

## THE SOCIAL AND ECONOMIC IMPACT OF SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA

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**Abstract:** *Social entrepreneurship represents an innovative and dynamic strategy for economic and social development, increasingly recognized as an effective tool to address current societal challenges. This concept integrates economic and social objectives into a sustainable business model, where success is not solely defined by financial performance but also by its positive impact on communities and the environment. The paper analyzes the social and economic effects of social entrepreneurship in the Republic of Moldova, emphasizing its capacity to provide solutions to major issues such as migration, poverty, exclusion, environmental degradation, and unemployment among vulnerable groups. Despite the positive outcomes, the development of this sector faces significant challenges, including limited financial access, lack of awareness, and inadequate legislative frameworks. The authors highlight the necessity of a systemic approach involving public institutions, private actors, and NGOs to ensure the sustainability of social businesses and promote inclusive development.*

**Keywords:** *Social entrepreneurship, economic impact, social inclusion, vulnerable groups, sustainable development, entrepreneurial education, public policy.*

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### 1. Introduction

Social entrepreneurship represents an innovative and dynamic strategy for economic and social development, increasingly recognized as an effective means of addressing current societal challenges. This concept integrates economic and social objectives into a sustainable business model, in which success is not defined solely by financial performance but also by the positive impact on the community and the environment. This form of entrepreneurship is distinguished by the fact that its main priority is not maximizing profit, but enhancing societal well-being.

A key aspect of this economic model lies in the reinvestment of generated revenues to support social initiatives, identify and meet emerging needs, promote economic and social inclusion of vulnerable groups, as well as develop markets capable of addressing needs insufficiently covered by the traditional economy.

In addition, social entrepreneurship plays an essential role in developing innovative solutions for the integration of people with disabilities into economic activities, reducing social inequalities, and creating employment opportunities for disadvantaged groups.

In contrast to conventional economic models, social enterprises operate under a different mechanism, characterized by moderate and sustainable economic growth, oriented toward social and environmental impact [1]. These entities effectively combine economic development goals

with social responsibility, acting to address the structural problems of society, such as combating poverty, promoting social equity, or protecting and sustainably managing natural resources.

Therefore, social entrepreneurship is not just an alternative economic model, but also a key factor in the transition toward a more inclusive and sustainable economy, capable of responding to the complex challenges of sustainable development.

## 2. Literature Review

Recent literature outlines the emergence of social entrepreneurship as a hybrid model that bridges gaps left by traditional public and private sectors. Authors such as Bornstein and Davis emphasize the transformative power of social enterprises in tackling systemic inequalities. In Moldova, studies by local institutions (e.g., Expert-Grup, Government reports) identify social entrepreneurship as a promising, yet underdeveloped, sector. However, a lack of consistent policy and funding frameworks remains a barrier.

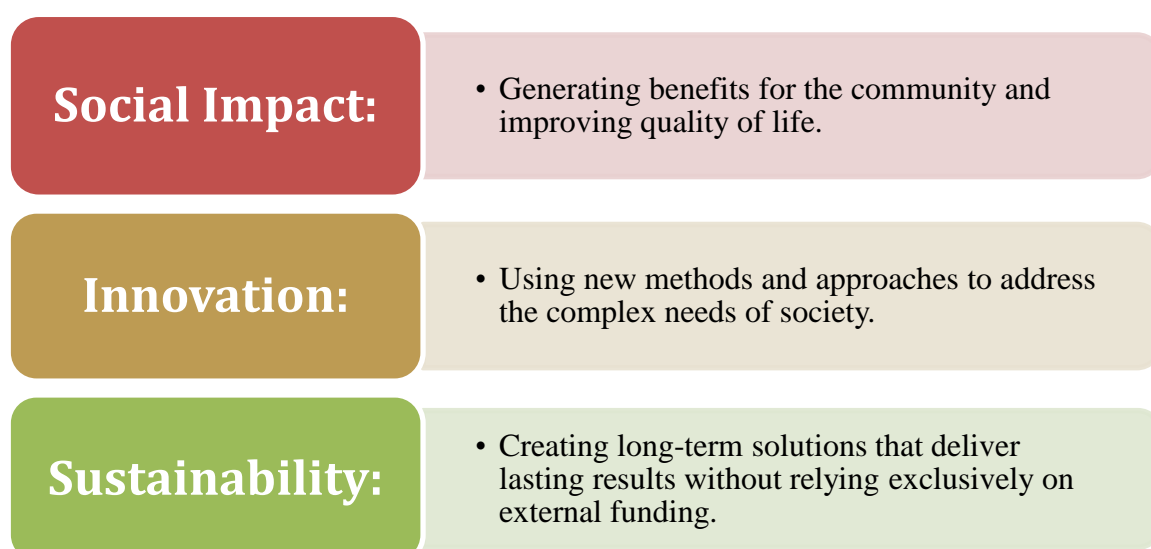
## 3. Methodology

The paper is based on a qualitative analysis of secondary data from national statistical reports, government strategies, and international development programs. Data from 2020 to 2024 on indicators such as disability, youth unemployment (NEETs), and rural demographics were examined to assess the socio-economic context in which social entrepreneurship operates. Comparative analysis and synthesis methods were employed to evaluate policy impact and entrepreneurial trends.

## 4. Results and Discussion

An essential element of social entrepreneurship is the assessment of its generated impact. Social entrepreneurs use various methods and tools to analyze the positive effects their activities have on the community. These evaluations go beyond financial performance and include social and environmental impact. By continuously monitoring progress, they are able to adapt their implemented strategies, thereby ensuring the ongoing optimization of results and maximizing the benefits delivered to society.

Unlike traditional businesses, social entrepreneurship focuses on:



**Figure 1. Pillars of social entrepreneurship**

*Source: developed by the authors*

The Republic of Moldova faces numerous social and economic challenges that underline the necessity of adopting innovative models such as social entrepreneurship:

1. **Migration and depopulation:** Moldova is among the countries with the highest migration rates in Europe, leading to a loss of skilled labor and an aging population. In this context, social entrepreneurship can contribute to job creation within communities, offering opportunities for young people and reducing the need to emigrate.
2. **Poverty and economic inequalities:** A significant portion of the population lives below the poverty line, especially in rural areas. Social enterprises can develop vocational training programs, support organic agriculture, or create local businesses to improve living standards.
3. **Limited access to education and healthcare:** Issues in the education and healthcare systems affect the country's social and economic development. Social entrepreneurs can contribute through initiatives that provide access to alternative education, vocational courses, or medical services for disadvantaged communities.
4. **Environmental problems:** Moldova faces massive deforestation, pollution, and poor waste management. Social entrepreneurship can address these issues through ecological projects such as recycling, sustainable agriculture, or renewable energy production.
5. **Dependency on external funding:** The country's economy is heavily influenced by remittances and external financial aid. In this case, social entrepreneurship can stimulate community self-sufficiency by generating local income sources.

Social entrepreneurship in the Republic of Moldova is still in its early stages of development and cannot grow without a series of consistent and sustained efforts from all involved actors. In addition to the regulatory framework, concrete measures must be initiated to create a supportive development ecosystem: access to various financing instruments and markets, business support structures, human resource development and research, differentiated fiscal and non-fiscal incentives based on the type of social enterprise etc. [2].

A significant impact of social entrepreneurship lies in its capacity to generate employment opportunities, especially for vulnerable groups such as people with disabilities, NEET youth (not in employment, education, or training), and the rural population. Through innovative and sustainable initiatives, social entrepreneurship contributes to the integration of these groups into the labor market, offering them greater opportunities for economic and social inclusion.

**Table 1. Social and economic vulnerability indicators in Moldova (2020–2024)**

Indicator	2020	2021	2022	2023	2024
People with disabilities (thousands)	174.5	168.0	162.3	161.9	-
Share of disabled population (%)	6.8	6.8	6.7	-	-
NEET youth (15–29), %	31.2	26.4	-	-	20.3
Rural population (thousands)	1506.0	1479.7	1442.8	1408.3	1287.5
Unemployment in rural areas (%)	-	-	-	-	4.7

*Source: Authors, based on NBS*

Between 2020 and 2024, the Republic of Moldova experienced significant changes in the social and economic vulnerabilities of its population. The number of persons with disabilities

steadily declined, and their share in the overall population slightly decreased, suggesting demographic changes or migration. The proportion of NEET youth decreased from 31.2% in 2020 to 20.3% in 2024, indicating a possible improvement in access to education and employment opportunities.

The most notable transformation is the reduction of the rural population, which declined from 1,506 thousand in 2020 to 1,287.5 thousand in 2024, reflecting a phenomenon of both internal and external migration. Although the rural unemployment rate in 2024 stood at 4.7%, this indicator does not provide a clear picture of employment due to the informal nature of many economic activities.

Overall, the analysis of these indicators highlights several major challenges for the Republic of Moldova, particularly regarding rural depopulation, youth labor market integration, and support for vulnerable populations. These developments emphasize the need for effective public policies to reduce social and economic disparities.

In the context of the marginalization of people with disabilities—a persistent issue—accessibility to public buildings remains limited. Data from 2022 shows that public institutions were the most accessible; however, only one in ten buildings (172 buildings) was fully adapted to the needs of people with disabilities. In contrast, police sectors were among the least accessible, with only 1.7% of buildings adapted [3]. This situation significantly restricts the integration of people with disabilities into society. To ensure proper conditions, several measures are necessary [4]:

1. Amending the regulatory framework to hold central and local public authorities accountable for evaluating accessibility conditions.
2. Adjusting the legal framework to designate an authority responsible for identifying violations of construction legislation and regulations.
3. Developing a National Plan for the accessibility of public institutions.

A key challenge for the Republic of Moldova is to strengthen social cohesion by reducing inequalities, which manifest as economic, social, and public service access disparities. According to data from the National Bureau of Statistics, the Gini coefficient - a measure of income distribution - stands at around 35, indicating a moderate level of inequality. Economic disparities between urban and rural areas are significant, exemplified by the fact that the average monthly salary in Chişinău municipality is 50% higher than in rural regions in the south of the country [5].

Through the development of sustainable businesses, social entrepreneurship plays an essential role in revitalizing the local economy, contributing to increased production and consumption within communities. Social enterprises can also have a significant influence in promoting responsible economic practices, based on sustainability principles and positive social impact.

Furthermore, social entrepreneurship serves as an effective mechanism for facilitating the socio-economic inclusion of youth from disadvantaged areas, providing them access to educational and vocational training programs. These initiatives support the development of skills necessary for labor market integration, thus helping reduce social and economic inequalities.

A key element in supporting this process is the collaboration between public institutions and non-governmental organizations (NGOs) in developing regional centers specialized in vocational training for people with disabilities. These centers can be integrated into existing infrastructure, such as the units affiliated with the National Employment Agency (ANOFM), thereby ensuring more efficient resource use and broader access to training programs.

To ensure the financial sustainability of these initiatives, it is important to identify and access appropriate funding sources. European funds, through programs such as “Erasmus+” and

the “Cohesion Fund,” represent relevant opportunities for the development of educational infrastructure and support for social inclusion projects.

In addition, the active involvement of the private sector can play a decisive role in strengthening vocational training. Granting fiscal incentives to companies that collaborate with vocational education institutions and provide paid internships for students could facilitate their labor market integration. Moreover, expanding the network of vocational schools in rural areas - adapted to the local economic context (such as agriculture, carpentry, or beekeeping) - would improve access to education and support the sustainable economic development of disadvantaged communities.

Although social entrepreneurship offers numerous advantages, its development is often hindered by multiple obstacles. One of the biggest challenges is limited access to funding, as most investors seek high profits, and funds allocated to this sector remain insufficient. In addition to financial difficulties, the lack of entrepreneurial education and the absence of managerial support hinder the implementation and management of social initiatives. At the same time, public awareness of this type of entrepreneurship remains low, which limits both community and business sector involvement in supporting it.

Nevertheless, the Republic of Moldova has numerous opportunities for the development of social entrepreneurship. The creation of public-private partnerships can facilitate access to resources and logistical support, while the adaptation of successful models from other countries could help strengthen this sector. Additionally, promoting entrepreneurship education programs could stimulate the emergence of new initiatives and improve the ability of social entrepreneurs to manage their businesses effectively.

## **5. Conclusions**

Social entrepreneurship is a key driver of change, playing an essential role in the economic and social development of the Republic of Moldova. It contributes to reducing inequalities, supports the promotion of social inclusion, and offers solutions to various community issues. Although the social entrepreneurship sector is still in its early stages, its potential to transform communities is significant. By creating jobs and supporting vulnerable groups, social entrepreneurship can have a major impact on improving living conditions and promoting sustainable development.

Among the main challenges and obstacles are the lack of a clear legislative framework, limited access to funding, and a low level of entrepreneurial education. These issues hinder the scaling of social businesses and reduce their capacity to generate significant impact.

Social entrepreneurship contributes to economic development by fostering community self-sufficiency, reducing unemployment—particularly in rural areas—and integrating NEET youth and persons with disabilities into the labor market. At the same time, it plays an important role in promoting sustainable practices and social responsibility.

To support the development of this sector, concrete measures are needed, such as: the creation of a favorable regulatory framework, the establishment of financial support mechanisms, the development of entrepreneurial education, and the encouragement of public-private partnerships. Additionally, the implementation of accessibility programs in public institutions would facilitate the integration of vulnerable groups.

Given its potential to generate positive change, social entrepreneurship must be supported through a systemic approach. Expanding access to financial resources, creating support networks, and developing vocational training centers for individuals from disadvantaged groups are essential steps in strengthening this field.

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