SOCIAL ENTREPRENEURSHIP AS A DETERMINANT FOR THE LOCAL COMMUNITY DEVELOPMENT: EXPERIENCE OF POLISH AND UKRAINIAN REGIONS

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Urgency of the research. Social entrepreneurship covers a wide range of tasks from area of social policy that should ensure the normal living conditions of the local community. From this point of view, the main task of social entrepreneurship is to improve the well-being of local community and meet its needs by the implementation of social infrastructure services.

Target setting. In the paper the hypothesis is formulated that Ukraine has worse conditions for the formation and development of social entrepreneurship than Poland. The study is proved that development of social entrepreneurship in Poland in the light of EU regional policy consists in the support of social enterprises by the state in accordance with the National Program for Social Economy Development, the European Union.

Actual scientific researches and issues analysis. Some aspects of social entrepreneurship and community development are covered by the studies of such scientists as J. Defourny, J. Hausner, Jan-U. Sandal, A. Nichols, G. Keohane, J. Kerlin, O. Pankiv and others.

Uninvestigated parts of general matters defining. It should be admitted that there is a problem of state support for social enterprises at the appropriate level in Ukraine. This only deepens the differences between the social enterprises in Ukraine and Poland. It is worth noting that as a consequence of this, social entrepreneurship of Ukraine is more business-oriented than in Poland.

The research objective. The study on the social entrepreneurship and its impact on the local community development undertaken at national and regional levels, i.e. on statistical material concerning 22 regions of Ukraine and 16 voivodships of Poland. The study used a comparative method of developing social entrepreneurship in Poland and Ukraine. In addition, the study carried out in the paper was enriched with drawings made on the basis of graphic and cartographic data presentation methods.

The statement of basic materials. As part of the research, the concept of social entrepreneurship (prosocial business) was defined, the features of the social entrepreneurship in Poland and Ukraine were analysed, and the ways of the social entrepreneurship development in Ukraine were presented.

Conclusions. Based on the results obtained, recommendations were presented to strengthen and develop social entrepreneurship in Ukraine.

Keywords: social entrepreneurship; social enterprise; local authorities; social value; local community; social policy.

Waligora A., Revko A. Social entrepreneurship as a determinant for the local community development: experience of Polish and Ukrainian regions
**Urgency of the research.** Social entrepreneurship is an important element of the socio-economic development of the local space and communities [1]. Its main task is to meet the needs of the community, in particular the implementation of social infrastructure services [2]. Among others, delivery of educational and cultural services, physical, psychological and social rehabilitation of people in difficult life circumstances, as well as vocational, medical and social rehabilitation of people with disabilities [3].

**Target setting.** The Civil Society Development Assistance Strategy for 2016-2020 recognizes the social entrepreneurship development in Ukraine as one of the priority areas, and in the conditions of economic crisis and mass forced migration (over 1.6 million internally displaced persons as of January 2017), social entrepreneurship becomes crucial for sustainable social transitions [1, p. 70].

**Actual scientific researches and issues analysis.** Studies on the social entrepreneurship and social enterprise development have been conducted since the 1980s. Last century by, among others, A. Evers, A. Nicholls, B. Ewert, G. Keohane, G. Sharma, I. Garg, J. Defourny, J. Hausner, J. Kerlin, Jan-U. Sandal, M. Palma, O. Pankiv, S. Bansal, T. Brandsen.

**Uninvestigated parts of general matters defining.** It is important to note that about half of Ukraine’s social enterprises do not have the support of authority at all. It is important in the development of social enterprises to establish productive cooperation with local authorities to achieve a common goal, because this cooperation provides many advantages, such as the creation of social value and stimulation of the economic development of local community.

**The research objective.** The main objective of the paper is to develop and discuss comparative analysis of Polish and Ukrainian experience of social entrepreneurship development and to determine its impact on the sustainable local community-development.

**The statement of basic materials.** Social entrepreneurship, broadly understood as a set of activities aimed at creating social and economic value, has a long history. Moreover, it covers a wide range of tasks that should ensure the living conditions of local community.

J. Defourny notes that social entrepreneurship is characterized by economic features. The scientist defines social entrepreneurship as a long-term activity aimed at producing goods or selling services. In addition, the researcher notes the high level of autonomy that social enterprises need to enjoy as they are managed by individuals or groups of individuals in the framework of specific projects. J. Defourny draws attention to the existence of significant economic risk, which must be taken into account when setting up a social enterprise. From this point of view social entrepreneurship has much in common with traditional business [2].

At the same time, the first Polish attempt to define social entrepreneurship was made in 2008. J. Hausner proposed a definition of social entrepreneurship for its use in the draft Polish Act on social entrepreneurship as a socially useful economic activity conducted in the developing area of social economy [3].

According to J. Kerlin, a social enterprise is any private activity carried out for the public good, implemented according to market strategies, but whose main goal is not to maximize profit, but to achieve specific economic and social goals, and which proposes innovative solutions to the problems of social exclusion and unemployment [4].

It is worth noting that social entrepreneurship is therefore a broader concept than a social enterprise and consists of a network of social enterprises of various types. Moreover, the main goal of social entrepreneurship is to systematically change society, not only by creating social innovations, but above all by putting them into practice [5, p. 88].

According to the assumptions of the European Research Network (EMES), social entrepreneurship is a hybrid that borders on three sectors: public administration (legal basis), business (financial support) and the non-governmental sector (participation). It is often called the “fourth sector” containing elements of the other three. Furthermore, the European Research Network EMES defines social enterprise through the lens of nine features that include three areas: economic, social and management (Fig. 1).

The main features of a social enterprise include:
1. Business factors. A social enterprise is an entity conducting business activity. It does not matter what kind of activity it is: traditional or innovative, production or services, agriculture or education, the most important thing is to make it profitable.

2. Social features. Social goals should be specified in the statutes of the organization or in other documents accepted by the founders. Moreover, the social purpose of social enterprises is, firstly, the social and professional integration of people at risk of social exclusion (according to Article 28 of the Law of the Republic of Poland of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Persons with Disabilities [6], social enterprises include enterprises in which at least 50% of employees are people at risk of social exclusion or 30% of workers have disabilities).

Secondly, the social purpose may be the provision of public services, contemporaneous with the employment of persons at risk of social exclusion (at least 20% of workers from specific groups at risk of social exclusion). It should be noted that social enterprise is about creating a social value, which should have an impact on the target group and on society as a whole. Social goals must be defined in the statute of the organization, or in other documents, adopted by the founders and obligatory.

An important aspect of social enterprise activity is the distribution of its profits. The social entrepreneur or the owner / owners of the enterprise do not receive any dividends, the profits are mostly reinvested, since the activity of the social enterprise is aimed, first and foremost, for creating social and sustainable value. In view of this, profits are reinvested in the development of the enterprise and / or the achievement of social goals without increasing the owners' income. In addition, profits can be directed, for example, to capacity-building of the enterprise or partly to vocational and social reintegration (in the case of enterprises employing persons at risk of social exclusion) or to implementing social projects for the benefit of the local community in which the enterprise operates.

3. Management features. The functioning of a social enterprise is based on democratic management, which involves all interested parties (stakeholders) in the decision-making process, which will illustrate the openness and transparency of the social enterprise [7].

Social enterprises are oriented on social utility. Social entrepreneurs usually set up small businesses, employing a small number of employees, but sufficient to produce products necessary for society or provide various types of social services.
The Department of Social and Solidarity Economy of the Ministry of Family, Labor and Social Policy of the Republic of Poland is engaged in researching the development of social enterprise in Poland. In 2017, there were 644 social enterprises. The largest number of social enterprises in Poland is observed in Wielkopolskie voivodship - 103 social enterprises, Lubuskie voivodship – 81 enterprises, Podkarpackie voivodship - 73 enterprises, Warminsko-mazurskie voivodship - 72 enterprises. It is worth noting that the smallest number of social enterprises was observed in Kujawsko-pomorskie voivodship - 4 enterprises, Swietokrzyskie voivodship - 8 enterprises, Zachodniopomorskie voivodship - 14 enterprises, Lubelskie voivodship - 18 enterprises (Fig. 2).

It should be emphasized that the most common forms of social enterprises in Poland are the social cooperatives - 355 enterprises and the foundation - 78 entities. Moreover, most social enterprises in Poland operate in the field of gastronomy, including catering - 125 enterprises.

In second place there are social enterprises providing various services for companies, private and public organizations (for example, providing cleaning services, maintenance of green areas, care of the elderly and lonely people, small repair and construction works, etc.) - 95 enterprises. It is worth noting that a large part of social enterprises in Poland provide social infrastructure services, namely education and culture services - 73 enterprises.

Unfortunately, there are currently no official statistics on social entrepreneurship in Ukraine. However, the Ukrainian NGO "Youth Center for Social Transformation Problems" SOCIUM-XXI", with the financial support of Western NIS Enterprise Fund, conducted a research, which in the 10 years
Social entrepreneurship as a determinant for the local community development: experience of Polish and Ukrainian regions (from 2008 to 2017) registered in Ukraine only 142 social enterprises (not including Lugansk, Donetsk regions and Crimea, which data are unavailable in recent years). Thus, in Ukraine there the number of social enterprises is far more lower than in Poland.

As shown in Fig. 3, the largest number of social enterprises in Ukraine is in the Kyivs’ka oblast - 38 enterprises, of which 30 are located in the city of Kyiv. The second highest number of social enterprises - L’vivs’ka oblast region (15 companies), and the third - Poltavs’ka oblast (9 companies). Mostly, social enterprises are registered in city areas, there are 114 enterprises, 4 - in urban areas, 24 - in villages. It should be noted that no social enterprise was created in Rivens’ka oblast during 2008-2017. The most common forms of social enterprises in Ukraine are an individual person-entrepreneur - 37 enterprises, a private company - 23 and a non-governmental organization - 20 enterprises. Most of social enterprises in Ukraine are engaged in the cultivation and sale of agricultural products (e.g. berries, mushrooms, dairy products, etc.) - 23 enterprises. In second place - enterprises engaged in vocational, medical and social rehabilitation persons with disabilities (21 enterprises).

![Fig. 3. Social enterprises in Ukraine in 2017](source)

In view of this, there are such social enterprises in Ukraine as: Ukrainian Society of the Blind, Ukrainian Society of the Deaf, All-Ukrainian Organization of Disabled Persons “Union of Organizations of Disabled Persons of Ukraine” and other social enterprises. These entities provide work to persons with disabilities.

In addition, 11 social enterprises provide social infrastructure services such as educational services, 6 - work in health care. Most social enterprises in Ukraine have up to 5 employees (78 enterprises). Only four social enterprises employ more than 100 employees [8, p. 7-10].

Local authorities support the activities of social enterprises in Ukraine by providing free rental of premises or use of equipment, information support, as well as the purchase of goods or the purchase of products of a social enterprise. As far as the taxation system of Ukrainian social enterprises is
concerned, most of them are in the general taxation system (44 organizations), in second place in the taxation system for legal entities with the status of "non-profit organizations" (38 organizations) [8, p. 15].

In Poland, state support for the social entrepreneurship development is implemented in accordance with the National Program for Social Economy Development 2014-2020, which was developed by the Ministry of Labor and Social Policy in 2014 [7].

The National Program for the Development of the Social Economy defines the main directions of state aid, which aims at creating the best conditions for the development of the social economy and social enterprises in Poland. The objectives set out in the National Program for Social Economy Development, its implications and expected results have been formulated on the basis of the diagnosis of the social economy sector, taking into account the current political, social and economic development in Poland and the European Union. The structure and content of the Program have an impact on the short and long term development of Poland's social economy sector.

In 2019, the Council of Ministers of the Republic of Poland updated the National Program for Social Economy Development by 2023 [9]. Updating the National Program means new employment opportunities for people at risk of social exclusion and accessibility of most social services for local community. An important role in the implementation of the National Strategy for the Development of the Social Economy of the Republic of Poland until 2023 rests on the local self-government of the voivodships in the field of supporting the development of social and solidarity economy. Financing of the National Program of Social Economy Development is carried out both from the state budget, the budgets of territorial self-government bodies, trust funds, national private funds, as well as from the European Union funds.

Considering the above, social entrepreneurship is the basis for the development of the local community. Social enterprises participate in the creation of public policies and carry out public tasks in the field of local development.

Conclusions. The obtained research results indicate that social entrepreneurship influences the development of the local community. Social enterprises participate in the creation of public policies and carry out public tasks in the field of local development.

Social enterprises in Ukraine have a problem of state support of them at the appropriate level. This only deepens the differences between the social enterprises of Ukraine and Poland. It is worth noting that as a consequence of this, social entrepreneurship of Ukraine is more business-oriented than in Poland.

In our opinion, one of the most important direction of strengthening and developing social entrepreneurship in Ukraine based on the Polish experience should be establishing sustained cooperation with the local government. Local government units are crucial clients for especially developing social enterprises. At the same time, local governments spend public funds on the activation of social entrepreneurship.

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