

UDC 338.24-6:334.72(100)

DOI: <https://doi.org/10.37000/ebbsl.2024.06.11>

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POSSIBILITIES OF IMPLEMENTING FOREIGN EXPERIENCE OF SOCIAL ENTREPRENEURSHIP INTO DOMESTIC PRACTICE

Abstract

The purpose of the article is to study the essence and opportunities for the development of social entrepreneurship in Ukraine.

The scientific novelty. The work is substantiated the essence and necessity of development of the social entrepreneurship institute in Ukraine for the decision of a number of social questions, including employment of persons with disabilities. Approaches to defining the essence of the concept of «social enterprise» and «social entrepreneur» are analyzed. The study outlines the criteria for distinguishing social enterprises from traditional business structures and charitable activities and systematizes models for the development of social entrepreneurship in the world's leading countries. You have identified a number of problems faced by domestic social enterprises and which negatively affect their development. Emphasis is placed on the lack of legal regulation of social enterprises, which complicates their development in Ukraine. After analyzing a number of approaches to defining the essence of social entrepreneurship, we can conclude that this is a kind of combination of a commercial approach to self-financing of social projects by organizations with social missions in accordance with the laws of business. It is proved that supporting the development of social entrepreneurship in our country will promote the intensification of entrepreneurial initiative and activity of vulnerable groups; increasing social responsibility; stimulating the development of economic competition. In addition, Ukraine should form its own national strategy for the development of social entrepreneurship, which will only focus on world experience, and not copy the model of another country. Thus, the key tool for

the development of social entrepreneurship is its active support by the state, which is obliged to develop a legal basis for the functioning of social business and its interaction with all members of society.

Conclusions. *To intensify the development of social entrepreneurship in Ukraine, it is proposed to: develop and implement a law on social entrepreneurship; outline administrative and economic methods of state regulation of this type of activity; actively involve the public and educational institutions in the work of social enterprises.*

Keywords: *persons with disabilities, social problems, social entrepreneurship, state policy, social projects.*

УДК 338.24-6:334.72(100)

МОЖЛИВОСТІ ІМПЛЕМЕНТАЦІЇ ЗАРУБІЖНОГО ДОСВІДУ СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА У ВІТЧИЗНЯНУ ПРАКТИКУ

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Анотація

У роботі обґрунтовано сутність та необхідність розвитку інституту соціального підприємництва в Україні для вирішення ряду соціальних питань, у тому числі і зайнятості осіб з інвалідністю. Проаналізовано підходи до визначення сутності поняття «соціальне підприємство» та «соціальний підприємець». В ході дослідження окреслено критерії відмінності соціальних підприємств від традиційних бізнес-структур і благодійної діяльності та систематизовано моделі розвитку соціального підприємництва в провідних країнах світу. Виокремлено ряд проблем, з якими стикаються вітчизняні соціальні підприємства і які негативно впливають на їхній розвиток. Зроблено наголос на відсутності правового регулювання діяльності соціальних підприємств, що ускладнює їх розвиток в Україні. Метою статті є дослідження сутності та можливостей розвитку соціального підприємництва в Україні. Проаналізувавши ряд підходів до визначення сутності соціального підприємництва можна зробити висновок, що це своєрідне поєднання комерційного підходу до самофінансування соціальних проектів організаціями із соціальними місіями відповідно за законами бізнесу. Доведено, що підтримка розвитку соціального підприємництва в нашій країні сприятиме активізації підприємницької ініціативи та активності вразливих верств населення; підвищенню соціальної відповідальності; стимулюванню розвитку економічної конкуренції. Крім того, в Україні повинна бути сформована власна національна стратегія розвитку соціального підприємництва, яка лише орієнтуватиметься на світовий досвід, а не копіюватиме модель іншої країни. Таким чином, ключовим інструментом розвитку соціального підприємництва є його

активна підтримка зі сторони держави, яка зобов'язана розробити правове підґрунтя функціонування соціального бізнесу та його взаємодію з усіма учасниками соціуму. Для активізації розвитку соціального підприємництва в Україні запропоновано: розробити та впровадити закон про соціальне підприємництво; окреслити адміністративні та економічні методи державного регулювання такого роду діяльності; активно залучати громадськість та освітні заклади до участі в роботі соціальних підприємств.

Ключові слова: особи з інвалідністю, соціальні проблеми, соціальне підприємництво, державна політика, соціальні проекти.

Introduction. The main manifestation of the state's social responsibility is its social policy towards people with disabilities. In Ukraine, as of January 1, 2020, there were 2,703,000 such people, according to estimates by the State Statistics Service [7]. With an obvious trend of increasing the number of people with disabilities against the background of a decrease in the total permanent population in Ukraine, the problem of rehabilitating such people and finding effective tools to involve them in social processes is acute. At the same time, almost 80% of people with disabilities in Ukraine are people of working age. For comparison: in China 80% of people with disabilities work, in the UK – 40%, in the USA – 29%. By joining the European Social Charter, Ukraine has undertaken to actively promote the employment of people with disabilities, their professional orientation and training, and to create conditions for the use of their labor. Therefore, the key task today is to help these people transform from a passive recipient of social assistance and pensions into an active taxpayer, thereby having the opportunity to self-realize and feel like full-fledged members of society.

In addition, today Ukrainian society is faced with a number of new challenges, including military operations, problems of internally displaced persons and other vulnerable segments of the population (children, the elderly, people with disabilities, etc.), which are the reason (or motive) for the activation of social initiatives. One of the possible ways to solve the outlined problems may be the development of social entrepreneurship in Ukraine.

Analysis of recent research. Analysis of literary sources shows that a number of significant problems in the development of social entrepreneurship have been studied superficially and there are a number of points that can be discussed. Regional aspects of social relations and management of social sphere sectors have been studied in the scientific works of A. Povazhny, G. Guberna, B. Adamov, V. Dorofienko, V. Lobas, O. Chernysh. A significant contribution to the study and development of theoretical, methodological and practical foundations of social entrepreneurship was made by scientists S. Alvord, G. Dees, F. Nightingale, S. Carter, F. Spreckley and others. The scientific works of Ukrainian domestic and foreign scientists are devoted to the study of the problems of social entrepreneurship, including I. Bosak, F. Borodin, N. Husak, A. Kolot, A. Moskovska, M. Batalna, I. Berezyak, Z. Galushka, E. Sklut, D. Klaterbak, V. Vainer, I. Ruda, J. Sandal, etc. In scientific research, the main attention is focused on defining the essence of social entrepreneurship, its theoretical substantiation and

approaches to understanding the practical disclosure of problems. However, a comprehensive study of social entrepreneurship, as well as studying the possibilities of implementing foreign experience in organizing social business in Ukraine, requires deeper study and analysis.

The purpose of the study is to determine the essence of social entrepreneurship, study international experience in its implementation, identify problems in implementing social entrepreneurship in Ukraine and search for ways to develop it in the domestic sector of the economy.

Presentation of the main material of the study. The practice of entrepreneurs directing part of their profits to charity has been known for a long time. And today, a significant number of entrepreneurs allocate funds to help people in difficult life circumstances, support the development of local initiatives, and purchase necessary material products for certain organizations or social centers. However, over time, entrepreneurs begin to set themselves the goal not only of providing situational financial assistance, but also of identifying and transforming the factors that lead to specific social problems. A new business model has developed all over the world, closely combining classical entrepreneurship with the activities of the public sector. It was led by social entrepreneurs – people who chose the priority goal of their business not to maximize profit, but to meet social needs [6].

In order to create a favorable economic and legal environment in the field of social business, the European Commission defines social enterprises through a combination of three dimensions of their activities (Fig. 1).

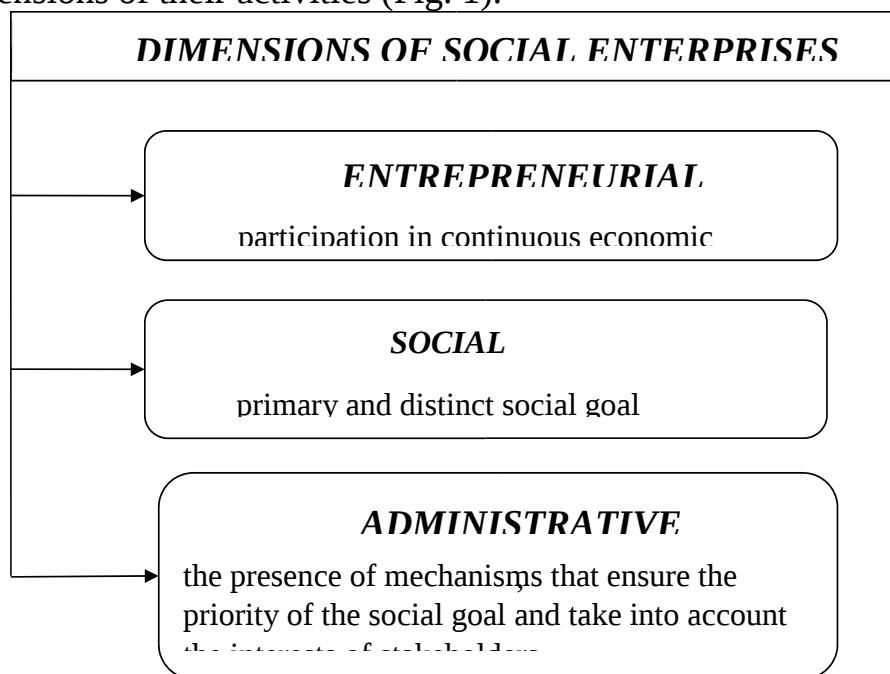


Fig. 1. Dimensions of Social Enterprises' Activities [11]

**Note: Compiled by the author*

One of the most cited definitions of "social entrepreneurship" was provided by Gregory Dees [9]. According to his definition, social entrepreneurs act as agents of change in the social sphere through:

- creating social (not private) value;
- seeking unconventional opportunities for maximum efficiency in their activities;
- engaging in a process of continuous innovation;
- taking decisive actions despite limited available resources;
- being accountable for the results of their activities.

Social entrepreneurship should not be equated with social responsibility, in which a business entity properly takes care of the impact of its activities on the environment in which it operates. At the same time, socially responsible businesses can contribute to the development of social enterprises, for example, by providing advisory support to those who manage social enterprises.

Social entrepreneurship shares the same criteria as traditional entrepreneurship, including financial independence, initiative, innovation, scalability, and risk-taking. However, it also has specific characteristics: prioritization of social goals, reinvestment of profits into social development, openness and transparency of activities, and public accountability.

Conditionally, social business and its related forms – traditional commercial business and charitable activities – can be distinguished as follows (Table 1).

Table 1

Criteria for Differentiating Business Entities

Criteria	Social Entrepreneurship	Charitable Organization	Traditional Commercial Activity
Purpose of Activity	Solving social problems	Providing help and support to vulnerable groups	Generating profit
Profit Distribution and Usage	Profit is allocated to social projects or reinvested in the enterprise	Does not generate profit	Profit is distributed among founders, shareholders, and investors
Sources of Funding	Profit from own activities, grants, government programs	Charitable donations from individuals and legal entities, grants	Does not depend on external funding sources

**Note: Compiled by the author*

The main differences between social enterprises and traditional business structures include:

Ambition – Social enterprises address major social issues; they operate in various organizational forms, including innovative non-profit organizations, hybrid organizations, social-purpose organizations, and mixed elements of non-profit and community organizations.

Social Mission – The primary goal is to create social value rather than wealth. This is a key criterion for a successful social enterprise. Well-being is considered part of the process rather than the ultimate goal. Promoting systemic social change is a fundamental objective.

Strategic Approach – Social entrepreneurship is highly focused and intentional in achieving its social mission and vision. It provides opportunities for system improvement, the creation of solutions, and the invention of new approaches that generate social value.

Ingenuity – Social enterprises operate in a social rather than a business context. They have limited access to capital and traditional market support systems, requiring high proficiency in mobilizing human, financial, and political resources.

Results-Oriented – Social enterprises must see a return on investment in terms of transformation, opening new opportunities for marginalized and disadvantaged citizens, and unlocking societal potential for social change [1, p. 43-44].

According to the European Commission, there are currently 2.8 million social enterprises in Europe (accounting for 10% of all European businesses), employing over 11 million people (6% of the region's workforce) [12].

The main organizational and legal forms of social enterprises in European countries are cooperatives and companies (Table 2).

Table 2

Organizational Forms of Social Entrepreneurship in International Practice [3]

Country	Modern Forms of Social Enterprises	Characteristics and Social Goals
United Kingdom, Belgium, USA	Community Interest Companies, Social Purpose Companies	Functional and Target Characteristics: Associations of citizens and entrepreneurs jointly working to meet societal needs based on social entrepreneurship principles in areas of public interest. Organizational and Legal: Structures in the form of partnerships or societies.
Italy, Poland, Czech Republic, France, Portugal, Finland, Spain	Social Cooperatives, Solidarity Cooperatives, Cooperative Societies of Collective Interest, Social Solidarity Cooperatives, Social Initiative Cooperatives	Functional and Target Characteristics: Organizations focused on solving socially significant issues, such as employment equity and providing housing for vulnerable populations. Organizational and Legal: Cooperative structures created and operating according to cooperative principles.

**Note: Compiled by the author*

The leader in social entrepreneurship development in the European region is considered to be the United Kingdom, where approximately 70,000 social enterprises provide employment to nearly one million Britons. Their total contribution to the economy exceeds £24 billion.

As of 2017, statistics show that:

68% of social enterprises support people from vulnerable groups

44% employ individuals from vulnerable groups

28% operate in the most economically depressed areas of the country [2].

In global practice, the two most common models of social entrepreneurship are the European model and the U.S. model, the characteristics of which are presented in Table 3.

Table 3

Comparison of Social Entrepreneurship Models [8]

European Model	U.S. Model
A business with social goals	A means of self-financing for non-profit organizations
Emphasis on the social component	Emphasis on the commercial component
Supported by the government	Develops with the support of international funds
Special laws that legalize social enterprises	Focus on promoting successful case studies
Predominantly cooperatives	Wide variety of organizational and legal forms
Main area of activity: integrating socially vulnerable groups through employment	Can engage in any type of business activity
Funds can only be spent on improving production or achieving the social mission	Profit distribution may allow for owner enrichment

Note: formed by the author

Regarding the sources of financing of social enterprises, the experience of developed countries shows that fees and sales (own revenues) were the most important source of financing in 54.28% of enterprises, followed by grants – 27.11%, donations – 5.96% and investments – 4.61%. At the same time, the distribution of financing sources differs significantly across countries. Thus, financing from own revenues ranges from 74.5% in Spain to 28.5% in Romania. Grants range from 36.2% in Sweden to 18.9% in China, donations range from 12.1% in Romania to 1.7% in Hungary. Investments range from 21% in China to 0.6% in Spain. A study conducted by the European Commission in 2018 noted that significant amounts of social services are also financed by the public sector. For example, approximately 45% of social enterprises in Italy are supported by state funds and are their main clients [9].

In Ukraine, the category of “social entrepreneurship” is still not widely used, its interpretation in both science and business is often confused with social responsibility. The development of social entrepreneurship in Ukraine can be divided into three stages [5]. The initial stage can be dated to the period 1991-2010, when the first international

donors (e.g. USAID) began to introduce the concept of social entrepreneurship in Ukraine and took care of the slow but steady formation of this sector. The second stage of the development of social entrepreneurship took place between 2010 and 2016. It is characterized by the formation of important interactions that led to the development of specific programs, as well as the first publications of articles and books on this topic. The third stage of the development of social entrepreneurship in Ukraine began around 2016. Currently, there are 41,949 social enterprises in Ukraine.

The most common organizational and legal forms of social enterprises in our country are individual entrepreneurs, private individuals and NGOs. According to the Catalog of Social Enterprises, in 2017, the most common areas of activity in Ukraine by industry affiliation were: rehabilitation of vulnerable categories of the population, agricultural production and sales, sale of goods (charity shops, online sales, handmade), food industry and catering establishments, clothing production, educational services, ecology, healthcare, tourism and recreation (green tourism) and other industries.

Thus, B. Kosovych includes the following main obstacles to the development of social entrepreneurship in Ukraine: lack of support from the state; lack of funds for its development; low level of social consciousness, primarily misunderstanding of the value and effectiveness of this type of entrepreneurial activity for society not only on the part of state structures, but also on the part of citizens; fear of risk (what if nothing works out?); lack of qualified personnel and experience in obtaining funds using modern financial instruments; lack of awareness of the role of social entrepreneurship in society. Material obstacles consist in the lack of preferential loans, necessary equipment, premises, the ability to hire highly qualified personnel and pay them decently. A formal barrier to the development of social entrepreneurship in Ukraine is also the lack of the necessary legislative framework [4].

We believe that in order to achieve success in the development of social entrepreneurship in our country, active participation in this process of state bodies, the public, business and educational institutions is necessary (Fig. 2.)

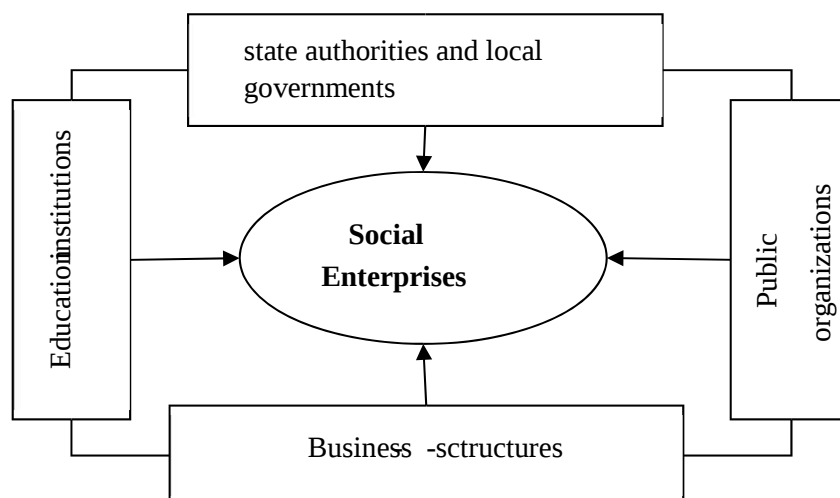


Fig. 2. Interaction of social entrepreneurship participants

Note: formed by the author

The most interested party in the development of social entrepreneurship is the state, since it is such businesses that take on the implementation of social functions. The state, in turn, must take on the functions of regulation, coordination and support of business entities, applying regulatory, administrative and economic methods. The draft law "On Social Enterprises" was registered in the Verkhovna Rada back in 2013, but did not find support, therefore, at the moment there is no real mechanism for state encouragement of the work of social enterprises. Accordingly, the use of instruments of administrative and economic regulation of the activities of such enterprises is impossible. State support for social enterprises also means assistance in the employment of persons on social security programs, which will contribute to solving the problem of unemployment and reducing the amount of social payments.

Large and medium-sized businesses, by supporting or investing in the development of social entrepreneurship, can realize their corporate social responsibility. Such investments are called Impact-investing or social investing and are aimed at achieving social goals.

The public and educational institutions are interested in the implementation of such projects, since they primarily involve the employment of young people with disabilities and their family members. The activity of these participants in social entrepreneurship consists in providing information and advisory services, educational training for vulnerable groups of the population, volunteer assistance and charity, etc.

Conclusions and suggestions. Thus, social entrepreneurship today is undoubtedly a promising and relevant vector of European development of the national economy. However, it should be remembered that any experience of social entrepreneurship, successful in one country, cannot be automatically applied to another country. To do this, each country must develop its own national strategy for the development of social entrepreneurship, focusing only on world experience. All interested parties should be involved in this work-entrepreneurs, public organizations, the state, the sphere of education.

For the development of socially useful entrepreneurial activity, the creation of a legal framework and norms for its regulation is of paramount importance. Unfortunately, in Ukraine there is no single regulatory document that would regulate the activities of social enterprises. Therefore, the main role in this process should be played by the state, which is obliged to develop a strategy for the development of social entrepreneurship and its interaction with all participants in society.

So, in the conditions of the crisis financial and economic situation of our country, which severely limits the real possibilities of the state to solve urgent social problems, including in the field of employment of persons with disabilities, the development of social entrepreneurship can act as an alternative way to mitigate the severity of these problems.

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Надходження рукопису до журналу: 14.12.2024

Прийнято до друку рукопис після рецензування: 21.12.2024

Дата публікації: 26.12.2024