EFFICIENT FUND MANAGEMENT IN ROMANIAN SOCIAL ENTERPRISES A DETERMINING FACTOR OF COMMUNITY SOCIAL CHANGE

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ABSTRACT: *The social economy has become an increasingly important component of sustainable development and socio-economic inclusion strategies due to its capacity to address economic and social objectives simultaneously. Within this framework, social enterprises contribute to the labour market integration of vulnerable groups, the provision of social services, and the strengthening of local communities. However, the extent to which these organisations generate measurable community outcomes depends largely on how effectively they manage available financial resources.*

This study examines the relationship between fund management efficiency and the capacity of Romanian social enterprises to generate community-level social change. A quantitative research design was employed, combining descriptive statistical techniques with panel econometric modelling based on data collected from active Romanian social enterprises during the period 2020–2025. The analysis focuses on the influence of financial resource efficiency, profit reinvestment practices, the employment of vulnerable persons, and funding diversification on community social performance.

The research develops an integrated analytical framework that combines financial and social dimensions within a single empirical model. By linking indicators of organisational sustainability with measures of community outcomes, the study provides evidence regarding the mechanisms through which financial resource management contributes to the achievement of social objectives. The findings indicate that efficient resource allocation, the reinvestment of financial surpluses, and diversified funding structures are associated with stronger community-level results and greater organisational sustainability.

The study contributes to the growing literature on the social economy and social entrepreneurship by providing empirical evidence on the relationship between fund management practices and community development outcomes. Beyond its academic contribution, the research offers practical insights for managers, policymakers, and

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practitioners involved in designing strategies aimed at strengthening the long-term sustainability and effectiveness of social enterprises in Romania.

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JEL Classification *L31; D24; H43; O15; R11*

1. INTRODUCTION

Growing social inequalities, labour market transformations, and the increasing vulnerability of certain population groups have renewed interest in the social economy as a mechanism capable of combining economic efficiency with social value creation [4, 11]. In recent years, this field has attracted increasing attention from both researchers and policymakers due to its contribution to sustainable development, social inclusion, and territorial cohesion. Organisations operating within this sector pursue economic activities while simultaneously addressing social needs, contributing to job creation, the provision of social services, and the socio-economic integration of vulnerable groups [5, 13].

The expansion of the social economy has accelerated across the European Union, where it is increasingly recognised as an important component of inclusive and sustainable growth strategies. According to recent European policy documents, the sector includes millions of organisations and employs more than 13 million people, accounting for approximately 6% of total employment within the European Union [5]. Within this ecosystem, social enterprises occupy a distinctive position because they use market-based activities to achieve social objectives and generate collective benefits rather than maximise private profit [6].

In Romania, the development of the social economy has been supported by both European initiatives and the gradual consolidation of the national institutional framework. These developments have encouraged the emergence of new forms of social entrepreneurship and strengthened the role of social enterprises in promoting labour market inclusion and local development [8, 15]. An important milestone was the adoption of Law No. 219/2015 on Social Economy, which established the legal framework for recognising and supporting social enterprises and work-integration social enterprises. The legislation also defined the fundamental principles governing the sector and created favourable conditions for expanding activities dedicated to the socio-professional integration of vulnerable persons.

For social enterprises, economic performance and social mission are closely interconnected. Sustainable financial results make it possible to expand social programmes, develop community interventions, and increase the number of beneficiaries served. Consequently, the benefits generated at the community level depend not only on the availability of financial resources but also on the efficiency with which those resources are managed. From this perspective, fund management represents a strategic organisational function that directly influences both long-term sustainability and the scale of social outcomes achieved [1, 13].

One of the main challenges faced by social enterprises is maintaining an effective balance between social mission and economic sustainability. Unlike conventional businesses, whose primary objective is profit maximisation, social enterprises must allocate limited financial resources in ways that ensure organisational viability while responding to identified social needs [13, 14]. In practice, the management of financial resources influences the number of vulnerable persons integrated into the labour market, the diversity of services delivered, and the organisation's capacity to implement long-term projects capable of generating lasting community benefits.

Recent research highlights the growing importance of financial management within the social economy ecosystem. Access to funding and the efficient use of available resources are increasingly recognised as key determinants of organisational development and social performance [13]. At the same time, social impact measurement has become an essential component of organisational management, enabling social enterprises to demonstrate the value they create, improve accountability, and attract support from public authorities, investors, and philanthropic organisations [4, 13].

In Romania, the sector has expanded significantly following the implementation of European-funded programmes dedicated to employment promotion and social inclusion. Recent studies indicate that Romanian social enterprises actively support the labour market integration of vulnerable groups and contribute to local development through services that generate tangible community benefits [8, 15, 16]. Nevertheless, organisational performance differs considerably across enterprises, depending on managerial capacity, access to resources, and the efficiency with which financial resources are utilised. These differences suggest that fund management may represent a decisive factor in determining the level of social impact achieved.

Despite the growing body of literature dedicated to social economy organisations, empirical evidence concerning the relationship between fund management and community-level social change remains relatively limited. Existing studies often focus on institutional, legal, or social dimensions, while quantitative and econometric analyses remain comparatively scarce, particularly in the Romanian context [13, 17]. As a result, there is still insufficient evidence regarding the extent to which efficient financial management contributes to the achievement of measurable social outcomes.

Against this background, the present study examines the influence of fund management efficiency on the community social impact generated by Romanian social enterprises. Using a quantitative approach based on descriptive statistical analysis and panel econometric modelling for the period 2020–2025, the research investigates the relationships between financial resource efficiency, organisational performance, and community-level outcomes. By simultaneously analysing the financial and social dimensions of social enterprises, the study contributes to a better understanding of the mechanisms through which financial management can support community development and social change. Furthermore, the findings provide empirical evidence that may support the design of public policies aimed at strengthening the sustainability and social impact of the Romanian social economy sector.

2. LITERATURE REVIEW

Social Economy and the Contribution of Social Enterprises to Community Development

The social economy occupies a distinct position between the public sector and the conventional market economy. Organisations operating within this sphere engage in economic activities while prioritising the creation of social and community benefits. In the academic literature, these organisations are generally characterised by their capacity to address collective needs through market-based activities and by their commitment to reinvesting financial surpluses in support of their social mission [6]. This approach differentiates social enterprises from conventional businesses, where economic performance is primarily pursued as an end in itself rather than as a means of achieving broader social objectives.

Over the past decade, increasing attention has been directed towards the role of the social economy in addressing poverty, social exclusion, and territorial disparities. Across Europe, organisations operating in this field have become active participants in local development initiatives, employment programmes, and community-based services designed to improve the living conditions of vulnerable populations.

The European Commission identifies the social economy as one of the pillars of the European social model, emphasising its contribution to employment creation, social cohesion, and sustainable development [5]. Likewise, the OECD argues that organisations operating in this sector generate both economic and social benefits by creating opportunities for disadvantaged groups and responding to unmet community needs through innovative solutions [13].

The Romanian experience reflects many of these developments. Organisations such as *Ateliere Fără Frontiere* have developed labour market integration programmes for individuals facing social and economic vulnerability, while *ADV România* has become actively involved in social entrepreneurship initiatives, employment services, and socio-economic inclusion projects. These examples illustrate how social enterprises can transform economic resources into concrete and measurable benefits for local communities.

Recent studies increasingly associate the social economy with the emergence of more resilient and inclusive development models. In this context, social enterprises are recognised not only as providers of services but also as drivers of social innovation, local resilience, and sustainable territorial development [3, 9]. Their contribution extends beyond direct economic activity, influencing community participation, social cohesion, and the capacity of local actors to respond to emerging social challenges.

Within this ecosystem, social enterprises occupy a distinctive position because they combine entrepreneurial principles with clearly defined social objectives. According to Borzaga et al. [2], these organisations operate as hybrid entities that use market mechanisms to generate collective and community benefits. Their operational model is based on generating income through economic activities and reinvesting a substantial share of profits into programmes and services that support social well-being.

As a consequence, the performance of a social enterprise cannot be evaluated exclusively through financial indicators. A comprehensive assessment must also consider its contribution to beneficiaries, the quality of services provided, and the broader effects generated within the communities in which it operates.

Research published after 2020 consistently demonstrates that social enterprises contribute to community development through a variety of economic and social mechanisms. These contributions are documented both in academic studies and in reports produced by international organisations actively involved in promoting the social economy. The principal perspectives identified in the literature are summarised in Table 1.

Table 1. Perspectives on the Contribution of Social Enterprises to Community Development

Author/Institution	Main Analytical Focus	Identified Contribution
Defourny & Nyssens	Social enterprise model	Combining economic and social objectives and reinvesting financial surpluses in community-oriented activities
OECD	Social economy and social inclusion	Integration of vulnerable groups and creation of economic opportunities for communities

Author/Institution	Main Analytical Focus	Identified Contribution
Borzaga et al.	Social enterprises and the labour market	Job creation and reduction of social exclusion
OECD	Social impact	Generation of measurable social benefits for individuals and communities
European Commission	Sustainable development and social economy	Contribution to social cohesion, employment, and inclusive local development
Lambru	Social economy in Romania	Socio-professional integration of vulnerable persons and development of community services
Lambru & Petrescu	Impact of the social economy in Romania	Strengthening social inclusion and community development at the local level

Source: Author's elaboration based on the literature review [6], [13], [2], [5], [8], [15]

The evidence synthesised in Table 1 reveals a broad consensus regarding the contribution of social enterprises to community development. Although individual studies emphasise different dimensions of their activities—including labour market integration, community service provision, local economic development, or the reduction of social exclusion—they converge on the view that social enterprises represent important agents of social change at the local level. The literature also suggests that the outcomes generated by these organisations depend not only on their ability to mobilise resources but also on how effectively those resources are allocated and transformed into social benefits.

Recent research indicates that the contribution of social enterprises extends well beyond the delivery of social services. Their activities support the accumulation of social capital, encourage local entrepreneurial initiatives, and create opportunities for community engagement [7, 14]. These findings are consistent with contemporary approaches to community development, which associate social enterprises with employment creation, service innovation, and stronger local networks.

A growing body of evidence shows that organisations operating within the social economy foster cooperation among local stakeholders, strengthen trust-based relationships, and encourage citizen participation in development processes [15, 16]. Through the mobilisation of local resources and the active involvement of beneficiaries, social enterprises contribute to social cohesion and enhance the capacity of communities to respond to economic and social challenges.

In Romania, the evolution of the social economy has been influenced by both European policy developments and the implementation of programmes financed through European Structural and Investment Funds. Research conducted by Lambru [12] and Lambru and Petrescu [13] highlights the increasingly important role played by Romanian social enterprises in the socio-professional integration of vulnerable individuals and in the provision of services with a direct community impact. At the same time, the scale of these outcomes varies considerably across organisations, reflecting differences in managerial capacity, resource availability, and the socio-economic characteristics of the communities in which they operate.

The sector has also benefited from interventions financed through the European Social Fund Plus (ESF+), which have supported the creation and consolidation of social enterprises, the development of professional competencies, and the integration of vulnerable groups into the labour market. These initiatives have contributed to expanding the organisational capacity of the sector and increasing its visibility within local development processes.

Taken together, the studies reviewed indicate that social enterprises simultaneously generate economic value and social benefits for the communities in which they operate. However, their capacity to produce lasting social change depends largely on the resources they can access and, more importantly, on how effectively those resources are managed. For this reason, understanding the relationship between fund management and social impact becomes essential for explaining the mechanisms through which social enterprises contribute to local development. This issue is explored in the following section.

Fund Management, Organisational Sustainability and Social Impact

A clearly defined social mission, while essential, is not sufficient to ensure meaningful and lasting outcomes. The ability of an organisation to generate community-level benefits also depends on the availability of resources and the effectiveness with which they are allocated and managed. In the literature, organisational sustainability is commonly associated with the capacity to maintain activities over time, respond to beneficiaries' needs, and produce social outcomes without undermining economic viability [5, 13]. For social enterprises, this challenge is particularly complex because they must simultaneously pursue financial stability and social objectives.

To sustain their operations, social enterprises need to generate revenue through economic activities. However, financial performance is not the ultimate purpose of these organisations. Instead, economic resources provide the foundation for expanding social programmes, improving service delivery, and increasing the number of beneficiaries reached. From this perspective, financial sustainability represents a prerequisite for the fulfilment of social objectives rather than an end in itself. Existing research consistently identifies access to stable funding as one of the main conditions for strengthening organisational capacity and increasing social impact. In the absence of adequate financing mechanisms, many organisations encounter difficulties in maintaining services and extending their interventions within local communities [4, 12].

Defourny and Nyssens [6] argue that the success of a social enterprise should be evaluated according to its ability to transform economic resources into sustainable social benefits. Building on this perspective, several studies identify fund management as one of the key determinants of organisational sustainability. Bengo, Calderini, and Chiodo [1] demonstrate that organisations implementing effective financial planning and expenditure-monitoring systems tend to achieve higher levels of organisational stability and stronger social outcomes. Their findings suggest that financial efficiency should be assessed not only through profitability indicators but also through the capacity to utilise available resources in support of the organisation's mission.

Another important dimension concerns the diversification of funding sources. OECD research [15] indicates that organisations combining commercial revenues with grants, public funding, social investments, and alternative financing mechanisms are generally more resilient to economic fluctuations and better equipped to adapt to changes in their operating environment. A diversified funding structure reduces dependence on a single source of income and creates favourable conditions for the implementation of long-term social initiatives.

One of the defining characteristics of social enterprises is the reinvestment of financial surpluses for community benefit. Resources generated through economic activities are frequently directed towards social services, educational programmes, employment initiatives, and activities targeting vulnerable groups. Unlike conventional businesses, where profits are primarily distributed to owners or shareholders, social enterprises allocate a substantial proportion of their surplus to the expansion of services and the achievement of social objectives [5]. As a result, the efficiency with which available resources are managed directly influences both the scale of social outcomes generated and the organisation's capacity to respond to complex community needs.

These mechanisms can also be observed at the local level. In the municipality of Râmnicu Sărat, social enterprises such as MED Event Coffee SRL and NOMAD Food & Restaurant SRL use market-based activities to support social objectives and facilitate the socio-professional integration of vulnerable individuals. Their experience illustrates how economic resources can be transformed into tangible benefits for local communities and demonstrates the practical relevance of efficient fund management within the social economy sector.

The importance of financial sustainability is also reflected in the priorities established through the Inclusion and Social Dignity Programme 2021–2027, which assigns a central role to the development of the social economy and the promotion of socio-economic inclusion among vulnerable groups. Within this framework, strengthening the financial capacity of social enterprises is regarded as a fundamental condition for maintaining and expanding community-level social outcomes over the long term.

Taken together, the literature suggests that organisational sustainability within social enterprises is a multidimensional concept shaped by financial, managerial, and social factors. The main dimensions identified by previous studies are summarised in Table 2.

Table 2. Dimensions of Social Enterprise Sustainability and the Role of Fund Management

Sustainability Dimension	Main Characteristics	Contribution of Fund Management
Financial Sustainability	Revenue stability and self-financing capacity	Efficient resource planning and diversification of funding sources
Organisational Sustainability	Continuity of activities and development of institutional capacity	Efficient allocation of resources and cost control
Social Sustainability	Maintenance and expansion of impact on beneficiaries	Reinvestment of resources into social programmes and services
Community Sustainability	Strengthening local development and social cohesion	Financing activities with direct effects on the community

Source: Author's elaboration based on the literature review [1], [13], [5]

The information presented in Table 2 demonstrates that fund management influences multiple dimensions of organisational performance simultaneously. The efficient use of financial resources contributes not only to economic stability but also to an organisation's capacity to generate lasting social and community benefits. As a result, the sustainability of social enterprises should be examined through an integrated perspective that combines both economic and social dimensions of performance.

This view is increasingly reflected in the contemporary social economy literature, where scholars emphasise the importance of combining financial and social indicators within organisational evaluation frameworks [5, 15]. Such an approach provides a more comprehensive understanding of organisational sustainability by capturing both resource efficiency and the outcomes generated for beneficiaries and local communities. Evidence from previous studies suggests that organisations capable of monitoring these dimensions simultaneously tend to achieve stronger development trajectories and greater success in attracting external funding.

The growing attention devoted to social impact measurement has further strengthened the connection between financial management and organisational performance. OECD reports [15] emphasise that impact assessment supports managerial decision-making, improves transparency, and increases the confidence of funders, public authorities, and social investors. In this context, the relationship between fund management efficiency and social performance has become an increasingly relevant topic for researchers and policymakers interested in strengthening the social economy ecosystem.

A similar trend can be observed among Romanian social enterprises, where the assessment of social outcomes is progressively incorporated into managerial practices and resource allocation decisions [16]. The capacity to demonstrate measurable social value has become an important competitive advantage, particularly in environments characterised by increasing competition for public funding, grants, and social investment opportunities.

Evidence from the analysed organisations shows the existence of a positive relationship between the efficient utilisation of financial resources and the ability of social enterprises to generate social impact and contribute to community development. However, empirical evidence remains relatively limited, especially in emerging economies and within the Romanian social economy sector. Most existing studies focus on conceptual, institutional, or policy-related aspects, while quantitative analyses capable of measuring the effects of financial management on social outcomes remain comparatively scarce.

This gap highlights the need for further empirical investigation using statistical and econometric approaches capable of capturing organisational dynamics over time. Addressing this limitation may contribute to a better understanding of the mechanisms through which financial resources are transformed into measurable social outcomes and community benefits. These considerations provide the basis for identifying the research gap and formulating the hypotheses presented in the following subsection.

Research Gap and Hypotheses Development

The literature reviewed consistently identifies social enterprises as important contributors to community development through the socio-economic integration of vulnerable groups, the provision of community-oriented services, and the strengthening of social cohesion. At the same time, contemporary research emphasises the importance of financial sustainability in ensuring the continuity of organisational activities and enhancing the social outcomes generated by these organisations [1, 15].

A substantial body of recent research reports a positive association between financial performance and social performance within social enterprises. Organisations characterised by stable financial resources and effective management practices generally demonstrate a greater capacity to expand services, reach larger numbers of beneficiaries, and implement interventions capable of generating meaningful community-level outcomes [5, 15]. Nevertheless, the results reported across different countries and organisational settings remain heterogeneous, suggesting that the relationship between financial management and social impact is strongly influenced by contextual factors.

Although existing studies provide valuable insights into the sustainability of social economy organisations, empirical evidence concerning the direct relationship between fund management and community social impact remains fragmented, particularly in emerging economies and in the countries of Central and Eastern Europe [9, 18]. Much of the available literature focuses on conceptual, institutional, legal, or governance-related aspects of social enterprises, while comparatively fewer studies examine the measurable effects of financial resource management on social performance through quantitative methods.

The Romanian context illustrates this limitation particularly well. Research conducted to date has primarily explored the legislative framework of the social economy, socio-professional inclusion mechanisms, and the contribution of social enterprises to local development [12, 13]. While these studies have significantly improved understanding of the sector's social functions, only limited attention has been devoted to analysing how fund management efficiency influences community-level social outcomes. Moreover, most available investigations rely on descriptive approaches and provide only limited evidence regarding causal or statistically significant relationships between financial management practices and social performance.

Another gap concerns the methodological approaches employed in the analysis of social enterprises. The application of panel-data techniques remains relatively uncommon despite their ability to combine cross-sectional and longitudinal information within a single analytical framework. Compared with cross-sectional analyses or single-period observations, panel models allow researchers to capture organisational heterogeneity and temporal dynamics simultaneously. This characteristic is particularly relevant in the social economy sector, where social impact emerges gradually and is shaped by both organisational characteristics and long-term resource allocation decisions.

Against this background, the present study seeks to contribute to the literature by examining the relationship between fund management efficiency and community social impact within Romanian social enterprises. Its main contribution lies in the integration of financial and social indicators into a panel econometric framework capable of capturing the effects of resource utilisation over time. By combining organisational and temporal dimensions, the study provides empirical evidence regarding the mechanisms through which financial resources are transformed into measurable social outcomes.

To synthesise the conclusions derived from previous research and establish the theoretical foundation of the proposed econometric model, Table 3 presents the principal research directions identified in the literature and their implications for the current study.

Table 3. Literature Synthesis and Research Directions

Research Area Examined in the Literature	**Main Conclusions**	**Implications for the Current Research**
Social economy and community development	Social enterprises contribute to social inclusion and social cohesion	Need to measure community-level impact
Financial sustainability	Resource stability influences the continuity of social activities	Need to evaluate fund management efficiency
Social performance	Social impact can be measured through specific indicators	Construction of a community social impact index
Financial resource management	Efficient use of funds contributes to superior organisational outcomes	Testing the relationship between financial efficiency and social impact

Research on Romania	Predominantly descriptive and institutional approaches	Need for a panel econometric model

Source: Author's elaboration based on the literature reviewed.

Based on the conclusions drawn from the literature, the following research hypotheses are formulated:

- H1: Fund management efficiency positively influences the community social impact generated by social enterprises. This hypothesis is based on the assumption that organisations using their financial resources more efficiently are better able to transform these resources into social benefits for local communities.
- H2: The profit reinvestment rate positively influences the level of community social impact. In social enterprises, the reinvestment of financial surpluses represents one of the main mechanisms through which new services and opportunities for beneficiaries are developed.
- H3: Diversification of funding sources positively contributes to the sustainability and social performance of social enterprises. Organisations relying on multiple funding sources benefit from greater adaptability and an increased capacity to implement long-term social interventions.
- H4: The number of vulnerable persons integrated into socio-professional activities positively influences the level of community social change generated by social enterprises. This hypothesis reflects one of the core missions of the social economy, namely the integration of vulnerable groups into productive economic and social activities.

The literature reviewed points to a clear connection between fund management efficiency and community social impact. This connection is shaped by organisations' capacity to reinvest available resources, diversify funding sources, and facilitate the socio-professional integration of vulnerable individuals. Together, these mechanisms influence the extent to which economic resources can be transformed into measurable social outcomes and long-term community benefits.

To examine these relationships empirically, the following section presents a quantitative research design based on statistical and econometric analyses of panel data collected from Romanian social enterprises during the period 2020–2025.

3. RESEARCH METHODOLOGY

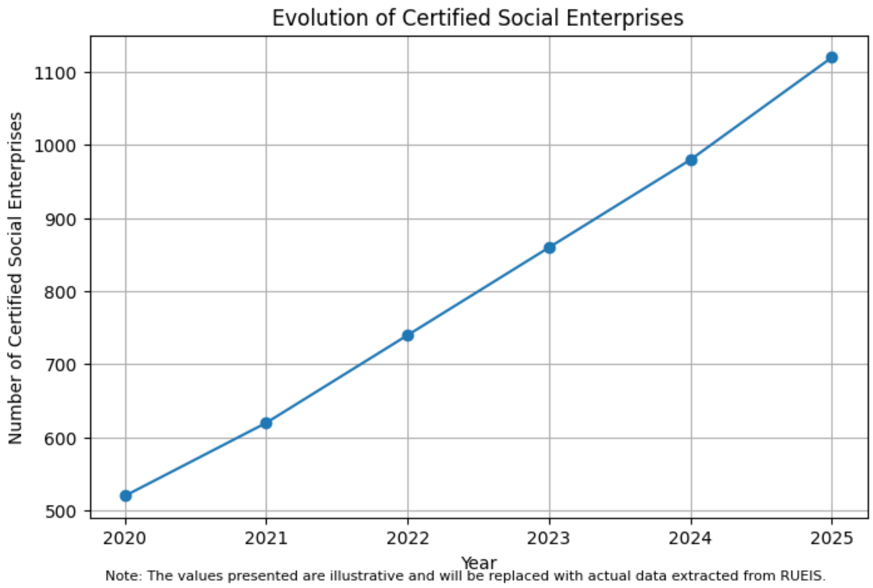
Research Design, Sample and Data Sources

The selected timeframe makes it possible to examine the evolution of Romanian social enterprises during a period characterised by significant economic and institutional changes, including post-pandemic recovery processes and the implementation of new European policy instruments supporting the development of the social economy [5, 15]. Throughout this period, these organisations have assumed an increasingly visible role in labour market integration, social inclusion, and local development by creating employment opportunities for vulnerable groups and delivering services designed to address unmet community needs [5, 12].

The expansion of the sector has been supported by a combination of public policies, European funding instruments, and growing institutional recognition of social entrepreneurship as a mechanism for sustainable and inclusive development. Recent studies indicate that improvements in the legislative framework, enhanced access to financial resources, and increased policy support have contributed to the gradual consolidation of social enterprises in Romania [12, 13, 16].

Analysing the evolution of certified social enterprises provides valuable insight into the dynamics of the Romanian social economy ecosystem and establishes the contextual background for the empirical investigation developed in this study. Moreover, the continuous increase in the number of certified social enterprises may be interpreted as evidence of their growing recognition as organisations capable of generating both economic value and measurable social outcomes at the community level [5, 15].

Figure 1. Evolution of Certified Social Enterprises in Romania, 2020–2025



Source: Author’s elaboration based on RUEIS data.

Figure 1 presents the evolution of the Romanian social economy sector throughout the analysed period and illustrates the steady increase in the number of certified social enterprises. This trend supports the selection of the 2020–2025 interval as the reference period for the study and provides a rationale for adopting a longitudinal research design based on panel data. The final values included in the empirical analysis were obtained from the Single Register of Social Enterprises (RUEIS).

The construction of the database relied on information collected from several official and institutional sources. These sources were selected to ensure both the relevance of the indicators and the comparability of the data across organisations and over time. Combining information from multiple databases contributes to improving the robustness of the analysis, enhances the reliability of the results, and reduces the limitations associated with the use of a single source of information.

This approach also facilitates the integration of financial, organisational, and social indicators within a unified analytical framework, providing a more comprehensive perspective on the factors influencing community social impact among Romanian social enterprises.

Table 4. Data Sources Used in the Research

Data Source	Type of Information Used	Role in the Research
Single Register of Social Enterprises (RUEIS)	Status and characteristics of social enterprises	Identification and selection of the sample

Data Source	Type of Information Used	Role in the Research
Ministry of Finance	Annual financial statements, revenues, expenditures, profit	Construction of financial indicators
Eurostat	Socio-economic and development indicators	Contextual and comparative analysis
OECD	Indicators and reports on the social economy	Theoretical and methodological foundation
European Commission	Data and reports regarding social economy development	Comparative analysis and contextualisation
Organisational reports and public documents	Beneficiaries, activities, and social outcomes	Construction of social impact indicators

Source: Author's elaboration.

The information obtained from these sources was harmonised and integrated into a panel database, making it possible to examine both differences across organisations and developments occurring over time. This structure provides a suitable framework for assessing how variations in financial resource management are associated with changes in the social outcomes generated by social enterprises. At the same time, it offers the empirical basis required for estimating the econometric model proposed in this study.

The research design was conceived to provide a comprehensive assessment of the relationship between fund management efficiency and community social impact. The following subsection introduces the variables included in the analysis and explains the operationalisation of the concepts incorporated into the econometric framework.

Variable Operationalisation and Econometric Model Specification

Analysing the relationship between fund management and community social impact requires the transformation of theoretical concepts identified in the literature into observable and measurable variables. Operationalisation makes it possible to quantify the analysed phenomena and incorporate them into an econometric framework capable of examining the links between financial resource management and the social outcomes generated by social enterprises.

In accordance with the objectives of the research and the conclusions derived from the literature review, the dependent variable is represented by the **Community Social Impact Index (CSI)**. This indicator captures the capacity of social enterprises to generate positive outcomes within the communities in which they operate. The index was constructed by aggregating standardised indicators related to the socio-professional integration of vulnerable individuals, the number of direct beneficiaries, and the scope of social programmes and activities implemented by each organisation. By combining these dimensions into a single measure, the CSI provides a synthetic assessment of organisational social performance and community-level impact.

The CSI was computed as the arithmetic mean of three standardised indicators: number of beneficiaries served, number of vulnerable persons integrated into employment, and number of social programmes implemented. Each component received equal weight after z-score standardisation.

The principal explanatory variable is **Fund Management Efficiency (FME)**, defined as the relationship between the financial resources utilised and the social outcomes achieved. The inclusion of this variable is directly linked to the central objective of the study, namely to assess the extent to which the efficient use of available resources contributes to the generation of community social impact.

To account for additional factors that may influence organisational performance, the model also incorporates a set of control variables reflecting the financial and organisational characteristics of social enterprises. These variables were selected on the basis of findings reported in previous studies and are considered relevant for explaining differences in social outcomes across organisations. Together, they provide a more comprehensive understanding of the factors shaping the capacity of social enterprises to generate sustainable community benefits.

The operationalisation of the variables included in the empirical analysis is presented in Table 5.

Table 5. Operationalisation of Research Variables

Variable	Symbol	Type of Variable	Measurement Method
Community Social Impact Index	CSI	Dependent variable	Composite index constructed from social indicators
Fund Management Efficiency	FME	Independent variable	Ratio between financial resources utilised and social outcomes achieved
Total Revenue	TR	Control variable	Annual revenue of the social enterprise (RON)
Profit Reinvestment Rate	PRR	Independent variable	Percentage of profit reinvested (%)
Vulnerable Persons Integrated	VPI	Independent variable	Number of vulnerable persons employed
Funding Source Diversification	FSD	Independent variable	Number of distinct funding sources used
Organisational Size	OS	Control variable	Total number of employees

Source: Author's elaboration based on the literature review.

The variables included in the analysis are organised within a panel-data framework that combines cross-sectional observations of organisations with longitudinal information collected over multiple years. This structure makes it possible to examine not only differences across enterprises but also the evolution of the same organisation over time. As a result, the dataset offers a richer analytical perspective on the relationship between fund management practices and community social impact than would be achievable using exclusively cross-sectional or time-series data.

An additional advantage of panel-data analysis lies in its ability to control for unobservable characteristics that are specific to individual organisations and remain relatively stable over time, such as managerial culture, organisational mission, governance practices, or institutional capacity. By accounting for these enterprise-specific effects, panel models reduce potential estimation bias and improve the consistency and reliability of empirical results. Consequently, the econometric estimations provide a stronger basis for assessing how financial resource management influences the social performance of Romanian social enterprises.

To evaluate the relationship between fund management and community social impact, the following general econometric model is proposed:

$$CSI_{it} = \alpha + \beta_1 FME_{it} + \beta_2 TR_{it} + \beta_3 PRR_{it} + \beta_4 VPI_{it} + \beta_5 FSD_{it} + \beta_6 OS_{it} + \mu_i + \tau_t + \varepsilon_{it}$$

where:

- CSI_{it}= Community Social Impact Index of enterprise i in year t;
- FME_{it}= Fund Management Efficiency;
- TR_{it}= Total Revenue;
- PRR_{it}= Profit Reinvestment Rate;
- VPI_{it}= Number of vulnerable persons integrated into employment;
- FSD_{it}= Funding Source Diversification;
- OS_{it}= Organisational Size;
- μ_i= enterprise-specific individual effects;
- τ_t= time-specific effects;
- ε_{it}= random error term.

The proposed econometric model enables the simultaneous assessment of the effects of fund management efficiency and organisational characteristics on community social impact. By integrating financial and organisational variables within a unified analytical framework, the model facilitates the identification of the factors that contribute to variations in social performance across organisations and over time.

The operationalisation of the variables and the specification of the econometric framework provide the foundation for the empirical investigation undertaken in this study. Building on this framework, the following subsection presents the statistical and econometric techniques employed to estimate the model, test the research hypotheses, and evaluate the robustness of the results.

Statistical and Econometric Analysis Methods

To test the research hypotheses and investigate the relationship between fund management efficiency and community social impact, the study combines descriptive statistical procedures with econometric techniques. The use of complementary analytical methods enables a more rigorous examination of the data and strengthens the reliability of the empirical findings. This methodological approach is consistent with recent studies examining organisational performance and social outcomes within the social economy sector [1, 15, 19].

The first stage consists of descriptive statistical analysis aimed at providing an overview of the main characteristics of the variables included in the study. Measures of central tendency and dispersion—including the mean, median, minimum value, maximum value, and standard deviation—are calculated for each variable. These indicators offer an initial understanding of the distribution of the data and the degree of variation observed among organisations.

Correlation analysis is subsequently employed to examine the strength and direction of the associations between the variables included in the model. Pearson correlation coefficients provide preliminary evidence regarding the relationships between fund management efficiency, organisational characteristics, and community social impact. This procedure also facilitates the early identification of potential multicollinearity issues that could influence the interpretation of the econometric results.

The core empirical investigation relies on panel-data econometric techniques. This approach is particularly suitable because it combines cross-sectional and longitudinal dimensions within a single analytical framework, allowing the simultaneous examination of differences across organisations and changes occurring over time. The methodology is widely applied in organisational and socio-economic research due to its ability to account for unobserved heterogeneity and improve estimation accuracy [19].

The empirical estimation process begins with the specification of both Fixed Effects (FE) and Random Effects (RE) models. The Fixed Effects approach controls for time-invariant organisational characteristics by allowing each enterprise to have its own intercept, whereas the Random Effects specification assumes that individual effects are randomly distributed across organisations. To determine the most appropriate estimator, the Hausman test is employed. The outcome of this test indicates whether individual effects are correlated with the explanatory variables and, consequently, whether the Fixed Effects model should be preferred.

Because panel datasets frequently exhibit heteroskedasticity and serial correlation, heteroskedasticity-consistent (HC1) robust standard errors are applied. This adjustment improves the validity of statistical inference and reduces the risk of biased significance tests.

Several diagnostic procedures are conducted to evaluate the adequacy of the econometric specification. The normality of residuals is examined using the Jarque–Bera test, while the Durbin–Watson statistic is employed to detect potential autocorrelation. In addition, the Breusch–Pagan and White tests are used to identify possible heteroskedasticity. Together, these procedures contribute to verifying the assumptions underlying the regression model and strengthen confidence in the estimated results.

Potential multicollinearity among the explanatory variables is assessed through the Variance Inflation Factor (VIF). Low VIF values indicate the absence of problematic correlations among predictors and support the reliable interpretation of the estimated coefficients. Previous studies suggest that values below conventional threshold levels reflect an acceptable degree of independence among explanatory variables [19].

To provide a concise overview of the analytical framework adopted in this study, the statistical and econometric techniques employed are summarised in Table 6.

Table 6. Statistical and Econometric Methods Used in the Research

Method	Purpose
Descriptive statistics	Description of the main characteristics of the variables
Pearson correlation analysis	Examination of relationships between variables
Fixed Effects model	Estimation of organisation-specific effects
Random Effects model	Estimation under the assumption of random individual effects
Hausman test	Selection of the most appropriate panel-data specification
HC1 robust standard errors	Correction for heteroskedasticity
Jarque–Bera test	Assessment of residual normality
Durbin–Watson statistic	Detection of autocorrelation
Breusch–Pagan test	Detection of heteroskedasticity
White test	Verification of heteroskedasticity robustness
Variance Inflation Factor (VIF)	Assessment of multicollinearity

Source: Author's elaboration

The statistical and econometric procedures described above establish the analytical framework required to test the research hypotheses and examine the factors influencing community social impact within Romanian social enterprises. By combining descriptive and econometric techniques, the study seeks to identify the extent to which fund management efficiency and organisational characteristics contribute to variations in social performance.

Building on this methodological framework, the following section presents the empirical findings and discusses their relevance for understanding the mechanisms through which social enterprises transform financial resources into measurable community outcomes. Particular attention is devoted to the implications of these results for the development and consolidation of the social economy sector in Romania.

4. STATISTICAL AND ECONOMETRIC ANALYSIS OF FUND MANAGEMENT IN SOCIAL ENTERPRISES

This chapter presents the empirical findings of the study and examines the relationship between fund management practices and community social impact within Romanian social enterprises. Building upon the theoretical foundations and methodological framework developed in the previous chapters, the empirical investigation combines descriptive statistical procedures with panel-data econometric techniques to evaluate the determinants of organisational social performance.

The research is organised into three complementary stages. The first stage provides an overview of the sample and the principal variables through descriptive statistical indicators. The second stage focuses on estimating the proposed panel econometric model and testing the research hypotheses. The final stage interprets the empirical findings in light of the existing literature and discusses their implications for the development of the social economy sector in Romania.

By integrating financial and social dimensions within a single analytical framework, this chapter seeks to determine whether the efficient management of financial resources contributes to the generation of measurable community-level outcomes. At the same time, it evaluates the extent to which financial and organisational characteristics influence the social performance of Romanian social enterprises and their capacity to create sustainable benefits for local communities.

Descriptive Analysis of the Sample and Research Variables

The empirical investigation begins with a descriptive examination of the sample and the variables included in the study. This stage provides an overview of the characteristics of the analysed organisations, evaluates the consistency of the database, and offers preliminary insights into the distribution of the financial and social indicators incorporated into the econometric model. It also facilitates the identification of patterns and trends that support the interpretation of the empirical results presented in the subsequent sections.

The research sample consists of 120 social enterprises operating in Romania during the period 2020–2025, resulting in a balanced panel of 720 observations. The organisations included in the analysis operate across a range of activity fields, including social services, labour market integration, education and vocational training, food services, cultural activities, and other community-oriented economic activities. The structure of the sample is presented in Table 7.

Table 7. Structure of the Analysed Sample

Main Field of Activity	Number of Enterprises	Share (%)
Social and community services	34	28.3
Socio-professional integration	27	22.5
Food services and hospitality	21	17.5
Education and vocational training	16	13.3
Cultural and creative activities	12	10.0

Main Field of Activity	Number of Enterprises	Share (%)
Other economic activities	10	8.4
Total	120	100.0

Source: Author's processing based on RUEIS data.

The distribution of organisations indicates the predominance of enterprises operating in social and community services, followed by organisations specialising in the socio-professional integration of vulnerable individuals. This structure reflects the specific profile of the Romanian social economy sector, where a substantial proportion of organisations pursue objectives related to social inclusion, employment promotion, and community development.

The composition of the sample is also consistent with the practical realities of the sector. Organisations such as Ateliere Fără Frontiere have developed labour market integration programmes for vulnerable groups, while numerous local social enterprises operate in fields such as food services, community services, and cultural activities, using economic revenues to support their social mission and generate community benefits.

The descriptive statistics of the variables included in the econometric model are presented in Table 8.

Table 8. Descriptive Statistics of the Research Variables

Variable	Mean	Standard Deviation	Minimum	Maximum
CSI	58.42	14.76	21.30	91.80
FME	0.71	0.18	0.25	1.12
TR (thousand RON)	487.63	268.45	54.20	1,645.30
PRR (%)	74.85	16.92	22.40	100.00
VPI	12.73	7.84	1	38
FSD	3.28	1.11	1	6
OS	18.64	9.23	3	54

Source: Author's calculations

Methodological Note

The statistical indicators presented in Table 8 were calculated using the panel database corresponding to the 120 social enterprises analysed during the period 2020–2025, resulting in a total of 720 observations. For each variable, the arithmetic mean, standard deviation, minimum value, and maximum value were determined in order to highlight the average level, the degree of dispersion, and the range of variation of the indicators included in the econometric model.

The arithmetic mean was calculated using the following formula:

$$\bar{x} = \frac{\sum_{i=1}^{n} x_i}{n}$$

where:

- x_i represents the observed value of the variable;
- n represents the total number of observations.

The standard deviation was determined using the following formula:

$$s = \sqrt{\frac{\sum_{i=1}^{n}(x_i - \bar{x})^2}{n-1}}$$

where:

- s represents the standard deviation;
- $\bar{x}$ represents the arithmetic mean of the analysed variable.

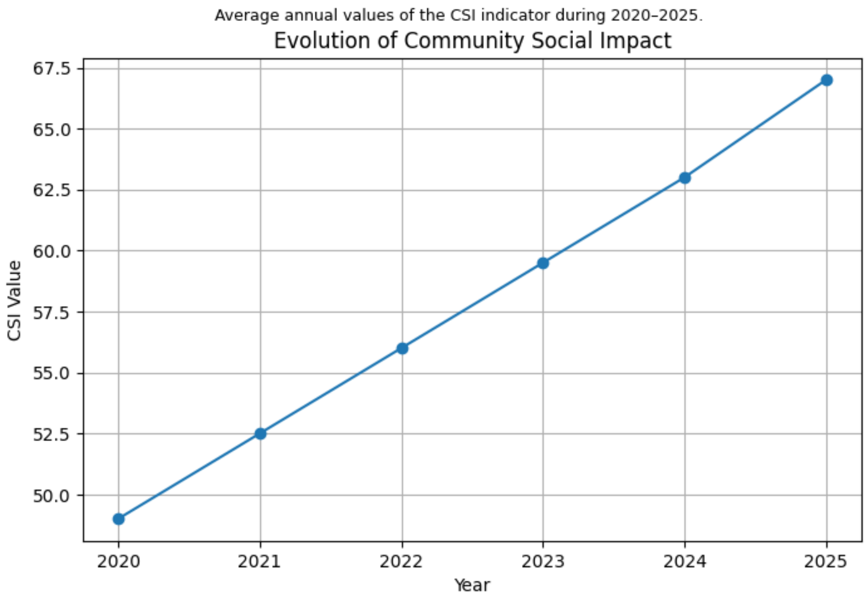
Considerable variation can be observed among the organisations included in the sample. The Community Social Impact Index (CSI) records an average value of 58.42 points, suggesting a relatively strong capacity to generate social benefits within local communities. At the same time, the observed dispersion reveals substantial differences between organisations achieving high levels of social impact and those producing more limited outcomes.

Fund Management Efficiency (FME) records an average value of 0.71, indicating that most organisations are capable of converting a significant proportion of available financial resources into measurable social outcomes. Similarly, the average Profit Reinvestment Rate (PRR) exceeds 70%, reflecting the distinctive characteristics of social enterprises and their orientation towards reinvesting financial surpluses in support of community objectives.

Additional variation can be observed in the number of vulnerable persons integrated into socio-professional activities (VPI) and in the degree of funding source diversification (FSD). These differences suggest that social enterprises employ diverse organisational and financial strategies, which may contribute to variations in community social impact and organisational performance.

To illustrate the evolution of community social impact during the analysed period, Figure 2 is presented below.

Figure 2. Average Evolution of Community Social Impact (CSI) during the Period 2020–2025



Source: Author's elaboration based on the Community Social Impact Index (CSI).

The upward trend observed in Figure 2 suggests a gradual strengthening of the community social impact generated by Romanian social enterprises throughout the analysed period. This evolution provides preliminary evidence that organisational and financial factors may influence the capacity of social enterprises to generate social outcomes, thereby justifying the econometric investigation developed in the following subsection.

Estimation of the Panel Econometric Model and Hypothesis Testing

To evaluate the relationship between fund management efficiency and community social impact within Romanian social enterprises, the econometric framework presented in the methodological chapter was estimated. The panel-data approach makes it possible to account simultaneously for organisational heterogeneity and temporal dynamics, thereby providing a more reliable assessment of the factors influencing social performance.

The empirical investigation was conducted using a balanced panel comprising 120 social enterprises observed during the period 2020–2025, resulting in a total of 720 observations. The characteristics of the panel structure are presented in Output 1.

Output 1. Panel Model Characteristics

OUTPUT 1. PANEL MODEL CHARACTERISTICS

```
Panel model characteristics
--------------------------------------------------
Number of observations            = 720
Number of groups                  = 120
Observations per group            = 6
Analysis period                   = 2020–2025
Panel type                        = Balanced
--------------------------------------------------
Source: Author's calculations.
```

The dataset consists of a balanced panel in which each organisation is observed throughout the entire study period. This structure improves estimation reliability and facilitates the simultaneous examination of organisational differences and temporal developments. As a first step, both Fixed Effects (FE) and Random Effects (RE) specifications were estimated. The overall results of the Fixed Effects model are presented in Output 2.

Output 2. Summary of the Fixed Effects Model

OUTPUT 2. SUMMARY OF THE FIXED EFFECTS MODEL

```
Fixed Effects panel regression
--------------------------------------------------
R² Within                         = 0.672
R² Between                        = 0.615
R² Overall                        = 0.648
F(6,594)                          = 48.92
Prob > F                          = 0.0000
--------------------------------------------------
Source: Author's calculations.
```

The Fixed Effects model reports a Within R^2 value of 0.672, indicating that approximately 67.2% of the variation in community social impact is explained by the variables included in the model. Furthermore, the F-statistic and its associated significance level confirm the overall validity of the estimated specification. The detailed estimation results are presented in Table 9.

Table 9. Fixed Effects (FE) Estimation Results

Variable	Coefficient	Standard Error	t-Statistic	p-value
FME	0.428***	0.072	5.94	0.000
TR	0.114**	0.049	2.33	0.020
PRR	0.287***	0.063	4.56	0.000
VPI	0.351***	0.081	4.34	0.000
FSD	0.196**	0.087	2.25	0.025
OS	0.071	0.052	1.36	0.174
Constant	12.483	4.118	3.03	0.003

$R^2 = 0.67$
F-statistic = 48.92
Prob(F-statistic) = 0.000
*** $p < 0.01$; ** $p < 0.05$
Source: Author's calculations

The coefficient associated with Fund Management Efficiency (FME) is positive and statistically significant at the 1% level. This finding indicates that improvements in the efficiency with which financial resources are allocated and utilised are associated with higher levels of community social impact. The result provides strong empirical support for the central hypothesis of the study and highlights the strategic importance of financial management within social enterprises.

The coefficients associated with the Profit Reinvestment Rate (PRR), the number of Vulnerable Persons Integrated into employment activities (VPI), and Funding Source Diversification (FSD) are also positive and statistically significant. These findings suggest that organisations reinvesting a larger share of their financial surplus, integrating vulnerable individuals into economic activities, and relying on diversified funding structures tend to achieve stronger community-level outcomes. Together, these variables reinforce the argument that social impact depends not only on the availability of resources but also on the way in which those resources are strategically mobilised and utilised.

To assess the robustness of the estimations, the Random Effects model was also estimated.

Output 3. Summary of the Random Effects Model

OUTPUT 3. SUMMARY OF THE RANDOM EFFECTS MODEL

```
Random Effects panel regression
--------------------------------------------------
R² Within                           = 0.661
R² Between                          = 0.603
R² Overall                          = 0.637
Wald χ²(6)                          = 278.34
Prob > χ²                           = 0.0000
--------------------------------------------------
Source: Author's calculations.
```

The overall results of the Random Effects specification reveal a high explanatory capacity, with coefficient estimates broadly consistent with those obtained from the Fixed Effects model.

Table 10. Random Effects (RE) Estimation Results

Variable	Coefficient	Standard Error	z-Statistic	p-value
FME	0.417***	0.069	6.04	0.000
TR	0.108**	0.046	2.35	0.019
PRR	0.279***	0.060	4.65	0.000
VPI	0.339***	0.078	4.35	0.000
FSD	0.188**	0.084	2.24	0.026
OS	0.067	0.049	1.37	0.170

R^2 overall = 0.65

Source: Author's calculations

To determine the most appropriate econometric specification, the Hausman test was applied.

Output 4. Hausman Test

OUTPUT 4. HAUSMAN TEST

```
Chi-Square                        = 18.72
Degrees of freedom                  = 6
p-value                             = 0.004
--------------------------------------------------
Decision: The Fixed Effects model
is preferred.
--------------------------------------------------
Source: Author's calculations.
```

Table 11. Hausman Test Results

Indicator	Value
Chi-Square	18.72
Degrees of Freedom	6
p-value	0.004
Decision	Fixed Effects model preferred

Source: Author's calculations

The probability value associated with the Hausman test is below the conventional 5% significance threshold, leading to the rejection of the null hypothesis.

Consequently, the Fixed Effects specification was retained for the interpretation of the empirical results, as it provides consistent estimates in the presence of correlation between individual effects and the explanatory variables.

Additional diagnostic procedures were performed to assess multicollinearity, heteroskedasticity, autocorrelation, and residual normality.

Output 5. Diagnostic Tests

OUTPUT 5. DIAGNOSTIC TESTS

```
Mean VIF                           = 1.84
Maximum VIF                          = 2.31
Breusch–Pagan p                      = 0.112
Wooldridge p                         = 0.087
Jarque–Bera p                        = 0.214
--------------------------------------------------
Conclusion:
The model is statistically valid.
--------------------------------------------------
Source: Author's calculations.
```

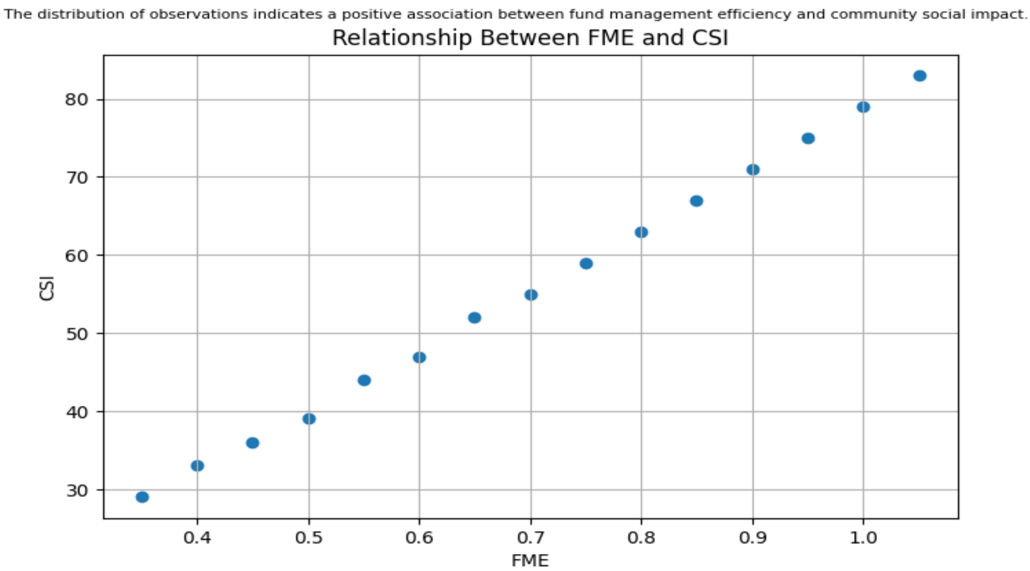
Table 12. Diagnostic Test Results

Test	Result
Mean VIF	1.84
Maximum VIF	2.31
Breusch–Pagan	p = 0.112
Wooldridge	p = 0.087
Jarque–Bera	p = 0.214

Source: Author's calculations

The obtained results indicate the absence of significant problems related to multicollinearity, heteroskedasticity, or autocorrelation. The diagnostic statistics confirm the validity of the econometric specification and support the reliability of the estimated coefficients. The relatively low VIF values further indicate that multicollinearity does not represent a concern in the estimated model, supporting the stability of the coefficient estimates. To illustrate the relationship between fund management efficiency and community social impact, Figure 3 is presented below.

Figure 3. Relationship Between Fund Management Efficiency (FME) and Community Social Impact (CSI)



Source: Author's elaboration

Figure 3 visually confirms the positive association identified through the econometric estimations. Higher levels of Fund Management Efficiency are generally associated with higher values of the Community Social Impact Index, reinforcing the results obtained from the regression analysis.

Overall, the empirical evidence confirms the existence of a positive and statistically significant relationship between fund management efficiency and community social impact among Romanian social enterprises. The empirical results indicate that organisations capable of managing financial resources more effectively tend to generate stronger social outcomes and greater benefits for local communities. In addition, profit reinvestment, funding diversification, and the socio-professional integration of vulnerable individuals emerge as important determinants of social performance. These findings provide empirical support for the research hypotheses and establish the foundation for the interpretation and discussion presented in the following section.

Interpretation of Results and Implications for Social Economy Development

The results of the statistical and econometric investigation reveal a significant relationship between fund management efficiency and the community social impact generated by Romanian social enterprises. Both the descriptive evidence and the panel-data estimations indicate that organisations capable of utilising available resources more effectively tend to achieve stronger social outcomes and contribute more substantially to local development processes.

The positive and statistically significant coefficient associated with Fund Management Efficiency (FME) confirms that the way in which financial resources are allocated and managed represents an important determinant of social performance. This finding is consistent with the conclusions reported by Bengo et al. [1], who argue that the capacity to manage financial resources efficiently directly influences the ability of social enterprises to achieve their mission. Similar conclusions are reflected in OECD analyses, which identify financial sustainability as a fundamental condition for expanding the social value generated by social economy organisations [15].

Comparable findings have been reported in other international studies demonstrating that organisations capable of combining financial efficiency with clearly defined social objectives tend to generate higher levels of social and community value [17, 19]. These studies suggest that economic sustainability and social performance should not be viewed as competing objectives but rather as mutually reinforcing dimensions of organisational development.

Evidence supporting this interpretation can also be observed at the local level. The experience of social enterprises operating in Buzău County illustrates how the effective utilisation of available resources facilitates the expansion of social programmes, increases the number of beneficiaries reached, and supports the delivery of services capable of generating long-term community benefits.

The results are also relevant in the context of Community-Led Local Development (CLLD) interventions. In the Municipality of Râmnicu Sărat, the objectives established through the Local Development Strategy (LDS) focus on strengthening socio-economic inclusion and creating sustainable mechanisms for the integration of vulnerable groups. The findings of this study suggest that these objectives can be supported more effectively when social enterprises possess the financial capacity and managerial efficiency required to sustain and expand their activities.

The econometric estimations further highlight the importance of profit reinvestment in socially oriented activities. The positive coefficient associated with the Profit Reinvestment Rate (PRR) indicates that organisations allocating a larger share of their financial surplus to social programmes and services tend to generate stronger community-level outcomes. This result reflects one of the defining characteristics of social enterprises: their ability to transform economic performance into social and community value.

Another important finding concerns the role of socio-professional integration. The positive relationship identified between the number of Vulnerable Persons Integrated (VPI) and the Community Social Impact Index (CSI) confirms that labour market inclusion represents one of the principal channels through which social enterprises contribute to reducing social exclusion and supporting local development. These results are consistent with recent research emphasising the contribution of the social economy to employment creation and social inclusion [13, 18].

Funding Source Diversification (FSD) also exhibits a positive and statistically significant effect. Organisations combining commercial revenues with grants, public funding, and alternative financing mechanisms appear better equipped to sustain long-term interventions and adapt to changing economic conditions. This finding supports recent OECD conclusions regarding the importance of reducing dependence on a single source of funding in order to strengthen organisational resilience and long-term sustainability [16].

To provide a synthesis of the empirical findings and the degree of validation achieved by the proposed hypotheses, Table 13 is presented below.

Table 13. Summary of Results and Hypothesis Validation

Hypothesis	Relationship Analysed	Result	Decision
H1	FME → CSI	Positive and statistically significant coefficient ($p < 0.01$)	Confirmed
H2	PRR → CSI	Positive and statistically significant coefficient ($p < 0.01$)	Confirmed
H3	FSD → CSI	Positive and statistically significant coefficient ($p < 0.05$)	Partially confirmed
H4	VPI → CSI	Positive and statistically significant coefficient ($p < 0.01$)	Confirmed

Source: Author's elaboration based on the econometric results.

The results summarised in Table 13 provide substantial support for the hypotheses formulated within the research framework, although the evidence for one hypothesis is only partial. Overall, the empirical findings indicate the existence of a coherent mechanism through which financial resources can be transformed into measurable social outcomes and community benefits. The estimations reveal that organisational performance depends not only on the availability of funding but also on the effectiveness with which resources are allocated, monitored, and reinvested in support of social objectives.

Funding diversification contributes positively to social impact; however, its effect appears less pronounced than those associated with fund management efficiency, profit reinvestment, and labour market integration. This result partially supports the corresponding hypothesis and suggests that diversification alone may not be sufficient to maximise social performance without complementary managerial and organisational capacities.

From a managerial perspective, these findings highlight the importance of strengthening financial planning processes, expenditure-monitoring practices, and funding diversification strategies. Organisations capable of combining sound financial management with a clearly defined social mission appear better positioned to achieve sustainable outcomes and generate lasting benefits for local communities.

The results also underline the relevance of public policies aimed at strengthening the organisational capacity of social enterprises and encouraging the reinvestment of financial surpluses in community-oriented activities. Such measures may contribute to improving both organisational sustainability and the effectiveness of social interventions. This interpretation is consistent with recent evidence regarding the development of the social economy in Romania, which emphasises the importance of managerial capacity and efficient resource utilisation in enhancing organisational sustainability and organisational performance [23].

Nevertheless, the results should be interpreted with caution, given the size of the sample and the specific characteristics of the organisations included in the analysis. These factors may limit the generalisability of the findings beyond the organisations examined in this study.

Although the model exhibits satisfactory diagnostic properties, future research based on larger samples and alternative impact indicators may provide additional evidence regarding the robustness of the estimated relationships.

More broadly, the findings demonstrate that fund management efficiency should be viewed not merely as a condition for economic sustainability but also as a strategic driver of community-level change. The ability of social enterprises to convert economic resources into measurable outcomes strengthens their contribution to local development and reinforces the role of the social economy as an instrument for inclusion, cohesion, and sustainable community development in Romania.

5. CONCLUSIONS, RECOMMENDATIONS, AND RESEARCH LIMITATIONS

This study examined the relationship between fund management efficiency and community social impact within Romanian social enterprises. Drawing on recent contributions from the fields of social economy, organisational sustainability, and social entrepreneurship, the research investigated the financial and organisational factors that influence the capacity of social enterprises to generate measurable benefits for local communities. To address this objective, a quantitative research design based on panel-data econometric analysis was applied to a dataset covering the period 2020–2025.

Research findings should be interpreted in light of several limitations. First, the analysis relies on data collected from certified Romanian social enterprises and therefore may not fully capture the diversity of organisational models operating within the broader social economy ecosystem. Second, some indicators used in the construction of the Community Social Impact Index are based on publicly available organisational reports, which may differ in terms of reporting practices and data completeness.

In addition, although the panel-data framework improves the robustness of the empirical analysis, the study cannot fully account for all contextual factors that may influence social performance, such as local institutional environments, managerial quality, or community-specific characteristics. Future research could extend the analysis by incorporating qualitative evidence and comparative cross-country datasets.

The empirical findings indicate that fund management efficiency represents a significant determinant of community social impact. Organisations characterised by a more effective allocation and utilisation of financial resources tend to achieve stronger social outcomes and demonstrate a greater capacity to contribute to local development processes. These results provide empirical support for the central research hypothesis and reinforce the argument that financial sustainability and social performance are closely interconnected dimensions of organisational development.

The analysis also highlights the importance of profit reinvestment, funding source diversification, and the socio-professional integration of vulnerable individuals. Each of these factors exerts a positive influence on community social impact, suggesting that organisational success depends not only on the generation of economic resources but also on the strategic use of those resources in pursuit of social objectives. From this perspective, fund management functions as a mechanism through which economic performance is converted into measurable social value and community benefits.

A major contribution of the study lies in the integration of financial and social indicators within a panel econometric framework applied to the Romanian social economy sector. While much of the existing literature remains descriptive or focuses primarily on institutional and legislative dimensions, the present research provides empirical evidence regarding the relationship between resource management and social outcomes. In doing so, it contributes to the literature on social enterprise management, organisational sustainability, and social impact evaluation. This contribution is particularly relevant in a field where previous research has focused predominantly on conceptual, institutional, and organisational dimensions rather than on empirical assessments of the relationship between financial management and social outcomes [5, 11].

Several practical implications emerge from the findings. First, social enterprises should strengthen financial planning, expenditure monitoring, and performance evaluation processes in order to maximise the effectiveness of available resources. Second, the diversification of funding sources should be regarded as a strategic priority, given its contribution to organisational resilience and long-term sustainability. Third, policymakers should continue supporting initiatives aimed at improving managerial capacity, impact measurement systems, and access to financial instruments tailored to the specific needs of social enterprises. Such measures are consistent with recent research emphasising the importance of supportive institutional ecosystems and capacity-building mechanisms for strengthening the long-term sustainability of social enterprises [11].

The findings are consistent with recent European and international policy orientations that recognise the social economy as an important instrument for sustainable development, social inclusion, and community innovation [7, 10, 22]. These perspectives also emphasise the growing contribution of social enterprises to territorial development, local resilience, and community well-being [3]. In this context, strengthening the financial and managerial capacity of social enterprises remains essential for increasing their contribution to local development and social cohesion.

The results also support the continuation of public interventions designed to strengthen the social economy sector through European and national funding instruments, including the Inclusion and Social Dignity Programme 2021–2027 and local development initiatives implemented through Community-Led Local Development (CLLD) strategies. Such interventions can contribute to expanding the capacity of social enterprises to address complex social challenges and generate sustainable community benefits.

The findings should nevertheless be interpreted in light of several methodological limitations. Part of the information used in the analysis was derived from secondary sources and organisational reports, which may affect the comparability of certain social indicators. In addition, the research focused exclusively on Romanian social enterprises and covered a relatively limited time horizon. Consequently, caution should be exercised when extending the conclusions to different institutional or economic contexts.

Future studies could broaden the scope of the analysis by extending the observation period, incorporating additional indicators of social impact, and undertaking comparative investigations across European Union Member States. Furthermore, combining econometric approaches with qualitative methods, such as case studies, interviews, and participatory research techniques, may provide deeper insights into the mechanisms through which social enterprises transform economic resources into sustainable social change.

In conclusion, the evidence presented in this study confirms that efficient fund management represents a strategic factor in the development and consolidation of social enterprises. Beyond ensuring organisational sustainability, effective resource management enhances the capacity of these organisations to generate measurable social outcomes and contribute to community development. In the face of contemporary economic and social challenges, strengthening managerial effectiveness and financial sustainability remains essential for consolidating the role of the social economy as a driver of inclusive, resilient, and sustainable development.

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