

Social Economy Organizations as Users of Finance: In Cape Breton NS and Saint John NB

Project 5.1

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Partenariat sur l'économie sociale et la durabilité



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 of the SE



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Background and Rationale

- Project contributes to 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



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Community/University Collaboration (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



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Project Methodology

- Research began in April 2008
- Surveys were distributed to SEOs with a deadline set in June 2008
- Surveys could be submitted in hardcopy or completed online at www.cbu.ca/cedsurvey
- Analyzed the data in MS Excel and SPSS



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Main Findings To Date

- More than half of SEOs' reported that they attempted to access external financing and were rejected
- Most common reasons cited by SEOs for rejections:
 - format of the proposal and
 - that banks do not finance SEOs
- More than half of the SEOs that were successful in obtaining financing, had more than 50% of their income generated by sales of goods and service



Main Findings To Date

- 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



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Deliverables

Planned:

- Features or news articles in the alternative/independent Canadian press (Fall 2008 – Winter 2009)
- Publication in academic journals



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How Students Benefited 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



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Conclusions and Next Steps

- In depth data analysis
- Follow-up survey of financial institutions
- Explore the role of foundations
- Estimate size of demand for SE financing



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