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**SOCIAL ENTREPRENEURSHIP AS AN INNOVATIVE AND  
INFORMATIONAL TOOL OF SOCIAL SECURITY**

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**Abstract.** *Social entrepreneurship as an economic phenomenon allows focussing on solving important social problems, creatively combining and implementing social and business approaches to simultaneously achieve a social and economic mission. The result of the effective functioning of social enterprises is the solution of pressing problems of employment, support for socially vulnerable categories of citizens, their adaptation to public life, the provision of social assistance and support for people with disabilities, and then allows for the provision of better and timely social benefits and services to the population under the conditions of acute shortage of budgetary resources. Unlike other types of economic activity, social entrepreneurship harmoniously combines the effective functioning of business structures and improvement of the quality of life of the population.*

**Keywords:** *social entrepreneurship, information support, social project, traditional entrepreneurship, social assistance.*

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## **Introduction**

Social entrepreneurship as an economic phenomenon allows focussing on solving important social problems, creatively combining and implementing social and business approaches to simultaneously achieve a social and economic mission. The result of the effective functioning of social enterprises is the solution of pressing problems of employment, support for socially vulnerable categories of citizens, their adaptation to public life, the provision of social assistance and support for people with disabilities, and then allows for the provision of better and timely social benefits and services to the population under the conditions of acute shortage of budgetary resources.

Against the background of these problems, economic and social issues are aggravated, namely: the growth of inflationary processes, the decrease in the level of real wages, pensions, social benefits for the population, financing of the social sphere according to the residual principle, and so on. Under these conditions, the idea of social entrepreneurship attracted the attention of many scientists, practitioners, public organizations, entrepreneurs, becoming a new paradigm of entrepreneurial thinking, and intensified social initiatives.

In many countries of the world, the practice of cooperation of social enterprises (SE) with state organizations at both the national and local levels is based.

## **Literature Review**

Currently, there is no single, unified, and generally accepted definition of social entrepreneurship. Based on the study, four approaches to its determination are substantiated.

The first approach is generalized and broadside, its essence lies in the fact that social entrepreneurship is understood as an activity, the end result of which is the achievement of social goals. According to this approach, it can be both a traditional business with a social component, and non-governmental profitable and nonprofit organizations (Bacq, S., & Eddleston, K.A. (2018)).

The third approach is innovative (Hlady-Rispal, M., & Servantie, V. (2018)). Its essence lies in the interpretation of social entrepreneurship as an innovative method of solving social problems. A special feature of this approach is the highlighting of the innovative component of the activity and, accordingly, the involvement of social enterprises introducing innovations. In addition, limiting those that don't introduce them. This approach is rather one-sided and excludes social enterprises, which are an investment source of financing of the social sphere without using innovations (Urban, B., & Kujinga, L. (2017)).

The last approach is a problem-oriented approach, advocated by Muralidharan, E., & Pathak, S. (2018). According to this approach, social entrepreneurship is an activity whose social results are aimed at solving the problems of a particular social group of citizens (people with disabilities, internally displaced people, people with drug or alcohol addiction, and others) (Reuber, A.R., Knight, G.A., Liesch, P.W. , & Zhou, L. (2018)).

Thus, the presence of several approaches indicates that social entrepreneurship combines many different aspects of the activities of organizations and is a relatively

new, not yet fully explored concept. Comparing the approaches considered, it is worth saying that they all provide for a social orientation in the enterprise activity. The difference between them is to determine the extent of its functioning.

### Methods

The general scientific, special methods of scientific knowledge have been used in the work. System analysis and synthesis, deductive and inductive methods, the method of analogies and generalizations have been used in the study of the essence of the concept of “social entrepreneurship”. When studying the experience, methods of comparison and generalization have been used.

### Results

Social entrepreneurship has the same criteria as traditional entrepreneurship, in particular such as: financial independence; initiativity; innovativeness; large scale; risky character. At the same time, specific features are inherent in it, in particular: priority of the social goal; reinvestment of profits in the development of a social enterprise; openness and transparency of activities and public reporting. A necessary element of social entrepreneurship is the organization’s mission, which clearly indicates what social value the enterprise will generate, as well as the measurement of this value.

**Table 1. The main differences between social entrepreneurship, charity, and traditional business (systematized by the authors)**

Criteria	Social enterprise	Charitable organization	Traditional business
<b>Purpose of the activity</b>	Solving social problems	Providing support and assistance to vulnerable groups of the population	Receiving a profit
<b>Sources of financing</b>	Funds of SE participants, profit from own activity, grants, microfinance	Grants from international foundations and organizations, donations	It does not depend from external funding sources
<b>Distribution and use of profits</b>	Profit is reinvested or funded in certain social projects	It does not make a profit	Profit distributed among shareholders

For traditional enterprises, effective activity is measured by the amount of profit it receives at the end of the reporting period. A social enterprise whose social value cannot be determined is not such. In the mission of the organization, together with an indication of the purpose of the activity, the criteria for its evaluation are indicated. This may be the number of people whom the enterprise helped, the amount of funds that was aimed at solving social problems, or the number of products that have certain utility parameters.

As a conclusion, one can say that the SEs are not limited in the choice of the direction of its activity but most of them are focused on activities in the most significant areas of public life.

One of the distinguishing features of the SE is the presence of a specific goal and purpose, the achievement of which will have a positive effect for solving a specific social problem: unemployment reduction, support of vulnerable groups, cultural development, information support (consulting, free training), etc. In addition, quite often there is a combination of several types of activities to deepen the efficiency of the enterprise and quickly achieve its goals, which, in our authors' opinion, is most effective (for example, a restaurant whose profit is aimed at providing financing for social projects, and employees are people with physical disabilities).

The most common activities are selling goods of own production, employing representatives of vulnerable groups and supporting social, cultural, and/or sports events, projects, programs. Separate enterprises carry out unique types of activities for SE: providing consultations, means of production, repeated financial assistance, etc.

Table 2 presents a comparative description of the activities of social enterprises in the EU and the USA.

**Table 2. Comparative characteristics of social enterprises in the EU and the USA**  
(systematized by the authors)

EU countries	USA
Emphasis on collective ownership or management of social enterprises by members of a community or company.	Emphasis is made on individual management, having a leader, finding innovative and unique ways to solve social problems.
A special role is played by democratic governance, shareholder participation in the distribution of profits and the presence of supervisory boards.	Absence of specific regulations and requirements regarding the legal status and methods of management of the social enterprise.
The main goal: achieving a social mission (especially in Italy and Poland), and not making a profit. SEs exist through subsidies, donations from religious institutions, and grants.	The main goal is to make a profit that will allow continuing investing in the social sphere in the future.
The activities of the SEs have a local impact on the provision of public services, are characterized by a small number of types of services, focused on a specific branch of the social sphere, in particular, on which the state has reduced budget funding.	The activities of SEs have a global impact on the provision of public services, are characterized by a large number of types of services, focused on the whole social sphere, and don't depend on the amount of budget financing.

Thus, at the present stage, the activity of the SEs extends to various components of social life, however, more attention is focused on the employment of vulnerable groups of the population, because this makes it possible for such persons to realize themselves, supporting the country's economy. In the authors' opinion, this trend is the most objective and justified, because with the intensive development of social enterprises, this approach will reduce not only the unemployment rate in the country, but also reduce the total amount of unemployment benefits and, as a result, will lead to an increase in budget revenues. Consequently, the state will allow citizens to sustain themselves and take a step towards sustainable economic development and social security.

The activity of the SEs is measured not so much by the amount of profit received, as the degree of achievement of the social effect.

Thus, all subjects of financial relations are interested in the effective functioning of the SEs: the state, legal entities, and individuals - founders of social enterprises and citizens who are provided with social services or various kinds of assistance.

In particular, the state's interest is manifested through replenishing the budget when paying various types of tax payments (from income, property, resources) by legal entities and individuals during the functioning of the SEs, reducing the costs of local budgets for social benefits and services and directing the released funds to other important areas of economic activity of administrative territorial units, ensuring employment of the population, including persons with physical disabilities (handicapped persons). The interest of legal entities and individuals in the functioning of the SEs is to solve the problems of the social nature of the territorial community and the self-assertion of the individual entrepreneur, to develop and introduce new ways to solve problematic issues in the form of a service or product.

Thus, social entrepreneurship provides a partial and dynamic solution to the acute problems of society. From the perspective of citizens - recipients of social services and benefits of functioning, the SEs are the key to material well-being or receiving high-quality social services from additional sources (except for local budgets).

### **Discussion**

Any enterprise starting its activity needs financial assistance or support; a social enterprise is no exception. In most cases, it needs financing throughout its activities since the main goal is to create social value, and not to receive profit.

One should consider the state financial support of social enterprises, which is provided indirectly by choosing other organizational and legal forms of business (public organizations, charitable foundations, other non-profit enterprises, business structures on a common and simplified tax system, etc.) due to the lack of legislative bases for the functioning of these enterprises. These are preferential taxation; interest-free or low-interest loans for the development of their activities; creation of favorable conditions for doing business by social enterprises and advertising their activities, goods, and services in the media and social networks of the Internet; assistance in attracting grants from international organizations.

### **Conclusion**

In the macroeconomic dimension, the performance of social enterprises can be measured by the level of decrease in general roughness and poverty indicators of the population, and at the micro level, social effects consist of easing the financial situation of certain socially vulnerable categories of citizens by increasing their well-being. Social enterprises using innovative resources that can create a real competitive environment and added value, which will contribute to the development of the country's economy.

Regarding the participation of the state in the activities of social entrepreneurship, it is advisable to combine different approaches (American and European) and, as a result, create a system in which there will be a balance of support for the activities of social enterprises from the authorities and their self-dependence.

Provided that all these opportunities are correctly and efficiently used, the activities of social enterprises over time will significantly reduce the expenditures of local budgets on the social sphere and help the community secure its own powers, reduce unemployment and thereby provide additional income to budgets of different levels. Social entrepreneurship will become an integral part of the country's economy.

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