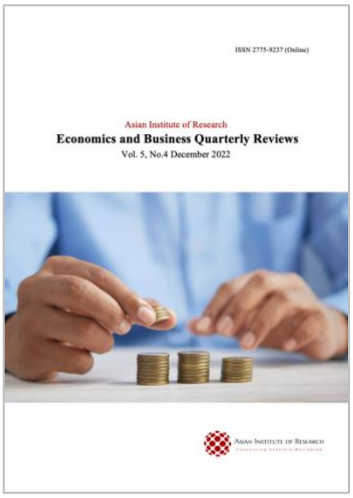

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Systematic Literature Review of Social Enterprise Financing and Investment

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Abstract
Non-profit and for-profit social enterprises struggle to source funding. Current limited understanding on the funding sources of these enterprises originates from disconnected body of studies based on different subject areas. This paper systematically reviews 50 articles published between 2009 to 2022 to bridge the existing knowledge in the subject area. This is achieved by mapping the sources of funding for social enterprises at organizational, personal, and institutional levels; analyzing the results to design an extensive model; and suggesting future areas for study in the field. It is found that studies at personal levels majorly focus on the perspective of funders of the features of a social entrepreneur. Social enterprises' dual logic is usually addressed by research at the business level; including their effect on the effective funding of these enterprises. Institutional level research is clustered into legal, social, economic, and cultural factors. The paper suggests the need for studies, which use an extensive view by looking at all the three levels of analysis together and applying both organizational and economic theories.

Keywords: Social Enterprise, Social Financing, Social Investment, Social Entrepreneurship, Impact Financing

1. Introduction

Shortcomings in the capitalist economic and political system and the need to adopt robust practices focusing on maximizing societal benefits have contributed to new business models. Therefore, some firms have structured their operations to look beyond profits and promote societal well-being by putting the people and society welfare first. According to Hirsch (2021), the trend contradicts the capitalist association with profit maximization goals in a highly competitive market environment. The author adds that the deepening of global inequalities and social stratification has contributed to the emergence of a sustainable growth ideology where long-term development can only be achieved when everybody achieves dignity (Hirsch, 2021). The trend will likely continue as more social issues emerge that cause entrepreneur to rethink their business models.

Besides, the increasing demand for firms to consider their stakeholders' well-being is forcing enterprises to adopt new measures demonstrating their concern for society. The trend arises due to businesses' detrimental impact on their environment, including pollution that adversely affects other residents' well-being. Hence, they must integrate socially, economically, and environmentally engaged business models that consider how their services' impact society and possibility of internalizing their negative impact on society (Rezende de Carvalho Ferreira 2016). The concern for society presents a new business front where enterprises seeking a favorable reputation engage in activities that demonstrate their desire to help the people. Therefore, nonprofit entities offer those using the traditional model an opportunity to expand their reach and market competitiveness.

Social enterprises are not profit-maximization oriented as they focus on optimizing their contribution to societal well-being while introducing margins that only enable them to survive. Hence, it is paramount to investigate their characteristics, financing models, and the primary motivations for investors in measuring their contributions' impacts to determine whether they are worthwhile. Besides, it is necessary to investigate their financing challenges, which is vital in evaluating their interventions' effectiveness and uniqueness from the for-profit entities. Organizations with this business model are essential to communities since they help mitigate socio-economic challenges, including housing, healthcare, and education among the disadvantaged (Macassa 2021). However, sustainability is critical to achieving their social objectives, signifying that they must implement measures to sustain stable revenue flow. The article comprises an in-depth evaluation of the organizations to understand their functioning and the issues they encounter while executing their core business functions.

Based on the study's aim and scope, the following comprise the primary questions the paper seeks to address.

1. What are social enterprises?
2. What financing models do social enterprises use?
3. How do investors measure their social returns?
4. What financing challenges do social enterprises face in sustaining their operations?
5. Are there any research gaps that stakeholders should consider adding social enterprise investment and financing?

2. Research Methodology

Understanding the present level of research on social business funding and investment required a thorough literature review approach. A systematic literature review assesses data and results of other scholars in reference to a particular research objective (Pullin et al., 2016). The method adheres to a specific protocol where the question is clearly defined before the review is done. It is an extensive, transparent research done over different databases and literature replicable and reproduceable by other scholars(Egger et al., 2022). This method is usually preferred as one usually have various databases to scrutinize and select the best articles that answer the question being studied. Various scholars have successfully applied this method in the social enterprise context. Banke-Thomas and colleagues used this method to study the limitations of social enterprise financing techniques. Alomoto et al. (2021) applied the same approach to assess social enterprises and their features. Gosselin et al. (2020) used systematic literature review to assess the physical activity and sports interventions using the SROI model. Rezende at al. (2016) also used the method to examine the finances and sustainability of social enterprises. All these articles have formed the basis of the current paper.

Fifty articles on business and management were examined primarily to extract their enterprise-related content. The journals in the Entrepreneurship and Small Business category of the Academy Business Schools Journal Guide (ABS 2018), Google Scholar, the Financial Times research ranking (FT50), and a few other select journals in the fields of business and society, nonprofit management, and public administration were reviewed. Articles were selected based on the content on social enterprise and funding since these components are the major elements of the research question. Finally, five publications from the fields of business and society and nonprofit management and public administration were selected since they also entailed social enterprise and financing. Publications and journals which fulfilled the provisions of (Chen et al., 2009) were prioritized for review. These were chosen because of characteristics like prominence in the Social Science Citation Index (SCCI), high impact factors, lengthy lifespans, and connections to influential academic networks.

The samples used for the ABS 2018 and FT50 were similar; therefore, the Web of Science database was also used to find articles. The search was limited to a specific timeframe (from 2009 – 2022) as this is the year the Social Enterprise Journal was first introduced (January 2009). As the first specialized publication dedicated only to the field of social entrepreneurship, The Social Enterprise Journal paved the way for its peers, and thus, its inception was a good place to begin the research since it represents a watershed moment in the study of social entrepreneurship.

3. Scope of the Study

The Web of Science database was used to conduct an "Advanced Search" on a sample of 50 business and management publications. The search was narrowed down to avoid displaying results for book reviews. The topic search option was used to search journal titles, abstracts, and author keywords, making it easier to find more relevant information about social entrepreneurship and finance. The keywords searched included social enterprise, social entrepreneurship, social entrepreneur, social innovation and investment, social enterprise and investment, social financing, social enterprise financing, social enterprise financing and investment, enterprise, connections, and relationships.

The first search resulted in 179 journals after being assessed to establish if social enterprise financing and investment were significantly covered. The following inclusion criteria were applied in selecting articles for the sample:

a. Were social enterprises, entrepreneurs, or innovations central to the discussion?
b. Were investment and financial theories used to analyze social enterprises, entrepreneurs, or innovations?
c. Were there empirical studies of social enterprise financing, financing for social entrepreneurs, or networking in social entrepreneurship or innovation processes?

The first sample of 179 articles was extracted from a search on Web of Science, Google Scholar and Financial Times based on the systematic review protocol. Initially 50 articles were extracted, and a snowball technique was utilized to find more publications in the 50 journals that could be relevant to social entrepreneurship, financing, and investment. The articles were screened for duplicates and 24 articles were excluded at this stage. Title and abstract review were conducted according to the research inclusion criteria defined above and 81 articles were excluded. A full paper reading of the remaining 74 articles was conducted in the next stage and a further 24 articles were excluded based on the exclusion criteria. Only English articles were required; thus, non-English articles were eliminated – which resulted in 50 articles. The 74 articles were skimmed to determine their contents and how resourceful they were in answering the study questions and this led to 50 articles. The 50 articles were assessed against the coded themes where those which contained at least three of the themes were included in the review. A final 50 articles were selected for synthesis and results were reported based on these articles. Codes were assigned to each of the 50 papers based on the following criteria: journal, year, geographic emphasis, network theories employed, methodologies used, contribution, and implications. The papers were reduced to 50 after a full paper reading as 24 papers were excluded based on the exclusion criteria which include non-related themes, lack of clarity of findings, non-English papers and unclear methodology.

The approach taken in this paper could have limitations as not everyone would agree with the journals that were chosen or the criteria applied to select them. This might lead to the loss of certain historically valuable works, which could help answer the research questions. The search process is shown in Figure 1.

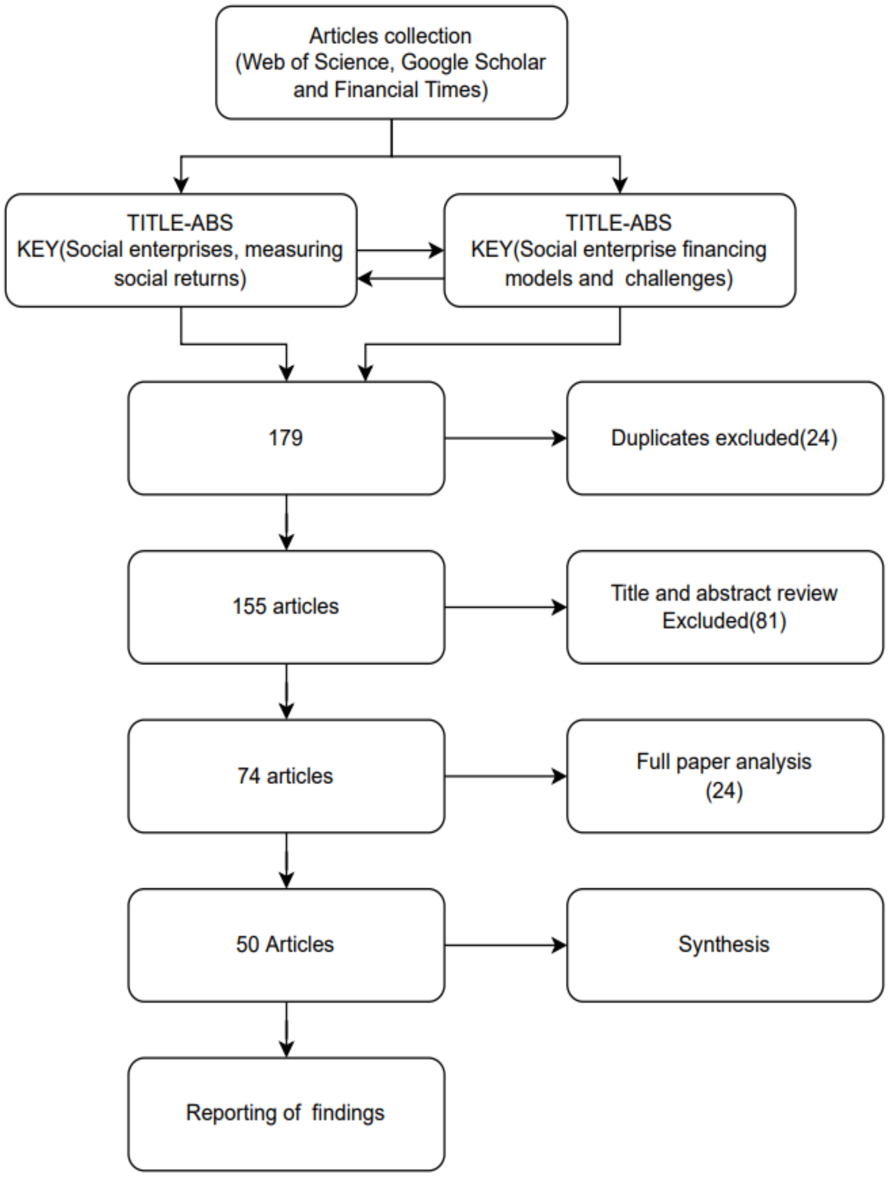

Figure 1: The search process.

4. Literature Analysis

All the articles were read, dissected, and categorized according to predetermined criteria. Terms like research approach, research method, journal subject area, and applied theory were used to describe and primarily deduce between topics. The codes in these sections indicated the kind of publication, the research location, the journal's topic categorization, and the theory or model used in the study. The second set of categories was derived inductively after reading the articles to uncover themes that represent the central ideas, rebuttals, and theoretical integration of expressions upon which the article's research questions, constructions, concepts, and measures rest. Through exclusion and refining, the massive body of literature was reduced to five overarching themes and various supporting sub-themes – connected to the study objectives – through cluster analysis and further abstraction of the codes. The articles were categorized into various groups to explore the study phenomena from a multi-level vantage point. After that, the emphasis accorded to empirical research since it had the most closely connected themes and results for the thematic analysis. This means that the method's underlying hermeneutic and iterative process involved various interplays of critical reflection on data, discernment of research patterns, and the questioning and refining review categories. Table 1 below shows the journals reviewed and their frequencies.

Table 1: Journals reviewed

Journals	Number of articles	Percentage
Academy of Entrepreneurship Journal	1	2%
International Journal of Voluntary and Nonprofit Organizations	3	6%
Nonprofit Management and Leadership	1	2%
International Journal of Entrepreneurial Venturing	1	2%
Social Indicators Research	1	2%
Journal of World Business	1	2%
Entrepreneurship Theory and Practice	1	2%
International Journal of Agricultural Sustainability	1	2%
Operations Management Research	1	2%
Journal of Entrepreneurial and Organizational Diversity	1	2%
BMC Public Health	1	2%
Journal of Rural Studies	1	2%
International Journal of Productivity and Performance Management.	1	2%
Journal of Corporate Finance	1	2%
Journal of Social Entrepreneurship	2	4%
Forest Policy and Economic	1	2%
American Journal of Industrial and Business Management	1	2%
Academy of Management journal	2	4%
Journal of Social Policy	1	2%
International Journal of Management Reviews	1	2%
Social Enterprise Journal	3	2%
Journal of Innovation and Entrepreneurship	1	2%
European Management Journal	1	2%
International Journal of Behavioural Nutrition and Physical Activity	1	2%
Journal of Business Research	1	2%
American Journal of Political Science	1	2%
The Quarterly Review of Economics and Finance	1	2%
Nonprofit and Voluntary Sector Quarterly	1	2%
Entrepreneurship Research Journal	1	2%
International Journal of Environmental Research and Public Health	1	2%
Annals of Global Health	1	2%
BAR-Brazilian Administration Review	1	2%
Technology, Market, and Complexity	1	2%
Journal of Innovation Economics Management	1	2%
Journal of Sustainable Finance & Investment	1	2%
International Journal of Management and Applied Research	1	2%
Journal of Management	1	2%
Business Ethics Quarterly	1	2%
European Research Studies	1	2%
International Journal of Contemporary Management	1	2%

5. Findings

Among the journals reviewed, 22 were published in journals within the entrepreneurial area, 15 within general management and strategy, eight on public sector management, and five on finance and accounting, as presented in Figure 2.

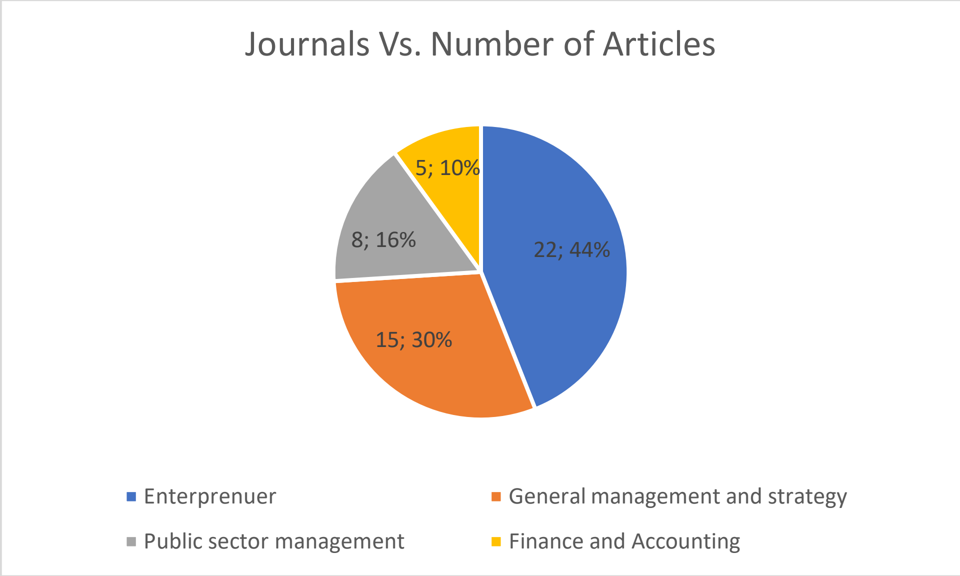

Figure 2: Journals Vs. Number of Articles.

6. Publications And Journal Types

There has been an increase in the number of publications within the journal categories mentioned in Figure 2 since 2009. Figure 3 below shows the number of articles published each year, beginning from 2009, and it is a perfect illustration of how research on the topic studied has been established.

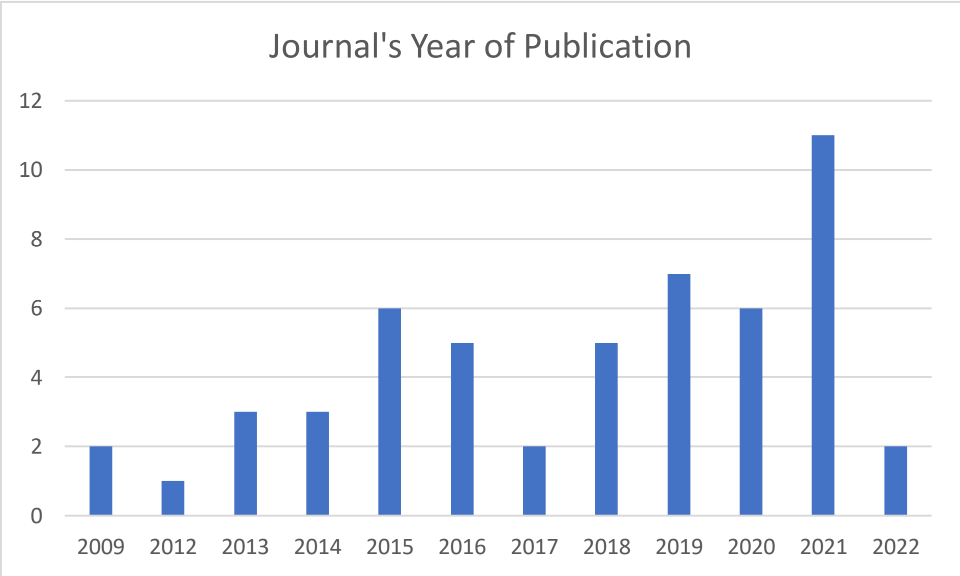

Figure 3: Journal publication by year.

6.1. Literature Views on the Roles of the Individual, the Organization, and the Institution

Various underlying themes were unearthed at the human, organizational, and institutional levels, with the results presented at three levels of organization: broad, intermediate, and specific. Table 2 shows the various ideas presented in the articles.

Table 2: Articles Vs. Research questions.

Research Questions	References	Focus area
What are social enterprises?	Saebi, Foss and Linder (2019); Fridhi (2021); Gupta et al. (2020); Nascimento Salazar 2020); Smith et al. (2013); Rostron (2015); Rezende et al. (2016); Petrella & Richez-Battesti (2014); Park, & Kim (2020); Macassa (2021); Kerlin (2012); Alomoto et al., 2019; Battilana and Lee (2014); Alomoto, W Niñerola, A & Pié (2021).	• Investigating gaps in social entrepreneurship research • The relationship between social entrepreneurship and innovation • A systematic review to identify social entrepreneurship themes • Investigating the empirical support for the conceptual model utilized in analyzing social entrepreneurship antecedents
What financing models do social enterprises use?	Chui et al. (2021); Abhi (2017); Akbulaev, Aliyev and Ahmadov (2019); Kordsmeyer et al. (2020); Park and Kim (2020); Gatzert (2015); Thomas, A & Gupta (2021); Nascimento, & Salazar (2020); Kickul & Lyons (2015); Gosselin (2020); Callegari, & Nybakk (2022); Banke-Thomas et al. (2015); Bailey et al., 2018); Callegari, B & Nybakk (2022); Bengo, and Arena (2019); Ala-Jääski and Puumalainen (2021); Addae (2018).	• The role of social enterprises in promoting labor market integration • Effectiveness of social entrepreneurial ventures in balancing between achieving social purpose and wealth creation • Financing strategies that social enterprises adopt to improve living standards and provide quality services • To review studies on coping strategies, health promotion interventions, working conditions, and health-related outcomes among social enterprises • Social enterprises' economic roles and the justifications for seeking government grants.
How do investors measure their social returns?	Maldonado and Corbey (2016); Banke-Thomas et al. (2020); Gosselin, Boccanfuso and Laberge (2020); Celli (2013); Maier et al., (2015); Li et al. (2019); Hudon, & Périlleux (2014); Gatzert (2015); Block et al. (2021); Alsos, G.A. and Ljunggren (2017).	• Evaluating public health interventions' value for money using the SROI method • Assessing the quality of reviewed studies utilizing the SROI techniques. • Assessing the quality of reviewed studies utilizing the SROI technique
What financing challenges do social enterprises face in sustaining their operations?	Wolak-Tuzimek, Duda and Sieradzka (2021); Ávila, Ferreira and Amorim (2021); Wronka-Pośpiech (2018); Alomoto, Niñerola and Pié (2021); Massey (2018); Shahidullah & Haque (2016); Kordsmeyer et al. (2020); Hirsch (2021); Busenitz et al., (2016); Abhi (2017); Chen et al. (2009); Andersson, F.O. and Self (2015).	• The association between social enterprises and their competitive advantage sources. • Assessing the relationship between operational capabilities and dual identity among social enterprises • Social entrepreneurs' failures that increase the collapse of their enterprises • Tools for measuring social impacts within the last 50 Years • Factors contributing to the high collapse rate among social enterprises
Are there research gaps that stakeholders should consider to add social enterprise investment and financing?	Busenitz, et al. (2016); Saebi et al. (2019); Naderi et al. (2022); Shahidullah, & Haque (2016); Collien (2021); Cobb et al., (2016); Barraket et al. (2019); Bansal et al. (2019); Ashby et al. (2009); Alon et al. (2020); Achleitner et al. (2013).	• Areas future studies and research should concentrate on to enhance social enterprise financing models • Expanding countries of study beyond Asia and Europe • Effects of political, economic, and cultural factors and their solutions in social enterprise financing • Requirements of social companies • Investor-investee collaboration • Expansion of public sector management research

The paper considered the duties of investors and investees, the primary parties involved in funding social businesses, and any other related topic. Table 3 shows the different kinds of literature reviewed, the method used, and various theories applied.

Table 3: Articles, methods used, and theories applied.

Article	Approach		Applied model	Source	Journal subject area
Abbi, 2017	Quantitative		Entrepreneurship	Journal	
Achleitner et al., 2013	Empirical-quantitative	Experiment	Self-determination self-selection theory	Journal	PSM
Addae, 2018	Empirical-qualitative	Multiple case studies	Institutional, organizational, path dependency	Journal	PSM
Ala-Jääski and Puumalainen (2021).	Empirical-qualitative	Interviews	Entrepreneurial passion	Journal	Entrep
Akbulaev, N., Aliyev, Y. and Ahmadov, T. (2019).	Non-empirical	Narrative/ descriptive	None	Journal	Other
Alomoto, 2021	Non-empirical	Narrative/ descriptive	None	Journal	F&A
Alon et al., 2020	Empirical-quantitative	Archival/secondary data - inferential	Cognitive evaluation	Journal	Entrep
A Alsos, G.A. and Ljunggren , 2017	Empirical-qualitative	Single case study	Institutional logics	Journal	F&A
Ashby et al., 2009	Non-empirical	Conceptual	None	Journal	Entrep
Ávila, L Ferreira, LMD & Amorim, 2021	Empirical-quantitative	Survey/primary data - inferential	Reasoned action, Entrepreneurial event, and Process driven	Journal	Innovation
Andersson, F.O. and Self, W. (2015).	Empirical-quantitative	Experiment	None	Journal	PSM
Bailey, N Kleinhans, R & Lindbergh, J 2018	Empirical-quantitative	Archival/secondary data - inferential	Signaling theory	Journal	Entrep
Banke-Thomas et al., 2015	Empirical-quantitative	Archival/secondary data - inferential	Attention-based view	Journal	Marketing
Bansal, S., Garg, I. and Sharma, G.D., 2019	Empirical-quantitative	Simulation	None	Journal	Economics
Barraket, J., Eversole, R., Luke, B., and Barth, S., 2019	Empirical-qualitative	Multiple case studies	None	Journal	PSM

Battilana, J. and Lee, M., 2014	Non-empirical	Narrative/ descriptive	Institutional theory	Journal	Gen & Stra
Bengo, I. and Arena, M., 2019	Empirical-qualitative	Multiple case studies	None	Journal	Gen & Stra
Block, J.H., Hirschmann, M. and Fisch, C., 2021	Empirical-qualitative	Interviews	None	Journal	Gen & Stra
Busenitz, LW Sharfman et al., 2016	Empirical-qualitative	Multiple case studies	None	Journal	Gen & Stra
Callegari, B & Nybakk, E 2022	Empirical-quantitative	Archival/secondary data - inferential	Self-determination theory	Journal	Gen & Stra
Celli, M 2013	Empirical-quantitative	Survey/primary data - descriptive	None	Journal	PSM
Chen, X.P., Yao, X. and Kotha, S., 2009	Empirical-quantitative	Survey/primary data - inferential	Big five personality traits	Journal	Entrep
Chui, CHK Chan, CH & Chandra, Y 2021	Empirical-qualitative	Single case study	Capital theory	Journal	Entrep
Collien, I., 2021	Empirical-qualitative	Single case study	Network theory,	Journal	Gen & Stra
Cobb, J.A., Wry, T. and Zhao, E.Y. (2016).	Empirical-quantitative	Archival/secondary data - inferential	Institutional logics	Journal	Gen & Stra
Erin, I., Castellas, P., Ormiston, J., and Findlay, S., 2018	Empirical-quantitative	Survey/primary data - inferential	None	Journal	Entrep
Fridhi, B 2021	Empirical-quantitative	Experiment	Trust theory, Entrepreneurial orientation	Journal	PSM
Gatzert, 2015	Empirical-qualitative	Single case study	None	Journal	Entrep
Gosselin, V Boccanfuso, D & Laberge, S 2020	Empirical-quantitative	Archival/secondary data - inferential	Moral hazard,	Journal	Entrep
Gupta, P Chauhan, S Paul, J & Jaiswal, MP 2020	Empirical-quantitative	Archival/secondary data - inferential	None	Journal	F&A
Hirsch, R 2021	Empirical-qualitative	Interviews	None	Journal	Marketing
Hudon, M & Périlleux, 2014	Empirical-qualitative	Single case study	Resilience adaptive cycle, change, and portfolio	Journal	Entrep
Kerlin, JA 2012	Empirical-quantitative	Survey/primary data - inferential	Institutional and social entrepreneurship intention model	Journal	Entrep
Kickul, J & Lyons, TS 2015	Empirical-qualitative	Multiple case studies	None	Journal	Economics

Kordsmeyer, AC Lengen, JC Kiepe, N Harth, V, & Mache, S 2020	Empirical-qualitative	Multiple case studies	None	Journal	Entrep
Li, J., Zhang, F & Sun, S 2019	Empirical-qualitative	Interviews	Institutional logics	Journal	PSM
Macassa, G 2021	Empirical-quantitative	Archival/secondary data - inferential	Benefits	Journal	PSM
Maier, F Schober, C Simsa, R & Millner, R 2015	Non-empirical	Narrative/ descriptive	None	Journal	Economics
Maldonado, MO & Corbey, M 2016	Empirical-mixed methods	Interviews, survey	Change theory	Journal	PSM
Massey, L 2018	Empirical-quantitative	Archival/secondary data - descriptive	None	Journal	Other
Naderi, N Khosravi, E Azadi, H Karamian, F Viira, AH & Nadiri, H 2022	Empirical-qualitative	Multiple case studies	None	Journal	Other
Nascimento, L.d.S. and Salazar, V.S. (2021).	Empirical-qualitative	Multiple case studies	Creation and discovery	Journal	Entrep
Park, J., Hwang, K. and Kim, S.-J. (2020).	Empirical-qualitative	Single case study	cial capital, relational vernance,	Journal	Gen & Stra
Petrella, F & Richez-Battesti, N 2014	Empirical-mixed methods	Interviews, questionnaire	None	Journal	Entrep
Rezende de Carvalho Ferreira, CM Amorim Sobreiro et al., 2016	Empirical-qualitative	Single case study	None	Journal	Gen & Stra
Rostron, KI 2015	Empirical-qualitative	Interviews	None	Journal	OS/OB, HRM/IR
Saebi, T Foss, NJ & Linder, S 2019	Empirical-qualitative	Single case study	None	Journal	Gen & Stra
Shahidullah, AKM & Haque, CE 2016	Empirical-qualitative	Interviews	Clustering	Journal	PSM
Smith, WK Gonin, M & Besharov, ML 2013	Empirical-quantitative	Archival/secondary data - inferential	Institutional theory	Journal	Economics
Thomas, A & Gupta, V 2021	Empirical-qualitative	Multiple case studies	None	Journal	MIS
Wolak-Tuzimek, A Duda, J &	Empirical-qualitative	Single case study	Multi-sided markets	Journal	Innovation

Sieradzka, K 2021					
Wronka-Pośpiech, M 2018	Non-empirical	Narrative/ descriptive	None	Journal	Other

7. Individual Level

Various motives emerge at the level of individual analysis; however, this study will focus on characteristics of entrepreneurs that, from the point of view of financiers, are important to their success. From the perspective of the investee, the perceived availability of financial support examines how the availability of investment alternatives affects the entrepreneur's intention to engage in social entrepreneurship and the processes by which social ventures are formed. The other significant issue from the literature is investor personality, especially regarding crowdsourcing investments.

8. Entrepreneurs Charateristics

This topic can be broken down into entrepreneurs' abilities, experiences, beliefs, and sexuality. Managerial skills, within an entrepreneur’s abilities, are widely acknowledged as a determining factor in luring investors. Research has acknowledged this assertion, however, with mixed reactions. Research on the effect of an entrepreneur's history on an investment's performance has shown mixed results, and there appears to be a correlation between managerial experience and investor ratings of social entrepreneur teams (Achleitner et al., 2013). However, this assertion is disapproved by new research (Block et al., 2021; Collien, 2021) and could be due to different reasons.

First, the actual financing choice has not been used as a dependent variable in studies indicating a favorable effect; rather, researchers have focused on perceptions like investors' judgment of the social entrepreneur's history to conclude. Second, the investors in this research have been social venture capitalists who are indifferent to traditional investors. While social venture capitalists seek out social entrepreneurs to build a close and long-term relationships (Erin et al., 2018), crowdfunding and impact investors are less likely to be interested in a partnership of this length (Cobb, 2016). They may therefore overlook the potential importance of management experience. The third reason is that investors' tastes may have shifted over time, which is especially possible given the rapid pace at which social firms are becoming viable investment targets.

There has been a lot of research done on entrepreneurs' values, and a lot of it has to do with the competing social and economic values that entrepreneurs have, and the question of which values investees should highlight while pitching their businesses. Mixed findings are observed in the reviewed literature, possibly due to the different categories of investors surveyed. Mostly, investors back the social rather than the economic values of entrepreneurs; however, having too much emotional investment in the social mission can scare off potential backers (Bengo and Arena, 2019). Microfinance investors favor economic qualities since they suggest a greater likelihood of loan repayment by the social entrepreneur (Battilana and Lee, 2015).

9. Investors’ Characteristics

Despite many studies on sustainability-focused crowdfunding, shockingly few have looked into the personalities and priorities of crowdfunding backers. Research by Ashby et al. (2009) states that an individual's propensity to invest in sustainable crowdfunding initiatives rises in tandem with their positive outlook on sustainability, personal and societal norms, and level of education.

10. Effect of Social Enterprise’s Features and Strategies on Funding Success

In this overarching subject, four facets were identified: the social enterprise model, dual logics; the outward communication and features of social firms; and social enterprise characteristics. Many nonprofits choose the social enterprise structure to help them raise the necessary funds, whereas commercial and public funders tend to favor for-profit social businesses (Cobb et al., 2016). There is no clarity on how the dual logics of social firms affect their chances of securing finance since some research suggests that emphasizing both a social and economic orientation is beneficial while others have found the opposite to be true (Wolak-Tuzimek et al., 2021; and Smith et al., 2013). Even if conventional investors find a good association between dual logic and financing performance, socially oriented investors are reticent to support social firms (Naderi et al., 2022; Park and Kim, 2020). Scholarly works of Rezende de Carvalho et al. (2016) and Saebi et al. (2019 suggest the importance of a mission fit between investors and investees as a key factor in the success of a social business investment. Investors care most about a company's governance, financial stability, and growth potential (Block et al., 2021). Grants and contributions are more common for start-up social companies, whereas repayable finance is more common for established ones. Social entrepreneurs rely on loan financing compared to for-profit businesses for a far smaller percentage of their total funding.

EXTERNAL FINANCING FRAMEWORK OF SOCIAL ENTERPRISE

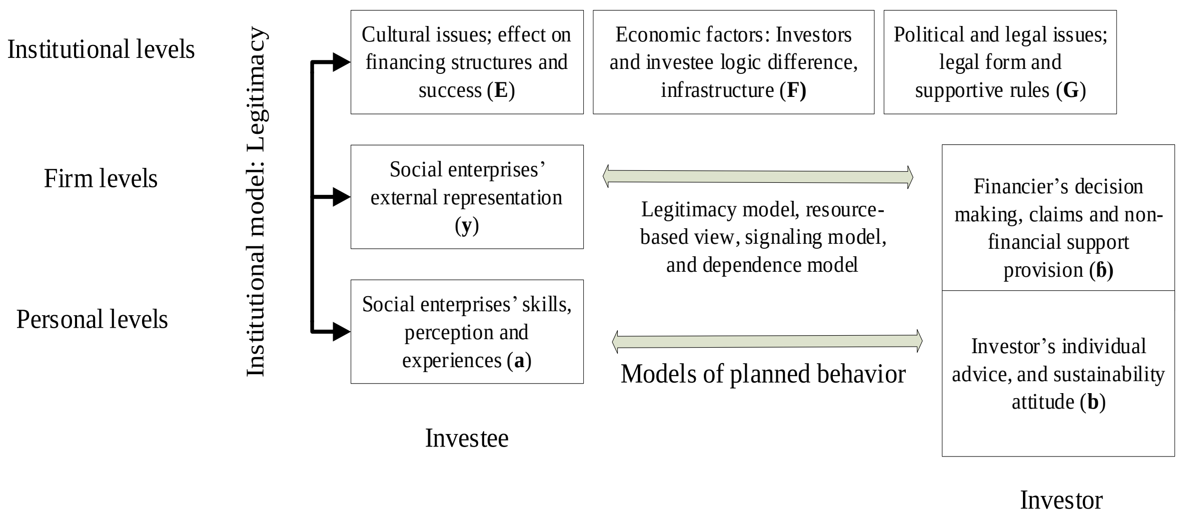

Figure 4: Mode of social enterprise funding.

Figure 4 illustrates a synthesis of the recent research trends into a model that paints a complete picture of how social businesses are funded and the theoretical foundations upon which the funding is based. It represents the systematic review's three levels of analysis. It shows how the investor, the social company as the investee, and the business environment interact with one another and the investment. The figure shows the social entrepreneur (a) and the investor (b) as separate individuals whose knowledge, perspective, and values determine investment partnerships since the potential social entrepreneur's choice to launch a social venture is heavily influenced by their expectations regarding their ability to obtain funding (Achleiter et al., 2013). Existing studies employ psychological theories as portrayed by linking real behavior to the anticipated control over its execution, which helps to understand the investee's internal processes. Social entrepreneurs must have faith in their ability to raise sufficient capital before launching a social venture (Addae, 2018).

Social entrepreneurs need to reduce information asymmetry by delivering credible signals about their competence and devotion to a double bottom line to win over investors and secure funding for their company (Achleitner et al., 2013). Where this form of societal purpose is crucial for individual investors, subjective factors, including investors' background, tastes, and objectives, also play a role in decision-making (Chen et al., 2009). Once an investor is sold on a potential investee, they give non-monetary support through counsel and introductions to other relevant parties.

Important organizational actors include the social enterprise and the investor organization, and this paper draws on the legitimacy model to comprehend what motivates each party to make the first investment. Funding becomes challenging during the early phases of a social enterprise's establishment due to the lack of financial history and the inability to draw on prior accomplishments (Akbulaev et al., 2019). Similarly, it is difficult for established social companies to provide evidence of their non-financial successes due to a lack of reliable tools for gauging their social effect (Ala-Jaaski and Puumalainen, 2021) and this causes investors to experience information asymmetry (Alon et al., 2020). Using concepts from resource dependence theory and the resource-based approach, people may understand why investees form strategic alliances with other businesses: to pool resources and gain an advantage in the marketplace (Alsos and Liunggren, 2017). Despite this partnership, there is a lack of data on investor-investee interactions, even though the transfer of intangible assets is a critical success element (Andersson and Self, 2015).

The institutional context that embeds investees and investors influences the range of funding alternatives and the methods pursued by social entrepreneurs. Studies grounded in institutional theory assert that businesses operate under a web of official and informal rules that set expectations for conduct and guide managerial decision-making (Ashby et al., 2009). This makes financers and investees experience effects at both the individual and organizational levels. Economic, cultural, political, and legal issues affect social enterprises' financing options and strategies. The research suggests that the law and the economy may not be on the side of social companies (Bansal et al., 2019). This is problematic from the perspective of institutional and legitimacy theories since it hinders the efforts of social businesses to become legitimate and, by extension, gain access to financial resources.

11. Discussion

11.1. Theoretical and Thematic Analysis

The paper’s scope is limited to evaluating social enterprise financing, which is critical in understanding their sustainability models. Hence, the section comprises a detailed assessment of their theoretical models and associated assumptions based on how they answer the research question. Besides, it includes a thematic analysis focusing on the study’s five research questions. The phenomenon signifies a thorough secondary analysis focused on published studies on social enterprises. Hence, the approach permits identifying studies centered on the topics highlighted in the research questions.

11.2. Schumpeterian Theory of Innovation

Joseph Schumpeter’s 1911 model suggests that entrepreneurs can maximize their profits through adopting successful innovations that introduce new commodities, reduce production costs, or increase market demands. According to Bailey, Kleinhans, and Lindbergh (2018), firms can gain market power and achieve more effective outcomes by adopting creative approaches than when relying on pure price competition due to varying consumer tastes and preferences. Hence, Schumpeter assumed that capitalism disrupts market activities by destroying existing structures and creating new ones by adopting creative ideas through research and development. The phenomenon signifies a robust positive correlation between competition and innovation (Callegari & Nybakk 2022). Nevertheless, realizing the desired outcomes requires substantial initial investment and commitment to survive the highly competitive contemporary market. The model’s assumptions demonstrate that firms can differentiate themselves by offering innovative and creative products as services that adequately fulfill consumer needs.

Joseph Schumpeter's theory is ideal for this study since it highlights social enterprises comprise traditional businesses' CSR programs. The initiatives aim to give back to the community by allocating a portion of the profits to support NGOs' activities in promoting social entrepreneurship. According to Li, Zhang, and Sun (2019), firms use CSR as a differentiation strategy to create robust relationships with their consumers by fundings development projects in their areas. Nevertheless, the support requires social enterprise administrators to mention their partners as a precondition for the funding. The phenomenon signifies that traditional businesses based on Joseph

Schumpeter's theory achieve their social objectives and enhance their reputation. A favorable brand image significantly influences sales performance since it affects consumer attitudes and perceptions about a company (Gatzert 2015). The assertion aligns with Joseph Schumpeter's assumption that improving demand is a characteristic of innovation.

11.3. Social Capital Theory

Bourdieu's 1985 social capital theory (SCT) postulates that firms can accumulate social capital by capitalizing on creating robust social relationships. According to Thomas and Gupta (2021), it comprises social capital and network among individuals living in a specific community. Bourdieu further defined social capital as a combination of potential and actual resources within a society derived through relationships among individuals. The scholars further contended that it constitutes three dimensions, including structural social capital that highlights associations among the leading actors focusing on the communication approaches adopted to facilitate information sourcing (Thomas & Gupta 2021). Besides, it focuses on the association's significant aspects and emotions built on trust in another person's support to achieve a specific goal. The cognitive and social aspect is the final aspect that describes the level of understanding and perception among actors (Thomas & Gupta 2021). Hence, the social capital theory assumes that every individual can play an important goal in helping their community achieve specific collective goals.

Bourdieu's 1985 theory best describes social enterprises' goal in promoting community well-being since it recognizes their ability to contribute significantly. Beneficiary-owned firms involve them recognizing their need and combining their resources to develop sustainable solutions. For instance, member-owned financial institutions such as credit and savings societies provide access to affordable loans to fund development projects they could not otherwise get from banks. Besides, community-owned organizations address social issues by combining their skills, capital, and technical expertise to construct hospitals and increase medical care and education access. Such contributions have a snowball effect of improving literacy levels and creating healthy communities where members have adopted behaviors that reduce their exposure to diseases and other conditions. Therefore, SCT justifies that some social enterprises have adopted financing models by relying on available internal resources to achieve common goals. Hence, the model posits that collectivism is appropriate for addressing social issues and promoting inclusive growth.

11.4. Social Enterprises in General

Social enterprises are firms prioritizing societal and environmental benefits ahead of shareholder gain. Hence, their profits primarily sustain their operations, signifying that investors do not rely on them as their leading income sources. The concept emerged in the 1950s to address social issues such as poverty, foster social transformation, and promote gender equality through women empowerment (Saebi, Foss & Linder 2019). Besides, it aimed to promote institutional change and inclusive growth by empowering investors to contribute significantly toward societal and environmental well-being. However, Fridhi (2021) posits that despite the in-depth knowledge of their core business purposes, there is no universal definition since it aims to satisfy social and economic objectives. Therefore, social enterprises remain a broad topic attracting practitioners, researchers, and authorities' interest due to their potential to institute a transformation that empowers communities and individuals to be more productive.

Social enterprises differ from traditional charities and businesses based on profit's role in supporting their operations and determining stakeholder relationships. According to Gupta et al. (2020), such organizations are more sustainable because the functions models make them self-reliant, unlike charities reliant on external financing. Besides, for-profit businesses involve limited community focus as investors focus on profit maximization, which may not be feasible when they operate in a community where people cannot afford their products and services. Hence, social enterprises have a unique approach to addressing community needs using commercial methods that involve balancing economic and social objectives (Nascimento & Salazar 2020). The phenomenon signifies that they must implement robust measures to survive the highly competitive market environment of well-financed for-profit organizations. Differentiating the social enterprises from other entities involves evaluating the mission and mission that often highlights their objectives.

Characteristics of social enterprises: The firm's features promote common goals by focusing more on objectives than investors' interests. For instance, they are driven by a social mission based on their registration documents, committed to distributing assets in case of a dissolution, and exercise high transparency (Hudon & Périlleux 2014). The attributes demonstrate that they value their contribution to society rather than stockholder value. Moreover, most of their income is from their activities; they are independent businesses and often re-invest their profits to attain environmental and social objectives (Petrella & Richez-Battesti 2014). Nevertheless, the stockholder return investment level depends on the ownership type since the beneficiaries who establish the entities in some cases. The social enterprises' characteristics demonstrate that they target the disadvantaged communities by empowering them to improve their living standards by providing an avenue to reduce their socio-economic burdens.

Social enterprise types: Social enterprise types vary according to their ownership registration, beneficiaries, and missions in executing their core functions. According to Kerlin (2012), they continuously evolve as new ones are created targeting diverse social missions, signifying that other types could emerge. Rostron (2015) adds that one category comprises those owned by the beneficiaries, including employee-owned, member-owned financial institutions, and community organizations with a large membership. The phenomenon signifies the beneficiaries who establish the social enterprises to help them overcome collective issues such as poverty, market access, and healthcare (Smith, Gonin & Besharov 2013). For instance, financial institutions provide affordable credit that empowers members to engage in other entrepreneurial activities. At the same time, community organizations can increase access to critical services such as healthcare and education. Beneficiary-owned is established based on the assumption that pooling resources strengthen their bargaining power and access to resources.

Conversely, the second type comprises institutional-owner social enterprises with limited beneficiary participation in their establishments. For instance, for-profit companies can establish non-governmental organizations (NGOs) as part of their corporate social responsibility (CSR) efforts. Shahidullah and Haque (2016) contend that they are created to address a specific social and environmental goal where profits are re-invested to support their goals. The phenomenon signifies that the stockholders may not be affected by the issues they are trying to address, but they have researched and determined that communities need specific assistance. Nevertheless, Naderi et al. (2022) note that their role may impede their understanding of the appropriate approaches to address identified communities' issues, leading to a high collapse rate. The phenomenon signifies that member-owned social enterprises are more successful in achieving their mission than those that outsiders established. Beneficiaries have an in-depth understanding of their challenges; hence, they are better positioned to develop more effective solutions.

11.5. Social Enterprises' Financing Models

Employment and income generating opportunities. Social enterprises such as NGOs can partner with community organizations by paying salaries which helps to sustain their operations. According to Kordsmeyer et al. (2020), they support local institutions and the government in improving the working conditions to improve service delivery for the community. For instance, paying health workers' salaries may motivate them to improve productivity and increase access to quality medical services among disadvantaged communities. The assertion is due to the strong link between pay and improved performance when salaries provide extrinsic motivation (Park & Kim, 2020). Hence, the financing model signifies that the social enterprises use their resources to sustain operations in other organizations with social objectives. However, it is less preferred due to its limited effectiveness in addressing social and environmental challenges. The approach is appropriate in situations when the communities have established dismally functioning institutions that are not adequately addressing their issues due to human resource shortages.

Another financing model entails providing employment opportunities to skilled and qualified candidates from disadvantaged communities. According to Saebi, Foss, and Linder (2019), it aims to promote inclusive growth and eradicate poverty in societies affected by high employment levels. Hence, stakeholders assume that the opportunities will uplift the beneficiaries and their communities into having equal chances to succeed. For instance, multinationals grant internships and employment to graduates from low-income backgrounds, those with disabilities, and those escaping political persecution. Chui et al. (2021) add that such social enterprises promote labor market integration by imparting candidates with the skills and competencies they need to become better professionals. The financing model uses the profits generated to pay salaries for employees working on internships and catering to their training and development needs. Social enterprises that use this model have a competitive recruitment strategy that values candidates' backgrounds on top of their academic and professional qualifications.

Entrepreneurship and innovation. Entrepreneurship is the leading revenue source for social enterprises to finance their social objectives. Abhi (2017) opines that the model requires the firms to blend value creation and economic benefits by ensuring their operations provide sufficient revenues. Besides, it promotes sustainability since the firms do not rely on external financing that may be unpredictable based on quantity and availability (Gupta et al. 2020). Hence, the entities re-invest their revenues to promote continuous service delivery improvements without relying on external financing. For instance, a social enterprise may offer subsidized medical services to underserved communities and use the profits to introduce and provide additional services. The phenomenon affirms that such entities have two objectives: maintaining profitability and maximizing societal benefits. Hence, operational sustainability is based on continuous innovation by offering low-cost creative services that bring the desired change.

Grants. Government bodies and philanthropic organizations are the primary sources of assistance for social enterprises where the funding aligns with their core business functions. Nevertheless, the donors rely on their social impacts when successfully executing their endeavors. Akbulaev, Aliyev, and Ahmadov (2019) postulate that grants are advantageous since they provide a low-cost financing strategy and comprise irrevocable funds receipt. The authors add that they provide traditional businesses with a platform to undertake CSR programs by using them for financial, social, and environmental development ventures (Akbulaev, Aliyev & Ahmadov 2019). Nevertheless, the funding model is periodic and limits the enterprises’ flexibility in utilizing the funds as they are targeted, and open competition as numerous benefits target a smaller donor pool. Hence, grants should comprise a non-majority proportion of social enterprise financing because their unreliability can hamper their optimal functioning and the ability to achieve social objectives.

11.6. Measuring a Return on Investment in Social Enterprises

Forecast method. The social return on investment (SROI) measurement approach entails analyzing projected impacts before implementation. Hence, the predictive process involves social entrepreneurs predicting outcomes based on a specific methodology and comparing them with the intended results. Maldonado and Corbey (2016) suggest that it is appropriate during planning to empower stockholders to implement infrastructure for measuring the desired changes planning. The authors add that it hastens to identify ideal measures for leveraging available capital to achieve the highest social impacts (Maldonado & Corbey 2016). Therefore, it requires qualified personnel with an in-depth understanding of the social issues facing a particular community since they are better positioned to develop tailored interventions. Banke-Thomas et al. (2020) add that stakeholders must involve beneficiaries and utilize purchasing power parity in conducting monetary valuations. The forecasting method highlights the stakeholders’ understanding of the social problem and their preparedness to implement tailored solutions.

Besides, the forecasting method enables social enterprises to seek external funding that bridges the gap that low profitability leaves. Traditional businesses and government agencies funding NGOs often demand increased scrutiny in resource utilization to promote accountability (Gosselin, Boccanfuso & Laberge 2020). Besides, they require an assurance that their investment will significantly contribute towards attaining the desired social outcomes. For instance, government agencies seek to understand how public resources will enhance the common good by alleviating challenges facing specific communities. Therefore, forecasting data is a critical tool that serves as a primary information source in understanding how the outcomes align with the social objectives (Gosselin, Boccanfuso & Laberge 2020). Moreover, they provide a guideline for assessing implementation effectiveness to minimize adverse variations between the planned and actual impacts. Forecasting methods promote informed decision-making and reduce the risk of increased deviations, decreasing the likelihood of realizing desirable outcomes.

Evaluative method. The approach refers to an analysis conducted after a project's conclusion and involves measuring the outcomes and comparing them with what was planned. The SROI tool is ideal when a social enterprise accounts for the value their programs created for the beneficiary communities (Maier et al., 2015). For instance, a community-based organization that has established and is running a hospital may measure the outcomes based on the increase in the number of people accessing quality medical services. The authors add that the method's effectiveness depends on the aggressive gathering of quality outcomes data. Hence, the social enterprise must adopt comprehensive reporting frameworks that hasten inferencing to promote informed decision-making. The authors add that they must have key performance indicators to measure the intervention's effectiveness in achieving desirable outcomes (Maier et al., 2015). Hence, the evaluative method promotes accountability and provides an avenue for measuring management effectiveness.

11.7. Social Enterprise Financing Challenges

Stiff competition from traditional businesses limits the social enterprises' ability to generate sufficient revenues to sustain their objectives. Large corporations leverage their substantial free-flowing capital derived from their profit to invest in research and development. The strategy bolsters creativity and innovation, helping them achieve economies of scale that reduce production costs per unit, strengthening their commodities' market competitiveness (Celli 2013). The aggressive investments by incumbents can reduce the social enterprises' sales performance, adversely affecting their revenues, and reducing their capacity to sustain their interventions. Wolak-Tuzimek, Duda, and Sieradzka (2021) add that resource scarcity limits the firms' ability to specialize in their social services. For instance, a community-based program offering passenger transport services cannot compete successfully against a corporation with a large fleet of buses. The financing challenge affirms the resource scarcity challenge that affects optimal functioning among the social enterprise.

Social enterprises have limited ability to expand their operations as they lack the free-flowing capital necessary to finance growth investments. According to Kickul and Lyons (2015), retaining profit proportions that only sustain operations limits the firm's growth potential. The limited expansions erode their capacity to compete successfully against those firms that re-invest all their profits in business expansion through research and development. Ávila, Ferreira, and Amorim (2021) add that most social enterprises are established with immense optimism to address a particular issue but lack structured policies and support to expand their operations. Hence, they are more susceptible to obsolescence as traditional businesses develop innovative product development and marketing strategies that align with the dynamic consumer tastes and preferences. Scaling-up operations enhance social enterprises' capacity to address their beneficiaries' needs and create new revenue sources to sustain their operations and social mission.

Besides, social enterprises lack proper business strategies, causing them to develop uncompetitive products with limited market relevance. Wronka-Pośpiech (2018) posits that the excessive focus on fulfilling social needs impedes their focus on developing actual products. For instance, a community purchasing a bus to facilitate transportation to the village may focus more on providing the service than implementing appropriate measures to promote sustainability. The author adds that it limits the development of an effective business strategy that strengthens their product's market competitiveness to limit commercial enterprises' impact on sales performance (Wronka-Pośpiech 2018). The occurrence is common among social entrepreneurs who establish firms out of goodwill and without a prior business background. Managerial skills are vital in promoting effective strategic planning, controlling, and financial forecasting and critical in acquiring fundraising and utilization skills. The phenomenon signifies that the high collapse rate among social enterprises is due to management incompetency.

Social enterprises' mission duality causes them to have two identities predisposing them to financing challenges. The phenomenon portrays them as philanthropic organizations since they appear to focus more on promoting community and environmental well-being. According to Busenitz et al. (2016), the identity ambiguity makes it challenging for their firms to get external funding as most investors prefer firms that will earn a return on investment and not engage in charity activities. The conclusion demonstrates that traditional businesses have a competitive advantage in accessing financing since they provide investors with guarantees of recouping their investment. Alomoto, Niñerola, and Pié (2021) add that quantifying the program's social impacts makes it difficult for investors to determine whether an enterprise has generated the desired SROI. The financing challenges can erode the sustainability of a social firm's model by limiting its capacity to invest in growth strategies.

The lack of necessary skills in generating funding among social enterprises predisposes them to financial challenges as the dual mission delegates them to net spenders. Most concentrate on ensuring they generate enough revenues to sustain their operations and fund their social goals, as outsourcing specialized labor contradicts their dual mission. Massey (2018) states that the limited resources and supportive infrastructure is the leading contributor to the high collapse rate among social enterprises. Hence, there is limited access to funding as they lack professionals to convince donors to support the social initiatives. The author adds that social entrepreneurs establish the enterprises to address a particular community issue; hence, they are less motivated to adopt measures that strengthen their ventures' competitiveness (Massey 2018). The dismal performance affirms the need for social entrepreneurs to collaborate with funds sourcing professionals to increase financial access, giving them the flexibility needed to sustain their operations.

11.8. Research Gaps in Social Enterprise Investment and Financing

Five potential lines of inquiry that might help fill some research gaps, enhance the understanding of the social enterprise financing and investment phenomenon, and provide a better picture of the external finance social entrepreneurs can source.

Existing research (Barraket et al., 2019) provides preliminary evidence that professional investors' decision about the funding of social companies is comparable to that for investments in commercial firms. However, in the crowdfunding setting, the notion that investors view social enterprises and traditional businesses the same does not hold, and according to studies conducted about entrepreneurship, businesses owned by males are more likely to receive funding than those owned by women (Battilana and Lee, 2014). Crowdfunding investors may be more likely to support a social company managed by a woman since the venture's social goal aligns with the stereotypes of women in business (Bengo and Arena, 2019). The inverse association is also demonstrated by previous research, suggesting that women who want to attract investors of both sexes should act in ways that go against gender stereotypes.

Studies on the factors that make social enterprises attractive to investors is still limited and needs to be expanded to produce trustworthy and useful results. In the literature on business entrepreneurship, signaling theory and key quality signals are discussed. These include, but are not limited to, the use of language and narrative in resource acquisition processes (Erin et al., 2018), entrepreneurial passion, entrepreneurial optimism, and sex-related signals. Because the investor may place a premium on certain types of investee behavior, such as a cooperative attitude (Chen et al., 2009), understanding the extent to which the entrepreneur identifies with the organization and how the investor perceives this may provide insight into the inter-organizational processes of the social enterprise that the investor values. The subjective decision-making processes that emerge from an investor's unique background, tastes, and goals warrant additional study.

The crowdfunding setting is heavily explored in the secondary data literature, notably in entrepreneurship publications. It is difficult to learn much about the dynamics and mechanisms that affect the financing processes of social entrepreneurs through publicly accessible statistics and secondary survey data. Given this context, primary data on investors like venture philanthropy and impact investing might be evaluated using public sector management research insights. A singular emphasis on certain financing techniques does not portray the complicated reality, as social businesses typically rely on many funding sources; therefore, more research might shed light on how and when various forms of financing can reinforce one another to get optimal results.

Investor-investee collaboration is key to producing meaningful outcomes though little is known about the mechanisms and processes that drive such interactions, which requires further study. Existing descriptions of the beginning of an investment partnership focus largely on the investor's side. Due to this, it is important to examine these partnerships from the standpoint of the requirements and goals of social entrepreneurs. Social companies have more access to capital since social and environmental problems are increasingly at the forefront of public consciousness; thus, it is feasible that the power dynamic between investors and social companies may eventually shift, allowing social entrepreneurs to pick and choose among investors. Also, choosing the right partner is more crucial for social enterprises than it is for investors because the latter typically have a diversified portfolio to spread out their risk (Cobb et al., 2016), whereas the latter often rely on a small number of investors who are crucial to their continued existence.

The requirements of social companies and the factors that affect those requirements are poorly understood, which calls for further exploration. There is room for more research on the requirements and expectations of social entrepreneurs and the form optimal external finance may take to ease tensions inside an organization.

Most resource-based papers (Collien, 2021; and Bansal et al., 2019) emphasize that forming connections is crucial to acquiring resources, but there is a lack of clarity on the sorts of relationships inside a network that contribute to the value of the system. This calls for expanding on the relational approach to learning more about resource exchange mechanisms and developing new network resources. An organization's most valuable resources may lie beyond its walls and be entwined with the practices of other businesses, and instead of relying solely on the resources of individual companies, competitive advantage is now dependent on the routines and processes of networks. Exploratory qualitative research is necessary to learn more about the vital factors and inter-business practices and processes since they can be challenging to comprehend using quantitative approaches.

Capital formation for social companies is often affected by regulatory, political, and institutional factors (Chen et al., 2009). Market reciprocity is essential to social or institutional transformation, which is often seen as the goal of social businesses. We contend that research integrating multiple perspectives is essential for three main reasons: examining the interplay between cultural, economic, political, and legal factors; assessing how these factors affect the financing decisions made by social enterprises; and analyzing how these financing decisions shape institutions. The research proposes an integration signaling theory and institutional theory to examine the impact of institutions on individuals and vice versa and comprehends the impact of institutional and organizational constraints on the human capital, resources, and strategies of individual entrepreneurs within the context of financial decision-making.

Current theoretical discussions have focused on issues such as whether or not a country's institutional structure may help release resources at the individual level and how contextual and individual variables interact to impact the initiation of an entrepreneurial venture (Bansal et al., 2019). Future studies should take a more comprehensive view and examine how economic, cultural and legal factors affect the tools and approaches available to entrepreneurs who wish to take advantage of available financing. Future studies might concentrate on cultural issues, such as showcasing the good impacts of social-mission companies' business models on society, because legal and economic considerations rarely support them (Battilana and Lee, 2014). There is also a need for greater cross-national studies of institutional determinants since publicly available data, often spanning numerous nations, is already used in a large proportion of current research. While many have access to the data, few actively utilize it to compare nations and analyze how institutional conditions affect funding processes. To link financial outcomes like the success or internationalization of social businesses to country-specific characteristics, it will be helpful to use such datasets and include cross-country comparisons (Alon et al., 2020). Most empirical studies have concentrated on social enterprises or investors in the European and Asian regions; though they are important geographies, other nations and regions may also be significant from an institutional standpoint concerning financing social entrepreneurs.

12. Conclusion

The study of how to finance social enterprises is in its infancy and disconnected. The comprehension of social enterprises' financing processes is patchy. By merging previously opaque and hidden academic material from a varied body of literature across various levels of study, this thorough literature review explains the state of research on the external funding of social companies. It was established that the available research is unbalanced and full of inconsistent or contradicting conclusions due to various models and theories studied by different literature. Researchers in management, entrepreneurship, finance, and public sector management will find this paper useful because it attempted to unify the field by integrating information from several disciplines. The paper's findings also have implications for the study of management and finance since conventional businesses are increasingly being pushed to balance social and environmental concerns with financial, resulting in varying degrees of hybridity.

Notable scientific accomplishments are highlighted, and numerous significant gaps are identified. The issue of funding social businesses is too complicated to be well explained from a single vantage point because of the several stakeholders involved, the variety of organizational structures, and the overlapping aims of the various stakeholders. A multi-level approach to funding social companies is illustrated by establishing an extensive model that combines key aspects at the interpersonal, organizational, and institutional levels to bridge these gaps and unify the many research streams. The study also describes potential future lines of inquiry that might assist considering the human, the organizational, and the institutional levels of analysis by drawing on theories such as organizational identity, stakeholder, paradox, and institutional. The conceptual framework helps produce theoretical originality because it draws attention to key interconnections and dynamics of issues that future research must consider at all levels of analysis. The research contributes to the field of management studies by illuminating evidence-driven insights on the external funding of social companies, offering a nuanced and holistic view of the problem, and encouraging research avenues for future empirical investigations.

The paper recognizes that several factors may restrict the scope of the findings since there is no way to ascertain if the selection of literature is exhaustive even though a thorough literature search process was employed. The paper does not extrapolate the results from the literature studied, even though a thorough search was conducted for relevant material. Finally, certain validity problems may emerge when using an interpretative-qualitative methodology, even if there is confidence that how the articles were analyzed and categorized was methodologically sound; thus, other users should consider interpretive decisions carefully.

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