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INVESTMENTS IN SOCIAL BUSINESS: FUNDRAISING AND CROWDFUNDING

ІНВЕСТИЦІЇ В СОЦІАЛЬНИЙ БІЗНЕС: ФАНДРЕЙЗИНГ ТА КРАУДФАНДИНГ

The article is devoted to the current conditions of development and determination of the prospects of fundraising and crowdfunding for social entrepreneurship, which are extremely important in the war and post-war period. Fundraising and crowdfunding provide social enterprises with the opportunity to obtain the necessary funding for the implementation of their initiatives, especially those that have a potential impact on the community and solving social problems, to involve the community in the process of creating and developing projects that contribute to the interest of social initiatives, when people provide financial support, they become active supporters and can contribute to the spread of the idea and goals of the enterprise. The article considered the largest and most famous crowdfunding platforms, such as: social project implementation platform Welfare.green ("Clean Planet" NGO); "BIG IDEA (Community Fund)"; Crowdfunding and self-reliance incubator for public organizations and social entrepreneurs STALI.

Key words: business, investment, social business, social enterprise, fundraising, crowdfunding.

Стаття присвячена сучасним умовам розвитку та визначенню перспектив фандрейзингу та краудфандингу для соціального підприємництва, що є надзвичайно важливими у воєнний та післявоєнний період. Фандрейзинг та краудфандинг надають соціальним підприємствам можливість отримати необхідне фінансування для реалізації своїх ініціатив, особливо тих, які мають потенційний вплив на громаду та вирішення соціальних проблем, залучати громаду до процесу створення та розвитку проєктів, що сприяють інтересу соціальних ініціатив, коли люди надають фінансову підтримку, вони стають активними прихильниками та можуть сприяти поширенню ідеї та цілей підприємства. Краудфандингові кошти не лише забезпечують фінансову допомогу, а й становлять моральну підтримку для підприємця. Отримані кошти не потрібно повертати, проте важливо ефективно їх використовувати, щоб виправдати довіру людей. В сучасних умовах перспективи краудфандингу та фандрейзингу для соціального підприємництва є надзвичайно важливими. Фандрейзинг та краудфандинг надає соціальним підприємствам можливість отримати необхідне фінансування для реалізації своїх ініціатив, особливо тих, які мають потенційний вплив на громаду та вирішення соціальних проблем. Головна перевага використання краудфандингу є можливість залучати не тільки фінансові ресурси, але й є ефективним засобом перевірки доцільності та затребуваності вашої бізнес – ідеї на ринку, краудфандинг забезпечує вихід на міжнародні ринки та виступає інформаційним стимулом для привернення уваги медіа, спонсорів, інвесторів та інвесторів до проєкту. В статті було розглянуто найбільші та найвідоміші краудфандингові платформи, такі як: платформа втілення соціальних проєктів Welfare.green (ГО «Чиста планета») яка дає можливість ознайомитись із можливостями в інвестуванні, зареєструвати свій проєкт та отримати кошти; «ВЕЛИКА ІДЕЯ (Спільнокошт)» – це потужний інструмент для компаній, принцип фінансування полягає у використанні он-лайн платформ для об'єднання невеликих інвестицій від окремих осіб або груп; Інкубатор краудфандингу та самозарадності для громадських організацій та соціальних підприємств STALI.

Ключові слова: бізнес, інвестиції, соціальний бізнес, соціальне підприємництво, фандрейзинг, краудфандинг.

Statement of the problem. Social entrepreneurship is gaining more and more prospects for development in Ukraine. Social entrepreneurship is not just a business. It is a growing movement to solve social problems through innovative and entrepreneurial approaches. Success in this field depends not only on the ideas and resources

of individual entrepreneurs, but also on the existence of a healthy ecosystem that supports and promotes their development.

Ecosystem participants are: social enterprises, incubators and accelerators, donors and investors. Today, the issue of investments in social business is quite important and relevant, because the development of social entrepreneurship is not possible without funding.

Analysis of recent research and publications. The problem of research investing in socially and business in Ukraine and have been paid attention by many domestic scientists, in particular:

Dovhal O.V. notes that one of the main indicators of success for any state, regardless of the level of its socio-economic development, is the appropriate level of social stability of society. Under modern conditions, it is necessary to solve social problems by entrepreneurial means;

Zavoloka Y.M., Sidnenko M.V., Ivko A.V. write that recently interest in social entrepreneurship, both in a new direction of scientific research and in a practical type of activity, is growing significantly. A necessary condition for the creation of socially oriented organizations is a political and legal environment, which in turn will allow the creation of such organizations;

Slobodyaniuk O.V. and Shostak L.V. focus attention on the fact that social entrepreneurship itself is able to solve not only economic but also social problems of society;

Bogatska N.M. highlights ways of supporting social enterprises, which are currently provided by the state and international organizations. He notes that the "Renaissance" International Foundation, within the framework of the "EU4USociety" project, in cooperation with the European Union, is conducting the "Crowdfunding for Social Entrepreneurship" competition, the purpose of which is to strengthen existing social enterprises and popularize social entrepreneurship. Financing of projects within the framework of this competition takes place through the joint efforts of the Foundation and crowdfunding platforms, for example, "Spilnokost";

Artem Kornetsky says that if you want to create a business from scratch, there are more opportunities to create a social business in Ukraine today than to create a regular business. Because you can use the financial resources of both sectors: both the ordinary private sector, attracting loans from investors, and the non-profit sector, using the opportunities there. There is also a program for young social entrepreneurs who want to create their startup from scratch. This is an international Social Impact Award incubator;

Vasyl Nazaruk – head of the social investment program of the Western NIS Enterprise Fund, determines that the formation of start-up capital is one of the biggest challenges facing a new business, especially if part of its profits goes to solving public requests and challenges. It is also important that today in Ukraine there are a number of public and private programs and initiatives that help entrepreneurs launch and develop social businesses. International organizations and funds are also actively investing in startups.

Formulation of the research task. Currently, an unresolved problem is the lack of understanding of the mechanism of attracting investments into social business, as well as the actualization of social entrepreneurship. Therefore, the purpose of the study is to highlight the

features of attracting investments in social business through fundraising and crowdfunding.

Summary of the main research material. Is a developed branch of socially responsible business about the consolidation of society, its consciousness and responsibility. But there are still cases when people confuse a social enterprise with a charitable foundation. Social Enterprise is not charity, it is a business in which you, as an investor, can make a profit and manage it. Of course, due to the peculiarities of this business, the profit may be less, but this does not contradict the fact that it is there. The second no less important reason for investing in social business is the creation of new jobs, which is currently quite relevant. But thanks to the creation of a social enterprise, will create jobs for those who cannot get them even under normal circumstances: persons with disabilities or special needs, combat veterans, mothers who cannot work full time.

The term "social enterprise" is usually associated with the activities of charitable organizations or the social integration of disadvantaged people and the disabled, rather than with entrepreneurship. Stereotypes, misunderstandings and lack of awareness negatively affect the growth of social enterprises and the prospects for funding. This is a key factor preventing the development of relationships with partners and potential customers [1].

The basis of research on investments in social business is the definition of distinctive characteristics of traditional and social enterprises. Social business is an entrepreneurial activity that solves social problems. It is precisely in this purpose that the difference between social business and ordinary entrepreneurial activity lies: for the first, creating social changes by satisfying the needs of society is the main task, for the second, profit will come first, and only then, optional, investing in societal change [2].

Social investments are the company's funds directed to realisationsocially responsible behavior, which is a factor of socially responsible investment inactivity of enterprise on the part of investors. Socially responsible investing is the process of investing funds investors taking into account factors of a social, ecological and ethical nature along with traditional financial analysis [3].

In order to receive investment social business must clearly define the purpose and goals of establishing the enterprise, develop a concept that will directly affect the profitability of the started business, create a business plan, form start-up capital and register activities. Social investment, social partnership and social responsibility form the basis of modern business development. Therefore, business today shows interest in social investment technologies, choosing their optimal directions and methods of evaluating efficiency, types of socially responsible behavior that will provide it with support in society and reputational advantages. Optimizing the company's social policy, planning the investment of business funds in socially significant projects and programs, and evaluating their results are becoming an important part of the strategy for the development of business structures today.

Today about the main stakeholder's impact economy are investors who are ready to invest savings in investment funds, impact investors, which work for the benefit of foundations and their benefactors.

In, social entrepreneurs have an additional tool for attracting resources -fundraising. This tool correlates well with the social component, because it requires the

intervention of people in solving the task for the enterprise. Fundraising can be used to generate material, human and financial resources needed by businesses you're at the time of launch or further activity. An important task for fundraising is to define a specific purpose for using the received resources.

Fundraising, or collection of funds, is a key activity for many non-profit organizations, social initiatives, cultural and educational projects, as well as for political campaigns. This process not only allows you to collect the necessary financial resources to implement ideas and projects, but also helps attract new supporters, raise awareness of the issue or mission, and build strong ties with community fundraising can involve a variety of methods and approaches, from direct donations to large charity events and online campaigns. It is important to remember that fundraising should happen not in the form of "begging" for resources, but in the form of mutually beneficial communication. Donors should feel their influence not only on the activities of the social enterprise, but also on the solution of a specific social problem. Another opportunity to attract funds is crowdfunding and ng.

Crowdfunding is a fundraising method that allows you to attract financial resources from a large number of people over the Internet. This approach has become popular among startups, public organizations, creative projects and many other initiatives. It allows not only to attract the necessary funds, but also to test interest in project, get feedback and build a community around idea [4].

Crowdfunding as a concept has been around for centuries. The first examples of this phenomenon can be found in the 18th century, when composers such as Ludwig van Beethoven and Joseph Haydn, attracted funding from their supporters and to create new works. With the development of technology and the advent of the Internet, crowdfunding has become more accessible and widespread. Currently, there is a platform for the implementation of social projects Welfare.green (GO "Clean Planet"),

which allows you to familiarize yourself with investment opportunities, register your project and receive funds.

The history of crowdfunding in Ukraine begins about a decade – starting with the foundation of in 2012 on the basis of the platform "BIG IDEA (Shareholder)", now it is a powerful tool for companies. Enterprises funding principle if's crowdfunding is to use online platforms to pool small investments from individuals or groups. This type of investor is motivated by supporting the social mission of the company and the effectiveness of the pledged business model [5, p. 120].

STALI – and incubator crowdfunding and self-funding for public organizations and social entrepreneurs, results of season 1 and the start of 2 you can see on the figure 3.

In Ukraine, social investment is just beginning to develop but there are already the first success stories: "Industrial equipment. Renovation of", UrbanSpace100, UrbanSpace500, Odesa 4City. There are also many educational programs for social entrepreneurs-lectures, online and offline courses and games programs with mentoring support for projects and the opportunity to receive a grant for the implementation of your idea. For example, they are held at the Ukrainian Social Academy.

The main advantage of using crowdfunding is the ability to attract not only financial resources, but it is also an effective means of checking the feasibility and demand of your business idea on the market, crowdfunding provides access to international markets and acts as an information stimulus to attract the attention of the media, sponsors, investors and investors to the project.

Crowdfunding proposals for an engagement project can be: crowdfunding platforms for promoting a social enterprise (Kickstarter, Indiegogo, Spilnokosht, etc.). It is necessary to develop a description of the project in which you need to tell about the purpose, what social problems you will solve, use social networks to attract attention to your project, openness and interaction with investors.

Crowdfunding platforms play an important role in ensuring the implementation of projects. Everyone has

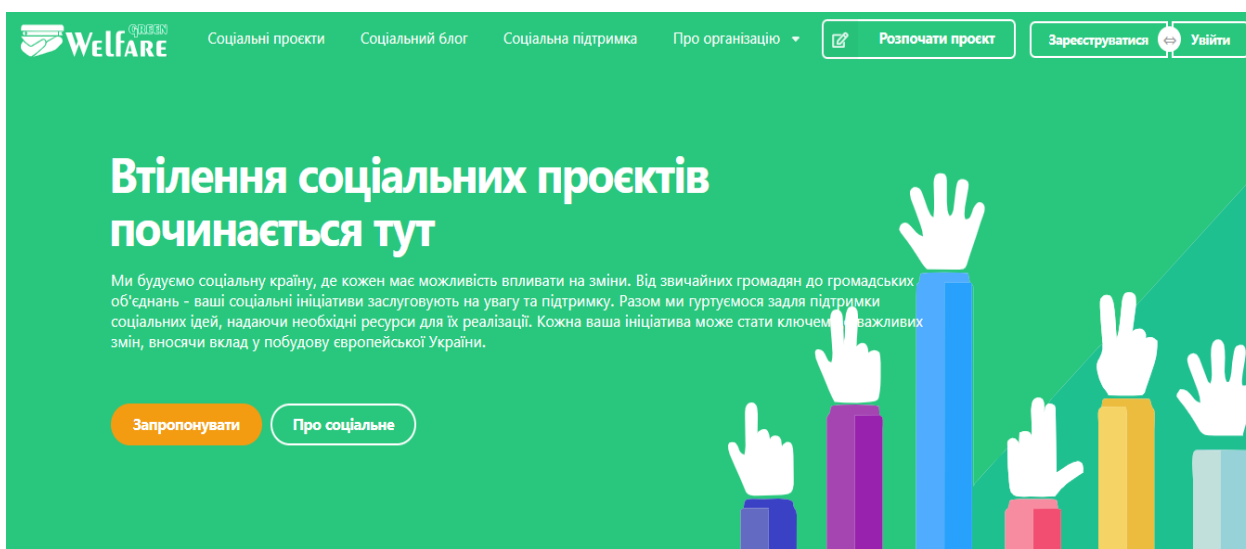


Figure 1. The interface of the platform Welfare.green

Source: <https://welfare.green>

Спільнокошт – краудфандинг в Україні

Спільнокошт – це твій вклад в розвиток сильного і відкритого суспільства, де ти можеш зібрати гроші на проект. Знайди стартовий капітал для соціального бізнесу, гроші на розробку винаходу, зйомку фільму та інше. Стань співзасновником добрих справ – підтримай коштами кращі проекти

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ІНСТИТУЦІЇ 14

ВСІ КАТЕГОРІЇ

НОВІ

Figure 2. Actual projects crowdfunding platform BIG IDEA (Community)

Source: <https://bigggidea.com/>

Figure 3. Incubator crowdfunding and self-sufficiency for public organizations and social entrepreneurs STALI

Source: <https://schoolofme.me/stali>

the opportunity to choose the platform that best meets the specific requirements of their project and team. In the context of the difficulties caused by the pandemic, quarantine and full-scale invasion, crowdfunding proved to be not only an effective tool for collecting resources, but also a means of uniting the public to support social business.

Conclusions. Fundraising and Crowdfunding is an innovative and method of and funding, as and allow is a social business raises funds from a variety of sources, including the public, investors and other organizations. Fundraising and crowdfunding models include: donations, rewards, investments, debt instruments. Each model provides insight that crowdfunding can help social

enterprises achieve social and environmental missions to attract investors who are interested not only in financial, but also in social results.

Therefore, social enterprises today have the opportunity to turn to crowdfunding platforms that are specialized in social projects. Such platforms make it possible to appeal not only to professional investors, but also to the public, which shares the values of a social enterprise.

Another channel is social investment funds, which specialize in investing in projects with a high social impact. Such funds often offer not only capital but also mentoring support and access to a network of contacts. It is necessary not to forget about state grants and support programs,

which can become a starting point for the development of a social project.

Raising funding for a social startup takes time, effort, and careful planning. However, given the growing interest

in socially responsible investing, the outlook for social entrepreneurs looks optimistic. By investing in values, such enterprises not only provide financing for their startup, but also contribute to the creation of positive social changes.

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