

**POSSIBILITIES AND LOCALIZATION OF SOCIAL ENTREPRENEURSHIP  
DEVELOPMENT IN UKRAINE**

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**Abstract.** *The presence of a large number of social problems and vulnerable populations in Ukraine forces us to look for new and innovative approaches to solving them. The use of commercial approaches in the social sphere is a worldwide trend that has proved positive in many countries, given its financial sustainability and significant social impact. Social entrepreneurship, as one of the new hybrid organizational forms, which involves the use of business methods to solve various social problems.*

*A social enterprise differs from other enterprises in that its social effect is a deliberate result, not a by-product of activity. The social goals are enshrined in the statute and are binding. Profit from business activities is allocated to the achievement of social goals. The assessment of social and economic impact is a factor in the development of social entrepreneurship and the involvement of donors and investors. Promoting social entrepreneurship will help overcome paternalistic perceptions of social problems in society. The new trend of social entrepreneurship is manifested in various forms: corporate social responsibility, venture philanthropy, investment impact, etc. This trend is increasingly known as the «fourth sector of the economy».*

**Keywords:** *social entrepreneurship, social enterprise, financial aid, startup, incubator, accelerator, economic and social impact.*

**JEL classification: L26**

**UDC 338.22-029(477)**

**Introduction**

Since 2015 social entrepreneurship (SE) in Ukraine began to develop more actively as a forced reaction of society to the deteriorating socio-economic situation. The SE is becoming more widespread in Ukraine due to its ability to solve social and economic problems.

The creation and development of social enterprises is linked to needs that cannot be fully met by the state at present for various reasons (the most urgent of these are overcoming unemployment, strengthening social protection and reaching vulnerable populations). For EU, the motivation for creating a social enterprise is the ability to diversify funding, reduce their dependence on donor funds, and be more autonomous in making decisions about spending directions.

Methodology of work - general and special methods of scientific cognition were applied in the work: system analysis and synthesis, deductive and inductive methods, methods of analogies, generalization and comparison, table method.

The results of the work - the criteria that clearly define and separate social entrepreneurship from traditional businesses are justified and applied. The types of social enterprises by organizational and legal form, regional location, sectoral affiliation, social purpose are analyzed. The ways of ensuring the sustainable development of social enterprises and the sequence of stages of evaluating the effectiveness of the results of their activity are suggested.

**Analysis of recent researches and publications**

Significant contributions to the development and analysis of problems associated with the development of social entrepreneurship have made scientists S. Alward, G. Dees, B. Drayton, J. Kikal, T. Lyons, J. Mayr, I. Marty, M. McLean, A. Predo, F. Sprekley and others. Among the Ukrainian authors who study the problems of social entrepreneurship, we can mention the works of Z. Varnalii, Z. Galushka, O. Kireeva, V. Udodova, V. Shapoval and others. Socially oriented business activity in

Ukraine requires further study of new organizational forms, development of innovative and commercial ways of solving issues in the social sphere and their practical implementation.

**Paper`s objective** is to find out the essence of the concept of social entrepreneurship, to study its characteristics, significance and state of development in Ukraine.

#### **The main body of the academic paper**

In essence, SE is defined as a business that solves social problems in communities. The purpose of which is to achieve economic and social impact. SEs are denoted by three letters P: Profit - profit (business), People - people (society), Planet - planet (environment), which indicates the self-sufficiency of the enterprise in the resources used for its own reinvestment and social investing. International and domestic experience shows that there are no better alternatives to solving social problems than entrepreneurial activity, since this type of activity has a double effect: profit enhances the quality of life of the population and ensures the viability of the enterprise by reducing the need for ongoing financial assistance. A social enterprise differs from other enterprises in that its social effect is a direct result, not a by-product of activity. This means that social goals must be enshrined in the company's charter. Another difference between social enterprise and ordinary business is the distribution of profits. This criterion specifies how profit will be distributed from business activities according to social goals. In Ukraine, they identify corporate social responsibility (CSR) with SE. The main purpose of socially responsible entrepreneurship is to create a product or service and make a profit, with social impact being an additional aspect, the relevance of which is determined by the decision of management. For a social enterprise, social impact is its essence and a necessary component.

Since 2015 the SE is developing more actively in Ukraine, which is a community action to worsen the socio-economic situation. In 2013. 41 social enterprises operated, 2016–2017. 150 social enterprises. Social enterprises are created to solve the problems of unemployment, social protection and integration of vulnerable groups into society. However, Ukraine lacks a single clear definition of SE in the legislative and professional fields. The Social Business Directory defines a social enterprise as an organization (regardless of its legal form) that solves social and / or environmental problems. The key criteria for affiliation of an organization to a group of social enterprises are [2]:

- employment of vulnerable populations (such as ATO veterans, IDPs, persons with disabilities, rural residents, etc.);
- the profit from the activity is wholly or partly directed to support the statutory activity of a public association, charity, charitable foundation;
- profits are wholly or partly spent on financing certain types of services for socially vulnerable groups.

Such an approach and definition are limited only by the social component and do not take into account that a social enterprise is an independent business entity created under the law to produce products and provide services to meet social needs and profit. This is the component attracted by organizations and foundations that provide financial support to business projects with the potential to achieve social impact.

Taking into account the above approaches, SE can be defined as entrepreneurial activity aimed at solving social problems at the expense of income from own activity. Forming a proper understanding of the concept of "social entrepreneurship" in Ukraine will open new perspectives for effective cooperation of entrepreneurs with organizations and foundations providing financial support.

Lack of resources in the state budget and financing of the social sphere on a residual basis forces people and communities to become more active and to seek innovative approaches to solving their problems, so SE develops more quickly than a certain reaction to the difficult economic situation. The use of business approaches in the social sphere is being applied worldwide and no alternative has been found so far. If the local governments make a comfortable environment for doing business, including social ones, there will be an effect of scale: the filling of the local budget will increase, the level of unemployment will decrease, the welfare of the whole community will increase.

The economic consequence of social entrepreneurship is an increase in aggregate economic efficiency, since it attracts resources that were previously unsuitable: vulnerable groups, waste of production and livelihoods, and their various combinations [1].

According to the Catalog of Social Enterprises, in 2017 The most common sectors of activity in Ukraine were: rehabilitation of vulnerable categories of population (18%), agricultural production and marketing (15%), sales of goods (charity shops, on-line sales, hand-made) (14%), food industry and catering establishments (12%), garment production (8%), educational services (7%), ecology (4%), health care (4%), tourism (3%). But often social enterprises are not limited to one industry, but operate as multidisciplinary or combined enterprises [2].

The choice of industry depends on the requirements of time and development of the business environment. With decentralization in local territorial communities, there is a need to purchase social services. The most promising are enterprises whose activities are aimed at meeting the needs of the state in providing social assistance. The number of information technology (IT) businesses is growing significantly due to the demand for IT solutions, in particular in the public and public service sectors.

An important classification feature of social enterprises is their social purpose, as it distinguishes them from ordinary profitable enterprises and business projects. Social enterprises focus their efforts on achieving several goals at the same time, but the most actively social enterprises work on employment of socially vulnerable groups (61%). generating profits to support the activities of the organization (53%), generating profits to support services for certain populations (40%), generating profits for the nansuvannya certain types of services (27%) [2].

The chosen line of business and the social purpose of the social enterprise often influence the decision to choose the form of profit sharing. This criterion specifies how profit from a business is distributed according to social goals. In Ukraine, the most common options are:

➤ All profits are reinvested in business expansion. This approach is inherent in social enterprises created by people from socially vulnerable categories for self-help and employment, as well as cooperatives aimed at improving the quality of life of the community. In Europe, such enterprises are referred to as WISE (Work Integration Social Enterprise) and are supported by the authorities because they perform two important functions: 1) provide social services to clients (who are also employees); 2) enable representatives of vulnerable groups to earn their living independently and not feel dependent on state aid. Often, such social enterprises are not profitable because they cannot compete with traditional businesses, but, if available, create additional jobs for the employment of even more people from vulnerable populations [4].

➤ Part of the profit is reinvested, part goes to social goals. Such distribution is characteristic of social enterprises created by public organizations and charitable foundations. A portion of the profits earmarked for social purposes is transferred to a non-governmental organization or charity fund that spends money to achieve social impact. This variant of profit sharing is the most widespread in the world, as it contributes to the development of the commercial component and to greater social effect. The proportion of profit sharing can vary depending on factors such as competition, inflation, market conditions, price, cost, tax system, and more.

➤ All profits go towards achieving social impact. This approach is used by social enterprises, mostly created by the tandem of the GO-PRIVATE ENTREPRENEUR (GO-LLC), when the NGO provides certain means of production (premises) for commercial activity to the use of the PRIVATE ENTREPRENEUR (or private enterprise), instead all profits are returned to the public organization. This type includes almost all charity shops, which have different legal forms and transfer profits to social projects (their own or that of other organizations).

By organizational form, the most common social enterprises are LLCs (25%), private entrepreneur (15%), Enterprises units (13%), agricultural cooperatives (11%), joint social enterprises EU / PRIVATE ENTREPRENEURS and EU (14%). By duration of activity, social enterprises operate from 1-3 years (48%), 4-9 years. (29%), over 10 years. (23%). The number of employees is mostly small enterprises up to 5 people (56%)%, 6-10 people (19%), 11-50 people (16%), more than 50 people (9%). The largest number of social enterprises are in northern (43%), in particular in Kyiv (20%), and in the western regions of the country (27%). There are no social enterprises only in Rivne region [2].

Table 1.: Number of social enterprises in the regions of Ukraine in 2017.

<b>Region</b>	<b>Number</b>	<b>Region</b>	<b>Number</b>
Vinnitska region	4	Mykolaivska region	5
Volinsk region	1	Odessa region	3
Dnipropetrovsk region	6	Poltava region	9
Donetsk region	8	Rivnenska region	0
Zhytomyrska region	5	Sumy region	2
Zakarpatska region	8	Ternopil region	3
Zaporizhzhya region	8	Kharkiv region	7
Ivano-Frankivsk region	2	Kherson region	4
Kiev region	8	Khmelnitsky region	3
Kirovogradska region	3	Cherkasy region	6
Lugansk region	5	Chernivtsi region	5
Lviv region	15	Chernigiv region	5

Source: [2].

The creation and development of social enterprises is linked to the perceived need to solve social problems.

A problematic issue remains the access to finance needed to create and develop social enterprises. The market is full of financial support for development from various organizations, which is directed to the development of the joint venture. In practice, the amount of aid is often limited to startup funding and is no longer earmarked for further development. Financial assistance is provided for a clearly defined activity and does not meet real and often unforeseen needs. Ukrainian social entrepreneurs have limited access to credit, investment and funds from private companies. This is due to ignorance of the investment field and the inability to find contacts to collaborate in the business environment. Most of them do not have development strategies, financial and marketing plans.

For the successful development of social enterprises, it is very important to support them at the stage of developing a business model and launching a startup. This is what incubators and accelerators provide. They specialize in preparing and launching social enterprises. Incubator is an organization whose activity is aimed at providing social enterprises with the necessary knowledge, skills and tools to transform an idea into a business model. Accelerator is an organization that aims to support social startups and prepare them to receive investments during growth and scaling. In Ukraine, the functions of incubators and accelerators are similar, and the services they provide do not differ. The main task is to create an attractive investment product or service with start-ups. The main services offered by incubators and accelerators are business skills development, mentoring support and networking.

Incubators and accelerators in Ukraine are [2]:

- Impact HUB Odessa offers incubation programs, consulting services, is a venue for educational events and networking.
- The Ukrainian Social Academy offers programs for future leaders and social entrepreneurs.
- 1991 Open Data Incubator - Ukraine's first nonprofit incubator that helps turn open government data into real startups that provide services to Ukrainian citizens, businesses and government agencies.
- Greencubator develops an ecosystem of sustainable entrepreneurship, low-carbon innovation and a green economy in Ukraine and Eastern Europe.
- SILab is a school of social entrepreneurship, a joint initiative of Chasopys Creative Family and the Ukrainian Philanthropists Forum.
- YEP - a network of academic business incubators that provide business education for young people with a view to developing the entrepreneurial ecosystem of Ukraine.

- YEI - a youth entrepreneurship incubator designed to bring together creative young people's initiatives and support the development of their business projects.

Most Ukrainian incubators and SE accelerators work only at the expense of grants, which does not ensure their sustainability and does not contribute to systematic work.

Corporate business incubators are developing in Ukraine. Big business gets access to innovation, outsourcing R&D costs to solve technical problems, and the ability to acquire innovative companies and technologies. Startups gain access to the market and large customers, the ability to test products, attract expertise, feedback and advice from industry experts and mentors, and the ability to commercially launch a product in partnership with a key industry player. Examples of such incubators are [2]:

- Radar Tech18 is a technology cluster that integrates industry-leading corporate accelerators such as Agro, Telecom, Fintec, Energotech.
- Agrohub19, which positions itself as a collective influence organization, supporting the implementation of agribusiness innovations through fairs of ideas and hackathons, resulting in short pre-acceleration programs or long-term corporate acceleration programs to implement more technological solutions in agricultural companies.

Most incubators and accelerators in the world operate on the basis of institutes and universities, as interesting innovative projects are mostly initiated by student youth. In Ukraine, the potential of higher education institutions is being used to a limited extent. There are incubation programs at higher education institutions [2]:

- Metropolitan Andrey Sheptytsky Center of Ukrainian Catholic University, where UCU's Center for Entrepreneurship started operating.
- Polyteco is a youth IT business incubator that operates on the basis of the Science Park of the National Technical University of Ukraine "Igor Sikorsky Kyiv Polytechnic Institute".
- Start-up Business Incubator KNU is a youth business platform based at Taras Shevchenko National University of Kyiv, which specializes in creating favorable conditions for startup projects of young scientists and students of KNU.

Recruitment of incubation / acceleration program participants occurs through the announcement of the contest on official websites and social media. The main criteria for selecting participants in the program are an innovative idea, motivation to develop and scale it, having a team, professionalism (technical skills) and a willingness to exercise social influence. The duration of the programs offered by Ukrainian incubators / accelerators is two to six months (1-3 months of intensive training and 1-3 months of support). The result of such programs is a business plan, which is an application for start-up funding in the form of a grant. Incubators and accelerators are an important part of SEs in Ukraine. The quality and quantity of social enterprises depend on their further development.

In Ukraine, financial support for the development of social enterprise is provided primarily by international donor organizations through the implementation of technical assistance projects. Donors who have provided significant support for the development of SEs in Ukraine over the last decade include USAID, the United Nations Development Program (UNDP), the governments of Germany and the United Kingdom. They provide financial resources to overcome socio-economic challenges, develop capacity at the individual, institutional levels. The programs include training for individuals who want to start a social enterprise, train coaches and mentors to provide further support, develop and print information materials, events to promote the SE idea, and provide seed funding or access to preferential credit. The amount of start-up funding in the form of a non-repayable grant is typically between \$ 500 and \$ 10,000; loan size - from \$ 10,000 to \$ 100,000 for a maximum term of three years [2].

State support for the joint venture has become available in Ukraine. A striking example is the Ukrainian Donetsk Kurtul, a regional program of support for small and medium-sized businesses, which was implemented by the Donetsk Regional State Administration in 2017. It gave the entrepreneurs of Donetsk region a chance to grow their business and to create new market niches: entrepreneurs received grants up to 500 thousand UAH. on their projects. Today, on average, four jobs are created during one project. Total during 2017: 136 projects were implemented for a total amount

of UAH 31.9 million, 50% of funding was provided from the regional budget and 50% from the local budget. For 2018, financing of UAH 340 million is planned, including UAH 140 million from the regional budget and UAH 200 million - from the budget of the State Employment Service. Local budgets are required to provide funding of 30% of the total grant.

A type of social investment in Ukraine is crowdfunding platforms, both Ukrainian (for example, the Common Idea Platform, the Ukrainian Charity Exchange) and foreign (Kickstarter, GlobalGiving, Firstgiving). Crowdsourcing is a method of collective funding based on voluntary contributions. For example, the Kickstarter-supported SolarGaps project, Ukrainian startups in education, tourism, and the environment, such as ZELENEW, WOWkids, EdEra books, Mobile Technology Studio, WordArt, etc., are supported through Community Cost. An interesting example of crowdfunding is the Urban Space 100 public restaurant in Ivano-Frankivsk, created by hundreds of individual investors, each contributing \$ 1,000 and co-owning the restaurant. Urban Space 100 was opened on December 27, 2014. The restaurant operates and generates revenue, 80% of which goes to community initiatives and projects. The restaurant's founders make decisions about which projects to support. The idea of creating a restaurant belongs to the platform "Warm City", which was searching for founders and launching a restaurant. Today, Warm City is working on an Urban Space Global program that involves opening similar restaurants in other cities on a social franchise. The first such restaurant was the Urban Space 500 in Kiev, opening in December 2018.

There is an increasing interest from investors and donors in supporting social business. Sustainability of a social enterprise and its potential to increase profits are very important. Even if funding is provided to a non-profit organization, having a sustainability strategy is still a prerequisite for obtaining it. According to investors, even grants should lead to a profitable business. Otherwise, it is not a social enterprise, but a non-profit organization.

An obstacle to providing financing to investors is that Ukrainian social entrepreneurs are not sufficiently financially literate, prefer grants, do not have a system of measuring results and social impact. Investors are interested in break-even and growth potential of social projects, so it is important for them to be able to turn funded projects into profitable business models. They want to invest in powerful businesses with strong teams that can implement their business ideas.

The SE organization includes entrepreneurs, business associations, corporations, donors, foundations, social investors, incubators, accelerators, higher education institutions, organizations providing intermediary and research services, government bodies, territorial communities, mass media. SE in the development stage of Ukraine, so it is difficult to assess the effectiveness of its operation. Social enterprises are not part of the network of traditional companies and corporations and often cannot apply for a contract for certain jobs and services because of their low competitiveness. There is no effective interaction between the participants of social entrepreneurship.

It is necessary to organize professional and cultural events among social entrepreneurs regarding possible ways of obtaining financing, the distinction between grants and investments, explaining the essence of non-repayable and return investments, the basics of lending, etc. Personal meetings between SE subjects at thematic conferences, events, and sessions are indispensable. It is important to invite foreign social entrepreneurs, foreign social investors and mass media to such events. An important element of effective interaction between the participants of the SE is social videos, conducting activities among the population to clarify the essence of the SE and build trust in it. It is important to study and disseminate information about successful social business projects that will help attract new investments.

A systematic monitoring and evaluation of the definition of social impact is needed. Currently, social impact is determined at the case-by-case level rather than the overall impact of social enterprises at country level. The social enterprises that have received the grants report to the donors on certain indicators without really determining the social impact on society as a whole. At the enterprise level, only the number of assisted persons and the financial results of the activity are recorded. There is no single accepted toolkit for assessing the efficiency of an enterprise in terms of economic and social benefits. The introduction of tools for measuring social impact will allow to determine the efficiency of the enterprise, will help to find potential investors.

It is suggested to evaluate the effectiveness of social enterprise performance in such a sequence [3].

The first step is to identify measurement entities that are dependent on stakeholders who have different interests in economic and social performance. The following entities are interested in the economic results of social enterprise activity:

- the state: the growth of the country's GDP and the increase in the state budget revenues through payment of taxes established by the current legislation;
- local self-government bodies: improving employment rates and the employment of socially vulnerable groups; increase in local budget revenues through tax payments;
- social enterprise owners: interested in the financial results of the activity, as it is the basis of development for the achievement of social goals;
- Employees: The economic interests of employees of a social enterprise are linked to wages and other types of financial incentives;
- Consumers of products: interested in purchasing products (goods, works, services) of appropriate quality at a lower than market price;
- market infrastructure organizations (banks, suppliers, credit unions, investment funds, etc.): interested in improving the financial performance of a social enterprise, if it uses their services.

Accordingly, the objects of measuring the economic results of social enterprise activity will be: the volume of production and sales of products (goods, works, services); product quality and price; taxes; pay; fulfillment of obligations undertaken to market infrastructure organizations; the employment rate of the population; financial results of operations, etc.

The object of measuring social outcomes can be: pay; working conditions; occupational safety; participating in local community issues; impact on the environment; raising the level of well-being of employees; consumer benefits in terms of price reduction, quality improvement; availability of products (goods, works, services); labor integration of beneficiaries; socialization of beneficiaries; psychological adaptation of beneficiaries depending on the specific activity of the social enterprise.

The second step is the definition of performance metrics - that is, the formation of a set of metrics that meet the capabilities of measuring a particular object.

The first group - cost indicators, with their help to measure the volume and structure of resources that a social enterprise uses in its activities. These include the amount of financial resources spent, the number of staff involved, the amount of equipment needed to carry out the activity, and so on.

The second group - indicators of volume (or product), measure the volume of services provided, the product produced, the work performed. Depending on the specifics of social activity, the following indicators may be: the number of beneficiaries, the volume of production of goods or the number of services provided, the number of types of services or range of goods, etc.

The third group is the result indicators designed to assess the quantitative or qualitative changes that have occurred in clients (consumers) as a result of social enterprise activity. These are usually attributed to the number or proportion of people who have improved their social status.

The fourth group - quality indicators, reflect the degree of satisfaction of the recipient with the goods or services according to their purpose. For each social outcome, these indicators are specific, which can be a reduction in the time to wait for service, the number of complaints, etc.

Fifth group - performance indicators that characterize the relationship between the resources expended and the volume of goods or services produced. These indicators are also specific, but most often use indicators of the cost of services per beneficiary, the number of beneficiaries per employee of a social enterprise, time spent per employee to service one beneficiary, etc.

The sixth group - performance indicators - is measured by the ratio between the resources consumed and the results obtained. For example, financial expenses per person who have had a positive change in their social status.

The seventh group - impact indicators - characterize the positive changes in social indicators at the local community, city or region level.

For each of the groups of indicators a benchmark should be established, ie specific values of quantitative indicators, as a rule these are the target values of social enterprise performance indicators within the planning period.

The third stage is the identification of sources, the collection and processing of information. It is necessary to determine the main sources and methods of gathering information for calculating the selected indicators. Sources of information in the process of measuring the performance of a social enterprise are the documents of its financial and statistical reporting, the results of special surveys, information on the results of the activities of other similar enterprises, the results of questionnaires, interviews.

The fourth step is to calculate metrics, compare their values with a specific base, and get "feedback". The actual values of the calculated indicators are compared: with the planned; established standards (if any); indicators of the previous period; indicators of other similar organizations (if possible); with mid-market metrics. Social enterprise activity directly or indirectly affects a wide range of stakeholders, so it is advisable to receive suggestions, comments and questions about the evaluation results from them.

The fifth step is to evaluate the results of comparison and decision making. Based on the analysis, management can make the following decisions regarding the activities of the social enterprise: change nothing and continue the activity; adjust the goals of the activity; review performance; develop activities to improve performance.

Evaluation results are used to improve internal organizational and economic mechanisms, to present the desired results to stakeholders, to inform the public about the main achievements of a social enterprise, to improve the quality and competitiveness of goods and services, to improve existing or develop new projects, and so on.

Social enterprises need to use evaluation mechanisms to improve their operational efficiency; design and produce products and services that create greater social impact; ensure the transparency of its activities in accordance with the requirements of investors and other stakeholders. Impact measurement is an important tool to track - mission commitment, investor income, and donor confidence.

Impact assessment increases funding, enables reliable investment; win tenders / contracts, strengthen the image and build up the "brand" of the social enterprise; report to stakeholders; make more informed decisions.

In addition, the following factors must be considered in developing and implementing the methodical approach to assessing social enterprise performance: developing an effective evaluation system requires considerable time and resources, as well as appropriate staffing skills; information about the results of the evaluation should be used to make management decisions, not just for reporting; the performance appraisal system should be simple and easy to apply. Employees' awareness of the goals and results of the social enterprise helps to increase its effective activity.

In the process of performance appraisal, a social enterprise may face risks: taking into account the interests of a large number of stakeholders and a wide range of activity goals can complicate the appraisal system with a large number of indicators, which in turn can lead to significant resource costs and reduce the efficiency of such a process; the presence of indirect results of activity; delayed manifestation of results of activity; insufficiently defined goals; specificity of the results of the activity, which is manifested in the limited possibility of their quantitative measurement, difficulties in measuring the social effect (not all activities are quantifiable, especially in the sphere of services).

The importance of evaluating the performance of a social enterprise is due to the fact that it will facilitate the effective planning of the activity of such enterprise, as well as enable the potential investors to calculate the future performance of the social enterprise, the amount of potential income and control the efficiency of use of invested funds. For employees and beneficiaries, monitor whether the social enterprise's activities are in line with the stated purpose. For local governments - to make an objective decision on the advisability of promoting a particular social enterprise. For the social entrepreneurs themselves, the evaluation of the activity of the enterprise is the basis for optimization of further activity and helps to demonstrate its advantages for attracting investors.

### **Conclusions**

Most social economy entities in Ukraine are community organizations that solve community problems. Social enterprises focus their attention on achieving social, environmental or social goals rather than earning a profit, so their funding needs differ from traditional businesses. The social investment market in Ukraine is developing spontaneously, and traditional investors are not ready to invest in social enterprises. As a consequence, donors are the main source of funding for social enterprises, especially at the stage of their creation. Donor resources are very important for supporting start-ups, promoting the idea of social entrepreneurship, responding quickly to social challenges related to employment needs and providing services to vulnerable people. Grants give you the opportunity to create a social enterprise, get start-up capital, and build basic business skills for teams. At the same time, the availability of donor resources and their accessibility lead to the fact that supported social enterprises neglect the need to maintain their sustainability, oppose themselves to the business community, do not reach the level of self-sufficiency and cease their activities after the grant is completed.

Social investment in Ukraine is generally underdeveloped. There is no system of mutual funds that deals with this system, there are individual social investors, but the investment is chaotic. International investors are not interested in coming to Ukraine because they do not see strong teams and attractive business opportunities that can compete in international markets.

The main problem for social entrepreneurs is their lack of knowledge in the basics of business, marketing, management, accounting and so on. A social enterprise must be successful, sustainable and competitive in the social investment market, enabling it to function and grow. The ability of entrepreneurs to turn funded projects into profitable business models is important. Investors want to invest in powerful businesses with strong teams that can implement their business ideas.

Promotion of the SE will help to overcome paternalistic perception of social problems in society, activate and involve citizens and business in solving them, more active interaction in the triangle "state - civil society - business", formation of business "with meaning". It is necessary to ensure regular interactive personal communication and networking, continuous peer-to-peer training, exchange of experience, meetings of funding organizations with social enterprises. Businesses, successful startups, government and media need to be involved. Participation in such regular meetings of partners from other countries will help attract external investment in Ukraine. Assessment of social and economic impact is the motivator for the development of the joint venture and attracting new donors and investors.

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**Received:** 16.12.2019

**Reviewed:** 23.12.2019

**Accepted to publishing:** 30.12.2019