

**Four essays on external financing of social enterprises: state of research,
impact investing, resource mobilization strategies, and investor evaluation**

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III. List of abbreviations

CSR	Corporate Social Responsibility
ESG	Environmental, Social, and Governance
GIIN	Global Impact Investment Network
HLM	Hierarchical Linear Modeling
II	Impact Investing
LCA	Life Cycle Analysis
NGO	Non-governmental Organization
SE	Social Entrepreneur
SJR	Scimago Journal Rank
VC	Venture Capital
WTP	Willingness to Partner

1. Introduction

1.1 Relevance and background

Solving societal challenges has traditionally been the domain of governmental bodies and non-governmental organizations (NGOs), engaging in various activities addressing social, economic, and environmental issues (United Nations, 2021). However, in recent decades, social enterprises have emerged as alternatives to traditional aid models, addressing needs that remain unsatisfied by existing economic or social institutions (Seelos & Mair, 2005). These enterprises “pursue a social mission while engaging in commercial activities that sustain their operations” (Battilana & Lee, 2014, p. 399). This duality positions social enterprises as hybrid organizations, straddling the line between non-profit organizations and for-profit firms (Shepherd et al., 2019).

At the heart of these hybrid organizations stands the social entrepreneur (SE), which embodies the same duality at the individual level (Saebi et al., 2019). SEs are characterized by typical entrepreneurial traits, while also being driven by a deep commitment to achieving social impact alongside economic value creation (Dacin et al., 2011; Weerawardena & Mort, 2006). This fusion of entrepreneurial spirit and social mission is what distinguishes SEs, making them pivotal in the successful operation and sustainability of social enterprises.

Social enterprises are experiencing significant growth worldwide, with around 10 million such businesses currently operating, accounting for 3% of all businesses globally (Schwab Foundation and World Economic Forum, 2024). These enterprises prioritize purpose over profit, addressing critical societal issues such as healthcare, education, inclusion, and clean energy supply through self-sustaining business models (e.g., Engelke et al., 2016; Littlewood & Holt, 2018; Zahra & Wright, 2016). Collectively, they generate approximately \$2 trillion in annual revenues, surpassing the revenue of industries such as apparel and advertising, and create over 200 million

jobs, which underscores their substantial economic and societal impact (Schwab Foundation and World Economic Forum, 2024).

Despite their significant contributions to society, social enterprises and SEs face unique challenges, particularly in securing financing. Like their commercially¹ oriented counterparts, social enterprises need access to financial resources to be successful and achieve their goals. Initially, internal financing from the SEs' savings might suffice, but as investments grow, external financing becomes essential for survival and growth (Dushnitsky & Lenox, 2005; Lall & Park, 2022). While the research landscape on external financing of commercial enterprises is highly advanced (e.g., Rawhouser et al., 2017), the study of external financing for social enterprises is still in its infancy.

Some scholars argue that social enterprises are merely a variant of traditional businesses and do not require unique research (e.g., Dacin et al., 2010; Dees, 1998). However, others argue that social enterprises' hybrid nature makes them fundamentally different from commercial ventures, necessitating context-specific research (e.g., Austin et al., 2006; Besharov & Smith, 2014; Doherty et al., 2014; Siqueira et al., 2018). This is particularly relevant in the context of external financing, where the hybrid nature of social enterprises introduces significant challenges both in securing external financial resources and in sustaining well-functioning partnerships with financiers². Table 1 highlights the challenges in external financing arising from the distinctive characteristics of social enterprises in comparison to commercial ventures.

¹ Also referred to as *conventional* or *traditional* businesses throughout this dissertation. These terms denote profit-centered ventures focused primarily on financial returns.

² I use the term *financier* throughout this dissertation as a collective term encompassing various types of funding entities, including funders, investors, donors, and similar stakeholders.

Table 1. Consequences of social enterprises' characteristics for external financing

Aspect	Commercial ventures	Social enterprises	Consequences for social enterprises' external financing
Primary objectives	Maximize profits for shareholders or owners (Jensen, 2002).	Create social value (Bacq et al., 2016).	Matching objectives with financier are essential for generating and successfully maintaining partnerships (Ebrahim et al., 2014; Ji & Konrath, 2024).
Pricing of products/services	Choose target markets that offer highest profitability (Brouthers & Nakos, 2004).	Serve underserved or marginalized communities by offering below-market prices or operating at minimal profit margins (Seelos & Mair, 2005).	Less attractive to financiers seeking high financial returns, while financiers accepting lower return rates are scarce (Penz et al., 2022). Lower profit generation may lead to ongoing pressure from financiers to increase profitability, potentially at the expense of social impact (Glänzel & Scheuerle, 2016).
Legal form	For-profit (Austin et al., 2006).	Non-profit or for-profit (Austin et al., 2006).	Non-profit status reduces incentives to accumulate excess revenue and may restrict the types of financiers available (Cobb et al., 2016). For-profit status may deter donors (Ji & Konrath, 2024).
Profit reinvestment	Distributed to shareholders or reinvested for growth (Hart & Milstein, 2003).	Profit as means to an end and often reinvested into the social mission (Peredo & McLean, 2006).	Reinvestment into the mission might lead to slower financial returns, causing dissatisfaction or impatience among financiers (Siqueira et al., 2018).
Business models	Driven by market demand and profitability (Teece, 2010).	Balances social impact with financial sustainability, often innovative and tackling localized issues (Wilson & Post, 2013).	Financiers may have limited understanding of innovative models, leading to challenges in assessing performance and scalability (Doherty et al., 2014).
Performance measurement	Success measured by financial indicators (Richard et al., 2009).	Success measures should combine financial and social metrics (Battilana & Lee, 2014).	Ongoing challenge to effectively measure and communicate impact metrics and align them with financial performance expectations of financiers (Ormiston, 2023).

Many social enterprises, particularly in their early stages (Lall & Park, 2022), heavily rely on non-earned income—funding provided without expectations of financial returns (Dupain et al., 2022; Siqueira et al., 2018). However, complete dependence on donations or grants poses significant challenges to sustainable financing due to their limited availability, restricted purposes, and short-term commitments (Ji & Konrath, 2024; Reficco et al., 2021). At the same time, social enterprises face difficulties in finding suitable partners willing to invest debt or equity capital in their organizations (Schwab Foundation and World Economic Forum, 2024), as their primary focus on long-term social or environmental impact, rather than profit maximization, often appears misaligned with traditional investor priorities (Argiolas et al., 2024; Penz et al., 2022; Peredo & McLean, 2006).

Moreover, social enterprises often employ innovative and complex business models that balance social impact with financial sustainability (Renko, 2013). The complexity, coupled with the absence of systematic regulations such as a designated legal form for social enterprises, may reduce social enterprises' legitimacy in the eyes of potential financiers (Doherty et al., 2014; Magomedova & Bastida-Vialcanet, 2022; Thompson et al., 2018). Additionally, assessing both financial performance and social impact necessitates the development of complex metrics that are often non-standardized and challenging to communicate effectively to external stakeholders (Ormiston, 2023). This can further hinder social enterprises in building a reputable image and gaining legitimacy in the eyes of potential financiers, ultimately complicating their ability to secure funding (Dumont, 2024; Lall, 2019; Ormiston, 2023).

Several innovative financing models have emerged in recent years to address such challenges faced by social enterprises. Social impact bonds, for example, involve private investors funding social programs upfront, with repayment based on achieving predetermined outcomes (Zheng, 2018). Crowdfunding enables social enterprises to raise small amounts of money from many

individuals, fostering a community of supporters (Calic & Mosakowski, 2016). Venture philanthropy and social/philanthropic venture capital apply venture capital methods to achieve social impact while offering non-financial support (Mair & Hehenberger, 2014). Impact investing (II), another promising financing approach, seeks to generate both social impact and financial returns (Hehenberger et al., 2019). Nevertheless, external financing remains one of the most significant practical issues for social enterprises (Dupain et al., 2022; Schwab Foundation and World Economic Forum, 2024).

In addition to practical hurdles, the external financing of social enterprises poses severe challenges for researchers. While robust theoretical frameworks are essential for understanding and predicting which financing strategies, partnerships, or signaling mechanisms are most effective for social enterprises, existing theories explaining and predicting the behavior of commercial entrepreneurs and enterprises often cannot be universally applied to the social enterprise context (Siqueira et al., 2018).

The additional layer of complexity introduced by social enterprises' social mission focus, necessitates a critical application of existing theories from research domains such as entrepreneurship, management, and finance. For instance, the mission-driven nature of social enterprises likely influences their capital structure decisions, making traditional venture capital models—which emphasize high financial returns and rapid scalability (Amit et al., 1998)—poorly aligned with the priorities of social enterprises that emphasize social impact over profit maximization. Similarly, signaling theory, widely used in traditional entrepreneurship research to explain how investees attract investors by signaling success (Bafera & Kleinert, 2023), requires adaptation for application to social enterprises. Investors primarily focused on financial returns may find it challenging to interpret the dual goals of social enterprises, making signals that usually guide investment decisions inadequate.

In summary, the unique characteristics of social enterprises present both practical and theoretical challenges that necessitate context-specific research and tailored theoretical frameworks to effectively capture the complexities of their external financing processes. This dissertation addresses this critical gap by offering a comprehensive exploration of social enterprise external financing. By critically analyzing existing literature and theories, conceptually refining theories and frameworks, and conducting empirical studies, this work aims to develop robust, context-specific theoretical models. These models are designed to illuminate the unique dynamics of social enterprise external financing, offering valuable insights for both researchers and practitioners navigating this complex field.

1.2 Research gaps and research questions

The rapid growth of social enterprises and a widening array of financing options have fueled academic interest across disciplines (e.g., entrepreneurship—Aouni et al., 2024; management—Cobb et al., 2016; public sector management—Ji & Konrath, 2024), theoretical perspectives (e.g., values theory—Vogeley et al., 2023; institutional theory—Stephan et al., 2015; agency theory—Hörisch, 2019), and geographic contexts (e.g., Europe—Langley et al., 2020; Asia—Choi & Berry, 2021; North America—Angulo-Ruiz et al., 2020). While these diverse contributions are essential to build a comprehensive knowledge base on the external financing of social enterprises, the current research landscape remains fragmented, lacking integration across studies, which hinders a cohesive understanding. For instance, research often focuses on a single financing type (e.g., Maehle et al., 2021; Moss et al., 2015), which does not capture the complex reality social enterprises face (Achleitner et al., 2014; Siqueira et al., 2018), eventually limiting the generalizability of findings. Without a comprehensive synthesis, isolated findings risk misinterpretation, overemphasis or underutilization of evidence (Rousseau et al., 2008),

underscoring the need for a holistic review of the literature on social enterprises' external financing.

Despite numerous high-quality reviews on social enterprises and SEs (e.g., Doherty et al., 2014; Gupta et al., 2020; Klarin & Suseno, 2023; Saebi et al., 2019; Short et al., 2009), only few of them specifically address external financing, and even then, only marginally. For example, Doherty et al. (2014) mention challenges related to acquiring financial resources, and Klarin & Suseno (2023) mention financing as one research stream. Reviews focusing specifically on the external financing of social enterprises are rare and often limited in scope, as shown in Table 2.

Table 2. Literature reviews on external financing of social enterprises^a

Authors	Scope	Sample	Analytical approach	Limitations
Hussain et al. (2023) ^b	Crowdfunding in social entrepreneurship	32 peer-reviewed articles, conference papers, book chapters	Thematic analysis, deductive and inductive coding	Narrow focus on crowdfunding
Lehner (2013)	Crowdfunding in social entrepreneurship	Not specified	Not specified	Opaque search and sampling Narrow focus on crowdfunding Lack of timeliness
McWade (2012)	Linkages between social enterprise financing and economic development	Not specified	Not specified	Opaque search and sampling Narrow focus on economic development Lack of timeliness

^a Only reviews published in high-impact journals (Scimago Journal Ranking Q1 and Q2) are considered.

^b Review published after Paper 1 was published.

While these reviews provide valuable insights, they fail to offer a comprehensive, integrative, and current overview of the research on external financing for social enterprises—a perspective that is crucial for developing a robust knowledge base and guide future research. Against this background, in the first paper of this dissertation, we³ examine the following questions using a systematic literature review approach:

***RQ1a:** How can knowledge be derived from the themes, insights and theories in the literature on external financing of social enterprises?*

***RQ1b:** How do different theoretical foci assist in advancing future research on the external financing of social enterprises?*

To offer a comprehensive overview of research and address the topic's complexity, the first paper intentionally avoids focusing on specific financing options for social enterprises. Instead, it includes research on the full range of financing options, including various forms of debt, equity, and non-repayable funding from both private investors and public sources. Among all financing options, II emerges as particularly relevant for social enterprises due to its alignment with their dual goals of achieving both social and financial returns (Hehenberger et al., 2019; Höchstädter & Scheck, 2015). With assets under management growing from USD 95 billion in 2017 to USD 213 billion in 2022, II is among the most effective financing approaches for tackling societal challenges (Carroux et al., 2021; Hand et al., 2023).

Despite its relatively recent emergence, II has attracted growing scholarly interest, creating a rapidly expanding yet fragmented research field that is often hindered by terminological ambiguities. The second paper in this dissertation aims to clarify these challenges by synthesizing existing literature and addressing terminological inconsistencies (Höchstädter & Scheck, 2015).

³ Paper 1, 2, and 3 were written in co-authorship. For details, see Declarations of co-authorships.

While several researchers have also attempted to provide a holistic overview of the II literature and related concepts, their efforts have been limited in various ways, as summarized in Table 3.

Table 3. Literature reviews on II or related concepts^a

Authors	Scope	Sample	Analytical approach	Limitations
Agrawal & Hockerts (2021)	Definitional ambiguities and scope of II	85 articles, reports, books, working papers	Thematic analysis, deductive categorization, and inductive coding	Narrow search term Exclusion of newer/low-impact research Opaque search and sampling process Opaque analysis Lack of theoretical contribution Lack of timeliness
Carè & Weber (2023) ^b	Social Finance	404 articles	Bibliometrics	Narrow search term Bibliometric analysis only
Chiappini et al. (2023) ^b	Integration of II with financial vehicles	196 articles	Bibliometrics	Bibliometric analysis only Narrow focus on II and sustainable development Exclusion of uncited papers
Clarkin & Cangioni (2016)	Practitioner review of II literature	73 mainly gray literature, some academic articles	Inductive categorization	Narrow search term Opaque sampling, screening and analysis Bias towards US and UK-based publications Practical focus without implications for academic research or theory Mainly descriptive results Lack of timeliness
Cordini et al. (2021)	Linkages between social investment and EU policies	Not specified	Narrative review	Non-transparent search and sampling process Narrow focus on territorial cohesion of social investment policies
Höchstädter & Scheck (2015)	Definitional and terminological analysis of II	16 articles, 140 reports	Content analysis	Narrow search term Narrow focus on definitions, terminologies and strategies

				Bias of sample towards GIIN listed non-reviewed reports Lack of timeliness
Islam (2022)	Comprehensive understanding of II in social sectors	114 articles	Inductive coding	Narrow focus on II in social sector organizations
Kubátová & Kročil (2020)	II and integral investing	348 publications on II, 10 publications on integral investing	Bibliometrics	Bibliometric analysis only Mainly descriptive results
Migliavacca et al. (2022)	II	115 articles	Bibliometrics	Bibliometric analysis only Mainly descriptive results
Nicholls (2010)	Investor rationales in social finance	Not specified	Not specified	Opaque search and sampling Narrow focus on investor rationales Focus on social finance only Lack of timeliness
Roor & Maas (2024) ^b	Measuring II	141 articles	Deductive categorization and inductive coding	Narrow focus on II measurement
Secinaro et al. (2021)	Social finance and social banking	270 articles, conference papers	Bibliometrics	Narrow search term Opaque search and sampling Bibliometric analysis only Lack of timeliness
Shome et al. (2023)	II research related to sustainable development	147 articles	Bibliometrics	Narrow focus on II and sustainable development Bibliometric analysis only Mainly descriptive results
Singhania & Swami (2024) ^b	II	421 articles	Bibliometrics	Bibliometric analysis only Mainly descriptive results

^a Only reviews published in high-impact journals (Scimago Journal Ranking Q1 and Q2) are considered.

^b Reviews published after Paper 2 was published.

The often narrow focus and methodological limitations of these reviews highlight a significant gap in the literature: a comprehensive, integrative, and up-to-date review of the research on II.

Therefore, the second study of this dissertation addresses the following research question:

***RQ2:** What are the emerging topics, contributions, and shortcomings in extant literature on impact investment?*

Synthesizing insights from existing research in the first two papers of this dissertation shows that much research on external financing and II emphasizes the financier's perspective. For instance, studies often focus on financiers' selection criteria for funding social enterprises (e.g., Block et al., 2021; Defazio et al., 2021; Yang et al., 2020). Studies show that specifically impact investors use selection criteria similar to those in commercial ventures, such as scalability and innovativeness of the business model (e.g., Block et al., 2021; Hehenberger et al., 2019), financial sustainability (e.g., Hazenberg et al., 2015; Scarlata et al., 2012), and management experience of the founder (e.g., Glänzel & Scheuerle, 2016; von Friedrichs & Wahlberg, 2016). However, the hybrid nature of social enterprises often conflicts with these criteria (Glänzel & Scheuerle, 2016; Magomedova & Bastida-Vialcanet, 2022), creating a financing gap for social enterprises despite the availability of dedicated financing approaches like II (Dalby et al., 2019).

Although financiers' demands and social enterprises' challenges in meeting them are well-documented, limited research examines how social enterprises and SEs navigate these obstacles to secure funding. This gap is notable, as existing studies from other social enterprise contexts suggest that SEs can leverage their hybridity to overcome resource constraints (e.g., Doherty et al., 2014; Mair & Martí, 2006; Hockerts, 2015a; Lashitew et al., 2020; Zahra et al., 2009). However, the specific ways in which SEs can utilize their hybridity to overcome external financing constraints remain underexplored. Addressing this gap can provide valuable theoretical and practical insights into financial resource mobilization strategies for social enterprises. To

contribute to this understanding, the third paper analyzes 31 interviews with SEs, complemented by archival data, to explore the following research question:

RQ3: How do SEs leverage their hybridity to mobilize external financing in a resource-constraint environment?

The study illuminates how SEs creatively navigate financing challenges by devising innovative strategies to secure resources, even when financier requirements appear misaligned with their own needs. However, despite these efforts, the persistent issue of misalignment raises the critical question of how such discrepancies can be minimized. Achieving alignment in values and goals is crucial for effective collaboration and for avoiding negative consequences such as mission drift (Grimes et al., 2019; Vogeley et al., 2023). Yet, despite the importance of alignment between financier and social enterprise, current research largely overlooks the specific needs and expectations of SEs, leaving an incomplete understanding of these partnerships.

While existing research underscores the importance of financiers' non-financial attributes for social enterprises—particularly the role of non-financial support in fostering trust, long-term collaboration, and capacity building (Holtslag et al., 2021; Leborgne-Bonassié et al., 2019)—only a limited number of studies directly capture the social enterprise perspective. These studies highlight SEs' desire for non-financial support from financiers (Mayer & Scheck, 2018), alignment in value orientation (Bocken, 2015; Glänzel & Scheuerle, 2016; Sonne, 2012), and a preference to avoid overly controlling partners (Lall, 2019).

However, these studies often fail to examine how such factors influence SEs' decision-making when selecting suitable financing partners. This gap is partly due to the prevailing assumption that SEs lack agency in these decisions. Consequently, there is significant room for further exploration of SEs' specific needs in their relationships with financiers, particularly regarding how these needs shape their decision-making processes before entering into relationships.

A deeper investigation into SEs' non-financial needs and their influence on decision-making is crucial for developing a comprehensive understanding of the dynamics within social enterprise-financier relationships. To address this, the fourth paper explores the following research question, drawing on insights from a qualitative pre-study and a multifactorial survey experiment involving 115 participants:

***RQ4:** Which and how do different non-financial attributes of potential investors affect SEs' willingness to partner?*

1.3 Structure and key contributions of the dissertation

To answer the proposed research questions, this dissertation employs a range of methodological and theoretical approaches across four distinct papers, aiming to deepen our understanding of the external financing of social enterprises. Table 4 presents an overview of the structure of the dissertation and the current status of each paper.

Table 4. Overview of dissertation

Chapter	Content	Method	Status of paper ^a	
1. Introduction	Relevance and background Research gaps and questions Structure and key contributions			
2. Paper 1	State of research RQ1a: How can knowledge be derived from the themes, insights and theories in the literature on external financing of social enterprises? RQ1b: How do different theoretical foci assist in advancing future research on the external financing of social enterprises?	Systematic literature review	- Published in <i>International Journal of Management Reviews</i> - Accepted to AOM 2020	Identification of major research gaps
3. Paper 2	Impact investing RQ2: What are the emerging topics, contributions, and shortcomings in extant literature on impact investment?	Systematic literature review	- Published in <i>Journal of Management Studies</i> - Presented at EGOS 2021, VHB Annual Meeting 2022, and AOM 2022	
4. Paper 3	Resource mobilization strategies RQ3: How do SEs leverage their hybridity to mobilize external financing in a resource-constraint environment?	Interview study & archival data analysis	- Under review at peer-reviewed journal - Presented at Business & Society Research Seminar 2023, AOM 2024, EURAM 2024, ANZAM 2024	SEs' perspective on resource acquisition
5. Paper 4	Investor evaluation RQ4: Which and how do different non-financial attributes of potential investors affect SEs' willingness to partner?	Interview pre-study & factorial survey experiment	- Under review at peer-reviewed journal - Accepted to WK NAMA 2024	
6. Overarching Discussion	Theoretical contributions Limitations and future research Conclusion			

^a As of November 2024

Paper 1 addresses the research field's fragmentation by conducting a systematic review of 204 articles, using thematic coding principles (Braun & Clarke, 2006; Ryan & Bernard, 2003). This review makes two key contributions. First, we develop a multilevel conceptual framework that integrates individual, organizational, and institutional perspectives, offering new insights and enabling the development of new theories (Corley & Gioia, 2011; Weick, 1995). Second, we propose a structured research agenda with theoretical anchors to further develop the research field. Paper 1 lays the base for this dissertation by synthesizing knowledge and highlighting the need for further research on the unique financing challenges faced by social enterprises.

Building on this, Paper 2 focuses specifically on II, a financing approach particularly relevant to social enterprises. Through a systematic review of 104 articles, we make four main contributions. First, addressing the lack of clarity around the II concept, we introduce a novel definition of II, allowing us and future researchers to clearly differentiate it from other related forms of financing. Second, we organize the literature along nine key topics, providing an overview of current trends and findings in II research. Third, we highlight inconsistencies and imbalances in scholarly contributions to develop conversations of II and support future theorizing on the topic. Fourth, we point out the lack of attention to II's real-world impact and suggest future research directions to address this gap.

Paper 3 shifts this dissertations' focus to the social enterprise perspective, addressing a less explored area in the literature on external financing for social enterprises. Through semi-structured interviews with 31 SEs from European social enterprises and archival data, we investigated how they leverage their hybridity to overcome financing constraints. The study makes three main contributions. First, we introduce four distinct resource mobilization strategies SEs use to manage external financing constraints, contributing new insights on how SEs leverage their hybridity as a strategic advantage. Second, we examine these strategies through a social

bricolage lens, showing how they vary in overcoming barriers and shaping social value creation. In doing so, we suggest adaptations to the concept of social bricolage to better suit the external financing context. Third, the findings provide valuable guidance for practitioners and policymakers in designing financing approaches that are more closely aligned with the unique needs and characteristics of social enterprises.

Paper 4 again builds on the gap in research regarding the social enterprise perspective by exploring the demands SEs place on potential investors. Utilizing qualitative insights from the same interviews as Paper 3, alongside a multifactorial survey experiment with 115 participants, this paper examines how non-financial investor attributes—such as reputation, social mission, network access, business advisory services, and information rights—affect SEs’ willingness to partner (WTP). The paper makes two key contributions. First, it challenges traditional principal-agent models by positioning the SE as the principal in the SE-investor relationship, offering new theoretical and empirical insights into agency theory. Second, it provides novel quantitative evidence in an area previously dominated by conceptual and qualitative research. This evidence underscores the pivotal role of various investor attributes in shaping SEs’ WTP, deepening the understanding of this dynamic and advancing the literature on SE-investor relationships.

In the last chapter, I illustrate the overarching theoretical contributions of this dissertation by discussing how the dissertation uncovers limitations in the current use of theory borrowing, how it conceptually adapts existing theories to better explain and predict external financing of social enterprises, and how it provides empirical support for the newly adapted theoretical frameworks. The chapter further outlines future research directions, shaped by the limitations identified in each paper, to further explore the external financing of social enterprises.

2. Paper 1: Managing the external financing constraints of social enterprises: A systematic review of a diversified research landscape⁴

Co-authored with Lena Schätzlein and Rüdiger Hahn.

Abstract. Social enterprises, located between non-profit organizations and for-profit firms, often struggle to acquire external funding. An increasing amount of research on the external financing of social enterprises stems from a fragmented body of the literature anchored in a variety of subject areas (e.g., entrepreneurship, public sector management, and general management and strategy). We systematically review 204 academic articles published between 1998 and 2021 to bridge the knowledge gaps in these subject areas by (1) mapping the field of the external financing of social enterprises at the individual, organizational, and institutional levels, (2) synthesizing the findings to develop an overarching framework, and (3) discussing theoretically sound future research avenues. We find that research at the individual level focuses primarily on investors' perspective of the ideal characteristics of a SE. Research at the organizational level often addresses the dual logics of social enterprises and their impact on the successful financing of these businesses and the role of investor–investee collaboration. Research at the institutional level can be clustered into cultural, economic, political and legal factors. Overall, we stress the need for research that adopts an overarching view by considering all three levels of analysis simultaneously and using organizational and economic theories.

Keywords: Social enterprise; hybrid organization; external financing; individual level; organizational level; institutional level; literature review

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2.1 Introduction

Securing investments is one of the most important managerial tasks for successful ventures. However, acquiring external financing by traditional means such as bank loans and venture capital is especially challenging for social enterprises. As social enterprises “pursue a social mission while engaging in commercial activities that sustain their operations” (Battilana & Lee, 2014, p. 399), they are located somewhere between non-profit organizations and for-profit firms (Shepherd et al., 2019).

Social enterprises’ survival, economic success, and the scale of their potential social impact depend on their access to (financial) resources (Austin et al., 2006; Doherty et al., 2014; Zhao & Lounsbury, 2016). While the savings of the founder may initially finance new ventures, new sources of external capital might be necessary as soon as these financial resources are depleted (Dushnitsky & Lenox, 2005). From an investment perspective, however, social enterprises are often perceived as having unfavorable risk and return characteristics, as they are not (primarily) guided by the aim of maximizing financial returns (Austin et al., 2006; Ometto et al., 2019; Yunus et al., 2010). At the same time, such businesses usually fall outside the scope of funding schemes for typical non-profit organizations because of their commercial activities (Lehner & Nicholls, 2014; Moore et al., 2012). Consequently, they regularly encounter difficulties acquiring external financial resources from conventional sources (e.g., Battilana & Lee, 2014; Moss et al., 2018), and thus need other innovative forms of financing (Calic & Mosakowski, 2016; Yang et al., 2020). Accordingly, the external financing of social enterprises is of increasing academic interest.

The proliferation of research has led to a rich but diverse evidence base spread over a variety of subject areas focusing on a distinct range of topics. For example, entrepreneurship research often focuses social enterprises’ strategies and organizational success factors to convince

potential investors (e.g., Anglin et al., 2020; Lehner, 2014; Moss et al., 2018), while the general management and strategy literature frequently investigates external communication strategies of social enterprises when they acquire financial resources (e.g., Cobb et al., 2016; Lyon & Owen, 2019). Moreover, articles from public sector management highlight how challenges in the political and legal environment affect the financing of social enterprises (e.g., Chan et al., 2019; Hall et al., 2012). This rich but fragmented knowledge might be detrimental to the advancement of future research if viewed in isolation. A similar heterogeneity crystallizes with regard to theoretical perspectives (e.g., entrepreneurship theory, Calic and Mosakowski 2016; institutional theory, Stephan et al., 2015; signaling theory and gender role congruity theory, Yang et al., 2020; pecking order theory, Lyon & Owen, 2019; and agency theory, Hörisch, 2019), sometimes even in similar research contexts. Moss et al. (2015) and Jancenelle & Javalgi (2018), for example, build on signaling theory and moral foundations theory, respectively to examine the individual and organizational values that influence crowdfunding success, demonstrating contradicting results. While theoretical diversity often enriches our understanding of a complex phenomenon such as social enterprises (Doherty et al., 2014; Short et al., 2009), it may also hinder discourse across theoretical boundaries when rigid and conflicting paradigms bias researchers to seeing opposing explanations (Lewis & Grimes, 1999).

Attempts to bridge this scattered knowledge have been limited to date with little cross-referencing between fields. This lack of synthesis makes it difficult to determine the true state of scholarly knowledge and translates into challenges for future studies such as the potential misuse of existing research, an overuse of limited or inconclusive findings, or an underuse of research evidence (Rousseau et al., 2008). Against this backdrop, this study reviews, analyzes, and critically synthesizes the current state of research on the external financing of social enterprises. The objective is to shed light on the academic knowledge on the financing processes of social

enterprises. In order to create a holistic understanding of these processes, this systematic and integrative review unites the perspectives from the various above-mentioned subject areas, theoretical anchors, and levels of analysis (Crossan & Apaydin, 2010; Cronin & George, 2023; Elsbach & Knippenberg, 2020). To achieve this and address the field's fragmentation, the following research questions guide our literature review of 204 articles:

How can knowledge be derived from the themes, insights, and theories in the literature on external financing of social enterprises?

How do different theoretical foci assist in advancing future research on the external financing of social enterprises?

We make two main contributions. First, we contribute to the literature by offering an up-to-date and consolidated overview of research on the external financing of social enterprises that identifies emerging themes, explains existing contributions, and illustrates inconsistencies. We organize, integrate, and critically analyze the manifold body of literature relating to the external financing of social enterprises and. By “narratively integrating” (Elsbach & Knippenberg, 2020, p. 1277) the evidence of the individual studies in the field we develop a conceptual framework from the insights of our review. This multilevel framework synthesizes current research to provide a holistic picture of social enterprises' financing and integrates the diverse research lines on the topic. We use the framework to specify relevant actors, processes, and theoretical anchors currently adopted in the literature. Furthermore, we identify connections between distinct research themes, levels of analyses, theories, and literature streams. The framework advances our theoretical understanding of the topic by providing new perspectives and thus creating novel knowledge on the external financing of social enterprises. By proposing this new, multilevel perspective, the conceptual framework helps to foster a dialogue between the social enterprise and management research.

Second, we introduce an extensive future research agenda and propose theoretical anchors to develop the field—again considering the mentioned bridges across themes and levels of analysis. We deem this relevant, because conventional enterprises increasingly embrace certain elements of social enterprises due to mounting pressure to incorporate social and environmental objectives (Battilana et al., 2017; Doherty et al., 2014).

In the following, we first conceptualize social enterprises as hybrid organizations and highlight their peculiarities and financing idiosyncrasies before outlining the details of our method. In the findings section, we provide a descriptive overview before critically analyzing extant research on the external financing of social enterprises at the individual, organizational, and institutional levels and synthesizing these findings into a conceptual framework of financing social enterprises. Based on the findings and the framework, we develop a research agenda and end with a conclusion.

2.2 Conceptual background

2.2.1 Social enterprises' hybridity and financing idiosyncrasies

Social enterprises combine the commercial orientation of conventional enterprises with the social purpose of non-profit organizations (Battilana & Lee, 2014; Doherty et al., 2014). Research on such organizations is growing rapidly, as scholars study social enterprises in diverse geographical areas with varying levels of economic and institutional development (Gupta et al., 2020), but the underlying terminology varies. Social enterprises are often also referred to as social ventures (e.g., Lehner, 2014; Meyskens et al., 2010b), social businesses (e.g., Akbulaev et al., 2019; Sonne, 2012), social start-ups (Yang et al., 2020), hybrid organizations (e.g., Addae, 2018), and hybrid ventures (e.g., Moss et al., 2018). A scarcer used term is (social) impact business (Thompson & Purdy, 2016). Moreover, so-called sustainability-oriented ventures often inherit the characteristics of social enterprises by combining a social and a commercial orientation (e.g.,

Hörisch & Tenner, 2020). Despite differences in how social enterprises are termed, the striking commonality is their hybrid nature (e.g., Austin et al., 2006; Doherty et al., 2014; Pache & Santos, 2013). In general, hybridity in organizations can be a combination of multiple organizational identities, organizational forms, or societal rationales. Battilana et al. (2017) argue that social enterprises are prototypical for hybrid organizations, as they unite different organizational identities and contribute to different social rationales. While this hybridity likely results in conflicting institutional logics and tension between social and economic activities (Pache & Santos, 2013), both activities are core to social enterprises' functioning (Besharov & Smith, 2014). The concept of social entrepreneurship, which is closely related to the idea of social enterprises, reflects the above-described hybridity at the level of the individual entrepreneur or founder (Mair & Martí, 2006; Saebi et al., 2019; Zahra et al., 2009). Social entrepreneurship includes typical entrepreneurial characteristics, such as a high level of innovativeness and willingness to take risks, coupled with the motivation to achieve a social impact while creating economic value (Dacin et al., 2010; Dacin et al., 2011; Peredo & McLean, 2006; Weerawardena & Mort, 2006).

The success of social entrepreneurs (SEs) and social enterprises depends on access to (financial) resources (Doherty et al., 2014; Zhao & Lounsbury, 2016). In particular, new ventures' access to resources can play an important role in their emergence (Brush et al., 2008), product development (Plambeck, 2012), growth (Villanueva et al., 2012), and competitive advantage (Clarysse et al., 2011). For social enterprises specifically, resource acquisition is a driver of their potential social impact (Austin et al., 2006) and therefore of special interest to society at large. Although entrepreneurs often fall back on personal savings at the outset of forming the enterprise, new financing options are required if costs and investments outrun those internal reserves (Dushnitsky & Lenox, 2005). Whereas initial financing processes via internal

means (e.g., savings) might be similar in conventional and social enterprises, the acquisition of financial resources through external means in the later stages of the organizational life cycle is especially challenging for social enterprises; thus, they use significantly less debt financing than regular ventures (Siqueira et al., 2018).

The reasons for SEs' difficulties in tapping into the same capital markets as commercial ventures are manifold. First, social enterprises can be incorporated as for-profit and non-profit entities (Rawhouser et al., 2015), whereby a non-profit status and a concomitant non-distribution constraint removes the incentive to accumulate excess revenue (Brakman Reiser, 2013), which makes them unattractive to investors. At the same time, for-profit social enterprises cannot rely entirely on donations, grants, or state-based support, as these are usually restricted to "classical" non-profit organizations. Second, the hybrid mission of social enterprises rarely allows them to charge market prices for their products and services. This leads to difficulties in accessing regular financial markets because mainstream financial stakeholders usually emphasize the economic potential of the organizations they back (Austin et al., 2006; Ometto et al., 2019; Yunus et al., 2010). Third, social enterprises that operate in developing economies face environments in which quality resources are scarce or expensive (Zahra et al., 2008) or where institutional financing mechanisms are absent or weak (Kistruck et al., 2011).

2.2.2 External financing sources for social enterprises

Despite or maybe even because of these challenges, special financing options that are compatible with social enterprise business models and adapt to the peculiarities of social enterprises have evolved. Social banks, which are financial institutions that specifically provide funding to organizations that aim to create social value (e.g., Bengo & Arena, 2019), are an option, as their products and services directly link with the societal goals of social enterprises (Geobey et al., 2012). In fact, social banks are usually value-based organizations that do not strive to maximize

profit, but rather a fair balance between financial and social objectives and can thus be regarded as social enterprises themselves (Cornée et al., 2020). Another option is impact investments that specifically aim to create non-financial impacts and financial returns at the same time (Glänzel & Scheuerle, 2016). Social impact accelerators are designed to support early-stage social start-ups by offering financial support, mentorship, and education (Yang et al., 2020). Social (impact) bonds are investing instruments in which private investors provide capital for social projects. Only if predefined results are achieved, investors receive a financial return with the repayment of their capital (Zheng, 2018). Social venture capital and venture philanthropy are similar concepts and these usually center on using venture capital methods to achieve a positive social impact while providing a high level of non-financial support (e.g., Achleitner et al., 2013; Miller & Wesley II, 2010). Venture philanthropy does not necessarily aim for financial yields, while financial returns are a core element of social venture capital (e.g., Ingstad et al., 2014; Mayer & Scheck, 2018).

Another external financing option is sustainability-oriented crowdfunding. Crowdfunding typically describes the practice of funding a project or venture through small amounts of funding from many individuals, often in return for future products or equity (Mollick, 2014). Sustainability-oriented crowdfunding⁵ is a niche that supports sustainability-oriented projects and ventures (Tenner & Hörisch, 2021). Thus, it seems especially suitable for young social enterprises because funders usually do not demand a financial track record (Maehle, 2020). Crowdfunding can be classified into lending-based, reward-based, equity-based, and donation-based models (Belleflamme & Lambert, 2016; Mollick, 2014). In lending-based crowdfunding, funds are offered as loans with the expectation of some return on the invested capital (Moss et al.,

⁵ The terminology thus far used to describe this concept is inconsistent and financing instruments are also referred to as “social crowdfunding” (e.g., Bernardino & Santos, 2016), “green-oriented crowdfunding” (e.g., Buttice et al., 2019), and “crowdfunding for social enterprises” (e.g., Lehner & Nicholls, 2014).

2018). Reward-based crowdfunding offers backers various non-monetary rewards or products in exchange for their participation (Calic & Mosakowski, 2016). In rare cases of equity-based crowdfunding, backers receive equity in the venture they support (Mollick, 2014). Finally, the donation-based model offers no rewards for the funder besides those of altruism or generosity (Bernardino & Santos, 2016).

Since the growing variety of financing options for social enterprises is leading to a rapidly accumulating body of knowledge on this complex phenomenon, a comprehensive review is needed. Some reviews offer general insights into social enterprises or social entrepreneurship and only touch on financing aspects as an area of potential tension (e.g., Bansal et al., 2019; Doherty et al., 2014; Gupta et al., 2020; Shier & Van-Du, 2018; Zahra et al., 2009; Žur, 2015). Others such as McWade (2012) provide valuable insights into investments in social enterprises, albeit with a narrow focus on the investor perspective. Littlewood & Khan (2018) focus on networks of social enterprises, but barely touch the surface of financial networks, while Lehner (2013) concentrates exclusively on crowdfunding as one specific financing option. Beyond these topical issues, most such reviews do not cover the increasing dynamic of academic publishing in recent years (>75% of the papers in our sample have been published since 2015). Consequently, we discuss the phenomena, issues, inconsistencies, and interim debates that characterize the external financing of social enterprises and identify areas for future research. Our aim is to explicate and organize the knowledge to allow new theory and models to be built and incremental adjustments made (Corley & Gioia, 2011; Weick, 1995).

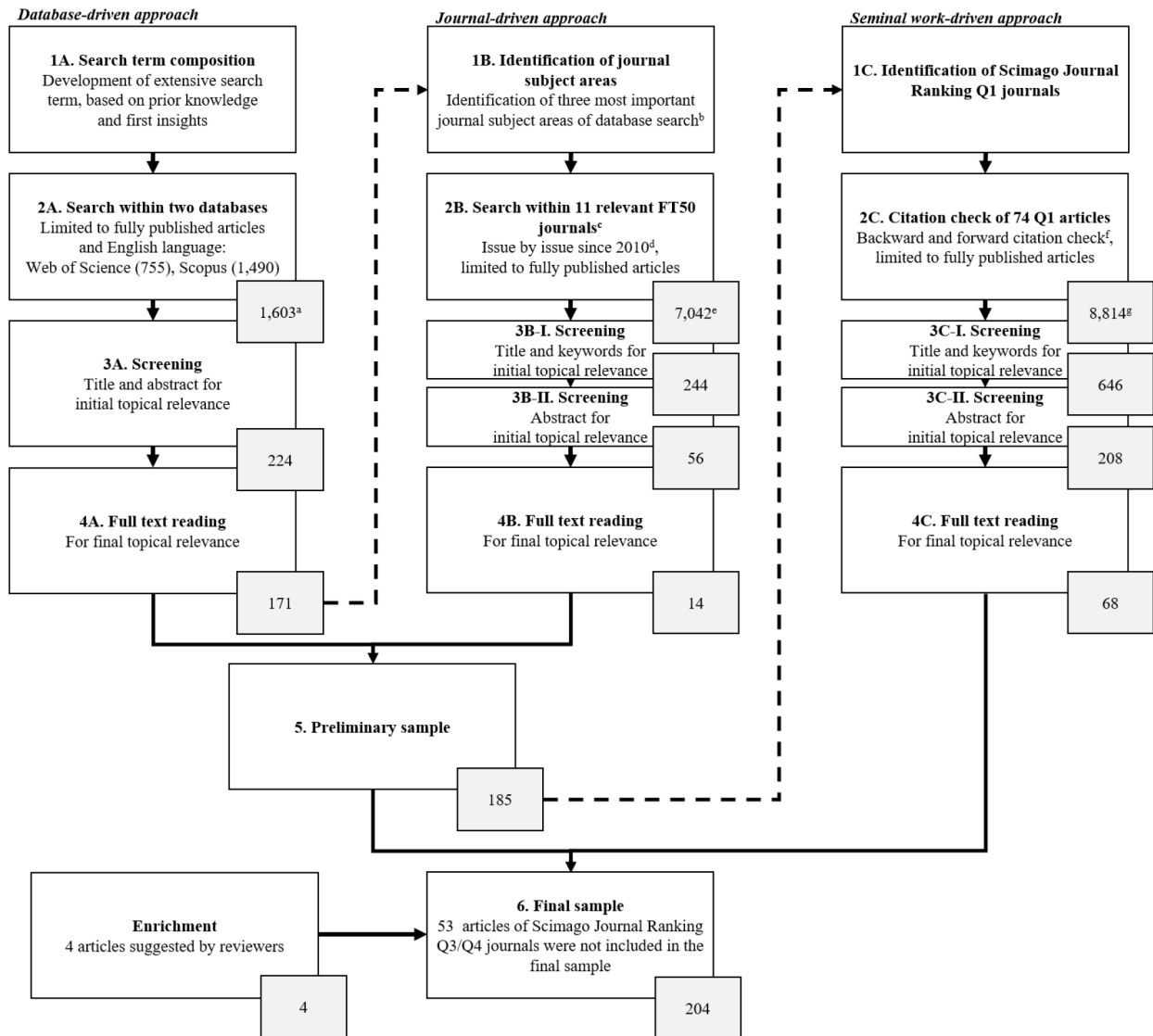
2.3 Method

Systematic literature reviews organize, evaluate, and synthesize knowledge in a particular field (Crossan & Apaydin, 2010). We adopted the approach for systematic literature reviews described

by Siddaway et al. (2019) and Tranfield et al. (2003) to provide a transparent and replicable process.

2.3.1 Literature search and screening process

To ensure a broad coverage of the literature, we followed Hiebl's (2023) suggestion of combining different search approaches. Specifically, we applied database-driven, journal-driven, and seminal work-driven approaches as illustrated in Figure 1 to overcome the weaknesses of any single approach and benefit from their individual strengths (Hiebl, 2023).



^a Search on 02/08/2022; excluding duplicates

^b According to Harzing (2021); most frequent journal subject areas were: entrepreneurship 46 articles, public sector management 29 articles, general management and strategy 29 articles

^c Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Harvard Business Review, Journal of Management, Journal of Management Studies, Sloan Management Review, Strategic Entrepreneurship Journal, Strategic Management Journal, Entrepreneurship: Theory and Practice, Journal of Business Venturing

^d We derived from our database search that research mainly emerged from 2010

^e Search on 02/08/2022

^f For citation check we used Scopus and Web of Science

^g Search on 02/14/2022

Figure 1. Search process

Database-driven approach. We used the Scopus database complemented by the Social Sciences Citation Index (SSCI) of the Web of Science.⁶ We deliberately did not limit the journals in this stage because of the heterogeneity of the field. Using the two databases raised the validity of our approach because the databases provide extensive coverage of high-impact, peer-reviewed journals without being limited to a specific field of research (Podsakoff et al., 2005). The search term used to identify the relevant literature was derived through an iterative process of search and discussion between the three authors of this study and, eventually, the reviewers. This process was further informed by our previous engagement with scientific articles on the financing of social enterprises. We used several related keywords to cover the most relevant synonyms, as illustrated in Figure 2. We considered only finally published scholarly articles from peer-reviewed journals in English and excluded, for example, news pieces, reviews, comments, and editorial notes. The final search was conducted in February 2022. We limited our search to articles published in 2021 and earlier to have a clearly defined timeframe. This resulted in 1,603 articles.

⁶ The Scopus database contains more than 20,000 journals and the SSCI database, as part of the Web of Science, includes all the journals from the field of social sciences (over 10,800 journals) with an impact factor, which is a reasonable proxy for the important journals in the field.

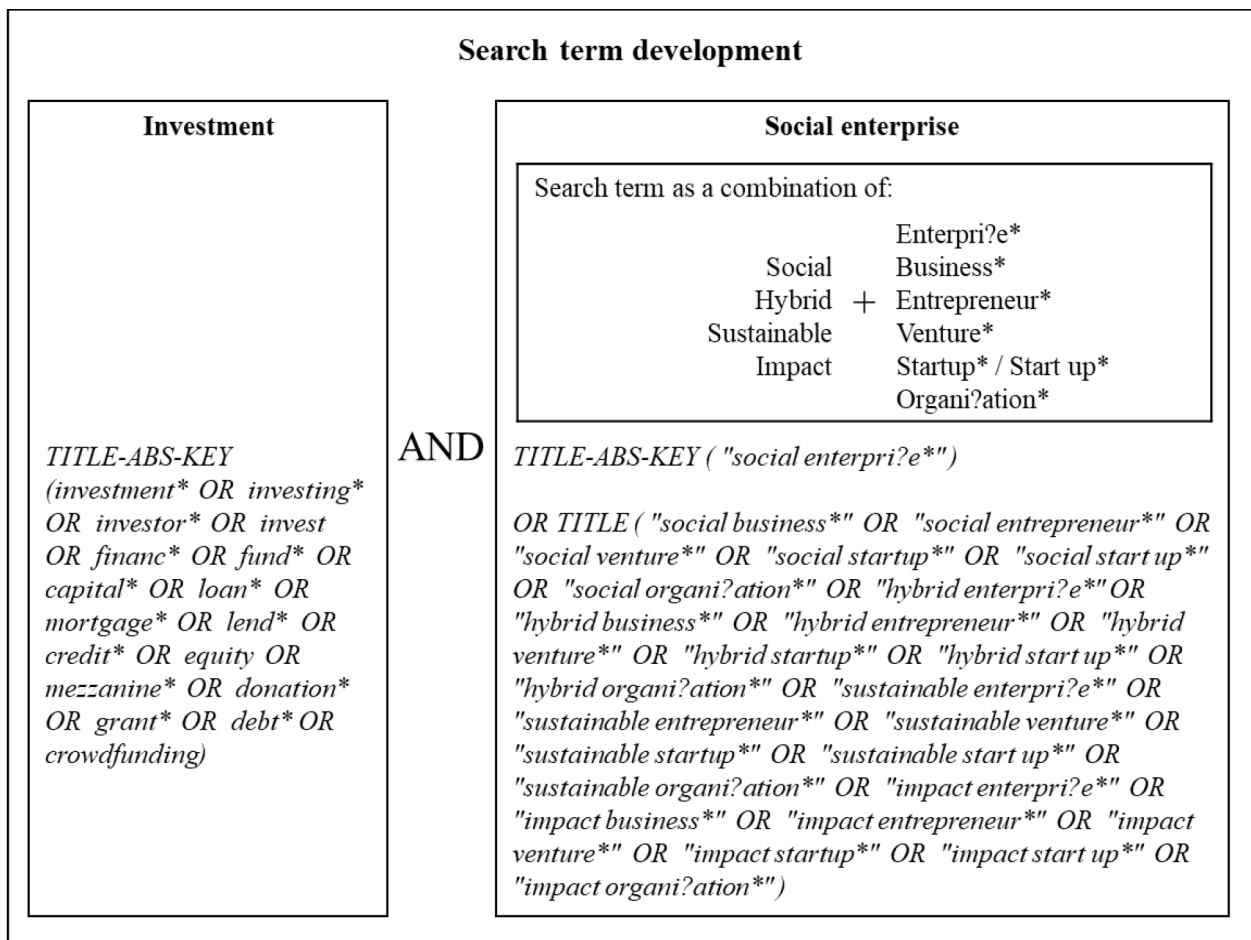


Figure 2. Search term composition⁷

We screened titles, abstracts, and keywords for topical relevance in an iterative process involving two authors as independent coders. We applied two main criteria to identify relevant articles. First, we paid attention to whether each article matched our understanding of social enterprises. We examined whether the underlying research objects were organizations or projects that “pursue a social mission while engaging in commercial activities that sustain their operations” (Battilana & Lee, 2014, p. 399) and excluded all articles that did not comply with this aspect, such as organizations without income generation (e.g., Sliva & Hoefer, 2016) or those lacking a social purpose (e.g., Ashby et al., 2009). Second, we scrutinized whether an article’s

⁷ We searched for “social enterpri?e*” in title, abstract and keywords to ensure the completeness of the review as we deemed this term to be central. The term “sustainable business*” intentionally was left out because of thematically not fitting results.

main contribution was in the sphere of the external financing of social enterprises and excluded all articles that focused on internal financing, for example through income generation (e.g., Cieslik, 2016).

When both coders were in doubt, articles were included rather than excluded to avoid missing potentially relevant material. When the two authors disagreed, the third author was consulted to arrive at consensus through discussion (Seuring & Gold, 2012). This process resulted in 224 articles, from which 53 articles were filtered out after in-depth reading because they did not match the criteria above; thus, 171 articles remained from the database-driven approach (Appendix 1 lists all articles included in our review and their source).

Journal-driven approach. We then added a journal-driven approach to identify further relevant articles. To identify relevant journals, we categorized the 171 articles from the database-driven approach by the publishing journal's subject area based on Harzing's (2021) journal quality list.⁸ The three most important subject areas based on a count of articles were entrepreneurship, public sector management, and general management and strategy. We then identified 11 journals from these three categories from the Financial Times (2016) list of highly influential journals in management and economics (see Figure 1 for the list of these 11 journals). We screened the titles of all 7,042 articles from these journals issue by issue since 2010. The starting date of this issue-by-issue screening was determined based on our analysis of articles from the database-driven approach, which indicated that research has mainly emerged from 2010 onward. From this screening, 244 articles remained of which we then read the abstracts. This resulted in 56

⁸ We assigned journals that were not included in Harzing (2021) to the most suitable subject areas. Therefore, we compared those journals with topical close journals and their assigned subject areas. See Appendix 1 for the assignment of the journals.

potentially relevant articles which we read completely. In the end, we added 14 articles, resulting in 185 articles in our preliminary sample.

Seminal work-driven approach. To strengthen our sample, we completed our search with a seminal work-driven approach. For this, we relied on the SCImago Journal Rank (SJR⁹) to identify those journals in our sample that were scientifically the most influential. The SJR measures scientific influence of academic journals based on the number of citations they receive and the importance of the journals from which those citations come (González-Pereira et al., 2010; Guerrero-Bote & Moya-Anegón, 2012). In total, 74 articles from our preliminary sample were published in journals classified as Q1 (i.e., the highest quartile) in the SJR. We conducted a backward search by applying a snowballing screening to the reference lists of those 74 articles to identify further potentially relevant articles. We also conducted a forward search to identify the most recent literature citing these Q1 articles from our preliminary sample (Hiebl, 2023). Overall, we screened 8,814 articles using this seminal work-driven approach following the same process and criteria as above and added 68 articles to our preliminary sample.

Overall, the three approaches resulted in 253 articles. Further, four relevant articles suggested by the reviewers were also included, as they did not appear in our search despite the extensive procedure outlined above. Finally, we excluded 53 articles from journals that were ranked in the lower SJR quartiles (Q3 and Q4). While any given study—regardless of the influence of the journal in which it appears—can be conducted with scientific rigor, the likelihood of scientific rigor decreases as the journal influence lowers, as most authors prefer to publish in high-impact

⁹ Each journal in the SJR is listed for at least one scientific field (e.g., “*Business, Management and Accounting*” and “*Environmental Science*”) and ranked in a quartile relative to all the other journals in the same field (i.e., Q1 for the most influential journals in the field and Q4 for the least influential). In cases in which a journal was ranked in different quartiles in different fields, we used the quartile ranking of the field that best fit the subject area of the journal. Furthermore, those journals not listed in the SJR were treated like Q4 journals.

journals. Therefore, high-quality studies are more likely to be published in Q1/Q2 than in Q3/Q4 journals. Our final sample thus consists of 204 articles.

2.3.2 Literature analysis

We analyzed and coded all 204 articles following a set of predefined categories. The first set of categories included descriptive and mainly deductive categories such as “research method,” “research geography,” “journal subject area,” and “applied theory.” The codes in these categories indicated whether the article is qualitative-empirical, quantitative-empirical, or non-empirical; the country and continent of the research context; the journal’s classification into a subject area according to Harzing (2021); and the applied theory or model. The second set of predefined categories covered more analytic categories such as “research topic,” “research focus,” and “results.” The codes in these categories emerged inductively from reading the articles with the aim of deriving themes that “[...] represent the core ideas, arguments and conceptual linking of expressions on which an article’s research questions, constructs, concepts and/ or measurements are based” (Jones et al., 2011, p. 635). By drawing on the principles of thematic coding from qualitative research (Braun & Clarke, 2006; Ryan & Bernard, 2003), two of the authors filled these categories with their inductively generated codes, which were then discussed with the third author. First-order codes were grouped with similar codes and brought to a higher level of abstraction to derive second-order themes. This iteration continued until we arrived at 10 major themes and 22 sub-themes that formed a holistic framework of the extant literature in the research domain. We organized the themes based on the level of analysis of each article’s research questions or hypotheses (individual, organizational, and institutional levels) to discuss the research phenomenon from a multi-level perspective (Klein & Kozlowski, 2000). For the thematic analysis, we focused on empirical research, as such studies were thematically closer with more coherently related findings. The underlying approach was therefore a hermeneutic and

iterative process that included multiple interplays of critically reflecting on the data, searching for research patterns, and questioning and refining the review categories (Cronin & George, 2023; Denyer & Tranfield, 2009; Tranfield et al., 2003).

2.4 Descriptive findings: Mapping a diversified landscape

Research on financing social enterprises emerged slowly from 2006 (one early article was published in 1998) and has increased steadily with some fluctuations, as illustrated in Figure 3. When focusing on the results derived from the database- and seminal work-driven approach¹⁰, most of the 187 identified papers were published in journals from the entrepreneurship domain (53 articles, ~28%). Thirty-three articles (~18%) stem from general management and strategy journals and thirty-two (~17%) articles from journals related to public sector management. Only 14 articles (~7%) are published in finance and accounting journals, which is surprising since the issue of interest can be considered to be a finance issue as well. The remaining 55 articles are scattered across nine further subject areas.¹¹

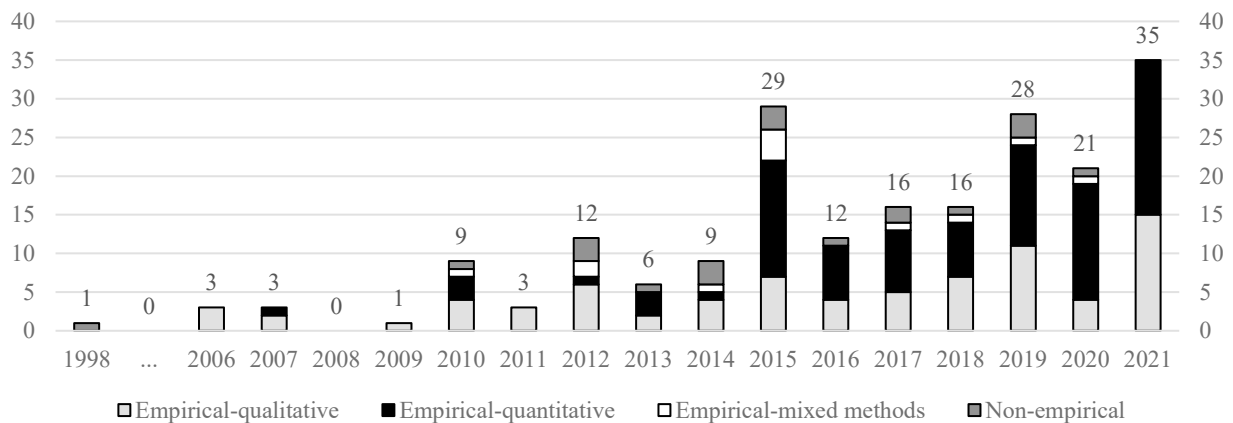


Figure 3. Number of publications per year and research method

¹⁰ Since we intentionally only focused on journals from certain subject areas in the journal-driven approach, we did not include those in this analysis to aim for an unbiased picture.

¹¹ “Communication,” “Economics,” “International Business,” “Innovation,” “Marketing,” “Management Information Systems,” “Multidisciplinary,” “Organisation Behavior/Studies, Human Resource Management, Industrial Relations,” and “Other.” Subject area “other” is not part of the Harzing list.

From a method perspective, we observe a slight increase in empirical work. Only 20 articles are non-empirical (~10%), 12 of which are even purely narrative/descriptive. In the other 184 empirical articles (~90%), qualitative and quantitative studies are rather evenly balanced (78 vs. 94). Furthermore, 12 mixed-method studies mostly combine interview studies with some kind of survey used for the descriptive analysis. Research has mainly investigated the phenomenon in Europe (33% of all empirical articles), across continents (24%), and in Asia (19%). Research in North America (12%), South America (2%), Africa, and Australia (each 1%) is rare. Roughly half of the papers in our sample explicitly refer to a theoretical anchor (see Appendix 1), mostly from three theoretical streams: sociological and organizational theories, economic theories, and psychological theories.

2.5 Research insights at the individual, organizational, and institutional levels

We identify several thematic research foci embedded in the individual, organizational, and institutional levels of analysis. We present our findings organized into major themes and sub-themes for each of these three levels. Where suitable, we focus on the perspectives of investors and investees as the two main actors in financing social enterprises.

2.5.1 Individual level

Two major themes dominate at the individual level of analysis (see Table A2.1 in Appendix 2). Research investigates *entrepreneurs' characteristics* that, from an investors' perspective, are relevant for funding success¹². The *perceived availability of financial support* scrutinizes how financial support options influence social entrepreneurial intention and social venture formation processes from an investee's perspective. With *investors' characteristics*, specifically in crowdfunding investments, a third major theme has recently emerged in the literature.

¹² Throughout our review, we use the term “funding success” as a short version for social enterprises' successful attempt to receive external financing.

Entrepreneurs' characteristics. Studies in this major theme are classified into four sub-themes: *entrepreneurs' skills, entrepreneurs' background, entrepreneurs' values, and entrepreneurs' sex.*

Regarding entrepreneurs' skills, the importance of management skills as a determinant of attracting investors is broadly recognized (e.g., Glänzel & Scheuerle, 2016; Hazenberg et al., 2015). Entrepreneurs' skills to successfully build and maintain business networks to attract investors are also acknowledged, albeit with less research intensity (e.g., Miller & Wesley II, 2010). Interestingly, one study even adopts the entrepreneur's perspective to describe the importance of the ability to adapt to different situations for funding success (Teasdale, 2010).

The findings of studies of *entrepreneurs' background* as a determining factor for investment success are inconclusive. Some studies find a positive relationship between management experience in social entrepreneurial teams and positive investor evaluations (Achleitner et al., 2013; Miller & Wesley II, 2010). However, more recent studies find no support for the direct effect of business background on funding success (Block et al., 2021; Dorfleitner et al., 2021). These mixed findings may stem from several factors. First, studies showing a positive effect do not use the actual funding decision as a dependent variable but instead focus on perceptions (e.g., investors' perception of the SE's integrity). Second, these studies have focused on social venture capitalists as investors, which might differ significantly from other types of investors. Whereas social venture capital investors actively seek SEs to establish a close and long-term relationship (Mayer & Scheck, 2018), other types of investors such as crowdfunding and impact investors are not necessarily interested in a long-term relationship (Mollick, 2014) and might thus not focus on the potential relevance of management experience. Third, investor preferences might have changed over time, especially since the development of social enterprises as potential investment objects is a highly dynamic field.

Studies in the sub-theme of *entrepreneurs' values* often focus on the tension between social and economic values and the question of which values should be emphasized by investees when approaching investors. Here again, we see some inconclusive findings that might be caused by the types of investors studied. Studies focusing on socially oriented investors demonstrate that investors support the social rather than economic values of entrepreneurs (Hazenbergh et al., 2015; Jancenelle & Javalgi, 2018; Miller & Wesley II, 2010) but also find that too much passion for the social mission is unfavorable for angel investors (Ala-Jääski and Puumalainen, 2021). By contrast, investors active in a microfinance context seem to prefer economic values, which are positive signs for investors, as they indicate that loans are likely to be repaid by the social enterprise (Moss et al., 2015). Apart from the dichotomy of social and economic values, some scattered recent studies have also examined other values such as an entrepreneur's family orientation (Dorfleitner et al., 2021) or the individual alignment with sociocultural values (Jancenelle et al., 2019).

Six studies analyze the role of an *entrepreneur's sex* in the financing context. Outsios and Farooqi (2017) conclude from their qualitative study that men and women both experience similar resource constraints. Quantitative studies in crowdfunding settings, on the one hand, find that women's chances of receiving funding are higher than men's (Dorfleitner et al., 2021; Bento et al., 2019), especially when female entrepreneurs signal gender- stereotypical values such as social values (Yang et al., 2020). On the other hand, recent studies show that both male and female borrowers benefit from displaying gender- counterstereotypical characteristics (Davis et al., 2021; Williamson et al., 2021).

Perceived availability of financial support. This major theme includes two sub-themes: *social entrepreneurial intention* and *social enterprise formation*. Five quantitative empirical studies (Amouri et al., 2021; Ghazali et al., 2021; Hockerts, 2015b; 2017; Luc, 2018) find that the

financial support (potential) SEs expect to receive from their environment positively influences *social entrepreneurial intention* while a lack of such financial support has a negative influence. These results must be critically reflected for two reasons. First, the mentioned studies do not move beyond the formation of cognitive intention to provide insights into the translation between intention and actual behavior. A possible misalignment of intention into actual behavior can, for example, be caused by social desirability bias in respondents' answers (Carrigan & Attalla, 2001). Second, the generalizability of the findings is limited because four of the studies (Amouri et al., 2021; Hockerts, 2015b; 2017; Luc, 2018) use students as proxies for potential SEs.

Studies from the sub-theme *social enterprise formation* find that although many specific financing options for social enterprises have recently been established, SEs still have fewer financing options than regular entrepreneurs, especially in the early start-up stage (Carriles-Alberdi et al., 2021; Harding, 2007; Hoogendoorn et al., 2019). This lack of financial support not only prevents SEs from starting social enterprises, but also influences their decisions, for example, whether to choose a for-profit or non-profit legal form (Child et al., 2015; Stirzaker et al., 2021).

Investors' characteristics. Although research on sustainability-oriented crowdfunding in general is flourishing, surprisingly few studies have explored the characteristics and values of crowdfunding investors. Kim & Hall (2021) as well as Tenner & Hörisch (2021) indicate that an individual's attitude toward sustainability, personal norms, social norms, and education increases the likelihood of investing in sustainable crowdfunding projects.

2.5.2 Organizational level

The largest share of our sample examines the organizational level in four major themes: *impact of social enterprises' characteristics and strategies on funding success, investor–investee*

relationship, impact measurement, and the role of networks in financing social enterprises (see Table A2.2 in Appendix 2).

Impact of social enterprises' characteristics and strategies on funding success. We find four sub-themes in this major theme: *social enterprise model, dual logics, social enterprises' external communication, and social enterprises' characteristics*. Research on the social enterprise model stresses that non-profits often develop into social enterprises to overcome financing constraints (e.g., Henderson et al., 2018; Khieng & Dahles, 2015). However, such a transition may also have negative financial consequences such as losing donors and specialized funding sources (Bjärsholm, 2019; Khieng & Dahles, 2015; Smith et al., 2012). Interestingly, research again finds a difference between crowdfunding and other forms of financing: while commercial and public funders seem to prefer for-profit social enterprises (Cobb et al., 2016), a non-profit orientation appears to be more promising in crowdfunding (Hörisch, 2015).

Insights into the effect of social enterprises' *dual logics* (i.e., a simultaneous social and economic orientation) on funding success remain ambiguous, although this sub-theme is frequently investigated. Some studies identify a positive effect of stressing both a social and an economic orientation (e.g., Andersson & Self, 2015; Ko & Liu, 2021; Lyon & Owen, 2019), while others find a negative effect (e.g., Lim et al., 2020; Moss et al., 2018; Smith et al., 2012). These varied results can partly be explained by the different investor types examined. Controversially, socially oriented investors seem to be hesitant to fund social enterprises (Lim et al., 2020; Moss et al., 2015), while a positive correlation between dual logics and funding success is found for conventional investors (e.g., Andersson & Self, 2015; Leung et al., 2019). Research agrees on the central influence of the social enterprise's mission on funding success (e.g., Bento et al., 2019; Moss et al., 2018), with studies stressing the importance of a mission fit between investors and investees (see *investor–investee relationship*).

Research on *social enterprises' external communication* investigates the linguistic style used by them to approach investors and achieve their funding goals (Hazenberg et al., 2015; Parhankangas & Renko, 2017). Social enterprises exhibit chameleon-like behavior by emphasizing different logics in their communication with various stakeholders. Specifically, they tend to emphasize their commercial side in discussions with investors (Alsaid & Ambilichu, 2021; Pratono et al., 2020). However, Ryder & Vogeley (2018) show that highlighting the social impact of a proposal before focusing on its commercial aspects is beneficial for attracting investors. Furthermore, there is hitherto no agreement on whether social enterprises' messages should be positive (e.g., focusing on the advantages of climate mitigation strategies) or negative (e.g., focusing on the threats of climate change) (Maehle et al., 2021; Rossolini et al., 2021). Another strategy used by some social enterprises is to instrumentalize philanthropic investors by encouraging them to share their personal stories to motivate potential investors (Maclean et al., 2013). However, the sub-theme is dominated by crowdfunding research, and the findings are thus only partially generalizable.

Research in the sub-theme *social enterprises' characteristics* largely confirms the findings from related research on commercial enterprises. Not surprisingly, good governance, sound business plans, and financial sustainability are important for investors (e.g., Block et al., 2021; Lim et al., 2020). Regarding the financing structure of social enterprises, grants and donations are given to younger social enterprises (Liston-Heyes et al., 2017), whereas repayable funding is more prevalent for more mature social enterprises (Block et al., 2021; Lim et al., 2020; Spiess-Knafl & Aschari-Lincoln, 2015). However, social enterprises use significantly less debt financing than commercial enterprises do (Siqueira et al., 2018).

Investor–investee relationship. The relationship between investors and investees is highlighted as one of the most important factors for investment success (Bocken, 2015; van Slyke &

Newman, 2006), which is also mirrored in the large number of studies contributing to this major theme. We cluster the literature into three sub-themes: *interfirm goal alignment*, *non-financial support*, and *decision rights and trust*. Research on *interfirm goal alignment*, which is scarce and exclusively qualitative, again highlights that the different social and commercial orientations of investors and investees may lead to tensions (e.g., Glänzel & Scheuerle, 2016). Research on *non-financial support* unanimously stresses that such support (e.g., business advice and network access) is appreciated by social enterprises if it fits their business plans (Cheah et al., 2019). Finally, a large part of the literature contributes to the sub-theme *decision rights and trust*. Trust between investors and investees is stressed as being of outmost importance to achieve legitimacy for the social enterprise and maintain a functioning relationship between investors and investees (Maehle, 2020; Mehrotra & Verma, 2015; van Slyke & Newman, 2006). A fine line seems to exist between welcome non-financial support and a reluctance to engage investors that exercise strong control (Glänzel & Scheuerle, 2016). From the investor perspective, regular monitoring helps avoid moral hazard and enables early interventions if problems arise (Scarlata et al., 2012; Sonne, 2012).

Impact measurement. Research elaborates on impact measurement methods (Lall, 2017) and stresses the different attitudes toward measuring impact. While investors demand that social impact is measured to ensure legitimation, enhance interfirm alignment, and make informed decisions (Agrawal & Hockerts, 2019; Bengo & Arena, 2019; Glänzel & Scheuerle, 2016; Lall, 2019), social enterprises often seem to be skeptical (Glänzel & Scheuerle, 2016). Nevertheless, social enterprises can use impact measurement, for example, for organizational learning purposes (Gillin, 2006; Lall, 2019). Nguyen et al. (2015) stress that the way impact measurement is perceived and used depends on the relationship between investors and investees, unleashing its learning potential only in equitable power relations between these parties.

Role of networks. Two sub-themes emerge in this major theme: *networks to access (financial) resources* and *networks as a signal to investors*. Research in the first sub-theme highlights that social networks play a significant role for social enterprises by providing either direct access to suitable investors (Sakarya et al., 2012; Sonne, 2012) or a platform on which to exchange the skills, knowledge, and competencies possessed by other collaborators that enable social enterprises to acquire financial resources (e.g., Bloom & Chatterji, 2009; Bjärsholm, 2019; van Slyke & Newman, 2006). Whereas a network's positive influence on social enterprises' financial performance seems evident (López-Arceiz et al., 2017), social enterprises' social performance can suffer when network partnerships rely too heavily on financial support (Choi, 2015).

Research on *networks as a signal to investors* examines whether and how social enterprises' participation in networks can be a positive signal of legitimacy to outside investors (Crescenzo et al., 2020; Jayawarna et al., 2020; Lange & Valliere, 2020; Lange & Valliere, 2020). For example, investors seem to assume that social enterprises with large social networks face fewer difficulties when looking for volunteers, enjoy better stakeholder relationships, and understand social needs better (Miller & Wesley II, 2010).

2.5.3 Institutional level

Research at the institutional level deals with three major themes: the *cultural factors*, *economic factors*, and *political and legal factors* that influence social enterprises' financing opportunities and processes (see Table A2.3 in Appendix 2).

Cultural factors. Studies in this major theme emerge in two sub-themes: the *role of culture in financing strategies* and the *influence of culture on funding success*. Studies from the first sub-theme examine how societal and cultural settings require different strategies and tools to acquire financial resources (e.g., Barraket et al., 2019; Sonne, 2012; Young & Grinsfelder, 2011). Social enterprises from rural areas, for example, are less dependent on grants and more likely to use

crowdfunding than social enterprises from urban areas (Bernardino et al., 2016; Smith & McColl, 2016). However, empirical research in this sub-theme mainly takes place in developed countries. This is surprising, as social enterprises play an increasingly important role in developing countries (Bosma et al., 2016), where the cultural influences on financial resource acquisition processes might contrast with those in developed countries.

Research in the sub-theme *influence of culture on funding success* has increased recently and it focuses on the influence of various country-level variables on investors' funding decisions, such as religious diversity (Zhao & Lounsbury, 2016), environmental orientation (Butticè et al., 2019), public opinion (Chen et al., 2018), and socio-cultural values (Hong & Byun, 2020). However, the findings are not necessarily generalizable because most studies concentrate on crowdfunding investments with distinct types of investors than on other financing instruments (Hoegen et al., 2018).

Economic factors. This major theme comprises two sub-themes: *market characteristics* and *infrastructure*. Studies of *market characteristics* mainly focus on the prevalent institutional logics of specific capital markets in different countries and how these logics affect financing. An often acknowledged characteristic of capital markets for social enterprises is that investors are regularly characterized by a strong market logic and investees by a social logic (Castellas et al., 2018; Glänzel & Scheuerle, 2016). On the one hand, researchers argue that a strong economy dominated by market logics and functioning traditional financial markets facilitates private investments in social enterprises (Kistruck et al., 2011; Popov et al., 2018; Zhao & Lounsbury, 2016). On the other hand, studies find that exactly such markets are not beneficial for social enterprises (Carriles-Alberdi et al., 2021; Cobb et al., 2016; Mendoza-Abarca et al., 2015).

The sub-theme *infrastructure* revolves around the infrastructural factors necessary to create a supportive economic environment for social enterprises. The presence of socially oriented

investors (Sahasranamam & Nandakumar, 2020), an agglomeration of social enterprises (Pinch & Sunley, 2016; Sun & Im, 2015), and specialized intermediaries and social enterprise networks (e.g., Sen, 2007; Owen et al., 2018) seem to be important for creating an enabling environment for social enterprises. However, supportive structures that truly cater to the needs of social enterprises are scarce (Glänzel & Scheuerle, 2016; Mazzei & Roy, 2017). Technological innovations, platforms, and media presence can compensate to a certain degree for a lack of intermediaries by assuming some intermediary functions such as enhancing a venture's reputation and providing information about the business, thus creating transparency for potential investors and encouraging cross-sector collaborations (Lehner & Nicholls, 2014; Walske & Tyson, 2015; Zeng, 2018).

Political and legal factors. Studies in this major theme are classified into three sub-themes: *status quo*, *effect of governmental financial support*, and *regulatory environment*. A large number of studies deal with the status quo of current political and legal factors in specific countries at a rather descriptive level. A lack of governmental support is, for example, often described as a barrier to the financing of social enterprises (Hall et al., 2012; Hoyos & Angel-Urdinola, 2019; Stephan et al., 2015). Reliance on governmental grants and private donations instead of repayable investments is still high in many contexts, especially in emerging and developing countries (Khieng & Dahles, 2015; Mehrotra & Verma, 2015). Governmental support often fails to address social enterprises' needs adequately; for example, because governments often focus on short-term funding with a reliance on grants and loans (e.g., Bengo & Arena, 2019; Hoyos & Angel-Urdinola, 2019), they apply too restrictive funding criteria (e.g., Mazzei & Roy, 2017) or fail to provide tax incentives (Umfreville & Bonnin, 2021).

The *effect of governmental financial support* on the success of social enterprises as a sub-theme has attracted increased research attention. Various qualitative studies indicate the positive

influence on social enterprises' financial success (El Kallab & Salloum, 2017; Oliński, 2020) and indirectly on social value creation (Choi, 2015; El Kallab & Salloum, 2017; Kim & Moon, 2017; Rey-Martí et al., 2016). By contrast, four quantitative studies show mixed results with regard to the effect of governmental financial support on social enterprise outcomes. Choi & Berry (2021) find that government funding has positive effects on the social performance of social enterprises and negative effects on their economic performance. The detailed analysis of Cheah et al. (2019) demonstrates that financial support and training from governmental actors (among others) enhance investees' performance and social achievements only if the supporting initiatives correlate closely with a venture's formal business planning practices. Others find that government-funded social enterprises are less profitable than social enterprises funded by non-governmental organizations (Leung et al., 2019) and also less likely to internationalize compared to social enterprises without such funding (Angulo-Ruiz et al., 2020). However, three of the four studies focus on Asian countries and sometimes rely on a small sample size, so the findings have to be taken with caution.

The sub-theme *regulatory environment* includes the literature that focuses on the role of governmental regulations in the financing processes of social enterprises. In some cases, regulations do not provide specific legal frameworks or structures for social enterprises. Ventures must then decide whether they become non-profit or for-profit organizations, which both come with financing restrictions, as illustrated above (e.g., Pelucha et al., 2017; Rawhouser et al., 2015). Furthermore, the absence of a dedicated legal form for social enterprises might lead to investors viewing them as lacking sufficient legitimacy (Lehner, 2014). Overall, scholars consistently suggest increased regulations favorable to social enterprises, while only a few authors contend that fewer regulations lead to a more favorable business environment and investment climate (Popov et al., 2018; Zhao & Lounsbury, 2016).

2.5.4 Social enterprises' external financing framework

Figure 4 synthesizes the current research developments into an overarching framework to provide a holistic picture of social enterprises' financing and the theoretical anchors currently adopted in the literature. It reflects the three levels of analysis from our review and illustrates the interrelations, interactions, and constraints of the three main actors: the investor, the social enterprise as the investee, and the institutional environment in which these entities are embedded.

At the individual level, the SE (see *a* in Figure 4) and the investor (see *b*) are the relevant actors whose skills, perceptions, and personal attitudes influence (potential) investment collaborations. Even before an enterprise is founded, the perceived access to finance plays an important role in a potential SE's decision on establishing a social enterprise (Hockerts, 2017; see *a*). Extant research uses psychological theories, such as the theory of planned behavior, as anchors by attributing an actual behavior to the perceived control over its performance (Ajzen, 1991; 2002; Ajzen, 2002), thus helping explain the investee's (organization) internal processes. Therefore, when deciding to establish a social enterprise, the SE must be confident about achieving the necessary funding (Hockerts, 2015b, 2017; Luc, 2018).

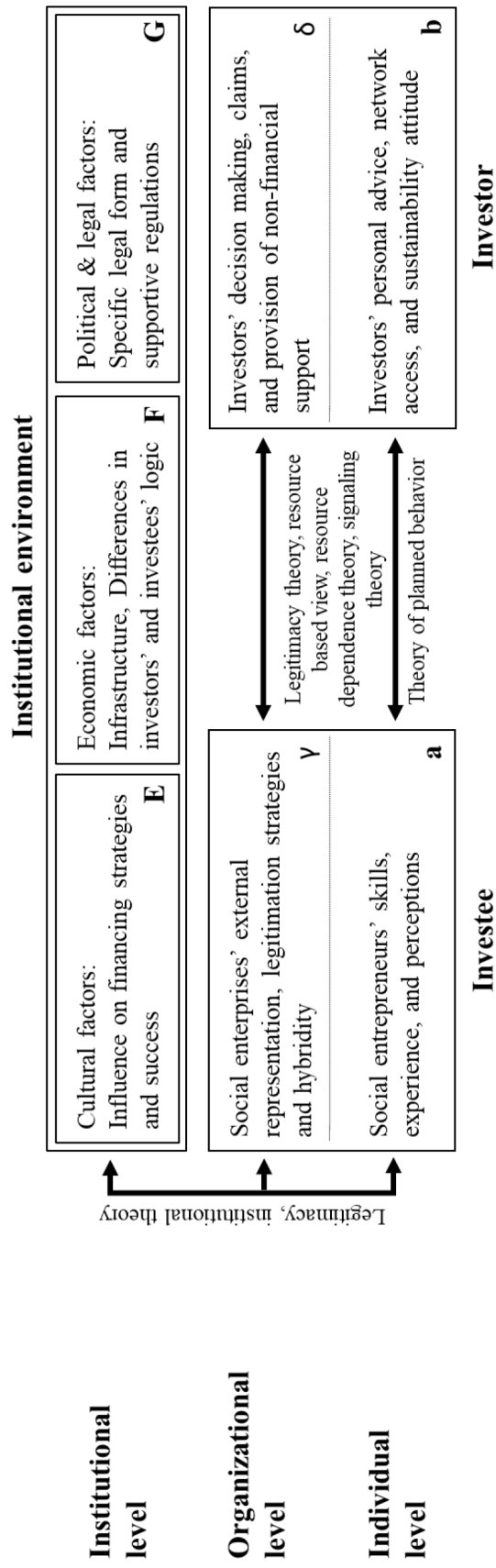


Figure 4. Framework of the external financing of social enterprises

Economic theories such as signaling theory are used to complement this internal perspective by spanning interpersonal boundaries. SEs must fulfill diverse claims and convince investors of their ability to secure external financing for their enterprises. Signaling can decrease information asymmetry (Connelly et al., 2011); for example, investees send quality signals about their professional background and commitment to a double bottom line and assure investors of their potential (Achleitner et al., 2013; Yang et al., 2020). For individual investors (see *b*), the type of social mission is especially important (Chen et al., 2018; Litrico & Besharov, 2019), although subjective factors such as investors' personal history, preferences, and goals also influence decision-making. Once convinced about an investee, the investor provides the SE advice and network access, both of which are elements of non-financial support that are highly appreciated by investees (Mayer & Scheck, 2018).

At the organizational level, two actors are important: the social enterprise (see γ) and the investor organization (see δ). Research often builds on legitimacy theory to explain investment initiation between the two parties. Creating organizational legitimacy in the investee organization is important to facilitate faster and more efficient capital acquisition (Chen et al., 2009; Lounsbury & Glynn, 2001; Rey-Martí et al., 2019). According to legitimacy theory, legitimacy can be achieved by demonstrating success (Suchman, 1995; Suddaby et al., 2017). However, this is especially difficult in the early stages of a social enterprise's formation, when capital is most needed, because start-ups lack financial history and cannot build on past achievements (Aldrich & Fiol, 1994; Zimmermann & Zeitz, 2002). Moreover, demonstrating non-financial achievements is also challenging for mature social enterprises, as robust methods for measuring social impact remain scarce (e.g., Lall, 2017; Rawhouser et al., 2019; Saebi et al., 2019). Accordingly, investors suffer from information asymmetry because they are unaware of whether

the investee will generate the promised social impact (Hörisch, 2019; Scarlata & Alemany, 2010).

Studies use organizational theories such as resource dependence theory (Pfeffer & Salancik, 1978) and the resource-based view (Barney, 1991) to explain investees' motivation in partnering with other organizations to acquire the resources needed to achieve a competitive advantage (e.g., Choi, 2015; Meyskens et al., 2010b). However, knowledge about investor–investee interactions is scarce despite this collaboration, and the exchange of non-financial resources is one of the most important success factors (Bocken, 2015; Nguyen et al., 2021; van Slyke & Newman, 2006).

At the institutional level, the institutional environment in which investees and investors are embedded affects the availability of financing options and strategies adopted by social enterprises through cultural (see *E*), economic (see *F*), and political and legal factors (see *G*). Research anchored in institutional theory embeds corporations in a nexus of formal and informal rules that govern the norms of behavior and decision-making (North, 1990; Scott, 1995). Thus, the institutional level influences investors and investees at the individual and organizational levels. In the context of our study, the literature offers many examples of how economic factors such as the structure and function of capital markets (e.g., Sahasranamam & Nandakumar, 2020), cultural factors such as social norms for appropriate behavior of social enterprises and investors (e.g., Chen et al., 2018), and political and legal factors related to firm governance (Popov et al., 2018) affect the availability of financing options and the strategies adopted by social enterprises. Our review indicates that legal and economic factors may not favor social enterprises. According to institutional and legitimacy theories, this negatively affects the striving for legitimacy of social enterprises and, in turn, financing access.

2.6 Future research directions

We now introduce five research avenues relevant for providing a holistic picture of social enterprises' external financing and developing knowledge on the interdependencies of actors in the above-mentioned framework.

Table 5 summarizes these avenues and the potential research questions.

Table 5. Future research directions

Research avenue	Potential research questions	Theoretical anchors	Initial research links
Social enterprises' attractiveness for investors	• Which characteristics attract investors and under what conditions? • How do investors differ in their perceptions of social enterprises? • Which internal and external factors influence investors' choices? • How does (non)alignment of individual and organizational identity in social enterprises influence investors' choices? • How do social enterprises, compared with conventional enterprises, legitimize themselves to investors? • Which investment vehicles are relevant for social enterprises and what are their peculiarities?	Signaling theory, Organizational identity theory, Legitimacy theory	Ala-Jääski and Puumalainen (2021); Block et al. (2021); Davis et al. (2021); Jayawarna et al. (2020); Yang et al. (2020)
Investor–investee relationship	• How can interorganizational tensions with investors be managed successfully? • How does the investor–investee relationship influence internal processes at the investee/investor organization? • How can investors act as boundary spanners that use their power bases to support positive outcomes in the investee organization?	Stakeholder theory, Paradox theory	Agrawal & Hockerts (2019); Lall (2019); Leborgne-Bonassié et al. (2019)
Examining the investee perspective	• What are needs and expectations of social enterprises with regard to external financing? • Which organizational characteristics determine investees' needs? • How are intraorganizational tensions caused by external financing issues handled?	Resource dependence theory, Paradox theory	Agrawal & Hockerts (2019); Guo & Peng (2020); Mayer & Scheck (2018)

Inter-organizational relationships in networks	• Which types of network relationships add value to social enterprises? • What value creating resources are exchanged in networks and how?	Relational view	Lange & Valliere (2020); López-Arceiz et al. (2017); Sakarya et al. (2012)
Institutional constraints and enablers	• Which institutional factors influence social enterprises' access to and exploitation of external finance? • How do financing processes differ across countries, and which underlying institutional factors determine differences?	Legitimacy theory, Institutional theory	Barraket et al. (2019); Jancenelle et al. (2019); Stephan et al. (2015); Zhao & Lounsbury (2016)

2.6.1 Social enterprises' attractiveness for investors

The extant literature provides initial evidence that professional investors' decision-making regarding the financing of social enterprises is similar to that for investments in commercial enterprises (e.g., Ala-Jääski and Puumalainen, 2021; Block et al., 2021; Lim et al., 2020). On the one hand, this implies that social enterprises are no longer being forced into a certain niche. On the other hand, the assumption that investors treat social enterprises and regular ventures equally is not applicable in the crowdfunding context. Entrepreneurship research has shown that men-owned enterprises are more likely to be funded than their women-owned counterparts (Huang et al., 2021). Nevertheless, for social enterprises, women's chances of receiving funding seem higher than men's (Dorfleitner et al., 2021; Bento et al., 2019; Yang et al., 2020). A fit between women's stereotypical social orientation and the social mission of the venture potentially makes women-led social enterprises more attractive to crowdfunding investors than social enterprises led by men (Lee & Huang, 2018). However, other studies show the presence of the exact opposite relationship, indicating that women should send gender-counter stereotypical signals to investors to appear more business-oriented (Davis et al., 2021; Williamson et al., 2021).

Overall and despite these exemplary insights, research on factors that make social enterprises attractive to investors is still in its infancy and should be extended to provide reliable and valid results, not least by building on the insights from the “classical” management domain. Research on commercial entrepreneurship, for example, extensively discusses signaling theory and key quality signals such as the use of words and storytelling in resource acquisition processes (Cornelissen & Clarke, 2010; Lounsbury & Glynn, 2001; Martens et al., 2007), entrepreneurial passion (Chen et al., 2009), entrepreneurial optimism (Dushnitsky, 2010), and signals related to sex (Alsos & Ljunggren, 2017). We argue that some of those ideas could be transferred to the social enterprise context by complementing signaling theory with organizational identity theory (Albert & Whetten, 1985) to analyze how aligning individual and organizational identity in social enterprises might influence investors’ choices. According to organizational identity theory, the behavior of a SE depends on how strongly they identify with the organization. Because certain investee behavior such as a cooperative attitude might be important for the investor (Dukerich et al., 2002), analyzing the degree to which the entrepreneur identifies with the organization and how this is perceived by the investor might shed light on the social enterprise’s interorganizational processes that the investor perceives as attractive. As investors favor strong values and missions (Hazenbergh et al., 2015), analyzing how dualities in organizational identities influence the identification of the individual with the organization (Foreman & Whetten, 2002) and how a misalignment may influence investors’ decisions could add insights into what makes social enterprises legitimate to investors. Furthermore, and taking an investor perspective, we argue that the so far seemingly subjective decision making processes based on an investors’ personal history, preferences, and goals can be further researched. The theory of planned behavior, which is currently only used in research on the investee perspective, could also be applied to the investor context, as it could help us to understand subjective factors like attitude,

social norms, and perceived behavioral control that influence investors' decision to risk an investment in a social enterprise.

Overall, we advise scholars to be cautious not to lose sight of the peculiarities of SEs, especially when transferring the general ideas from the entrepreneurship and general management domain, where most of the research in our sample is located, to the social enterprise context. In fact, classical management theories might not be able to explain some of the social processes inherent in the creation of social value (Dacin et al., 2011).

Furthermore, we suggest increasing the variety of investment types used in empirical analysis. Much of the literature, especially in entrepreneurship journals, focuses on the crowdfunding context and exploits secondary data (e.g., Parhankangas & Renko, 2017; Yang et al., 2020). Crowdfunding, however, is a specific investment vehicle, and the value of using publicly available datasets and secondary survey data is limited for uncovering the complex dynamics and underlying mechanisms that influence the financing processes of social enterprises. Against this background, public sector management research could provide the inspiration to assess primary data on different types of investors such as venture philanthropy and impact investing (II). Furthermore, as social enterprises regularly rely on more than one type of financing (Achleitner et al., 2014; Siqueira et al., 2018), an isolated focus on specific financing tools does not capture the complex reality. Research could therefore illuminate, for example, the conditions under which different types or sources of finance complement one another to enable superior outcomes.

2.6.2 Investor–investee relationship

Although successful investor–investee collaboration is one of the most important success factors for generating valuable outcomes (Bocken, 2015; van Slyke & Newman, 2006), knowledge about the underlying mechanisms and processes that drive successful investor–investee relationships is scant. Future research could therefore delve into the dynamics of successfully forming investor–

investee relationships. Social enterprises face two severe management challenges that influence interorganizational relationships: they need to pay attention to the legitimate interests of a diverse group of stakeholders and they need to focus on and manage multiple, often conflicting internal goals. Pursuing diverse goals might lead to tensions in interorganizational collaborations between investors and investees. We suggest addressing these issues to understand how they affect relationships. A fruitful endeavor could be to combine stakeholder theory (Donaldson & Preston, 1995) and paradox theory (Lewis, 2000; Smith & Lewis, 2011; van der Byl & Slawinski, 2015) to better understand tensions in social enterprises and find solutions to solve them and allow relevant stakeholders to avoid further complexity (see also Pinto, 2019). Following the identification and prioritization of various stakeholders (Mitchell et al., 1997), paradox theory could help approach the tensions between their different claims and resulting tensions at the interorganizational level between investors and investees, or in the investee organization itself.

Another interesting aspect of dyadic relationships is the allocation and management of power in those relations. There is a fine line between investees' appreciation of non-financial support and their dislike for investors that restrict them by deploying strong control mechanisms (Glänzel & Scheuerle, 2016; Mayer & Scheck, 2018). At the same time, investor–investee relationships are characterized by an unequal power distribution, for example, with regard to monitoring and measurement practices. Investors favor regular monitoring to avoid moral hazard (Scarlata et al., 2012; Sonne, 2012), while social enterprises are often skeptical about external interference and doubt the need to incur high costs to measure impact (Glänzel & Scheuerle, 2016). Such an unequal power distribution may hinder learning and knowledge sharing in interorganizational relationships (Collien, 2021). However, power needs not necessarily to be an issue of dominance but rather a valuable resource, assuming that expert and management positions in organizations are used to exert power for organizational learning (Collien, 2021). In our context, it would be

interesting to examine, from this perspective, how investors can act as boundary spanners that use their power bases to drive innovation in the investee organization, for example, by demanding and implementing control and measurement practices in the social enterprise.

2.6.3 Examining the investee perspective

The initiation of an investment relationship is currently described primarily from an investor perspective. We argue that analyzing such relationships from the perspective of social enterprises' needs and expectations is necessary for two reasons. First, the growing relevance of social and environmental issues in society has raised the financing options of social enterprises. It is thus possible that the power balance between investors and social enterprises will even out over time and allow social enterprises to choose among a variety of investors. Second, the selection of a suitable partner can be considered to be a more important decision for social enterprises than for investors, as investors often have a large portfolio that minimizes investment risks (Hand et al., 2020), while social enterprises depend on a few investors which might be essential for their survival.

Knowledge on social enterprises' needs and the factors that influence those needs is blurry. For example, our review identified increasing research on crowdfunding which somehow reflects the growing use of crowdfunding by social enterprises in practice. At first glance, this seems surprising, as the literature indicates that social enterprises value investors' non-financial business support, which is lacking in the crowdfunding context. However, it also indicates that social enterprises strive for independence, which is in line with most crowdfunding approaches that do not require giving away control rights. When control of the investor is high and the social enterprise must shape its mission to fit investors' mission, undesirable outcomes such as mission drift might occur (Achleitner et al., 2014; Pratono et al., 2020). Such a mission drift can lead to intraorganizational challenges at the investee organization when employees perceive this as a

misalignment and betrayal of the original organization's goal (Hahn et al., 2015). We see potential for future research to shed light on the needs and expectations of social enterprises and how optimal external financing should look like to prevent intraorganizational tensions respectively how to solve them. In this regard, paradox theory could again provide useful insights for analyzing and developing approaches to resolve intraorganizational tensions. Furthermore, the role of external factors such as the institutional environment could be further analyzed. The few studies that adopt an investee perspective rely purely on narrative or descriptive illustrations (Lyon & Owen, 2019) or lack methodological sophistication (Mayer & Scheck, 2018).

2.6.4 Interorganizational relationships in networks

Most articles adopting a resource-based perspective argue that network building is essential to (financial) resource acquisition and thus focus on *how* relationships are formed (e.g., López-Arceiz et al., 2017; Sakarya et al., 2012). However, a clear understanding of *which types* of network relationships are value adding is lacking. Thus, we suggest building on the complementary perspective of the relational view (Dyer & Singh, 1998) to obtain a clearer understanding of resource exchange processes and the creation of new network resources to avoid an unbalanced perspective of social enterprises just taking resources without giving back.

The relational view suggests that a firm's critical resources may span firm boundaries and be embedded in interfirm routines and processes. Competitive advantage is based on network routines and processes rather than on the resources of individual organizations only (Dyer & Singh, 1998). Interorganizational cooperation therefore does not merely grant access to new resources, but the cooperation itself is a strategic resource if the partners share common goals and values. Such critical resources and interfirm routines and processes require further research through explorative qualitative studies because interorganizational collaboration processes may be particularly difficult to capture using quantitative methods.

2.6.5 Institutional constraints and enablers

Regulatory, political, and institutional forces can significantly influence the acquisition of financial resources by social enterprises (Chen *et al.* 2018). Social or institutional change, typically regarded as the desired outcome of social enterprises (e.g., Austin et al., 2006; Rawhouser et al., 2019), relies on reciprocal dynamics in the market. We argue that research combining different forces is necessary for several reasons: first, to analyze the interdependence of cultural, economic, political, and legal factors; second, to analyze how they influence social enterprises' financing processes; and third, to analyze how financing processes in turn shape institutions. To analyze the influence of institutional factors on the individual and vice versa, we suggest combining signaling theory and institutional theory to account for institutional and organizational constraints when analyzing the role of individual entrepreneurs' human capital, resources, and strategies in the sphere of financing processes.

Existing theoretical debates have centered on the questions of whether and how a country's institutional context may be instrumental in unlocking resources at the individual level and how contextual and individual factors jointly influence entrepreneurship entry (e.g., de Clercq et al., 2013; Estrin et al., 2016; Sahasranamam & Nandakumar, 2020; Stephan et al., 2015; 2016). We encourage researchers to extend this discussion by holistic perspectives to analyze whether and how economic factors (e.g., resource-scarce versus resource-rich environments), cultural factors (e.g., sex and ethnic biases), and legal factors (e.g., laws and regulations) influence entrepreneurial resources and strategies to access or exploit financing opportunities. As legal and economic factors are rarely favorable toward social enterprises (Carriles-Alberdi et al., 2021; Umfreville & Bonnin, 2021), a focus on cultural aspects such as highlighting the positive effects of their business models for society as a whole (e.g., Calic & Mosakowski, 2016; Paniagua et al., 2015) could be a strategy to positively influence legitimacy and thus subject to future research.

We further suggest extending research on institutional factors to more country comparison research. Much existing research already uses publicly available data that include data from multiple countries. Only few, however, actually use the data to compare different countries and analyze how differences in institutional settings influence financing processes (for a notable exception, see Stephan et al., 2015). Using such datasets and including cross-country comparisons will be valuable to connect outcomes of financing such as success or internationalization of social enterprises (Alon et al., 2020; Angulo-Ruiz et al., 2020) to country specific factors. Lastly, most empirical research focuses on social enterprises or investors based in Europe and Asia. Although Europe and Asia are certainly relevant contexts, other regions and countries might also be relevant for financing social enterprises from an institutional perspective.

2.7 Conclusion

Financing social enterprises is a nascent area of scholarly inquiry. Owing to the multitude of themes, theories, and research objects at the individual, organizational, and institutional levels, research is fragmented, our understanding of the financing processes of social enterprises is scattered, and theoretical content and boundaries are lacking. This systematic literature review sheds light on the state of research on the external financing of social enterprises by synthesizing hitherto opaque and hidden academic knowledge from a diversified body of the literature across different levels of analyses into a holistic understanding of the processes and constraints of financing social enterprises. Our review reveals the imbalances in existing research as well as inconsistent or contradictory findings. It integrates evidence from different subject areas to address the field's fragmentation and thus speaks to researchers from the management, entrepreneurship, finance, and public sector management fields. As conventional enterprises are increasingly expected to consider social and environmental issues alongside their financial goals,

thus incorporating different forms and degrees of hybridity, our findings also speak to management and finance researchers.

We highlight notable research achievements and identify several major gaps. We argue that isolated perspectives inevitably fall short of explaining the complex topic of financing social enterprises with their sometimes conflicting goals, heterogeneous actors, and fragmented infrastructure. To connect these perspectives and integrate the diverse research streams, we provide a multi-level view of financing social enterprises by introducing an overarching framework that connects relevant factors at the individual, organizational, and institutional levels. Drawing, for example, on organizational identity, stakeholder, paradox, and institutional theory, we outline future research avenues that could help consider the individual, organizational, and institutional levels of analysis simultaneously. The conceptual framework is useful in creating theoretical novelty, as it highlights important interactions and dynamics of the topic that should be considered in future studies at all levels of analysis. It also shows where islands of knowledge lie and where knowledge is still thin, giving direction for high impact empirical future studies. In sum, we advance management research by revealing evidence-driven insights on the external financing of social enterprises, providing a nuanced and holistic perspective on the topic, and by stimulating research paths to new empirical studies.

We acknowledge that our conclusions may be limited by several issues. First, despite applying an extensive literature search procedure, we cannot guarantee the completeness of the literature sample. Furthermore, we decided to focus on external financing only, thus leaving the internal financing of social enterprises aside when conducting our search and screening process. We did this to avoid further heterogeneity in the topic and future reviews could specifically scrutinize aspects of internal financing. Second, although we applied an extensive search strategy, we do not claim that our findings can be generalized beyond the reviewed literature. Third, while we

believe that the manner in which we analyzed and categorized the articles in our sample is methodologically sound, we acknowledge that certain validity concerns may exist when adopting an interpretative-qualitative approach. In light of these three concerns, we advise scholars to reflect on the choices we have made when interpreting our conclusions.

3. Paper 2: Missing the impact in impact investing research – A systematic review and critical reflection of the literature¹³

Co-authored with Lena Schätzlein, Rüdiger Hahn and Carolin Waldner.

Abstract. Impact investing (II) aims to achieve intentional social impact in addition to financial return. Our systematic literature review of 104 articles finds that the growing academic literature on II is scattered across a variety of disciplines and topics, with inconsistencies in terminology and concepts and a paucity of theoretical explanations and frameworks. To provide an overview of common research areas and findings, we integrate the articles on II in nine emerging topics and shed light on inconsistencies in the literature. The analysis reveals one major shortcoming in II research: Despite the fact that II aims to create a measurable societal impact, this impact of II, its *raison d'être*, is not scrutinized in the literature. We argue that investigating the impact of II requires a holistic lens, for which we propose systems theory. We suggest prospective future research avenues which combine socio-economic research approaches (esp. longitudinal qualitative studies and experimental methods) with socio-technical methods (esp. life cycle analysis) to enable a holistic systems perspective of II.

Keywords: impact investing, literature review, social finance, sustainable finance, systems theory, research methods

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3.1 Introduction

Tackling societal challenges, such as climate change and social inequality, requires significant financial capital investment. However, many of the traditional private financing options focus on maximizing financial returns without considering societal impact. The resulting funding gap for addressing social and environmental concerns (Dalby et al., 2019; Harji & Jackson, 2012) is often filled by grant funding and charity, which prioritize societal impact without any financial return. Nevertheless, the idea of achieving both financial returns *and* a positive impact on society has grown significantly in recent decades (Global Sustainable Investment Alliance, 2020).

Impact investing (II) is an investment approach that aims to achieve measurable social or environmental impacts in addition to financial returns (e.g., Hehenberger et al., 2019; Höchstädter & Scheck, 2015). It is based on the premise that there is a causal link between financial investment and environmental or social impact (Busch et al., 2021). It thus differs from financing approaches which incorporate environmental, social, and governance (ESG) criteria into investment decisions to enhance financial performance (Sandberg et al., 2009) and evaluate, post-investment, how they have contributed to better social/environmental company performance. Consequently, II is believed to have a higher potential for societal impact than investing based on ESG criteria (Carroux et al., 2021).

Despite increasing interest in II in the financial and sustainability community (Busch et al., 2021; Hand et al., 2020), our understanding of the phenomenon remains selective. Currently, studies on II are emerging as isolated puzzle pieces across a range of analytical levels, theories, and empirical foci, with little interrelation. Furthermore, we see a seemingly indiscriminate use of terms for related concepts that have distinct characteristics and, at the same time, a variety of terms being used for the same concept. Different research foci in various subject areas have intensified the dispersal of II research. While finance and accounting research mainly examines

investors' selection criteria (e.g., Barber et al., 2021; Block et al., 2021; Lehner & Nicholls, 2014), public sector management research focuses on the institutional environment and its impacts (e.g., Medda & Lipparini, 2021; Shelby, 2021; Tekula & Andersen, 2019). In contrast, research published in general management and strategy journals lacks a unified focus and explores various topics such as performance measurement approaches (e.g., Agrawal & Hockerts, 2019; Bengo et al., 2021) and investors' selection criteria (e.g., Cobb et al., 2016).¹⁴

The complexity of the II field is reflected in the wide range of subjects, perspectives, and concepts that researchers explore. This fragmentation hinders a comprehensive understanding of II by obstructing our ability to recognize the relationships between various facets and ultimately impedes a holistic understanding of II, its consequences, and the impacts it can generate. For theoretical purposes, it is therefore important to understand II in a broader context to explain the relationships between different actors, the underlying investment rationale of investors, the role of the institutional environment, and the development of impact measurement practices that influence the impact of II and guide future research. Furthermore, such an understanding is also relevant for practical reasons as policy-makers need an informed understanding of II to devise and implement suitable regulations that align well with the needs of actors in the emerging field of II.

Against this background, we address the research question of *“What are the emerging topics, contributions, and shortcomings in extant literature on impact investment?”* via a systematic and integrative literature review (Elsbach & Knippenberg, 2020; Siddaway et al., 2019) of 104 articles on II to provide several contributions. First, we distinguish the concept of II from other related concepts, thereby clarifying and making sense of the jungle of existing terminologies. Second, we organize the extant literature and identify commonly discussed topics and findings

¹⁴ For a detailed list of journals and their respective subject areas, see Appendix 3.

along the investment stages (pre-investment and investment) and external parameters influencing the II process. Third, we shed light on and critically analyze inconsistent findings and show imbalances in the overall scholarly contributions. Thus, by developing conversations on II, we lay the groundwork for future theorizing processes and form a baseline for developing theoretical contributions (Patriotta, 2020). Fourth, we illustrate that the literature fails to address the real impact of II as previous studies focus on outcome measurement at the individual investee-level while taken the aggregate societal impact of II for granted. Hence, we propose possible future research avenues with specific research methods, questions, and theoretical anchors to encourage future research on the impact of II. We thus aim to combine two of the avenues for advancing theory with reviews suggested by Post et al. (2020), namely clarifying constructs (by introducing a new, more rigorous definition of II) and establishing boundary conditions (by identifying the gap of impact-related research).

3.2 Setting and method

3.2.1 Scope of the review

Several researchers provide literature reviews with important insights into the II literature, however focusing on specific issues (e.g., terminology, Höchstädter & Scheck, 2015; geographic focus, Clarkin & Cangioni, 2016; specific group of investees, Islam, 2022). Other reviews do not provide transparent information on the applied methodology (e.g., Agrawal & Hockerts, 2021; Cordini et al., 2021; Secinaro et al., 2021) or apply bibliometric analyses to map the field (Migliavacca et al., 2022; Shome et al., 2023). With our review, we seek to provide a broader perspective to define the state of the art, and identify progress and important gaps in the emerging literature (Elsbach & Knippenberg, 2020).

To achieve broad coverage of the literature, we identified studies that use terms and concepts relevant to II. The Global Impact Investment Network (GIIN) has established a widely adopted

definition of II as “[...] investments made into companies, organizations, and funds to generate measurable social and environmental impact alongside a financial return.” (GIIN, 2018, p. 3, see also, e.g., Hehenberger et al., 2019; Jafri, 2019; Watts & Scales, 2020). This conceptualizes II around five core criteria: (1) targeting firms and organizations rather than individuals; (2) expecting a financial return; (3) aiming for a positive social/environmental impact; (4) intentional impact creation rather than a passive side effect; and (5) ensuring measurability of impact. While this definition distinguishes II from related concepts, it lacks clarity regarding investor and investee types. However, clarity on these aspects is important, as there are substantial differences between individual and organizational investors and investees. Furthermore, if the investee is not obligated to repay investments or provide financial returns, pre-investment signaling, screening processes, and the investor–investee relationship in the investment stage may vary. Hence, we propose adding two criteria to the GIIN definition: (6) professional investors conduct II, and (7) the investee itself pays the financial return, as explained in greater detail below. In sum, we define II as follows:

Impact investing is conducted by professional investors in companies, organizations, and funds with the intention to create a measurable social and/or environmental impact, alongside a financial return paid by the investee.

Based on this definition, we delineate it in the following paragraphs from related concepts to set the scope of our literature review (see Table 6 for an overview).

Table 6. Delineation of concepts

Construct	Definition	Delineation from II based on seven criteria	Inclusion in literature review
Impact Investing	Impact investing is conducted by professional investors in companies, organizations, and funds with the intention to create a measurable social and/or environmental impact, alongside a financial return paid by the investee.	<i>Seven criteria of II:</i> (1) <i>targeting firms and organizations rather than individuals</i> (2) <i>expecting a financial return</i> (3) <i>aiming for a positive social/environmental impact</i> (4) <i>intentional impact creation rather than a passive side effect</i> (5) <i>ensuring measurability of impact</i> (6) <i>professional investors conduct II</i> (7) <i>investees pay financial return</i>	Yes
Social Finance	Investment approach that aims at generating a financial return while creating a positive or preventing a negative social/environmental impact (e.g., Höchstädter & Scheck, 2015).	✓ Criteria (2), (3) (✓) Criteria (1), (4), (5), (6), (7)	Only when all seven criteria are met (e.g., Lall, 2019; Stephens, 2021a)
Socially Responsible Investing, incl. e.g., ESG	Investment approach that aims at generating a financial return while preventing certain negative social/environmental impacts through screening mechanisms (e.g., Renneboog et al., 2008).	✓ Criteria (1), (2), (6), (7) (✓) Criteria (3), (4) x Criterion (5)	No
Philanthropic Venture Capital (or Venture Philanthropy)	Investment approach that aims to achieve a positive measurable social impact by using venture capital methods (e.g., Nicholls, 2010).	✓ Criteria (1), (3), (4), (5), (6), (7) (✓) Criterion (2)	Only when all seven criteria are met (e.g., Leborgne-Bonassié et al., 2019; Scarlata & Alemany, 2010)

State-based Funding, esp. Social Impact Bonds	Investment approach in which private investors pay up-front investments for the creation of social impact and are repaid through public resources once the outcome is achieved (e.g., Cooper et al., 2016).	✓ (✓) x	Criteria (2), Criteria (1), Criterion (7)	No
Sustainability- based Crowdfunding	Investment approach for projects/ventures through small amounts of funding from many individuals, often in return for future products or equity (e.g., Mollick, 2014).	✓ (✓) x	Criterion (7), Criteria (1), Criterion (6)	No
Microfinance	Investment approach that provides basic financial services to the unbanked in developing and emerging markets (Tchakoute Tchuigoua et al., 2020).	✓ x	Criteria (2), Criteria (1)	No

The term “social finance”¹⁵ is often used interchangeably with II (Agrawal & Hockerts, 2021; Mendell & Barbosa, 2013), but it focuses primarily on financial returns and social impact creation, with Criteria (2) and (3) being key factors (Höchstädter & Scheck, 2015). However, it falls short in fulfilling the other five criteria. Hence, we consider social finance as an umbrella term that may include II and SRI. SRI¹⁶ is an investment approach that incorporates nonfinancial criteria alongside risk and return factors, aiming to avoid companies with potentially harmful impacts (negative screening) or proactively include companies with fewer negative impacts (positive screening) (Biasin et al., 2019; Mendell & Barbosa, 2013). Positive screening is often used in combination with a best-in-class approach where companies in an industry are rated according to ESG indicators (Biasin et al., 2019; Renneboog et al., 2008). However, these approaches usually concentrate on preventing negative impacts rather than generating positive

¹⁵ The terms “social finance” and “social investing” are commonly described with the same characteristics, and are thus used synonymously (e.g., Abduh, 2019; Brandstetter & Lehner, 2015; Serrano-Cinca & Gutiérrez-Nieto, 2013).

¹⁶ The terms “responsible investing,” “socially responsible investing,” “sustainable investing,” “ethical investing,” and “environmental, social, and governance investing” are commonly described with similar characteristics and are thus used as synonyms (e.g., Hebb, 2013; Renneboog et al., 2008; Sandberg et al., 2009).

ones (Serrano-Cinca & Gutiérrez-Nieto, 2013), lacking the intentional social impact creation that II emphasizes. SRI investors typically invest in stock-market listed multinational companies, with their non-financial efforts centered on the selection process rather than the outcomes of their investments (Arjaliès et al., 2023). Consequently, measuring the direct links between financial investment and the social impact achieved through investment is not a core aspect of SRI, and the concepts of SRI and II do not align in terms of intentionality (Criterion 3) and measurability (Criterion 5).

Another approach for social investors to combine financial return and social impact is philanthropic venture capital (or “venture philanthropy”), which centers on the idea of using venture capital methods and a high level of non-financial support (Lai & Spires, 2020; Viviers et al., 2011). However, the term is ambiguous, with differing opinions on the necessity of financial return (e.g., di Lorenzo & Scarlata, 2019; Gordon, 2014; Hehenberger & Harling, 2013; Nicholls, 2010). Hence, the seven criteria of II are only met when venture philanthropy includes a financial return.

State-based funding, such as social impact bonds, involves private investors funding social impact with repayment assured through public resources if a specified outcome is achieved (Cooper et al., 2016). However, the investees, usually charitable organizations, do not provide a financial return to an investor (thus not adhering to Criterion 7). This may lead to substantial differences in investment strategies and mechanisms compared to II, for example regarding selection criteria and measurement of financial outcomes.

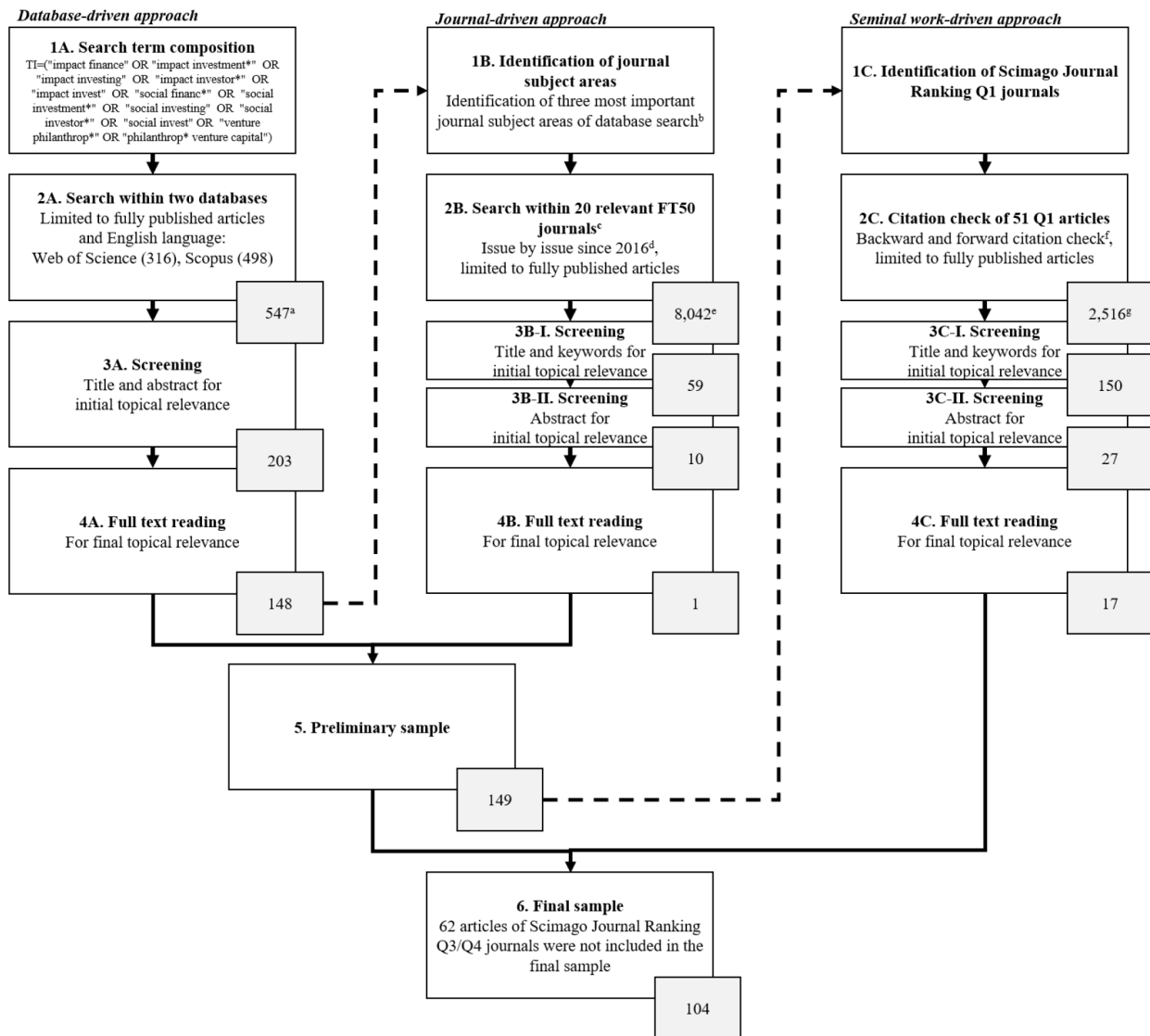
Sustainable crowdfunding and microfinance involve individuals as investors or investees, differing significantly from II where organizations play a key role. Crowdfunding entails funding projects through small amounts from many individuals, often in exchange for future products or equity (Mollick, 2014), thus, risk and return expectations differ significantly from those of

professional investors (Maehle, 2020). Microfinance provides basic financial services to the unbanked in developing and emerging markets (Tchakoute Tchuigoua et al., 2020), primarily individuals aiming to start businesses. This results in different selection criteria and investor-investee relationships compared to II. Thus, comparing individuals in crowdfunding or microfinance to the organizational dyad in II (Criteria 1 and 6) highlights significant differences between these concepts.

3.2.2 Literature search and screening process

We followed Hiebl's (2023) suggestion to employ multiple search approaches (database-, journal-, and seminal work-driven approaches) for comprehensive coverage of the literature, addressing the weaknesses of any single approach while leveraging their respective strengths.

Figure 5 Figure 5 shows an overview of the search process.



^a Search on 01/03/2022; excluding duplicates and publications after 2021

^b According to Harzing (2021); most frequent journal subject areas were: Finance and accounting 33 articles, public sector management 27 articles, general management and strategy 19 articles

^c Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Harvard Business Review, Journal of Management, Journal of Management Studies, MIT Sloan Management Review, Strategic Entrepreneurship Journal, Strategic Management Journal, Accounting Organizations and Society, Contemporary Accounting Research, Journal of Accounting & Economics, Journal of Accounting Research, Journal of Finance, Journal of Financial and Quantitative Analysis, Journal of Financial Economics, Review of Accounting Studies, Review of Finance, Review of Financial Studies, Accounting Review

^d We derived from our database search that research mainly emerged from 2016

^e Search on 01/04/2022

^f For citation check we used Scopus and Web of Science

^g Search on 01/05/2022

Figure 5. Search and analysis process

Database-driven approach. Owing to the heterogeneity of the research field, we deliberately did not limit our initial search to certain journals. Instead, we used the Scopus and Web of Science (Social Sciences Citation Index and Emerging Sources Citation Index) databases as they provide extensive coverage of high-impact peer-reviewed journals (Podsakoff et al., 2005).¹⁷ To achieve broad coverage, we used various keywords that refer to II and related concepts, as elaborated above. By applying the search term expressed in Figure 5 (Box 1A) in a title search, we increased the chances that II was the main topic in each article rather than a side aspect.

We considered only peer-reviewed English articles and excluded news articles, reviews, comments, and editorial notes. The search was conducted in January 2022, resulting in 547 articles. Two independent coders screened the titles, abstracts, and keywords for relevance based on inclusion and exclusion criteria to identify articles that focus primarily on II (see Box 3A in Figure 5).

Applying the seven criteria of our definition (see Table 6), we excluded more than 50% of the initial papers that appeared in the database search. Often, it was obvious that an article did not match our understanding of II—for example, when the term social investment was used in terms of groups or collectives (e.g., Longabaugh et al., 1993). Sometimes, it was not explicit from merely screening the titles and abstracts. In cases of uncertainty, articles were included to avoid overlooking potentially relevant material. After the first screening process, 203 articles remained and were then fully read. In this reading process, we excluded another 55 of the articles that did not match our definition of II, resulting in a preliminary sample of 148 articles (see Box 4A in Figure 5).

¹⁷ The Scopus database contains more than 20,000 journals, while the Social Sciences Citation Index, as part of the Web of Science, includes all the journals from the field of social sciences (over 10,800 journals) with an impact factor, which is a reasonable proxy for the important journals in the field. The Emerging Sources Citation Index, also part of the Web of Science, contains more than 7,800 journals, and includes journals that are increasing in impact but have not (yet) gained sufficient impact to be included in the Social Sciences Citation Index.

Journal-driven approach. We then added a journal-driven approach to further identify potentially relevant articles. To do so, we first categorized the 148 articles obtained from the database-driven approach according to the publishing journal's subject area based on Harzing's (2021) journal quality list.¹⁸ The top three subject areas, based on the number of articles, were *finance and accounting*, *public sector management*, and *general management and strategy*. We identified 20 journals from these three categories from the Financial Times Research Rank (Financial Times, 2016; see Figure 5). We screened the titles of all articles from these journals since 2016, as our analysis of the 148 articles from the database-driven approach showed that publications per year reached double-digit numbers for the first time in 2016. This process yielded 8,042 articles, which underwent the same screening process and criteria as the database-driven approach. We added one relevant article through this procedure, which further validates the inclusiveness of our database-driven approach. The preliminary sample now comprised 149 articles (see Box 5 in Figure 5).

Seminal work-driven approach. We then complemented our search with a seminal work-driven approach by referring to the Scimago Journal Rank (SJR¹⁹) to identify the most influential journals in our sample. SJR measures the scientific influence of academic journals based on the number of citations they receive and the importance of the journals from which those citations come (González-Pereira et al., 2010; Guerrero-Bote & Moya-Anegón, 2012). 51 articles from our preliminary sample were published in journals classified as Q1 (i.e., the highest and most influential quartile) in the SJR. Through backward and forward searches (Hiebl, 2023), we

¹⁸ We assigned journals not included in Harzing (2021) to the most suitable subject areas by comparing them with topically close journals. See Appendix 3 for the assignment of the journals.

¹⁹ Each journal in the SJR is listed for at least one specific field (e.g., *business*, *management*, and *accounting* and *environmental science*) and ranked in a quartile relative to all the other journals in the same field (i.e., Q1 for the most influential journals in the field and Q4 for the least influential). When a journal was ranked in different quartiles in different fields, we used the quartile ranking of the field that best fit the subject area of the journal. Furthermore, journals not listed in the SJR were also included in Q4.

examined the references and citations of these articles, screening a total of 2,516 additional articles. Applying the same process and criteria as before, we added 17 articles to our preliminary sample, resulting in a total of 166 articles from all three approaches.

Finally, we excluded 62 articles from journals ranked in the lower SJR quartiles (Q3 and Q4). While any given study—regardless of the influence of the journal in which it appears—can be conducted with scientific rigor, the likelihood of scientific rigor decreases significantly as journal’s influence decreases, as most authors prefer to publish in high-impact journals. Therefore, high-quality studies are more commonly found in Q1/Q2 journals than in Q3/Q4 journals. Thus, our final sample comprised 104 articles. For a detailed list of the included Q1/Q2 articles and their sources, refer to Appendix 3, while Appendix 4 lists the excluded Q3/Q4 articles from the last step.

3.2.3 Literature analysis

We coded all 104 articles based on the principles of thematic coding from qualitative research (Braun & Clarke, 2006; Thorpe et al., 2005) using predefined categories such as research topic, research focus, and results. The codes in these categories emerged inductively by identifying key themes that capture the fundamental ideas of each article (Jones et al., 2011). Three of the authors coded the articles and discussed the coding with the fourth author. This iterative process resulted in a large number of codes, which we abstracted to derive overarching topics representing the current status quo of II research. For instance, codes related to financial and social criteria in the selection process were combined under the topic of “investee-related determinants”. We finally arrived at nine topics that we then organized into the pre-investment, the investment stage, and external parameters of II.

Additionally, we gathered descriptive information about the article, including the method, applied theory, and research geography. Therefore, the underlying approach was a hermeneutic

and iterative process, in which we critically analyzed the data, identified research patterns, and refined the review categories (Cronin & George, 2023; Denyer & Tranfield, 2009; Tranfield et al., 2003).

3.3 Descriptive findings

Research on II began in 2006 and has grown steadily (see Figure 6). The majority of articles were published in *finance and accounting* journals (26 articles; ~25%), followed by *public sector management* (16 articles; ~15%), and *general management and strategy* journals (16 articles; ~15%).²⁰

Overall, the research spans across 65 journals, underlining the heterogeneity of the field. In terms of research methods, the ratio of conceptual to empirical articles remained constant over time. Twenty articles adopted a nonempirical approach (~19%), including six purely narrative/descriptive studies. Eighty-five articles (~81%) adopted an empirical approach, with over half of these focusing on qualitative research methods (45 articles; ~43 %). Thirty-one articles (~30%) applied quantitative methods and eight studies (~8%) used a mixed-method approach.

²⁰ While the journal-driven approach, in which we intentionally focused only on journals from certain subject areas, resulted in only one paper, these results still provide an unbiased picture of the II literature as a whole.

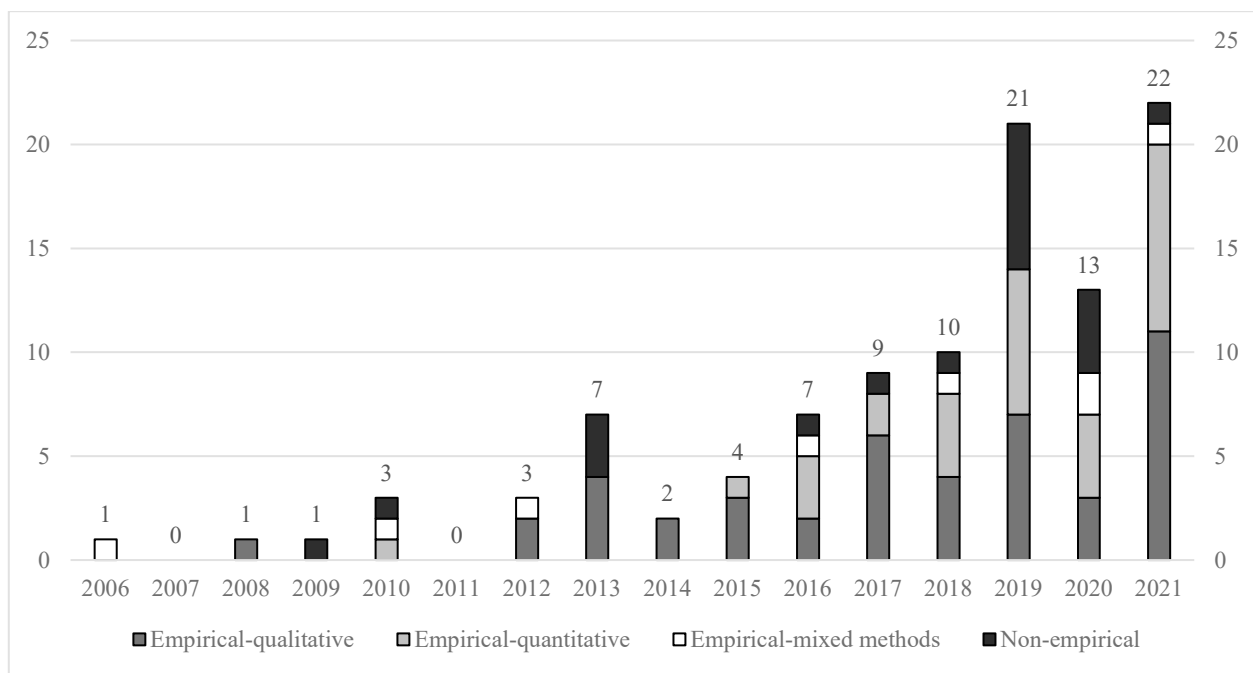


Figure 6. Distribution of final sample over time and research method²¹

3.4 Topics and contributions in impact investing

Nine topics emerged from our analysis of the II literature, which we organized in the pre-investment and the investment stage. Furthermore, we added the third category of external parameters as an overarching element influencing the entire field of II in practice.

3.4.1 Pre-investment stage

The pre-investment stage comprises all the activities that occur before the investment contract is signed (Zacharakis & Shepherd, 2007). Table A5.1 in Appendix 5 provides details of the findings.

Investee-related determinants. Research on the pre-investment stage mainly focuses on investee-related determinants from the investor perspective. This topic received the most scholarly attention²², with 32 studies (~31%) emphasizing the importance of both social and financial aspects in investors' selection of investees. The respective financial criteria are similar to those in

²¹ Articles of 2021 are included as of search from Jan 12th 2022.

²² We assigned each study in our sample to at least one and some papers to more than one topic.

commercial investments, for example, the investee's financial history and situation (Gordon, 2014; Serrano-Cinca & Gutiérrez-Nieto, 2013), the scalability and degree of innovation of the business model or product (e.g., Block et al., 2021; Croce et al., 2021; Hehenberger et al., 2019), or the financial sustainability of the business model (e.g., Hazenberg et al., 2015; Scarlata et al., 2012). Thorough financial due diligence is essential for successful partnerships to avoid tensions or mission drift in the investment stage (e.g., Agrawal & Hockerts, 2019; Gordon, 2014; Miller & Wesley II, 2010).

Regarding social criteria, research illustrates that investment firms often expect a showcasing of the (potential) social impact to be achieved by the investee organization (e.g., Lall, 2019; Lyon & Owen, 2019; Phillips & Johnson, 2021). However, there seems to be a bias in empirical studies toward research on specialized actors such as philanthropic or social venture capital firms (e.g., Leborgne-Bonassié et al., 2019; Miller & Wesley II, 2010; Scarlata et al., 2012), potentially limiting the generalizability of these studies.

Various studies show that assessments of individual entrepreneurs also influence the assessment of their firms (i.e., the investee organization). For example, while investors value the authenticity of the founding team members (e.g., Block et al., 2021), they express concerns about sometimes limited business skills of entrepreneurs (Glänzel & Scheuerle, 2016; Phillips & Johnson, 2021). However, most studies provide such individual-level findings only as a side note and rely solely or largely on qualitative research methods.

Investor-related determinants. With 20 articles (~19%), investor-related determinants received less research attention than investee-related determinants. Research consistently highlights the importance of alignment between investors' values, mission, and goals with the social issues addressed by potential investees for their investment decisions and successful collaboration in the future (e.g., Agrawal & Hockerts, 2019; Alvi, 2021; Boni et al., 2021). This is the one of only

two topics in which quantitative studies dominate the sample (10 studies; ~50% of the topic), followed by qualitative approaches (7 studies; ~35% of the topic). However, the generalizability of these findings is limited, as the research context in the various articles is oftentimes very specific (e.g., Dutch pension beneficiaries as investors, Apostolakis et al., 2016; 2018).

Deal structuring and contracting. Transactional practices, such as deal structuring and contracting, link the pre-investment with the investment stage. With only six studies (~6%), these practices received the least scholarly attention in the reviewed literature. Five studies are either quantitative or apply mixed-method approaches, which stands in contrast to the rest of the sample. However, the low number of articles on this topic warrants caution in interpretation. The configuration of contractual arrangements (e.g., the type of financing: debt, equity, etc.) depends on factors such as the investee organization's age, type of beneficiaries, region of business, and the type of industry (Scarlata & Alemany, 2010; Spiess-Knafl & Aschari-Lincoln, 2015). Contract terms related to social impact often prioritize flexibility and the reporting of social progress (Geczy et al., 2021).

3.4.2 Investment stage

In the investment stage, also known as “post-investment stage”, investor and investee are in an official investment relationship. This stage encompasses money flows, trust-building, monitoring, and value-adding processes (Clercq & Manigart, 2007). Table A5.2 in Appendix 5 provides the detailed findings.

Measurement and reporting. The modes and effects of measuring and reporting financial and social achievements are subject of 21 articles (~20%). The topic is dominated by empirical studies (19 papers), most of them with a qualitative research design (14 papers). Disclosure of financial and social information helps address information asymmetry in the investor–investee dyad and allows investors to evaluate how investees' utilize funds effectively (e.g., Lall, 2019;

Scarlata & Alemany, 2010). Such practices are particularly important in the early investment stage (e.g., Chen & Harrison, 2020; Lall, 2019). However, investees may be reluctant to grant strong information rights to investors (Bengo et al., 2021; Mayer & Scheck, 2018), despite valuing their recognition of the social mission (e.g., Agrawal & Hockerts, 2019).

One reason for this reluctance might be that investee organizations regularly perceive impact measurement as a disruptive factor due to ambiguous indicators or their too complex and time-consuming application (e.g., Berry, 2016; Jia & Desa, 2020; Stephens, 2021a). Standardized measurement approaches are lacking, resulting in a reliance on storytelling and qualitative evaluations of social criteria (e.g., Avard et al., 2022; Hehenberger et al., 2019). In light of this, a growing stream of research suggests adopting a developmental perspective for measurement and reporting activities, emphasizing mutual learning processes between investors and investees (e.g., Chen & Harrison, 2020; Geczy et al., 2021; Reisman et al., 2018). Notably, the “impact” in these activities refers to the direct output of II on an organizational level rather than investigating long-term societal changes resulting from the investment.

Non-financial support. Providing business advice, industry contacts, or improved legitimacy (among others) can be regarded as such a developmental element that can strengthen the competitive position of investee organizations (Bengo et al., 2021; Holtslag et al., 2021). Especially venture philanthropy organizations emphasize relational practices and act as stewards rather than principals in the investor–investee relationship (e.g., Gordon, 2014; Scarlata & Alemany, 2010; Scarlata et al., 2012). Research on this topic is rather scant with only nine articles (~9%).

Consequences of investment relationship. The consequences of the II relationship are an important aspect of research. With 20 papers (~19%), this topic has received significant and, with 19 out of the 20 studies, almost exclusively empirical research attention. Oftentimes, investors

and investees in II are shaped by different logics (commercial versus social logic). Differences in language, attitudes, and convictions (Castellas et al., 2018; Glänzel & Scheuerle, 2016) can lead to interorganizational tensions (e.g., Agrawal & Hockerts, 2019; Glänzel & Scheuerle, 2016; Mogapi et al., 2019). Close collaboration between actors based on trust, mutual engagement, and knowledge-sharing on an organizational as well as on an individual level is crucial to prevent such tensions (e.g., Alvi, 2021; Chen & Harrison, 2020; Mogapi et al., 2019). Intraorganizational tensions within one of the involved organizations has been rarely discussed in our sample and if so, with a sole focus on investment firms. For example, foundations often struggle when changing from donation-based financing to II, potentially resulting in mission drift (Bernal et al., 2021; Berry, 2016; Zolfaghari & Hand, 2023).

In contrast to such negative consequences, only few studies shed light on the positive consequences of an II relationship. From an investee perspective, a successful partnership may enhance the investee organization's legitimacy, business strategy, and structures (Bengo et al., 2021; Viviers & Villiers, 2022). From an investor's perspective, empirical results are mixed for whether II leads to positive or negative financial outcomes (compare Bernal et al., 2021 with Biasin et al., 2019).

3.4.3 External parameters

External parameters of II refer to institutional factors that influence the II market at both stages. Table A5.3 in Appendix 5 illustrates the detailed findings.

Role of institutional support. Scholars generally agree that the relatively slow increase in II practices is due to a lack of governmental support, regulatory deficiencies, and dominant financial logics (e.g., Glänzel & Scheuerle, 2016; León et al., 2019; Phillips & Johnson, 2021). Implementing tax credits or creating a supportive infrastructure can facilitate financial flows and reduce transaction costs (e.g., Calderini et al., 2018; Stephens, 2021b; Tekula & Andersen, 2019).

Overall, research on this topic remains mostly descriptive, focusing on single country examples (e.g., Jia, 2020, portrays the II market in China without developing any implications). Thus, despite a comparably large number of 21 studies (~20%) on this topic, a lack of cross-border research limits the generalizability of the respective results, especially as institutional environments are often diverse and difficult to compare.

Networks and intermediaries. Of the 13 articles (~13%) on this topic, most build on qualitative data (nine articles). However, intermediaries and networks are not at the core of these studies but rather emerge as an additional aspect of the empirical inquiries (for exceptions, see Hazenberg et al., 2015; Moody, 2008). Insights from these studies highlight that intermediaries and networks provide business advisory services, investment readiness programs (e.g., Hazenberg et al., 2015; Lyon & Owen, 2019; Phillips & Johnson, 2021), and reduce risks and transaction costs for investors by facilitating access to information about investees (e.g., Lehner & Nicholls, 2014; Mendell & Barbosa, 2013; Moody, 2008). They also contribute to driving legitimacy in the market (Lehner et al., 2019).

Market development. In this second smallest topic of our sample, a limited set of five empirical and two non-empirical studies (collectively ~7%) illustrates how II markets and respective actors develop. Research rooted in institutional theory describes II as being in a pre-paradigmatic stage (Rizzi et al., 2018), undergoing structuration processes towards an efficient ecosystem characterized by diversity, cohesion, coordination, and eventually progressive isomorphism (Roundy, 2019). The dominance of certain ideas, such as prioritizing business scaling over social causes, shapes the field ideology that emphasizes investment logics more than social logics (Hehenberger et al., 2019), which opens the question if societal change can be achieved through II. Qualitative approaches with worldwide or European samples dominate this topic, providing some generalizability beyond single country studies.

3.4.4 Summary of findings

Our analysis provides valuable insights into the current state of scholarly knowledge on II. Investee-related determinants received the most attention in our sample, comprising over 30% of all papers.²³ The insights in this area are comparably well-established and reveal, for example, similarities between financial criteria in II and commercial investments. However, such areas of solid knowledge are relatively rare. Four topics received modest research attention (~20%) while another four were covered relatively sparsely (each with less than 15% of the papers in the sample). Even in areas with stronger research focus, there are important limitations. For instance, research on social criteria in the topic of investee-related determinants, has, to date, primarily focused on philanthropic or social venture capital firms, overlooking potential differences in expectations among other II investors, such as angel investors or foundations. Similar limitations exist in other areas as well, as illustrated in Figure 7. Regarding research methods, qualitative-empirical research dominates across almost all topics (43% of all papers), offering in-depth insights into the respective areas but leaving room for quantitative studies to confirm exploratory results and increase generalizability. Geographically, the research in our sample was mainly conducted in developed countries, which is surprising as II plays an increasingly important role in developing and emerging countries (Hand et al., 2020). We see this as a significant shortcoming as organizational structures, practices, and expectations of II might differ around the world, especially in the Global South.

Furthermore, we observed a predominant focus on the investor perspective in existing research. Topics such as the role of institutional support, deal structuring and contracting, non-financial support, or intraorganizational tensions almost exclusively examine the investors' perspective. Finally, the potential or actual societal impact that II has, was entirely neglected in

²³ We assigned each study in our sample to at least one and some papers to more than one topic.

the literature at hand. Figure 7 synthesizes the main findings from the literature in all nine topics as well as relevant limitations. We only included those insights and aspects into the figure for which we could provide robust statements well beyond single studies.

Apart from these topical insights, some interesting facts emerge from an overview of the theories used in our sample. Only 47 (45%) of the articles refer to theories in general. The theories applied in these articles mainly stem from the area of organizational studies (i.e., institutional logics (8), institutional theory (5), legitimacy theory (2), as well as economics and finance (i.e., agency theory (3), human capital theory (3), portfolio theory (2), and contract theory (2)). Furthermore, two articles refer to the theory of planned behavior as a psychological theory. All these theoretical approaches are specific to one research area and do not cover the spectrum of research identified for the field of II overall, as illustrated above. Only the theory of change, which is mentioned in five articles, potentially allows to approach II from an overarching process perspective. However, this theory is currently only applied for descriptive purposes or as a management approach to support project planning, implementation, and assessment.

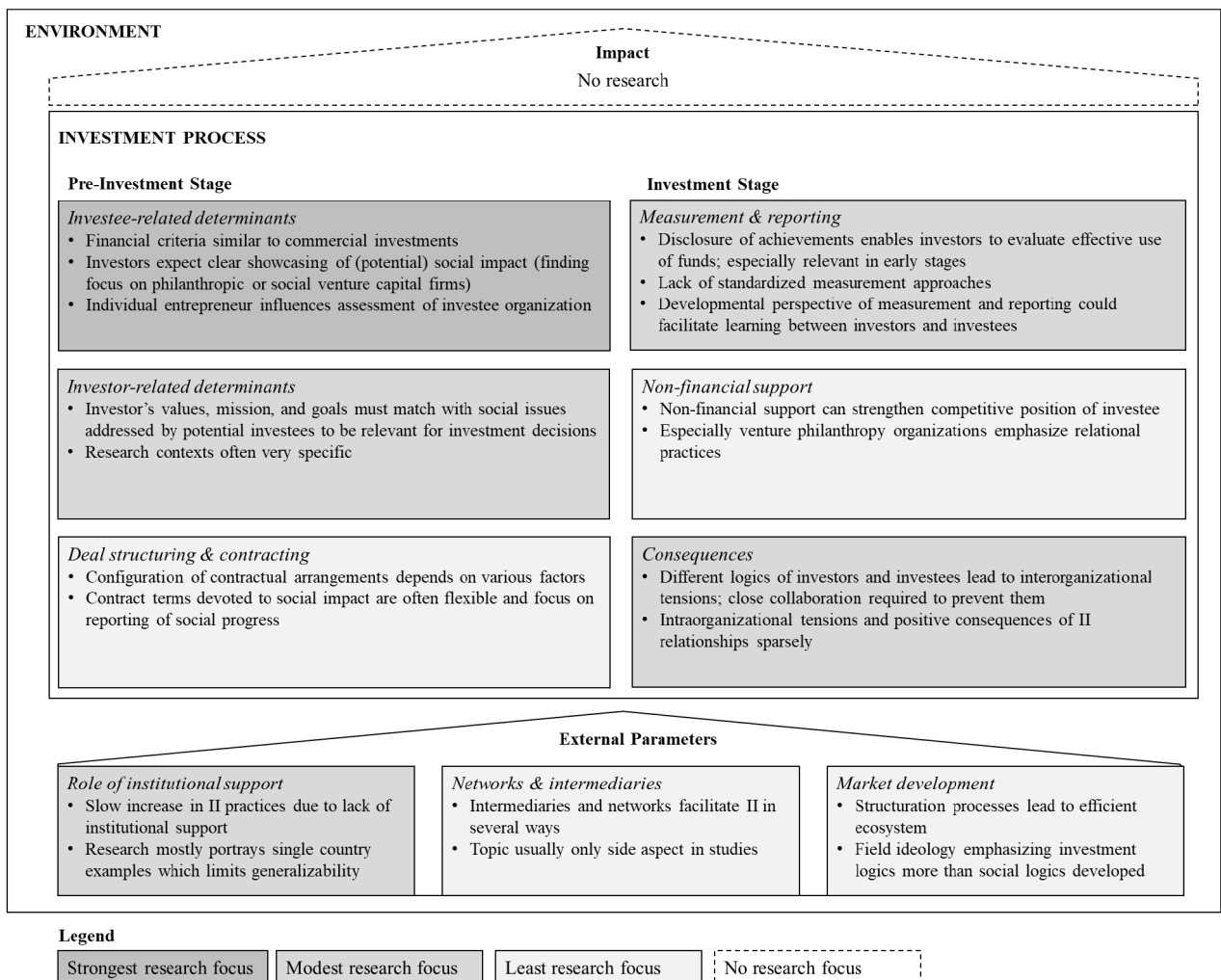


Figure 7. Status quo of II research

3.5 The impact of impact investing: Critical reflections and future research paths

3.5.1 The question of impact: Shortcomings in extant literature

The most important assumption that sets II apart from other forms of sustainable finance is that respective investments are made with the intention to create a measurable social and/or environmental impact alongside a financial return (see our definition as well as GIIN, 2018; Hehenberger et al., 2019). ESG investing in particular has recently raised intensive criticism because investors often implicitly or explicitly claim that their investments have a positive societal impact despite the fact that they use ESG criteria mainly to manage financial risks (Edmans, 2023). Generally, the social impact of organizations on individuals or communities and

the respective transformational mechanisms are only scarcely investigated by management research (Stephan et al., 2016). In contrast, true impact-generating investments focus on actual impact generation and the “measurement of expected and generated impact” (Busch et al., 2021, p. 33). We argue that it would be relevant to scrutinize the particular societal impact of II itself which, however, none of the articles in our sample does. A few studies discuss aspects of measuring social achievements of investees while others discuss aspects of impact reporting. These contributions exclusively focus on outcome measurement at the individual investee-level rather than assessing the aggregate impact of II. This is important, considering that measurement is the baseline for comparisons and improvements (Kroege & Weber, 2014). However, the impact is usually either taken for granted or is merely an implicit element in the studies at hand.

Furthermore, if II shifts social and environmental responsibilities from elected governments to private investors, it may have negative side effects. Brooks & Kumar (2023) argue that in this case few private investors are able to “dictate resources” (p. 224) to areas they consider important, potentially excluding certain groups of people or regions, developing inequalities, and reinforcing existing power structures. (Mitchell & Sparke, 2016). To avoid such unintended consequences, promote transparency, ensure accountability, and improve the effectiveness of II, it is important to consider the positive and potential negative long-term societal impacts of II. Although this aspect has been overlooked in our sample literature, we argue that this research gap is essential owing to the fact that the normative impetus to pursue II solely rests on the assumption that an impact can be generated. If that were not the case, any added efforts made in II, for example, selecting investees that supposedly generate a societal impact, would be a waste of resources.

The dearth of research on the impact of II is surprising, especially as management research is increasingly called to contribute to solving grand societal challenges (e.g., Seelos et al., 2023;

Voegtlin et al., 2022) and II sets out to serve as a potential tool addressing such challenges. Nevertheless, the research on II seems to be in good company in this regard. Management research in general and sustainability or corporate social responsibility (CSR)-related research in particular has faced criticism for its narrow business-centric focus, which does not adequately help to tackle grand societal challenges (e.g., Wickert et al., 2021). Wickert (2021), for example, recently stressed “the need to reorient the dependent variables used in CSR research toward tangible social and ecological outcomes.” (p. E1) In the same vein, Barnett et al. (2020) criticized that research on the impact of CSR initiatives is reduced to and restricted “by the availability of large, public secondary data sources” (p. 937), calling for research designs that are better able to determine causation rather than justification. For the field of II research, even impact assessments based on large, public secondary data sources still do not exist so that it is dwarfed by overall CSR research in this regard. Furthermore, Hahn et al. (2023) assessed that the related research on non-financial reporting struggles to identify “causal linkages between reporting and real sustainable change” (p. 2; similar to Christensen et al., 2021) and argued that the pathways toward societal impact of such tools remain largely unexplored. We can confirm that the same is true for research on II.

Despite the significant gap in the literature, we acknowledge the inherent difficulty in the generation (and measurement) of societal impact in II. The various challenges II aims to tackle (e.g., poverty alleviation or climate change) are usually wicked problems that are difficult to solve due to their complexity and/or incomplete and potentially contradictory requirements (e.g., Brønn & Brønn, 2018; Pryshlakivsky & Searcy, 2013). Grand challenges “represent complex, multi-level, multi-dimensional problems that require concerted efforts by various actors” (Voegtlin et al., 2022, p. 1). Hence, investigating the impact of II likely requires holistic approaches.

3.5.2 Applying systems theory as holistic lens for impact investing

Systems theory can guide future research in light of these considerations. Originally emanating in the natural sciences, this theory has gained traction in management studies (e.g., Schad & Bansal, 2018; Schneider et al., 2017). Systems theory provides a valuable perspective for sustainability-related topics, because it emphasizes the embeddedness of an organization within its stakeholder, resource, and institutional environment (Humphrey & Aime, 2014). Creating an impact related to sustainability issues, such as climate change, loss of biodiversity, or poverty, oftentimes expands beyond the boundaries of the investee organization (Isaksson et al., 2010) and presents actors with “large-scale social challenges caught in causal webs [*or systems*] of interlinking variables spanning national boundaries that complicate both their diagnosis and prognosis” (Reinecke & Ansari, 2016, p. 299). For such topics and situations, unilateral approaches, which ignore the reality of complex systems, are often of limited explanatory value. In contrast, II, with its focus on creating positive societal impact, is right at the heart of these boundary-spanning systems of social challenges (Geobey et al., 2012).

Systems theory assumes that the single elements in a system, such as institutions, organizations, and individual actors, are interconnected, oftentimes nested across different hierarchical levels and in constant reconfiguration through dynamic processes (Schad & Bansal, 2018). Considering that each element in a system contributes to the overall impact (Haas & Kleingeld, 1999), the systems perspective can potentially provide important starting points on how to investigate the actual impact of II. This is particularly important when considering that investee organizations often overlook other system players, including intermediaries (Phillips & Johnson, 2021). Moreover, when investor and investee organizations collaborate, different sub-systems collide and change the system’s constitution, thus impacting the overarching system (Schneider et al., 2017). Similarly, the impact may change if syndication processes take place, in

which two or more impact investors join forces to spread risks or to expand their knowledge and geographical reach. Such collaboration efforts and their consequences can only be fully understood if researchers start shifting the focus from single elements towards the whole system, including its interconnected elements, sub-systems, hierarchies, and reconfiguration processes. This holistic approach is necessary to appreciate the system's complexity and avoid reductionism (Grewatsch et al., 2023).

Thus, to ascertain the impact created by II, the whole system needs to be investigated, including the hierarchies between different actors (e.g., how do impact investors influence the speed and reach of investees' goals, and to what extent can investee organizations manipulate their investors?). Attention should also be paid to the consequences of interactions between levels (e.g., how can the individual attributes and values of the impact investor be leveraged to expand the outcome of the investee organization and thus its impact on a societal level?). Furthermore, II aims at generating economic returns, scalability, and growth (e.g., Hehenberger et al., 2019; Roundy et al., 2017) and is thus itself anchored in the system responsible for the challenges it seeks to mitigate or solve. This opens room for discussion on whether the solution for societal challenges that are caused by the structures and ideologies of the current system can be solved by this very system or whether a bolder approach towards a transition to other systems is necessary.

3.5.3 Measuring what matters? Methodological approaches to measure the true impact of impact

From a methodological point of view, longitudinal and large-scale qualitative studies could provide valuable insights into system-spanning (or even system-transcending) questions. For instance, examining how investment decisions before or in the early stages of an II relationship influence investee decisions, as these may—in the long run—affect the impact the investee organization generates. Specifically, ethnographical research, involving field observations and

interviews with II actors, offers a suitable approach to understand the system as a whole and directly connect II to its impact.

Furthermore, quantitative-empirical approaches, such as experimental studies, are valuable for identifying causal relationships between investor or investee behavior and outcomes and, ultimately, assessing the impact of II initiatives. Specifically, randomized field experiments can provide insights into what would have happened to the same participants over the same time period, absent a specific treatment (Banerjee & Duflo, 2009). The Nobel Memorial Prize-winning experiments by Banerjee, Duflo, and Kremer might act as a sophisticated role model for such an approach. Via their studies, the authors established field experiments as a powerful tool for identifying causal relationships between interventions and impact in the field of development economics, including studies on microfinance, education, and health interventions (e.g., Banerjee et al., 2015a; 2015b; Duflo et al., 2011). Such an empirical approach, albeit challenging, would also be possible for II. Randomized field experiments could be employed to compare the impact of an investment versus no investment, as well as the impact of different investment approaches, such as debt versus equity financing or II versus traditional investing (e.g., does II have a positive impact, and which factors help to maximize the impact?). Randomly allocating investees to distinct treatment groups and evaluating the societal impact of all groups would allow us to compare which approach is more effective in achieving positive social or environmental impact. Using a logic model, which identifies and connects inputs, activities, outputs, outcomes, and the final impact of each II deal (Jackson, 2013) could help evaluate each group's impact. However, conducting field experiments in this context presents challenges in terms of highly complex empirical setup and execution (e.g., clearly separating treatment groups or conducting experimental treatments), as well as in the question of how to eventually measure the actual impact of experimental treatments.

Against this background, a complementary and more socio-technical than socio-economic approach to studying the impact of II is using life cycle analysis (LCA). LCA assesses the impact of products or even entire organizations along their life cycle within set system boundaries (e.g., Finnveden et al., 2009; Kühnen & Hahn, 2019). Such information allows, for example, to recognize and model trade-offs across the different aspects of sustainability (social versus ecologic versus economic) and across different steps of the life cycle. As such, it can analyze the impact of an impact investor's portfolio or a certain investment on a defined system (e.g., what are the decisive catalysts to minimize the footprint of an impact investment or how can an investee be supported to optimize its business model?). This would require setting the system boundaries large enough to capture the societal instead of the organizational impact of the investment. However, LCAs have limitations in addressing *all* possible impacts as most systems, organizations, or products are far too complex to be modeled with the relevant data in their entirety. Hence, they focus on identifying “hot spots”, that is, areas that likely have the most severe or relevant impact on sustainability performance (e.g., Li et al., 2018; Zamani et al., 2018). Identifying hot spots can guide impact investors in adjusting investee approaches to avoid sustainability-related problems.

Another limitation of LCAs is their frequent focus on “capturing and repairing negative dysfunctions and pathologies instead of fostering positive features that make a human life sustainable and worth living” (Kühnen & Hahn, 2019, p. 615, see also Dijkstra-Silva et al., 2022). This aligns with Ergene et al.'s (2021) illustration that management research with a focus on “merely mitigating harm and doing less bad” (p. 1323) does not suffice. In contrast, II aims beyond reducing negative impacts to create positive impact. Hence, conducting LCAs repeatedly as a long-term approach might help II researchers to assess whether the portfolio or investment is improving overall. There have been initial attempts in literature to incorporate positive impact

measurement in LCAs serving as a starting point for further methodological advancements (e.g., Kühnen et al., 2019; 2022; Ramos Huarachi et al., 2020).

II aims to create social and environmental impacts. While recent iterations of LCA include social aspects of sustainability, these are usually less prevalent and sophisticated compared to environmental LCAs (e.g., Kühnen & Hahn, 2017; Petti et al., 2018). Thus, while LCA approaches are useful in assessing the potential impact of II by reducing negative environmental burdens, the limited focus on social and positive impact highlights the necessity for further methodological advancements to fully utilize this promising method in the field of II.

3.6 Conclusion

We systematically reviewed 104 articles on II and found that the research has suffered from inconsistencies and is scattered across themes, theories, and research objects. As a result, building on prior knowledge of II to better understand the phenomenon and provide informed advice for research and practice is problematic. In this study, we established a clear definition of II, synthesized existing contributions, and critically evaluated the current state of II research. To accomplish this, we categorized the extant literature into nine key topics related to the pre-investment and investment stage of II, as well as external parameters that influence II. Our study provides an overview of the current knowledge on II and highlights areas where scientific discussion is lacking. Finally, our discussion challenges II research on a new level by pointing out that the research so far fails to answer the *raison d'être* of II: Where is the impact in II research?

4. Paper 3: Overcoming or removing barriers? Social entrepreneurs' hybrid strategies for navigating external financing constraints²⁴

Co-authored with Niko Gerlach

Abstract. Securing external financing poses a major challenge for social entrepreneurs (SEs), often due to their hybrid identity. This study explores how SEs address external financing constraints by turning their hybridity into a resource. Drawing on insights from 31 interviews with European SEs and accompanying secondary data, we identify four hybrid strategies that SEs employ to leverage their hybrid identity to raise external financing: financier-centric adaptation, outreach, persuasion and watchful waiting. We demonstrate how these strategies incorporate different approaches to removing and overcoming barriers, and explain how these differences influence direct and indirect social value creation. Our research contributes to literature on SEs' resource mobilization strategies and extends the social bricolage framework. This study holds several implications for SEs, financiers, and policymakers.

Keywords: social entrepreneur, external financing strategies, social bricolage, hybrid identity, resource constraints

²⁴ Currently under review at peer-reviewed journal, as of November 2024.

Earlier version (full or short paper) accepted and presented at 37th ANZAM conference, 84th Annual Meeting of the Academy of Management, EURAM annual conference 2024 (nominated for "most inspirational Paper" in entrepreneurship track), and Business & Society Research Seminar 2023.

4.1 Introduction

Social entrepreneurs (SEs) aim to make a social impact while creating economic value through commercial activities (Saebi et al., 2019; Zahra et al., 2009). While savings and cash flow may initially fund new social enterprises²⁵, additional external financing often become necessary in later venture stages (Dushnitsky & Lenox, 2005). Securing external financial resources thus becomes a critical success factors for SEs.

Previous research illustrates that the hybrid identity of SEs and social enterprises, blending social and commercial objectives (Besharov & Smith, 2014), impedes their efforts to secure external financing (e.g., Ball & Kittler, 2019; Hoogendoorn et al., 2019; Pelucha et al., 2017). Because SEs do not prioritize the maximization of financial returns (Pelucha et al., 2017; Yunus et al., 2010), they often diverge from the typical target audience of banks and venture capitalists (Glänzel & Scheuerle, 2016; Ormiston et al., 2015). Simultaneously, SEs often do not qualify for traditional non-profit funding due to their commercial operations (Lehner & Nicholls, 2014). Moreover, limited awareness and understanding of SEs' business models among financiers²⁶ (Magomedova & Bastida-Vialcanet, 2022) further complicate their access to external financing. As a result, SEs often receive less external capital than requested or none at all (Social Enterprise UK, 2021), which potentially jeopardizes their ability to achieve their social mission (Zhao & Lounsbury, 2016).

While these studies suggest that the hybrid nature of SEs impedes the mobilization of external financial resources, other studies indicate that SEs can leverage this hybrid identity to overcome diverse resource constraints (e.g., Doherty et al., 2014; Mair & Martí, 2006; Hockerts, 2015a; Lashitew et al., 2020; Zahra et al., 2009). Social bricolage has emerged as the primary concept

²⁵ Also referred to as social ventures (e.g., Lehner, 2014), social businesses (e.g., Wilson & Post, 2013), hybrid organizations (e.g., Battilana & Lee, 2014), and hybrid ventures (e.g., Moss et al., 2018).

²⁶ Throughout our article, we use the term *financier* when we refer to both investors and funders.

for understanding how SEs creatively mobilize resources, enabling them to access desired resources even in resource-constrained environments (di Domenico et al., 2010; Holt & Littlewood, 2017; Hota et al., 2019). Despite researchers studying how SEs overcome resource constraints in various contexts, there is a scarcity of studies on how SEs utilize their hybridity to navigate external financing constraints. Existing studies either study external financing constraints only peripherally (Ciambotti & Pedrini, 2021), or do not explicitly focus on SEs hybrid identity as an underlying mechanism for mobilizing external financing (Parhankangas & Renko, 2017; Razgallah et al., 2017; Roundy, 2014). Thus, a significant gap remains in understanding how SEs specifically utilize their hybrid identity as a resource to address external financing constraints.

Knowledge generation and theory development in this field are crucial to both the business community and society, as SEs' long-term financing directly affects the scale of social enterprises' potential for creating social value (Austin et al., 2006). Therefore, this study aims at understanding how SEs can successfully address external financing constraints by innovatively utilizing their unique characteristics, posing the following research question: *How do SEs leverage their hybridity to mobilize external financing in a resource-constraint environment?* By answering this question, we bridge the research streams on SEs' mobilization of resources in resource scarce environments and SEs' external financing constraints. Additionally, we answer the calls for more research on the practices of creative resourcing by social enterprises (Ladstaetter et al., 2018; Lashitew et al., 2020; Rawhouser et al., 2017; Sonenshein, 2014).

We adopt an inductive, qualitative research approach (Corbin & Strauss, 2015; Gioia et al., 2013), drawing on 31 interviews and archival data from SEs. Our findings reveal four distinct hybrid strategies SEs employ to navigate external financing constraints: financier-centric adaptation, outreach, persuasion, and watchful waiting. We demonstrate how these strategies

differ in their approaches to removing and overcoming barriers, and explain how these differences influence direct and indirect social value creation.

Our study offers multiple theoretical and practical contributions. We contribute to literature on SEs' resource mobilization strategies and SEs' external financing constraints by introducing four distinct strategies that SEs employ to navigate external financing constraints. Further, we contribute to social bricolage literature by showing how it is applied in an external financing context, by introducing a nuance to one of the theory's principles and by showing how this connects to SEs' overall social value creation. While social bricolage literature hitherto suggests that SEs aim at overcoming constraints (Ciambotti & Pedrini, 2021; Razgallah et al., 2017), we suggest that SEs also aim at removing constraints, which eventually influences social value creation. Finally, our findings offer implications for financiers, who could use the insights of our study to reassess their current perceptions of social enterprises and adapt their decision criteria and financing processes to attract high-potential investees. Likewise, policymakers and governmental organizations can adapt their support programs and financial instruments to strengthen the social entrepreneurship sector. Lastly, SEs can utilize the insights from our study to adapt specific actions and strategies to address distinct constraints to external financing.

4.2 Literature review

4.2.1 External financing constraints for social entrepreneurs

SEs prioritize making a positive societal impact while considering the financial sustainability of their businesses as a means to achieve that goal (Mair & Martí, 2006; Shepherd et al., 2019). The success of both SEs and their ventures hinges on their ability to access financial resources (Doherty et al., 2014; Zhao & Lounsbury, 2016). While bootstrapping (financing a venture through personal savings or operating revenue) may suffice initially, SEs often require external financing for product development or expansion at a later stage (Dushnitsky & Lenox, 2005).

External financing sources include debt, equity, and non-repayable options from (specialized) private investors or public sources.

Although a wide range of external financial resources exists (Schätzlein et al., 2023), securing these resources can be particularly challenging for SEs, creating a resource-constraint environment. Research shows that the dual mission of SEs creates tension between financiers (particularly investors) and SEs (Nguyen et al., 2015; Vogeley et al., 2023). While investors typically align with commercial investment market principles, SEs lean towards those of social investment markets (e.g., Glänzel & Scheuerle, 2016; Penz et al., 2022). For instance, SEs often tackle highly specific, localized issues, making it difficult to scale their businesses geographically. Furthermore, they prioritize serving underserved or marginalized communities, preventing them from charging market-based prices for their products or services. Consequently, financiers often perceive SEs as lacking sufficient business focus, which hinders them in securing external financing (Glänzel & Scheuerle, 2016; Hazenberg et al., 2015).

Another constraint arises from the limited awareness and comprehension of the SEs' business model among financiers (Magomedova & Bastida-Vialcanet, 2022), complicating the categorization of social enterprises (Doherty et al., 2014). Traditional investment structures like venture capital or private equity prioritize profit, leading investors to view social enterprises as too socially oriented for investment. Conversely, non-repayable financing options like public funding are typically associated with traditional non-profit organizations, causing funders to perceive social enterprises as too economically oriented to grant funds (Lall & Park, 2022).

While numerous financing sources for social enterprises exist, SEs perceive having fewer options than their traditional counterparts (Harding, 2007). Empirical research consistently shows that this perceived dearth of capital negatively affects the success of social enterprises (e.g., Kim & Moon, 2017; Rey-Martí et al., 2016) and reduces SEs' motivation to establish a business (e.g.,

Ball & Kittler, 2019; Cervelló-Royo et al., 2020; Ghazali et al., 2021; Amouri et al., 2021; Hockerts, 2017).

SEs encounter not only a scarcity of financial resources but also excessive bureaucracy and administrative constraints (Pelucha et al., 2017). These barriers include complex application documentation, institutional procedures, and strict regulations (Naderi et al., 2022). Especially in developing economies, where SEs rely heavily on government assistance (Pelucha et al., 2017), quality public funding resources are scarce and costly (Ball & Kittler, 2019; Cervelló-Royo et al., 2020; Kistruck et al., 2011; Zahra et al., 2008).

4.2.2 Hybrid resource mobilization strategies

Despite SEs' dual identity often being an impediment to securing external financing, other studies suggest that SEs can leverage their hybridity to navigate resource constraints (e.g., Doherty et al., 2014; Hockerts, 2015a; Lashitew et al., 2020; Mair & Martí, 2006; Muñoz et al., 2024; Zahra et al., 2009). By managing resources in a complementary manner, SEs can transform a priori perceived disadvantages into opportunities to overcome resource constraints (Hockerts, 2015a). The hybrid nature of social enterprises can thus present a competitive advantage when SEs recognize the potential of combining resources in new, innovative ways, a process fundamental for value creation in social enterprises (Mair & Martí, 2006).

To better understand these innovative resource mobilization processes, social bricolage has emerged as the primary model for studying how SEs navigate resource constraints. Social bricolage comprises six principles and processes for successfully combining resources in an innovative way: *making do*, *refusal to be constrained by limitations*, *improvisation*, *social value creation*, *stakeholder participation*, and *persuasion* (di Domenico et al., 2010). This theoretical lens has been applied to various contexts in the realm of resource identification, acquisition and utilization processes in social entrepreneurship (e.g., generating income by utilizing waste

materials in developing countries, Holt & Littlewood, 2017; innovation processes in emerging economies, Hota et al., 2019; the role of bricolage on organizational growth of social enterprises, Bojica et al., 2018).

While research on SEs' resource mobilization processes is generally well-advanced, research on how SEs leverage their hybridity to secure external financing is still in its nascent stages, with existing studies offering only peripheral insights. For instance, Ciambotti & Pedrini (2021) investigate how hybrid organizations can overcome various types of resource constraints in developing countries, finding that SEs form (social) partnerships and networks to increase their chances of obtaining external financing. Similarly, Razgallah et al. (2017) examine hybrid strategies to manage resource constraints through the lens of social bricolage, showing that effective networking, particularly with politicians, assists SEs overcome financial resource constraints. Other research explores different narratives used by SEs to convince investors. Roundy (2014) shows that SEs adopt a business narrative when engaging with investors. In contrast, two other studies show that in indirect communication channels such as online platforms, SEs employ strategies that prioritize building trust through storytelling, establishing personal connections, and framing social impact (Parhankangas & Renko, 2017; Ryder & Vogeley, 2018).

With our study, we aim to bridge existing research streams on resource-constraint environments, SEs' resource mobilization strategies, and social bricolage by broadly examining how SEs across Europe effectively leverage their hybrid identity to mobilize external financing in a resource constraint environment. By doing so, we answer calls for further research on creative resourcing by SEs (Ladstaetter et al., 2018; Lashitew et al., 2020; Rawhouser et al., 2017; Sonenshein, 2014), particularly in economically developed countries where different resource

constraints prevail and research in these contexts can yield new knowledge (Ciambotti & Pedrini, 2021; di Domenico et al., 2010; Janssen et al., 2018).

4.3 Method

4.3.1 Sampling strategy

We employed an inductive, qualitative research approach and conducted semi-structured interviews with 31 SEs. We chose this research approach to explore an underexamined topic (Gioia et al., 2013) and address a *how* question in the context of entrepreneurship (Edmondson & Mcmanus, 2007; Gartner & Birley, 2002).

To select informative participants, we used purposive sampling (Patton, 2015) and started with desk research to identify organizations that pursue social missions while engaging in commercial activities. We selected SEs as interview partners using a combination of personal contacts, cold calls, and snowball techniques, as is common in qualitative research (e.g., Ashforth et al., 2007). In total, we conducted 31 interviews with founders or managers from social enterprises in Europe. These enterprises differed in size, business model, life cycle phase, legal form, and type of external financing they received (see Appendix 6 for an overview of our interviewees) to guarantee adequate diversity of perspectives among the informants (Patton, 2015). We followed the approach employed by di Domenico et al. (2010) and utilized a heterogeneous sample to identify common behavior patterns among SEs encountering diverse financial resource constraints and conditions, enabling us to make greater claims to theoretical extraction than with a more homogeneous sample. We terminated data collection when the collected data yielded no more new insights (Glaser & Strauss, 1967).

4.3.2 Data collection

We conducted interviews between November 2021 and February 2022 via video calls or telephone using a semi-structured interview guideline (see Appendix 7). The interview questions

covered the business model, mission, experience with external financing, strategies for finding and approaching financiers, expectations of (potential) financiers, and relationships with financiers. We used a responsive interviewing technique, adapting to follow-up questions to elicit detailed and in-depth insights (Rubin & Rubin, 2011). For instance, when interviewees referred to hurdles in obtaining external financing, we asked how they coped with those challenges. Interviews were conducted in English or German, depending on the interviewees' language proficiency, and lasted between 15 and 90 minutes, with an average of 42 minutes. All interviews were recorded and transcribed, resulting in 529²⁷ pages of interview transcripts. The interviewees had the opportunity to review their transcripts for validation and ethical considerations (Mero-Jaffe, 2011).

For empirical triangulation, we collected secondary data on the social enterprises, including annual, sustainability and impact reports, as well as website materials related to their financing strategies. These publications contained figures on financing structures and further insights into SEs' expectations or experiences with external financing processes. In total, we collected 357 pages of secondary data that we used for the descriptive analysis of the sample and to validate our interpretations during the inductive data analysis process.

4.3.3 Data analysis

We used a grounded theory approach to analyze our data inductively and thematically (Eisenhardt, 1989), meaning that we defined, labeled, and categorized codes independent of prior theoretical knowledge (Corbin & Strauss, 2015). We consciously avoided engaging with existing literature to prevent prior hypothesizing and confirmation bias (Gioia et al., 2013). We followed a three-step process to analyze the data, adhering to the principles outlined by Gioia et al. (2013). First, we conducted interviews and began an iterative data analysis to gain initial insights into

²⁷ Times New Roman, 12pt, double line spacing.

SEs' strategies for raising external capital. This approach allowed us to refine follow-up questions and identify theoretical saturation (Gioia et al., 2013). To develop our initial first-order concepts, we employed open coding and assigned codes that emerged from the data, using informant-centric terms (Corbin & Strauss, 2015). In the second step, we applied axial and selective coding, reviewing and comparing the first-order concepts and searching for connections between them to categorize and aggregate them into second-order themes and ultimately aggregate dimensions.

For instance, several interviewees highlighted the importance of explaining financiers the mutually beneficial situation of a collaboration. One SE referred to it as "You've got the money, but without us, you're nothing" (SE10), while another informant described this as "The capital needs to find an investment . . . and we need capital" (SE08). We grouped these and similar statements as the first-order concept *emphasizing win-win situation*. Additionally, SEs often encountered the obstacle that financiers lacked knowledge about social enterprises in general. Respondents stated that "Because it connects these two worlds, we simply have to explain a lot" (SE17) and that "Although it is innovative for Germany, there is a proof of concept in the UK, and the CEO is willing to come and present it" (SE07). We encapsulated these statements in the first-order concept *explaining business model*. As these first-order concepts refer to the *initiation of an educative dialogue with financiers*, in contrast to *partnering with a multitude of stakeholders* or *flexible framing practices*, we grouped them into one second-order theme before aggregating them into one dimension *persuasion* with the second-order theme *leveraging legitimacy 'signals'*.

Finally, we engaged with the literature on SEs' resource mobilization strategies, cycling between the literature and data to validate the novelty of our findings (Gioia et al., 2013). This process resulted in our final data structure, as illustrated in Figure 8.

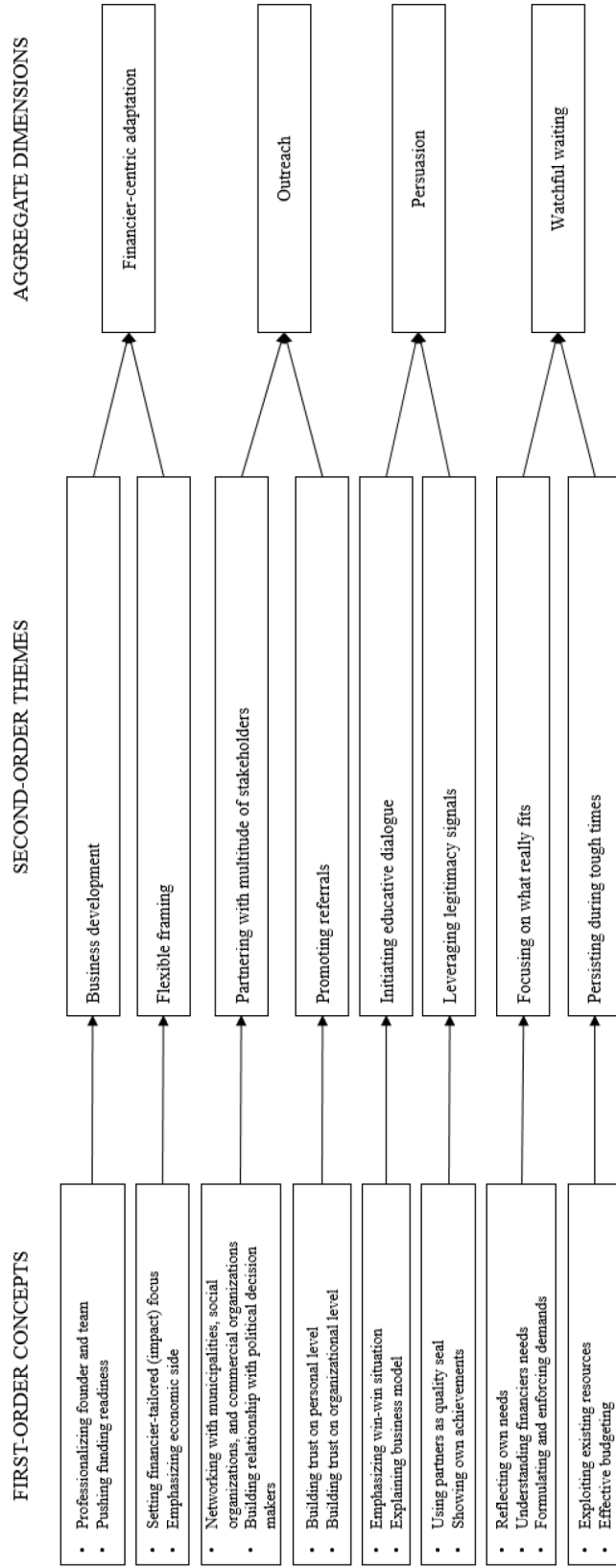


Figure 8. Data structure

4.4 Findings

In our analysis, we identified various practices SEs use to leverage their hybrid identity to address financial resource constraints. We categorized these practices into four overarching strategies: (1) financier-centric adaptation, (2) outreach, (3) persuasion, and (4) watchful waiting. We elaborate on these strategies below, focusing on how SEs' hybrid identity is reflected in each one. We incorporate illustrative quotes from our study to support our interpretations, following the recommendations for qualitative research by Pratt (2009). For a comprehensive assignment of quotes to the strategies, see Appendix 8.

4.4.1 Financier-centric adaptation

In our study, interviewees employed a financier-centric adaptation strategy, which involves practices that exploit the social enterprise's dual identity in order to adapt to the needs of financiers. The strategy was the second most frequently applied and is characterized by business development and flexible framing practices that are utilized to make social enterprises appealing to financiers.

Business development practices involve driving the organization towards greater professionalism and readiness for investors. Many SEs reported that investors usually demand strong business acumen in potential investees, a requirement that was often unmet by SEs initially. For instance, SEs' approaches and presentations to attract financiers were deemed "unprofessional" (SE01) or "too complicated" (SE30) by financiers. Developing the social enterprise to reach a level that satisfied investors required significant effort, such as participating in incubation programs focusing on individual skill development, product development, or even extensive organizational restructuring to foster a stable, self-sustaining business model:

Our plan is to establish a GmbH²⁸ alongside the association, essentially leaning more towards this social enterprise approach. (SE11)

Another aspect of the financier-centric adaptation strategy involves a flexible framing of the Social enterprises' business model. Rather than fundamentally altering the organization, SEs superficially adapted the framing of their business model to signal alignment with financier expectations. Because financiers often have specific financing foci, SEs tailored their narratives accordingly. This meant varying the emphasis on financial versus social impact metrics and adjusting the type and details of the social impact they communicated. For instance, SE14, which provides IT training sessions for children from low-income families tailors the framing of its social impact depending on the audience:

Whether it's promoting girls – 'why is it important to get women equally involved in the IT sector,' distinguished from 'why is digital education incredibly important for securing skilled workers,' and 'why is it in everyone's interest that we particularly introduce socio-economically disadvantaged children to digital education, especially in regions undergoing structural change,' so the story we tell keeps adapting. (SE14)

Applying a financier-centric adaptation strategy allows SEs to overcome initial financing constraints by tailoring their business and/or its presentation to meet the diverse requirements of different financiers, whether they prioritize economic returns, social impact, or niche impact areas. Some SEs may focus on refining their ventures to meet investor expectations, while others may emphasize surface-level presentation to align with investor preferences. The inherent complexity of social enterprises, often addressing multiple social and environmental issues simultaneously in their business models, grants them the flexibility to cater to various needs and

²⁸ German limited liability company.

adapt to evolving demands. The hybrid nature of social enterprises can thus be leveraged to overcome initial financing constraints, thereby providing the SE the opportunity to achieve its intended social impact.

4.4.2 Outreach strategy

The second strategy we identified is the outreach strategy, which involves practices that exploit the social enterprise's dual identity to build and extend relationships with a wide range of stakeholders, thereby facilitating access to external financing. This strategy was applied third most frequently and particularly emphasized by respondents seeking public funding, who grappled with systemic challenges such as a limited number of financiers and bureaucratic hurdles involved in obtaining public funding.

SEs focused on fostering existing connections and cultivating new ones with stakeholders from diverse backgrounds, reflecting the multifaceted nature of social enterprises and SEs. To achieve this, SEs attended events like conferences and invited politicians and influential representatives to company gatherings, fostering personal relationships with individuals and organizations that could benefit them. Leveraging their hybrid identity helped SEs in building strong networks. For instance, our interviewees often address topics with their business models relevant to a wide range of stakeholders, enabling SEs to effectively cultivate relationships with various organizations and individuals, including politicians, profit-oriented businesses, NGOs, and other social organizations. By strategically utilizing their hybrid nature, SEs can effectively bridge gaps between various sectors and stakeholders, enhancing their ability to secure financing and support. For example, SE21 combines a social and environmental mission with a profitable business model and deliberately leverages their threefold mission to build a diverse network to gain access to financing:

And that's also a strength because it means that we are combining partners and also investors from various backgrounds that typically might not work together, and they might have different reasons why they invest, but they do all invest in making this combined mission possible. (SE21)

In addition to reaching out to new stakeholders, another important component of this strategy is establishing good relationships with existing financiers to encourage referrals. Interviewees strategically used recommendations from existing contacts to open up new financing opportunities. By building diverse networks and promoting referrals from existing connections, SEs can streamline the resource-intensive search and acquisition processes. For example, SE11, an organization that combines waste reduction and social inclusion in their business model, maintained contact with financiers even after receiving a rejection, aiming to stay on their radar or being "passed on" to other potential financiers (SE11). Establishing trust and credibility in themselves and their organization was essential to achieving this, ensuring that financiers have confidence in the SE's ability to balance its social mission without losing focus:

The best way to approach a financier is by building a network where many have come to appreciate the good work over the years. When that happens, it gets passed on through word-of-mouth marketing. That's how you reach them. (SE13)

By applying an outreach strategy, SEs leverage external stakeholders to overcome systemic financing constraints. They build and extend relationships with a wide range of stakeholders, thereby facilitating access to external funding. This approach supports SEs overcome obstacles like the significant bureaucratic burden of writing funding applications by connecting with key stakeholders who can help navigate these processes, like politicians:

It was a lot of network building and throwing oneself at politicians, trying to find investors through their networks. This worked very, very well. (SE02)

By collaborating with other organizations, businesses, and community members, SEs can pool resources and access new capabilities, helping them overcome current limitations in the social entrepreneurship ecosystem, such as a dearth of available capital.

4.4.3 Persuasion strategy

The persuasion strategy involves practices that exploit the social enterprise's dual identity to convince financiers of its value and financial viability. This approach was applied the least frequently and unlike the financier-centric adaptation strategy, it sees SEs refusing to conform to financiers' demands. Instead, they initiate educative dialogues with financiers to elucidate unique aspects of social enterprises and use legitimacy signals to demonstrate their potential for creating mutual benefit.

Initiating educative dialogues helped SEs address the existing lack of experience and expertise among financiers in assessing the social enterprises' value. Given that SEs often deal with innovative and complex products and services, they frequently "have to explain a lot" (SE17) and educate uninformed externals about the unique characteristics and venture peculiarities. For instance, informants noted that "social entrepreneurship or social enterprise means different things to different people" (SE21), and financiers often "did not understand that social enterprises can have sustainable business models that generate profit" (SE28). Similarly, many financiers perceived the business and impact model of social enterprises as too complex and "didn't know which box to put [them] in" (SE21), while others needed clarification on their non-traditional legal structures:

Sometimes it is through conversation and convincing that you can educate investors that things aren't always black or white. (SE21)

Furthermore, leveraging legitimacy signals through past achievements, certifications or quality labels such as membership in well-known social entrepreneurship networks like Ashoka, is a key

component of this strategy. SEs commonly used storytelling and anecdotes to showcase the individuals or communities they have assisted or transformed, intending to establish trust in the social enterprise's mission. However, interviewees acknowledged the importance of demonstrating both social impact and financial viability to financiers. Consequently, SEs often used examples of successful projects to underscore how they achieve social impact while establishing a viable business model that ensures long-term success, which they realized is relevant to both investors and funders:

What we always focus on is highlighting how projects can continue once the funding has ended. I think that's our strongest argument. Of course, we refer to the projects we have already implemented, emphasizing our experience. But we also show that - even in a non-profit context - we are able to establish functioning business models that ensure a project funded by a foundation or grant provider can also function long-term. (SE05)

By providing tangible examples of how the venture can simultaneously achieve its objectives, and presenting quality labels that prove their success, SEs persuade financiers of their investment potential. This strategy not only grants SEs access to financial resources but also encourages financiers to change their attitudes towards SEs in general. As a result, persuasion practices contribute to long-term changes in the financing market by removing financial resource constraints, ultimately benefitting both, the respective SEs and the social enterprise ecosystem.

4.4.4 Watchful waiting

The fourth strategy we identified, watchful waiting, was the most commonly applied strategy and involves practices that leverage the social enterprise's dual identity to establish structures that allow SEs to wait for a partner whose values align with their own. Our study revealed that many SEs were concerned about potential misalignment of values with financiers. This occurred, for example, when financiers' demands regarding the venture's economic aspects did not align with

the SEs' values or required excessive effort to meet. SEs felt empowered to negotiate effectively and refused financing offers under unfavorable conditions. Interviewees applied this strategy to mitigate the risk of compromising their social mission when partnering with financiers and frequently rejected financing offers:

If we were to compromise our sustainability, we could be done even at this moment. These are things we absolutely don't want because then the entire project would become somewhat pointless. An investor must understand, that we will not do this, but above all, we prioritize sustainability. (SE25)

However, rejecting unsuitable financing offers means restarting the search and initiation process, which does not yield external resources and requires significant time investment. One interviewee who frequently worked with impact investors explained:

Such an investment process also takes about half a year, and when I initiate a new process, I know that if all goes well, I'll receive the money in half a year, so one must plan accordingly. (SE08)

To endure the often lengthy search and initiation processes, several SEs focused on bootstrapping their ventures and implementing effective budgeting strategies while waiting for the right partner. During these times, SEs were willing to sacrifice personal resources to endure lean periods and protect their social mission. Their hybrid identity enabled them to make these sacrifices and maintain independence until finding an ideal partner. This approach was feasible due to the social orientation of the ventures, as the founders were motivated by more than just financial gain, as one interviewee demonstrates:

I recommend using one's own resources as much as possible. Personally, I prefer spending very little money each month. I live very frugally, work a lot, and try to generate income in

a way that makes me, my partners, and my team happy . . . I'd rather do this than expose myself to the terror of someone because they had the opportunity to provide me with money and then want to push their own vision. (SE29)

Applying a watchful waiting strategy allows SEs to maintain control over their social mission while building financial sustainability from within. Besides implementing budgeting strategies to use capital more efficiently, many SEs noted focusing on internal financing and revenue generation to endure periods without external financing, continuing to create a positive social impact. They did so for instance, through product diversification like SE31, an organization initially providing sanitary facilities within a circular system for large events, sold toilet paper made from recycled cardboard to finance their operations. Thus, applying the watchful waiting strategy can foster long-term value creation for social enterprises by necessitating financial sustainability. More importantly, by rejecting financing offers from financiers with diverging values and formulating clear demands, SEs contribute to a changing financing landscape for social enterprises, as investors need to adapt their criteria to partner with high-potential SEs.

4.5 Discussion

The aim of our study was to investigate how SEs leverage their hybrid identity to address resource constraints in external financing. From our analysis, we identified four strategies which leverage the hybrid nature of SEs to address distinct constraints. We proceed by detailing how our research contributes to literature on SEs' resource mobilization strategies, to social bricolage literature, and to practice. We further address limitations and future research avenues deducted from our study.

4.5.1 Contributions to literature

Contributions to SEs' resource mobilization strategies. Our findings align with existing literature (e.g., Glänzel & Scheuerle, 2016), which indicates that financiers often require strong

business acumen, a criterion that SEs frequently do not meet. We found that when SEs identify a lack of business orientation as a constraint to securing external financing, they are willing to make significant adjustments to their organization to meet financiers' expectations. While current research suggests that SEs carefully consider their legal structure (non-profit vs. for-profit) before founding their enterprises to signal the right message to potential financiers (Mswaka et al., 2022), our study reveals that SEs may establish a subsidiary with a different legal form than the parent organization to become more attractive to certain financiers.

Further, Roundy (2014) shows that SEs adopt a business narrative when communicating with financiers to influence their interpretation of the social enterprise. We extend this finding by providing evidence that SEs adapt their narrative not only between business and social orientations but also within the social sphere to meet financiers' demands. Specifically, our research highlights that SEs tailor their narratives to emphasize different aspects of their social missions depending on the values and priorities of financiers. This nuanced adaptation allows SEs to resonate more deeply with a diverse array of investors and funders, ensuring that their messaging aligns with the specific social impact foci of each financier. Additionally, while previous studies have shown that SEs employ strategies like storytelling, establishing personal connections, and framing social impact to build trust in indirect communication channels such as online platforms (Parhankangas & Renko, 2017; Ryder & Vogeley, 2018), we find that SEs use these same strategies in direct communication to persuade financiers of their value. This underscores the importance of legitimacy and trust in securing financing for social enterprises.

SEs often form social partnerships and networks to increase their chances of obtaining external financing (Ciambotti & Pedrini, 2021). This strategy includes building relationships with a wide range of stakeholders, including making connections with politicians (Razgallah et al., 2017). Our findings validate these observations, highlighting the importance of strategic

networking with stakeholders from diverse backgrounds in securing financial support.

Furthermore, in line with existing literature (e.g., Glänzel & Scheuerle, 2016; Nguyen et al., 2015), our interviewees perceived the high requirements from financiers and a lack of matching values as major constraints. This is surprising, as recent trends indicate growing interest in impact investing (Hand et al., 2020), a financing option that has the potential to match with the needs of social enterprises (Schlütter et al., 2024). However, if a potential financier fails to align with SEs' values, even if it is the sole option, SEs prefer focusing on internal resources rather than risk entering a partnership that could have detrimental effects on the achievement of their social mission. Despite potentially limiting immediate organizational growth, SEs perceive it as the preferable strategy to assure their social impact. This underscores a notable shift in power dynamics within the social enterprise financing landscape. Despite the prevailing narrative that financing options for SEs are scarce and that SEs lack choices (e.g., Austin et al., 2006; Battilana & Lee, 2014; Doherty et al., 2014), our research highlights a more nuanced reality. It sheds light on SEs' deliberate efforts to align financial partnerships with their values, thereby influencing power dynamics in their favor.

Contributions to social bricolage. Scholars frequently employ a social bricolage perspective to study how social enterprises navigate resource constraints (Bacq et al., 2015; Ciambotti & Pedrini, 2021; di Domenico et al., 2010; Desa & Basu, 2013; Janssen et al., 2018). Social bricolage is a process that involves making do, the refusal to be constrained by limitations, improvisation, social value creation, stakeholder participation, and persuasion (di Domenico et al., 2010).

In the following, we particularly focus on how the four strategies interrelate with the two principles refusal to be constrained by limitations and social value creation, as illustrated in Figure 9.

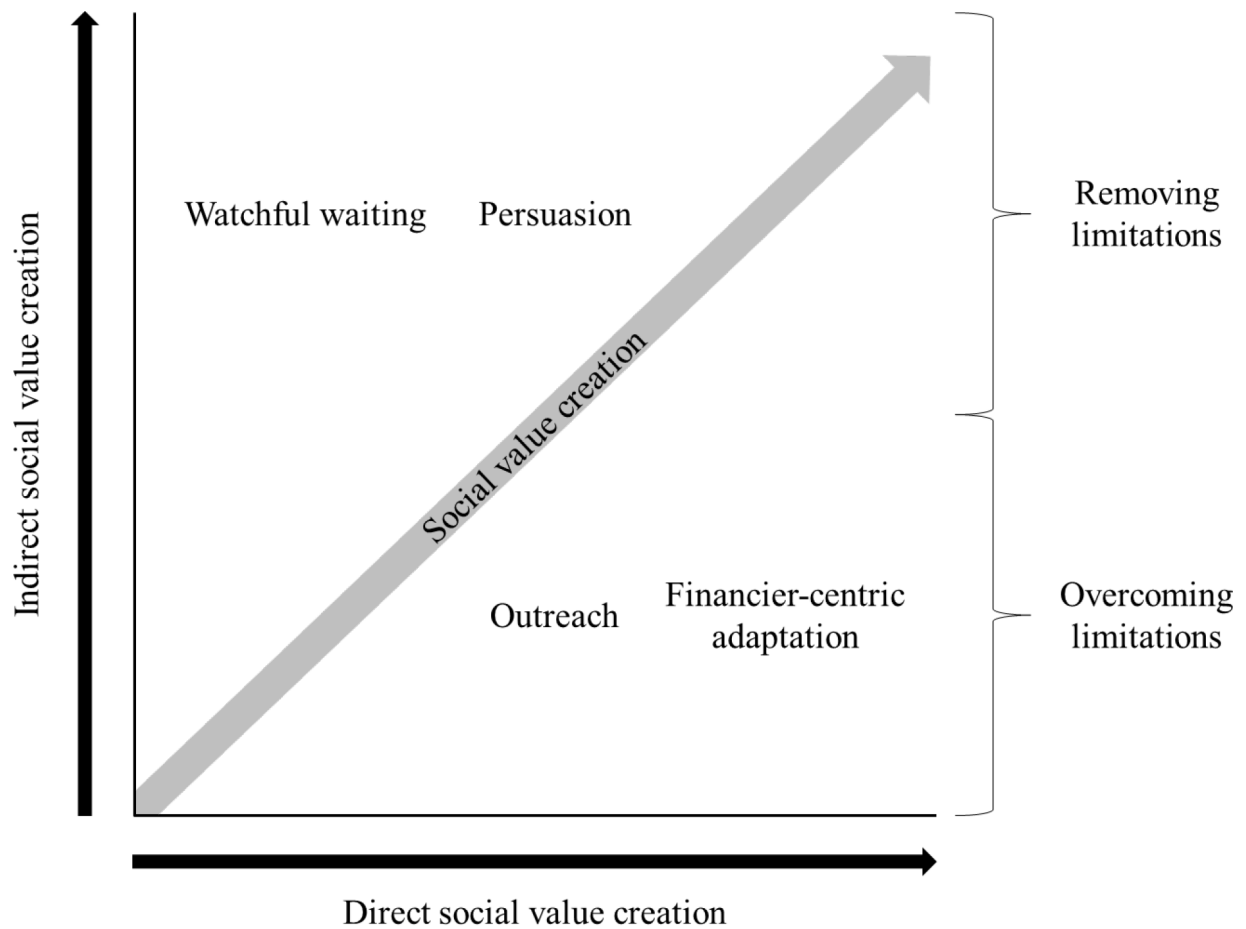


Figure 9. SEs' hybrid strategies to address external financing constraints

Refusal to be constrained by limitations emphasizes that SEs view constraints not as fixed barriers but as challenges to be overcome through creativity and innovation (Baker & Nelson, 2005; di Domenico et al., 2010). While current literature suggests that social enterprises can leverage their hybridity to overcome financial resource constraints (Ciambotti & Pedrini, 2021; Razgallah et al., 2017), our results extend these findings by demonstrating that SEs can also leverage their hybridity to help remove these constraints. The financier-centric adaptation and outreach strategies encompass practices that enable SEs to secure financing and consequently scale both their business and social impact. In these scenarios, SEs accept the presence of external financing constraints and seek solutions to secure external financing despite these limitations. This approach aligns with findings from other studies showing that SEs utilize

resources at hand to overcome resource constraints (Baker & Nelson, 2005; Janssen et al., 2018; Servantie & Rispal, 2018).

In contrast, the persuasion and watchful waiting strategies focus on *removing* existing external financing constraints. SEs refuse to accept the presence of constraints and instead aim to eliminate them, making it easier for social enterprises in general to access external capital. For example, by educating financiers about the unique characteristics of social enterprises, SEs aim to dispel prevalent prejudices. Additionally, by rejecting investors with diverging values, SEs shift financiers' requirements to be more favorable towards SEs.

Creating social value is central to social enterprises (Saebi et al., 2019) and social bricolage (di Domenico et al., 2010). We argue that the four strategies differ in their potential to achieve this. *Direct social value* creation reflects the ability of SEs to achieve their desired social impact by addressing prevalent resource constraints. We find the lowest potential for direct social value creation in the watchful waiting strategy. In this approach, SEs need to rely on existing financial resources and implement austerity measures until they find financiers with matching values. This may impede scaling their business and thus limit their potential to create social impact. In contrast, applying an outreach or persuasion strategy holds higher potential for direct social value creation. Both strategies enable SEs to secure external financing, allowing them to invest in product development and further practices and processes that foster social value creation. However, we argue that implementing a financer-centric adaptation strategy holds the highest potential for SEs to create direct social value. In addition to gaining access to external financing, a main component of this strategy is that SEs enhance their business models, ensuring long-term financial sustainability. A viable business model aligns financial sustainability with social objectives, ensuring that the enterprise can persist and expand its impact.

Indirect social value is created over time and is connected to removing limitations. By doing so, SEs can contribute to a positive change in the financing ecosystem for social enterprises, benefiting other social enterprises who then encounter fewer resource constraints. Although the watchful waiting strategy has the least potential for direct social value creation, it fosters indirect social value creation. This happens when SEs reject financing offers from financiers with diverging values and set clear requirements that financiers must meet to partner with high-potential social enterprises. Similarly, indirect social value creation is high when SEs refuse to adapt to financiers' demands and instead educate them to change their perspective on social enterprises. Conversely, adapting to the rules of financiers, as in financier-centric adaptation, or building and utilizing a network to gain access to external financing, as in outreach, does not promote any changes in the overarching financing landscape.

In addition to the principles of refusing to be constrained by limitations and social value creation, we find empirical evidence that SEs also apply the principles of making do, improvisation, stakeholder participation and persuasion when raising external financing. For example, our interviews provide evidence that across all four strategies, SEs creatively leverage their inherent hybridity as a resource to attract external capital in various ways. They effectively employ the principle of making do, which involves creatively combining available resources to mobilize additional ones (Baker & Nelson, 2005). Improvisation entails adapting standard ways of working and thinking creatively to counteract limitations (Baker & Nelson, 2005). This principle is most evident in financier-centric adaptation, where SEs adjust their strategies in response to changing financier demands. Stakeholder participation involves engaging a broad range of stakeholders to achieve resource mobilization (di Domenico et al., 2010). We specifically found references to this principle in persuasion and outreach strategies, where SEs use reputable partners to signal legitimacy to financiers and tap into their networks to access

capital. While persuasive tactics aimed at convincing stakeholders of the business case for social value creation (di Domenico et al., 2010) are unsurprisingly most evident in the persuasion strategy, we also found references in other strategies. In financier-centric adaptation, SEs flexibly frame their business models to signal alignment with financier expectations and become more appealing to financiers, while in the outreach strategy, SEs leverage references and word of mouth to garner support from existing partners.

In sum, we contribute to social bricolage literature in three ways. First, we propose delineating the refusal to be constrained by limitations principle of the social bricolage concept into two dimensions: overcoming limitations and removing limitations. Second, we show how this connects to SEs' overall social value creation. Third, we contribute to the social bricolage literature by demonstrating how bricolage can be utilized to raise external capital.

4.5.2 Implications for practice and policy

Our study offers both practical and policy implications. First, we inform SEs about the specific actions and strategies they can employ to address constraints to external financing. We also show how the different approaches influence the potential for social value creation, which may be an important factor for SEs to consider before applying either of the strategies.

Second, our findings show that SEs invest a substantial amount of time and resources in persuading financiers of their added value. Mutual learning between SEs and financiers is crucial to streamline this process and foster successful investments. Financiers should reassess their perceptions of social enterprises and adapt their decision-making criteria and financing processes accordingly. This could benefit financiers by attracting high-potential investees who, up until now, opted to bootstrap their ventures to preserve their autonomy. Furthermore, creating extensive networks for mutual learning, aligning language, and facilitating connections between financiers and SEs can bridge the existing gap between parties.

Initiatives focusing on active participation in accelerator and investment readiness programs can help financiers collaboratively articulate their needs and expectations. Policymakers can play a crucial role by initiating programs that facilitate knowledge transfer between SEs and financiers, thereby supporting the social entrepreneurial ecosystem (Audretsch et al., 2023). These collaborative efforts can bring about long-term changes in the financing landscape (Pankov et al., 2021), reducing the need for SEs to continually adapt and persuade due to a lack of understanding of each other's fundamental needs and expectations, and allow SEs to gain access to external financing while remaining true to their values and beliefs (O'Neil & Ucbasaran, 2016).

4.5.3 Limitations and avenues for future research

Our study also has some limitations that offer promising avenues for future research. First, our sample may exhibit a survivorship bias towards SEs who successfully financed their operations, with or without external capital. Future research could explore the experiences of failed SEs and investigate the constraints, reasons for failure, strategies employed, and the learnings they transpired.

A second limitation of our study builds on the common shortcoming of qualitative studies that use interviews: the subjectivity of interviewees in interpreting situations (Cox & Hassard, 2007). This implies that success in acquiring external financing may have been influenced by multiple factors, even if interviewees emphasized that one factor was more significant in overcoming the respective constraint. Future studies could use a case study approach to reduce the risk of retrospective bias or an experimental approach to control for confounding variables.

Third, while our sample is diverse in various aspects, it is geographically limited to social enterprises based in Europe. Future research could expand the geographical scope to validate and extend our findings.

Finally, applying quantitative research approaches to the field of social bricolage and resource constraint environments can offer a promising avenue for future research (Davidsson et al., 2017). Specifically, examining the influence of founder identity on hybrid strategy choice to address resource constraints can advance understanding of social bricolage.

4.6 Conclusion

This study explores how SEs leverage their hybrid identity to navigate external financing in a resource-constraint environment. We identified four strategies SEs employ when raising external financing, and demonstrated how these strategies utilize the SEs' hybrid identity. We also discussed how these strategies aim to remove or overcome barriers and explained how these differences influence direct and indirect social value creation. Our research contributes to social bricolage literature by demonstrating how bricolage can be utilized to raise external financing and by introducing a nuance to one of the model's principles, connecting it to overall social value creation. Lastly, our study provides valuable implications for SEs, financiers, and policymakers.

5. Paper 4: Beyond capital: Social entrepreneurs' evaluation of investors' non-financial attributes²⁹

Single author paper

Abstract. Partnering with investors provides social entrepreneurs (SEs) both financial support and valuable non-financial resources to achieve their social impact goals. While existing research has extensively investigated the investor-SE relationship from the investor's viewpoint, the perspective of SEs remains understudied. This paper addresses this gap using a reversed agency perspective to examine how investors' reputation, social mission, network access, business advisory services, and information rights influence SEs' willingness to partner. A survey experiment with 115 SEs reveals that an investor's low social mission deters SEs from partnering. Further, positive effects of reputation, business advisory and network access outweigh the negative effect of information rights. Additionally, decisions are influenced by factors such as the social mission of the enterprise, SEs' prior experience with investors, and the enterprise's maturity phase. This research emphasizes the importance of a reversed perspective in the investor-SE relationship and the role of investors' non-financial attributes in SEs' evaluations, guiding both investors and SEs in their partnerships.

Keywords: social entrepreneur, investor evaluation, agency theory, non-financial attributes, factorial survey

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5.1 Introduction

“Yes, you’ve got the cash, but without us, you’re nothing.” (Interviewee 1 of pre-study)

Social entrepreneurs (SEs) strive to make a social impact while generating economic value through commercial activities (Saebi et al., 2019; Zahra et al., 2009). Partnering with investors offers SEs the chance to secure financial and non-financial assistance, facilitating the achievement of these dual objectives (Doherty et al., 2014; Zhao & Lounsbury, 2016). However, a functioning relationship between investors and SEs is crucial for the pursuit of both financial sustainability and social impact (Ebrahim et al., 2014), underscoring the importance for both parties to select a partner whose values and needs closely align with their own.

The growing trend of investors backing social enterprises has stimulated scholarly interest in SE-investor dynamics (Schätzlein et al., 2023; Schlütter et al., 2024). Yet, existing research predominantly examines how investors assess SEs and their ventures to find suitable matches (e.g., Aouni et al., 2024; Block et al., 2021; Defazio et al., 2021; Yang et al., 2020), with much fewer studies delving into the SEs’ perspective and their criteria for evaluating investors. The limited literature from the SE perspective highlights SEs’ emphasis on investors’ non-financial support (Mayer & Scheck, 2018) and value orientation (Bocken, 2015; Glänzel & Scheuerle, 2016; Sonne, 2012), alongside an aversion to overly controlling investors (Lall, 2019). While these primarily qualitative studies offer a valuable starting point for understanding SEs’ preferences and needs when choosing investors, they leave ample room for deeper exploration into which and how various investor attributes influence SEs’ willingness to partner (WTP) with potential investors. This study concentrates on the non-financial aspects of investors, which are highly valued by SEs and play a significant role in their partnerships (Holtslag et al., 2021; Lall, 2019; Mayer & Scheck, 2018; Scarlata & Alemany, 2010).

Closing this gap and examining the non-financial criteria for SEs in selecting investors is essential for two main reasons. First, SEs operate at the intersection of commercial and social organizations (Battilana & Lee, 2014), granting them flexibility in financing options, ranging from donations to commercial venture capital (VC) investments (Doherty et al., 2014; Dupain et al., 2022). This adaptability, coupled with the increasing availability of tailored investment instruments (Hand et al., 2023), empowers SEs to be more discerning in their choices, rather than simply accepting any available funding. Second, partnering with incompatible investors can yield undesirable outcomes for SEs, such as mission drift (Achleitner et al., 2014; Grimes et al., 2019), which undermines their *raison d'être*. Consequently, it can be inferred that SEs dedicate considerable effort to thoroughly screen potential investors before forging partnerships. Given the scant attention this critical process has received in existing research, this study addresses the question: *Which and how do different non-financial attributes of potential investors affect SEs' willingness to partner?*

To answer this question, I first develop a conceptual model grounded in agency theory (Jensen & Meckling, 1976) that conceptualizes the investor as an agent of the SE. Based on prior literature and 31 interviews with SEs, I hypothesize relationships between an investor's reputation, social mission, network access, business advisory services, and information rights and the SE's WTP. Empirically, I test this conceptual model through a multifactorial survey experiment with 115 SEs, evaluating investment offers across different combinations of these attributes.

The analysis of 690 hypothetical decisions shows that SEs consider all five attributes significantly when evaluating investors. While an investor's low social mission has the most substantial negative impact, SEs also prioritize a high reputation, large network access, and extensive business advisory. Strong information rights have only a minor negative impact on the

overall assessment of investor attractiveness. Additionally, conditional factors such as the social mission of the social enterprise, prior experience with investors, and the social enterprise's maturity phase significantly influence judgment.

With this study, I offer novel quantitative insights into an area largely dominated by conceptual and qualitative research (e.g., Glänzel & Scheuerle, 2016; von Friedrichs & Wahlberg, 2016; Young & Grinsfelder, 2011). I also offer theoretical insights and empirical evidence that responds to calls for more research exploring the investor–SE investee relationship from the SE perspective (Schätzlein et al., 2023), shedding light on SEs' non-financial needs from investors, which could help bridge the financing gap for SEs that currently exists (Dalby et al., 2019) and thus enhance their overall societal impact.

5.2 Theoretical background

5.2.1 Agency theory

Agency or principal-agent theory conceptualizes relationships “as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent” (Jensen & Meckling, 1976, p. 310). This theory is prominent in explaining relationships between investors and entrepreneurs (Arthurs & Busenitz, 2003; Sahlman, 1990).

A main assumption of agency theory is that both the agent and the principal are self-interested and bounded in rationality, leading to incongruent goals and information asymmetries (Bohren, 1998). Such disparities often result in agency problems, including adverse selection and moral hazard (Amit et al., 1998; Hellmann, 1998; Kaplan & Strömberg, 2003). Adverse selection involves ‘hidden information’, where the agent misrepresents their abilities to secure more favorable terms (Amit et al., 1998), such as by overselling skills. Moral hazard occurs when the

agent acts against the principal's interests, often referred to as 'hidden action', due to principal's inability to observe relevant agent actions (Amit et al., 1998).

Agency problems give rise to agency costs. These costs include expenses related to overseeing and monitoring the agent's actions, bonding expenditures to incentivize the agent to act in the principal's best interests, and residual costs arising from the disparity between ideal and actual outcomes, where agents prioritize their own interests (Jensen & Meckling, 1976).

5.2.2 A reversed agency perspective

Researchers utilizing agency theory typically position investors as principals and entrepreneurs as agents (e.g., Burchardt et al., 2016; Cumming, 2006; Fried & Hisrich, 1994), assuming that entrepreneurs may withhold crucial information about their abilities or skills and need to be prevented from taking actions that benefit themselves but harm the investor. In contrast to that, some scholars argue that both hidden information and hidden actions are mutual concerns in the investor-entrepreneur relationship (e.g., Christensen et al., 2009; Dessein, 2005; Pandher, 2019). This means that investors, too, may withhold crucial information or take actions that benefit themselves but harm the entrepreneur. For example, entrepreneurs may lack familiarity with international scaling, while investors might falsely claim to possess extensive knowledge in this area. This creates an adverse selection problem where entrepreneurs struggle to distinguish between favorable and unfavorable investors. Regarding hidden actions, investors often provide substantial managerial support to ventures. However, assessing these commitments beforehand is challenging, creating a potential moral hazard issue where investors may not exert sufficient effort.

To address this mutual perspective on agency problems, some scholars propose a reconceptualized view of the investor-entrepreneur relationship, framing the entrepreneur as the principal and the investor as the agent (Bengtsson & Wang, 2010; Christensen et al., 2009;

Drover et al., 2014; Fairchild, 2011; Glücksman, 2020; Hallen & Eisenhardt, 2012; Hsu, 2004; Valliere & Peterson, 2007). This reversed agency perspective is appropriate and essential for the SE-investor context for two key reasons.

First, the inherent characteristics of SEs naturally position them as the principal. Driven by a passion for addressing social or environmental challenges, SEs prioritize long-term systemic change over short-term financial gains (Koe Hwee Nga & Shamuganathan, 2010; Miller et al., 2012; Waddock & Steckler, 2016). They seek to retain autonomy and control over their ventures' direction and strategies (Glänzel & Scheuerle, 2016; Mayer & Scheck, 2018), emphasizing integrity. While investors provide crucial support and resources, SEs shoulder the primary risks associated with operations and potential agency problems. Partnering with incompatible investors can yield undesirable outcomes for SEs, such as mission drift (Achleitner et al., 2014; Grimes et al., 2019), which undermines their core purpose.

Second, investors may engage in practices that falsely create an environmentally or socially responsible public image (Dorfleitner & Utz, 2023), reinforcing that information asymmetries are mutual concerns. These practices include, for example, overselling expertise in social impact assessment to appeal to SEs, leading to adverse selection problems. Similarly, moral hazard arises when investors prioritize financial gains over meaningful contributions to the SE's mission, causing conflicts where economic objectives are emphasized over social goals. The reasons for these behaviors can be manifold (Delmas & Cuerel Burbano, 2011). Investors may be driven by pressure from institutional investors prioritizing ethical investing, funds designated for sustainable investments (Sheehy, 2015), regulatory requirements, or the desire to enhance their reputation (Du, 2015; Laufer, 2003).

In line with this argumentation, in this study, the investor is conceptualized as an agent of the SE to examine SEs' mechanisms to ensure their chosen investors align with their dual mission.

5.3 Hypotheses development

Research shows that pre-relationship screening is one of the most effective mechanisms to assure that the interests of principals and agents are aligned (e.g., Cumming, 2006). While significant research has examined the screening mechanisms and criteria that conventional entrepreneurs employ when selecting investors (Drover et al., 2014; Hsu, 2004; Mayer & Scheck, 2018; Valliere & Peterson, 2007), findings cannot unconditionally be transferred to the SE context for several reasons.

The goals of commercial entrepreneurs and SEs differ significantly, leading to different risks associated with partnering with investors. Given the dual goal orientation of SEs, the potential consequences of ill-fitting partnerships, such as mission drift, can be particularly detrimental. Deviating from their social mission not only jeopardizes intended social impact but also undermines the fundamental purpose of the social enterprise (Ebrahim et al., 2014). Moreover, the existing literature predominantly centers on VC firms as investors, which, while significant for entrepreneurship financing, represents only a small fraction of the landscape in social entrepreneurship financing (Dupain et al., 2022). These substantial differences may result in variations in the investor selection process and screening criteria between SEs and commercial entrepreneurs (Austin et al., 2006; Doherty et al., 2014; Litrico & Besharov, 2019). Consequently, findings from such studies may not directly apply to the realm of social entrepreneurship. However, because literature on SEs' selection criteria remains scarce, I conducted a qualitative pre-study with 31 SEs based on semi-structured interviews to explore the key considerations for SEs when seeking partnerships with investors. I use these findings in addition to findings from existing literature to derive the conceptual model for this study. For a description of the sample and detailed findings of the pre-study see Appendix 6 and 9.

5.3.1 Reputation

To reduce agency risks, principals commonly scrutinize agents' past behavior to gauge their reliability and trustworthiness. Among these considerations, an agent's reputation stands out as a crucial aspect of past behavior (e.g., Meuleman et al., 2010). Reputation, defined as "stakeholders' perceptions about an organization's ability to create value relative to competitors" (Rindova et al., 2005, p. 1033), has long been acknowledged as a means to protect oneself from issues arising from uneven knowledge and opportunistic behavior in principal-agent relationships (Carter et al., 1998; Fama, 1980). The role of reputation has been explored in various reversed scenarios where an entrepreneur makes the choice (Drover et al., 2014; Hsu, 2004; Smith, 2001; Valliere & Peterson, 2007). These studies indicate that reputation significantly influences the decision-making process for entrepreneurs, for two reasons. First, when investors demonstrate a track record of meeting obligations and acting in the SE's best interest, trust is bolstered, thereby mitigating the risk of opportunistic behavior and not being able to fulfill promised skills (Meuleman et al., 2010).

Second, entrepreneurship research also reveals that entrepreneurs seek reputable investors to enhance their own standing (Reuer et al., 2012; Petkova, 2012; Stuart et al., 1999; Vanacker & Forbes, 2016). Partnering with a well-regarded investor enables investees to leverage the investor's esteemed reputation, acting as a positive signal for the SE's quality and helps to attract additional resources, thereby further reducing potential agency costs (e.g., Vanacker & Forbes, 2016). This is particularly crucial for SEs, given that external stakeholders may disadvantage them due to a lack of fit within established categories (Battilana & Lee, 2014; Pache & Santos, 2013). While the role of reputation in a SE-investor context has not been explored yet, interviews from the pre-study indicate that such considerations should also manifest in the underlying context:

Definitely reputation. As I mentioned, since there aren't many social investors, and they are very specific in their investment, it's definitely a compliment or a quality criterion when they are involved. That has worked. (SE03)

In sum, selecting an investor with a high reputation signifies a lower risk of adverse selection and moral hazard on the part of the investor, laying a foundation for trust between the principal and the agent. Furthermore, reputation increases chances of gaining additional resources in the future, thus mitigating agency costs. This suggests that SEs are likely to place considerable value on this aspect. Thus, I postulate the following hypothesis:

Hypothesis 1: SEs are more likely to partner with an investor possessing a high reputation rather than one with a low reputation.

5.3.2 Social mission

A main assumption of agency theory is that goals between principals and agents often don't naturally align (Jensen & Meckling, 1976). Achieving goal alignment, particularly concerning financial returns, therefore emerges as a crucial factor for both investors and entrepreneurs (Bengtsson & Wang, 2010; Fried & Hisrich, 1994). Especially within the context of SEs and investors, a discrepancy in financial return expectations is highly probable due to the divergent motivations of the involved parties. Investors, including even specialized impact investors, generally operate under a strong market logic and prioritize financial returns as their primary mission (Hehenberger et al., 2019; Phillips & Johnson, 2021). Conversely, SEs operate under a social logic, placing greater emphasis on societal impact over financial returns (Castellas et al., 2018; Glänzel & Scheuerle, 2016). Failing to align financial return expectations increases the risk of opportunistic behavior on the part of the investor, who may, for example, advocate for economic objectives at the expense of social goals within the SE's strategy. Such misalignment

may lead to undesirable outcomes, such as mission drift and hence poor social performance (Grimes et al., 2019; Nguyen et al., 2015).

While value misalignment between SEs and investors typically occurs because investors prioritize financial returns over social impact (Bocken, 2015; Glänzel & Scheuerle, 2016; Sonne, 2012), a reverse prioritization can also lead to tensions and agency conflicts. An investor that is motivated solely by social elements, as seen with venture philanthropy investors (di Lorenzo & Scarlata, 2019), may push the SE too far in the social direction at the expense of business considerations. Such a mission-lock in can have detrimental consequences for the social enterprise, such as losing sight of economic sustainability and growth, posing a threat to its *raison d'être*, much like mission drift (Staessens et al., 2019). Given that SEs pursue dual goals, encompassing both social and business activities, it seems natural for them to seek investors who similarly embrace this dual mission.

An organization's mission reflects its core purpose (Blair-Loy et al., 2011; Rey & Bastons, 2018) and can be considered as “an accurate indicator of the organization's priorities and actions” (Bartkus & Glassman, 2008, p. 209). Understanding the investor's mission provides SEs with insights into the investor's future actions, thereby diminishing information asymmetries and mitigating risks associated with opportunistic behavior and agency costs stemming from value misalignment. Specifically assessing the social dimension of the investor's mission holds significance for SEs as it provides valuable insights in how far an investor prioritizes social value creation alongside, above, or below financial returns. Thus, alignment in this regard reduces the likelihood of conflicts arising from differing objectives, fostering a cooperative relationship where the investor actively contributes to advancing the social mission (Ebrahim et al., 2014; Grimes et al., 2019). The findings of the pre-study underscore the importance for investors to

strike a balance between social goals and profit motives. Thus, achieving alignment between the investor and the SE requires embracing both commercial and social orientations concurrently:

Searching for investors, the strategy has been to find people that are aligned with our values, that are aligned with the idea that ‘yes, there should be a financial return, but that should also be capped’. (SE21)

In sum, the investor’s (social) mission can play a pivotal role in mitigating principal-agent problems by fostering alignment, providing a dual goal orientation and actively supporting the social mission of the SE. Thus, I postulate the following hypothesis:

Hypothesis 2: SEs are more likely to partner with an investor exhibiting a moderate social mission rather than one with a low or high social mission.

5.3.3 Network access

Previous research has highlighted the pivotal role of value-added services that investors may bring to their social enterprise portfolio companies, with network access being a significant component (e.g., di Lorenzo & Scarlata, 2019; Mayer & Scheck, 2018). Networks are regarded as “webs of interdependent, socially embedded relationships which connect entrepreneurs and their start-ups directly and indirectly to other organizations and individuals” (Hallen et al., 2020, p. 1067). For SEs, networks are especially important because, as hybrid organizations, they often do not fit into established categories (Battilana & Lee, 2014), making networks crucial for establishing trust and credibility and eventually accessing diverse forms of capital, knowledge, and collaborative opportunities. This facilitates their ability to address multifaceted social issues and achieve financial stability (Gaeta et al., 2020; Meyskens et al., 2010a; Sakarya et al., 2012). Access to network thus emerges as a primary goal for SEs when entering into relationships with investors, aiming to leverage these networks to foster growth and stability.

Further, from the perspective of agency theory, a large network helps reduce the risks of moral hazard and adverse selection for the following reasons. Extant entrepreneurship research indicates that a large network signals widespread trust and legitimacy in organizations (e.g., Hallen et al., 2020; Khaire, 2010; Lange & Valliere, 2020). Therefore, an investor's extensive network reassures the SE of the investor's reliability and reduces the likelihood of opportunistic behavior. Adverse selection risks arise when an investor fails to deliver on promised skills or capabilities. While this risk remains regardless of the network's size, a large network increases the chances that other members possess the required skills. This mitigates the negative consequences of selecting an investor who cannot fulfill their initial promises.

These findings from the literature were also reflected in the interviews conducted during the pre-study. Almost all study participants emphasized the significance of network access as a major non-financial requirement for selecting investors:

So they don't just see it as an investment opportunity, but also help us further with their networks in all possible directions. So, at the end of the day, it can almost be more valuable to know people who have good connection to politics, for example. We still have a lot to do with new regulations and legal matters, and they can connect us with the right people and build a certain reputation for us, without necessarily having to bring in only financial resources. (SE31)

In sum, the network access provided by the investor can positively influence the principal-agent relationship by reducing goal incongruencies and the risks for moral hazard and adverse selection. Thus, I postulate the following hypothesis:

Hypothesis 3: SEs are more likely to partner with an investor offering access to a large network rather than one with a small network.

5.3.4 Business advisory

Another critical aspect of the entrepreneur-investor relationship is the provision of business advisory services by the investor (e.g., Busenitz et al., 2004; Fairchild, 2011). Business advisory involves the external offering of advice and guidance to equip entrepreneurs with both explicit or tacit knowledge they may lack (Robson & Bennett, 2000; Weemaes et al., 2022). Extensive (SE) research has consistently linked business advisory to numerous favorable outcomes, including increased sales growth, innovation, operational efficiency, and professionalization (e.g., Bocken, 2015; Cumming & Fischer, 2012; di Lorenzo & Scarlata, 2019).

However, for SEs, business advisory services might hold a different meaning compared to conventional entrepreneurs. On the one hand, one concern is that traditional business advisory might focus too much on economic aspects, potentially leading to mission drift. On the other hand, SEs often have a social background and urgently need advice in a business context (Hockerts, 2017). While the literature has yet to provide a clear stance on this issue, interviews from the preliminary study highlight that SEs do appreciate business advisory when it is genuinely helpful:

At the moment, we would like an investor, a smart one, who helps us with their experiences:
How do I roll out marketing-wise, how do I scale this, how do I do internationalization?
(SE01)

In sum, by providing business advisory services, investors demonstrate their commitment to the SE's success thereby alleviating concerns regarding opportunistic behavior and adverse selection. Thus, I postulate the following hypothesis:

Hypothesis 4: SEs are more likely to partner with an investor providing much business advisory rather than one providing little business advisory.

5.3.5 Information rights

A fundamental premise of agency theory involves the delegation of certain rights to the agent (Jensen & Meckling, 1976; Kaplan & Strömberg, 2004). Within the context of an (social) entrepreneur-investor relationship, these rights often materialize as information rights. Such rights are characterized by their “static nature and aim to convey comprehensive reporting on financial as well as operational performance to the investor on a regular basis” (Mayer & Scheck, 2018, p. 499). By exercising information rights, investors can effectively evaluate the utilization of funds and gain insights into the venture’s operations, progress, and potential challenges (e.g., Agrawal & Hockerts, 2019; Bengo & Arena, 2019; Scarlata & Alemany, 2010).

In a social entrepreneurship context, information rights typically include social performance metrics alongside financial and operational figures (Lall, 2019). However, balancing financial reporting with reporting on social achievements poses challenges for SEs due to ambiguous indicators for social impact figures or their complex application (e.g., Berry, 2016; Jia & Desa, 2020; Stephens, 2021a). SEs are deeply committed to their social mission and may fear that investor demands for financial and social metrics could distract from this mission. From the perspective of agency theory, investors’ strong demands for comprehensive financial and social reporting create a significant goal incongruence that does not align with the goals of the SE. Neglecting the social mission in favor of fulfilling reporting obligations can result in residual costs arising from the disparity between the SE’s ideal focus on its social mission and the actual outcome.

In line with these argumentations, a large portion of the interviewed SEs reported that they perceive the reporting duties as too high and costly compared with the funds received, diverting time away from other critical activities:

As little formality and bureaucracy as possible would be very desirable, because otherwise it just takes away a lot of time and passion that could actually be put into the work. (SE12)

In sum, strong information rights demanded by the investor increases goal incongruity in the SE-investor relationship and can increase agency costs by undermining the SE's core objective of achieving social mission. Thus, I postulate the following hypothesis:

Hypothesis 5: SEs are more likely to partner with an investor enforcing weak information rights rather than one enforcing strong information rights.

Figure 10 presents the developed hypotheses within a conceptual research model.

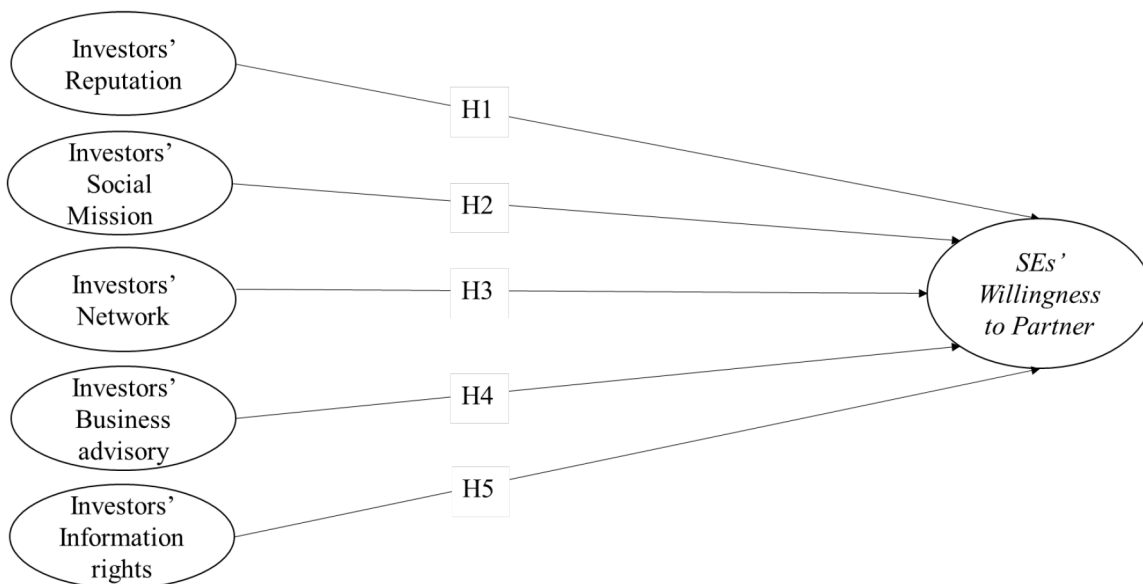


Figure 10. Conceptual model of investors' non-financial attributes and SE's willingness to partner

5.4 Method

5.4.1 Instrument

In the main study, I investigate the relationships proposed in hypotheses 1-5 through an experimental vignette study, employing a multifactorial survey experiment. This method presents participants with hypothetical scenarios that systematically vary in dimensions and levels

(Auspurg & Hinz, 2015). Vignette experiments are widely used to understand entrepreneurs' decision-making processes by simulating action-based decisions under specific circumstances (e.g., Aiman-Smith et al., 2002; Drover et al., 2014; Haynie et al., 2009). This method boasts high validity, as participants' responses in vignette experiments often correlate well with real-world behaviors, thus overcoming a key limitation of traditional surveys (Adamowicz et al., 1994; Aiman-Smith et al., 2002; Green & Srinivasan, 1990).

Participants accessed the experiment online. The experiment included individual respondent-related questions, the scenario and profiles to be evaluated, and a post-experiment questionnaire on company-related matters. The main task involved evaluating different investment offers based on combinations of five non-financial dimensions: reputation, social mission, network access, business advisory services, and information rights. These attributes, treated as independent variables (Shepherd & Zacharakis, 2018), were manipulated across two levels each, except for social mission, which had three levels.³⁰ Before evaluating the profiles, participants were introduced to the investment scenario, including detailed descriptions of each dimension and their levels. Table 7 gives an overview of the dimensions and their levels.

Table 7. Dimensions and levels of predictor variables

Dimension	Level 1	Level 2	Level 3
Reputation	High	Low	/
Social mission	High	Moderate	Low
Network access	Large	Small	/
Business advisory	Much	Little	/
Information rights	Strong	Weak	/

³⁰ While it's ideal for all attributes to have the same number of levels (Aiman-Smith et al., 2002), the literature indicates that three levels are necessary for "social mission" to test Hypothesis 2 effectively, particularly regarding SEs' preferences for investors following a dual logic. However, it's important to note that attributes with more levels may receive disproportionate attention (Wittink et al., 1982).

Reputation reflects the external stakeholders' perception of an investor based on past behavior and achievements (Rindova et al., 2005). It was categorized as 'high', indicating a reliable partner, or 'low', suggesting an unreliable partner. Social mission was conceptualized based on the investor's stated mission and previous investment behavior (Cetindamar & Ozkazanc-Pan, 2017). A 'high' social mission emphasizes the investor's strong focus on social goals, a 'moderate' social mission implies a balance between social and commercial goals, and a 'low' social mission indicates primarily commercial motives of the investor. A 'large' network refers to extensive connections with relevant stakeholders, while a 'small' network implies limited connections (Mayer & Scheck, 2018). Business advisory represents the level of strategic guidance offered by the investor (Drover et al., 2014), categorized as 'much' or 'little'. Finally, information rights indicate the extent of accounting and reporting requirements, described as 'strong' or 'weak'.

To measure SEs' WTP, I used a multi-item scale adapted from Murnieks et al. (2011) and Drover et al. (2014). The scale included the two following questions with answer scales ranging from 1 to 7 on a Likert scale: "How likely is it that you would partner with this investor?" and "How favorable do you evaluate this investor?" Scores were combined to create an overall measure of WTP ($\alpha = .99$).

The vignettes comprised a 2 (reputation: high, low) $\times$ 3 (social mission: high, moderate, low) $\times$ 2 (network access: large, small) $\times$ 2 (business advisory: much, little) $\times$ 2 (information rights: strong, weak) design, resulting in 48 combinations. Using a d-efficient blocking procedure³¹, I divided the full vignette universe into eight sets of six vignettes each to prevent information overload (Aguinis & Bradley, 2014). Each participant was randomly allocated to one of the eight

³¹ Search algorithms for d-efficient designs try to find an optimal efficient solution between perfect balance and orthogonality (Atzmüller & Steiner, 2010; Auspurg & Hinz, 2015).

sets, and the vignette order within each set was randomized to avoid order effects. Appendix 10 provides detailed descriptions of each level for the five dimensions and an exemplary vignette.

5.4.2 Sample

SEs were recruited using a convenience sample sourced from global social entrepreneurship networks. I sent participation requests via email to network hosts, asking them to distribute the request among their members. Additionally, I leveraged personal networks to identify more participants. Responses were initially collected in summer 2023, with a second round in spring 2024.

A total of 144 respondents completed the survey, however, 29 of those did not meet the definition of being a SE: having a self-sustaining revenue model and incorporating social goals to a significant extent into their organization's mission. Hence, the final dataset of 115 included only those participants who met both criteria. This resulted in 690 vignette ratings, with each vignette set (and accordingly, each vignette) being rated between 11 and 16 times, which is well above recommendations to obtain at least four ratings per vignette (Aguinis & Bradley, 2014).

Of the respondents, 53.9% were female, and the average age of the sample was 39 years. Notably, 60.9% of the 115 respondents had experience with investors, and 73.2% of those without experience intended to seek it in the future. This data indicates that participants represented a suitable sample for realistic scenarios. For detailed sample characteristics see Appendix 11.

5.4.3 Analytical approach and results

To analyze the data, I used hierarchical linear modeling (HLM) to account for the nested data structure, as each respondent provided multiple vignette ratings (Heck et al., 2013). HLM generates parameter estimates and t-values, indicating the significance of each attribute or interaction between attributes. The core model, represented in Table 8, includes the dependent

variable WTP, vignette dimensions as explanatory variables (Level 1), and the three conditional factors as respondent specific explanatory variables (Level 2). It also includes cross-level interaction effects between vignette dimensions and respondent specific factors. Control variables, such as gender and overall work experience, were included, and the individual participants were modeled as random intercepts.³² The coefficients represent the change in the dependent variable due to a one-unit change in the independent variable (e.g., moving from a low to a high condition).

³² For supplementary analyses see Appendix 12.

Table 8. Results of hierarchical linear modeling^a

Dependent variable: Willingness to partner	Coefficients (Standard errors)
Intercept	3.610 (0.057)***
Vignette dimensions (Level 1) estimation of fixed effects^b	
Reputation: high	1.382 (0.113)***
Social mission: low	-1.433 (0.139)***
Social mission: high	0.424 (0.139)**
Network: large	1.322 (0.113)***
Business advisory: much	1.089 (0.114)***
Information rights: strong	-0.250 (0.113)*
Respondent-specific (Level 2) estimation of fixed effects	
Social enterprise social mission	-0.029 (0.045)
Prior experience w. investors: yes	-0.139 (0.124)
Maturity phase	-0.009 (0.048)
Social enterprise social mission × Social mission: low	-0.330 (0.088)***
Prior experience w. investors: yes × Information rights: strong	-0.5 (0.237)*
Maturity phase × Network: large	0.185 (0.087)*
Controls	
Gender: Female	0.2 (0.125)
Work experience	0.001 (0.007)
Log Likelihood	-2175.68
N (participants)	115
N (vignette ratings)	690

^a Estimation method: Maximum likelihood

^b All predictor variables were grand-mean centered

*** $p < .001$; ** $p < .01$; * $p < .05$

The main effects show that SEs' WTP increases when investors have a high reputation ($\beta = 1.382$, $p < .001$), a large network ($\beta = 1.322$, $p < .001$), and offer much business advisory ($\beta = 1.089$, $p < .001$). However, strong demands for information rights decrease WTP compared to weak demands ($\beta = -0.25$, $p < .05$). These findings support hypotheses 1, 3, 4, and 5.

The main effect of social mission is particularly interesting because existing research has not considered this attribute, yet. It was hypothesized that SEs would prefer investors with a moderate social mission due to potential agency issues and the desire for value alignment. However, results show a significant negative effect for low social mission ($\beta = -1.433$, $p < .001$) and a significant positive effect for high social mission ($\beta = 0.424$, $p < .01$). This indicates that a high social mission results in the highest WTP, contrary to hypothesis 2, which suggested that moderate social mission would yield the highest WTP values. Thus, hypothesis 2 is not supported.

Examining the size of the coefficients reveals the relative importance of each predictor variable. A low social mission has the strongest negative influence on WTP, followed by the positive influences of a high reputation, a large network, substantial business advisory, and a high social mission. Strong information rights have the smallest negative impact on SEs' WTP. Notably, the negative effect of a low social mission (-1.433) is much stronger, compared to the positive effect of a high social mission (0.424). This indicates that a low social mission is a significant deterrent for SEs, while a high social mission is rather a pleasant addition.

While the main effects provide insights into how vignette dimensions influence WTP, the model also highlights the impact of individual respondent characteristics and cross-level interaction effects. The social mission of the social enterprise, prior experience with investors, and the maturity phase of the social enterprise were included as Level 2 predictor variables. Although these variables did not significantly impact WTP directly ($\beta = -0.029$, $p > .05$; $\beta = -0.139$, $p > .05$; $\beta = -0.009$, $p > .05$), significant interaction effects were found between social enterprise social mission and low social mission ($\beta = -0.330$, $p < .001$), prior experience with investors and strong information rights ($\beta = -0.5$, $p < .05$), and social enterprises' maturity phase

and large network ($\beta = 0.185, p < .05$). Finally, control variables of work experience and gender have no significant influence on WTP.

5.5 Discussion

This study is one of the first to explore the role of non-financial attributes of investors in SEs' decision to partner, addressing calls for research that examines the SE perspective in the investor-SE relationship (Schätzlein et al., 2023). Central to this research is to identify how five different non-financial attributes of investors influence SEs' WTP. The results of the multifactorial survey experiment suggest that an investor's low social mission is the most important negative factor influencing SEs' decision. Further, the positive effects of support provided through reputation, business advisory and network access strongly outweigh the negative effect of strong information rights requirements. Additionally, decisions are influenced by individual factors at the SE side, such as the social mission of the social enterprise, prior experience with investors, and the social enterprise's maturity phase.

Overall, this study provides new insights into the importance of investors' non-financial attributes and the conditions under which they become more or less influential. These findings have implications for theory, practice, and future research on the investor-SE relationship.

5.5.1 Implications for theory

This research challenges the conventional agency theory approach to investor-(social) entrepreneur partnerships, which typically assumes that entrepreneurs act solely as agents for investors (Arthurs & Busenitz, 2003). While agency risks such as hidden information and actions concern both investors and (social) entrepreneurs (e.g., Christensen et al., 2009; Dessein, 2005; Pandher, 2019), this complexity of principal-agent relationships often goes unnoticed in research. This research advances the theoretical understanding of a reversed agency perspective, thereby addressing a gap in the existing literature where SEs' goals and interests are frequently neglected

in favor of the investors' perspective. The conceptual and empirical models explore a principal-agent relationship wherein investors act as agents for SEs, who apply pre-investment screening criteria to mitigate risks of value incongruence like opportunistic behavior of the investor.

The results of this study suggest that SEs use reputation, network access, business advisory services, social mission, and information rights demands as signals to identify suitable investors and mitigate agency risks. The most crucial indicator for SEs to avoid partnering with an unsuitable investor is the investor's social mission. The negative impact of an investor's low social mission is much stronger than the positive impact of a high social mission, implying that SEs primarily fear mission drift through an investor's strong economic focus rather than a mission lock-in through an investor's strong social focus. These findings align with existing literature, showing that SEs perceive investors as more economically focused than themselves and prefer those who align more closely with their social mission (Glänzel & Scheuerle, 2016).

Additionally, the interaction effect of the investor's and social enterprise's social missions indicates that the effect of an investor's low social mission becomes slightly positive when the SE itself has a low social mission. These findings reinforce agency theory principles, suggesting that the primary intention behind pre-screening mechanisms is to ensure value alignment and mitigate future risks leading to agency costs (Cumming, 2006; Jensen & Meckling, 1976).

Another significant finding pertains to the attribute of information rights. The negative effect of strong information rights is the weakest among all tested attributes. This implies that SEs perceive the risks from strong information rights demanded by investors as less significant compared to the risks from lacking added value (network, business advisory, reputation) and value incongruence (social mission). This finding is in line with findings from Mayer & Scheck (2018), who also found information rights to be among the least influential factors for SEs,

further indicating that SEs prioritize value alignment and support factors over the burdens of oversight.

Another interaction effect shows that SEs with prior investor experience are more averse to strong information rights than those without experience. Interestingly, existing literature is divided on this issue. Some research suggests that SEs with investor experience initially reject the obligation to document and report financial and social metrics but later recognize the importance of it, because it enhances their professionalism and credibility (Gillin, 2006; Lall, 2019; Nguyen et al., 2015). Conversely, a recent study shows that experienced SEs may adopt a more combative stance to investors demands and may resist and reject inappropriate impact measurement and reporting demands (Ormiston, 2023). Future research could address these contradictory findings by examining the specific types of information demanded from SEs, such as differentiating between social impact reporting and financial reporting.

The interaction effect of the maturity phase and access to a large network confirms that more mature (social) enterprises value networks more than less mature ones (Amit & Zott, 2001; Austin et al., 2006; Lechner & Dowling, 2003). Mature SEs understand the benefits of extensive networks, including partnerships, increased visibility, and access to resources and knowledge crucial for scaling their impact. In contrast, novice SEs often need more direct support, such as business advisory services, to build a solid foundation and navigate early-stage challenges. Direct advisory support helps them develop robust business models, strategic plans, and operational efficiencies.

5.5.2 Implications for practice

The study's findings also allow to draw practical implications for both, investors and SEs. Attributes such as a high reputation, a large network, extensive business advisory services, a strong social mission, and weak information rights are crucial criteria for SEs when evaluating

potential investors. For investors seeking to partner with SEs, this study suggests the importance of highlighting these attributes in their offerings and communications. Specifically, investors should clearly communicate their commitment to social goals, signaling alignment with the SE's mission through detailed mission statements, impact reports, and examples of past investments. Especially when the SE's organization signals a high social mission, it is crucial that the investor incorporates social goals into their mission, almost regardless of whether these goals are moderate or high. Further, investors should actively manage and enhance their reputation by engaging in socially responsible activities, obtaining endorsements from reputable entities, and showcasing successful partnerships with other social enterprises. Highlighting extensive networks can demonstrate how this feature may benefit SEs by providing access to partners, customers, and additional funding sources. Offering robust business advisory services in areas such as strategic planning, marketing, and operational efficiency can also significantly appeal to SEs. Lastly, although information rights are not as significant a concern if other factors are favorable, they remain important for SEs and future requirements should be communicated carefully to SEs, focussing on the value of reporting for the SE.

From a SE's perspective, the findings suggest a thorough assessment of potential investors' non-financial attributes. This understanding aids in selecting investors who align with their values and provide necessary support beyond financial capital. SEs can achieve this by researching investors' track records, reputations, and past engagements with other social enterprises, including case studies, testimonials, and impact reports. Actively seeking investors with a proven track record of supporting social missions can reduce conflicts and enhance partnership success. During negotiations, emphasizing the importance of the social mission and its influence on the enterprise's decisions can ensure that investors understand and respect these goals.

5.5.3 Limitations and future research

There are some limitations concerning sample composition, the studied case, and the examined attributes. First, although this study utilizes a comprehensive survey dataset of SEs, it is based on a convenience sample that may not fully represent the global SE sector. Cultural differences could impact WTP, affecting both the qualitative pre-study and the quantitative main study. Consequently, the identified non-financial attributes and their effects on SEs' WTP may be biased towards Central European preferences, where most of the data originates. Expanding this research to other cultural contexts is essential for getting a holistic overview of investors' non-financial attributes influencing SEs' WTP.

Second, the findings are based on the specific case of debt investors. While the implications of network, reputation, and business advisory likely apply to other investor types, the importance of social mission and information rights may shift when ownership is transferred to the investor, like in VC investments. If VC investment becomes more prevalent than debt investment for SEs in the future (Dupain et al., 2022), it will be crucial to evaluate these attributes and continue exploring the evolving dynamics. I encourage researchers to use multifactorial surveys as a methodological tool to elicit SEs' WTP, offering valuable opportunities to deepen understanding of the investor-SE relationship across various investment types.

A final possible limitation of this study is its exclusive focus solely on non-financial attributes of the investor, without considering the price of the investment as a factor influencing SE decision-making. However, this choice was deliberate, as factorial survey literature suggests that dimensions that clearly dominate all other dimensions should be avoided (Auspurg & Hinz, 2015). Since prices inherently influence all business decisions (e.g., Cyert et al., 1956; Samuelson & Marks, 2012), and market participants generally prefer lower prices (Marshall, 1890), this study intentionally excluded a price attribute to prevent it from overshadowing other attributes.

Future research may address this limitation by incorporating price attributes into the portfolio of attributes influencing SE decision-making. However, a methodologically sound approach must be developed to include the price without overshadowing other attributes.

5.6 Conclusion

This study sheds light on the investor-SE partnership from the often overlooked SE perspective. Employing a qualitative pre-study and a multifactorial survey experiment, this research empirically identifies and assesses five non-financial attributes of investors and their impact on SEs' WTP. The study enriches agency theory by demonstrating the relevance of a reversed agency perspective within the SE-investor relationship. Results uncover that SEs prioritize investors with a strong social mission, high reputation, extensive network, substantial business advisory support, and lenient information rights. Moreover, these findings offer valuable insights for both investors and SEs in enhancing these factors to foster stronger, more fruitful collaborations that drive social impact and sustainable growth. Future research should delve deeper into these dynamics and explore additional factors shaping the success of these partnerships.

6. Overarching discussion

6.1 Theoretical contributions

“Our goal as researchers is to understand organizations, to understand their functions, and to understand why individuals behave in certain ways” (Aguinis & Cronin, 2022, p. 6). In the context of social enterprise financing, this involves, for example, examining why social enterprises face challenges in securing funding, identifying factors that influence financiers’ and social enterprises’ decisions, and understanding how collaborations generate lasting social value. Developing such knowledge requires robust theoretical foundations capable of accurately explaining and predicting the dynamics of the individuals, organizations, and institutions involved in the external financing of social enterprises. While comprehensive theoretical foundations for this area are still emerging, this dissertation makes three critical contributions toward their development.

First, it critiques and identifies gaps in current use of borrowed theories and concepts from other management domains. Second, it conceptually adapts and extends existing theories and concepts to better explain and predict financing phenomena specific to social enterprises. Third, it provides empirical support for the newly adapted theoretical frameworks. The overarching theoretical contributions are summarized in Table 9 and further detailed in the subsequent sub-chapters. Together, these steps represent key progress toward theory development in a new field (Albert & Anderson, 2010; Geletkanycz & Tepper, 2012).

Table 9. Overarching theoretical contributions of dissertation

Theory/ Concept	Focus	Limitations in current use	Conceptual adaptations	Empirical insights for refinement	Paper
Signaling Theory	Focuses on how entities communicate credible information to stakeholders to reduce information asymmetry and build trust (Bafera & Kleinert, 2023; Spence, 2002).	Overemphasis of economic signals (e.g., financial performance). Failure to integrate social and financial dimensions.	Refinement of core concepts like <i>success</i> , to account for social enterprises' hybridity. Combination of signaling with legitimacy and organizational identity theory.	/	1
Agency Theory	Examines the relationship between principals (e.g., investors) and agents (e.g., entrepreneurs), emphasizing issues of control, incentives, and alignment of interests (Arthurs & Busewitz, 2003; Jensen & Meckling, 1976).	Traditional framing ignores SEs' strong need for autonomy and mission-driven financier alignment.	Introduction of reversed agency framework, positioning SEs as principals.	SEs act as principals searching for partners that support their long-term social goals.	1,2,4
Resource Dependence Theory	Explores how organizations manage dependencies on external resources to reduce uncertainty and maintain autonomy (Hillman et al., 2009; Pfeffer & Salancik, 1978).	Focus on <i>why</i> social enterprises seek resources, not on <i>how</i> . Focus on economic motives, neglecting mission balance. Underestimation of internal resources within social enterprises.	Inclusion of mission-related resources. Integration of resource-based approaches to account for social enterprises resources and value. Shift towards examining <i>how</i> , instead of <i>why</i> .	/	1,3
Social Bricolage	Investigates how organizations mobilize and creatively utilize diverse resources	Underrepresented in the context of external financing.	Broadening bricolage principles to social enterprise-financier dynam-	SEs use bricolage principles and hybrid identity to mobilize resources.	3

	to overcome constraints and achieve social goals (Baker & Nelson, 2005; di Domenico et al., 2010).		ics and ecosystem-wide impacts.	SEs intend to overcome and/or remove barriers and thereby reshape the financing landscape.	
Systems Theory	Analyzes the interconnectedness and interdependencies of components within a system to understand their collective influence on outcomes (Bertalanffy & Sutherland, 1974; Schneider et al., 2017).	Not applied to social enterprise-financier relationships.	Introduction of systems theory to analyze social enterprise-financier interconnections and ecosystem-wide influence.	/	2
Relational View	Highlights how inter-organizational relationships can create unique value through collaboration and resource sharing (Dyer & Singh, 1998; Dyer et al., 2018).	Not applied to social enterprise-financier relationships.	Examination of how social enterprise-financier relationships themselves create value.	/	1

6.1.1 Uncovering limitations in theory borrowing

This dissertation, particularly through Papers 1 and 2, provides an overview of how theories from fields like entrepreneurship and management are borrowed and applied to social enterprise financing research. While theory borrowing can advance the development of new research fields (Floyd, 2009; Zahra & Newey, 2009), its application in social enterprise external financing research often involves a relatively straightforward transfer of theories from the source domain without sufficient adaptation. This oversimplification frequently fails to capture the unique

dynamics of social enterprise financing, limiting our understanding of the relationships between social enterprises and financiers, their underlying motivations and behaviors, and organizational and systemic consequences in this contexts.

Signaling theory exemplifies such an incomplete adaptation. Traditionally, signaling theory explains how entrepreneurs signal their value to investors through indicators of future success, like financial performance, growth potential, and competitive advantage (e.g., Bafera & Kleinert, 2023). However, applying signaling theory to social enterprise financing proves challenging, as social enterprises pursue both social and financial goals, making *success* more complex to define. Scholars have attempted to adapt signaling theory by incorporating indicators such as the alignment between gender and gender-stereotypical values (i.e. women associated with social values; men associated with economic values; Yang et al., 2020), the founder's professional background (Achleitner et al., 2013), nonprofit status of the organization (Dorfleitner et al., 2021), and organizational social values (Jayawarna et al., 2020; Lim et al., 2020). While these indicators offer a starting point for incorporating social dimensions into signaling theory, they fall short of capturing the dual mission of social enterprises, as they do not fully address both social and financial outcomes.

The insufficient adaptation of signaling theory to the context of social enterprises becomes further evident when comparing signaling-studies with studies that are grounded in different theoretical frameworks, but addressing the same or similar questions. For example, research employing signaling theory suggests that women-led social enterprises are more likely to secure funding due to a perceived alignment with social missions, whereas men-led social enterprises are more successful when linked to economic values (Dorfleitner et al., 2021; Yang et al., 2020). In contrast, studies drawing on alternative theoretical approaches argue that women leaders must exhibit counterstereotypical, business-oriented traits to appeal to investors (Davis et al., 2021;

Williamson et al., 2021). This inconsistency in findings across studies rooted in different theories underscores a lack of coherence and predictive accuracy in at least one of the applied theoretical frameworks (Aguinis & Cronin, 2022). While signaling theory may indeed be a suitable framework for explaining investor decisions in this context, the lack of coherent empirical insights into this area highlights the pressing need for adapted models that more effectively capture the complex motivations and success criteria specific to social enterprises and their financiers.

Similarly, the transfer of agency theory from commercial entrepreneurship research to social enterprise research falls short in capturing the distinct nature of social enterprises. Both in its original application and in its adaptation to social enterprise contexts, agency theory typically positions investors as principals and (social) entrepreneurs as agents (e.g., Achleitner et al., 2014; Evans, 2013; Hörisch, 2019; Kistruck et al., 2011; Scarlata & Alemany, 2010), providing insights into investor behavior but not adequately addressing the social enterprise perspective. This gap, as highlighted in Papers 1 and 2, limits our understanding of SEs' distinct needs and motivations in financing relationships.

The applications of resource dependence theory (Pfeffer & Salancik, 1978) further illustrate limitations in current attempts of theory borrowing. The theory is often used to explain why social enterprises try to access external resources, emphasizing their dependence on financial capital and external business expertise (e.g., Cheah et al., 2019; López-Arceiz et al., 2017; Nguyen et al., 2015). Yet they overlook specific resources essential to achieving social enterprises' dual missions and how important either one is for the social enterprise. Without adaptations that address social enterprises' mission-related priorities, the theory lacks explanatory and predictive power in determining *why* and *how* social enterprises secure resources that support both financial and social goals. Further, in its current application, resource dependence theory is

largely descriptive (e.g., Khieng & Dahles, 2015; Sakarya et al., 2012) and lacks depth in explaining how social enterprises manage balancing resource dependency with mission autonomy.

These limitations hinder our ability to understand individual and organizational behaviors as well as the ways in which interactions of actors can create social value. Current theoretical approaches often fail to address the mutual generation of both social and financial impact, which is critical to understanding how social enterprises and financiers collaborate. This gap becomes particularly evident in Paper 2, which highlights the absence of research using a theoretical framework that explains how impact investors and their investees jointly generate both social impact and financial return. By failing to adapt borrowed theories to the unique dual missions of social enterprises and their financiers, research has not yet adequately explained which and how partnerships can support both financial stability and mission fulfillment. Addressing these gaps is vital to advancing our understanding of how social enterprises navigate the complexities of external financing and collaboration.

In sum, this dissertation demonstrates that without careful adaptation, many borrowed theories may obscure rather than illuminate the complex dynamics within social enterprise external financing. The limitations in theories like signaling, agency, and resource dependence theory highlight the need for more contextually relevant models that accurately capture the unique motivations, dual missions, and collaborative dynamics specific to social enterprises. Revealing these gaps lays essential groundwork for developing more coherent, predictive, and practically applicable theories in social enterprise external financing research (Albert & Anderson, 2010), contributing to a richer theoretical understanding of social enterprise-financier relationships and the factors that drive sustainable, mission-aligned funding.

6.1.2 Conceptual adaptations for social enterprise external financing

The second key theoretical contribution of this dissertation is the proposal of conceptual adaptations to established theories and concepts. These adaptations are specifically tailored to address the unique characteristics of social enterprise external financing.

To address current limitations in applying signaling theory, this dissertation suggests refining how quality and success are defined, developing indicators that better reflect social enterprises' dual mission and success. In its current use, signaling theory often focuses on either economic or social signals sent from social enterprises. In Paper 1 we propose combining signaling and legitimacy theory (Suchman, 1995) to illuminate social enterprises' legitimation strategies beyond economic success indicators. Additionally, integrating signaling with organizational identity theory (Albert & Whetten, 1985) could explain how the alignment between a SE's personal identity and organizational values shapes investor perceptions of quality and success, influencing financing decisions.

To counter the financier-centric perspective in research, Paper 4 introduces a new approach to apply agency theory to the social enterprise external financing context. Traditionally, agency theory frames investors as principals and entrepreneurs as agents (e.g., Burchardt et al., 2016; Cumming, 2006; Fried & Hisrich, 1994), emphasizing investor control to align entrepreneurial actions with financial interests. However, this perspective fails to capture social enterprise-specific considerations, such as the need for mission-aligned partners and the appeal of autonomy-preserving financing options like crowdfunding. For agency theory to be fully effective in explaining and predicting the social enterprise-financier dynamic, it must account for SEs' desire for supportive partnerships aligned with their mission. By reversing agency roles and positioning SEs as principals and investors as agents, Paper 4 offers a framework that better reflects social enterprise needs. This approach considers mutual information asymmetries,

acknowledging that investors, too, may withhold information or act in ways that benefit them but may harm social enterprises. By refining agency theory to view SEs as principals, researchers can better understand SE behaviors, such as their preference for mission-aligned investors and their avoidance of financiers whose control measures might risk mission drift (Achleitner et al., 2014; Grimes et al., 2019). This approach also aligns with growing calls for novel applications of agency theory in entrepreneurship research (Bengtsson & Wang, 2010; Christensen et al., 2009; Drover et al., 2014; Fairchild, 2011; Glücksman, 2020; Hallen & Eisenhardt, 2012; Hsu, 2004; Valliere & Peterson, 2007).

Paper 3 pioneers the application of the concept of social bricolage to the external financing context (notable exceptions include Ciambotti & Pedrini, 2021 and Razgallah et al., 2017). While social bricolage has been applied in resource mobilization contexts within social enterprise research (Bojica et al., 2018; di Domenico et al., 2010; Holt & Littlewood, 2017; Hota et al., 2019), extending it to external financing enhances its explanatory power in resource mobilization contexts. Unlike resource dependence or signaling theory, which often focus narrowly on economic indicators or resource access, social bricolage explains both *how* SEs creatively mobilize resources creatively to align financing with social objectives and *why* they turn to alternative strategies, such as bootstrapping, when conventional funding falls short. This framework captures social enterprises' need for resourcefulness and creativity in navigating constraints. Further, while other borrowed theories and frameworks often isolate individual or organizational factors, social bricolage's multilevel perspective captures the dynamic interplay between the SE, the organization, and the broader environment, offering a holistic view of external financing dynamics.

To explain how social enterprises and financiers can jointly generate both social and financial impact, we propose systems theory (Humphrey & Aime, 2014) and the relational view (Dyer &

Singh, 1998) in Papers 1 and 2 as valuable frameworks. Like social bricolage, systems theory provides a holistic perspective, emphasizing the interconnectedness of social enterprises, financiers, and broader systems. It illustrates how partnerships between financiers and social enterprises reshape these systems, affecting both social outcomes and partnership dynamics. The relational view complements this by focusing on value creation within partnerships, suggesting that competitive advantage arises from shared routines and goals between organizations rather than individual assets. Thus, while systems theory highlights the broader context, the relational view demonstrates how collaboration dynamics can directly generate social impact, making partnerships a powerful source of value creation. Together, these theories and frameworks help explain how financiers and SEs can jointly contribute to meaningful, sustainable impact.

In sum, this dissertation proposes conceptual adaptations and integrations of specific theories and frameworks, advancing a more nuanced understanding of social enterprises external financing processes. These ideas contribute to the development of an overarching theoretical framework that integrates coherence, explanatory depth, and predictive capacity, thereby enhancing both research and practical applications in social enterprise external financing (Albert & Anderson, 2010).

6.1.3 Empirical insights for refining theoretical models

Building on the theoretical critique and conceptual adaptation of existing theories and concepts for social enterprise financing, this dissertation progresses to theory generation. The third and fourth papers achieve this by utilizing empirical data to further develop new frameworks (Geletkanycz & Tepper, 2012; Sutton & Staw, 1995).

The empirical results from Paper 3 refine and extend the social bricolage framework specifically for external financing. Our contribution includes insights into how SEs apply bricolage principles to mobilize external capital by creatively leveraging their hybrid identity.

Across strategies like financier-centric adaptation, SEs flexibly adjust to financier demands; through persuasion, they emphasize their hybrid value; in outreach, they harness diverse networks; and in awaiting ideal partners, they develop alternative revenue strategies. These approaches reflect the bricolage principle of *making do*, creatively combining available resources to attract funding (Baker & Nelson, 2005). The transfer of the social bricolage framework to the financing context is valuable because it contributes to building an overarching theoretical framework that explains and predicts how SEs mobilize resources and leverage their hybrid identity as a key asset, laying the groundwork for future research on evolving financing strategies.

Paper 3 also introduces a refinement to the principle of *refusal to be constrained by limitations*. Traditionally, bricolage views constraints as challenges to overcome (Baker & Nelson, 2005; di Domenico et al., 2010). However, our findings show that SEs often work actively to remove these constraints, educating financiers, challenging biases, and advocating for more mission-aligned requirements. This proactive approach expands the bricolage framework by showing how SEs reshape their financing environment, promoting broader systemic change and fostering a more inclusive ecosystem for mission-driven funding. This shift aligns bricolage with a systems perspective, illustrating how SE-financier interactions influence the larger financing landscape and create sustained social, economic, and environmental value.

The empirical results from Paper 4 provide foundational insights into the reversed agency framework, aligning with the theory's proposal that SEs act as principals searching for partners that support their long-term social goals. SEs demonstrate a clear WTP premium for investors with high reputation, extensive networks, and business advisory capabilities, emphasizing SEs' active selection of investors who align with their values and mission. Unlike traditional agency theory, where investors act as principals exerting control, SEs here act as principals carefully

evaluating investors for shared social values and commitment. The data further reveal that SEs are more strongly deterred by low social mission orientation in investors than they are attracted by high social mission orientation, underscoring SEs' sensitivity to values misalignment and mission drift risks (Grimes et al., 2019). By uncovering SEs' concrete screening mechanisms and their selective criteria for support and values alignment, this research strengthens the reversed agency framework's potential in explaining and predicting SEs behavior when choosing potential financing partners.

In sum, this dissertation contributes to theory building by providing empirical insights into novel theoretical frameworks. By adapting, extending, and validating frameworks originally from other domains, this work enhances understanding of social enterprise external financing processes for both research and practical applications, eventually advancing cumulative theory generation in the context of social enterprise financing.

6.2 Limitations and future research directions

Building on the conceptual and empirical advancements made in this dissertation, several areas emerge as promising directions for future research. These directions are shaped by the inherent limitations in each paper, which highlight key gaps and provide pathways for further investigation in the area of external financing of social enterprises.

Paper 3 contributes to extending social bricolage into the financing context by revealing how SEs creatively mobilize resources by leveraging their hybrid identity. However, the study is limited by its specific European sample and contextual focus, leaving open questions about the institutional conditions under which social enterprises adopt particular bricolage strategies (Mair & Marti, 2009; Stephan et al., 2015). Future research could build on this by examining how various market conditions, such as economic stability or institutional support, influence the choice of adaptation, persuasion, outreach, or waiting strategies.

Additionally, individual characteristics of the SE, the social enterprise, and the financiers could also play a critical role in strategy selection (Mayer & Scheck; Miller et al., 2012; Koe Hwee Nga & Shamuganathan, 2010). For example, a SE's personal network, values, and risk tolerance, or the enterprise's mission orientation, scaling goals, and resource constraints, may steer the choice of specific bricolage strategies. Similarly, financiers' expectations, investment goals, and familiarity with social enterprises could impact how social enterprises approach financing relationships. By employing a case study or experimental approach, researchers could identify the specific triggers and contextual factors for each strategy, building predictive capabilities within the social bricolage model and deepening its relevance in the context of social enterprise financing.

In Paper 4, the reversed agency framework emphasizes the role of SEs in actively selecting mission-aligned investors, highlighting their agency in seeking partnerships that uphold both social and financial goals. However, the study is currently limited by a non-representative sample of SEs and a lack of specificity regarding the types of investors examined. Future research could address these limitations by focusing on more specific cases, such as examining only established social enterprises seeking growth, as well as exploring distinct investor profiles, such as impact investors. Such an expansion would allow researchers to explore whether the selection criteria and screening mechanisms employed by social enterprises differ based on enterprise type, model, investor category, or financing approach, offering richer insights into how these partnerships are tailored to unique financing contexts.

Additionally, non-financial factors could be further refined and examined to enrich the reversed agency framework. Elements such as the type of network provided (e.g., Littlewood & Khan, 2018) could be investigated to understand how additional non-financial contributions influence SEs' decision-making. Examining how these factors interact with various investor

profiles would enhance our understanding of the full spectrum of considerations in social enterprise financing and offer more comprehensive predictive insights within the reversed agency framework.

Further in this regard, a longitudinal approach would provide valuable insights into how financing decisions influence social enterprises' mission achievement over time. Incorporating the principles of social bricolage into such research could enrich our understanding of how social enterprises creatively leverage resources and relationships to navigate long-term challenges and opportunities in their financing partnerships. Long-term studies are essential for examining how different forms of non-financial support—such as networking and advisory services—interact with resource mobilization strategies like adaptation, persuasion, and outreach to sustain mission alignment.

Moreover, a longitudinal perspective could illuminate how value misalignment with financiers impacts both social and financial outcomes over time. Social bricolage offers a useful lens for understanding how social enterprises overcome or actively remove such constraints, particularly when faced with misaligned investor expectations or support structures. Examining these dynamics over an extended period would not only enhance our understanding of sustaining mission integrity and organizational resilience but also contribute to refining the social bricolage framework for application in complex, evolving financing contexts.

These research directions reflect both the theoretical contributions and empirical limitations identified across the dissertation and underscore the need for a multifaceted approach in understanding social enterprise external financing, combining rigorous empirical investigation with theoretical refinement. As this field continues to evolve, I call for bold and avant-garde approaches to theorizing to address the unique complexities social enterprise external financing. By exploring innovative frameworks and pushing theoretical boundaries, future research can

deepen our understanding of the intricate relationships and strategies shaping the external financing landscape for social enterprises, thereby supporting both theoretical advancement and practical impact in the field.

6.3 Conclusion

The goal of this dissertation was to address the pressing need for a deeper understanding of the external financing of social enterprises and to contribute to theory development in this regard.

The first paper identifies the fragmented nature of the existing research landscape on social enterprise external financing, providing a multilevel conceptual framework that integrates individual, organizational, and institutional perspectives. This framework lays the foundation for future studies and encourages a cohesive approach to examining social enterprise external financing challenges and opportunities.

The second paper focuses on II, a financing approach particularly relevant to social enterprises. By synthesizing 104 articles, it clarifies terminological ambiguities, organizes existing knowledge, and highlights critical yet overlooked areas, including the need for robust assessments of II's real-world social impact. These findings not only advance theoretical understanding but also guide practitioners in leveraging II more effectively to support social enterprises' missions.

The third paper shifts attention to the social enterprise perspective, exploring how SEs creatively navigate financing constraints. Through qualitative interviews and archival data, it identifies four distinct resource mobilization strategies, demonstrating how SEs turn their hybridity into an advantage to secure external funding. This paper highlights the innovative capacity of SEs and emphasizes their proactive role in overcoming structural financial barriers.

The fourth paper complements this by examining SEs' evaluation of potential investors. Drawing on interviews and a multifactorial survey experiment, it emphasizes the importance of

non-financial investor attributes, especially their social orientation. By positioning SEs as active decision-makers, this study challenges traditional principal-agent dynamics and underscores the pivotal role of non-financial support in fostering productive social enterprise-investor partnerships.

Together, the studies in this dissertation contribute to theory development by critiquing the limitations of theory borrowing from other management domains and proposing tailored adaptations to better suit the unique financing challenges faced by SEs. Empirical findings across the papers offer initial validation for these theoretical advancements.

In conclusion, this dissertation addresses key gaps in the literature and provides novel theoretical and empirical insights, contributing toward the establishment of robust theoretical models in the field of social enterprise external financing. This not only advances academic understanding but also lays a foundation for future inquiry, guiding both researchers and practitioners in fostering more effective financing solutions for social enterprises.

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- Zeng, J. (2018). Fostering path of ecological sustainable entrepreneurship within big data network system. *International Entrepreneurship and Management Journal*, 14(1), 79–95.
- Zhao, E. Y. and Lounsbury, M. (2016). An institutional logics approach to social entrepreneurship: Market logic, religious diversity, and resource acquisition by microfinance organizations. *Journal of Business Venturing*, 31(6), 643–662.
- Zheng, S. (2018). Investigation into funding strategies of social enterprises. *The China Nonprofit Review*, 10(1), 34–61.
- Zimmermann, M. and Zeitz, G. (2002). Beyond survival: Achieving new venture growth by building legitimacy. *Academy of Management Journal*, 27(3), 414–431.
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Appendices

Appendix 1: List of literature sample (Paper 1)

Article	Method		Applied theory/model	Source ^a	Journal subject area ^b
Achleitner, A.-K., Lutz, E., Mayer, J. and Spiess-Knafl, W. (2013). Disentangling gut feeling: Assessing the integrity of social entrepreneurs. <i>Voluntas</i> , 24(1), 93–124.	Empirical-quantitative	Experiment	Self-determination theory, self-selection theory, signaling theory	Database	PSM
Achleitner, A.-K., Spiess-Knafl, W. and Volk, S. (2014). The financing structure of social enterprises: Conflicts and implications. <i>International Journal of Entrepreneurial Venturing</i> , 6(1), 85–99.	Non-empirical	Conceptual	Agency theory	Database	Entrep*
Addae, A. E. (2018). Pathways to sector selection: A conceptual framework for social enterprises. <i>Nonprofit Management and Leadership</i> , 28(3), 349–365.	Empirical-qualitative	Multiple case studies	Institutional theory, organizational theory, path dependency theory	Database ⁺	PSM
Agrawal, A. and Hockerts, K. (2019). Impact investing strategy: Managing conflicts between impact investor and investee social enterprise. <i>Sustainability</i> , 11(15).	Empirical-qualitative	Multiple case studies	Institutional logics	Database	Gen & Strat*
Ala-Jääski and Puumalainen (2021). Sharing a passion for the mission? Angel investing in social enterprises, 13(2), 165–185.	Empirical-qualitative	Interviews	Theory of entrepreneurial passion	Database	Entrep*

^a All 74 SJR Q1 articles from our database and journal-driven approach marked with a “+” were used for the seminal work-driven approach.

^b Abbreviations for journal subject areas according to Harzing (2021): Economics, Entrep = Entrepreneurship, F & A = Finance & Accounting, Gen & Strat = General & Strategy, IB = International Business, Innovation, Marketing, MIS = Management Information Systems, Multidisciplinary, OS/OB, HRM/IR = Organization Studies/Behavior, Human Resource Management/Industrial Relations, PSM = Public Sector, Marketing, Other. Not all journals that are included in our sample were listed in Harzing (2021). Those not included are marked with a “*” in the table. For such journals, we chose a subject area based on similar journals.

Akbulaev, N., Aliyev, Y. and Ahmadov, T. (2019). Research models for financing social business: Theory and practice. <i>Heliyon</i> , 5(5).	Non-empirical	Narrative/descriptive	None	Database ⁺	Other*
Alijani, S. and Karyotis, C. (2019). Coping with impact investing antagonistic objectives: A multistakeholder approach. <i>Research in International Business and Finance</i> , 47, 10–17.	Non-empirical	Narrative/descriptive	None	Seminal work	F&A
Allison, T. H., Davis, B. C., Short, J. C. and Webb, J. W. (2015). Crowdfunding in a prosocial microlending environment: Examining the role of intrinsic versus extrinsic cues. <i>Entrepreneurship Theory and Practice</i> , 39(1), 53–73.	Empirical-quantitative	Archival/secondary data - inferential	Cognitive evaluation theory	Journal ⁺	Entrep
Alsaid, L. A. Z. A. and Ambilichu, C. A. (2021). The influence of institutional pressures on the implementation of a performance measurement system in an Egyptian social enterprise. <i>Qualitative Research in Accounting & Management</i> , 18(1), 53–83.	Empirical-qualitative	Single case study	Institutional logics	Database	F&A
Alvarez, S. A. and Barney, J. B. (2014). Entrepreneurial opportunities and poverty alleviation. <i>Entrepreneurship Theory and Practice</i> , 38(1), 159–184.	Non-empirical	Conceptual	None	Journal ⁺	Entrep
Amouri, A., Festa, G., Shams, S. R., Sakka, G. and Rossi, M. (2021). Technological propensity, financial constraints, and entrepreneurial limits in young entrepreneurs' social business enterprises: The tunisian experience. <i>Technological Forecasting and Social Change</i> , 173.	Empirical-quantitative	Survey/primary data - inferential	Theory of reasoned action, Entrepreneurial event theory, Process driven theory, Theory of planned behavior theory	Seminal work	Innovation

Andersson, F. O. and Self, W. (2015). The social-entrepreneurship advantage: An experimental study of social entrepreneurship and perceptions of nonprofit effectiveness. <i>Voluntas</i> , 26(6), 2718–2732.	Empirical-quantitative	Experiment	None	Database	PSM
Anglin, A. H., Short, J. C., Ketchen, D. J., Allison, T. H. and McKenny, A. F. (2020). Third-party signals in crowdfunded microfinance: The role of microfinance institutions. <i>Entrepreneurship Theory and Practice</i> , 44(4), 623–644.	Empirical-quantitative	Archival/secondary data - inferential	Signaling theory	Journal ⁺	Entrep
Angulo-Ruiz, F., Pergelova, A. and Dana, L. P. (2020). The internationalization of social hybrid firms. <i>Journal of Business Research</i> , 113, 266–278.	Empirical-quantitative	Archival/secondary data - inferential	Attention-based view theory	Reviewer	Marketing
Ari, I. and Koc, M. (2021). Philanthropic-crowdfunding-partnership: A proof-of-concept study for sustainable financing in low-carbon energy transitions. <i>Energy</i> , 222, 119925.	Empirical-quantitative	Simulation	None	Seminal work	Economics*
Barraket, J., Eversole, R., Luke, B. and Barth, S. (2019). Resourcefulness of locally-oriented social enterprises: Implications for rural community development. <i>Journal of Rural Studies</i> , 70, 188–197.	Empirical-qualitative	Multiple case studies	None	Database ⁺	PSM
Battilana, J. (2018). Cracking the organizational challenge of pursuing joint social and financial goals: Social enterprise as a laboratory to understand hybrid organizing. <i>M@n@gement</i> , 21(4), 1278–1305.	Non-empirical	Narrative/descriptive	Institutional theory	Database	Gen & Strat

Belz, F. M. and Binder, J. K. (2017). Sustainable entrepreneurship: A convergent process model. <i>Business Strategy and the Environment</i> , 26(1), 1–17.	Empirical-qualitative	Multiple case studies	None	Database ⁺	Gen & Strat
Bengo, I., Borrello, A. and Chiodo, V. (2021). Preserving the Integrity of Social Impact Investing: Towards a Distinctive Implementation Strategy. <i>Sustainability</i> , 13(5).	Empirical-qualitative	Interviews	None	Seminal work	Gen & Strat*
Bengo, I. and Arena, M. (2019). The relationship between small and medium-sized social enterprises and banks. <i>International Journal of Productivity and Performance Management</i> , 68(2), 389–406.	Empirical-qualitative	Multiple case studies	None	Database	Gen & Strat*
Bento, N., Gianfrate, G. and Thoni, M. H. (2019). Crowdfunding for sustainability ventures. <i>Journal of Cleaner Production</i> , 237, 117751.	Empirical-quantitative	Archival/secondary data - inferential	Self-determination theory	Seminal work	Gen & Strat*
Bernardino, S., Freitas Santos, J. and Cadima Ribeiro, J. (2016). Social crowdfunding: A new model for financing regional development? <i>Journal of Urban and Regional Analysis</i> , 8(2), 97–115.	Empirical-quantitative	Survey/primary data - descriptive	None	Seminal work	PSM*
Bernardino, S. and Santos, J. F. (2016). Financing social ventures by crowdfunding: The influence of entrepreneurs' personality traits. <i>The International Journal of Entrepreneurship and Innovation</i> , 17(3), 173–183.	Empirical-quantitative	Survey/primary data - inferential	Big five personality traits	Database	Entrep
Bhatt, P. and Ahmad, A. J. (2017). Financial social innovation to engage the economically marginalized: Insights from an Indian case study. <i>Entrepreneurship &</i>	Empirical-qualitative	Single case study	Capital theory	Seminal work	Entrep

Regional Development, 29(5-6), 391–413.

Bjärsholm, D. (2019). Networking as a cornerstone within the practice of social entrepreneurship in sport. <i>European Sport Management Quarterly</i> , 19(1), 120–137.	Empirical-qualitative	Single case study	Network theory, Pestoff's welfare triangle	Database ⁺	Gen & Strat*
Block, J. H., Hirschmann, M. and Fisch, C. (2021). Which criteria matter when impact investors screen social enterprises? <i>Journal of Corporate Finance</i> , 66.	Empirical-quantitative	Survey/primary data - inferential	None	Database ⁺	F&A
Bloom, P. N. and Chatterji, A. K. (2009). Scaling social entrepreneurial impact. <i>California Management Review</i> , 51(3), 114–133.	Empirical-qualitative	Multiple case studies	None	Seminal work	Gen & Strat
Bocken, N. M. P. (2015). Sustainable venture capital – catalyst for sustainable start-up success? <i>Journal of Cleaner Production</i> , 108, 647–658.	Empirical-qualitative	Interviews	None	Database ⁺	Gen & Strat*
Bugg-Levine, A., Kogut, B. and Kulatilaka, N. (2012). A new approach to funding social enterprises. <i>Harvard Business Review</i> , 90(1/2), 118–123.	Non-empirical	Narrative/descriptive	None	Database ⁺	Gen & Strat
Butticè, V., Colombo, M. G., Fumagalli, E. and Orsenigo, C. (2019). Green oriented crowdfunding campaigns: Their characteristics and diffusion in different institutional settings. <i>Technological Forecasting and Social Change</i> , 141, 85–97.	Empirical-quantitative	Archival/secondary data - inferential	None	Seminal work	Innovation
Cagarman, K., Kratzer, J., Arnim, L. H. von, Fajga, K. and Gieseke, M. J. (2020). Social entrepreneurship on its way to significance: The case of Germany. <i>Sustainability</i> , 12(21), 8954.	Empirical-quantitative	Survey/primary data - inferential	Institutional theory	Database	Gen & Strat*

Calic, G. and Mosakowski, E. (2016). Kicking off social entrepreneurship: How a sustainability orientation influences crowdfunding success. <i>Journal of Management Studies</i> , 53(5), 738–767.	Empirical-quantitative	Archival/secondary data - inferential	Entrepreneurship theory, legitimacy theory	Database ⁺	Gen & Strat
Carriles-Alberdi, M., Lopez-Gutierrez, C. and Fernandez-Laviada, A. (2021). The influence of the ecosystem on the motivation of social entrepreneurs. <i>Sustainability</i> , 13(2), 922.	Empirical-quantitative	Archival/secondary data - inferential	None	Database	Gen & Strat*
Castellas, E. I.-P., Ormiston, J. and Findlay, S. (2018). Financing social entrepreneurship: The role of impact investment in shaping social enterprise in Australia. <i>Social Enterprise Journal</i> , 14(2), 130–155.	Empirical-mixed methods	Interviews, questionnaire	Institutional logics	Database	Entrep*
Chan, C. H., Chui, C. H.-K., Chan, K. S. T. and Yip, P. S. F. (2019). The role of the social innovation and entrepreneurship development fund in fostering social entrepreneurship in Hong Kong: A study on public policy innovation. <i>Social Policy & Administration</i> , 53(6), 903–919.	Empirical-qualitative	Document analysis	None	Database ⁺	PSM
Cheah, J., Amran, A. and Yahya, S. (2019). External oriented resources and social enterprises' performance: The dominant mediating role of formal business planning. <i>Journal of Cleaner Production</i> , 236, 117693.	Empirical-quantitative	Survey/primary data - inferential	Resource dependence theory	Database ⁺	Gen & Strat*
Cheah, S. and Ho, Y.-P. (2019). Building the ecosystem for social entrepreneurship: University social enterprise	Empirical-qualitative	Multiple case studies	None	Database	Innovation*

cases in Singapore. *Science, Technology and Society*, 24(3), 507–526.

Chen, J., Chen, L., Chen, J. and Xie, K. (2018). Mechanism and policy combination of technical sustainable entrepreneurship crowdfunding in China: A system dynamics analysis. <i>Journal of Cleaner Production</i> , 177, 610–620.	Empirical-quantitative	Archival/secondary data - inferential	None	Database ⁺	Gen & Strat*
Cheung, C., Kwong, C. C. Y., Manzoor, H., Rashid, M. U., Bhattarai, C. and Kim, Y.-A. (2019). The co-creation of social ventures through bricolage, for the displaced, by the displaced. <i>International Journal of Entrepreneurial Behavior & Research</i> , 25(5), 1093–1127.	Empirical-qualitative	Multiple case studies	Bricolage	Database ⁺	Entrep
Child, C., Witesman, E. M. and Braudt, D. B. (2015). Sector choice: How fair trade entrepreneurs choose between nonprofit and for-profit forms. <i>Nonprofit and Voluntary Sector Quarterly</i> , 44(4), 832–851.	Empirical-qualitative	Interviews	Institutional choice	Seminal work	PSM
Choi, D. and Berry, F. S. (2021). Can infused publicness enhance public value creation? Examining the impact of government funding on the performance of social enterprises in South Korea. <i>The American Review of Public Administration</i> , 51(3), 167–183.	Empirical-quantitative	Archival/secondary data - inferential	Integrative publicness theory	Database ⁺	PSM
Choi, Y. (2015). How partnerships affect the social performance of Korean social enterprise. <i>Journal of Social Entrepreneurship</i> , 6(3), 257–277.	Empirical-quantitative	Survey/primary data - inferential	Resource based view	Database	Entrep*

Cobb, J. A., Wry, T. and Zhao, E. Y. (2016). Funding financial inclusion: Institutional logics and the contextual contingency of funding for microfinance organizations. <i>Academy of Management Journal</i> , 59(6), 2103–2131.	Empirical-quantitative	Archival/secondary data - inferential	Institutional logics	Journal ⁺	Gen & Strat
Cornée, S. (2019). The relevance of soft information for predicting small business credit default: Evidence from a social bank. <i>Journal of Small Business Management</i> , 57(3), 699–719.	Empirical-quantitative	Archival/secondary data - inferential	None	Database ⁺	Economics
Cornée, S., Kalmi, P. and Szafarz, A. (2016). Selectivity and Transparency in Social Banking: Evidence from Europe. <i>Journal of Economic Issues</i> , 50(2), 494–502.	Empirical-quantitative	Archival/secondary data - inferential	Theory of social banking	Database	Economics
Cornée, S., Kalmi, P. and Szafarz, A. (2020). The business model of social banks. <i>Kyklos</i> , 73(2), 196–226.	Empirical-quantitative	Archival/secondary data - inferential	None	Seminal work	Economics
Crescenzo, V. de, Baratta, R. and Simeoni, F. (2020). Citizens' engagement in funding renewable and energy efficiency projects: A fuzzy set analysis. <i>Journal of Cleaner Production</i> , 277, 124060.	Empirical-quantitative	Survey/primary data - inferential	None	Seminal work	Gen & Strat*
Croce, A., Ughetto, E., Scellato, G. and Fontana, F. (2021). Social impact venture capital investing: an explorative study. <i>Venture Capital</i> , 23(4), 345–369.	Empirical-quantitative	Survey/primary data - inferential	None	Database ⁺	F&A*
Davis, B. C., Warnick, B. J., Anglin, A. H. and Allison, T. H. (2021). Gender and counterstereotypical facial expressions of emotion in crowd-funded microlending.	Empirical-quantitative	Survey/primary data - inferential	Expectancy violation theory	Seminal work	Entrep

Entrepreneurship Theory and Practice, 45(6), 1339–1365.

Dees, J. G. (1998). Enterprising nonprofits. <i>Harvard Business Review</i> , 76(1), 54–67.	Non-empirical	Conceptual	None	Seminal work	Gen & Strat
Dees, J. G. (2012). A tale of two cultures: Charity, problem solving, and the future of social entrepreneurship. <i>Journal of Business Ethics</i> , 111(3), 321–334.	Non-empirical	Conceptual	None	Seminal work	OS/OB, HRM/IR
Defourny, J. and Nyssens, M. (2010). Social enterprise in Europe: At the crossroads of market, public policies and third sector. <i>Policy and Society</i> , 29(3), 231–242.	Non-empirical	Narrative/descriptive	None	Database ⁺	Other*
Desa, G. and Basu, S. (2013). Optimization or bricolage? Overcoming resource constraints in global social entrepreneurship. <i>Strategic Entrepreneurship Journal</i> , 7(1), 26–49.	Empirical-quantitative	Archival/secondary data - inferential	Resource based view, resource dependence theory	Seminal work	Gen & Strat
di Lorenzo, F. and Scarlata, M. (2019). Social enterprises, venture philanthropy and the alleviation of income inequality. <i>Journal of Business Ethics</i> , 159(2), 307–323.	Empirical-quantitative	Archival/secondary data - inferential	Institutional logics	Database ⁺	OS/OB, HRM/IR
Dorfleitner, G., Oswald, E.-M. and Zhang, R. (2021). From credit risk to social impact: On the funding determinants in interest-free peer-to-peer lending. <i>Journal of Business Ethics</i> , 170(2), 375–400.	Empirical-quantitative	Archival/secondary data - inferential	Signaling theory	Seminal work	OS/OB, HRM/IR
Edery, Y. (2006). A new model for supporting social enterprise through sustainable investment. <i>Social Enterprise Journal</i> , 2(1), 82–100.	Empirical-qualitative	Multiple case studies	None	Reviewer	Entrep
El Kallab, T. and Salloum, C. (2017). Educational attainment, financial support and job	Empirical-quantitative	Survey/primary	None	Database	Entrep*

creation across Lebanese social entrepreneurships. <i>Entrepreneurship Research Journal</i> , 9(1), 20170087.				data - inferen- tial		
Faulk, L., Pandey, S., Pandey, S. K. and Scott Kennedy, K. (2020). Donors’ responses to profit incentives in the social sector: The entrepreneurial orientation reward and the profit penalty. <i>Journal of Policy Analysis and Management</i> , 39(1), 218–242.	Empirical- quantitative	Experi- ment	Trust theory, Entrepre- neurial orien- tation theory	Database ⁺	PSM	
Farhoud, M., Shah, S., Stenholm, P., Kibler, E., Renko, M. and Terjesen, S. (2021). Social enterprise crowdfunding in an acute crisis. <i>Journal of Business Venturing Insights</i> , 15, e00211.	Empirical- qualitative	Single case study	None	Database ⁺	Entrep	
Fedele, A. and Miniaci, R. (2010). Do social enterprises finance their investments differently from for-profit firms? The case of social residential services in Italy. <i>Journal of Social Entrepreneurship</i> , 1(2), 174–189.	Empirical- quantitative	Archi- val/se- condar y data - inferen- tial	Moral hazard, information asymetry	Database	Entrep*	
Florek, N. E. (2013). Enabling social enterprise through regulatory innovation: A case study from the United Kingdom. <i>Journal of Sustainable Finance & Investment</i> , 3(2), 155–175.	Empirical- quantitative	Archi- val/se- condar y data - inferen- tial	None	Database	F&A*	
Gallagher, D., Gilmore, A. and Stolz, A. (2012). The strategic marketing of small sports clubs: From fundraising to social entrepreneurship. <i>Journal of Strategic Marketing</i> , 20(3), 231–247.	Empirical- qualitative	Inter- views	None	Database	Marke- ting	
Geobey, S., Westley, F. R. and Weber, O. (2012). Enabling social innovation through	Empirical- qualitative	Single case study	Resilience the- ory, adaptive cycle, theory	Seminal work	Entrep*	

developmental social finance. <i>Journal of Social Entrepreneurship</i> , 3(2), 151–165.				of change, portfolio theory		
Ghazali, E. M., Mutum, D. S. and Javadi, H. H. (2021). The impact of the institutional environment and experience on social entrepreneurship: A multi-group analysis. <i>International Journal of Entrepreneurial Behavior & Research</i> , 27(5), 1329–1350.	Empirical-quantitative	Survey/primary data - inferential	Institutional theory, social entrepreneurship intention model	Seminal work	Entrep	
Giagnocavo, C., Gerez, S. and Sforzi, J. (2012). Cooperative bank strategies for social-economic problem solving: Supporting social enterprise and local development. <i>Annals of Public and Cooperative Economics</i> , 83(3), 281–315.	Empirical-qualitative	Multiple case studies	None	Database	Economics	
Gillin, L. O. (2006). Evaluating the availability of British social ‘venture’ capital on the impact of social entrepreneurship. <i>International Journal of Entrepreneurship and Small Business</i> , 3(1), 123–136.	Empirical-qualitative	Multiple case studies	None	Database	Entrep*	
Glänzel, G. and Scheuerle, T. (2016). Social impact investing in Germany: Current impediments from investors’ and social entrepreneurs’ perspectives. <i>Voluntas</i> , 27(4), 1638–1668.	Empirical-qualitative	Interviews	Institutional logics	Database	PSM	
Guo, B. and Peng, S. (2020). Do nonprofit and for-profit social enterprises differ in financing? <i>Voluntas</i> , 28(3), 521–532.	Empirical-quantitative	Archival/secondary data - inferential	Benefits theory	Database	PSM	
Hailey, J. and Salway, M. (2016). New routes to CSO sustainability: The strategic shift to social enterprise and	Non-empirical	Narrative/descriptive	None	Database	Economics*	

social investment. *Development in Practice*, 26(5), 580–591.

Hall, K., Alcock, P. and Millar, R. (2012). Start up and sustainability: Marketisation and the social enterprise investment fund in England. <i>Journal of Social Policy</i> , 41(4), 733–749.	Empirical-mixed methods	Interviews, survey	Theories of change	Database ⁺	PSM
Harding, R. (2007). Understanding social entrepreneurship. <i>Industry and Higher Education</i> , 21(1), 73–84.	Empirical-quantitative	Archival/secondary data - descriptive	None	Database	Other*
Harris, S. P., Renko, M. and Caldwell, K. (2013). Accessing social entrepreneurship: Perspectives of people with disabilities and key stakeholders. <i>Journal of Vocational Rehabilitation</i> , 38(1), 35–48.	Empirical-qualitative	Multiple case studies	None	Database	Other*
Hati, S. R. H. and Idris, A. (2014). Antecedents of customers' intention to support Islamic social enterprises in Indonesia. <i>Asia Pacific Journal of Marketing and Logistics</i> , 26(5), 707–737.	Empirical-quantitative	Survey/primary data - inferential	Dual credibility model, model of donor behavior	Database	Marketing
Haugh, H. (2007). Community-led social venture creation. <i>Entrepreneurship Theory and Practice</i> , 31(2), 161–182.	Empirical-qualitative	Multiple case studies	None	Seminal work	Entrep
Hazenberg, R., Seddon, F. and Denny, S. (2015). Intermediary perceptions of investment readiness in the UK social investment market. <i>Voluntas</i> , 26(3), 846–871.	Empirical-qualitative	Interviews	None	Reviewer	PSM
Henderson, F., Reilly, C., Moyes, D. and Whittam, G. (2018). From charity to social enterprise: The marketization of social care. <i>International</i>	Empirical-qualitative	Single case study	None	Database ⁺	Entrep

Journal of Entrepreneurial Behavior & Research, 24(3), 651–666.

Hockerts, K. (2015b). The social entrepreneurial antecedents scale (SEAS): A validation study. <i>Social Enterprise Journal</i> , 11(3), 260–280.	Empirical-quantitative	Survey/primary data - inferential	Theory of planned behavior	Seminal work	Entrep*
Hockerts, K. (2017). Determinants of social entrepreneurial intentions. <i>Entrepreneurship Theory and Practice</i> , 41(1), 105–130.	Empirical-quantitative	Survey/primary data - inferential	Theory of planned behavior	Journal ⁺	Entrep
Hong, J. and Byun, K.-A. (2020). Attracting prosocial lenders from different cultures to help others in microlending. <i>Journal of Consumer Marketing</i> , 37(2), 205–214.	Empirical-quantitative	Experiment	Hofstede's cultural dimensions theory	Seminal work	Marketing
Hoogendoorn, B., van der Zwan, P. and Thurik, R. (2019). Sustainable entrepreneurship: The role of perceived barriers and risk. <i>Journal of Business Ethics</i> , 157(4), 1133–1154.	Empirical-quantitative	Archival/secondary data - inferential	None	Database ⁺	OS/OB, HRM/IR
Hörisch, J. (2015). Crowdfunding for environmental ventures: An empirical analysis of the influence of environmental orientation on the success of crowdfunding initiatives. <i>Journal of Cleaner Production</i> , 107, 636–645.	Empirical-quantitative	Archival/secondary data - inferential	Rational choice theory	Seminal work	Gen & Strat*
Hörisch, J. (2019). Take the money and run? Implementation and disclosure of environmentally-oriented crowdfunding projects. <i>Journal of Cleaner Production</i> , 223, 127–135.	Empirical-quantitative	Archival/secondary data - inferential	Agency theory	Seminal work	Gen & Strat*

Hörisch, J. and Tenner, I. (2020). How environmental and social orientations influence the funding success of investment-based crowdfunding: The mediating role of the number of funders and the average funding amount. <i>Technological Forecasting and Social Change</i> , 161.	Empirical-quantitative	Archival/secondary data - inferential	Warm glow theory	Seminal work	Innovation
Hoyos, A. and Angel-Urdinola, D. F. (2019). Assessing international organizations' support to social enterprise. <i>Development Policy Review</i> , 37(S2), O213–O229.	Empirical-mixed methods	Secondary data analysis, interviews	None	Database	Other*
Hua, R. (2021). Referee, sponsor or coach: How does the government harness the development of social enterprises? A case study of Chengdu, China. <i>Voluntas</i> , 32(5), 1054–1065.	Empirical-qualitative	Single case study	None	Database	PSM
Ingstad, E. L., Knockaert, M. and Fassin, Y. (2014). Smart money for social ventures: An analysis of the value-adding activities of philanthropic venture capitalists. <i>Venture Capital</i> , 16(4), 349–378.	Empirical-qualitative	Single case study	Collective effort, self-efficacy theory, goal setting theory	Database ⁺	F&A*
Jancenelle, V. E. and Javalgi, R. G. (2018). The effect of moral foundations in prosocial crowdfunding. <i>International Small Business Journal: Researching Entrepreneurship</i> , 36(8), 932–951.	Empirical-quantitative	Archival/secondary data - inferential	Moral foundations theory	Seminal work	Entrep
Jancenelle, V. E., Javalgi, R. G. and Cavusgil, E. (2019). Cultural entrepreneurship and legitimate distinctiveness in international prosocial crowdfunding. <i>International Business Review</i> , 28(4), 802–810.	Empirical-quantitative	Archival/secondary data - inferential	Cultural entrepreneurship tension, institutional theory	Seminal work	IB

Jayawarna, D., Jones, O. and Macpherson, A. (2020). Resourcing social enterprises: The role of socially oriented bootstrapping. <i>British Journal of Management</i> , 31(1), 56–79.	Empirical-qualitative	Multiple case studies	Social exchange theory, signaling theory	Seminal work	Gen & Strat
Jenson, J. (2017). Modernising the European social paradigm: Social investments and social entrepreneurs. <i>Journal of Social Policy</i> , 46(1), 31–47.	Non-empirical	Narrative/descriptive	Concept of paradigm	Database ⁺	PSM
Jia, X. (2020). Priming the pump of impact entrepreneurship and social finance in China. <i>Agriculture and Human Values</i> , 37(4), 1293–1311.	Empirical-quantitative	Archival/secondary data - descriptive	None	Database ⁺	Other*
Jia, X. and Desa, G. (2020). Social entrepreneurship and impact investment in rural–urban transformation: An orientation to systemic social innovation and symposium findings. <i>Agriculture and Human Values</i> , 37(4), 1217–1239.	Empirical-mixed methods	Survey, group discussion	None	Database ⁺	Other*
Kato, S. (2021). Social performance measurement adoption in nascent social enterprises: Refining the institutional model. <i>Journal of Business Venturing Insights</i> , 15, e00244.	Empirical-quantitative	Archival/secondary data - inferential	Institutional theory	Database ⁺	Entrep
Khieng, S. and Dahles, H. (2015). Commercialization in the non-profit sector: The emergence of social enterprise in Cambodia. <i>Journal of Social Entrepreneurship</i> , 6(2), 218–243.	Empirical-mixed methods	Interviews, survey	Resource dependence theory	Database	Entrep*
Kim, M. J. and Hall, C. M. (2021). Do value-attitude-behavior and personality affect sustainability crowdfunding initiatives? <i>Journal of</i>	Empirical-quantitative	Survey/primary data - inferential	Value-attitude-behavior (VAB) theory, personality theory	Seminal work	Economics

environmental management,
280.

Kim, T. H. and Moon, M. J. (2017). Using social enterprises for social policy in South Korea: Do funding and management affect social and economic performance? <i>Public Administration and Development</i> , 37(1), 15–27.	Empirical-quantitative	Archival/secondary data - inferential	None	Database	PSM
Kirkman, D. M. (2012). Social enterprises: A multi-level framework of the innovation adoption process. <i>Innovation: Management, Policy & Practice</i> , 14(1), 143–155.	Non-empirical	Conceptual	None	Database ⁺	Innovation*
Kistruck, G. M., Webb, J. W., Sutter, C. J. and Bailey, A. V. (2015). The double-edged sword of legitimacy in base-of-the-pyramid markets. <i>Journal of Business Venturing</i> , 30(3), 436–451.	Empirical-mixed methods	Institutional theory	Institutional theory	Journal ⁺	Entrep
Kistruck, G. M., Webb, J. W., Sutter, C. J. and Ireland, R. D. (2011). Microfranchising in base-of-the-pyramid markets: Institutional challenges and adaptations to the franchise model. <i>Entrepreneurship Theory and Practice</i> , 35(3), 503–531.	Empirical-qualitative	Interviews	Institutional theory, agency theory, resource scarcity theory	Journal ⁺	Entrep
Ko, W. W. and Liu, G. (2021). The transformation from traditional nonprofit organizations to social enterprises: An institutional entrepreneurship perspective. <i>Journal of Business Ethics</i> , 171(1), 15–32.	Empirical-qualitative	Interviews	None	Database	OS/OB, HRM/IR
Kontogeorgos, A. and Chatzitheodoridis, F. (2019). Workers or investors? Investigating the reciprocity aspects among Greek social enterprises members.	Empirical-quantitative	Survey/primary data - inferential	Theory of reciprocity	Database	Other*

Lall, S. (2017). Measuring to improve versus measuring to prove: Understanding the adoption of social performance measurement practices in nascent social enterprises. <i>Voluntas</i> , 28(6), 2633–2657.	Empirical-quantitative	Archival/secondary data - inferential	None	Database	PSM
Lall, S. (2019). From legitimacy to learning: How impact measurement perceptions and practices evolve in social enterprise–social finance organization relationships. <i>Voluntas</i> , 30(3), 562–577.	Empirical-qualitative	Multiple case studies	None	Database	PSM
Lange, D. de and Valliere, D. (2020). Sustainable firms and legitimacy: Corporate venture capital as an effective endorsement. <i>Journal of Small Business Management</i> , 58(6), 1187–1220.	Empirical-quantitative	Archival/secondary data - inferential	Institutional theory	Seminal work	Entrep
Langley, P., Lewis, S., McFarlane, C., Painter, J. and Vradis, A. (2020). Crowdfunding cities: Social entrepreneurship, speculation and solidarity in Berlin. <i>Geoforum</i> , 115, 11–20.	Empirical-qualitative	Single case study	None	Database ⁺	Other*
Leborgne-Bonassié, M., Coletti, M. and Sansone, G. (2019). What do venture philanthropy organisations seek in social enterprises? <i>Business Strategy and Development</i> , 2(4), 349–357.	Empirical-qualitative	Single case study	None	Database	IB*
Lehner, O. (2014). The formation and interplay of social capital in crowdfunded social ventures. <i>Entrepreneurship & Regional Development</i> , 26(5-6), 478–499.	Empirical-qualitative	Multiple case studies	Sociological perspective, networking, structuration theory	Database ⁺	Entrep

Lehner, O. and Nicholls, A. (2014). Social finance and crowdfunding for social enterprises: A public–private case study providing legitimacy and leverage. <i>Venture Capital</i> , 16(3), 271–286.	Empirical-qualitative	Single case study	None	Database ⁺	F&A*
Leung, S., Mo, P., Ling, H., Chandra, Y. and Ho, S. S. (2019). Enhancing the competitiveness and sustainability of social enterprises in Hong Kong: A three-dimensional analysis. <i>China Journal of Accounting Research</i> , 12(2), 157–176.	Empirical-quantitative	Survey/primary data - descriptive	Diverse governance theories	Database	F&A*
Lim, C. G., Lee, S.-Y. and Seo, J. (2020). The signaling effect of ambidexterity of social enterprises on acquiring financial resources in South Korea. <i>Annals of Public and Cooperative Economics</i> , 91(4), 633–647.	Empirical-quantitative	Archival/secondary data - inferential	Signaling theory	Database	Economics
Liptrap, J. S. (2020). The social enterprise company in Europe: Policy and theory. <i>Journal of Corporate Law Studies</i> , 20(2), 495–539.	Non-empirical	Conceptual	None	Database	Other*
Liston-Heyes, C., Hall, P. V., Jevtovic, N. and Elson, P. R. (2017). Canadian social enterprises: Who gets the non-earned income? <i>Voluntas</i> , 28(6), 2546–2568.	Empirical-quantitative	Survey/primary data - inferential	None	Database	PSM
Litrico, J.-B. and Besharov, M. L. (2019). Unpacking variation in hybrid organizational forms: Changing models of social enterprise among nonprofits, 2000–2013. <i>Journal of Business Ethics</i> , 159(2), 343–360.	Empirical-quantitative	Archival/secondary data - inferential	Institutional logics	Database ⁺	OS/OB, HRM/IR
López-Arceiz, F. J., Bellostas, A. J. and Rivera-Torres, M. P. (2017). The slaughtered and the	Empirical-quantitative	Archival/secondary	Resource based view	Seminal work	PSM

survivors: Collaboration between social economy organizations as a key to success in times of financial crisis. <i>Voluntas</i> , 28(4), 1622–1647.			y data - inferential			
Luc, P. T. (2018). The relationship between perceived access to finance and social entrepreneurship intentions among university students in Vietnam. <i>The Journal of Asian Finance, Economics and Business</i> , 5(1), 63–72.	Empirical-quantitative	Survey/primary data - inferential	Theory of planned behavior	Database	F&A*	
Lyon, F. and Owen, R. (2019). Financing social enterprises and the demand for social investment. <i>Strategic Change</i> , 28(1), 47–57.	Empirical-quantitative	Survey/primary data - descriptive	Pecking order theory	Database	Gen & Strat	
Lyons, T. S. and Kickul, J. R. (2013). The social enterprise financing landscape: The lay of the land and new research on the horizon. <i>Entrepreneurship Research Journal</i> , 3(2), 147–159.	Non-empirical	Narrative/descriptive	None	Database	Entrep*	
Macleane, M., Harvey, C. and Gordon, J. (2013). Social innovation, social entrepreneurship and the practice of contemporary entrepreneurial philanthropy. <i>International Small Business Journal: Researching Entrepreneurship</i> , 31(7), 747–763.	Empirical-qualitative	Single case study	None	Seminal work	Entrep	
Maehle, N. (2020). Sustainable crowdfunding: Insights from the project perspective. <i>Baltic Journal of Management</i> , 15(2), 281–302.	Empirical-qualitative	Interviews	None	Seminal work	Gen & Strat*	
Maehle, N., Otte, P. P., Huijben, B. and Vries, J. de (2021). Crowdfunding for climate change: Exploring the use of	Empirical-qualitative	Document analysis	Framing theory	Seminar work	Gen & Strat*	

climate frames by
environmental entrepreneurs.
Journal of Cleaner Production,
314, 128040.

Martin, M. (2015). Building impact businesses through hybrid financing. <i>Entrepreneurship Research Journal</i> , 5(2), 109–126.	Non-empirical	Narrative/ descriptive	None	Database	Entrep*
Martinez, C., Cummings, M. E. and Vaaler, P. M. (2015). Economic informality and the venture funding impact of migrant remittances to developing countries. <i>Journal of Business Venturing</i> , 30(4), 526–545.	Empirical-quantitative	Archival/secondary data - inferential	Transaction cost theory, institutional theory	Journal ⁺	Entrep
Masum, H., Chakma, J., Simiyu, K., Ronoh, W., Daar, A. S. and Singer, P. A. (2010). Venture funding for science-based African health innovation. <i>BMC international health and human rights</i> , 10, 1-10.	Empirical-qualitative	Multiple case studies	None	Database	PSM*
Matei, L. and Matei, A. (2015). The single market and the social enterprise. From models to realities in some EU member states and countries from the Balkans. <i>International Review on Public and Nonprofit Marketing</i> , 12(1), 63–77.	Non-empirical	Conceptual	None	Database	PSM*
Mayer, J. and Scheck, B. (2018). Social investing: What matters from the perspective of social enterprises? <i>Nonprofit and Voluntary Sector Quarterly</i> , 47(3), 493–513.	Empirical-quantitative	Experiment	Agency theory, stewardship theory	Database ⁺	PSM
Mazzei, M. and Roy, M. J. (2017). From policy to practice: Exploring practitioners' perspectives on social enterprise policy claims. <i>Voluntas</i> , 28(6), 2449–2468.	Empirical-qualitative	Interviews	None	Database	PSM

McKague, K., Harrison, S. and Musoke, J. (2021). Gender intentional approaches to enhance health social enterprises in Africa: A qualitative study of constraints and strategies. <i>International journal for equity in health</i> , 20(1).	Empirical-qualitative	Single case study	None	Database ⁺	Other*
Mehrotra, S. and Verma, S. (2015). An assessment approach for enhancing the organizational performance of social enterprises in India. <i>Journal of Entrepreneurship in Emerging Economies</i> , 7(1), 35–54.	Empirical-mixed methods	Interviews, questionnaire	Contract theory, information asymmetry	Database	Entrep*
Mendoza-Abarca, K. I., Anokhin, S. and Zamudio, C. (2015). Uncovering the influence of social venture creation on commercial venture creation: A population ecology perspective. <i>Journal of Business Venturing</i> , 30(6), 793–807.	Empirical-quantitative	Archival/secondary data - inferential	Population ecology	Journal ⁺	Entrep
Meyskens, M., Carsrud, A. L. and Cardozo, R. N. (2010a). The symbiosis of entities in the social engagement network: The role of social ventures. <i>Entrepreneurship & Regional Development</i> , 22(5), 425–455.	Empirical-qualitative	Interviews	Population ecology, resource dependence theory, resource based view	Seminal work	Entrep
Meyskens, M., Robb-Post, C., Stamp, J. A., Carsrud, A. L. and Reynolds, P. D. (2010b). Social ventures from a resource-based perspective: An exploratory study assessing global Ashoka Fellows. <i>Entrepreneurship Theory and Practice</i> , 34(4), 661–680.	Empirical-quantitative	Archival/secondary data - inferential	Resource based view	Database ⁺	Entrep
Miller, T. L. and Wesley II, C. L. (2010). Assessing mission and resources for social change: An organizational identity	Empirical-quantitative	Experiment	Organizational identity theory	Database ⁺	Entrep

perspective on social venture capitalists' decision criteria. *Entrepreneurship Theory and Practice*, 34(4), 705–733.

Moss, T. W., Neubaum, D. O. and Meyskens, M. (2015). The effect of virtuous and entrepreneurial orientations on microfinance lending and repayment: A signaling theory perspective. <i>Entrepreneurship Theory and Practice</i> , 39(1), 27–52.	Empirical-quantitative	Archival/secondary data - inferential	Signaling theory	Journal ⁺	Entrep
Moss, T. W., Renko, M., Block, E. and Meyskens, M. (2018). Funding the story of hybrid ventures: Crowdfunder lending preferences and linguistic hybridity. <i>Journal of Business Venturing</i> , 33(5), 643–659.	Empirical-quantitative	Archival/secondary data - inferential	Categorization theory	Database ⁺	Entrep
Mswaka, W. and Aluko, O. (2014). Legal structure and outcomes of social enterprise: The case of South Yorkshire, UK. <i>Local Economy</i> , 29(8), 810–825.	Empirical-qualitative	Multiple case studies	None	Database	PSM
Murtagh, B. and Goggin, N. (2015). Finance, social economics and community development. <i>Community Development Journal</i> , 50(3), 494–509.	Empirical-quantitative	Archival/secondary data - descriptive	None	Database	PSM*
Nascimento, L. d. S. and Salazar, V. S. (2021). Overcoming the theoretical duality on social enterprise formation. <i>Journal of Entrepreneurship in Emerging Economies</i> , 13(3), 327–352.	Empirical-qualitative	Multiple case studies	Creation theories, discovery theories	Seminal work	Entrep*
Nguyen, L., Szkudlarek, B. and Seymour, R. G. (2015). Social impact measurement in social enterprises: An interdependence perspective. <i>Canadian Journal of Administrative Sciences /</i>	Empirical-qualitative	Multiple case studies	Resource dependence theory	Database	Multi-disciplinary

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32(4), 224–237.

Nguyen, M. H. T., Carr, S. C., Hodgetts, D. and Fauchart, E. (2021). Why do some social enterprises flourish in Vietnam? A comparison of human and ecosystem partnerships. <i>Sustainability Accounting, Management and Policy Journal</i> , 12(6), 1312–1347.	Empirical-quantitative	Archival/secondary data - inferential	Social enterprise theory	Database ⁺	F&A*
Oliński, M. (2020). Efficiency of the public financial support granted to social enterprises. <i>Entrepreneurship and Sustainability Issues</i> , 7(3), 2095–2108.	Empirical-quantitative	Archival/secondary data - descriptive	None	Database ⁺	Entrep*
Outsios, G. and Farooqi, S. A. (2017). Gender in sustainable entrepreneurship: Evidence from the UK. <i>Gender in Management: An International Journal</i> , 32(3), 183–202.	Empirical-qualitative	Interviews	Feminist theory - social constructionist feminist approach	Database	Gen & Strat
Owen, R., Brennan, G. and Lyon, F. (2018). Enabling investment for the transition to a low carbon economy: Government policy to finance early stage green innovation. <i>Current Opinion in Environmental Sustainability</i> , 31, 137–145.	Empirical-qualitative	Document analysis	None	Seminal work	Multi-disciplinary*
Pabst, S., Wayand, M. and Mohnen, A. (2021). Coordinating contributions in crowdfunding for sustainable entrepreneurship. <i>Journal of Cleaner Production</i> , 319, 128677.	Empirical-quantitative	Experiment	Signaling theory	Database ⁺	Gen & Strat*
Pandey, S., Lall, S., Pandey, S. K. and Ahlawat, S. (2017). The appeal of social accelerators: What do social entrepreneurs value? <i>Journal of Social</i>	Empirical-quantitative	Archival/secondary data -	Population ecology, sponsorship theory and	Database	Entrep*

<i>Entrepreneurship</i> , 8(1), 88–109.		inferential	human capital theory		
Paniagua, J., Mas-Tur, A. and Sapena, J. (2015). Is social entrepreneurship a greenfield for foreign direct investment? A conceptual and empirical analysis. <i>Canadian Journal of Administrative Sciences / Revue Canadienne des Sciences de l'Administration</i> , 32(4), 265–275.	Empirical-quantitative	Archival/secondary data - inferential	Legitimacy theory, social strategy theory, institutional theory	Database	Multi-disciplinary
Parente, C., Lopes, A. and Marcos, V. (2014). Social entrepreneurship profiles: Lessons from organizational and management dynamics. <i>Journal of Social Entrepreneurship</i> , 5(1), 22–41.	Empirical-mixed methods	Interviews, survey	None	Database	Entrep*
Parhankangas, A. and Renko, M. (2017). Linguistic style and crowdfunding success among social and commercial entrepreneurs. <i>Journal of Business Venturing</i> , 32(2), 215–236.	Empirical-quantitative	Archival/secondary data - inferential	Language expectancy theory	Journal ⁺	Entrep
Park, J., Hwang, K. and Kim, S.-J. (2018). Forming a social partnership between a small social enterprise and a large corporation: A case of the joint platform, H-JUMP. <i>Sustainability</i> , 10(10), 3612.	Empirical-qualitative	Single case study	Social capital theory, relational governance, collaborative value creation	Database	Gen & Strat*
Pelucha, M., Kourilova, J. and Kveton, V. (2017). Barriers of social entrepreneurship development – a case study of the Czech Republic. <i>Journal of Social Entrepreneurship</i> , 8(2), 129–148.	Empirical-mixed methods	Interviews, questionnaire	None	Database	Entrep*
Périlleux, A. (2015). When social enterprises engage in finance: Agents of change in lending relationships, a Belgian typology. <i>Strategic Change</i> , 24(3), 285–300.	Empirical-qualitative	Single case study	None	Database	Gen & Strat

Phillips, S. D. and Johnson, B. (2021). Inching to impact: The demand side of social impact investing. <i>Journal of Business Ethics</i> , 168(3), 615–629.	Empirical-qualitative	Interviews	None	Database ⁺	OS/OB, HRM/IR
Pickerill, T. (2021). Investment leverage for adaptive reuse of cultural heritage. <i>Sustainability</i> , 13(9), 5052.	Empirical-qualitative	Single case study	None	Database	Gen & Strat*
Pinch, S. and Sunley, P. (2016). Do urban social enterprises benefit from agglomeration? Evidence from four UK cities. <i>Regional Studies</i> , 50(8), 1290–1301.	Empirical-qualitative	Interviews	Clustering theory, positive externalities, agglomeration theory	Database ⁺	PSM
Popov, E. V., Veretennikova, A. Y. and Kozinskaya, K. M. (2018). Formal institutional environment influence on social entrepreneurship in developed countries. <i>Montenegrin Journal of Economics</i> , 14(4), 45–56.	Empirical-quantitative	Archival/secondary data - inferential	Institutional theory	Database	Economics*
Pratono, A. H., Prima, D. A., Sinaga, N. F. N. T., Permatasari, A., Ariani, M. and Han, L. (2020). Crowdfunding in digital humanities: Some evidence from Indonesian social enterprises. <i>Aslib Journal of Information Management</i> , 72(2), 287–303.	Empirical-qualitative	Multiple case studies	None	Database	MIS*
Presenza, A., Abbate, T., Cesaroni, F. and Appio, F. P. (2019). Enacting social crowdfunding business ecosystems: The case of the platform Meridonare. <i>Technological Forecasting and Social Change</i> , 143, 190–201.	Empirical-qualitative	Single case study	Theory of multi-sided markets	Database ⁺	Innovation
Rahaman, M. M. and Khan, N. A. (2017). Making international aid effective: An agenda for aligning aid to social business. <i>Development</i>	Non-empirical	Narrative/descriptive	None	Database	Other*

Policy Review, 35(S2), 096–0117.

Rawhouser, H., Cummings, M. and Crane, A. (2015). Benefit corporation legislation and the emergence of a social hybrid category. <i>California Management Review</i> , 57(3), 13–35.	Empirical-mixed methods	Case Study & Secondary data - descriptive	None	Seminal work	Gen & Strat
Reficco, E., Layrisse, F. and Barrios, A. (2021). From donation-based NPO to social enterprise: A journey of transformation through business-model innovation. <i>Journal of Business Research</i> , 125, 720–732.	Empirical-qualitative	Single case study	Business innovation model	Database ⁺	Marketing
Reiser, D. B. and Dean, S. A. (2015). SE(c)(3): A catalyst for social enterprise crowdfunding. <i>Indian Law Journal</i> , 90(3), 1090–1129.	Non-empirical	Narrative/descriptive	Signaling theory, game theory	Database	Other*
Rey-Martí, A., Mohedano-Suanes, A. and Simón-Moya, V. (2019). Crowdfunding and social entrepreneurship: Spotlight on intermediaries. <i>Sustainability</i> , 11(4).	Empirical-qualitative	Multiple case studies	Legitimacy theory	Database	Gen & Strat*
Rey-Martí, A., Ribeiro-Soriano, D. and Sánchez-García, J. L. (2016). Giving back to society: Job creation through social entrepreneurship. <i>Journal of Business Research</i> , 69(6), 2067–2072.	Empirical-quantitative	Survey/primary data - inferential	None	Database ⁺	Marketing
Roundy, P. (2014). The stories of social entrepreneurs: Narrative discourse and social venture resource acquisition. <i>Journal of Research in Marketing and Entrepreneurship</i> , 16(2), 200–218.	Empirical-qualitative	Multiple case studies	None	Database	Entrep*

Rossolini, M., Pedrazzoli, A. and Ronconi, A. (2021). Greening crowdfunding campaigns: an investigation of message framing and effective communication strategies for funding success. <i>International Journal of Bank Marketing</i> , 39(7), 1395–1419.	Empirical-quantitative	Archival/secondary data - inferential	Prospect theory	Seminal work	Marketing
Ryder, P. and Vogeley, J. (2018). Telling the impact investment story through digital media: an Indonesian case study. <i>Communication Research and Practice</i> , 4(4), 375–395.	Empirical-qualitative	Multiple case studies	New critical theory, rhetorical theory, Goffman's framing theory	Database ⁺	Communication
Sahasranamam, S. and Nandakumar, M. K. (2020). Individual capital and social entrepreneurship: Role of formal institutions. <i>Journal of Business Research</i> , 107, 104–117.	Empirical-quantitative	Archival/secondary data - inferential	Capital theory, institutional theory	Database ⁺	Marketing
Sakarya, S., Bodur, M., Yildirim-Öktem, Ö. and Selekler-Göksen, N. (2012). Social alliances: Business and social enterprise collaboration for social transformation. <i>Journal of Business Research</i> , 65(12), 1710–1720.	Empirical-qualitative	Multiple case studies	Resource dependence theory, institutional theory	Seminal work	Marketing
Salvado, J. C. (2011). Social enterprise models and SPO financial sustainability: The case of BRAC. <i>Journal of Social Entrepreneurship</i> , 2(1), 79–98.	Empirical-qualitative	Single case study	None	Database	Entrep*
Satar, M. S. and John, S. (2019). The critical success factors of social entrepreneurship in India: An empirical study. <i>International Journal of Entrepreneurship and Small Business</i> , 37(3), 309–341.	Empirical-quantitative	Survey/primary data - descriptive	None	Database	Entrep*

Scarlata, M. and Alemany, L. (2010). Deal structuring in philanthropic venture capital investments: Financing instrument, valuation and covenants. <i>Journal of Business Ethics</i> , 95(S2), 121–145.	Empirical-mixed methods	Interviews, survey	Agency theory	Seminal work	OS/OB, HRM/IR
Scarlata, M., Gil, L. A. and Zacharakis, A. (2012). Philanthropic venture capital: Venture capital for social entrepreneurs? <i>Foundations and Trends® in Entrepreneurship</i> , 8(4), 279–342.	Empirical-quantitative	Archival/secondary data - descriptive	None	Database ⁺	Entrep*
Selasinsky, C. von and Lutz, E. (2021). The Effects of Pro-Social and Pro-Environmental Orientation on Crowdfunding Performance. <i>Sustainability</i> , 13(11), 6064.	Empirical-quantitative	Archival/secondary data - descriptive	Social movement theory	Seminal work	Gen & Strat*
Sen, P. (2007). Ashoka's big idea: Transforming the world through social entrepreneurship. <i>Futures</i> , 39(5), 534–553.	Empirical-qualitative	Single case study	None	Database ⁺	Innovation
Siqueira, A. C. O., Guenster, N., Vanacker, T. and Crucke, S. (2018). A longitudinal comparison of capital structure between young for-profit social and commercial enterprises. <i>Journal of Business Venturing</i> , 33(2), 225–240.	Empirical-quantitative	Archival/secondary data - inferential	Static trade-off theory, pecking order theory	Journal ⁺	Entrep
da Siqueira, E. H. S., Bin, A. and Stefanuto, R. C. (2021). Measuring impacts of social enterprises: perspectives from Brazilians entrepreneurs and investors. <i>Social Enterprise Journal</i> , 17(4), 527–547.	Empirical-qualitative	Multiple case studies	None	Database	Entrep
Smith, A. M. J. and McColl, J. (2016). Contextual influences on social enterprise management in rural and urban communities. <i>Local Economy</i> :	Empirical-qualitative	Multiple case studies	None	Seminal work	PSM

The Journal of the Local Economy Policy Unit, 31(5), 572–588.

Smith, B. R., Cronley, M. L. and Barr, T. F. (2012). Funding implications of social enterprise: The role of mission consistency, entrepreneurial competence, and attitude toward social enterprise on donor behavior. <i>Journal of Public Policy & Marketing</i> , 31(1), 142–157.	Empirical-mixed methods	Interviews, experiment	Crowding out effect, concept of fit, model of planned behavior	Database ⁺	Marketing
Sonne, L. (2012). Innovative initiatives supporting inclusive innovation in India: Social business incubation and micro venture capital. <i>Technological Forecasting and Social Change</i> , 79(4), 638–647.	Empirical-qualitative	Multiple case studies	None	Database ⁺	Innovation
Sørensen, K. E. and Neville, M. (2014). Social enterprises: How should company law balance flexibility and credibility? <i>European Business Organization Law Review</i> , 15(2), 267–308.	Non-empirical	Narrative/descriptive	None	Database	Other*
Spieß-Knafl, W. and Aschari-Lincoln, J. (2015). Understanding mechanisms in the social investment market: What are venture philanthropy funds financing and how? <i>Journal of Sustainable Finance & Investment</i> , 5(3), 103–120.	Empirical-quantitative	Archival/secondary data - inferential	Nonprofit theory of finance	Seminal work	F&A*
Stephan, U., Uhlaner, L. M. and Stride, C. (2015). Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. <i>Journal of International Business Studies</i> , 46(3), 308–331.	Empirical-quantitative	Archival/secondary data - inferential	Institutional theory	Database ⁺	IB
Stirzaker, R., Galloway, L., Muhonen, J. and	Empirical-qualitative	Interviews	Entrepreneurial event theory	Database ⁺	Entrep

Christopoulos, D. (2021). The drivers of social entrepreneurship: Agency, context, compassion and opportunism. <i>International Journal of Entrepreneurial Behavior & Research</i> , 27(6), 1381–1402.					
Sun, S. L. and Im, J. (2015). Cutting microfinance interest rates: An opportunity co–creation perspective. <i>Entrepreneurship Theory and Practice</i> , 39(1), 101–128.	Empirical-quantitative	Archival/secondary data - inferential	Stakeholder theory, entrepreneurship theory	Journal ⁺	Entrep
Sun, S. L. and Liang, H. (2021). Globalization and affordability of microfinance. <i>Journal of Business Venturing</i> , 36(1).	Empirical-quantitative	Archival/secondary data - inferential	Institutional logics	Seminal work	Entrep
Sunley, P. and Pinch, S. (2012). Financing social enterprise: Social bricolage or evolutionary entrepreneurialism? <i>Social Enterprise Journal</i> , 8(2), 108–122.	Empirical-qualitative	Interviews	Bricolage, evolutionary economic theory	Seminal work	Entrep*
Szymańska, A., van Puyvelde, S. and Jegers, M. (2015). Capital structure of social purpose companies – a panel data analysis. <i>Journal of Sustainable Finance & Investment</i> , 5(4), 234–254.	Empirical-quantitative	Archival/secondary data - inferential	Trade-off theory, pecking order theory	Seminal work	F&A*
Teasdale, S. (2010). Explaining the multifaceted nature of social enterprise: Impression management as (social) entrepreneurial behaviour. <i>Voluntary Sector Review</i> , 1(3), 271–292.	Empirical-qualitative	Single case study	Organizational impression management theory	Seminal work	PSM*
Tenner, I. (2021). The potential of crowdfunding for sustainable development: a comparison of sustainable and conventional crowdfunding	Empirical-quantitative	Archival/secondary data -	Institutional theory	Seminal work	Entrep*

projects. <i>International Journal of Entrepreneurial Venturing</i> , 13(5), 508.		inferential				
Tenner, I. and Hörisch, J. (2021). Empirical-Crowdfunding sustainable entrepreneurship: What are the characteristics of crowdfunding investors? <i>Journal of Cleaner Production</i> , 290, 125667.	Empirical-quantitative	Survey/primary data - inferential	Schwartz's theory of basic human values	Database ⁺	Gen & Strat*	
Thompson, T. A., Purdy, J. M. and Ventresca, M. J. (2018). How entrepreneurial ecosystems take form: Evidence from social impact initiatives in Seattle. <i>Strategic Entrepreneurship Journal</i> , 12(1), 96–116.	Empirical-qualitative	Multiple case studies	Field theory	Journal ⁺	Gen & Strat	
Thompson, P., Williams, R., Kwong, C. and Thomas, B. (2015). The potential of trading activity income to fund Third Sector organisations operating in deprived areas. <i>Local Economy: The Journal of the Local Economy Policy Unit</i> , 30(6), 627–649.	Empirical-quantitative	Survey/primary data - inferential	None	Database	PSM	
Tirumalsety, R. and Gurtoo, A. (2021). Financial sources, capital structure and performance of social enterprises: Empirical evidence from India. <i>Journal of Sustainable Finance & Investment</i> , 11(1), 27–46.	Empirical-quantitative	Survey/primary data - inferential	Static trade-off theory, pecking order theory	Database	F&A*	
Umfreville, P. and Bonnin, C. (2021). Mind the gap: Exploring the challenges and opportunities for social enterprise in Vietnam. <i>Forum for Development Studies</i> , 48(2), 331–355.	Empirical-qualitative	Interviews	None	Database	PSM*	
Urbano, D., Toledano, N. and Soriano, D. R. (2010). Analyzing social entrepreneurship from an institutional perspective:	Empirical-qualitative	Multiple case studies	Institutional theory	Seminal work	Entrep*	

Evidence from Spain. *Journal of Social Entrepreneurship*, 1(1), 54–69.

van Slyke, D. M. and Newman, H. K. (2006). Venture philanthropy and social entrepreneurship in community redevelopment. <i>Nonprofit Management and Leadership</i> , 16(3), 345–368.	Empirical-qualitative	Single case study	Theory of social impact	Database ⁺	PSM
Viviani, J.-L. and Maurel, C. (2019). Performance of impact investing: A value creation approach. <i>Research in International Business and Finance</i> , 47, 31–39.	Non-empirical	Analytical model	None	Seminal work	F&A
von Friedrichs, Y. and Wahlberg, O. (2016). Social entrepreneurship in the rural areas – a sports club’s mobilisation of people, money and social capital. <i>International Journal of Entrepreneurship and Small Business</i> , 29(2), 199–216.	Empirical-qualitative	Single case study	None	Database	Entrep*
Walske, J. M. and Tyson, L. D. (2015). Built to scale: A comparative case analysis, assessing how social enterprises scale. <i>The International Journal of Entrepreneurship and Innovation</i> , 16(4), 269–281.	Empirical-qualitative	Interviews	None	Database	Entrep
Williamson, A. J., Short, J. C. and Wolfe, M. T. (2021). Standing out in crowdfunded microfinance: A topic modeling approach examining campaign distinctiveness and prosocial performance. <i>Journal of Business Venturing Insights</i> , 16, e00261.	Empirical-quantitative	Archival/secondary data - inferential	Grounded theory	Seminal work	Entrep
Yang, S., Kher, R. and Newbert, S. L. (2020). What signals matter for social startups? It depends: The influence of	Empirical-quantitative	Archival/secondary data -	Signaling theory, gender role congruity theory	Database ⁺	Entrep

gender role congruity on social impact accelerator selection decisions. <i>Journal of Business Venturing</i> , 35(2), 105932.				inferential		
Young, D. R. and Grinsfelder, M. C. (2011). Social entrepreneurship and the financing of third sector organizations. <i>Journal of Public Affairs Education</i> , 17(4), 543–567.	Empirical-qualitative	Multiple case studies	None		Database	PSM*
Zeng, J. (2018). Fostering path of ecological sustainable entrepreneurship within big data network system. <i>International Entrepreneurship and Management Journal</i> , 14(1), 79–95.	Empirical-qualitative	Single case study	None		Database ⁺	Entrep*
Zhao, E. Y. and Lounsbury, M. (2016). An institutional logics approach to social entrepreneurship: Market logic, religious diversity, and resource acquisition by microfinance organizations. <i>Journal of Business Venturing</i> , 31(6), 643–662.	Empirical-quantitative	Archival/secondary data - inferential	Institutional logics		Database ⁺	Entrep

Appendix 2: Main findings (Paper 1)

Table A2.1 Main findings on the individual level

Major themes and sub-themes	Method	Articles	Key findings
Entrepreneurs' characteristics			
Entrepreneurs' skills	Qualitative	Glänzel & Scheuerle (2016); Hazenberg et al. (2015); van Slyke & Newman (2006); von Friedrichs & Wahlberg (2016); Young & Grinsfelder (2011)	Lack of business skills main barrier for investments
		Teasdale (2010)	Ability to adapt to different situations important for funding success
		van Slyke & Newman (2006); von Friedrichs & Wahlberg (2016); Young & Grinsfelder (2011)	Networking skills and innovation capabilities positively related to funding decisions of Social Venture Capitals
		Miller & Wesley II (2010)	
Entrepreneurs' background	Quantitative	Hazenberg et al. (2015)	Track record in the sector important for funding success
	Qualitative	Achleitner et al. (2013); Miller & Wesley II (2010); Rey-Martí et al. (2016)	Management experience positively influences investor evaluations and financial support
	Quantitative	Block et al. (2021); Dorfleitner et al. (2021)	Business and educational background have no significant impact on investors funding decision
Entrepreneurs' values	Qualitative	Glänzel & Scheuerle (2016); Hazenberg et al. (2015)	Investors deem entrepreneur's (social) vision as desirable
		Ala-Jääski and Puumalainen (2021)	Too much passion for the mission unfavorable for attracting angel investors

Quantitative	Jancenelle & Javalgi (2018); Miller & Wesley II (2010); Scarlata et al. (2012)	Potential to generate social return/values positively influences funding success
	Moss et al. (2015)	Microfinance lenders more likely to fund ventures that signal economic values
	Dorfleitner et al. (2021)	Family orientation has negative effect on investors funding decision
	Jancenelle et al. (2019)	Misalignment of certain cultural values between individual and country can be attractive for investors
	Outsios & Farooqi (2017)	Female and male entrepreneurs face similar constraints
Entrepreneurs' sex	Qualitative	Female borrowers more likely to receive funding than male borrowers Male (female) entrepreneurs should send economic (social) signals to improve funding success
	Quantitative	Male and female borrowers benefit from displaying gender-counterstereotypical characteristics In crowdfunding campaigns, male entrepreneurs benefit from using narratives that differ from the average campaign content. For women, such distinctiveness is only beneficial in sectors usually not associated with female entrepreneurs such as construction or transportation.
Entrepreneurs' perceived availability of financial support		
Social entrepreneur- ial intention	Quantitative	Perceived access to financial support drives social entrepreneurial intention

Social enterprise formation	Qualitative	Child et al. (2015); Stirzaker et al. (2021)	Funding environment influences venture formation processes
	Quantitative	Harding (2007); Hoogendoorn et al. (2019)	Access to finance is no barrier in pre-founding stage but major barrier in early start-up stage
		Carriles-Alberdi et al. (2021)	Classic financial system affects social entrepreneurship negatively
Investors' characteristics			
	Quantitative	Kim & Hall (2021); Tenner & Hörisch (2021)	Attitude, personal norms, social norms, and high education level positively influence investors' participation in sustainability crowdfunding

Table A2.2 Main findings on the organizational level

Major themes and sub-themes	Method	Articles	Key findings
Impact of social enterprises' characteristics and strategies on funding success			
Social enterprise model	Mixed-methods	Khieng & Dahles (2015); Smith et al. (2012)	Social enterprises develop out of non-profit organizations to overcome financing constraints
	Quantitative	Faulk et al. (2020); Hörisch (2015); Thompson et al. (2015)	Individual donations decrease; consistent social mission limits this effect
	Qualitative	Henderson et al. (2018)	Leads to increased transaction costs and investment complexity
		Addae (2018); Ko & Liu (2021); Salvado (2011)	

Dual logics	Qualitative	Pratono et al. (2020)	Mission and business strategy are shaped by social enterprise to better reflect the capital providers' expectations
	Quantitative	Cobb et al. (2016)	For-profit social enterprises receive larger loans compared to non-profit social enterprises
	Quantitative	Selasinsky & Lutz (2021)	To a certain point, an increase of pro-social or pro-environmental orientation increases crowdfunding success. Too high a level decreases crowdfunding success.
	Qualitative	Lim et al. (2020); Moss et al. (2018); Miller & Wesley II (2010)	Social enterprises with singular mission more successful in finance acquisition than those with mixed social and economic mission
	Mixed-methods	Glänzel & Scheuerle (2016)	
	Quantitative	Smith et al. (2012)	
	Quantitative	Andersson & Self (2015); Croce et al. (2021); Leung et al. (2019); Lyon & Owen (2019); Yang et al. (2020)	Commercial and social signals positively correlated with financing success compared to focusing on singular mission
	Qualitative	Bengo et al. (2021); Ko & Liu (2021)	
		Hazenberget al. (2015); Ko & Liu (2021); Leborgne-Bonassie et al. (2019); Lehner (2014); Moss et al. (2018); Miller & Wesley II (2010)	
	Quantitative	Chen et al. (2018)	Legitimate, clearly defined, and prominent social mission important for financing success
	Quantitative	Chen et al. (2018)	
		Bento et al. (2019); Block et al. (2021); Chen et al. (2018); Croce et al. (2021); Liston-Heyes et al. (2017); Litrico & Besharov (2019); Rey-Martí et al. (2016); Spiess-Knafl & Aschari-Lincoln (2015); Tenner (2021)	Type of social mission/product and importance of societal problem determine financing success

Qualitative	Giagnocavo et al. (2012); Glänzel & Scheuerle (2016); Maehle (2020)	Social enterprises shaped by social sector logic, investors by commercial sector logic, except for specialized investors with social focus that prefer social enterprises
	Cagarman et al. (2020); Miller & Wesley II (2010); Scarlata et al. (2012)	Social enterprises may have difficulties in acquiring loans from social finance institutions
Quantitative	Lim et al. (2020)	Relevance of environmental and social orientation differs for different form of crowdfunding
	Anglin et al. (2020); Hörisch & Tenner (2020); Hörisch (2015)	To attract investors, social enterprises should focus on storytelling and framing social impact at first before focusing commercial logic
	Ryder & Vogeley (2018)	Successful crowdfunding campaigns emphasize advantages of climate change mitigation technologies and address humans as victim of the problems they are tackling
	Maehle et al. (2021)	Social enterprises stress different logics when communicating with different actors
Social enterprises' external communication	Alsaid & Ambilichu (2021); Hazenberg et al. (2015); Pratono et al. (2020); Roundy (2014); Teasdale (2010)	External visibility and communication that create an atmosphere of credibility and commitment important to attract investors
	Bloom & Chatterji (2009); Hazenberg et al. (2015); Maclean et al. (2013); Maehle (2020); Walske & Tyson (2015)	Using terms like "social entrepreneurship" increases willingness to donate to the organization
	Bento et al. (2019); Liston-Heyes et al. (2017); Parhankangas & Renko (2017)	Universal moral statements more conducive for funding success than conservative moral statements
	Andersson & Self (2015)	
Quantitative	Jancenelle & Javalgi (2018)	

Social enterprises' characteristics		Pabst et al. (2021)	A non-governmental seal helps funders significantly more than a governmental seal for sustainability in distributing financial contributions
		Rossolini et al. (2021)	Negatively framed messages are more effective for climate preservation and clean energy campaigns than positively framed messages
	Qualitative	Hazenberg et al. (2015)	Investors value organizational business experience
	Quantitative	Block et al. (2021); Lim et al. (2020); Spiess-Knafl & Aschari-Lincoln (2015)	Younger social enterprises achieve more grants and donations than older ones
		Liston-Heyes et al. (2017)	Collateral security is important for funding success
Investor–investee relationship		Szymańska et al. (2015)	In developing countries, formal business registration is rewarded with better funding access
	Mixed-methods	Kistruck et al. (2015)	
	Interfirm goal alignment	Agrawal & Hockerts (2019); Glänzel & Scheuerle (2016); Nguyen et al. (2015)	Different foci of investor and investee on social vs. commercial orientation might lead to tensions in investor–investee relationship
	Non-financial support	Bengo et al. (2021); Bocken (2015); Ingstad et al. (2014); Lall (2019); Leborgne-Bonassie et al. (2019); Sen (2007); Sonne (2012)	Investors provide business advice and network access to social enterprises; this attracts and helps social enterprises
	Quantitative	Cheah et al. (2019); Mayer & Scheck (2018); El Kallab & Salloum (2017); Nguyen et al. (2021)	

Decision rights and trust	Mixed-methods	Mehrotra & Verma (2015)	Trust important in partnerships between investor and investee
	Qualitative	van Slyke & Newman (2006)	Building relationships with crowd in crowdfunding especially relevant for social enterprises to gain legitimacy
		Maehle (2020)	
	Quantitative	Sonne (2012)	Investors actively influence daily business of investee
		Scarlata et al. (2012)	Social enterprises do not like to be restricted too strongly by investors
	Qualitative	Mayer & Scheck (2018)	
Impact measurement	Qualitative	Glänzel & Scheuerle (2016)	Grants are monitored less than equity investments and grant relationships are more based on trust
	Mixed-methods	Scarlata & Alemany (2010)	
	Qualitative	Bengo et al. (2021); Glänzel & Scheuerle (2016); da Siqueira et al. (2021)	Social enterprises perceive impact measurement practices as resource-intensive or even unfeasible
		Bengo & Arena (2019); Lall (2019); Nguyen et al. (2015)	Impact measurement applied by investors to make informed financing decisions and by social enterprises as legitimization tool and for organizational learning
	Qualitative	Agrawal & Hockerts (2019); Lall (2019); Nguyen et al. (2015)	
	Quantitative	Kato (2021); Lall (2017); Miller & Wesley II (2010)	Impact measurement especially prevalent in social enterprises that seek grant funding; leads to better evaluation by social venture capital investors

Role of networks		
Networks to access (financial) resources	Qualitative	Barraket et al. (2019)
		Access to and exploitation of networks depend on the environment, e.g., rural social enterprises are more reliant on their local communities, while urban social enterprises have greater access to corporate relationships and structured philanthropy
		Investee value quality of network more than quantity
		Collaborative networks can assist social enterprises acquiring resources and reduce financial stress
Networks as a signal to investors	Mixed-methods	Haugh (2007)
	Quantitative	Bjärsholm (2019); Bloom & Chatterji (2009); Cheung et al. (2019); McKague et al. (2017); Pinch & Sunley (2016); Presenza et al. (2019); Sakarya et al. (2012); Sen (2007); Sonne (2012); Urbano et al. (2010); van Slyke & Newman (2006)
	Qualitative	Jia & Desa (2020)
		López-Arceiz et al. (2017)
Networks as a signal to investors	Qualitative	Jayawarna et al. (2020)
	Quantitative	Crescenzo et al. (2020); Lange & Valliere (2020); Meyskens et al. (2010a); Miller & Wesley II (2010)
Networks as a signal to investors		Social enterprises signal ties to popular networks to gain legitimacy
		Participation in (large) social networks and existence of established investors is a positive signal in crowdfunding

Table A2.3 Main findings on the institutional level

Major themes and sub-themes	Method	Articles	Key findings
Cultural factors			
Role of culture in financing strategies	Qualitative	Cheah & Ho (2019)	Partnerships with universities increase chances for social enterprises to acquire financial resources
		Barraket et al. (2019); Cheung et al. (2019); Geobey et al. (2012); Smith & McColl (2016); Sonne (2012); Young & Grinsfelder (2011)	Skills necessary for successful resource acquisition vary by country, sector, and field of social enterprises; Rural and urban social enterprises differ in terms of resource acquisition processes
	Mixed-methods	Jia & Desa (2020)	
	Quantitative	Bernardino et al. (2016)	
	Quantitative	Butticè et al., 2019	Environmental orientation of society positively influences crowdfunding success
Influence of culture on funding success		Hong & Byun (2020)	Collectivist culture positively influences social enterprise funding
		Jancenelle et al. (2019)	Cultural conformity of entrepreneur and home country is not always rewarded
		Chen et al. (2018); Zhao & Lounsbury (2016)	Public opinion about certain topics influences crowdfunding success for social enterprises addressing these topics Religious diversity deters commercial funding flows into micro finance organizations
Economic factors			
Market characteristics	Qualitative	Kistruck et al. (2011)	Mature capital markets facilitate private investments in micro social enterprises

Mixed methods	Quantitative	Bengo et al. (2021); Glänzel & Scheuerle (2016); Pinch & Sunley (2016)	Investment market for social enterprises characterized by disparities in objectives between investors and investees
		Castellas et al. (2018)	Strong market logic encourages commercial and public investment in microfinance
		Zhao & Lounsbury (2016); Popov et al. (2018)	Strong market logic and traditional financing markets hinder social enterprise funding
		Carriles-Alberdi et al. (2021); Cobb et al. (2016); Mendoza-Abarca et al. (2015); Sun & Liang (2021)	Country development status influences social entrepreneurs' resource mobilization strategies (bricolage vs. optimization)
		Desa & Basu (2013)	High degree of economic informality (weak institutional capacity to observe and regulate the economy) decreases access to venture funding
Infrastructure	Qualitative	Martinez et al. (2015)	Wealth of local community influences social enterprises' chances for receiving non-earned income
		Liston-Heyes et al. (2017)	More advisory services, incubators, accelerators and mentoring programs necessary to build capacity and investment readiness and to provide finance for potential social entrepreneurs
		Harris et al. (2013); Owen et al. (2018); Sen (2007); Phillips & Johnson (2021)	Geographical agglomeration of social enterprises beneficial for financing success
		Glänzel & Scheuerle (2016); Pinch & Sunley (2016); Sun & Im (2015)	Technological innovations and Lack of efficient platforms can compensate intermediation lack of intermediaries by offering opportunity to take over intermediary' functions
		Bengo & Arena (2019); Edery (2006); Glänzel & Scheuerle (2016); Lehner & Nicholls (2014); Mazzei & Roy (2017); Walske & Tyson (2015); Zeng (2018)	

	Quantitative	Sahasranamam & Nandakumar (2020)	Presence of socially minded investors critical for market entry of social enterprises
Political and legal factors			
Status quo	Qualitative	Bengo & Arena (2019); Bhatt & Ahmad (2017); Cheah & Ho (2019); Mazzei & Roy (2017); Umfreville & Bonnin (2021)	Governmental support often does not adequately address social enterprises needs and focuses on short-term funding through grants
	Mixed-methods	Hall et al. (2012); Hoyos & Angel-Urdinola (2019); Khieng & Dahles (2015); Mehrotra & Verma (2015); Pelucha et al. (2017)	Especially in developing countries, high reliance on grants and donations instead of repayable investments
	Quantitative	Harding (2007); Thompson et al. (2015)	Policy initiatives to promote social enterprises are more effective in deprived and rural communities than in urban areas
Effect of governmental financial support	Qualitative	Choi (2015); El Kallab & Salloum (2017); Kim & Moon (2017); Oliński (2020); Rey-Martí et al. (2016)	Positive influence of governmental financial support on economic results of social enterprises and, subsequently, on social value creation
	Quantitative	Cheah et al. (2019)	(Government's) Combined financial and non-financial assistance needs to be perceived as relevant to the social enterprise's formal business planning practices to enhance social enterprise's performance
		Choi & Berry (2021)	Government funding has positive effects on social performance and negative effect on economic performance of social enterprises
		Leung et al. (2019)	Government-funded social enterprises are less profitable than social enterprises funded by non-governmental organizations

Regulatory environment		Angulo-Ruiz et al. (2020)	Government-funded social enterprises are less likely to internationalize than non-government funded social enterprises
	Qualitative	Bloom & Chatterji (2009); Stirzaker et al. (2021); Urbano et al. (2010)	Supportive regulatory environment facilitates funding success of social enterprises
	Quantitative	Zhao & Lounsbury (2016) Popov et al. (2018)	Too much regulation hampers investments in social enterprises
	Qualitative	Chan et al. (2019); Lehner (2014); Mswaka & Aluko (2014); Thompson et al. (2018)	
	Quantitative	Chen et al. (2018); Fedele & Miniaci (2010); Harding (2007); Jia (2020); Popov et al. (2018); Satar & John (2019); Stephan et al. (2015)	Absence of systematic regulations such as a designated legal form for social enterprises leads to reduced legitimacy for social enterprises which reduces financing options
	Mixed-methods	Pelucha et al. (2017); Rawhouser et al. (2015)	

Appendix 3: List of final sample (Paper 2)

Article	Scimago ranking	Method	Applied theory/ model	Journal subject area ^a	Source ^b	Definition ^c
Addy, C., Chorengel, M., Collins, M. and Etzel, M. (2019). Calculating the value of impact investing: An evidence-based way to estimate social and environmental returns. <i>Harvard Business Review</i> , 97(1), 102–109.	Q1	Empirical-quantitative	None	Gen & Strat	Data-base ⁺	II: "...directing capital to ventures that are expected to yield social and environmental benefits as well as profits."
Agrawal, A. and Hockerts, K. (2019). Impact investing strategy: Managing conflicts between impact investor and investee social enterprise. <i>Sustainability</i> , 11(15).	Q2	Empirical-qualitative	Institutional logics	Gen & Strat*	Data-base	II: "...pursues the dual goals of creating socio-economic value for the marginalized, and ensuring net positive financial returns."
Alijani, S. and Karyotis, C. (2019). Coping with impact investing antagonistic objectives: A multistakeholder approach. <i>Research in International Business and Finance</i> , 47, 10–17.	Q1	Non-empirical	Stakeholder theory	F&A*	Data-base ⁺	II: "...characterized by 'intentionality', social purpose and the ability to generate maximum social impact in accordance with a risk-investment nexus."
Alvi, F. H. (2021). Social impact investing as a neoliberal construction: ego and altruism in the post-colonial space of Oaxaca,	Q2	Empirical-qualitative	None	IB	Data-base	SII: "... is the practice of measuring investment returns not only with financial metrics but

^a Abbreviations for journal subject areas according to Harzing (2021): Comm = Communication, Entrep = Entrepreneurship, F&A = Finance & Accounting, Gen & Strat = General & Strategy, IB = International Business, OB/OS, HRM, IR = Organization Behavior/Studies, Human Resource Management, Industrial Relations, PSM = Public Sector Management. Not all journals that are included in our sample were listed in Harzing (2021), those that were not included are marked with a "*" in the table. For articles from such journals, we included a subject area according to similar journals.

^b All 53 SJR Q1 articles from our database and journal-driven approach marked with a "+" were used for the seminal work-driven approach.

^c Abbreviations: II = impact investment, SF = social finance, VP = venture philanthropy, SII = social impact investment, VC = venture capital, SI = social investment, SVC = social venture capital.

Mexico. <i>Critical Perspectives on International Business</i> , 18(2), 261–280.						also in the social benefits produced for companies, employees and communities.”
Amicis, L. D., Binenti, S., Q1 Maciel Cardoso, F., Gracia-Lázaro, C., Sánchez, Á. and Moreno, Y. (2020). Understanding drivers when investing for impact: An experimental study. <i>Palgrave Communications</i> , 6(1), 86.	Empiri- cal- quanti- tative	None	Multidis- cipli- nary*	Seminal work	II: “Investments made into compa- nies, organisations, and funds with the intention to gener- ate social and envi- ronmental impact alongside a finan- cial return”.	
Andrikopoulos, A. (2020). Q1 Delineating social finance. <i>International Review of Financial Analysis</i> , 70, 101519.	Non- empiri- cal	Theory of fi- nance	F&A	Data- base ⁺	II: “According to GIIN, impact is a value-laden contri- bution to the solu- tion of a social or environmental problem and in- vestments that are primarily pursued to realize impact are called impact investments.”	SF: “Social finance consists of the network of processes, decisions and institutions that finance production of public goods with participation of the private sector, a fusion often called the “third sector” of the economy”. VP: “Venture philanthropy is impact investing that merges social entrepreneurship

with social finance in a single field. It involves the application of venture capital methods to financing and developing enterprises that pursue social impact along with profit.”

Apostolakis, G., Kraanen, F. and van Dijk, G. (2016). Examining pension beneficiaries’ willingness to pay for a socially responsible and impact investment portfolio: A case study in the Dutch healthcare sector. <i>Journal of Behavioral and Experimental Finance</i> , 11, 27–43.	Q2	Empirical-quantitative	Theory of planned behavior, psychological distance theory, construal-level theory	F&A*	Data-base	II: “We argue that the concept of impact investing is distinct from SRI and often goes a step further and targets investments with the purpose to increase the social value added”
Apostolakis, G., van Dijk, G., Blomme, R. J., Kraanen, F. and Papadopoulos, A. P. (2018). Predicting pension beneficiaries’ behaviour when offered a socially responsible and impact investment portfolio. <i>Journal of Sustainable Finance & Investment</i> , 8(3), 213–241.	Q2	Empirical-quantitative	Theory of planned behavior	F&A*	Data-base /	
Avard, R., Mukuru, M. and Liesner, M. J. (2022). Measuring the women’s economic empowerment generated by impact investing; testing the QuIP method on an investment in Uganda’s cotton sec-	Q2	Empirical-qualitative	Theory of Change	F&A*	Data-base /	

tor. *Journal of Sustainable Finance & Investment*, 12(3), 752-762.

Barber, B. M., Morse, A. and Yasuda, A. (2021). Impact investing. <i>Journal of financial economics</i> , 139(1), 162–185.	Q1	Empirical-quantitative	None	F&A	Data-base ⁺	Impact funds: “...predominantly Venture Capital (VC) and growth equity funds that are structured as traditional private equity funds but with the intentionality that is the hallmark of impact investing.” II: “investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”
Bengo, I., Borrello, A. and Chiodo, V. (2021). Preserving the integrity of social impact investing: Towards a distinctive implementation strategy. <i>Sustainability</i> , 13(5), 2852.	Q2	Empirical-qualitative	None	Gen & Strat*	Data-base	SII: “... a strategy for asset allocation that intentionally finances initiatives that combine a measurable social and environmental impact with economic sustainability.”
Bernal, O., Hudon, M. and Ledru, F.-X. (2021). Are impact and financial returns mutually exclusive? Evidence from publicly-listed impact investments. <i>The Quarterly Review of Economics and Finance</i> , 81, 93–112.	Q2	Empirical-quantitative	None	Economics	Data-base	II: “...are defined by the Global Impact Investing Network (GIIN) as ‘investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return’.”
Berry, J. M. (2016). Negative returns: The	Q1	Empirical-	None	Other*	Data-base ⁺	II: “It combines financial rewards

impact of impact investing on empowerment and advocacy. <i>PS: Political Science & Politics</i> , 49(03), 437–441.		qualitative				with societal benefit, achieving a ‘double bottom line.’”
Bhatt, P. and Ahmad, A. J. (2017). Financial social innovation to engage the economically marginalized: Insights from an Indian case study. <i>Entrepreneurship & Regional Development</i> , 29(5-6), 391–413.	Q1	Empirical-qualitative	Capital theory	Entrep	Seminal work	II: “Impact investments intentionally target ventures that have a specific social and/or environmental objective along with a business model that can generate financial returns”
Biasin, M., Cerqueti, R., Giacomini, E., Marinelli, N., Quaranta, A. G. and Riccetti, L. (2019). Macro asset allocation with social impact investments. <i>Sustainability</i> , 11(11), 3140.	Q2	Empirical-quantitative	Portfolio theory	Gen & Strat*	Data-base	SII: “...require that investors strive for financial success while targeting specific social and environmental needs of society at large - distinct in their focus on investments that are characterized by their deliberative intention to: (i) generate specific positive social impact, and (ii) precisely measure the achievement of their social outcome goals.”
Block, J. H., Hirschmann, M. and Fisch, C. (2021). Which criteria matter when impact investors screen social enterprises? <i>Journal of Corporate Finance</i> , 66.	Q1	Empirical-quantitative	None	F&A	Data-base ⁺	II: “Impact investors pursue financial and social goals. Similar to traditional investors, impact investors aim for market-rate financial returns through the provision of financial assets (e.g., Brest

						and Born, 2013; Louche et al., 2012). However, in addition to these financial goals, impact investors aim for a positive environmental or social impact of their investment (e.g., Brest and Born, 2013; Harji and Jackson, 2012).”
Boni, L., Toschi, L. and Fini, R. (2021). Investors’ aspirations toward social impact: A portfolio-based analysis. <i>Sustainability</i> , 13(9), 5293.	Q2	Empirical-quantitative	None	Gen & Strat*	Seminal / work	
Calderini, M., Chiodo, V. and Michelucci, F. V. (2018). The social impact investment race: Toward an interpretative framework. <i>European Business Review</i> , 30(1), 66–81.	Q1	Empirical-qualitative	None	Gen & Strat	Data-base ⁺	SII: “...is a strategy of asset allocation, which combines financial profitability with a measurable social and environmental impact.”
Caseau, C. and Grolleau, G. (2020). Impact investing: Killing two birds with one stone? <i>Financial Analysts Journal</i> , 76(4), 40–52.	Q1	Non-empirical	None	F&A	Data-base ⁺	II: “...seeking to generate both financial return and social and/or environmental value—while at a minimum returning capital, and, in many cases, offering market rate returns or better” (Harji and Jackson 2012). According to the Global Impact Investing Network (GIIN), impact investments can be defined as “investments made

						with the intention to generate positive, measurable social and environmental impact alongside a financial return” (GIIN 2019).”
Castellas, E. I.-P., Ormiston, J. and Findlay, S. (2018). Financing social entrepreneurship: The role of impact investment in shaping social enterprise in Australia. <i>Social Enterprise Journal</i> , 14(2), 130–155.	Q2	Empirical-mixed methods	Institutional theory	Entrep*	Data-base	II: “... differs therefore from other “positive” investment strategies [...] through its pursuit of blended value and measurable social impact, as opposed to merely mitigating negative externalities (Ormiston et al., 2015).”
Cetindamar, D. and Ozkazanc-Pan, B. (2017). Assessing mission drift at venture capital impact investors. <i>Business Ethics: A European Review</i> , 26(3), 257–270.	Q1	Empirical-qualitative	Institutional logics	OB/OS, HRM/IR	Data-base ⁺	II: “...range from financial-first investors, where the main mission is financial return, to impact-first investors, whose main mission is social return, as representative of two ends of the investment spectrum (Freireich & Fulton, 2009).” VC: “In our study, the focus is VC impact investors, which we categorize as such based on their intended aims to balance both financial and social missions or prioritize the social

						mission over the financial one.”
Chen, S. and Harrison, R. (2020). Beyond profit vs. purpose: Transactional-relational practices in impact investing. <i>Journal of Business Venturing Insights</i> , 14, e00182.	Q1	Empirical-mixed methods	None	Entrep	Data-base ⁺	II: “...investment made with the intention to generate positive, measurable social and environmental impact alongside a financial return”
Chiu, I. H. Y. and Greene, E. F. (2019). The marriage of technology, markets and sustainable (and) social finance: Insights from ICO markets for a new regulatory framework. <i>European Business Organization Law Review</i> , 20(1), 139–169.	Q2	Non-empirical	None	Other*	Data-base	SF: “...which relates to how finance can be raised to fund projects that deliver on sustainable goals or making social changes...”
Cobb, J. A., Wry, T. and Zhao, E. Y. (2016). Funding financial inclusion: Institutional logics and the contextual contingency of funding for microfinance organizations. <i>Academy of Management Journal</i> , 59(6), 2103–2131.	Q1	Empirical-quantitative	Institutional logics	Gen & Strat	Journal ⁺	/
Cohen, D. and Rosenman, E. (2020). From the school yard to the conservation area: Impact investment across the nature/social divide. <i>Antipode</i> , 52(5), 1259–1285.	Q1	Empirical-qualitative	Theory of ideology	Sociology	Data-base ⁺	II: “...a new, “moral” financial system where investor dollars fund socio-environmental repair while simultaneously generating financial returns.”
Croce, A., Ughetto, E., Scellato, G. and Fontana, F. (2021). Social impact venture capital investing: an explorative study.	Q1	Empirical-quantitative	None	F&A*	Seminal work	SII: “SI investments can be conceptualized as investments that strive to achieve a measurable social impact

<i>Venture Capital</i>, 23(4), 345–369.					(i.e., social, economic, cultural or environmental) alongside a financial return, which can range from the repayment of capital to a risk-adjusted market rate of return (Arena et al. 2018)”.
Endsor, C., Debney, A. and Q1 Withers, O. (2020). Could impact investing catalyse an ecosystem wide recovery for native oysters and native oyster beds? Lessons learned from the Zoological Society of London's Rhino Impact Investment Bond that could shape the future of oyster restoration. <i>Aquatic Conservation: Marine and Freshwater Ecosystems</i>, 30(11), 2066–2075.	Empiri- cal- qualita- tive	Theory of change	Other*	Data- base⁺	II: “... is a form of capital investment that seeks to generate social and/or environmental benefits while simultaneously delivering a financial return (Impact Investing: An Introduction, 2019). While there is a financial motivation for the investment, there is also a desire to create measurable societal and/or environmental outcomes.”
Evans, M. (2013). Meeting Q2 the challenge of impact investing: How can contracting practices secure social impact without sacrificing performance? <i>Journal of Sustainable Finance & Investment</i>, 3(2), 138–154.	Non- empiri- cal	Contract F&A* theory, princi- pal- agent theory		Data- base	II: “...investing for financial return and positive impact on the economy, community or environment. ‘impact-first’ impact investors sacrifice financial return relative to the return obtained by traditional investors for a given investment risk, while ‘finance-

						first' impact investors do not (Joy, de Las Casas, and Rickey 2011, 11)."
Findlay, S. and Moran, M. (2019). Purpose-washing of impact investing funds: Motivations, occurrence and prevention. <i>Social Responsibility Journal</i> , 15(7), 853–873.	Q2	Empirical-quantitative	None	OB/OS, HRM/IR*	Data-base	II: "... are those that intentionally target specific social objectives along with a financial return and measure the achievement of both (SIIT, 2014a)."
Geczy, C., Jeffers, J. S., Musto, D. K. and Tucker, A. M. (2021). Contracts with (social) benefits: The implementation of impact investing. <i>Journal of financial economics</i> , 142(2), 697–718.	Q1	Empirical-quantitative	Contract theory, braiding theory	F&A	Data-base ⁺	II: "What sets impact investing apart from conventional private equity (PE) or venture capital (VC) investing is the addition of a social-benefit goal alongside the goal of financial performance."
Geobey, S. and Weber, O. (2013). Lessons in operationalizing social finance: The case of Vancouver City Savings Credit Union. <i>Journal of Sustainable Finance & Investment</i> , 3(2), 124–137.	Q2	Empirical-qualitative	None	F&A*	Data-base	SF: "... can be defined as 'the application of tools, instruments and strategies where capital deliberately and intentionally seeks a blended value (economic, social and/or environmental) return' (Harji and Hebb 2009)."
						II: "... is defined by the Canadian Task Force on Social Finance (2010) as 'the active investment of capital in businesses and funds that generate

						positive social and/or environmental impacts, as well as financial returns (from principal to above market rate) to the investor’.”
Geobey, S., Westley, F. R. and Weber, O. (2012). Enabling social innovation through developmental social finance. <i>Journal of Social Entrepreneurship</i> , 3(2), 151–165.	Q2	Empirical-qualitative	Resilience theory, adaptive cycle, theory of change, portfolio theory	Entrep*	Data-base	II: “... are ‘intended to create positive impact beyond financial return’ (O’Donohoe et al. 2010, p. 5). The goal for impact investors is to channel financial capital towards activities that are designed to produce socially and environmentally sustainable impacts (Buttle 2007, Weber 2006), but that can also offer some minimum financial returns.”
Glänzel, G. and Scheuerle, T. (2016). Social impact investing in Germany: Current impediments from investors’ and social entrepreneurs’ perspectives. <i>Voluntas</i> , 27(4), 1638–1668.	Q2	Empirical-qualitative	Institutional logics	PSM	Data-base	II: “... refers to proactively pursuing social and ecological together with financial goals.”
Gordon, B. L., Kowal, V. A., Khadka, A., Chaplin-Kramer, R., Roath, R. and Bryant, B. P. (2019). Existing accessible modeling tools offer limited support to evaluation of impact investment in rangeland ecosystem services.	Q1	Empirical-quantitative	None	Other*	Data-base ⁺	II: “... which is more broadly focused on environmental and social returns in addition to expected financial gains (Brest and Born, 2013)”

Gordon, J. (2014). A stage model of venture philanthropy. <i>Venture Capital</i> , 16(2), 85–107.	Q1	Empirical-qualitative	None	F&A*	Data-base	/
Haigh, M. (2006). Social investment: Subjectivism, sublation and the moral elevation of success. <i>Critical Perspectives on Accounting</i> , 17(8), 989–1005.	Q1	Empirical-mixed methods	Institutional theory	F&A	Data-base ⁺	/
Hailey, J. and Salway, M. (2016). New routes to CSO sustainability: The strategic shift to social enterprise and social investment. <i>Development in Practice</i> , 26(5), 580–591.	Q2	Non-empirical	None	Economics*	Data-base	SI: “... is the use of repayable finance to deliver social impact as well as financial return.”
Hazenbergh, R., Seddon, F. and Denny, S. (2015). Intermediary perceptions of investment readiness in the UK social investment market. <i>Voluntas</i> , 26(3), 846–871.	Q2	Empirical-qualitative	None	PSM	Data-base	SI/II: “‘Social Investment’, sometimes also called ‘Impact Investment’, ultimately seeks to provide finance to social ventures (either debt or equity finance) with an expectation that a social as well as financial return will be generated (Brown and Norman 2011).”
Hehenberger, L., Mair, J. and Metz, A. (2019). The assembly of a field ideology: An idea-centric perspective on systemic power in impact investing. <i>Academy of Management Journal</i> , 62(6), 1672–1704.	Q1	Empirical-qualitative	Institutional theory	Gen & Strat	Data-base ⁺	II: “... has been defined and commonly understood as “investing with the intention to generate positive, measurable social and environmental impact alongside a

						financial return.” (GIIN)”
Höhnke, N. and Homölle, S. (2021). Impact investments, evil investments, and something in between: Comparing social banks' investment criteria and strategies with depositors' investment preferences. <i>Business Ethics, the Environment & Responsibility</i> , 30(3), 287–310.	Q1	Mixed-methods	Regulatory focus theory	OB/OS, HRM/IR	Data-base ⁺	Social Bank: “Conventional banks concentrate on economic value, whereas social banks additionally aim to create non-economic (e.g., social and environmental) value.”
Holtslag, M., Chevrollier, N. and Nijhof, A. (2021). Impact investing and sustainable market transformations: The role of venture capital funds. <i>Business Ethics, the Environment & Responsibility</i> , 30(4), 522–537.	Q1	Empirical-qualitative	None	OB/OS, HRM/IR	Data-base ⁺	II: “The Global Impact Investing Network (GIIN, 2018) define impact investing as “investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return” (p. 1).”
Islam, S. M. and Scott, T. (2022). Current demand and supply of impact investments across different geographic regions, sectors, and stages of business: Match or mismatch? <i>Australian Journal of Management</i> , 47(4), 686-704.	Q2	Empirical-quantitative	None	Gen & Strat	Data-base	II: “Generally, impact investing refers to investments made into companies, projects, and/or funds to generate measurable positive social and/or environmental impact alongside generating financial returns”.
Jabłoński, A. and Jabłoński, M. (2021). Impact investing in	Q2	Empirical-quantitative	None	Economics*	Data-base	II: “The key assumption of the Impact Investment concept is that it is a

digital business models. <i>Energies</i> , 14(18), 5785.						typical form of investment aimed at generating financial profit while taking social effects into account.”
Jackson, E. T. (2013). Interrogating the theory of change: Evaluating impact investing where it matters most. <i>Journal of Sustainable Finance & Investment</i> , 3(2), 95–110.	Q2	Non-empirical	Theories of change	F&A*	Data-base	II: “...mobilizing capital for ‘investments intended to create positive social impact beyond financial return’ (Brandenburg and Jackson 2012; Freireich and Fulton 2009). Two key components of this definition are, first, the intent of the investor to achieve such impacts, and, second, tangible evidence of the impacts themselves.”
Jafri, J. (2019). When billions meet trillions: Impact investing and shadow banking in Pakistan. <i>Review of International Political Economy</i> , 26(3), 520–544.	Q1	Non-empirical	None	Economics*	Data-base ⁺	II: “Both impact investors and philanthropists assume that their capital will generate some degree of financial return, but there are two key differences between impact investing and philanthropism: intent and measurement.”
Jia, X. (2020). Priming the pump of impact entrepreneurship and social finance in China. <i>Agriculture and Human Values</i> , 37(4), 1293–1311.	Q1	Empirical-quantitative	None	Other*	Data-base ⁺	II: “... pans a large number of diverse types of capital that create social or environmental value with clear intentionality as well

						as returning invested capital to the investor (Bugg-Levine and Emerson 2011).”
Jia, X. and Desa, G. (2020). Social entrepreneurship and impact investment in rural–urban transformation: An orientation to systemic social innovation and symposium findings. <i>Agriculture and Human Values</i> , 37(4), 1217–1239.	Q1	Empirical-mixed methods	None	Other*	Data-base ⁺	II: “... with the intention to generate social and environmental impact alongside a financial return by 2017 (GIIN 2018).”
Kish, Z. and Fairbairn, M. (2018). Investing for profit, investing for impact: Moral performances in agricultural investment projects. <i>Environment and Planning A: Economy and Space</i> , 50(3), 569–588.	Q1	Empirical-qualitative	Theoretical lens of performativity	PSM	Seminal work	II: “... These investors, who range from nonprofit venture philanthropy funds to profit-seeking social enterprises, are distinguished by their pursuit of social and environmental impact alongside financial returns.”
Lall, S. (2019). From legitimacy to learning: How impact measurement perceptions and practices evolve in social enterprise–social finance organization relationships. <i>Voluntas</i> , 30(3), 562–577.	Q2	Empirical-qualitative	None	PSM	Data-base	SF: “...to drive more capital to social enterprises, using a variety of existing and new financial instruments such as impact investing (Glanzel and Scheurle 2016), philanthropic venture capital (Scarlata and Alemany 2010) and venture philanthropy (Gordon 2014).” “Social enterprise and social finance

						are intrinsically linked by their use of market-based principles to achieve social (or environmental) objectives. Thus, producing measurable social impact lies at the heart of this relationship, as acknowledged by some scholars studying both phenomena.”
Langley, P. (2020). The folds of social finance: Making markets, remaking the social. <i>Environment and Planning A: Economy and Space</i> , 52(1), 130–147.	Q1	Non-empirical	None	PSM	Data-base ⁺	SF: “... refers to a set of investment structures – typically providing capital for social enterprises, not-for-profits and mutual organizations operating in the ‘social economy’ across Global North and Global South (see Amin, 2009) – that feature measurable targets for social impact alongside calculations of returns on investment.”
Leborgne-Bonassié, M., Coletti, M. and Sansone, G. (2019). What do venture philanthropy organisations seek in social enterprises? <i>Business Strategy and Development</i> , 2(4), 349–357.	Q2	Empirical-qualitative	None	IB*	Data-base	VP: “... is also referred to as impact investment (Di Lorenzo & Scarlata, 2018). According to the European Venture Philanthropy Association (EVPA), venture philanthropy is a high-engagement and long-term

						commitment to generate impact through tailored financing, organisational support, and impact measurement and management.”
Lee, M., Adbi, A. and Singh, J. (2020). Categorical cognition and outcome efficiency in impact investing decisions. <i>Strategic Management Journal</i> , 41(1), 86–107.	Q1	Empirical-quantitative	None	Gen & Strat	Data-base ⁺	II: “specifically seeks to support hybrid organizations by constructing investment portfolios to jointly optimize financial and social outcomes (Barber, Morse, & Yasuda, 2018; Hong & Kostovetsky, 2012).”
Lehner, O. and Nicholls, A. (2014). Social finance and crowdfunding for social enterprises: A public–private case study providing legitimacy and leverage. <i>Venture Capital</i> , 16(3), 271–286.	Q1	Empirical-qualitative	None	F&A*	Data-base ⁺	II: “... comprise the intentional creation of social and/or environmental impact alongside of financial returns (Brandstetter and Lehner, 2015; Daggers and Nicholls, 2017; Harji and Jackson, 2012).”
Lehner, O., Harrer, T. and Quast, M. (2019). Building institutional legitimacy in impact investing. <i>Journal of Applied Accounting Research</i> , 20(4), 416–438.	Q2	Empirical-qualitative	Legitimacy theory	F&A*	Data-base	II: “... are ‘intended to create positive impact beyond financial return’ (O’Donohoe et al. 2010)”
León, T., Liern, V. and Pérez-Gladish, B. (2019). A multicriteria assessment model for countries’ degree of	Q1	Empirical-quantitative	None	Gen & Strat	Data-base ⁺	II: “... are distinguished by their deliberate intention to generate specific positive impact,

preparedness for successful impact investing. <i>Management Decision</i> , 58(11), 2455–2471.						which includes an articulation of the societal challenge they are seeking to address, as well as measurement of progress against such social or environmental goals.”
López-Arceiz, F. J., Bellostas, A. J. and Rivera-Torres, P. (2017). Social investment in Spain: How do solidarity mutual funds decide the allocation of solidarity funding between social economy organizations? <i>Annals of Public and Cooperative Economics</i> , 88(4), 519–542.	Q2	Empirical-quantitative	None	Economics	Data-base	SI: “This type of funding can be described as consisting of a range of activities designed to motivate and mobilize business leaders to become a force toward positive change in business practices for the benefit of stakeholders (Dillenburger et al. 2003).”
Lyon, F. and Owen, R. (2019). Financing social enterprises and the demand for social investment. <i>Strategic Change</i> , 28(1), 47–57.	Q2	Empirical-quantitative	Pecking order theory	Gen & Strat	Data-base	SI: “These funds are financed by investors that seek opportunities to lend to organizations that create social value at the same time as generating a financial return (Nicholls, 2010) and range from financing programmes that offer subsidized loans for organizations with social values to forms of philanthropic venture capital.”
Mangram, M. E. (2018). “Just Married”—Clean energy and impact	Q2	Empirical-	None	F&A*	Data-base	II: “... includes investments made with the intention

investing: A new ‘impact class’ and catalyst for mutual growth. <i>The Journal of Alternative Investments</i> , 20(4), 36–50.		quantitative				of generating measurable social and environmental impact alongside a financial return”
Mayer, J. and Scheck, B. (2018). Social investing: What matters from the perspective of social enterprises? <i>Nonprofit and Voluntary Sector Quarterly</i> , 47(3), 493–513.	Q1	Empirical-quantitative	Principal-agency theory, stewardship theory	PSM	Data-base ⁺	SVC: “They use equity and equity-like capital as financing instruments and aim to maximize the social impact of their investments besides striving for a certain rate of financial return (John, 2006).”
Medda, F. and Lipparini, F. (2021). Impact investment for urban cultural heritage. <i>City, Culture and Society</i> , 26, 100413.	Q1	Empirical-qualitative	None	PSM*	Data-base ⁺	II: “Sometimes called social finance include those “investments made with the intention to generate positive, measurable social and environmental impacts alongside a financial return”
Mendell, M. and Barbosa, E. (2013). Impact investing: A preliminary analysis of emergent primary and secondary exchange platforms. <i>Journal of Sustainable Finance & Investment</i> , 3(2), 111–123.	Q2	Empirical-qualitative	None	F&A*	Data-base	II: “... investments that create a positive social, environmental and economic impact, while generating financial return.”
Mersland, R., Nyarko, S. A. and Sirisena, A. B. (2020). A hybrid approach to international market selection: The case of impact investing organizations.	Q1	Empirical-quantitative	None	IB	Data-base ⁺	II: “Generally, impact investing organizations invest with a dual motive: generating social impact and earning financial returns (Ashta, 2012).”

Michelucci, F. V. (2017). Social impact investments: Does an alternative to the Anglo-Saxon paradigm exist? <i>Voluntas</i> , 28(6), 2683–2706.	Q2	Empirical-qualitative	Network theory	PSM	Data-base	II: “Investments that aim to solve social or environmental challenges while generating profit”
Miller, T. L. and Wesley II, C. L. (2010). Assessing mission and resources for social change: An organizational identity perspective on social venture capitalists' decision criteria. <i>Entrepreneurship Theory and Practice</i> , 34(4), 705–733.	Q1	Empirical-quantitative	Organizational identity theory	Entrep	Seminal work	SVC: „Social venture capital (also called patient capital or venture philanthropy) uses a new model for funding social ventures. Like commercial venture capital, this model allows the entrepreneur to exchange involvement in the operations for continued funding as SVCs often invest through equity in the early stages of social ventures using limited liability corporations or partnerships (Pepin, 2005; RISE, 2003). Also similar to traditional venture capital funding, SVCs earn a rate of return between 21 and 35% for their investment, yet for SVCs the return is also social (Pepin; RISE, p. 28).”
Mitchell, K. (2017). Metrics millennium: Social impact investment	Q1	Non-empirical	None	Sociology*	Data-base ⁺	SII: “... is the provision of finance to

and the measurement of value. <i>Comparative European Politics</i> , 15(5), 751–770.						generate social and financial returns.”
Mogapi, E. M., Sutherland, M. M. and Wilson-Prangley, A. (2019). Impact investing in South Africa: Managing tensions between financial returns and social impact. <i>European Business Review</i> , 31(3), 397–419.	Q1	Empirical-qualitative	Contin-gency theory, paradox theory, institutional logics	Gen & Strat	Data-base ⁺	II: “... is most often differentiated from other types of investment by the more proactive focus on and measurement of, positive social and/or environmental impact (UKSIF, 2013) on the smaller size of investments and their often unlisted nature (Hochstadter and Scheck, 2015).”
Mollinger-Sahba, A., Flatau, P., Schepis, D. and Purchase, S. (2020). New development: Complexity and rhetoric in social impact investment. <i>Public Money & Management</i> , 40(3), 250–254.	Q2	Non-empirical	Socio-logical theory	PSM	Data-base	SII: “...private investors receive both financial and measured social returns.”
Moody, M. (2008). “Building a culture”: The construction and evolution of venture philanthropy as a new organizational field. <i>Nonprofit and Voluntary Sector Quarterly</i> , 37(2), 324–352.	Q1	Empirical-qualitative	Institutional theory, legitimacy theory, institutional logics	PSM	Data-base ⁺	VP: “venture philanthropy grantmakers borrows the venture capital funding model, which has been used so successfully to nurture and grow start up businesses in the “new economy,” and adopt and adapt the model for philanthropic funding.”

Moore, M.-L., Westley, F. R. and Brodhead, T. (2012). Social finance intermediaries and social innovation. <i>Journal of Social Entrepreneurship</i> , 3(2), 184–205.	Q2	Empirical-qualitative	Social transitions theory	Entrep*	Data-base	SF: "... a mode of managing financial capital for social and environmental benefits (Canadian Task Force on Social Finance 2010) – serves as a mechanism for channeling private capital towards social innovation. Social finance includes a spectrum of approaches, such as impact investing, government finance (such as social impact bonds), and mission-related philanthropic investment."
Motta, W. and Dini, P. (2017). Self-funded social impact investment: An interdisciplinary analysis of the sardex mutual credit system. <i>Journal of Social Entrepreneurship</i> , 8(2), 149–164.	Q2	Empirical-qualitative	Monetary theory	Entrep*	Data-base	SII: "...is usually discussed in the context of a group of investors acting as third parties that set financial and social targets for a group of investees, who are expected to implement sustainable social and financial targets in a community."
Nicholls, A. (2010). The institutionalization of social investment: The interplay of investment logics and investor rationalities. <i>Journal of Social Entrepreneurship</i> , 1(1), 70–100.	Q2	Non-empirical	Institutional logics, Weberian theory	Entrep*	Data-base	/ (conceptualization of diverse concepts of social investment, impact investment etc., no clear definition given)
Novak, P. K., Amicis, L. D. and Mozetič, I. (2018). Impact investing market on Twitter:	Q1	Empirical-quantitative	None	Other*	Data-base ⁺	II: "The goal of impact investment is to generate social and environmental

Influential users and communities. <i>Applied Network Science</i> , 3(1), 40.						impact alongside a financial return.”
Onishi, T. (2019). Venture philanthropy and practice variations: The interplay of institutional logics and organizational identities. <i>Nonprofit and Voluntary Sector Quarterly</i> , 48(2), 241–265.	Q1	Empirical-quantitative	Institutional logics	PSM	Data-base ⁺ /	
Ormiston, J., Charlton, K., Donald, M. S. and Seymour, R. G. (2015). Overcoming the challenges of impact investing: Insights from leading investors. <i>Journal of Social Entrepreneurship</i> , 6(3), 352–378.	Q2	Empirical-qualitative	None	Entrep*	Data-base	II: “...new form of investment activity [...] that focuses explicitly on creating value for society (social, economic, cultural and/or environmental) as well as delivering financial returns for investors (Addis, McLeod, and Raine 2013; Brown and Swersky 2012; Nicholls 2010b; O’Donohoe et al. 2010; Spitzer, Emerson, and Harold 2007).” “Simply screening investments does not indicate impact investment as this lacks the explicit intention to generate measurable social impact.”
Pascal, N., Brathwaite, A., Bladon, A., Claudet, J. and Clua, E. (2021). Impact investment in marine conservation.	Q1	Empirical-qualitative	None	Other*	Data-base ⁺	II: “...which is defined by the Global Impact Investing Network (GIIN) as “investments made

<i>Ecosystem Services</i> , 48, 101248.					into companies, organizations, and funds with the intention to generate social and environmental impact alongside financial return” (GIIN, 2016).”	
Phillips, S. D. and Johnson, B. (2021). Inching to impact: The demand side of social impact investing. <i>Journal of Business Ethics</i> , 168(3), 615–629.	Q1	Empirical-qualitative	None	OB/OS, HRM/IR	Data-base ⁺	SII: “... in addition to a social return, the capital is repayable, and a financial return to the investor is possible (Daggers and Nicholls 2017, p. 69).”
Quinn, Q. C. and Munir, K. A. (2017). Hybrid categories as political devices: The case of impact investing in frontier markets. <i>Research in the Sociology of Organizations</i> , 51, 113–150.	Q1	Empirical-qualitative	None	Sociology	Data-base ⁺	II: “... refers to the use of investment capital to help solve social or environmental problems around the world with the expectation of financial returns.”
Reeder, N., Colantonio, A., Loder, J. and Jones, G. R. (2015). Measuring impact in impact investing: An analysis of the predominant strength that is also its greatest weakness. <i>Journal of Sustainable Finance & Investment</i> , 5(3), 136–154.	Q2	Empirical-qualitative	None	F&A*	Data-base	II: ““investment with the intent to create measurable social or environmental benefits in addition to financial return’, according to Wood, Thornley, and Grace 2013”
Reisman, J., Olazabal, V. and Hoffman, S. (2018). Putting the “impact” in impact investing: The rising demand for data and evidence of social outcomes. <i>American</i>	Q1	Non-empirical	None	PSM	Data-base ⁺	II: “With a dual focus of generating good at the same time as financial returns ...”

Rizzi, F., Pellegrini, C. and Q1 Battaglia, M. (2018). The structuring of social finance: Emerging approaches for supporting environmentally and socially impactful projects. <i>Journal of Cleaner Production</i> , 170, 805–817.	Empiri- cal- qualita- tive	Structu- ration theory, insti- tu- tional theory	Gen & Strat*	Data- base ⁺	SF: “... defines the set of alternative lending and invest- ment approaches for financing pro- jects and ventures, requiring to gener- ate both positive impacts on society, the environment, or sustainable de- velopment, along with financial re- turns (Weber and Duan, 2012; Bishop and Green, 2010; Nicholls, 2010a,b; Emerson and Spitzer, 2007).”
Rosenman, E. (2019). The Q1 geographies of social finance: Poverty regulation through the ‘invisible heart’ of markets. <i>Progress in Human Geography</i> , 43(1), 141–162.	Non- empiri- cal	None	Sociol- ogy	Data- base ⁺	SF: “In social fi- nance, the word social refers to the object of financial investment – broadly, social goods or programs that seek to reduce poverty. Invest- ment opportunities focus on projects that address a spe- cific social need, including many that were once the province of the welfare state: edu- cation, subsidized housing, low-in- come healthcare, and anti-recidivism programs.” SII: “Social impact investments are

						private investments made in a social finance fund or intermediary institution like Calvert Impact Capital; in turn, these entities make loans to nonprofit organizations or social enterprises.”
Roundy, P. T. (2019). Regional differences in impact investment: A theory of impact investing ecosystems. <i>Social Responsibility Journal</i> , 16(4), 467–485.	Q2	Non-empirical	Framework of ecosystem	OB/OS, HRM/IR*	Data-base	II: “... a type of values-based investing that combines financial investment with philanthropic goals.”
Roundy, P. T., Holzhauer, H. M. and Dai, Y. (2017). Finance or philanthropy? Exploring the motivations and criteria of impact investors. <i>Social Responsibility Journal</i> , 13(3), 419–512.	Q2	Empirical-qualitative	None	OB/OS, HRM/IR*	Data-base	II: “... is said to combine “philanthropic objectives with mainstream financial decision making” (Hochstadter and Scheck, 2015).”
Rubin, J. S. (2009). Developmental venture capital: conceptualizing the field. <i>Venture Capital</i> , 11(4), 335–360.	Q1	Non-empirical	None	F&A*	Seminal work	SVC: “... invest in companies that manufacture or sell socially beneficial products and/or utilize a progressive management approach that benefits employees and customers. Some SVC funds also invest in companies created to provide revenue for nonprofit organizations or otherwise pursue primarily social objectives.”

Ryder, P. and Vogeley, J. (2018). Telling the impact investment story through digital media: An Indonesian case study. <i>Communication Research and Practice</i> , 4(4), 375–395.	Q1	Empirical-qualitative	New critical theory, rhetorical theory, Goffman's framing theory	Comm*	Data-base ⁺	II: ““an investment approach that intentionally seeks to create both financial and positive social or environmental impact that is actively measured’ (Koh, Karachandani, & Katz, 2013).”
Scarlata, M. and Alemany, L. (2010). Deal structuring in philanthropic venture capital investments: Financing instrument, valuation and covenants. <i>Journal of Business Ethics</i> , 95(S2), 121–145.	Q1	Empirical-mixed methods	Agency theory	OB/OS, HRM/IR	Data-base ⁺	PhVC: “...is a financing option available for social enterprises that, like traditional venture capital, provides capital and value added services to portfolio organizations. Differently from venture capital, PhVC has an ethical dimension as it aims at maximizing the social return on the investment.”
Scarlata, M., Gil, L. A. and Zacharakis, A. (2012). Philanthropic venture capital: Venture capital for social entrepreneurs? <i>Foundations and Trends® in Entrepreneurship</i> , 8(4), 279–342.	Q1	Empirical-mixed methods	None	Entrep*	Data-base ⁺	VP: “... a sub-set of impact investing that adopts the investing practices of traditional venture capital (VC) to fund social enterprises (Letts, Ryan, and Grossman 1997; Scarlata, Walske, and Zacharakis 2017). VP investors select investments with growth potential, supply capital, monitor and add

						value to their portfolio of investments during the process and exit after a multi-year investment period.”
Scarlata, M., Zacharakis, A. and Walske, J. (2016). The effect of founder experience on the performance of philanthropic venture capital firms. <i>International Small Business Journal</i> , 34(5), 618–636.	Q1	Empirical-quantitative	Human capital theory	Entrep	Data-base ⁺	PhVC: “... is a new and innovative funding approach for social enterprises (SEs). PhVC applies the traditional venture capital (TVC) investment model (Gompers and Lerner, 2001; Tyebjee and Bruno, 1984) to the funding needs of SEs (Letts et al., 1997; Scarlata and Alemany, 2010). PhVC firms seek investments that are efficient, economically sustainable, and have measureable social impact.”
Scarlata, M., Alemany, L. and Zacharakis, A. (2021). A Gendered View of Risk Taking in Venture Philanthropy. <i>Journal of Social Entrepreneurship</i> , in press, doi: 10.1080/19420676.2021.1924840.	Q2	Empirical-quantitative	Gender role congruity theory	Entrep*	Data-base	VP: “... a sub-set of impact investing that adopts the investing practices of traditional venture capital (VC) to fund social enterprises (Letts, Ryan, and Grossman 1997; Scarlata, Walske, and Zacharakis 2017)”.
Schrötgens, J. and Boenigk, S. (2017). Social impact investment behavior in the nonprofit sector: First insights from	Q2	Empirical-quantitative	Multi-attribute utility theory	PSM	Data-base	SII: “... targets mainly nonprofit organizations and social enterprises and provides

an online survey experiment. <i>Voluntas</i> , 28(6), 2658–2682.						“...finance to organizations addressing social needs with the explicit expectation of a measurable social, as well as financial, return” in a defined set of sectors, such as education and unemployment (OECD 2015, p. 13).”
Serrano-Cinca, C. and Gutiérrez-Nieto, B. (2013). A decision support system for financial and social investment. <i>Applied Economics</i> , 45(28), 4060–4070.	Q2	Empirical-qualitative	None	Economics	Data-base	SF: “... is the use of finance to achieve a positive impact on society and the environment (Weber and Duan, 2012). It includes topics such as social banking, socially responsible investment, Social Venture Capital (SVC) or micro-finance.”
Shelby, C. M. (2021). Profiting from our pain: Privileged access to social impact investing. <i>California Law Review</i> , 109(4), 1261-1315.	Q1	Non-empirical	None	PSM*	Data-base ⁺	SII: “... seek to positively impact the environment or society at large, while simultaneously yielding a return for underlying investors.”
Spiess-Knafl, W. and Aschari-Lincoln, J. (2015). Understanding mechanisms in the social investment market: What are venture philanthropy funds financing and how? <i>Journal of Sustainable Finance & Investment</i> , 5(3), 103–120.	Q2	Empirical-quantitative	Non-profit theory of finance	F&A*	Data-base	VP: “Such funds use a venture capital-like approach, as they offer not only financial support but also access to their networks, consulting services, and other nonfinancial support. Venture philanthropy funds are

						social investors that apply an approach similar to venture capitalists (Letts, Ryan, and Grossman 1997; McWade 2012): they have a reduced number of portfolio companies, use a high engagement approach, and provide nonfinancial support such as management consulting to support and finance social enterprises (John 2006, 2007; Achleitner 2007).”
Stephens, P. (2021a). Social finance for sustainable food systems: Opportunities, tensions and ambiguities. <i>Agriculture and Human Values</i> , 38(4), 1123–1137.	Q1	Empirical-qualitative	Grounded theory	Other	Data-base ⁺	SF: “Social financiers seek out social innovations that they believe will deliver strong social, ecological, and financial returns.”
Stephens, P. (2021b). Social finance investing for a resilient food future. <i>Sustainability</i> , 13(12), 6512.	Q2	Empirical-qualitative	None	Gen & Strat*	Data-base	SF: “...where social and ecological returns are sought alongside financial returns”
Tekula, R. and Andersen, K. (2019). The role of government, nonprofit, and private facilitation of the impact investing marketplace. <i>Public Performance & Management Review</i> , 42(1), 142–161.	Q1	Non-empirical	None	PSM*	Data-base ⁺	II: “... is an active, intentional selection of investments in projects, funds, or companies that are projected to create measurable economic, social, or environmental impacts, while earning a relatively attractive financial return.”

Verkerk, M. J. (2013). Social entrepreneurship and impact investing. <i>Philosophia Reformata</i> , 78(2), 209–221.	Q2	Non-empirical	None	Sociology*	Data-base	II: “...investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return (...) and target a range of returns from below market to market rate, depending upon the circumstances.”
Viviani, J.-L. and Maurel, C. (2019). Performance of impact investing: A value creation approach. <i>Research in International Business and Finance</i> , 47, 31–39.	Q1	Non-empirical	None	F&A	Data-base ⁺	II: “... summarized as investment in enterprises with a double (and even triple) purpose, both social and financial”
Viviers, S. and Villiers, J. de (2022). Impact investments that have stood the test of time: Historical homes of South Africa (1966-2020). <i>Journal of Sustainable Finance & Investment</i> , 12(4), 1009–1026.	Q2	Empirical-qualitative	Legitimacy Theory	F&A*	Data-base	II: “Broadly speaking, the term refers to an investment that is made with the intention of generating a positive, measurable social and/or environmental impact alongside a financial return (Brandstetter and Lehner 2015; Global Impact Investing Network 2020a).”
Vo, A. T., Christie, C. A. and Rohanna, K. (2016). Understanding evaluation practice within the context of social investment. <i>Evaluation</i> , 22(4), 470–488.	Q1	Empirical-mixed methods	Theories of change	PSM	Data-base ⁺	SII: “... the use of private investment to fund social programs in various public welfare sectors.”

Watts, N. and Scales, I. R. (2020). Social impact investing, agriculture, and the financialisation of development: Insights from sub-Saharan Africa. <i>World Development</i> , 130, 104918.	Q1	Empirical-qualitative	Cultural-political economy approach	Economics	Data-base ⁺	SII: "... understood and implemented in different ways by different actors, but is defined by the Global Impact Investing Network (GIIN) as investments made into 'companies, organizations and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return' (GIIN, 2017)."
Wong, M. C. S. and Yap, R. C. Y. (2019). Social impact investing for marginalized communities in Hong Kong: Cases and issues. <i>Sustainability</i> , 11(10), 2831.	Q2	Empirical-qualitative	Maslow's theory of hierarchy of needs	Gen & Strat*	Data-base	SII: "... aims to generate financial returns plus non-financial impact including social, environmental or cultural impact." "...SII projects are able to provide evidence on their social impacts."
Wood, D., Thornley, B. and Grace, K. (2013). Institutional impact investing: Practice and policy. <i>Journal of Sustainable Finance & Investment</i> , 3(2), 75–94.	Q2	Empirical-qualitative	None	F&A*	Data-base	II: "... investing that intentionally seeks targeted positive social impact as well as financial returns"
Zolfaghari, B. and Hand, G. (2023). Impact investing and philanthropic foundations: strategies deployed when aligning fiduciary duty and social mission. <i>Journal of Sustainable Finance & Investment</i> , 13(2), 962-989.	Q2	Empirical-qualitative	None	F&A*	Data-base	II: "Impact investing is made with the intention of bringing about measurable positive social and environmental impacts whilst providing financial

returns (Bugg-Levine and Emerson 2011)”.

Appendix 4: Summary of excluded articles (Paper 2)

Table A4.1 List of excluded Q3/Q4 articles

Article	Scimago ranking	Method	Journal subject area ^a	Source
Aggarwala, R. T. and Frasc, C. A. (2017). The philanthropy as one big impact investment: A framework for evaluating a foundation's blended performance. <i>The Foundation Review</i> , 9(2), 118–133.	Q3	Non-empirical	PSM*	Data-base
Barman, E. (2015). Of principle and principal: Value plurality in the market of impact investing. <i>Valuation Studies</i> , 3(1), 9–44.	n.a.	Empirical-qualitative	F&A*	Seminal work
Barman, E. (2020). Many a slip: The challenge of impact as boundary object in social finance. <i>Historical Social Research</i> , 45(3), 31–52.	Q3	Empirical-qualitative	Bus Hist*	Data-base
Belyaeva, Z. S. (2021). Impact investment effects on sustainable development in BRICS countries. <i>Global Business and Economics Review</i> , 25(3-4), 368–382.	Q4	Empirical-quantitative	Gen & Strat*	Data-base
Bourgeron, T. (2020). Constructing the double circulation of capital and “Social Impact.” An ethnographic study of a French impact investment fund. <i>Historical Social Research</i> , 45(3 (Special Issue)), 117–139.	Q3	Empirical-qualitative	Bus Hist*	Data-base
Brest, P. and Born, K. (2013). Unpacking the impact in impact investing. <i>Stanford Social Innovation Review</i> , 11(4), 22–31.	n.a.	Non-empirical	PSM*	Seminal work
Burand, D. (2015). Resolving impact investment disputes: When doing good goes bad. <i>Washington University Journal of Law & Policy</i> , 48, 54–87.	n.a.	Non-empirical	PSM*	Seminal work
Carroux, S. L., Busch, T. and Paetzold, F. (2021). Unlocking the black box of private impact investors. <i>Qualitative Research in Financial Markets</i> , 14(1), 149–168.	Q3	Empirical-qualitative	F&A*	Data-base
Cheney, A. L., Merchant, K. E. and Killins, R., JR. (2013). Impact investing: A 21st century tool to attract and retain donors. <i>The Foundation Review</i> , 4(4), 45–56.	Q3	Empirical-qualitative	PSM*	Data-base

^a Abbreviations for journal subject areas according to Harzing (2021): Bus Hist = Business History; Entrep = Entrepreneurship; F&A = Finance & Accounting; Gen & Strat = General & Strategy; OB/OS, HRM, IR = Organization Behavior/Studies, Human Resource Management, Industrial Relations; PSM = Public Sector Management. Not all journals that are included in our sample were listed in Harzing (2021), those that were not included are marked with a “*” in the table. For articles from such journals, we included a subject area according to similar journals.

Chiapello, E. and Knoll, L. (2020). Social finance and impact investing. Governing welfare in the era of financialization. <i>Historical Social Research</i> , 45(3), 7–30.	Q3	Non-empirical	Bus Hist*	Seminal work
Choda, A. and Teladia, M. (2018). Conversations about measurement and evaluation in impact investing. <i>African Evaluation Journal</i> , 6(2), 332.	Q3	Empirical-qualitative	Sociology*	Database
Cooper, L., Evnine, J., Finkelman, J., Huntington, K. and Lynch, D. (2016). Social finance and the post-modern portfolio: Theory and practice. <i>The Journal of Wealth Management</i> , 18(4), 9–21.	Q3	Non-empirical	F&A*	Database
Cruz, C., Rachida Justo and Jeanne Roche (2021). Engaging in a new field: Business-owning families' differential approach to impact investing. <i>European Journal of Family Business</i> , 11(1), 21–32.	Q4	Non-empirical	OS/OB, HRM, IR*	Database
Dadush, S. (2015). Regulating social finance: Can social stock exchanges meet the challenge? <i>University of Pennsylvania Journal of International Law</i> , 37(1), 139–230.	Q3	Empirical-qualitative	PSM*	Database
Dedusenko, E. A. (2017). Impact investing trends in Russia and tourism. <i>Journal of Environmental Management and Tourism</i> , 8(8), 1474–1481.	Q3	Empirical-quantitative	Tourism*	Database
Ducastel, A. and Anseuw, W. (2020). Impact investing in South Africa: Investing in empowerment, empowering investors. <i>Historical Social Research</i> , 45(3), 53–73.	Q3	Empirical-qualitative	Bus Hist*	Database
Efremova, T. A. and Makeikina, S. M. (2021). Social investing: evaluation of efficiency, issues, prospects. <i>Apuntes Universitarios</i> , 11(4), 579–595.	n.a.	Empirical-quantitative	Multi-disciplinary*	Database
Espinosa, S. (2018). From philanthropy to impact investing. The case of Luxembourg. <i>Regions and Cohesion</i> , 8(1), 1–24.	Q3	Empirical-qualitative	PSM*	Database
Gripne, S. L., Kelley, J. and Merchant, K. (2016). Laying the groundwork for a national impact investing marketplace. <i>The Foundation Review</i> , 8(5), 52–67.	Q3	Empirical-qualitative	PSM*	Database
Hafenmayer, W. (2013). Venture philanthropy: approach, features, and challenges. <i>Trusts & Trustees</i> , 19(6), 535–541.	n.a.	Non-empirical	Multi-disciplinary*	Seminal work
Hays, M. and McCabe, J. (2021). Sustainable and impact investing: A taxonomy of approaches and considerations for fiduciaries. <i>The Journal of Wealth Management</i> , 24(2), 10–24.	Q3	Non-empirical	F&A*	Database

Hellman, J. (2020). Feeling good and financing impact. <i>Historical Social Research</i> , 45(3), 95–116.	Q3	Empirical-qualitative	Bus Hist*	Data-base
Jackson, E. T. and Harji, K. (2017). Impact investing: Measuring household results in rural west africa. <i>ACRN Oxford Journal of Finance and Risk Perspectives</i> , 6(4), 53–66.	Q4	Non-empirical	F&A*	Data-base
Jeffries, G., Withers, O., Barichievsky, C. and Gordon, C. (2018). The Rhino impact investment project—A new, outcomes-based finance mechanism for selected AfRSG-rated ‘Key’ black rhino populations. <i>Pachyderm</i> , 60, 88–95.	Q4	Empirical-qualitative	Other*	Data-base
Jones, J. F. (2010). Social finance: Commerce and community in developing countries. <i>International Journal of Social Economics</i> , 37(6), 415–428.	Q3	Empirical-qualitative	Economics	Data-base
Jones, L. and Turner, K. (2014). At the nexus of investment and development: Lessons from a 60-year experiment in SME impact investing. <i>Enterprise Development and Microfinance</i> , 25(4), 299–310.	Q3	Empirical-qualitative	Entrep*	Data-base
Jouti, A. T. (2019). An integrated approach for building sustainable Islamic social finance ecosystems. <i>ISRA International Journal of Islamic Finance</i> , 11(2), 246–266.	Q3	Empirical-qualitative	F&A*	Data-base
Kappen, J., Mitchell, M. and Chawla, K. (2019). Institutionalizing social impact investing: Implications for Islamic finance. <i>International Journal of Social Economics</i> , 46(2), 226–240.	Q3	Empirical-qualitative	Economics	Data-base
Kim, J. (2014). Enhancing corporate governance using public-private partnerships (PPPs) incorporating shared incentives and social finance models towards stakeholder and shareholder value in a post-subprime crisis era. <i>Corporate Ownership and Control</i> , 12(1), 633–640.	Q4	Non-empirical	Gen & Strat*	Data-base
Kim, J. (2015). Performance-based development funding using market mechanisms: A public–private partnership social financing model for medical equipment technology in developing countries. <i>Progress in Development Studies</i> , 15(3), 257–269.	Q3	Non-empirical	PSM*	Data-base
Lieberman, D. L. (2018). Hedge funds and impact investing: Considerations for institutional investors. <i>The Journal of Investing</i> , 27(2), 47–55.	Q3	Non-empirical	F&A*	Data-base

Mahadi, N. F., Zain, N. R. M. and Ali, Engku R. A. E. (2019). Leading towards impactful Islamic social finance: Malaysian experience with the value-based intermediation approach. <i>Al-Shajarah</i> , in press.	Q3	Non-empirical	Other*	Data-base
McCallum, S. and Viviers, S. (2020). Private sector impact investment in water purification infrastructure in South Africa: A qualitative analysis of opportunities and barriers. <i>Water SA</i> , 46(1), 44–54.	Q3	Empirical-qualitative	Other*	Data-base
McCallum, S. and Viviers, S. (2020). Exploring key barriers and opportunities in impact investing in an emerging market setting. <i>South African journal of Business Management</i> , 51(1), 1–11.	Q4	Empirical-qualitative	Gen & Strat*	Data-base
McGrath, C. (2016). The government's role in unleashing impact investing's full potential. <i>Pepperdine Law Review</i> , 44(4), 799–840.	Q3	Non-empirical	Other*	Seminal work
Martín, Miguez, Sergio (2021). Impact investing. A practitioner perspective. <i>Studies of Applied Economics</i> , 39(3).	Q4	Empirical-qualitative	Economics*	Data-base
Mujumdar, A. and Shadrin, A. (2021). Impact investment for BRICS cooperation on sustainable development. <i>Asia-Pacific Social Science Review</i> , 21(4), 130–147.	Q3	Empirical-quantitative	Sociology*	Data-base
O'Leary, S. and Brennan, A. (2017). Ireland's social finance landscape. <i>ACRN Journal of Finance and Risk Perspectives</i> , 6(1), 90–112.	Q4	Empirical-qualitative	F&A*	Data-base
Onishi, T. (2015). Influences of venture philanthropy on nonprofits' funding: The current state of practices, challenges, and lessons. <i>The Foundation Review</i> , 7(4), 65–80.	Q3	Empirical-mixed methods	PSM*	Data-base
Ono, A. (2016). New frontiers of development: Social finance, the latent power of the private sector. <i>The International Journal of Interdisciplinary Global Studies</i> , 11(3), 1–24.	Q4	Non-empirical	Other*	Data-base
Oudeniotis, N. and Tsobanoglou, G. (2020). Social financing as a driver for sustainable local development in EU mediterranean countries. Spain, Portugal, and Greece in perspective. <i>Review of Applied Socio-Economic Research</i> , 20(2), 26–40.	Q4	Empirical-qualitative	Economics*	Data-base
Ozili, P. K. (2021). Digital finance, green finance and social finance: Is there a Link? <i>Financial Internet Quarterly</i> , 17(1), 1–7.	n.a.	Non-empirical	Other*	Data-base
Pascal, N., Brathwaite, A., Philip, M. and Walsh, M. (2018). Impact investment in marine conservation.	Q4	Empirical-qualitative	PSM*	Data-base

Duke Environmental Law & Policy Forum, 28(2), 199–220.

Phillips, R. (2016). Impact investing and community development. <i>Maine Policy Review</i> , 25(1), 62–71.	n.a.	Non-empirical	PSM*	Seminal work
Poole, W., Sen, V. and Fallon, G. (2016). Manufacturing consent for privatization in public education: The rise of social finance network in Canada. <i>Canadian Journal of Educational Administration and Policy</i> , 180, 14–46.	Q4	Empirical-qualitative	PSM*	Database
Qihai, C. (2011). Venture philanthropy, a new model for cultivating NPOs: The case of the Shanghai community venture philanthropy competition. <i>The China Nonprofit Review</i> , 3(2), 231–250.	Q4	Empirical-quantitative	PSM*	Seminal work
Quarter, J., Carmichael, I., Sousa, J. and Elgie, S. (2001). Social investment by union-based pension funds and labour-sponsored investment funds in Canada. <i>Relations industrielles</i> , 56(1), 92–115.	Q3	Empirical-quantitative	OS/OB, HRM, IR*	Database
Rajan, A. T., Koserwal, P. and Keerthana, S. (2014). The global epicenter of impact investing: An analysis of social venture investments in India. <i>The Journal of Private Equity</i> , 17(2), 37–50.	Q4	Empirical-quantitative	F&A*	Database
Rangan, V. K., Appleby, S. and Moon, L. (2011). The promise of impact investing. <i>Harvard Business School</i> , in press.	n.a.	Non-empirical	Gen & Strat*	Seminal work
Sardy, M. and Lewin, R. (2016). Towards a global framework for impact investing. <i>Academy of Economics and Finance Journal</i> , 7, 73–79.	n.a.	Non-empirical	Economics*	Seminal work
Sharma, P. (2020). Retrospect and prospects of impact investing in India. <i>Pacific Business Review International</i> , 12(7), 144–152.	Q4	Empirical-qualitative	Gen & Strat*	Database
Talbot, C. (2019). Transnational legal issues in impact investing: Regulating the activities of socially orientated enterprises. <i>Law and Economics Yearly Review</i> , 8(1), 181–198.	Q4	Non-empirical	PSM*	Database
Tewari, S., Singh, H., Wadhwa, S. and Tandon, D. (2021). Scaling impact investment for sustainable development goals: An empirical analysis. <i>Australasian Business, Accounting and Finance Journal</i> , 15(5), 4–21.	Q3	Empirical-quantitative	F&A*	Database
Tkachenko, A., Levchenko, N., Shyshkanova, G., Shvets, V. and Ivanova, M. (2021). Evaluation of the efficiency of social investments of metallurgical enterprises according to the decoupling approach. <i>Scientific</i>	Q3	Empirical-quantitative	Multi-disciplinary*	Database

Bulletin of National Mining University, in press, doi: 10.33271/nvngu/2021-5/147.

Uddin, T. A. and Mohiuddin, M. F. (2020). Islamic social finance in Bangladesh: Challenges and opportunities of the institutional and regulatory landscape. <i>Law and Development Review</i> , 13(1), 265–319.	Q3	Empirical-qualitative	PSM*	Data-base
Urban, B. and George, J. (2018). An empirical study on measures relating to impact investing in South Africa. <i>International Journal of Sustainable Economy</i> , 10(1), 61–77.	Q3	Empirical-quantitative	Economics*	Data-base
Varamini, H. (2019). Impact investing as a way to solve social problems. <i>Revista Gestão & Tecnologia</i> , 19(4), 7–32.	Q4	Empirical-qualitative	Innovation*	Data-base
Verrinder, N. B., Zwane, K., Nixon, D. and Vaca, S. (2018). Evaluative tools in impact investing: Three case studies on the use of theories of change. <i>African Evaluation Journal</i> , 6(2).	Q3	Empirical-qualitative	Sociology*	Data-base
Viviers, S. and McCallum, S. (2021). What constitutes impact? definition, motives, measurement and reporting considerations in an African impact investment market. <i>African Journal of Business Ethics</i> , 15(1), 10–27.	n.a.	Empirical-qualitative	OS/OB, HRM, IR*	Data-base
Viviers, S., Ractliffe, T. and Hand, D. (2011). From philanthropy to impact investing: Shifting mindsets in South Africa. <i>Corporate Ownership and Control</i> , 8(3), 214–232.	Q4	Empirical-mixed methods	Gen & Strat*	Data-base
Wang, Y. (2015). Development of social finance in China. <i>The China Nonprofit Review</i> , 7(2), 290–320.	Q4	Empirical-qualitative	PSM*	Data-base
Whitaker, A. and Grannemann, H. (2019). Artists' royalties and performers' equity: A ground-up approach to social impact investment in creative fields. <i>Cultural Management: Science and Education</i> , 3(2), 33–52.	Q3	Empirical-mixed methods	Sociology*	Data-base

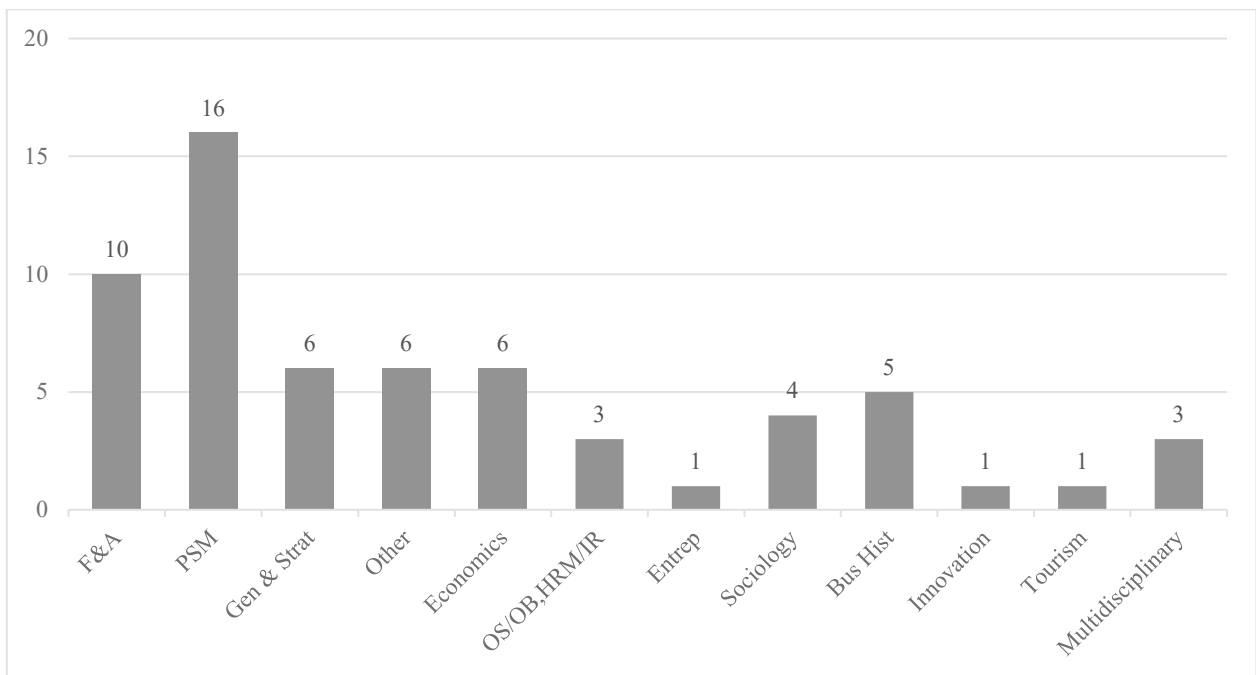


Figure A4.1 Subject areas of Q3/4 articles

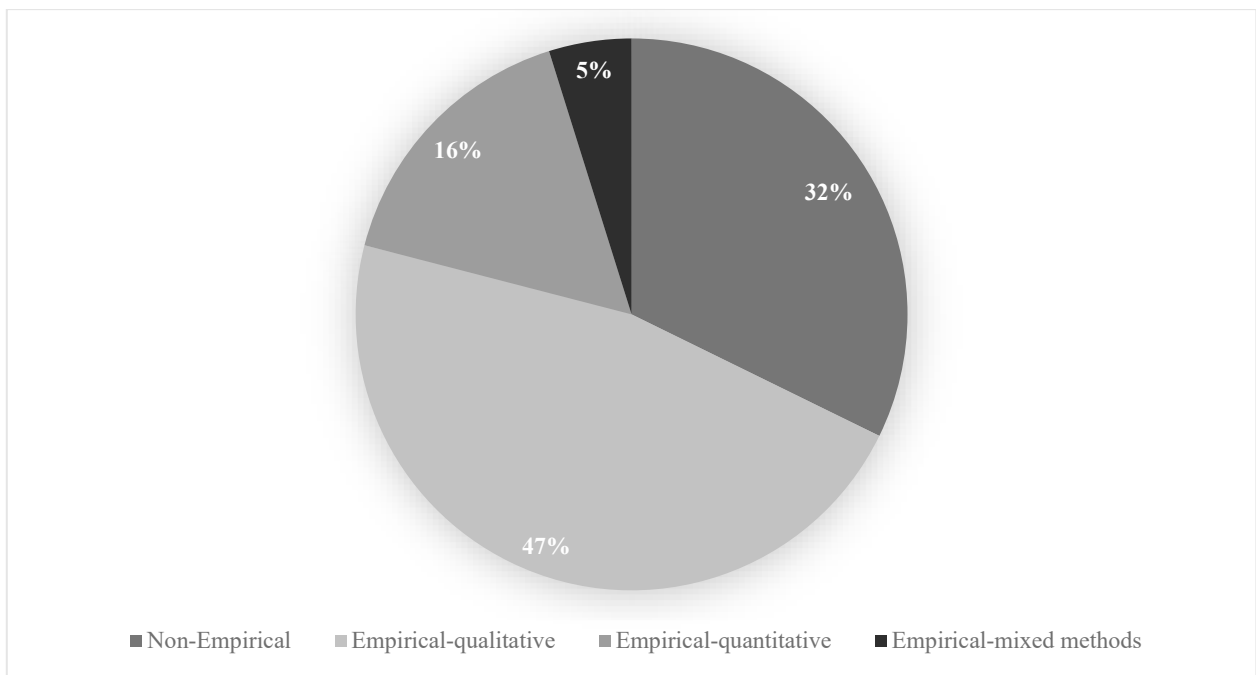


Figure A4.2 Methods of Q3/4 articles

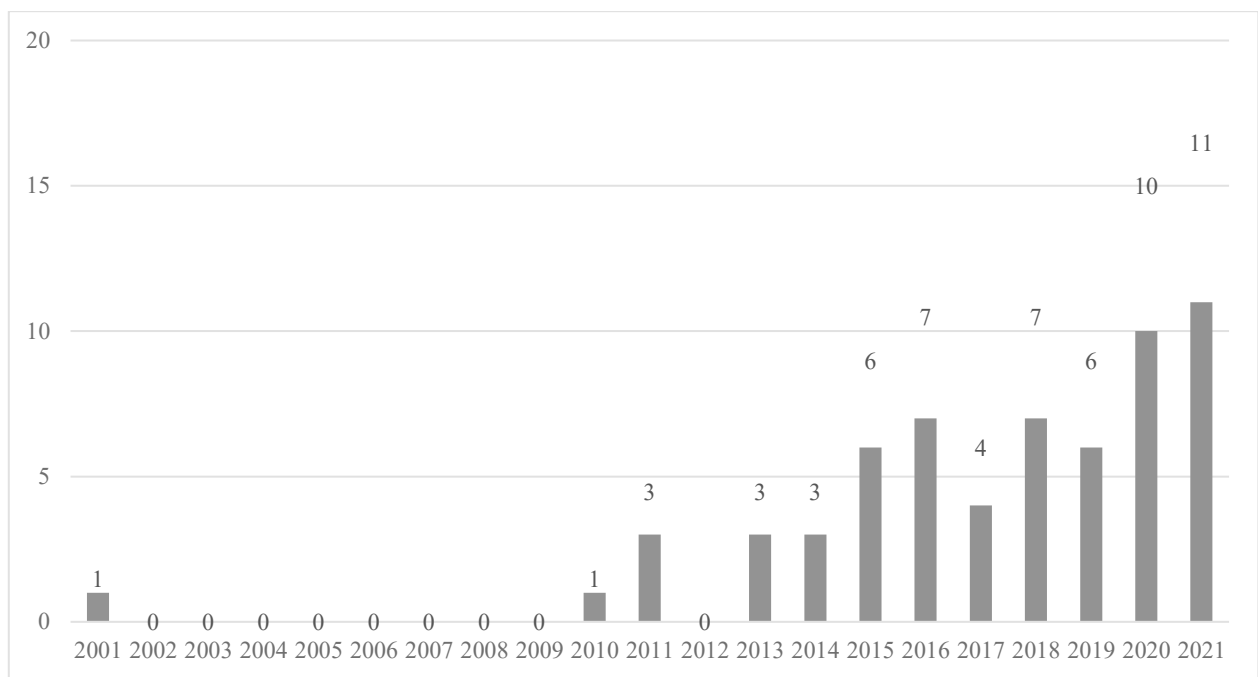


Figure A4.3 Years of publication of Q3/4 articles

Appendix 5: Key findings (Paper 2)

Table A5.1 Key findings on the pre-investment stage

Topics	Key findings
Share of total sample: 48%. Empirical approaches: 44% qualitative, 38% quantitative, 12% mixed-methods, 6% non-empirical. Main theoretical approaches: 16% institutional theory/logics; 44% do not refer to any theory.	
Investee-related determinants	• Investors' organizational selection criteria and approach ○ Social mission and alignment of values and mission between investment firm and investee organization (Agrawal & Hockerts, 2019; Block et al., 2021; Cetindamar & Ozkazanc-Pan, 2017; Evans, 2013; Gordon, 2014; Höhnke & Homölle, 2021; López-Arceiz et al., 2017; Miller & Wesley II, 2010; Mogapi et al., 2019; Ormiston et al., 2015; Scarlata et al., 2012; Serrano-Cinca & Gutiérrez-Nieto, 2013) ○ Early-stage companies largely ignored (Islam & Scott, 2022) ○ Social impact enhances legitimacy of investee organizations (Lall, 2019; Ryder & Vogeley, 2018; Viviers & Villiers, 2022) ○ Economic factors such as scalability and organizational self-sufficiency and its verifiability in due diligence are important selection criteria (Agrawal & Hockerts, 2019; Block et al., 2021; Bengo et al., 2021; Cobb et al., 2016; Block et al., 2021; Croce et al., 2021; Gordon, 2014; Hazenberg et al., 2015; Hehenberger et al., 2019) - vs. ○ Financial figures and collateral are not important (Stephens, 2021a) and highly involved investors might accept lower financial returns (Apostolakis et al., 2016) • Investors' individual selection criteria ○ Typical entrepreneurial skills of investees, such as business skills, size of social network, elite education important; often problematic in II (Bengo et al., 2021; Glänzel & Scheuerle, 2016; Hazenberg et al., 2015; Miller & Wesley II, 2010; Phillips & Johnson, 2021) ○ Investees' passion for social change influences chances to obtain II and contract design in investment relationship (Block et al., 2021; Evans, 2013; Gordon, 2014; Leborgne-Bonassie et al., 2019; Miller & Wesley II, 2010; Scarlata et al., 2012)

Investor-related determinants

- Investors' personal background
 - Investors motivated by heterogeneous reasons, e.g., values, financial or emotional reasons (Alvi, 2021; Block et al., 2021; López-Arceiz et al., 2017; Nicholls, 2010; Roundy et al., 2017)
 - Personality and biographic data of investors influence investment decisions, e.g., women are more risk-oriented in II than men (Amicis et al., 2020; Haigh, 2006; Scarlata et al., 2021; Watts and Scales, 2020)
- Investors' skills and competencies
 - Financial competencies and understanding of social mission important to understand and handle dual mission and valued by investees (Agrawal & Hockerts, 2019; Caseau & Grolleau, 2020; Lee et al., 2020; Zolfaghari and Hand, 2021)
 - New skills and knowledge about complex socio-ecological system necessary to guide II strategy (Geobey et al., 2012; Zolfaghari & Hand, 2023)
 - Commercial rather than social experience lead to superior total performance (Scarlata et al., 2016)
- Perceived investor attractiveness decreases with strong information and control rights (Bengo et al., 2021; Mayer & Scheck, 2018)

Deal structuring and contracting

- Transactional practices (e.g., contracts) especially relevant in pre-investment stage (Chen & Harrison, 2020); deal structuring for for-profit investee organizations similar to traditional venture capital investment (Scarlata & Alemany, 2010)
- Contract terms devoted to impact are often rather flexible, focusing on process and reporting (Geczy et al., 2021)
- Type of financing dependent on investee organization's age, type of beneficiaries, region of business, type of industry (Scarlata & Alemany, 2010; Spiess-Knafl & Aschari-Lincoln, 2015)

Each single article may include findings of pre-investment, investment stage and external parameters and may thus be included in more than one category of the Appendix; therefore, the individual shares of articles of Tables A5.1, A5.2, and A5.3 accumulate to more than 100%.

Table A5.2 Key findings on the investment stage

Topics	Key findings
Share of total sample: 36%. Empirical approaches: 59% qualitative, 19% quantitative, 14% mixed-methods, 8% non-empirical. Main theoretical approaches: 16% institutional theory/logics; 43% do not refer to any theory.	
Measurement and reporting	• Different priorities between investors and investees ○ Reporting demands depend on type of funds invested (e.g., equity vs. debt) and investee organization (for profit vs. non-profit) (Scarlata & Alemany, 2010) and is especially relevant at beginning of investor-investee relationship (Bengo et al., 2021; Chen & Harrison, 2020; Gordon, 2014; Lall, 2019) ○ Investee organizations struggle with often unclear, complex, and time consuming measurement practices (Berry, 2016; Jia & Desa, 2020; Geobey et al., 2012; Kish & Fairbairn, 2018; Phillips & Johnson, 2021; Stephens, 2021a; Watts & Scales, 2020) • Motivation for measurement ○ Measurement as transactional practice for investors to reduce information asymmetry (Gordon et al., 2019; Scarlata & Alemany, 2010) ○ Developmental evaluation approaches suggested early in investment process as learning tool for investment firms and investee organizations (Agrawal & Hockerts, 2019; Geczy et al., 2021; Geobey et al., 2012; Lall, 2019; Moore et al., 2012a) ○ Effective impact measurement combines transactional (e.g., tracking performance based on milestones) and relational practices (e.g., mutual development of impact metrics) (Chen & Harrison, 2020; Lall, 2019) • Qualitative versus quantitative measurement approaches ○ Qualitative impact evaluation deemed appropriate by researchers (Avard et al., 2022; Bengo et al., 2021; Jackson, 2013; Hehenberger et al., 2019; Reeder et al., 2015; Reisman et al., 2018; Stephens, 2021a) ○ Quantitative approaches suggested for credible demonstration of impact (Addy et al., 2019; Geobey & Weber, 2013)

Non-financial support

- Relationship type (e.g., interactive, collaborative, or advisory type relationship) depends on type of investor (Gordon, 2014; Onishi, 2019; Scarlata & Alemany, 2010; Scarlata et al., 2012), social impact (Moore et al., 2012a) and legal status of investee organization (Scarlata & Alemany, 2010)
- Non-financial support (e.g., to optimize processes, hire people, or develop a marketing strategy) prevalent and valued by investee organizations (Bengo et al., 2021; Holtslag et al., 2021; Leborgne-Bonassie et al., 2019; Mayer and Scheck, 2018)

Consequences

- Interorganizational tensions
 - Emerge when some actors are more attracted to a social/financial logic than others (e.g., Agrawal & Hockerts, 2019; Castellas et al., 2018; Glänzel & Scheuerle, 2016; Mogapi et al., 2019) and can result in unplanned termination of relationship, investee management change, or non-achievement of goals (Alvi, 2021; Agrawal & Hockerts, 2019; Moore et al., 2012a)
 - Close collaboration, value- and goal alignment, trust, and continuous evaluation of value alignment important to avoid tensions (e.g., Agrawal & Hockerts, 2019; Chen & Harrison, 2020; Evans, 2013; Jia & Desa, 2020; Mogapi et al., 2019; Moore et al., 2012a)
- Intraorganizational tensions in investment firm arise when original mission is neglected (Berry, 2016; Cetindamar & Ozkazanc-Pan, 2017; Zolfaghari & Hand, 2023)
- Partnering with impact investors allows investee organizations to learn, signal legitimacy, and create links with similar organizations and other potential investors (Bengo et al., 2021; Moore et al., 2012a; Viviers & Villiers, 2022)
- Ambiguous findings on economic outcomes (Bernal et al., 2021; Biasin et al., 2019; Viviers & Villiers, 2022)

Each single article may include findings of pre-investment, investment stage and external parameters and may thus be included in more than one category of the Appendix; therefore, the individual shares of articles of Tables A5.1, A5.2, and A5.3 accumulate to more than 100%.

Table A5.3 Key findings on external parameters

Topics	Key findings
Share of total sample: 33%. Empirical approaches: 59% qualitative, 18% quantitative, 6% mixed-methods, 18% non-empirical. Main theoretical approaches: 53% do not refer to any theory.	
Role of institutional support	• Barriers to II often rooted in lack of governmental support, regulatory deficiencies, and markets dominated by financial logic (Barber et al., 2021; Bengo et al., 2021; Bhatt & Ahmad, 2017; Castellás et al., 2018; Cobb et al., 2016; Jia, 2020; Lehner & Nicholls, 2014; León et al., 2019; Michelucci, 2017; Phillips & Johnson, 2021; Stephens, 2021a; 2021b) • Tax credits, certifications for II, investment readiness programs, and development of integrated financial system can incentivize market growth (Alijani & Karyotis, 2019; Calderini et al., 2018; Endsor et al., 2020; Jia, 2020; Lyon & Owen, 2019; Medda & Lipparini, 2021; Tekula & Andersen, 2019; Wood et al., 2013)
Networks and intermediaries	• Intermediaries link investment firms with investee organizations, provide information, act as translators and help investees to scale (Bengo et al., 2021; Glänzel & Scheuerle, 2016; Hazenberg et al., 2015; Lehner & Nicholls, 2014; Lehner et al., 2019; Mendell & Barbosa, 2013; Phillips & Johnson, 2021; Tekula & Andersen, 2019) • Ecosystem supporting acquisition of financial resources as well as knowledge generation and exchange can reduce market entry barriers (Jia & Desa, 2020; Moore et al., 2012a)
Market development	• Field is in pre-paradigmatic stage with developing ideology and structuration processes leading to efficient ecosystem of II (Hehenberger et al., 2019; Moody, 2008; Roundy, 2019)

Each single article may include findings of pre-investment, investment stage and external parameters and may thus be included in more than one category of the Appendix; therefore, the individual shares of articles of Tables A5.1, A5.2, and A5.3 accumulate to more than 100%.

Appendix 6: Overview of interviews with social entrepreneurs (Paper 3 and 4)

Name ^a	Country	Type of external financing	Industry	Type of social enterprise ^b	Legal form
SE01	Austria	Impact investors	Education & social inclusion	Market-oriented work model	Non-profit LLC ^c
SE02	Germany	Public funds & donations	Education & social inclusion	Two-sided value model	Non-profit LLC
SE03	Germany	Impact investors	Waste reduction & community services	One-sided value model	Non-profit LLC
SE04	Germany	Impact investors	Waste reduction & social inclusion	Social-oriented work model	Non-profit LLC
SE05	Germany	Foundations, public funds & donations	Business-related services	Two-sided value model	Non-profit LLC
SE06	Austria	Impact investors & foundations	Education	One-sided value model	LLC
SE07	Germany	Foundations & public funds	Education & Social inclusion	One-sided value model	LLC
SE08	Austria	Impact investors	Business-related services & Social inclusion	One-sided value model	LLC
SE09	Germany	Public funds & donations	Health & Social inclusion	Social-oriented work model	NGO ^d
SE10	Germany	Impact investor	Social inclusion	Market-oriented work model	LLC
SE11	Austria	Foundations & public funds	Sustainability, waste reduction & social inclusion	Social-oriented work model	NGO
SE12	Austria	Social crowdfunding, public funds & donations	Education & social inclusion	One-sided value model	GP ^e
SE13	Germany	Foundations & donations	Education & social inclusion	One-sided value model	NGO

^a Names of the interviewees and organizations are anonymized and referred to by their number.

^b SEs are categorized based on their social and economic mission, as outlined by Saebi, T., Foss, N. J., & Linder, S. (2019). Social entrepreneurship research: Past achievements and future promises. *Journal of management*, 45(1), 70-95. We did this to ensure that the interviewed organizations can be categorized as social enterprises.

^c Limited liability company

^d Non-governmental organization

^e General partnership

SE14	Germany	Foundations, public funds & donations	Education	One-sided value model	Non-profit LLC
SE15	Germany	Impact investor	Community services	Two-sided value model	LLC
SE16	Germany	No external funding	Sustainability & agriculture	One-sided value model	LLC
SE17	Germany	Impact investors & public funds	Health & waste reduction	Two-sided value model	Steward-owned LLC
SE18	Germany	Impact investors & public funds	Waste reduction & community services	Two-sided value model	LLC
SE19	Germany	No external funding	Waste reduction	Two-sided value model	GP
SE20	Netherlands	Impact investors	Health & community services	One-sided value model	LLC
SE21	Netherlands	Impact investors & donations	Education & community services	Market-oriented work model	NGO
SE22	Germany	Impact investor	Social inclusion	Market-oriented work model	LLC
SE23	Austria	Foundations & public funds	Social inclusion	Market-oriented work model	GP
SE24	Netherlands	Impact investors	Waste reduction	Two-sided value model	LLC
SE25	Germany	Foundations & public funds	Sustainability & waste reduction	Two-sided value model	LLC
SE26	Czech Republic	Impact investors & public funds	Sustainability & waste reduction	Two-sided value model	LLC
SE27	Austria	Public funds	Social inclusion & community services	One-sided value model	NGO
SE28	Croatia	Impact investors	Business-related services	One-sided value model	LLC
SE29	Germany	No external funding	Sustainability & waste reduction	Two-sided value model	LLC
SE30	Germany	Foundations, public funds & donations	Education	One-sided value model	Non-profit LLC
SE31	Germany	No external funding	Sustainability & community services	Two-sided value model	LLC

Appendix 7: Semi-structured interview guide for interviews with social entrepreneurs (Paper 3 and 4)

No.	Interview question
1.	Please describe your business model briefly.
2.	Have you collaborated with external investors/donors before?
3.	Generally, how do you proceed when searching for external investors/donors?
4.	How do you present yourself to a potential investor?
5.	What did the selection process look like?
6.	Which key figures (especially on social impact) are required by investors/donors?
7.	What factors do you think were particularly relevant in obtaining financing?
8.	What do you see as the biggest barriers for your company in obtaining financing from investors/donors?
9.	In your view, what characterizes an optimal investor?
10.	What are important non-financial aspects that an investor should fulfill?
11.	Please describe in a little more detail the relationship your company has with (an) investor(s).
12.	You just mentioned some non-financial aspects that are important to you regarding an investor. To what extent do your investors/donors provide this support?
13.	What additional offerings would you like to see?
14.	What information is demanded from you by the investor during the collaboration?
15.	How are any milestones/intermediate goals established?
16.	How would you describe the power relationship between yourself and the investor?
17.	Over time, how has the relationship between you and your investor changed?
18.	Has your company's direction changed over time (mission drift)?
19.	What are important non-financial aspects that an investor should fulfill?
20.	Have there been difficulties in the relationship? If so, how are they handled?
21.	How is the exit defined?
22.	Is there a (collaborative) evaluation at the end of funding?
23.	Is there still communication/a relationship with the investor after termination?
24.	Do you have any medium- or long-term plans for how to proceed after the current financing round?
25.	How will future investment processes differ from today's?
26.	What would you like to see in this area in the future?

Appendix 8: Data table with exemplary quotes (Paper 3)

Aggregate dimensions and second-order themes	First-order codes and illustrative quotes
Financier-centric adaptation	
Business development	<i>Professionalizing of founder and team</i>
	“Initially, we were quite unprofessional, and we liked to talk about what we were doing, but didn't get to the point of what investors were really interested in.” (SE01)
	“I had this scholarship that was a year of [non-financial] support in the form of a mentor and monthly training programs about everything you need to know as a founder. I'm currently in another program that runs for six months and aims at women entrepreneurs and also focuses on tools for founders.” (SE19)
	“When we started, we were super amateurs. I had no business background, I studied agriculture. I knew a little bit about finances from work but I had very little business experience and no experience with investors.” (SE20)
	<i>Pushing funding readiness</i>
	“We deliberately kept this round very small because we want to iteratively develop our product, and because it's still unclear how long this development actually takes technologically, so we have divided it into different phases.” (SE17)
Flexible framing	“The expectation is now growing a little bit, as we also get some larger professional investors on board, that expect also us to act a little bit more professional on our reporting. So as a result, we just hired a bookkeeper so to say or an accountant to make sure that we deliver on that.” (SE24)
	“Nevertheless, it is still clear that one must have an economically functional company to attract an investor, and that's why we are also striving for it, of course.” (SE29)
	<i>Setting financier-tailored (impact) focus</i>
	“One must always tell the story in a way that fits. And the story of our company is so multi-faceted that ultimately, different stories can emerge.” (SE 14)
	“Some investors like more social impact, some like water or some like energy and then we focus a bit towards their theme. And then, if you have people that work geographical, like with an Asian focus or an East-African focus, then we tend to move the accent to that.” (SE20)
	“You have to approach it in a way that is appropriate for the target group, for example, for the sustainability foundation it was extremely important that we also have a life cycle analysis, because they pay a lot of attention

to this . . . With others, it is ultimately more a question of: When is a market entry possible? When is it possible to actually make a profit with the company? Rather the financial aspects, that is simply very different.” (SE25)

Emphasizing economic side

“We show that we are also able to establish functioning business models in the non-profit context that ensure that a project once funded by a foundation or a funding body can also function in the long term.” (SE05)

“I position myself to be the CEO and the founder and as a result, the person that knows about the business model, the opportunity and also the financial situation and that I am able to explain why this is an interesting investment to do. And I am lucky to also have a commercial background, so I am also able to talk about the financial concepts there.” (SE24)

“What I have learned is that in the beginning, we focused very strongly on our impact. You very quickly get labeled with: Yes, that’s just an NGO or a charitable organization . . . We realized pretty quickly that impact doesn’t get you very far with most people, and that it is simply an embellishment” (SE28).

Outreach strategy

Partnering with
multitude of
stakeholders

Networking with municipalities, social organizations, and commercial organizations

“When it comes to public funding, it’s not necessarily important for us to be directly funded, but rather that municipalities and social organizations can apply for funding to finance a collaboration with us.” (SE05)

“We have considered reaching out to large companies in our region that employ many people with a refugee background . . . to approach potential investors and institutions involved in Corporate Social Responsibility [activities]and address the companies.” (SE12)

“They [our partners] are familiar with the municipality and closely connected with the Social Welfare Office, and they’re quite active in those circles. From the federal funds, there was a lot that caught our interest, especially the so-called BUT funds. Hence, we quickly identified them as a very exciting local actor in the municipalities.” (SE30)

Building relationship with political decision makers

“It involved a lot of networking, and also, at the end of the day, reaching out to politicians, trying to find investors through their networks. This worked particularly well in that area, very effectively.” (SE02)

“It is more about consistent networking. It is about getting to the right people. The channels are much more informal and you need to know the politicians, especially the local politicians. You have to regularly visit the Ministry of Health. Then, for every event, you must invite the appropriate representatives.” (SE09)

“You have to convince people on a substantive level. That is different on the political stage because it depends on whether the state council finds an idea interesting or if you generate enough media coverage or align politically, unfortunately.” (SE11)

Promoting referrals *Building trust on personal level*

“I think the vast majority invests because they say, ‘these are likable people whom I trust in what they’re doing, the idea is good, and they’re passionate about it’.” (SE06)

“The relationship is very much like this: I meet them, we have dinners, I visit them at home. It’s a very personal connection that then makes them committed, and in almost all cases, they invested additionally.” (SE21)

“At the end of the day, it’s always the interpersonal aspect that ultimately leads to getting contacts through word of mouth.” (SE25)

Building trust on organizational level

“I would say the team was one of the factors, as the entire team has quite a bit of experience in the analog domain that we’re digitizing. They saw this as a significant advantage because we know what we’re talking about.” (SE28)

“If we don’t achieve something and get rejections, it’s because we don’t have enough referrals and networks, so that’s self-explanatory. We always have to move well in certain networks and make our achievements visible.” (SE13)

“... we were able to go from recommendation to recommendation because they all have experience in the field or wanted to do something in it, or something like that.” (SE17)

Persuasion strategy

Initiating educative dialogue *Emphasizing win-win situation*

“... not arrogantly, but confidently saying: dear investors, we have what you want. We have a sustainable business, a great business model with huge scaling potential. Yes, you have the cash, but without us, you’re nothing either. So, we do need each other.” (SE01)

“Because one must not forget that it is not just the start-ups that need the investors. Of course, they do need them, but it’s the other way around too. Content is king, I always say, and we as social enterprises are just that.” (SE17)

“But the other way around, that we can also offer that investor more than just being an investment, because if we can team up with this strategic investor and deliver something that is valuable also for them, then I think that is a much bigger win-win, than just them having a company in the portfolio.” (SE24)

Explaining business model

“They didn’t know about steward-owned companies at the beginning, so we actually introduced them to it and explained it to them and let them talk to others so that they could understand it well.” (SE17)

“Some investors will look at our work and will be like ‘I love what you do with the oceans but it is really about social impact, isn’t it?’ And then I have to say ‘No, those impacts weigh equally heavy. You know, our mission is really twofold’.” (SE21)

“It took almost two years of conversation and now it finally seems like they are co-financing the next ship together. [...] It is up to us to convince people and make business cases and business models ready for banks and traditional investment funds to be able to invest into. And that requires flexibility on their part, but it also requires us to have the conversation to educate and really convince them.” (SE21)

Leveraging
legitimacy signals

Using partners as quality seal

“We decided to go with company B back then for a very simple reason, [...] we wanted [...] to have the stamp of approval, so to speak, from a reputable social investor. Yes, because having company B as an investor is a kind of quality label, and we have that.” (SE03)

“Having partners who you can quickly Google and who appear solid adds a certain credibility. At the same time, I usually only drop their names.” (SE05)

“Because every investor is naturally also a reference for a future investor. Therefore, it pays off to cultivate relationships with investors.” (SE08)

Showing own achievements

“We have the next investor meeting scheduled for this summer. We are currently finalizing the plans for a study with a very, very large German research institute and hope to have more results to present, which will provide us with a broader selection of potential investors who may better align with our company philosophy.” (SE29)

“And the other thing that I believe has pushed us forward is that we developed a prototype very quickly. Very, very, very quickly. And with these relatively inexpensive prototypes, we were simply able to prove that it works.” (SE18)

“We have been in the market for 10 years. One can look at our figures from 10 years ago, and then one can say, okay, if they continue like this, it will be in this range.” (SE23)

Watchful waiting

Focusing on what
really fits

Reflecting own needs

“Searching for investors, the strategy has been to find people that are aligned with our values, that are aligned with the idea that there should be a financial return, but that should also be capped.” (SE21)

“We prefer to look for people who also represent our values in order to pull together and, in particular, to have a sustainable impact management.” (SE25)

“We would also like to bring in an investor – we want to do that, but it has to be the right fit. At some point last year, we decided that we would only do it if it aligned with our convictions.” (SE29)

Understanding financiers needs

“There are specialized companies or family funds and so on. And then you have to sort of align with them to ensure you fit into their portfolio...” (SE08)

“When I think of (Person B) now, with whom we also have casual contact, they are more inclined towards inexpensive products for quick turnover on the supermarket shelf, where sustainability isn’t much of a concern and where quantity takes precedence over quality. Since our philosophies are quite divergent in this regard, we probably wouldn’t have collaborated with them.” (SE10)

“In the past, I first wondered: Who is interested in our company and for what reasons?” (SE18)

Formulating and enforcing demands

“We have a list of criteria that says with whom we want to work, but also with whom we don't want to work . . . There are also many foundations that are attached to companies, or who was the original donor, etc. And we also have a committee that looks at our ethical guidelines and how we deal with these things.” (SE30)

“I think with increasing age or with every month that passes, you become more self-confident in the things you offer. And you know very well about yourself, that and the goal is realistic . . . All these things then become clearer and that’s why you become more self-confident and simply clearer in relation to the investor.” (SE06)

“So it was a about risk assessment, and then the investors gave an assessment that I disagreed with. I said, ‘No, honestly, please look at the numbers. If you have a female founder team, you already have a much higher probability of success than with a male founder team. I would like that to be considered as well.’ These were really deep discussions.” (SE17)

Persisting during
tough times

Exploiting existing resources

“We had a lot of discussions and decided against bringing in investors. Not because we have a lot of money lying around or because things are going incredibly well, but because we simply didn’t feel that the people we met were the right fit to transfer our vision into reality in a way that stays true to what we initially envisioned. Therefore, we are currently still working with our own resources.” (SE29)

“I have a cash flow such that if my co-financing falls through due to any circumstances, I can get through four months without needing external funds.” (SE07)

“So, I have a plan and that says when we are done, but I think we are a proof that that is not the case, especially if we grow and we expand, as we maybe also adopt additional revenue streams that we need to invest in, expand also our waste collections etc.” (SE24)

Effective budgeting

“At the beginning, it was just my wife and me, working around the clock.” (SE23)

“... now we are more in a phase of consolidation, trying to secure the locations and teams we have and delve a bit deeper. In that sense, yes, there is an outlook, but it has little to do with investors.” (SE06)

“We are simply not dependent on it. Because we were able to finance every new position and all our needs entirely on our own and that is fully sufficient for our goals and growth plans.” (SE31)

Appendix 9: Data table with exemplary quotes (Paper 4)

Non-financial factor	Exemplary quotes
Reputation	“We decided to go with (Company B) back then for a very simple reason. While we could have financed it ourselves as shareholders, we wanted to conduct due diligence and also have the stamp of approval from, let's say, a reputable social investor to affirm that they know what they're doing. Yes, because having (Company B) as an investor is a certain seal of quality, and we have that.” (SE03) “They said, 'Okay, sure, if you've gone with them, then we'll go along, we trust them.' So, I think that was really important for us in the process.” (SE17) “Ideally, funders also bring a certain expertise or reputation along with them. When implementing a project together with them, the project itself also receives additional momentum. Thus, a grant from Foundation XY or funding project YZ also gains credibility right from the start.” (SE05)
Social mission	“I think you need someone who understands the value this company creates, beyond just financial stability. So, I would hope for someone who understands what we do in terms of societal impact.” (SE03) “We’ve been pretty lucky with Investor A – they’re fully supportive and completely understand the project. They know that the product is only so cool and successful because we take all these [social] factors into account. And it’s equally important to all of us that this is considered in terms of revenue and profit margins.” (SE10) “The investor has to understand that he is building something that has a lower return on investment. Not after three years, but say after five to ten years. And in case we will catch the train, we will be on top and we will be the market leader and show the path for everybody else, how to do sustainable business that is not harming the nature.” (SE26)
Network access	“We don’t have a contract yet, but we’re already noticing that the investor’s network contacts are very useful for us. They’ve already connected us with another company where they also invest, and there are already collaborations and initiatives happening here.” (SE08) “[The investor] Might bring connections. So, they can open doors for us, help us make connections, for example in other countries. For instance, the current new investor is from country A, and I strongly hope that this will facilitate an easier market entry into country A.” (SE15) “So, what we need is, firstly, an incredibly active network of people who are very skilled at thinking and developing solutions with us. Specifically, we have problems with logistics in country A. We don’ know how to solve it. The first people we talk to are our financing partners, and then someone says: Hey, I know someone from company B, you should talk to them. This network wouldn’t otherwise be available to us.” (SE18)

Business advisory “We received a lot from this social coaching bubble, had various forms of support. We also had top-notch marketing support. But in the end, this coaching “we question the business model” and get feedback precisely tailored to our business case, from someone who comes from the HR field.” (SE02)

“Know-how - I am professionally a social worker and have studied media science, so I am not a businesswoman. I have already learned this somewhat voluntarily. I have become quite good, but someone with business skills could help me, so with expertise, professional knowledge.” (SE11)

“For us, it’s actually the industry know-how. Being able to support us in how this scale-up could actually look like. Because that’s something that none of us have done before. It’s something where we have theory and where we look at how it could work on a small scale in the lab, but we lack the experience, which is what we most lack at this point.” (SE25)

Information rights “A non-complicated application process and reasonable reporting mechanisms. So not to have to send something at the last minute, like, now we also need this in English or asking for completely unnecessary data. So, that would be appreciated. A lot of transparency in what is expected and when.” (SE30)

“Alright, ideally, someone who doesn’t constantly show up at the door but understands what the role of an investor is and isn’t. There are some who think they need to be involved in all daily decisions. Instead, understanding that ‘we (the investors) can veto or make no-gos, but we’re not going to interfere in the details of what you’re doing’.” (SE15)

“We’ve often had very intense and thorough discussions about which KPIs make sense. And these aren’t always the ones that immediately come to mind for an investor or are the first ones they think of. It has often been the case that we’ve said, if you measure in the wrong places, you’re forcing us to focus more on the indicators than on the social impact. So, discuss with us what are really useful KPIs that help you gain the confidence that we’re on the right track. But don’t force us to do something just to meet KPIs and accept mission drift just to meet investor needs.”(SE01)

Appendix 10: Details of vignettes (Paper 4)

Table A10.1 Detailed description of dimensions and levels of predictor variables^a

Dimension	Detailed description	Levels
Network access	Network access refers to the investor's support, which may include contacts to suppliers, distributors, customers, other investors, and other key stakeholders, and this way adds value to your business.	Large: The investor provides access to a large network of potentially relevant stakeholders. Small: The investor provides access to a small network of potentially relevant stakeholders.
Information rights	Information rights refer to the investor's accounting and reporting requirements. Information in this regard includes financial and non-financial aspects.	Strong: The investor expects regular reports and extensive information on the development of the company at frequent intervals. Weak: The investor requires only one final report and a limited amount of information on the company development.
Business advisory	Business advisory services refers to strategic guidance provided by the investor, including managerial support services, industry expertise, and advice on strategic decisions with regard to resource allocation.	Much: The investor offers considerable business advisory services from which your business might benefit. Little: The investor offers only a limited amount of business advisory services that could be useful to your business.
Social mission	Social mission shows to what extent the investor's investment focus and own organizational goals are oriented towards societal benefits (i.e. social and/or environmental).	High: The investor primarily invests in social enterprises and a social goal is central to the investor organization and its business activities. Moderate: The investor invests in both social enterprises and profit-oriented businesses and social and commercial goals are equally central to the investor organization and its business activities. Low: The investor primarily invests in profit-oriented businesses and a commercial goal is central to the investor organization and its business activities.

^a This detailed explanation of dimensions and levels was presented one time in the beginning of the survey because pre-tests showed that participants suffered from cognitive overload if shown in every vignette setting.

Reputation	Reputation refers to the perception that outside stakeholders have of the investor and is based on information about the investor's past behavior and accomplishments.	High: Various sources indicate to you that the investor delivers the services they promise with high quality. Low: Various sources indicate to you that the investor might not deliver the services they promise with high quality.
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Table A10.2 Exemplary vignette

Investor #1/6 is characterized as follows:

Network access	Large
Information rights	Weak
Business advisory	Little
Social mission	High
Reputation	Low

How likely is it that you would partner with this investor?

Very unlikely	Unlikely	Somewhat unlikely	Neu- tral	Somewhat likely	Likely	Very likely
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How favorable do you evaluate this investor?

Very unfavor- able	Unfavora- ble	Somewhat unfavor- able	Neu- tral	Somewhat favor- able	Favora- ble	Very favora- ble
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Appendix 11: Characteristics of sample (Paper 4)

Sample ($N = 115$)		
Gender	Female	53.9%
	Male	42.6%
	Non-binary	2.6%
Age	M	39.6
	SD	10.3
Position	(Co-)Founder	59.1%
	Management position	49.7%
Prior experience with investors	Yes	60.9%
	1-4 years	51.4%
	5-9 years	25.7%
	10-14 years	11.4%
	15 or more years	11.4%
	No	35.7%
	Intention in future	73.2%
Country	No intention in future	24.4%
	Germany	66.3%
	Other Europe	29.1%
	Africa	5.4%
	Other	4.5%
Education	Completed professional training	13.9%
	General certificate of secondary education	2.6%
	University entrance qualification	6.1%
	Undergraduate university degree	17.4%
	Graduate university degree	40.0%
	Ph.D.	16.5%
Legal form	Legal form specifically dedicated to cater to societal goals (e.g., gGmbH, Verein, Community Interest Company, Foundation, L3C, Community Benefit Society, Association)	32.2%
	Regular profit-oriented legal form (e.g., GmbH, Limited Company, Inc., SARL, SRL, SL)	63.5%

Appendix 12: Supplementary analyses (Paper 4)

Table A12.1 Correlation matrix for final model

	Interc Rep.: high	Soc. mis.: low	Soc. mis.: high	Netw.: large	Bus. adv.: much	Inf. rights: strong	Soc. ent. soc. mis.	Prior exp. w. inv.: yes	Mat. phase	Soc. ent. mis. × Soc. mis.: low	Exp. inv.: yes × Inf. rights: strong	Mat. phase × Netw.: large	Gend.: Female	Work exp.
Rep.: high	0	1												
Soc. mis.: low	-.012	.015	1											
Soc. mis.: high	-.012	.005	.502	1										
Netw.: large	0	-.016	-.043	-.014	1									
Bus. adv.: much	0	-.046	-.015	.015	0	1								
Inf. rights: strong	0	.013	-.016	-.033	.019	.009	1							
Soc. ent. soc. mis.	.006	.001	-.002	0	-.001	.001	.001	1						
Prior exp. w. inv.: yes	-.050	0	0	0	0	0	0	.192	1					
Mat. phase	.024	0	0	0	0	0	0	.042	-.094	1				
Soc. ent. mis. × Soc. mis.: low	-.001	-.027	-.020	-.003	.009	.037	-.001	-.003	0	0	1			
Exp. inv.: yes × Inf. rights: strong	.001	.001	-.040	-.077	.051	.043	-.060	.001	0	0	.001	1		
Mat. phase × Netw.: large	-.001	-.039	.053	.045	-.018	.075	.041	-.001	0	0	-.063	.042	1	
Gend.: Female	-.094	0	.001	0	0	0	0	-.362	-.074	-.068	0	0	0	1
Work exp.	-.079	0	0	0	0	0	0	-.048	-.162	-.393	-.004	0	0	.151

Table A12.2 Test for interaction effects of Level 1 variables

Dependent variable: Willingness to partner	Coefficients (Standard errors)
Intercept	3.607 (0.058)***
Vignette dimensions (Level 1) estimation of fixed effects^b	
Reputation: high	1.367 (0.122)***
Social mission: low	-1.528 (0.151)***
Social mission: high	0.374 (0.144)*
Network: large	1.342 (0.129)***
Business advisory: much	1.131 (0.124)***
Information rights: strong	-0.268 (0.124)*
Interaction effects (Level 1)	
Reputation: high × Social mission: low	-0.393 (0.294)
Reputation: high × Social mission: high	-0.249 (0.288)
Reputation: high × Network: large	-0.057 (0.246)
Reputation: high × Business advisory: much	0.321 (0.245)
Reputation: high × Information rights: strong	-0.166 (0.248)
Social mission: low × Network: large	0.017 (0.337)
Social mission: low × Business advisory: much	-0.238 (0.314)
Social mission: low × Information rights: strong	-0.005 (0.318)
Social mission: high × Network: large	0.533 (0.302)
Social mission: high × Business advisory: much	-0.329 (0.298)
Social mission: high × Information rights: strong	0.218 (0.294)
Network: large × Business advisory: much	-0.094 (0.264)
Network: large × Information rights: strong	-0.365 (0.264)
Business advisory: much × Information rights: strong	0.231 (0.263)
Log Likelihood	-2187.5
N (participants)	115
N (vignette ratings)	690

^a Estimation method: Maximum likelihood

^b All predictor variables were grand-mean centered

*** $p < .001$; ** $p < .01$; * $p < .05$