Building Legitimacy at the Fringes:
A Qualitative Investigation of Renewable Energy Crowdfunding platforms

Student Name: Polina Atabekian
Student Number: 580107

Supervisor: Dr. Jason Pridmore

MA Media and Business
Erasmus School of History, Culture and Communication
Erasmus University Rotterdam

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Abstract

The significance of sustainability has proliferated across virtually every industry, including finance. The mobilisation of finance in order to meet the UN's Sustainable Development Goals and bridge the financing gap towards green energy projects has resulted in an increase in investment products and instruments geared towards financing green projects, companies, and technologies that contribute to the fight against climate change. However, the higher transaction and lengthy processes associated with traditional finance systems has placed financial technologies (FinTech) in a significant role in mobilising finance for renewable energy projects. FinTech applications in green finance such as the implementation of robot advisors, blockchain technology, and crowdfunding platforms tend to operate on reduced cost, greater speed, fewer information asymmetries, and their operations conducted almost entirely through the Internet make them widely accessible to retail investors. A prominent marriage of Fintech and green finance is crowdfunding, as it enables sustainable entrepreneurs greater access to resources and financing, and consumers an opportunity to invest in sustainable projects with as little as €20.

Green crowdfunding platforms present a fruitful avenue to get citizens involved in the energy transition, and to build lasting support for renewable energy projects. However, in spite of increased support by policymakers and significant contributions to financing various types of renewable energy, renewable energy crowdfunding platforms have remained niche and are met with various apprehensions on the consumers (or investor) side due to high risk and lack of transparency.

Using institutional legitimacy theory as a theoretical lens, this thesis investigates the perceived barriers to building legitimacy across leading renewable energy crowdfunding platforms in the European and American market. Due to the nature of the investigated organisations, this research takes on a qualitative mixed method study to encapsulate the investor facing content with deeper insights from the platform management. In the first part, using a theoretically-informed qualitative content analysis of investor-facing communication, strategies surrounding communicating success factors through qualitative over quantitative methods emerged as prominent, coupled with frame-aligning and value-based rhetoric addressing the investor. These findings align with existing research surrounding the intricacies and difficult of framing impact investment from a marketing perspective, specifically the quantification of such a product. Informed by supplementary findings from interviews with the people behind the platforms themselves, barriers such as consumer perception of impact investment, the notion of crowdfunding, and the business model itself were revealed as perceived barriers to building legitimacy, often times tied to regulatory requirements. This study contributes to the investigation of legitimacy tied to sustainable crowdfunding and sheds further light on the challenges of defining of impact investment in an increasingly transformative financial environment.

KEYWORDS: *Institutional Legitimacy, Crowdfunding, Investor Communication, Green Finance, Impact Investment*

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1. Introduction

"*Forget all the fluffy stuff about the planet, equality, or your grandchildren: the bottom line depends on sustainability.*"

Sasja Beslik, World Economic Forum

Combining the world of finance and business with environmentally-conscious behaviours, the green finance industry has grown exponentially. It is now predicted that the green bond market could be worth $2.36 trillion by 2023 (NN.com, 2020). Due to its versatile nature, it has attracted various participants, from individuals and businesses on the consumer side, to investors and financial institutions (Wang & Zhi, 2016). Broadly speaking, Green finance encapsulates financial products that can control pollution emission and protect the ecosystem (Wang & Zhi, 2016).

Bound by the UN Sustainable Development Goals and the objectives set by the Paris Agreement, institutions such as the European Commission have aimed at gearing private capital towards more sustainable investments, maintaining financial risks stemming from climate change, and mitigating social inequalities as well as calling for greater transparency and sustainability in financial activities (Macchiavello & Siri, 2020).

This has been approached by policymakers through several ways, particularly the European Commission's Fintech Action Plan in 2018 to encourage a unified framework for fintech and mitigating any obstacles in the use of technologies in financial services (European Commission, 2018). Similarly, The EU Green Deal has expressed recognition of sustainable finance and has assigned it a fundamental role in achieving the pillars of reform cited in the Deal (Macchiavello & Siri, 2020).

The appeal of integrating the two worlds of Fintech and Green (Sustainable) Finance is due to several factors: for instance, the innumerable applications of the technologically-enabled innovation in the financial services has led to Fintech being able to convey extensive and accurate data at a reduced price, and help measure and track sustainability criteria, and thus help mitigate some of the concerns addressed by policymakers. Various examples of this include the use of Robot Advisors that act as a financial advisor to those looking for sustainable investment (Dorfleitner & Braun, 2019b), the use of blockchain technology for the trade of carbon credits (Wang & Zhi, 2016), and green crowdfunding platforms (Dorfleitner & Braun, 2019b) (Puschmann et al., 2020).

Crowdfunding presents one of the successful blends of these two worlds as it enables individuals as well as organisations to receive small sums of money through donations, loans, equity investments, and other forms of investing through an online platform. Due the lack of involvement of banks, investment firms, and other intermediaries, the platforms enjoy lower costs and speed of the process. It is argued that crowdfunding platforms (like Fintech in general) are a disruptive and democratic form of financing projects (Macchiavello & Siri, 2020).

Although the concept of crowdfunding is not new, the emergence of 'niche' crowdfunding platforms aimed at financing impactful renewable energy projects is a relatively new phenomenon that has been gaining an increasing amount of scholarly and policymaker attention. In fact, its potential to finance the energy transition has been investigated by a dedicated EU project between 2015 and 2018. Their research revealed that crowdfunding platforms in Europe had produced impressive results when it came to realising renewable energy projects, estimating that a total upwards of 29.5 million euros has been successfully crowdfunded through such campaigns (Cordis, 2018). Crowdfunding benefits the energy transition in several ways: firstly, they enable the consumer to own shares in various RE energy projects, such as solar PV installations (Huijben & Verbong, 2013). On a consumer level, as the energy consumer is transformed into the energy investor, crowdfunding was found to increase the political support for scientific projects (Wheat et al., 2013). With that in mind, it is argued that the selection process (in this case determined by the crowd) provides additional legitimacy to RE projects (Vasileiadou et al., 2016). Therefore, new avenues for communication with clients are created (Lehner, 2013) and communities are formed. Furthermore, through crowdfunding, the network of funders and clients has the potential to expand geographically and socially, primarily due to the platforms being enabled by the Internet and gaining tract on social media. Crowdfunding for renewable energy projects can therefore go beyond simply providing the financial capital for a project, but also provide a new and disruptive way of conducting transactions with investors and suppliers, and provide a novel business model capable of altering existing patterns of production and consumption (Bocken et al., 2014).

By extending access to finance of environmentally sustainable energy projects in a quick and affordable manner, crowdfunding platforms help lower the barriers for renewable energy projects and in some cases enable the financing of smaller projects that were otherwise inaccessible for funding (for reasons such as high capital requirements or due diligence activities) (Bonzanini et al., 2016). Since it is capable of mobilising and gathering a significant amount of investors together in the process helps intensify social awareness and thus promote impact investment philosophy and increase investments towards climate action. Due to the risks being shared across several investors, less trust in larger intermediaries is required, and low participation fees help it gain tract on the impact investment market (Dorfleitner & Braun, 2019a). Furthermore, the increased transparency provided for investors on these platforms allows for easy access to project information, traceable impact, regular updates on where their money went, the amount of CO_2 reduced by their proceeds etc. (Vasileiadou et al., 2016).

There are currently 59 active crowdfunding platforms in the world that specialise in funding renewable energy projects. A majority of them are located in the USA, Germany, United Kingdom, and the Netherlands. At least 30 more crowdfunding platforms were predicted to emerge in the European Union alone by CrowdFundRES, and will collectively realise upwards of 300 megawatts of renewable energy projects by 2021, citing other benefits such as reduced time for investment authorisation, and increased acceptance for RE infrastructure in their region (CrowdFundRES, 2018).

In spite of their growing popularity and acknowledged significance towards the energy transition, RE crowdfunding platforms have several issues, firstly, the insufficiency in transparency, partly due to the lack of standards and definitions of in the larger picture of impact investment (or a non-financial return on investment) (Dorfleitner & Braun, 2019a). In other words, when an investor invests money into a project on a crowdfunding platform, it can be difficult to comprehend and measure the impact that their contribution generates. Moreover, certification and due diligence among crowdfunding projects can be low (Alonso et al., 2017), although this is more of a case in clean energy projects listed on larger platforms such as Kickstarter and IndieGoGo rather than their niche counterparts. As a result, such projects are more vulnerable to fraud compared to traditional investments. In the greater picture, Dorfleitner and Braun (2019) argue that due to the relative infancy of renewable energy projects (and other green projects) there is a non-negligible amount of risk tied to the investment, which is further problematic to the non-professional investors with a less comprehensive knowledge of energy markets.

Building legitimacy can help counteract the sense of novelty of these platforms and mitigate some of the perceived risk associated with investment. However, due to the above-mentioned lack of terminological clarity in the impact investment industry and a lack of unified standards, from a research perspective, it is yet unclear what the barriers to gaining institutional legitimacy are. Given the 'wisdom of the crowd' judgement over projects and other community-forming capabilities of crowdfunding cited above, their positioning as a provider of impact investment in sustainable energy warrants further investigation from the perspective of building institutional legitimacy.

Investigating the intersection of crowdfunding and sustainability, Böckel et al. (2020) revealed a prevalence of the social over the environmental ties in crowdfunding research, and few of the papers surveyed in the literature review focussed on the interconnectedness of these two dimensions of sustainability. Furthermore, a gap in research concerning the legitimising function of crowdfunding was identified. Existing research into crowdfunding renewable energy has taken on multiple forms, firstly, a number of exploratory studies have investigated its potential and the extent to which it is capable of contributing to the energy transition. Most of these studies have been country-specific, such as a case study for the Netherlands (Vasileiadou et al., 2016) or focused their investigation on an entire market, such as the EU (Alonso et al., 2017). Both of these projects surveyed the existing RE-designated platforms for their success in gathering the funds for specific energy projects. Approaching it on a case by case basis, both drew conclusions for public policy and the extent of the platforms influence. Exploring the investor decision-making side of things, an empirical study among citizens in France (Bourcet & Bovari, 2020) revealed that local acceptance of RE technology was a significant driver of RE crowdfunding, however a significant perception of risk and demand for greater transparency and education surrounding green crowdfunding were highlighted. Following this, a European-wide choice-based experiment study conducted by de Brauwer and Cohen (2020) revealed a potential €176 billion could be contributed to finance community wind energy, provided greater risk insurance on investment options and investor education was made available. Among the things that unify these studies is a focus on the European market or single country market, which, given various unifications surrounding legislation and cultural tendencies, allow for greater replicability and generalisability of the results, however, the capabilities of crowdfunding to increase geographic reach of projects and potential funders (Vasileiadou et al., 2016) warrants a study that considers a market based on linguistic divisions (such as catering to English-speaking investors).

Another approach was taken by Bonzanini et al. (2016), who surveyed clean energy projects on non-thematic crowdfunding platforms, aiming to investigate the determinants of success for renewable energy projects, revealed that statements concerning local benefits as well as platform reputation were correlated with funding success.

In spite of crowdfunding research field approaching a more mature direction, as is indicated by the prevalence of quantitative studies, there is a scarcity of qualitative investigation of the phenomena at hand, particularly in the form of open ended inquiry and thematic content analysis (Böckel et al., 2020). As previously mentioned, legitimacy in the intersection of crowdfunding and sustainability remains unexplored, and given the sheer significance of citizens as actors in the European market alone, and their willingness to partake in crowdfunding of such projects (as previous research demonstrated), the focus is shifted to the platforms themselves and what sort of barriers exist when they strive to satisfy the demand and scale their operations:

This prompts the following research question(s):

1.1. Research Question

RQ: *What are the perceived barriers to building institutional legitimacy for clean energy crowdfunding platforms?*

Existing research has concluded that a greater governmental initiative needs to be put in place in order for crowdfunding platforms to scale their operations and allow for a greater citizens contribution to the energy transition. Riddled with challenges such as high risk classification, novelty, and shortage of suitable projects associated with crowdfunding are all potential barriers for the platform's reach. Therefore, the overarching question considers the perspective of the platforms themselves, and what they as providers of impact investment in the energy transition consider to be the barriers to gaining legitimacy from their respective evaluators (both on a macro and micro level). By gaining legitimacy, the platform is able to survive and thrive by gaining easier access to resources, and must therefore align their practices in order to be positively judged by evaluators. Approaching from a perspective similar to Lehner et al. (2019) and Tost (2011) legitimacy is positioned is something that is isomorphic during conditions of institutional stability, in other words, when all is well, a strong collective opinion prevails as that of individuals, however, in the event of an incongruence, or disruption causes an active reassessment of prevalent legitimacy. Incongruence, this time in the form of a 'democratised' financing the energy transition creates a rift in stability, causing individuals to search for validity indicators to create new forms of judgement about the legitimacy of the organisation (O. Lehner et al., 2019).

One of the ways that legitimacy can be amended and built is using rhetoric (Bitektine & Haack, 2015), therefore the first sub question concerns itself with the platform's communication facing the prospective investor:

SQ1: What legitimising tactics can be found in investor-facing communication of RE platforms?

This first sub question focuses on identifying the patterns and prevalence of various legitimation tactics used to influence the propriety judgement of evaluators on a micro level (the prospective investors). Investor-facing communication is considered to be anything that can be easily navigated to on the website. As is argued by Lehner et al. (2019), who had used a similar approach to research legitimacy-building tactics in impact investment providers, text constitutes an incremental part of social action, and thus taking social context into account in order to understand how legitimacy is conceptualised by these platforms can help gain greater understanding of the phenomena at hand. By examining 'what's already there' the use of secondary data, subjected to necessary sampling, retrieval, and immersion, is the starting point for this investigation. Using a theoretically-informed approach, the legitimising tactics considered in this study are drawn from the framework by Bitektine & Haack (2015) and applied to a series of web pages of clean energy crowdfunding platforms. It is anticipated that, like other actors providing impact investment surveyed by Lehner et al. (2019), that some of the legitimation strategies found on the website documents will be reflective of the trends found in their research. However, as these platforms propagate a business model that is disrupting and democratising access to impact investment, the second half of this research aims to highlight the intricacies of the emergent form of renewable energy financing.

SQ2: How does the management behind RE crowdfunding platforms perceive the barriers to building legitimacy?

While the first part of the investigation reveals how investors evaluate the platform based on the themes and rhetorical strategies implemented by the organisation, in the second half, the management, or those working within the sampled platforms, are asked to provide their perspective on where the barriers to building legitimacy lie. While ‘management’ is a broad denotation of potential subjects, due to the novelty and lean design of these organisations often means there is no designated ‘marketing’ person as the role is either outsourced or split across various project managers. For this reason, those sampled in this part of the research remains rather broad. By extracting some of the themes identified in the first half of the research, and implementing them into the questions posed to the organisations, the results of both sections of this research contribute to a greater understanding of how legitimacy is built and what its limitations are from the perspective of the platforms.

1.2. Scientific and Social Relevance

Unlike previous research that has concerned itself with either the projects or the investors on the platforms, the perspective of the platforms and their take on gaining legitimacy is brought to the forefront in this study. This satisfies two identified gaps in research, primarily through a qualitative study that investigates thematic platforms in this niche, and secondly, the implications for impact investment definition in a new and disruptive form of finance.

2. Theoretical Framework

While crowdfunding as a financial innovation is not new in itself, in fact, the pooling of small amounts of capital from a pool of interested contributors is what helped fund the Statue of Liberty’s pedestal in 1885 (BBC, 2013). Accelerated by technology such as big data and algorithmic scoring, the emergence of dedicated platforms, including industry-specific ones such as renewable energy crowdfunding platforms warrants greater investigation. And as increasing concerns over sustainability dominate the investor landscape, the democratisation that comes with online platforms has made investing in renewable energy not only accessible, but also a way to build local acceptance (Bourcet & Bovari, 2020) and raise awareness and include citizens in the energy transition process (Vasileiadou et al., 2016). Some scholarly research has been done to investigate the conditions for successful crowdfunding campaigns (Anglin et al., 2018) (Tafesse, 2021), or investor behaviour and decision-making on platforms (Bourcet & Bovari, 2020) (Hoegen et al., 2018), and the place of RE crowdfunding platforms when it comes to financing renewables. Little attention has been raised when it comes to the platforms themselves, and the role of the platform’s dialogue in shaping participants investing behaviours and attitudes.

The following theoretical framework encapsulates the relevant theories and concepts to help explain the phenomena at hand:

2.1. Crowdfunding and Sustainability: Success Factors

Crowdfunding is defined as: “*the efforts by entrepreneurial individuals and groups – cultural, social , and for-profit – to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries”* (Mollick, 2014, p. 2) .

Crowdfunding in itself, is argued to be an entrepreneurial act, and its importance in financing sustainability-oriented ventures is growing. The significance of crowdfunding to sustainable entrepreneurship is mainly tied to the lack of ordinary funding available to sustainable ventures (O. M. Lehner & Kansikas, 2013). As crowdfunding is identified by many researchers to mitigate this obstacle, but also serve marketing purposes and increase attention among the general public and the media (Mollick, 2014). Most importantly, it can provide a legitimising function to the project at hand, as the crowd’s support can signal public approval (O. M. Lehner, 2013; Vasileiadou et al., 2016). Such advantages are especially important when examining its potential to fund the energy transition, as the widespread influence of crowdfunding, largely fuelled by social media, can be a powerful tool.

There are several types of crowdfunding, based on the nature with which the money is being contributed: donation-based crowdfunding – usually a one-off, no reward contribution to the cause or venture, argued to be the original premise of crowdfunding. And reward-based crowdfunding, whereby a financial contribution is followed by a material or immaterial reward as a return on the investment (Böckel et al., 2020). The other two types are investment-based, and are more pertinent to our research as all of the sampled organisations fall into either category. Firstly, equity crowdfunding, sometimes called *crowdvesting*, participants get financial returns on their investment provided that the project is profitable. Because of this, this type of investment carries the highest amount of risk for the investor, and regulatory bodies in various markets (such as the FCA in the United Kingdom or the SEC in the United States) classify it as high-risk. Finally, lending-based, or debt-based crowdfunding is similar to a bank loan, whereby the participants operate as lenders and receive a set interest rate within a certain time frame (Böckel et al., 2020). In this sample crowdfunding platforms that fall under either equity or lending-based types of investment are investigated.

Several studies have explored the ties of sustainability to crowdfunding success, predominately on mainstream platforms (unlike the thematic ones in this study). The effect of sustainability orientation, specifically in equity crowdfunding was found by Vismara (2019) to have an effect on the amount of investors, however less so on the funding success in an equity context. Vismara (2019) further argues that the community logic that stems from sustainability orientation, and therefore the limited amount of investors are not purely profit-driven, but equally seek a '*cooperative capitalism approach*' that aligns with community values. Similar to Vismara (2019), the findings from Bourcet & Bovari (2020) reveal that in a Renewable Energy crowdfunding context, participants were likely to invest in projects if they had a positive opinion about the RE sector and its durability over time. However, Bourcet and Bovari (2020) flagged another key factor along the lines of investment transparency.

Transparency of investment within sustainability crowdfunding, or the actual, measurable contributions that these ventures have upon completion (or the post-funding stage), the use of the United Nations Sustainable Development Goals (SDGs) or other similar frameworks such as planetary boundaries (Steffen et al., 2015) have been applied by researchers to study the actual impact of these ventures post-funding. Several issues arise when it comes to assessing the sustainability impact that has been raised by crowdfunding, both after the project is funded and when it is presented to the potential investor. This dilemma surrounding the extent of the contribution, particularly because it can be difficult to quantify, has been flagged by several researchers. This has some potential implications for this research, as it can be a significant impeding factor for the platforms to gain legitimacy, as only a fraction of their products (or perhaps only certain elements) of their model can be positioned in a way that signifies a clear-cut contribution to environmental and social causes at hand, making them seem misleading or being accused of greenwashing. While a lot of existing studies investigating success factors tied to sustainability orientation tend to focus on reward-based crowdfunding, studies concerning language that indicates a pro-social or environmental project show that it contributes to success only to a certain extent and thus must be carefully balanced (von Selasinsky & Lutz, 2021). ‘Greenwashing’ or excessive reference to environmental benefits at a surface and unsupported level, and how evaluators exercise such sensitivities on crowdfunding platforms, can impact the success of a sustainable venture advertised on a crowdfunding platform. When it comes to indirect effects, a study conducted by Messeni Petruzzelli et al. (2019), the marketing and awareness-creating role of crowdfunding sustainable ventures was considered, and it is argued that crowdfunding projects can help raise awareness for environmental and social issues. When applied to this investigation, the societal support for renewable energy projects was found to be increased with the implementation of crowdfunding (Bonzanini et al., 2016).

The existing research into the relationship of crowdfunding and sustainability shows that, while it provides a fruitful source of financing sustainable ventures (even renewable energy) the lack of unified frameworks, transparency, and greater traceability make for mixed results when it comes to greater success. It is therefore necessary to consider the investment landscape more closely, specifically the field of impact investment in which the RE crowdfunding platforms operate in. This primarily helps inform the analysis of website communication, as their offering is concerned with impact investment.

2.2. Impact Investment

Impact investment, often referred to as ‘socially-responsible investment’ or ‘sustainable finance’ has various definitions, however most seem to agree that it is characterised by the non-financial impact (often in the form of either social or environmental impact) alongside financial returns (Agrawal & Hockerts, 2019, 2021; Castellas & Ormiston, 2018). This joint creation of value for the investor is referred to by O. M. Lehner (2016) as '*blended value'*, which sometimes leads to impact investment offerings being called *blended finance*. Impact investment is considered by researchers to be a novel and disruptive concept when it comes to finance, as it encapsulates a wide spectrum of investors, ranging from philanthropists to traditional retail investors, all eager to compromise on a fraction of the financial returns in order to have a positive social or environmental impact (O. Lehner et al., 2019). Just like with other investment providers, the impact investment market comprises of various intermediaries, which act within an investment environment shaped by various factors such as governments, policies, regulations, all of which can contribute to the legitimacy of an impact investment provider (in this case, an RE crowdfunding platform).

For the purpose of this research, impact investment platforms are treated as an intermediary within the impact investment industry, alongside other providers of market transactions such as banks, financial advisors, fund managers, etc. As an intermediary, communication plays a key role in attracting investors and building legitimacy in their eyes. The role of the intermediary lies in coordinating the demand for and supply of investor capital. Although placing crowdfunding platforms within this distinction based on Brandstetter and Lehner (2014) has its issues, primarily because the social enterprise dimension that is characteristic of the crowdfunding platforms and the emphasis of community development, prior research has considered them to be first and foremost intermediaries between investors and projects (Bourcet & Bovari, 2020; Vasileiadou et al., 2016).

Adding a further layer of complexity into the matter, a central foci of research into impact investment has been the complexity of its definition and consequences for practice deriving from it (O. Lehner et al., 2019). Such a shortage of tracked and impactful investments, largely due to the absence of unified reporting and measurement standards. As impact investing becomes a widely offered form of investment, as is evidenced by the spectrum of investors, researchers have flagged 'impact' to be used as a marketing tool to attract capital rather than denote material solutions to social or environmental issues (Busch et al., 2021). The rise of improperly analysed investments are thus at risk of being labelled as impact-washing, and therefore questions surrounding what real impact in an investment opportunity should look like is crucial to this research. According to Busch et al. (2021), genuine impact-related investments are to be found in projects (or companies) that disrupt or challenge an existing industry in order to transform it for the better. Whether this is through the creation of new markets or the application of novel technologies. In our research, the projects listed on crowdfunding platforms tend to be those of a smaller scale, and in some cases, entrepreneurs in developing economies, whose projects list clear change objectives. In this case, in the form of quantification of intended contribution to Sustainable Development Goals or other frameworks. It is further argued that the highest potential to generate impact is in younger companies with limited opportunities to source capital and allow it to expand its reach (ter Braak-Forstinger & Selian, 2020). It should be further noted that the environmental versus the social impact are intertwined, but not equal when it comes to being quantified and backed by relevant metrics. While reducing CO2 emissions and other environmental related metrics can be easily quantified when it comes to impact investment in RE, as they are directly linked to the technology or the grid being financed, the signal sent to prospective investors is stronger. However, when it comes to indirect (often social) impact, such as jobs created, the social value of the project is both a source of legitimacy for the venture in the eyes of the capital provider and the capital seeker (Agrawal & Hockerts, 2019).

The competing and often less-unified definitions of impact investment highlighted by researchers present various considerations for this study, as most of the platforms investigated operate in a specific niche in the market, their reliance on making sure that their mission, impact, and contribution to society is understood and traceable plays a key part in building institutional legitimacy and gaining access to resources as well as societal approval. Equally, the platforms acting as intermediaries for impact investment, the marketing aspect and existing prejudices over its nature can help inform the analysis of investor-facing communication, as the presence of certain legitimacy-building tactics over others may indicate a potential barrier rooted in issues surrounding impact investment.

2.3. Legitimacy Theory: Institutional Legitimacy and Propriety judgement

Legitimacy is defined by Suchman (1995b, p. 574) as "*a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*."

In an organisational context, legitimacy theory aims to explain the economic and social actions undertaken by an organisation to gain recognition and prove their compliance with societal norms and the environment created by the stakeholders (Schiopoiu Burlea & Popa, 2013). Legitimacy theory has been used across a variety of social sciences research, such as, but not limited to, philosophy or political science. In the field of management, legitimacy theory has been utilised to explain why corporate management choose to engage in certain behaviours, such as voluntary CSR disclosures and other initiatives that influence the external perception of the company. Therefore, legitimacy theory is viewed as a systems-based theory, meaning that the organisation (the entity) is assumed to be influenced by and have influence upon the society within which it functions (Gray et al., 1996). As is highlighted by Suchman (1995, p.571):

"…any dynamics in the organisational environment stem not from technological or material imperatives, but rather, from cultural norms, symbols, beliefs and rituals"

As a result, legitimacy is argued to be relative to the time and place (and society) within which the company operates. In other words, a CF platform seeking to *appear* legitimate is not pertinent on its conduct but rather what the given society knows or perceives about the platform's conduct (Deegan, 2014). When it comes to the CF platforms in this study, the investments (and impact generated) need to appear satisfactory within a certain society in order for these platforms to be able to continue its operations, and to successfully intermediate the creation of funds for renewable energy projects. Legitimacy is sought after by organisations for various reasons, the most important one perhaps is continuity, or put more simply, in order to continue to function in society, likewise, organisational behaviours can lead to greater understand and support for an organisation, thus supplying it with resources on the basis of believing that it is reliable and is doing the right thing (Suchman, 1995).

According to Suchman (1995), legitimacy theory operates on two levels*: strategic* and *institutional* legitimacy. Strategic legitimacy is defined as a developing in the internal environment of the organisation, putting the manager in the central role of constructing discourses and revealing information in order to gain support within a particular system (Deegan, 2014). Institutional legitimacy, on the other hand, operates on a macro level, in the environment external to the organisation. In other words, this is the legitimacy that is born around the acceptance and validation of external stakeholders. The two levels are argued to be intertwined, whereby the construction and subsequent institutionalisation of legitimacy is dependent equally on the efforts of both social (institutional) and organisational (strategic) actors (Drori & Honig, 2013). In this research, when dealing with a relatively new concept, it is argued that to overcome novelty, high financial risk, building institutional legitimacy and gain approval from the external environment is critical to the platform's survival both as a business and as a provider of capital for sustainable energy projects. Therefore, this research focusses on how CF platforms mobilise 'impact investment' in their rhetoric to appease to the 'society looking in', or gain institutional legitimacy specifically.

Embedded within these levels, Suchman (1995) identifies three basic types of legitimacy which are differentiated by their respective types of influence: cognitive, moral, and pragmatic. Cognitive legitimacy refers to the organisation's ability to be taken for granted or be comprehensible, therefore its existence is either an inevitable fact, or reflects the beliefs and norms of its stakeholders. This type of legitimacy is the most difficult to gain (Suchman,1995). Moral legitimacy is focused on how the organisation is viewed by the macro environment, and pragmatic legitimacy is achieved based on the self-interests of the stakeholders, and to what extent the practices satisfy their needs (Drori & Honig, 2013). Contrary to moral legitimacy, pragmatic legitimacy is contingent on whether the organisation benefits the stakeholder rather than if it is perceived to be doing the right thing. These three types of legitimacy are argued to be intertwined and continuously affecting one another as an organisation gains, retains, and rebuilds its legitimacy. Considering that crowdfunding platforms for renewable energy projects are a relatively new phenomenon, particularly as a form of impact investing. By identifying the various types of legitimacy, we will be able to identify what kind of legitimising efforts the CF platforms are attempting to instil in their rhetoric surrounding investment. Due to the wide application of legitimacy theory across various scientific disciplines, Suddaby et al. (2016) propose the distinction of three conceptualisations of legitimacy: legitimacy as property, legitimacy as a process, and legitimacy as perception. For the purpose of this research, as the investigation of language in the form of a strategy is considered, the latter two are more pertinent to this study.

The latter stream of research considers legitimacy from a perceptual and subjective nature that involves a multi-level process comprised of various actors. In this perspective, the evaluators in the process of construction of legitimacy are taken into focus (Suddaby et al., 2016). By putting evaluators at the forefront of the legitimising process, it is argued that it is because they are the ones that perceive organisations and form judgements regarding their legitimacy, this in turn affects the macro level. Building on findings from cognitive psychology, the central tenets are based around social cognitive theory and the interaction between individual and social.

Legitimacy-as-perception can thus be used to uncover the individual, micro-level processes and how they affect their macro-level antecedents. Legitimacy, within this respect, lies in the eye of the beholder, or the eyes of the social actors (Ashforth & Gibbs, 1990) who construct their judgements based on social conformity or personal gain (Suddaby et al., 2016). As mentioned above, this type of legitimacy is multilevel – operating on both an individual (propriety judgement) and collective level. The latter is defined as an organization, group, or field, where legitimacy is present in the form of a status quo shared by the majority of actors or a recognised authority, and subsequently, on an individual level, the evaluator can express endorsement (Johnson, 2004). For instance, as previous research in this field of enquiry has shown, participation in renewable energy crowdfunding can increase public support for the energy transition.

As a result, legitimacy judgements can be influenced by organisations. Provided that it is considered a multi-level construct consisting of two components: propriety and validity. According to the Bitektine and Haack (2015), propriety, representing the evaluators approval of the organisation and its actions or practices, is a micro-level construct and validity, a macro-level construct based on the ‘societal’ consensus opinion about a certain entity. As various studies investigating social conformity have revealed that when presented with validity cues, propriety judgements of individuals tend to conform and adopt the judgements they perceive to be valid (Weber, 1968). Therefore, according to Tost, (2011) and Bitektine & Haack (2015) when conditions are stable (institutional stability) the judgement process is reflective that of the larger collective opinion.

However, when presented with a ‘disruptive’ form of financing, coupled with non-financial value in the form of impact and a high-risk form of investment, this can trigger a perception of illegitimacy for the evaluator. In an event of instability (or change), legitimacy needs to be reassessed using various social norms, and organisations can influence this by using validity and propriety indicators in line with societal expectations in order to impose a legitimacy judgement on practices of an entity regarded as ‘disruptive’ (Bitektine and Haack, 2015). As such, the platform can use various tactics to influence its propriety judgement from the perspective of the evaluators. The tactics outlined by Bitektine and Haack (2015) are best suited in order to incorporate the written and discursive aspect in order to evaluate the written communication facing investors, and thus identify patterns.

Propriety is assessed based on opinions about the organisation and its practices, and during times of change, there is a greater reliance towards it. However, in the absence of a certain wider norm that can be used as a benchmark for making propriety judgements, competing entities will promote norms that promote a judgement from the evaluator that aligns with their preference and strategy. Therefore, by using rhetorical strategies to directly influence the micro-level evaluators, an appeal to emotions, normative beliefs, and rationality is used to promote and encourage a set of norms convenient for the entity. Bitektine and Haack (2015) outline the following propriety-promoting strategies:

Strategies emphasising the success of the entity: This strategy emphasizes the success of adopting a particular set of norms/judgement, and equally problematising the adoption of alternative ones (Bitektine and Haack, 2015) through a combination of success and failure narratives, problem and solution discourse, ineffectiveness/injustices of existing practices, and rationalisation. Using the guided meanings provided by the researchers, in order to align with the goals of this research, the subtypes are defined as follows:

Success and failure narratives denotes any kind of communicated successes tied to the application of crowdfunded financing to realising a project or any other successful initiatives of the platforms. Success can be communicated either quantitatively (through the form of financial return or quantitative impact such as amount of CO2 reduced (O. Lehner et al., 2019) or qualitatively. Failures, on the other hand are understood for analysis as any unfunded projects or existing obstacles in expanding their mission (Mantere et al., 2013).

Problem and solution discourse, references any social and environmental issues that are raised by the platforms in their investor-facing communication, and how the platform and its model of financing helps solve it. Often times found in impact investment communication, as investigated by Lehner et al. (2019), it is used as an argument to further develop the industry and simultaneously justify its growth.

Ineffectiveness of existing practices: Any existing financial organisations that act as impact investment intermediaries, and a reference to how their practices and actions are insufficient, and in some cases, worsening the problem. As was outlined in (Busch et al., 2021), this can also be applied to existing impact investment intermediaries, such as banks and fund managers, for whom the definition of impact investment is merely a reputation-maker rather than a source of transformation of the world for the better.

Rationalisation: By providing rational arguments with references to utility (Bitektine & Haack, 2015), propriety is established through the use of factual, quantifiable arguments demonstrating the successes and/or function of the platforms.

Creating resonance with normative beliefs of evaluators: This second strategy relies on two subtypes: *Frame Alignment* – or the process of aligning the issues with local accounts, and ensuring the entities frames in communication match frames of thought and thus rationalise collective experience (Chong & Druckman, 2007). In this case, any reference to moral and ethical considerations, such as telling the stories of the project missions or the platform itself is considered as frame alignment (Golant & Sillince, 2007). Furthermore, *Value-based theorisation* , the second subtype extends this by denoting any appeals to norms from wider belief systems, such as institutional logics or linking discourse to higher orders of worth or principles. In the case of this study, similar to Lehner et al. (2019), referencing wider beliefs such as income inequality, access to electricity in investor communication is exemplary of this. Such wider belief systems help guide the evaluators perception of propriety of an entity.

Constructing identities to confer or destroy propriety, as mentioned before, as crowdfunding platforms sit among other impact investment intermediaries, as well as other crowdfunding platforms with an alternative method of financing or product, it is important for the entities to compete with the propriety signals sent out by competitors (Bitektine & Haack, 2015). As such, the two subtypes involve *valorising and demonising actors*, whereby an entity is either highlighting certain relationships in the industry, be it various certifications or affiliations with NGOs, or demonising actors such as other financial intermediaries for impact-washing (Busch et al., 2021). The second subtype refers to *identity construction of an entity as conditional on carrying out social behaviours*, therefore, any reference to the social missions of renewable energy platforms is considered.

Moral value of a local entity. In order to demonstrate that the actions of the entity are morally sound, *ethos justifications* that stress the importance of justice and ethics in judgement and *moralisation* are used as strategies to establish propriety through the use of moral arguments. In the context of investor-facing communication, any reference to moral considerations, such as ‘where does your money actually go’ or other, wider societal beliefs about moral good are considered here.

Addressing emotions denotes any justifications that are characterised by passionate appeals. By appealing to the prospective investor with photos from the projects or strong wording, this strategy ties into frame alignment which is described in the subtype above.

The concepts outlined in this theoretical framework, such as the relationship of crowdfunding and sustainability helps paint a picture of the investor expectations and the success factors when it comes to sustainability orientation on a crowdfunding platform. This, in turn, helps inform the analysis of any investor-facing communication, while the theories surrounding definition and the non-financial component of impact investment help uncover the perceived barriers to building legitimacy from the perspective of the platform. Through the lens of legitimacy theory, the way in which these concepts are framed and portrayed in investor-facing communication can help shed light onto how RE crowdfunding platforms portray themselves as legitimate in the eyes of their evaluators, and what perceived barriers emerge.

3. Method

This thesis sets out to explore the ways in which an emerging type of crowdfunding platforms frames sustainable or impact investing in their investor-facing discourse. To answer the posed research question both in terms of legitimising strategies present in the communication and the perceived limitations identified by CF platforms, this chapter describes the research design employed in this study. A description and justification for the qualitative mixed-method study is outlined, followed by a description of the sample, data collection, operationalisation, and subsequent data analysis. Finally, issues pertinent to the chosen methods in this study, such as reliability and triangulation of research are discussed.

3.1. Research Design

As this research seeks to investigate the formulation of impact investment in a 'disruptive' and 'democratising' form of digital finance, specifically crowdfunding platforms, it explores this from the perspective of RE-oriented crowdfunding platforms and their employees. As a result, this study explores a relatively new area of inquiry, with the goal to . to scope out the magnitude of a particular phenomenon or behaviour, reveal the extent of a particular phenomenon and generate initial ideas about that phenomenon, and test the feasibility of undertaking a more extensive study regarding that phenomenon (Bhattacherjee, 2012). In order to understand this growing niche in Green finance, and how it aligns itself with impact investment, uncovering the process of sense-making, facilitated by qualitative investigation, is essential in order to understand the phenomenon (Bhattacherjee, 2012).

By adopting a qualitative mixed method approach, two sides of the phenomenon are brought into investigation. In the first step of the research process, a qualitative content analysis of secondary (website data) is conducted, this helps illustrate the phenomena as it is presented to the prospective investor, and helps reveal the legitimacy tactics employed by the entity in order to strengthen its approval. However, in order to identify barriers to this process, the second the step of the research delves deeper into the issue at hand, bringing those behind the platforms themselves into the conversation to help illuminate the issues. By combining primary (interview) data with secondary (data) that exists 'out there', a full picture of the phenomenon at hand is constructed and investigated in this research.

3.2. Sampled Crowdfunding Platforms

In order to select suitable platforms for this investigation, following a set of predetermined criteria. In order to best answer the research question, thematically-bound renewable energy crowdfunding platforms that offered investment opportunities to both retail and institutional investors were considered in this study.

Table 1:

Renewable energy crowdfunding platforms outline

Company name	Type of projects offered	Investment type(s)	Country	Year Founded
Abundance	Renewable energy projects in the UK	Equity	UK	2009
Charm Impact	Clean energy projects in Africa and India (Developing markets)	P2P Lending, Equity	UK	2018
EnergiseAfrica	Renewable energy projects in Africa	P2P Lending	UK	2014
GoParity	Impact investing platform with solar/renewable projects comprising a large portion of their offering. Focussed on both Europe and developing markets	Equity	Portugal, available to UK investors	2017
Lendahand	Clean energy projects/social entrepreneurship in developing economies	Equity	UK/NL	2014

RaiseGreen	Renewable energy projects across the United States	Equity	USA	2018
Trine	Renewable energy projects in developing economies	Equity	Sweden, available to UK investors	2015

The platforms sampled in this study were chosen firstly by their presence on search engine results to the query: ‘renewable energy crowdfunding investment’ and the platforms appeared among the first 10 results. As the investigation concerns thematic platforms, more general ones such as Crowdcube and IndieGoGo were ruled out at this stage, furthermore, due to the linguistic consideration surrounding this study, it was necessary that all platforms were available to an English-speaking investor demographic, which significantly reduced the amount of suitable platforms in Europe, as most of them did not cater to an Anglo-Saxon market (or have a website in English, for that matter). Therefore, the sample was expanded to consider the leading platforms in the United States, which were searched for in a similar manner, but with the assistance of a Virtual Private Network (VPN) in order to generate authentic results available a user in the United States. Next, the platforms were examined based on their investment offering, and checked to see if their investment model followed either equity or lending, as this was more pertinent to the research at hand.

For the European market, finding available platforms that satisfied this criteria was straightforward, as every potential sample was checked for endorsement by Citizenergy, an EU-funded database for renewable energy crowdfunding platforms in order to foster cross-border renewable energy funding (Citizenenergy.eu, n.d.). The criteria for a platform to be listed in their database consists of a) being authorised by relevant financial authorities, b) maintaining a fully functional website, c) have at least one successfully funded project, d) show product offerings in English, should they be available to investors in more than one country (Citizenenergy.eu, n.d.). Similar criteria were applied to the US platforms, but by the researcher.

For the purpose of a wider sample, the product of renewable energy investment offered by the platform was left open, and while a larger amount of the sampled platforms specialised in a specific subset of renewable energy generation, such as solar (Trine, GoParity, EnergiseAfrica). In order to best capture a diverse picture of impact investment (which, is tied to the investigation at hand), the location of the advertised projects, whether that is within the local market or elsewhere in the world (a developing country), is left unbound. This will help uncover any differences between legitimacy building on companies that advertise the same type of investment, but whether being local to the investor makes a difference or not).

The sampling strategies for the individual components of these companies, such as the investor-facing web communication, or the interview participants, are discussed in their respective sections.

3.3. Content Analysis

Content analysis is defined as: '*the use of replicable and valid method for making specific inferences from text to other states or properties of its source'* (Krippendorff, 1969, p.103)
It is a method suitable for analysing written, verbal, or visual communication messages (Cole, 1998). Due to its systematic and objective nature, it has been favoured by scholars as a flexible method for analysing textual data (Hsieh & Shannon, 2005). Encompassing a varying spectrum from interpretive and intuitive to more rigorous and analytic analysis, this method can easily be tailored to the theoretical objectives of the researcher. On its most broad differentiation, the distinction between quantitative and qualitative content analysis is made. As the first half of this research seeks to explore the way in which rhetoric surrounding

impact investment is portrayed, a qualitative content analysis (hereafter QCA) was chosen to investigate the communication strategies of the crowdfunding platforms. By using this method, we are able to focus on the characteristics of the platform's language as communication and draw our attention to the content and its contextual function (Tesch, 2013). Drawing on the definition of language as comprising of social meanings, qualitative content analysis allows for a 'simmering down' of a large quantity of text into several distinct categories tied together by meaning, which leads to greater understanding of the phenomenon under study (Mayring, 2000). Mayring (2000) further argues that QCA, when performed correctly, is able to preserve the advantages of its quantitative counterpart, in that it follows precise, step-by-step rules of converting material into units of analysis and is therefore able to satisfy reliability and validity criteria.

Qualitative content analysis applied to website content

Among the vast types of materials suitable for content analysis, websites and web pages are regarded by scholars as a suitable medium for this type of methodology. Due to its diverse use by researchers, terms such as 'web content analysis' has been defined as 'traditional' content analysis proposed by (Krippendorff, 1980) and McMillan (2000) and applied to website content (Herring, 2010). This sort of application has raised concern from scholars. For instance, Herring (2010) argues that due to the abundance of units in a web-based analysis, random sampling is not feasible, which causes researchers to rely on non-random or purposive sampling instead. Furthermore, defining the context unit of analysis (that is, the body of material surrounding the coding unit) on website content becomes challenging, as the analysis of an entire web page can be time-consuming and only analysing the home page may limit the results of the research (McMillan, 2000). This calls for more targeted definition of the context unit in research, by either limiting the time a researcher spends on each page, or the specific pages on a website the researcher investigates. Due to the specific research questions posed in this study, the 'chaotic' structure of the 'Web' has less consequences for this research due to the purposive sampling of crowdfunding platforms and investigating their websites respectively. Nonetheless, deciding on a specific unit of analysis for examination, an equivalent that is present across all of the platforms, was required. For this purpose, the first sub question was operationalised to investigate the rhetoric in investment campaigns listed across these platforms, while the second sub question focusses on the homepage and 'About Us' (or their equivalents) of the platform's websites.

When investigating content on a web page, the complexity of various features on a page, and their interactivity and hyperlinked structures can further interfere with the sampling frames and formation of descriptive categories (Kim & Kuljis, 2010). In order to mitigate this, the analysis focussed exclusively on the textual content, aiming to extract themes, and the downloaded pages were transformed into .txt files in order to facilitate this. By selecting specific pages, it is more likely to capture the information relevant to answering the posed research questions, and investigate the higher traffic pages on each platform, that is, the pages prospective investors will most-likely interact with. However, the changing nature of website content can lead to issues with data collection. To prevent this, the relevant pages for analysis were downloaded during a period of 2 days, keeping the corpus unchanged and 'frozen in time' (Herring, 2010).

Sampling

The essential component to qualitative content analysis is data, in our case, this is textual data obtained from web pages of crowdfunding platforms in our sample outlined in the beginning of this chapter. As is outlined above, the vastness of a single web page of a company in this sample presents a challenging task to code, particularly in this sample, as a lot of risk warnings, disclaimers, and other legally-imposed information was present on the page. Therefore, at the researchers discretion, selective coding was applied.

Therefore, after having selected the medium (crowdfunding platforms) it is necessary to determine the criteria for inclusion and other parameters such as date and time range. Due to the purposive sampling involved in the selection of companies to study, it was necessary to build a corpus out of website content that is both reflective enough of the ‘greater population’ of crowdfunding platforms that a prospective investor is exposed to. When sampling for the purpose of QCA, Krippendorff (1980) argues that the researcher needs to consider whether the texts of interest are relevant to the research question and help to answer it in a fair manner, and must therefore be sampled based on what they mean, and the interpretations that can come of them and the information they provide. Therefore Krippendorff (1980) suggests that texts have to be sampled to give the RQ a fair chance of being answered correctly.

For this reason, the selection of units for data collection, we follow Neuendorf’s (2017) steps and adopt a judgement sampling technique. First, the pages for analysis were narrowed down on the basis of their omnipresence across the sample (i.e. a version of the given page needs to be present on every platform). Due to the entire sample specialising in crowdfunding RE projects, there was significant overlap in pages such as Investment Projects, How it Works, About Us, and Risk pages to name a few. As our research is concerned with how the actors (the platforms themselves) use rhetorical strategies to build legitimacy, the primary focus is on the communication centred around the organisation, for this reason, content from explanatory pages such as: About Us, Our Impact, How it Works was sampled along with the organisation’s home pages. Furthermore, within each page, relevant hyperlinks that expanded on the information were sampled as well.

Leading to a total of 33 pages as the units of data collection, as is outlined in Table 2.

Table 2:

Website Sample Outline

Company name	Units of Data Collection	Word count range per unit
Abundance	8	160 – 300
Charm Impact	3	117- 305
EnergiseAfrica	4	400- 525
GoParity	4	180 - 415
Lendahand	5	100 - 500
RaiseGreen	5	369 - 550
Trine	4	187 - 400
Total	**33**	

Unit of analysis

The central premise of QCA relies on the text not interpreted as a whole, but divided into meaningful segments. Therefore it is necessary to define the rules of this process in order to make it transparent and explicit. This starts by establishing the units, or what is to be observed. Coding units represent the smallest component of material that can be analysed and can fall into one category (Mayring, 2014), thus, coding units are defined as whole and are treated as independent elements (Krippendorff, 1980). For this research, the coding units have been specified as *themes*, as they serve the outcome of breaking up the website communication into meaningful 'bits' (Neuendorf, 2017).

Operationalisation

There are several approaches when it comes to applying QCA, Hsieh and Shannon (2005) make the distinction based on whether the coding frame is data or theory-driven, and to what extent the researcher departs from merely quantifying and measuring the words or content. Due to the existing theory surrounding the phenomena of impact investment and legitimacy strategies benefiting from further description, particularly as prior research has not touched upon crowdfunding platforms in particular, a theory-driven content analysis was chosen. The purpose of a directed/deductive (Mayring, 2014) QCA is one where categories are developed with respects to the theoretical framework, aiming to expand it conceptually. Therefore, following the sampling and selection of relevant texts from the sampled organisations' websites, this research follows the steps proposed by Mayring (2014) to conducting theory-driven QCA:

1. Definition of Categories

   In this first step, SQ1: *What legitimising tactics can be found in investor-facing communication of RE platforms?* Legitimisation tactics are operationalised based on existing studies, and more specifically the framework outlined by (Bitektine & Haack, 2015) explaining the legitimation tactics (and their subcategories) used by organisations to influence the propriety judgements of evaluators (in this case, potential investors). By appealing to their emotions and normative beliefs, the various strategies are highlighting the positive outcomes of adopting a certain judgement, in either a pragmatic or moral sense. Alongside this framework, operational definitions based on existing research in the field are formulated in order to establish the significance of this framework to this research. These definitions outline the exact description of the sub categories and help ensure the subcategories remain mutually exclusive.

2. Establishing of Codebook

Using the above framework, Appendix A lists the full codebook developed for this study. The legitimation strategies and their sub types have been operationalised as categories and subcategories respectively. Alongside their operational definitions, anchor examples from the data have been extracted to indicate individual values.

3. Preliminary Coding

   After familiarisation with the material, meaningful units satisfying the category definition were coded. The relevant text passage was marked with the sub category label (code). Prototypical passages were added as anchor examples into the guide book. In situations where categorising a meaningful unit was unclear, theoretical considerations were taken into account.

4. Revision and Final work through

   After coding 10-50% of the material, sub category definitions and coding rules were checked to be in accordance with the research question, and face validity and other quality checks were conducted.

5. Analysis

   As this sub question of the research concerns itself with how legitimation rhetoric can be identified within platform communication. The tactics that have been found in the data set are presented and their significance to this research is discussed in Section 1 of the next chapter.

3.4. In-Depth Interviews

While the first part of this investigation aims to examine the communication tactics on RE crowdfunding platforms, and how legitimacy is being communicated to the prospective investor, the latter part of this research aims to expand on these findings (and the conclusions proposed by previous research) by conducting semi-structured in-depth interviews with the employees of the platforms of this study. By combining this study with in-depth interviews, a greater illumination on the topic at hand can be achieved by finding out the managerial perception of legitimation, and help clarify some of the reasons why certain platform communication may be the way it is. The interviews conducted in this study are intended to supplement the content analysis at the first stage of this interview, hereby revealing the key barriers to legitimacy building.

In-depth interviews have been selected for several reasons: firstly, because of the power of language to uncover (deeper) meaning and gather insight into perceptions of the phenomena at hand (Ritchie & Lewis, 2003) and secondly, the combination of structure with flexibility, or, in other words, the interview model can be adapted to the interviewee in order for responses to be thoroughly explored. The in-depth nature further allows, with the help of probe questions, to unveil reasons, feelings , and beliefs, explaining and expanding upon the themes found in the textual data, thus satisfying both a breadth and a depth requirement (Ritchie & Lewis, 2003).

Interviews were conducted virtually, through Zoom. Although scholars identify significant disadvantages to conducting interviews in this manner, such as difficulty observing non-verbal data, or the distance in spaces – both physically and mentally speaking (Bertrand, 2010). However, given recent world events, and also the location of interview participants outside of the researchers area, interviews conducted virtually helped mitigate these issues and ensure a sample that was suitable for this research.

All interview participants were issued a consent form prior to the interview via email, and any additional questions with the way in which their data will be processed. Before commencing the interview, the form was revisited and room was given for the participant to ask any questions about the processing. After some general conversation, building rapport, and information about the research at hand, the interview commenced upon receiving verbal consent for recording. Questions as well as follow-ups were posed to the interviewees. Although the interview had a thematic structure to adhere to, the order in which the questions were asked was dependent on the flow of the conversation, and greater elaboration in certain parts meant that only several questions were asked. After all relevant questions were asked, the participants were invited to offer any further information they thought was relevant, and after the end of the interview, insights were offered into how other participants responded and gave them an approximate finish date for the research, as most participants were incentivised by receiving insights (in some cases, this is because certain companies in the sample were considered to be competitors).

Interviewee Sampling

Interview participants were selected using purposive sampling, as their significance to the research was contingent on them being employees of the organisations investigated in this study. While purposive sampling helped ensure that participants would be able to provide information-rich data for the phenomenon of interest, the sequential nature of the mixed-method study put limitations of the type of sampling available for the subsequent interviews (Palinkas et al., 2015). Although both methods in this research are qualitative, the amount of potential interview participants is limited severely by their criterion of being an employee at one of the 7 platforms surveyed. For this reason, Palinkas's (2015) multistage purposeful sampling strategy was adopted, whereby to mitigate the limitations of a smaller sample size of the first half of this research, snowball sampling within the platform's employees was adopted. Furthermore, certain platforms, such as EnergiseAfrica and Lendahand were affiliated in some respects, making it easier to find connections between the two.

The process of searching for interviewees commenced in late April, and potential candidates were found on social networking platforms, specifically LinkedIn, via their organisation's profile and job title and received an invitation to connect as well as a short description and request to be interviewed. In order to accelerate the process, snowball sampling via an industry expert in impact investment was conducted as well. The expert was informed of the project and contacted potential interviewees on behalf of the researcher as well. When this was the case, a brief description of the research and my contact details were forwarded to prospects, and those keen to be interviewed were put in touch with the researcher. Due to the expert's reputation in the field, this helped increase the legitimacy of the message for potential candidates. Participants were further scouted via the contact address on the platform's website, whereby once again a cold message with description of the research was put in place. All prospective participants were incentivised with later sharing insights from the research, and their responses and company name were ensured to be anonymised. This was mainly due to privacy, but also legal compliance issues, which is common when interviewing those in a corporate setting.

Due to the research concerning itself with the communication in a broader marketing sense, the initial participants that were sought after were those working in a marketing role, as was clearly stated in their LinkedIn profiles. However, for a majority of the platforms surveyed, their short existence since their inception and smaller employee count meant that marketing was either outsourced or responsibilities were shared across various employees in the organisation. This is evident in the interview participants listed in Table 3. Moreover, in one case, a member of the team was not able to partake in the interview due to time constraints, but were instead offered the option of submitting their responses in textual form (Table 3). This provided greater insight, albeit not as in depth, into the phenomena at hand.

Table 3:

Interviewee outline

Participant	Job description	Date of Interview
Barnaby	COO/Co-Founder	31.05.21
Nora	Marketing manager	13.05.21
Kevin	CEO/Co-Founder	1.06.21
Molly [1]	Communications Manager	20.05.21

Operationalisation

As in-depth interviews begin with common-sense perceptions and explanations of phenomena (Johnson, 2001), it is necessary to pose the right kind of questions in order to uncover that which is behind the information available to the investor on the website. Deriving the main themes from the literature review and the preliminary results from the content analysis, an interview guide was made addressing the following themes[2]:

- **Demographic/General questions**

  In this category, in order to get a sense of the participant's role within the company, what their responsibilities are, and their perception of the company's mission and the investors that inhabit the platform.

[1] Participant was not available for an interview, instead answers to the interview questions were obtained in written form by email

[2] For the full interview guide, please see Appendix B

Sample questions: *Can you tell me about your role within the company? What makes your platform's business model compared to others?*

- **Impact Investment Intermediary**

  This category explores the first section of the theoretical framework, specifically to do with discussion surrounding impact, and the changing meaning of impact investment that can be observed in 'disruptive' alternatives to investment such as crowdfunding platforms.

  Sample questions: *How would you describe impact investment/socially responsible investment? How does your platform meet this growing interest? How is this difference communicated to potential investors?*

- **Crowdfunding platforms / Impact Investment Dynamic**

  Building on the themes in the previous category, the interplay between crowdfunding mechanisms and philosophies were introduced into the conversation about impact investment. By posing questions related to this, insights into how the philosophies of crowdfunding infringe on or shape the offering and/or practices of the platform.

  Sample Questions: *How does being a 'crowdfunding platform' affect your position as a provider of impact investment? How do the practices / philosophies associated with crowdfunding affect your mission?*

- **Building Legitimacy**

In order to connect the results from the content analysis with the data obtained from the interview, legitimacy, or specifically themes related to gaining evaluator's (or the investors) legitimacy are investigated from the perspective of those in charge of these processes.

Sample Questions: *How do you communicate to investors that their investment on the platform aligns with their impact goals? What challenges do you face when communicating with your investors?*

3.5. Data Analysis

In order to capture the relevant themes and patterns in the obtained interview data, a six-step process for thematic analysis outlined by Braun and Clarke (2006) is used in this study. Thematic analysis involves identifying themes within the data involves extracting the relevant aspects guided by the theoretical framework and prior research, subsequently turning them into categories for analysis in a way that sufficiently answers the research question (Dumitrica and Pridmore, n.d.). Comprising of multiple and intertwined stages of coding and categorising the data into themes, which are then investigated based on their nuances, contradictions, contrasts, thematic analysis, according to Braun and Clarke (2006) involves a process of: familiarisation with the data, producing initial codes and subsequently coding all the data, comparing and merging similar codes to create initial themes, and subsequent revision and refinement of each extracted theme (Dumitrica and Pridmore, n.d.).

In this stage of the research, as the interview data is meant to supplement and further illuminate the findings of the content analysis, an inductive approach to thematic analysis, whereby the categories emerge from the data rather than from an underlying theory. This helps identify any nuances or further issues that could not be revealed by content analysis alone, and thanks to the flexibility and ability to be tailored to a large amount of data, a thematic analysis of supplementary interview data helps answer the research question at hand.

Due to the application of qualitative mixed method approach in this study, also known as engaging methodological triangulation, a greater insight into the phenomenon at hand is achieved (Flick, 2004). However, while the phenomenon is being observed from more than one perspective thanks to the methodologies used, there is greater success at overcoming any bias or problems with validity, specifically when capitalising on the strengths of individual methods (Oppermann, 2000). Through implementing the results of the content analysis, based on which legitimation tactics emerged as most salient across the platforms into the proposed interview questions for the participants, the connection between the two parts of this research is not only reinforced, but also strengthened, and thus a clearer picture for the phenomena at hand is provided.

4. Results and Discussion

Having collected and analysed the data through means of qualitative content analysis and thematic analysis of interview transcripts. The results that emerged are presented in this chapter. Ordered based on their salience in the data set and significance to the research, each section represents a strategy and its subcategories in detail, followed by a summary of how this contributes to the research question at hand. Interview themes are presented in a similar manner, and in the summary, reflection towards content analysis results is made.

4.1. Strategies highlighting the success of an organisation

4.1.1. Success and failure narratives:

> £21.25m in total investments and over £10.7m already paid back to our investors, we're proud of our proven track record

Highlighting the success of a business model and a platform that is novel and disruptive in its ways presents one of the prevalent methods of highlighting the entity's success as a means of increasing their legitimacy. Narratives highlighting financial or otherwise numerical successes present in the document data reveal similar findings to Haack et al.'s (2012) study of corporate responsibility practice adoption. In their research, the success narrative is constructed in the organisations adopting Equatorial Principles, the success narratives were constructed in a three-fold composition of: *adoption, business case*, and *outreach*. Traces of this can be found in the investor-facing documents analysed in this study:

In case of adoption, the first section of the success narrative stresses the breadth and growth of a particular trend, or more specifically, the amount of success in the business model or project outcomes. The example cited above stresses the financial impact for the investor, emphasizing the presence of a financial track record. This can be interpreted as a means of gaining pragmatic legitimacy, or in other words, the kind of legitimacy manifested from direct exchange with the evaluators (Suchman, 1995b). While the social and impactful mission of the crowdfunding platforms do remain an integral part of their existence, the novelty, as emphasised by Lehner et al. (2019). In their study, this is explained by an inherent liability of newness coupled with resulting risk-premiums. While the field of impact investment operates with a unclear lack of terminological clarity, using simplified, numerical data where possible is used to increase the legitimacy of the platform as a provider of investment. Furthermore, in the second stage of the success narrative (Haack et al., 2012), the business case story, used for showcasing a causal account of the adoption of certain practices. In this case, the findings are not as comparable to that of Haack et al. (2012). Although there is equal evidence of how adopting certain practices leads to win-win situations, whereby both parties (the investor) and the environment (and perhaps society at large) benefit from a certain solution:

> 123k
>
> Our investors <u>are actively fighting climate change</u> by enabling solar power to mitigate 123 thousand tonnes of CO2 every year
>
> Our projects have empowered 562K people across Africa to replace kerosene with clean solar electricity in their homes.

Similarly to the adoption, the business case argumentation present in the web documents surveyed reveals potentially profitable financial and feel-good solution for the investors, however the underlying legitimacy now extends beyond just the evaluator-granted legitimacy in the pragmatic sense. By introducing the wider environmental impacts into the success narrative, the instrumental value of the platforms is brought to attention. Finally, according to Haack et al. (2012) the success story ends with an outreach message, that encourages others to get involved:

> These long term investments fund the roll out established technology and solutions, and offer a more stable investment — a valuable addition to any investment portfolio.

While Haack et al.'s (2012) study revealed that this particular section of the success narrative was often stressing the moral validity and necessity of a practice adoption (or, in our case, a choice to invest), the instrumental value in success narratives remains at the forefront of this data set. The main difference here being the object of investigation (Haack's study focussed on EP adoption and adopted a more corporate responsibility perspective).

Nonetheless, when looking at the failure narratives, while uncommon for the documents in the data set, they do make an appearance in one of the platform's dedicated sections titled: 'shortcomings':

> Lendahand is on a journey. **We don't know it all and we never will**. The world is moving quickly and what may make sense now may not tomorrow. As a for-profit company on a social mission we want to stay relevant for all our stakeholders. We

> don't want to move fast and break things, but we want to stay sensitive to new ideas and methods. One of the ways to do this is to identify our shortcomings and see how we can improve on them.

Accounts of failure, according to Mantere et al. (2013) play a performative role in producing credible explanations for failure i.e. '*we don't know it all and we never will*'. By departing from being just about the description of past events, failure to implement a certain practices or projects presented within a shortcoming narrative shed light on the challenges of renewable energy platforms in this study. One of the shortcomings highlighted was the absence of data-backed impact calculations:

> If we want to claim that we are creating a huge impact, then we are <u>pretty sure we can find the data that backs that up. But we want to tell the whole story. We did not start or join Lendahand to produce some vanity metrics.</u> We have a genuine interest in trying to better the lives of others in a sustainable way. Thus, we want the real numbers.
>
> Since most of us have a commercial/business background, we didn't have the skills and knowledge to measure our impact. But earlier this year someone joined the team with exactly the experience we need for this. Stay tuned!" (Lendahand)

The above references the limitations of quantifying impact investment, or rather, the complexities surrounding its quantification due to the 'non-financial return' tied to its offering (Reeder & Colantonio, 2013) and how it impacts the crowdfunding platform's practices. As is emphasised by the quote above, the platform references functioning measurement system that goes beyond just 'hyped up benefits' capable of misleading investors as Reeder and Colantonio (2013) identify. It is further argued by the researchers that the metrics tied to any social impact, compared to environmental issues, are more challenging to calculate. Therefore, an argument to: see the people, not the profit is placed. We can see this in the excerpt above, however, returning to Haack et al. (2012), a *promise-to-act* type story emphasizes the platform's intentions to resolve the conflicting institutional demands (i.e. social mission but also for-profit). By denouncing existing metrics as those of 'vanity', this can be seen as what Suchman (1995, p.591) describes as '*manipulating environments*' whereby instead of conforming to the existing cultural beliefs, they instead promote new explanations of social reality, usually through manipulating legitimacy at a pragmatic level. However, the moral dimension (i.e. *bettering the lives…*) highlighted in the excerpt suggests an attempt to establish new grounds of moral legitimacy, specifically because there is an allusion to performance demonstration, which, according to Suchman (1995) helps cement moral change.

However, how are the social and environmental issues that are to be solved by this alternative type of investing presented? We now move on to problem and solution discourses found in the documents.

4.1.2. Problem and solution discourse

> Most people want the ability to take real action, but they need support, they need funding, and crucially, they need to feel empowered to know that if they act, and they get their friends and families and neighbors to join them, that it will have an impact. (RaiseGreen)

Problem and solution discourses are among the most salient subtypes of legitimacy building-strategies found in this corpus. Generally, the ‘problems’ take on several shapes, from climate change:

> Most people know that <u>polluted air and greenhouse gasses are disrupting our planet. Air pollution is actually even more deadly than the current pandemic in many ways, killing an estimated 8.8 million people annually around the world.</u> That’s nearly 6x the monthly death rate of COVID-19, which killed 125,966 people in its current deadliest month. All of these problems disproportionately impact the poorest and most vulnerable. (RaiseGreen)

> The many problems with fossil fuels
> 1 billion people around the world lack access to basic electricity. Instead they rely on toxic fossil fuels with severe effects on their health. <u>Fumes from using kerosene daily is roughly equivalent to smoking two packs of cigarettes a day</u> (1). Not only is kerosene bad for you, it’s also very expensive. Many households spend as much as 30% of their disposable income on fuel (2). <u>On top of that, kerosene is bad for the environment since it emits huge amounts of CO2 (3)</u>. (Trine)

to socioeconomic issues:

> Rolling out real solutions to the housing crisis
> The housing crisis needs solutions. More homes are needed — and they need to be energy efficient and low carbon if we are to meet our climate targets. (Abundance)

Whether they are presented on a macro scale like the examples above, or a more micro example drawn from either a funded or an ongoing project featuring a particular institution or place, the problem stated serves as a prelude to the platform's mission. In other words, the social or environmental issues outlined are those that the platform and its mission are aimed to mitigate:

> …our unique funding model ensures greener homes can still be affordable for the people that need them. We're excited to build on that going forward. (Abundance)

> Our investments allow entrepreneurs to expand their businesses and create jobs. By improving their socio-economic status, you'll contribute to a higher standard of living. (Trine)

These results echo Lehner's (2019) study arguing that providers and enablers of impact investment position themselves in this respect as a solution to the problems plaguing the world at this moment, and try to explain the necessity in further nurturing and growing the industry. This type of conformity in the pursuit of moral legitimacy by appealing to pre-existing institutional ideals is argued by Suchman (1995) to be successful if organisations position their outputs as meritorious, and organisational goals can be tailored accordingly, too.

However, it is also observed within the dataset that the platforms go beyond just mere conformity, and instead are more selective in their choice of what environment they'd like to appeal to. One might even go as far as to suggest that these platforms are less focused on conformity, but rather environment manipulation, and problem formulations such as these, a pre-emptive intervention into the cultural environment is created in order to create a support base. This is evidenced by a problem formulation not investigated in Lehner et al. (2019). Along with issues concerning climate and social inequality, these platforms problematise the financial industry and the issue of accessibility of impact investment itself:

> We are facing unprecedented challenges. No matter how much good modern economy has generated – we've seen amazing improvements in health, education, or quality of life in the past century – it also brought serious challenges: the harm created to our planet, to ourselves, inequality, and the disconnected way we related with each other and nature. (GoParity)

By enveloping access to renewable energy investments for the 'common person' or, in other, words, those who are only capable of investing a smaller amount, the solution, is, once again the organisation:

> We empower people and organisations to use their money for good. We remove obstacles and create experiences to make impact investing and sustainable finance a central part of our daily lives. (GoParity)

> Abundance was launched in 2012 with a mission to transform finance by allowing members of the public to invest in things they truly care about. (Abundance)

Due to the unique offering put forth by these platforms, the misalignment of impact investment, specifically, who gets to partake in it, and the accessibility and legitimacy of existing offerings on the market are emphasised by these platforms. By aligning themselves with the greater environment and its concerns, the platform thus positions itself and its offering as the solution by calling on the prospective investor to acquire a piece of the energy transition. Calling on the investor directly by using problem discourses that are broad and common and relate to the platform's efforts to build legitimacy in the eyes of its evaluators, the investor is given a sense of being able to affect change on a micro level and thus be prompted to participate.

4.1.3. Ineffectiveness and Injustice of Existing Practices

> "At the time of our launch there was no easy way to access investments that helped build the green infrastructure of the future. Our founders saw an opportunity to bridge this gap and in 2012 Abundance was born."

Ineffectiveness, or the problematisation of existing systems and their practices being unable to solve the problems at hand. This type of discourse on the platform's investor-facing communication works to establish the legitimacy of the platform's existence and mission based on the limitations set by existing practices or governing institutions:

> Raise Green is the first marketplace in the U.S. for local and inclusive impact investment with verifiable and demonstrable environmental benefits. Up until 2016, most Americans were excluded from investing in private companies, but now participatory investment is possible for everyone.

According to Bitektine and Haack (2015), such appeals to ineffectiveness aim to highlight the positive outcomes for the judgement of evaluators on an individual level. Often times alluding to a gap in the investment market, either for owning a small share in an energy project, or being able to invest in meaningful projects. This sort of appeal is entirely pragmatic in nature, as its positive outcome, according to the platform, ensures greater (or previously untapped) access for the investor.

> If we are going to achieve a sustainable future we need both the government, local councils and businesses to work together. We need to make unprecedented changes to our society and the way we do business. (Abundance)

> Options have been too limited: 65% of U.S. individual investors cited a lack of available products as a barrier to including sustainable investing in their portfolios (RaiseGreen)

By showcasing the ineffectiveness of the financial system creates both a justification for the platform's offering, but also sheds light on some of the ways impact investment (or sustainable investment) has been limited. In order to create novel legitimacy on a pragmatic level, the use of strategic communication that reveals systematic shortcomings can help channel demand for participation (Suchman, 1995). It is further worth highlighting, that there is a clear divide between the communication of ineffectiveness between those that communicate the ways in which the investor was excluded and the financial limitations of existing systems and that in which various socioeconomic actors have failed to rectify the problems at hand. A combination of these two narratives suggests emphasis on the power of the individual to create change. By appealing to the investor and positioning them as an active agent of change, the distrust in larger entities to make a difference and emphasizing their restrictive access can be interpreted as a way to challenge the legitimacy on both a micro and a macro level. Most of the claims towards ineffectiveness tend to be positioned in the ‘About Us’ page of the platform’s websites, therefore using such ineffectiveness to justify the existence and inception of the platform.

4.1.4. Rationalisation

> We fund the roll out of existing technology that’s ready to deliver benefits right now, and support the businesses and councils that are ready to create the greener, more resilient infrastructure we need to power a better future. (Abundance)

> Trine makes it easy for people like you to invest in loans to these solar companies, providing them with the injection of capital they need to create a greener and more equal future. As an investor you get the possibility to earn 3-11% interest on your investment, and be safe in the knowledge that your investments are doing good.

Rationalisation, or reference to utility to establish an entities propriety via reference to utility and rational arguments takes on various forms in this data set. For one, explanations surrounding the business model are considered as is evidenced by the extract from Trine below:

> Trine makes it easy for people like you to invest in loans to these solar companies, providing them with the injection of capital they need to create a greener and more equal future. As an investor you get the possibility to earn 3-11% interest on your investment, and be safe in the knowledge that your investments are doing good.

Usually implemented as a means of explaining the trade, such strategies are usually present in the 'Impact' section if not the home page of platforms in this study. Using notably less-complex language than in other parts of the websites, this type of strategy helps break down the platform's business model to the prospective investor and provide them with an explanation for how their systems work and how they deliver what they promise to deliver. By referencing investor due diligence, investment protection, and other processes, propriety of the organisation is established by showcasing that no corners are cut in its practices, and risks are mitigated where possible:

> We select our businesses very carefully. As part of our on-boarding process an in depth credit risk assessment is completed by our investments team. Some projects will have a first loss provision meaning that if the business cannot repay, for example in the case of bankruptcy, these funds will be used to underwrite part of your loss. In addition, other projects may also have match funding available provided by UK aid and Virgin Unite which will help to amplify the impact of your investment on the ground. Projects that benefit from match funding and / or first loss provision will be clearly indicated. (Energise Africa)

In many cases, the platforms investigated in this study tend to be disadvantaged by various regulatory frameworks inflicted upon them by the financial authorities in their country. The various risk warnings, disclaimers, and other compulsory best-practice obligations inflicted on these organisations vary greatly across country, therefore any rational argumentation for the business model varies as well. As a result of this, there was greater expectation for quantitative evidence of impact or the success of the entity. Often times, numerical results would be heavily formatted in order to stress their importance, and put at the forefront of Impact or platform home pages:

> *Our crowd has accomplished great things:*
>
> *100 M*
>
> *Total invested*
>
> *This reflects the total invested amount through lendahand.com and lendahand.co.uk*
>
> *63 M*
>
> *Already repaid*
>
> *8,400*
>
> *Jobs created*
>
> *2,800*
>
> *Projects funded*

It should be noted that prospective investor-facing communication about the quantified success was found to be limited, often present in the form of lists such as the one quoted above. By providing summations of how many projects have been funded through their platforms to date, quantifiable and traceable progress is made available to the prospective investor to provide assurance and rational explanations for the practices of the platform.

The subcategories listed above have illustrated how these platforms demonstrate the success of their business model and their place as impact investment providers. The particular salience of Problem and Solution discourse as well as Rationalisation tactics suggests an increased attention to establishing pragmatic legitimacy in the eyes of evaluators as well as justifying the platform's place within socioeconomic systems. As the platforms continue to be met with various institutional gatekeepers, such as financial authorities, the compulsory risk communication that occupies the website needs to be outweighed by rational and clear argumentation for existence in order to ensure access to resources. The abundance of such communication patterns across the entirety of the sampled platforms suggests a wider industry concern with gaining pragmatic legitimacy, which, in some cases, can be attributable to novelty or regulatory constraints.

It is noteworthy that when it comes to the investment offering, or where the projects are based, the technology surrounding renewable energy that formed the foundation or any success or rationalisation discourse remained consistent throughout the corpus. It is anticipated that this is because the unified frameworks surrounding carbon metrics provide a signal of reliability and recognition of success for the stakeholders, and helps counterbalances any non-financial communication that could be overlooked. In other words, greater regional differences were not observed in these respects.

However, when observing strategies concerning ineffectiveness, problem statements were made up of two camps, either problems pertinent to climate change or problems pertinent to access of impact investment. By placing themselves at an intersection that appeals to individuals who want to make a difference, the display of success and rational arguments justifies their socioeconomic significance, however, even with the investor knowing it’s ‘the logical thing to do’ it is important to consider how the platforms show the investor it’s ‘the right thing to do’ by aligning themselves with normative beliefs and values.

4.2. Creating resonance with normative beliefs

4.2.1. Frame Alignment

In order to reflect alignment with general rules or normative values, frame alignment in investor-facing communication can refer to referencing mainstream discourses (O. Lehner et al., 2019) and matching frames in communication to frames in thought (Chong & Druckman, 2007). In the data set, this was found most prevalent in the About Us section of the platform’s website:

> If we want to do something truly meaningful to counteract global problems that impact us everyday at the local scale, we need a lot more finance flowing to the technologies that need to be deployed to keep us safe and healthy, and we need a lot more local leaders taking responsibility to create, finance, build and run those projects. (RaiseGreen)

> Our investments allow entrepreneurs to expand their businesses and create jobs. By improving their socio-economic status, you’ll contribute to a higher standard of living. People will gain access to clean water, energy and sanitation. (Lendahand)

When communicating the platform's identity and what they stand for to external stakeholders, frames in communication presented by the platform, or the style, words, and presentation in which their practices are being delivered to best influence the individual's frames of thought (Chong & Druckman, 2007). Through simplification, and favouring mainstream concepts '*keep us safe and healthy'* or '*people will gain access to clean water, energy, and sanitation*' can be referred to as a use of simplifying models, which, according to Auburn and Grady (2006) provide a clear perspective on the issue at hand by giving it a conceptual frame, and prompt the stakeholder to think about the platforms critical role in providing impact investment. While the second extract focuses on the impact that the investment will have in the world, the first explains the platform's mission and how it ties in with the bigger picture of mitigating global problems such as climate change.

By positioning the platform as a representative of the values and beliefs of the audiences, the platform is able to tell a story that appeals to its stakeholders (Golant & Sillince, 2007):

> We help all people to use the power of their capital to create direct change.
> (RaiseGreen)

> We want to help everyone mobilise their money for good, by investing directly in businesses who are trying to make a real positive impact on the world.
> (Abundance – About Us)

> We empower people and organisations to use their money for good. We remove obstacles and create experiences to make impact investing and sustainable

> finance a central part of our daily lives (GoParity – Impact Manifesto - About Us page)

According to Golant and Sillince (2007), successful storytelling where the platform's communication positions it as a protagonist can help gain cognitive legitimacy. In other words, by aligning themselves with the archetype of the actor helping in the fight against climate change, the platform is able to appear legitimate in the eyes of the evaluator. Phrases such as '*we want to help*' '*we remove obstacles*' can be seen as an attempt to insert the organisation within a specific narrative, and create certain expectations from the stakeholders whereby the contribution of the platform to mitigating social and environmental issues is implied.

However, the competing definitions of impact investment and what it entails, can lead to multiple competing frames within the wider industry of impact investing, making the strategy of impact individuals' frame of thought, therefore, the emphasis on values needs to be considered.

4.2.2. Values

> We may protest, sign petitions and march in the streets, but it often feels like our efforts stop short of solving the problem. We need something to do after the march that affects meaningful change (RaiseGreen)

By referencing values, or any value-based theorisation that references norms from wider belief systems, such as institutional norms or logics, the link between organisational practices and higher principles that define appropriate forms of behaviour is created.

> We believe in sustainability and are in love with our planet.
> We're hands-on idealists, dreaming entrepreneurs, and hard-working team players with our bare feet on the ground, our sleeves rolled back and our minds set on a beautiful future (GoParity – About Us)

Unlike frame alignment, values tend to be less preoccupied with rationale and logic (O. Lehner et al., 2019) and reflect more abstract ideas such as '*beautiful future'* or '*something to do after the march*' or '*meaningful change*'. Reflective of the non-financial impact that ties into the nature of the investments offered by these platforms, this element is brought into the centre focus of communication and can be seen as an effort to secure moral legitimacy from the evaluators. Additionally, references to orders of worth such as '*we are hands-on idealists*' and '*dreaming entrepreneurs*' especially during times of organisational change, can sustain the entities claims to existence (Patriotta et al., 2011). By embedding these references into the description of the organisation's identity (due to the fact that these are posted on the About Us page) could suggest a conformist stance in pursuit of moral legitimacy, or aligning themselves with wider societal beliefs in order to appeal to the potential investors.

In order to ensure the correct propriety judgement, creating resonance with normative beliefs enables crowdfunding platforms to focus on obtaining moral legitimacy, or whether the platform is 'doing the right thing'. The prevalence of communication that creates alignment with normative beliefs on 'About Us' pages or pages that include organisational mission statements suggests that the appeal to value systems plays an important role in constructing legitimacy in the eye of the evaluator. In a large proportion of the data set, this sort of communication would exist in the form of hyperlinks to separate documents, or remain succinct when occupying space on the page. This could suggest the platform's awareness of impact-washing and the dangers of over-emphasizing the non-financial side of their practices. However, by engaging in storytelling, the platforms are equally eager to justify how their practices contribute to the greater good and position themselves as not only the protagonists in the fight against climate change and social inequalities, but also the protagonists who are doing what mainstream financial institutions could not do.

When it comes to frame alignment, a notable difference was the prevalence of frame alignment communication in crowdfunding platforms focussed on providing renewable energy solutions in developing economies as opposed to regionally. While the other companies present the stakeholder with a relatable issue that affects them personally, the notion of impact elsewhere in the world is framed by platforms in a way that is more relatable and simplified in order to be appealing and tug at the heartstrings of the investor. This suggests that the barriers for moral legitimacy in the cases of the platforms remain higher, as existing prejudices about the market and the region can cloud investor judgement from the beginning.

Having identified the prevalent forms of legitimacy building in investor communication, in order to best inform what barriers exist, it is important to evaluate the emergent themes in the interviews:

4.3. Interview findings: Perceived limitations to building legitimacy

When it comes to highlighting the success of an organisation, various limitations were raised by the interview participants. The subsequent themes that emerged were limitations attributable to the business model, crowdfunding, the definition of impact, and investor behaviour.

4.3.1. Limitations on legitimacy-building imposed by the business model

The availability of products, the successful funding of which is the main contributor to the platform's continued (demonstrable) success, is one of the ways legitimacy can be built. However, the non-financial impact tied into their offering and mitigation of social or climate issues has placed an important question onto how platforms can expand and scale their offering, but still stay true to the niches they've built their business models around:

> Kevin: So most, almost all platforms have their unit economics made up of, you get a small margin per deal you make. So the more deals you do, the more likely you are to breakeven. And so you're naturally incentivized to do bigger deals. So we make sure we for us stay true to our sort of impact purpose of sticking with smaller companies and smaller tickets. That's our niche. And if we think we have a big enough niche there, we should focus on that, because what we see in other platforms in our industry do is move up the scale to just doing bigger tickets, so they make a bit more money per deal.

The pursuit of success of an entity, this is an example of Suchman's (1995) illustration of where an organisation adopts a conformist stance with hopes to pursue moral legitimacy. Kevin's emphasis on the '*staying true to the organisation's impact* *purpose*', in which case, implies some extent of altruistic ideals, could lead to potential goal displacement as the platform desires to scale its operations.

> And so for us, it's all about that scaling, it's all about how we make all unit economics work. And so it's a scaling game, I think it will be it's the same for every platform, really, if they need enough deal throughput, and enough investment to match the two together and maintaining very lean operations, so that they can be profitable in their own rights, and then actually achieve impact at scale. And kind of connect the theories of what we think can come together…

However, the scale of operations was defined differently by Barnaby, who argued that the main challenge were the systemic barriers affecting the business model prevented the platform from gaining tract:

> Barnaby: "And there's a lot of scepticism about retail investors, want to know, the real barriers is like, the fucking rich people think retail investors are idiots. They're like, they're like, why are you wasting all this time, like trying to get all these retail investors into us? You can have a webinar with a bunch of rich people and raise $10 million in an hour. So why are you spending two years trying to get a million dollars, you know, in $100 chunks? Or like, I don't know, like, power structures. But I mean, so a lot of like, serious finance people we talk to , they basically laugh us out of the room for the most part. That's the systemic barrier."

Emphasising the platform's business model, the trade-off between raising money for clean energy projects as quickly as possible through the help of high net worth individuals demonstrates similar findings to that of Mendell and Barbosa (2013), who reveal in their investigation of impact investment exchange platforms that a shortage of capital prompts the conversation of establishing secondary markets and issues surrounding governance stemming from this. The concept of blended value creation, or the creation of shared value through a profit-oriented firm that is both socially and environmentally driven, where retail investors get involved alongside larger institutional investors, shareholder dynamic is affected and thus no longer resembles traditional models of impact investment. Therefore, when building legitimacy through propriety judgements, in order to ensure a successful flow of resources between various actors on the intermediary and supply side, the platform's provision of blended value needs to gain greater approval from various entities in the mix. When communicating the success of the entity, whether through rationalisation or any other form outlined above, the findings suggest that any scepticism or suspicion from the side of the evaluators is rooted equally in the industry dynamic and the novelty/disruptive nature of the platforms. And while the desire to scale in order to both widen their reach as a social enterprise (both through projects funded and people involved) in order to demonstrate greater success and prove themselves legitimate is challenged by how the platforms choose to get there – and the interplay of various actors in the impact investment ecosystem in the process.

4.3.2. Crowdfunding platform versus Impact Investment provider

While all of the platforms in this study are named as 'crowdfunding platforms', various representatives from the platforms raised the concept of crowdfunding to be outdated on insufficient, and in some cases, impeding the message and mission of the platforms. For instance, in a statement from Nora:

> I hate the term crowdfunding because it's got so many different connotations. And it largely is here in the UK anyway, charity based, cause-related donor based or you know, get a T shirt or something. And so we avoid the term wherever possible and talk about retail impact investing. And so for us what we are trying to do and all the work we're doing is talking about blended finance with the retail component. So we very rarely use the term crowdfunding. For us, it's about retail impact investing. And we talk about ordinary people, and it's investment decisions with their impact investment decisions and their money. And it's about aligning their values. And so yes, we are a crowdfunding platform and I hate the term, okay. It just undermines what we do.

While the offerings of the platforms investigated in this study are all tied to a specific sub type of crowdfunding, whether that is equity crowdfunding or P2P lending. The distinction demonstrated by Nora: *for us, it's about retail impact investing. And we talk about ordinary people, and it's investment decisions with their impact investment decisions and their money* highlights certain barriers to the success of the entity and how they present themselves. In this fragment of the interview, it implies that for a more sustainable connection via platform and investors, the concept of crowdfunding denotes a more surface level relationship. While this highlights that equity crowdfunding fulfils an important funding gap for these types of ventures and also investment opportunities for retail investors (Vismara, 2019), the separation between what is associated with the crowdfunding market and the motivation for monetary return is perceived to be a barrier between aligning the platform with investor values. This is evidenced by another participant :

> Molly: I think the most difficult thing is to separate "charity" and "impact investing", meaning that crowdfunding can sometimes relate to more charitable purposes whereas impact investing is more related to receiving a profitable return. We have triple impact at our core, meaning that you make an impact for both people and planet whilst earning a profitable return (people,planet,profit). It can sometimes be tricky to be referred to as a crowdfunding platform as it might not necessarily mean you earn a profitable return.

Similarly, the need to call the organisation a crowdfunding platform was linked to either legal purposes:

> Barnaby: Well, I mean, we are a crowdfunding platform by law. Right? That's like what we are, right? We're, we are a crowdfunding portal. Right? That is our legal license, right. You know, can you still, here's like the real functional problem, right? If you're a solar developer who's building one project on a school and you have 50,000 investors that you have to pay back for 20 years, every, every year, you have to send them a check for 20 years, that that's a million checks that you'll have to send. That's not functional.

Or marketing:

> Kevin: And so we often avoid the term crowdfunding, although we are set up like a crowdfunding platform, right. And we use the infrastructure. But for me, it's a technology. It's an investment platform. It's a way of bringing different types of

capital people together. So do I think of us as one? I'd say it's a marketing thing. *giggles*

The instant recognition that comes with crowdfunding is demonstrated to be a double edged sword for the platforms. Some of the technology, in the form of a small entry ticket and the pooling of resources remain faithful to the model of crowdfunding, the inclusion of investment and financial return rather than a mere donation creates a demand for greater justification beyond the terminology of the platforms: *And so we often avoid the term crowdfunding, although we are set up like a crowdfunding platform, right. And we use the infrastructure. But for me, it's a technology. It's an investment platform* . Multiple risks associated with the emphasis of social returns (as can be the case with donation-based crowdfunding platforms) can impact the perception of risk of financial returns and create issues with external legitimacy (Gregory, 2016) and thus impedes the evaluator from making propriety judgements in favour of the entity. However, in order to overcome their novelty, the recognition that comes with crowdfunding ensures that the platform can gain acceptance for the propriety of the activity (Suchman, 1995a):

Kevin: To give you a very honest answer. I would say in the right circumstances, we should be one of those because it sells, I consider us an impact investment platform. we sometimes call it a peer to peer impact investment platform, which is more accurate. But I think crowdfunding often does two things. It makes you think of really small tickets, and it also makes you think of equity. And so our business is nuanced enough, without needing to use words that make it more like difficult to get to that onset of like understanding what we do. So in some contexts, that makes sense.

Contrary to the other cited statements, here, a positive argument is made in favour of association with a crowdfunding platform. Particularly as a novel entity, the need to align oneself with something recognisable: "*I think crowdfunding often does two things. It makes you think of really small tickets, and it also makes you think of equity*" can indicate a degree of selectivity within the existing environment of crowdfunding in order to obtain legitimacy.

By selecting among environments (in this case a model or a technology) that will grant their practice legitimacy (Suchman, 1995a), in a pragmatic sense, this means that the platform must adopt various elements of crowdfunding platform sin order to attract relevant constituents who would value the sort of product the platform is willing to provide. The barriers to building legitimacy in this way is the existence of any formal gatekeepers and authorising institutions that can limit access to titles, labels, and other privileges (Ibid). This sort of friction is identified above, as the crowdfunding market, while it presents clarity and recognition for the platforms, has its limitations imposed by its meaning, associations, but also its significance and legitimacy for other financial actors. What is of great interest, however, is the lack of greater emphasis on crowdfunding aside from the title or a subtitle on the home page. Often times, the platform retains 'crowdfunding' in the name, but when an investor visits the website, little mention or direction towards crowdfunding is introduced. Instead, definitions such as '*Impact retail investment*' or other terms are more salient. This suggests that crowdfunding as a concept creates certain barriers for how these platforms want to be seen in the eyes of investors, and as is evidenced by the reluctance towards the term by interview participants, it is significant.

4.3.3. Investor perception of ‘Impact’

When it comes to defining impact investment, the nuances and complexities surrounding the non-financial benefits or the ‘impact’ component of the investment was identified as a barrier to building legitimacy by interview participants.

> Barnaby: When an investor is making a decision, it's like, how much money am I gonna make? Okay, like, easy. It's quantitative. Like, I will make this much money next year. Okay, but it's like, impact ties into all sorts of moral and philosophical viewpoints, right? Do I care about child labor more than fish? Dying of plastic? I don't know, like, do you care about, you know, women's rights more than union labor wages, right, like, all of these things are totally subjective. And every single person has a different viewpoint on what is more or less important.

In the quote above, the non-financial component of impact, as is stressed by Barnaby: ‘*I don't know, like, do you care about, you know, women's rights more than union labor wages, right, like, all of these things are totally subjective’* remains a vague and often undefined concept with varying levels of importance to different evaluators. As a third degree of freedom is introduced into the existing financial return and investment degrees, the definition becomes a central focus for these platforms:

> Barnaby: There's a third axis, there's impact, right? So if it's high impact, and low risk, what should the thing what should the return be? If it's low return? high impact? high risk? Yeah, how do all these three dimensional things get in the way instead of just the simple risk return two dimensional axes? <u>So that's, that's what</u>

we really test in the market. And that's what we're going to continue to experiment with.

It appears that the definition of impact provides both a limitation and a source of manipulation for the platforms in this study, whereby a flexible definition can be a source of confusion and being difficult to define:

> Barnaby: We don't have functional definitions for impact. It's very subjective and very moral. Right. And that's, that's a problem because it's trying to be quantified. You can't quantify morals, you know?

The above quote by Barnaby highlights the issues outlined by Lendahand's investor communication in the section above. The lack of greater quantification in the industry is shown to be both a barrier in building legitimacy for the platforms, but also, surprisingly an avenue for experimentation as is highlighted above. It can be argued that coupled with financial accessibility of such 'impactful investment' on these platforms causes investors to consider it more than they would have before, as is argued by Kevin:

> Kevin: whilst you and I might think it's obvious that you could make money and do good at the same time, and the two are not mutually exclusive, is still a relatively new concept for a lot of people.

The argument that 'impact lies in the eye of the beholder' appears to be a barrier for platforms looking to make that the sole focus of their trade, as is reiterated by Kevin. Especially considering issues surrounding its quantification, and how to convince investors to invest in complex or economically uncertain markets with an emphasised ‘non-financial return’ that can sometimes come at the expense of (at least partially) of the financial return, is a theme that recurred through various interviews. One of the ways in which it is mitigated is through follow up information, or tailored dashboards:

> Kevin: But beyond the measurement is that kind of who are that there's people being helped with this, and you get an insight into who those people are, what they do, and we find that really resonates with people. <u>The downside from a marketing perspective is, they've already converted by that point.</u>

Here, it is shown that one of the ways in which impact is delivered is contingent on investors conversion. This suggests that due to the highly tailored and personal definitions of impact as highlighted above by Barnaby, the task of legitimising an investment usually is left for after conversion, and thus leaving prospective investor communication to apply more blanket terms in order to satisfy a wider audience.

Emergent rhetorical strategies that highlight the success of the platforms are found to be primarily focussed on presenting as much factual data as possible, or create rational arguments and other justifications in order to establish propriety in the eyes of the evaluator. These types of propriety strategies are primarily focused on building pragmatic and borderline moral legitimacy, however, a second category frame alignment emerged equally as salient in the investor-facing communication sampled in this data set. Focussed on primarily building moral legitimacy and aligning with wider societal values, the multi-faceted definitions of impact investment have demonstrated that the case can be made in both places. However, the results were far from balanced, as certain elements of each strategy, such as problem and solution discourses over other rationalisation would prevail significantly. The emphasis strategies over others, in the example above, can indicate certain limitations by which the platform can affect legitimacy perceptions from its evaluators. The perceived limitations imposed by the business model, the association with crowdfunding, and the impact investment and its perception provide some significant results for the research at hand. Firstly, there is an observed reflexivity between the investor-facing communication and the interview data, such as the issue with quantifying impact. Similarly, the intricacies of the business model and its ties to other platforms using similar or vaguely similar technologies create a significant issue for these emerging platforms, who prefer to be seen as investment entities rather than their legal definition.

The final chapter discusses how these findings answer the posed research question, as well as the significance of these results. Finally, directions for future research are provided.

5. Conclusion

The transformative power of Fintech solutions to environmental issues has prompted various scholarly attention to the topic at hand. Among the emerging innovations has been the application of 'green crowdfunding' or the thematically oriented platforms aimed at funding various sustainable projects. A particular sub set of this has been the emergence of crowdfunding platforms targeted at funding the energy transition, either in local communities or in developing economies. Due to its unique business model, the concept has been able to democratise finance, engage citizens in an active support for the energy transition, and gain attention from policymakers across the world. However, its existence in the eyes of investors and wider institutions such as various financial authorities or policymakers has remained imperfect, and from a research perspective, largely unexplored.

Therefore, this research set out to investigate the perceived barriers to renewable energy crowdfunding platforms, specifically, what perceived limitations exist in the communication on the platform's websites by investigating the research question:

What are the perceived barriers to building institutional legitimacy for clean energy crowdfunding platforms?

A total of 7 platforms available to English speaking investors and specialising in clean energy investments via equity or P2P lending models were investigated in this study. By dividing the posed research question into two sub questions, each designed to be answered with its own separate method and one illuminating the other, the reliability and validity of the research was increased through the combination of a qualitative content analysis of website data and supplementary in-depth interviews with managers from the platforms were used in this research.

Using Suchman's (1995) rendition of Institutional legitimacy theory as the theoretical backing for this research, this helped determine what limitations existed within the strategies used by the platforms. The theory proposed by Suchman (1995) suggests the ongoing efforts of organisations to secure legitimacy from its evaluators to continue to have access to resources and continue to exist. Furthermore, building on Suchman (1995), Bitektine and Haack (2015) argued that various strategies exist when it comes to building legitimacy and under conditions of institutional transformation (which is argued to happen by the disruptive nature of the Fintech industry), various actors on a micro and macro level are engaged in simultaneous efforts to impact the perception of an organisation's legitimacy. Thus, organisations, or platforms are assumed to engage in various signalling and discursive strategies to influence the propriety judgements of evaluators. In order to factor in the platforms and the product offered on them, theoretical issues surrounding impact investment and the communication of its non-financial reward were integrated into the investigation, as to inform the interview and website findings.

In order to apply this in research, and answer the first sub question: '*What legitimising tactics can be found in investor-facing communication of RE platforms?*' propriety-influencing strategies outlined by Bitektine and Haack (2015) served as the theoretical backing for a qualitative content analysis of investor facing communication. Viewing the website data through this theoretical lens, several strategies emerged as salient: strategies emphasising the success of the entity, through methods such as Rationalisation or Success and Failure narratives, and strategies creating resonance with normative beliefs. The former suggests similar findings to Lehner et. Al (2019) in their investigation of legitimacy building in various impact investment actors. By highlighting the successes of the organisation, the data revealed that a large share of the platforms strive to build legitimacy by showing that their practices work through the use of success and failure narratives (Haack et al., 2012) in their investor-facing communication. This allows for platforms to gain both legitimacy in the pragmatic sense (i.e. to what extent the platform is able to satisfy investor needs) and in a moral sense by incorporating the wider environmental impact to represent a feel-good factor for the prospective investor. Similarly, other success strategies have shown to be prominent, such as rationalisation, or providing clear arguments for the practices and the projects offered in order to increase legitimacy. However, the overwhelming prevalence of qualitative over quantitative manifestations of propriety-building strategies has several implications and potential barriers for building legitimacy: as is highlighted by von Selasinsky & Lutz (2021) excessive reference to pro-social and pro-environmental causes may result in unfunded projects, however, on the other hand, can be a helpful marketing tool in order to raise awareness for the issues it is trying to mitigate (Bonzanini et al., 2016). Among the perceived limitations found in line with this strategy were barriers imposed by the business model, specifically the focus on niche markets such as medium-range renewable energy projects in emerging markets. For the managers of these platforms, a defining factor is the concept of blended value that emerges with impact investment. The barrier created by varying and often vague definitions of what impact is, and what it means to various investors is directly linked to wider issues in the impact investment industry. The platforms, usually referring to themselves as impact investment providers, all expressed drawbacks from being labelled as crowdfunding platforms, as the associations with the concept were considered to be limiting and providing a false image of the platform's practice and offering. This reveals further evidence of conformity and the consequences in the form of misplaced goals Suchman (1995). Citing legal or marketing purposes as the main reason for maintaining crowdfunding association in their communication, in order to keep in line with social and legal expectations, responding to the legitimacy requirements of macro-level entities is imposed on the organisation in this case, creating a limitation for building legitimacy for its evaluators.

The next prominent strategy from the content analysis was the use of frame alignment and creation of links between wider belief systems and values aimed at increasing both pragmatic and moral legitimacy. While proven to be successful at building moral legitimacy (Golant & Sillince, 2007), the storytelling aspects found in the frame alignment component of the investor communication help integrate the platform in the eyes of an evaluator as a protagonist in the fight against climate change. A defining feature in the frame alignment tactics was the reference to abstract concepts or oversimplified narratives, commonly associated with impact-washing, as was highlighted by Busch et al. (2021). This sort of expression suggests a conformist stance in the pursuit of legitimacy, something which Suchman (1995) argues to come with a likelihood of organisational goal displacement and creation of barriers to legitimacy building as further instability or disruption within the fintech industry emerges. Such simplified narratives are justified by interview participants are part and parcel of democratising and increasing accessibility to impact investing, which, should not only happen on the technological but also on the explanatory side. With this in mind, the business model is once again brought into consideration, as alignment of values plays a significant role in building legitimacy in the eyes of the evaluators, and the plethora of definitions for impact need to be satisfied.

Therefore, to conclude by answering the overarching research question: *What are the perceived barriers to building institutional legitimacy for clean energy crowdfunding platforms?* Drawing from the evidence in the form of investor-facing communication and supplementary interviews, the main barriers identified in this study are concerned with defining and marketing impact investment, specifically perceptions surrounding its value. Equally, the disparity between crowdfunding and the business model that exists as a impact investment intermediary in its own category and poses a challenge for investor-facing communication to mitigate as existing perceptions are identified as barriers for investor participation. Reflecting on the content analysis findings, various propriety-building tactics can be seen as trying to rectify the above, such as the use of rational and quantitative evidence where possible, and thorough explanation of the platform and its significance in socioeconomic exchange. Contributing as a wider study across several markets of renewable energy crowdfunding, it builds on the significance of risk and legitimacy stressed by Bourcet and Bovari (2020) and provides platform-centric side to the conversation.

5.1. Limitations and directions for future research

Although extensive, this study has various limitations, some of which can be fruitful avenues for future research. Firstly, the application of a qualitative study places several limitations to the size and replicability of this research. The element of a deductive content analysis helps increase the reliability of this study, the second component of inductively analysed interviews (arguably the main source of insight) less so. Therefore, even with greater awareness of reflexivity on the researcher's part, future investigation can mitigate this further by opting for text-mining or a form of quantitative analysis that is still focused on identifying patterns in communication.

Secondly, the reliance on English investor-facing content in order to ensure a thorough and reliable analysis creates limitations in the platforms available to be surveyed for this study. As such future avenues of research are advised to approach the topic in less depth, but consider a wider sample across a wider range of markets to determine any regional differences in communication and how that reflects back to legitimacy building. The changing conversation around impact investment warrants further investigation, specifically as Fintech continues to 'disrupt' traditional finance and more retail investors come into the picture, a grounded-theory investigation into how thematic platforms shape impact investment dialogue can prove to be beneficial for researchers in this topic.

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Appendix A: Coding Scheme for Content Analysis

Content Analysis of Platform Data

Strategies Promoting Propriety/Legitimacy	Sub Categories	Anchor Examples from Data Set	Code
Strategies emphasizing the success of an entity—for example, that a practice offers an appropriate and efficient solution to a problem of societal concern or that it fails to offer such a solution (theorization)	Success and failure narratives	*Like many entrepreneurs before us, our early business plans had a lot of twists and turns. For Raise Green, those twists and turns were quite literal since our first business involved making air pollution sensors that live-tweeted from the handlebars of bikes.*	Success and Failure
	Problem and solution discourse	*The technology to create a more sustainable and resilient future already exists. Now we need to fund the businesses that will deliver it — from solar and wind, through to energy efficiency.* *These projects need long term funding, and this has benefits for our investors too. These long term investments fund the roll out established technology and solutions, and offer a more stable investment — a valuable addition to any investment portfolio.*	Problem and Solution
	Problematising the ineffectiveness/injustice of existing practices	*Up until 2016, most Americans were excluded from investing in private companies, but now participatory investment is possible for everyone.*	Ineffectiveness

	Rationalisation, using rational arguments and references to practicality to establish legitimacy	*Closing the funding gap in emerging markets Currently there is a $5.2 trillion annual funding gap between entrepreneurs & SMEs in emerging markets seeking funding and available capital from traditional financial institutions.*	Rationalisation
Strategies creating resonance with normative beliefs of evaluators	Frame alignment – issuing communication frames that coincide with viewer's frame of thought/collective experience	*If we want to do something truly meaningful to counteract global problems that impact us everyday at the local scale, we need a lot more finance flowing to the technologies that need to be deployed to keep us safe and healthy, and we need a lot more local leaders taking responsibility to create, finance, build and run those projects.*	Frame alignment
	Value-based theorisation that appeals to norms instituted by wider belief systems. Or linking discourse to higher orders of worth or higher principles	*People around the world have been taking to the streets & airwaves, asking for governments, companies and their communities to take action. Citizens and municipalities are searching for solutions, and investors want to have real impact with their dollars.*	Values
Strategies constructing identities to confer or destroy the propriety of an entity	Valorising and demonising organisations	*This isn't the greenwashing you see in your typical investment. With Raise Green, you will know exactly what you own, and the impact it makes.* *We don't stop at providing green and social investments, we want our business practices to match those of our issuers. That's why we became a B Corp in 2019, and we are proud to part of a community of companies who are trying to change business for the better.*	Demonising/Valorising

	Idealising a formation of an organisation's identity as contingent on carrying out acceptable behaviours	*Investing in entrepreneurs to fight poverty By investing in entrepreneurs in emerging markets, you're stimulating local economies, creating jobs, and providing opportunities to those who need it most.*	Idealising
Strategies emphasising the moral value of the focal organisation	Ethos justification that stresses the importance of considering the important role of ethics and judgements	*Among the things we look for: dedication, diversity, location, charisma, experience, vision, track record, network, competence, long-term partners, ability to execute.*	Ethics and judgement
	Moralisation as a strategy; establishing legitimacy by using moral arguments	*130 million families In Sub Saharan Africa do not have access to electricity, limiting their chances of achieving economic prosperity and improved quality of life.*	Moralisation
Strategies addressing emotions	Pathos justifications characterised by passionate appeals	*The majority of these people live in sub-Saharan Africa. For people living in poverty it's a struggle to fulfill basic needs such as access to clean water and sanitation.*	Passionate Appeals

Appendix B: Interview Guide

Demographic/General questions

1. Can you tell me about your role within the company?
2. What made you want to join?
3. What makes your company's business model unique compared to others ?
4. How would you describe the investors/projects on your platform?

Topic 1: Impact Investing intermediary

5. How would you describe impact investment/socially responsible investment?
6. How does *your platform* meet this growing interest?
    a. What kind of gap in the market does it satisfy?
7. How does your platform differ from other impact investing in RE?
    b. Why do you think this is?
8. How is this difference communicated to potential investors?

Topic 2: Crowdfunding platform – impact investing dynamic.

9. Do you see yourself as a crowdfunding platform? Why or why not?
    a. If not crowdfunding, what do you identify as?
    For follow up questions – use whatever they identify as.
10. How does being a 'crowdfunding platform' affect your position as a provider of impact investment?
    a. Can you give an example?

Topic 3: Building Legitimacy

11. How do you communicate to investors that their investment on the platform aligns with their impact goals?
    a. What are some of the limits of the tools you have in place?
12. What challenges do you face when communicating with your investors?
13. How do your partnerships contribute to your acquisition of investors?
14. What are some of the barriers to your platform scaling its operations/scope?
15. Is there a question I should've asked, but didn't?