

SOCIAL ENTREPRENEURSHIP IN UKRAINE

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The study deals with the social entrepreneurship, its role and meaning for the society. The author defines "social entrepreneurship", singles out subjects of social entrepreneurship, and provides examples of social entrepreneurship in Ukraine and their social significance.

Key words: *entrepreneurship, social entrepreneurship, society, public organizations, social mission, social problem, charity store, charitable foundations.*

JEL Classification: *O35*

I. PROBLEM STATEMENT

In today's circumstances of economic development, society is more and more confronted with the social and environmental problems that require finding the ways of their solution. Means of addressing social problems are not really effective in dealing with some social issues, which causes social tension and dissatisfaction in society. This situation drew attention of scholars and entrepreneurs who observed strengthening of the role of economically active members of the national market in support of socially vulnerable categories of citizens and in tackling socially significant issues. Therefore, it is relevant nowadays to develop social entrepreneurship, based on the increased role of economically active members of the national market in their support of socially vulnerable categories of citizens and focus on socially significant issues.

II. ANALYSIS OF THE RECENT STUDIES AND PUBLICATIONS

Development and activities of social entrepreneurship have been researched in the works of such economists and scholars as A. Andrushchenko, S. Alvard, O. Amosov, V. Bakumenko, M. Batalin, F. Borodkin, S. Varnal, I. Gerchikov, V. Grinev, G. Dys, B. Drayton, S. Galushka, I. Kireeva, J. Mayr, I. Marty, M. McLean, A. Moskovska, H. Osovskaya, J. Popov, A. Peredo, D. Rosenberg, I. Saliy, K. Smaglyy, O. Sandakova, R. Spir, L. Taradina, V. Udodova, O. Chernysh and others. However, the available studies have not fully clarified the issue and it requires further research on the territory of Ukraine.

Goal statement. The purpose of the article is a theoretical generalization of the term "social entrepreneurship", its role and significance for the Ukrainian society.

III. ANALYSIS FINDINGS

Social entrepreneurship is an activity aimed at solving or mitigating social problems on footings of self-sustainability, innovation, and sustainability (<http://ufb.org.ua/sekto-blagodijnosti/filantropija-usviti/trendi/trend-2.htm>).

A social enterprise is a business primarily aimed at social goals, with profits, which are mainly for self-development, community affairs or for dealing with social problems (<http://www.britishcouncil.org.ua/programmes/society/social-enterprise-development>).

Social entrepreneurship is a business solution to a social problem. The social problem that a social entrepreneur tries to solve is the starting point of his business. If there is no social problem - there is no social entrepreneurship. Social entrepreneurship is an innovative activity, a balance of social goals and a commercial component, where money is not a goal, but a means of achieving these social goals, which allows an entrepreneur to remain financially sound and independent from constant donor infusions.

The main criteria for social entrepreneurship are:

- social mission;
- entrepreneurial approach;
- innovation (innovation in addressing a social problem, a new combination of resources, a new service for the region, etc.);

- business expansion;
- self-sufficiency and financial sustainability.

From a historical standpoint, social entrepreneurship is a very young phenomenon, but this does not prevent social business from taking a place alongside non-profit initiatives, charity, philanthropy and social responsibility.

Subjects of social entrepreneurship can be divided into several categories:

- local enterprises;
- socially responsible enterprises;
- specialists in the field of social services;
- socio-economic enterprises.

Social activity of citizens who use their culture and capital to expand their abilities thus starting their own enterprise constitute the basis of local businesses.

Socially responsible enterprises focus on sustainable development through initiatives that are usually aimed at social benefits.

Specialists in the field of social services work in this area, expanding social capital for different people, communities, and organizations. Socio-economic enterprises are corporations that combine profit-making and non-profit social transformations in communities for their own purposes. In addition, there are organizations that are expanding opportunities for social entrepreneurs themselves: they establish contacts between them and mentors, improve their business models preparing the ground for investments (Shapovalova, T.V., 2016, pp.186).

Social entrepreneurship in modern society presupposes an altruistic way of doing business focused on public benefit, that is, entrepreneurship becomes social when it transforms social capital in such a way that it begins to exert a positive impact on society. Thus, the goals of ordinary entrepreneurship differ from the goals of social entrepreneurship. Social entrepreneurs seek to transform society as a whole, rather than obtain the maximum profit from it in the way the classical entrepreneurs do.

Studying the terminology, it should be noted that the term "social entrepreneurship" was used, for the first time, by Muhammad Yunus, the Nobel Prize winner in 2006. His social business, the Grameen Bank, is regarded as the case study example of social entrepreneurship along with the American city of Indianapolis and its mayor Stephen Goldsmith, a Professor at Harvard University, who allowed private firms to compete with the public sector and replace many urban services that operate at the expense of citizens (<http://zeitgeist.platfor.ma>).

According to Mark Richardson, the term "social entrepreneurship" covers a wide range of diverse enterprises that: have a clear social goal; receive a significant portion of their income from trade; and reinvest the greater part of their profit into a social mission (Richardson M., 2016, Social Enterprise : Lessons learned from the UK).

Following O. Gerasimova, the director of the Pact building local promise in Ukraine, the traditional components of society: the private, state and social sectors are moving to a new way of doing business, creating the so-called fourth sector - social business or social entrepreneurship (Gerasimova O., 2016, Innovation and partnership for the sake of consistent results).

The UK is the leader in the number of established social enterprises. Significantly less is a number of social enterprises in America today. At the same time, according to Ben Thornley (www.huffingtonpost.com/ben-thornley/social-enterprise_b_2090144.html), about 90% of these enterprises operate in the United States, the rest are abroad, most often in the countries of Africa and Asia, that is, in countries where social problems are most acute in the world.

An important aspect of the development of social enterprises is the source of funding. In the European model, the most important source is the order from the government body, grants, private donations, membership fees and revenues from business activities. The American model has practically the same sources of funding, but with a different priority: funds and private donations, as well as revenues from activities and only then the obtaining of grants. In Ukraine, social enterprises often receive funds from overseas donors, namely the Schwab Foundation, the International Renaissance Foundation, PricewaterhouseCoopers in Ukraine, the British Council in Ukraine, the Eastern Europe Foundation, all of which are one of the main sources of funding.

Ukraine has some interesting examples of social enterprises in various fields that are famous throughout the country. This is not only in the service industry, which is considered to be the least investment consuming but also in manufacturing that requires the purchase of equipment. It is worth mentioning some social enterprises that have won not only customer loyalty but partners' and the whole society in general. They are: the Ltd. MRTS "Health" from the town Novoazovsk in Donetsk region (medical and rehabilitation services); the Social bakery "Walnut House" (www.walnut.house) from Lviv (cookies bakery; its social component is the workplaces for the professional integration of target groups of non-profit projects (women in crisis situations), support of the Center for women); the Workshop of Belgian chocolate «Pan-Chocolatier» from the city of Mykolaiv (making handmade chocolates, the profit received from the sale of chocolate products is directed onto the project of the charitable organization "My Poruch" /We are close" aimed at the development of "The Center of hippotherapy

and therapeutic riding for children with special needs (children with disabilities)"); the Upholstery workshop of the Community of mutual aid "Emaus-Oselya" (www.emaus-oselya.org) from Lviv (restoration and repair of furniture, charity shop, workshops, its social component is employment and rehabilitation of homeless people. Its peculiar feature is the slogan "There are no unnecessary things and useless people "); the company "Notis" from Kharkiv (production of tactile maps); a Vocational training center for former drug and alcohol addicts (production of metal constructions and welding) from the village Vyhoda, Zhytomyr region; the Tyre Repair Centre from the village Chervonoarmiiske, Zhytomyr region; the Public restaurant "UrbanSpace100" (<http://urbanspace.if.ua>) in Ivano-Frankivsk – it is a joint project of the company "23 restaurants" www.23.ua and the "Warm city" environment www.warm.if.ua; its features is a fine example of finding investments to set up business and it perfectly meets the criteria for social entrepreneurship); the Charity shop "Laska" (<http://laskastore.com/>) from Kyiv (selling of clothes, shoes and accessories. It finances audited charities, as well as develops its own projects, being the first charity shop in Kiev (and in Ukraine) and have already donated about 400,000 hryvnas to social services); the Cafe "Pizza Veterano" (www.Pizza.Veterano) in Kyiv (catering. The social component: employment of veterans of ATO, delivering of "suspended pizzas" to the volunteer center at the railway station and military hospitals, support for the children of the killed soldiers) and many others (<https://diyaua.wordpress.com/2014/08/21/sp/>).

To understand clearly the activities of social enterprises we can give an example of the organization of Caritas in Lviv region, which strives to solve social problems of the local community. Today, the profits of the social enterprise LLC "Gromadskiy Vulyk", earned through the financial and economic activity, are used for:

- maintenance of a Soup kitchen for the poor in the city of Sokal, where 42 lonesome, poor and disabled people dine today;
- maintenance of the shelter for single mothers and women who have suffered from violence;
- organizing recreational events in Sokal for the low-income groups of the population;
- one-time allowance to the needy layers of the population (according to appeals);
- development of volunteer movement among children and youth;
- summer camps for needy children and a lot more (<http://www.gromada.lviv.ua/article/266>).

In recent years, social entrepreneurship in Ukraine has become increasingly popular among public organizations as an effective mechanism for solving local social and economic problems of territorial communities. There is a public organization "Road to the House" in Odessa, one of the aspects of its activities is publishing a newspaper for the poor, as well as tailoring workshops. Another example of the Ukrainian social enterprise is the association "Peace, Beauty, Culture" in Kherson, which introduced the "Creative Practical Class" to produce and sell exclusive clothes for children and young people using natural fabric decorated with a modernized traditional Ukrainian ornament. Profits are used to raise Ukrainian culture and art with the help of theater, schools, teaching young people skills that would guarantee them with sustainable workplaces in the future.

There is the company "Alice" in Kyiv for people with disabilities, which created opportunities for training and work for its clients, having founded six business enterprises: a stationery store "Alice"; cafe "Posadena"; trading company "Etit"; architectural firm "Insform"; advertising agency "Monostat"; sports facilities for training children martial arts.

A non-governmental organization "Mission of Samaritans in Ukraine" in Zhytomyr has a shop for the manufacturing of metal products (lattices, gates, etc.). In the village of Ploske in Kirovohrad region, there is the Center for the Rehabilitation of Drug Addicts "Return to Life". Five employees dwell separately here. Seventy percent of the inhabitants of the center are HIV-positive. Residents of the center produce concrete blocks, which are mainly used for paving sidewalks. Part of the profit goes to their life in the center, and the rest of the money is saved, in order to expand production. "We created this company to become, in the end, independent from state funding and donor assistance," said Oleksandr Ostapov, the Director of the "Return to Life" Center.

The Lviv organization "Oselya" gives the homeless a roof over the head and simultaneously involves them into the work on the restoration of furniture, which is put up for auction later (if the furniture was given to the organization as a donation) or sold. The proceeds are used to finance the shelter and to pay employees. In Luhansk, several HIV-infected women sew clothes on individual orders. The social effect, in this case, is that people are given the opportunity to earn money through their work in the society that negatively treats them and infringes upon their rights. New markets, opportunities, and prospects appear due to social entrepreneurship. A non-governmental organization "Tree of Life" in Lviv works with people who have the hearing impairment. It began the production of high-quality audio books together with a commercial firm. They are in high demand among consumers. As a result, it was possible to create a new market segment. Due to sales revenues, "Tree of Life" has already financed the publication of three new books. Apart from the fact that the organization sells audiobooks in the bookstores in Lviv and in local markets, it donates audio files and books to all libraries for deaf people in the region. (<http://www.nb-forum.ru>).

In 2010, a project of the British Council "Social Enterprise Development" was launched in Ukraine with the support of the East Europe Foundation, PricewaterhouseCoopers, and Erste Bank. The objectives of the

project were to disseminate new ideas in the Ukrainian society, as well as to provide the necessary assistance to entrepreneurs to succeed in setting up a social business. In general, during the run of this project from 2010 to 2013, a number of training courses on the development of social business were held in Kyiv, Donetsk, Lviv, Odesa, Simferopil and Sevastopil, Mykolaiv, Zhytomyr, and Boyarka. Furthermore, training courses and programs that took place in Sevastopil, Mykolaiv, Zhytomyr, and Boyarka were held at the initiative of the local community, business or government agencies (<https://socialenterpriseorg.wordpress.com/>).

Conclusion. Social entrepreneurship for Ukraine is a new phenomenon; its scarcity does not allow talking about legislation and general adoption of the term "social entrepreneurship". Social entrepreneurship develops due to individual enthusiasts who focus on important social issues, resourcefully combine and embody social and business approaches to create both social and economic value through the product of the enterprise. Social entrepreneurship in our country is the only possible option for the partial solution of social problems.

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