

Acta Periodica

SPECIAL EDITION 2025



**EDUTUS
EGYETEM**

A/2. KÖTET

Edutus Egyetem
2800 Tatabánya, Stúdium tér 1.

Főszerkesztő:
Némethné Dr. Gál Andrea

Felelős szerkesztő:
Forrai Márta

Szerkesztette:
Vigh László PhD

MINDEN JOG FENNTARTVA

A mű egészének, vagy bármely részének másolása, sokszorosítása,
valamint információszolgáltató rendszerben történő tárolása
és továbbítása, csak a kiadó engedélyével megengedett.

Lektorált

ACTA PERIODICA A/2 KÖTET
EDUTUS EGYETEM KIADÁSA

www.edutus.hu

ISSN 2063-501X

2025.

TARTALOMJEGYZÉK

The Crowdfunding Ecosystem as a Catalyst for Social Impact: A Comparative Case Study of Social Projects in Morocco
KHTIAR HAJAR, BENHIDA ZAKIA..... 4

LINK: <https://www.edutus.hu/cikk/the-crowdfunding-ecosystem-as-a-catalyst-for-social-impact-a-comparative-case-study-of-social-projects-in-morocco/>

The development of social services and deinstitutionalization in Poland as an example of good practices for Ibero-American countries
PROF. MIROSŁAW GREWIŃSKI PhD, DR. MAREK KAWA PhD 22

LINK: <https://www.edutus.hu/cikk/the-development-of-social-services-and-deinstitutionalization-in-poland-as-an-example-of-good-practices-for-ibero-american-countries/>

Resilient SME's in China: ESG Meets Quality
DR. ZOLTÁN PEREDY, LÁSZLÓ VIGH PhD, LI JIXUAN 35

LINK: <https://www.edutus.hu/cikk/resilient-smes-in-china-esg-meets-quality/>

LINK: <https://www.edutus.hu/cikk/the-crowdfunding-ecosystem-as-a-catalyst-for-social-impact-a-comparative-case-study-of-social-projects-in-morocco/>

The Crowdfunding Ecosystem as a Catalyst for Social Impact: A Comparative Case Study of Social Projects in Morocco

KHTIAR HAJAR PhD student, Faculty of Law, Economic and Social Sciences Ain Chock,
Hassan 2 University of Casablanca, Maroc
e-mail: hajar.khtiar-etu@etu.univh2c.ma

BENHIDA ZAKIA Professor, Faculty of Law, Economic and Social Sciences Ain Chock,
Hassan 2 University of Casablanca, Maroc
e-mail2: ZAKIA.BENHIDA@univh2c.ma

DOI: [10.47273/AP.2025.4-21](https://doi.org/10.47273/AP.2025.4-21)

ABSTRACT

This research investigates the nascent crowdfunding ecosystem in Morocco and its influence on social initiatives. Social entrepreneurship is acknowledged as a catalyst for sustainable development, however access to financing constitutes a primary obstacle particularly in emerging economies. Crowdfunding offers a novel funding mechanism, yet its efficacy hinges on the interplay among ecosystem stakeholders and contextual elements. Using a qualitative comparative case study, we analyze two Moroccan projects: the successful “Douar Shemsy” project, which funded the construction of an eco-village for orphans, and the unsuccessful “Une Goutte d’Espoir 2” initiative, which sought to provide water access to a remote village. Through an analysis of these cases employing information asymmetry theory, and the ecosystem framework, this study elucidates the principal factors underpinning success of social projects in the Moroccan context. The core findings demonstrate that, although Law 15-18 regulatory framework has legitimized the sector, success is primarily shaped by the mobilization of social capital, the conveyance of distinct quality signals, and the discursive framing of the project, particularly amid crisis. The study offers recommendations for social entrepreneurs and policymakers to strengthen the crowdfunding ecosystem and enhance social impact in Morocco.

Keywords: Crowdfunding, Social Entrepreneurship, Social Impact, Morocco, Ecosystem, Case Study

1. Introduction

Social entrepreneurship has grown as a major global force in recent decades, providing innovative solutions to persistent social and environmental challenges. By combining nonprofits’ mission focus with business strategies, these enterprises are increasingly seen as key to achieving the UN Sustainable Development Goals (Scarlata, 2012). However, these ventures face major challenges, especially in securing financing (Belleflamme et al., 2013). Traditional financial institutions view social enterprises as high-risk due to their dual goals of social impact and financial returns. This creates a funding gap that limits innovation and scalability (Scarlata, 2012). To address this funding gap, crowdfunding has emerged as an innovative and inclusive alternative (Esmaili & Golpayegani, 2020). Crowdfunding represents an internet-mediated public appeal to gather funds from a large audience, thereby surmounting conventional barriers through direct capital access from numerous individuals (Belleflamme et al., 2013). A multitude of platforms has since proliferated including Kickstarter, Indiegogo,

Prosper, Crowdrise, GoFundMe. Its impact extends beyond platform proliferation to the magnitude of funds raised. Crowdfunding exhibits robust annual growth of 23.3% according to estimates from the International Monetary Fund, World Bank, UN, and Eurostat (Statista, 2020) with projections reaching \$93 billion by 2025 (Best et al., 2013), highlighting its transformative potential to redefine the entrepreneurial finance landscape. This potential is especially relevant for emerging economies, promoting financial inclusion and grassroots innovation (Best et al., 2013). Morocco offers a compelling example in this global trend. Morocco shows growing commitment to social development through initiatives like the National Initiative for Human Development and the New Development Model. Yet, Moroccan social entrepreneurs continue to face significant hurdles in accessing capital (Kabbaj et al., 2016). Morocco's crowdfunding ecosystem, still nascent, is evolving rapidly due to the 2021 adoption of Law 15-18, which provides a legal framework for collaborative financing (Loi N° 15-18 Relative Au Financement Collaboratif, 2021). This legislation has enabled regulated platforms mainly Kiwi Collecte, Cotizi and Akkan, marking a new era of alternative finance in the Kingdom. However, platforms and regulations alone do not ensure success. Recent Moroccan data show high success rates for crisis-response campaigns but high failure rates for ordinary ones, with 83% failing to reach half their funding goal (Rayouss & Mchich, 2025). This disparity reveals a critical research problem. Crowdfunding ecosystem factors including platforms, the regulatory environment, community characteristics, and project creators' strategies decisively determine social project outcomes. Thus, a nuanced understanding of this multifaceted interplay is imperative to fully realizing crowdfunding's potential for advancing social impact in Morocco. This article addresses the following research question: How can the crowdfunding ecosystem affect the success of social projects in Morocco and thus create social impact? This study addresses the research question using a comparative case study approach. It contrasts the highly successful "Douar Shemsy" project with the unsuccessful "Une Goutte d'Espoir 2" project, analyzing factors behind their differing outcomes to illuminate the Moroccan crowdfunding ecosystem and deliver practical insights for stakeholders. This paper is structured as follows: Section 1 reviews the crowdfunding literature and theoretical framework. Section 2 describes the qualitative case study methodology. Section 3 analyzes the two cases. Section 4 Compares both cases and discusses the findings. Section 5 concludes with key implications. Section 6 shows the limitations and future research directions.

2. Literature Review and Theoretical Framework

This section examines core concepts, the crowdfunding ecosystem, and relevant theories. It concludes with an overview of crowdfunding in Morocco. This review covers crowdfunding models, ecosystem dynamics, and theories like signaling and social capital to explain success factors in alternative financing.

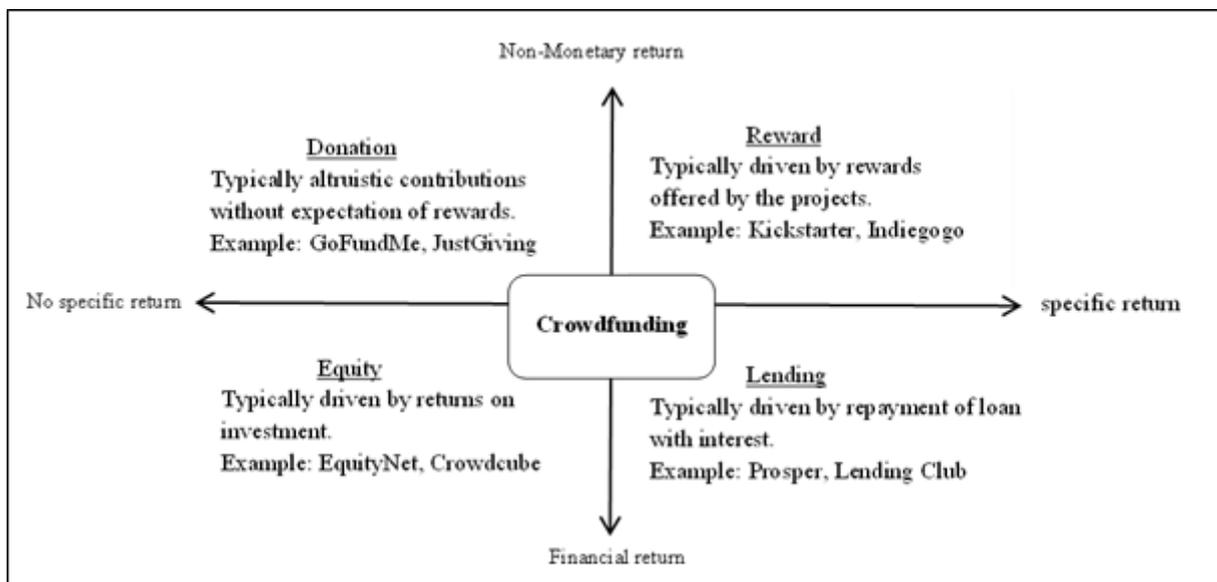
2.1. Defining Crowdfunding: Models and Mechanisms

Crowdfunding raises funds online from a large crowd of individuals, each contributing small amounts (Mollick, 2013). Crowdfunding leverages the "wisdom of the crowd" by directly connecting project creators with a diverse community of supporters in the financial domain (Brabham, 2008). Academic literature typically categorizes crowdfunding into four primary models (see figure 1) based on the nature of returns provided to contributors (Schwienbacher & Larralde, 2010):

- **Donation-based Crowdfunding:** Contributors donate without expecting material returns. This model is common for charitable causes, disaster relief, and social projects (Salido-Andrés et al., 2020). (e.g., GoFundMe).

- **Reward-based Crowdfunding:** Backers receive non-financial rewards, such as pre-ordered products, exclusive content, or tokens of appreciation. This model is most prevalent for creative projects and consumer products (Bradford, 2012) (e.g., Kickstarter, Indiegogo).
- **Lending-based Crowdfunding (Peer-to-Peer Lending):** Contributors lend money with the expectation of being repaid with interest. It functions as a decentralized alternative to traditional bank loans (Bradford, 2012).
- **Equity-based Crowdfunding:** Funders receive an ownership stake in the company, participating in future profits or capital gains, which is often utilized by startups and small businesses seeking seed capital (Belleflamme et al., 2013). It is also the most rigorously regulated crowdfunding model (Ahlers et al., 2015).

Figure 1: Types of crowdfunding models



Source: Author’s elaboration based on Tan, Y. H., & Reddy, S. K. (2020)

Crowdfunding campaigns typically operate under one of two primary funding mechanisms. The “All-or-Nothing” model releases funds only upon reaching 100% of the goal, unmet goals result in refunds of all contributions (Cumming et al., 2019). This model mitigates risk for backers and signals project viability (Cumming et al., 2014). Conversely, the “Keep-it-All” (KIA) or “Flexible” model allows the creator to keep all funds raised, regardless of whether the goal is met (Agrawal et al., 2014). This is more common in donation-based crowdfunding, where any amount of funding is beneficial (Gerber & Hui, 2013). These models highlight the diverse motivations of both project founders and supporters within the crowdfunding ecosystem, which is facilitated by online platforms acting as trusted intermediaries (Belleflamme et al., 2013).

2.2. Crowdfunding for Social Impact

According to (Lehner, 2013) crowdfunding has become a significant mechanism for financing socially committed projects, allowing social ventures to secure capital outside of traditional financial systems and reducing the geographical constraints often imposed by conventional investors. By giving entrepreneurs access to a large network of people who are driven by the pursuit of prosocial objectives rather than merely possible benefits, this approach democratizes investment (Dai & Zhang, 2019; Belleflamme, Lambert, & Schwienbacher, 2013). Success in social enterprises, frequently depends on social entrepreneurs' capacity to communicate project quality and legitimacy. In order to generate momentum and validate the company, entrepreneurs

use their own social capital to draw in early donations. This serves as a strong signal to a larger audience (Ahlers, Cumming, Köther, & Schweizer, 2015). Important persuasive factors that affect supporters' choices include the storyline offered and the project's perceived quality (Allison, Davis, Webb, & Short, 2017; Zhou, Lu, Fan, & Wang, 2016).

Furthermore, donation-based crowdfunding has shown itself to be an effective tool for charitable causes, establishing a framework in which many small contributions add up to a significant social impact, particularly in developing countries where it has enormous potential (Salido-Andrés, Rey-García, Álvarez-González, & Vázquez-Casielles, 2020). Ultimately, crowdfunding gives social entrepreneurs a crucial tool to start and maintain hybrid businesses that combine a profitable business model with a social mission, radically changing the social finance environment (Lehner, 2013).

2.3. The Moroccan Crowdfunding Landscape

Morocco's crowdfunding ecosystem, though emerging, features several unique characteristics. The market is dominated by the donation-based model, reflecting a strong cultural tradition of solidarity and collective support (Adjakou, 2021). This is further reinforced by regulatory frameworks, such as Law n°15-18, which specifically exempt donation-based crowdfunding from stringent charitable fundraising regulations, encouraging its prevalence (Loi N° 15-18 Relative Au Financement Collaboratif, 2021). This has bolstered the sector's legitimacy and fostered the emergence of regulated platforms such as Kiwi Collecte, Akkan (Loi N° 15-18 Relative Au Financement Collaboratif, 2021). However, challenges persist, including low financial literacy, a lack of trust in digital transactions among parts of the population, and the high failure rate of non-emergency campaigns. This context of a newly formalized but still maturing ecosystem provides the backdrop for the case studies analyzed in this paper.

2.4. Theoretical Underpinnings

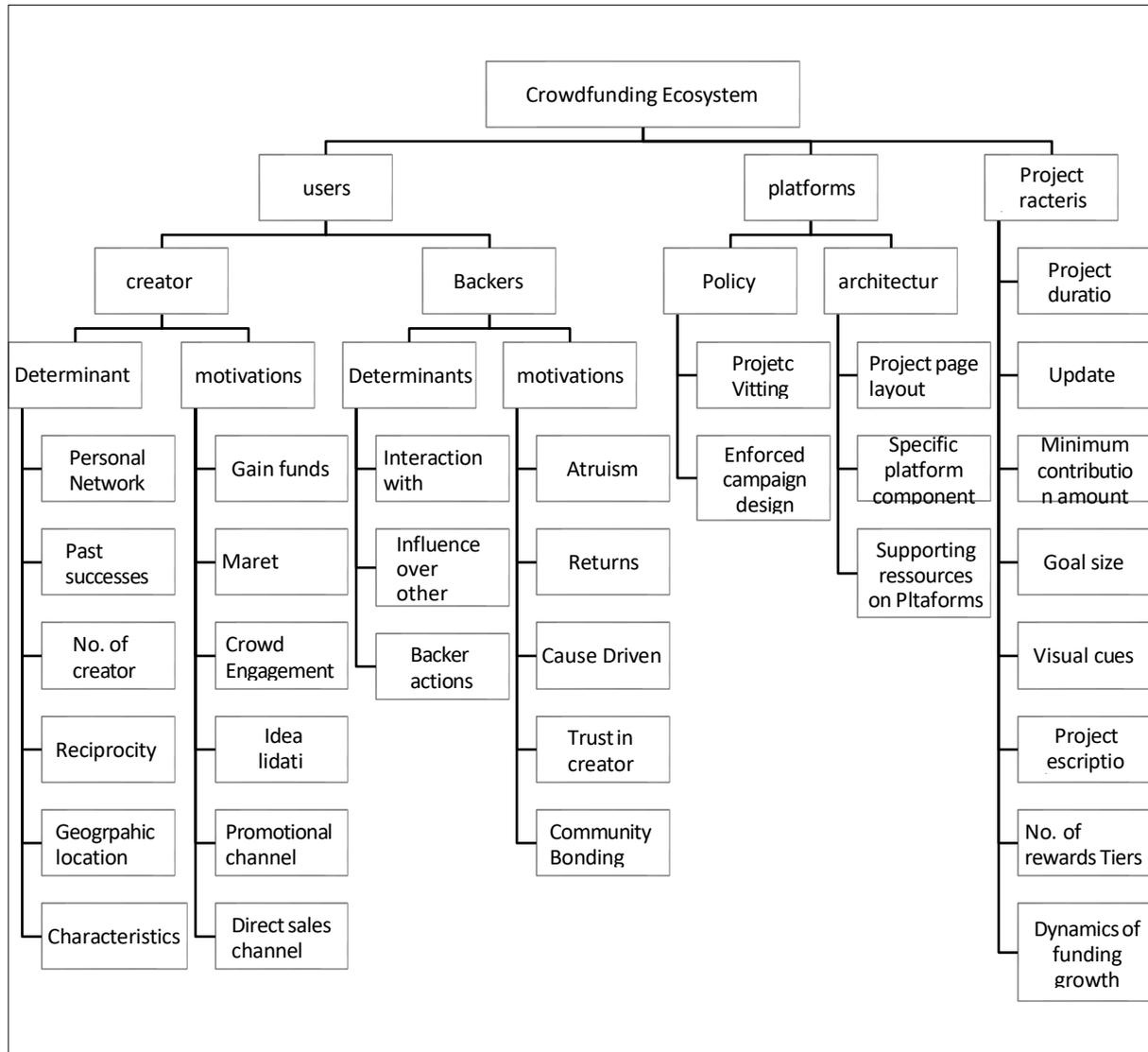
Several theories elucidate crowdfunding dynamics. Central is information asymmetry theory (Jensen & Meckling, 1976): amid high uncertainty, entrepreneurs hold private knowledge of their project's quality and viability, unknown to backers. Entrepreneurs overcome this by sending credible signals (Spence, 1973) such as detailed business plans, prototypes, or third-party endorsements. The platform and early campaign momentum also provide powerful signals. Social capital theory complements the signaling perspective by emphasizing entrepreneurs' preexisting networks (Katz, M. L. & Shapiro, C., 1985). Initial pledges from friends, family, and contacts generate social proof, drawing in unrelated backers and underscoring the role of network mobilization alongside project quality (Ahlers et al., 2015). Thus, crowdfunding success depends not only on project quality but also on the entrepreneur's ability to mobilize social capital. Finally, the Theory of Extended Rationality (Sen, A. K., 1977) explains backers' motivations beyond economic gain by positing prosocial, altruistic, and community-oriented drivers particularly relevant for social projects. These theories explain how diverse motivations shape crowdfunding engagement, particularly for social projects.

2.5. Crowdfunding Ecosystem

Despite crowdfunding's efficiency in raising capital, many projects fail. The primary industry metric is the success rate, defined as meeting or exceeding the funding goal. Creators often overestimate their chances, as failure is more likely than success, for instance, Kickstarter, the largest reward-based platform, shows only 42.71% success rate for projects on their platform

(Kickstarter, 2025). Furthermore, research into personal crowdfunding on GoFundMe has documented a failure rate of more than 90% in projects (Berliner & Kenworthy, 2017).

Figure 2: Summary of factors that impact crowdfunding success



Source: Author’s elaboration based on Tan, Y. H., & Reddy, S. K. (2020)

This paper's conceptual framework models the crowdfunding ecosystem as a complex system comprising interconnected components, each characterized by distinct determinants and influence mechanisms. The framework delineates four primary components (Tan & Reddy, 2020): Creators, backers, project characteristics, and the platform. These elements interact dynamically, rather than operating independently, to produce crowdfunding outcomes (see figure 2).

The framework is based on systems theory, according to which complex outcomes arise from interactions among multiple components, not from isolated individual elements (von Bertalanffy, L. , 1968). Crowdfunding project success results from interactions among ecosystem components, rather than isolated factors like creator credibility or project design quality (von Bertalanffy, L., 1968).

a. The Project Creators determinants and motivations:

Creator characteristics have been identified as significant predictors of crowdfunding success. Researches have consistently demonstrated that creator credibility, experience, and social capital are strong determinants of campaign outcomes (Borrero-Domínguez et al., 2020). Credibility encompasses multiple dimensions, including expertise in the project domain, track record of past successes, and perceived trustworthiness (reciprocity) (Xu et al., 2025).

Personal networks, resources accessible through social connections, play a key role in crowdfunding success. Creators with larger, more engaged networks generate early funding momentum, signaling viability and attracting additional backers (Agrawal et al., 2010). This initial momentum is vital; studies show that projects reaching a large portion of their funding goal early are much more likely to fully fund (Mollick, 2013). Creator success therefore depends not only on project quality but also on mobilizing and influencing social networks. Creator identity further influences backers' contribution decisions (Tan & Reddy, 2020).

Creator reputation, evidenced by past project successes, significantly influences backer decisions by signaling competence, reliability, and follow-through, thereby reducing perceived risk (Spence, 1973). This reputation effect is particularly pronounced during the initial stages of a campaign, when information about the project is scarce for backers.

The number of creators influences crowdfunding success, with backers motivated to support solo creators perceived as disadvantaged. Single-creator projects reach 5% of their funding goal significantly faster (Dai & Zhang, 2019). Backers are thus more inclined to support solo creators, perceived as disadvantaged, over team or organizational projects.

Geographical location is also significant: projects by creators in developed economies with established crowdfunding ecosystems outperform those in less developed regions (Liu et al., 2022). However, rather than reflecting intrinsic variations in project quality, this impact could be the result of variations in platform availability, creative experience, and backer familiarity with crowdfunding.

The motivations of a creator extend beyond simply securing funds. As identified by (Tan & Reddy, 2020), creators seek market testing and idea validation. Successful campaigns provide proof-of-concept, signaling public demand to investors and partners. Crowdfunding also promotes projects, builds customer bases via direct sales, generates early revenue, and fosters community engagement.

b. Backers Motivation and Determinants:

Understanding backers' motivations is crucial to comprehending crowdfunding success. Studies identify several drivers influencing backer behavior, broadly classified as intrinsic and extrinsic motivations (Zhang & Chen, 2018).

Intrinsic motivations include altruism, support for personally valued causes, and satisfaction from shared-interest communities. For social projects, prosocial motivation, the desire to contribute to social good, is a primary driver of backer participation (Alhammad et al., 2022). Prosocially motivated backers show greater commitment and often continue supporting projects beyond the funding phase.

Extrinsic motivations are driven by tangible rewards, financial returns, and social recognition. A campaign's reward structure critically shapes backer behavior, as projects featuring well- designed tiers with varied and valuable offerings at different price points

successfully engage a wider spectrum of backers (Tian & Zhang, 2023). Social proof, the phenomenon where individuals are influenced by the observed actions of others, significantly impacts backer decisions; observed prior funding encourages further investment (Mollick, 2013).

Trust in creators significantly influences backer decisions. Backers gauge this credibility through indicators such as prior project success, communication efficacy, and clear articulation of project plans and timelines (Kraus et al., 2016)

Community bonding, defined as the desire for collective affiliation based on shared values and interests, is particularly crucial for social projects. Backers tend to view their participation not merely as a financial transaction but as an act of membership within a community striving for a common social objective (Gerber & Hui, 2013). This sense of community keeps backers engaged and supportive long after the campaign ends.

Nevertheless, Backers' decisions are shaped by multiple contextual influences, including direct interactions with project creators: Regular updates and responsive communication from creators cultivate trust and interpersonal connection. Backers are further influenced by the actions of other backers (peer actions): projects achieving early funding momentum are significantly more likely to secure additional pledges (Mollick, 2013). This herding effect constitutes a potent driver of campaign trajectories. Creators' influence over prospective backers, via prior successful community mobilization or substantial social media followings, additionally enhances backer recruitment efficacy (Kraus et al., 2016).

c. Platform features:

Crowdfunding platforms play a pivotal role in shaping campaign outcomes. Core platform features include technical architecture, policy frameworks, and support resources for creators and backers.

The architecture of crowdfunding platforms encompasses project page designs, payment processing systems, and communication features, such as comment sections, messaging, and update tools, that support interactions between creators and backers (Tan & Reddy, 2020). Platforms characterized by intuitive interfaces facilitating clear project presentations and seamless navigation generate higher success rates by maintaining sustained creator-backer engagement throughout the campaign (Xu et al., 2025).

Platform policies, such as project vetting procedures and campaign design guidelines, affect the quality and trustworthiness of hosted projects. Rigorous vetting reduces fraudulent or low-quality projects, preserving backer trust and participation (Tan & Reddy, 2020). Enforced campaign design standards guarantee that all projects adhere to minimum presentation quality requirements, thereby benefiting both creators and backers.

Platforms offering creator support, such as guides, best practices, and customer service, achieve higher success rates and backer satisfaction. These include advice on effective project descriptions, compelling videos, realistic funding goals, and best practices for engaging with backers (Liu et al., 2022).

d. Project Characteristics:

The funding goal signals creator expectations and project scope. Realistic yet ambitious goals outperform conservative or unrealistic ones (Mollick, 2013). Conservative goals suggest low ambition or poor planning, while unrealistic goals deter backers by implying inadequate planning or overoptimism.

Campaign duration significantly affects success. Optimal lengths range from 30 to 45 days (Liu et al., 2022). Short campaigns limit momentum-building and backer outreach, while long ones reduce urgency and interest.

Reward structures critically shape backer behavior and campaign success. Multiple tiers at varied price points attract backers with diverse financial capacities (Tian & Zhang, 2023). Studies show that reward scheme design, the number of tiers, their pricing, and perceived reward value, strongly affects crowdfunding outcomes.

Project descriptions represent an essential component of campaign presentation, exerting a substantial influence on backers' decisions (Liu et al., 2022). Articulate descriptions that clearly convey the project's purpose, scope, timelines, and social impact demonstrate superior efficacy in attracting backer support (Kraus et al., 2016).

Visual presentation, including photography, videography, and graphic design, plays a key role in influencing backer decisions (Liu et al., 2022). High-quality visuals demonstrate professionalism and attention to detail, thereby enhancing project confidence, while also conveying complex information more effectively than text alone.

For social projects, a clear articulation of the social mission is crucial. Backers must comprehend the targeted social issue, its significance, and the anticipated specific outcomes (Borrero-Domínguez et al., 2020). Projects that explicitly delineate their social objectives and align with backers' values are associated with elevated success rates.

Clear project timelines specifying milestones for different phases help backers understand project progress and thereby build confidence in creator competence (Liu et al., 2022).

3. Methodology

Employing a comparative multiple-case study design (Eisenhardt, 1989; K. Yin, 2017), the present study investigates two cases, one successful and one unsuccessful, from the Moroccan crowdfunding ecosystem to answer the research question. This polar-type comparison facilitates theoretical replication and highlights the critical mechanisms that differentiate success from failure (Battilana & Dorado, 2010). Given the emerging and dynamic nature of this ecosystem, a case study approach allows for an in-depth analysis of the underlying processes driving divergent outcomes.

The cases were purposively selected to align with the research question, thereby capturing divergent outcomes. These case studies seek to elucidate crowdfunding practices in the context of social projects. With regard to the crowdfunding model, the analysis is confined to donation-based crowdfunding, which is currently the sole model authorized for platforms and thus the only operational and legally sanctioned mechanism in the Moroccan context (Loi N° 15-18 Relative Au Financement Collaboratif, 2021).

- Case A (Success) “Douar Shemsy”: Douar Shemsy exemplifies a successful social crowdfunding campaign in Morocco. Launched in late 2024 on the regulated Kiwi Collecte platform, it aimed to build an ecological village for children orphaned by the 2023 Al-Haouz earthquake. The campaign exceeded its funding goal, attracted substantial media coverage, and delivered tangible social impact. Its success amid crisis underscores the effects of urgency and strong narratives.
- Case B (unsuccessful) “Une Goutte d'Espoir 2”: Launched on the Moroccan platform Kiwi Collecte, the "Une Goutte d'Espoir 2" ("A Drop of Hope 2") campaign aimed to fund digging a well in rural Taroudant. Led by the Ghayt Charity association, it sought to provide clean drinking water to residents, improving their

living conditions and health. The 50,000 MAD goal covered drilling and installation costs. Despite the cause's relevance, it raised only ~20% of the target, highlighting challenges for social projects on crowdfunding platforms.

3.1. Data Collection

Data for this study were drawn exclusively from publicly accessible secondary sources, a methodology well-suited to documentary analysis. This unobtrusive method draws upon a diverse array of preexisting textual and multimedia materials to reconstruct the narrative and contextual framework surrounding each case. The data sources encompassed:

- **Crowdfunding Campaign Pages:** Platform content analysis for each campaign, including project descriptions, funding goals, rewards offered, backer updates, and comments section.
- **Academic and Grey Literature:** Peer-reviewed articles on crowdfunding in Morocco, World Bank reports, and industry publications like the Happy Smala Crowdfunding Barometer.
- **Regulatory Documents:** Official documents on Law 15-18 and guidelines from Bank Al-Maghrib and the AMMC.

4. Data Analysis

Case 1 "DOUAR SHEMSY" (Success):

Launched by the Moroccan Association for Aid to Children in Precarious Situations, the "Douar Shemsi: 'Life After Survival'" campaign targeted support for 144 children orphaned by the September 2023 earthquake in the Al Haouz region. Its core objective entailed financing the operational needs of the host village through the winter months.

Creator: AMESIP, the Moroccan Association for Aid to Children in Precarious Situations, holds public utility status in Morocco, which confers substantial credibility and extensive expertise in child welfare. Its proven track record, particularly in post-earthquake emergency management, has cultivated significant trust capital. Moreover, the association adeptly mobilized its established network and secured endorsements from prominent public figures, thereby substantially enhancing the campaign's visibility (Douar Shemsi, 2024).

Backers: The motivations driving the 622 backers were predominantly a confluence of altruistic impulses and confidence in AMESIP's credibility. The post-earthquake surge in national solidarity cultivated a propitious context for communal participation. This collective momentum was further amplified by a social proof dynamic, wherein the substantial participant counts incentivized subsequent contributions.

Project: The campaign demonstrated exceptional clarity in its articulation, consistent with key success factors for social projects (Borrero-Domínguez et al., 2020). The title, "Life After Survival," was compelling and evocative. The funding target of 450,000 MAD, while ambitious, was amply justified through a transparent and granular breakdown of fund allocations. The cause was regarded as acutely urgent, with beneficiaries distinctly identified. Visuals depicting the already-constructed village alongside testimonial videos functioned as robust quality signals (Liu et al., 2022) and concrete evidence of project tangibility.

Platform (Kiwi Collecte): As Morocco's first licensed crowdfunding platform (Kiwi Collecte, 2024), Kiwi Collecte provided a legal and secure framework, thereby strengthening donor trust. The "Verified Campaign" label conferred additional credibility, and the platform's promotion enhanced campaign visibility.

Consequently, the campaign fully attained its funding target, securing 450,000 MAD in under two months, thereby exemplifying optimal synergy across the four ecosystem components.

Case 2 "Une Goutte d'Espoir 2" (Failure):

The Ghayt Charity Association launched this campaign to fund drilling a well in Douar Ouziwa, Taroudant region, providing drinking water to several families.

Creator (Ghayt Charity Association): In contrast to AMESIP, the Ghayt Charity Association constitutes a lesser-known entity with comparatively limited credibility and networking reach. Its prior campaign (Une Goutte d'Espoir, 2025) achieved only 50% of its funding target, with the original project abandoned and subsequently redirected, thereby engendering confusion and potentially undermining trust among previous donors (Une Goutte d'Espoir 2, 2025).

Backers: Limited to only 9 backers, the campaign failed to mobilize a community. Although rooted in altruism, backer motivations were constrained by low trust in the relatively unestablished creator and by ambiguous project communication. The absence of social proof perpetuated subdued engagement dynamics from the outset.

Project: The project lacked clarity in its articulation, diverging from key success factors for social projects (Borrero-Domínguez et al., 2020). The title, "Une Goutte d'Espoir 2", stemming from a redirected prior campaign (Une Goutte d'Espoir, 2025), failed to evoke interest. The funding target of 53,240 MAD seemed high relative to weak mobilization and lacked a transparent, granular breakdown of allocations. The cause lacked acute urgency, with beneficiaries vaguely described as "dozens of families." Visuals or testimonial videos were absent, failing to provide robust quality signals and evidence of tangibility.

Platform (Kiwi Collecte): While hosted on the same trusted platform (Kiwi Collecte, 2021) as in Case 1, this campaign did not effectively harness its features. Presence on a credible platform alone cannot compensate for shortcomings in the other ecosystem pillars.

Thus, the campaign failed, raising only 1,850 MAD (3% of its target), due to misalignment across success factors.

5. Comparative Analysis and Discussion

The juxtaposition of these two cases delineates a distinct hierarchy among success factors within the social crowdfunding ecosystem. The findings indicate that, although all ecosystem elements contribute to outcomes, certain factors exert substantially greater influence on campaign performance.

Table 1: Social Crowdfunding Outcomes: A Comparative Case Study

Key Factors	DOUAR SHEMSY (Success)	Une Goutte d'Espoir 2 (Failure)	Impact on Result
Creator Credibility	Very high (AMESIP, public utility)	Low (Ghayt, little known)	Trust is the foundation of the donation decision.
Clarity and Urgency of Cause	Very high (orphans post-earthquake)	Low (water access, redirected project)	A clear and urgent cause mobilizes more easily.
Project Transparency	Very high (detailed budget)	Low (vague allocation, vague beneficiaries)	Transparency reassures donors about fund usage.
Network Mobilization	Very strong (public figures, 622 donors)	Very weak (9 donors)	Network effect and social proof are success multipliers.
Quality of Visuals	High (constructed village, professional videos)	Low (construction site photos)	Quality visuals reinforce credibility and emotional impact.

Source: Author's elaboration

The combination of strong emotional context and perceived urgency seems to be the most important aspect. The "Douar Shemsi" campaign capitalized on the wave of post-earthquake national solidarity, an exogenous event that created a unique window of opportunity. The earthquake had affected the entire nation, and many Moroccans felt a personal responsibility to help with reconstruction. This elicited a strong emotional reaction that went beyond customary philanthropic contributions. In contrast, "Une Goutte d'Espoir 2" addressed a chronic problem that, while important, lacked the emotional intensity and urgency necessary to motivate action. This confirms research indicating that campaigns related to disasters or major news events tend to outperform. The implication is clear: if a project creator cannot rely on a major external event to create urgency, they must work harder to create internal urgency through effective communication and storytelling. The second key factor is creator credibility. In crowdfunding, trust is essential. AMESIP's official status and track record provided substantial trust prior to launch, allowing donors to verify legitimacy and past performance. In contrast, the lesser-known Ghayt Charity Association struggled to build trust due to limited communication and no visible track record. This illustrates crowdfunding's uneven playing field, where established organizations hold advantages. Nonetheless, smaller entities can succeed by prioritizing transparency, communication, and proven competence. Third, effective communication and storytelling were key differentiators. The "Douar Shemsi" campaign conveyed a compelling narrative through images of children and credible testimonials. High-quality visuals and public endorsements reduced donor uncertainty as strong quality signals. In contrast, "Une Goutte d'Espoir 2" lacked these, showing that a good cause requires convincing communication.

The platform was neutral in this comparison: both campaigns used Kiwi Collecte. Outcomes hinged on creators' adept use of its tools, not the technology per se. Platforms supply essential capabilities, yet success requires creators to foster trust, articulate visions, and mobilize backers, optimizing features proactively.

These findings support key theories on crowdfunding ecosystems (Tan & Reddy, 2020). The Douar Shemtsy campaign exemplifies signaling theory: each element acts as a quality signal, reducing information asymmetry and reassuring donors. In contrast, Une Goutte d'Espoir 2 featured weak signals that deterred participation. As noted in (SALAHDDINE & ID-AAMER, 2024), citizen solidarity in the Moroccan context boosted Douar Shemtsy's success via national momentum, unlike the second campaign, which lacked such dynamics. Finally, while the platform offers facilitation and trust, it cannot offset project flaws, creators must actively build success by aligning ecosystem components.

6. Conclusion, Implications

This comparative case study analyzes two Moroccan social crowdfunding campaigns, "DOUAR SHEMSY," which met its 450,000 MAD goal with 622 donors, and "Une Goutte d'Espoir 2," which raised only 3% of 53,240 MAD from 9 donors, to assess ecosystem influences on outcomes. Systematic differences in creator credibility, emotional urgency, cause clarity, and communication, not random chance, drove the results. These findings counter the notion that success stems mainly from cause merit alone; social crowdfunding demands trust signals, urgent narratives, and transparent strategy.

DOUAR SHEMSY succeeded by drawing on AMESIP's organizational credibility as a recognized public utility, which lent institutional legitimacy, and effective storytelling that turned personal tragedies into shared responsibility. Its "Life After Survival" narrative timed perfectly with national emotions one year after the September 2023 earthquake, fostering urgency and resonance. By naming 144 specific children and clearly detailing fund allocations for supplies, heating, staff, healthcare, and utilities, it sent strong signals of legitimacy and competence. These elements built social proof among 622 donors, sparking a virtuous cycle of growing support.

Conversely, "Une Goutte d'Espoir 2" struggled with weak institutional trust, a muddled narrative involving scope shifts, unclear beneficiaries, and lack of financial transparency. Limited to 9 donors, it failed to gain momentum for social proof, trapping it in a vicious cycle of low engagement. This highlights how awareness of water access needs does not translate to donations without trust and clarity.

These findings underscore a key principle: crowdfunding relies on community engagement and trust-building, not mere financial transactions. Donors join narratives of social change and support trusted organizations. Platforms offer legal frameworks, security, and access but cannot remedy weaknesses in creator credibility, narrative strength, or communication. Success depends on three interconnected factors: persuasion, transparency, and mobilization. Creators fostering donor ties through compelling stories and proven integrity outperform those merely posting projects. AMESIP's multi-channel approach, including media partnerships and celebrity endorsements, built engagement touchpoints, unlike Ghayt's minimal communication.

For social entrepreneurs and policymakers, the implications are straightforward: organizational credibility is essential; narrative building is a key skill, financial transparency is mandatory; and network mobilization is vital for momentum. Crowdfunding broadens access to capital beyond traditional finance, yet benefits favor organizations with established credibility and strong communication. Addressing this disparity calls for targeted investments in creator training and community engagement. In conclusion, Moroccan crowdfunding success favors those who build trust, craft compelling stories, and rally communities not just the worthiest causes. As the ecosystem matures, creators, platforms, and policymakers must align credibility, narratives, transparency, and mobilization strategically, rather than depending on luck or platform tools alone.

7. Limitations and Future Directions

This study has key limitations. First, as a case study, its findings lack statistical generalizability but provide analytical depth absent in quantitative work. They derive from two Moroccan projects and may not extend to other contexts or social initiatives. Second, analysis relies on public data from campaign pages and websites, excluding creators' internal strategies, decision processes, or donor demographics. Interviews with creators and donors would better reveal motivations and perceptions.

Future research directions encompass comprehensive quantitative analyses of expansive crowdfunding datasets to identify generalizable patterns and interdependencies that remain obscured in case studies. In addition to publicly accessible data, qualitative interviews with campaign initiators and supporters would furnish nuanced insights into their motivations, decision-making processes, and perceptions of key factors. Comparative evaluations across diverse social crowdfunding platforms could further illuminate the influences of varying technical architectures, governance policies, and user demographics on campaign results.

The framework offers valuable guidance for both practitioners and academics. For social project creators, it provides a roadmap for developing effective crowdfunding campaigns by attending to all ecosystem components. For platform operators, it identifies key areas for investment and improvement. For academics, it provides a theoretical framework for understanding crowdfunding dynamics and a foundation for future research.

REFERENCES

1. Adjakou, O. J. L. (2021). Crowdfunding: Genesis and Comprehensive Review of Its State in Africa. *Open Journal of Business and Management*, 9(2), 557. <https://doi.org/10.4236/ojbm.2021.92031>
2. Agrawal, A., Catalini, C., & Goldfarb, A. (2010). The Geography of Crowdfunding. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1692661>
3. Agrawal, A., Catalini, C., & Goldfarb, A. (2014). Some Simple Economics of Crowdfunding. *Innovation Policy and the Economy*, 14, 63. <https://doi.org/10.1086/674021>
4. Ahlers, G., Cumming, D. J., Günther, C., & Schweizer, D. (2015). Signaling in Equity Crowdfunding. *Entrepreneurship Theory and Practice*, 39(4), 955. <https://doi.org/10.1111/etap.12157>
5. Alhammad, M. M., Tan, C., Alsarhani, N., & Zolkepli, I. A. (2022). What Impacts Backers' Behavior to Fund Reward-Based Crowdfunding Projects? A Systematic Review Study. In *Pacific Asia journal of the Association for Information Systems* (Vol. 14, p. 90). Association for Information Systems. <https://doi.org/10.17705/1pais.14207>
6. Allison, T. H., Davis, B. C., Webb, J. W., & Short, J. C. (2017). Persuasion in crowdfunding: An elaboration likelihood model of crowdfunding performance. *Journal of Business Venturing*, 32(6), 707. <https://doi.org/10.1016/j.jbusvent.2017.09.002>
7. Moroccan Crowdfunding Barometer 2021-2023 [Rapports - HAPPY SMALA | Concevons ensemble un impact inclusif et durable!](#)
8. Battilana, J., & Dorado, S. (2010). Building Sustainable Hybrid Organizations: The Case of Commercial Microfinance Organizations. In *Academy of Management Journal* (Vol. 53, Issue 6, p. 1419). Academy of Management. <https://doi.org/10.5465/amj.2010.57318391>
9. Belleflamme, P., Lambert, T., & Schwienbacher, A. (2013). Crowdfunding: Tapping the right crowd. *Journal of Business Venturing*, 29(5), 585. <https://doi.org/10.1016/j.jbusvent.2013.07.003>
10. Berliner, L. S., & Kenworthy, N. (2017). Producing a worthy illness: Personal crowdfunding amidst financial crisis. In *Social Science & Medicine* (Vol. 187, p. 233). Elsevier BV. <https://doi.org/10.1016/j.socscimed.2017.02.008>
11. Best, J., Neiss, S., Swart, R., Lambkin, A., & Raymond, S. (2013). *Crowdfunding's potential for the developing world*. 1. [Crowdfunding's potential for the developing world](#)
12. Borrero-Domínguez, C., Lagares, E. C., & Garrido, R. H. (2020). Analysis of success factors in crowdfunding projects based on rewards: A way to obtain financing for socially committed projects. *Heliyon*, 6(4). <https://doi.org/10.1016/j.heliyon.2020.e03744>

13. Brabham, D. C. (2008). Crowdsourcing as a Model for Problem Solving. *Convergence The International Journal of Research into New Media Technologies*, 14(1), 75. <https://doi.org/10.1177/1354856507084420>
14. Bradford, C. S. (2012). Crowdfunding And The Federal Securities Laws. *Columbia Business Law Review*, 2012(1), 1. <https://doi.org/10.52214/cblr.v2012i1.13858>
15. Cai, W., Polzin, F., & Stam, E. (2020). Crowdfunding and social capital: A systematic review using a dynamic perspective [Review of *Crowdfunding and social capital: A systematic review using a dynamic perspective*]. *Technological Forecasting and Social Change*, 162, 120412. Elsevier BV. <https://doi.org/10.1016/j.techfore.2020.120412>
16. Colombo, M. G., Franzoni, C., & Rossi-Lamastra, C. (2014). Internal Social Capital and the Attraction of Early Contributions in Crowdfunding. *Entrepreneurship Theory and Practice*, 39(1), 75. <https://doi.org/10.1111/etap.12118>
17. Cornelius, P. B., & Gokpinar, B. (2019). The Role of Customer Investor Involvement in Crowdfunding Success. *Management Science*, 66(1), 452. <https://doi.org/10.1287/mnsc.2018.3211>
18. Cumming, D. J., Leboeuf, G., & Schwienbacher, A. (2014). Crowdfunding Models: Keep-it-All vs. All-or-Nothing. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2447567>
19. Cumming, D. J., Leboeuf, G., & Schwienbacher, A. (2019). Crowdfunding models: Keep-It-All vs. All-Or-Nothing. *Financial Management*, 49(2), 331. <https://doi.org/10.1111/fima.12262>
20. Dai, H., & Zhang, D. (2019). Prosocial Goal Pursuit in Crowdfunding: Evidence from Kickstarter. In *Journal of Marketing Research* (Vol. 56, Issue 3, p. 498). SAGE Publishing. <https://doi.org/10.1177/0022243718821697>
21. Douar Shemsi. (2024). <https://kiwicollecte.ma/fr/collectes/douar-shemsi>
22. Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4), 532. <https://doi.org/10.5465/amr.1989.4308385>
23. Esmaeili, L., & Golpayegani, A. H. (2020). A Novel Method for Discovering Process Based on the Network Analysis Approach in the Context of Social Commerce Systems. *Journal of Theoretical and Applied Electronic Commerce Research*, 16(2), 58. <https://doi.org/10.4067/s0718-18762021000200105>
24. Gerber, E. M., & Hui, J. (2013). Crowdfunding. *ACM Transactions on Computer- Human Interaction*, 20(6), 1. <https://doi.org/10.1145/2530540>
25. Huang, S., Pickernell, D., Battisti, M., & Nguyen, T. (2021). Signalling entrepreneurs' credibility and project quality for crowdfunding success: cases from the Kickstarter and Indiegogo environments. *Small Business Economics*, 58(4), 1801. <https://doi.org/10.1007/s11187-021-00477-6>

26. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305. [https://doi.org/10.1016/0304-405x\(76\)90026-x](https://doi.org/10.1016/0304-405x(76)90026-x)
27. K. Yin, R. (2017). *Case Study Research and Applications Design and Methods* (6th ed.). SAGE Publications. https://books.google.co.ma/books/about/Case_Study_Research_and_Applications.htm?id=6DwmDwAAQBAJ&redir_esc=y
28. Kabbaj, M., HADI, K. E. O. E., Elamrani, J., & Lemtaoui, M. (2016). A study of the social entrepreneurship ecosystem: the case of Morocco. *Journal of Developmental Entrepreneurship*, 21(4), 1650021. <https://doi.org/10.1142/s1084946716500217>
29. Katz, M. L., & Shapiro, C. (1985). "Network Externalities, Competition, and Compatibility." *American Economic Association*, 75(3), 424. <http://www.jstor.org/stable/1814809>
30. Kickstarter,. (2025, December 15). <https://www.kickstarter.com/help/stats>
31. *Kiwi Collecte* . (2024). <https://kiwicollecte.ma/fr/collectes/douar-shemsy>
32. *Kiwicollecte*. (2021). <https://kiwicollecte.ma/fr>
33. Kraus, S., Richter, C., Brem, A., Cheng, C.-F., & Chang, M. (2016). Strategies for reward-based crowdfunding campaigns. In *Journal of Innovation & Knowledge* (Vol. 1, Issue 1, p. 13). Elsevier BV. <https://doi.org/10.1016/j.jik.2016.01.010>
34. Lehner, O. M. (2013). Crowdfunding social ventures: a model and research agenda. *Venture Capital*, 15(4), 289. <https://doi.org/10.1080/13691066.2013.782624>
35. Liu, Z., Ben, S., & Zhang, R. (2022). Factors Affecting Crowdfunding Success. *Journal of Computer Information Systems*, 63(2), 241. <https://doi.org/10.1080/08874417.2022.2052379>
36. *Loi n° 15-18 relative au financement collaboratif* (2021) [Loi n°15-18 relative au financement collaboratif | AMMC](https://www.ammc.ma/loi-n-15-18-relative-au-financement-collaboratif)
37. Mollick, E. (2013). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing*, 29(1), 1. <https://doi.org/10.1016/j.jbusvent.2013.06.005>
38. Paul, L., & Rena, R. (2024). The role of digital crowdfunding platforms in democratizing global entrepreneurship. *The Journal of Economic Research & Business Administration*, 149(3), 46. <https://doi.org/10.26577/be.2024-149-i3-04>
39. Rayouss, H., & Mchich, R. (2025). Crowdfunding in Morocco under Law 15-18: A Descriptive Analysis of the Regulatory Framework and Early Developments. *Journal of North African Research in Business*, 1. <https://doi.org/10.5171/2025.829655>

40. Salahddine, A., & Id-Aamer, H. (2024). *Entre le souci de la viabilisation et la pérennisation, et les exigences de flexibilité et de sécurité: Une lecture de la nouvelle loi relative au financement participatif au Maroc*. [Vue de Entre le souci de la viabilisation et la pérennisation, et les exigences de flexibilité et de sécurité : Une lecture de la nouvelle loi relative au financement participatif au Maroc](#)
41. Salido-Andrés, N., Rey-García, M., Álvarez-González, L. I., & Vázquez-Casielles, R. (2020). Mapping the Field of Donation-Based Crowdfunding for Charitable Causes: Systematic Review and Conceptual Framework. *VOLUNTAS International Journal of Voluntary and Nonprofit Organizations*, 32(2), 288. <https://doi.org/10.1007/s11266-020-00213-w>
42. Scarlata, M. (2012). Philanthropic Venture Capital: Venture Capital for Social Entrepreneurs? *Foundations and Trends® in Entrepreneurship*, 8(4), 279. <https://doi.org/10.1561/0300000042>
43. Schwienbacher, A., & Larralde, B. (2010). Crowdfunding of Small Entrepreneurial Ventures. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1699183>
44. Sen, A. K. (1977). Rational Fools: A Critique of the Behavioural Foundations of Economic Theory. *Philosophy & Public Affairs*, 6(4), 317. <http://www.jstor.org/stable/2264946>
45. Shneor, R., & Munim, Z. H. (2019). Reward crowdfunding contribution as planned behaviour: An extended framework. *Journal of Business Research*, 103, 56. <https://doi.org/10.1016/j.jbusres.2019.06.013>
46. Spence, M. (1973). Job Market Signaling. *The Quarterly Journal of Economics*, 87(3), 355. <https://doi.org/10.2307/1882010>
47. Tan, Y. H., & Reddy, S. K. (2020). Crowdfunding Platforms: Ecosystem and Evolution. *Foundations and Trends® in Marketing*, 14(2), 53. <https://doi.org/10.1561/1700000061>
48. Thürridl, C., & Kamleitner, B. (2016). What Goes around Comes Around? Rewards as Strategic Assets in Crowdfunding. *California Management Review*, 58(2), 88. <https://doi.org/10.1525/cmr.2016.58.2.88>
49. Tian, Y., & Zhang, Y. (2023). The impact of the reward scheme design on crowdfunding performance. In *Technological Forecasting and Social Change* (Vol. 194, p. 122730). Elsevier BV. <https://doi.org/10.1016/j.techfore.2023.122730>
50. Tripathi, N., Oivo, M., Liukkunen, K., & Markkula, J. (2019). Startup ecosystem effect on minimum viable product development in software startups. *Information and Software Technology*, 114, 77. <https://doi.org/10.1016/j.infsof.2019.06.008>
51. *Une Goutte d'Espoir* (2025). <https://kiwicollecte.ma/fr/collectes/une-goutte-despoir-aidez-nous-creuser-un-puits-pour-la-vie>
52. *Une Goutte d'Espoir 2* (2025). <https://kiwicollecte.ma/fr/collectes/une-goutte-despoir-2-aidez-nous-creuser-un-puits-pour-la-vie>

53. von Bertalanffy, L. . (1968). *General System Theory: Foundations, Development, Applications* (Vol. 7, Issue 15). Creative Education. <https://archive.org/details/generalsystemthe0000bert/page/n7/mode/2up>
54. Xu, D., Hong, H., Deng, L., & Zhang, X. (2025). Crowdfunding Success Factors: A Meta-Analytic Investigation. *Information Systems Research*. <https://doi.org/10.1287/isre.2022.0640>
55. Zhang, H., & Chen, W. (2018). Backer Motivation in Crowdfunding New Product Ideas: Is It about You or Is It about Me? In *Journal of Product Innovation Management* (Vol. 36, Issue 2, p. 241). Wiley. <https://doi.org/10.1111/jpim.12477>
56. Zhou, M., Lu, B., Fan, W., & Wang, G. A. (2016). Project description and crowdfunding success: an exploratory study. *Information Systems Frontiers*, 20(2), 259. <https://doi.org/10.1007/s10796-016-9723-1>

LINK: <https://www.edutus.hu/cikk/the-development-of-social-services-and-deinstitutionalization-in-poland-as-an-example-of-good-practices-for-ibero-american-countries/>

The development of social services and deinstitutionalization in Poland as an example of good practices for Ibero-American countries

PROF. MIROSŁAW GREWIŃSKI PhD Department of Social Sciences
Korczak University - Academy of Applied Sciences in Warsaw Warsaw, Poland
e-mail: mgrewinski@gmail.com

DR. MAREK KAWA PhD Department of Social Sciences
Korczak University - Academy of Applied Sciences in Warsaw, Poland
e-mail: m.kawa@uczelnia.korzaka.pl

DOI: [10.47273/AP.2025.22-34](https://doi.org/10.47273/AP.2025.22-34)

ABSTRACT

The article explores the process of deinstitutionalization (DI) as a central challenge of contemporary social policy in Europe, with a special focus on Poland as an example of good practices for Ibero-American countries. DI means shifting from institutional, centralized care toward community- and family-based services, enabling people in need—such as the elderly, people with disabilities, and those in crisis of homelessness—to remain in their natural environments. The Polish case shows that implementing DI requires coordinated strategies, investment in human capital, digitalization, and multi-sectoral cooperation. Large-scale studies conducted by Janusz Korczak University in Warsaw, done in 2023–2024, involved over 8,000 participants and identified key areas: foster care, support for people with disabilities, mental health, homelessness, and elderly care.

Keywords: deinstitutionalization, social policy, community-based care, Poland, Latin America, social services, decentralization, innovation, multi-sectoral cooperation

1. Introduction

The process of deinstitutionalization (hereafter abbreviated as DI) constitutes one of the most important challenges for contemporary social policy in Poland and Europe. It entails a gradual move away from a model of care concentrated in large institutions toward the provision of services in citizens' natural living environments—close to family, neighbors, and the local community. This is not merely an organizational process but also a cultural and axiological one, as it redefines the role of the state and the community in supporting people in need. Its effective implementation requires a coherent strategy, multi-sector cooperation, and investment in human capital as well as technological innovation. When reviewing definitions of DI, it is worth citing two “institutional” formulations promoted by major multilateral structures such as UNICEF (UNICEF, 2010) and the European Union:

“Deinstitutionalization should be understood not so much as an endeavor to close round-the-clock care institutions, but as a process of developing care services at the level of the family and the local community, intended to enable a person in need of assistance to remain as long as possible in their living environment”. (UNICEF, 2010).

This definition (in precisely this wording) is cited in the official document of the Ministry of Family and Social Policy (MRiPS)—*National Guidelines for Developing Local Plans for the Deinstitutionalization of Social Services*—as the definition used in EU policies and fund programming (European Commission, 2014; European Expert Group (2012/2013); MRiPS, 2024).

Deinstitutionalization is a process affecting a substantial share of Polish citizens, particularly those requiring support—persons with limited independence, those living alone, older adults, and people experiencing mental health crises or homelessness. It is a strategy for organizing public services, especially support services, not only in Europe and within EU structures. Elements of DI may also be observed—though perhaps defined differently—worldwide, particularly in advanced social policy systems. At the same time, DI-related mechanisms can also be found in the United States, which historically has not developed an extensive welfare or assistance sphere such as in the Scandinavian solutions. A meaningful illustration of this evolving approach is the recent federal legislation (an executive order) signed by the President of the United States, Donald J. Trump in November of 2025, which extends targeted post-care support for young people aging out of foster care (White House, 2025). The signed executive order aimed at expanding opportunities for education, career development, housing and other resources for foster youth aging out of care 2025, strengthens transitional assistance mechanisms for care leavers by enabling continued access to housing support, education and vocational training, mentoring, and employment-oriented services beyond the age of formal system exit. Although framed within the American context of limited universal welfare provision, this legal intervention reflects a growing acknowledgment that successful deinstitutionalization does not end at the moment of institutional departure but requires sustained, structured support during the critical phase of early adulthood.

In Poland, implementing the DI paradigm will affect the functioning of several thousand institutions in the area of social support at the municipal level; more than 200,000 employees of those institutions and their environments; many thousands of local and regional government employees; and thousands of people active in non-governmental organizations.

Above all, however, deinstitutionalization will profoundly shape the living conditions of up to several million recipients of community-based and residential support in various forms, as well as their families and close relatives. It is therefore a process whose implementation will influence—or is already influencing—the social functioning of a significant portion of citizens, their quality of life, and their well-being.

Drawing on our research experience, we have decided to propose this topic and post-research recommendations to Latin America and the Caribbean, a region with a particular tradition of social sensitivity and practical civic engagement. The South American region is characterized by linking social services with public health policy and measures to counteract exclusion. Although challenges such as unstable funding and high levels of social inequality remain relevant, these solutions show that deinstitutionalization can also be implemented effectively in developing countries.

2. The Research and Theoretical Experience

Our academic institution - Korczak University. Academy of Applied Sciences in Warsaw — initiated, organized, and conducted comprehensive research on DI in the period 2023–2024, bringing together leading researchers, practitioners, and social policy decision-makers across the most critical social service areas. This nearly one-and-a-half-year organizational and research effort resulted in conclusions and recommendations that we wish to propose as good practices or ready-to-adapt solutions. The study covered service providers and recipients

across six areas of social services: foster care; support for persons with limited independence; support and integration of persons with disabilities; support for persons with mental health problems; support for older adults; and support for people experiencing homelessness. Following the same order of areas, we propose recommendations and possible DI-related good-practice solutions. In the study, we analyzed various aspects of creating and delivering social services by institutions; the preparedness and expectations of service recipients; the potential for cross-sector cooperation; and the potential for using e-services and technology to create new services and transform institutions. Different qualitative and quantitative research methods were applied in the „Nationwide diagnosis of deinstitutionalization: Report on qualitative and quantitative research” (*Ogólnopolska diagnoza...*, 2024)”: desk research done by all sub-tematic teams, extensive quantitative research with CAWI and PAPI in each of the six survey areas (users and providers), qualitative study of service providers and service users (FGI, individual interviews), 256 case studies in 16 regions, case studies based on individual and group interviews with managers of institutions, social workers, service recipients, their families and carers, experts panels and workshops. It was one of the biggest and the most complex social academic research has made lately in Polish academia. Therefore it should be highlighted that this research consisted of the CAWI surveys, 2,650 respondents from institutions and 3,518 recipients of residential and community-based services participated. Case studies covered 256 entities in all regions, and a survey of municipal governments covered 531 units. In total, more than 8,300 people participated in the research. The findings from the “Nationwide Diagnosis...” were presented, inter alia, in the *Social Services Development Strategy – Public Policy to 2035* and in the conclusions from the survey of decision-makers in municipalities. The overarching objective of our research was to diagnose the preparedness of social assistance and social integration institutions to implement deinstitutionalization in Poland. We decided to share our results, conclusions, propositions of applying DI approach towards public services to the most spreaded public, sometimes beyond European perspective to confront with more remote views. For instance, we decided to present our research to Iberoamerican audience during the annual Congress of FLACSO 2025 in Buenos Aires (Grewinski, Kawa, 2025).

2.1 Shared Goals and Foundations for Implementing DI Worldwide. Elements of Deinstitutionalization in Latin America and the Caribbean

At the level of political strategy, deinstitutionalization—also in Latin countries—should become a paradigm of change in social policy: a mechanism of continuous design of the social services system and modification of institutional practices to meet emerging client needs. This paradigm requires both the creation of new community-based services and the modification of existing ones, as well as the development of cooperation among institutions and across sectors (state and local-government institutions, social assistance units, non-governmental organizations, social economy enterprises, and the private sector). It also assumes greater involvement of the informal sector—families, caregivers, neighbors—in service provision. This generates specific management challenges and needs. When examining the Latin American and Caribbean region, pioneering and advanced DI solutions in social policy can also be observed.

The tradition of deinstitutionalization-related solutions in Latin America and the Caribbean has roots in the democratic transformations of the late twentieth century and in a strong emphasis on human rights and social inclusion. It is worth briefly mentioning below examples that confirm that DI is neither alien nor distant in the Americas.

2.2 Brazilian care system and other examples of DI applied in Latin America.

In Brazil, community-based Psychosocial Care Centers (*Centros de Atenção Psicossocial*—CAPS) have expanded. Since the 1990s, CAPS have gradually replaced large psychiatric hospitals. They provide support close to people's places of residence, including psychiatric treatment, psychotherapy, community-based interventions, integration programs, and vocational activation. Currently, more than 2,500 CAPS facilities operate across most regions of the country, forming the backbone of Brazil's mental health policy. This program is supported by the National Mental Health Policy and exemplifies a model that combines medical treatment with social rehabilitation and anti-stigma measures (Amarante & Torre, 2017; Ministerio da Saúde do Brasil, 2011). Brazilian reforms aligned with deinstitutionalization proceed along three major directions: transforming the care system from closed and isolating to integrative and accessible; strengthening local-level support through stronger social bonds and more personalized assistance; and promoting autonomy and empowerment through integration with the local community and activation.

Mexico

In Mexico, the development of local family support centers and the “*Estancias Infantiles*” programs, which provide care and early education in family-proximate environments, can be indicated as DI-related good practices (El País, 2025). Childcare reform was initiated between 2007 and 2018 as a federal program aimed at supporting low-income families through access to local nurseries and preschools run by communities. Additionally, Mexico (El País, 2025) is developing a network of “*Centros de Atención Integral*” supporting older adults and persons with disabilities, offering day care, counseling, and integration activities. The first 12 centers are to be launched in Ciudad Juárez, a border city with intensive migration flows, and will serve children aged from 1.5 months to 4 years old. The centers are designed to provide not only safe spaces during parents' working hours but also comprehensive care—health monitoring, supervised nutrition, and education. The model includes diverse governance forms: direct management by IMSS; partnerships with companies (e.g., in industrial parks); and cooperation with the social organization DIF for families not registered with IMSS. This innovative program addresses the needs of working women and aims to rebuild and transform the care-support system (El País, 2025).

Chile

In Chile, DI elements appear in the implementation of supported housing and social integration programs for persons with disabilities, and in the development of a network of community-based services (Ministerio de Salud de Chile, 2017). A key component is the *National Mental Health Plan 2017–2025*, which assumes a gradual reduction of large psychiatric hospitals by replacing them with smaller mental health centers more closely connected to local communities. Programs such as “*Residencias Protegidas*” provide a support in housing to persons with mental illness, enabling greater autonomy and social integration (Ministerio de Salud de Chile, 2017). In Costa Rica and others Caribbean territories on a smaller scale, developments can also be observed in Costa Rica—long-term policy grounded in the decentralization of health and social services and a strong system of primary community care—and in Jamaica, Trinidad and Tobago (World Health Organization & Ministry of Health, Republic of Trinidad and Tobago, 2007; Pan American Health Organization, 2025), where initiatives have expanded community-based care in child protection and family support, emphasizing alternatives to institutional care. In Costa Rica, the aforementioned long-term policy based on decentralization of health and social services and a robust primary community care system has manifested in a key reform pillar (since the 1990s): EBAIS primary health care teams (*Equipos Básicos de Atención Integral de Salud*),

which provide integrated, community-based care close to residents’ homes, combining prevention, mental health, and social support. In Costa Rica, by 2019, more than 1,050 EBAIS teams and 106 support teams (including psychiatrists and social workers) were operating, covering more than 94% of the population. In mental health, the country implements a community mental health profile—emphasizing the integration of psychiatric care into primary care, community-based crisis support, supported housing, and hospitalization in general hospital wards rather than in large psychiatric hospitals (Hickling, 1994; UNICEF LAC & CPFSA, 2022). The reform uses a digital health record and fieldwork by ATAP assistants, who conduct home visits and map family needs, supporting deinstitutionalization and limiting isolating care. In Jamaica as well, a pioneering shift in the Caribbean took place between the 1960s and 1990s—from hospital-based care to community psychiatry—inter alia through a network of outpatient clinics and psychiatric nurse teams, significantly reducing the number of patients in the country’s only psychiatric hospital and expanding community treatment. In child protection, the state agency CPFSA is implementing the “Beyond Institutionalization” reform: 84% of alternative care is family-based (adoption/reintegration/foster family care), and 16% is institutional. LIFE programs are being developed, foster care is being strengthened, and “gatekeeping” mechanisms identify children in need before the system escalates, alongside reporting channels (211 line) and standardized facility quality.

To provide a comparative overview of selected social services that have been deinstitutionalized in certain dimensions in Latin America and the Caribbean, we present the following illustrative table (Pan American Health Organization, 2020; VanderZanden et al., 2021):

Country	Key solutions	Numerical data / indicators
Costa Rica	EBAIS teams and integration of mental health into primary care; ATAP home visits; supported housing	>1,050 EBAIS teams + 106 support teams (2019); system coverage > 94% of the population
Jamaica	Community psychiatry since the 1960s–1990s; foster care and reintegration instead of institutions	58% decline in psychiatric hospital patients (1960–1990); 84% family-based alternative care vs 16% institutional
Trinidad and Tobago	Mental health policy reform 2019; WHO QualityRights Training 2025; development of community-based services	Still high share of beds in psychiatric hospital (WHO-AIMS 2007); decentralization and staff training processes initiated

Comparative table: Deinstitutionalization in Costa Rica, Jamaica, and Trinidad and Tobago.

2.3 Deinstitutionalization in Poland

As a systemic paradigm, deinstitutionalization has recently gained broader recognition in Polish social policy; however, signals of this process were observable more than a decade ago in selected sectoral policies—e.g., foster care, and even earlier in policies addressing homelessness. Nevertheless, it did not become a mainstream policy instrument. Poland, as a mid-sized EU country, is rapidly integrating its care and assistance standards with EU deinstitutionalization assumptions (Choraży & Kubicki, 2018; MRiPS, 2022; Uczelnia Korczaka, 2024; Social Protection Committee, 2021). Although full synergy remains distant, even before EU accession in 2004 Poland successfully implemented pilot DI programs financed by the European Social Fund and the Phare fund for accession countries. The inevitable direction toward deinstitutionalizing public services — especially support services — is indicated by numerous international documents that Poland has ratified or is obligated to implement (Choraży & Kubicki, 2018; MRiPS, 2022). Deinstitutionalization is a key element of the EU agenda and the 2021–2027 financial perspective. The EU allocates significant European Social Fund resources to the development of social services and DI.

Deinstitutionalization of services is also a strategy of the Polish government: in 2022, the Sejm of the Republic of Poland adopted the Ministry of Family and Social Policy's *Social Services Development Strategy: Public Policy to 2035*. This document sets the vector for ministerial and local-government actions for the next years. It also obliges regional authorities to prepare social service development programs within the DI stream, while municipal and county authorities are required to create local plans for social service development. Attempts to change social policy were also undertaken earlier, for example through the 2013 initiative to reform the social assistance system, where proposals included the establishment of local (municipal and county) social service centers and social work agencies, as well as within systemic projects of the Human Capital Operational Programme, which introduced the possibility for Social Assistance Centers (OPS) and County Family Support Centers (PCPR) to deliver active integration services and to disseminate social work practice within the system. Unfortunately, attempts to integrate these solutions into mainstream social policy were unsuccessful. In subsequent years, traditional instruments of income support were strengthened through direct social cash transfers (the 500+ program and subsequent "plus" social programs dedicated to families with children), which, instead of delivering necessary services, primarily transfer money. Over the last three decades of transformation, a "3 × DE-" model was implemented, in which decentralization, demonopolization, and—much more weakly—deinstitutionalization processes intersected. In this sense, DI is not entirely new: its elements appeared in earlier strategies, especially the environmental/community dimension—"opening" institutions to their surrounding environments, "reaching out" to local communities, developing care services, and similar measures. These processes accelerated considerably over the last decade, alongside the development of senior policy and the introduction by local governments of new social services for the 65+ population. Decentralization and demonopolization also yielded some results in terms of incorporating the NGO sector, the social economy, and the informal sector as natural providers of community-based services. At the same time, concerns about change persist, stemming more from insufficient knowledge about DI implementation in the studied institutions, employees' fear and uncertainty within social assistance units, inadequate financial and staffing resources, competence gaps—especially regarding the implementation of e-services—and insufficient development of inter-institutional and cross-sector cooperation. Among DI shortcomings and challenges in Poland, one of the greatest is the slow development of network-based cooperation: institutions' reluctance to engage in sustained collaboration, limited habit of delivering services through cross-sector partnerships, a low and insufficient number of NGOs available for cooperation in many regions, and the continued underestimation of private-sector potential. Consequently, building a durable architecture of cross-sector cooperation remains one of the central challenges of DI in Poland.

A further significant challenge is the underestimation of social communication — both in relations with service recipients and with stakeholders. The process requires the development of a convincing, positive narrative for recipients and providers of services, information campaigns, and a sense of urgency for change within institutions. This constitutes the foundation of change management, indispensable for a social transformation on the scale of community service development envisioned here. Currently, many recipients lack sufficient knowledge about the available social service offer, depriving them of the ability to use it. These are the long-term challenges and deficits in Poland that constrain the momentum of more extensive deinstitutionalization of public services. DI can even be perceived as another major reform of Polish social policy—potentially the third "great change" after decentralization and partial demonopolization..

3. Recommendations and Good Practices of using DI within social services

We derive our recommendations mainly from results of the mentioned research the „Nationwide diagnosis of deinstitutionalization: Report on qualitative and quantitative research” (*Ogólnopolska diagnoza.., 2024*)” and Conclusions from Poland’s DI Strategy for Public Services.

The recommendations presented here apply to all levels of the process of developing social services—from the central level (vision and strategy), through the regional level, to the county and municipal levels. They are also relevant from the perspective of individual social policy institutions. Implementing social change should begin with a clear vision, preceded by diagnosis, and with a well-communicated strategy. It requires an efficient coordination mechanism and multi-level governance, a clear division of roles and tasks among all stakeholders (including the health sector), and sufficiently strong decision-making authority on DI within executive power structures.

One of the most important initial recommendations is to secure adequate national and local-government resources for implementing the DI strategy, including the introduction of finance-mix solutions and mechanisms linking social benefits with services. Financial benefits should be more strongly linked to the possibility of allocating them to community-based support services. It is necessary to create effective mechanisms for involving NGOs, informal support, social economy enterprises, private entities, and other stakeholders in service delivery and in implementing multi-sector policy, as well as to develop cross-sector cooperation mechanisms for network-based service delivery.

We decided to enumerate these the most important and useful recommendations of applying DI solutions and tools mostly for the Ibero-American area but also for others. We divided them along the stakeholders who would be interested in:

1. Develop and implement solutions that more broadly involve families and the immediate environment of service recipients, in accordance with the “pyramid of social services” concept—analogue to A. Maslow’s pyramid—whose base consists of support provided by the closest environment of persons requiring assistance.
2. The best long-term investments are investments in the competences of local social policy staff, particularly change-management competences and the soft skills necessary to coordinate cross-sector cooperation. It includes enhancing the prestige of social professions, increasing remuneration, and creating new professions and occupational roles. It is important to improve the status of helping professions and ensure adequate pay to prevent staff outflow and attract new personnel. Introduce mandatory MBA programs focused on DI process management for local leaders implementing DI.
3. Develop the habit of evaluating the results of community-based service development at the central, regional, and local levels. Create a platform for exchanging good practices and databases of case studies, as well as social innovation forum, to increase innovativeness and disseminate best solutions among DI stakeholders.
4. Complete decentralization efforts by transferring parts of tasks to NGOs and the private sector in line with the cross-sector principle. This process has had varying intensity; in some periods, the private sector was valued more as a partner than NGOs.
5. Proceed from decentralization to demonopolization of services: create services close to citizens’ residences and transform large 24-hour institutions toward smaller facilities more open to local environments.

6. Personalize services in the context of social ties: adopt an individual approach to each recipient’s needs and respect their choices and preferences. In practice, personalization may entail individual budgets or vouchers; however, it may also risk extreme individualization and lead to recipients’ social isolation (as currently observed in some countries).

7. Introduce realistic cost-sharing models. Although there is strong expectation that most services should be free of charge, some recipients wish to pay for services; a significant share of institutional staff also emphasize that, for various reasons, services should not be universally free. Our research indicates that community-based services may be more costly than residential care. Costs may therefore be shared between the beneficiary’s family and the public (local) budget. Secure adequate central and local resources and continuity of financing for social service development projects; introduce finance-mix solutions based on co-payment by different payers (including potentially commercial sponsors as part of CSR). Link social benefits with services.

8. Strengthen prevention and risk mitigation. A DI approach includes the reinforcement of preventive actions that reduce the materialization of social and health risks. This requires closer cooperation between the health sector and social policy (as does integrated care). Prevention requires separate strategic reflection, including decisions on who should lead and how actions should be implemented.

9. Overcome low use of e-services and institutional resistance. “Dual digital exclusion,” affecting both service recipients and providers, inhibits the development of e-services and the use of technology to facilitate communication and service delivery. Technology should become a core element of social service design. E-services should not be treated as something “additional,” but as an integral part of the support system—analogue to the growing role of e-government services. Expand telecare, tele-support, and telecounseling; introduce solutions facilitating online contact between providers and recipients; and deploy sensor-based and robotics-supported services. As part of digitalization, create a nationwide technological platform—a database of social service recipients—enabling decision-making institutions to access beneficiary data, needs, and utilized services to better coordinate support. Implement software and applications that enable efficient field service provision, verification of staff actions, and quality control of delivered services.

10. Develop and implement a system for accrediting and certifying service providers to authenticate service quality. Introduce solutions enabling recipients to choose providers based on their rights and co-decision possibilities. Conduct regular monitoring studies (e.g., a national social services diagnosis every few years) using a unified methodology.

11. Create mechanisms for deeper involvement of NGOs, the informal sector, private entities, and other stakeholders in programming and delivering services—for example, through multi-stakeholder commissions at central, regional, and local levels; implement cooperation and co-production mechanisms to deliver services through networked partnerships.

12. Design mechanisms stimulating the emergence of new entities with the potential and competences to cooperate with local government in creating and delivering social services—NGOs, parish and neighborhood mutual-aid organizations, social cooperatives, etc. Introduce regulations and solutions ensuring partners’ financial stability, such as long-term contracts (3–5 years) for delivering social services by non-public providers to stabilize their development potential.

13. Apply service design across the full delivery chain: define the service, its standard, and target group; identify providers; train relevant personnel; develop communication methods to inform recipients (how they learn about the service, ordering process); deliver the service at the intended standard; settle accounts and analyze delivery costs (estimate cost, collect any co-payment, analyze recipient experience and satisfaction). Alongside standardization, flexibility is crucial. Research indicates that excessive regulatory rigidity currently hinders designing services for older adults, such as the “golden maintenance handyman” (repair/maintenance services supporting seniors in daily life) or support services enabling seniors to handle administrative matters independently.

Different recommendations are dedicated to decision makers, politicians and central authorities such as:

1. Increase wages in the support sector and link indexation to the national average wage. Introduce a strategy to ensure staffing in the support sector. Organize the education system for social professions (including caregivers, assistants, and other helping professions). Review professional requirements and regulations; reduce requirements where they are excessive relative to the nature of the profession. Describe new occupations/professions emerging due to deinstitutionalization and AI development and prepare educational pathways. Develop commissioned study programs in social fields.
2. Conduct a nationwide analysis of the potential of social economy entities (PES), NGOs, and the informal sector for creating social services, to determine realistic possibilities for involving these sectors. Develop a “social services index” as a social policy indicator. Develop DI progress indicators for units, regions, and municipalities to monitor implementation.
3. Adopt unified terminology for deinstitutionalization and social services to be clear and understandable for all participants. Develop a catalog of services and definitions to track the course and dynamics of the process. Shape an information policy on social services and community-based services free of jargon, scientific and administrative language—communicated in terms of benefits for recipients.
4. Conduct a nationwide social campaign informing citizens about the goals and assumptions of social service development. Design a narrative and explain changes in the social system to recipients of social and community-based services. Develop guidelines for nationwide, regional, and municipal communication activities emphasizing the urgency and importance of DI and explaining clearly why it is beneficial and socially desirable. Provide information activities for social assistance units to reduce fear and uncertainty.

To some extent different recommendations of applying DI models will be for Regional Local Governments:

1. Create regional platforms for exchanging information and experience among local-government officials to improve knowledge of DI. Regional governments can play an important role in creating spaces for exchanging good practices both within and between regions. Sharing tools and practices can facilitate introducing standardized services and enhance the flow of ideas and innovations among institutions.
2. Assign deinstitutionalization strategic priority in municipalities. Social service development concerns many residents, carries strategic and political significance, and should therefore receive particular attention from local leaders. Community leaders should secure and support it politically, substantively, and through financial and staffing resources.

3. Develop social services in local communities, taking into account local specificity—including mobile services (services delivered to recipients) in regions where access is difficult due to low population density and lack of facilities; develop social transport enabling less mobile persons or those in transport-excluded localities to reach and use day services; develop telecare, safety bands, neighbor services, volunteering, and other forms of involving the informal support sector.

4. Invest in social infrastructure, such as training apartments for youth leaving family-based care/foster care, supported housing, and equipping local entities. Develop e-services and digital competences within facilities and among residents. Improve cooperation between social assistance units, organizations providing home/community care, and healthcare facilities.

Final recommendations are dedicated to NGOs, Social Economy Entities, and the Private Sector opened to social service market. Non-governmental organizations and private-sector entities should treat deinstitutionalization as an opportunity for institutional development through providing sought-after social services.

They should actively participate in creating local models of service development and expand their operations through cooperation with the public sector. Based on knowledge and experience, they should create innovative, cost-competitive services of high standard. Together with local government, they should develop models of co-creation and co-production of services. NGOs and the private sector should promote volunteering and more broadly engage volunteers in delivering social services, including non-financial incentive systems that motivate cooperation. Activate local community resources—youth, volunteers, neighbors, active seniors (not only institutions serving seniors)—in organizing leisure time and maintaining local community-based services.

4. Conclusions

Deinstitutionalization (DI) should be understood as a rights-based and system-wide transformation that shifts care and other public services from segregating institutions toward community- and family-embedded supports, strengthening autonomy, participation, and social inclusion (UNICEF, 2010; European Expert Group, 2012). Evidence from Poland's recent DI-oriented reforms and large-scale diagnostic research suggests that effective DI depends less on “closing facilities” and more on building a diversified local service ecosystem with clear standards, stable financing, and accountable governance across sectors. For Ibero-American countries as well as other areas of the world emphatically open to this social approach and DI model of organizing public services, DI is most feasible when implemented through multi-level coordination, local planning, and service design that integrates prevention, case management, and continuity of care (WHO, 2021). A central conclusion is that workforce capacity is a binding constraint: DI requires professionalization, better remuneration, and new roles (e.g., coordinators, community-based assistants, digital facilitators) to prevent service gaps and staff attrition. Equally critical is “gatekeeping” and needs-based allocation, ensuring that residential care is truly residual while community services are accessible, safe, and quality-assured (European Expert Group, 2012). Digitalization should be treated as core infrastructure—supporting telecare, monitoring, interoperability, and user-centered access—while mitigating dual digital exclusion among providers and recipients.

Personalization (including vouchers/individual budgets) can increase choice but must be balanced with safeguards against fragmentation and isolation; co-production with families and communities remains essential (Beresford, 2013). Financing should move toward mixed models that link cash benefits with service availability and enable co-payment where appropriate, without undermining equity and universality. Finally, DI requires narrative and change management: public communication, anti-stigma work (especially in mental health), and trust-building among stakeholders are indispensable for sustainable reform (WHO, 2021). In sum, Poland's pathway indicates that DI becomes durable when it is institutionalized as an adaptive policy cycle—diagnosis, piloting, evaluation, scaling—and when community-based services are treated as a strategic public investment rather than a residual add-on (UNICEF, 2010; WHO, 2021).

REFERENCES

- Amarante, P., & Torre, E. H. G. (2017). Psychiatric reform in Brazil: Historical perspectives and current challenges. *International Journal of Mental Health*, 46(1), 5–16. <https://doi.org/10.1080/00207411.2016.1265060>
- Beresford, P. (2013). *Beyond the usual suspects: Towards inclusive user involvement*. London: Shaping Our Lives. ISBN 978-1906254477
- Choraży, K., & Kubicki, P. (2018). Deinstitutionalization of social services in Poland: Between policy goals and institutional inertia. *Polityka Społeczna*, 45(10), 2–9. ISSN 0137-4721
- El País. (2025). México impulsa un nuevo sistema de cuidados infantiles comunitarios. Retrieved from <https://elpais.com>; El País. (2025, 15 stycznia). *Sheinbaum anuncia la creación de centros de educación y cuidado infantil*.
- European Commission. (2014). *Toolkit on the use of European Union funds for the transition from institutional to community-based care*. Publications Office of the European Union.
- European Commission, DG REGIO. (2014, January 27). *Draft thematic guidance fiche for desk officers: Transition from institutional to community-based care (de-institutionalisation – DI)* (Version 2). Brussels: European Commission.
- European Expert Group on the Transition from Institutional to Community-based Care. (2012/2013). *Common European Guidelines on the Transition from Institutional to Community-based Care* [Ogólnoeuropejskie wytyczne dotyczące przejścia od opieki instytucjonalnej do opieki świadczonej na poziomie społeczności lokalnych – wersja polska]. Brussels: EEG.
- Grewiński, M., & Kawa, M. (2025). Deinstitutionalization of social services in Poland: Evidence-based policy transformation. Paper presented at the VI FLACSO Congress, Buenos Aires.
- Hickling, F. W. (1994). Community psychiatry and deinstitutionalization in the Caribbean. *Psychiatric Bulletin*, 18(4), 210–212. <https://doi.org/10.1192/pb.18.4.210>; Hickling, F. W. (1994). Community psychiatry and deinstitutionalization in Jamaica. *Hospital and Community Psychiatry*, 45 (11), 1122–1126. <https://doi.org/10.1176/ps.45.11.1122>
- Ministerio da Saúde do Brasil. (2011). *Política Nacional de Saúde Mental*. Brasília: Ministério da Saúde.
- Ministerio de Salud de Chile. (2017). *Plan Nacional de Salud Mental 2017–2025*. Santiago de Chile.
- MRiPS – Ministry of Family and Social Policy. (2022). *Social services development strategy: Public policy to 2035*. Warsaw.
- MRiPS – Ministry of Family and Social Policy. (2024). *National guidelines for developing local deinstitutionalization plans*. Warsaw.
- Ogólnopolska diagnoza deinstytucjonalizacji. (2024). *Report on qualitative and quantitative research*. Warsaw: Korczak University Press. ISBN 978-83-969872-1-4
- Pan American Health Organization. (2020). *Community-based mental health services in Latin America and the Caribbean*. Washington, DC.

Pan American Health Organization. (2025). *Advancing deinstitutionalization in the Caribbean region*. Washington, DC.

Social Protection Committee. (2021). *Long-term care report: Trends, challenges and opportunities*. Brussels: European Commission.

UNICEF. (2010). *At home or in a home? Formal care and adoption of children in Eastern Europe and Central Asia*. Geneva: UNICEF. ISBN 978-92-806-4476-3

UNICEF Latin America and Caribbean & CPFSA. (2022). *Beyond institutionalization: Child protection reforms in the Caribbean*. Kingston.

United Nations Economic Commission for Latin America and the Caribbean (ECLAC). (2020). *Social Panorama of Latin America 2020*. Santiago: United Nations.

VanderZanden, A., Tøssebro, J., & Bigby, C. (2021). Deinstitutionalization and community living: International experiences and outcomes. *Journal of Social Policy*, 50(3), 509–527. <https://doi.org/10.1017/S0047279420000487>.

White House. (2025). *Fact Sheet: President Donald J. Trump Fosters the Future for American Children and Families* [Executive Order]. The White House. Available at: <https://www.whitehouse.gov/presidential-actions/2025/11/fostering-the-future-for-american-children-and-families/> (Accessed 31 Dec. 2025).

World Health Organization. (2021). *Guidance on community mental health services: Promoting person-centred and rights-based approaches*. Geneva: WHO. ISBN 978-92-4-002570-7

World Health Organization & Ministry of Health, Republic of Trinidad and Tobago. (2007). *WHO-AIMS report on mental health system in Trinidad and Tobago*. Geneva: WHO.

LINK: <https://www.edutus.hu/cikk/resilient-smes-in-china-esg-meets-quality/>

Resilient SME's in China: ESG Meets Quality

DR. ZOLTÁN PEREDY, Associate Professor, Head of the Engineering Institute, Edutus University, Hungary
e-mail: peredy.zoltan@edutus.hu

LÁSZLÓ VÍGH PhD, Full-time Professor, Head of the Department for Business Management, Edutus University, Hungary
e-mail: vigh.laszlo@edutus.hu

LI JIXUAN Economist in Business Administration and Management, Department for Business Management, Edutus University, Hungary
e-mail: lijixuangam@gmail.com

DOI: [10.47273/AP.2025.35-49](https://doi.org/10.47273/AP.2025.35-49)

ABSTRACT

The growing relevance of Environmental, Social and Governance (ESG) expectations, together with long-established Quality Management (QM) frameworks, is reshaping the sustainable operational landscape of Chinese SMEs. Although SMEs possess flexibility and innovation capacity, resource constraints hinder their ability to meet increasingly complex sustainability requirements. This study synthesizes global ESG developments, the status of ESG–QM integration in China, and practical insights from SME case evidence. Findings show that aligning ESG elements with existing QM processes—such as PDCA cycles, process optimisation and employee training—can generate cost-effective pathways to improve both operational quality and sustainability performance. However, challenges persist in disclosure standards, technical skills, and policy interpretation. The paper proposes an integrated ESG–QM framework that supports SMEs in advancing strategic competitiveness while contributing to China's broader “dual-carbon” goals.

Keywords: ESG; Quality Management; Chinese SMEs; Sustainability; PDCA Cycle; Corporate Competitiveness; Environmental Performance; Governance Systems

JEL Codes: M11, M14, Q56, L26, O44

1. Introduction

The growing integration of sustainability into global business practices has elevated Environmental, Social, and Governance (ESG) frameworks as essential instruments for evaluating long-term corporate resilience. Emerging from earlier corporate social responsibility (CSR) initiatives, ESG has evolved into a structured assessment paradigm increasingly demanded by regulators, investors, and supply chain partners (Shen, 2023). In China, the expansion of ESG reporting requirements, coupled with the government's “dual-carbon” strategy, has intensified expectations for enterprises across all scales. Consequently, Chinese small and medium-sized enterprises (SMEs) face mounting pressure to demonstrate effective environmental stewardship, robust governance structures, and meaningful social engagement, despite often having fewer resources and capabilities than larger firms (Porter & Kramer, 2006).

Although closely related, ESG and sustainability represent distinct conceptual frameworks. Sustainability encompasses long-term ecological and socio-economic resilience, whereas ESG provides measurable indicators that inform investment decisions, regulatory compliance, and supply-chain evaluations. This study examines how ESG metrics intersect with established quality management (QM) systems in Chinese SMEs, particularly those operating in manufacturing, electronics, and service sectors. Classical QM frameworks—such as ISO 9001, the PDCA cycle, and process-oriented continuous improvement—provide structured routines for enhancing product and service quality (Rebelo et al., 2016). These approaches emphasise systematisation, documentation, and iterative optimisation, aligning closely with the procedural and reporting demands of ESG. While ESG introduces additional dimensions of environmental and ethical responsibility, its requirements often overlap with or can be integrated into existing QM structures. International research increasingly recognises this potential synergy, highlighting the compatibility of quality-focused managerial cultures with sustainability-driven governance frameworks (Elkington, 1997).

Despite these conceptual complementarities, empirical evidence indicates that the majority of Chinese SMEs struggle to integrate ESG considerations into their established quality management routines. Challenges include limited professional expertise, inconsistent disclosure standards, weak data-collection infrastructure, and the high administrative burden associated with formal ESG frameworks typically designed for large corporations (Shen, 2023; Liu and Liang, 2022). Yet the strategic importance of SMEs — which account for more than 60 percent of China’s GDP and constitute over 90 percent of all registered enterprises — underscores the necessity of developing integration models tailored to their capacities and constraints. Against this background, this study investigates how ESG principles can be systematically incorporated into existing QM processes within Chinese SMEs. By combining theoretical insights with case-based analysis, the paper seeks to contribute to both academic understanding and practical guidance for sustainable competitiveness in the SME sector.

2. Methodology

This study adopts a qualitative, multi-method research design in order to explore the relationship between ESG, Quality Management (QM) and Sustainability in Chinese SMEs. Given the fragmented nature of the existing research and the rapid evolution of ESG practices, a systematic approach was required to identify, evaluate and synthesise the most relevant scholarly contributions. The literature collected and screened using the PRISMA protocol, which provides a transparent and replicable procedure for identifying eligible studies, assessing relevance and filtering out duplicates or low-quality sources (Page et al., 2021). The search process drew on international academic databases, including Web of Science, Scopus and China National Knowledge Infrastructure (CNKI - serving as a key database for Chinese research alongside global ones like Web of Science and Scopus), complemented by targeted searches of practitioner reports and Chinese regulatory documents. This ensured that both global and Chinese perspectives represented within the literature base.

Following the identification of the core literature, thematic coding was applied to extract dominant conceptual categories across the ESG and QM domains. Qualitative content analysis was used to classify recurring constructs such as sustainability reporting, process standardisation, risk management, environmental performance, stakeholder engagement and continuous improvement (Mayring, 2014). Codes were iteratively refined using an abductive approach, allowing themes emerging from empirical case material to inform adjustments to the coding schema (Timmermans and Tavory, 2012). This process helped to highlight both the conceptual synergies between ESG and QM, and the knowledge gaps particularly relevant for SME contexts.

To ground conceptual insights in organizational practice, this study employs a case-study methodology. The primary case, Shenzhen Daju Intelligent Control Technology Co., Ltd., was selected as an innovative manufacturing SME embedded in international supply chains, where ESG requirements are particularly salient. Data were collected through semi-structured interviews, internal documents, and publicly available ESG disclosures to capture the firm's challenges and opportunities.

For cross-case comparison and enhanced contextual validity, a second SME, Ningbo Huayi Lighting Technology Co., Ltd., was included. Specializing in LED lighting components for domestic and international markets, Huayi Lighting was chosen for three reasons: its exposure to sector-specific environmental and supply-chain pressures, its partial implementation of ISO 9001 and ISO 14001 enabling examination of ESG–QM integration in emerging systems, and the availability of transparent reports and disclosures suitable for rigorous analysis.

Data for both cases were collected between March and August 2025 via online interviews with senior managers and analysis of internal QM- and ESG-related documents, complemented by public sustainability reports. The interview protocol addressed governance routines, environmental performance, employee training, process standardization, and resource constraints. Triangulation of interviews, internal records, and public materials enhanced reliability and validity. Cross-case analysis identified shared patterns, divergences, and sector-specific integration barriers (Yin, 2018). By combining literature review, thematic content analysis, and comparative case studies, the study provides a comprehensive understanding of ESG–QM integration in Chinese SMEs.

Literature review

The academic and professional discourse on Environmental, Social and Governance (ESG) frameworks has expanded rapidly over the last decade, reflecting the increasing financial and regulatory significance of sustainability-oriented performance indicators. Early discussions of ESG closely connected to the evolution of Corporate Social Responsibility (CSR), but contemporary literature highlights a shift from voluntary social engagement to systematic, data-driven evaluation of corporate externalities (Eccles and Klimenko, 2019). International standards such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and most recently the IFRS International Sustainability Standards Board (ISSB) have become the dominant reference points shaping disclosure behaviours across industries (Kotsantonis and Serafeim, 2019). In China, the consolidation of ESG disclosure rules has been further accelerated by financial regulators and stock exchanges with research emphasising that transparent sustainability reporting has become a prerequisite for capital access and global supply-chain participation (Shen, 2023).

Quality Management (QM), in contrast, represents a more mature managerial discipline, grounded in the traditions of continuous improvement, standardisation and customer satisfaction. The ISO 9001 standard, widely applied across Chinese SMEs, provides a process-oriented framework emphasizing consistency, risk-based thinking, and systematic documentation (ISO, 2015). Classical models such as Deming's PDCA cycle, Juran's quality trilogy, and the principles of total quality management have profoundly shaped managerial routines, encouraging organisations to analyse processes, measure deviations and establish corrective actions (Rebelo et al., 2016). Scholars highlight that QM operates not only as a set of tools, but as a deeper organisational culture promoting discipline, transparency and data-driven decision-making (Oakland, 2014). These characteristics render QM a potential structural foundation for the implementation of ESG-related practices, particularly in resource-constrained SME environments.

Recent research increasingly explores the conceptual and practical intersections between ESG and QM, emphasising opportunities for integration. Studies demonstrate that the procedural logic of QM — especially its focus on risk mitigation, documentation and performance metrics — aligns well with ESG reporting requirements (Fonseca and Domingues, 2018). Furthermore, sustainability-oriented QM extensions such as ISO 14001 for environmental management and ISO 45001 for occupational health and safety highlight the historical convergence of quality and sustainability objectives (Prajogo et al., 2012). Scholars argue that ESG can be interpreted as a natural broadening of the quality concept: whereas traditional QM emphasised product and service quality, ESG expands this focus to encompass social equity, environmental stewardship and ethical governance (Elkington, 1997). However, despite these synergies, empirical studies reveal that SMEs often struggle to operationalise ESG–QM integration due to limited competencies, fragmented data systems and the high complexity of contemporary sustainability standards (Liu and Liang, 2022; Shen, 2023). This gap underscores the need for practical frameworks tailored to the needs and capacities of Chinese SMEs.

2.1. Comparison of the different literatures

A triangulated synthesis of the reviewed literature reveals both areas of convergence and notable contradictions across ESG and QM research streams. Many scholars emphasise the procedural compatibility between ESG disclosure requirements and QM routines, highlighting that both rely on structured documentation, measurable indicators and continuous evaluation (Rebelo et al., 2016; Fonseca and Domingues, 2018). This supports the argument that ESG can be integrated into existing QM systems with limited additional structural complexity. However, other authors stress that ESG introduces fundamentally broader responsibilities that extend beyond the traditional boundaries of product and service quality, encompassing societal and environmental dimensions that are not always reflected in classic QM frameworks (Elkington, 1997). This implies that integration requires cultural and organisational adjustments, not merely procedural alignment.

Contradictions also emerge regarding SMEs' readiness for ESG implementation. While some studies highlight SMEs' flexibility and innovation capabilities as key enablers of sustainability transformation (Liu and Liang, 2022), others note persistent gaps in resources, expertise and digitalisation that hinder systematic ESG adoption (Shen, 2023). These opposing perspectives suggest that SMEs vary widely in their starting conditions, and that integration models must be adaptable rather than uniform. Furthermore, comparative studies indicate differences across industries: manufacturing SMEs tend to have more mature QM infrastructures that can facilitate ESG integration, whereas service-sector SMEs often lack codified processes, making ESG implementation more challenging.

China's innovation ecosystem is characterised by three interconnected layers: (1) state-driven, mission-oriented technological upgrading; (2) market-driven incremental innovation; and (3) regional cluster-based innovation embedded in local industrial ecosystems. In the context of China's multi-layered innovation system, the flexibility of SMEs manifests most visibly in three domains. First, SMEs demonstrate high adaptability in process innovation, rapidly reconfiguring production workflows in response to changing customer requirements or environmental regulations. Second, they exhibit agility in incremental product innovation, especially in electronics, machinery and consumer goods, where short product life cycles require continuous small-scale design improvements. Third, SMEs play an essential role in supply-chain innovation, adjusting sourcing, logistics and quality routines to meet the evolving ESG and compliance demands of larger domestic and international partners. These forms of flexibility are characteristic of the market-driven and cluster-based innovation spheres, where SMEs can leverage their organisational agility.

However, resource limitations restrict their engagement in capital-intensive R&D or disruptive green innovation, which constrains their ability to meet advanced ESG-related technological requirements (Liu, 2019; Liu & Chen, 2021).

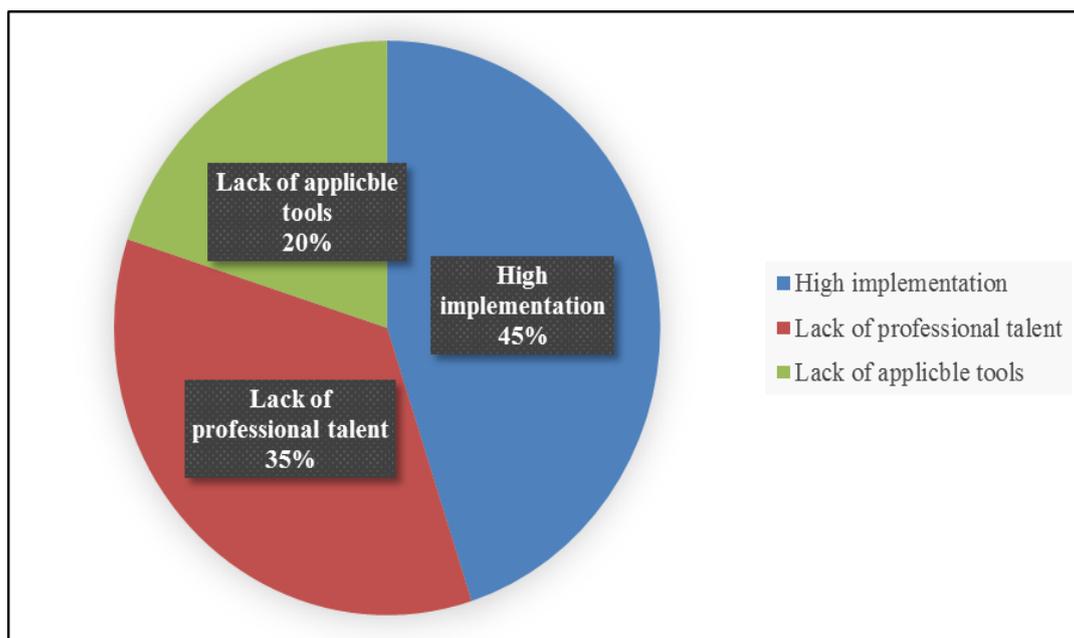
Taken together, the triangulated analysis demonstrates that the integration of ESG and QM is both theoretically feasible and practically complex. The literature shows clear complementarities in managerial logic, but also underscores context-dependent constraints that particularly affect sustainable business operations of the SMEs. These insights justify the need for a tailored ESG–QM framework that reflects the heterogeneous realities of Chinese SMEs.

3. Current Chinese SME's Landscape of ESG and Quality Management

In this study, Chinese SMEs are delineated according to the official criteria established by the Ministry of Industry and Information Technology (MIIT). Although thresholds vary by sector, manufacturing SMEs are typically defined as firms with fewer than 1,000 employees and annual revenues not exceeding RMB 400 million, while service-oriented SMEs are characterized by fewer than 300 employees and revenues under RMB 200 million. These classifications significantly influence SMEs' access to financing, innovation incentives, and regulatory obligations. A clear understanding of this institutional framework is crucial for evaluating the operational pressures imposed by environmental, social, and governance (ESG) as well as quality management (QM) requirements within the Chinese economic context (MIIT, 2011).

The adoption of ESG practices among Chinese SMEs exhibits considerable potential yet remains constrained by structural limitations. As the primary engine of China's economy, SMEs contribute over 60 per cent of national GDP and represent more than 90 per cent of registered enterprises, underscoring their pivotal role in the country's sustainable development agenda (Liu & Liang, 2022). Nevertheless, compared with large corporations, SMEs often lack the financial, technological, and human capital necessary for systematic ESG implementation. Empirical evidence suggests that fewer than 12 per cent of Chinese SMEs have established formal sustainability reporting mechanisms, and an even smaller proportion have incorporated ESG considerations into their strategic management processes (Shen, 2023). The pace of adoption is further hampered by the rapidly evolving ESG standards, the proliferation of reporting frameworks, and inconsistencies in regulatory interpretation across provincial and local jurisdictions.

Figure1. Key ESG Practice Challenges Reported by Chinese SMEs

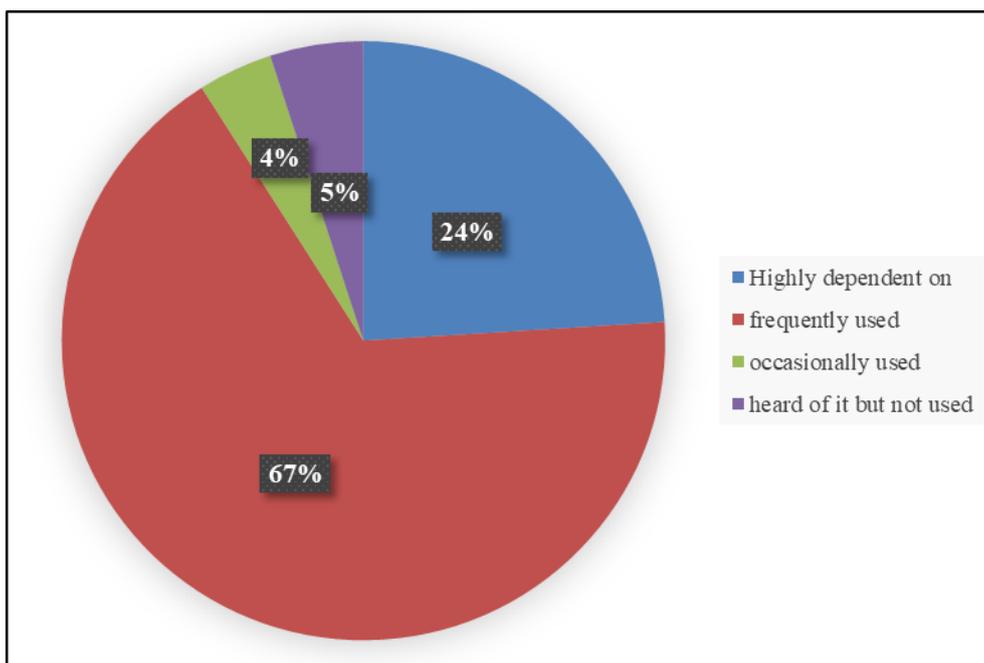


Source: Own edition based on Green Finance Research Institute, 2025; Related Interview, 2025)

Despite these contextual constraints, Quality Management (QM) practices are more widely diffused across the SME sector, particularly in manufacturing clusters where ISO 9001 certification, PDCA cycles and process standardisation are embedded in daily operations. Evidence suggests that many SMEs apply QM routines even without formal certification, relying on internal audits, customer complaint procedures and continuous improvement meetings to structure workflows (Rebelo et al., 2016). These pre-existing systems provide procedural scaffolding that may significantly lower the cost and complexity of ESG integration. For example, environmental indicators are generally the easiest to incorporate - due to their process-oriented nature - into PDCA cycles, governance-related responsibilities can be mapped to internal control procedures, and social metrics such as training hours or workplace safety can be embedded into existing audit checklists. Such complementarities underscore the argument that ESG implementation in SMEs is less about constructing new systems than about extending established quality routines into broader sustainability domains (Prajogo et al., 2012).

Nevertheless, gaps remain between theoretical potential and practical implementation. Empirical observations reveal that SMEs tend to prioritise short-term operational efficiency and cost control, while ESG demands longer-term, often intangible investments in environmental monitoring, labour standards, stakeholder engagement and data transparency (Kotsantonis and Serafeim, 2019). Many SME managers perceive ESG as an external compliance burden rather than an opportunity for performance enhancement, partly due to a lack of ESG literacy and limited exposure to sustainability-driven market incentives (Shen, 2023). Furthermore, digitalisation gaps hinder the consistent collection of ESG-related data, particularly in areas such as carbon emissions, energy intensity, waste streams and supply-chain traceability. These limitations pose significant challenges for SMEs seeking to align ESG implementation with existing QM structures.

Figure 2. Familiarity in ISO 9001:2015 standard among the Chinese SME's



Source: Own edition based on (United Nations Industrial Development Organization, 2016)

Finally, the degree of ESG–QM integration varies across industries. Manufacturing SMEs such as Shenzhen Daju Intelligent and Ningbo Huayi Lighting typically possess more structured QM foundations, enabling a clearer pathway to sustainability integration. By contrast, SMEs in sectors such as catering, retail or personal services often lack codified processes, making the introduction of ESG indicators more challenging. This heterogeneity highlights the need for differentiated ESG implementation strategies that reflect sector-specific operational realities. Combined with the insights from the literature review and methodological triangulation, the evidence presented in this section provides a contextual foundation for the subsequent case analyses, which further explore the dynamics of ESG–QM integration in practice.

4. Case Study Analysis

4.1. Shenzhen Daju Intelligent Control Technology Co., Ltd.

Shenzhen Daju Intelligent Control Technology Co., Ltd. (hereafter Daju Intelligent) operates within the high-tech manufacturing sector, focusing on intelligent control systems for industrial applications (Daju Intelligent Control, 2022). The company holds ISO 9001 certification and maintains a comprehensive Quality Management (QM) framework incorporating PDCA cycles, internal audits, and standardized process documentation. These established structures provide a robust foundation for integrating ESG practices, particularly in environmental and governance domains.

Empirical analysis indicates that Daju Intelligent has capitalized on its QM infrastructure to implement environmental performance metrics, including energy consumption monitoring, waste reduction initiatives, and supply-chain emissions tracking. Governance responsibilities—such as risk management and internal compliance reporting—are systematically aligned with existing audit and control procedures, minimizing redundancy and associated implementation costs.

Social performance indicators, including employee training hours, workplace safety adherence, and staff engagement initiatives, are embedded within routine performance evaluations and continuous improvement meetings (Prajogo et al., 2012; Rebelo et al., 2016)

Despite these enabling structures, Daju Intelligent faces challenges associated with ESG data digitalization, particularly in real-time environmental monitoring and supplier compliance verification. While internal processes are robust, data collection across external supply networks remains sporadic, reflecting broader SME limitations in digital infrastructure and ESG literacy (Shen et al., 2023; Green Finance Institute, 2025). Nevertheless, management perceives ESG initiatives not merely as compliance obligations but as strategic levers for operational efficiency and market positioning, illustrating an advanced organizational mindset toward sustainability (He, Chen and Chen, 2025).

4.2. Ningbo Huayi Lighting Technology Co., Ltd.

Ningbo Huayi Lighting Technology Co., Ltd. (hereafter Huayi Lighting) operates within the manufacturing and electronics sector, producing energy-efficient lighting solutions for domestic and industrial markets. Like Daju Intelligent, Huayi Lighting has embedded ISO 9001-based QM routines, including standard operating procedures, process audits and continuous improvement practices (Rebelo et al., 2016).

The company has actively pursued environmental sustainability initiatives aligned with national “Dual Carbon” targets, focusing on energy efficiency, waste management, and low-emission production processes (CSRCare, 2025). Social sustainability efforts include structured employee training programs, occupational health and safety protocols, and community engagement projects. Governance integration has been facilitated by internal reporting protocols and risk management procedures that align with the company’s QM framework.

Operational interviews indicate that Huayi Lighting experiences similar constraints as Daju Intelligent, particularly in tracking ESG performance across its supplier network and quantifying social impact in a standardized manner. Digitalization gaps remain a bottleneck for ESG data analytics, highlighting the critical role of technology-enabled solutions in bridging QM and ESG practices (European Digital SME Alliance, 2023; KPMG China, 2022). Nonetheless, the company demonstrates a proactive approach to embedding ESG within strategic decision-making, leveraging QM routines as scaffolding for systematic sustainability integration.

4.3. Cross-case Comparative Insights

A comparative analysis of Daju Intelligent and Huayi Lighting reveals key patterns and sector-specific dynamics in ESG–QM integration among Chinese manufacturing SMEs. Both firms leverage established QM frameworks—ISO 9001 certification, PDCA cycles, and internal audits—as structural foundations for embedding ESG indicators, supporting theoretical propositions that QM can reduce costs and facilitate sustainability adoption (Prajogo et al., 2012; Rebelo et al., 2016). Both companies satisfy the MIIT’s official SME criteria for their respective manufacturing sub-sectors, based on combined thresholds of employee numbers and annual revenue, ensuring comparability and alignment with nationally recognized definitions.

Environmental metrics are most readily integrated due to their process-oriented nature, whereas social indicators often necessitate qualitative adaptation and engagement across organizational levels. Governance integration benefits from existing control and reporting systems, yet SMEs continue to face challenges in aligning internal procedures with evolving regulatory expectations (Shen et al., 2023; CSRCare, 2025).

Case-specific differences highlight the heterogeneity of ESG adoption even within the same industrial cluster. Daju Intelligent prioritizes technology-driven environmental monitoring and supplier compliance, reflecting its high-tech industrial orientation, while Huayi Lighting focuses on energy efficiency and occupational safety, consistent with the operational realities of lighting manufacturing. Both cases emphasize the critical role of digitalization and ESG literacy as enablers of effective QM–ESG alignment (Green Finance Institute, 2025; European Digital SME Alliance, 2023).

Overall, cross-case insights support the argument that ESG adoption in SMEs is less about creating entirely new systems and more about extending existing quality routines into sustainability domains, while also tailoring strategies to sector-specific operational and technological contexts (Prajogo et al., 2012; Kotsantonis and Serafeim, 2019). These findings provide empirical grounding for broader theoretical claims regarding procedural complementarities between QM and ESG practices in SMEs.

Table 1. ESG–QM Integration Metrics in Case Study SMEs

Dimension	Shenzhen Daju Intelligent	Ningbo Huayi Lighting	Remarks
Quality Management (QM) Foundation	ISO 9001 certified; PDCA cycles; internal audits; process standardization	ISO 9001 certified; SOPs; internal audits; continuous improvement meetings	Both firms leverage robust QM structures as scaffolding for ESG integration (Rebelo et al., 2016)
Environmental Integration	Energy consumption monitoring; waste reduction programs; supply-chain emissions tracking	Energy efficiency initiatives; low-emission production; waste management programs	Environmental indicators are most easily embedded due to process-oriented nature (Prajogo et al., 2012)
Social Integration	Employee training hours; workplace safety metrics; staff engagement initiatives	Structured training programs; occupational health protocols; community engagement projects	Social metrics require qualitative adaptation across organizational levels; more challenging than environmental metrics
Governance Integration	Risk management and internal compliance mapped to audit procedures	Internal reporting and compliance protocols aligned with QM routines	Governance integration benefits from existing control systems, but evolving regulations create implementation gaps (Shen et al., 2023; CSRCare, 2025)
Digitalization Support	Partial digital monitoring of environmental and governance metrics; supply-chain data gaps	Limited ESG data analytics; supplier tracking constraints	Digitalization gaps constrain consistent ESG data collection and analytics (Green Finance Institute, 2025)
Strategic Perception of ESG	Viewed as opportunity for performance enhancement and market positioning	Integrated into strategic decision-making and operational efficiency goals	Both SMEs recognize ESG beyond compliance, leveraging QM as a procedural bridge (He, Chen and Chen, 2025)
Key Implementation Challenges	Real-time supplier compliance data; ESG literacy among middle managers	Standardized social metric measurement; digitalization across processes	Sector-specific operational realities shape integration pathways; high-tech manufacturing enables more structured ESG adoption

Source: Own edition based in the Table cited references

The summary presented in Table 4.1 highlights both convergences and divergences in ESG–QM integration across the two manufacturing SMEs. Both Shenzhen Daju Intelligent and Ningbo Huayi Lighting leverage established QM structures, including ISO 9001:2015 certification, PDCA cycles, and internal audit procedures, as foundational scaffolding for sustainability initiatives (Prajogo et al., 2012; Rebelo et al., 2016). Environmental indicators are the most straightforward to integrate, reflecting their process-oriented characteristics, while social metrics require qualitative adjustments and active engagement across organizational levels, making their systematic adoption more challenging. Governance responsibilities benefit from pre-existing internal control routines, yet evolving regulatory expectations and digitalization gaps hinder the comprehensive collection and analysis of ESG-related data, particularly across supply networks (Shen et al., 2023; CSRCare, 2025; Green Finance Institute, 2025). Strategic perceptions of ESG in both firms demonstrate a proactive stance: ESG initiatives are not merely viewed as compliance obligations but as tools to enhance operational efficiency and strengthen market positioning (He, Chen and Chen, 2025). Notably, sector-specific operational realities shape the depth and focus of ESG integration. Daju Intelligent, operating in high-tech industrial automation, emphasizes digital environmental monitoring and supplier compliance, whereas Huayi Lighting focuses on energy efficiency, occupational safety, and community engagement. Collectively, these observations confirm that SMEs can effectively extend existing QM routines into broader ESG domains, while highlighting the importance of tailored approaches that reflect firm-specific operational and technological contexts.

4.4. International Benchmarks and Lessons for Chinese SMEs

Global experiences provide instructive insights for ESG–QM integration in SMEs. Bosch demonstrates how a large multinational company systematically embeds environmental and governance objectives within corporate performance systems, linking climate targets and quality metrics across business units and supply networks (Bosch, 2023; 2024). Similarly, Toyota’s Lean Production System emphasizes process-centric, bottom-up improvements, where waste reduction, energy efficiency, and employee engagement are integrated into routine production practices (Teich, 2013; Palhau, 2024). For SMEs, these examples underscore that sustainability need not require entirely new systems: existing quality routines and lean tools can serve as cost-effective scaffolds to gradually incorporate ESG objectives, particularly when aligned with operational efficiency metrics.

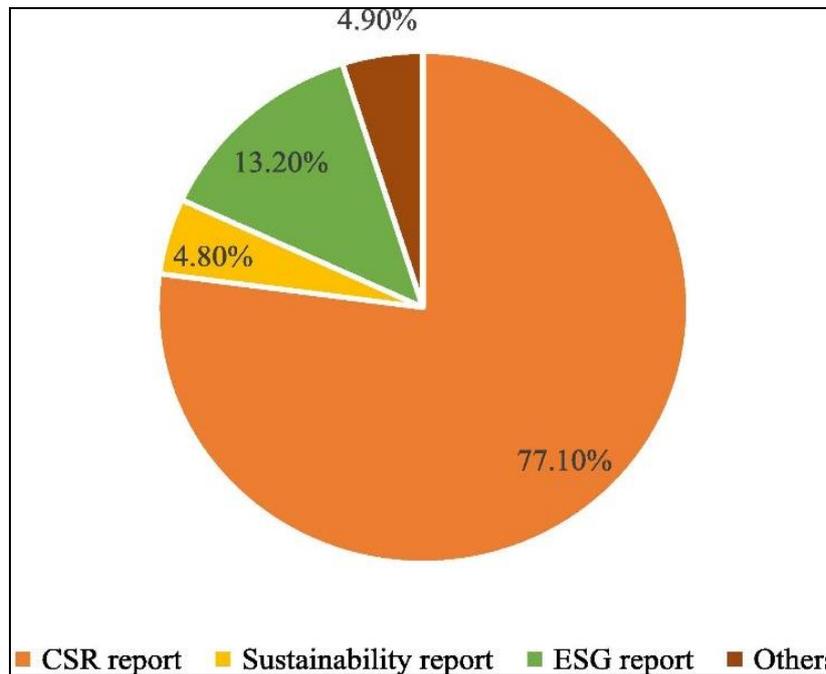
At the policy level, the European Union’s SME-focused disclosure frameworks offer “lightweight” approaches tailored to resource-constrained firms. Tools such as the Voluntary SME Standard (VSME) and digital self-assessment toolkits provide modular, phased guidance for ESG reporting, allowing smaller enterprises to integrate sustainability gradually without bearing the full burden of large-enterprise standards (EFRAG, 2023; European Digital SME Alliance, 2023). When compared to Chinese SMEs like Shenzhen Daju Intelligent and Ningbo Huayi Lighting, these international approaches highlight gaps in ESG literacy, digitalization, and structured support, while offering practical lessons for incremental, system-aligned sustainability adoption.

5. ESG–QM Integration Framework for Chinese SMEs

Taking into practice deep integration of ESG and TQM, Chinese SMEs still face many practical challenges. From the perspective of the external environment, industry differences lead to uneven implementation effects. Survey data shows that in the manufacturing sector, approximately 45% of SMEs have begun to experiment with dual-system integration, while in the service sector, this figure is less than 15% (Xinhua News Agency, 2023b).

Dual-system integration requires significant human and material resources, which puts enormous pressure on SMEs with tight budgets; second, talent shortage. There is a severe shortage of personnel with expertise in both quality management and ESG; third, cognitive limitations. Many business managers still view ESG as a cost burden rather than a development opportunity (Chinese Securities Journal, 2025).

Figure 3. Number of ESG reports disclosed by Chinese listed companies



Source: Chinese Association for Public Companies (2022).

Based on the literature review and empirical case evidence, this study proposes a four-step framework to guide the systematic integration of Environmental, Social, and Governance (ESG) considerations into existing Quality Management (QM) practices for Chinese SMEs. The framework leverages SMEs’ pre-existing procedural routines to reduce implementation costs, mitigate operational disruptions, and foster sustainable performance improvements.

Step 1: Identification of Key ESG Risks and Existing QM Touchpoints

The first step involves mapping ESG risks—such as energy consumption, waste generation, workplace safety, and labor conditions—against existing QM processes and organizational obligations (Prajogo et al., 2012; Shen et al., 2023). SMEs are encouraged to identify: a) Key ESG risks with operational and regulatory significance. b) QM processes that already generate relevant data, including PDCA cycles, internal audits, and customer complaint management. c) External requirements, encompassing customer expectations, industry standards, and local regulatory mandates.

This step ensures that ESG integration builds on familiar operational structures, enhancing managerial comprehension and minimizing additional resource demands.

Step 2: Embedding ESG into QM Tools

Once ESG risks and QM touchpoints identified, SMEs can embed ESG considerations directly into their operational tools and routines:

- Insert ESG Key Performance Indicators (KPIs) into PDCA cycles to link sustainability objectives with process improvement.
- Integrate environmental Critical-to-Quality (CTQ) metrics into Advanced Product Quality Planning (APQP) for product-level sustainability monitoring.
- Expand internal audits to include ESG criteria alongside traditional quality checks.
- Apply QM root-cause analysis methods to identify and resolve ESG-related process issues (Rebelo et al., 2016).

By embedding ESG into familiar QM instruments, SMEs can pursue sustainable objectives without overhauling their management systems.

Step 3: Low-Cost Implementation Measures

The framework emphasizes pragmatic, cost-effective initiatives that can be executed even under resource constraints:

- Energy-saving retrofits and process adjustments.
- Waste reduction programs integrated into existing production workflows.
- Employee ESG training using structured modules.
- Customer-feedback mechanisms specifically targeting sustainability performance.
- Pilot ESG reporting using simplified templates, such as GRI adaptations for SMEs (Shen et al., 2023; European Digital SME Alliance, 2023).

These measures enable SMEs to make measurable progress while controlling both financial and operational risks.

Step 4: Continuous Improvement and External Alignment

The final step focuses on sustaining ESG integration and preparing SMEs for broader stakeholder engagement:

- Benchmark ESG performance against industry peers and internal targets.
- Incorporate digital monitoring tools to improve data accuracy and reduce manual reporting efforts.
- Engage proactively with regulators and industry associations to ensure compliance and anticipate evolving standards.
- Prepare for partial or phased ESG disclosure to customers, investors, or supply chain partners (Green Finance Institute, 2025; KPMG China, 2022).

This step reinforces a dynamic, iterative approach, enabling SMEs to gradually advance ESG maturity without overextending organizational capacity.

The proposed four-step ESG–QM integration framework—Identification, Embedding, Low-Cost Implementation, and Continuous Improvement—provides SMEs with a structured, resource-conscious pathway to sustainability. By leveraging existing QM routines as procedural scaffolding, SMEs can transform ESG from a perceived compliance burden into a mechanism for operational improvement, risk mitigation, and strategic advantage, consistent with both theoretical insights and observed best practices (Prajogo et al., 2012; Shen et al., 2023).

Summary and conclusions

Environmental, Social, and Governance (ESG) frameworks are increasingly shaping the operational environment for Chinese SMEs. Integrating ESG principles into existing Quality Management (QM) systems offers a practical and cost-effective pathway for sustainable transformation. By leveraging established QM routines, SMEs can monitor environmental, social, and governance risks, embed ESG metrics into daily operations, and gradually align with national sustainability goals, such as China’s “dual-carbon” commitment. This approach allows SMEs to achieve improvements in both operational quality and sustainability without excessive resource burdens, transforming ESG from a compliance obligation into a strategic performance enhancer (Prajogo et al., 2012; Shen et al., 2023).

The study demonstrates that ESG and QM are mutually reinforcing rather than parallel systems. Managers in resource-constrained SMEs should avoid directly replicating “large-enterprise” ESG models. Instead, they should build on existing QM strengths, prioritize ESG issues with measurable business value, and foster cross-functional awareness and training. Government support is critical: simplifying ESG disclosure guidelines, developing sector-specific templates, providing training and digitalization subsidies, and exploring joint ESG–QM certification schemes can help SMEs overcome capability and funding constraints (European Digital SME Alliance, 2023; Green Finance Institute, 2025; CSRCare, 2025).

Limitations and Future Research Directions include the study’s focus on technologically advanced manufacturing SMEs, which may limit generalizability to traditional or service-oriented SMEs. The data are cross-sectional and rely on interviews and questionnaires, introducing potential subjectivity. Moreover, external validity is constrained by the Chinese regulatory and market context; comparative studies in other developing countries or across diverse industries could deepen understanding. Longitudinal research is also needed to capture the dynamics of ESG–QM integration over time. Despite these limitations, the findings provide actionable insights for SMEs seeking sustainable growth and offer a framework that balances ESG objectives with operational realities in resource-constrained settings.

REFERENCES

Publications, studies:

- Bosch (2023). Bosch Sustainability Report 2023. Stuttgart: Bosch Group.
- Bosch (2024). Bosch Sustainability Report 2024. Stuttgart: Bosch Group.
- Chinese Association for Public Companies. (2022). ESG practice of Chinese listed companies: Annual review 2022. Retrieved from https://www.capco.org.cn/xhdt/xhyw/202212/20221219/j_2022121916414600016758484343006982.html
- Chinese Securities Journal. (2025). Supply chain ESG transformation stuck in SMEs: Two hurdles of funding and standards to overcome. Retrieved November 12, 2025, from <http://www.xinhuanet.com/20251106/84f59139fed3400da2b3f3c385d3e758/c.html>
- CSRCare. (2025). Important “Dual Carbon” policies in China in the past year (with corporate response strategies), Retrieved November 12, 2025, from <https://www.csrcare.cn/news/detail/125.html>
- Daju Intelligent Control. (2022). Company official website: Products and introduction. Retrieved November 12, 2025, from <https://www.carletter.cn/>
- European Financial Reporting Advisory Group (EFRAG). 2023. Voluntary SME Standard (VSME) Exposure Draft. Brussels: EFRAG.
- European Digital SME Alliance (2023). SME Sustainability Toolkit. Brussels: Digital SME.
- Green Finance Institute. (2025). Breaking the resource constraint: Innovative pathways and implementation strategies for SME ESG disclosure,. Retrieved November 12, 2025, from <http://tanganli.org.cn/tanyunzixun/11825.html>
- He, P., Chen, Q. & Chen, L. (2025) The Impact of ESG on Corporate Value Under the ‘Dual Carbon’ Goals: Empirical Evidence from Chinese Energy Listed Companies. *Energies*, 18(18), article 4811. doi: 10.3390/en18184811 <https://doi.org/10.3390/en18184811>
- International Institute of Green Finance, Central University of Finance and Economics. (2023). China green capital market development white paper (2023)]. Retrieved from <https://greenfutures.cn>
- KPMG China. (2022). Survey of sustainability reporting 2022 – China insights. Retrieved from <https://home.kpmg/cn>
- KPMG China. (2025). China economic monitor Q3 2025. Retrieved November 14, 2025, from <https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2025/08/china-economic-monitor-q3-2025.pdf>
- Lin, Y., Dong, Z., et al. (2024). Driving factors of corporate ESG performance from a global perspective, *Chinese Journal of Environmental Management*, 1, 15–24.
- Liu, X. (2019). China’s innovation system and regional innovation dynamics: A multi-layered perspective. *Research Policy*, 48(3), 616–628, <https://doi.org/10.1016/j.respol.2018.10.011>
- Liu, X., & Chen, Y. (2021). State-led and market-driven innovation pathways in China: The evolving role of SMEs in the national innovation system. *Technovation*, 102, 102221, <https://doi.org/10.1016/j.technovation.2020.102221>

- Mayring, P. (2014). *Qualitative Content Analysis: Theoretical Foundation, Basic Procedures and Software Solution*. Klagenfurt: Alpen-Adria Universität. ISBN: 978-3-200-03717-8
- Ministry of Industry and Information Technology (MIIT). (2011). *Regulations on the Classification of Small and Medium-Sized Enterprises*. Beijing: Government of the People's Republic of China.
- Page, M.J., McKenzie, J.E., Bossuyt, P.M., Boutron, I., Hoffmann, T.C., Mulrow, C. (2021). The PRISMA 2020 statement: an updated guideline for reporting systematic reviews, *BMJ* 372:n71, ISSN: 0959-535X DOI: <https://doi.org/10.1136/bmj.n71>
- Palhau, M. (2024). The Heart of Toyota Production System and Its Impact on Sustainable Company Growth. <https://doi.org/10.12776/qip.v28i3.2073>
- Rebelo, M. F., Santos, G., & Silva, R. (2016). Integration of quality and environmental management systems: A conceptual model. *Total Quality Management & Business Excellence*, 27(9–10), 1028–1055. <https://doi.org/10.1080/14783363.2015.1052956>
- Shen, H., Lin, H., Han, W. & Wu, H. (2023). *ESG in China: A review of practice and research, and future research avenues*. *China Journal of Accounting Research*, 16(4), p. 100325. doi: 10.1016/j.cjar.2023.100325 <https://doi.org/10.1016/j.cjar.2023.100325>
- Teich, Sorin T. (2013). Lean Management—The Journey from Toyota to Healthcare. *Journal of Oral Biology and Craniofacial Research / PMC*. <https://doi.org/10.5041/RMMJ.10107>
- Timmermans, S. and Tavory, I. (2012). Theory Construction in Qualitative Research: From Grounded Theory to Abductive Analysis, *Sociological Theory*, 30(3), pp.167–186, ISSN: 0735-275, 1DOI: <https://doi.org/10.1177/0735275112457914>
- Wang, H. (2025). Speech at the “Certification Empowers Jiangsu High-Quality Development Conference.” In Xinhua Daily Finance report “From ‘carbon footprint’ to ‘Jiangsu core’: The power of certification.” Retrieved November 12, 2025, from <https://www.xhby.net/content/s690d9158e4b090b8cd40946f.html>
- Wang, Z. (2025). Speech at the “Certification Empowers Jiangsu High-Quality Development Conference.” In Xinhua Daily Finance report “From ‘carbon footprint’ to ‘Jiangsu core’: The power of certification.” Retrieved November 12, 2025, from <https://www.xhby.net/content/s690d9158e4b090b8cd40946f.html>
- Wen, S. (2025). *Sustainability is not out of reach: The pathway for SMEs to practice ESG*, Beijing: China Economic Press.
- Xinhua News Agency. (2023a). China corporate ESG development research report, Retrieved from <https://www.news.cn>
- Xinhua News Agency. (2023b). From “new green” to “evergreen”: Observations on Chinese companies answering the ESG test. Retrieved from <https://www.news.cn>
- Yin, R.K. (2018). *Case Study Research and Applications: Design and Methods*. 6th ed. Thousand Oaks: SAGE Publications, ISBN: 978-1-5063-6115-2