

The Impact of Financial Resource Factors on Social Entrepreneurship

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Abstract

The present research paper explores the pivotal role of financial resource factors on the results of social entrepreneurship by undertaking a quantitative method. A non-probability sampling technique i. e convenience sampling technique was adopted. For this purposes 384 social entrepreneur sample was used to choose the sample from unknown population of social entrepreneurs in KPK Pakistan. A survey methodology was used by distributing questionnaires via google forums among the social entrepreneurs. The data was collected and analyzed via SPSS-software using regression and other statistical techniques. The internal consistency and validity was measured via using Cronbach's Alpha, Composite reliability. The results prove that financial resources positively and significantly effects the social entrepreneurship ($\beta = 0.587$, $P < 0.05$). The research paper advances the field of social entrepreneurship by identifying the particular processes by which various financial resource variables impact venture creation and provides some useful insights to entrepreneurs seeking capital, investors providing capital and policymakers devising support systems to support the social enterprise sector.

Keywords: Financial Resources, Social Entrepreneurship, Khyber Pakhtunkhwa

Introduction

The modern world environment with unceasing social disparities and environmental issues has seen the development of social entrepreneurship as a force of sustainable development. Social entrepreneurs are a separate category of entrepreneur as they focus on a dual bottom line: a quantifiable social or environmental good and financial sustainability (Austin, Stevenson & Wei-Skillern, 2006). Such change-makers come up with innovative ideas to deal with deep-rooted problems in the fields like poverty reduction, access to healthcare and education. Nevertheless, the journey of a social entrepreneur is full of distinct difficulties, the most challenging of which is the challenging and unstable process of finding the right financial resources. The financial capital plays a very crucial role in the initiation and the growth of any venture; this fact is well established in the conventional literature on entrepreneurship. They are working in market segments commonly considered unprofitable by more traditional investors and are forced to find a nebulous funding environment between philanthropic grants and commercial sources of income (Dacin, Dacin, & Matear, 2010). Access, control and maintenance of financial resources is not only an operational issue but a major factor that determines the survival, growth and eventually, the fulfillment of a social mission of a social enterprise.

Although its significance is admitted, the correlation between the financial resource factors and the success of social entrepreneurship is not unilateral. It is a complex dynamic that depends on the kind of capital (e.g. grants, debt, equity, crowdfunding), the source of capital (e.g. impact investors, governments, commercial banks) and the conditions that come along (e.g. expected returns, reporting conditions, mission alignment). As an example, grants may not be long-term and may not be reliable even though they can offer the necessary seed capital without the demands of financial returns. On the other hand, commercial debt is able to provide scale, but potentially with repayment schedules that are inconsistent with the long-term, patient-centric nature of social impact creation (Battilana & Lee, 2014). Such a complicated game is a strategic paradox of social entrepreneurs, who need to have enough capital to fulfill their mission. Although it is widely recognized that the availability of finance is a key obstacle, the literature tends to regard financial resources as a unitary phenomenon. There is a massive gap in our knowledge of the role of certain financial resource factors either singly or in interaction with each other in determining the direction and performance of social enterprises. A subtler inquiry is needed to rip apart the individual effects of:

The Type of Capital: What are the difference effects of grants, debt, equity and revenue-based financing on the growth and mission focus of a social venture? As an example, grants are non-dilutive, critical seed funding that is however, temporary and creates dependency, which in turn kills the motivation to achieve operational efficiency and market innovation (Nicholls, 2010).

The Source of Capital: What role does the source play (government agencies, foundations, impact investors, commercial banks, or the crowd (via crowdfunding)) in the strategy of the enterprise? The sources work on different logic, timeline and reporting requirement that can have a strong effect on the priorities of the managers.

The Terms and Conditions of Capital: Is there anything other than the interest rate or equity stake that influences the effect of particular covenants, reporting conditions, and level of commitment to the social mission by the investor? The pressure of an impact investor to demand strict, quantifiable social measures may positively impact performance, but may also result in a focus on easily quantifiable results at the cost of more profound, more multifaceted impact.

Timing and Stage-Appropriateness of Capital: Does the available financing suit the stage of development of the enterprise? Startup social venture capital requirements and risk profile are incomparable to the capital requirements and risk profile of an organization aiming to scale or replicate its model. Failure is often caused by the lack of capital to match a stage. Moreover, the advent of such financing instruments as impact investing and social impact bonds has introduced one more dimension to this picture.

These tools will help to fill the philanthropy-capital markets gap as they explicitly aim to achieve a financial and a social/environmental payoff. But what is not yet well comprehended and what is to receive critical scrutiny is the practical implications of these new models how they are governing, measuring and ultimately influencing the social enterprises they finance. The fact that the financial capital is the blood of any venture is universally recognized in business literature. Things are not as challenging as traditional entrepreneurs would want to make it seem: it is just a matter of convincing investors of the possibility of financial gain. This is many times more complicated with social entrepreneurs. They are working in market failures and underserved communities, and frequently serve beneficiaries with low paying potential, thus making their revenue models naturally less lucrative and riskier in the short-term (Austin, Stevenson & Wei-Skillern, 2006). As such, they are often locked out of mainstream sources of finance. They are considered too risky by commercial banks and their financial returns are not perceived to be good enough by traditional venture capitalists. Although there are various digital financial services available that lowers the transaction costs to appreciate inclusion and access but still lacks proper adaptation (Shaheen et al., 2025). There is a considerable disconnection between how these particular factors of financial resources affect the key outcomes of social enterprises, both separately and together. Although it has been already determined by previous studies that the barrier is access to finance, a more detailed investigation is required to break down what financial mechanisms can best promote resilience, innovation and impact. This entails investigating the potential of new options such as impact investing and crowdfunding, more likely to be aligned towards social objectives and analyzing how the stage of the development of an enterprise (start-up, growth, maturity) determines the best financial structure. This study thus attempts to

go beyond a generic recognition of the financial limitations to offer a more granular assessment of the role of particular financial resource variables in the operations capacity and mission accomplishment of social enterprises. This study seeks to create a more advanced concept of social finance fit by exploring the approaches of well-known and failing social startups when acquiring capital.

It is of the utmost importance to understand these dynamics. This study will give social entrepreneurs a roadmap to follow in the complicated funding environment. It will provide important lessons to impact investors, philanthropic foundations and policymakers on how to organize capital and create support ecosystems that actually help social innovation to thrive. The final outcome of this study, in the long term, will be to build a stronger and more efficient social economy, one in which innovative answers to the most deeply rooted problems will have the financial instruments they require to be successful. Whether social entrepreneurship is relevant or not is no longer a question but how can we fund it so that it can make the most out of transforming people and planet.

Problem Statement

Social entrepreneurship has become an essential tool in solving the ongoing sociocultural and environmental issues and providing novel approaches, which focus on a dual agenda of impacting society and surviving economically. Even though it is becoming increasingly visible and capable of enabling sustainable development, the sector is marked by an immensely high failure rate, with a large number of social enterprises failing to transition beyond the start-up stage or attain any meaningful scale (Battilana & Lee, 2014). One of the major and most recognized obstacles that have led to such high attrition rate is the urgent need to find sufficient and relevant financial resources. Although the critical significance of financing is well-established in the general entrepreneurship literature, the issue of social entrepreneurs is exceptionally challenging. There exist in a financing gap, neither as risky nor profitable enough to be accepted by traditional commercial capital markets, nor as restricted as pure philanthropic grants, which may not be sufficient to scale nor make them dependent (Austin, Stevenson & Wei-Skillern, 2006). This makes social enterprises run in a fractured and frequently inconsistent funding environment, as they assemble capital across all sorts of sources impact investors, government grants, commercial debt and crowdfunding platforms.

Nevertheless, the essence of the issue is something deeper than mere inaccessibility to capital. The knowledge of how certain financial resource drivers, such as the type (e.g., grant, debt, equity), source (e.g., foundation, impact fund, commercial bank), and terms (e.g., expected returns, reporting requirements, mission-alignment covenants) directly and indirectly affect the strategic path of a social enterprise and its capacity to achieve its mission is desperately insufficient. The main issue is that social entrepreneurs and their financial partners do not have an evidence-based model that would help them make financial decisions. This causes an inherent imbalance between the capital structure of a venture and the operations that are required, which often leads to two undesirable consequences:

Mission Drift: The need to make financial profits to please some forms of investors may force social enterprises to undermine their social or environmental mission, such as serving more rich groups to increase revenue and therefore leave their target beneficiaries out (Ebrahim, Battilana, & Mair, 2014).

Operational Stagnation or Failure: The failure to attract the appropriate type of growth capital in time causes social enterprises to lack the ability to scale their influence, make investments in innovation, or become financially independent, which causes them to either fade away or shut down. Hence, the targeted research question consists in the fact that the subtle connection between the multidimensionality of financial resources and the defining social enterprise outcomes in the form of financial sustainability, scalability, and social impact is not properly comprehended yet. In the absence of a particle breakdown of what aspects of finance, in which circumstances lead to success or failure, social entrepreneurs will remain vulnerable to suboptimal and in many cases counterproductive financing decisions and the funder ecosystem as a whole will not be able to create effective support systems. The present study aims to fill this gap by conducting a systematic study to examine how certain factors of financial resource influence the outcome so as to have a better understanding of the concept of social finance fit.

Literature Review

Social entrepreneurship (SE) has become one of the strong tools to tackle the complicated problems of the society and environment. Social enterprises (SEs) are defined as the employment of innovation, resourcefulness and opportunity to resolve the acute social issues in the gray zone between both the for-profit and non-profit field (Dees, 1998; Mair & Marti, 2006). Nevertheless, one of the most recurrent and critical issues that have been observed throughout the literature is the issue of financial resources acquisition and management. Social enterprises have to negotiate a tangled financial maze to raise funds that are compatible with their dual social impact and financial sustainability dual objective, unlike traditional businesses, where profit maximization can be the main priority in attracting investors, or conventional non-profits, which depend on grants and donations (Austin, Stevenson & Wei-Skillern, 2006). This literature review summarizes the available studies on the financial resource determinants that are important in social entrepreneurship. It will examine the range of potential sources of funds, special difficulties of SEs when it comes to raising funds, the new strategies towards financial management and the importance of mission alignment in financial decision-making.

The Social Enterprise Financial Resources Spectrum

The literature defines the financial environment of SEs as a broad and shifting spectrum, frequently shifting towards a more commercial one.

Grant-Based and Philanthropic Funding

Grants and Donations: Old-style non-profits, these are non-repayable grants by foundations, governments or individuals. They play a vital role in early-stage SEs, high-risk pilot projects and projects that are dealing with problems where market mechanisms fail (Short, Moss & Lumpkin, 2009). The literature emphasizes on the benefit of patient capital that enables experimentation. Nonetheless, their temporality and possible mission drift is also a major disadvantage because SEs can customize projects to satisfy funder interests instead of local needs (Ebrahim, 2019).

Crowdfunding:

This is a newer development, which involves reward-based and donation-based crowdfunding sites (e.g., Kickstarter, GoFundMe), with which SEs can raise small sums of money in large numbers. This does not only give it capital but legitimizes the social concept and creates a community of adherents (Lehner, 2014).

Debt Financing

Loans:

Social Entrepreneurs may obtain loans with commercial banks, credit unions, or the social lenders that are specialized. This involves showing that they are capable of raising enough revenue to repay and this may be a challenge to young businesses (Bugg-Levine & Emerson, 2011).

Social Impact Bonds (SIBs):

In this pay-for-success system, social interventions are privately funded by investors, and governments can only repay the investors (with a profit) once the pre-established social outputs have been met. SIBs are a new form of outcome-based debt, but the literature reports that they are complex and expensive to transact (Fox & Albertson, 2011).

Equity Financing and Quasi-Equity

Program-Related Investments (PRIs) and Mission-Related Investments (MRIs):

PRIs are offered by foundations and are low-interest loans or equity-like investments to SEs that are in line with the mission of the foundation. MRIs represent endowment investments in a fund in market-rate SEs (Brest and Born, 2013).

Venture Philanthropy: This is a strategy that uses venture capital concepts, including long-term financing, strategic assistance, and measurement of performance to philanthropy investments (Letts, Ryan, and Grossman, 1997).

Impact Investing: This is a new area of fast growth in which investors are actively seeking a financial payoff as well as a quantifiable social or environmental outcome. Impact investors invest in SEs in equity or debt which can expand their operations (Bugg-Levine and Emerson, 2011). The emergence of impact investing has become a game-changer that established a specific capital flow of mature, scalable SEs.

Earned Income

Market-Based Revenue: SEs that make revenue through selling goods or services are many. This is considered to be the most sustainable source of financing because it will minimize the reliance on the donors and investors. The literature puts an emphasis on the strategic issue of crafting a revenue model that is capable of effectively cross-subsidizing the social mission (Alter, 2007).

The Social Enterprise Financing Landscape

The funding environment of social enterprises is significantly different as compared to the traditional businesses. According to Nicholls (2010), there is a range of sources of financing that social entrepreneurs can use and it goes all the way down to pure philanthropy and commercial investment. The implications of each type of funding on organizational control, alignment of mission and financial sustainability vary. Studies by Ebrahim, Battilana & Mair (2014) reveal that the source of funding largely determines the governance and integrity of missions in the organization. Their work demonstrates that social enterprises that have intensive commercial funding sources are likely to be pressed more to focus on financial gains at the expense of social results, and may tend to lose their mission. On the other hand, organizations that rely on grants might not be sustainable and scalable. Social enterprises have been given additional opportunities by the development of impact investing. The Global Impact Investing Network (2019) states that the market of impact investing has significantly expanded, and social enterprises have access to capital with the clear intention of achieving both financial returns and social impact. Brest and Born (2013), however, warn that the conflict between all these dual objectives has not been resolved in most impact investing relationships.

Specific Financial Resource Factors Affecting Social Enterprises

Type of Capital

There are various kinds of capital that are vital to social enterprises and their nature and implications are different, which are identified in literature. Although aligned to the mission, grants and donations usually have limitations, and they might not facilitate long-term sustainability (Wei-Skillern et al., 2007). Debt financing is good source of growth capital but it involves constant repayments which can put strain on the cash flow of the enterprise especially when the enterprise is in its early stages of development. The equity investment provides patient capital yet might provide loss of control and financial returns demands (Clark et al., 2012).

The Source of Funding and Implications

Studies conducted by Mair and Marti (2006) show that sources of funds have a great impact on organizational behavior and priorities. The foundation funding can be more programmatic and reporting-oriented whereas the government contracts can be more compliance and standardization oriented. The commercial investors are usually focused on the financial metrics and scalability, which may create the conflicts with the goals of the social mission.

Financial Sustainability and Capital Structure

Capital structure literature in social businesses has not been well developed like in commercial businesses. Nonetheless, a study by Emerson and Spitzer (2007) recommends blended capital structure, which integrates various forms of funding, as the most effective way of balancing between social and financial goals. According to their work, the sequence of various types of funding and the time they are done can greatly affect the development of an organization and the accomplishment of its mission.

Effects of Financing on Organization Output

Mission Achievement and Impact

There is a variety of research on the correlation between funding decisions and the attainment of social impact. The study by Bloom and Chatterji (2009) reveals that mission-aligned funded organizations have better social results or more community involvement. Their results indicate that the congruence between funder goals and organizational mission is a key to making a major social impact.

Scalability and Growth in Organizations

According to the literature, financing decisions have a direct impact on the organizational growth patterns. Santos (2012) discovered that social enterprises that use commercial sources of funding tend to pursue more ambitious growth strategies, whereas enterprises that use philanthropic sources tend to keep operations small and community-based. The study indicates that various funding models promote the various types of scaling strategies.

Innovation and Adaptability

Innovation capacity is also dependent on financing structures. Light (2008) claims that unrestricted funding in the social enterprises allows them to experiment and modify to new situations, whereas limited funding can restrain innovation potential. This study underscores the value of organizational learning and flexibility which depends on funding.

Financial Resource Factors

Any social enterprise requires finances to realize the desired goals of addressing social, environmental and economic issues that are dominant in the societies. The role of financial resources in social entrepreneurship is quite essential and affects the success, sustainability and impact of entrepreneurial activities to a great extent. The literature is insightful in terms of the effect of financial resources on the social entrepreneurship initiatives. This underscores the great importance of having financial resources in the process of creating positive social impact with the help of entrepreneurial activities. Any social entrepreneur must have enough funds and resources in order to realize the intended goals and objectives. In addition, Popkova & Sergi (2021) emphasize that more attention should be paid to the management of financial risks in social entrepreneurship.

They suggest that to support sustainable growth and success of social ventures, it is necessary to change the existing strategies on social entrepreneurship management in order to focus on financial risk management. As well, the article by Bird and Wennberg (2016) addresses the impact of family financial capital on the probability of immigrant entrepreneurs remaining in the field of entrepreneurship. Therefore, all social entrepreneurs require protracted assistance of friends and relatives to address social issues. The greater the family and community support the greater milestones they will hit. Monetary assets do not only enable social entrepreneurs to start and manage their projects but also determine to a greater extent the effects and results of social entrepreneurship projects. Once again, it is stressed that financial sustainability and money to run social enterprises and resolve the issues of all societies smoothly. The majority of the good projects fail to deliver desired goals because of inadequate funds. The financially sustainable strategies were implemented by social enterprises to not only advance social goals but also to address a broad spectrum of social issues in societies. The major difference between the social entrepreneurship and Business/Traditional entrepreneurship has been pointed out according to Sivathanu & Bhise (2013). The author has presented the definition of the role, importance, and nature of social entrepreneurship. It has also discussed successful stories of social entrepreneurs besides bringing out challenges that these entrepreneurs face. The author surveys the Pune social entrepreneurs to understand the challenges they face. The necessity of every society is to offer funding and financing assistance without any difficulties to social entrepreneurs that are striving to benefit society. Based on the above literature the hypothesis as follows was developed:

H1: There is significant positive relationship between financial resources factors and social entrepreneurship.

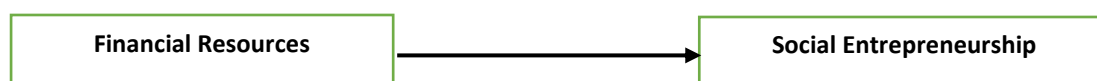


Figure 1: Conceptual framework

Research Methodology

This part explains the quantitative research design used in the study of how the variables of financial resources influence social entrepreneurship. The paper follows deductive method to evaluate the proposed hypothesized relationships between the variables and provide objectivity and generalizability by use of statistical analysis. The cross-sectional survey design was used because it enables a study to collect data effectively at a point in time to test the correlation and the effect of the constructs.

Research Design

The study design is quantitative and correlational, which is supposed to quantify the relationships between financial resource factors (independent variable) and social entrepreneurship (dependent variable). The design allows testing a hypothesis with

the structured data, based on the existing theories, such as the Resource-Based View (RBV) theory, according to which financial resources are the key to entrepreneurial success. The deductive character makes sure that the propositions that are made in theory are empirically tested with little bias of the researcher and increased reliability.

Population and Sample

The target audience will be social entrepreneurs and potential social entrepreneurs working in emerging economies with a special focus on social entrepreneur in KPK Pakistan as a case study because of its rich social entrepreneur industry dealing with such problems as poverty and unemployment.

The population is supposed to be big and vibrant and a census is not feasible

Sampling Technique

Participants were selected by using a non-probability convenience sampling technique. The approach has been selected because it is convenient in reaching social entrepreneurs via networks like industry associations, incubators and online communities in the province of KPK, Pakistan. Although convenience sampling can be a source of selection bias, it can be used in quantitative exploratory research in populations that are challenging to access such as social entrepreneurs. The sample was diversified by including the respondents representing different areas (e.g., education, healthcare, environmental) and demographic groups. For this purposes 384 social entrepreneur sample was used to choose the sample from unknown population of social entrepreneurs in KPK Pakistan.

Data Collection Methods

Primary data was gathered through a self-administered online questionnaire that was administered using such tools as Google Forms and email invitations. This online strategy will guarantee a large coverage, cost effectiveness and real time reactions especially where the population is geographically scattered. The participants were recruited through social media communities and entrepreneurship discussions. The questionnaire was non-identified so that truthful answers could be received and to enhance the response rates invitations were made one week later. The data was collected over about two weeks with an informed consent being made online in the beginning.

Data Analysis

Table 1 Demographics

Factors	Character	Frequency	Percent
Gender	Male	288	75
	Female	96	25
Factors	Sum	384	
Ages	21-30 years	53	13.80

	31-40 years	131	34.11
	41 & Above	200	52.08
Factors	Sum	384	
Education	College Level	103	26.82
	University/Post Graduate	281	73.17
	Sum	384	

The table provided above provides an unambiguous overview of the demographic picture of social entrepreneurs of the study. The study of such a profile can help us conclude about the possible trends and biases in the influence of financial resource factors on various groups. The findings indicate that average social entrepreneur in this sample are well educated (73% university/ post-grad), middle aged or older people (52% over 40) and 75% of them are male and 25% are female.

Pearson Correlation between Financial Resource and Social Entrepreneurship
Table 2 Correlation Matrix

Variables	Mean	SD	SE	FR
Financial Resource	3.87	0.73	1	
Social Entrepreneurship	3.89	0.71	0.716**	1

Note: N = 384, $p < 0.01$ (2-tailed)

Results Interpretation

Strength and Direction of Relationship: The Pearson correlation coefficient of the relationship between Financial Resource and Social Entrepreneurship is $r = 0.716$, which shows that there is a strong positive correlation. This implies that the greater the level of financial resources that the entrepreneurs have, the more they become engaged and successful in social entrepreneurship.

Statistical Significance: The correlation is found to be significant at the 0.01 level meaning there is a less than 1% chance that this strong correlation could have occurred by chance. Therefore, the connection between the social entrepreneurship and the availability of financial resources is trustworthy and valuable.

Practical Interpretation:

The more accessible are the capital, funding and financial literacy of the entrepreneur, the more efficient he or she can become in the creation and maintenance of social businesses.

The results suggest that social ventures that address social and environmental issues rely on the financial support and effective allocation of resources as the enabling factors.

Adequate financial resources are useful to social entrepreneurs in scaling up, innovating, and attaining quantifiable social impact.

Theoretical Implication: The finding confirms the assumption of the Resource-Based View (RBV) theory, which suggests that the availability and efficient usage of valuable resources (such as finance) improves the ability of an organization to become innovative and competitive advantage in this instance, social value creation.

Interpretation Summary: The results show that financial resources are a decisive factor of social entrepreneurship performance. With the increase in financial capacity, social entrepreneurs will be in a better position to seek innovative solutions to the community and societal problems.

Data Analysis Techniques

The analysis of the data was done through SPSS software. Descriptive statistics (means, standard deviations) and inferential tests (correlation analysis, etc.) are analyzed in the preliminary analysis. Direct effects (e.g. β coefficients, t-values, $p < 0.05$) was tested by regression analysis. Initial data cleaning, demographics, reliability and validity was assisted by SPSS software to ensure the validity.

Reliability and Validity Measures

The reliability and internal consistency of the items of the constructs of the study was examined through Composite Reliability (CR) and Cronbach's alpha. According to Hair, J.F., et al. (2017), the minimum criteria for acceptable value for CR and Cronbach Alpha is that the values of each should be greater than 0.7.

Table 3 Reliability Statistics

S#	Variables	Items	Cronbach's alpha	Composite Reliability
01	Financial Resources	03	0.832	0.839
02	Social entrepreneurship	08	0.886	0.891

The above table reveal that internal consistency for the constructs was good enough, as the values of Cronbach's Alpha and Composite Reliability were greater than 0.7 and shows a significant consistency and reliability of the tests and measures.

Table 3 Regression Analysis

Table 5		Coefficients		
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

	B	Std. Error	Beta		
(Constant)	.489	.189		5.781	.000
Financial Resources	.591	.047	.587	23.117	.000

R = 0.587

R-Square = 0.579

Fstat = 433.171 (0.000)

The regression table above shows the constant of 0.489 means that the average Social Entrepreneurship will be 0.489 and the constant is noteworthy as the P value of the constant is less than 0.05 and implies that a change of 1% in the Financial Resources will result in a change of 0.591 in the Social Entrepreneurship. It is an important and significant model because the F value is greater than 4 and P value is less than 0.05 (Fstat= 433.171 >4). R=0.587 means that the two variables are related with the association of 58.7 percent and the figure of the R Square means that the independent variable Financial Resources can explain the change of the dependent variable Social Entrepreneurship 57.9 percent. Figure 2 indicates the estimated model.

Financial Resources Factors and Social Entrepreneurship

The findings of this paper indicate the strong positive association of financial resources variables and social entrepreneurship that justify the research of (Bird & Wennberg, 2016; Cieslik, 2018; Le & Loan, 2022; Popkova & Sergi, 2021; Zahra et al., 2009). Financial resources therefore play an important role in social entrepreneurship and have a strong impact on the success, sustainability and impact of entrepreneurial activities. This underscores the importance of financial resources in creating positive social impact in the entrepreneurial activities. In addition to this, financial resources do not only enable social entrepreneurs to start and maintain their businesses, but also greatly influence the effect and results of social entrepreneurship projects. Findings of this research study therefore confirm and validate the following hypothesis:

Hypothesis 1: There is a significant positive association among financial resources factors and social entrepreneurship.

Theoretical Contribution

The paper has a number of valuable theoretical contributions:

Expansion of Resource-Based View: The results contribute to the field of RBV as it reveals that in the case of hybrid organizations, the strategic value of financial

resources is highly dependent on their correspondence to social mission and organizational capabilities. Instead of seeing all financial resources as being the same, the study demonstrates that they have different levels of compatibility in their social mission that define their strategic worth.

Refining Institutional Theory: The study offers subtle insight into institutional complexity by determining that there are certain circumstances in which the commercial institutional logics prevail over the social welfare logics. The identified 50 percent commercial funding point is also a critical threshold of mission drift.

Future Research and Limitations

Study Limitations:

Cross-sectional design has the drawback of restricting causal inferences.

Geographic concentration: This may have an influence on generalizability.

Subject to social desirability bias self-reported measures.

Failure to reflect dynamic funding changes with time

Future Research Directions:

Longitudinal research of financing development and performance

The comparative effectiveness of funding across cultures

Research on the best stage-to-stage funding transitional measures

Studies of failed social enterprises to learn about failures to do with funding

Investigation of the effects of digital financing platforms on the conventional funding mechanisms

Concluding Remarks

The current research shows that financial resource aspects are not only enabling factors but also determining factors of social entrepreneurship outcome. The results challenge the traditional wisdom of more funding which is always better but show that the nature, timing and even fit of financial funds are even more important than the amount of money itself. The best course of action of social enterprises seems to be a well-balanced hybrid approach between funding diversity and mission alignment, responding to the needs of the developmental stage and ensuring stringent mitigation measures against mission drift.

Through appropriate strategic financing choices based on these principles, social entrepreneurs can improve their ability to attain the dual bottom line of substantive social impact and sustainable financial performance. In the end, this study helps to build more viable and efficient social business organizations that are more capable of dealing with the intricate social and environmental problems of the modern society. The results are also a warning against blindly seeking funding as well as a roadmap on how to use the financial resources to optimize the generation of social value.

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