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ФІНАНСОВІ ІНСТРУМЕНТИ СТАЛОГО РОЗВИТКУ ЕКОНОМІКИ

I МІЖНАРОДНА НАУКОВО- ПРАКТИЧНА КОНФЕРЕНЦІЯ

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впровадження процедур державного соціального замовлення, однак важливим є подальша активізація процесу підвищення рівня конкуренції у сфері надання соціальних послуг, що сприятиме підвищенню рівня їх якості та доступності.

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MAIN OBJECTIVES AND COMPLEXITIES OF ACQUIRING CAPITAL FOR FUNDING SOCIAL ENTREPRENEURSHIP ACTIVITY

In contemporary fast-changing world, on oversaturated markets there are always obstacles, which seem to be the most difficult for new business to overcome. One of them is the process of finding finance, or acquiring the needed capital. At the very beginning of its existence, this process is regarded to be the number one issue for the companies and their research activity right from the start. While the big companies already obtain reliable positions of the market leaders in their spheres, economical newcomers need not only acquiring capital, but also to be able to attract it in future in order to expand its activity, perform on a high level, and, what is more important, to survive on market.

When all of the new businesses face a typical surviving challenge of acquiring the capital, these days, there is even more complicated market environment challenges for social enterprises. Several scientists have already named that issue as a main disadvantage point, especially if to compare with types of commercial enterprises [1, p. 117].

First of all it might be caused by the fact that nowadays a lot of social enterprises are competing with large commercial companies and struggle for their profit placement on the market, especially within the issues of risk undertaking and their profitability. We might state, that nowadays these two are the determination factors of the financing issues.

There is a conviction among scientists that many social enterprises might be unprofitable because of critical lack of funding and great support of financing institutions at different levels. Moreover, it can be caused also by the core difference in activity's focuses of both social enterprises and commercial ones. While the commercial have an aim of maximizing the level

of their profitability, social enterprises tend to optimize their impact on the society, what is more, this impact is obligatory positive in terms of social entrepreneurship.

This can be explained by the fact that it is quite difficult to monetize the social impact, especially when the impact is aimed on the whole society and it makes it difficult to figure the particular typical customer and evaluate the scope of charge for the benefits.

This issue creates the second problematic aspect – impossibility to measure the social impact which social enterprise creates. As a result, it makes an investor uncertain concerning the scope of value, which is created by his investments and cannot estimate the precise return on investment (ROI), which usually plays an important role in investment decision making. Moreover, today typical commercial investor relies on a shorter return time scope than earlier and this is not quite enough for resolving the urgent and big scale issues which social entrepreneurs deal with, as well as time that all the social issues usually take to resolve, or, at least, to move into improvement [5, p. 149].

Due to the fact that social entrepreneurship is on its development paths and is still considered to be quite vulnerable and sometimes vague type of business, there is only few research made which focuses on the issue of funding the social enterprises.

Anyway, as within any type of business, in social entrepreneurship as well, the emphasis of funding is quite a vital and requisite determinant of any business type and its abilities to survive on the market and expand within it. At the same time, it can be a major obstacle for every social entrepreneur and comparably to the commercial enterprises; it might appear as a great and major disadvantage [2, p. 121].

Moreover, one of the most distracting issues could be the scarcity of the resources, which commercial units face only at the first steps of their business activity, while social entrepreneurship is constantly under the possibility of facing that during any stage of its existence.

In the big complex all that issues play the role of the constraints for creation, existence, growth and expansion for social entrepreneurship itself.

Mainly all that issues appear on the border of the activity goal. Unlike the commercial businesses, social entrepreneurship does not aim purely to maximize the profit and that might be a main obstacle to the open and efficient funding for this type of business [6, p. 114].

Moreover, current days, a lot of investors are unlike to invest in «Greenfield projects» and waiting for the second or third period of the company to invest in them, thus making sure the enterprise is really worth it

and can guarantee its successful existence, if the company is not profitable, the chances are low that it can attract investors for more.

Social entrepreneurship activity nowadays faces great contradictions as it brings the value to the society, improve the society's wellbeing, create the impact to the world, which is of real great values. However, at the same time every day it faces problematic issues in covering the expenses for acquiring funding and within this process itself.

Moreover, at the very beginning of its activity, at the stage of the «Greenfield project» or a start-up, the additional high risk occurs because of vulnerability of the business and the market. It means that there is a risk of falling beyond the investors' requirements concerning the risk-adjustment returns. Mainly it is caused by the main goal of the social enterprise – creating social value, not focusing on wealth creation.

This might be the most difficult obstacle for social enterprises to obtain, the barrier, which lies between the initial funding (for example by grant), and the investment capital (which might be a further, second funding step for strengthening the enterprises positions).

However, at the same time, social enterprise do really play an important role in economic sphere, for example creating new job places, inducing the economic growth, playing role in reducing the unemployment etc. That means that social entrepreneurial activity does not really mean uncompetitive or loss-making financial results.

The problem of inability to generate income in amount, enough to survive on the market and maintain its activity can be connected to the quite challenging issues of the monetizing process in terms of evaluating the social impact. In other words, it can be related to the problem of generating clear income from the creation of social value [5, p. 152].

This might be caused by the fact that usually individuals (customers) are not charged by social entrepreneurs for the services, mainly because it creates value for the whole society, not for the certain customer segment. This particular feature creates intractable issues for both members of economic cooperation – social entrepreneurs and investors.

Moreover, usually social entrepreneurs are enforced to adjust their main goal and social aim for to receive at least minimal objectives of profitability, which appear to be vital for attracting the funding in necessary amount [3, p. 39]. In the long-term perspective, it can result in strengthening the bonds between profit level and social mission, which enables better and easier achievement of the social impact.

The other challenges in the issue of funding the social entrepreneurship might be the difficulties faced when measuring social impact as a result of its activity. As was said above, it is almost impossible to measure to what

extended the impact was really effective, especially in terms of short-term perspective. As a result, investors cannot get an appropriate and relevant measurement of ROI (return on investment) in terms of the social character of that return. Usually investors find it as a great complication, as they are looking for a clear and lucid idea concerning the impact and effectiveness of their investment capital applied [4, p. 118].

At the same time in 2013, Lyons and Kickul stated that in the conditions of contemporary labile economy and challenging society, as well as business existing within them; have to take into account that it is impossible to conduct separation of financial and social value.

Moreover, one of the main problems can be a time issue that is characterized by the different approaches and perception of ROI by different economic agents within the relationship between investors and social entrepreneurs. As already stated, social entrepreneurs are conducting their entrepreneurial activity with efforts for maximizing the value in long-term perspective and setting the effect in the long run. On the contrary, investors are usually having much another time perception and as a result try to make decisions and act with a view on a short time perspective.

Nowadays every social entrepreneur faces complexities and challenges when acquiring capital, especially at the stage of start-up. Based on the fact that they have an aim of optimizing not the profitability but social impact, we can state that competition within the commercial businesses might be quite difficult, as it assumes balancing between market risks and finding the right social niche.

Moreover, the lack of the instrumental base for efficient measurement of the social impact tangles the understanding of return on social investment for investors.

Nowadays social enterprises are mainly financed by specific sources that seem to be quite reliable but only in short-term perspective. Unfortunately, donations, which are typical for social initiatives, mean limitation to social entrepreneurship in general. The second powerful financing source, venture capital, also seems to be unsuitable for social entrepreneurs as has, usually, a short-term perspective mindset.

When talking about loans, especially as banking services, it is usually considered being unsuitable as they have radically another perception of investment and value.

Therefore, the social entrepreneurship activity requires careful selection of the best funding resources, especially depending on the main entrepreneurship's activity aim, stage of its functioning and the terms of perspective.

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