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## PREREQUISITES AND PROSPECTS FOR THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN UKRAINE

**Abstract.** *This article examines social entrepreneurship as an effective tool for promoting social values within public administration. Ukraine is experiencing increased unemployment, population vulnerability, and weakening social protection for these groups. Social entrepreneurship is one of the most effective ways to help minimise these problems and accelerate their resolution. The activities of social enterprises contribute to solving the problems of socially unprotected people, their employment and social adaptation. In the current martial law conditions and the complex economic crisis in Ukraine, it is necessary to investigate the problems and prospects for financial organisational and informational support of social entrepreneurship in Ukraine.*

**Keywords:** *social entrepreneurship, social problems, social values, social enterprise development, public administration*

**Introduction.** Today, Ukrainian society faces wartime trials, which occur across various sectors of the economy. Low material security, high unemployment and many vulnerable groups lead to the search for alternative ways to solve social issues. Social enterprises are one of the innovative tools for solving these problems.

The team from the consulting group "One Philosophy" and the platform "Sustainable" conducted a study in February-March 2023. This study was based on 30 in-depth interviews with heads of businesses and institutions spanning 12 industries. The aim was to investigate the strategies and approaches adopted by respondents to maintain viability amidst the conditions of an unprecedented war. Based on the study's findings, 86% of the surveyed managers highlighted the importance of having a forward-looking strategy for navigating contemporary challenges. Key elements of such a strategy included organisational transparency and the establishment of a trusted, recognisable brand. Increasingly, assessing the social value of business as an object for state support or international investment is becoming a criterion of society's faith and a guarantee of achieving the strategic goals of the country's development. Today, business, as well as the state and public sector, receives support from international organisations, these organisations prioritise directing financial and investment flows towards local enterprises, underscoring the significance of their societal impact. Moreover, 55% of managers reported economic costs incurred by their companies since the beginning of the war, while 45% noted a partial increase in income. This indicates a positive influence stemming from the socially-oriented stabilization of activities [1].

Any business has many component activities that can be used to embody its social orientation. Through a comprehensive analysis of these components, one can distinguish a social enterprise and discern it from both conventional businesses and charitable foundations. The concept of social entrepreneurship is not new to Ukraine. In recent years, many representatives of government, business, scientists, professionals and public figures have explored the theoretical provisions and practical experience of social entrepreneurship.

**Statement of basic materials.** In today's world, social entrepreneurship is one of the economy's fastest-growing sectors. Many countries have proven that social entrepreneurship can effectively solve social problems and promote social values. At its core, social entrepreneurship is defined as a mechanism for creating social change through entrepreneurial activity.

In Ukraine, the problems of social entrepreneurship were researched by authors who studied this topic: T. Lyons [2], J. Mair [3], Porter, M. E., & Kramer, M. R. [4]. Focusing on

the approach to understanding social entrepreneurship proposed by P. Tracey and N. Scott [5], it can be inferred that the efficacy of spreading social values within the business environment depends precisely on various forms of enterprises operating at different levels of social influence – social entrepreneurship, social intrapreneurship and social entrepreneurship.

A distinguishing characteristic of social enterprise lies in the fact that the social effect is a direct and immediate result of its activities rather than an accidental by-product [6].

Social enterprises allocate their profits towards addressing social issues rather than solely enriching their owners. In the context of public administration, social entrepreneurship can be seen as a tool to promote social values and solve social Issues because the state can use social entrepreneurs to achieve its goals, such as improving citizens' quality of life, fighting poverty, increasing equality, etc. For example, the results of the social effect of Cambridge Social Venture are offered in Table 1.

Table 1. Social Effect of Cambridge Social Venture

Cambridge Social Ventures		
<p><b>1,000+</b> Entrepreneurs supported through Social Venture Weekend</p>	<p><b>£50m+</b> Fundraising by our ventures (equity, loans, grants, public sector contracts)</p>	<p><b>66%</b> Of our ventures still trading are revenue-generating or profitable</p>
<p><b>250-ish</b> Ventures supported on the incubator programme (we're picking the new batch now)</p>	<p><b>£1 million</b> Raised for charity by Thrift Plus in the circular economy</p>	<p><b>25 million</b> Pieces of plastic not put into the environment – BeeBee Wraps</p>

However, despite numerous studies on social entrepreneurship, questions remain about the effectiveness of using this tool in public administration and the requisite conditions for its successful implementation. Through analyses, factors crucial to the success of a social enterprise have been identified. These key characteristics are shown in Table 2.

Table 2. The Results of Comparisons and Generalizations of the Key Factors Determining Sustainable Development of Social Entrepreneurship [7]

	Urbaniec, 2018	Abu-Saifan, 2012	Greco & de Jong, 2017	Bianchi & Noci, 1998	Sharir & Lerner, 2006	Uhlaner et al., 2010	Jahanshahi et al., 2017	Schlange, 2009	Nicholls, 2010	Clemens, 2006	Aberejo, 2016	Berard & Saleilles, 2016	Păunescu et al., 2013	Lüdeke-Freund, 2020	Shin & Park, 2019	Biewendt et al., 2020
External-values orientation		+					+								+	
Internal motivation			+													
Stakeholder network					+			+						+		
Long-term planning			+				+									
Education system											+	+	+			
State support										+	+					
Green control																+
Mixed team work					+							+				
Company's size				+		+			+							
Company's age							+									
Family ownership						+										
Belonging to tangible sectors						+										
Innovations	+													+		
Marketing & technologies potential							+									
Firm image				+												
Public acceptance				+					+							

Thus, it is important to analyse trends and practical perspectives concerning the principal phenomena linked to social entrepreneurship. So, in Ukraine, as in other countries, social enterprises use a variety of business models to achieve their goals, which include:

- providing jobs for vulnerable populations;
- generating profits directed towards addressing social and environmental issues;
- producing goods and services that have significant social and environmental value;
- development of economically depressed areas;
- the use of mixed (integrated) business models.

In Ukraine, social enterprises actively apply these business models to help people in need and achieve positive societal and environmental changes. Social entrepreneurship is a business model aimed at achieving social goals and solving social problems within the framework of market mechanisms. Social entrepreneurs establish and develop organisations

that work in the social sphere, such as philanthropy, helping the underprivileged, protecting the environment, etc.

Social entrepreneurship has significant potential to improve citizens' quality of life and achieve social goals. It can play an essential role in public administration, solving problems that the government cannot solve independently and increasing the effectiveness of achieving public policy goals. According to a report by the International Telecommunications Union (ITU), in 2022, approximately 5.3 billion of the world's 8 billion people, or some 66 per cent of the world's population, will use the Internet. Furthermore, three-quarters of individuals aged 10 and older will possess a cell phone. On average, in almost all regions, the percentage of individuals with a cell phone is higher than that of Internet users. Still, the gap is narrowing, allowing social entrepreneurs to reach more people through various digital channels [8].

In addition, according to the European Commission, social entrepreneurs create more than 11 million jobs in Europe and contribute more than 500 billion euros to the economy [9].

Social entrepreneurship is becoming increasingly popular worldwide, allowing us to overcome social problems more efficiently and in an innovative way. This is a new type of business that combines commercial goals with social goals. It aims to solve social problems and improve people's lives rather than to maximise profits. Most social entrepreneurs try to solve such issues as poverty, unemployment, health care, education, and ecology.

In Ukraine, social entrepreneurship also contributes significantly to creating new jobs and improving social conditions. According to the European Commission Enterprise and Industry report, the social enterprise sector in Ukraine accounts for about 2% of the total number of businesses in the country. It covers various areas of activity, including education, health care, ecology, social services, tourism, and others. Overall, social entrepreneurs in Ukraine continue to expand their activities, attracting investments, creating new jobs and making an essential contribution to the country's economy.

The peculiarity of social entrepreneurship lies in its utilisation of business principles to address social issues, rendering it a distinctive and potent management tool for the state.

The state can support social entrepreneurs through various forms of financial mechanisms such as grants, loans, and tax incentives. This helps create a favourable environment for developing social entrepreneurship and improving people's lives.

After the approval of the Concept of State Policy on Social Entrepreneurship Development in Ukraine, it is necessary to revise the current state documents, including strategic and program documents, and action plans to update or discontinue their

implementation. The National Economic Strategy-2030 is one such document [10]. This will ensure more effective social entrepreneurship development in Ukraine and better results in this area.

Social entrepreneurship is a pivotal tool for the state, offering a means to address social issues and enhance the well-being of individuals. It combines commercial and social goals, making it a unique and effective way to manage the state.

Thus, social entrepreneurship is an essential tool of government that can help solve social problems and achieve social goals.

In essence, social entrepreneurship is a form of economic activity that aims to solve social issues rather than maximise profits. Social entrepreneurs' main goal is to improve the quality of people's live and solve social problems in society.

Social entrepreneurs use innovative and effective methods to achieve social goals. This can include creating new jobs for people with disabilities, supporting education and culture, helping those in need, etc. Social entrepreneurs are also engaged in social innovation, that is, creating new approaches to solving social issues.

Social entrepreneurship is a powerful tool in the fight against poverty and social inequality. It helps to create new jobs and increase people's income, which, in turn, reduces poverty within society. In addition, social entrepreneurs contribute to developing social infrastructure and improving people's quality of life. That is why social entrepreneurship is gaining popularity worldwide, receiving widespread endorsement from governments and international organisations that recognise its significance in addressing social challenges (Table 3).

Table 3. Dynamics of the number of social enterprises in different countries over 5 years

Country	2017	2018	2019	2020	2021
USA	10 000	12 000	15 000	18 000	20 000
Great Britain	5 000	6 000	7 500	9 000	10 000
Germany	7 500	8 500	10 000	12 000	14 000
France	6 000	7 000	8 500	10 000	11 000

In Ukraine, this direction is also actively developing and becoming increasingly popular. Only in 2019 about 5 thousand social enterprises were registered in Ukraine, and more than 500 non-profit organisations engaged in social entrepreneurship. This proves the

growing interest in social entrepreneurship in the country. Let's look at some of the most successful and well-known projects.

One notable initiative is the Poltava charity organisation "Svitlo Nadii", which is engaged in the rehabilitation and socialisation of people released from prisons, drug addicts, people with HIV status, displaced people, victims of human trafficking and homeless people. The organisation has established several adaptation centres, along with a sewing shop and a carpentry workshop, that provide employment opportunities for ex-convicts, IDPs, and other socially marginalised groups. Moreover, proceeds from the sale of clothing and furniture are reinvested into the development and expansion of the enterprise.

The Green Bean Bag company, based in Lviv, specialises in manufacturing and selling chair-bags that utilise recycled foam as an environmentally friendly filling material. This approach allows for the recycling of Styrofoam, reducing the amount of waste that goes to landfill. Because of this, Green Bean Bag is a socially responsible company that supports public sorting stations and promotes carbon-neutral production. Green Bean Bag chairs are not only a comfortable and environmentally friendly place to relax but also an important step towards reducing the ecological burden on our planet.

In addition, several organisations in Ukraine support and develop social entrepreneurship. For example, there is a program called "Social Business", which provides financial and consulting assistance to facilitate the establishment and growth of social enterprises. Another example is the project "Center for Social Innovations", which helps young social entrepreneurs to implement their ideas and create social enterprises.

In Lviv, Ukraine, the social bakery "Nut House" operates with a unique mission [11]. The company makes cookies and baked goods according to old recipes and without dyes or other additives, and the proceeds go to the Integration Center for Women in Crisis Situations, as well as to support the "Social Taxi" for people with disabilities. The company trains women with various problems, and if they want, they can also work in the bakery and help professional bakers with household chores.

Another example of social entrepreneurship in Ukraine is the Urban Space 100 [12] restaurant in Ivano-Frankivsk, one of the most famous examples of social entrepreneurship in Ukraine. This restaurant was created as part of the project "Teple Misto" and is still functioning successfully, becoming a landmark symbol of social entrepreneurship in the country. To open the restaurant, 100 individuals – ranging from retirees and students to entrepreneurs and Members of Parliament – contributed \$1,000 each. The business idea is that only 20 per cent of the profits were left to develop the restaurant and maintain the business,

while the remaining 80 per cent went to fund city projects. Each quarter, the co-founders met in a general meeting to determine which project would receive funding. With equal contributions, all founders have equal rights. During the three years of operation, the restaurant has supported 59 projects related to the development of modern education, art, new economy, urbanism, bicycle infrastructure, energy efficiency, ecology and sports.

The development environment of a social enterprise in Ukraine can be described by the following indicators [13]:

- most social enterprises have males as managers;
- a large number of social enterprises were registered in 2016;
- significantly, the number of joint ventures on the territory of Ukraine will be developed in the city of Kyiv and function at the local level;
- self-employment emerges as the most prevalent organisational form of economic activity among social enterprises, with the majority employing up to 5 individuals.
- a significant number of social entrepreneurs are engaged in the treatment of socially disadvantaged groups of the population; the dominant area of work is the development of agricultural products;
- the mission of social enterprises is most often prescribed in the statute of the joint venture and applies to several different groups of the population and the development of the community. Main ways of achieving the mission: sales of goods (often in bulk), engaging representatives of the various groups and support of social, cultural and sports events, projects and programs;
- the local authorities otherwise support the activities of most social enterprises;
- most social enterprises must allocate 100% of funding from outside commercial activities to develop a business plan. With total financial turnover capped at 500,000 UAH, all profits are reinvested into the enterprise.
- with respect to the social enterprises' donation system, those joint ventures that are on the outside of the donation system are given priority;
- most social enterprises must face daily competition with other enterprises;
- the most extensive way to get information about social warehousing is the placement of information on the official website or in the social network about commercial/warehouse business – call the state fiscal service in accordance with legal regulations governing their operations:

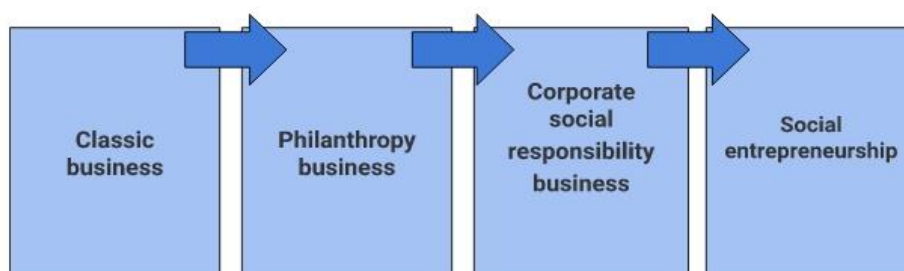


- to enhance their activities, social enterprises will increasingly rely on such indicators as the number of well-trained individuals, the number of clients, the behaviour of clients;
- the main difficulties that social enterprises face are daily financial support, shortage of qualified personnel/volunteers, lack of power, lack of support from the side of the state / local government;
- the main factors that will support social enterprise development are financial support, support from the state / local government, development of joint ventures, expansion of technological and infrastructural capabilities, and enhancement of informational resources.

Social entrepreneurship in Ukraine has great potential for development and makes it possible to establish not only profitable businesses, but also to solve social problems in the country. After the end of the war, Ukraine could face huge economic problems. Many regions of the country suffered, industry was destroyed, businesses ceased their activities and many people were left without jobs and means of livelihood.

Social entrepreneurship is one of the directions of development that can help to restore the economy of Ukraine. The main advantage of using this particular business model is the fact that it is based on solving social problems and not only on making a profit, as in classical entrepreneurship. The social entrepreneurship model primarily solves social issues such as unemployment, poverty, environmental problems, and social and economic inequalities. The choice in favour of this direction of development of the country can become a serious driver for the recovery of regions and the economy of Ukraine as a whole. Social entrepreneurship has some economic and social foundations that distinguish it from traditional entrepreneurship. One of the foundations is the social mission. Social entrepreneurs are motivated by a clear vision of their social mission and are committed to working not only for financial gain but also to fulfil this broader societal objective.

Fig.1. Transition from classic business to social entrepreneurship



In public administration, social entrepreneurship is an area in which various tools are used to promote social values.

Below is a list of such tools:

1. Creation and support of social programs. These programs are designed to address social issues prevalent in society. For example, a program to help the homeless, programs to support low-income families, and programs to support education and health care.
2. Regulation and management of public funds. Public funds such as social insurance and health funds can be regulated and managed to finance social programs and invest in social projects to foster societal welfare.
3. Awareness campaigns and activities. Government agencies can conduct campaigns to raise public awareness of social issues such as women's rights, unemployment problems, anti-drugs, etc.
4. Development and implementation of new technologies. Digital platforms, can be used to improve the effectiveness of social programs and increase access to them. The state can also support and fund research and development to create new technologies that will contribute to solving social issues.
5. Collaboration with the private sector. The government can partner with the private sector to create social projects and programs. For example, companies can finance social programs and projects, and the state can provide tax incentives and other preferences.
6. Infrastructure development. The state can invest in the development of infrastructure, which will contribute to solving social issues. For example, the construction of new schools and hospitals, improving roads and other forms of transport.
7. Formation of social partnerships. The state can form social partnerships with non-profit and civil society organisations. This can help coordinate actions to solve social issues and improve the effectiveness of social programs and projects.
8. Support for social entrepreneurs. The state can support social entrepreneurs who are engaged in solving social issues. For example, the state can provide grants and funding, advise entrepreneurs on business development, help with documentation, etc.
9. Development of social media – the government can use social media to disseminate information about social programs, actions and events. This can help to attract more

people to participate in social projects and increase the effectiveness of social entrepreneurship.

10. Regulation of Social Processes – The government can regulate social processes to improve social conditions. For example, the state can establish laws and regulations to protect the rights of minorities, combat discrimination, etc.

Table 4. Differences between social entrepreneurship between charity organisations and traditional business

<i>Social entrepreneurship</i>	<i>Charity organization</i>	<i>Traditional business</i>
Socially oriented structure	Socially oriented structure	Commercial structure
Does not depend on external sources of financing; only	Depends on external sources of funding, donors	Does not depend on external sources of funding; only seed capital
Receives income from its own activities, the purpose of which is to alleviate or solve specific social problems	Receives grants and donations, which are used to solve social problems	Receives income from its own activities, the purpose of which is to maximize profit
Profits are reinvested	No profit	Profit is distributed to shareholders

These tools can be effective in promoting social values within public administration. However, the state must interact with other stakeholders and form broad social partnerships to achieve its goals.

In addition, innovation is an important criterion for the successful implementation of social entrepreneurship. Social entrepreneurs often use new approaches and technologies to solve complex social issues. Their goal is to create innovative solutions that will have maximum social impact.

Social entrepreneurship is also based on sustainability. It seeks to create economically sustainable business models that can continue functioning over time rather than just solving one-time problems. Research shows that social entrepreneurship has great social and economic potential. According to a UNESCO study [14], up to 70% of small and medium-sized enterprises in developing countries engage in social entrepreneurship. In addition, social enterprises can stimulate innovation, increase employment, and reduce poverty.

Despite all the benefits of social entrepreneurship, it faces many challenges, such as limited access to financing and resources, lack of expertise, and limited scalability.

Business development indicators significantly deteriorated under financial and economic crisis conditions in Ukraine. The factors of negative influence on their dynamics

include reduction of consumer demand, aggravation of problems in the banking sector, worsening of crediting conditions of the real economy, limitation of state investments and financial support of business, reduction of foreign investments in private sector development, etc. Social entrepreneurship is a relatively new phenomenon, and its role in public administration is not yet fully understood. Let us examine the advantages and disadvantages associated with it.

#### Advantages of Social Entrepreneurship:

1. Solving social issues: Social enterprises help to solve various social issues such as poverty, unemployment, health and ecology.
2. Innovation: social entrepreneurs often develop new and innovative approaches to solve social issues, which can improve people's lives.
3. Social Responsibility: social enterprises can demonstrate their social responsibility and appeal to customers, investors, and society at large.
4. Diversification of income: social enterprises can have several sources of income, including the sale of products or services, grants and investments.

Four categories of institutional barriers have been identified that hinder the growth of this field. These barriers include:

- formal institutions such as laws, regulation, and taxes;
- informal barriers such as corruption and unfair competition;
- the environmental context, which is characterized by a lack of financial support and purchasing power;
- inadequate human resource skills.

#### Disadvantages of social entrepreneurship:

1. Financial sustainability: social enterprises may find it difficult to obtain funding, especially in the initial stage when they have not yet established their reputation and have not yet received support from investors and foundations.
2. Low profitability: social enterprises may find it difficult to achieve high profitability because they may focus more on social mission than financial profit.
3. Difficulties in measuring the effect: social enterprises may find it difficult to measure the social results of their actions, which can make it difficult to make decisions about the direction of their activities.
4. High start-up costs: social enterprises can require high start-up costs, especially when they develop innovative approaches to solving social issues or create new products and services.

5. Limited access to resources: social enterprises may face constraints in accessing resources, such as qualified personnel, technology, and financing.

6. Competition with other organizations: social enterprises may face competition with other organizations, including other social enterprises, regular businesses, and nonprofit organizations.

Overall, social entrepreneurship has many pros and cons, and its effectiveness depends on various factors such as the right business model, strategy and management. It is also important to keep in mind that social entrepreneurship is not a panacea for all social issues and must work together with government and non-profit organisations within a broader framework of social partnership.

In times of crisis, various kinds of social issues arise and become significantly more acute, because the standard methods of solving them are no longer effective and are generally impractical. The difficult situation that arose in the national economy of Ukraine in connection with the military aggression of the Russian Federation demonstrated the urgent need for radically new innovative and non-standard solutions, as well as the need for the emergence of new views of entrepreneurs who would be able to form and apply new methods and approaches to address existing social issues. One approach to enhancing economic processes and fostering community resilience in Ukraine is through the development of social entrepreneurship

Social entrepreneurship is a feature of the activities of enterprises or organizations, the main purpose of which is to obtain profit and direct it to the fulfilment of a socially oriented mission in the context of solving existing or identified social issues. These are enterprises and organizations that work in the spheres of non-profit activity. These entities may operate in the non-profit sector, striving to achieve socially beneficial outcomes. In addition to the social business itself, there are also somewhat similar types of entrepreneurship [15].

It should be noted that social entrepreneurship has the same criteria as traditional entrepreneurship, in particular: financial independence; initiative; innovativeness; scale; risky nature. But along with this, social entrepreneurship has a number of specific, characteristic features unique to it, namely: the priority of the social goal; reinvestment of profit in social development; openness and transparency of own activities; and public.

Currently, there is no clearly defined organizational and legal form of "social enterprise" in Ukraine. A social entrepreneurs must independently choose the most suitable form of activity for them. In general, the most common organizational and legal forms for initiating a social enterprise include public organizations, charitable organizations, LLC,

individual entrepreneurs or their combined combinations. There are also other organizational forms such as private enterprises; cooperatives; religious organizations; enterprises founded by various public organizations of persons with disabilities; open joint-stock companies, etc. Therefore, the most important task regarding the creation of a social enterprise is the correct choice of the form of its registration, because taxation, the distribution of various existing risks, as well as the responsibility of the founders will depend on this. Social enterprises are not limited in the choice of organisational activity, viewing them as subjects of entrepreneurial activity. However, research conducted on social enterprises in Ukraine in terms of their organisational and legal form indicates the following in 2020 [16]:

- 1) social enterprises (SE) as individual entrepreneurs (IE) make up 26%;
- 2) joint ventures as private enterprises make up 16%;
- 3) as public organisations – 14%.
- 4) as a limited liability company (LLC) – 13%;
- 5) as an agricultural cooperative – 10%;
- 6) other organisational and legal forms – 21%.

In most cases, the choice of organisational and legal form for a social enterprise is made, taking into account the optimality of its business model and the existing taxation system. Therefore, the majority of social enterprises carry out their activities in the form of self-employed persons, which allows them to significantly facilitate the general administration of both business and reporting and taxation in general.

It should be noted that about 82% of all social entrepreneurs registered as individual entrepreneurs cooperate under direct contracts or memoranda of cooperation or are connected in a certain way in their financial and economic activities with certain types of non-profit public organisations involved in social projects.

Therefore, it can be concluded that about 56% of social enterprises in the country are created as institutions of civil society, which either work within them and closely interact or are connected with them. This operational framework creates mutually beneficial conditions for cooperation between public organisations and social enterprises. The former have opportunities to improve their own financial and economic stability because they contribute to less dependence on various kinds of donors and grants and provide additional independent sources for financing their own projects related to socially oriented activities. Others receive certain tax benefits, expand their own client and partner networks, form permanent marketing for public projects, and attract qualified specialists. In addition, the social enterprise includes the main components that act as its basis and reflect the internal and external structure of its

general concept regarding the need for existence, functioning and development, opportunities to help all those who need them most in such crisis times.

Social entrepreneurs can play an important role in the development of local economies and in creating new opportunities for socially vulnerable groups. However, despite its numerous potential benefits, social entrepreneurship entails risks. Minimising these risks is possible if social entrepreneurs manage their projects more effectively, as well as the need to ensure their financial sustainability.

The concept of social enterprise has emerged over the past few decades as a means of shaping and exerting effective influence on the levers of social change. The idea of a social enterprise has two moving components. One is the "idea of commercial activity"; and the second – "the idea of solving social problems". They do not contradict each other and often function together, as, for example, in a situation where the company's income under certain conditions is directed to solving social issues or when the state concludes an agreement with a social executor on the transfer of non-cash payments, simultaneously supports the creation of commercial trade and industrial enterprises that solve environmental issues.

A social enterprise is based on the values of equality of ownership and distribution of wealth, equal participation, solidarity with people from all over the world, honesty in achieving goals, openness in business, as well as a balance between the commercial component, social responsibility and care for the environment.

As a hybrid of government intervention and conventional business entrepreneurship, social projects have the capacity to address issues that may not raise sufficient attention for legislative action or attract private investment. A few successful social entrepreneurs have created a better balance, moving government from the sidelines to a much more productive place in the system of engagement and development. This new role ensures the efficiency of citizens' taxes or, in the case of a developing economy, promotes development from the rich, making public services valuable [17].

On the other hand, participants in market relations offer structure, business models and tools to achieve defined goals in the existing equilibrium. Their means of operation are affected as the "technologies" of engagement they employ combine in exchange processes to render the equilibrium unfair and suboptimal. Thus, in order to make changes, it is necessary to dramatically improve the technology of the system, ahead of the current actors. This improvement is achieved in one of three ways: replacement, creation, or repurposing.

Successful social enterprises deliver a social and financial return on an investment. Increasingly, investors and funders expect social enterprises to capture and report on this

social impact. Most social enterprise accelerators encourage participants to plan, measure and report their social impact. To succeed, these ventures must adhere to social goals and stiff financial constraints.

It is worth highlighting the main conditions that contributed to the formation and development of social entrepreneurship:

- 1) the rapid development of non-profit organisations that took place during the 20th century;
- 2) implementation of "global mobilisation" as a consequence of globalisation in general;
- 3) "social revolution", the emergence of which contributed to the improvement of the general welfare of the population based on the development of science, education, and technology;
- 4) development of qualitatively new means and methods of communication;
- 5) emergence of various information products.

In many ways, the business support needs of social enterprises are similar to those of for-profit ventures. They need to conduct market research, write a business plan, develop products or services that reach a market, and raise finance, among other tasks. However, there are many important differences in the way social enterprises operate, which make mainstream business support services unsuitable for them. For example, social enterprises [18]:

- typically have different legal and governance structures from for-profit enterprises;
- have a primary aim which is social, not commercial;
- often engage in inseparable social and commercial activities;
- are often involved in diverse activities rather than focusing on a single product or service;
- usually need to balance a mixture of income streams, including grants and donations;
- can access different sources of finance and investment compared to for-profit enterprises;
- often lack commercial expertise.

In recent years, much of the emphasis on supporting social enterprises has been on the early stages of development – from initial concept to launch and investment. Often referred to as incubators, these initiatives typically work with individuals who have an idea for a social enterprise and provide a range of support to help them develop it to launch. Some also provide ongoing support for fledgling start-ups. Since there is an increasing amount of money available for social investment but relatively few social enterprises can take on substantial



investment funding, some incubation programs specialise in supporting promising social enterprises to become 'investment ready'.

The statistics indicate that there are more than two million types of social enterprises in Europe, which employ about eleven million workers, constituting 6% of all employees in the region, which, in turn, represents 10% of all European business. Great Britain is considered the main leader of the European region in developing social entrepreneurship because there are about 70,000 types of social enterprises here, which provide jobs to almost a million Britons. The total contribution of their activities to the country's own economy is more than 24 billion pounds. According to 2019 data, 68% of these social enterprises support people from vulnerable groups, 44% – provide employment opportunities for people from vulnerable groups, and 28% work precisely in the most depressed regions of the country. In 2019, there were 29,535 types of social enterprises in Poland, which employed almost 428,700 people. In Serbia, according to 2015 data, 4,273 employees worked in social enterprises, i.e. 0.25% of the total number of employees in the country.

Social enterprises operate in a complex market environment that is constantly evolving. Therefore, for sustainable development, the enterprise developed and was competitive; enterprises must produce and offer products or services that have value for consumers. The company must be sure that the product and service remain relevant in the market. Companies should periodically review their marketing goals, strategies, and tactics. Typically, they rely on market feedback as the basis of a monitoring system and adaptation to changing market conditions. Each enterprise must determine its opportunities in the market. In this case, marketing becomes that invaluable tool that determines commercial success.

Marketing involves not only advertising and sales but also a constant process of finding the best market opportunities in the conditions of the operation of a particular enterprise. Marketing is identifying customers, studying their needs and expectations, and developing a product or service to promote and sell them. Businesses may feel their options are limited, but this only indicates a failure to think strategically about their business sector and strengths. No company can rely on the original product and market to always be the same: some manufacturers will confirm that their current sales and revenues are products they did not produce five years ago. Every business has many opportunities in the market. There are three ways in which the planning of a commercial enterprise begins: having an idea for a product or service; a certain target group of customers who need a product or service and who can pay for it is defined; or the availability of finance or time for investment [19].

In the case of social entrepreneurship, in addition to the mentioned three components, it is necessary to add motivation to solve a certain problem, for example, the problem of local unemployment, when the available opportunities are insufficient and new services are unavailable. Individuals or groups of individuals may have an idea of who they are that they want to commercialise. Social enterprises are also started as social initiatives to solve a social problem or raise funds for further development, as in the case of a trading organisation to develop a charity or non-governmental organisation.

Thus, marketing consists in the day-to-day management of a social enterprise and not only in the first stages of activity. Marketing activities should be regularly reviewed and adjustments made as needed. While large enterprises may have dedicated marketing departments or personnel, in smaller enterprises, marketing may be handled by just one manager as one of their tasks.

In general, social entrepreneurship has great potential in public management and can contribute to achieving various social and economic goals.

According to the "Social Entrepreneurship, Empowerment and Cohesion Project" developed by the World Bank [20], social enterprises play an important role by presenting innovative socioeconomic opportunities that can lead to dual job benefits for refugees and host community members, with a focus on local social needs and benefits. While social enterprise models recognise the need for sustainable profits in a competitive market environment, they differ from mainstream entrepreneurship in their goal of creating positive social and cultural solutions. This makes social enterprises an important alternative to the traditional corporate social responsibility model.

As a form of social entrepreneurship, green entrepreneurship has emerged as a powerful force ensuring sustainability and fostering local economic development through small-scale green entrepreneurship, which plays a pivotal role in addressing environmental concerns and driving economic growth from the grassroots level of society [21].

Based on the above, we can conclude that social entrepreneurship can be an effective tool for promoting social values in public administration, according to the following results:

1. Social entrepreneurship is now a global phenomenon actively developing in many countries.
2. Social entrepreneurs' main areas of activity are health care, education, poverty reduction, ecology and other socially important areas.
3. Social entrepreneurs use innovative methods and approaches to solve social issues, which allows them to achieve more effective results.

4. Social entrepreneurship positively contributes to economic growth and development by creating jobs and stimulating innovation.

5. Social entrepreneurship is also an essential tool of public administration, allowing the state to achieve social goals in cooperation with the private sector.

Based on these data, it is evident that social entrepreneurship is an important tool for promoting social values in public administration and can bring significant benefits to society as a whole [22].

For the prospective development of social entrepreneurship in Ukraine, developing and implementing an appropriate state policy at the national, regional and local levels is necessary [23].

In this regard, the following measures are proposed [24]:

- the Ministry of Development, Economy, Trade, and Agriculture of Ukraine should be authorised to form and implement state policy on the development of social entrepreneurship;
- it is necessary to elaborate and approve the Concept of State Policy for the Development of Social Entrepreneurship in Ukraine;
- in the Concept of State Policy for the Development of Social Entrepreneurship in Ukraine, it is necessary to define the concept of "social entrepreneurship" and "subject of social entrepreneurship";
- the Concept of State Policy for the Development of Social Entrepreneurship in Ukraine should also determine the organisational and legal forms of business entities that best meet the internationally established criteria of social entrepreneurship and can be used to implement social entrepreneurship in Ukraine;
- a form of reporting on the social impact of social entrepreneurship subjects should be developed and introduced;
- the development of social entrepreneurship should be integrated into regional and local strategic and programmatic documents on territorial development;
- the system of formal education, starting with general secondary education, should include training courses on social entrepreneurship;
- establish centres for social entrepreneurship at the regional and local levels to provide consulting, financial and organisational support for social entrepreneurship subjects;
- develop mechanisms of financial support for social entrepreneurship, including the establishment of grant programs and preferential loan products;

- organise forums, conferences and other events to share experiences and best practices in the field of social entrepreneurship;
- develop cooperation between social entrepreneurship entities and government agencies to implement social business responsibility projects;
- ensure transparency and openness in the implementation of state policy on the development of social entrepreneurship, including through the publication of reports on the implementation of activities and results achieved;
- to develop mechanisms for evaluating the effectiveness of the implementation of state policy on the development of social entrepreneurship and to introduce tools for monitoring and evaluating results;
- provide free access to information on social entrepreneurship, including through the creation of special online resources and databases;
- participate in international cooperation in the field of social entrepreneurship, exchange experiences and best practices;
- support initiatives aimed at the development of social entrepreneurship in small towns and rural areas;
- promote the establishment of socially oriented incubators and accelerators for the development of social entrepreneurs;
- raise public awareness and education in social entrepreneurship through campaigns and educational activities.

However, it should be noted that social entrepreneurship cannot fully replace the state system of social service delivery. While it can complement government programs and policies, it cannot replace them entirely.

**Conclusion.** Despite all the advantages of social entrepreneurship, it has its limitations and obstacles. One major limitation is access to financing since social entrepreneurs often do not have access to traditional sources of financing. Problems arise from the need to balance social goals and commercial benefits. Additionally, questions remain about how social entrepreneurship influences public policy and its effectiveness.

In Ukraine's difficult economic and military situation, social entrepreneurship can play an important role in solving urgent societal problems and accelerating their resolution. The activity of social enterprises is aimed at solving social problems of vulnerable groups, their employment and social adaptation, which makes this activity beneficial for the economic development and recovery of the state. Social enterprises can solve problems that commercial, governmental or non-profit organisations cannot solve.

Despite the difficult conditions in which most institutions and organisations in Ukraine function under martial law, there are certain measures of financial, organisational and informational support of domestic social entrepreneurship by the state, domestic and international organisations.

This creates opportunities for the development of social entrepreneurship in Ukraine and, accordingly, for the improvement of the life of society, exit from the socio-economic crisis and further development of the country as a whole. Creating an enabling environment for infrastructure development and reinforcing organisational structures further supports the ecosystem for social entrepreneurship. For this purpose, it is necessary to improve the legislative base, provide access to financial resources, create conditions for infrastructure development and strengthen organisational structures. We are convinced that social entrepreneurship can become an important tool for promoting social values within public administration, provided that the necessary conditions for its development are established.

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