

Crowdfunding: Could it be Beneficial to Social Entrepreneurship

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Abstract : The financial crisis made a barrier in front of small projects that are looking for funding, but in the other hand it has had at least an interesting side effect which is the rise of alternative and increasingly creative forms of financing. The traditional forms of financing has known a recession due to the new difficult situation of economical recession that all parts of the world have known. Having an innovating idea that has an effect on both sides, the economic one and social one is very beneficial for those who wants to get rid of the economical crisis. In this case, entrepreneurs who want to be successful are looking for the means of financing that are going to get their projects to the reality. The financing could be various, whether the entrepreneur can use his own resources, or go to the three "Fs"(Family, friends, and fools), look for Angel Investors, or try for the academic solution like universities and private incubators, but sometimes, entrepreneurs feels uncomfortable about those means and start looking to newer, less traditional forms of financing their projects. In the last few years, people have shown a great interest to the use of internet for many reasons (information, social networking, communication, entertainment, transaction, etc.). The use of internet facilitates relations between people and eases the maintenance of existing relationships ,it increases also the number of exchanges which leads to a "collective creativity", moreover, internet gives an opportunity to create new tool for mobilizing civil society, which makes the participation in a project company much easier. The new atmosphere of business forces the project leaders to look for new solution of financing that cut out the financial intermediaries. Using platforms in order to finance projects is an alternative that is changing the traditional solutions of financing projects. New creative ways of lending money appears like Peer to Peer (person to person or P2P)lending. This digital directly intermediary got his origins from microcredit principles. Crowdfunding also, like P2P, involves getting individuals to pool their resources to finance a project without a typical financial intermediary. For Lambert and Schwienbacher "Crowdfunding involves an open call, essentially through the Internet, for the provision of financial resources either in the form of donations (without rewards) or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes". The idea of this proposal for investors and entrepreneurs is to encourage small contributions from a large number of funders "the crowd" in order to raise money to fund projects. All those conditions made from crowdfunding a useful alternative to project leaders, and especially the ones who are carrying special ideas that need special funds. As mentioned before by Laflamme. S. et Lafortune. S. internet is a tool for mobilizing civil society. In our case, the crowdfunding is the tool that funds social entrepreneurship, in the case of not for profit organizations, it focuses his attention on social problems which could be resolved by mobilizing different resources, creating innovative initiatives, and building new social arrangements which call up the civil society. Social entrepreneurs are mostly the ones who goes onto crowdfunding web site, so they propose the amount which is expected to realize their project and then they receive the funds from crowd funders. Something the crowd funders expect something in return, like a product from the business (a sample from a product (case of a cooperative) or a CD (in the case of films or songs)), but not their money back. Thus, we cannot say that their lands are donations, because a donator did not expect anything back. However, in order to encourage "crowd-funders", rewards motivates people to get interested by projects and made some money from internet. The operation of crowd funding is making all parts satisfied investors, entrepreneurs and also crowdfunding sites owners. This paper aims to give a view of the mechanism of crowdfunding, by clarifying the techniques and its different categories, and social entrepreneurship as a sponsor of social development. Also, it aims to show how this alternative of financing could be beneficial for social entrepreneurs and how it is bringing a solution to fund social projects. The article concludes with a discussion of the contribution of crowdfunding in social entrepreneurship especially in the Moroccan context.

Keywords : crowd-funding, social entrepreneurship, projects funding, financing

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