

Social Economy Organizations as Users of Finance

Atlantic Node, Sub-node 5.1

Seth Asimakos, Peter Hough, George Karaphillis

Spring-Summer 2008

Funding from the Social Sciences and Humanities Research Council of Canada*



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités



Introduction

Our project examines how social economy organizations (SEOs) utilize **external financing**. We aim to:

- Identify **issues** with finance of the SE
- Identify **factors** that make SEOs more likely to obtain external finance, and
- Estimate the **demand** for finance in the SE



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

Background and Rationale

- Project contributes on the theory and practice of *Financing the Social Economy*
- Project supports the goals of the Atlantic research node:
 - Contributes to the **theory and practice** of social economy in the Atlantic region
 - Involves two **community** organizations and two **universities**
 - Mentoring of student researchers, **building capacity** in researching community finance issues
 - Uses “**social economy**” in the surveying process
 - Will **share** findings and reports with other Nodes in Canada



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

Community/University Partnership

- Building a **research partnership**:
 - CED Institute - Cape Breton University
 - Saint John Community Loan Fund
 - Tenacity Works, Canadian Worker CoOp Federation
- **Community Partner** contributions:
 - Project goal setting, **steering** of research process.
 - Leverage community **contacts** to improve research reach
 - Knowledge mobilization within and beyond the partnership
- **Academic Partner** contributions:
 - Supervision of **student** assistants
 - Data **analysis**, interpretation, report writing, presentations
 - Knowledge **mobilization** within and beyond the partnership

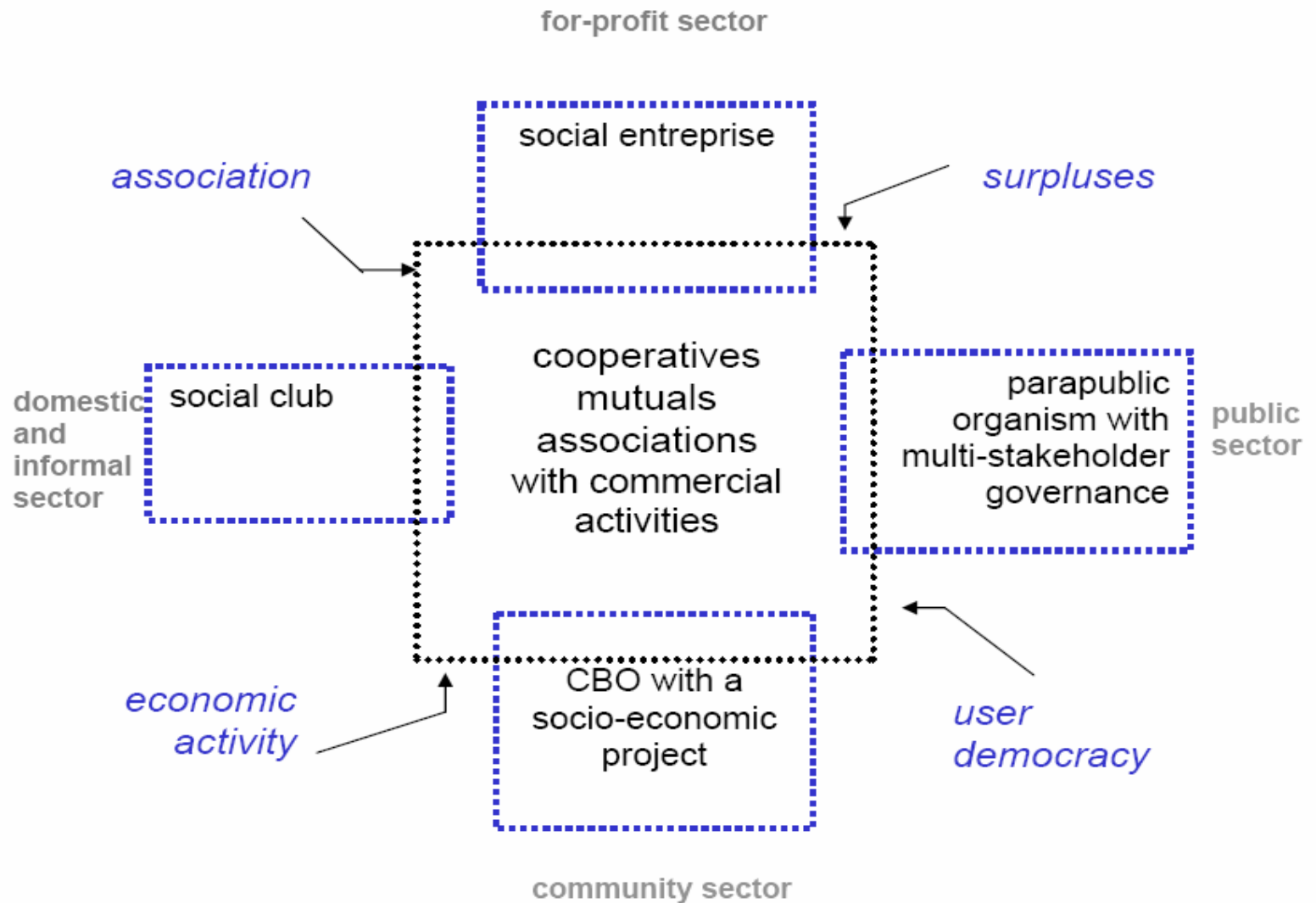


Project Methodology

- Research began in April 2008
- Compiled databases of SEOs in **Cape Breton NS** and **St. John NB** from **many sources**
- Used the *'Chaire de Recherche en Economie Sociale'* criteria for SEOs:
 - Economic activity
 - No distribution of surpluses among members
 - Voluntary association: accessible, not govt
 - Democratic governance

List of 530 reduced to 102 for CB





Source: CRES, 2006

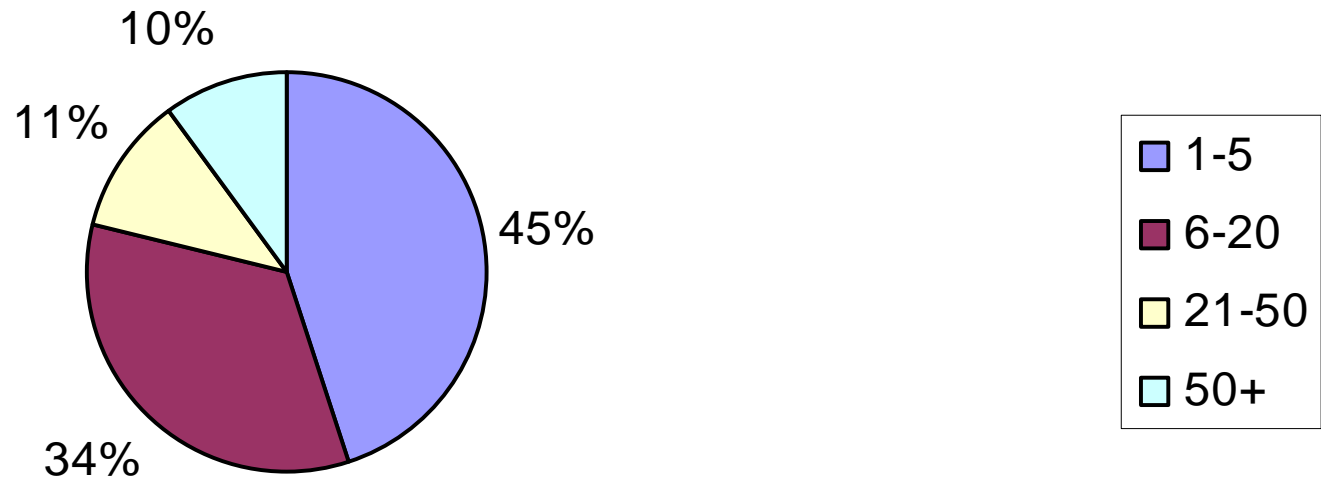


- Surveys were distributed to SEOs with a deadline set for July 2008.
- Surveys could be submitted in hardcopy or completed **online** at www.cbu.ca/cedsurvey
- 91 surveys completed to-date
52% response rate !
- Analyzing data in **Excel** and **SPSS**



Some Findings To Date

Number of Employees

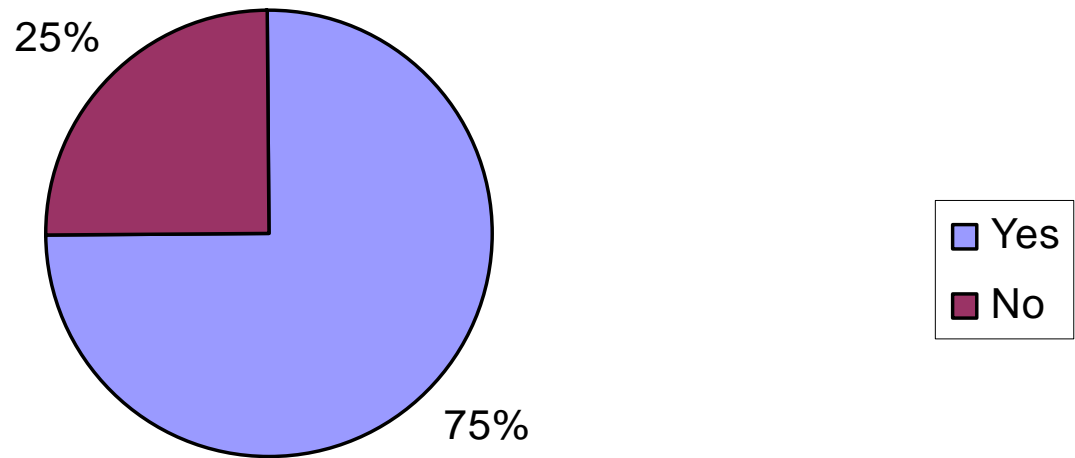


Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

Some Findings To Date

Has your organization ever sought external finance?

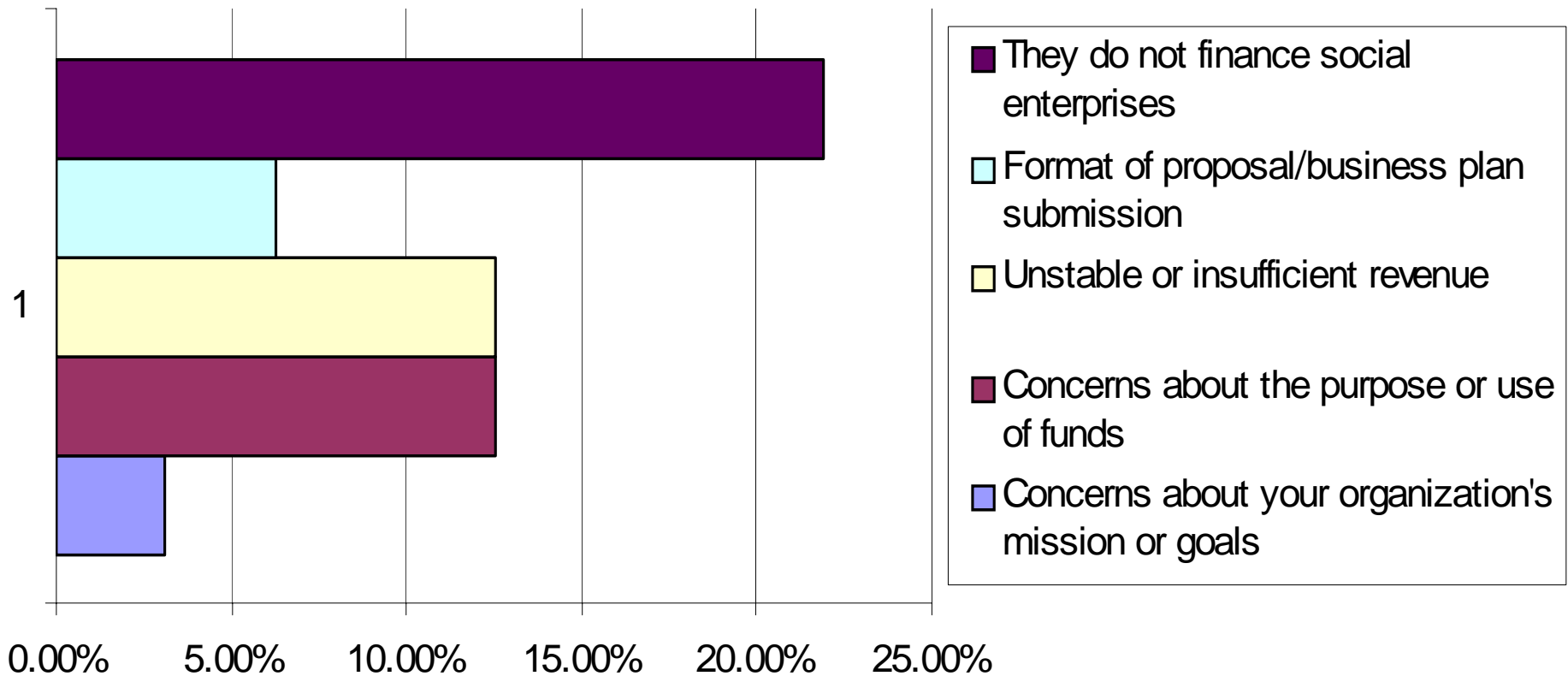


Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

Some Findings To Date

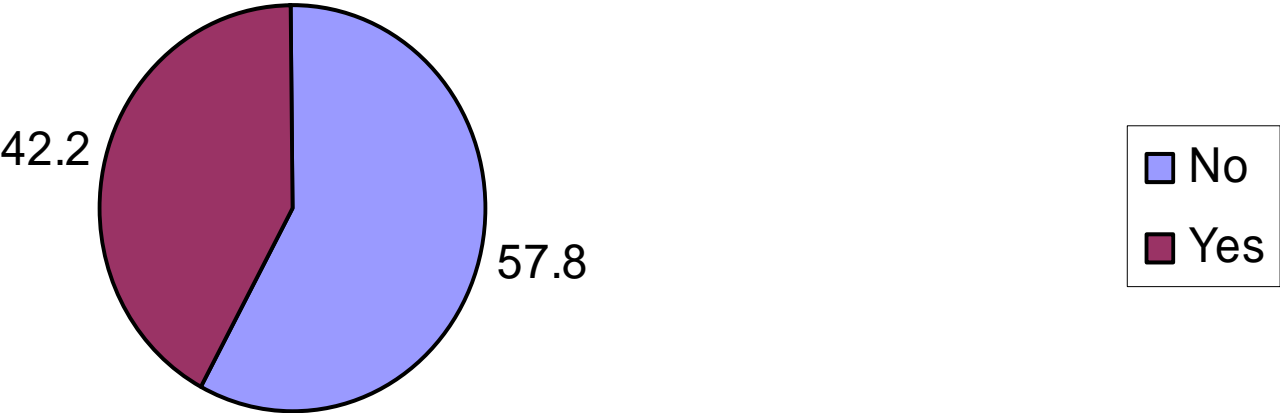
For what reason was your financing prooosal rejected ?



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

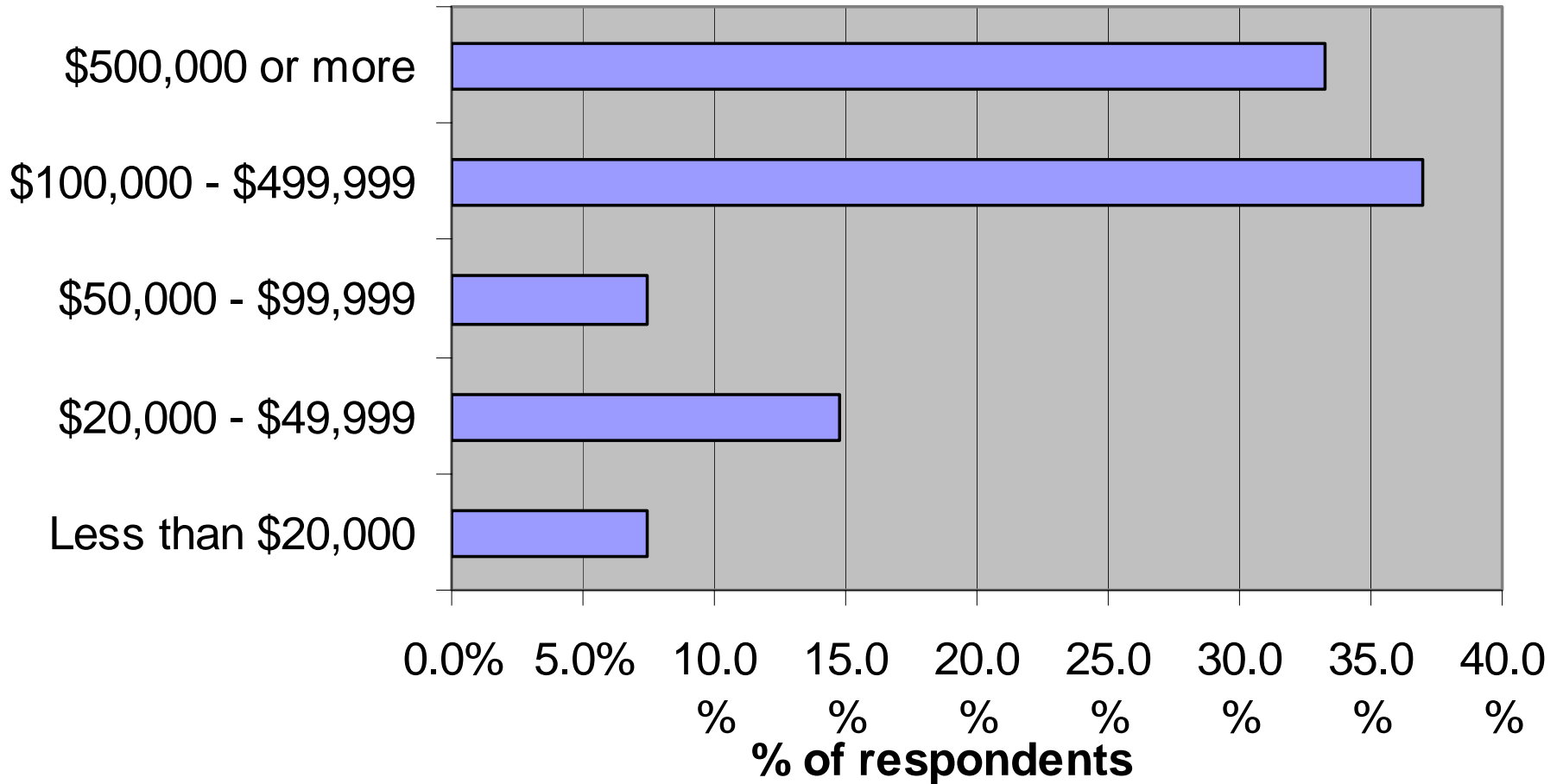
Do you plan to start a new social enterprise



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

How much will you require to finance you're expansion/new venture?



Observations

- SEOs that are **more than 20 years old** and have an annual **budget over \$250K** accounted for nearly half of the successful external financings in the SE
- Nearly half of SEOs **increased** their external financing over the last three years



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

Deliverables

Planned:

- Report for internal Node distribution
- Conference presentations
- Features or news articles in the alternative/independent Canadian press (Winter 2009 – Winter 2010)
- Publication in academic journals



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

How Students Benefit from the Project

- 2 students worked for project, in 2006 and in 2008
- Worked on literature review, collecting and analyzing primary data and helped in the writing process
- *“This was the first time I have taken part in such a large and far-reaching research project. It help me develop as a researcher and writer. This project has also strengthened my belief that SEOs have an invaluable role to play in Atlantic Canada.”* Stephen Moore, MBA in CED student – CBU, 2008



Social Economy and Sustainability Research Network
Partenariat sur l'économie sociale et la durabilité

Bridging, Bonding, and Building / Renforcement des liens et des capacités

Next Steps

- In depth data **analysis**
- Follow-up survey of **financial institutions**
- Survey SEOs in **P.E.I.** and **Newfoundland**
- Explore the role of **foundations**
- Explore **gaps** in understanding: SEOs vs. finance providers
- Estimate **size of demand** for SE financing
- Study and **profile** successful financings

