



ICOAS '18

6th International Conference on
Organic Agriculture Sciences

DYNAMIC DEVELOPMENTS IN ORGANIC RESEARCH

Strengthening
partnerships across
Europe and
beyond

**BOOK OF
ABSTRACTS**

7 – 9 November 2018
Esterházy Palace
Eisenstadt, Austria



Community financing in the German organic food sector – an alternative to traditional credit financing?

Behrendt, G.¹; Peter, S.²; Sterly, S.²; Häring, A.M.¹

¹ University of Applied Sciences for Sustainable Development Eberswalde (HNEE), Germany;

² Institute for Rural Development Research (IfLS), Johann Wolfgang Goethe University of Frankfurt/Main, Germany

Farms and firms along the value chain for organic food in Germany increasingly complement or substitute traditional credit financing with financing models which base upon citizen participation. These community financing models range from pure financing instruments such as crowdfunding or profit participation rights to community supported agriculture or cooperatives which provide land to organic farmers at a reasonable price. While an increasing body of literature deals with so-called alternative food networks which mainly refer to alternative modes of food production or provisioning and usually imply a reduced distance between producers and consumers (Forssell and Lankoski 2015), research on the role of consumers or citizens as investors is quite limited.

Against this background, we conducted an online survey among firms which have already gained experiences with community financing models. It aimed at understanding why firms choose these models, to which extent they contribute to the overall financing of the firm and which kind of investment projects they are used for. A total of 45 firms responded to the survey.

In order to explore the investors' perspective and further examine the legal, organizational and social characteristics

as well as potentials and challenges of particular community financing models, we currently carry out a series of in-depth case studies. Considering the state of research of the different financing models and their relevance in practice, we selected four models (cooperatives, crowdfunding, profit participation rights and so-called 'Bürgeraktiengesellschaft') as cases in an embedded multiple-case design (Yin and Campbell 2018). For each model, we consider 2-4 firms and their community financing projects as units of analysis. Our results suggest that motives for utilizing community financing are as diverse as the models themselves. While a considerable share of respondents in our online survey mention economic reasons, e.g. community financing as a marketing instrument to increase customer retention or their lacking access to finance, others emphasize ideological reasons such as their disapproval of the conventional economic system. Furthermore, community financing complements rather than substitutes traditional credit financing. However, most respondents regard community financing as important or very important for their firm, e.g. due to its relevance in terms of marketing.

These first results are validated and complemented by doing case study research. In our presentation, we will also provide first insights from the case studies.

Forssell, Sini; Lankoski, Leena (2015): The sustainability promise of alternative food networks: an examination through "alternative" characteristics. In *Agriculture and Human Values* 32 (1), pp. 63–75.

Yin, Robert K.; Campbell, Donald T. (2018): *Case study research and applications. Design and methods*. Sixth edition. Thousand Oaks, California: SAGE Publications, Inc.