Crowdfunding: could it ensure the survival and the growth of a social enterprise?

**Summary:** The purpose of this paper is to explore the concepts of survival and growth as they are applied to the social enterprise through crowdfunding. It examines if social enterprises can recourse to crowdfunding in order to survive and expand their activities. Social enterprises encounter funding gaps while having aspirations to grow their activities. This paper conceptualizes social entrepreneurship as a multidimensional construct involving the need of funding via social networks which play a vital role in achieving the social mission. The paper discusses the recourse of a social enterprise, our case study, to crowdfund its activity for ensuring its survival and growth. Moreover, it shows how crowdfunding let social entrepreneurs meet the dual objective, social and economical impact.

**Keywords:** Social Enterprise, Funding sources, Survival, Growth

**Résumé:** Le but de cet article est d’explorer les concepts de survie et de croissances telles qu’elles sont appliquées à l’entreprise sociale via le crowdfunding. Il examine si les entreprises sociales peuvent recourir au crowdfunding afin d’assurer la survie et le développement leurs activités. Les entreprises sociales rencontrent des difficultés de financement tout en ayant des aspirations à développer leurs activités. Cet article conceptualise l’entrepreneuriat social comme une construction multidimensionnelle impliquant la nécessité d’un financement par l’intermédiaire des réseaux sociaux qui jouent un rôle vital dans la réalisation de la mission sociale. L’article examine le recours d’une entreprise sociale, notre étude de cas, à financer son activité par le crowdfunding pour assurer sa survie et sa croissance. En outre, il montre comment le crowdfunding permet aux entrepreneurs sociaux de répondre au double objectif à savoir l’impact social et économique.

**Mots clés:** Entreprise sociale, sources de financement, survie, croissance.
INTRODUCTION

In recent years, many small businesses have been and are still facing substantial difficulties in rising outside capital (Cressy, 2012), entrepreneurs are combining traditional debt and equity start-up finance with microfinance (Khavul, 2010), crowdfunding (Schwienbacher, Belleflamme, & Lambert, 2013), peer-to-peer lending, and other financial innovations (Moenninghoff & Wieandt, 2012). Crowdfunding emerged as a relatively new fundraising mechanism that has the potential to allow individual investors the opportunity to help young businesses overcome the funding gaps by pooling relatively small amounts of money together (Van Wingerden and Ryan, 2011). Without standard financial intermediaries, Crowdfunding is considered as a financial innovation because it relies on the “wisdom of the crowd” in screening new venture offerings and voting with their individual investment pledges for the best ones. Moreover, it gives a direct access to investors in order to participate in early-stage investing while also it gives entrepreneurs access to alternative capital providers. In several cases, entrepreneurs prefer the sources of finance that involve giving up less control and require lower servicing costs (Cosh, Cumming, & Hughes, 2009; Vanacker & Manigart, 2010). As such, entrepreneurs are likely to have a first preference for personal financial resources, followed by soft funding sources from family and friends, and often pursue external sources last. The lack of access to capital for both ordinary and social enterprises is one of the critical resource constraints that have driven the demand for alternative sources of financing in the early-stage lifecycle of enterprises. In the last few years, an important interest is shown to social enterprises (Lehner and Nicholls, 2014) but this category of enterprises does not benefit from crowdfunding. Since the traditional forms of finance have demonstrated their inadequacy in starting or even sustaining social enterprises by it diverse forms (Agrawal et al., 2010; H. Brown and Murphy, 2003; Fedele and Miniaci, 2010; Ridley-Duff, 2008), our interest to discover this field and improve our knowledge about the question: could crowdfunding be an interesting source of finance to social entrepreneurship? In other terms, Can crowdfunding offer a viable source of funding to social venture asking for funding around the world? Our paper aims to discover the potential of crowdfunding and how it could ensure the survival of a social enterprise. An illustration will be based on a case study of social enterprise that launches a campaign of crowdfunding.

1 Scope of social enterprise and its typology

Since social entrepreneurship is a field of research which is a relatively a recent phenomenon, and still in its infancy. For our paper it is important to define “social enterprise” in order to differentiate it from the other forms of ventures. The definition will permit us to know the specificities of this category of firms in order to deepen our knowledge about the suitable forms of funding that correspond to it.

1.1 Defining social enterprise

At a glance, the term “enterprise” refers to an entity that generates revenue, but on the other hand the locution “social” brings up to goodwill and social impact.
Assembling the two words brings a confusion concerning the definition of this type of ventures. So we can say that social enterprise is an umbrella term that includes social enterprise, social venture capital, and social purpose organizations. It is a term that is being used all around the world to describe the ventures and the activities that innovate for social good (reducing poverty, creation of employment, helping disadvantaged groups, provision of locally based services and training and personal development opportunities). However, social enterprises are described as competitive businesses, which innovate ways of meeting local needs. Thus, social entrepreneurs who span these sectorial boundaries are particularly adept at innovation (Jeffrey Robinson, 2006). For this reason, social enterprises are businesses that do more than making money; since they have a dual goal “social as well as economic”, they form the heart of the “Social Economy”. (Jim Brown, 2006).

Jed Emerson and Fay Twersky (1996), cite the definition of The Roberts Foundation Homeless Economic Development Fund that we find interesting since it defines social enterprise as a revenue generating venture “that realize a dual objective “creating economic opportunities for very low income individuals, while simultaneously operating with reference to the financial bottom-line. Which means that they aim to be self-financing and independent and not reliant on donations or philanthropy? By the same token, Social enterprise refers to any NGO revenue-generating business, venture, activity, or project, founded for the dual purpose of earning income and contributing to a social cause (Social Enterprise Alliance, 2003). In like manner, all the contributions in order to give a clear definition to social enterprise go in the same acceptance as mentioned above. Indeed, earlier to the 1990s the term was used solely to denote a not-for-profit run economic entity (enterprise) that provided goods or services for sale in support of the organization’s (social) mandate. However, as the new millennium emerged, so too did a range of connotations for social enterprise whereby “innovation”, “social transformation”, “social change” became part of the discourse and the definitions that ensued (Austin et al., 2006; Jones and Keogh, 2006; Mair and Schoen, 2007; Yujuico, 2007). Then, Brown (2006) defines social enterprise, using a modified list of key characteristics which he recasts as:

- Businesses trading in the market economy
- In pursuit of a social purpose
- Building social capital through social ownership and the involvement of key stakeholders.

Scrutiny of the existent literature about social entrepreneurship leads us to two main schools of thought in order to give a specific definition to social enterprises. The first one, which is the social enterprise school that considers social entrepreneurship as belonging to the nonprofit theory (McLeod, 1997; Boschee, 1998; Dees and Elias, 1998; Reis, 1999; Cannon, 2000; Boschee and McClurg, 2003; Dart, 2004). This position was taken by authors under a motivation about the increasing interest among nonprofit organizations in finding new sources of revenue to supplement donor and government

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1 Social Enterprise Alliance, an international membership organization for social enterprise practitioners and supporters.)
funding (Dees and Anderson, 2006). In this way, social enterprise is seen as a kind of ‘encompassing a set of strategic responses to many of the varieties of environmental turbulence and situational challenges that nonprofit organizations face today’ (Dart, 2004, p. 413). In different words, a social enterprise can be seen as a response to a changed and challenged macro situation2 (Cook, Dodds and Mitchell, 2001), increased financial pressure on social-purpose organizations, increased costs in many areas of the social sector, and a decrease in public and private grants and donations (Dees and Elias, 1998; Boschee and McClurg, 2003). While the second school of thought, sees social entrepreneurship as a new intersectorial domain where innovation represents a keystone for the social venture. It is indeed the social innovation school. In this school of thought the social entrepreneur is defined as the one who plays the role of change agents in the social sector, by (Dees, 2001):

- Adopting a mission to create and sustain social value (not just provide value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created.

But the connection between ‘Entrepreneurship’ and ‘Innovation’ went to the works of Drucker (1985). According to Bruyat and Julien( 2000) innovation in an intrinsic way is tied to the term entrepreneurship. Innovation could be defined as the ability of third sector actors to reinvent themselves through a process of nonprofit expertizing. In this case the social entrepreneur is seen as only that innovator able to actively contribute to social change with the creativeness and innovative-orientation typical of the classical entrepreneurial process (Johnson, 2000; Mair and Marti, 2004). In the same way social entrepreneurs are defined as innovators pursuing social change helped reinforce the idea that that social entrepreneurship need be framed in terms of income, it could be more about outcomes, about social change (Dees and Anderson, 2006). Johnson (2000) and Grenier (2002) assert that in the case that social enterprise is considered as a pure innovation within the nonprofit sector, this may guide this entity to lose its character of ‘innovativeness’in dealing with complex social problems and would simply qualify it as a tool in the service of the process of nonprofit expertizing. Social enterprises share the same preferences with their counterparts (non profit) in term of serving the community in particular rather than workers or stakeholders, so the interests of all stakeholders above investors and profit distribution (Laville and Nyssens, 2004). Such venture pursues a democratic/participatory decision making process. What characterized social enterprises is ‘the non distribution of profit’, because it is considered as an essential proxy of the pursuit of the social mission (Dees, 1998a). As shown above, there is no consistent usage of the term social enterprise in the international literature (Dart, 2004). Social enterprise is considered to be a new type of venture so as it is distinct from classical business and traditional non-profit activity. It associates at different ranges

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2 situation comprised of the perceived breakdown of the welfare system
elements of the social purpose, the market orientation, and financial-performance standards of business (Young, 2008). To overcome the differences in defining social enterprise in Europe, the recourse to a unified definition was by the EMES (European Research Network), which succeeded in developing a common approach to the study of social enterprises (Borzaga and Defourny, 2001). The EMES Approach denotes to the dynamics of entrepreneurship with a focus on social aims, it proposed a conceptual framework that links the two concepts employed to define organizations: the non-profit sector and the social economy. In bringing together social purpose and entrepreneurial spirit, social enterprises might be described as hybrid organizations (EMES, 1999). In this case the social enterprise is distinguished from other ventures by the Double Bottom Line Concept, that drives this kind of enterprises to apply two main principles. In the first place, the spirit of a social enterprise is to bring a social change that it attempts to make by innovative, entrepreneurial, or enterprise-based solution. In the second place, the sustainability of the organization and its services requires diversification of its funding stream, often including the creation of earned income.

1.2 Classifying social enterprises:

According to OECD(1999), there are no universally acceptable definitions of social entrepreneurship, social enterprise and social entrepreneur. The overlap in definition goes to the differing legal formats and the fiscal responsibilities adopted by social enterprises in various countries. Their distinctive features are that they combine entrepreneurial strategy with a social purpose (OECD 1999). The benefits of combining social purpose with enterprise have been found to include greater market responsiveness, efficiency, innovation and leveraging of resources (Dees and Anderson 2003). Social enterprises blur the boundaries between for-profit enterprises and non-profit enterprises. As we have mentioned before, Social Enterprise is an umbrella term that includes a serial of organizational types. They vary in term of historical approach, activities, size, legal structure, geographic origin, funding, motivations, innovation recognition, profit orientation, relationship with communities, ownership and culture. Acknowledging this diversity within Social Enterprises, a nuanced understanding of the distinctiveness of particular types of Social Enterprises do exist. The classification that we are supposing in this paper relies on criteria offered by the authors in order to distinguish the typology of Social enterprises. We have found our categorizing on the works of three authors: Kim Alter, Teasdale and Spear et al. Alter (2007) classifications seem to be the most adequate to the core of principles of social entrepreneurship. He gives two main criteria that distinguish social enterprises from other forms of ventures. The first one is based on their mission orientation, while the second one is based on the level of integration between social programs and business activities. The model that he supposed could be resumed in the next Table:
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<table>
<thead>
<tr>
<th>Mission motive</th>
<th>Profit motive</th>
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<tr>
<td><strong>Mission Centric</strong>&lt;br&gt;The enterprise is central to the organization’s social mission. In the purpose of advancing the mission of using a self-financing model, employing disadvantaged populations the social enterprise is created.**&lt;br&gt;Mission-centric social enterprises often take the form of embedded social enterprises.</td>
<td><strong>Unrelated to Mission</strong>&lt;br&gt;The enterprise is not related to the organization’s mission, or intended to advance the mission other than by generating income for its social programs and operating costs.&lt;br&gt;The profit potential is the motivation for creating a social enterprise unrelated to mission.**&lt;br&gt;Social enterprises unrelated to mission usually take the form of external social enterprises.</td>
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<tr>
<th>Type of integration</th>
<th>Embedded</th>
<th>Integrated</th>
<th>External</th>
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<tr>
<td><strong>Social programs and business activities are one and the same.</strong>&lt;br&gt;-Nonprofits create Embedded Social Enterprises expressly for programmatic purposes. The enterprise activities are “embedded” within the organization’s operations and social programs, and are central to its mission. Social programs are self-financed through enterprise activities and thus, the embedded social enterprise also functions as a sustainable program strategy. Business activities and the social programs are comprehensive: financial and social benefits are achieved simultaneously. <strong>Structure:</strong> Usually take the form of nonprofits / for-profits depending on the legal environment.</td>
<td><strong>Social programs overlap with business activities.</strong>&lt;br&gt;-They share costs and assets. Organizations create integrated social enterprises as a funding mechanism to support the nonprofit’s operations and mission activities. <strong>Structure:</strong> Social programs leverage tangible and intangible assets in order to create their businesses.</td>
<td><strong>Social programs are distinct from business activities.</strong>&lt;br&gt;-Nonprofits create External Social Enterprises to fund their social services and/or operating costs. <strong>Structure:</strong> The enterprise’s activities are “external” from the organization’s operations, but support its social programs through supplementary financing. To serve their purpose, they must be profitable. <strong>Structure:</strong> Integrated social enterprises are structured within the parent organization as a profit center or separate entity.</td>
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<th>Operational model</th>
<th>Entrepreneur Support Model</th>
<th>Market Linkage Model</th>
<th>Organizational Support Model</th>
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<td>Market Intermediary Model</td>
<td>Employment Model</td>
<td>Service Subsidization Model</td>
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<tr>
<td>Fee-for-Service Model</td>
<td>Cooperative Model</td>
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<tr>
<td>Market Linkage Model</td>
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**Table 1: Typology of social enterprises according to Kim Alter (2007)**
Alter (2007) found his work on the principle of the ‘creation of social value’. Differentiating between the level of integration of the social and business objectives and operations yields to a variety of concepts of social enterprises. The authors consider the social enterprise as a practice, activity, and as an organizational form. Albeit, what we have noticed is the business unrelated to the mission that in our perspective should not count as a social enterprise since it doesn’t obey to the principle of the bottom line.

The inchoate classification of Alter, conduct us to the role of actors by the work of Teasdale (2012), who based his typology on a series of theoretical assumptions. 3

<table>
<thead>
<tr>
<th>Theoretical Assumption</th>
<th>Attribution</th>
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<tbody>
<tr>
<td>Resource dependence: the earned income is a sort of response to declining state and philanthropic funding</td>
<td>Earned income (social enterprise activity—voluntary organizations that have always sold goods and services)</td>
</tr>
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<td>State failure: the inability of the public sector to deliver effective welfare services has led social enterprises to fill the gap.</td>
<td>Social business (social enterprises [SEs] are businesses which apply market-based strategies to achieve a social or environmental purpose, which is central to their operation; this purpose distinguishes SEs from commercial businesses, but SEs can distribute surpluses and do not require an asset lock)</td>
</tr>
<tr>
<td>Voluntary failure: the third sector does not have the capacity to deliver welfare services and requires infrastructural investment to meet the challenges.</td>
<td>Delivering public services (the state should fund—rather than deliver—services; the third sector should expand to fill the gap)</td>
</tr>
<tr>
<td>Social economy: The radical tradition that sees capitalism itself as the problem.</td>
<td>Co-operatives (different way of doing business, because jointly owned and democratically controlled by members, who are the beneficiaries of the business activities)</td>
</tr>
<tr>
<td>Market failure: the failure of the private sector to allocate resources equitably.</td>
<td>Community enterprise (development trusts are community enterprises working to create and retain wealth in communities, trading on a “not-for personal-profit” basis, reinvesting surplus in the community, and effecting “triple bottom line” outcomes)</td>
</tr>
</tbody>
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Table 2: Teasdale (2012) Social enterprises typology on the basis of theoretical assumptions

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3 He based his analysis of the typology of Social enterprises by resorting to the emergence theories: state/market failure; resource dependence theory; institutional theory; and voluntary failure and social economy.

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The five categories classification of Teasdale, has an objective which is demonstrating how different actors, representing varied interests, have used contrasting social enterprise attributions with the help of theoretical assumptions in order to expand the meaning of social enterprise. This categorization has an objective, which is attracting the attention of policy-makers with a view of attaining resources.

The third ranking of social enterprises takes in consideration the importance of the development paths and the origins of social ventures.

<table>
<thead>
<tr>
<th>Social enterprise Class</th>
<th>Origins</th>
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<tbody>
<tr>
<td>Mutuals</td>
<td>Formed to meet the needs of a particular group of members through trading activities</td>
</tr>
<tr>
<td>Trading charities</td>
<td>Commercial activities established to meet the charities’ primary mission, or as a secondary activity to raise funds</td>
</tr>
<tr>
<td>Public sector spin-offs</td>
<td>Social enterprises that have taken over the running of services previously provided by public authorities</td>
</tr>
<tr>
<td>New-start social enterprises</td>
<td>Enterprises set up as new businesses by social entrepreneurs</td>
</tr>
</tbody>
</table>

Table 3: Social enterprise typology on the basis of origins according to Spear et al. (2009, p. 266)

Although, this classification is not clear and does not give detailed information about the geographical origin by taking in consideration the differentiation that exists from each context (legal and environmental framework). But still the work of Spear et al. (2009) Most importantly, he sets how the origins and development paths of the social enterprise may have profound effects on the structures and challenges of governance in their policies of funding and promoting social enterprises.

2 Access to sources of funding

Social enterprises are looking for finance in order to start and grow their activities. There are a variety of different types of finance that are available. But the question is all of them are suitable to the specific requirements of social enterprises. This latter needs to gain finance in complementation to endow complex and low-profit activities. The funding mix, through the combination of a variety of different instruments: grants, loans, charitable contributions, program-related investments is in most cases the solution that social enterprises adopt. Access to financing should be ensured throughout the whole life cycle to support social enterprises both in the short and long run. Promoting the use of hybrid funds that are composed of both public and private funds encourages the survival and growth of social enterprises.

Social enterprises are distinguished by the principle of the “Double Bottom Line”, that gives them the following characteristics:

- Use business approaches to achieve social objectives
- Blend social and commercial capital and methods
- Simultaneously create social and economic value
- Generate income from commercial enterprise to help fund mission
- Are market-driven, but balance market opportunities against social costs
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3 Measure financial performance and social impact

According to the classification and the characteristics that we have seen above, the nature of funding of a social enterprise depends on its type and some other characteristics like its: maturity, reputation, availability of funding, and legal structure. Besides, a gap between instruments of funding exists. A huge difference occurs between grants and commercial finance. Indeed, nonprofits have difficulty obtaining commercial funds—borrowed capital—but the benefit from Grants. Nonprofits could benefit from an advantage which is the “non-pay-back”. This doesn’t mean that grants are great mean of funding, it has also his drawbacks that must be considered. In one hand, the grant limits the ability of a social enterprise to raise finance through other instruments. In other hand, grants often cover short-term costs, limit profit and often involve specific uses, leading to a risk of mission drift that issues inflexibility. While, for-profits have access to debt finance elucidated by commercial loans since they are banned from receiving philanthropic funds and soft loans. Commercial loans offer more flexibility to this kind of ventures rather than grants. Also, their application will be assessed on their own merits rather than against other applications (contrarily with grants). However, a loan stays a loan that has to be repaid with interest. And the lenders are looking for guaranties over assets (building, land...) or even personal security.

The funding mix in social enterprises consists of earned revenue and non-revenue sources (Williams, 2003). As stated before earned revenue generates the most flexible finance, because it results from the sale of goods and services of the social enterprise (income from property rental and leasing, fees for social services, tuition fees for education etc) (Williams, 2003). While, non-revenue sources consist of venture capital, commercial debt, and non-commercial debt (Williams, 2003), venture philanthropy (Letts et al, 1999).

For funding organizations, the transaction costs of large numbers of small grants are high, as is the cost of meeting the requirements of a diverse target group with heterogeneous demands and these factors conspire to generate lower than commercial.

In sum we can say that the financial viability of social enterprises depends on the efforts of their members, who are responsible for ensuring adequate financial resources in order to maintain the principle of double bottom line.

3 Crowdfunding and the survival of social enterprises:

3.1 Crowdfunding a new alternative for innovative entrepreneurship

Crowdfunding could be defined according to Ordanini(2009)4 as an initiative undertaken to raise money for a new project proposed by someone, by collecting small to medium-size investments from several other people. Besides, small entrepreneurs find that crowdfunding is a new and an effective channel of fundraising (Ordanini, Miceli, & Pizzetti, 2011). Since those small entrepreneurs are lacking sufficient tangible assets, they do face a major obstacle which is their disability to get loans from traditional

4 http://www.wsj.com/articles/SB123740509983775099
financial intermediaries and investors (Casamatta & Haritchabalet, 2014; Chen et al., 2009; Kirsch et al., 2009; Hellmann, 2007; Shane & Cable, 2002). As well as, Ramos (2014) find that crowdfunding is an alternative way of finance and exchange that match two parts: the first one is related to those seeking funding and the second one deals with those looking to invest or donate.

According to Hegel and Armstrong (1997), crowdfunding platforms belong to the virtual markets. These last have the role of agents who helps their members at enlarging their products and service information. The organization of information and transactions capabilities that plays community let customers obtain even more value from the vendors they interact with (Hagel and Armstrong, 1997). For Amit and Zott (2001), three main characteristics that identify virtual markets: The high connectivity, The focus on transactions and the richness of information. In the manner of Eisenmann et al. (2006), the mass of members of a platform defines its commercial success, because it reveals the transactions among consumers and between consumers and resource providers. The large the community is, the supplementary revenue they generate through the advertisers.

The figure 1 below summarizes the principle of the process of Crowdfunding while mentioning the three actors and their roles in the arena of crowdfunding.

Figure 1: Crowdfunding principle

As mentioned in the figure above, crowdfunding platforms do borrow, pool, and lend money by matching project initiators and backers by providing detailed information about the projects. The rules governing the process of crowdfunding are related to particular funding mechanisms (pledge levels, minimum pledge amounts), and the approach to funds after project fundraising is completed, in this case we have two models: the ‘all-or nothing’ or the ‘keep-it-all’ principles (Gerber et al., 2012; Castrataro...
The all-or-nothing-principle means that project initiators receive money only if they reach their pre-defined funding goal at the financing duration. However, in the keep-it-all-principle the project initiator keeps any sum pledged by the deadline, even if the target is not reached (Gerber et al., 2012). This funding principle is mostly adopted for charitable projects or projects which use crowdfunding as a subordinate source of funding (Blohm, Leimeister, Wenzlaff, et al., 2013).

Forthwith, taking in consideration the different characteristics of each actor in the process of crowdfunding, four main forms of this alternative of funding (Mollick, 2014; Moritz & Block, 2014) do exist. In consonance with Pope (2011) and Rothler & Wenzlaff (2011) the classification of Crowdfunding forms is relative to the different motivations of funders, thus we have donation-based, reward- and early sales-based, lending-based, and revenue sharing and equity-based. Moreover, the type of return (provided by the entrepreneur characterized the form of the crowdfunding platform) from altruistic returns to financial compensation. Bradford (2012) discerns five categories of return: In the first place, we have the ‘No Compensation’ where the funder makes a donation in order to support projects for the greater good (charity). In the second place there is the ‘Reward’, in this case the backer receives a non-monetary return. In third place, we find the ‘Pre-ordered product’ where backer’s support is a prepayment for a product. In fourth place comes ‘Interests’ which means the participation of a backer in a loan. In fifth place we have ‘Profit shares’ where funders receive equity shares from the project (case of start-up). Belleflamme et al. (2014) identify the two poles pre-ordering and profit-sharing forms of Crowdfunding.

By the same token, Hemer et al. (2011) advance the concept of ‘Degree of complexity for the provision of capital and the resulting returns’. They declare that this degree increases from donation, rewards, pre-sell, lending and equity, this complexity explains the difficulty of access of social enterprises to finance (Bellihi & Berrachid, 2014). The figure 2 below illustrates this relation.

Figure 2: Complexity of the provision of capital

Source: Hemer et al. (2011)

*Depending on the taxonomy used, we opted for the choice of the most responded nomination of the categories of crowdfunding existing in the literature and in the practice (CFPs)*
The complexity can be also relative to the processes behind these instruments in accordance with the large numbers of backers and micro-payment transactions which have to be managed.

Ordanini et al. (2011) advance and explain the four forms of crowdfunding. In the first place we have Donation-based crowdfunding where usually the backer is assimilated to a pure donor, who contract without expecting any reward, in fact the funder is satisfied when a certain project can be realized (De Buysere et al., 2012). This form of crowdfunding is in most cases used for charity initiatives, or even we do find in this range investors like “the philanthropic ventures”. In second place comes Equity-based crowdfunding, where the entrepreneur gives out shares of his start-up in exchange for funds, in this form the funder expect to obtain a financial return (De Buysere et al., 2012). In third place, we find Debt-based models (also called lending based model) are similar both to peer-lending and to the equity-based typology. In this case the entrepreneur does instead of asking for shares he asks for a loan. Finally, there is Reward-based model, in this case the project initiator is asking for money for its start up and pledges the backers to receive a reward, which is a product or a service. Also, the classification of Massolution (2012) concentrated on the following forms: reward-based crowdfunding, crowd-lending, crowd-investing and crowd-donation.

3.2 Crowdfunding and the survival and the growth of a social enterprise: The case of SisterWorks

3.2.1 Survival and growth in the context of social enterprise

Talking about the survival and growth of social enterprises is important in order to know that this kind of enterprises face turbulences and can be autonomous in ensuring their activities. In general term, the survival of an enterprise is an event that is observed between two consecutive years. While, the growth is a multi-faceted phenomenon where it is coupled with notions like: survival, firm success, achievement of business goals (Storey, 1994; Kinsella et al., 1994; Dobbs and Hamilton, 2007; Delmar et al., 2003; Wickham, 2004). Given the heterogeneity of small firm growth it is not expected that all small firms wish to grow their business the same challenges in the achievement of firm growth (Kinsella et al., 1994; Barkham et al., 1996; Wickham, 2004; Gibb, 2000; Donohoe and Wyer, 2005). Social enterprises are commonly guided by a vision that what they are doing provides social value and enhances the wellbeing of targeted groups (Certo and Miller, 2008; Shaw and Carter, 2007). Darby and Jenkins (2006) found that the application of the traditional quantitative measures of firm growth does not match with the double bottom line principle. In the same vein, Austin et al. (2006) focused their study on the social entrepreneur, who did not recourse to financial measures to quantify the success of the business and instead of that they rely on subjective ad hoc measures determined by their stakeholders.

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6 Massolution is a unique research, advisory and implementation firm that is pioneering the use of crowd-solutions in Government, institutions and in enterprises.
Shaw and Carter (2007), state that while social enterprises tend to reach their vision, they find out a sort of contradiction and awkward position because they operate in commercial markets but yet consider themselves on the periphery or disagree with some of the principles of the marketplace. Moreover, Doherty et al., (2009) mention that social enterprises need a multitude of stakeholder focus the task of setting business objectives becomes more fraught and may require a tradeoff between social and commercial commitments. Further, the type of objectives the social entrepreneur had for their business reflected the strategic intent of the social entrepreneur and further indicated the broader strategic vision of the business (Bornstein, 2004).

When we talk about the growth of social enterprises we need to define more specifically the social value and the impact of social change. It is crucial to take into consideration these valuable and main outputs of the social enterprise as part of measuring the growth of social enterprises. Somewhat, still the actual moment researchers did not argue on an accepted relevant measures that capture the scale and impact contribution of the social enterprise and which will further serve to quantify their important economic role. But, policy makers and researchers maintain that the common point is the alignment between the social and economic aims of the business as the business dimension is a key component that supports and facilitates the social orientation and sustainability of the enterprise. The achievement of this alignment necessitates the application of a commercial or strategic intent to growing the business. This strategic intent is reflected in the type of growth objectives (social and commercial), the actions pursued to achieve objectives and how the social entrepreneur addresses the challenges encountered in growth (Briga, 2009).

3.2.2 SisterWorks: a successful experience of crowdfunding

-The survival of SisterWorks:

Created in May 2013, by a female social entrepreneur, SisterWorks is a grass-roots social enterprise based in Melbourne that supports vulnerable asylum seeker, refugee and migrant women to become entrepreneurs or to have work experience in Australia that allows them to become self-sufficient and independent. SisterWorks Inc., survived to many financial problems but it maintains its survival until nowadays. The main objective of the enterprise is to encourage women to tap into their underlying business and entrepreneurial abilities to find self-sufficiency. Empowering women in disadvantaged situations is the social impact that Sister work are targeting. The enterprise succeeded at publishing its annual reports for 2013-2014 and 2014-2015 and its financial statements are available on the website of the http://www.sisterworks.org.au/. This is a great indicator that the social enterprise passed the two first years and during this two years SisterWorks recourses to crowdfunding for the first time on the specific platform of crowdfunding social enterprises "StartSomeGood" for the period: November 2014 and January 2015 and the amount pledged was $32185 AUD in the aim of hiring a dedicated space to run their program, store materials and offer women a safe and welcoming environment every day.
of the week to develop their skills, English and receive training and access support services. The second appeal to crowdfunding on the same platform was for the period: December 2015-January 2016, and the pledged amount was $ 14665 AUD that overcomes the objective of the campaign which is $ 8000 AUD.

-The perception of Growth

The enterprise believes that women are stronger and together women can create opportunities for personal and economic growth. Today, Sister works comprise 80 Sisters from 26 countries - 50 percent refugee background, 25 percent women who are seeking asylum and 25 percent migrants with non-English speaking backgrounds. SisterWorks has three part-time staff and 61 remarkable volunteers. The expansion of SisterWorks needed funds to purchase furniture and equipment.

The findings, in relation to how social entrepreneurs measure firm growth, were in alignment with those of Austin et al. (2006). Assessment of firm performance by the social entrepreneur was primarily undertaken from the external stakeholder perspective.

The perception of firm growth is barely aligned with the personal vision and belief of the social entrepreneur on how they could enhance the quality of life of a range of stakeholders. In the case of SisterWorks, the mission of the social enterprise is about maintaining their social impact. By ensuring the sustainability over time which depends on the ability of the organization to replicate the unique things that they are doing. The growth in this perspective is transcribed in term of developing resources, employing staff and striving to have a permanent HOME where will open the Work, Design and Business Labs from Monday to Saturday. By documenting their own learning-by-doing process as well as the social impact that they are achieving, they can be ready to share and accompany other organizations in other Local Governments or cities to move people into work. this group of women, brought together in a democratic framework, sharing values of solidarity and sustainable development in order to attain a common objective. This is the meaning of a social mission. It also develops economic activities within the framework of a competitive market by producing and selling goods and/or services, but with the aim of enabling the social enterprise to carry out its mission.

- The perception of sustainability and Sources of funding

SisterWorks is working towards becoming a sustainable social enterprise where:

-10% of revenue is from our Sisters businesses sales

- 40% of the resources come from the sales of our services to local governments, social agencies or organizations interested in moving women into work
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-50% from fund-raising activities and support from partners who have an interest in committing to the task of empowering vulnerable women by supporting entrepreneurship development.

By 2020, SisterWorks aim to be a Financially sustainable organization: Target is to have enough surplus to cover one year operation and 50% of this to come from the sales of the social enterprise services.

SisterWorks does not rely on 100% on crowdfunding, but the revenue comes from diverse sources (as we have seen in the first part):

- 8% Sisters businesses sales
- 2% membership and CEO speaking engagements and workshops
- 35% grant applications
- 55% Fundraising activities and donations

The successful campaign of crowdfunding on StartSomeGood, shows the importance if the use of the internet which was perceived as an important mechanism for creating more awareness of the business and a means of selling the products/services. This was an area targeted for investment by SisterWorks.

CONCLUSION

This paper has outlined an important aspect of entrepreneurial finance and shows the contribution of crowdfunding as a significant mean of funding entrepreneurial structures and activities. The rapid growth of the nascent tool of funding through the crowd has fundamentally overturned the traditional economic logic of funding entrepreneurial projects. Moreover, social enterprise has a continued innovation in existing and in establishing a social impact. The environment within which social enterprises (by its diverse forms) operate is rapidly changing due to increasing globalization, increasing needs in their target communities, and a generally tighter funding environment. This not for profit organization should not rely all the time on grants and donations, the try to keep their financial independency by looking for new innovative sources of funding.

Private contracts are commonly the traditional sorts of entrepreneurial funding, they claim to future income in exchange for financial contributions. In this perspective, crowdfunding tries to overcome the problem of funding fixed development costs and transform it into a kind of public good provision problem. This reshaping meets perfectly the double bottom line principle. From this point, we discussed in which way

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Crowdfunding could ensure the survival and the growth of social enterprises since, those two assumptions differs from the definition of commercial enterprises. The growth for social enterprises differs from their commercial Counterparts, since Non For Profit organizations attempt to create social value and generate profit and ensure that a sufficient mix of measures is applied to ensure the multiple outcomes of the social enterprise are captured.

Social enterprise growth may take different forms, albeit not necessarily all at the same time, where growth typically occurs in the social enterprise in non-financial areas in the earlier stages of life of the social enterprise and then transcends to the potential to grow in terms of employment and revenue (profit) and product/service growth as the firm matures (Hynes, 2009). And this what we confirmed by the case study, that the growth of SisterWorks was related to the new home and new material in order to let other women show and perform their skills. Crowdfunding is not only a source of maintaining the activity of SisterWorks, but also it permits to the enterprise to enlarge their network and benefit from the feedback of the intervenient in the crowdfunding arena.

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