

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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**CONCEPTS OF SOCIAL
 ENTREPRENEURSHIP:
 INTERNATIONAL ASPECT**

**КОНЦЕПЦІЇ СОЦІАЛЬНОГО
 ПІДПРИЄМНИЦТВА:
 МІЖНАРОДНИЙ АСПЕКТ**

Urgency of the research. The activity of social enterprises extends practically to all types of activities - from production to social services, nature conservation, resource saving, etc., so it is important to study the specifics of their development, taking into account their functioning in different parts of the world.

Target setting. Activating the development of social entrepreneurship in Ukraine requires a deep and thorough study of the specifics of the development of social entrepreneurship abroad.

Actual scientific researches and issues analysis. A number of scientists were engaged in research and identification of concepts of social entrepreneurship, namely Grishina Y. S., Defourmy J., Young D., etc.

Uninvestigated parts of general matters defining. The main and additional features of the American and European concept of social entrepreneurship are defined.

The research objective. The purpose of this article is to identify and generalize the characteristics of the two main concepts of social entrepreneurship: American and European.

The statement of basic materials. The article shows that the processes of formation and development of social enterprises are influenced by the features of social and economic and cultural development, the traditions of doing business, self-organization of the population in solving public problems, and caused the emergence of two basic concepts of social entrepreneurship: American and European, that are, basic views and understanding of social entrepreneurship in the US and Europe.

Conclusions. As a result of the conducted research, the characteristic features of each of the considered concepts of social entrepreneurship are defined.

Keywords: social enterprise; social entrepreneurship; concept.

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Urgency of the research. The activity of social enterprises extends to practically all types of activities - from the industrial sphere to social services, nature conservation, resource-saving, etc. That is why it is important to study the peculiarities of their development according to the view of their functioning in different parts of the world.

Target setting. The intensification of the development of social entrepreneurship in Ukraine requires a deep and robust investigation of the peculiarities of the development of social entrepreneurship abroad.

Актуальність теми дослідження. Активність соціальних підприємств розповсюджується практично на всі види діяльності - від виробничої сфери до соціальних послуг, охорони природи, ресурсозбереження тощо, саме тому важливим є вивчення особливостей їх розвитку з огляду їх функціонування у різних частинах світу.

Постановка проблеми. Активізація розвитку соціального підприємництва в Україні потребує глибокого та ґрунтовного вивчення особливостей розвитку соціального підприємництва закордоном.

Аналіз останніх досліджень і публікацій. Дослідженням та виокремленням концепцій соціального підприємництва займалися ряд науковців, а саме: Гришина Я. С., Дефурні Дж., Янг Д. та ін.

Виділення недосліджених частин загальної проблеми. Визначено основні та додаткові риси американської та європейської концепції соціального підприємництва.

Постановка завдання. Мета даної статті полягає у виокремленні та узагальненні характеристик двох основних концепцій соціального підприємництва: американської та європейської.

Викладення основного матеріалу. В статті показано, що на процеси формування і розвитку соціальних підприємств впливають особливості соціально-економічного і культурного розвитку, традиції ведення бізнесу, самоорганізації населення у вирішенні суспільних проблем, що і обумовило виникнення двох основних концепцій соціального підприємництва: американської та європейської, тобто основних поглядів та розуміння соціального підприємництва у США та Європі.

Висновки. У результаті проведеного дослідження визначено характерні риси кожної із розглянутих концепцій соціального підприємництва.

Ключові слова: соціальне підприємство; соціальне підприємництво; концепція.

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Analysis of a recent research and publications. The investigation and singling out of concepts of social entrepreneurship appears to be in the field of a great number of scholars, such as: Gryshina Ya. S., Defourny J., Young D. and others.

The research objective. The purpose of this article is to single out and summarize the characteristics of the two main concepts of social entrepreneurship both American and European.

The statement of the basic materials. Formation of the American concept of social entrepreneurship took place in such socio-economic conditions.

The need for solving major social problems in the United States at the beginning of the 20th century, when the system of a state social security was only at the stage of its formation, promoted the development of non-governmental non-profit charitable organizations. At the same time, long ago in the United States there were strong traditions of solving social problems on the basis of self-organization of the population. This has accelerated the processes of formation of organizations of the third sector of the economy and the further development of social entrepreneurship.

Organizations of the forerunners of social entrepreneurship in the United States began to emerge at the end of the XIX century (charity fairs, free evening classes for adults, etc.) [1; 2]. The basis for the development of social enterprises was non-profit organizations¹, which were created in the 1960's with the support of the state (the program "Great Society"). During the economic recession in the USA (1970-1980), these organizations exposed a significant reduction in funding at the federal level, which prompted them to seek alternative sources focused on the results of their own business [3]. This reorientation in the funding strategy has led to an increase in non-profit organizations that had implemented business projects in such areas as individual services, family services, vocational training, day care, museums, radio and television broadcasting, botanical gardens and zoos [3] and promoted to the formation of the idea of social entrepreneurship as a business with a social mission.

An important prerequisite for the emergence of social enterprises (SE) in the United States was the link of interaction cooperation between the profitable and non-profit organizations. Such cooperation took various forms, including corporate gifts and grants to non-profit organizations, sponsorship, royalty, etc. [3]. The rapid growth of civic self-awareness and civic self-organization [4] in the United States also contributed to the absence of a long-standing established social hierarchy and a rather high level of economic independence of citizens. This is confirmed by the functioning of tens of thousands of local community organizations that are not affiliated with the state or the ruling party [4]. On the other hand, the level of development of the social security system of the population, historically lower comparing with Europe, contributed to the formation of social entrepreneurship in the USA in the 1990s of the 20th century. One of the driving forces in this direction was the Harvard Business School's initiative in 1993 – "The Social Enterprise", which had a direct impact on the creation and development of leading universities (Columbia, Berkeley, Duke, Yale, New York) and a number of funds of training programs and support both social enterprises and social entrepreneurs. In the same period, the development of social enterprises in the United States was accompanied by their active financial support from non-governmental organizations, meaning various funds (for example, Foundation: Ashoka: Innovators for the Public).

Consequently, the American concept of social entrepreneurship suggests that a source of financing for the activity of the SE may be diverse external sources, but the accent is made on the profit use.

Nowadays, the characteristic feature of social enterprises in the United States is that some of them are redirected to corporate activities, since it is easier to attract external funding and control the balancing of their social function and business goals.

The formulation that in a market economy social problems and social services could be solved and provided by private business and non-profit organizations, that receive state support, would promote close cooperation between the public, business and non-profit sectors [1].

¹In Western economic literature, the term "non-commercial organization" is used as a synonym for the domestic definition "non-profit organization"

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The perception of social entrepreneurship in the American concept, primarily, in the context of a market economy, resulted also the insignificant level of its state support.

In the United States, today there are no special laws that regulate the activity of the Social Service. State support for the development of social entrepreneurship is mainly reduced to: "elimination of legal administrative barriers, legislative provision of preferential loans, development of social partnership between state organizations, business and non-profit sector", granting of preferences in the field of licensing and certification of social enterprises in such spheres as social service, education, medicine [5]. In the United States, active involvement of public authorities in the direct support of social enterprises is not practiced. At the same time, the Department of Social Innovations provides about \$ 2 million annually on support of the most promising innovative projects, including social enterprises. As of today, the issue of social enterprises as a component of the development of small and medium-sized businesses is within the competence of the Small Business Administration.

Also, in the USA there are practically no state programs and strategies for the development of social enterprises. As an example of scientific and technical assistance to American social enterprises can be considered the program "Transit IDEA", which was carried out by one of the research centres and was financed from the US budget. Within the framework of this program, grants were allocated to social enterprises to study the economic feasibility of implementing social projects, to develop plans for their financing and technological support. Consequently, the American concept of social entrepreneurship does not provide special legislative support for the development of social enterprises. Currently, state regulation of their development is carried out within the existing regulatory and legal framework for small and medium-sized businesses.

In addition, the American concept of the development of social entrepreneurship does not include special mechanisms for state financing of social enterprises and the creation of special authorities, whose competence includes their maintenance. Functions for social enterprises supporting in the United States are laid on an extensive network of existing government agencies of the Small Business Administration. Instead, a variety of charitable organizations, venture philanthropists, business angels, influential investors, etc. play a key role in mainstreaming of social entrepreneurship development. Accordingly, the American concept of the development of social entrepreneurship is more "economizing" in terms of public spending and more market-oriented.

The basis for the development of social entrepreneurship in Europe was the intensification of the co-operative movement from the middle of the 19th century. Unlike business and non-profit organizations, co-operatives are created primarily by individuals in order to meet their own economic, social and other needs on the basis of self-government. In the early 20th century, cooperatives have already played an important role in solving the social problems of European countries.

Along with the development of the cooperative sector in all European countries, there are charitable and other non-profit organizations in the sectors of health care and social services. Gradually, the state begins to take over actively the implementation of social functions on itself (laws are adopted in the field of social insurance, social security, and the relevant state institutions are created). Strengthening the role of the state in social protection of the population, which became the benchmark for most European countries, significantly limited the influence of associations, cooperatives, mutual insurance to solve social problems.

Nevertheless, in the 70s of the 20th century, gaps of state social security were revealed in the context of slowing economic growth, a deficit of the state budget, and chronic structural unemployment (about 40% of the unemployed). At the same time, European countries reacted differently to the economic challenges of that time. So, Belgium, France, Germany and Ireland in the 80's of the 20th century deployed a program of "secondary labour market" aimed at reducing unemployment, which envisaged the integration of the unemployed in the labour market, the implementation of which was attended by non-profit organizations.

In Scandinavian countries, with a rather high level of social protection, non-profit organizations did not participate in solving the problems of unemployment, and the majority of them carry out their activities in the field of recreation and culture. However, the Scandinavian countries are characterized by a developed cooperative movement (working and agricultural cooperatives).

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The relatively low level of public spending on social services in the United Kingdom was offset by the active activities of the non-profit sector, which was mostly financed by business organizations. In the 1980s Great Britain began to implement actively the quasi-model of social security in the 1980s. Its specificity was that the state retained the functions of financing and regulation of social services, and their provision on a competitive basis could be carried out by state organizations, non-profit and business organizations [6].

The share of social spending in the budget structure of the southern European countries (Spain, Italy, Portugal) is lower compared to other European countries. It explains the small number of non-profit organizations in these countries. At the same time, these countries have been historically characterized by strong cooperative traditions, which served as the basis for the development of social enterprises and determination of their legal status. In the 90 years in Italy, Portugal and Greece the first social enterprises emerged; laws were adopted to support enterprises established in the form of a cooperative. In particular, the first legal act - the "Law on Social Cooperatives", which regulated the activities of social enterprises was adopted in Italy in 1991 [6].

Gradually, in European countries, social entrepreneurship was institutionalized and began to receive state support [2]. Significant attention, however, was paid to the promotion of the creation of social enterprises focused on the social and labour integration of the disabled (social integration labour enterprises - work integration social enterprises).

State support of social enterprises for the European concept provides for appropriate regulatory and institutional provision. European countries adopt normative legal acts regulating the activity of social enterprises or promoting their creation. Laws are adopted that either establish a certain organizational form for such a type of enterprise ("On Social Cooperatives" Act (Italy, 1991)) or define the category of "social enterprise" and its criteria (Act 4019 / 30-9-2011 "On Social Economics and social enterprises" (Greece)), or according to which public authorities should focus on the prior involvement of social enterprises in the procurement process (The Public Services (Social Value) Act (Act "On Public services (social values)")).

In most European countries, there are either central authorities (Permanent Social Economy Meeting in Poland), whose function is to regulate the development of social entrepreneurship, or such functions rely on already existing government bodies in the field of economics (Department of the Third Sector under the Cabinet of Ministry of UK).

Local authorities are involved to support social enterprises. Local authorities provide to SE renting premises at preferential prices, consultations on legal or financial issues, etc.

Also, the European Union (EU) provides funds to finance social enterprises, for example, in Poland such enterprises received from the European Social Fund resources within the framework of the Sectoral Operational Program of Human Resources Development 2004-2006.

Implementation of the state policy of supporting social entrepreneurship is reflected in the state programs of its development. To date, active work in this area is being conducted in European countries. The successful steps taken by the UK to develop social entrepreneurship is the adoption of the following documents: "Social Entrepreneurship: A Strategy for Success", "Best Business: A Strategy and Action Plan for Social Enterprises in Scotland", which defined the goals of increasing the role of a social enterprise, opening markets for such enterprises, creation of integrated support of this sector, etc.

In the most European countries, the state plays a leading role in the development of social entrepreneurship: the adoption of special legislative acts relating to the activities of social enterprises; their development is institutionalized; programs for the development (support) of social entrepreneurship were developed and have been implementing (Tab. 1).

Generalization of the European experience of state support for social entrepreneurship points to the fact of variety options for such maintenance. However, it is possible to single out their common features:

- the existence of a legislative and regulatory framework which regulate the issues of the functioning of entities of social entrepreneurship and their state support, such as: in the field of legal definition of the activities of social enterprises, in the field of taxation of social enterprises, in the field of partici-

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pation of social enterprises in public procurement, in the sphere of state financial assistance to social enterprises, in the sphere of organizational and legal forms of SE;

- development and implementation of state programs system of support of social entrepreneurship (national, regional, local);
- the presence of government agencies and organizations that ensure the implementation of state support for social entrepreneurship;
- distribution of support functions between central, regional and local authorities;
- interaction of public authorities of various levels with NGOs, social organizations focused on social entrepreneurship, associations and associations of entrepreneurs themselves (Social Enterprise UK in the United Kingdom).

Table 1

Components of state support for social enterprises in Europe

<i>Parameter</i>	<i>Characteristic</i>
Legislation	"On Social Cooperatives" Law (Italy, 1991) "On Social Economy and Social Enterprises" Act 4019 / 30-9-2011 (Greece) "On Social Cooperatives" Act (Poland, 2006) "The Public Services (Social Value)" Act (UK, 2012)
Central Authorities	Department of Social Innovation at the Ministry of the Interior; Department of the Ministry of Trade and Industry; Department of the Third Sector under the British Cabinet of Ministry (UK) STALA Konferencja Ekonomii Społecznej - SKES (Permanent Meeting on Social Economy in Poland)
Development / Support Programs	At the national level: empresas de inserção in Portugal, enterprises d'insertion and associations intermédiaires - France, social economy programs in Ireland, and social enterprises in Finland. At the regional level, such state programs as enterprises d'insertion, enterprises de formation formation for the travail and sociale werkplaatsen in Belgium, and empresas de inserción in Spain
Strategy of development	Strategy for "Social Entrepreneurship: A Success Strategy", "Best Business: A Strategy and Action Plan for Social Enterprises in Scotland" (UK)

Source: created by the authors based on [4; 7]

Models of social entrepreneurship on the criterion of the state role in its development are proposed by domestic scholars V. I. Udoudova and V. I. Shapoval [8]

- 1) the model of Northern Europe (Belgium, the Netherlands, Norway, Sweden) is characterized by active support of the state;
- 2) models of the USA, Canada, Japan aimed at regulation of the enterprise level, use of charity;
- 3) the model of Central Europe (Austria, Germany, France) is distinguished by targeted social programs and business projects;
- 4) The United Kingdom model involves significant social investment.

At the same time, the authors themselves indicate that gradually the difference between these models is decreasing.

Considered American and European concepts of social entrepreneurship, although are based on the same interpretation of the essence of social entrepreneurship as a business activity that envisions to solve social problems, but have significant differences.

Firstly, it applies to the context in which social entrepreneurship is considered:

- in the USA it is considered in the context of a market economy (as an entity that carries out its activities on the basis of self-repayment, whose results are aimed at creating a common weal);
- in the European concept of social entrepreneurship, SE is considered from the standpoint of the social economy, the key result is social, and the business result is considered as complementary.

Secondly, the context of the view on SE shifts also focus of their activities:

- in the American concept - the priority is to earn profit;
- in the European concept – the benefits for society.

Thirdly, the differences in the focus of activity also determine the differences in the structure of funding sources of SE:

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- in the American concept, the main source of financing is the profit of the activity of the SE, and additional sources are external sources of funding;

- in the European concept, the share of profits of the activity of the enterprise in the structure of the sources of its financing does not have crucial significance in case of referring to SE. The key aspect is the focus on solving social problems.

The American and European concept of social entrepreneurship also varies according to the level of state support for this group of enterprises:

- American concept is characterised by negligible influence on the development of social entrepreneurship;

- European concept, conversely - the development of social entrepreneurship involves active state support on the basis of the corresponding legislative, institutional, program-targeted and financial-credit provision.

Studying the experience of functioning SE in the US and European countries allows us to distinguish such additional features of the American and European concept of social entrepreneurship (Fig. 1).

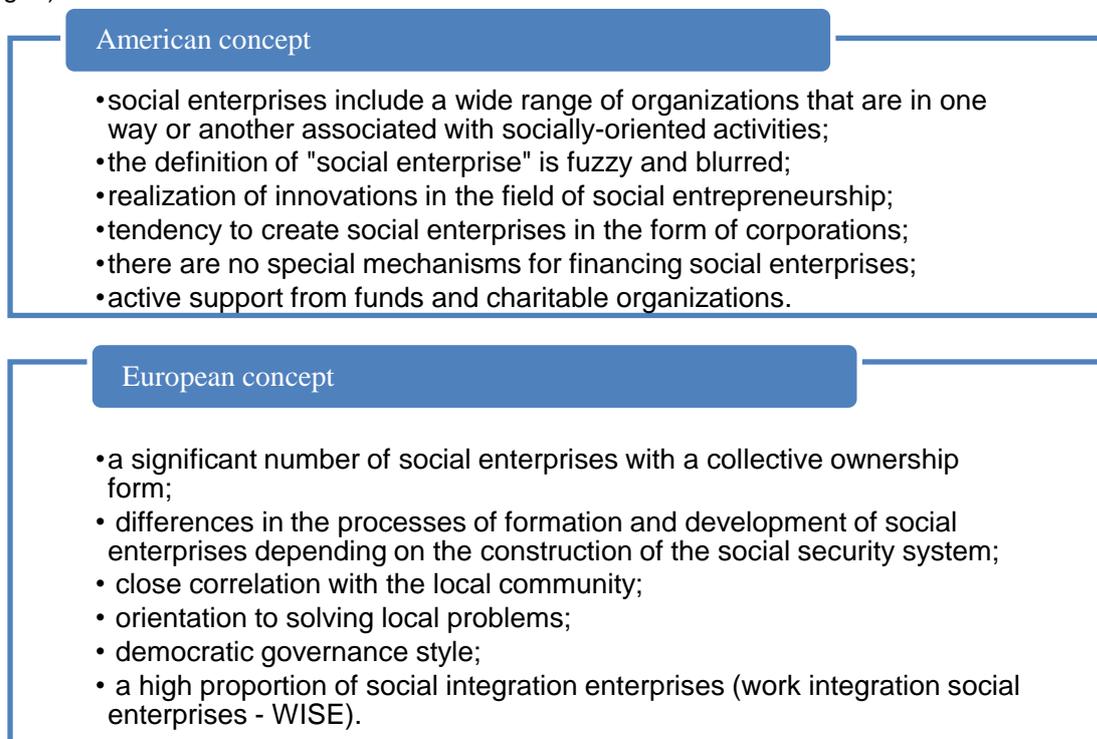


Fig. 1. Characteristics of social entrepreneurship concepts

Source: created by the authors based on [1; 2; 9]

Conclusions. The peculiarities of the socio-economic development of the USA and the countries of Western Europe led to the formation of two concepts of social entrepreneurship. In the American concept, a social enterprise is considered as a business organization focused on solving social problems. In the European concept, the key result of social enterprises is social, and the business outcome is considered as complementary.

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