



DigiFunCollab

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Lesson: Crowdsourcing techniques

Module: Social Enterprise Funding and Financial
Management

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1 Crowdfunding explained

1.1 Introduction

“Crowdfunding is a way of raising money to finance projects and businesses. It enables fundraisers to collect money from many people via online platforms”¹. Crowdfunding is about building and connecting with your community. The “money part” comes after entrepreneur succeed with the connecting part. Crowdfunding campaigns can be run with minimal costs compared to traditional fundraising methods (Ali et al., 2023; Schätzlein et al., 2023).

Depending on the type of crowdfunding, investors either donate money altruistically or get rewards such as equity in the company that raised the money. By connecting investors and entrepreneurs through the *extensive reach of social media and crowdfunding platforms*, crowdfunding has the potential to boost entrepreneurship by broadening the pool of possible investors beyond the conventional network of owners, family, and venture capitalists. Crowdfunding is powered by online marketing and public relations techniques (strategies) (Schätzlein et al., 2023).

Crowdfunding has emerged as a powerful tool for social enterprises seeking to raise capital. The literature review has identified four main themes most debated: crowdfunding for social entrepreneurship, impact investing in social enterprises, crowdfunding as an innovative way to fund social entrepreneurship and innovation (Talukder & Lakner, 2023). Furthermore, researchers have supported the idea that there has been a steady increase in social enterprises crowdfunding, with the USA being the main research region. Emerging topics include performance, impact, altruism, motivation, and commercialization (Ali et al., 2023; Talukder & Lakner, 2023).

Furthermore, (Ali et al., 2023) underlined that the use of crowdfunding in social entrepreneurship depends on several aspects as following:

- *Crowdfunding success factors*: The success of crowdfunding campaigns depends on how well the campaign is presented and the number of people approached.
- *Role of social media*: Social media platforms like Facebook, LinkedIn, Instagram, Twitter, and YouTube play a crucial role in reaching a large audience and increasing the success of crowdfunding campaigns.
- *Engagement and information*: Engagement through social media provides quick conversations and information richness, which are essential for crowdfunding success.
- *Positive influence*: Studies have shown a positive link between social media engagement and the success of crowdfunding campaigns for social enterprises

According to (Chandna, 2022) some key tendencies of social entrepreneurship in using

¹ European Commission. Crowdfunding explained. Retrieved from: https://single-market-economy.ec.europa.eu/access-finance/guide-crowdfunding/what-crowdfunding/crowdfunding-explained_en#:~:text=It%20enables%20fundraisers%20to%20collect,of%20people%20via%20online%20platforms (Access 26-07-2024)

crowdfunding has been identified:

- *Unique Needs:* Social entrepreneurs often face unique challenges, such as legitimacy issues and lack of traditional funding avenues, which crowdfunding can help mitigate.
- *Resource Sharing:* Crowdfunding is not just about financial resources; it also involves sharing creative ideas, skills, and time, aligning with the sharing economy.
- *Digital Platforms:* The use of digital platforms is crucial for social entrepreneurs to connect with a wide audience, gather resources, and collaborate effectively.
- *Community Engagement:* Crowdfunding fosters a sense of community and collaboration, which is essential for the success of social-entrepreneurial ventures.

Social enterprises benefit from using crowdfunding techniques due to several key advantages. Research indicates that social ventures with greater internal resources, strong partnerships, and active communication with backers through social media tend to be more successful in raising funds through crowdfunding (Chen, 2023). Additionally, crowdfunding provides a viable alternative fundraising tool for sustainable enterprises with social and environmental orientations, helping them overcome difficulties in obtaining funds from traditional sources (Gosain, 2022).

Moreover, during challenging times of the COVID-19 pandemic, social enterprises have demonstrated resilience by leveraging crowdfunding as a tool for economic growth and achieving Sustainable Development Goals (SDGs), facing difficulties and struggled to attract sufficient funds for their viability (Farhoud et al., 2021; Haq et al., 2022). In addition, crowdfunding aligns well with the principles of social entrepreneurship, offering an innovative solution to financial challenges faced by social entrepreneurs globally (Altindağ, 2021).

Overall, crowdfunding empowers social enterprises by enabling them to access funding, engage with supporters, and drive positive social and environmental impact. In synthesis, here are some **key advantages** of using crowdfunding techniques:

Direct Connection with Supporters

- *Community Building:* Crowdfunding platforms facilitate direct interaction with potential supporters who share your social mission.
- *Customer Acquisition:* Backers often become loyal customers or advocates for your business².

Access to a Wide Investor Base

- *Diverse Funding Sources:* Crowdfunding allows tapping into a large pool of investors, beyond traditional financial institutions³.

² Fundable. The benefits of of Crowdfunding. Retrieved from: <https://www.fundable.com/learn/resources/guides/crowdfunding/the-benefits-of-crowdfunding> (Access 26-07-2024)

³ Investopedia. Crowdfunding: What It Is, How It Works, and Popular Websites. Retrieved from: <https://www.investopedia.com/terms/c/crowdfunding.asp#:~:text=The%20most%20obvious%20advantage%20of,more%20diverse%20group%20of%20investors> (Access 26-07-2024)

- **Geographic Reach:** There can reach investors worldwide, expanding the potential funding base.

Market Validation

- **Proof of Concept:** Successful crowdfunding campaigns demonstrate market interest and demand for your product or service⁴.
- **Feedback:** Backers often provide valuable feedback on your business idea, helping you refine your product or service⁵.

Cost-Effective Fundraising

- **Lower Fees:** Crowdfunding platforms typically charge lower fees compared to traditional fundraising methods.
- **No Equity Dilution:** In rewards-based crowdfunding, the campaign initiator retains full ownership of the business⁶.

Increased Visibility and Brand Awareness

- **Marketing Tool:** Crowdfunding can generate significant media attention and increase brand visibility.
- **Storytelling:** Platforms allow users to share their social impact story with a wide audience.

Flexibility

- **Multiple Models:** Crowdfunding offers various models (reward-based, equity, donation-based) to suit your business needs⁷.
- **Campaign Customization:** You can tailor your crowdfunding campaign to your specific goals and audience.

By leveraging these advantages, social enterprises can effectively raise funds, build a strong community, and create a positive impact. But there are *some disadvantages* of crowdsourcing, too. The reputational harm crowdsourcing might bring to you or your business, platform fees, and the possibility that investors could receive their money back if you fail to raise the required amount of money are some potential drawbacks of crowdfunding.

⁴ Odjick, D. (2021). How To Do Crowdfunding: With Expert Tips and Examples from Successful Campaigns. Retrieved from: <https://www.shopify.com/blog/crowdfunding> (Access 26-07-2024)

⁵ Nibusinessinfo.co.uk. Crowdfunding - Advantages and disadvantages of crowdfunding. Retrieved from: <https://www.nibusinessinfo.co.uk/content/advantages-and-disadvantages-crowdfunding> (Access 26-07-2024)

⁶ Zimmermann, J. (2020). Rewards-Based Crowdfunding: What It Is, When It Works. Retrieved from: <https://www.nerdwallet.com/article/small-business/rewards-based-crowdfunding#:~:text=You%20retain%20all%20equity%20and,customer%20base%20and%20brand%20awareness> (Access 26-07-2024)

⁷ Graumann, A. (2024). Pros and Cons of Crowdfunding for Your Startup. Retrieved from: <https://visible.vc/blog/pros-and-cons-of-crowdfunding/> (Access 26-07-2024)

1.2 How to develop a crowdfunding campaign

1.2.1 Steps on developing a crowdfunding campaign

Developing a successful crowdfunding campaign requires careful planning and execution focusing on three main aspects: (1) research/plan; (2) Build, build, refine; (3) follow, monitor and control the impressions and site traffic. A step-by-step guide for developing a crowdfunding campaign is described in the following:

1. Define Your Campaign Goals

- Set a clear goal: Determine the exact amount you need to raise.
- Define your target audience: Identify the people most likely to support your project.
- Choose a crowdfunding platform: Select a platform that aligns with your project and target audience.

2. Create a Compelling Story

- Develop a strong narrative: Share your passion and the impact of your project.
- Highlight your social mission: Explain how your project will create positive change.
- Use visuals: Images and videos can significantly enhance your campaign.

3. Offer Attractive Rewards

- Create a variety of rewards: Offer something for everyone, from small perks to exclusive rewards.
- Make rewards tangible: People are more likely to back a project if they can see a tangible benefit.
- Consider early bird specials: Offer limited-time incentives to encourage early support.

4. Build a Strong Online Presence

- Create a dedicated campaign website: This can help build credibility and provide additional information.
- Leverage social media: Promote your campaign across all your social channels.
- Build an email list: Collect email addresses to stay in touch with potential backers.

5. Engage with Your Audience

- Respond to comments and messages: Show your appreciation for backers' support.
- Provide regular updates: Keep backers informed about your project's progress.
- Offer exclusive content: Reward backers with behind-the-scenes content.

6. Launch and Promote

- Create a launch plan: Outline your promotional activities for the first few days.

- Leverage your network: Reach out to friends, family, and influencers to support your campaign.
- Utilize paid advertising: Consider targeted ads to reach a wider audience.

7. Manage Your Campaign

- Track your progress: Monitor your campaign's performance and adjust your strategy as needed.
- Build momentum: Encourage early backers to share your campaign with their networks.
- Prepare for fulfillment: Organize the process of delivering rewards to backers.

By following these steps and continuously engaging with your audience, you can increase your chances of successfully funding your social enterprise through crowdfunding.

Tips for preparing the crowdsourcing campaign are:

- Set realistic funding goals;
- Offer a clear timeline for your project;
- Build a strong team to support your campaign;
- Be prepared to adapt your plans based on feedback.

1.2.2 Crowdsourcing Models with Explanations

Social enterprises utilize various crowdsourcing models to engage with the community and raise funds for social projects. One prevalent model is crowdfunding, which involves collective cooperation through online platforms to support initiatives for social goals, providing a new financial instrument for *social ventures* (Bernardino et al., 2016; Comite, 2018; Borrero-Domínguez et al., 2020).

Additionally, enterprise crowdsourcing capitalizes on in-house data processing by engaging employees through gamification techniques, fostering competitive and collaborative social dynamics within the enterprise (Afentoulidis et al., 2018). Crowdsourcing platforms, like Wikipedia, exemplify collaborative environments where users contribute to creating knowledge, albeit facing challenges such as vandalism that negatively impacts content quality (Ali et al., 2022).

In a synthesis, there are presented five crowdsourcing models together with considerations on their used by social enterprises:

1. Rewards-Based Crowdfunding: In this kind, supporters receive benefits or prizes in exchange for their contributions. These benefits might include first dibs on items, special goods, or tailored experiences. This model of crowdfunding is appropriate for social initiatives of artists, startups, or in the case of product-focused businesses looking to connect with their audience and encourage support with material gains.

(Stapylton-Smith, 2015) suggests that reward-based crowdfunding is the most suitable model for social entrepreneurship. “This is because it allows social entrepreneurs to leverage their commitment to social or environmental issues to attract funding”. Unlike other models, reward-based

crowdfunding focuses on offering non-financial rewards, which aligns well with the goals of social enterprises that aim to be financially autonomous without promising high financial returns.

This form of crowdfunding not only opens additional financing options but also aids in risk mitigation, product development, market research, target audience communication, and distribution. The success of such campaigns is significantly influenced by the strategic use of social media, which helps reduce information asymmetries between backers and starters and activates social networks to enhance campaign success (Kizilkan & Schulte, 2022). Moreover, the entrepreneurial narrative plays a crucial role in influencing the outcome of crowdfunding campaigns. Effective narratives that address key factors such as the problem/need, project, product, team, and venture can lead potential investors to understand, trust, and approve the project proposal, thereby increasing the likelihood of funding (De Crescenzo et al., 2022).

The expectation of natural rewards and prosocial motivation are significant drivers for the crowd's willingness to contribute to social entrepreneurial crowdfunding, while material rewards can sometimes negatively impact prosocial motivation, albeit with limited effect on the willingness to contribute (Mitra et al., 2022). Furthermore, the design of crowdfunding campaigns, including the funding target and the number of rewards, plays a critical role in attracting crowdfunding campaigns. High funding targets are more effective for commercial projects, whereas a high number of rewards is more effective for social projects, highlighting the importance of aligning campaign features with the project's orientation (Jiménez-Jiménez et al., 2021).

Online customer reviews also play a pivotal role in stimulating investment backers, with positive reviews, the number of comments, and the number of sentiment reviews significantly increasing consumer interest in investing in technology products on crowdfunding platforms (Pasmawati et al., 2022). Additionally, reward-based crowdfunding fosters a market-fostering gift system, where consumers fund the creation and enhancement of market offerings by mobilizing the logic and practices of gift-giving, despite the lack of financial benefits or formal guarantees (Maciel & Weinberger, 2024).

In the context of the circular economy, reward-based crowdfunding helps shape circular business models by providing informational mechanisms, collaborative innovation networks, and marketing aspects, thereby reducing risks associated with uncertainty and long-term perspectives for campaign creators and customers (Leone et al., 2023). Thus, rewards-based crowdfunding emerges as a multifaceted tool that not only provides financial support but also enhances various aspects of social business operations, making it an indispensable resource for social entrepreneurs.

2. Donation-Based Crowdfunding: This type of crowdfunding focuses on requesting donations in exchange for intangible benefits. It's frequently used for communal initiatives, personal situations, and charity reasons. This model of crowdfunding is ideal for charitable pursuits, health care costs, or community projects that depend on donations.

Donation-based crowdfunding significantly impacts the sustainability of social businesses by providing an alternative financing mechanism that emphasizes social value alongside economic value. This form of crowdfunding allows social enterprises, which often struggle to secure traditional financing, to gather funds from a broad base of supporters who are motivated by the social and environmental causes these businesses champion (Gosain, 2022; Acheampong et al., 2023).

The success of donation-based crowdfunding campaigns is closely tied to the cultivation of social capital, where trust and collaboration among contributors enhance the impact and reach of these campaigns (Norashikin et al., 2024). However, the effectiveness of donation-based crowdfunding can vary; for instance, while project bundling positively impacts campaign success by leveraging the credibility of similar projects, ideological bundling may have a negative effect due to potential misalignment of values among contributors. Additionally, the presence of Sustainable Development Goal (SDG) themes in project descriptions can influence the success of lending-based prosocial crowdfunding, suggesting that clear communication of social and environmental goals is crucial for attracting support (Maiolini et al., 2024).

Despite its potential, donation-based crowdfunding faces challenges such as the need for repetitive funding, which may not be sustainable in the long term (Gil-Gomez et al., 2023). Platforms can enhance the success of these campaigns by integrating donation schemes with reward campaigns, especially for prosocial causes, and by providing features that help backers locate and support these initiatives (Chan et al., 2024). Recently there have been supported the idea that the use of blockchain technology can further enhance the transparency and efficiency of donation-based crowdfunding, ensuring that funds are utilized as intended and thereby increasing donor trust and engagement (Tiganoaia & Alexandru, 2023).

Overall, while donation-based crowdfunding offers a viable solution for financing social businesses, its success depends on strategic campaign management, effective communication of social goals, and leveraging technology to build trust and transparency among contributors (Dinh et al., 2024).

3. Equity-Based Crowdfunding: Under this approach, investors give up a portion of the company in return for their financial contributions. It works similarly to traditional investment but using platforms for crowdsourcing. This model of crowdfunding is adequate for new ventures or companies looking for significant investment and ready to give up some ownership in exchange.

Equity-based crowdfunding has emerged as a viable and often advantageous financing model for social businesses, offering several benefits that align well with their unique needs and goals. Social enterprises frequently face challenges in securing traditional financial resources due to their dual focus on social impact and financial returns. Equity-based crowdfunding platforms provide an alternative by enabling these ventures to attract investors who are specifically interested in supporting initiatives with social and environmental value propositions (Yáñez-Valdés & Guerrero, 2023).

The success of equity-based crowdfunding campaigns for social businesses can be significantly influenced by the elements of sustainable business models, which ensure value creation for all stakeholders without depleting natural, economic, and social resources. Positive outcomes in equity-based crowdfunding campaigns are often linked to well-structured sustainable business models elements, while negative outcomes may result from high minimum investment requirements and high funding targets (Caputo et al., 2022). Additionally, social ventures that leverage greater internal resources, such as larger team sizes and stronger partnerships, and maintain frequent communication with backers via social media, tend to be more successful in their crowdfunding efforts (Chen, 2023). The dissemination of equity-based crowdfunding news through social media, particularly Twitter, also plays a crucial role in raising awareness and attracting potential investors,

with crowdfunding platforms and media outlets acting as central hubs in this information network (Battisti et al., 2022).

Overall, equity-based crowdfunding not only offers a practical funding solution but also fosters active investor engagement in the co-creation of sustainable technological solutions, making it an adequate and often optimal model for social businesses.

4. Debt-Based Crowdfunding: Referred to as peer-to-peer financing, this kind entails people or companies taking out direct loans from investors in exchange for interest-bearing repayments. This model of crowdfunding is suitable for debt-based crowdfunding is a popular choice for businesses in need of financing but who would rather not use traditional banks.

Debt-based crowdfunding can be an adequate model for social businesses, offering a viable alternative to traditional financing methods that often fail to meet the unique needs of these enterprises. Social businesses, which aim to address social issues and generate positive community impacts, frequently struggle with access to credit due to the peculiarities of their nonprofit nature and the broader credit crunch affecting all enterprises. Crowdfunding, particularly lending-based models, provides a more accessible, swift, and transparent means of raising capital compared to the bureaucratic processes of banks and credit institutions (Comite, 2018).

Research indicates that while crowdfunders on lending-based prosocial platforms like Kiva may act strategically, they also respond positively to projects that demonstrate both financial and social appeal, suggesting that social businesses with strong value propositions can attract significant funding. Despite its potential, the use of crowdfunding among social entrepreneurs remains relatively unknown and underutilized, partly due to a lack of awareness and understanding of its mechanisms (Berns et al., 2020).

However, the COVID-19 pandemic has highlighted the resilience of social enterprises and the potential of digital platforms, including crowdfunding, to support their growth and sustainability in challenging times (Bandias et al., 2022). Case studies, such as the GloW project, demonstrate that crowdfunding can effectively finance the initial phases of social enterprises, leveraging media coverage and strategic campaign planning to achieve funding goals (Banhatti, 2016).

Therefore, while there are challenges to be addressed, debt-based crowdfunding presents a promising and adaptable financing model for social businesses, capable of fostering economic development and social cohesion by providing the necessary capital to drive their missions forward.

5. Security Token Offerings: Provide investors with ownership rights by issuing digital tokens backed by actual assets such as earnings, shares, or physical assets. This model of crowdfunding is ideal for companies looking to tokenize assets and give partial ownership to investors.

The Security Token Offering (STO) model presents a promising yet complex avenue for social businesses seeking to raise capital. STOs offer several advantages, such as immediate transferability, 24/7 trading on secondary markets, and transparency of transactions due to the underlying blockchain technology, which can be particularly beneficial for social enterprises aiming to maintain high levels of trust and accountability with their stakeholders (Ante & Fiedler, 2020). However, the nascent nature of the STO market and its concentration in jurisdictions with accommodating securities laws indicate that it is still developing and may not yet be fully mature for

widespread adoption by social businesses (Lambert et al., 2022).

The use of cheap signals, such as human capital and social media, to influence investment behavior in STOs suggests that the market is still grappling with issues of asymmetric information, which could pose risks for social enterprises that rely heavily on their ethical and transparent image (Ante & Fiedler, 2020). Additionally, integrating STOs with mobile commerce platforms designed for social entrepreneurship could enhance the security and privacy of transactions, thereby promoting sustainable development and social impact. However, the success of such integration would require robust security models to address privacy and security concerns, as highlighted in the context of online social networks (Sola et al., 2009).

Overall, while the STO model holds potential for social businesses, its current limitations and the need for stringent governance practices suggest that it should be approached with caution and thorough due diligence to ensure alignment with the social enterprise's mission and values.

In conclusion, the diverse crowdsourcing models play a crucial role in enabling social enterprises to access funding, engage stakeholders, and drive social impact within communities.

Key factors contributing to the successful application of the crowdfunding campaigns are:

- Clear and compelling storytelling: Effectively communicating the social impact and inspiring backers.
- Strong community engagement: Building a supportive community around the project.
- Leveraging social media: Utilizing platforms like Facebook, Instagram, and Twitter to reach a wider audience.
- Offering attractive rewards: Providing incentives to encourage backers to contribute.
- Transparency and accountability: Regularly updating backers on project progress.

Reflection Question: Visit or document (case study based on Internet resources) a social enterprise and imagine a strategy / plan for crowdsourcing based on the presented models.

1.2.3 Platforms for Crowdfunding

Crowdfunding has emerged as a significant tool for social enterprises to secure funding, with various platforms gaining popularity for their effectiveness in supporting these ventures. Among the different types of crowdfunding, donation-based crowdfunding is particularly prevalent for social projects, as it aligns well with the altruistic goals of social enterprises (Lucian & Bicho, 2019).

Crowdfunding platforms are used for finance social initiatives, causes, social problems by developing funds raising from a large audience/public:

Crowdfunding: Platforms like Kickstarter, Indiegogo, and GoFundMe allow you to raise funds from many people⁸. Platforms, like Indiegogo, have been highlighted for their role in facilitating the

⁸ European Commission. Crowdfunding explained. Retrieved from: <https://single-market-economy.ec.europa.eu/access-finance/guide-crowdfunding/what-crowdfunding/crowdfunding->

fundraising efforts of social ventures. Research indicates that social ventures on Indiegogo that possess greater internal resources, such as larger team sizes and older venture ages, as well as those that maintain strong partnerships and frequent communication with backers, tend to be more successful in their crowdfunding campaigns (Chen, 2023). This suggests that platforms which enable robust interaction and provide tools for effective communication and partnership building are particularly beneficial for social enterprises.

The use of these platforms not only helps in raising funds but also in building a favorable perception of social enterprises among supporters, as evidenced by the more favorable values attributed to social enterprises using crowdfunding compared to those using traditional funding methods (Lucian & Bicho, 2019). Therefore, platforms like Indiegogo, which support extensive engagement and resource sharing, are among the most popular and effective for social businesses seeking crowdfunding. This popularity is driven by their ability to enhance the visibility and credibility of social ventures, thereby increasing their chances of successful fundraising.

Reward-based crowdfunding: Offer rewards to backers in exchange for their support⁹. Reward-based crowdfunding platforms are digital venues where entrepreneurs and creators can raise funds for their projects by offering non-monetary rewards to backers. These platforms, such as Kickstarter and Indiegogo, have become popular for funding innovative and risky projects by leveraging contributions from a large crowd of investors (Sendra-Pons et al., 2024).

The core mechanism of these platforms often includes the All-Or-Nothing (AON) funding model, which protects entrepreneurs from demand uncertainties by ensuring that funds are only collected if the funding goal is met (Wang et al., 2024). Additionally, these platforms facilitate the creation of circular business models for micro-firms, particularly in the context of sustainable innovation, by reducing risks associated with uncertainty and long-term perspectives (Leone et al., 2023).

The success of campaigns on these platforms can be influenced by various design elements, such as the use of images, frequent updates, and detailed budget explanations, which help in overcoming information asymmetries between entrepreneurs and potential backers (Sendra-Pons et al., 2024). Moreover, reward-based crowdfunding operates on a “market-fostering gift system”, where backers contribute funds without expecting financial returns, driven by the social contract and the practices of gift-giving (Maciel & Weinberger, 2024). Platforms like Kickstarter also provide legal protections for creators, adhering to policies such as the Digital Millennium Copyright Act of 1998, which safeguards intellectual property rights (Hapsari & Putri, 2023).

Overall, reward-based crowdfunding platforms not only enable the funding of diverse projects but

[explained_en#:~:text=It%20enables%20fundraisers%20to%20collect,of%20people%20via%20online%20platforms](#) (Access 24-07-2024)

⁹ Indiegogo. Perks: How to Use Perks to Raise Fund. Retrieved from: <https://support.indiegogo.com/hc/en-us/articles/205157097-Perks-How-to-Use-Perks-to-Raise-Funds#:~:text=Perks%20are%20incentives%20offered%20to,than%20those%20that%20do%20not> (Access 24-07-2024)

also foster a collaborative environment where innovation and market exchange intersect with the principles of gift-giving and community support.

Equity crowdfunding: Sell shares in your company to investors. Equity crowdfunding is increasingly used by social businesses as a viable financing option. This method become particularly attractive due to the high penetration of the internet and social media, which facilitate the connection between young entrepreneurs and potential investors globally (Tiwari et al., 2023). Social enterprises, which often face challenges in securing traditional financial resources, find equity crowdfunding platforms beneficial for attracting investment, especially for initiatives with social and environmental impacts (Yáñez-Valdés & Guerrero, 2023).

Collectively, these platforms across different countries illustrate the diverse approaches and services offered to support social businesses through equity crowdfunding, highlighting the global trend towards leveraging technology and innovative financing mechanisms to foster social and environmental impact (Cosma et al., 2019). Furthermore, the success of equity crowdfunding campaigns is influenced by various signals, such as higher retention of equity shares by entrepreneurs, board experience, and clear financial forecasts, which positively impact investor confidence and the likelihood of successful funding (Deffains-Crapsky & Ola, 2024).

Overall, equity crowdfunding not only provides a viable alternative to traditional financing methods but also enhances the strategic decision-making capabilities of founders, universities, and policymakers, contributing to a more dynamic and inclusive financial ecosystem (Vismara, 2022; Troise et al., 2024).

1.3 Examples of Crowdfunding Platforms and Campaigns

Crowdfunding has proven to be a powerful tool for social entrepreneurs to raise funds and build communities around their missions. Here are some notable examples¹⁰:

Watsi

- Focus: Healthcare, [Watsi Crowd-funds Healthcare for the World, One Patient at a Time \(voanews.com\)](#)
- Model: Donation-based crowdfunding
- Impact: Watsi has raised millions of dollars to fund life-saving medical treatments for individuals in need across the globe. They've successfully leveraged crowdfunding to create a platform where people can directly contribute to improving lives.

Kiva

- Focus: Microfinance, [Learn more about Kiva's mission | Kiva](#)

¹⁰ Acumen Academy. Crowdfunding for social enterprise: The CEO of StartSomeGood answers your questions. Retrieved from: <https://blog.acumenacademy.org/crowdfunding-advice-social-enterprise-ceo-startsomegood#:~:text=An%20added%20bonus%3A%20crowdfunding%20campaigns,you%20to%20create%20awareness%20and> (Access 27-07-2024)

- Model: Peer-to-peer lending
- Impact: Kiva has facilitated billions of dollars in loans to entrepreneurs in developing countries, empowering individuals to create sustainable livelihoods. Their platform has built a global community of lenders committed to social impact.

Other notable examples:

Solar-powered products: Companies like **SunFunder**, [Impact | SunFunder](#) have successfully used crowdfunding to finance the installation of solar panels in developing countries, providing access to clean energy.

Education initiatives: Crowdfunding has been used to support educational programs, scholarships, and the development of innovative learning tools ([Crowdfunding platforms for education: How Crowdfunding Platforms Revolutionize Education Entrepreneurship - FasterCapital](#)).

Environmental projects: Campaigns focused on reforestation, clean water initiatives, and sustainable agriculture have gained significant traction through crowdfunding. For example:

[Footprints4ourFuture: A Crowdfunding Campaign for Sustainable Reforestation and Job Creation in Costa Rica | PANORAMA](#)

[List of the best Green energy crowdfunding platforms | CrowdSpace \(thecrowdspace.com\)](#)

According to the blog article [Find Top 10 Crowdfunding Platforms In Europe \(2023\) | by Olivia Watson | Medium](#), the top crowdfunding platforms used in Europe are:

- WhydDonate, [WhyDonate: Personal Crowdfunding and Charity Fundraising](#) - A European crowdfunding platform that focuses on reward-based crowdfunding for creative projects, including art, music, and innovation. Also Whydonate have 0% platform fees.
- Republic Europe (former Seedrs), [Invest online in startups via equity crowdfunding | Seedrs \(republic.com\)](#) - A leading equity crowdfunding platform allowing investors to buy shares in startups.
- Crowdcube, [Invest in Europe's best startups | Crowdcube](#): Another prominent equity crowdfunding platform from the UK, Crowdcube enables individuals to invest in a range of businesses.
- [Kickstarter](#): While originally based in the United States, Kickstarter is a global platform for reward-based crowdfunding and is widely used by creators and entrepreneurs in Europe.
- Indiegogo, [Crowdfund Innovations & Support Entrepreneurs | Indiegogo](#): Is a global crowdfunding platform that supports both reward-based and equity crowdfunding campaigns.
- Seedmatch, [Seedmatch | Crowdfunding-Plattform: Investieren Sie in Unternehmen und Startups](#): A German equity crowdfunding platform that allows investors to fund startups and small businesses.
- Crowd2Fund, [Crowdfunding For investors | Crowd2Fund | Innovative Finance ISA](#): A UK-based crowdfunding platform that combines debt and equity crowdfunding for businesses.

- WiSeed, [WiSEED - Investir dans le Crowdfunding immobilier et la transition énergétique](#): A French crowdfunding platform that specializes in equity crowdfunding for startups.
- Funderbeam, [Funderbeam - Funderbeam](#): Originally from Estonia, Funderbeam is a global platform that combines crowdfunding with a secondary market for trading startup investments.

In the following there are provided an inventory of the most used crowdfunding platforms per countries involved in the DigiFunCollab project:

- Crowdfunding Platforms in Italy is regulated by Commissione Nazionale per le Società e la Borsa (Consob): [List of the best crowdfunding platforms in Italy | CrowdSpace \(thecrowdspace.com\)](#)
- Crowdfunding Platforms in Slovenia: [Fundraising & Crowdfunding Pages for Slovenia - GoGetFunding](#); [Crowdfunding Slovenia — Top 5 Crowdfunding Platforms In Slovenia | by Olivia Watson | Medium](#)
- Crowdfunding Platforms in Romania: [10 platforme de crowdfunding din România - Crezu](#)
- Crowdfunding Platforms in Germany: [List of the best crowdfunding platforms in Germany | CrowdSpace \(thecrowdspace.com\)](#)

From the practical perspective, it is useful to analyze different crowdfunding platforms to choose the best one. See: [List of the best crowdfunding platforms in Europe | CrowdSpace \(thecrowdspace.com\)](#).

Reflection Question: *Considering the various platforms for crowdsourcing in your country, decide to use one for a concrete case of a social business. Study which platform is best for your specific social project or problem related to your community, in your country. Plan and try to develop your campaign!*

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