Social entrepreneurship as a factor in the development of rural communities in Ukraine

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Abstract
The results of empirical research of public opinion of rural areas residents and entrepreneurs working in rural communities to determine the need for the development of social entrepreneurship are presented.

The purpose of the survey was to establish the feasibility, prospects and directions of the development of social entrepreneurship within the rural areas of Ukraine and to identify the readiness of the business environment for the perception of a new concept for doing business for them.

The survey was conducted among the rural population and entrepreneurs of all ages, social status, education level, type of activity. The results of the study made it possible to find out the attitude of the rural population towards social entrepreneurship, to identify its potential loyalty to the consumption of the product, which will offer the specified category of entrepreneurs, identify the greatest problems of the rural territory, the level of satisfaction with the environment and business, the adequacy of information provision for social entrepreneurship, entrepreneurs' readiness to social activity and directions of its development; the reasons that restrain the spread of social ideas in business are identified.

The conducted research has allowed to reveal the reasons of low level of spread of social enterprise in the Ukrainian society.

The revealed sentiments among citizens can be used by the state authorities when developing the strategy of development of rural areas of Ukraine and tested in entrepreneurial activity.

Keywords: rural communities, rural residents, social initiatives, social entrepreneurship, entrepreneurs, public opinion.

Introduction

A paradigm of entrepreneurial thinking based on a social initiative combining business activity and own risk and acting as an instrument for solving problems of a society or a particular community, acquires a special sound on the background of considerable economic decline, the exacerbation of social, environmental and political problems, the loss of moral and psychological orientations.

The Ukrainian peasantry, which for a long time remained on the edge of active social life, is currently forced to solve a number of important socio-economic problems related to the development of rural settlements or territorial communities. Taking into account the fact that a significant part of the peasants (due to social, cultural, educational, mental, demographic, political and economic reasons) was not ready to take responsibility and take an active civic position regarding the development of the rural community, we believe that one of the areas of improvement social interaction in...
the peasant environment can be social entrepreneurship, which can generate both commercial ideas and ideas for the distribution of social benefits. The dissemination and development of social entrepreneurship in Ukraine will become an important way of social protection for the rural population, the main focus of which is to reduce the social risk for vulnerable groups, and the level of low-income villagers, and formulate policies for their employment.

The purpose of the research is to study public opinion on the socio-economic status of rural communities, to identify the needs and prospects for the development of social entrepreneurship, and the degree of entrepreneurs' readiness for a new type of activity.

**Material and methods**

**Literature Review.** The problem of the development of social entrepreneurship is of considerable interest among national and foreign scholars.

Among Ukrainian scholars, it is worthwhile to highlight the work of Svynchuk A. (2014), who studies the international experience of the development of social enterprises for its implementation in Ukraine, Sokolovska M. (2011), who considers the socio-economic behavior of the individual, based on the views of consumption, in the papers of Popovych D. and Baranova M. (2017) social entrepreneurship is generally considered as an instrument for solving the problems of modern society. Smachylo, V., Khalina, V., & Kylnytska, Y. (2018) explores social entrepreneurship as an innovative business form.

Theoretical studies of economic inequality are analyzed by: Acemoglu D. and Robinson D. (2012), Reinerte E. (2011), Inclusive Development – Podesta D (2013); Yana Drobotya, Maryna Baldzhy, Alla Pecheniuk, Iryna Savelchuk, Dmytro Hryhorenko, Tetiana Kulinich (March 2021).

Ukrainian scientists, in particular, Prognimak O. (2018) and Kovalchuk O. (2017), are focused on the problems and prospects of inclusive growth. Kovalchuk O. (2017) in his research focuses on the inclusiveness of rural areas development.

While paying tribute to the work of scholars, it is worth pointing out that these studies are of a general theoretical nature.

Analytical studies on the number of social enterprises and the volume of their entrepreneurial activity are mainly made by public organizations. It should be noted that at present there is no official definition and appropriate legal basis for the development of social entrepreneurship at the state level, and there are no applied researches that are intended to reveal citizens intentions, in particular, the villagers, about the needs and necessity of development of this type of activity, as well as the readiness of the self-entrepreneurial environment to engage in social entrepreneurship. This situation has led us to conduct surveys among entrepreneurs and rural areas residents.

**Methodology and research methods.** The research used general scientific and specific scientific methods: analysis – to identify the opinions of individual sociological groups; Synthesis – to summarize the results obtained; induction – in the study of the views of individual subjects and the study of its impact on the overall result; deduction – to study the general state of the phenomenon of social entrepreneurship and to establish its connection with certain sociological units; abstract-logical – to identify problems and reasons that hinder the development of social entrepreneurship in Ukraine; empirical (questionnaire) – when collecting primary information about the phenomenon of the study. 757 people took part in the survey. 102 people are entrepreneurs and 655 are villagers among them.

Respondents were offered a questionnaire containing closed-ended questions, through which they received information about public opinion about the need and feasibility of social entrepreneurship development, as well as the
entrepreneurs readiness for this type of activity. 10 questions were offered for rural areas residents, and 12 questions for entrepreneurs consequently.

Results and discussion

Modern economic literature deals with the concept of inclusive growth, one of the areas of which is social entrepreneurship, whose goals are to attract vulnerable groups of the population to economic activity, their integration into social life, creating opportunities for obtaining social and economic benefits. The problem of social isolation of the rural population is associated with socio-economic inequality. Changes in the agrarian sector of the Ukrainian economy have substantially increased the production and export potential of agriculture and its level of capitalization, however, they provoked the emergence of a wide range of mutually determined economic, environmental and social problems of rural development. According to Kovalchuk O.D. (Kovalchuk, 2017), this is connected with the agrarian policy of the state, which determined the priority of the agriculture development, but did not implement measures to ensure the well-being of the rural population and the individual development of a single farmer. The consequence of such a policy was that a significant part of the village residents work in the informal sector of the economy (mainly in the private farm sector) and is outside the labor legislation and social protection.

It should be noted that on the part of the state certain attempts are being made to attract these citizens and to grant them official status. For example, the adoption of the Law “On Amendments to the Tax Code of Ukraine and Some Laws of Ukraine on Promotion of the Formation and Activities of Family Farming Enterprises” (Law, 2018), according to which members of private farming households will have the possibility of preferential payment of a single social contribution for ten years that will promote their social security in the future.

The first three questionnaires for rural residents concerned the general characteristics of the community, its socio-economic status and the effectiveness of local councils work. We must recognize the fact that the state is not capable of conducting a flexible and effective social policy today.

The analysis of the world economic thought (Acemoglu and Robinson, 2012, Podesta, 2013, Rainer, 2011) shows that today the concept of inclusive growth of the economy, which determines it due to the criteria of intellectualism, stability and inclusiveness of all sectors, of all strata of society, becomes especially popular. In this regard, five goals have been set up in the following areas: employment, innovation, climate change and energy, education, the fight against poverty and social exclusion (Prohnimak, 2018).

We agree with the opinion of Lysiuk, O. and Britchenko, I. (2021) that in these conditions it is important to create and adopt a law on social entrepreneurship and determine the mechanism of its implementation; development of appropriate media support; development of a vocational education program for people who are ready for this type of activity.

We must state that for the implementation of the concept to our conditions, this process should take place not only in the direction of synchronization of legislation, but also the adaptation of economic behavior of citizens and business, taking into account the social component.

Modern scientific researches examine the economic behavior of subjects of relations on the basis of their basic forms: pre-market, pseudo-market and market. Pre-market is characterized by obtaining a guaranteed income with a minimum of labor costs. Such a model of behavior is typical of older people who see the state of the social guarantor and heavily rely on their own strengths or personal qualities. Pseudo-market is determined by the maximum income at a minimum level of labor costs.
It attracts a significant part of entrepreneurs who are building their activities through the sales of imported goods, receiving unrecorded income as a result of the difference in prices and encouraging foreign producers, which does not contribute to the development of the national economy. As a rule, these citizens are not subjects of innovation activity, and their public benefit is determined only by the limits of their own self-employment.

Market involves getting the maximum income at the maximum labor costs, which is accompanied by high activity of the subject. It is characteristic for highly developed countries.

Thus, the need for researching social entrepreneurship is becoming an important issue for a state that seeks rapprochement with the EU and should try to raise the level of our citizens prosperity to the level of Europeans and entrepreneurs who, in order to increase their profits, will strive to provide their products and services with high quality characteristics that meet European indexes and standards and will have a social component.

We present the survey data of Ukrainian rural areas residents and entrepreneurs who are active in rural communities regarding the definition of the need for the development of social entrepreneurship and their readiness for such activities.

The results of the questionnaire (Table 1) indicate that 45.8% of respondents estimate the rural community (as a living environment) to be "satisfactory" on a five-point scale, and 11.9% of respondents find it unsatisfactory. The majority of respondents (52.7%) define socio-economic indicators as satisfactory, while 24.0% of respondents are not satisfied with their level. Totally, the work of local self-government bodies is assessed more negatively (45.5% – unsatisfactory, 30.7% – satisfactory, and only 2.4% – excellent). This indicates an inadequate interaction level with the local population and a low cooperation level to improve socio-economic indicators of communities, which requires local authorities to create conditions and strengthen the work of attracting a significant number of citizens to active economic and social activities. Social entrepreneurship, whose experience in other countries indicates its ability to overcome a wide range of problems, can be one of the areas.

Table 1 – Answers of rural residents to the questionnaire

| Questionnaire questions                  | Excellent, % | Good, % | Satisfactory, % | Unsatisfactory, % |
|-----------------------------------------|--------------|---------|----------------|------------------|
| 1. Community characteristics            | 9,5          | 32,8    | 45,8           | 11,9             |
| 2. Socio-economic indicators state      | 7,1          | 16,2    | 52,7           | 24,0             |
| 3. How do you rate the work of local councils? | 2,4          | 21,4    | 30,7           | 45,5             |

Source: authors own research.

Age structure of the population surveyed was as following: 19.0% of respondents under the age of 30 were polled, from 30 to 40 years old - 26.6%; 40 to 50 years old - 28.2% of rural residents; between the ages of 50 and 60 — 14.3%; over 60 years old - 11.9% of citizens. The largest proportion of respondents falls in the age group of 30-40-50, which is characterized as middle age and has a significant potential and positive ability to perceive new ideas.

Based on the answers to the questionnaire, 79.1% of respondents own real estate; and 20.9% of the respondents do not posses it. The presence or absence of own real estate is one of the indicators of human integrity in a particular community, which determines the
degree of its interest in the settlement development.

The degree of income satisfaction shows that only 14.3% of the respondents are satisfied with their income; 28.6% of respondents indicated the average income level (enough to live); 47.6% of citizens are not satisfied with their income; 9.5% of respondents admitted that they live in debt. In general, based on the answers received, it is necessary to indicate the low level of income of the interviewed inhabitants of rural areas.

The biggest problem of communities is: the socio-economic component, which is indicated by 38.3% of the rural population; the demographic problem is dominant in the responses of 26.4% of respondents; 23.8% of the interviewed residents indicate the problems of educational and cultural character; and 11.5% of respondents define environmental problems. The question, being included to the questionnaire, allowed to identify the problems, rural areas residents are mostly concerned about, in order to identify them and to find the best ways to solve them on the basis of social entrepreneurship initiatives.

On the questionnaire, the notion known as "social entrepreneurship", a positive answer was given by 57.1% of the respondents; 42.9% - negative. This testifies to the lack of information on a given type activity in a significant part of the population and the appropriateness of establishing a communication interaction between local authorities and villigers regarding the prospects and directions of social entrepreneurship development.

According to the survey, 58.7% of respondents would prefer the social entrepreneurship; 23.8% chose a negative answer; it is difficult to determine for 17.5% of respondents. Such results give grounds for concluding that recently there has been an increase in demand for a consumption culture, a characteristic manifestation of which is the consumers study not only of qualitative characteristics of the product, but also the social component. This becomes another argument for the development of social entrepreneurship, which will help an entrepreneur to occupy a certain market niche and clients, solving a number of socio-economic issues (Popovych & Baranova, 2017); Smachylo, Khalina & Kylnytska, 2018).

59.8% of the respondents replied positively to the questionnaire on the need for social enterprise development within a certain territory; 14.1% of rural inhabitants consider its development not to be necessary; it is difficult to determine for 26.1% of the respondents. Based on the answers, the majority of respondents see an objective need for shaping the preconditions for the development of social entrepreneurship; at the same time, there is a part of citizens who do not have enough information about the indicated activity, and as a result, it is difficult for them to determine the answer. This proves the need for proper information support for the development of social entrepreneurship.

The proposed questionnaire for entrepreneurs contained a number of questions related to the consideration of a rural territory as a place for doing business, the study of the entrepreneur activity scope, its scale, and plans for business expansion. The main purpose of the survey was to identify the attitudes among this category of citizens in implementing the ideas of social entrepreneurship.

Entrepreneurs’ answers to the questionnaire questions (Table 2) indicate that most entrepreneurs consider rural areas as a place for business, in particular, 15.2% and 45.5% of respondents evaluate the territory to be "excellent" and "good" respectively. A significant part of respondents rate the work of local councils on the conditions of doing business as satisfactory (50.1%) and (29.6%) as good. This indicates the existence of some cooperation between local authorities and entrepreneurs, which is a positive signal, as it gives grounds to expect positive effects from business social initiatives.
Table 2. Entrepreneurs’ answers to the questionnaire

| Questionnaire questions                              | Excellent, % | Good, % | Satisfactory, % | Unsatisfactory, % |
|------------------------------------------------------|--------------|---------|-----------------|-------------------|
| 1. Assessment of rural territory as a place for business | 15,2         | 45,5    | 34,1            | 5,2               |
| 2. The effectiveness of local councils in terms of business conditions | 10,1         | 29,6    | 50,1            | 10,2              |
| 3. How do you generally evaluate the work of local councils | 14,2%        | 26,3%   | 40,8%           | 18,7%             |

Source: authors own research.

As a survey result of the activity fields of the polled entrepreneurs, the following was established: 34.1% of the respondents are engaged in trade; 10.2% of respondents are involved in industrial activities; 4,3% of the polled entrepreneurs are employed in public catering establishments; 3.8% deal with consumer services; 42.1% of respondents are employed in agriculture; 5,5% work in the sphere of tourism. The survey found that the largest share of entrepreneurs is engaged in agriculture, the number of people employed in trade is slightly lower, and the smallest share belongs to entrepreneurs involved in providing services (household services, catering, tourism).

It is worth mentioning the example of research of 600 European social enterprises, which determined that the main areas of their work are: provision of social services – 16.7%, employment and training – 14.9%, environmental protection – 14.5%, education - 14.5 %, economic and social development and community development – 14.3%, culture, art and leisure – 7.1%, health care – 6.9%, housing provision – 2.7%; business associations – 2%, legislation, propaganda and politics - 1,6%, others - 4,7% (Svynchuk, 2014).

It is obvious that social entrepreneurship encompasses those sectors that are necessary for the harmonious development of rural areas. The respondents’ answers regarding revenue volumes were distributed as follows: the amount of revenue up to 300 thousand is characteristic for 68.6% of the polled; from 300 thousand to 1.5 million UAH - for 15.5%; from 1.5 million to 5 million - for 10.8%; more than 5 million - 5,1%. As the research data show, most of the polled entrepreneurs are engaged in small businesses as individual entrepreneurs.

The wages offered by the entrepreneurship to the villagers are as follows: up to UAH 5,000 - paid by 40.5% of the respondents; UAH 5000-10000 - 50.1%; more than UAH 10,000 - 9.4%. It should be noted that the average wage in Ukraine in 2018, according to official statistics, amounted to UAH 11596, which is $ 414 (Site of Minfin, 2021).

80.6% of entrepreneurs consider a land plot to be enough for business; 15.1% – not enough; 4.3% of respondents did not use land resources for business.

The biggest problem of the community is recognized by the entrepreneurs as socio-economic – 35.6% of those polled; demographic – 24,8%; ecological – 13,9%; educational-cultural – 25,7%. It is these areas that can become promising to further expand the social entrepreneurial initiative.

On the questionnaire for business expansion plans, a positive response was received from 58.3% of respondents; negative – 39.4%; 2.3% – not determined. We associate a fairly significant percentage of entrepreneurs who do not want to expand business with legislative and economic reasons, as well as the lack of proper support from small agricultural producers, whose share in our survey is 42.1%.

According to the received data, 62.7% of polled entrepreneurs are engaged in charity while 37.3% are not.

On the question of the questionnaire whether the concept of “social
entrepreneurship” is known, an affirmative answer was given by 55.4% of respondents; 44.6% of respondents do not understand the concept, which creates a number of obstacles to the development of this type of activity. The survey on whether the respondents are ready to become social entrepreneurs revealed the following: an affirmative answer was given by 32.6% of citizens; 43.7% gave a negative response; it was difficult to determine for 23.7% of entrepreneurs. We believe that a category of respondents who are not determined about the readiness to become social entrepreneurs, as well as those for whom this activity is unknown (44.6% of respondents) need some intensified informational attention.

The reasons for the low level of distribution of social entrepreneurship in Ukraine are as follows:

1. Lack of sufficient professional information, both among the population and entrepreneurs;

2. Lack of clear legal definition of social entrepreneurship and mechanism for its functioning in Ukraine, which sometimes leads to abuse in this area and distorts its essence;

3. Passivity and marginalization of the inhabitants and the entrepreneurial environment in relation to social initiatives.

4. Low living standard, economic culture and economic thinking of citizens.

Conclusions

The results of survey generally shows that the rural population is loyally perceiving social entrepreneurship as a type of activity and is ready to give preference to consumption to such entrepreneurs. An entrepreneurial opinion poll suggests that a significant number of them are not ready for such initiatives today, although a large number of respondents do not have information on this activity, which hinders its further development.

The directions of further research are seen in the deepening of the study of social entrepreneurship and its ideas locally, based on the interaction of people and specific environmental problems, the study of legal aspects of the phenomenon, the feasibility of state incentives for social entrepreneurs, the development of the market of social services, in which the state will act as a customer of social services from entrepreneurs.

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