10.1080/13691066.2013.782624>

PLEASE SCROLL DOWN FOR ARTICLE

Full terms and conditions of use: <http://www.tandfonline.com/page/terms-and-conditions>

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The accuracy of any instructions, formulae, and drug doses should be independently verified with primary sources. The publisher shall not be liable for any loss, actions, claims, proceedings, demand, or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.

Crowdfunding social ventures: a model and research agenda

Othmar M. Lehner*

ACRN U. Centre for Research Methodology Austria, Cambridge, UK

(Final version received 18 February 2013)

Crowdfunding (CF) in a social entrepreneurship (SE) context is praised in media narrations for its multifaceted potential. From an academic point of view, little has been written about CF as a whole, and enquiries from the SE sphere are mostly concerned with donation-based CF. This paper first reviews extant literature on financing social ventures and CF. Based upon the findings, the author draws up a schema of CF's inner workings and subsequently discusses it in an SE context. From this model, a research agenda consisting of eight themes is derived: types and utility functions; corporate governance; investor relations, reporting and risk; opportunity recognition; networking; legitimacy; financial metrics and legal and regulatory hurdles.

Keywords: crowd; funding; financing; venturing; entrepreneurship; social investment

AMS Subject Classification: G24; L14; L26; M13; M14

Introduction

Media and public alike recognize the promise of crowdfunding (CF) for social entrepreneurs in the news; however, few to none scholarly articles exist that address the inner workings and implications of CF in such a context. The author therefore set out to thematically analyse existing nascent enquiries by reviewing extant literature, draws up a schema as a model and derives an agenda of eight-related research themes from it.

On the very basis, CF means tapping a large dispersed audience, dubbed as 'the crowd', for small sums of money to fund a project or a venture. CF is typically empowered by the social media communication over the Internet, through for example embracing user-generated content as guides for investors. CF has been addressed in the literature so far mostly in the context of creative industries, such as producing Indie music records or retro software games (Belleflamme et al. 2010a; Ward and Ramachandran 2010). The context of social ventures has remained largely unexplored so far.

Improving our knowledge of CF seems especially important for social entrepreneurship (SE) as traditional means of finance have proven as subpar or sometimes even inadequate in starting and sustaining growth of the many forms of SE (Agrawal et al. 2010; Brown and Murphy 2003; Fedele and Miniaci 2010; Ridley-Duff 2008).

Differences of SEs to traditional for-profits are shown in the literature to stem from

- ambiguous and sometimes dichotomous aims of SEs (Dacin et al. 2010), torn between the social and commercial (Lehner 2011b; Moss et al. 2011),
- alien corporate governance and legal and organizational structures in SEs that are

*Email: office@acrn.eu

difficult to accept for traditional investors and lenders (Agrawal et al. 2011; Gundry et al. 2011),

- cultural and cognitive distance-related barriers between for-profit investors and SEs that hinder communication (Bauer-Leeb and Lundqvist 2012),
- social entrepreneurs' narrations that are being hooked in the 'social' sphere (Brown and Murphy 2003) and are lacking the managerial terminology, which leads to severe scepticism in their managerial capabilities.

Such peculiarities of social ventures additionally aggravate the already difficult financing situation that many start-ups find themselves in Cosh et al. (2009). Recent developments such as the financial crisis also contribute to the situation and increase pressure to find alternative access to funding and financing new social ventures, as the public sector has to reduce spending to cope with the high-accumulated governmental debts (Bielefeld 2009; Ferrera et al. 2004; Lehner 2011b).

Finding alternative, tailored methods of funding and financing by innovatively combining existing factors, such as everyday people's values and opinions, social media platforms and alternative reward systems, seems a consistent step for social entrepreneurs and fits well to the new emancipation of the crowd (Drury and Stott 2011; Reyes and Finken 2012; Valenzuela et al. 2012).

CF may offer one especially suited answer to the financing needs of social ventures, as crowd investors typically do not look much at collaterals or business plans, but at the ideas and core values of the firm (Ekedahl and Wengström 2010) and thus at its legitimacy. Aspects that are typically regarded very positive in social entrepreneurial initiatives, and thus in theory CF and SE should match well (Dart 2004).

Such crowd-based processes may bring the additional benefit of being perceived by the public as *per se* democratic (Drury and Stott 2011), thus addressing critics of SEs' capitalist steering (Meyer 2009). In addition, the recent passing of the Jumpstart our business start-ups (JOBS) act in the USA (Martin 2012; Parrino and Romeo 2012), which legalizes certain forms of equity CF for small businesses and start-ups based on volume criteria, shows that governments are becoming aware of the untapped potential and are trying to reduce legal barriers for entrepreneurs (Parrino and Romeo 2012).

Despite this potential for social entrepreneurs, few academic articles exist so far that address CF in this context – apart for a small stream focusing solely on donations (Firth 2012; Muller and Kräussl 2011). Even in the business-venturing domain as a whole, research on CF is only starting to emerge and is often based on anecdotal evidence with a focus on finite projects and the creative industry (Agrawal et al. 2010).

As for a definition of SE, the author addresses all kinds of ventures that have a social or environmental mission as their primal goal, which aim to be financially and legally independent and strive to become self-sustainable by means of the market. Such a broad characterization acknowledges the ongoing discussion on definitions, for example from the EMES or the Social Enterprise London (SEL; Defourny and Nyssens 2009a; Lehner 2011b; SEL 2001; Zahra et al. 2009), while it is open and wide-ranging enough not to exclude needlessly and perhaps even too early in this pre-paradigmatical field (Nicholls 2010c).

Addressing this void in literature, this paper thus set out to propose future research themes of CF in a social entrepreneurial context. It first debates current findings on financing and funding of social ventures. Subsequently, the small existing research canon on CF is explored in the literature and the author draws up a schema of CF.

Examining the perspectives of this schema in an SE context, eight themes are derived and proposed as a future research agenda.

Funding SE

As stated earlier, funding and financing in the SE domain have to deal with idiosyncrasies of social ventures (Shaw and Carter 2007). Some of these may arise from the entrepreneurs or founders themselves, as they often origin from traditional non-profit organizations and have a non-business-related educational background. The terminology thus used and the values implied in their narrations make it difficult to communicate with traditional investors and financial intermediaries (Bauer-Leeb and Lundqvist 2012). Social entrepreneurs' presentations often primarily deal with the social vision, impact and outcome and at the same time neglect aspects of cash-flow liquidity, long-term financial returns and planning and forecasting (Brown and Murphy 2003; Ridley-Duff 2009). A 2003 study of the Bank of England consequently finds that social entrepreneurs indeed have a hard time accessing traditional debt finance.

In addition to these idiosyncratic hurdles for social entrepreneurs, many of the known problems for start-ups also hold true in SE (Berger and Udell 2006; Dushnitsky and Shapira 2010; Irwin and Scott 2010; Lam 2010) – for example the effectuation principles used by entrepreneurs are barely compatible with the traditional rationales of banks, basing their financing decisions in project finance upon the long-term planning of stable cash flows (Chandler et al. 2011; Perry et al. 2011).

Centred upon these specifics, a specialized financial market has started to emerge for social entrepreneurs (Bull and Crompton 2006; Fedele and Miniaci 2010; Ridley-Duff 2009; SEC 2004). It includes very different forms of rewards, narrations and discourses as a whole, compared to traditional financial markets. Instead of focusing on financial returns on investments, for example entrepreneurs have to participate with their social ideas in competitions organized by foundations such as Skoll or Ashoka, or increasingly by traditional for-profit companies as part of their CSR activities (Baron 2007; Cornelius et al. 2008; Gallego-Álvarez et al. 2011; Janney and Gove 2011). Specialized investment and performance metrics such as the social return on investment (SROI) have been proposed as instruments in decision-making and legitimization of investments (Flockhart 2005).

Many social ventures, however, still rely at least partially on donations and public grants (Bull and Crompton 2006; Fedele and Miniaci 2010; Ridley-Duff 2009) despite their aim of financial independence. This is especially true for developed countries with a corporate-statist welfare regime (Esping-Andersen 2006), where social enterprises often act as intermediaries between the public and private sectors in the provision of social welfare support (Lehner 2011a). However, recent cut-downs on welfare spending make it increasingly difficult for SEs to access public money, and on the other hand, donations are already highly competed for.

On the progressive side, several special banks, such as Kiva (Larralde and Schwiendbacher 2012; Pope 2011; Rubinton 2011) or the Grameen Bank (Yunus and Weber 2007), have emerged, dealing with micro-financing of socially desirable and sustainable investments, especially in the realm of local micro-loans. In addition, several philanthropic venture capital funds and related investors/donors have surfaced, delivering funds, and also other resources such as networks and advice to social ventures (Scarlata and Alemany 2012). Investors' rewards often lie in a certain social impact, and amongst the tailored management performance measurement instruments,

the SROI plays an important role, in which cascading social effects of the (social) venture are computed as monetary impact on public spending and income (Flockhart 2005).

Reporting practises of social entrepreneurs have been examined by Nicholls (2009, 2010b) in the context of the community interest company (CIC) in the UK. He found that the reporting practises not only account for financial performance but also include discussions on the social and environmental impacts, a logic that seems necessary when dealing with a multitude of stakeholders with differing aims, some driven by the social mission, others by financial sustainability.

One important aspect for financing social ventures has been almost neglected so far in literature; the trustworthiness of social entrepreneurs is regarded to be much higher due to the primacy of the social aim, and thus the costs of fraudulent risk should be reduced in theory (Lambert et al. 2012). We see early empirical claims for this based on the traditional non-profit literature (Frumkin and Kim 2001; Hansmann 1987; Haugh 2006; Herman and Renz 2008; Kerlin 2006; Laratta 2010), but so far it has not improved social entrepreneurs' situation when seeking money from traditional sources.

Nicholls (2010a) examines types of social investors and their respective investment logics based upon a Weberian analytic lens between value and purpose. He creates a matrix of nine distinct models and captures early evidence of the actual flow of capital within the social investment landscape in the UK. His conclusion, based upon the dominance of a singular investor reality, will provide an interesting counterproposition to the rationale of the crowd, consisting of equal investors with various logics.

In Tables 1 and 2, the author presents a list of investor types, clustered by debt and equity claims, based on the literature as examined earlier and adapting and enhancing previous work by Larralde and Schwiendbacher (2012). These tables specifically address the stage in which the various means are most applicable. Although previous literature hints that CF may be especially suitable in the start-up phase (Firth 2012; Lambert and Schwiendbacher 2010; Ward and Ramachandran 2010), its potential for funding growth and expansion (Hynes 2009) has yet to be empirically examined.

CF literature in an SE context

Widespread Internet access and functioning social networking platforms together with the emancipation of the crowd (Drury and Stott 2011) propose interesting opportunities (Reyes and Finken 2012). Leveraging these phenomena in a process called CF can help entrepreneurs gain necessary start-up capital. Such a quest for alternative start-up capital is relevant as new ventures do not easily gain access to the necessary external finance at their early stages (Cosh et al. 2009). In later periods, business angels and venture capital funds may fill gaps for larger amounts; however, costs for proof-of-concepts and the first entrepreneurial steps are often only financed by the entrepreneur, family and friends (Cumming 2012; Dushnitsky and Shapira 2010; Irwin and Scott 2010). Early debt finance in such ventures is often brought up through a process identified in the literature as Bootstrapping (Lam 2010).

So, instead of relying on decisions made by a small group of relatively high-sophisticated investors and bank managers, the idea of CF is to tap and motivate a large audience, with each individual member of the crowd contributing only little (Belleflamme et al. 2010b) but with a high combined impact.

CF may thus provide a much-needed alternative for raising start-up capital for ventures seeking donations, debt or equity finance. CF as a constructed term is often

Table 1. Equity investor types, SE accessibility and stages, source: author, adapted from Larralde (2012).

Equity claims			
Type	Description	Accessible for SE	Stage
Entrepreneur and family	Investing his/her own money into the social venture, or money borrowed privately from friends and family.	+++	Early start-up
Social target group	A form of crowdsourcing by tapping the beneficiaries. Successful when the entrepreneurial innovation is understood and the leverage is perceived high enough. Suitable when many people are involved with small contributions from each individual. Complex forms of governance.	+++	Innovating, perhaps after some initial proof. Great impact on CG.
Business angels	Wealthy individuals, willing to invest in small social projects that fit to their intrinsic values and agenda.	++	Early stages, difficult to tap and scarce
Venture capitalists	Specialized investors, placing their fund-investors' money into larger projects for a longer period of time, however with a clear exit strategy. Fiduciary duties, lots of reporting necessary.	+	Growth. More specialized VC firms for SE emerge, not suitable for early start-ups.
Other companies	Decide to invest in projects that have a strategic value for them. Perhaps from a real-options logic to secure certain environmental patents, or as part of their CSR activities. Strategic entrepreneurship.	-	All stages, but only as addition. Often highly selective, and with a negative impact on ventures' reputation.
Stock markets	Public offering to invest in the company. Often problematic in social ventures due to the expected risk-adjusted return on investment. Some specialized funds targeting 'ethical' investments exist however. Possible negative consequences due to loss of control and high regulative efforts.	-	Globalization and tremendous scaling up of established and recognized social solutions.

considered in the literature as project-based funding only and so the term in its current usage does not fully comprise its full potential, which would also include more long-term commitments such as debt or equity shares (Crowdsourcing 2012). Also a distinct focus on donation-based CF for social entrepreneurs leaves out important market alternatives, where crowd members actually become shareholders. Especially equity-based CF will thus inevitably cross the border of simple project financing (Larralde and Schwienbacher 2012).

Scholars see the roots of CF in a movement that has been labelled as crowdsourcing, which comprises using the crowd to obtain ideas, feedback and solutions in order to develop corporate activities (Brabham 2008; Howe 2006; Kleemann et al. 2008). A distinct feature of the 'crowd' is seen in the literature as consisting of a large number of people, each contributing little, but with a possible high combined impact (Belleflamme et al. 2010b). However, such a crowd is supposed to behave in unforeseen,

Table 2. Debt investor types, SE accessibility and stages, source: author, adapted from Larralde (2012).

Debt claims			
Type	Description	Accessible for SE	Stage
Banks	Loans. Special banks for social ventures exist. Often project finance with little mutual understanding between (social aim) seeker and provider. Problems in terminology and cultural distance.	++	All stages, depending on the entrepreneurs' preferences for control and risk-taking. Increasing importance due to specialized banks.
Leasing companies	Providing machinery and equipment to entrepreneurs against lease payments. Suitable for all types of ventures, when cash flows are stable and investment is relatively standardized.	+	Start-up and expansion, for certain types of investment only. Often investment as collateral.
Government, agencies	Subsidies, grants and credit to improve rating. Perhaps forms of public private partnerships. Also service-based public funding. Highly competed for, problematic in times of government austerity.	++	High importance for socially desirable projects that can be run sustainably with a managerial attitude, but would not be attractive for traditional investors and entrepreneurs.
Customers/suppliers	Trade credit and upfront payments for future goods and services. Sometimes used in CF for special niche products.	++	Operational expenses, depending on industry.
Bootstrapping	Clever use of working capital management and Bricolage to start a business, together with a strict eye on expenses. Often used by small social entrepreneurial initiatives.	+++	Early stages, when motivation of stakeholders and entrepreneurs are high. Perhaps based upon personal traits.
Donations	While given for free, donors expect a certain type of reward, for example through achieving a certain social impact. This reward can also be personal for example through creating a noble feeling or a better standing in society.	++	Still many social ventures rely partly on donations. Will become scarce with more competitors. Often used in CF initiatives with a honorary element.

chaotic and complex manners (Drury and Reicher 1999; Drury and Stott 2011; Ivancevic et al. 2010; Massink et al. 2010), and therefore, a careful examination of the influential factors and functions is necessary.

CF in an SE perspective can provide additional legitimacy to the venture, as the selection process by the crowd is perceived as *per se* democratic, and the crowd will thus select the social ideas it deems worthy and needed (Belleflamme et al. 2010b; Drury and Stott 2011; Rubinton 2011).

The concept of CF has been demonstrated in cases to work miraculously well. The amounts of money obtained even reach GBP 1 million, as in the case of Trampoline Systems UK, a high-tech start-up (Belleflamme et al. 2010b). The involved processes, from communication, utility functions to legal aspects, however, are far from being clear. Much need for experimentation, last minute changes and unforeseen legal hurdles have put the effort of Trampoline almost in jeopardy.

Belleflamme et al. (2010a) examine CF from an industrial organization perspective and associate CF with pre-ordering and the resulting price discrimination. Such a model may not hold well in an SE context as the investors' motives for investment may differ in that they are less concerned about costs but the outcome (Delanoë 2011; Fayolle et al. 2005; Shaw and Carter 2007). Belleflamme et al. also provide some theoretical underpinnings why non-profit organizations tend to be more successful in using CF by examining the literature on contract failure theory. This theory is based on the view that limiting monetary motivations of owners, such as prohibiting or limiting dividend payouts in some forms of SE (Lehner 2011b), attracts donations more easily and invites other forms of participation, such as voluntary work. Such a limit on monetary motivation for owners can also be seen as a strong *signal* that the owners put a significant weight on the quality of the outcome and less on monetary gains (Chillemi and Gui 1991; Van Slyke 2006). This invites perspectives from information economics and signalling on CF (Akerlof 1970; Balakrishnan and Koza 1993; Lambert et al. 2012).

Pope (2011) identifies legal hurdles for equity-based CF in the USA, asserted by the Security Exchange Commission, which can be transferred to some extent also to Europe and many other countries with a regulated capital market. He scrutinizes difficulties for micro-start-ups in gaining necessary equity capital and their willingness to bootstrap, using their own available resources. As the public offering of equity is highly regulated, it brings tremendous costs for auditing, creating prospectuses and consulting law firms and financial intermediaries. Pope thus observes equity-based CF in start-up ventures as being severely limited in the current legal situation. It is therefore logical that many forms of CF so far do not offer equity shares but other forms of rewards, for example early access to products, honorary recognition or some interest payments. However, to reflect on CF origins in crowdsourcing, equity stakes may on the one hand provide a pronounced democratic corporate governance (CG) model for social ventures, and on the other hand be the one missing opportunity for small investors in the crowd, seeking for ethical investments and rewards on alternative financial markets (Fox 2012). As reported earlier, legal and regulatory hurdles for equity CF are addressed in a perhaps groundbreaking manner by the recently passed JOBS act by the US President Obama. It lowers restrictions on Rule 506 offerings and frees seekers for small CF volumes < 100k USD, and to a lesser extent < 500k USD from several costly regulations (Heminway and Hoffman 2011; Pope 2011; Rubinton 2011).

Larralde and Schwienbacher (2012) identify business models for CF, namely donations, passive and active investments by the crowd. Donation-based CF has been a long-established means of finance for NPOs and NGOs (Hansmann 1987; Nyssens et al. 2006). However, as the number of CF initiatives and platforms rises, the resource 'crowd' for donations becomes highly competed for and thus scarce. Larralde and Schwienbacher distinguish between active and passive CF. Passive CF sees some reward for its investors, for example tailored products, honorary recognition or other forms of revenue sharing. However, the interaction between the company and its crowd investors is limited to the rewarding function. Active CF differs in that aspect, as its investors are not only supplying money but are also in the best manner of

crowdsourcing included in a constant dialogue with the company, helping for example in designing new features, testing products, suggesting paths for the company and supplying their network scope and individual expertise. This active form of CF is also very fruitful in providing a means for corporate communication and public relations and through the dispersed positive discourse, dubbed ‘buzz’, it ultimately improves a company’s legitimacy.

Such a quest for legitimacy is of high value especially for social ventures because of their dealing between the market, civil society and public sphere (Kerlin 2006). Social entrepreneurs on one hand address social voids by market activities but on the other hand also work as social *change makers* by influencing systems and policies (Cho 2006; Drayton 2006; Gunn et al. 2008). Such attempted policy change, however, may inevitably see resistance from incumbent powers and institutions (Ahlstrom and Bruton 2010; Bonoli and Palier 2009; Levander 2010; Lim et al. 2010; Mair and Marti 2009; Meyer et al. 2009), and therefore, needs to be backed by the power of the people in what they perceive a legit case.

CF activities are also demonstrated to have a true global outreach through the means of the Internet and specialized social media platforms, Agrawal et al. (2011) examine this on the case of the record industry, and find that CF indeed shows a broad geographic dispersion of investors and that the negative impact of distance-sensitive costs is mitigated; a finding standing in contrast to traditional finance theory, which would hold a perspective of a rising distrust with distance. This broad geographic dispersion, however, also reflects well on SE, which is also designated as a truly global phenomenon (Zahra et al. 2009, 2008), and in which many initiatives work on a very international level even from the beginning (Korsgaard 2011; Meyskens et al. 2010; Zahra et al. 2008).

A proposed schema of CF

Based on the previously examined literature and some early empirical evidence as discussed in the previous sections, the author presents an early schema of the inner workings of CF, which is then applied and discussed in an SE context (Figure 1).

Overview of the schema

This schema displays the matchmaking process between the venture, offering debt or equity investments, and the crowd. Opportunity recognition (OR) in this schema is essential, not only the entrepreneur but also the crowd has to recognize it, informed through communication channels and the user-generated content on the Web platforms. Matchmaking takes place when members of the crowd decide to participate in the exploitation of this opportunity based upon its perceived legitimacy. This participation in the venture can take place within one of the four quadrants, spanning business models (active–passive) as well as type of capital (debt–equity). Communication and business strategies of the Web-based CF platforms as intermediaries; networks of crowd members pointing to these and aspects of information economics (reducing the asymmetry) together with the crowd members’ individual risk equivalents will form the so-called motivational block (based upon utility functions). The outcome will be moderated by reward, levels of control and participation offered, but more so by the intermediary platform’s business model. Laws and regulations (including related costs) finally will form a strong mediator block between the crowd, the CF platform and the desired participation in the venture.

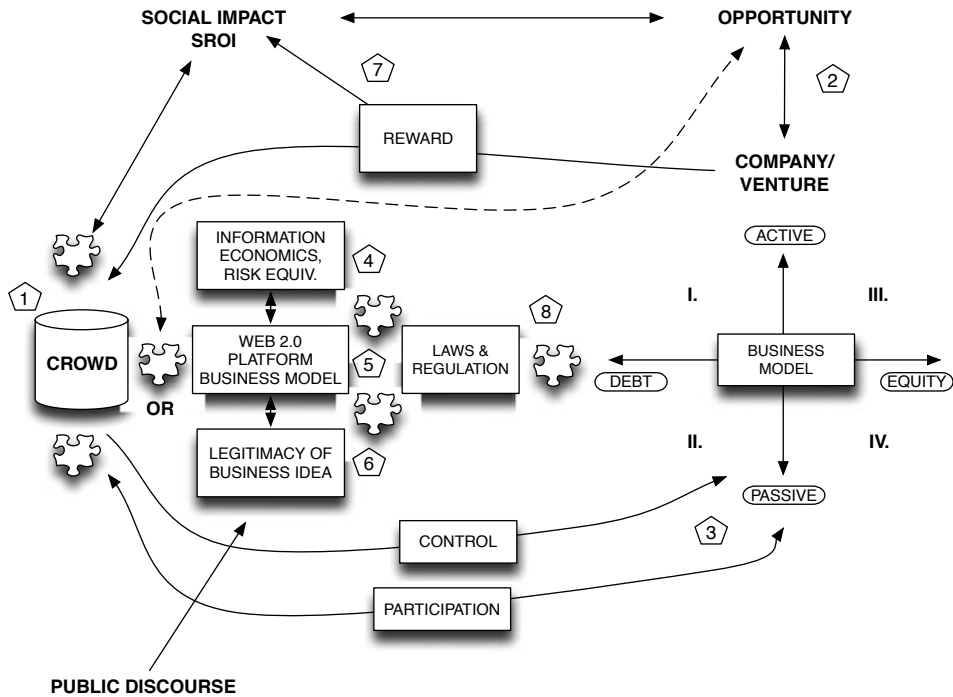


Figure 1. Schema of CF, Source: Lehner 2012, numbers relate to the proposed research themes.

The four quadrants describe the actual nature of the investment offering, between debt and equity, active or passive participation. Debt or equity financing, however, is not a purely deliberate choice of investors and entrepreneurs likewise. Rather the stage and phase of the venture, aspects of risk dispersion, legal regulations, as well as non-monetary goals such as CG and reputation have a big influence on capital formation (Berger and Udell 1998; Kreiser et al. 2010).

The enthusiasm of the investing group regarding the desired outcome (Duckett and Swerissen 1996; Qiongzhi 2007; Ruebottom 2011) of the crowd-funded venture seems to be a much higher motivation for an active participation than to ensure monetary, interest-like incentives and influence risk taking. As has been seen in cases of Kittur (2010), Kleemann et al. (2008) and Whitla (2009), such active participation can take many forms of crowdsourcing (Brabham 2008), from testing early prototypes to advertising and viral marketing and from volunteering work such as translating texts to serving at events. It seems beneficial even to the funding process itself to offer and invite some form of investors' partaking. Participation of the crowd will typically create 'buzz' in the social media that may draw even more future potential investors to the CF platform site (Belleflamme et al. 2010b). However, previous literature by Larralde and Schwienbacher suggests there will be a recurring shift between active and passive involvements, depending on the individuals' circumstances as well as on the stage of the venture.

Capital formation is essential to economic developments, as it enables entrepreneurs to create new solutions to opportunities (Cumming 2012; Seghers et al. 2012). This also holds true for social entrepreneurs in their opportunity seeking and exploitation strategies (Cha and Bae 2010; Korsgaard 2011; Lehner and Kaniskas 2012).

Due to legal restrictions, so far few long-term maturing, crowd-funded bonds have been issued outside of the traditional regulated market, so we can only guess on required interest rates or the level of control and reporting expected from long-term lenders in CF (Larralde and Schwienbacher 2012; Pope 2011; Rubinton 2011). Most cases of debt financing so far have been of the type of advance payments (Agrawal et al. 2010; Firth 2012; Larralde and Schwienbacher 2012; Ward and Ramachandran 2010) for future goods or services; however, another interesting aspect of debt may be crowd-funded donations and grants.

Equity financing may provide the greatest challenges but also the greatest opportunities for crowd-funded social ventures (Artiach and Clarkson 2011). Typically, equity investments are legally linked with several rights, among the rights of information and control, and the right to participate in the earnings or added value of the company (Berger and Udell 1998). Selling shares of equity is ultimately a means of distributing risk onto the shoulders of many investors, compared to debt finance, in which the entrepreneur shoulders all risk himself/herself (Amit et al. 1990; Sharfman and Fernando 2008). Equity-based CF does therefore come at a much higher cost for the ventures, but perhaps contrary to the traditional theories less in a monetary sense but more so in terms of control, governance and stewardship (Meuleman et al. 2009; Williamson 1988).

Dispersing control is counted as a detrimental aspect in traditional for-profit financing; however, this impact on CG may hold positive merits in social ventures, as increased shareholder participation will improve legitimacy in the eyes of the public and may also refine the actual approach to the social needs towards higher effectiveness (Beckmann 2011; Bull et al. 2010; Ridley-Duff 2009, 2010). However, besides the positive, an increased dispersion of control may well hinder thoughtful experimentation and necessary changes of strategy by the founders, lessening the chances of entrepreneurial innovation (Huang and Yu 2011; Ruvinsky 2012; Vaccaro et al. 2012).

The challenges for equity-based CF are thus multi-faceted; they comprise legal and regulatory hurdles (Heminway and Hoffman 2011; Larralde and Schwienbacher 2012; Pope 2011; Rubinton 2011; Schwienbacher and Larralde 2010), as well as considerations about governance and control. Public offering (exceeding to a certain amount of people) of a company's equity is highly regulated in most developed countries – the main reasons given to prevent fraud (Altman and Sabato 2007; Hmieleski and Baron 2008) and to enable an efficient market through reducing information asymmetry (Deakins and Hussain 1994; Lambert et al. 2012; Schnatterly et al. 2008). Even the sharing of net revenues to investors is seen as a security offering and thus highly regulated. Therefore, CF platforms in various countries such as the UK or the Netherlands, which allow CF for equity, need to use complex schemes of partaking and control in the entity to avoid legal pitfalls.

Concerning the traditional reward systems of shareholder value and dividends, possible utility functions of equity investors in crowd-funded social ventures may differ from those of traditional for-profit investors, such as business angels or venture capital funds. Several legal forms, tailored for social enterprises, such as the CIC in the UK or L3C in the USA, have some kind of dividend pay-out prohibition (Nicholls 2009, 2010b; Ridley-Duff 2008, 2009) and any accumulated wealth cannot be paid out to shareholders, even after closure of such a firm. These rules may thus prevent interest from many investors and the ongoing discussion on the usefulness of distinct SE legal forms has a new facet (Galera and Borzaga 2009).

There are also the more strategic and for-profit considerations based upon real-options logic (Levitas and Chi 2010; Scherpereel 2008; Tong and Reuer 2007) that may bring crowd-investors to fund social ventures with equity finance. Some relatively small

financing early at the beginning may provide access and control over the investment if it turns out to be successful later (Husted 2005; Levitas and Chi 2010; Scherpereel 2008; Tong and Reuer 2007; Wang and Lim 2008). In an SE context, this option may well be embedded in the CSR strategy of larger companies and can also provide a very tangible competitive advantage later for example through access to patents that may come in handy in ever changing energy and other environmental regulations (Block 2012; Brettel et al. 2012; Cuervo Cazorra and Annique Un 2010; Husted 2005; McWilliams and Siegel 2010).

Proposing a research agenda

Derived from the proposed schema, eight themes are identified (see related numbers in Figure 1) to further the field by using a stepwise refinement research methodology based upon the maturity of the theory (Edmondson and Mcmanus 2007). The first steps need to be descriptive in nature, to assess the relevance of the individual blocks, find variables and come up with theories of quantification, subsequent correlation and ultimately explanation (Bluhm et al. 2011; Connelly et al. 2010). It is these explanations that can later be put into recommendations for policy-makers and businesses alike.

Types and utility functions of crowd investors

Using the ‘crowd’ to obtain ideas, feedback and solutions in order to develop corporate activities (Brabham 2008; Howe 2006; Kleemann et al. 2008) is nothing new. The widely available access to social media and networks makes it easy to tap a large number of people instantly. A distinct feature of the crowd was carved out in the previous paragraphs as consisting of a large number of people, each contributing little, but with a possible high combined impact (Belleflamme et al. 2010b; Whitla 2009). It has been examined that such a crowd is behaving in unforeseen, chaotic and complex manners (Drury and Reicher 1999; Drury and Stott 2011; Ivancevic et al. 2010; Massink et al. 2010) and that small activities by the company (including the omission of certain actions) can lead to a hyperbolic response by the crowd. However, what we do not know is what motivates the individuals being part of the crowd. Do these motivations differ for certain types of offered crowd investments? Previous research seems to hint at that, as there is a distinctiveness in the handling of investors between CF for donations, projects or equity (Larralde and Schwiendbacher 2012).

Kozinets et al. (2008) distinguish between four types of online consumer communities, Crowds, Hives, Mobs and Swarms, and find that collective innovation is produced both as an aggregated byproduct of everyday information consumption and as a result of the efforts of talented and motivated groups of innovative e-tribes. Their proposed typology may provide a starting point to address types of collective investors from a macro-marketing perspective, as the difference between crowd consumers and investors in CF is often only marginal.

Motivational factors, such as financial reward systems or personal involvement, may well be positively correlated to one type, but deter others. Nicholls (2010a) identifies types of social investors and their respective investment logics and creates a matrix of nine distinct models. His scenarios, each based upon the dominance of a singular investor reality, will provide an interesting counterproposition to the rationale of the crowd, consisting of equal investors with various logics.

Research in this area should therefore look into the perspective of the crowd as an emancipated entity, as well as on the individual members and their motivations

stemming from the psychological to the economical. Answers will allow SEs to serve a broader spectrum of approaches to attract and retain crowd investors and to increase efficiency through tailored approaches for target audiences.

Opportunity recognition and matchmaking

OR is at the very heart of venture creation, some scholars regard OR even as the basis of entrepreneurship (Short et al. 2010). As Lehner and Kaniskas (2012) and Corner and Ho (2010) examine, existing SE literature on OR draws upon a multitude of theoretical frameworks for their research. Among others, theories from Austrian School economists such as Schumpeter, Kirzner and Hayek (Murphy and Coombes 2009; Zahra et al. 2009) are employed and the behavioural theory of the firm (Zahra et al. 2008) is applied. In addition, closely related concepts to OR, such as Bricolage or innovation, are used to integrate OR and exploitation into a broader perspective of SE (Archer et al. 2009; Corner and Ho 2010; Marialaura Di Domenico et al. 2010; Fuglsang 2010; Nicholls 2010c; Shaw and Carter 2007). Some scholars maintain that SE opportunities are different from those found in for-profit ventures (Corner and Ho 2010; Mair and Noboa 2006; Robinson 2006). Different views on OR exist, depending on the activeness of the entrepreneur and the dispersion of available information. In CF, another perspective is added. Not only the entrepreneurs have to identify an opportunity, but also the crowd has to recognize and evaluate it. This brings an additional hurdle to the actual exploitation. In traditional financing, entrepreneurs have to deal with few, relatively sophisticated investors and need to convince them, often using business plans and forecasts. In CF, opportunities need to be communicated to a great mass of heterogeneous people, using different instruments and strategies. The individual crowd members in this model can be either (a) passive listeners acting on the available information or (b) active seekers looking for opportunities. Future research in this area will need to address this dual OR of the entrepreneur and the crowd alike, and take an eye on the SE context of OR. Findings will deliver insights on how an OR transfer can take place, from the entrepreneurs' alertness or informedness, to the crowd.

Business models and corporate governance

A distinct CG with a broad stakeholder inclusion is seen as one central and defining element in the SE literature (Beckmann 2011; Nicholls 2010b). Stakeholder participation, the division of control power not based on the number of shares, and community-based decision-making processes are part of everyday life for many social ventures (Borzaga et al. 2008; Defourny and Nyssens 2009a, 2009b; Mason et al. 2007; Travaglini 2009).

With the inclusion of the crowd, consisting of a multitude of (partly anonymous) individuals as stakeholders or even shareholders, new approaches to CG models in SE need to be addressed. It may be difficult to include the crowd in traditional decision-making processes; therefore, communication means and forms need to be created and adapted, often powered by Web-based services over the Internet. The impact of such a large number of involved people can nevertheless have several beneficial aspects. Among them are an increased legitimacy, bringing with a higher acceptance and attractiveness to invest and work for such a company (Lumpkin 2011; Patriotta et al. 2011), or a refined outlook of what is really needed through the feedback of the many. The interplay of organizational forms, types of involvement, stakeholder tailored

reporting (Nicholls 2009) and means of participation in CF may be the foremost questions to be asked in this context.

CG structures differ between countries, based upon legal requirements as well as different cultures and mindsets. Therefore, careful longitudinal enquiries in the CG structures of crowd-funded social ventures, scrutinizing the hurdles and opportunities for CF within existing CG structures, as well as respective public acceptance in a comparative fashion will provide further insights into this theme. Carmel and Harlock (2008) examine governance in the 'third sector' and bring new perspectives on the governance of what they call the 'dispersed state', which may provide an interesting starting point in such discussions.

Information economics, reporting and risk

A growing body of research literature on communication strategies in the field of investor relations (IR) is available (Bassen et al. 2010; Kirchhoff and Piwinger 2009). Different approaches to potential and existing investors are laid out, united by the commonly accepted ambitions to attract new and keep current investors, fulfil legal requirements concerning reporting and disclosure and reduce the perceived idiosyncratic risk (differing from systemic risk stemming from industry). Ultimately, the intent of these measures is to reduce the cost of capital (Millo and Mackenzie 2009) and provide a true and fair view on the risk/return ratio.

Specialized platforms on the Internet, such as Kickstarter, have been brought to life as distinct business models, addressing the perceived communication needs of ventures seeking for CF and slowly taking over the role of financial intermediaries. IR literature holds much about communication in the web-age (Singer and Cacia 2009) including the importance of network domino effects for the dispersion of information. The primacy of the simply understood socially desirable mission of a venture, however, is unique in CF IR, compared to the more ample capital market stories typically drawn up in traditional companies (Bassen et al. 2010).

Reporting practises of social entrepreneurs have been examined by Nicholls (2009, 2010b), which he describes as 'blended value accounting'. Not only financial performance is disclosed, but the reports also include discussions on the social and environmental impacts. Exactly how reporting will take place in the area of highly dispersed investors remains unclear so far. Research in this theme therefore needs to look at the role of risk and information dispersion, enquire about legal proceedings, examine the risk equivalents of crowd-investors and perhaps challenge agency theory as a whole (Heracleous and Lan 2012).

Networking and the role of platforms

Crowd-funded ventures rely heavily upon networks, mainly brought together by the Internet. Networking theory has already proven to be highly predictive in modelling the flow of various resources, such as materials, workforce but also more generally capabilities, information, business partners and opportunities in various situations (Dobrow et al. 2011; Hoang and Antoncic 2003; Mahmood et al. 2011; Martinez and Aldrich 2011; Soh 2010; Sullivan and Marvel 2011). Early research in CF for example sees a distinct approach to geographical closeness, compared to other forms of venture financing (Agrawal et al. 2011). Geographical distance does not come with the expected risk premium in CF. Also the importance of structural holes in linking cycles of crowd

investors (Batjargal 2010) in order to globally disperse information about the investment opportunity may provide a fascinating lens for enquiry.

Nodes in these networks will be the individual crowd members but more so the platforms and their respective followers. The examination of the role of these platforms as amplifiers and mediators, creating quasi super-nodes, as well as of the ties, ruled and regulated by payment providers will be crucial in getting the whole picture. Research thus would take existing networking theory and adapt it where possible in order to model the flow of communication and resources.

Discourse and legitimacy of CF

Higher legitimacy of a venture (or better of its respective opportunity) increases acceptance of its activities and helps accessing resources such as materials or workforce. In the case of CF, the legitimacy of a venture will ultimately moderate the crowd's willingness to invest in it. Legitimacy, however, is built up in a complex, recursive process, involving the individuals' values, self-pictures, needs and wants and the perceptions of the venture created by public discourse (Cornelissen and Clarke 2010; Dart 2004; Nicholls 2010c; Patriotta et al. 2011), which is difficult to predict when targeting a large heterogeneous audience.

The success of social entrepreneurs dealing in between the market, civil and public sector already depends on positive communication and thus ultimately on perceived legitimacy of their doings (Di Domenico et al. 2010; Di Domenico 2009; Lehner 2011b).

Are crowds then *per se* democratic, and is the dispersion of control in such ventures therefore always a positive thing (Drury and Reicher 1999)? Does CF for example help overcome the criticism of leaving social welfare provision in the hands and decisions of a few; as has been raised in the literature (Meyer 2009; Palier 2010)?

Research in this theme needs to be downright interdisciplinary, borrowing from the interplay between the domains of sociology and psychology, looking at the diverse fields of politics, law, international relations, communication and business, applying and modifying a diverse range of theories such as new institutionalism or contract failure theory.

There is also a methodological challenge included, as Büscher and Urry (2009) see the need for new strategies of enquiry in the age of mobile devices, which allow access to 'information at your fingertips'. This information is however condensed and often reduced of the richness of context specifics. They examine and propose the 'mobilities' paradigm in how to conduct empirical studies that better grasp the nature of movements of people, objects, information and ideas.

Challenging finance metrics and instruments in a CF environment

The capital asset pricing model (CAPM) in its various forms is still seen as a basis to many of the finance-related metrics and instruments (Andersen et al. 2007; Berger and Udell 2006; Hovakimian et al. 2001; Millo and Mackenzie 2009). The assumptions in the calculation of the weighted average cost of capital, influenced by the costs of equity based on CAPM, are still widespread accepted (Artiach and Clarkson 2011; Brown 2011; Kunc and Bhandari 2011) and serve as a guiding principle in making traditional investment decisions.

Theory claims that investors will make use of derived models to compute the necessary return on investment based on risk comparisons. However, early empirical evidence shows that in CF, most members of the crowd are more motivated by the either explicitly or implicitly proposed non-monetary value and return (Belleflamme et al. 2010b; Drury and Stott 2011). Literature suggests the further development and inclusion

of the SROI as a metrics in social ventures (Flockhart 2005) to help investors choose the highest leverage of their (social) investment.

However, so far, it has remained unclear whether such complex investment metrics really provide a decision-making tool, or are rather used to maintain some form of rationalization after the investment – which was in fact originally based upon more intrinsic choices. Especially the public sector, however, needs such tools to have a rational answer to questions about their investments and grants to social initiatives (Hennala et al. 2011; Hood 2011; Patriotta et al. 2011).

In the CF field, especially when investing in equity shares, real-options logic (Husted 2005; Levitas and Chi 2010; Scherpereel 2008; Tong and Reuer 2007), which is derived from financial markets, can provide another frame of thinking to explain investors' choices. Such thinking leads to limiting potential losses to the price of the option (the small initial investment), allows holding a bundle of strategic investment options as an answer to uncertainty and ultimately enables investors to claim their stakes when some of the ventures later gain movement and the proof of concept has been made.

Research in this theme needs to address the adaption of traditional metrics and explore new ways to measure and predict investment decisions. Perspectives from Behavioural Finance, such as 'herding', may also provide insights into the inner rationale of crowd investors (Fairchild 2011; Lehner 2004; Shleifer 2000).

Legal and regulatory perspectives in CF

Platforms addressing equity-based CF often come up with a complex scheme of control and partaking in order to avoid costly rules and regulations. Due to high public pressure in a reclining economy, the recently passed JOBS act is celebrated in media as a giant step for entrepreneurship in the USA, as it exempts some equity CF from excessive regulatory schemes (Heminway and Hoffman 2011; Parrino and Romeo 2012; Pope 2011). Such a scheme, as suggested in this act, allows smaller ventures to offer equity or securities via crowd activities, while the necessary regulations are held at a minimum. It is thus seen as a big alleviation for entrepreneurs and newly founded ventures to travel further down the growing path after the initial steps – before venture capitalists of all sorts would find the investment attractive.

Research in this theme needs to address the implications of such rules and regulations, costs being one side, but the diminished value of reporting and auditing may well be a backlash for the efforts to attract crowd-based equity investors due to rising information asymmetry, and the fear of moral hazards.

Besides international legal and comparative studies, it might also be fruitful to apply agency theory and identify for example lobbying groups and their motives (Heracleous and Lan 2012). Also the long-term impact of these new rules and regulations for crowd-funded initiatives on traditional finance market rulings for small ventures may provide further perspectives.

In addition, the role of intermediaries in CF, for example the platforms themselves, with their perceived fiduciary duties needs to be addressed in order to provide guidance to both investors and ventures (Rubinton 2011). It will be interesting to see case studies on how courts decide on the role of these intermediaries when the first moral hazards and cases of fraud appear. Is the legal system prepared for the complex scheme of CF with so many and often globally dispersed participants? A special focus might also be necessary on the payment providers. Besides taxation and currency exchange issues, their activities are under strict oversight and control by individual governments and thus politics may exert influence.

The choice and interplay of legal business forms with their inherent organizational forms has been seen to matter in capital formation (Belleflamme et al. 2010a; Dushnitsky and Shapira 2010; Edwards and Edwards 2008; Lambert et al. 2012). The SE sector shows tailored and often highly complex legal forms such as community interest companies (e.g. the CIC or L3C) with unusual organizational structures (Hill et al. 2010), providing interesting perspectives for future research in how the crowd perceives these as investment opportunities.

Conclusion

This paper has reviewed extant literature on CF and its financial underpinnings in an SE context, and has outlined eight CF-related research themes that would provide valuable information for academics, policy-makers and practitioners.

Once more we see that the complex and ambiguous nature of SE provides a fascinating playground for researchers from various disciplines (Mair and Marti 2006). The almost undefined and disputed field of CF for donations, equity or debt, even increases this convolution of terms, concepts and actions. The proposed schema of the inner workings of CF shall thus reduce ambiguity and provide a framework for researchers to find a common ground.

We need to see rigorous and robust conceptual and empirical research, drawing and developing from existing proven theories from a multitude of disciplines. Such solid research endeavours ultimately need to address and inform policy-makers and practitioners likewise in order to increase the success of CF of new (social) ventures – a worthwhile scholarly pursuit.

References

- Agrawal, A. K., C. Catalini, and A. Goldfarb. 2010. "Entrepreneurial Finance and the Flat-World Hypothesis: Evidence from Crowd-Funding Entrepreneurs in the Arts." Working Papers.
- Agrawal, A. K., C. Catalini, and A. Goldfarb. 2011. "The Geography of Crowdfunding." NBER Working Paper No. w16820. <http://ssrn.com/abstract=1770375>
- Ahlstrom, D., and G. D. Bruton. 2010. "Rapid Institutional Shifts and the Co Evolution of Entrepreneurial Firms in Transition Economies." *Entrepreneurship Theory and Practice* 34 (3): 531–554.
- Akerlof, G. A. 1970. "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism." *The Quarterly Journal of Economics* 84: 488–500.
- Altman, E. I., and G. Sabato. 2007. "Modelling Credit Risk for SMES: Evidence From the US Market." *Abacus* 43 (3): 332–357.
- Amit, R., L. Glosten, and E. Muller. 1990. "Entrepreneurial Ability, Venture Investments, and Risk Sharing." *Management Science* 36 (10): 1232–1245.
- Andersen, T. G., T. Bollerslev, P. Christoffersen, and F. X. Diebold. 2007. *Practical Volatility and Correlation Modeling for Financial Market Risk Management*. Chicago: University of Chicago Press.
- Archer, G., T. Baker, and R. Mauer. 2009. "Towards an Alternative Theory of Entrepreneurial Success: Integrating Bricolage, Effectuation and Improvisation." *Frontiers of Entrepreneurship Research* 29 (6): 4–26.
- Artiach, T. C., and P. M. Clarkson. 2011. "Disclosure, Conservatism and the Cost of Equity Capital: A Review of the Foundation Literature." *Accounting & Finance* 51 (1): 2–49.
- Balakrishnan, S., and M. P. Koza. 1993. "Information Asymmetry, Adverse Selection and Joint-Ventures* 1: Theory and Evidence." *Journal of Economic Behavior & Organization* 20(1): 99–117.
- Baron, D. P. 2007. "Corporate Social Responsibility and Social Entrepreneurship." *Journal of Economics & Management Strategy* 16 (3): 683–717.
- Bassen, A., H. Basse Mama, and H. Ramaj. 2010. "Investor Relations: A Comprehensive Overview." *Journal für Betriebswirtschaft* 60 (1): 49–79.

- Batjargal, B. 2010. "The Effects of Network's Structural Holes: Polycentric Institutions, Product Portfolio, and New Venture Growth in China and Russia." *Strategic Entrepreneurship Journal* 4 (2): 146–163.
- Bauer-Leeb, M., and E. Lundqvist. 2012. "Social Entrepreneurs and Business Angels – A Quest for Factors Facilitating Business Relationships." PhD thesis, Danube University Krems.
- Beckmann, M. 2011. "The Social Case as a Business Case: Making Sense of Social Entrepreneurship from an Ordonomic Perspective." In *Corporate Citizenship and New Governance*, edited by I. Pies and P. Koslowski, 91–115. Heidelberg: Springer-Verlag.
- Belleflamme, P., T. Lambert, and A. Schwienbacher. 2010a. "Crowdfunding: An Industrial Organization Perspective." Paper presented at Digital Business Models Conference: Understanding Strategies, Paris, France, June 25–26.
- Belleflamme, P., T. Lambert, and A. Schwienbacher. 2010b. "Crowdfunding: Tapping the Right Crowd." CORE Discussion Paper No. 2011/32. <http://ssrn.com/abstract=1578175>
- Berger, A. N., and G. F. Udell. 1998. "The Economics of Small Business Finance: The Roles of Private Equity and Debt Markets in the Financial Growth Cycle." *Journal of Banking and Finance* 22 (6–8): 613–673.
- Berger, A. N., and G. F. Udell. 2006. "A More Complete Conceptual Framework for SME Finance." *Journal of Banking & Finance* 30 (11): 2945–2966.
- Bielefeld, W. 2009. "Issues in Social Enterprise and Social Entrepreneurship." *Journal of Public Affairs Education* 15 (1): 69–86.
- Block, J. H. 2012. "R&D Investments in Family and Founder Firms: An Agency Perspective." *Journal of Business Venturing* 27 (2): 248–265.
- Bluhm, D. J., W. Harman, T. W. Lee, and T. R. Mitchell. 2011. "Qualitative Research in Management: A Decade of Progress." *Journal of Management Studies* 48 (8): 1866–1891.
- Bonoli, G., and B. Palier. 2009. "How Do Welfare States Change? Institutions and Their Impact on the Politics of Welfare State Reform in Western Europe." *European Review* 8 (3): 333–352.
- Borzaga, C., G. Galera, and R. Nogales. 2008. *Social Enterprise: A New Model for Poverty Reduction and Employment Generation. An Examination of the Concept and Practice in Europe and the Commonwealth of Independent States*. Bratislava: UNDP, EMES.
- Brabham, D. C. 2008. "Crowdsourcing as a Model for Problem Solving an Introduction and Cases." *Convergence: The International Journal of Research into New Media Technologies* 14 (1): 75–90.
- Brettel, M., R. Mauer, A. Engelen, and D. Küpper. 2012. "Corporate Effectuation: Entrepreneurial Action and Its Impact on R&D Project Performance." *Journal of Business Venturing* 27 (2): 167–184.
- Brown, S. J. 2011. "The Efficient Markets Hypothesis: The Demise of the Demon of Chance?" *Accounting & Finance* 51 (1): 79–95.
- Brown, H., and E. Murphy. 2003. *The Financing of Social Enterprises: A Special Report by the Bank of England. Domestic Finance Division, Bank of England, London*. London: Bank of England.
- Bull, M., and H. Crompton. 2006. "Business Practices in Social Enterprises." *Social Enterprise Journal* 2 (1): 42–60.
- Bull, M., R. Ridley-Duff, D. Foster, and P. Seanor. 2010. "Conceptualising Ethical Capital in Social Enterprise." *Social Enterprise Journal* 6 (3): 250–264.
- Büscher, M., and J. Urry. 2009. "Mobile Methods and the Empirical." *European Journal of Social Theory* 12 (1): 99–116.
- Carmel, E., and J. Harlock. 2008. "Instituting The 'Third Sector' as a Governable Terrain: Partnership, Procurement and Performance in the UK." *Policy & Politics* 38 (2): 155–171.
- Cha, M.-S., and Z.-T. Bae. 2010. "The Entrepreneurial Journey: From Entrepreneurial Intent to Opportunity Realization." *Journal of High Technology Management Research* 21 (1): 31–42.
- Chandler, G. N., D. R. Detienne, A. Mckelvie, and T. V. Mumford. 2011. "Causation and Effectuation Processes: A Validation Study." *Journal of Business Venturing* 26 (3): 375–390.
- Chillemi, O., and B. Gui. 1991. "Uninformed Customers and Nonprofit Organization: Modelling Contract Failure Theory." *Economics Letters* 35 (1): 5–8.
- Cho, A. H. 2006. "Politics, Values and Social Entrepreneurship: A Critical Appraisal." In *Social Entrepreneurship*, edited by J. Mair, J. Robinson, and K. Hockerts, 34–56. Hampshire: Palgrave.

- Connelly, B. L., R. D. Ireland, C. R. Reutzell, and J. E. Coombs. 2010. "The Power and Effects of Entrepreneurship Research." *Entrepreneurship Theory and Practice* 34 (1): 131–149.
- Cornelissen, J. P., and J. S. Clarke. 2010. "Imagining and Rationalizing Opportunities: Inductive Reasoning and the Creation and Justification of New Ventures." *Academy of Management Review* 35 (4): 539–557.
- Cornelius, N., M. Todres, S. Janjuha-Jivraj, A. Woods, and J. Wallace. 2008. "Corporate Social Responsibility and the Social Enterprise." *Journal of Business Ethics* 81 (2): 355–370.
- Corner, P. D., and M. Ho. 2010. "How Opportunities Develop in Social Entrepreneurship." *Entrepreneurship Theory and Practice* 34 (4): 635–659.
- Cosh, A., D. Cumming, and A. Hughes. 2009. "Outside Entrepreneurial Capital." *The Economic Journal* 119 (540): 1494–1533.
- Crowdsourcing, O. 2012. *Crowdfunding Industry Report*. New York: Ellenoff Grossman & Schole LLP.
- Cuervo Cazorra, A., and C. Annique Un. 2010. "Why Some Firms Never Invest in Formal R&D." *Strategic Management Journal* 31 (7): 759–779.
- Cumming, D. 2012. *The Oxford Handbook of Entrepreneurial Finance*. Oxford: Oxford University Press.
- Dacin, P. A., M. T. Dacin, and M. Matear. 2010. "Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward From Here." *The Academy of Management Perspectives* 24 (3): 37–57.
- Dart, R. 2004. "The Legitimacy of Social Enterprise." *Nonprofit Management and Leadership* 14 (4): 411–424.
- Deakins, D., and G. Hussain. 1994. "Risk Assessment with Asymmetric Information." *International Journal of Bank Marketing* 12 (1): 24–31.
- Defourny, J., and M. Nyssens. 2009a. "Conceptions of Social Enterprise and Social Entrepreneurship in Europe and the United States." Paper presented at the international conference on Social Enterprise, Trento, July 16.
- Defourny, J., and M. Nyssens. 2009b. "Conceptions of Social Enterprise and Social Entrepreneurship in Europe and the United States: Convergences and Divergences." Paper presented at the second EMES international conference on Social Enterprise, in Trento, Italy.
- Delanoë, S. 2011. "An Individual-Level Perspective for Assessing Nascent Venturing Outcomes." *Journal of Small Business and Enterprise Development* 18 (2): 232–250.
- Di Domenico, M. L. 2009. "The Dialectic of Social Exchange: Theorising Corporate-Social Enterprise Collaboration." *Organization Studies* 30 (8): 887–907.
- Di Domenico, M., H. Haugh, and P. Tracey. 2010. "Social Bricolage: Theorizing Social Value Creation in Social Enterprises." *Entrepreneurship Theory and Practice* 34 (4): 681–703.
- Dobrow, S. R., D. E. Chandler, W. M. Murphy, and K. E. Kram. 2011. "A Review of Developmental Networks: Incorporating a Mutuality Perspective." *Journal of Management* 38 (1): 210–242.
- Drayton, B. 2006. "Everyone a Changemaker: Social Entrepreneurship's Uitimate Goal." *Innovations* 1 (1): 80–96.
- Drury, J., and S. Reicher. 1999. "The Intergroup Dynamics of Collective Empowerment: Substantiating the Social Identity Model of Crowd Behavior." *Group Processes & Intergroup Relations* 2 (4): 381–402.
- Drury, J., and C. Stott. 2011. "Contextualising the Crowd in Contemporary Social Science." *Contemporary Social Science* 6 (3): 275–288.
- Duckett, S., and H. Swerissen. 1996. "Specific Purpose Programs in Human Services and Health: Moving from an Input to an Output and Outcome Focus." *Australian Journal of Public Administration* 55 (3): 7–17.
- Dushnitsky, G., and Z. Shapira. 2010. "Entrepreneurial Finance Meets Organizational Reality: Comparing Investment Practices and Performance of Corporate and Independent Venture Capitalists." *Strategic Management Journal* 31 (9): 990–1017.
- Edmondson, A., and S. Mcmanus. 2007. "Methodological Fit in Management Field Research." *Academy of Management Review* 32 (4): 1155–1179.
- Edwards, J. M., and M. E. J. M. Edwards. 2008. *Hybrid Organizations: Social Enterprise and Social Entrepreneurship*. Honolulu: Lulu.Com.
- Ekedahl, M., and Y. Wengström. 2010. "Caritas, Spirituality and Religiosity in Nurses' Coping." *European Journal of Cancer Care* 19 (4): 530–537.

- Esping-Andersen, G. 2006. "The Three Worlds of Welfare Capitalism." In *The Welfare State Reader*. 2nd ed. Cambridge: Polity Press.
- Fairchild, R. 2011. "An Entrepreneur's Choice of Venture Capitalist or Angel-Financing: A Behavioral Game-Theoretic Approach." *Journal of Business Venturing* 26 (3): 359–374.
- Fayolle, A., P. Kyro, and J. Ulijn. 2005. "The Entrepreneurship Debate in Europe: A Matter of History and Culture?" In *Entrepreneurship Research in Europe: Outcomes and Perspectives*, edited by A. Fayolle, P. Kyrö, and J. Ulijn, 1–34. Cheltenham: Edward Elgar Publishing Limited.
- Fedele, A., and R. Miniaci. 2010. "Do Social Enterprises Finance Their Investments Differently from For-Profit Firms? The Case of Social Residential Services in Italy." *Journal of Social Entrepreneurship* 1 (2): 174–189.
- Ferrera, M., A. Hemerijck, and M. Rhodes. 2004. *The Future of European Welfare States: Recasting Welfare for a New Century*. Oxford: Oxford University Press.
- Firth, N. 2012. "Crowdfunding Successes Show Value of Small Donations." *The New Scientist* 213 (2858): 1–22.
- Flockhart, A. 2005. "Raising the Profile of Social Enterprises: The Use of Social Return on Investment (SROI) and Investment Ready Tools (IRT) to Bridge the Financial Credibility Gap." *Social Enterprise Journal* 1 (1): 29–42.
- Fox, S. 2012. "The New Do-It-Yourself Paradigm: Financial and Ethical Rewards for Businesses." *Journal of Business Strategy* 33 (1): 21–26.
- Frumkin, P., and M. T. Kim. 2001. "Strategic Positioning and the Financing of Nonprofit Organizations: Is Efficiency Rewarded in the Contributions Marketplace?" *Public Administration Review* 61 (3): 266–275.
- Fuglsang, L. 2010. "Bricolage and Invisible Innovation in Public Service Innovation." *Journal of Innovation Economics* 1 (5): 67–87.
- Galera, G., and C. Borzaga. 2009. "Social Enterprise: An International Overview of Its Conceptual Evolution and Legal Implementation." *Social Enterprise Journal* 5 (3): 210–228.
- Gallego-Álvarez, I., J. M. Prado-Lorenzo, and I.-M. García-Sánchez. 2011. "Corporate Social Responsibility and Innovation: A Resource-Based Theory." *Management Decision* 49 (10): 1709–1727.
- Gundry, L. K., J. R. Kickul, M. D. Griffiths, and S. C. Bacq. 2011. "Creating Social Change Out of Nothing: The Role of Entrepreneurial Bricolage in Social Entrepreneurs' Catalytic Innovations." *Social and Sustainable Entrepreneurship* 13: 1–24.
- Gunn, R., C. Durkin, G. Singh, and J. Brown. 2008. "Social Entrepreneurship in the Social Policy Curriculum." *Social Enterprise Journal* 4 (1): 74–80.
- Hansmann, H. 1987. "Economic Theories of Nonprofit Organization." In *The Nonprofit Sector: A Research Handbook*, edited by W.W. Powell, 27–42. New Haven: Yale University Press.
- Haug, H. 2006. "Nonprofit Social Entrepreneurship." In *The Life Cycle of Entrepreneurial Ventures*, edited by S. Parker, 401–436. Cambridge: University of Cambridge.
- Heminway, J., and S. Hoffman. 2010–2011. "Proceed at Your Peril: Crowdfunding and the Securities Act of 1933." *Tennessee Law Review* (78): 879–922.
- Hennala, L., S. Parjanen, and T. Uotila. 2011. "Challenges of Multi-Actor Involvement in the Public Sector Front-End Innovation Processes: Constructing an Open Innovation Model for Developing Well-Being Services." *European Journal of Innovation Management* 14 (3): 364–387.
- Heracleous, L., and L. L. Lan. 2012. "Agency Theory, Institutional Sensitivity, and Inductive Reasoning: Towards a Legal Perspective." *Journal of Management Studies* 49 (1): 223–239.
- Herman, R., and D. Renz. 2008. "Advancing Nonprofit Organizational Effectiveness Research and Theory: Nine Theses." *Nonprofit Management and Leadership* 18 (4): 399–415.
- Hill, T., T. Kothari, and M. Shea. 2010. "Patterns of Meaning in the Social Entrepreneurship Literature: A Research Platform." *Journal of Social Entrepreneurship* 1 (1): 5–31.
- Hmieleski, K. M., and R. A. Baron. 2008. "Regulatory Focus and New Venture Performance: A Study of Entrepreneurial Opportunity Exploitation Under Conditions of Risk Versus Uncertainty." *Strategic Entrepreneurship Journal* 2 (4): 285–299.
- Hoang, H., and B. Antoncic. 2003. "Network-Based Research in Entrepreneurship: A Critical Review." *Journal of Business Venturing* 18 (2): 165–187.
- Hood, C. 2011. "Public Management Research on the Road from Consilience to Experimentation?" *Public Management Review* 13 (2): 321–326.

- Hovakimian, A., T. Opler, and S. Titman. 2001. "The Debt-Equity Choice." *Journal of Financial and Quantitative Analysis* 36 (1): 1–24.
- Howe, J. 2006. "The Rise of Crowdsourcing." *Wired Magazine* 14 (6): 1–4.
- Huang, K.-H., and T. H. -K. Yu. 2011. "Entrepreneurship, Process Innovation and Value Creation by a Non-Profit SME." *Management Decision* 49 (2): 284–296.
- Husted, B. W. 2005. "Risk Management, Real Options, Corporate Social Responsibility." *Journal of Business Ethics* 60 (2): 175–183.
- Hynes, B. 2009. "Growing the Social Enterprise – Issues and Challenges." *Social Enterprise Journal* 5 (2): 114–125.
- Irwin, D., and J. M. Scott. 2010. "Barriers Faced by SMEs in Raising Bank Finance." *International Journal of Entrepreneurial Behaviour & Research* 16 (3): 245–259.
- Ivancevic, V. G., D. J. Reid, and E. V. Aidman. 2010. "Crowd Behavior Dynamics: Entropic Path-Integral Model." *Nonlinear Dynamics* 59 (1): 351–373.
- Janney, J. J., and S. Gove. 2011. "Reputation and Corporate Social Responsibility Aberrations, Trends, and Hypocrisy: Reactions to Firm Choices in the Stock Option Backdating Scandal." *Journal of Management Studies* 48 (7): 1562–1585.
- Kerlin, J. 2006. "Social Enterprise in the United States and Europe: Understanding and Learning from the Differences." *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 17 (3): 246–262.
- Kirchhoff, K. R., and M. Piwinger. 2009. *Praxishandbuch Investor Relations: Das Standardwerk der Finanzkommunikation*. Wiesbaden: Gabler.
- Kittur, A. 2010. "Crowdsourcing, Collaboration and Creativity." *XRDS* 17 (2): 22–26.
- Kleemann, F., G. G. Voß, and K. Rieder. 2008. "Un (der) Paid Innovators: The Commercial Utilization of Consumer Work Through Crowdsourcing." *Science, Technology & Innovation Studies* 4 (1): 5–26.
- Korsgaard, S. 2011. "Opportunity Formation in Social Entrepreneurship." *Journal of Enterprising Communities: People and Places in the Global Economy* 5 (4): 265–285.
- Kozinets, R. V., A. Hemetsberger, and H. J. Schau. 2008. "The Wisdom of Consumer Crowds Collective Innovation in the Age of Networked Marketing." *Journal of Macromarketing* 28 (4): 339–354.
- Kreiser, P. M., L. D. Marino, P. Dickson, and K. M. Weaver. 2010. "Cultural Influences on Entrepreneurial Orientation: The Impact of National Culture on Risk Taking and Proactiveness in SMES." *Entrepreneurship Theory and Practice* 34 (5): 959–983.
- Kunc, M., and M. R. Bhandari. 2011. "Strategic Development Processes During Economic and Financial Crisis." *Management Decision* 49 (8): 1343–1353.
- Lam, W. 2010. "Funding Gap, What Funding Gap? Financial Bootstrapping: Supply, Demand and Creation of Entrepreneurial Finance." *International Journal of Entrepreneurial Behaviour & Research* 16 (4): 268–295.
- Lambert, R. A., C. Leuz, and R. E. Verrecchia. 2012. "Information Asymmetry, Information Precision, and the Cost of Capital." *Review of Finance* 16 (1): 1–29.
- Lambert, T., and A. Schwiendbacher. 2010. "An Empirical Analysis of Crowdfunding." Working Paper, University de Louvain France.
- Laratta, R. 2010. "Ethical Climate in Nonprofit and Government Sectors: The Case of Japan." *Social Enterprise Journal* 6 (3): 225–249.
- Larralde, B., and A. Schwiendbacher. 2012. "Crowdfunding of Small Entrepreneurial Ventures." In *The Oxford Handbook of Entrepreneurial Finance*, edited by D. Cumming. Vol. 369. New York: Oxford University Press.
- Lehner, O. M. 2004. "A Survey of Behavioral Finance." *Journal of Banking and Finance in Austria* 1 (2): 1–22.
- Lehner, O. M. 2011a. "The Phenomenon of Social Enterprise in Austria: A Triangulated Descriptive Study." *Journal of Social Entrepreneurship* 2 (1): 53–78.
- Lehner, O. M. 2011b. *Social Entrepreneurship Perspectives: Triangulated Approaches to Hybridity*. *Studies in Business and Economics*, edited by T. Tuomo. Vol. 111. Jyväskylä: JSBE.
- Lehner, O. M., and J. Kaniskas. 2012. "Opportunity Recognition in Social Entrepreneurship: A Thematic Meta Analysis." *Journal of Entrepreneurship* 21 (1): 25–58.
- Levander, U. 2010. "Social Enterprise: Implications of Emerging Institutionalized Constructions." *Journal of Social Entrepreneurship* 1 (2): 213–230.

- Levitas, E., and T. Chi. 2010. "A Look at the Value Creation Effects of Patenting and Capital Investment Through a Real Options Lens: The Moderating Role of Uncertainty." *Strategic Entrepreneurship Journal* 4 (3): 212–233.
- Lim, D. S. K., E. A. Morse, R. K. Mitchell, and K. K. Seawright. 2010. "Institutional Environment and Entrepreneurial Cognitions: A Comparative Business Systems Perspective." *Entrepreneurship Theory and Practice* 34 (3): 491–516.
- Lumpkin, G. T. 2011. "From Legitimacy to Impact: Moving the Field Forward by Asking How Entrepreneurship Informs Life." *Strategic Entrepreneurship Journal* 5 (1): 3–9.
- Mahmood, I. P., H. Zhu, and E. J. Zajac. 2011. "Where Can Capabilities Come From? Network Ties and Capability Acquisition in Business Groups." *Strategic Management Journal* 32 (8): 820–848.
- Mair, J., and I. Marti. 2006. "Social Entrepreneurship Research: A Source of Explanation, Prediction, and Delight." *Journal of World Business* 41 (1): 36–44.
- Mair, J., and I. Marti. 2009. "Entrepreneurship in and Around Institutional Voids: A Case Study from Bangladesh." *Journal of Business Venturing* 24 (5): 419–435.
- Mair, J., and E. Noboa. 2006. "Social Entrepreneurship: How Intentions to Create a Social Venture Are Formed." In *Social Entrepreneurship*, edited by J. Mair, J. Robinson, and K. Hockerts, 121–135. New York: Palgrave Macmillan.
- Martin, T. 2012. "The Jobs Act of 2012: Balancing Fundamental Securities Law Principals with the Demands of the Crowd." Available at SSRN 2040953.
- Martinez, M. A., and H. E. Aldrich. 2011. "Networking Strategies for Entrepreneurs: Balancing Cohesion and Diversity." *International Journal of Entrepreneurial Behaviour & Research* 17 (1): 7–38.
- Mason, C., J. Kirkbride, and D. Bryde. 2007. "From Stakeholders to Institutions: The Changing Face of Social Enterprise Governance Theory." *Management Decision* 45 (2): 284–301.
- Massink, M., D. Latella, A. Bracciali, and J. Hillston. 2010. "Combined Process Algebraic, Agent and Fluid Flow Approach to Emergent Crowd Behaviour." CNR-ISTI Technical Report.
- McWilliams, A., and D. S. Siegel. 2010. "Creating and Capturing Value: Strategic Corporate Social Responsibility, Resource-Based Theory, and Sustainable Competitive Advantage." *Journal of Management* 37 (5): 1480–1495.
- Meuleman, M., K. Amess, M. Wright, and L. Scholes. 2009. "Agency, Strategic Entrepreneurship, and the Performance of Private Equity Backed Buyouts." *Entrepreneurship Theory and Practice* 33 (1): 213–239.
- Meyer, M. 2009. "Wie viel wirtschaft verträgt die zivilgesellschaft? Über möglichkeiten und grenzen wirtschaftlicher rationalität in npos." In *Bürgergesellschaft als projekt*, edited by I. Bode, A. Evers, and A. Klein, 127–144. Wiesbaden: VS Verlag für Sozialwissenschaften.
- Meyer, K. E., S. Estrin, S. K. Bhaumik, and M. W. Peng. 2009. "Institutions, Resources, and Entry Strategies in Emerging Economies." *Strategic Management Journal* 30 (1): 61–80.
- Meyskens, M., C. Robb-Post, J. A. Stamp, A. L. Carsrud, and P. D. Reynolds. 2010. "Social Ventures from a Resource-Based Perspective: An Exploratory Study Assessing Global Ashoka Fellows." *Entrepreneurship Theory and Practice* 34 (4): 661–680.
- Millo, Y., and D. Mackenzie. 2009. "The Usefulness of Inaccurate Models: Towards an Understanding of the Emergence of Financial Risk Management." *Accounting, Organizations and Society* 34 (5): 638–653.
- Moss, T. W., J. C. Short, G. T. Payne, and G. Lumpkin. 2011. "Dual Identities in Social Ventures: An Exploratory Study." *Entrepreneurship Theory and Practice* 35 (4): 805–830.
- Muller, A., and R. Kräussl. 2011. "Doing Good Deeds in Times of Need: A Strategic Perspective on Corporate Disaster Donations." *Strategic Management Journal* 32 (9): 911–929.
- Murphy, P., and S. Coombes. 2009. "A Model of Social Entrepreneurial Discovery." *Journal of Business Ethics* 87 (3): 325–336.
- Nicholls, A. 2009. "'We Do Good Things, Don't We?': 'Blended Value Accounting' in Social Entrepreneurship." *Accounting, Organizations and Society* 34 (6–7): 755–769.
- Nicholls, A. 2010a. "The Institutionalization of Social Investment: The Interplay of Investment Logics and Investor Rationalities." *Journal of Social Entrepreneurship* 1 (1): 70–100.
- Nicholls, A. 2010b. "Institutionalizing Social Entrepreneurship in Regulatory Space: Reporting and Disclosure by Community Interest Companies." *Accounting, Organizations and Society* 35 (4): 394–415.

- Nicholls, A. 2010c. "The Legitimacy of Social Entrepreneurship: Reflexive Isomorphism in a Pre-Paradigmatic Field." *Entrepreneurship Theory and Practice* 34 (4): 611–633.
- Nyssens, M., S. Adam, and T. Johnson. 2006. *Social Enterprise: At the Crossroads of Market, Public Policies and Civil Society Routledge Studies in the Management of Voluntary and Non-Profit Organizations*. London and New York: Routledge.
- Palier, B. 2010. *A Long Goodbye to Bismarck?: The Politics of Welfare Reform in Continental Europe*. Amsterdam: Amsterdam University Press.
- Parrino, R. J., and P. J. Romeo. 2012. "Jobs Act Eases Securities-Law Regulation of Smaller Companies." *Journal of Investment Compliance* 13 (3): 27–35.
- Patriotta, G., J.-P. Gond, and F. Schultz. 2011. "Maintaining Legitimacy: Controversies, Orders of Worth, and Public Justifications." *Journal of Management Studies* 48 (8): 1804–1836.
- Perry, J. T., G. N. Chandler, and G. Markova. 2012. "Entrepreneurial Effectuation: A Review and Suggestions for Future Research." *Entrepreneurship Theory and Practice* 36 (4): 837–861.
- Pope, N. 2011. "Crowdfunding Microstartups: It's Time for the Securities and Exchange Commission to Approve a Small Offering Exemption." *Journal of Business Law* 13 (4): 973–1002.
- Qiongzhi, L. 2007. "Efficiency Measurement and Quantity Optimization of Public Outcome: Based on Objective of Social Justice Output ." http://en.cnki.com.cn/Article_en/CJFDTOTAL-NDSP200702007.htm
- Reyes, L. F. M., and S. Finken. 2012. "Social Media as a Platform for Participatory Design." In *Proceedings of the 12th Participatory Design Conference: Exploratory Papers, Workshop Descriptions, Industry Cases-Volume 2*, 89–92. ACM, Roskilde, Denmark, August 12–16.
- Ridley-Duff, R. 2008. "Social Enterprise as a Socially Rational Business." *International Journal of Entrepreneurial Behaviour and Research* 14 (5): 291–312.
- Ridley-Duff, R. 2009. "Co-Operative Social Enterprises: Company Rules, Access to Finance and Management Practice." *Social Enterprise Journal* 5 (1): 50–68.
- Ridley-Duff, R. 2010. "Communitarian Governance in Social Enterprises: Case Evidence from the Mondragon Cooperative Corporation and School Trends Ltd." *Social Enterprise Journal* 6 (2): 125–145.
- Robinson, J., ed. 2006. *Navigating Social and Institutional Barriers to Markets: How Social Entrepreneurs Identify and Evaluate Opportunities*. New York: Palgrave Macmillan.
- Rubinton, B. J., 2011. "Crowdfunding: Disintermediated Investment Banking." <http://ssrn.com/abstract=1807204>
- Ruebottom, T. 2011. "Counting Social Change: Outcome Measures for Social Enterprise." *Social Enterprise Journal* 7 (2): 173–182.
- Ruvinsky, J. 2012. "Making Businesses More Responsible." *Stanford Social Innovation Review*, no. Winter 2012: 7–10.
- Scarlata, M., and L. Alemany, eds. 2012. *Philanthropic Venture Capital from a Global Perspective*. Oxford: Oxford University Press.
- Scherpereel, C. M. 2008. "The Option Creating Institution: A Real Options Perspective on Economic Organization." *Strategic Management Journal* 29 (5): 455–470.
- Schnatterly, K., K. W. Shaw, and W. W. Jennings. 2008. "Information Advantages of Large Institutional Owners." *Strategic Management Journal* 29 (2): 219.
- Schwiebacher, A., and B. Larralde. 2010. "Crowdfunding of small entrepreneurial ventures." In *The Oxford Handbook of Entrepreneurial Finance*, edited by Douglas Cumming, 369–392. Oxford: Oxford University Press.
- SEC (Social Enterprise Coalition). 2004. *Unlocking the Potential: A Guide to Finance for Social Enterprises*. London: Social Enterprise Coalition.
- Seghers, A., S. Manigart, and T. Vanacker. 2012. "The Impact of Human and Social Capital on Entrepreneurs' Knowledge of Finance Alternatives." *Journal of Small Business Management* 50 (1): 63–86.
- SEL (Social Enterprise London). 2001. *Introducing Social Enterprise*. London: Social Enterprise London.
- Sharfman, M. P., and C. S. Fernando. 2008. "Environmental Risk Management and the Cost of Capital." *Strategic Management Journal* 29 (6): 569–592.
- Shaw, E., and S. Carter. 2007. "Social Entrepreneurship: Theoretical Antecedents and Empirical Analysis of Entrepreneurial Processes and Outcomes." *Journal of Small Business and Enterprise Development* 14 (3): 418–434.

- Shleifer, A. 2000. *Inefficient Markets: An Introduction to Behavioral Finance*. Oxford: Oxford University Press.
- Short, J., D. Ketchen, C. Shook, and R. Ireland. 2010. "The Concept of "Opportunity" in Entrepreneurship Research: Past accomplishments and Future Challenges." *Journal of Management* 36 (1): 40–65.
- Singer, P., and C. Cacia. 2009. "The Role of Web Investor Relations for Mitigating and Manage Stock Exchange Liquidity and Enterprise Risks." Paper presented at 9th Global Conference on Business & Economics, Cambridge University, UK. October 16–17.
- Soh, P. H. 2010. "Network Patterns and Competitive Advantage Before the Emergence of a Dominant Design." *Strategic Management Journal* 31 (4): 438–461.
- Sullivan, D. M., and M. R. Marvel. 2011. "Knowledge Acquisition, Network Reliance, and Early-Stage Technology Venture Outcomes." *Journal of Management Studies* 48 (6): 1169–1193.
- Tong, T. W., and J. J. Reuer. 2007. "Real Options in Strategic Management." *Advances in Strategic Management* 24: 3–28.
- Travaglini, C. 2009. "Social Enterprise in Europe: Governance Models." In *Second EMES International Conference on Social Enterprise*. Trento: EMES.
- Vaccaro, I. G., J. J. P. Jansen, F. A. J. Van Den Bosch, and H. W. Volberda. 2012. "Management Innovation and Leadership: The Moderating Role of Organizational Size." *Journal of Management Studies* 49 (1): 28–51.
- Valenzuela, S., A. Arriagada, and A. Scherman. 2012. "The Social Media Basis of Youth Protest Behavior: The Case of Chile." *Journal of Communication* 62 (2): 299–314.
- Van Slyke, D. M. 2006. "Agents or Stewards: Using Theory to Understand the Government-Nonprofit Social Service Contracting Relationship." *Journal of Public Administration Research and Theory* 17 (2): 157–187.
- Wang, H., and S. S. Lim. 2008. "Real Options and Real Value: The Role of Employee Incentives to Make Specific Knowledge Investments." *Strategic Management Journal* 29 (7): 701–721.
- Ward, C., and V. Ramachandran. 2010. "Crowdfunding the Next Hit: Microfunding Online Experience Goods." Paper presented at Computational Social Science and the Wisdom of Crowds, Whistler, Canada, December 10.
- Whitla, P. 2009. "Crowdsourcing and Its Application in Marketing Activities." *Contemporary Management Research* 5 (1): 15–28.
- Williamson, O. E. 1988. "Corporate Finance and Corporate Governance." *Journal of Finance* 43 (3): 567–591.
- Yunus, M., and K. Weber. 2007. *Creating a World Without Poverty: Social Business and the Future of Capitalism*. New York: Public Affairs.
- Zahra, S., E. Gedajlovic, D. Neubaum, and J. Shulman. 2009. "A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges." *Journal of Business Venturing* 24 (5): 519–532.
- Zahra, S., H. Rawhouser, N. Bhawe, D. Neubaum, and J. Hayton. 2008. "Globalization of Social Entrepreneurship Opportunities." *Strategic Entrepreneurship Journal* 2 (2): 117–131.