

FEATURES



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Social Enterprising in Ukraine: **quo vadis?'**

The article will address the specific features of social enterprising in Ukraine, as well as provide an in-depth into local social enterprises' activities. Some considerations will be provided re: the training needs of local social work academics to enhance their curriculum with social enterprising.

How it Started

During last decades social entrepreneurship (SE) as a component of social development social work (Midgley & Conley, 2010) has become an important force in solving social issues, elimination of disproportions between social and economic development and achieving of sustainable development in different countries. Development of this new model of business becomes especially relevant in Ukraine, as it is a relatively young independent state (until 1991 it was a part of USSR) and it is yet at the stage of forming pervasive and efficient market economy, legislative base, as well as civil society institutes. In such socioeconomic situation many citizens are unprotected while facing global and local challenges. Thus it is very important to find and implement new efficient forms and methods to address emerging social issues (namely, unemployment, low level of living and others) like SE.

In fact, all the enterprises by the organizations of disabled people (with deaf impairments, blind and others) which have been working in Ukraine since 1991, according to the National Law 'On the Basics of Social Protection of Invalids in Ukraine' could be considered social ones. Additionally, civic society organizations, caring about diversification of the profits sources, used to create commercial projects or to become the founders of commercial organizations which, in their turn, transferred part of the profits to the founder. However, the phrase 'social enterprise' was not used in fact. Since 1994 the main providers of the SE concept in Ukraine were donor organizations, international projects and foreign funds which suggested Ukrainian non-profit organizations to apply basic principles of SE as one of the tools of their financial stability. Thus, since that social entrepreneurship has been considered in Ukraine as an entrepreneurship of not-

for-profit organization which profit is used for implementing organization mission statement or statute goals.

SE in Ukraine started its development on a system base (i.e., as a certain form of business) since 2004, when the UCAN program conducted a range of trainings and provided grants to civic organizations to establish social enterprises. Then the British Council hold an initiative in Ukraine in 2010 and successfully transferred its best experience of social enterprising. As the follow-up, it has created the Consortium 'Social Enterprise Development' which included itself, East Europe Foundation, PricewaterhouseCoopers in Ukraine, International Renaissance Foundation (and Erste Bank. The above consortium has implemented the international program on training and experience exchange in this area, supported establishing four social enterprising resource centres in different regions of Ukraine, provided grants and soft loans to social enterprises.

In February 2013 East Europe Foundation and DTEK (the privately-owned energy company) have launched the new social project aimed to create local economic development agencies in four oblasts and to disburse costs for social enterprises establishment and development. The activities would promote small business development and increasing the number of workplaces for vulnerable layers of population.

In Ukraine the notion and the core of SE itself have not been legalized yet. In some normative documents only few issues are mentioned related to SE. Use of the term 'social entrepreneurship' is purely tied up with donor programs. Currently the first steps are made to initiate its legalization in Ukraine. Thus, in April 2013 there was a draft Law submitted 'On Social Enterprises' to Parliament of Ukraine, but it was rejected due to the large number of significant comments to be considered.

The All-Ukrainian Resource Centre

To promote SE development in Ukraine, there has been the All-Ukrainian Resource Centre established at the base of the School of Social Work of National University of Kyiv-Mohyla Academy (SSW UKMA) in September 2012. The School provides permanent support to it with the staff, students, volunteers to ensure its enhanced activities and wide coverage of different stakeholders. The project itself has been implemented in cooperation with the civic organization 'Youth Centre on Social Sphere Transformation Issues 'Socium-XXI' established in 1998 by the graduates and lecturers of the SSW UKMA. Creating the Resource Centre was financially supported by the International Renaissance Foundation and East Europe Foundation.

The Centre covers the following four main areas of activities: 1) analytic (research of social enterprising in Ukraine and abroad; exploring the best SE practices; analysis of financing and training opportunities for SE); 2) information (creating and maintaining the web portal on SE; disseminating the studies and educating on SE; holding regularly the national forum for Ukrainian SE); 3) education and training (trainings and workshops, consultations and advice for SE; practice placements for students at SE; e-training via web portal); 4) cooperation (promoting SE amongst all the stakeholders; legal initiatives; support developing draft national strategy for SE development in Ukraine; international projects).

The special webplatform was created for the Resource Centre 'Social Initiatives' – 'Social Entrepreneurship in Ukraine' (<http://www.socialbusiness.in.ua/>). The first in Ukraine electronic database on social enterprises is placed at this web platform along with the updates on social enterprising

in Ukraine and relevant best practices. The first attempt was made by the Centre to collect data on SE in Ukraine and on training opportunities – below there are published by it resource guides.

The Current Profile of Social Enterprises in Ukraine

To analyze the situation with the SE in Ukraine and to disseminate the best practices within the country, in early 2013 there was the study conducted by the School of Social Work of the National University 'Kyiv-Mohyla Academy' and the All-Ukrainian Resource Centre for Social Entrepreneurship Development 'Social Initiatives'. The study was held within the frames of the Social Enterprise Development Project by the Consortium support.

The core criteria for respondents' selection was availability of the social enterprise features, non-dependently of the sizes of enterprise. Firstly, the activity should be profitable independently of the area and type of the organization activities (production or services). Secondly, the enterprise should have identified social aims which should be documented. Finally, democratic governance and reinvestment of profit into enhancement of activities and/or on achieving identified social goals should be present.

Contact details of social enterprises were provided by the All-Ukrainian Resource Centre for Social Enterprise Development 'Social Initiatives', some of the contact details were taken from the open sources. In total, 41 social enterprises from 12 regions of Ukraine returned the filled in questionnaires. Though, these are not all the social enterprises of Ukraine, however, based on this small sample, some general features of local social entrepreneurship might be analyzed.

While in-depth analyzing of the data presented, it should be mentioned that the enterprises engaged into production, cover the following areas of activities: souvenir production, light industry (clothes sewing), producing juice and agriculture products, development and design of devices and tools for special group of clients (for blind and deaf people), producing food. Such social enterprises mention as a commercial component selling goods at the market. Social goals of enterprises engaged into production of goods include work with such groups of people like disabled persons, women and children – home abuse survivors, children-orphans, pensioners, children-graduates of boarding schools. But for clearly identified groups, social goal of such enterprises include alcohol and drug abuse prevention amongst youth, creating workplaces for people who need social rehabilitation, planning and organization of public services and enhancing the cultural level of the community.

Those enterprises dealing with service provision are engaged into the following areas: education and personal development, micro financing, hippotherapy, selling second hand clothes, consultations, sport clubs and sections for children activities, mass media, nursery and non-school education, tourism, active leisure, polygraphy, marketing activities, health care, furniture repair, medicine care, graphic design, selling decorative and applied arts products, tire repair service.

While speaking about the sizes of Ukrainian social enterprises, local enterprises are quite similar to the foreign ones – almost all social enterprises which participated in the study are small as an average number of staff at the social enterprise does not exceed three persons.

In terms of governance democracy at the Ukrainian social enterprises, specifically, making decision on profit redistribution, though at most social enterprises this decision is made collectively (66%), one third of the social enterprises which are mainly limited liability companies (LLC) or physical person – entrepreneur have non-democratic model of making decisions, decisions are made by one person at such enterprises.

For the SE successful activities there is a need for the local authorities support. The study evidenced that larger part of social enterprises feels the support from the authorities – like support in funding the projects, assistance in providing benefits for the facilities rent, advertisement areas and others. In terms of community support – most social enterprises (78%) feel the community support, especially in those cases when the community is aware of the enterprise social goals (27%).

While analyzing the main sources of SE financing, due to the lack of governmental support, the most popular form of

financing social enterprises are their own investments (41%), credits (20%), grants (15%), civic organizations (14%), other resources (12%) – costs from the budgets (public and local budgets, charity, donations).

There have been the challenges analyzed faced by Ukrainian social enterprises the most frequently. Firstly, this is the lack of resources, mainly financial ones. Secondly, high and unfair competition with commercial organizations, as due to the lack of the SE notion in the local legislation, 54% of the SE has to compete with local business organizations. However, another 46% does not feel the competition as the services they provide are unique and specific, thus the competition is low or almost lacking. Thirdly, lack of the notion of social entrepreneurship in national legislation results into difficulties with the tax administration system and facing permanently the lack of loans at privilege conditions. As principally important, the difficulties are mentioned with the local authorities support and community support, as well as low community awareness on social entrepreneurship which results into the lack of knowledge of the SE status and its core ideas. Another challenge identified was corruption while purchasing services by public structures. One of the core challenges were local authorities support and community support due to the low awareness of the SE status and its idea.

Introducing Social Entrepreneurship into Academic Setting

Having noted the growing interest to education on SE issues across the different stakeholders in Ukraine, the School of Social Work of the National University of Kyiv-Mohyla Academy in cooperation with the All-Ukrainian Centre for Social Entrepreneurship Development ‘Social Initiatives’ initiated discussion in academic environment on possible ways for introducing social entrepreneurship in higher educational institutions of Ukraine.

The initiative was supported by the British Council in Ukraine, and the two days workshop ‘Teaching social entrepreneurship in higher educational institutions’ specifically for academic audience was held by Frier Spreckley (UK) on February 26, 2013. At the end of the workshop the focus group was held at the School of Social Work of the National University of Kyiv-Mohyla Academy, by its staff to identify possible options for introducing SE into the Ukrainian academic setting.

The 14 participants – lecturers from higher educational institutions – interested in SE and committed to its development in Ukraine, specifically, in academic setting, were the focus group participants.

In most cases it would be difficult to introduce SE into academic activities as a separate discipline/course, however, it might be an optional course for students (preferably for Master Degree students), as it is very difficult to change the list of mandatory disciplines in the curriculum. When speaking about social workers, it should be taken into account that their education standards are not approved yet. Thus it is possible to advocate the issues of introducing the SE course into the education program for social workers.

The most realistic perspective for most of the participants was introducing SE as a theme block/module of existing course/discipline - as this would not require formal approval by the management of higher educational institutions

It would be easy to introduce it as an optional course as this would require making changes into existing curriculum and programs. This would enable organizing mixed groups of students from different faculties and specialties (managers, social workers, sociologists, marketing specialists, economists etc.). Their specific knowledge in their own areas would assist better implementation of projects, making practice assignments, as the very issue of social entrepreneurship is interdisciplinary itself. In such format it would be possible to involve practitioners and actual social entrepreneurs into teaching.

The other suggestions were the following: as topics for the course papers, BA and MA diploma papers, students' papers submitted for academic competitions; as a training course in the centres for advancing qualification or as a direction for postgraduate education; within the framework of activities of the Chamber of Commerce and Industry, other organizations.

Ukrainian lecturers listed a range of needs they feel to enable introducing SE into their academic settings, namely: relevant literature and materials supported by practice; educating them on SE theory and interdisciplinary issues; preparing social environment to teaching new topics, including informing the management of higher educational institutions; involving local community of social entrepreneurs into disseminating information on SE in mass media, at different events; presenting local best practices of SE to wide community.

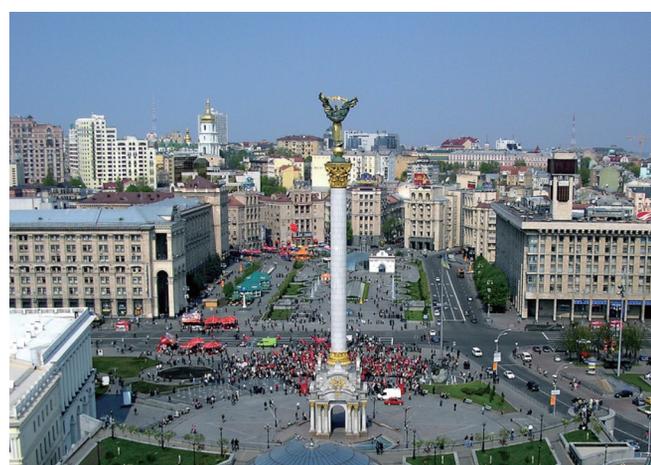
Conclusions

For Ukraine the SE is a new and under-studied issue. Implementing social functions, social services provision by commercial structures or small production at the base of social organizations (namely, those issues which are understood as SE) in Ukraine is not welcome by the state very much and is not supported by current legal base. Whereas the SE ideas

are supported by international donors and implemented in relevant projects, via resource centres created.

The study held in 2013 by the Resource Centre in cooperation with the SSW UKMA, evidenced that, due to the lack of legal notion of SE, social enterprises act in different organizational-legal forms in Ukraine. The most popular form is the SE activities at the base of civic organization in cooperation with the physical person-entrepreneur, as well as exclusively at the base of civic organization. Social goals of enterprises engaged into production of goods and other activities may include work with such groups of people like disabled persons, women and children – home abuse survivors, children-orphan, pensioners, children-graduates of boarding schools. Training on SE issues is at its beginning development stage in Ukraine. It's mainly related to absence of legal base, lack of common agreement on what SE is in Ukrainian context, lack of qualified trainers /lecturers and developed courses (academic and non-academic), as well as to the low community awareness.

However, activities of civic organizations promoting SE ideas, collecting and disseminating data and best practices, conducting training and workshops for all those willing to establish SE; the first initiatives of Ukrainian academic staff on exploring the content and format of SE education across the world and on initiating introducing special courses/theme blocks in higher educational settings; development of resource centres and other evidence that there is a great potential in Ukraine for active development of training and education for social entrepreneurs.



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