



# Religious Prosocial Crowdlending

Dual-market Success Mechanisms

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Amy Ann Vik

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## Dual-market Success Mechanisms

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*For my first  
love Abu*

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Amy Ann Vik

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## Summary

Crowdfunding is a relatively new and rapidly growing global phenomenon that has appealed to academic curiosity. At its crux, it is rooted in the communal philosophy of greater good. The online technological intervention can be traced back to 2006, while the phenomenon took center-stage in the midst of the 2008 Global Financial Crisis. Over a decade and a half, the crowdfunding industry has grown into several distinct forms and business models.

This dissertation started with a systematic literature review that broadly considered four mainstream business models of crowdfunding, and how it is possible to bridge the knowledge gaps left behind. This led to two empirical papers, motivated by the World Bank's recommendation of a hybrid type of crowdfunding called prosocial crowdlending, to alleviate poverty from the developing economies, where poverty alleviation is the first of the United Nations' 17 Sustainable Development Goals. While considering the developing economies that are innately non-secular, Islam was one of the religions that did not contribute to economic success as per the extant literature. On the contrary, such Islamic developing economies have thriving religious markets. This presented a dichotomy between theory and practice and a research gap that needed to be addressed. Insights from Max Weber that religions such as Christianity have clearly contributed to economic development of the West were recalled. These insights were applied in the empirical papers focusing on Islam, extending Weber's seminal work from west to east. The findings of the empirical papers suggest that Islam does contribute to economic growth, albeit in a welfarist sense rather than in a capitalist sense. The overall contribution that this dissertation makes to the religious prosocial crowdlending is in identifying its dual-market success mechanisms through the developed theories and integrated typologies. These explain how religious capital is being converted to economic capital facilitated by trust in otherwise low-trust developing economies, on the supply side, and religious rationality that encourages sustainable micro-entrepreneurship despite the longstanding duality between religion and reason, on the demand side. In doing so, this dissertation also explains how Islam contributes to the economic welfare of such economies, and how to channelize religious capital towards economic development by utilizing technologically enabled religious prosocial crowdlending as a strategic philanthropic tool, to successfully impact poverty by enabling micro-entrepreneurship.



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## **Dissertation Part A**



**Kappa**

## Key Definitions

<b>Concept/Construct</b>	<b>Definition/Conceptualization</b>
<b>Crowdfunding (CF)</b>	A method of pooling often small amounts of capital from a potentially large pool of interested funders (Short et al., 2017).
<b>Funders</b>	An individual or group of individuals or institutions contributing funds towards a cause or an individual (Shneor et al., 2020).
<b>Fundraisers</b>	An individual or group of individuals or institutions raising funds for personal or professional reasons (Shneor et al., 2020).
<b>Dual-market</b>	A two-sided market where two economic agents perform transactions through an intermediary body (Viotto da Cruz, 2015).
<b>Crowdfunding platform</b>	An online intermediary body that facilitates transactions between two economic agents (Shneor & Flåten, 2015) e.g., funders and fundraisers.
<b>Reward-based crowdfunding</b>	Through an online platform acting as an intermediary body, funders provide funding to individuals, projects, or companies in exchange for nonmonetary rewards or products (Ziegler et al., 2021).
<b>Donation-based crowdfunding</b>	Through an online platform acting as an intermediary body, funders provide funding to individuals, projects or companies based on philanthropic or civic

motivations with no expectation of monetary or material gain (Ziegler et al., 2021).

**Lending-based crowdfunding**

Through an online platform acting as an intermediary body, funders provide interest-based loans to a consumer or a business borrower. This is often referred to as *crowdlending* (Ziegler et al., 2021).

**Equity-based crowdfunding**

Through an online platform acting as an intermediary body, funders provide funding in exchange for equity issued by a company (Ziegler et al., 2021).

**Hybrid crowdfunding**

An amalgam of crowdfunding business-models, such as donation- and lending-based crowdfunding.

**Prosocial**

A type of behavior that covers a broad range of actions intended to benefit others (Batson, 1998).

**Prosocial crowdlending**

A hybrid type of crowdfunding where funders are essentially prosocial lenders, who through an online platform acting as an intermediary body, provide donations in the form of microloans to micro-entrepreneurs (Galak et al., 2011; Ziegler et al., 2021).

**Religion**

Organized systems of general compensators based on supernatural assumptions (Stark & Bainbridge, 1987).

**Religious**

Affiliation to an ascribed religion.

<b>Religious capital</b>	Religious capital as an extension of the human capital model. It is made up of patterns of beliefs and repeated behavior over the human life cycle, which accumulates as a by-product of religious activity. Religious capital like other sources of capital (social, cultural, human, etc.) can be mobilized to generate economic capital (Iannaccone,1988).
<b>Religious market</b>	Religiously motivated producers and consumers comprising a marketplace based on religious commodities, and where economic concepts like competition, monopoly and market equilibrium are as prevalent as in other markets (Iannaccone, 1992).
<b>Religious prosocial crowd lending</b>	An adaptation of prosocial crowd lending where funders are essentially religious prosocial lenders, who through a religiously aligned online platform acting as an intermediary body, provide donations in form of religiously compliant interest-free microloans.
<b>Microfinance</b>	An umbrella term that includes microlending, insurance, saving schemes, etc., and is commonly referred as <i>the bank of the poor</i> (Ahmed, 2002; Lam et al., 2020).

## Introduction

Online crowdfunding is an extension of traditional offline crowdfunding, where communities come together for the greater good (Best et al., 2013). Although the online version is relatively new, familiarity and infrastructure for traditional offline crowdfunding exist in developing economies, where societies have come together to support businesses, religious institutions, schools, hospitals, and so on.

For example, Dhirubhai Ambani from India was one of the first to use offline (equity) crowdfunding to build a company (Reliance Industries), long before the term *crowdfunding* had even been coined. Similarly, Imran Khan from Pakistan started building the Shaukat Khanaum cancer hospital through offline (donation) crowdfunding. This has now transitioned into an online phenomenon with funds pouring in from all over Pakistan and from Pakistanis living overseas.

Broadly, mainstream online crowdfunding can be categorized into non-investment types that includes reward and donation-based business models, and investment types that include lending and equity-based business models. However, among many hybrid approaches to crowdfunding, online prosocial crowdlending can be seen as an extension of offline brick-and-mortar microfinance, where microloans are targeted towards micro-entrepreneurs (Allison et al., 2015; Best et al., 2013; Galak et al., 2011; Mollick, 2014; Belleflamme et al., 2014), as presented in Figure 1 below.

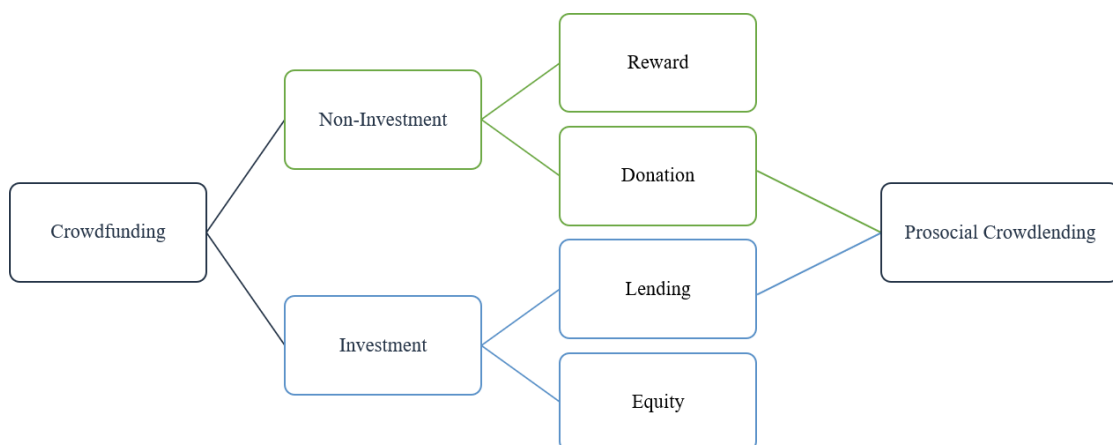


Figure 1: Crowdfunding business models

Typically, the primary motivations for engaging in investment-type business models of crowdfunding are economic factors, whereas the primary motivations for engaging in non-investment type business models of crowdfunding are sociological factors (Shneor et al., 2020). However, primary motivations to engage in prosocial crowdlending are both sociological and economic (socio-economic) factors (Berns et al., 2020).

Considering socio-economic factors in the developing economies, micro-entrepreneurship supported by microfinance has been considered a vital tool for poverty alleviation (Diekman, 2007; Allison, 2015). Nevertheless, the impact of microfinance on poverty alleviation through micro-entrepreneurship remains disputed due to high interest rates, the cost of capital, insufficiencies in governance, etc. attributing to its brick-and-mortar business model.

From a poverty-induced sociological dilemma in the developing economies, the World Bank (Best et al., 2013) has recommended prosocial crowdlending as an alternative to conventional microfinance. Being a technologically enabled online phenomenon, prosocial crowdlending reduces the cost of capital, extends transparency, and sustainably addresses poverty, among other things (Viotto da Cruz, 2015). Poverty alleviation is ranked at the top of the United Nations (UN) ([www.un.org](http://www.un.org)) 17 Sustainable Development Goals (SDGs), due to its overall impact on the other goals.

From an economic perspective, the potential of crowdfunding in developing economies is estimated at USD 96 billion (Best et al., 2013). The potential of crowdfunding micro, small, and medium-sized enterprises (MSMEs) present an opportunity worth USD 350 billion globally (Chironga et al., 2015). The total global crowdfunding market is estimated at USD 304.5 billion (Ziegler et al., 2018).

In prosocial crowdlending, as shown in Figure 2 below, a campaign is launched by a prosocial crowdlending platform on behalf of a fundraiser who is essentially a micro-entrepreneur (1). Funders who are essentially prosocial lenders, after viewing the campaign, decide to donate a desired amount to a micro-entrepreneur through the platform (2). The collective amount donated by the prosocial lenders (3) is then loaned out to the micro-entrepreneur by the platform (4). The micro-entrepreneur uses this amount to create or cater for their micro-business needs and starts to repay the loan amount in installments (5). These installments accumulate in a revolving fund organized by the platform. From this revolving fund, the prosocial lenders can choose to reloan (6) the principal amount

to a new micro-entrepreneur (7). This process generates a sustainable impact on poverty alleviation, where down-payment of a loan by one micro-entrepreneur may help finance another micro-entrepreneur through a revolving fund.

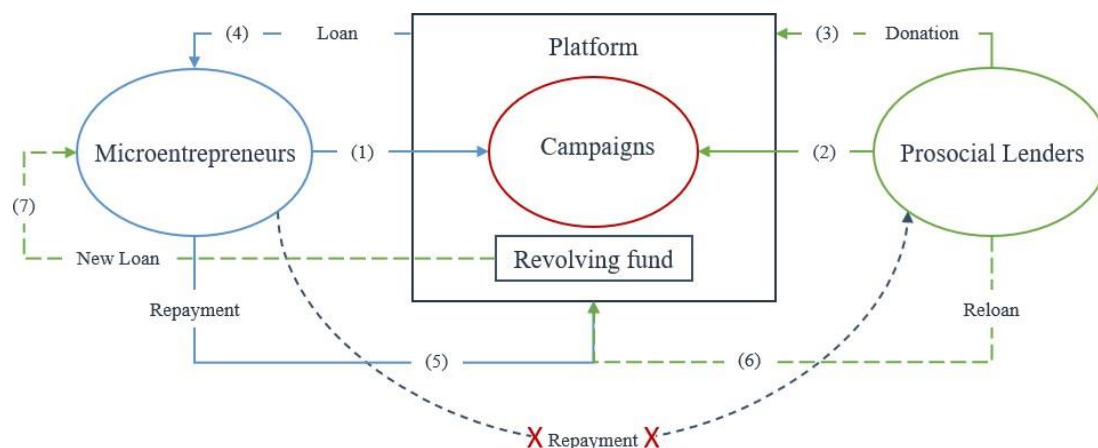


Figure 2: How prosocial crowdlending works

Where prosocial crowdlending is a hybrid version of donation and lending-based crowdfunding, religious prosocial crowdlending is a religiously aligned contextual adaptation of prosocial crowdlending. Where the primary motivations to engage in prosocial crowdlending are socio-economic factors, the primary motivations to engage in religious prosocial crowdlending are the religious alignment of these factors. While both forms of crowdfunding aim to alleviate poverty, the socio-economic approach taken corresponding to the underlying religious motivations has contextually relevant implications for the World Bank’s (Best et al., 2013) recommendation of prosocial crowdlending as an alternative to conventional microfinance. These are captured by the current dissertation.

### Aims of the Dissertation

Crowdfunding – and, by extension, prosocial crowdlending and the adapted religious prosocial crowdlending platforms – play an intermediary role in the formulation of a dual-market consisting of two distinct groups of economic agents: namely, fundraisers (such as micro-entrepreneurs) and funders (such as prosocial lenders). Campaigns launched on a platform are a binding force between these two distinctive groups. Successfully funded campaigns create a win-win scenario for the dual-market, while satisfying the economic principle of demand and supply (Viotto da Cruz, 2015).

With success being the initial aim of the dissertation, campaigns became a

focal point of attention. Therefore, the research started by mapping the success factors discovered by the extant research across the mainstream business models of crowdfunding. This illuminated campaign success factors on micro, meso, and macro levels, methods employed, theories explored, as well as research gaps where contributions could be made.

These research gaps indicated a scarcity of research focusing on hybrid business models of crowdfunding, such as prosocial crowdlending. Then again, the nascent research on prosocial crowdlending is significantly dominated by one prosocial crowdlending platform: Kiva. Even though Kiva is religiously neutral, religion has been identified among the top 10 contributing categories of campaign success (Liu et al., 2012), without any further investigation as to why or how. Apart from being among the top 10 contributing categories of success, religion is the highest contributing category in terms of amount, which is evident from Kiva's website ([www.kiva.org](http://www.kiva.org)).

Particularly in religiously oriented developing economies, where formal governmental institutions are often underdeveloped or plagued with corruption, informal religious institutions can contribute to overall economic success, thereby alleviating poverty (Ahlin et al., 2012; Bruton et al., 2015; Casson et al., 2010; Urbano et al., 2020). In retrospect, the economies that are currently considered developed were also once developing, and Max Weber's (1930; 1978) seminal work demonstrates how religious capital played a significant role in that economic development.

This situation presented an opportunity to utilize macro-level religion as an informal institution, to observe its impact on micro-level dual-market players, such as religious prosocial lenders and micro-entrepreneurs, which influences their perceptions of meso-level microlending market provisions, and the consequent macro level effect on market economy – a holistic dual-market overview.

By observing religiously influenced interactions on the macro-micro-meso-macro levels, the aim of the following empirical papers was to not only develop a holistic dual-market overview contributing to success by creating a win-win scenario for both religious lenders and micro-entrepreneurs, but in doing so, argue why religious prosocial crowdlending could facilitate poverty alleviation in the religiously oriented developing economies. Thus, from the broader success factors of mainstream crowdfunding business models discovered by extant research, the aim of the empirical papers was narrowed down to explaining religious prosocial crowdlending dual-market success mechanisms.



From an economic viewpoint, trust is a fundamental force behind capital mobilization (Arrow, 1972; Fukuyama, 1995). Due to the dual-market's online disposition, trust plays a pivotal role in mainstream crowdfunding, including its hybrid extension such as prosocial crowdlending, and its adaptation such as religious prosocial crowdlending (Grabner-Kräuter & Kaluscha, 2003; Greiner & Wang, 2010; Lee & Turban, 2001; Liang et al., 2019).

Building on Weberian causality, which states that religious capital leads to economic capital, Guiso et al. (2006) found that while some religions (such as Christianity) nurture trust, other religions (such as Islam) do not. This situation presented a dichotomy between theory and practice, as Islamic economies have thriving religious markets, and offline crowdfunding has not only been successful, but is a cornerstone of such communities. In fact, redistribution of wealth through *zakat* (mandatory charitable giving) is one of the five fundamental pillars of Islam (Cattelan, 2018; Hasan & Arabia, 1984).

Trust is not a coherent phenomenon. Different religions may evoke different dimensions of trust that could lead to economic success. Therefore, it was deemed important to investigate religious trust, as it may affect the role religious prosocial crowdlending could play in successfully alleviating poverty from the religiously oriented developing economies. To find an explanation, the research focused on the supply side of the dual-market; that is, the religious lenders' trust in the given religious prosocial crowdlending market context, operating in poverty-stricken religiously oriented developing economies.

Also from an economic perspective, scholars investigating religion have argued that microfinance supported by high interest rates is not only counterintuitive to poverty alleviation, but also contrary to the economic principles of Islamic finance (Akhtar, 2000; Cattelan, 2018). However, the very concept of interest-oriented microfinance was developed by Nobel Laureate Professor Muhammad Yunus from Bangladesh, which is an Islamic country. Meanwhile, variations of microlending alternatives, including religiously aligned interest-free and non-religiously aligned interest-oriented ones, are being applied in religiously oriented developing economies to alleviate poverty. This again presented a dichotomy between theory and practice.

When it comes to microlending literature generally, barely any attention has been given to the demand side, and much research focus remains on the supply side of the dual-market, which could be one of the reasons for such a dichotomy. From the demand perspective, then, it was considered important to investigate how

religious micro-entrepreneurs rationalize between religiously aligned interest-free and non-religiously aligned interest-oriented microlending market alternatives.

Despite the longstanding duality between religion and reason, religious rationality may affect the role religious prosocial crowdlending could play in successfully alleviating poverty from religiously oriented developing economies. According to Weber (1978), rationality embedded in religion was among the key factors in the eventual economic success of the developed economies. As Weber expanded the scope of his work across religions, he found rationality was not a unique aspect of any one religion, and that it is equally present in other religions. He presented a typology of rationality with four interrelated dimensions and argued that while rationality exists in all religions, the configuration between these dimensions may vary from religion to religion. Hence, the obvious differences in religiously influenced rationalization processes, and the consequent economic output across religions (Kalberg, 1980; Parsons, 2020).

Informed by Weber (1930; 1978), the overall aim of the empirical papers in the dissertation was to explain religiously influenced trust on the supply side that encourages religious lenders to engage in religious prosocial crowdlending, and to explain religiously influenced rationality on the demand side that steers religious micro-entrepreneurs to choose religious prosocial crowdlending over other microlending market alternatives. Together, these religiously influenced socio-economic factors could not only contribute to the religious prosocial crowdlending dual-market success mechanisms, but also explain why religious prosocial crowdlending could play a significant role to alleviate poverty from religiously oriented developing economies.

In line with the overall aim of the dissertation, the empirical papers were motivated by the sociological concept of religion contributing to dual-market success mechanisms, consequently leading to economic development. However, the empirical papers do not investigate the nature of religion or the levels of religiosity. In this sense, the boundaries of these papers are defined by the interaction between socio-economic factors (Iannaccone, 1998; Yin, 2017), which explains why religion as an underlying macro-level success factor drives observable macro-level economic behavior, in alignment with Weber's (1930; 1978) seminal works.

From this perspective, the empirical papers had a given religious backdrop where data was collected from a religiously aligned local prosocial crowdlending platform that was already attracting dual-market players such as religious prosocial

lenders and micro-entrepreneurs. This made it feasible to specifically analyze how religious capital is mobilized into economic capital, as informed by Weber (1930; 1978). Therefore, the onset of research had a primed religious condition, which presented an opportunity to empirically observe its impact on economic success.

## Papers in the Dissertation

Given the aims listed above, the current dissertation comprises three papers. Paper I started with a systematic literature review, identifying success factors for mainstream business models of crowdfunding operating in wider context, while highlighting research gaps that paved the way for the following Empirical Papers II and III.

Where Empirical Paper II specifically focused on religious lenders trust on the supply side of the dual-market, Empirical Paper III focused on religious micro-entrepreneurs' rationality on the demand side of the dual-market. In addressing the research gaps highlighted by Paper I, these empirical papers specifically focus on religious prosocial crowdlending in the context of religiously oriented developing economies where poverty prevails, and the extant academic research is at a nascent stage.

Collectively, by explaining religious lenders' trust and religious micro-entrepreneurs' rationality – which contributes to religious prosocial crowdlending dual-market success mechanisms and is essential for capital mobility and the consequent economic success – these empirical papers also argue why religious prosocial crowdlending should be utilized as a strategic philanthropic tool to alleviate poverty from religiously oriented developing economies. A status summary of these three papers is captured in Table 1.

	<b>Paper I</b>	<b>Paper II</b>	<b>Paper III</b>
<b>Author(s)</b>	Shneor & Vik	Vik	Vik & Alaassar
<b>Title</b>	Crowdfunding Success: A Systematic Literature Review 2010–2017	Trust in Religious Prosocial Crowdlending	Rationality in Religious Prosocial Crowdlending
<b>Method</b>	Systematic Literature Review	Empirical Qualitative Explanatory Embedded Multiple Case Study	Empirical Qualitative Explanatory Embedded Multiple Case Study

Status	Published in <i>BJM</i>	To be submitted to <i>Journal of Business Ethics</i>	To be submitted to <i>Journal of Small Business Economics</i>
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*Table 1: Status summary of papers in dissertation*

## Research Questions

The overall aim of the current dissertation was underpinned by an overarching theme of success, which was addressed by asking the following research questions:

**Paper I:** What are the common trends and practices in early crowdfunding (CF) success research? What are the unaddressed gaps in early CF success research? What are the most prevalent factors affecting CF success across studies?

**Paper II:** Why do religious lenders trust religious prosocial crowdlending in developing economies where trust is low?

**Paper III:** Why do religious micro-entrepreneurs choose religious prosocial crowdlending over other microlending alternatives in developing economies?

Where questions initiated by Paper I mapped the broader success factors while highlighting research gaps, research questions instilled by Empirical Papers II and III specifically aimed to bridge the research gaps by explaining dual-market success mechanisms in the given context, while informing the research strategy adopted, and providing overall guidance (Yin, 2007).

## Linking Papers in the Dissertation

With success being the overall theme of the current dissertation, each paper extended the preceding one(s). Where Paper I focused on broader campaign success factors relevant for mainstream business models of crowdfunding, this focus was narrowed to take investigate the dual-market of religious prosocial crowdlending, thereby unveiling success mechanisms. The links between the papers in the dissertation are illustrated in Figure 3.

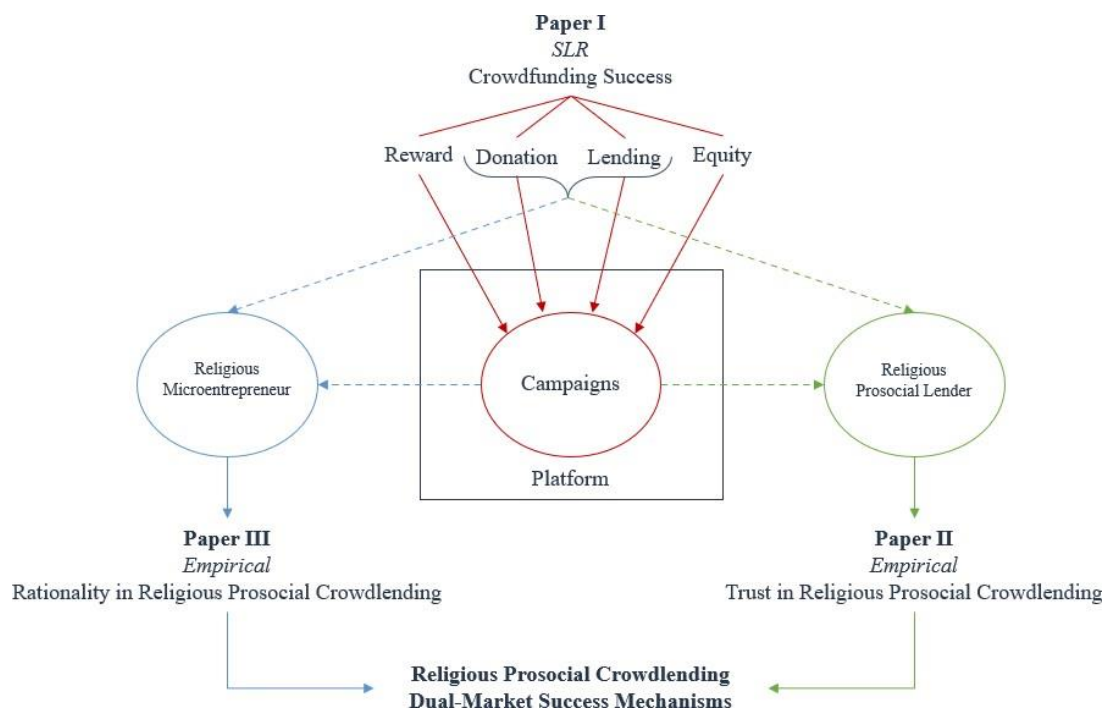


Figure 3: Linking papers in dissertation

From the dual-market perspective, Paper II focused on religious prosocial lenders’ trust on the supply side, and Paper III focused on religious micro-entrepreneurs’ rationality on the demand side. Both religious trust and rationality were supported by the empirical explanatory inquiries, demonstrating why these socio-economic causal mechanisms contribute to the dual-market success of religious prosocial crowdlending.

Since religious prosocial crowdlending is a socio-economic phenomenon, the alignment of both empirical papers with Weberian causality – that is, religious capital leads to economic capital facilitated by religious trust and rationality – also explains why these socio-economic factors are significant and relevant to enable religious prosocial crowdlending in successfully alleviating poverty from religiously oriented developing economies.

Where religious trust and rationality may not be the only socio-economic success factors at play, they are considered key causal mechanisms behind capital mobility, which is the essence of Weber’s combined seminal work, as presented in *The Protestant Ethic and the Spirit of Capitalism*, which informed Paper II, and *Economy and Society*, which informed Paper III (Weber, 1930 & 1978).

Through his work, Weber (1930; 1978) demonstrated how religious capital led to economic capital; this contrasted with the arguments made by Karl Marx that economic capital led to religious capital (Guiso et al., 2006). While the latter may hold true for modern secular developed economies, this dissertation unpacks why the former prevails in religiously oriented developing economies.

From these perspectives, the empirical papers not only shared Weberian (1930; 1978) views on religious capital, but also adopted and adapted his methodological arguments by capturing macro-meso-micro-macro levels of interaction to extend a holistic dual-market overview.

Further, due to the explanatory nature of the qualitative quest undertaken by the two empirical papers, they share a qualitative case study method that is deemed relevant to understand the ‘why’ of a phenomenon. Within the method, critical realism (CR) extends a methodological approach that is often widely utilized in sociology, but rarely in business case studies.

Although CR analysts perceive reality as one, they neither see it as flat or unidirectional. This methodology not only accommodated Weberian methodological arguments on the macro-meso-micro-macro levels of interaction in each empirical paper; also, these empirical papers informed each other as relevant datasets were collected from the same platform to observe dual-market dynamics in a real-life setting. This extended a holistic understanding of dual-market success mechanisms based on economic principles of demand and supply.

Collectively, then, these empirical papers argue why religious capital facilitated by trust and rationality can both sustainably and successfully alleviate poverty, by utilizing religious prosocial crowdlending as a strategic philanthropic tool, leading to the potential economic development of the religiously oriented developing economies.

## **Theoretical Background**

As per findings of Paper I, crowdfunding has yet to establish a universally accepted theory of its own. More specifically, there is no distinct theoretical framework solely for interpreting or predicting CF success. Most existing research has drawn on an array of theories borrowed from a range of disciplines. The most commonly utilized theories are those associated with economic psychology, particularly those related to Signaling, Discrimination biases, Trustworthiness, and Expectation states. Additionally, theories pertaining to social aspects, notably Social Capital and Social Networks, are frequently applied. Lastly, theories

focusing on communication and persuasion, specifically the Elaboration Likelihood Model, are commonly referenced.

The patterns found in theoretical anchoring are as expected. Firstly, economic psychology is the only theoretical domain widely utilized in both investment and non-investment CF models. However, a more detailed examination revealed that Signaling and Information Asymmetry reduction theories are used across all CF models, while theories of Discrimination biases, Trustworthiness, and Expectation states are more often associated with investment CF models. Secondly, theories from Social, motivational, communicational, and institutional domains are more prevalent in non-investment CF models compared to investment CF models. Thirdly, theories related to the organizational domain have so far been used exclusively in non-investment CF contexts.

The varied nature of theoretical anchoring in CF success research can be attributed to the field's relative novelty and its intersection with various disciplines, each contributing to a multitude of concepts. However, it remains uncertain whether enough exploratory research has been conducted to move towards conceptual convergence, or if the industry's growing scope and maturity, as a dynamic target, necessitates further theoretical exploration.

Overall, current research is dominated by three main theories – namely, Signaling, Social Capital, and the Elaboration Likelihood model – to study micro- (for example, funders and fundraisers), meso- (such as platforms and campaigns), and macro- (such as formal institutions) level success factors, respectively. This is evidently an economic approach to crowdfunding. Nevertheless, crowdfunding is equally a sociological phenomenon.

Research has barely taken ground, to explain why informal macro-level factors such as religion could contribute to the success of crowdfunding. For example, Villarroel and Pinto (2014) focused on the relationship between religiosity and prosocial behavior, while Sabzehzar et al., (2020) focused on religious rivalry in prosocial crowdlending. Copeland (2015) focused on campaign communication in the religious category, and Baber (2021) examined the influence of intra- and inter-personal religiosity on the intention to participate in donation-based crowdfunding. Di Pietro and Masciarelli (2021) studied cross-regional religiosity in reward- and donation-based crowdfunding. Lastly, Biancone et al. (2019) conceptually focused on Islamic Sharia compliance in investment models of crowdfunding. Out of these few papers, only two specifically focused on prosocial

crowdlending and religion, and none focused on theory development.

Weber (1930) was among the first to recognize the contribution that religion made in generating economic capital, thus tying together the socio-economic aspects – a multidisciplinary approach to present a holistic view that sits well with the socio-economic phenomenon of religious prosocial crowdlending. Weber is ranked among the classical theorists and methodologists of his time and his discoveries are still relevant today.

Extending Weber's work, Empirical Paper II, informed by Weber's seminal work in the *Protestant Ethic and the Spirit of Capitalism*, a theoretical construct of Psychological Distance and Signaling theories, complemented by (online) Trust Transfer theory, explains why religious lenders trust prosocial crowdlending in otherwise low-trust developing economies. In doing so, the paper developed a theory of religious capital trust and built a theoretically integrated typology of religious lender trust that covers the supply side of the religious prosocial crowdlending dual-market.

By extension, Empirical Paper III informed Weber's work presented in *Economy and Society*. A theoretical construct of Rational Choice theory, complemented by Weber's typology of multidimensional rationality, explains why religious micro-entrepreneurs choose prosocial crowdlending over other microlending alternatives in developing economies. In doing so, the paper developed a Rational Choice theory of micro-entrepreneurs and built a theoretically integrated typology of religious micro-entrepreneurs' rationale. The developed theory and the integrated typology then informed the preference model ranking of the available microlending alternatives in the given market. Thus, Paper III covers the demand side of the religious prosocial crowdlending dual-market.

## **Theoretical Considerations**

Theoretical perspectives can be rivals or complementary. The latter approach facilitates theoretical triangulation to analyze and interpret data through multiple complementary perspectives (Patton, 1990; Yin, 2017). This section presents multiple theories that were considered and applied to eight pilot cases in each empirical paper. Theories that could not explain the phenomenon were excluded and those that complemented each other were employed.

### *Empirical Paper II*

Paper II centered on Weberian (1930) causality, which argued that religious



capital led to economic capital facilitated by trust (Guiso et al., 2006), from the religious prosocial lender perspective on the supply side of the dual-market. To analyze this causality, and as guided by extant literature and the theoretical findings of Paper I, the phenomenon at hand (trust) was investigated in two dimensions: emotional and cognitive (Lewis & Weigert, 1985; Komiak & Benbasat, 2004). These dimensions of trust were complemented by online Trust Transfer theory, as religious prosocial crowdlending is equally an online phenomenon (Stewart, 2003).

Komiak and Benbasat (2004, p. 183) defined the emotional dimension of trust as “*the extent that a trustor feels secure and comfortable about relying on a trustee*” and defined the cognitive dimension of trust as “*customer’s rational expectation that a trustee will have the necessary competence, benevolence, and integrity to be relied upon.*”

Given that prosocial crowdlending is an online phenomenon, emotional and cognitive dimensions of trust (Lewis & Weigert, 1985) were complemented by (online) Trust Transfer theory. According to Stewart’s (2003) Trust Transfer theory, online trust is transferred in two steps: initial and swift. *Initial trust* complements emotional trust, which is goal-oriented and targeted toward a person, group, or an institution, that can then be temporarily mobilized through *swift trust*, which complements cognitive trust; that is, trust now and verify later (Meyerson et al., 1996).

To investigate emotional and cognitive dimensions of trust, three theories were considered: the Social Capital, Psychological Distance, and Signaling theories. As per the findings of Paper I, both the Social Capital and Signaling theories have been widely utilized theories in crowdfunding literature.

Nahapiet and Ghoshal (1998, p. 243), defined social capital as “*the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit*”. They further presented three dimensions of Social Capital theory: structural, relational, and cognitive. The structural dimension addresses configuration of linkages between people or units. The relational dimension refers to the kind of personal relationships that are developed through interactions over a period. The cognitive dimension represents shared resources providing collective representations, interpretations, and systems of meaning.

According to Trope and Liberman (2010), where people can directly experience here and now, they can also indirectly experience the past and the

future. The theory of Psychological Distance is part of larger construct level theory, that specifically captures mental constructs of people that influences behavior in four dimensions of distance: social, spatial, hypothetical, and temporal. The social distance aspect refers to the distance between people or groups, such as income. The spatial distance aspect refers to the physical distance between people or groups, such as geographical location. The hypothetical distance aspect refers to the prospect of an event happening, such as poverty alleviation. The temporal distance aspect refers to the near and distant future, for example, life here and now and the hereafter. Although Trope and Liberman (2010) recommend utilizing all four of these interrelated dimensions, its usage in crowdfunding literature is fragmented and sparse (e.g., Park 2019; Agrawal et al., 2015; Galak et al., 2011). Paper II utilizes this theory with all four dimensions.

From an economic perspective, the second dominant theory in crowdfunding literature is Signaling theory. According to Spence (2002), quality signals are exchanged between two parties, where one is a sender and the other is a receiver. In online exchanges like crowdfunding, quality signals can facilitate information asymmetries, thereby fostering trust and contributing to decision-making processes (Stiglitz, 2002) by. In crowdfunding literature, Signaling theory has been mostly applied from the sender's perspective, which is often the fundraiser. Paper II explicitly utilized this theory from the receiver's perspective, to analyze why a perceived platform signal fosters religious prosocial lenders' trust (e.g., Cumming et al., 2019; Cumming et al., 2020; Strohmaier et al., 2019; Viotto da Cruz, 2015).

Among the initial three theories considered for the eight pilot cases, Social Capital theory and its three interrelated dimensions could not explain the phenomenon at hand. Evidently, religious prosocial lenders do not engage in charitable giving to benefit from each other. Where Social Capital theory is based on mutually beneficial social ties that may contribute to trust, and could be converted to economic capital in other contexts, religious capital can be tapped through religious lenders' trust, which is based on self-propelling prosocial behavior grounded in religious teachings in the given context. From this perspective, religious capital is not an extension of social capital; rather, it is a distinction. It is associated with the acquired and accumulated human capital, that is made up of patterns of beliefs consolidated over time by repetitive indulgence in religious activities, contributing to economic output (Iannaccone, 1988).

Evidently, explanations were found through the theoretical construct

informed by Psychological Distance and Signaling theories, complemented by Trust Transfer theory. The Psychological Distance theory and its four interrelated dimensions explained emotional trust in God that then facilitated identifying the generative mechanism of mandatory religiously giving, causing religious lenders to benefit the other (prosocial). The Signaling theory explains cognitive trust in a platform that then helped identify the generative mechanism of religious accountability, causing religious lenders to choose a prosocial crowdlending platform to perform their religious obligations in the form of charitable giving. Further, the two conduits of Trust Transfer theory were also found to be complementary. Where initial trust that exists and originates from religious goals (religious giving) complemented emotional trust in God, the swift trust through verification (religious accountability) complemented cognitive trust in the platform.

These findings led to the developed theory of religious capital trust with two interrelated dimensions: religious giving supported by initial emotional trust in God, and religious accountability supported by swift cognitive trust in the platform.

Anchored in the developed theory and informed by Weber's notion of ideal-type typological criterion (Bailey, 1994; Parsons, 1949), a theoretically integrated typology of religious lenders trust was with four interrelated emergent dimensions: socially sustainable, transparent, mission-driven, and gratifying.

To the extent of religious charitable giving, Guiso et al.'s (2006) findings that Islam did not foster (social) trust, and therefore did not contribute to social capital, were supported. Nevertheless, Paper II demonstrates religious lenders' trust formulation and mobilization that does contribute to religious capital. This satisfies socio-economic conditions that may facilitate poverty alleviation in otherwise low- (social) trust societies, through religious prosocial crowdlending.

### *Empirical Paper III*

Paper III again shares and extends Weberian (1930; 1978) causality, that religious capital leads to economic capital facilitated by rationality, from a religious micro-entrepreneur's perspective on the demand side of the dual-market. To analyze this causality, and as guided by extant literature and the theoretical findings of Paper I, two theories were initially considered for the eight pilot cases to investigate the phenomenon at hand; that is, rationality. These included psychological Self-determination and economic Rational Choice theories, which have barely been utilized in the crowdfunding literature (Shneor & Vik, 2020). Since

religious prosocial crowdlending is equally a sociological phenomenon, both theories were complemented with Weber's (1978) typology of multidimensional rationality.

From a psychological perspective, Self-determination theory is a blended organismic theory of human motivation and personality. It assumes that humans are endowed with intrinsic motivation to do well in life by exercising their autonomy, competence, and relatedness for the sake of pure enjoyment or inherent satisfaction and without any expectation of reward. However, extrinsic motivational factors such as external regulation (external rewards/punishments), interjected regulation (internal rewards/punishments), identified regulation (conscious valuing), and integrated regulation (internalized congruence) may influence the extent to which intrinsic motivations are realized. In essence, Self-determination theory is a theory of intrinsic motivation contingent upon external motivations (Deci & Ryan, 2002, 2012; Ryan & Deci, 2000).

From an economic perspective, Rational Choice theory establishes micro-macro links by explaining how individuals develop preference models to maximize utility by ranking finite choices available in the market, which generates an aggregated macro-level outcome. Although such preference models may vary from individual to individual due to constrictions such as cognitive ability, information, time, and money, economists argue that such variations cancel out individual idiosyncrasies on an aggregated macro-level (Blume & Easley, 2008; Hechter & Kanazawa, 1997; Sen, 2008; Vriend, 1996).

Nevertheless, individuals have reasons for what they do, and their behavior is predictable only to the extent that one understands what motivates such choices (Hechter & Kanazawa, 1997). Such reasons are often shaped by macro-level sociological (religious) conditioning of micro-level individuals, which can then explain the aggregated macro-level outcome.

Weber (1978) was among the first to address this sociological inadequacy of Rational Choice theory. Through his explanatory approach, he adapted Rational Choice theory by establishing the missing link that converges macro-micro-macro levels of interaction. In doing so, he analyzed aspects of macro-level religion that sociologically conditioned individuals in four interrelated dimensions; namely: practical rational (pragmatic), formal rational (bureaucratic), substantive rational (value postulate), and theoretical rational (abstract reasoning by clergy). Where the former two correspond to means-end rational, the latter two correspond to value rational. These four interrelated dimensions explain aggregated macro-level

economic outcome.

Weber further elucidated that rationality exists in all religions; however, it is the configuration of the four interrelated dimensions that explain the extent of rationalization realized by respective religions (Kalberg, 1980; Parsons, 2020; Weber, 1930, 1978).

Among the initial two theories considered, Self-determination theory could not explain the phenomenon, although its interrelated dimensions, such as external regulation and interjected regulation, appears to correspond to Weber's (1978) means-end rational, and identified regulation and integrated regulation appears to correspond to Weber's (1978) value rationale. This is because Self-determination theory is primarily a theory of intrinsic motivations that is oblivious in its assumption of autonomy, competence, and relatedness for the sake of pure enjoyment or inherent satisfaction and without any expectation of reward.

When poverty is implied, the intrinsic motivation for survival in itself is neither a pursuit of pure enjoyment nor inherent satisfaction; that is, doing something for the sake of that thing. Micro-entrepreneurship in developing economies often originates from necessity rather than privilege. Also, the theory neither considers pre-existing value systems of belief nor informs choices made in a marketplace; that is, cause and effect. As stated by Ryan & Deci (2000, p.70) "*... our theory of intrinsic motivation does not concern what causes intrinsic motivation.*"

Evidently, explanations were found through the theoretical construct informed by Rational Choice theory, complemented by Weber's (1978) typology of multidimensional rationality. Together, these theoretical perspectives fully explained the phenomenon at hand. In complementing Rational Choice theory with Weber's (1978) typology of multidimensional rationality, the paper first applied Rational Choice theory to the religious and non-religious comparable categories, and to alternatives available within each category in the given microlending market according to their respective underlying concepts. It then utilized the four interrelated dimensions of Weber's (1978) typology of multidimensional rationality to understand the rationale behind religious micro-entrepreneurs' preferences. This effort unfolded two generative mechanisms. First, Islam encourages self-sufficiency through micro-entrepreneurship, corresponding to Weber's substantive value rational, while limiting financing of such endeavors to interest-free loans. Second, where survival is concerned, Islam makes an exception to override the predecessor with interest-oriented micro-entrepreneurship, which corresponds to Weber's

means-end practical rational. These findings led to the developed Rational Choice theory of religious micro-entrepreneurs with two interrelated dimensions: interest-free micro-entrepreneurship supported by a substantive value rationale, and interest-oriented micro-entrepreneurship supported by a practical means-end rationale.

Anchored in the developed theory and informed by Weber's notion of ideal-type typological criterion (Bailey, 1994; Parsons, 1949), a theoretically integrated typology of religious micro-entrepreneurs' rationale was built with six interrelated emergent dimensions: interest, loan size, cost, repayment, group size, and social distance.

Together, the developed theory and the integrated typology provided a comprehensive understanding of religious micro-entrepreneurs' preference model in the given microlending market, which then facilitated ranking of microlending market choices.

Guided by their theoretical constructs, both empirical papers not only developed theories that fully explained what causes the phenomena, but also the corresponding integrated typologies provide explanations for the research questions instilled by each empirical paper; that is, why religious lenders trust religious prosocial crowdlending, and why it is a rational choice for religious micro-entrepreneurs. Consequently, Paper I and Paper II collectively argue why religious prosocial crowdlending should serve as an exemplar and be utilized as a tool to successfully alleviate poverty from religiously oriented developing economies.

## **Philosophy**

*“The way we think the world is (ontology), influences: what we think can be known about it (epistemology); how we think it can be investigated (methodology and research techniques) ...”* (Fleetwood, 2005, p. 1).

On a spectrum of philosophical positions, with naïve realism at one end to relativism at the other, CR falls in the middle (Järvensivu & Törnroos, 2010). In naïve realism, scholars ontologically believe in one objective reality and that it is epistemologically possible to know this reality through objective empirical observations as in natural sciences, or relativism, where scholars ontologically believe that there is no reality beyond the subject and that it is epistemologically possible to understand subjective realities through analysis of such accounts as in social sciences (Järvensivu & Törnroos, 2010). By contrast, CR scholars argue that while, ontologically, one objective transcendental reality exists, one can move

epistemologically closer to this reality through contextual relativism, where all knowledge is conceptually mediated. This means that all created knowledge is fallible, theory-dependent, and open to adjustment (Danermark et al., 2019).

The CR perspective is not only closely aligned with the researcher's worldview, but it also gives room for methodological techniques applied to align with Weber (1930; 1978).

## **The Critical Realist Paradigm**

The CR Paradigm vouches for transcendental ontological realism, where reality is neither flat nor linear. Reality transcends in a nonlinear circular state of interactions through three domains: the intransitive domain of the real, where events cannot be observed; the domain of the actual, where events play out independent of observations; and the transitive domain of the empirical, where events can be observed (Mingers, 2000, p.1265).

It is through the theoretical perspectives of the observed that estimations of the unobserved are made to conclude what is probably causing a phenomenon to happen, thus bringing us closer to reality, like scientific experiments. (Danermark et al., 2019; Mingers, 2000; Mingers, 2014; Mingers & Standing, 2017).

Unlike scientific experiments conducted in closed systems, complex social processes occur in open systems, which means that findings are not predictive, but rather probabilistic, given the epistemic relativism in the transitive empirical domain. However, this epistemic relativism is contextually based on the historical evolution of structure (such as religion) and agency (such as participant). This makes it diachronic in nature, and therefore stable when compared with epistemic subjectivism (Bailey, 1994; Danermark et al., 2019; Mingers, 2014).

The primary task of CR is to identify and explain what generates a mechanism; this makes it well-suited for explanatory endeavors. Such explanations are drawn by employing three modes of inferences: abduction, retroduction, and retrodiction (Danermark et al., 2019; Mingers, 2000; Mingers, 2014; Mingers & Standing, 2017).

From a CR perspective, abduction is a way of understanding the relationship between the data (the domain of the empirical) and the employed theory (the domain of the actual). This is achieved by going back and forth between data and the evolving theocratical framework that is first described and then theoretically re-described to reach theoretical maturation (Danermark et al., 2019; Dubois & Gadde, 2002).

Abduction leads to retroduction, although the two terms are often confused. Retroduction is a mode of inference that is distinct from its counterparts (deduction, induction, and abduction). Abductively informed by the observable epistemological domain of empirical and independent domain of actual, retroduction goes conceptually deeper into the ontological domain of the real. It probes the properties of the underlying structure (such as religion), thereby abstracting the unobserved generative mechanisms causing a phenomenon (that is, generative causality), leading to developed theory that is stable due to its diachronic nature (Bailey, 1994).

Retroduction leads to retrodiction, which then intends to conceptually understand the interactions between the identified generative mechanisms in the domain of the real, causing an effect in the domain of the actual (Danermark et al., 2019; Mingers & Standing, 2017). Such interactions are then conceptually configured, which leads to the emergence of a typology that is anchored in the developed theory; that is, event causality. Where typology confirms the developed theory, it must stand on its own by taking on new properties that can be applied to the broader context of the study; hence, they are theoretically generalizable.

As per Danermark et al., (2019, p. 131) CR explanatory studies move from “*concrete to abstract*” – that is, abduction leads to retroduction – and from “*abstract to concrete*” (that is, retrodiction), through three domains of transcendental reality: the empirical, the actual, and the real.

## **Research Quality**

For quality assurance of qualitative case studies, Yin (2017) presented four criteria – internal validity, external validity, construct validity, and reliability – that have been adopted and adapted by CR scholars to suit the paradigm and applied to Empirical Papers II and III.

From a CR perspective, establishing a chain of evidence through spatial-temporal continuity of cause and effect triggered by the identified generative mechanism(s), which confirms internal validity. In both empirical papers, the employed theories were developed and extended by retroductive spatial-temporal continuity of generative causality, which confirms internal validity (Mingers & Standing, 2017; Johnston & Smith, 2010; Smith & Johnston, 2014; Zachariadis et al., 2013). From the CR perspective, event causality through retrodiction strengthens external validity by producing a theoretically generalizable emergent typology that is deterministic in the uniqueness of its interactional configuration and



can be applied to the broader context of the study. Therefore, such a typology, despite being anchored in the developed theory, should then take on its own properties and be able to stand independently. Both empirical papers build theoretical typologies that are unique in their interactional configurations and can be applied to the broader context of the study, thus confirming external validity (Elder-Vass, 2005; Elman, 2005; Johnston & Smith, 2010; Mingers & Standing, 2017; Smith & Johnston, 2014; Zachariadis et al., 2013).

Retroduction and retrodiction are complementary approaches within the CR paradigm, where the latter reinforces the former (Danermark et al., 2019; Mingers & Standing, 2017).

CR advocates a holistic approach by considering multiple stakeholder perspectives, where the task of triangulation is not only to corroborate, but also to expand understanding and increase chances for discovery. Also, being theory-laden while triangulating reduces researcher bias, these parameters were incorporated in both empirical papers (Bisman, 2010; Danermark et al., 2019; Dubois & Gadde, 2002; Mingers, 2000; Wynn & Williams, 2012; Yin, 2017).

Reliability can be enhanced by presenting actual participant quotes as empirical evidence in case studies, and audit trails through systematic organization of dataset(s). Both reliability parameters were adhered to, where actual participant quotes are presented in empirical papers, and an audit trail was ensured by employing the NVivo computer software, which also facilitated within- and cross-case coding and analysis phases (Bisman, 2010; Gaur & Kumar, 2018; Healy & Perry 2000; Kempster & Parry, 2011; Patton, 1990; Yin, 2017).

## **Researcher Bias**

As far as the researcher's role in case studies is concerned, a deeper understanding of the context without being a part of it is preferable, but often lacking in international business (IB) case studies. The main critique of IB literature has been that it is often "*proof-driven*" rather than "*understanding-driven*", and therefore suffers from contextually relevant nuances. Contextualization and its implications play a critical role in theorizing (Poulis et al., 2013). Its familiarity is central to causal tracing process (CPT) in identifying causal mechanisms (Blatter & Blume, 2008), especially from a CR perspective (Mingers & Standing 2017).

The current dissertation benefits from the researcher's unique background, which extends a deeper contextual understanding without being a part of it. While

culturally her ethnic origin is from Pakistan, she religiously belongs to a Christian minority from Pakistan. Where she has spent a substantial amount of her life living in Norway and 16 years in Pakistan.

In addition, she has a bachelor's degree in psychology, where she took Islamic studies as an elective subject, and hold two master's degrees in business, which extends understanding of multiple disciplines such as economic, finance, and business.

Apart from her academic studies, she has 22 years of professional experience in multinational companies operating within the technology, oil and gas, and maritime sectors. Since these sectors are inherently international, she has worked with a stratum of multiple nationalities, contributing to her cultural awareness and international mindset. Before joining her PhD program, she was a nascent entrepreneur herself, which is what developed her initial interest in crowdfunding from an entrepreneurial perspective. During her doctoral program at the University of Agder, she has taught entrepreneurship and innovation for four years. In the same vein, she has actively participated in entrepreneurial think tanks, both in Norway and Pakistan. Apart from her academic and professional activities, she has volunteered for diverse causes through organizations, such as Rotary and Red Cross, which probably reflects on her keen interest in poverty.

Although this brings a balanced approach to her doctoral endeavor, unconscious bias can still occur and needs to be controlled, or at least significantly reduced. This has been achieved by being well-versed in extant literature, having a tight yet evolving theoretical framework which enabled for theoretical triangulation, data triangulation from multiple stakeholder perspective, complemented by static data such as documents, and within-method triangulation where CPT was adopted and complemented by Weberian and CR methodological overlaps. The latter specifically extended a possibility to combine three modes of inferences (abduction, retroduction, and retrodiction), which is unlike applying either inductive or deductive modes of inferences or adopting a mixed methods approach. Further, the very use of multiple cases in itself also reduces bias. In addition, scholarly feedback, and expert opinions in the field throughout the research process were sought (Blatter & Blume, 2008; Dubois & Gadde, 2002, p. 558; Wynn & Williams, 2012).

## **Research Strategy**

One of the key findings of Paper I was that the academic research on crowdfunding is prejudiced by quantitative methods, resulting in mixed findings. The prevalent quantitative approach in existing research can be said to be motivated more by the emergence of new data, rather than the development of mature concepts and theories. This presents issues, given the novelty of digital crowdfunding platforms and the recurring inconsistencies in research outcomes. Therefore, the adequacy of existing theories in adequately addressing and explaining the various elements of crowdfunding is debatable. This suggests that academic inquiry may have narrowly focused its scope prematurely. Given this backdrop, it can be asserted that neither the industry being examined, nor the scope of observations, indicates maturity in terms of market trends, key players, concepts, and behavioral patterns. Under such circumstances, an in-depth understanding of this phenomenon could benefit from studies with a qualitative focus, with an aim towards developing theories and refining concepts. Methodologically, there is a demand for more qualitative analyses dedicated to developing theories specific to crowdfunding. The understanding of success needs to be expanded beyond financial measures to include subjective psychological outcomes. These studies should rely on data that extends beyond what is publicly available on platforms and capture individual perspectives, attitudes, beliefs, and behaviors from primary sources like actual fundraisers, funders, and platform operators.

Yin (2017) suggested posing how- and why-type questions when examining a relatively new phenomenon in an entirely new context, especially when the boundaries between the phenomenon and context are blurred. Such questions call for a qualitative inquiry that broadens understanding before entering the testing phase through quantitative methods (Hrenyk and Grant, 2016). To investigate the research questions posed by Empirical Papers II and III, explanatory embedded multiple case studies employing CPT were considered and applied, while utilizing CR abductive, retroductive, and retroductive modes of inferences that accommodate macro-micro-meso-macro levels of interactions, through three domains of transcendental reality (empirical, actual, and real) (Danermark et al., 2019; Dubois & Gadde, 2002; Ekström, 1992; Mingers, 2014; Yin, 2017).

## **Method**

Paper I employed a systematic literature review (SLR) approach, as informed

by Tranfield et al. (2003), which highlights the shortcomings of the quantitative methods that dominate the crowdfunding literature. Consequently, mixed findings resulting from adopting quantitative approach, often arise from a lack of contextual relevance (Yin, 2017). To address the issue, journals have called for qualitative methods (McKenny et al., 2017; Pollack et al., 2021), adopting a mechanistic approach that, in addition to identifying and explaining mechanisms, can also clarify mixed findings by applying and extending existing theories to new contexts (Van Burg et al., 2020).

To bridge this research gap, Empirical Papers II and III take on a qualitative explanatory embedded multiple case study approach. In general, case studies have an advantage in understanding complex social phenomena in real-life context that can have exploratory or explanatory agenda (Patton, 1990; Yin, 2017). Given the Y-centeredness of research questions instilled in Empirical Papers II and III, both papers required an explanatory mechanistic approach.

Yin (2017) provided a brief overview of explanatory and a lengthy overview of exploratory case studies. The process for explanatory undertaking requiring theoretically informed pattern matching, logic models, explanation building, etc., has been developed and formalized further since the 1990s. These formalized methodological treatments of explanatory case studies are segregated between three main analytical approaches: co-variance (COV), causal process tracing (CPT), and congruence (CON). Although the boundaries between these three analytical tenets can be fuzzy, their distinctions are based on what is being explained by reflecting on the purpose of the explanatory study (Beach & Pedersen, 2019; Blatter & Blume, 2008; Haverland & Blatter, 2012).

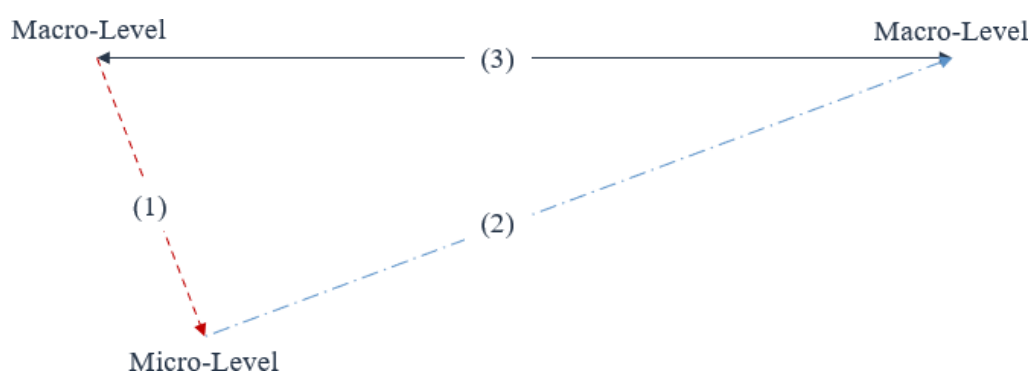
Given the purpose as laid out in the aims of the dissertation section, the CPT explanatory approach to case studies was adopted in both empirical papers, as it *“focuses on the causal conditions, configurations and mechanisms which make a specific outcome possible... aim is to reveal the sequential and situational interplay between causal conditions and mechanisms in order to show in detail how these causal factors generate the outcome of interest”* (Haverland & Blatter 2012, p. 59). Another reason for adopting CPT was to align methodology with ontology, which is a prime task of the CR paradigm (Danermark et al., 2019; George & Bennett, 2005; Hall, 2003).

## **Methodological Arguments**

As per findings of Paper I, analyses require a more comprehensive inclusion of concepts beyond the micro-level, addressing the relative lack of understanding about the impacts of macro (such as country, culture, economy) and meso (like sector/industry, customer segment, crowdfunding community) level concepts. It's evident from other contexts that macro and meso-level factors can significantly influence human behavior. This suggests that their omission in most crowdfunding research may stem more from a superficial approach rather than a theory-driven perspective.

While Paper I was a matter of content analysis, Empirical Papers II and III therefore take a multidisciplinary approach that falls at the intersection of sociology and economics, in line with Weber (1930; 1978). This multidisciplinary approach needs to be explained briefly before arguing for the methodology that was adopted in these papers.

Where economics takes a micro-macro approach, Weber (1930 & 1978) argued for a macro-micro-macro approach presented in Figure 4 (below):



*Figure 4: Max Weber's macro-micro-macro approach to social action*

Weber's arguments concerned the macro-level sociological conditioning of the micro-level economic man – Homo economicus – that shaped economic behavior, thus contributing to macro-level aggregated economic output.

By applying Weber's (1930 & 1978) arguments, Coleman (1989) introduced what came to be known as Coleman's boat or bathtub. This approach accommodates macro-micro-meso-macro levels of interaction, as presented in Figure 5.

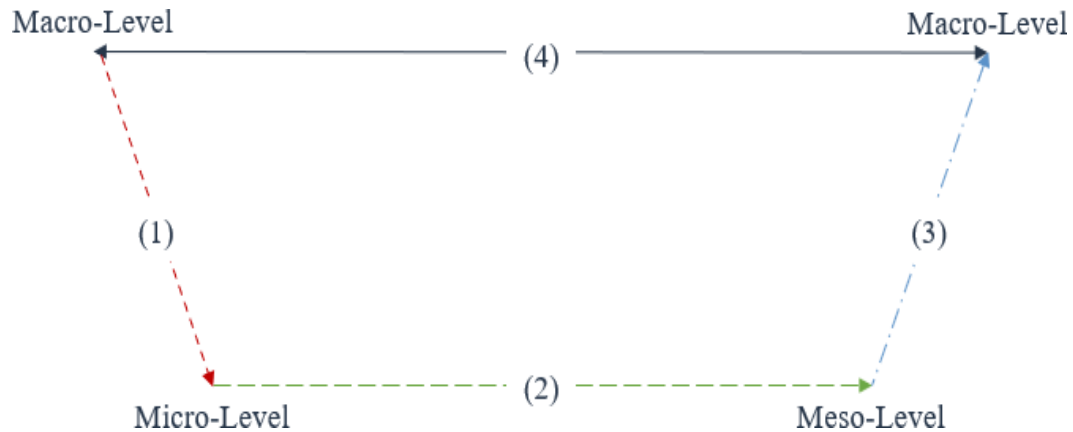


Figure 5: Coleman's adaptation of Weber's approach

### Critical Realist Methodological Overlap

The CR paradigm accommodates for macro-micro-meso-macro levels of interactional analysis through its domains of the real, the actual, and the empirical. This provides the possibility for within-method triangulation.

Empirical Papers II and III started with macro-level market context (the domain of the empirical) and, informed by theoretical framework, abductively extracted factors that affect micro-level religious prosocial lenders and micro-entrepreneurs, shaping their meso-level prosocial crowdlending perceptions (the domain of the actual). I then conceptually applied retrodiction to trace macro-level theoretical links in the given underlying religion (the domain of the real).

This facilitated the identification of macro-level generative mechanisms embedded in the underlying religious structure (the domain of the real) that were ultimately responsible for generative causality on the empirically observable market operating on the macro level (the domain of the empirical). Hence, by establishing the macro-macro theoretical links, the empirical papers demonstrate Weberian (1930; 1978) causality; that is, religious capital leads to economic capital. This led to theory development of religious capital trust in Empirical Paper II, and Rational Choice theory of religious micro-entrepreneurs in Empirical Paper III.

Then, building on the interactions between the retroduced macro-level generative mechanisms (the domain of the real), I applied retrodiction to capture micro-meso configurations (the domain of the actual). This event causality resulted in interrelated emergent dimensions of the integrated typology of religious lenders

trust in Empirical Paper II and interrelated emergent integrated typology of religious micro-entrepreneurs' rationale in Empirical Paper III.

These macro-micro-meso-macro levels of interactional concurrences with CR's domains of the real, the actual, and the empirical are captured in Figure 6.

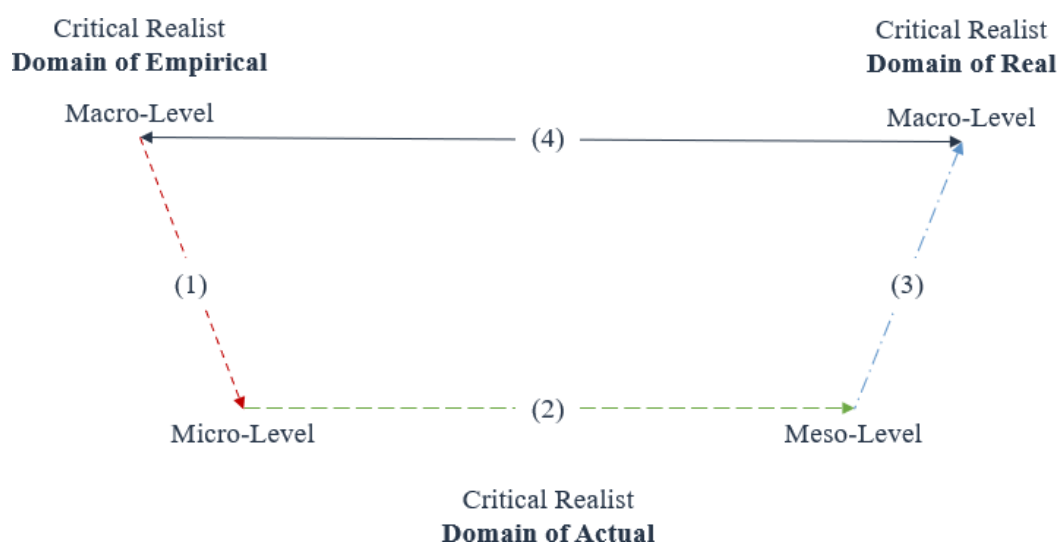


Figure 6: CR methodological integration

## Data Location and the Platform

The research papers included in Paper I were identified using keyword terms such as “crowdfunding”/“online peer lending”, “success” and “crowdfunding”/“online peer lending”, “performance”, first in databases that included EBSCO Host and Scopus, resulting in 104 papers, and then through snowballing and Google Scholar, which resulted in 26 additional papers (Cooper, 1998). After reviewing these papers and applying pre-defined exclusion criteria, a total of 88 papers were included in Paper I. These were published between 2010 and 2017 in 65 different multidisciplinary academic journals.

Findings of Paper I present a prominent skew towards studies carried out e.g., in the USA utilizing data from Kickstarter or Kiva. This suggests that collective understanding is largely based on information gathered from the biggest crowdfunding platforms, and thus may not adequately represent the majority of platforms in operation. These platforms are often significantly smaller in scale and may have restricted international operations. Further, an opportunity lies in collecting data from national platforms to better represent the majority of market participants. So far, research has largely focused on a few globally recognized

platforms, which are not truly representative of the entire market. By focusing on national platforms, insights that are more applicable to local stakeholders can be provided. These can potentially uncover factors specific to these contexts that might not be as apparent when studying global platforms. This is particularly relevant as selection bias towards global platforms may make the data less applicable to certain user demographics.

Paper I proposes an in-depth exploration of niche platforms that cater to specific segments and communities. This contrasts with the current emphasis on general-interest platforms. This approach will reveal sector-specific influences and dynamics that can affect success in some sectors but not in others. These factors may currently be overlooked due to the common practice of analyzing databases that cover multiple sectors.

Therefore, data for Empirical Papers II and III were collected from a religiously oriented prosocial crowdlending platform called Seed Out ([www.seedout.org](http://www.seedout.org)), which operates in the Islamic Republic of Pakistan.

Pakistan was chosen as a preferred location to collect data, for three reasons. First, it is a developing economy that experiences chronic poverty. Second, it was founded on religious ideology. Third, it had a well-developed microlending market, in which prosocial crowdlending is the latest addition to the mix (Rauf 2009; 2020). These three criteria met the overall objectives set out by the empirical papers.

Collecting data from Seed Out extended four possibilities. First, it is a religiously aligned prosocial crowdlending platform that focuses on poverty alleviation through micro-entrepreneurship. Therefore, it was inherently aligned with the World Bank recommendations (Best et al., 2013), and the UN's SDGs mission.

Second, since the platform was religiously aligned, and thus attracted religious lenders and micro-entrepreneurs, it satisfied an overarching sampling criterion for the empirical papers, where all participants were Muslims. This made it feasible to specifically analyze how religious capital is mobilized into economic capital, aligned with Weber (1930; 1978).

Third, whereas data for Paper II were collected from the platform's religious prosocial lenders, data for Paper III were collected from the platform's religious micro-entrepreneurs. This enabled a deeper understanding of dual-market success mechanisms by enabling observation of dual-market dynamics in a real-life setting.

Fourth, collecting data from the same platform facilitated triangulation from



the multiple stakeholder perspectives that offered a holistic overview of the dual-market success mechanisms (Dubois & Gadde, 2002; Yin, 2017). Together, these four criteria also met the overall objectives set out by the empirical papers.

## **Data Sampling and Collection**

The findings of Paper I suggest a shift in data collection methodology from relying on publicly available data on platforms to actively gathering primary data from fundraisers, funders, and platform managers. This approach will yield a deeper understanding of subjective and emotional aspects related to stakeholders' perceptions.

Therefore, the main source for data collection for both empirical papers were in-depth semi-structured interviews, where 30 questions guided by theory and literature for each empirical paper were prepared. These interviews lasted between 45 to 90 minutes, on average, and were conducted in English, Urdu, and Punjabi, as per the convenience of the interviewees. Since the lead researcher is fluent in all three languages and cultural expressions, no external translator was required. The interviews were recorded and transcribed in English (King et al., 2018; Oliver et al., 2005; Yin, 2017).

These interviews were carried out by the lead researcher between 2019 and 2021, in two cycles. The first cycle included in-person interviews with eight religious prosocial leaders for Empirical Paper II, and eight religious micro-entrepreneurs for Empirical Paper III. From a multiple-stakeholder perspective, in-person interviews were also conducted with 13 platform personnel and three key informants. These one-on-one interviews provided an opportunity for in-field observations (Yin, 2017).

The second cycle included 16 additional interviews with religious prosocial leaders for Empirical Paper II, and 16 additional interviews with religious micro-entrepreneurs for Empirical Paper III. These were conducted through computer-assisted videoconferencing and telephone, and offered an opportunity to reach a theoretically meaningful saturation point (Hennink et al., 2017).

In sum, with religious prosocial leaders being the unit of analysis of Paper II, a total of 24 interviews were collected in the two cycles, and each religious prosocial leader served as a case. With religious micro-entrepreneurs being the unit of analysis of Paper III, a total of 24 interviews were collected in the two cycles, where each religious micro-entrepreneur served as a case.

From a multiple-stakeholder perspective for data triangulation purpose

(Dubois & Gadde, 2002; Wynn & Williams, 2012; Yin, 2017), the cases used in each empirical paper were triangulated, with 13 interviews carried out with the platform personnel including the founder, operations manager, marketing manager, R&D manager, field managers, credit managers, and community managers; and three interviews with key informants who were experts in entrepreneurial eco-system, microfinance infrastructure, and SME policy in Pakistan.

In addition, a total of 70 documents that included 48 participant profiles (24 plus 24 documents, for each empirical paper) were downloaded from the platform's intranet, and other platform-related documents (22) assisted in triangulation. This was achieved through the NVivo computer software, which also facilitated coding and analysis (Gaur & Kumar, 2018; Kempster & Parry, 2011; King et al., 2018; Patton, 1990; Yin, 2017).

## **Data Coding and Analysis**

As per Miles et al. (2020, p. 63), "*coding is analysis*". Accordingly, for Paper I, coding and analysis was achieved in two steps. The first step, of coding and analysis, included organizing data in a systematic manner according to author, year, title, paper type, journal name, journal ranking, research design, theory(s) used, hypothesis/research question, CF business model (that is, reward, donation, equity, and lending), CF platform, location, type of data, unit of analysis, dependent variables, independent variables, identified associations between dependent and independent variables, limitations, and future research opportunities.

The second step of coding and analysis included further coding of systematically organized data to achieve conceptual aggregation, where variable labeling was refined by collapsing 106 similar dependent variables into six unique aggregated success indicators, and by collapsing 927 similar independent variables into 111 unique aggregated success indicators. These 111 independent variables were then classified into five different units of analysis – fundraiser, platform, campaign, concept, and funder – and the six dependent variables relating to each of the five units of analysis identified were further classified into three levels of analysis: macro, mezzo, and micro levels of analyses.

Coding and analysis also went hand-in-hand for both Empirical Papers II and III. CR recommends coding and analysis over five stages (description and re-description, retrodution and retrodiction, elimination, inference, and correction

and confirmation – also known as DREIC), while applying three modes of inferences (abduction, retroduction, and retrodiction), through the three domains of transcendental reality (domains of the empirical, the actual, and the real) (Blatter & Blume 2008; Danermark et al., 2019; Dubois & Gadde, 2002; Mingers & Standing, 2017; Sayer, 1992). These five DREIC stages are elaborated on below.

- (D) Description and re-description of cases, which required moving from the domain of the empirical to the actual.

This stage in each empirical paper was achieved in two steps. First, data were theoretically described and categorized according to the employed theories. Next, theoretically described and categorized data were re-described through abductive within- and cross-case analysis. This entailed applying a theoretical lens to actual phrases presenting “*participant voice*” (Miles et al, 2020, p. 65), which led to theoretically coded concepts according to the existing and evolving dimensions of the theories employed.

Second, through further distillation, these theoretically coded concepts were aligned within the conceptual theoretical framework, resulting in theoretically coded themes.

This first stage of coding and analysis was achieved in two cycles of data collection. The first cycle involved coding and analysis of the initial eight cases through multiple theories, which were initially considered. This led to the exclusion of alternative theories, which could not possibly explain the phenomena at hand. Selected theories that could explain the phenomena at hand led to a workable conceptual theoretical framework - a map, within which causal mechanisms were traced.

The second cycle of data collection involved coding and analysis of 16 additional cases to reach a theoretically meaningful saturation point; that is, data were collected until no new theoretically meaningful insights emerged (Hennink et al., 2017).

In sum, 24 cases collected in two cycles of data collection were theoretically coded and analyzed.

- (R) Retroduction required moving from the domain of the actual to the domain of the real, and retrodiction required moving from the domain of the real to the actual.

As per Danermark et al. (2019, p. 131), CR explanatory studies move from “concrete to abstract” (that is, abduction and retroduction) and from “abstract to concrete” (that is, retrodiction). This forms what Mingers (2000, p. 1265) referred to as “circular chains of interactions” at different levels of reality.

This stage in each empirical paper was achieved in two steps. First, informed by the theoretically coded themes in the domain of actual, the underlying religious structure existing in the domain of real was retroductively probed by asking questions such as: What makes the phenomenon “Y” theoretically possible? What are the underlying religious structural properties and their evolution overtime that have such causal powers? What conditions must exist for causal mechanisms to be activated? Primarily, this entailed contextual analysis of the underlying value systems of belief influencing the sociological religious conditioning of the participants, which encouraged the consequent economic actions.

This led to conceptual abstraction of the identified and coded generative mechanisms that were operating in the underlying religious structure in the domain of the real, causing the phenomena to occur in the domain of the actual. This generative causality resulted in the interrelated dimensions of the developed theory supported by the theoretically coded themes, which informed what was causing the phenomenon.

Further, retroduction leads to retrodiction. Where the integrated typology confirmed the developed theory ensuring internal validity, it can stand on its own by taking on new properties that can be applied to the broader context of the study, thus ensuring external validity (Danermark et al., 2019; Mingers & Standing, 2017).

- (E) In each empirical paper, elimination was the third stage of coding and analysis. It required removal of redundant information that did not explain the phenomenon, such as demographic data (Danermark et al., 2019; Mingers & Standing, 2017).
- (I) In each empirical paper, inference was the fourth stage of coding and analysis. It required calibrating the three modes of inferences (abduction, retroduction, and retrodiction), applied through the coding and analysis stages (Danermark et al., 2019; Mingers & Standing, 2017).
- (C) In each empirical paper, corroboration was the fifth and final stage of coding and analysis. It was achieved through triangulation of theoretically arrived generative mechanisms and their interactions, and reaching confirmation through congruence between the empirical data and the extended the theoretical framework (Danermark et al., 2019; Mingers & Standing, 2017).

First, the retroductive probing of the underlying religious structure in the domain of the real made the developed theory diachronic and thereby stable (Bailey, 1994).

Second, building on the established interrelated dimensions of the developed theory, within and cross-categorical interactions between the identified generative mechanisms in the domain of the real, influencing theoretically coded concepts in the domain of the actual, were retrodictively analyzed, configured, and conceptually labeled. This event causality resulted in the interrelated emergent dimensions of the integrated typology, which were informed by Weber's ideal-type criterion, explaining why the phenomenon is happening (Danermark et al., 2019; Mingers & Standing, 2017).

Weber's ideal-type *“is an analytical idea and methodological device which allows a systematic and analytic reconstruction of meanings, beliefs, and preferences... in such a way that we can see how and why the situation as they [the participants] saw it, led them to act as they did”* (Bengtsson & Hertting, 2014, p. 715 & 716).

Contrary to the central tendency criterion applied by other kinds of explanatory typologies, the ideal-type criterion presented an extreme on the continuum, which is the highest possible interactional configurations, unfolding ideals that inform the participants; that is, as they see it (Bailey, 1994; Bekhet & Zauszniewski, 2008; Elman, 2005; Parsons, 1949).

Further, as per Bailey's (1994) three-level model, a typology can be formulated from the empirical level (with no theoretical links), from the real level (with no empirical links), or from the indicator level (having both empirical- and real-level links).

From the CR perspective, the first stage of coding and analysis – two steps – required abductively moving from the domain of the empirical to the domain of the actual. The second stage of coding and analysis (first step) required retroductively moving from the domain of the actual to the domain of the real. The second stage of coding and analysis (second step) required retrodictively moving from the domain of the real to the domain of the actual. This, from Bailey's (1994) three-level model, is the indicator level, which had both empirical- and real-level antecedents.

Essentially, the first two stages of CR coding and analysis applied three modes of inferences through the three domains of transcendental reality. Where abduction entailed within- and cross-case analysis, that led to theoretically categorized, coded concepts and themes. Retroduction entailed conceptual abstractions of the identified generative mechanisms, which led to the interrelated dimensions of the developed theory through generative causality. Retrodiction entailed within- and cross-categorical interactional analysis to identify the best possible interactional configurations by applying Weber's ideal-type criterion, which led to the emergence of interrelated dimensions in the integrated typology, through event causality.

The developed theory in the domain of real, through the domain of the actual, was informed by the domain of the empirical, where the events or phenomenon can be observed. Therefore, it was directly supported by theoretically informed empirical evidence. Next, the integrated emergent typology in the domain of actual was built on the developed theory in the ontological domain of the real, where the events or phenomenon cannot be observed directly. However, the typology had

empirical antecedents, as it was directly integrated in the developed theory in the ontological domain of real, which in itself was informed by the epistemic domain of the empirical, through the domain of the actual (Bengtsson & Hertting, 2014; Bailey, 1994; Bekhet & Zauszniewski, 2008; Mingers, 2000; Parsons, 1949).

Thus, where the developed theory is rooted in the theocratically coded empirical findings, the integrated typology is built on the developed theory is informed by conceptually labeled analytical findings.

## **Research Contribution and Implications**

Overall, Paper I contributes with its method, contextual, theoretical, and variable-related findings. Based on these findings, the paper presents conceptual integration of success factors discovered by extant research thus far. The success factors that are relevant for each mainstream business model of crowdfunding are presented from macro-micro-meso perspectives. In doing so, Paper I not only paved the way for the current dissertation, but also for future research.

Specifically, in terms of mainstream business models of crowdfunding, Paper I highlights that much academic attention has been devoted to non-investment type reward-based crowdfunding. This has caused the neglect of investment types such as equity and lending-based crowdfunding that dominate in terms of market share (Ziegler et al., 2021). The lack of research focus is especially evident in terms of hybrid-type crowdfunding, such as prosocial crowdlending.

Guided by Paper I, Empirical Papers II and III were aimed at developing economies that are often struck by poverty, and where access to financing entrepreneurial projects is limited. The World Bank has recommended crowdfunding in general, and prosocial crowdlending in particular, to ease such financial bottlenecks (Best et al., 2013), and to accelerate poverty alleviation SDGs that have been high on The UN's agenda, through micro-entrepreneurship.

However, developing economies are often religiously oriented. Empirical Papers II and III take advantage of religion as a macro-level factor to demonstrate its influence on micro-level religious prosocial lenders and micro-entrepreneurs that affects their meso-level perspectives of opportunities available in the market, leading to a cumulative macro-level economic output. By adopting a macro-micro-meso-macro approach, these papers focus on dual-market dynamics of a local prosocial crowdlending platform that has successfully adapted to its religious context.

Accordingly, Paper II focuses on religious lenders trust on the supply side, and Paper III focuses on religious micro-entrepreneurs' rationale on the demand side. Religiously influenced trust and rationale, as utilized by Weber (1930;1978), can both facilitate capital mobilization and aid in economic development. Thus, these empirical papers take a socio-economic perspective to explain why religious capital leads to economic capital, aligned with Weber (1930;1978).

Informed by Weber (1930), Paper II is among the first studies to contribute with a developed theory of religious capital trust that has two interrelated dimensions; namely, initial emotional trust in God and swift cognitive trust in a platform. Anchored in the developed theory, Paper II is also among the first to build an integrated typology of religious lenders trust that is contingent on four dimensions; namely, socially sustainable, transparent, mission-driven, and gratifying.

Through the developed theory and integrated typology, Paper II also explains why some religions, such as Islam, influence different dimensions of trust that can equally contribute to economic development. In doing so, the paper explains what kind(s) of trust prevails in societies that are otherwise considered low-trust, by distinguishing between generalized social capital trust and religious capital trust. Also informed by Weber (1978), Paper III is among the first studies to contribute with a developed theory of religious micro-entrepreneurs that has two interrelated dimensions; namely, means-end practical rationale and value substantive rationale for social action. Anchored in the developed theory, Paper III is also among the first to build an integrated typology of religious micro-entrepreneurs' rationale, which is contingent on six dimensions: interest (on loans), loan size, cost (of capital), repayment, group size, and social distance. Informed by the developed theory and the integrated typology, Paper III it is also among the first studies to cumulatively rank choices in given the microlending market operating in a poverty-stricken developing economy.

Through the developed theory and integrated typology, Paper III also explains why religious rationality can lead to micro-entrepreneurship that can facilitate economic development, thus bridging the longstanding duality of religion and reason.

Further, the ideal-type typologies built by empirical papers help answer the research questions posed by each empirical paper; specifically, why religious lenders trust religious prosocial crowdlending, and why it is a rational choice for religious micro-entrepreneurs. Collectively, these empirical papers argue why



religious prosocial crowdlending should serve as an exemplar and be utilized as a tool to successfully alleviate poverty from religiously oriented developing economies.

Although the empirical papers do not make any claims regarding Max Weber's phenomenal contributions, both as a theorist and methodologist, sincere efforts have been made to extend his seminal work, not only to a new developing economies context (Pakistan), where extant research is significantly limited, but to Islam, where Weber's work remains incomplete due to his untimely demise. Hence, humble contributions are made to both Weberian causality and ideal-type typologies. In the same vein, the within-method overlaps Weberian causality and the ideal-type methodologies, and the application of CR's three modes of inference through transcendental domains of reality are unique methodological contribution, where much can be learned and achieved.

The empirical papers also make theoretical contributions by triangulating multiple theoretical perspectives. In so doing, they contribute to Psychological Distance theory, Signaling theory, Trust Transfer theory, Rational Choice theory, and Weber's typology of multidimensional rationality.

The empirical papers also make multidisciplinary contributions by focusing on the intersection of sociology and economics. By extension, contributions are also made to academic literature focusing on microlending, crowdfunding, prosocial crowdlending, religious prosocial crowdlending, poverty, religion, and micro-entrepreneurship.

Institutional contributions are also made at international levels to international organizations such as the World Bank and the UN, and at the national policy level. Considering the size of population in the developing economies, the number of people who live under the poverty line is a matter of serious concern. Especially considering religiously oriented developing economies like Pakistan, where research is significantly scarce and much remains unknown. From this perspective, empirical papers also make contextual contributions, not just to Pakistan but to similar developing economies, such as Bangladesh, Afghanistan, and Iraq.

## **Academic Implications**

Paper I has three main academic implications. First, it emphasizes contextual relevance by moving away from dominating platforms operating in, say, the US or China, and collecting data from local niche platforms operating in the contexts of

other developed and developing economies. Second, it identifies new theoretical concepts that have explanatory merit, and conducts theoretically anchored studies that reach maturation and improve the chances of generalization. This also presents an opportunity to extend existing theories to newer contexts. Third, it considers different motivational drivers (such as religion) that are unique to different crowdfunding business models by moving beyond reward-based crowdfunding, and incorporating donations, equity, lending-based and other hybrid approaches to crowdfunding. Certainly, in practice, investment-type business models of crowdfunding are capturing increasingly large market share, where research focus is growing but insufficient (Ziegler et al., 2021), explicitly so when it comes hybrid business models (such as prosocial crowdlending), where research is at the embryonic stage.

Empirical Papers II and III have four main academic implications. First, they demonstrate that both religion and prosocial crowdlending transcend borders, and although the current study focuses on developing economies, the findings are equally applicable to developed economies facing relative poverty. Interest-oriented microlending solutions have certainly not reached their desired impact, both in developing and developed economies.

Second, where Paper II enlightens that trust is a multidimensional concept, and different religions might influence different dimensions of trust, Paper III unpacks religious rationality, thus addressing the longstanding duality between religion and rationality. In this sense, the empirical papers not only contribute to religious prosocial crowdlending literature, but also to wider literature on religion, trust, and rationality.

Third, both empirical papers were informed by Weber's body of work (1930; 1978), where socio-economic factors like trust and rationality are foreseen as critical factors in capital mobility, that are equally relevant in a religious prosocial crowdlending context. By applying Weberian analogies, both empirical papers extend Weber's body of work from a Western to an Eastern context, which remained incomplete due to his death. In doing so, they inform extant literature on economics, religion, economics of religion, rationality, trust, poverty, crowdlending, microlending, microfinance, micro-entrepreneurship, and developing economies.

Fourth, by employing existing theories and applying them in new contexts, both empirical papers not only develop existing theories, but also build integrated typologies. In the process, they unveil key causal mechanisms that explain

conflicting findings in the extant literature. From a CR perspective, retrodiction and retrodiction are both complementary conceptual modes of inferences, where the latter reinforces the former (Mingers & Standing, 2017). The integrated typologies informed by Weber's ideal-type criterion not only explained the phenomena at hand and confirmed the developed theories, but also took new properties that could stand on their own, isolated from their theoretical antecedents unique in its configurations thus deterministic. Hence, the integrated typologies are both theoretically and analytically generalizable and can be applied to the broader context of the study.

### **Institutional Implications**

Papers II and III highlight the religious orientation of developing economies and, in so doing, inform organizations like the World Bank, which recommends prosocial crowdlending to the developing economies as an alternative to microfinance, or the UN, which has poverty alleviation high on its SDG agenda. These international organizations have not paid much attention to the religious context of such developing economies. Religion could be one reason why their initial recommendations of microfinancing the developing economies have not had the desired impact on poverty. Recommending prosocial crowdlending as an alternative without considering religious context might deliver similar results. Prosocial crowdlending platforms often collaborate with microfinance organizations as field partners, which then charge interest on interest-free microloans. While the platform and its prosocial lenders do not apply interest on loans in theory, the field partners do and act according to microfinance business model in practice.

For example, Kiva is one of the world's largest prosocial crowdlending platforms. As noted by *Harvard Business Review* (2009), "*a Kiva user does not make a loan to a specific borrower but to a microfinance institution, which actually makes and administers the loan. In general, the borrowers posted on Kiva's site have already received their loans before their profiles are even featured. And repayments to Kiva users are not tied directly to repayments made by specific borrowers.*" This is very much the case in Pakistan; therefore, the findings reveal that it is hard for the end users – that is, the religious micro-entrepreneurs – to tell the difference between prosocial crowdlending and microfinance, and where the lenders are perhaps unaware of the collaborative nature of such platforms. In fact, such collaboration affects both lenders and micro-entrepreneurs, as both are well

informed on how, whether religious or not, interest on loans can be counterintuitive to poverty alleviation.

While the financial sustainability of microlending providers (that is, the platforms or the microfinance organizations) is important, religious prosocial crowdlending reveals how such burdens can be shifted from the poor (the micro-entrepreneurs) to the provider (religious lenders). Since religious lenders are guided by their religion, they do not want to exploit the poor by applying interest on loans or burden the poor with additional operational costs incurred by the platforms or microfinance organizations. Thus, where religious lenders would like their capital to generative social impact on investment, they are also willing to absorb loss of capital in case the micro-business does not succeed and cover any additional operational costs incurred by the platform or the organizations. However, shifting such costs might not be possible as long as microfinance organizations are backed by institutional investors and not the crowd.

The developed theories of religious capital trust and Rational Choice theory of religious micro-entrepreneurs can collectively inform these institutions in terms of how to unleash the potential of religious prosocial crowdlending in the context of religiously oriented developing economies. Technologically enabled religious prosocial crowdlending transcends borders by diverting religious capital on both national and international levels can accelerate poverty alleviation process. This can be further facilitated by supporting such local not-for-profit initiatives through developmental funds. Also, recognizing these local not-for-profits at international levels can bring credibility and recognition, which can then attract more capital and promote utilization of such initiatives.

## **Policy Implications**

Paper I presents policy implications by unveiling success factors on macro-meso-micro levels relevant for corresponding crowdfunding business models. These can inform regulatory framework and highlight infrastructural deficiencies and/or inefficiencies that can be bolstered to facilitate crowdfunding in general, leading to economic growth, both in developed and developing economies contexts.

Paper II has policy implications specifically for religiously oriented developing economies. These implications inform regulatory frameworks that should be supportive of religious prosocial crowdlending, which can be utilized as a religiously aligned strategic philanthropic tool to alleviate poverty through *zakat*.

Technologically enabled religious prosocial crowdlending transcends borders extending opportunities for collective action towards poverty alleviation, by channeling national and international mandatory religious capital such as *zakat*. They can also nudge or actively promote such efforts by creating participation incentives.

Paper III has policy implications for religiously oriented developing economies that wish to transition from non-religious to religious modes of finance, while simultaneously transitioning from informal to formal modes of finance. Religious prosocial crowdlending not only extends both religiously aligned and formal mode of finance, but it also brings familiarity to the process by mirroring traditional informal modes of finance such as religiously aligned savings group, and non-religiously aligned moneylenders, while overcoming their respective limitations.

### **Practical Implications**

Paper I presents implications for practice by identifying success factors that can broaden understanding of fundraisers and platforms alike, thus informing industry-wide best practices that should be adopted. Also, due to the relative newness of crowdfunding, such knowledge can help propagate awareness that can improve the uptake of crowdfunding in the contexts of both developed and developing economies.

Empirical Papers II and III both help us understand the dual-market dynamics of religious prosocial crowdlending market. Where the integrated typology of religious lenders' trust and the integrated typology of religious micro-entrepreneurs' rationale are particularly relevant for local religious platforms engaged in such endeavors, they also inform international platforms planning to enter such religiously oriented markets. Hence, they contribute equally to larger formal and informal, religious and non-religious platforms and the larger microlending markets operating both locally and internationally. In claiming this, the theoretically built typologies are both theoretically and analytically generalizable. For example, platforms and microlending markets can adjust their strategy towards poverty alleviation, informed by what is important for lenders and micro-entrepreneurs, both religious and non-religious. The religious approach taken by religious prosocial crowdlending overall is exemplary in the sense that it is an effective, sustainable, economic route to poverty alleviation. The platforms and microlending markets can also learn from what is important for their dual-

market players, such as lenders and micro-entrepreneurs, and strategize and accommodate needs accordingly. Doing this may also increase their market share and, consequently, their impact on poverty.

Where these typologies inform platforms and microlending markets operating on both national and international levels, they also add to our understanding of dual-market players. Where the findings of both empirical papers have direct implications for religious dual-market players, such as religious lenders and micro-entrepreneurs, they also have indirect implications for lenders, and micro-entrepreneurs in general.

Lenders can learn what is important for micro-entrepreneurs. For example, interest on loans can be minimized even if it is not religiously compliant, loan size could be customized, cost of capital perhaps could be shifted to the lender, repayment could be flexible, group size could be limited if not individual, and social distance could be bridged by being more approachable. All of these can enhance the chances of micro-entrepreneurs to succeed in their micro-ventures.

Micro-entrepreneurs can learn that lenders are looking for socially sustainable, transparent, mission-driven, and gratifying solutions. Therefore, they can make sure that they come up with micro-business ideas that concretely demonstrate self-sustainability, honesty, drive to overcome poverty, and gratification, in the sense that the microloan extended fulfills its purpose and is not mismanaged by paying down other loans or utilized for unexpected events.

## **Limitations and Future Research**

Every study begins with a research strategy, where careful tradeoffs are made between what is to be included and what is to be excluded given the scope of the research (Yin, 2017). From a CR perspective too, “*we must in practice confine ourselves to studying certain components and aspects but not others*” in line with what needs to be clarified and explained (Danermark et al., 2019, p. 130).

Paper I draws on peer-reviewed journal papers while overlooking publications such as conference papers, book chapters, or working papers. Also, the findings are limited by language constraints, where papers published in English were considered over others. Lastly, the current finding might shift as the industry matures.

Empirical Papers II and III were developed from a CR perspective that acknowledges that social processes exist in open systems and that all knowledge of such complex processes is fallible (Danermark et al., 2019), which means that all

created knowledge is fallible, theory-dependent, and open to adjustments (Danermark et al., 2019). The theories developed in these papers, and the corresponding typologies, can be further refined through quantitative testing.

The adopted research strategy focuses on a local platform that operates under a particular set of cultural, political, and institutional contexts. Where the fundamental principles of Islam, including *zakat* (mandatory charitable giving) and *qard al hasan* (interest-free loans targeted specifically at the poor, to limit exploitation), do not vary across borders, such cultural, political, and institutional nuances can influence the extent to which religious capital can be converted to economic capital through religious prosocial crowdlending. Future research can bring rich insights by cross-comparison of these distinctions.

In the same vein, the empirical investigation starts with a primed religious backdrop to observe the direct impact of religion on economic output, through the theoretical lens of trust and rationality. How levels of religiosity may then affect levels of trust and implied rationality is beyond the scope of the current dissertation. Future research can build on and broaden these perspectives.

Also, where a “*tight and evolving*” conceptual theoretical framework in both empirical papers provided a concrete line of investigation, thus reducing researcher bias, it is essentially a trade-off between researcher bias and being theory-laden. Where each has its pros and cons, the latter was deemed suitable due to the relative newness of religious prosocial crowdlending being investigated in an entirely new context. Future research can apply complementary theoretical perspectives to further elaborate and explain the phenomena.

The empirical papers also reveal how Islam, the world’s second-largest religion, influences different dimensions of trust and rationality. It is possible that other lesser investigated yet dominant religions, such as Hinduism or Buddhism, influence different dimensions of trust and rationality, which can define the uptake of religious prosocial crowdlending to alleviate poverty in those specific contexts. Future research can focus on these equally important religions that also, apparently, do not contribute to economic output (e.g., Guiso et al., 2006).

While trust and rationality are considered key success factors for capital mobility from a Weberian (1930; 1978) perspective, there might be other factors that can equally contribute to success but fall outside the scope of current dissertation. Future research could focus on extending trust and rationality by discovering other complementary success factors.

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