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Investing for good – Uncovering crowd investors' motivations to participate in sustainability-oriented crowdlending

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ABSTRACT

Sustainable ventures that pursue social and ecological goals alongside economic profitability can contribute to innovative solutions aimed at conserving natural resources and creating social value. However, as these ventures are not solely focused on profit maximization, they often face particular difficulties in acquiring external funding from traditional capital sources, making crowdlending an attractive alternative. In this study, we explore investor motivations to partake in crowdlending for sustainable ventures by conducting a qualitative study based on 18 open-ended interviews (approximately 12 h of audio recordings) with investors of a crowdlending platform targeted at sustainable ventures. Our findings suggest that balancing financial, personal, prosocial, and communal motives shapes investors' decision-making approaches. Hereby, our research contributes to an ongoing debate on the role of financial and nonfinancial motivations in investor decisions, particularly in light of the rise of return-oriented crowdlending platforms specialized in sustainable ventures.

1. Introduction

As societies become increasingly aware of the urgent challenges posed by climate change and global warming (as exemplified by the consensus reached at the December 2023 Global U.N. Climate Change Conference), the demand for innovative sustainable and social solutions to address problems such as natural resource depletion and migration crises is growing rapidly (Mansouri and Momtaz, 2022; Voegtlin et al., 2022). Sustainable ventures that pursue social or ecological goals alongside economic profitability can substantially contribute to sustainable economic development (Apostolidis et al., 2022; Johnson and Schaltegger, 2020). However, these ventures often face difficulties in accessing external funding from traditional sources, such as banks, given their focus on objectives beyond profit maximization (e.g., Anglin et al., 2022; Calic and Mosakowski, 2016). Therefore, crowdfunding is gaining relevance and momentum as an accessible alternative to finance sustainable ventures (Vismara, 2019). Notably, crowdfunding provides the potential for a bandwagon effect and corresponding changes in behaviors toward sustainability aims by amplifying societal awareness of

sustainable topics (Messeni Petruzzelli et al., 2019).

Especially *lending-based crowdfunding*, also called *crowdlending*, which addresses nonprofessional investors, holds considerable potential for sustainable ventures (Hörisch and Tenner, 2020; Penz et al., 2022; Slimane and Rousseau, 2020). Hereby, ventures are funded through many small loans from investors in the crowd based on fixed interest rates for a fixed period (Block et al., 2018). In this regard, crowdlending can appeal to retail investors seeking options to complement or substitute their private investments in conventional banks, stocks, or funds because it offers potential financial gains (Jiang et al., 2020; Palacios-González and Chamorro-Mera, 2018; Saiedi et al., 2020). Sustainable ventures can leverage crowdlending as a means to finance the realization and growth of their projects aimed at addressing poverty and environmental issues across the globe. Crowdlending platforms like *bettervest.com* specialize in facilitating funding for such ventures, which include projects such as providing affordable cooking stoves or solar home systems to underserved populations in regions like Zambia, Rwanda, or Kenya.¹ Through dedicated crowdfunding campaigns, these companies seek to raise a specified funding target from a large pool of

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¹ For exemplary project descriptions, see the crowdlending campaigns for the projects "Solar home systems for Kenya" (<https://www.bettervest.com/de/project/pawame-1>), "Sustainable cooking stoves for Zambia" (<https://www.bettervest.com/de/project/greenway-cookstoves>), or "Solar products for clean electricity in Rwanda" (<https://www.bettervest.com/de/project/munyx-eco>), accessed on May 5, 2024.

investors, who in turn can receive a financial return on their investment if the project is successful.²

Despite the increasing popularity of loans for sustainable ventures, return-oriented crowdlending remains under-researched (Böckel et al., 2020; Messeni Petruzzelli et al., 2019; Tenner and Hörisch, 2021). This is surprising, given that crowdlending represents the most widely used form of alternative finance in Europe (Saiedi et al., 2020). Thus, it is especially important to further investigate and deepen our knowledge on return-oriented crowdlending (Vásquez-Ordóñez et al., 2023). Research examining return-oriented crowdlending for traditional ventures suggests that investors' participation is predominantly motivated by profit maximization (Borello et al., 2015; Dorfleitner et al., 2023). As these profit-oriented investors typically attempt to limit their risk of financial loss via portfolio diversification (Dorfleitner et al., 2023), they cognitively process campaign information presented online (e.g., the pitch video, project description, prospectus, and risk disclosures) and strongly consider potential financial outcomes of their crowdlending activities (Herzenstein et al., 2011).

With regard to sustainable ventures, however, literature typically highlights the importance of sustainability-related motivations and outcomes for tailoring crowdfunding offerings (e.g., Nielsen and Binder, 2021). While studies have explored the role of intrinsic and extrinsic motives (e.g., Chen et al., 2021) or egoistic and altruistic motives (e.g., Testa et al., 2020) in donation-based or reward-based crowdfunding, we lack relevant insights into the nature and heterogeneity of crowd investors' motives in return-oriented crowdlending. These insights are crucial for designing an effective crowdlending ecosystem that meets the crowds' needs in the context of sustainability. Further, while a recent literature review on crowdfunding and sustainability shows a rapidly growing research field, the authors identify specific gaps in our understanding of individual-level investor motives in return-oriented crowdlending (Dinh et al., 2024, p. 14), underscoring the importance of examining the composition of these motives and their linkages to decision making. Hence, this study aims at answering the following research question: *Why do nonprofessional investors participate in return-oriented crowdlending for sustainable ventures and how do their motives shape their decision-making approaches?*

The research question of this study holds significant theoretical relevance due to the nature of crowdlending, which operates as a two-sided market involving entrepreneurs and investors (e.g., Tang et al., 2023; Belleflamme et al., 2014), with the platform serving as the intermediary. While our knowledge of the influence of campaign attributes presented by entrepreneurs is expanding (e.g., Berns et al., 2020; Moss et al., 2018), there remains a gap in understanding the individual investors' perspective. Understanding the participation motives and decision-making processes of investors is particularly important in the context of sustainability, where funding outcomes may be less tangible and immediate compared to traditional crowdfunding (e.g., Messeni Petruzzelli et al., 2019; Tenner and Hörisch, 2021). Most crowdfunding studies based on platform data lack access to detailed information about individual investors and their motivations, often relying on inferred motives derived from observed behavior at an aggregate level (Cox et al., 2022). For example, previous work has inferred motives by examining the relationship between campaign success and campaign narratives (e.g., Allison et al., 2013; Robiady et al., 2021) or funding information (e.g., Anglin et al., 2020; Slimane and Rousseau, 2020) presented by the entrepreneurs. Thus, scholars particularly call for more qualitative research in the field of crowdfunding (e.g., Cox et al., 2022) to answer how and why questions regarding the investor perspective. Previous studies from related research fields underline the usefulness of taking the investor perspective to gain deeper insights into motivations

² The financial return rate offered on bettervest averages around 7.37 % (Status: August 2021, <https://www.bettervest.com/de/projekt-statistik>, accessed on December 13, 2023).

(e.g., Berry and Junkus, 2013; Hong and Kostovetsky, 2012; Palacios-González and Chamorro-Mera, 2018).

In light of this, we base our qualitative study on semi-structured interviews with crowd investors from a German sustainability-oriented crowdlending platform to explore the nature and variety of investor motivations and develop a clearer understanding of related drivers and considerations. Using an iterative data collection and analysis technique, our study comprises a total of 18 interviews. In a first step, we conducted an inductive analysis of our qualitative data according to the principles of grounded theory (Glaser and Strauss, 1967) to reveal the investors' underlying motivations. In a second step, we further enriched our analysis with an abductive approach whereby we triangulated our findings with existing theory to derive a conceptual model that sheds light on the drivers and focus of the motives for crowdlending participation in the sustainability context, as well as on the role these motives play for investors' decision-making processes. By increasing our conceptual knowledge of the underlying investor motivations in return-oriented crowdlending for sustainable ventures, we not only add to the existing qualitative studies in other crowdfunding contexts, such as reward-based or donation-based crowdfunding (e.g., Bagheri et al., 2019; Gerber and Hui, 2013; Mc Laren and Baldegger, 2021), but also make several key contributions to the literature on sustainable venture financing.

First, we present crowd investor motivation as a multilayered concept encompassing heterogeneous financial, personal, prosocial, and communal motives, thereby extending previous research that is often based on broader conceptions primarily distinguishing between financial and nonfinancial motivations (Hajihedari and Delgosha, 2023; Yoo et al., 2023). Illuminating the drivers (i.e., intrinsic or extrinsic) as well as the focus (i.e., self- or other-directed) of investor motives, our study adds to the theoretical discourse about different motivators for sustainability-oriented crowdfunding (e.g., Allison et al., 2015; Siebeneicher and Bock, 2022).

Second, our findings indicate that crowd investors make different considerations regarding crowdlending outcomes based on weighing their underlying motives, leading to a dominant *strategic*, *emotional* or, lastly, *blended* decision-making approach that intertwines strategic and emotional concerns. Understanding how crowd investors adopt these different approaches provides valuable insights on the mix of strategies and emotions that drive investment decisions in the context of sustainable ventures. Thereby, this study enhances our understanding of the mixed investor motives at the individual level of analysis (e.g., Dinh et al., 2024). By revealing investors' considerations with regard to their decision making, we extend the findings from the emerging literature on return-oriented crowdlending (e.g., Penz et al., 2022; Vásquez-Ordóñez et al., 2023), while also adding to the broader debate on the potentially conflicting nature of investor decisions in the sustainability context (e.g., Agrawal and Hockerts, 2019; Richardson and Cragg, 2010).

Third, the insights of this study advance our understanding of how crowdlending can help overcome the financing constraints of sustainable ventures by reaching and involving a heterogeneously motivated crowd (e.g., Hörisch, 2019; Vasileiadou et al., 2016). We reveal that investors in return-oriented crowdlending seem to adopt charitable considerations when driven more by other- than self-directed motives. This differentiates crowdlending from other return-oriented funding options, such as equity-based crowdfunding, business angels, or sustainable venture capital (e.g., Bocken, 2015), which involve a larger proportion of professional investors who ultimately seek financial returns (e.g., Block et al., 2021; Bocken, 2015; Vismara, 2019).

Finally, our study also provides practical insights. Specialized crowdlending platforms and sustainable entrepreneurs can use our findings to enhance the engagement and retention of nonprofessional investors, thereby maximizing the potential of this financing option for sustainable ventures (Cumming et al., 2021; Siebeneicher and Bock, 2022). Moreover, a deeper understanding of investor motives can inform policymakers and institutions that support and incentivize

sustainability-oriented crowdfunding, thus developing mechanisms and policies to create a more conducive environment for sustainable development at large (Allison et al., 2022; Cumming et al., 2021).

2. Literature background

2.1. Crowdfunding for sustainable ventures

Crowdfunding describes the mechanism of pooling smaller capital amounts from a large group of individuals to fund projects through internet platforms (Block et al., 2018; Short et al., 2017). Sustainable ventures frequently encounter financial hurdles as they strive to simultaneously pursue both financial and social/ecological goals, which can deter traditional profit-oriented investors. In this regard, crowdfunding represents an attractive fundraising alternative to traditional entrepreneurial finance (Calic and Mosakowski, 2016). In the case of lending-based crowdfunding (crowdlending), individual investors grant small loans to entrepreneurs and receive their investments back if the projects are successfully implemented (Block et al., 2018). Literature distinguishes between two types of crowdlending platforms: prosocial and return-oriented (Short et al., 2017). In prosocial crowdlending, only the invested amount is returned to investors without any interest payments (Allison et al., 2013). In return-oriented crowdlending, investors earn interest on their invested capital and therefore expect financial returns in addition to repayment of the principal (Hörisch and Tenner, 2020).

So far, research on crowdfunding for sustainable ventures has predominantly focused on crowdfunding forms without financial returns, that is, donation-based crowdfunding (e.g., Gleasure and Feller, 2016; Logue and Grimes, 2022), reward-based crowdfunding (e.g., Calic and Mosakowski, 2016; Otte and Maehle, 2022) which is often pre-selling or prosocial crowdlending (e.g., Anglin et al., 2020; Luo et al., 2022). In comparison, return-oriented crowdlending has received less attention in the sustainability context (Hörisch, 2019). Nonetheless, taking into account the large volume of capital raised through crowdlending within the European Union³ and thus its practical relevance (Block et al., 2018), it is essential to comprehend dynamics and mechanisms of return-oriented crowdlending for unlocking its potential to attract a broader crowd of investors to foster the development of sustainable ventures.

Previous quantitative studies have analyzed how campaign attributes impact crowd investor decisions by predominantly investigating data from platforms. For example, existing crowdfunding studies indicate that ventures' sustainability-oriented narratives or framing can impact investor decisions (e.g., Moss et al., 2018). However, due to the limited public availability of individual-level information about investors on crowdfunding platforms (Pierrakis, 2019), research on investors' participation motivations remains scarce. In this regard, Gerber and Hui (2013) qualitatively reveal that in reward-based crowdfunding backers are not only motivated by rewards, but also by helping the entrepreneurs, interacting in communities or contributing to product design. Further studies based on primary data explore motivations in donation-based crowdfunding, where backers are driven by the desire to help others related to charitable and philanthropic causes (e.g., Bagheri et al., 2019; Chen et al., 2021; Choy and Schlagwein, 2016). Relying on semi-structured interviews with crowdfunding stakeholders, Mc Laren and Baldegger (2021) compare different crowdfunding forms and state that, in contrast to donation- and reward-based crowdfunding, financial factors are relevant in the lending and equity context, while environmental and social factors have little to no relevance. Hence, assuming that crowd investors approach crowdlending participation with a similar mentality as retail investors, the findings of previous research cannot be

³ In 2015, €3.2 billion was raised from the crowd through loans in the European Union (see European Commission, 2016). https://finance.ec.europa.eu/document/download/a1a70784-607a-4ca2-ad00-110eb692b93b_en?file_name=crowdfunding-report-03052016_en.pdf, accessed on May 19, 2024.

directly transferred to return-oriented crowdlending (Mollick, 2014; Vasileiadou et al., 2016).

2.2. The motivation of crowd investors

Motivation refers to the extent to which people are induced to engage in behavior through particular drivers (Deci and Ryan, 2012; Deci et al., 1991). According to cognitive evaluation and self-determination theory, motivation is categorized into extrinsic and intrinsic motives (Deci and Ryan, 1985). In line with these theories, intrinsically driven motives stem from the psychological gains of performing an action, whereas extrinsically driven motives are connected to an external outcome, such as receiving a (monetary) reward or some form of external recognition or feedback (Allison et al., 2015; Bagheri et al., 2019; Ryan and Deci, 2000). In this context, Allison et al. (2015), based on an analysis of campaign rhetoric, emphasize the relevance of intrinsic factors, such as human interest, for crowd investor decisions. They conclude that investors in prosocial crowdlending are dominantly driven by altruism (Allison et al., 2015). Other crowdfunding studies, in contrast, suggest that crowd investor decisions are primarily motivated by extrinsic factors, such as product rewards in reward-based crowdfunding, or financial returns in equity-based crowdfunding (e.g., Cholakova and Clarysse, 2015; Vismara, 2019). Such a distinction between financial and non-financial motives is common in the crowdfunding literature (Berns et al., 2020) because it helps researchers to understand the complex interplay between motivating factors.

Further existing crowdfunding studies focusing on motivation delve into self-directed and other-directed motives (e.g., Hashinaga et al., 2023; Zhang and Chen, 2019). These studies often refer to the concepts of egoistic and/or altruistic motives, which correspond to the orientations either directed toward the self or toward others (Zhang and Chen, 2019). In this regard, self-directed motivation is associated with a benefit for the individuals themselves linked to individual goals and standards, whereas other-directed motivation is associated with a benefit for others, such as society or the community, linked to social interactions or social norms (e.g., Hashinaga et al., 2023; White and Pelozo, 2009). For example, the findings of Zhang and Chen (2019) reveal that self-directed motives exert a more pronounced positive influence than other-directed motives on the crowd investors' funding decision. In the realm of sustainability-oriented crowdfunding, Hashinaga et al. (2023) observe a greater influence of other-directed motives over self-directed motives on individuals' willingness to participate in crowdfunding, while also noting that motivational factors may vary in diverse socioeconomic contexts and cultures within different countries.

Return-oriented crowdfunding forms are assumed to attract growth-oriented investors who seek financial gains (e.g., Bento et al., 2019a; Nitani et al., 2019; Vasileiadou et al., 2016) and act in a way to maximize their financial returns (Dorfleiter et al., 2021; Nitani et al., 2019). In this respect, previous studies have stressed the relevance of factors such as interest rates, risks, and market conditions for driving crowd investor behavior (e.g., Bento et al., 2019a; Penz et al., 2022; Pierrakis, 2019). Slimane and Rousseau (2020), for example, compare the behavior of crowd investors to that of traditional banks, which primarily seek a solid return on investment (ROI). In contrast, Hörisch and Tenner (2020) argue that crowdfunding campaigns' environmental sustainability orientation may positively influence funding success, even in a context where financial incentives exist. Hence, literature has presented partly contradictory arguments concerning the motives of crowd investors in the return-oriented crowdlending context (e.g., Caputo et al., 2022; Mendoza et al., 2023). In addition, scholars argue that financial returns may crowd out the intrinsic motivation of investors in the context of return-oriented crowdfunding (e.g., Kollenda, 2022; Mendoza et al., 2023). For example, the quantitative study by Kollenda (2022) suggests that the expectation of financial gains potentially diminishes the effect of social impact in crowdlending decisions.

These observations underscore the relevance of analyzing the

granular composition of motives in return-oriented crowdlending and related mental linkages to crowd investors' decision-making deliberations. Given that crowdlending involves the risk of monetary loss for crowd investors (Bento et al., 2019a), it is important to grasp their considerations with regard to crowdlending outcomes. In addition, a deeper knowledge of motives is useful for informing the platforms' practices with regard to presenting and reporting on project implementation as well as social or environmental improvements, which are considered especially relevant for sustainable ventures (Hörisch, 2019). Therefore, the present study uses a qualitative approach to develop a model of how investor participation motives may shape considerations in the decision-making process, while providing a comprehensive picture of investor motives in return-oriented crowdlending.

3. Methodology and research context

3.1. Semi-structured interviews

Qualitative analyses can help scholars to gain a deeper understanding of the motivations of crowd investors and provide insights into their decision-making processes, contributing to a more nuanced view of return-oriented crowdlending in the context of sustainability. Thus, this research form is particularly suitable to answer "why" and "how" questions related to phenomena that are shaped by contextual factors (Gioia et al., 2013; Huy et al., 2014), such as prevalent societal problems or personal reasons of individuals (see, e.g., Mittermaier et al., 2021). In particular, qualitative research allows the exploration of the true complexities of motivations (Bagheri et al., 2019; Brem et al., 2019; Gerber and Hui, 2013), taking into account contextual factors such as crowd investors' personal circumstances, for example, their living and professional situations, or perceived societal and environmental issues. While existing research highlights the relevance of early studies on crowd investor motivations, it so far offers limited in-depth insights from the investor perspective to adequately answer the research question of this study (e.g., Cox et al., 2022; Tenner and Hörisch, 2021; Yoo et al., 2023). We base our qualitative research on semi-structured interviews with actual investors. Specifically, we examine *why* crowd investors participate in crowdlending for sustainability ventures and *how* these motives may shape their outcome considerations. To capture both the initial investor motivations and their considerations regarding the possible outcomes of their participation in crowdlending, we structured the interview content as follows: (1) initial interest and engagement in participating in crowdlending for sustainable ventures (e.g., how the participant became involved in investing in young companies with social and/or environmental goals via crowdlending), and (2) individual approach to funding decisions considering potential crowdlending outcomes (e.g., the relevant decision-making factors and considerations when financing sustainable projects). The interview guideline involved a series of open-ended questions to enable a candid conversation with the interviewees (see Appendix). Throughout the data collection process, this interview guideline was slightly adjusted and expanded by building on prior observations (Gioia et al., 2013; Glaser and Strauss, 1967; Strauss and Corbin, 1998). In addition to the opening and ending questions, the guideline initially included seven main questions, which were increased to nine during the data collection process. We uncovered two additional questions in the initial interviews and added them to the guideline to reflect the structured follow-up inquiries on the multifaceted nature of initial participant engagement. As we followed a semi-structured approach, the structured main questions were expanded by follow-up questions based on the narratives of individual interviewees to gain an in-depth perspective (Helfferich, 2011; Rubin and Rubin, 2005). In addition, interviewees were encouraged to provide any emergent narrative description that they felt was relevant in relation to the questions. Interviews were recorded with a voice recorder and transcribed for analysis. Finally, they were scheduled and conducted until the authors believed that theoretical saturation was sufficient to develop

the characteristics of the categories (Glaser and Strauss, 1967).

3.2. Sample selection and data collection

Our study was conducted in cooperation with the German-based return-oriented crowdlending platform *bettervest*, which is listed among the top 10 crowdfunding platforms specialized in financing renewable energy projects (e.g., solar, wind, and hydroelectric power) worldwide (Slimane and Rousseau, 2020; Cogan et al., 2023) and quantitatively measures the impact of these in terms of total carbon dioxide (CO₂) reduction. The platform, founded in 2012, offers an average financial return rate of 7.37 % with a project duration of typically between 3 and 8 years (average: 6.3 years) and minimum investment amounts starting at €50⁴ (bettervest, 2023), having achieved a total investment volume of roughly 16 million Euro in over 100 projects in 20 different countries as of August 2021.⁵ With over 10 years of market experience since its establishment in 2012, bettervest offers a robust foundation for our study. Additionally, due to its central location within Europe, the German market can be viewed as indicative of other neighboring European countries (Berger et al., 2015; Hörisch and Tenner, 2020).

Primarily addressing private investors, bettervest offers the opportunity to financially benefit from investments in ecologically and socially sustainable projects with an increasing focus on the African market. For example, one project distributes solar home systems to Kenyan families, offering them sustainable and cost-effective electricity alternatives while eliminating harmful kerosene lamps and candles. This project not only contributes to climate protection by reducing carbon emissions, but also empowers economically disadvantaged families by acting as a credit agency. The funding goal of the project amounted to €323,500 and was nearly reached with €316,850 collected from 393 investors.⁶ The annual return rate was stated as 8 % with a project duration of 5 years. The project description includes two presentation videos showcasing the company, along with comprehensive details on the project's background, repayment structure, social and environmental impacts, as well as financial information regarding the business model (see Fig. A1 in the Appendix for a visual excerpt of the project description on the crowdlending platform). Other typical projects on bettervest include deploying photovoltaic systems, solar water heaters, solar water pumps, or clean cooking stoves in regions like Rwanda or Zambia. To facilitate partial repayment in the case of insolvencies, project investments are typically structured as special purpose vehicles (SPVs). In exchange for their intermediary services, the platform charges a periodic handling fee and a success-dependent commission.⁷

By strategically approaching our sample from the platform bettervest, we aim to describe the particular subgroup of crowdlending investors with regard to the specific topic of how participation motivation shapes investor decision making (Neergaard, 2007, p. 264). Based on the method of purposeful sampling (Lincoln et al., 1985; Patton, 1990), we defined and followed specific characteristics to reach out to potential participants. As we were interested in the investors who fully recall their

⁴ The minimum investment amount has decreased to €50 from the previously required €250.

⁵ According to the project statistic of August 2021, of 102 projects, 76 held the status "currently repaying investors", 16 had fully repaid investors, while 10 projects were bankrupt (i.e., insolvency proceedings). Therefore, this puts the failure rate at or above 9.8 % (since a percentage of the projects currently repaying their loans could cease repayment prior to the end of their respective loan timeframe). (<https://www.bettervest.com/de/projekt-statistik>, accessed on December 13, 2023).

⁶ <https://www.bettervest.com/de/project/pawame-1> (accessed on May 5, 2024).

⁷ <https://www.bettervest.com/en/2022/12/06/ausfallgarantie>, <https://www.bettervest.com/de/intransparenz-beim-crowdfunding> (accessed on December 13, 2023).

crowdfunding activity, we only approached active investors with two or more investments that had invested in a bettervest project within the last six months before the interviews. Following this procedure helped us to avoid or significantly reduce potential recall bias (i.e., incomplete or inaccurate recollections) because the closer in time the object of cognition, the less severe the recall bias is likely to be (Cassar, 2007).

We approached a total of 130 investors in successive groups based on the recency of their investments, with a final response rate of approximately 14 %. The semi-random approach has advantages over simple snowball sampling often used in other studies, because we did not know the interviewees prior to approaching them, thus increasing the objectivity of the findings. To signal trust, investors were contacted via e-mail together with bettervest and asked whether they were interested in participating in the study.⁸ As an incentive, bettervest offered participants a voucher for their next investment (€20 toward the minimum investment amount of €100). Such participation incentives have been shown to improve engagement in consumer research studies (Keller et al., 2020). The semi-structured interviews were conducted by the first author between October 2021 and January 2022 and took place predominantly via telephone (14 of 18 interviews) or the digital conferencing tool Webex by Cisco Systems (4 of 18 interviews).

The final dataset includes 18 interviews with a duration of 38 min on average, ranging from 24 to 60 min. In our study, we employed purposeful sampling to ensure the characteristics of participants closely mirrored those typically found in crowd investors (Neergaard, 2007). Thus, this method allowed us to select individuals whose sociodemographic characteristics and experiences are representative of the examined population. Table 1 provides an overview of the characteristics of each investor, demonstrating the investors' age, gender, and general investment experience, as well as crowdfunding experience. In our sample, 14 interviewees were male and the same number of interviewees were under the age of 50. Further, 15 interviewees had investment experience with stocks, funds, bonds, or other financial products before participating in crowdfunding for sustainable ventures via bettervest or other platforms. The remaining three reported that they began their general investment activities around the same time as they began participating in crowdfunding. According to their own recall and estimations, investors had approximately 17 years of investment experience on average before starting with crowdfunding. In addition, seven respondents reported that they had additional experience with investing in crowdfunding before their crowdfunding activities on bettervest. At the time of contact, the investors from our final sample had made between 2 and 61 crowdfunding investments via bettervest.

These sample characteristics represent typical sociodemographic characteristics of crowd investors as revealed in previous quantitative crowdfunding studies (e.g., Penz et al., 2022; Tenner and Hörisch, 2021). In addition, research has highlighted the relevant role of previous investment experience in the crowdfunding market (e.g., Kim and Viswanathan, 2019). Ultimately, the characteristics of the interviewees in our study were comparable to those in previous work and, thus, suitable for our analysis.

3.3. Data analysis

Our initial analysis and coding process of the gathered interview data follows an inductive procedure, which is enriched with an abductive approach in a subsequent step to better comprehend how investors' motives in return-oriented crowdfunding may shape their decision making (for a similar analytical approach, see Farny et al., 2019). Such an analytical approach involves a dynamic iteration between data

⁸ The authors received no financial compensation or other incentives from bettervest to conduct this study and cooperation on this study was limited to providing access to the platforms' investor pool for the purpose of conducting the interviews.

analysis and the emergence of theoretical constructs by further drawing inspiration from existing theory (e.g., Huy et al., 2014; Williams and Shepherd, 2016).

In a first step, we implemented grounded theory in our analysis, because it is known to have several advantages for studying complex and dynamic phenomena like return-oriented crowdfunding. For instance, it can identify the situated nature of knowledge and adapt to diverse phenomena or changes (Milliken, 2010). We used the software MAXQDA for our data analysis and followed an iterative technique based on constant comparison according to the principles of grounded theory (Glaser and Strauss, 1967). By employing the technique of constant comparison (Glaser and Strauss, 1967; Strauss and Corbin, 1998), the methodology of grounded theory generates insights from underlying data while increasing the rigor of qualitative studies as called for by Maula and Stam (2020). Thus, we first segmented the data into initial codes and then aimed to identify variations between the interviews. The identification of initial codes involved an open coding procedure of the underlying data that resulted in a list of first-order concepts related to the research question (Strauss and Corbin, 1998). Subsequently, we iteratively compared and contrasted the emerging themes in an ongoing process to aggregate similar concepts into a meaningful data structure of second-order themes and aggregated categories (Gioia et al., 2013; Strauss and Corbin, 1998).

In a second step, we incorporated procedures from an abductive approach to achieve a valuable contribution to theory development (Vila-Henninger et al., 2024; Sætre and Van de Ven, 2021). More specifically, we further reviewed relevant literature on motivation to provide support for the reasoning of the derived themes and dimensions and to evaluate if any further concepts could be developed after the preliminary stages of analysis (e.g., Sætre and Van de Ven, 2021). In this process, the reviewed literature and existing theory on motivation in sustainability-oriented crowdfunding served as a lens for the classification of the emerged themes and categories (e.g., "compensate for their moral conscience" or "establish a personal connection"). Hence, the consideration of theoretical work concerning focus and drivers of motives arose from analyzing data and gaining emergent insights through an initially inductive coding procedure (see, e.g., Choy and Schlagwein, 2016), while the insights from previous studies on intrinsic and extrinsic drivers of motives (e.g., Alam and Campbell, 2012; Bagheri et al., 2019; Choy and Schlagwein, 2016) and self-directed and other-directed motives (e.g., Hashinaga et al., 2023; Zhang and Chen, 2019) inspired the further analysis of findings. Based on this, we developed a model to add further depth to the analysis of how motives can shape crowd investors' decision making, advancing the discussion of the theoretical implications and contributions to existing literature in the field.

4. Results

Our findings across the interviews revealed that the investors' motivation to engage in crowdfunding for sustainable ventures is multilayered and appears to be a combination of financial, personal, prosocial, and communal motives. Fig. 1 depicts the first-order concepts, second-order themes, and aggregated dimensions resulting from the analysis.

Exemplary interviewee statements for the evolving themes and our inductive coding procedure are presented in Tables A1 through A4 in the Appendix. The identified themes and subthemes of our findings are interrelated rather than mutually exclusive, as is often the case in qualitative studies (Meng et al., 2022). The results of our analysis indicate that investor considerations about crowdfunding outcomes are based on their weighting of the distinct motives. In the following, we first describe the results of our qualitative study in more detail, after which we provide insights into the role these motives play in the decision-making approach of crowd investors.

Table 1
Overview of interviews and characteristics of interviewees.

ID	Profession	Education (degree)	Prior investments	Investment experience (years)	Prior crowd-funding	Age category (years)	Gender	Length (minutes)	Date of interview
1	IT Manager	Master's	Yes	5–10	Yes	30–39	M	24	21/10/2021
2	Property Manager	Apprenticeship	Yes	21–30	Yes	40–49	M	45	27/10/2021
3	Quality Manager	Master's	Yes	5–10	No	20–29	M	29	29/10/2021
4	Public Administrator	Master's	Yes	21–30	No	40–49	M	40	03/11/2021
5	Credit Analyst	Apprentice-ship	Yes	11–20	No	50–59	M	30	10/11/2021
6	Psychotherapist	Master's	Yes	41–50	No	60–69	F	38	15/11/2021
7	Official	Master's	Yes	21–30	Yes	50–59	M	51	16/11/2021
8	IT Administrator	Master's	Yes	21–30	No	40–49	M	39	25/11/2021
9	Engineer	Master's	Yes	11–20	No	40–49	M	30	01/12/2021
10	Sustainability Consultant	Master's	No	0–4	Yes	30–39	F	42	07/12/2021
11	Consultant	Master's	Yes	5–10	Yes	30–39	F	41	09/12/2021
12	Research Assistant	PhD	No	0–4	No	30–39	F	29	14/12/2021
13	Business IT Specialist	Master's	Yes	21–30	Yes	50–59	M	60	13/01/2022
14	Marketing Manager	Master's	Yes	11–20	No	40–49	M	28	18/01/2022
15	Research Assistant	PhD	Yes	11–20	No	30–39	M	34	18/01/2022
16	Research Assistant	PhD	Yes	11–20	Yes	30–39	M	43	24/01/2022
17	Software Engineer	Master's	No	0–4	No	40–49	M	49	26/01/2022
18	Electrical Engineer	Master's	Yes	11–20	No	40–49	M	29	28/01/2022

Note: M = Male, F = Female. Prior crowdfunding indicates additional experience on any type of crowdfunding platform, Master's degree refers to any university degree as well as to Diploma holders before the Bologna Process. Dates are presented in the DD/MM/YYYY format.

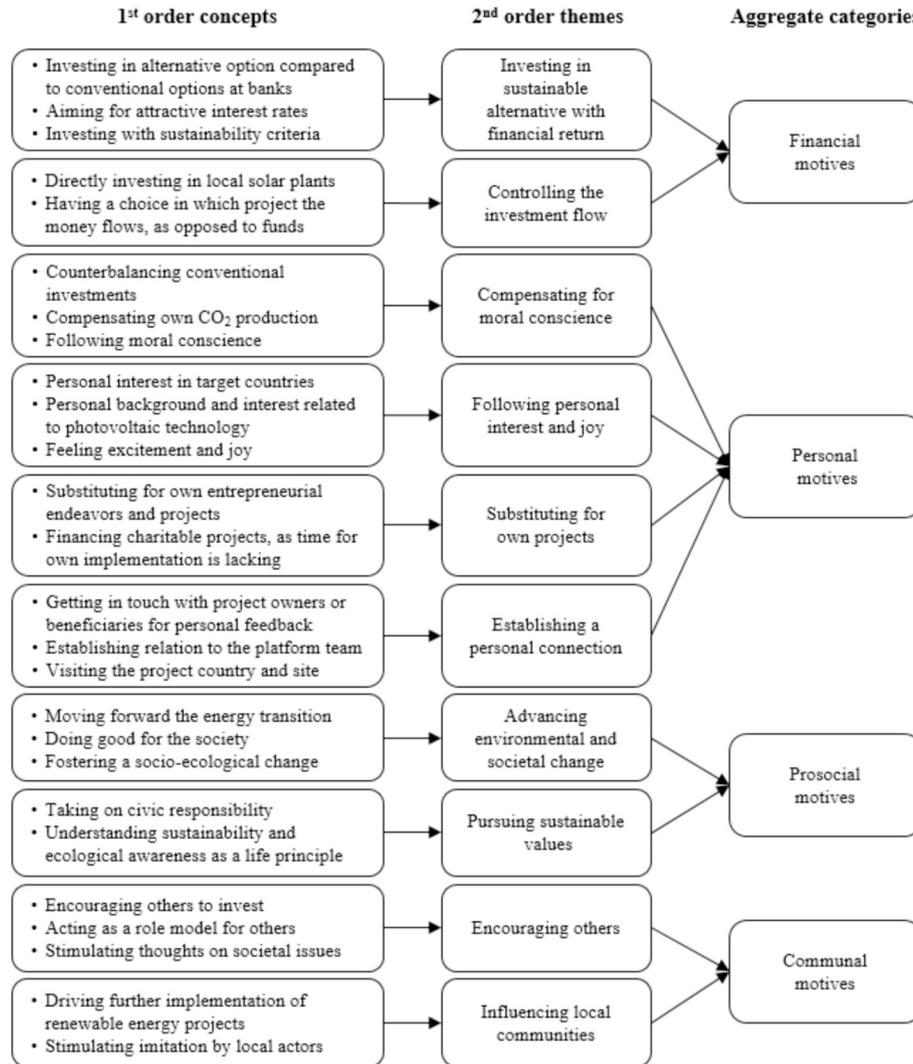


Fig. 1. Data structure of motives in return-oriented crowdfunding.

4.1. Motives to engage in return-oriented crowdlending for sustainable ventures

4.1.1. Financial motives

The investors we interviewed indicated that their engagement in crowdlending for sustainable ventures was tied to the basic idea of preserving or increasing their financial wealth (see Table A1 in the Appendix). Financial motives thus represent one of the main participation criteria that were consistent across all interviews. The majority of interviewees emphasized the desire to supplement or substitute traditional financial products and described looking for sustainability-focused options to *invest in an alternative with potential financial returns*. For most crowd investors, the initial impetus to participate in crowdlending for sustainable projects was to critically question traditional investment opportunities. For example, Investor 7 explained:

“The first is to invest one’s money, one’s savings, in such a way that it has a chance of retaining its value in the long term or even growing. But above all, to ensure, so to speak, on the international financial markets that one does not contribute to financing the bad in the best case.”

And Investor 16 stated:

“Before that, I was also looking for forms of investment that moved away from the traditional bank account and, in some cases, invested in specific projects. The aim is to achieve a return, but also to create added value for society or, in my case, above all for the environment.”

Comparing crowdlending with the economic appeal of financial products offered by traditional banks, the interviewees underlined the attractiveness of return rates in crowdlending. With respect to the increased risk, they stressed the practice of distributing small investment amounts across different sustainable crowdlending projects to diversify as broadly as possible. Most investors further indicated that they had experience with traditional investments as retail investors prior to participating in crowdlending for sustainable ventures and thus had an existing investment portfolio. In view of this, the interviewees considered crowdlending as a part of their overall investment strategy which, in most cases, also included traditional investment options such as stocks and shares. For example, Investor 13 stated that the share of alternative investments amounts to around 5 to 10 % of the overall portfolio. While for the majority of investors crowdlending accounts for a smaller share of the overall investment portfolio, some investors show tendencies to increasingly shift larger shares toward crowdlending. Hence, their focus on crowdlending in relation to their investment portfolio ranges from small to large. Further, Investor 11 explained: “Since I am employed and also earn a little money, I invest money. I have a relatively good knowledge and for me, crowdlending is more of a small [...] addition to my profile.” In contrast, Investor 2 declared: “I’ve been trying to turn that around for two years. And I’m getting more and more money out of the things that are simply based on security and my financial advantage [...].” All investors, however, stressed that at the given time they do not rely on the money they invest in crowdlending, so they have some leeway to make this type of investment with high returns and high risk.

Actively comparing crowdlending with traditional investment options that claim to meet sustainability and financial criteria, investors perceived the ability to *control the investment flow* by directly selecting sustainable projects as another benefit of crowdlending. In contrast, when investing in large stock funds, for example, they would have to rely on the decisions of fund managers as the intermediaries. In this regard, one interviewee noted that crowdlending represents one of the few investment opportunities in the retail segment to “invest directly” (Investor 9) into projects of new ventures that create social and ecological value. Other investors highlighted the possibility of making a direct monetary contribution to physical “asset value” (Investor 7). Referring to the link between the investments and the projects, Investor

9 explained:

“I have the possibility to influence that actually physically somewhere a solar plant is built, which ensures every year that hundreds of kilos of CO₂ do not end up in the atmosphere. [...] The money that goes into it ensures that these solar plants and so on are built there. This direct link to the individual project is what I invest in.”

4.1.2. Personal motives

Second, we identified a range of personal motives related to individual perceptions, needs, and desires of the interviewed crowd investors (see Table A2 in the Appendix). Our study revealed that some investors were driven by their perceived need to *compensate for their moral conscience*, that is, their desire to compensate or counterbalance their bad conscience regarding their personal carbon footprint or their previous or current traditional investment activities. Referring to the personal “moral compass”, Investor 1 stated: “If I know I’m making money through the bad [companies] in the world because I’m investing, then somehow I have to create something good in return.” Further Investor 2 explained: “So I include that for myself in my CO₂ calculator. It’s important to me that I’m definitely below the average European CO₂ footprint with my family.”

Investors also expressed that they participate in crowdlending for sustainable ventures for hedonistic reasons related to their *personal interests and joy*. For instance, Investor 11 stated: “[...] I kind of do that a little bit besides for fun, to somehow make my portfolio a little bit more interesting.” Another described investing in crowdlending projects of sustainable projects as “adventurous” (Investor 15). In addition, crowd investors referred to their personal interest in specific project topics such as photovoltaic technology or certain project countries that were closely related to the sustainable ventures’ field of activity.

Relatedly, crowdlending investments in sustainable projects can be considered a *substitute for the realization of own projects or entrepreneurial ventures* that individuals would like to undertake but lack the time or opportunity to do so. Given that circumstances do not always allow individuals to launch or participate in sustainable projects on their own, crowdlending provides investors with the opportunity to contribute to the implementation of sustainable ventures and pursue their progress through their crowdlending investments instead. Investor 7 explained:

“I would like to finance my own huge photovoltaic system someday. [...] It would be my thing and it would have to function, then I would be an entrepreneur. But I haven’t managed to do that yet. And that’s why it’s also a bit of substitution via crowdfunding.”

Other crowd investors stressed the desire to *establish a personal connection* with the project beneficiary or the crowdlending platform team. Building a relationship can create a feeling of trust and fulfill the needs of interpersonal contact and exchange of individual investors. As Investor 13 described:

“We had such a nice little [project] where they said the kids can go to school or do homework longer because they just get light. And I actually wrote to the village elders [a message] and got feedback.”

4.1.3. Prosocial motives

Third, we identified prosocial motives as another consistent motive referenced by all crowd investors interviewed. Prosocial motives revolve around the societal impact of crowdlending investments in sustainable ventures (see Table A3 in the Appendix). Having realized that monetary investments represent a “good lever” (Investor 4) to make a difference and create impact, crowd investors commonly emphasized the prosocial motive of *advancing environmental and societal change*. They, for example, stated that they promote change by fostering the shift to renewable energy around the globe or helping to improve the lives of people in the project country. With a focus on renewable energy, Investor 2 pointed out:

“It’s actually more about pushing forward the energy transition worldwide. [...] And that’s what I’m trying to achieve through my volunteer work [...]. And through finances that are not invested in coal and fossil energy.”

Further, Investor 3 highlighted: “[...] because of course I want my money to do something positive not only for me somewhere but also for the society or the population.” In addition, crowd investors stressed that they *pursue sustainable values and beliefs* through supporting sustainable ventures with their investments. They often understand sustainability and ecological awareness as guiding principles of their lives that are also reflected in other areas, such as their consumption behavior, and view their investment decisions as a way of fulfilling their civic responsibility. In this context, Investor 10 revealed: “Because at some point it became clear to me that my own consumption decisions are an important factor, not just my own ecological footprint.” Subsequently, Investor 10 added: “We have to use the power of the consumer, which goes beyond consumption, also in the investment decision for our leverage [where] it is actually much bigger.” In addition, Investor 11 clarified:

“But for me, it’s actually also clear that I pay attention to social and ecological criteria in my investments because I do that usually in my own life now, that is, my lifestyle. And also at the ballot box, not only for me as a consumer or investor but actually also just as a citizen or political fellow citizen.”

4.1.4. Communal motives

Fourth, the crowd investors in our sample referred to communal motives that were linked to their influence on communities. Similar to personal motives, communal motives seem to be rather based on individual desires of investors and appeared less consistently than financial and prosocial motives throughout the conducted interviews (see Table A4 in the Appendix). Investors who mentioned communal motives emphasized the motive of *encouraging others* to contribute to crowd-lending. Some actively recommended crowd-lending for sustainable ventures to their friends and acquaintances, while others aimed to become role models for others through their crowd-lending activities. One investor referred to a desired “imitator effect” (5) to increase positive impact, while another investor in our study saw great potential in arousing the interest of other nonprofessional investors. In this context, Investor 4 described:

“But if you look around now as an investor on the market in Germany about loans, there is as good as no interest for these. So some people might well come up with the idea of saying, okay, I’m going to invest in a solar project in an emerging country. And I think you need to encourage more people [...] to invest in such things.”

Furthermore, investors stated that they can *influence local communities* by driving further implementation of renewable energy projects or stimulating imitation by local actors. As Investor 5 explained: “[...] and ultimately also to animate and also show there locally that a whole lot is possible in the area of renewable energies.” In addition, Investor 2 mentioned the importance of showing people in the region that “it is possible to work economically with such projects.” According to this investor, showing communities that the projects being implemented can function *and* yield profit may encourage the local expansion of similar projects.

4.2. Crowd investor considerations in return-oriented crowd-lending

The following stage of analysis revealed how the identified motives shape crowd investor decision making in return-oriented crowd-lending for sustainable ventures and uncovered different considerations of crowd-lending outcomes. The findings suggest that crowd investors in our sample appear to either emphasize or balance motives when forming their considerations regarding possible outcomes and potential financial

losses in crowd-lending. Tables A5 and A6 in the Appendix present further evidence of these results.

Crowd investors who emphasized financial or personal motives reflected this emphasis in their *dominant return considerations*. They, for example, stated that “[...] having more than zero or minus [as an overall financial outcome from the investments]” (Investor 7) represented a prevailing goal for their investment in sustainable ventures. Investors with dominant return considerations referred typically to a strategic and long-term investment approach. Taking such a strategic perspective on crowd-lending, Investor 1, for example, stated: “I realized that if I diversified broadly in crowd-lending, I would get a roughly similar return. [...] So in principle, I can get the same return that I get from a fairly high-performing market-wide ETF (Exchange Traded Fund), but which is conventional.” Further, investors who emphasize financial or personal motives seem to base their crowd-lending decisions rather on hard facts, such as project duration or refinancing modalities, and put additional effort into understanding the business model and calculations. In this regard, Investor 7 also added: “This is about money and not about very big emotions.” Hence, crowd investors with dominant return considerations tend to follow a *strategy-based approach* to decision making.

In contrast, crowd investors who emphasized either communal or prosocial motives overall showed *dominant charitable considerations*. In this context, they highlighted the fact that the “incentive is rather the contribution [itself]” (Investor 12). In this regard, Investor 10 outlined:

“[...] if the money was then completely gone, it would still be important to me that the investments had been made. And then [...] I would also be satisfied with a purely nonfinancial return, [...], even if all the money was gone. But of course, that only works if the amounts are not that large. So that you just say, okay, otherwise, I just donated.”

In addition, Investor 8 explained:

“And even if it doesn’t lead to anything, it has at least led to something blossoming somewhere temporarily. And you never know what that will lead to. So it’s the butterfly effect. And somehow it’s still positive.”

Therefore, investors focusing their decision making predominantly on charitable aspects appear to involve emotions in the decision-making process, relying on their gut feeling. In this context, Investor 6 described the decision-making approach in crowd-lending as going “pretty much through the gut and less through the front brain.” Further, Investor 8 explained that it is “such a bit of feeling” and Investor 10 described: “I hesitate much less. [...] As long as I somehow think that the principle essentially corresponds to my values [...]” Hence, their approach appears to be more “spontaneous” (Investor 4) and follows “no professional strategy” (Investor 6). Thus, in contrast to the strategy-based approach, other investors showed a rather *emotions-based approach* to crowd-lending decision making.

However, the majority of investors in our sample explained that they would aim at least at the repayment of the initially invested amount and thus accept receiving no financial returns on their investment. As Investor 2 emphasized: “The main goal is to not make a big loss.” In addition, Investor 3 noted: “First of all, it is important to me that I get my invested amount back at the end. And I see this interest payment as a benefit for me for the time being.” Regarding their crowd-lending decisions, the majority of investors in our sample engaged in a *blended approach* in their decision making, involving a mix of both strategy-based as well as emotion-based elements. Investor 13, for example, described both the strategic procedure of continuously keeping a fixed “percent cut” over time in relation to the overall investment portfolio and going through all investments “once a month,” while additionally referring to “a little bit of gut or flavor” (Investor 13) when it comes to making the actual project decision.

In summary, we observe a hybrid nature of considerations and approaches, highlighting the fact that—similar to prosocial crowd-lending

(e.g., Allison et al., 2015; Galak et al., 2011) —return-oriented crowdlending is situated somewhere between traditional investing and charitable giving. Our findings show that the variety of participation motives of individuals leads to a range of diverse considerations and approaches that influence individual decisions. In this context, the decision-making approaches can be understood as a hybrid concept based on a continuum anchored between financial return and charitable considerations.

5. Discussion

Drawing from the analysis of semi-structured interviews, this section delves into the discussion of findings and develops a model with the aim to enhance the understanding of why nonprofessional investors engage in return-oriented crowdlending for sustainable ventures and how their motives shape their decision-making approaches. The development of the model is informed by the theoretical lenses of intrinsic and extrinsic drivers of motives, as well as self-directed and other-directed focus of motives.

5.1. The role of focus and drivers of motives

As previous studies on crowdfunding motivation suggest that a granular classification can provide crucial explanatory value concerning the individuals' motives and related considerations in crowdfunding (e.g., Bagheri et al., 2019; Ryu and Kim, 2018), we refer to intrinsic and extrinsic drivers as well as self-directed and other-directed focus to develop a refined understanding of the identified motives and discuss them in the context of related theory. Fig. 2 illustrates the organization of the aggregate categories and themes according to the self-directed versus other-directed and intrinsic versus extrinsic dimensions.

5.1.1. Self-directed motives driven by extrinsic factors

Financial motives are primarily extrinsically driven, as they relate to the external tangible outcomes of investing in crowdlending for sustainable ventures (e.g., Allison et al., 2015; Cholakova and Clarysse, 2015). These motives are linked to the extrinsic benefits that investors expect for themselves (Allison et al., 2015), classifying them as self-directed extrinsic motives. When describing financial motives, the interviewed investors often drew comparisons between crowdlending and traditional investment options, emphasizing financial goals such as saving for retirement. Therefore, crowdlending for sustainable ventures can be considered as a way to achieving their financial goals while retaining control of the flow of their investments. Aligning with the economic logic commonly associated with traditional investing (Galak

et al., 2011), these observations reflect the findings from research on financial decision making, which highlights the individual's welfare from monetary outcomes (De Bondt and Thaler, 1995; Galak et al., 2011).

5.1.2. Self-directed motives driven by intrinsic factors

In contrast to financial motives, personal motives are intrinsically driven while being directed at the investors' own benefit. They relate to the personal fulfillment and satisfaction of crowd investors derived from the activity of investing in sustainable ventures itself (e.g., Cholakova and Clarysse, 2015). For example, the motive of compensation was often mentioned by the interviewed investors. This motive refers to the moral self-image of investors who feel the need to adjust (i.e., to compensate for) a perceived deficiency of their own social behavior (Warburg et al., 2021). From a theoretical perspective, this concept is connected to the principles of mental accounting (Thaler, 1985, 1999), suggesting that individuals allocate their finances into distinct mental accounts and engage in moral balancing (e.g., Merritt et al., 2012; Ploner and Regner, 2013), striving to maintain a level of their self-image. Such motivation is known from the field of environmental decision making, where individuals engage in voluntary carbon offsetting for a product or service choice (e.g., Hahnel et al., 2020; Warburg et al., 2021). Further, the anticipated feelings of joy and excitement are consistent with findings from previous literature on reward-based and equity-based crowdfunding (e.g., Makki and Van Hemmen, 2022), while the need to build a personal connection was also observed in the context of donation-based crowdfunding (e.g., Bagheri et al., 2019; Choy and Schlagwein, 2016). Hence, personal motives are rooted in the psychological traits of the individual and embedded within their personal contexts and circumstances. The large range of identified personal motives underscores this inference, as the motives are subjective and differ in light of the investors' personal interests, ambitions, needs and desires, as well as their perceptions of social norms.

5.1.3. Other-directed motives driven by extrinsic factors

Communal motives aimed at encouraging others and influencing the local community can be considered as externally driven, as they are linked to the external recognition and the behavior of others and thus are based on an extrinsic outcome (Allison et al., 2015; Bagheri et al., 2019). Within our study, the interviewees expressed a desire for adaptation and imitation by fellow crowd investors or local project initiators, underlining their orientation toward external recognition, awareness, and behavior originating from the broader community. This aspect aligns with findings from research in the fields of donation-based crowdfunding and charitable giving, where individuals often exhibit a

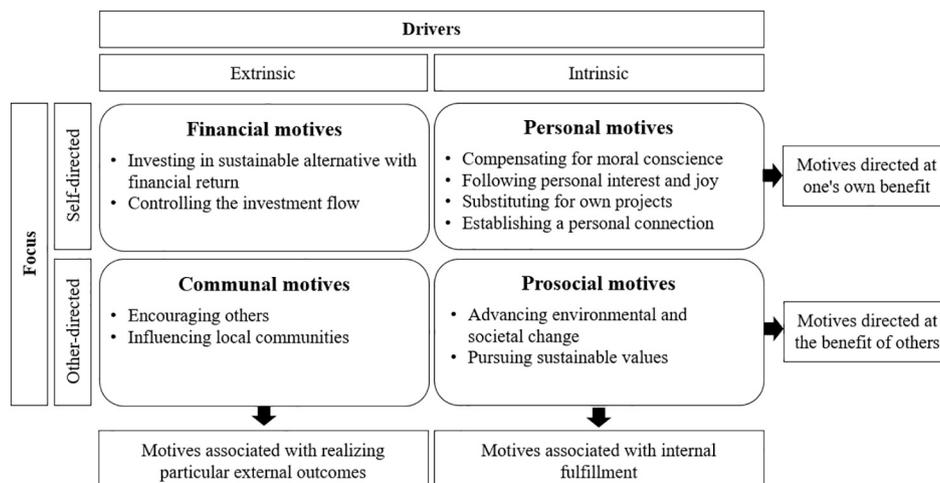


Fig. 2. Organization of motives according to drivers and focus.

concern for the image they convey to others (Allah Pitchay et al., 2022; Ariely et al., 2009; Choy and Schlagwein, 2016). Thus, this motive reflects concepts that are usually found in charitable giving, despite the fact that return-oriented crowdlending for sustainable ventures can generate financial gains for investors.

5.1.4. Other-directed motives driven by intrinsic factors

Prosocial motivations are intrinsically driven as they stem from the psychological gains resulting from the contribution process itself (Allison et al., 2015; Cholakova and Clarysse, 2015). These motivations focus on benefiting others, particularly in addressing societal issues and the greater common good. The interviewees in our study considered customers of sustainable ventures, the ventures' employees, or the society at large as the beneficiaries, and they expressed commitment to effecting specific social and/or environmental changes within their sphere of influence. Their actions are rooted in beliefs and values that often extend to different aspects of their lives, such as their consumer behavior, professional or volunteer activities, and political orientation. Such other-directed intrinsic motives are typically associated with the field of charitable giving. Research in this area has explored different concepts that may underlie the motives, from pure altruism to egoism (e.g., Allison et al., 2013; Andreoni, 1990). Accordingly, investors can be motivated by helping others, even though this motivation may not be entirely altruistic. For example, they might seek to invest in sustainable ventures to help others with the aim of making themselves feel good (e.g., Allison et al., 2013; Penz et al., 2022) also referred to as the "warm-glow effect" (Andreoni, 1990).

5.2. A motivation-centric model of decision-making approaches

Based on our observations, the model in Fig. 3 illustrates the role of crowd investors' initial participation motivations for shaping their decision-making approaches in relation to outcome considerations. In particular, this model sheds light on how weighing the different underlying motives can lead to varying considerations of crowdlending outcomes.

While all crowd investors in our interviews referred to a combination of financial, personal, communal, and prosocial motives in terms of their participation in crowdlending for sustainable ventures, we found that they showed different tendencies to balance these motives. By revealing these tendencies, this study extends previous research exploring motives related to investments in sustainable ventures (e.g., Galak et al., 2011; Meng et al., 2022; Moysidou and Spaeth, 2016) and provides additional insights into how investors balance the different dimensions of these

motives.

Thereby, our study recognizes that the weighing of motives leads crowd investors to consider crowdlending outcomes of their investments in different ways (dominant return considerations vs. balanced repayment considerations vs. dominant charitable considerations). In particular, crowd investors who emphasized extrinsically or intrinsically driven self-directed motives described dominant return considerations, whereas investors who emphasized extrinsically or intrinsically driven other-directed motives described predominantly charitable considerations. However, the majority of the interviewed investors in our sample balanced the different motive types and stated that they would be satisfied with the repayment of the initially invested amount, thus accepting the possibility of receiving no financial return on their investments. In this case, they follow the logic inherent in prosocial crowdlending, where the main expectation is to get back the amount originally invested (e.g., Berns et al., 2020; Gafni et al., 2021).

Related to the different considerations, crowd investors tend to follow distinct approaches in their decision making (strategy-based approach vs. blended approach vs. emotions-based approach). As a result, investors showing dominant return considerations engage rather in a strategy-based decision-making approach that typically follows rationally derived steps under consideration of a long-term investment plan and/or portfolio strategy. Such investors are more likely to consider hard facts, such as the project's interest rate and project duration, and to conduct some (simple) form of due diligence before making their decision. In contrast, investors with dominant charitable considerations show more of an emotions-based approach that is characterized by spontaneous decision making based on their gut feeling after reading the project's description. The blended approach combines elements from both strategy-based and emotions-based decision making. Hence, these observations shed light on the hybrid nature of decision making in return-oriented crowdlending for sustainability ventures, which needs to be understood as a continuum.

Further, it is noteworthy that all of the interviewed crowd investors still perceived the possibility of earning a financial return as one relevant factor for their initial participation in this form of crowdfunding. Thus, financial motives drive crowd investors' choice of crowdlending over prosocial crowdfunding or donation-based crowdfunding to fund sustainable ventures. In the course of the further decision-making process with regard to investing in sustainable ventures, however, balancing the different motive types leads to a range of outcome considerations and approaches from crowd investors. This finding is particularly interesting as it may distinguish return-oriented crowdlending from other forms of return-oriented financing, such as equity-based crowdfunding or

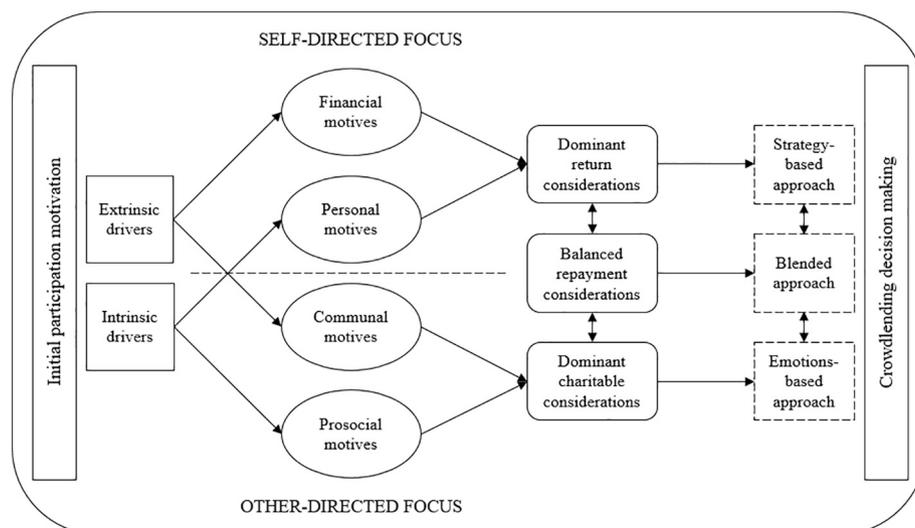


Fig. 3. A motivation-centric model of decision-making approaches in return-oriented crowdlending for sustainable ventures.

sustainable venture capital. Research suggests that investors in the latter financing options typically center their considerations primarily around expected financial returns, even if investors may accept lower returns in the context of sustainable ventures compared to commercial ventures (Bocken, 2015; Vismara, 2019; Wehnert and Beckmann, 2021). In contrast, prosocial crowdlending and donation-based crowdfunding are mainly driven by specific causes, for example, in relation to environmental disasters or social deficiencies (e.g., Behl and Dutta, 2020; Ge et al., 2022), and hence a combination of prosocial and communal motives that show parallels to charitable giving (e.g., Bagheri et al., 2019; Choy and Schlagwein, 2016). With regard to prosocial and communal factors, return-oriented crowdlending for sustainable ventures within the sector of renewable energy also diverges from reward-based crowdfunding, where studies indicate that project innovativeness significantly influences investors, particularly within sectors such as technology and the film industry (Roma et al., 2017, 2023).

Some crowd investors in our sample adopted repayment considerations, while others showed charitable considerations by comparing crowdlending losses to donations. As our analysis of participation motivation suggests that financial motives play an important role in driving initial crowdlending engagement for all crowd investors, some crowd investors thus seem to shift and adapt their perceptions related to the expected financial crowdlending outcomes. In particular, they show tendencies to reframe their investment when considering potential losses and view it as a donation for a good cause. Such an adaptation of preferences may be associated with theories around *ex post* rationalization (e.g., Eyster et al., 2021; Folli and Wolff, 2022), which state that individuals adapt their beliefs and attitude of prior choices, for example, as a consequence of cognitive dissonance (Festinger, 1957). This is important to know because researchers have recognized that rewards and outcomes of crowdfunding for sustainable projects are typically less tangible and less immediate, creating additional uncertainty (e.g., Messeni Petruzzelli et al., 2019). Typically, overcoming this uncertainty for sustainable ventures is conceptualized as a key role of the entrepreneurs, yet our findings show that the investors themselves can play a considerable part in this by reframing their views and *ex post* rationalizing their investment (and potential losses as nonetheless beneficial for normative goals) (e.g., Eyster et al., 2021).

6. Implications and limitations

Our qualitative study aimed to gain a refined understanding of why crowd investors engage in crowdlending for sustainable ventures and how these motives may shape their decision making. Grounded in our analysis of participation motives of return-oriented crowdlending for sustainable ventures, this study developed a motivation-driven model of decision-making approaches. Thereby, we extend existing research on motivations in return-oriented crowdlending, which has focused primarily on examining the influence of campaign attributes on crowd investor decisions (e.g., Bento et al., 2019a; Hörisch and Tenner, 2020; Pierrakis, 2019). While previous insights have been so far inferred in a detached manner from the underlying motives, our findings provide insights into the granularity of crowd investor motivation uncovering a multilayered combination of diverse financial, personal, prosocial, and communal motives. To summarize our study and its findings, we conclude by discussing the theoretical implications and contributions of our study (Section 6.1), before focusing on its limitations as well as the opportunities it provides for future research (Section 6.2) and outlining the practical implications of our findings (Section 6.3).

6.1. Theoretical implications

First, our findings unveil the underpinnings of different motive types and disentangle their drivers and focus to provide a nuanced perspective on various layers of crowd investor motivation. These insights contribute significantly to the academic discourse on motivational

factors in the realm of crowdlending (e.g., Choy and Schlagwein, 2016; Gerber and Hui, 2013; Tenner and Hörisch, 2021). In particular, previous motivational research in the field of crowdlending often tends to refer to two dimensions based on the distinction of financial and nonfinancial motivation (Hajihedari and Delgosh, 2023). However, the multifaceted nature of motivation requires a more comprehensive consideration when studying motivation in sustainability-oriented crowdfunding (Reiss, 2012; Yoo et al., 2023). Complementing the financial and prosocial motives previously explored in research on prosocial crowdlending (e.g., Allison et al., 2015; Berns et al., 2020; Gafni et al., 2021; Galak et al., 2011), our findings provide novel insights on additional personal facets, such as the motive of compensating for a moral conscience, that open up new avenues for future research.

In this context, the results of our study show that investors participate in crowdlending to compensate for their behavior in other areas of life (i.e., mental accounting and moral balancing). Similar to other carbon offsetting situations known from environmental decision making, individuals seem to be aware and keep track of their environmental activities (Hahnel et al., 2020) to engage in compensatory behavior when they deviate from their desired moral level (Cornelissen et al., 2013; Ploner and Regner, 2013). This implies that crowd investors consider crowdlending as a part of their overall long-term economic strategy, which underlines a distinguishing characteristic of return-oriented crowdlending. The findings from our analysis further corroborate the argumentation from previous research stating that crowd investors build up a portfolio (Dorfleitner et al., 2023; Hornuf et al., 2021) consisting of both traditional investment options such as stocks and shares and crowdlending projects, which reveals similarities to traditional investing (De Bondt and Thaler, 1995; Galak et al., 2011). Thereby, we close the previous gap in understanding the motives of the crowd of financially driven retail investors to include investments in sustainable ventures into their portfolio (e.g., Ormiston et al., 2015).

Second, by shedding light on how balancing diverse motives shapes the crowd investors' approaches to decision making through the different considerations of crowdlending outcomes, our analysis highlights the hybrid nature of crowdlending decisions (Allison et al., 2015; Galak et al., 2011). In this regard, return-oriented crowdlending differs from other forms of entrepreneurial finance, such as equity-based crowdfunding, business angels, or sustainable venture capital (Bocken, 2015). As considerations of investors within these financing options are still dominated by financial market logic, research on equity-based crowdfunding shows that investors tend to ultimately follow the motive of financial wealth creation (e.g., Nitani et al., 2019; Vismara, 2019). For example, in equity-based crowdfunding, the motive of helping others had no significant impact on investor decision making, whereas the motive to obtain a financial profit showed an impact (Cholakova and Clarysse, 2015). Thus, while previous research offers support for the influence of the financial market logic in return-oriented crowdlending (Kollenda, 2022; Pierrakis, 2019; Slimane and Rousseau, 2020), our findings show that investor considerations in return-oriented crowdlending can be also strongly shaped by other-directed and/or intrinsic motives. In particular, our observations revealed that some crowd investors may even adopt charitable considerations by focusing on nonfinancial returns for others.

By proposing a motivation-centric model for the decision-making process in return-oriented crowdfunding, we add to the ongoing discussions on the relevance of social and/or environmental impact with regard to different forms of investing. Our model helps scholars to further define the concept of crowdlending and link it to the broader landscape of sustainable venture financing (e.g., Bocken, 2015) and impact investing (e.g., Brest and Born, 2013; Ormiston et al., 2015; Schlütter et al., 2023). The insights of our analysis provide a novel, in-depth investor perspective on the hybrid nature of crowd investor decisions and indicate the presence of contextual conditions that can shape investors' decision-making processes. Consequently, future research may leverage our findings to explore the specific contextual conditions

that impact the conscious or subconscious weighing of motives and choice of particular decision-making approaches. In this respect, we propose that a perceived cognitive dissonance (Festinger, 1957) may lead crowd investors who find themselves in a conflict between the different motive types to adapt their considerations of crowdlending outcomes and thereby rationalize their choice of investing in crowdlending for sustainable ventures. Exploring this rationalization process and the related circumstances represents another fruitful avenue to advance our knowledge of crowd investor motives.

6.2. Limitations and future research avenues

First, our analysis is based on a crowdlending platform for sustainable ventures that primarily addresses investors in Germany. Given Germany's central location and influence in Europe, the German market may serve as a model for other European countries (e.g., Hörisch and Tenner, 2020). Thus, it seems likely that the uncovered findings would generalize to crowd investor behavior in other German-speaking countries (Austria and Switzerland). Yet the country-level political and economic situation (e.g., energy crisis, migration) can additionally influence both the investment opportunities on crowdlending platforms as well as the crowd's investing behavior. In this regard, market conditions and regulatory frameworks influencing crowdlending activity may vary cross-nationally (Moritz et al., 2015). Relatedly, crowdlending platforms for sustainable ventures may have different foci in terms of project types (e.g., reforestation or recycling rather than renewables) and target countries, as well as investment opportunities (i.e., the investment terms and type). Thus, future studies could compare crowd investor motives and considerations not only across different countries but also across a range of different platform foci.

Second, relatedly, country-specific culture and values are likely to affect the individual motives for investing in crowdlending for sustainable ventures (Cholakova and Clarysse, 2015; Zhao et al., 2017). Researchers have proposed that "crowdfunding platforms focused on financing sustainability-oriented projects tend to prosper more in institutional contexts more active in promoting and supporting sustainability initiatives" (Messeni Petruzzelli et al., 2019, p. 146). While Germany is a country where residents value the benefits of a social market economy that balances profit-driven growth with social responsibility, the German population has been found to be relatively individualistic, with implications for their risk-aversion in their portfolio allocations (e.g., Breuer et al., 2014). Thus, future research on motives to participate in return-oriented crowdlending for sustainable ventures should take into account and compare the influence of contextual factors (e.g., national culture or institutional conditions) on investor motives. A first move in this direction is the survey-based comparative study by Hashinaga et al. (2023), in which the authors investigate crowdfunding intention in socially responsible crowdfunding across Switzerland, Japan, and China. They find a stronger correlation between other-oriented motives and sustainability goals in Switzerland versus the other two, in line with differences along the individualism/collectivism cultural dimension (Hashinaga et al., 2023).

Third, our study relies primarily on qualitative interviews and therefore self-reports. That being said, during the interviews we had the impression that respondents were answering our questions both truthfully and openly. Similarly, qualitative studies can suffer from recall bias: the farther back in time the object of recognition, the more pronounced this bias can be. Therefore, to minimize this risk, we considered this in our study design and interviewed investors who had invested in two or more projects, with their most recent investment made within the last six months at the time of contact.

Finally, our findings provide initial indications of the cognitive linkages between the weighing of motives and decision-making approaches. While the themes and nuanced motives uncovered during our interviews provide us with further insights into how crowd investors decide on their investments into sustainable ventures, the study's

findings reveal many new insights. For example, it seems that some crowdlending investors are willing to forego profits and accept considerable risk of loss as a result of investing into sustainable ventures when focusing on the added sustainable value and reframing their (potential) losses to themselves and others as donations. Similarly, having fun seems to be a motivator for some investors, with implications for the potential influence of platform design. Based on the detailed perspective into the variety and nature of motives presented in this study, scholars could use experiments, fuzzy-set qualitative comparative analyses, or mixed-method approaches to test and further explore how and under which conditions these motives and considerations ultimately affect investor behavior. In this regard, scholars may directly compare the motives from crowdlending for sustainable ventures with those from other return-oriented crowdfunding types, such as equity-based crowdfunding.

6.3. Practical implications

By providing insights into the rationale for why and how retail investors participate in return-oriented crowdlending for sustainable ventures, this study offers practical implications for sustainable entrepreneurs, platform operators, and supporting institutions to adapt to the multilayered motivations of crowd investors. The insights can help both sustainable entrepreneurs and operators of sustainability-oriented crowdlending platforms recognize the diverse categories of motives that drive crowd investors and thus shape their strategies to engage and retain investors accordingly. Understanding that personal motives significantly influence crowdlending decisions for sustainable ventures, practitioners can implement measures to address common personal needs. For example, by acknowledging the desire for compensation, sustainable entrepreneurs could proactively provide and regularly update accessible quantitative impact measures. In addition, introducing calculation mechanisms linked to the amount of investment, platform operators can guide morally driven investors to engage in compensatory behavior. Moreover, platforms could add elements of gamification to address crowd investors. Tapping into the different facets of personal motives to participate in crowdlending enables sustainable entrepreneurs and platform operators to more effectively customize strategies to engage investors in crowdlending projects. Further, sustainability-oriented platforms may appeal to the different decision-making approaches of crowd investors and offer them choices to receive project updates on both charitable aspects including emotional reporting elements (e.g., project stories, images, and videos) and financial aspects including strategic elements (e.g., due diligence aspects).

Finally, considering the current financial market landscape and the growing emphasis on global environmental and social concerns, retail investors are increasingly seeking alternative sustainable investment opportunities to diversify their portfolios. In light of this trend, supporting institutions and policymakers may leverage the momentum and promote crowdlending as a viable sustainable investment option for the retail investor segment. Current regulation, such as the Regulation of European Crowdfunding Services (ECSP) for equity-based and lending-based crowdfunding, could take the crowd investors' versatile motives and needs with regard to sustainable ventures into account and add rules on the disclosure of sustainability-related information. Tailored support programs especially for sustainable entrepreneurs and specialized platforms could help incentivize retail investors' participation in sustainability-oriented crowdlending and foster a collaborative ecosystem that aligns with broader environmental, social, and financial goals. Institutional support, policies, and guidance on sustainability-related investments on crowdlending platforms are relevant to exploit their full financing potential for sustainable ventures (Bento et al., 2019b; Hörisch, 2019).

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CRedit authorship contribution statement

Jeannette Mai Dinh: Writing – original draft, Visualization, Methodology, Formal analysis, Data curation, Conceptualization, Writing – review & editing. **Andrew Jay Isaak:** Writing – review & editing, Validation, Methodology, Formal analysis. **Yasmine Yahyaoui:** Writing – review & editing, Validation, Methodology, Formal analysis.

Declaration of competing interest

None.

Data availability

Interview transcripts can be made available on request in anonymized form for the purpose of the review process.

Appendix A. Supplementary data

Supplementary data to this article can be found online at <https://doi.org/10.1016/j.techfore.2024.123584>.

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