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## ORGANIZATIONAL-ECONOMIC MECHANISM FOR PROVIDING DEVELOPMENT OF SOCIAL ENTERPRISE

*The article examines the essence of social entrepreneurship as a new type of business. The state's interest in the development of social entrepreneurship through the existing organizational and economic mechanism is substantiated. An analysis of the activities of social enterprises in Ukraine was carried out. It has been proven that the goal of social entrepreneurship should be directly dependent on the possibility of measuring the social impact on society. Considered problems of the development of social entrepreneurship in Ukraine. On the basis of the identified problems, the structure was determined and the peculiarities of the interaction of the components of the organizational and economic mechanism of ensuring the development of a social enterprise were identified. It has been established that a feature of the structural construction of the organizational and economic mechanism of the development of a social enterprise is the objectification of managerial needs in the wide use of tools for the institutionalization of relevant connections and relations between stakeholders of a social enterprise in achieving the stated mission of a social enterprise.*

**Key words:** entrepreneurship, organization, social entrepreneurship, organizational and economic mechanism, social business, social enterprise infrastructure entities.

**JEL classification:** M13, L31

**Formulation of the problem.** The development of public society today is impossible without the development of socially oriented business structures. To ensure statutory activity, one of the possible options for obtaining resources is social entrepreneurship. However, in the Ukrainian environment, the topic of social entrepreneurship is just beginning to unfold, the spread of social entrepreneurship is fragmentary and is at an initial stage of development. This is explained by the very definition of social entrepreneurship, which, unlike a commercial one, sets itself the goal not of obtaining economic profit for business expansion, but of obtaining economic profit for solving a social problem in society that state bodies do not have the ability and resources to deal with. It is quite clear that the state, as an institution in a socially-oriented market economy, which is obliged to solve the lion's share of social problems, should be interested in the creation and development of social entrepreneurship, which will not only solve the social mission, but also provide a number of other interrelated tasks – creation of jobs, production of products, provision of services, performance of works and, as a result, creation of added value in the macroeconomic dimension, through the existing organizational and economic mechanism of development of social enterprises.

**Analysis of recent research and publications.** Despite the relatively new focus of research for scientists, both domestic and foreign scientists deal with the issue of social aspects of entrepreneurship. Among the representatives of foreign economic science, these questions were considered in the works of K. Borzag, R. Nogales, B. Velev, G. Diza, K. Liberty and others.

The following domestic scientists deal with the problems of organizing the activities of social enterprises: Kornetskyi A.O., Svyinchuk A.A., Nazarchuk V.Ya., Husak

N.E. in which the issues of organizing business planning in a social enterprise, defining the essence of social entrepreneurship and their role in solving social problems of society are considered. Despite the considerable development, the issue of deepening the theoretical basis of social entrepreneurship in terms of highlighting its immanent features and principles of functioning for the formation of an organizational and economic mechanism of development in the conditions of a complex political and economic environment in Ukraine requires additional attention

**Setting objectives.** The purpose of the article is to substantiate the formation of the organizational and economic mechanism for the development of a social enterprise in the market environment.

**Presentation of the main material of the study with a full justification of the obtained scientific results.** According to the definition of Dolud L., Nazaruk V., Kirsanov Yu., social entrepreneurship is entrepreneurial activity aimed at positive innovative changes in society (that is, due to the income received from its own activity, the enterprise can mitigate or solve social problems) [1]. Solving social problems through the formation of social capital allows us to define a social enterprise as: "...activity of enterprises, which is aimed at significant positive social changes. At a time when traditional businessmen are focused on the formation of only financial profit, social entrepreneurs are engaged in the increase and formation of social capital" [2; 3].

In order for an enterprise to be classified as a social enterprise in the modern minds of the economic development of Ukraine, it must meet one of the following criteria:

– employs vulnerable population groups (we are talking about ATO veterans, IDPs, people with disabilities, residents of rural areas, etc.);

- part or all of the profit from the activity is directed to maintaining the statutory activities of the NGO, Charity organisation or foundation;

- the entire profit is allocated to finance certain types of services for socially vulnerable population groups;

- supports social, cultural or sports events, projects. [4]

Features of social entrepreneurship include: main and auxiliary.

1. The main characteristic features of social entrepreneurship:

- the priority of the social goal – first of all, the activity of the social enterprise is aimed at achieving the social goal, but at the same time, the achievement of the business goal must provide resources for the achievement of the social goal;

- reinvestment of profit in the development of a social enterprise (this includes the realization of a social goal);

- transparency of activity and periodic public reporting – the social enterprise periodically and publicly highlights the results of its activities and provides periodic reporting.

2. Secondary characteristics of social entrepreneurship:

- financial independence – that is, from the financing of activities by charitable organizations, the state, corporations, etc., neither the social nor the business components of the activity of a social enterprise depend on the whole;

- democratic/collective management – a significant part of the stakeholders of the social enterprise is involved in the decision-making process;

- replicability and scalability – increasing the scale of social enterprise activity (we are talking about the local, regional, national or even international level) and spreading the experience of social enterprise;

- the introduction of innovations – in the social or economic sphere, the introduction of new innovative tools.

Secondary features are not a mandatory feature of a social enterprise, but they make it possible to attribute a social enterprise to an innovative one based on these characteristics. Due to a number of economic and social factors that affect the activity of a social enterprise, some secondary features may change. A social enterprise is characterized by the social purpose of its functioning, which is determined by social indicators, the achievement of which is mandatory and determined by the degree of achievement of the goals that have been set. The purpose of functioning of a social enterprise should be directly dependent on the possibility of measuring the social impact on society.

In the conditions of a large number of social problems and socially vulnerable population groups, social entrepreneurship is gaining more and more popularity as an effective mechanism for overcoming these problems. Currently, there are about 700 organizations in Ukraine that can be included in the category of "social entrepreneurship" for one reason or another.

Figure 1 presents statistical data on the activity of social enterprises in 2021.

The organizational form of activity of economic entities, which is most often chosen by social entrepreneurs, is the sole practitioner. Since a social enterprise differs from an ordinary business in that it is not an end in itself or the main goal of obtaining and distributing profit, then part of the profit of social enterprises is reinvested in business expansion, and part goes to meet the defined social goals of the social enterprise, thus it is possible to form a mechanism for distributing the profit of a social enterprise, which is shown in Figure 2.

Organizational and legal forms for the implementation of social entrepreneurship in Ukraine are listed in Table 1.

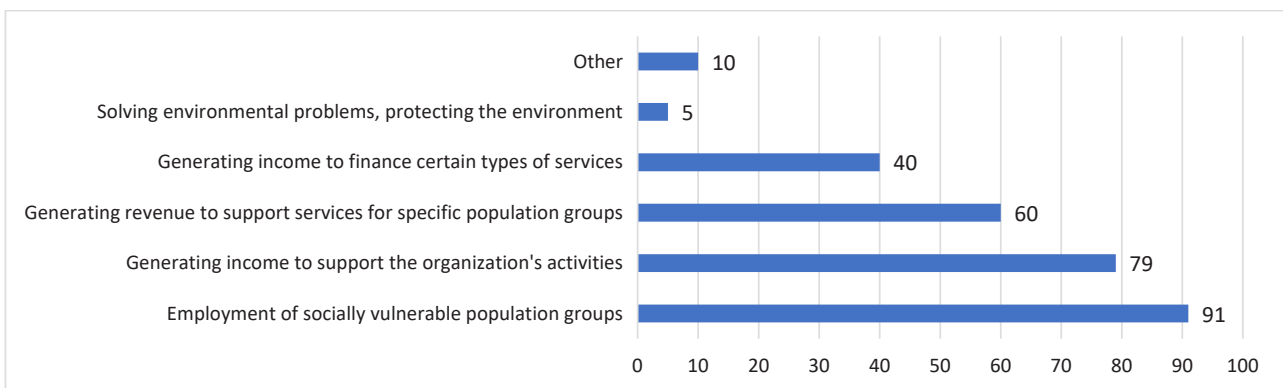


Figure 1 – Data on the activity of social enterprises in 2021, %

Source: [5; 6]

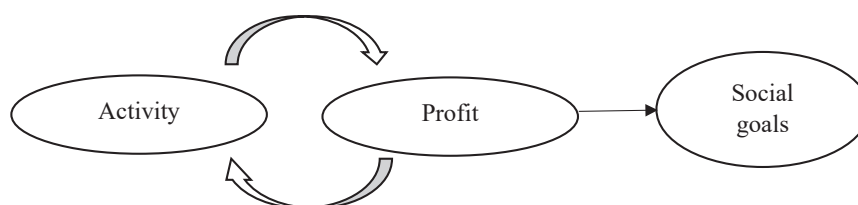


Figure 2 – Mechanism of social enterprise profit distribution

Source: summarized by [8]

**Table 1 – Characteristics of the main organizational and legal forms of social entrepreneurship**

Organizational and legal forms:		
Non-profit organizations	SPD and private individuals	FOP
Main characteristics:		
<ul style="list-style-type: none"> <li>– NGOs;</li> <li>– Charitable organizations;</li> <li>– Religious organizations;</li> <li>– Condominiums, condominiums, agricultural service cooperatives;</li> <li>– Other non-profit organizations</li> </ul>	Entities: <ul style="list-style-type: none"> <li>– General system;</li> <li>– Simplified system;</li> <li>– Enterprises and organizations founded by public organizations of the disabled.</li> </ul>	<ul style="list-style-type: none"> <li>– General system;</li> <li>– Single tax;</li> <li>– Independent professional activity;</li> <li>– Common activity.</li> </ul>

Source: summarized by [1]

Positive effects of the activities of social enterprises:

- help to overcome social isolation – in particular, we are talking about employment of people with limited physical and mental capabilities, the unemployed, representatives of risk groups;
- find new ways to reform state social services;
- attract citizens to participate in social initiatives on a volunteer basis, unite communities around social problems;
- introduce new types of social services that ordinary business ignores due to the fact that they are unprofitable, unpopular, and lack proper professional training;
- use available resources of the region more effectively in solving social problems;
- reduce the burden on local budgets when solving social problems (when it comes to a chronic deficit of budget funds, this is quite relevant).

The legal basis for regulating the activity of social entrepreneurship is currently not legally recognized in the legal field, there is no separate law that would define and regulate the activity of social enterprises. In their economic activity, social enterprises are governed by the same legislative acts as ordinary entrepreneurs [7].

It should be noted that there are many problems on the way to the development of social entrepreneurship in Ukraine, namely:

- 1) misunderstanding of the nature of social entrepreneurship on the part of the main groups of society;
- 2) complicated legislative and administrative promotion of the idea of social entrepreneurship;
- 3) contradictions that arise in the psychology of social entrepreneurship, directly, with objective differences in the logic of entrepreneurial and public activity.
- 4) at the first stage of the development of entrepreneurial activity, problems with attracting financial funds, lack of special credit and loan guarantee programs.

One of the important reasons for the obstacles to the development of social entrepreneurship in society is the very way of existence of a social enterprise (conscious and unforced acceptance of additional obligations to society – not only economic responsibility of business, but also social responsibility). Thus, any redistribution of the results of the activity of a social enterprise for the benefit of society will primarily involve a conscious and voluntary reduction of the welfare of the owners of the enterprise and, to a certain extent, limiting the ability of this entity to finance measures to strengthen competitive advantages of economic origin. Therefore, the acceptance by the business of certain restrictions of this kind will be directly related to ensuring the requirements for achieving a balance between, on the one hand, the preservation of the target

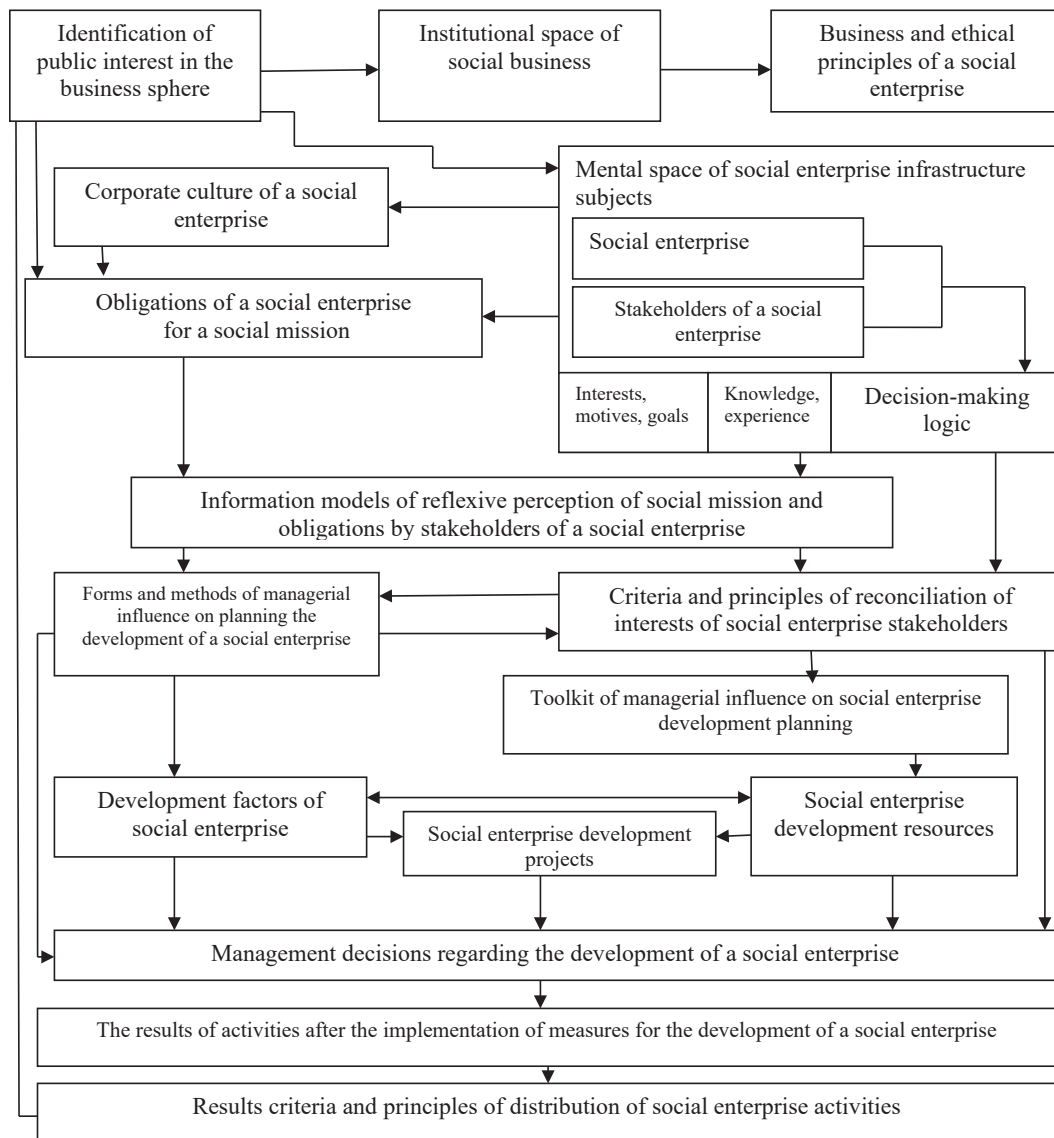
state of economic profitability of the social enterprise, and on the other hand, the fulfillment of accepted obligations in the field of social responsibility, which provides directing the commercial profit of a social enterprise to solve social problems [8]. Solving these issues is impossible without the introduction of an organizational and economic mechanism aimed primarily at the formation and development of the mental space of the subjects of the infrastructure of the social enterprise (Figure 3).

Within the framework of this space, the identification of the scale of the social value of the enterprise is the result of the stakeholders' reflexive perception of their own motives, interests, behavior patterns, as well as similar characteristics of other persons (subjects of the infrastructure of the social enterprise). Achieving a consensus among stakeholders regarding the determination of the obligations of a social enterprise is carried out, thus, through the formation in the minds of various interested individuals and groups of people of certain typed information models-images of expediency implementation of relevant additional costs and compliance with special requirements regarding the redistribution of the results of social enterprise activity [8].

The peculiarity of the structural construction of this organizational and economic mechanism for the development of a social enterprise, from our point of view, is the objectification of management needs in the wide use of tools for the institutionalization of relevant connections and relations between stakeholders when achieving the specified idea of a social enterprise.

In order to solve the problems between the subjects of the social enterprise infrastructure, it is necessary to implement the following measures that will contribute to the development of social entrepreneurship in society [9]:

- carry out the unification of standard rules (first of all, norms of corporate culture favorable to solving the tasks of a social enterprise) and standardization of management decision-making procedures, the target guidelines for the implementation of which must necessarily include the obligations of the social enterprise;
- to create legislative acts aimed at supporting, regulating, controlling the activities of social enterprises;
- introduce preferential taxation of the activities of social enterprises;
- to create a state structure that will represent the interests of the development of social enterprises;
- provide government orders, preferential loans, subsidies;
- to support research works in the field of social entrepreneurship;
- to promote the support of social enterprises or their organization by effectively functioning business structures;



**Figure 3 – Organizational and economic mechanism for ensuring the development of a social enterprise**

Source: developed on the basis of [8]

– create or support consulting organizations for the formation and development of social enterprises.

Conclusions from this study and prospects for further research in this direction. Thus, the implementation of an effective organizational and economic mechanism for the development of a social enterprise will ensure the implementation of processes of strengthening the unity of

entrepreneurial structures with other components of the social business infrastructure. Which, in turn, will allow to develop a national strategy for the development of social entrepreneurship, as the key to the success of the concept of social entrepreneurship in Ukraine, which would allow coordinating the efforts of all stakeholders – entrepreneurs, public organizations, donor structures and the state.

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## ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНИЙ МЕХАНІЗМ ЗАБЕЗПЕЧЕННЯ РОЗВИТКУ СОЦІАЛЬНОГО ПІДПРИЄМСТВА

У статті розглянуто сутність соціального підприємництва, як нового виду господарювання. Обґрунтовано державну зацікавленість в розвитку соціального підприємництва, через діючий організаційно-економічний механізм. Охарактеризовано критерії, за якими характеризуються соціальні підприємства, на основі яких їх можна відрізнити від соціальновідповідальних підприємств. Проведено аналіз діяльності соціальних підприємств в Україні. Визначено, що основною діяльністю соціальних підприємств в Україні є діяльність націлена на працевлаштування соціально вразливих груп населення. Обґрунтовано поділ характеристик соціального підприємства на основні та другорядні, за рахунок чого було означено, що другорядні риси характеристик соціального підприємства можуть змінюватися в процесі його господарської діяльності. Доведено, що мета діяльності соціального підприємництва повинна бути в прямій залежності від можливості виміру соціального впливу на суспільство. Надана характеристика основних організаційно-правових форм соціального підприємництва. Розглянуто проблеми розвитку соціального підприємництва в Україні які обумовлені подвійними ризиками підприємницької діяльності: соціальними та економічними. На основі визначених проблем було запропоновано структуру та виявлено особливості взаємодії складових організаційно-економічного механізму забезпечення розвитку соціального підприємства. Взаємозв'язок між складовими організаційно-економічного механізму розвитку соціального підприємства забезпечується досягненням консенсусу між стейкхолдерами стосовно визначення зобов'язань соціального підприємства, через формування в свідомості різних зацікавлених індивідів та груп людей певних типізованих інформаційних моделей-образів рефлексивного сприйняття соціальної місії та зобов'язань соціального підприємства. Встановлено, що особливістю структурної побудови організаційно-економічного механізму розвитку соціального підприємства є об'єктивізація управлінських потреб у широкому використанні інструментарію інституціоналізації відповідних зв'язків та відносин між стейкхолдерами соціального підприємства при досягненні зазначеної місії соціального підприємства.

**Ключові слова:** підприємництво, організація, соціальне підприємництво, організаційно-економічний механізм, соціальний бізнес, суб'єкти інфраструктури соціального підприємства.