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64 Summit "Conversations on Emerging Issues in Social Entrepreneurship"



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**ДИСКУСІЇ З АКТУАЛЬНИХ ПИТАНЬ  
СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА**

**CONVERSATIONS  
ON EMERGING ISSUES IN SOCIAL  
ENTREPRENEURSHIP**

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## **PECULIARITIES OF SOCIAL ENTREPRENEURSHIP IN UKRAINE**

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*The paper considers the peculiarities of the social entrepreneurship development in Ukraine based on national contemporary environment.*

*Keywords: social entrepreneurship, challenges.*

Social entrepreneurship has become a very popular movement in Ukraine. For characterizing its peculiarities at first, we should analyze the reason of its appearance and define the meaning of this category.

Our modern environment due to the industrial revolution 4.0 has been changed significantly. These changes caused the people's consciousness and the way of thinking. Thus, innovations transform not only different industries of the economy, but also societies. Individuals start to think about less stronger persons, ecologic challenges, global problems, etc. We can say that most of people have such feature of character as empathy, which push them to discuss and solve some vital issues. This positive tendency is the result of the democracy development. It also reflects to entrepreneurs. In the end of the XX century, social entrepreneurship as the new stage of entrepreneurship arose.

Gregory Dees is recognized as the first scientist in the field of social entrepreneurship. He is the American researcher. In his draft of "The Meaning of "Social Entrepreneurship", published on October 31, 1998, Gregory Dees explained social entrepreneurship through the act of social entrepreneurs. Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand,
- Exhibiting a heightened sense of accountability to the

constituencies served and for the outcomes created [1].

According to Dees, social entrepreneurs differ from business entrepreneurs. The main difference is that social entrepreneurs have the social mission in their mind. Their main aim is to make the world a better place. This attitude to their entrepreneurial activity shows, that they estimate success by two things: not achieving only profit, but also solving some social problems.

Another important scientist in the sphere of social entrepreneurship is Jan-Urban Sandal. His contribution to this topic is based on clarifying what activities do not belong to social entrepreneurship. According to Jan-Urban Sandal's teaching social entrepreneurship excludes activities like outsourcing, the privatization of public enterprises, exposure to competition, voluntary work, job market ventures, charity work, founding schemes or a form of exploitation of weaker groups or of the individual's situation in life, in the name of socio-political objectives or private gain [2].

That is why we can say that social entrepreneurship is the next stage in the development of the whole country, because it is able to see and then to solve a lot of uneasy challenges. This is a very positive tendency, which shows the growing role of democracy and human rights implementation. A very interesting situation can be observed. From one side, the problems and difficulties are created by one group of persons. From the other side, the empathic and responsible persons are trying to solve all these challenges. Social entrepreneurs are belonging to the second group. It should be admitted that they use different innovative methods and technologies to improve social sphere in the country where they are doing business.

If we analyze the situation with the social entrepreneurship movement in Ukraine, we should mention the general situation in our country. We have the war conflict in the East, which has caused a big amount refugees with many

serious problems. In addition, due to the war battles we have thousands of soldiers, which came back and want to realize themselves in the civil society.

The other vital issue is the existence of some groups, which previously were not paid social attention and care. They are people with disabilities, mentally ill people, homeless people, and former prisoners. These factors pushed active social entrepreneurship development in Ukraine. It is possible to distinguish its peculiarities based on our contemporary environment.

1. Social entrepreneurship in Ukraine is discussed at various events and attracts the attention of many representatives of public organizations, initiative groups or simply active people. The use of entrepreneurial approaches to solve social problems allows to focus less at the state budget, which brings social entrepreneurship to a new level of development in Ukraine.

2. The legislative uncertainty in the regulation of social entrepreneurship allows to choose the most optimal organizational and legal form for a social enterprise, both in terms of the business model and in terms of tax features. Consequently, this means that the beginning of a social enterprise can evolve from a commercial project of a public organization to a public joint-stock company.

3. There are resources that are not involved by a traditional business. Among them the largest, of course, the human resource, which includes the following categories: people with disabilities, refugees (internally displaced people), national minorities, elderly people, youth, addicted people, people, who have left prison, and mothers of large families. Often such people have excellent skills and abilities (talents), but their “features” scare traditional entrepreneurs from taking them into work.

4. Big business is always interested in outsourcing and

tries not to maintain a number of support services and departments on its balance sheet, because it requires constant costs, so more and more often one can observe the trend of ordering such services as cleaning, transportation, courier delivery, office equipment maintenance and networks, advertising and public relations, organization of events, educational services, accounting, production of various parts, etc. This allows small businesses to develop. Another component of big business is social responsibility, which is to help the local community to solve pressing problems. Increasingly, companies are looking for opportunities to replace grants for start-ups, since in this case they provide themselves with outsourcing and simultaneously solve a social problem, which, in turn, does not require the following grants, big business will enter into an agreement to acquire the services of a social enterprise.

5. Ukrainian consumer culture is changing for the better, now, when purchasing goods or services, the producer country, the shelf life, the ingredients, and the presence of the social component are being revised. The feeling of involvement in a useful business even in a fairly simple way (buying the necessary goods or services) becomes a weighty argument in favor of social enterprises [3].

In addition, we can notice the powerful promotion of social entrepreneurship in Ukraine, which support its development and spreading tremendously. Among the most popular and effective institutions in Ukraine can be underlined the following:

- Impact HUB Odessa. It offers incubation programs and consulting services and provided a platform for educational activities and networking.
- Ukrainian Social Academy. It offers programs for future leaders and social entrepreneurs.
- 1991 Open Data Incubator. This is the first Ukrainian

nonprofit incubator, which helps transform open state data into real startups that provide services to Ukrainian citizens, enterprises, and public authorities.

- Greencubator. It develops an ecosystem of sustainable entrepreneurship, low-carbon innovations, and green economy in Ukraine and Eastern Europe.

- SILab. It is a social entrepreneurship school [4].

Thus, we can summarize that peculiarities of social entrepreneurship in Ukraine have been formed due to the economic, and political situation. They are the response to existing problems. The most positive result is that the quantity of social entrepreneurship has sustainably increased. In Ukraine the Catalog of Social enterprises was established. The first issue was conducted in 2013 and it was information and description about 41 social enterprises. The second issue was published in 2017. It included the years 2016 and 2017. In this edition the detailed information about 150 social enterprises in Ukraine were presented [5].

These steps are not very huge in comparison with the needs of our country, but they are real and it shows the society's willingness to solve the social problems. Moreover, entrepreneurs' minds are changing. They are agents of change through their activities of supplying new goods and services to the consumers.

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