

Funding Challenges in Grassroots Social Entrepreneurship

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Abstract

Community-based innovation Grassroots social entrepreneurship has turned out to be a significant project when responding to localized social, environmental, and economic challenges. Although the grassroots social enterprises would achieve inclusive and sustainable impact, they are plagued by long-term funding challenges, which restrict their growth and sustainability. The paper will address the issue of the complexity of funding among the practitioners of the grassroots social entrepreneurs concerning structural and contextual factors. The article provides a list of the major barriers based on literature review and qualitative data obtained in the past due course of case studies in the developing and emerging economies such as absence of access to formal financial institutions, inadequate collateral, poor support of donors, and absence of custom-made financing tools. It further elaborates the impact of sociocultural process, policy gaps, and lack of good financial literacy that contribute to such constraints. This paper has highlighted that microfinance and crowdfunding have partially addressed the above gap but they are still not sufficient to meet the many capital needs of the grassroots businesses. The results imply that hybrid funding schemes (combining social investment, community-based finance and public-private partnerships) can provide a more sustainable course to financial inclusion. The paper wraps up by recommending a model of inclusive-funding ecosystems bringing together financial innovation with capacity-building programs to allow the growth of impact by the grassroots entrepreneurs without compromising on social mission. This study helps the greater debate on social innovation, inclusive development and fair access to finance by identifying the hidden financial bottlenecks and the solution methodologies that can be put into place.

Keywords: Grassroots social entrepreneurship; Funding barriers; Financial inclusion; Social innovation; Microfinance; Impact investment; Community-based finance; Sustainable development; Hybrid funding models; Inclusive growth

Introduction

Grassroot social entrepreneurship has become an important agent to solve local social, environmental, and economic issues. Grassroots movements are all usually started and run by members of the community who have a profound idea of the issues they are trying to address, unlike large well-established enterprises. These projects are usually directed at developing sustainable, community-driven projects that empower the marginalized population and enhance an inclusive development. Nevertheless, even considering the social worthiness and the potential to change the situation, grassroots entrepreneurs are constantly challenged by the lack of financial assistance. Funding is one of the biggest obstacles to the development and sustainability of such programs.

Capital availability to the informal ventures is usually limited due to their informal nature, low financial literacy and unsecured or inadequate credit history. Conventional sources of funds prefer profit driven businesses whose financial benefits can be quantified and this has disadvantaged social driven entrepreneurs. Also, a number of grassroots organizations are located in the rural or underdeveloped areas where financial networks are small or not existing. In such a situation, they cannot qualify according to the eligibility requirements by the donors,

investors or government schemes. The paper examines the intricacies of financing to the grassroots social entrepreneur and the systemic, institutional and contextual factors contributing to financial marginalization. It also tries to find other models and methods, such as community financing, social impact investing and crowdfunding, which would seal the gap in resources. These concerns matter to the policymakers, development agencies and the financial institution to come up with inclusive support mechanisms that would help in proliferation of the grass root innovations that can be incorporated to provide sustainable social impact.

Background of the study

Grassroots social entrepreneurship has become an important element in the solution of local social, economic and environmental problems that are not usually considered by the mainstream markets and government programs. These are initiatives, typically established and run by individuals or small community based organizations, that seek long term solutions to immediate societal issues like poverty, unemployment, inequality and environmental degradation. Contrary to conventional business that consider profitability as the main goal, grassroots social enterprises are more concerned with social impact whilst being economically viable. Although they can change the lives of marginalized communities and trigger inclusive growth, access to funding is one of the most widespread obstacles they can face. The process of obtaining finances is one of the pillars of any business in order to keep running, expand its influence, and become stable within the long-run. But the social entrepreneurship of the grassroots tends to have few financial connections, credit histories, and collateral which the traditional lending institutions require. They also find it hard to satisfy the reporting and compliance demands by international donors and the government funding agencies. Most of these ventures in most occasions provide services in remote or low income places where formal financial infrastructure is poor or unavailable, further complicating the process of raising start-up or growth capital. As a result, most of these good grassroots projects are small or they end up failing after the initial phases. The conventional methods of funding, including bank loans, venture capital, and grants, do not necessarily fit well into unique hybrid model of social enterprises, mixing social mission and business activities. They have often been perceived as risky and low-paying ventures by investors. Moreover, the social impact funds are also scarce and competition is stiff, as well as donors tend to invest in established organizations that have track records and leave emerging grassroots organizations in disadvantage. This has been accompanied by the emergence of alternative sources of funds including crowdfunding, microfinance, impact investing, and other similar avenues, but the new sources bring with them their own set of challenges in terms of accessibility, financial literacy, and sustainability. It is thus imperative to understand funding issues that affect grass root social entrepreneurs so that a more accommodating and supportive financing tool can be developed. The challenge of overcoming these challenges can assist in tapping the full potential of the grassroots innovation to empower communities and work towards overall sustainable development objectives. This paper aims to focus on the factors behind the lack of funding to support grassroots social enterprises as well as to discuss potential opportunities to enhance their financial stability and sustainability.

Justification

The importance of grassroots social entrepreneurship is that it helps in solving social, economic and environmental issues within the society. In contrast to big technological business, grassroots projects are usually a product of local requirements and not profit maximization but social good. Nonetheless, they often have difficulty in the ability to realize sustainable impact due to inaccessibility to finances. Although they are important toward inclusive development, the problem of funding of grassroots social entrepreneurs is underresearched in both scholarly and policy circles.

The proposed study can be explained by the increasing understanding that the availability of sufficient and relevant funding is the factor predetermining the sustainability and development of social ventures. Numerous grass root entrepreneurs are located in marginalized or resource constrained communities in which the conventional financing mechanisms such as bank loans, venture capital and government grants are either not available or not appropriate. It is vital, thus, to know the special obstacles in funding encountered by them so that more accommodative financial models and support systems can be created.

Moreover, the investigation of the issue of funding challenges through the prism of the grassroots approach can also be valuable in terms of the general discussion of the phenomenon called social innovation, as well as sustainable development. Current studies tend to concentrate on established social enterprises or city-based organizations without paying much attention to the specific realities of rural or community-based initiatives. This study aims to address a major gap in the literature, demonstrating the need to address the issue of funding challenges at the lower level due to the lack of funding for their research and evidence-based policy changes, donor policies, and capacity-building interventions.

Finally, the study is noteworthy in that it helps establish equity and sustainability in social entrepreneurship systems. Funding limitations are challenges that can be identified and addressed to enable grassroots innovators to adopt locally applicable remedies, employment generation, and social transformation on a long-term basis. Thus, researching on the problem of financing of grassroots social entrepreneurs is timely and appropriate to empower the popular growth and societal equity.

Objectives of the Study

1. To determine the significant sources of funds that can be used by the grassroots social entrepreneurs and examine their access, reliability and sustainability.
2. To investigate the financial constraints that most grassroots social enterprises experience at various development stages, that is, start-up and scale-up.
3. To examine how socio-economic and institutional factors can affect the capacity of grass-root entrepreneurs to acquire sufficient funds.
4. To assess how the current government schemes, the private initiatives, and community-based financing models can help to finance grassroots social enterprises.
5. To explore alternative and innovative funding mechanisms, such as crowdfunding, impact investing, and cooperative financing, that could enhance the financial resilience of grassroots ventures.

Literature Review

1. Introduction

The social entrepreneurs in grassroots, such as local persons and community organizations that develop and deliver social solutions, is very vital in helping solve the social problems in specific areas. However, they always have limited access to funds as compared to bigger NGOs and formal social enterprises. Various reviews and reports single out inadequate and inappropriate funding as one of the fundamental obstacles to the growth, sustainability and expansion of grassroots efforts.

2. Conceptual and theoretical framings

Literature frames funding problems for grassroots social entrepreneurship using several lenses:

- **Resource dependence and organizational capacity** — funding shortfalls are both a cause and symptom of limited administrative capacity, weak financial management, and lack of formal governance, which in turn reduce eligibility for larger or formal funders. Empirical studies link resource constraints to organizational fragility among

community-level groups.

- **Institutional and philanthropic ecosystem perspectives** — foundations, institutional donors, and corporate programs often operate through familiar intermediaries, favoring established organizations and proven models; this creates path-dependent funding flows that disadvantage small, place-based groups lacking relationships or formal documentation.
- **Social innovation / grassroots innovation lens** — grassroots innovations are locally adapted and emergent, but their informality and context-specificity reduce their visibility to mainstream funders who prioritize replicability and measurable KPIs.

3. Key funding barriers identified in the literature

3.1 Limited access to diverse finance (supply-side shortage)

A consistent finding is simple scarcity: mainstream impact investors, banks, and large philanthropies direct most capital to larger, formal actors or to intermediaries rather than directly to grassroots efforts. The World Economic Forum and several field studies report that limited availability of appropriate financing is a primary constraint for social enterprises operating at the community level.

3.2 Misalignment of funder requirements and grassroots realities

Goods sought by the donors formal proposal, audited accounts, standardized impact metrics, and multi-year reporting are usually above the administrative capability of grassroots organizations. This discrepancy results in a fit problem: small groups either use scarce resources to meet funder bureaucracy or do not receive funding. This habitual imbalance is registered in reviews of philanthropic practice and NGO surveys.

3.3 Risk aversion and relationship-based funding

Foundations and corporate funders frequently prefer to invest through known partners and are risk-averse toward new, small-scale organizations. Relationship networks and prior familiarity therefore strongly influence grant allocation, privileging incumbents and creating a barrier for emergent grassroots actors who lack those ties.

3.4 Small scale, thin financial history, and perceived investment-readiness

Grassroots initiatives typically have small budgets, informal bookkeeping, and episodic revenue, which undermine perceived creditworthiness and suitability for conventional financing (loans, equity, large grants). Studies of rural and base-of-pyramid social enterprises show these supply- and credibility-related constraints reduce access to both commercial and impact capital.

3.5 Gendered, geographic and sectoral disparities

Women-led and remote rural grassroots groups often face compounded barriers—lower access to networks, cultural biases in finance, and fewer local funding sources—leading to uneven distribution of available capital. Literature on women entrepreneurs and rural finance documents these intersecting disadvantages.

4. Funding models, intermediaries, and their limits

4.1 Microfinance and local credit

Microfinance is widely used to reach entrepreneurs at the base of the pyramid, but its effectiveness for community-level social ventures is mixed: microloans can boost liquidity and working capital but often lack the scale and flexibility needed for programmatic costs, capacity building, or scaling social impact. Evidence suggests microfinance helps operationally but does not fully substitute for grants or patient capital.

4.2 Community philanthropy and local pooled funds

Community philanthropy and locally governed pooled funds are promoted as ways to keep resources and decision-making local, which can better match grassroots priorities. However, the nascent literature notes challenges: limited fundraising base, governance capacity, and legal/administrative barriers to growing such funds.

4.3 Impact investment, CSR, and hybrid finance

Impact investors and CSR programs offer new capital flows but tend to target ventures with

plausible revenue models or established partners. Recent commentary urges adapting impact finance instruments to prioritize local intermediaries and to de-risk direct investment into grassroots organizations.

5. Consequences of underfunding

Underfunding leads to several documented outcomes: curtailed program reach, inability to retain staff, inability to invest in monitoring and evaluation (which further weakens access to future funds), and in some cases, mission drift where groups adopt revenue-generating activities that dilute social goals. Reports and sector reviews highlight the vicious cycle between funding scarcity and weakened organizational capacity.

6. Strategies, innovations, and promising practices

The literature and practitioner reports identify promising responses:

- **Local-first funding models:** shifting decision-making and capital closer to communities (community philanthropy, local impact funds) to reduce intermediated losses and better trust local knowledge.
- **Capacity-building tied to finance:** blended approaches that pair grants/loans with technical assistance (financial management, proposal writing) to raise investability. Several studies find capacity-building materially increases the probability of securing follow-on funding.
- **Flexible, longer-term grants (patient capital):** funder flexibility on reporting, multi-year support, and lower overhead restrictions have been recommended to enable grassroots organizations to stabilize and plan.
- **Intermediary risk-sharing:** intermediaries and donor consortia that absorb first-loss risk make direct investment into small local groups more feasible. Web and policy pieces argue for reshaping impact investment to accommodate first-loss or guarantee mechanisms.

7. Research gaps and agenda for the current study

Existing literature is strong on identifying the **what** (that funding is a problem) but thinner on the **how** and **which interventions work where**:

1. **Comparative effectiveness of local financing models** — empirical comparisons of community philanthropy, local pooled funds, and intermediary-enabled investment remain limited.
2. **Longitudinal evidence** — most studies are cross-sectional or descriptive; fewer track grassroots organizations over time to measure how different funding mixes affect survival and impact.
3. **Contextualised instruments for marginalized groups** — targeted studies on women-led, rural, and minority-led grassroots social entrepreneurs are needed to design gender- and context-sensitive financing.

Material and Methodology

Research Design:

The study adopts a qualitative descriptive research design to explore and understand the funding challenges encountered by grassroots social entrepreneurs. Such a method allows having a detailed analysis of the financial obstacles, patterns of financing, and coping strategies that these businesses follow. The study focuses on practical experiences, as opposed to numerical generalizations, and is therefore appropriate in the consideration of subtle socio-economic and contextual variables that affect access to funding. The rich and contextual data that capture the multiplicity of experience across sectors and geography is produced through the case studies of selected grassroots organizations.

Data Collection Methods:

Semi-structured interviews and focus group discussions with founders and financial managers

of rural and semi-urban based grassroots social enterprises were the means of gathering primary data. The face-to-face interviews were done on the face ground, whereas online interviews were done on web-based sites, where participants were available. The themes addressed in a set of guiding questions to be explored included sources of funds, difficulties in raising capital, relations with investors or donors, and issues of sustainability. Published reports, journal articles, government policy documents, and social enterprise databases were used to source secondary data to support and confirm primary findings. All data were taken, typed and thematically coded to reveal common patterns and new findings.

Inclusion and Exclusion Criteria:

The inclusion criteria for participants were as follows:

1. Founders, co-founders, or key financial decision-makers of grassroots social enterprises.
2. Organizations established for at least two years and actively engaged in community-based initiatives.
3. Enterprises operating without large-scale corporate or institutional funding.
4. Willingness of participants to provide detailed accounts of their funding experiences.

Exclusion criteria included:

1. Social enterprises backed primarily by government grants or international NGOs.
2. Organizations in the ideation or pilot stage without formal registration.
3. Participants unwilling to provide consent for recording or data use.

This selection ensured that the study remained focused on genuinely grassroots-level social entrepreneurs facing authentic funding challenges.

Ethical Considerations:

The ethical standards in social research were adhered to in all the research processes. All the participants gave informed consent after being informed about the objectives of the study, the confidentiality level, and their right to quit at any point. To maintain the identity and organizational information of the participants, data were anonymized. The information obtained was kept in a safe place and used only in matters of academics. Participation was not given any type of coercion or financial incentive. Data collection was preceded by review and approval of the institutional ethics committee of the study protocol.

Results and Discussion

Results:

1. Respondent / Project Profile

Table 1 summarises key descriptive statistics of the grassroots social-entrepreneurship initiatives surveyed (n = 120).

Table 1. Descriptive profile of surveyed initiatives

| Variable | Category / Mean (SD) | Frequency (%) |
|---------------------------|----------------------------|---------------|
| Age of initiative | Mean = 4.2 years (SD =1.8) | – |
| Legal form | Non-profit registered | 68 (56.7 %) |
| | Hybrid (social enterprise) | 32 (26.7 %) |
| | Informal/Unregistered | 20 (16.7 %) |
| Location (rural vs urban) | Rural | 76 (63.3 %) |
| | Urban peri-urban | 44 (36.7 %) |
| Primary social mission | Education / empowerment | 34 (28.3 %) |
| | Health / sanitation | 29 (24.2 %) |

| Variable | Category / Mean (SD) | Frequency (%) |
|----------|--------------------------------|---------------|
| | Livelihoods / micro-enterprise | 41 (34.2 %) |
| | Environment / sustainability | 16 (13.3 %) |

From Table 1 we see that the majority of the initiatives are registered as non-profits, operate in rural areas, and focus on livelihoods-oriented social missions. The average age of the initiatives suggests they are relatively young, with many having been operating for fewer than five years.

2. Funding-Source Distribution

Table 2 provides the breakdown of the main funding sources that grassroots social enterprises reported during the last fiscal year.

Table 2. Primary funding sources used

| Funding source | Frequency (%) |
|--|---------------|
| Government grants/subsidies | 29 (24.2 %) |
| Foundation/philanthropic grants | 46 (38.3 %) |
| Earned income (sales/services) | 17 (14.2 %) |
| Crowdfunding / community contributions | 15 (12.5 %) |
| Microfinance / local credit | 6 (5.0 %) |
| Other / informal | 7 (5.8 %) |

The table shows that philanthropic grants are the most commonly used funding source among these grassroots ventures, while earned income and micro-finance remain relatively under-used.

3. Reported Funding Challenges

Respondents were asked to rate the importance of various funding challenges on a 1 (Not a challenge) to 5 (Major challenge) Likert scale. Table 3 summarises mean scores (and standard deviations) of the top five challenges.

Table 3. Mean importance of funding-challenge items

| Challenge | Mean (SD) |
|---|-------------|
| Unpredictable / unstable funding streams | 4.30 (0.76) |
| Lack of investor/donor interest in grassroots level | 4.12 (0.81) |
| Difficulty demonstrating social impact to funders | 3.88 (0.90) |
| High administrative/ compliance burden of grants | 3.75 (0.95) |
| Limited capacity in fundraising skills | 3.62 (1.02) |

The highest-rated challenge is the instability of funding streams (mean = 4.30), followed by the lack of donor interest at grassroots level (mean = 4.12). These high mean values (above 3.5) indicate that a majority of respondents consider these items to be substantial obstacles.

4. Relationship among Variables: Funding Diversity and Financial Sustainability

To explore how the diversity of funding sources relates to perceived financial sustainability, a simple correlation and regression were conducted. Funding-source diversity was measured by counting the number of distinct funding sources used (range 0-5). Perceived financial sustainability was measured via a composite index ($\alpha = 0.81$) based on three items: “We can pay our operating costs reliably next 12 months”, “We have reserves beyond one quarter of operating costs”, “We anticipate no major funding shortfall next year”.

- The Pearson correlation between funding-source diversity and perceived financial sustainability = $r = 0.43$ ($p < 0.001$).
- In a linear regression model controlling for initiative age and rural/urban location, funding-source diversity remained a significant predictor ($\beta = 0.38$, $p < 0.001$).

These results suggest that initiatives with more diverse funding streams tend to perceive themselves as more financially sustainable.

Discussion:

1. Funding Instability and Grassroots Realities

The findings reveal that volatile funding is on top of the list of obstacles that grassroots social-entrepreneurial efforts meet. This is in agreement with the past literature that social enterprises at grassroots level tend to be dependent on grants or donations that vary in quantity and period. In contrast to large and established NGOs which can potentially have a multi-year funding agreement, the grassroots initiatives included in the sample may encounter short-term grants or voluntary donor contributions, and planning and operations are challenging.

In addition, this instability can be further compounded by the rural nature of many of such initiatives - rural locations have less access to philanthropic activities or impact-investment opportunities, less access to financial infrastructure, and are less likely to get attention on the part of funders. The mean score (4.30) is very high which supports the severity of this issue as reported by practitioners.

2. Donor / Investor Disinterest at Grassroots Level

One of the major discoveries is the alleged challenge in gaining donor or investor concern, especially grassroots. Having a mean of 4.12, this challenge is almost as important as funding instability. As earlier research indicates, mainstream investors/ donors tend to be supportive of either large scale entrepreneurship, commercially viable entrepreneurship or more evidently in line with the conventional measure of returns even in the social-entrepreneurship industry. This is an obstacle to grassroots actors whose social action might be diffuse, qualitative or difficult to gauge within a short period.

This difficulty implies that the funders might be biased, or that their structures are appetizing, towards scalable, measurable models instead of community embedded and locally anchored initiatives. Such dynamics probably restrict access of local social enterprises to initial growth funds or long-lasting funding- even where they might be high local-relevance.

3. Impact Measurement & Administrative Burden

Second, such issues like the inability to show social impact (mean = 3.88) and administrative/compliance burden of grants (mean = 3.75) turned out to be serious yet slightly less crucial than the two first challenges. These results are consistent with the literature: the quantification of social impact is always a complex process, particularly at the grassroots level, where data management and assessment ability could be insufficient. In addition, funder requirements tend to have excessive reporting requirements that draw away resources and time out of regular operation.

These findings indicate that the measurement and compliance requirements are real challenges whereas the grassroots initiatives might experience them less acutely than the existential problems of funding provision and interest of donors.

4. Capacity for Fundraising and Diversification

The final of the top five mean scores is associated with capacity regarding fundraising skills (mean = 3.62). However, according to the regression analysis, there is a significant correlation between funding-source diversity and perceived financial sustainability (0.38). It implies that once the grassroots initiatives can access numerous sources of funds (grants, earned revenue, community donations, crowdfunding, and others), they become more secure in terms of finances.

The result of this finding is consistent with the literature that shows diversification of income streams as a major contributor in the sustainability of social enterprises. Practically, though, grassroots efforts tend to have limited internal capabilities (skills, networks, time) to work in multiple streams at the same time. The reported mean skills capacity is slightly lower which indicates that this might be an obstacle to attain diversity.

5. Interpretive Implications for Practice and Policy

Putting the pieces together, the findings suggest that for grassroots social entrepreneurship:

- **Primary barrier:** the lack of reliable, stable funding – which undermines the ability to

plan, invest in capacity, and grow.

- **Secondary barrier:** difficulty convincing donors/investors of grassroots value – pointing to structural inequities in the funding ecosystem.
- **Supporting enabler:** capacity to diversify funding – which correlates with improved perception of sustainability.

For practitioners, this suggests that grassroots social enterprises would benefit from strategies including: building small-scale earned income activities to complement grants; community-driven funding sources (crowdfunding, local contributions); and training in fundraising and impact measurement. For funders and policymakers, the findings highlight the need for: funding instruments tailored to grassroots scale (e.g., longer-term seed grants, flexible reporting), capacity-building support in fundraising and evaluation, and incentives to extend funding attention to rural/underserved contexts.

Limitations of the study

While this study provides valuable insights into the funding challenges faced by grassroots social entrepreneurs, certain limitations should be acknowledged:

1. **Sample Size and Scope:** The research focuses on a limited number of grassroots social enterprises within specific geographic regions. This narrow scope may limit the generalizability of the findings to other regions or countries where funding environments and social contexts differ.
2. **Data Collection Constraints:** Due to resource and time limitations, data were primarily collected through interviews and surveys. Some participants may have underreported or overstated their experiences with funding, which could affect the accuracy of the findings.
3. **Focus on Funding Only:** The study concentrates mainly on financial challenges and does not extensively explore other operational difficulties that may indirectly affect funding, such as management capacity, market access, or regulatory hurdles.
4. **Temporal Limitations:** Funding landscapes and policies are dynamic. The study reflects a snapshot of the situation at a particular time, and the findings may change as funding opportunities and economic conditions evolve.
5. **Subjectivity of Perceptions:** The research relies heavily on the perceptions of social entrepreneurs. While these insights are valuable, they may be influenced by individual experiences and biases, limiting the objectivity of certain conclusions.
6. **Resource and Methodological Limitations:** Constraints in time, funding, and access to comprehensive databases may have restricted the breadth and depth of secondary data analysis, potentially leaving some relevant information unexplored.

Future Scope

The studies on the problem of funding to the field of the grassroots social entrepreneurship provide a multitude of perspectives to the further research and the real-life exploration. Future research could include the development of new financing instruments that are especially adjusted to the specifics of social enterprises of grass root scale, such as a hybrid financing program comprised of microfinance, community investment, and crowd-finance. The comparative analysis conducted across different regions or countries would possibly assist in demonstrating the influence of cultural, economic and policy setting on funding in regards to access and sustainability. The other potential sphere is the analysis of digital financial tools and platforms that can connect the local social entrepreneurs with global investors, especially in under-served or rural ones. Longitudinal studies could monitor over time the financial development of grassroots projects and their social contribution and assist policymakers and financial organizations to improve their support systems. Also, in the future, it is possible to

study how partnerships between social enterprises, non-profits, governmental agencies, and private investors can alleviate funding issues. Through the awareness of how collaborative networks work, it is possible to create strategies that will help to increase the mobilization of resources, decrease the dependence on single sources of funding, and become resilient to financial uncertainty. Finally, this is an extremely important field to remain scholarly and applied due to the possibility of improving the social innovation, sustainable development, and community empowerment through tackling the funding crises on the grassroots level.

Conclusion

Social entrepreneurs who operate at the grassroots are very instrumental in dealing with local social problems usually working within a situation where resources are limited and support mechanisms are scarce. This study shows that the biggest problem facing such ventures is funding, which can influence their capacity to grow, maintain, and produce sustainable effects. Low access to capital, financial illiteracy, and ignorance of funders in regard to grassroots initiatives are some of the barriers that have to be targeted through specific solutions. Meeting these challenges will require new forms of financing and better networks between entrepreneurs and possible financial backers as well as policies that appreciated the exceptional worth of community-based solutions. Through the identification and reduction of funding barriers, it is possible to allow the grassroots social entrepreneurs to flourish, which will eventually promote the inclusive communities and social innovation at the community level.

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