

ПУБЛІЧНЕ УПРАВЛІННЯ ТА АДМІНІСТРУВАННЯ

УДК 351.84:334.722::364.016

THE CONCEPT OF PUBLIC MANAGEMENT FOR SOCIAL ENTERPRISES IN UKRAINE

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Purpose. The paper purpose is to develop a model of public management for social entrepreneurship in the context of ensuring public support for social enterprises and the creation of appropriate infrastructure.

Design/methodology/approach. In the course of the research, general scientific methods of analysis were used: formal, logical, and comparative; general methods: abstraction and generalization, idealization, analogy and modeling methods; as well as empirical methods: secondary sociological analysis, analysis of regulatory documents; institutional, inductive and deductive approaches were applied.

Findings. The subject of the study is the mechanisms for public management of the social entrepreneurship. The relevance of the research is determined by the urgent need to create a full-fledged market of social services in the country with the aim of attracting national enterprises in it. Given the fact that authorities of the State are not able to provide high-quality social services today, it is important to involve non-state non-profit organizations and private business to the social welfare sector, while ensuring comprehensive follow-up support. That is why the creation of appropriate infrastructure for the development of national social oriented business is of critical importance in the current circumstances.

Therefore, the mission of state authorities in this context is to enforce and develop the effective model of the cooperation and interaction between the state and the socio-entrepreneurial sector with a view to provide support to it and to contribute to its development. As a result the steps to ensure a favorable institutional environment for social enterprises in Ukraine are proposed.

Research limitations/implications. The paper determines the concept of social enterprise and identifies criteria for social entrepreneurship. A model of public management for social entrepreneurship is developed.

Originality/value. Such knowledge will help to attract the non-profit sector as well as private business to the social sector, which in turn will contribute to the social stability in the country. Further research on the development of social oriented business is significantly actualized considering current unstable political and economic situation, since the social stability of society is a prerequisite for the successful functioning of the state.

Keywords: *social entrepreneurship, social enterprise, social needs, public management, state assistance.*

Problem setting. One of the most progressive trends of modern entrepreneurial activity is socially oriented entrepreneurship, which is

increasingly becoming the subject of today's scientific research in various fields of economy and management.

The non-profit sector is traditionally one of the inalienable resources of the country's economic development but at the same time – the most vulnerable one.

Moreover, it is exactly the social stability of society that is one of the main indicators of the successful functioning of the state.

That is why social enterprises are to be of concern to the State, which has to place a full-fledged market of social services and actively introduce innovative forms of social assistance.

Recent research and publications analysis. Analysis of recent studies and publications devoted to the issue, found it's extremely relevance. There is an urgent need to investigate and to develop different forms of public support of social entrepreneurship.

Numerous scientific research, articles, original publications, dissertations and monographs of scientists and practitioners from Ukraine and near or far abroad are dedicated to the paper objective. Among them: O. Amosov [2], L. Bukharina and A. Suchkov [3], Z. Halushka [7], V. Hura and N. Ihnatovych [8], O. Kuchmieiev [11].

Certain provisions relating to the subject occur in the academic writings of western scientists: S. K. Alter [1], R. Dart [4], J.G. Dees [5], G.L. Keohane [9], J. Kickul and Thomas S. Lyons [10], J. Mair and I. Marti [12], Weber, C., A. Kröger and C. Demirtas [14] and others.

However, most of the scientists focused on the analysis and the determination of the qualifying features of socially oriented entrepreneurship, its prerequisites and consequences.

At the same time the issues of state strategies towards the establishment of mutually beneficial interaction and good communication between the public authorities and social enterprises have not been well investigated.

Accordingly the subject requires more research, considering its urgent importance.

Paper objective. The general paper objective is the theoretical analysis of approaches to the definitions and features of socially oriented

entrepreneurship in the context of development of public support for social enterprises and the creation of appropriate infrastructure.

The specific paper objectives are:

- to determine the concept of social enterprise;
- to identify and to formulate criteria for social entrepreneurship;
- to develop a model of public management for social entrepreneurship.

Paper main body. The transition towards a market economy is turning out to be at the root of the regional and local budgets' financial inability to maintain a huge social infrastructure.

This universally leads to a substantial budget deficit and, as a result, to social tension.

Therefore, challenges facing modern society are ripe for the introduction of new progressive "entrepreneurial" technologies to be solved, taking into account the fact that the state increasingly manifests itself as an ineffective institution to guarantee entirely social welfare.

Effective development of the social sphere is possible today provided that the social and entrepreneurial activities both state institutions and non-profit organizations are formatted and developed, as well as a stable system of state regulation of the social and entrepreneurial sector is introduced.

The content of social entrepreneurship is achievement both economic efficiency and fast-growing and increasingly diversified social needs: ensuring social, cultural and economic rights of citizens, poverty alleviation, social exclusion prevention and unemployment combatting, the revival of cultural traditions and national heritage, responsible use of natural resources, the introduction of patriotic education, popularization of traditional values and the institution of the family, the development of sport and healthy lifestyles, etc.

There is no common definition for social entrepreneurship as well as for social enter-

prise, their scope and content in the international legislation.

That is why no agreed definition exists of what constitutes a social enterprise in the domestic law of different countries.

Nevertheless, a clear understanding of the essence of social entrepreneurship has occurred in most countries as a consequence of the steady and continual growth of the relevant scientific interest and intensive research, economic and social impact of enterprises.

Moreover, operationalization of social activities by large and small companies in both domestic and foreign markets along with the legal settlements on social entrepreneurship in different countries all over the world have been conducive to the maturation and development of today's one of the business main-streams.

According to the legislation and research studies of most European countries, social enterprise is a unique type of modern business different from for-profit enterprises, traditional non-profit organisations and other social economy entities on the ground of the primary and distinct social purpose.

Thus the concept of social entrepreneurship includes three main dimensions [6, P.11; 13, P.3]:

an entrepreneurial dimension (with earned income generated by the sale of goods/services on the market, including through public contracting);

a social dimension (the pursuit of an explicit social aim and delivery of products/services with a social connotation);

a governance dimension (accountability, participation and transparency).

Table 1

The concept of social enterprise

An entrepreneurial dimension	A social dimension	A governance dimension
Engagement in continuous economic activity	A primary and explicit social purpose	The existence of mechanisms to 'lock in' the social goals of the organisation
<i>Distinctive features</i>		
<i>differ from traditional non-profit organisations</i>	<i>differ from for-profit enterprises</i>	<i>differ from for-profit enterprises and non-profit organisations</i>
<ul style="list-style-type: none"> ➤ generates some form of self-financing; ➤ not necessarily engaged in regular trading activity 	<ul style="list-style-type: none"> ➤ aimed at realizing social ideas; ➤ has social, economic and political relevance 	<ul style="list-style-type: none"> ➤ is independent i.e. has organisational autonomy from the State and other traditional for-profit organisations; ➤ is characterised by participatory or democratic decision-making processes; ➤ have limits on distribution of profits, giving priority to the social aim over profit making

Furthermore, other distinctive features characterizing social entrepreneurship should be recognized (fig.1):

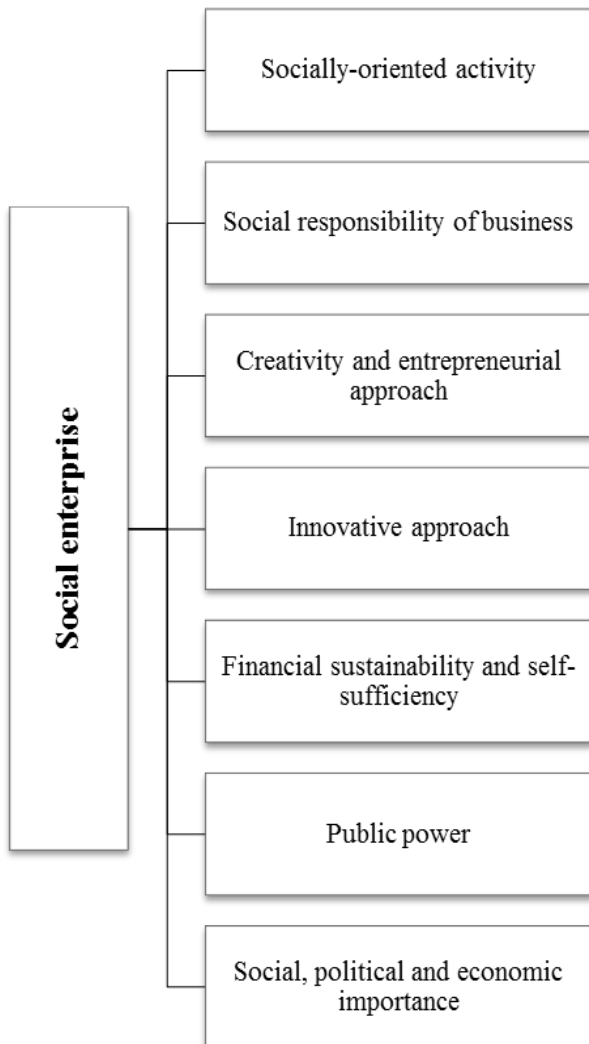


Fig.1. Criteria for social entrepreneurship

Socially-oriented activity – targeting at promoting social or/and environmental needs;

Public power – the ability to influence the external environment through the use of public authority mechanisms;

Social, political and economic importance – the opportunity to participate in the process of socio-political transformations in the state through the solution of socially important issues;

Social responsibility of business – certainty regarding the obligations to create a favorable social environment;

Creativity and entrepreneurial approach – the ability to generate and develop ideas in the course of entrepreneurial activity that positively influence society and regulate its challenging issues;

Innovation (innovative approach) – the possibility of introducing new, unique ideas, approaches and resources towards social sector;

Financial sustainability and self-sufficiency – the ability to solve socially-significant problem issues on income (surplus) deriving in the course of commercial activities.

Based on the above, the social entrepreneurship can be defined as an innovative socio-economic entrepreneurial activity that combines a social mission with a view to achieve the economic efficiency of the organization and is aimed at addressing or alleviating the social problems through the application of public and corporate power mechanisms on terms of self-sufficiency and financial sustainability.

In this way, the specific character of socially oriented entrepreneurship lies in the duality of its essence: on the one hand, the social enterprise acts as a mean of social impact on the process of social and political transformations in the same extent as on the state as a whole; on the other hand – it is a business solution to numerous social problems.

In one way or another, the state is directly interested in the social enterprise, which actually assumes a part of the functions and responsibilities of public authorities.

The experience of foreign countries has proved that social entrepreneurship is able to fulfill certain social and economic functions of the authorities, indeed, in certain circumstances, is even more effective mechanism for solving social problems, than state power. The effectiveness of fruitful cooperation between the state and social enterprises is possible only if the fundamental guidelines are correctly identified. First and foremost, the purpose and principles of interaction, strategic priority areas and forms of mutually beneficial cooperation should be marked (fig.2).

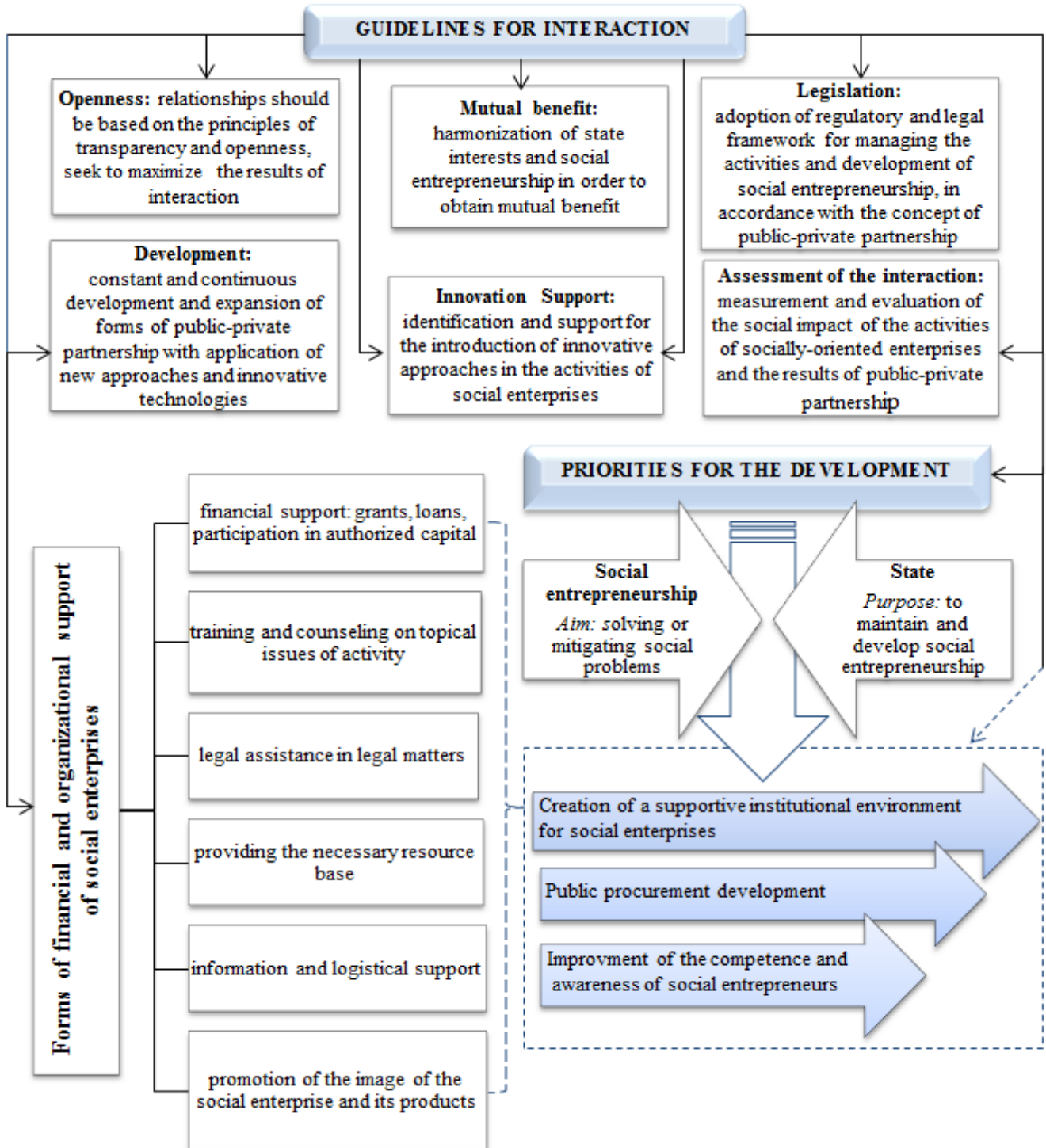


Fig.2. Model of public management for social entrepreneurship

Today, state support for social entrepreneurship and the creation of appropriate infrastructure is a common practice in developed countries.

At the same time, the theory and practice of state regulation still lacks the conceptualized

mechanisms of the state's interaction with social entrepreneurship and the corresponding institutional environment. This is currently the situation in Ukraine, where legal regulations pertaining to the social entrepreneurship need to be improved, as there are no special laws that regulate

the social activities of commercial enterprises. Accordingly, in Ukraine today, there is no legal definition and interpretation of the concepts of “social entrepreneurship” and “social enterprise”.

An urgent need in this regard is the adoption of the Law on Social Enterprises No. 10610 dated June 14, 2012 by the Parliament of Ukraine – The Verkhovna Rada, which will enable Ukraine to create an institutional basis for the functioning of social entrepreneurship.

Accordingly, the tasks of public administration in this context are the enforcement and development of an effective model of the relationship between the state and the socio-entrepreneurial sector with a view to provide support to it and to contribute to its development.

Conclusions of the research.

The analysis of the current state of the socio-entrepreneurial sector of the economy of different countries (including Ukraine) makes it possible to distinguish three main priority directions to implement public policies in the area of social entrepreneurship:

First, the main challenge at the current stage is to ensure a favorable institutional environment and appropriate infrastructure for social enterprises, which implies:

- Adoption of the legislative framework;
- Establishment of appropriate public agencies and institutions, implementing public policy on promoting and supporting social entrepreneurship;
- Creation and development of financial infrastructure.

Second, a major step towards social entrepreneurship on the part of the State is the development of a public-private partnership institution involving socially-oriented enterprises to participate in trial competition for the performance of public procurements.

This issue acquires particular relevance at the initial stage of social entrepreneurship in the country where the State often acts as social enterprises' only customer.

Thirdly, it is necessary to apply a systematic approach in complete and comprehensive solu-

tion to the question of competence of social entrepreneurs.

Experience from different countries suggests that social entrepreneurs are more aware of social priority issues than the state.

On the other hand, they do not always have a clear understanding of how to address these issues and to apply business skills.

Accordingly, the function of the state in this context is to provide consultative and informational assistance to the social entrepreneurship sector as much as possible.

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ПРОБЛЕМНІ ПИТАННЯ ДЕРЖАВНОГО РЕГУЛЮВАННЯ СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА В УКРАЇНІ

Метою статті є розробка моделі державного управління соціальним підприємництвом в контексті забезпечення суспільної підтримки соціальних підприємств і створення відповідної інфраструктури.

В ході дослідження застосовані загальнонаукові методи аналізу: формально-логічний, порівняльний (порівняльно-правовий); загальнологічні методи: абстрагування та узагальнення, ідеалізації, аналогії та моделювання; а також емпіричні методи – вторинного соціологічного аналізу, аналіз документів (аналіз нормативно-правових документів), застосовані інституційний, індуктивний та дедуктивний підходи.

Предметом дослідження є механізми державного регулювання соціального підприємництва.

Актуальність дослідження визначається необхідністю створення повноцінного ринку соціальних послуг в країні з метою залучення до неї національних підприємств. З огляду на той факт, що державна влада сьогодні не в змозі забезпечити надання високоякісних соціальних послуг населенню в повному обсязі, важливо залучати недержавні некомерційні організації та приватний бізнес до соціальної сфери, гарантуючи їм при цьому всебічну підтримку.

Саме тому, з урахуванням сучасних обставин, створення належної інфраструктури для розвитку національного соціально-орієнтованого бізнесу має вирішальне значення. Тому місією державних органів у цьому контексті є впровадження та розробка ефективної моделі співпраці та взаємодії між державою та соціально-підприємницьким се-

ктором з метою надання підтримки та сприяння його розвитку.

У результаті пропонуються кроки для забезпечення сприятливого інституційного середовища для соціальних підприємств в Україні.

В роботі визначені поняття соціального підприємництва та його критерії. Розроблено модель державного регулювання соціального підприємництва.

Отримані знання допоможуть залучити некомерційний сектор, а також приватний бізнес до соціальної сфери, що, в свою чергу, сприятиме соціальній стабільності в країні.

Подальші дослідження з розвитку соціально-орієнтованого бізнесу значно актуалізуються з урахуванням нинішньої нестабільної політичної та економічної ситуації, оскільки соціальна стабільність суспільства є обов'язковою передумовою успішного функціонування держави.

Ключові слова: соціальне підприємництво, соціальне підприємство, соціальні потреби, державне управління, державна допомога.

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ВОПРОСЫ ГОСУДАРСТВЕННОГО РЕГУЛИРОВАНИЯ СОЦИАЛЬНОГО ПРЕДПРИНИМАТЕЛЬСТВА В УКРАИНЕ

Целью статьи является разработка модели государственного управления социальным предпринимательством в контексте обеспечения общественной поддержки социальных предприятий и создания соответствующей инфраструктуры.

В ходе исследования применялись общенаучные методы анализа: формально-логический, сравнительный (сравнительно-правовой); общелогические методы: абстра-

гирование и обобщение, идеализация, методы аналогии и моделирования; а также эмпирические методы: вторичного социологического анализа, анализ нормативно-правовых документов; применены институциональный, индуктивный и дедуктивный подходы.

Предметом исследования являются механизмы государственного регулирования социального предпринимательства.

Актуальность исследования определяется необходимостью создания полноценного рынка социальных услуг в стране с целью привлечения в нее национальных предприятий. Учитывая тот факт, что власти государства сегодня не в состоянии обеспечить предоставление высококачественных социальных услуг населению в полной мере, важно привлечь негосударственные некоммерческие организации и частный бизнес в социальную сферу, при этом гарантируя им всестороннюю поддержку.

Именно поэтому, с учётом сегодняшних обстоятельств, создание надлежащей инфраструктуры для развития национального социально-ориентированного бизнеса имеет решающее значение.

Соответственно, миссия государственных органов в данном контексте заключается в обеспечении и развитии эффективной модели сотрудничества и взаимодействия между государством и социально-предпринимательским сектором в целях оказания поддержки и содействия его развитию. В результате предлагаются меры по созданию благоприятной институциональной среды для социальных предприятий в Украине.

В работе определено понятие социального предпринимательства и его критерии. Разработана модель государственного регулирования социального предпринимательства.

Полученные знания помогут привлечь некомерческий сектор, а также частный бизнес в социальную сферу, что, в свою очередь, будет способствовать социальной стабильности в стране.

Дальнейшие исследования по развитию социально-ориентированного бизнеса значи-

тельно актуализируются с учетом нынешней нестабильной политической и экономической ситуации, поскольку социальная стабильность общества является обязательной предпосылкой успешного функционирования государства.

Ключевые слова: социальное предпринимательство, социальное предприятие, социальные нужды, государственное управление, государственная помощь.