

▣ Social stock exchange a new socio-economic phenomenon

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Social entrepreneurs see their aim in social problems decreasing and improving the level of life of the society or a target group. The term “social entrepreneurship” refers both to non-commercial and to profitable companies. The main difference between social and traditional entrepreneurship is that objectives of social entrepreneurship are connected not just with profit-making but also with achieving social or ecological effect. Thus, there are certain criteria of social enterprises activity as financial and social or ecological sustainability.

The difference between ordinary and social entrepreneurs includes not just the aim which is regarded in profit or social effect, but also the way of functioning. Social entrepreneurs use innovative methods, invent or combine social and economical resources in order to achieve their purpose

Attracting investment seems to be one of the main problems of social entrepreneurs. At the same time there are investors who are ready to invest their money but they do need guarantees and want to be sure in financial and social effectiveness of social enterprises. Social entrepreneurs have to fulfill many accounts and to provide them for investors. No doubt it is very inconvenient both for entrepreneurs and investors.

That is why Social Stock Exchanges (SSE) appeared. SSE serves as a mediator between social enterprises that need funding and investors who are willing to invest their money. SSE provides a platform for securities trading of social enterprises that previously undergo checkouts, financial and social audits.

The history of SSE is not longer than 10 years; it is a really new social and economic phenomenon which is worth being studied. The aim of the research is to define particularities of different models of social stock exchanges and to create a

multifunctional model for SSE assessment. Research questions include the following: What criteria are used by different SSEs for social project assessment? What are the principles of functioning of different SSEs? How is social effect of social enterprises activity measured?

The methods of research include literature overview, comparative analysis, interviews; interviews with representatives of SSE or other social funds; modeling, methods of Math statistics.

SSEs perform the following functions:

- Accumulating function which expresses in attracting of social investors to participate in financing of social enterprises;
- Informing the public on issues of social entrepreneurship;
- Mobilization which expresses in the attention and interest attraction of the investors to SSEs;
- Provision social organizations a platform for implementation of their projects.

For investors SSEs make the procedure of social-enterprise investment simpler; increase the transparency of social projects; help to save time and cost of project searching; provide immediate liquidity; reduce the financial and administrative costs; provide objective information about social projects placed on the exchange; increase the social value of investments; enable to obtain not only the financial but also the social impact of investment.

For social entrepreneurs SSEs create the opportunity to get investment; ensure stable functioning of the organization; raise the value of their social activities; help to raise the company's value; increase company's recognizability and rating. More than that, SSEs stimulate organizations to permanent improvement because of need of social and financial accounting and increase trust to social enterprises. Thus, the role of social entrepreneurs is growing.

Target sectors of SSEs include the following fields: healthcare and medicine, housing, social transportation, green production technologies, education, tourism development, agricultural sector, combating poverty and social deprivation.

Now there are several SSEs in the world which can be described with the help of two models. The main difference between two models of SSEs is that in the 1st case investors do not get financial profit and the efficiency of the projects is regarded in the terms of social or ecological effect; while in the 2d case investors get both financial and social profit. Also, the two models of SSEs do differ in the fact that the 1st model deals with mostly NGOs, while the 2d model works with profitable social organisations.

The 1st group includes Brazilian SSE (BVS&A) and South African Social Investment Exchange (SASIX). The 2d group includes Impact Investment Exchange (IIXA). It is important to describe all the SSEs in a few words.

BVS&A was established in 2003 and was the 1st SSE in the world. This SSE does not have its own platform for trading and functions on the base of Brazilian Stock Exchange BOVESPA. BVS&A's particularity is that investors buy “social equity units” in social enterprises and actually they do not get financial profit. Effectiveness of social projects is measured with their social effect, or social profit.

Just one out of 10 projects come strike to the listing. The reason is that all the projects are carefully selected by special assessment systems and procedures. Also, BOVESPA experts evaluate business-plan of the social enterprises and carry out on-site inspection of the organization. Since 2003 till 2012 BVS&A attracted 12 millions of BREs for 119 social projects.

SASIX was founded in 2006. Actually, social projects listing in SASIX refer to NGOs. Every project placed at SASIX has its value which is divided into certain number of shares. Each share costs 50 ZAR Rands. After implementation of all the projects investors get final financial and social reports.

IIXA was established in 2012 in Singapore with support of the Rockefeller Fund. In comparison to SASIX and BVS&A, IIXA is supposed to issue securities (shares, bonds) on a regular base; social enterprises but not NGOs perform as the issuer. Investors' financial profit depends on the number of bought securities and its market price.

IIXA acts as an organized exchanging market of social projects. In 2011 IIXA launched a platform Impact Partners which provides investors with a wide range of information about social enterprises placed at the SSE. Choice of social projects is made on the basis of a unified assessment system which includes companies' possibility to social reformation and their financial condition. Impact Exchange platform which is going to be launched soon will give a possibility to buy and sell shares of social enterprises which will issue bonds, take part in listings. Every company will be obliged to publish her financial and social reports which are assessed by experts.

To sum up, the 2d model of SSE represents a full-scale variant of stock exchanges and is more market-oriented. It is more up-to-date and is aimed to satisfy requirements of investors and social entrepreneurs.

SSEs are going to be established in Germany, Portugal, USA and Great Britain. Green Stock Exchange (North America) and London SSE are going to be the biggest ones.