

THE IMPACT OF DEMOCRACY ON SOCIAL ENTREPRENEURSHIP

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This article presents a causative approach to the field of connection between social entrepreneurship and democracy. The background of social entrepreneurship appearance and improving of democratic norms in the developed countries are shown. The impact of democracy on social entrepreneurship is described by paying attention on the following issues: (1) Analyzes of different scientists views on the essence of entrepreneurship and entrepreneur. (2) The role of democracy development for forming creative society with free people and freethinking. (3) Situation in the Ukrainian society in the sphere of social entrepreneurship promoting and further strengthen of democratic norms. Introduction of the paper briefly displays the importance of social entrepreneurship increase for society enhancements and growing democratic initiatives. Part I discusses the democratic development and social entrepreneurs activities as main factors for future prosperity of the country. In Part II, the attention is concentrated on social entrepreneurship promoting in Ukraine and its impact for further society development as real example with its peculiarities due to the political and economic situation in the state.

Keywords: social entrepreneurship, democracy, innovation, development, improvement.

JEL Classification: A110, O350, P31.

Introduction. Our contemporary world has been changing tremendously and the way things are developing has become more rapid over the years. Innovations improve almost all spheres of the society and industries of the economy. Different technologies advance people's life style and modify their consciousness. Today, we observe a situation characterized by innovative improvements that change speedily.

In many countries, especially in developed countries, there is a very high level of democratic initiatives in the society, which lead to the further development and improvement of the country over all. The background is the good level of education, the scientific research, implementations of innovations. These factors cause the deeper realizing of social, economic and ecological challenges, the so-called sustainable development. Citizens and especially entrepreneurs understand the importance of solving that kind of problems. As a result, over the last years a new form of entrepreneurship has appeared and spread namely social entrepreneurship. The key goal of the new kind of entrepreneurship, social entrepreneurship, is to get profit by adding social value to the society. That is why the purpose of this article is to show the significant role of social entrepreneurship promoting for its further development and dissemination. The main aim is to analyze the relation between democracy and social entrepreneurship, and the development of both, emphasizing the principal role of human rights following in each sphere of human life.

As a Ukrainian citizen, it is important to focus research at my native country to propose the effective

ways and instruments for social entrepreneurship development and increasing the democratic norms.

Literature review. Social entrepreneurship as an update version of entrepreneurship is able to respond to a great amount of very complicated challenges that have appeared and exist in the modern world. These problems, which substantially are made by human, can be solved by social entrepreneurship transformation. The ideas in the minds of the entrepreneurs were born, how to solve various social problems in an innovative way using new technologies and scientific, and digital achievements. Scientists have researched this evolution in the continuous entrepreneurship development, clarifying this movement by the existing level of democracy in the society.

Social entrepreneurship has been in the area of the scientific attention of both scientists and practitioners. However, in our research we deal with the real science. The motive, which is of our interest in the scientific approach, is to discover the scientific truth about social entrepreneurship and the democracy impact. Science facilitates creation of new knowledge, obtaining experience and inspiring abstract thinking. Analyzing the latest research, we found that not many scientists relatively speaking examined social entrepreneurship based on scientific criteria. One of the most significant scientists in the field of entrepreneurship was Joseph Aloise Schumpeter, pointing to Jean Baptist Say and David Ricardo, who earlier had developed theories about innovation and entrepreneurship in the XVIII and XIX centuries.

J. Schumpeter created a theory of economic development, where the role of the entrepreneur as a social agent in the economic system was described.

Furthermore, he described features of innovation and entrepreneurial profit. Innovation, J. Schumpeter defined, is a new combination of the first and second input factors, labor and capital, in the production function, and the economic output is the entrepreneurial profit, belonging to the single entrepreneur without any dividends. His work was written in German, "Theorie der wirtschaftlichen entwicklung", published 1912. It was later, in 1934, translated to English "The theory of economic development" (Schumpeter, 2008). It became one of the important platforms for further development of the entrepreneurship and innovation theory. As social entrepreneurship arise as a new topic, it has proven that Schumpeter's theory is highly relevant for the deeper understanding and analyzes of the new science.

In the continuation of J. Schumpeter's research of entrepreneurship we can refer to the British Professor Mark Casson. He has been analyzing entrepreneurship for many years from different approaches. According to Casson, entrepreneurs combine risky, innovative activity and provide the economic efficiency. He mentioned in his writings (Casson, 1990) that entrepreneurs are specialists who use judgment to deal with novel and complex problems. In times of major political, social, and environmental change, the number of problems requiring judgment increase and the demand for entrepreneurs rise as a result.

This statement of Casson enhances the thoughts of J. Schumpeter about the powerful role of the entrepreneur in the society development.

It is possible, based on Casson's research, to express the notion about a strong influence of economic environment on entrepreneurs. He or she provide entrepreneurial activity in a district where people live under their specific culture, demands and needs.

The famous statement of Karl Marx proclaims that our being defines our consciousness. We can extrapolate this expression to the analyzes of entrepreneurs. They propose something original to customers, but at first they should discover what potential clients want, need, like or prefer. The higher level of education, culture and behavior in the environment form the more demand full consumers with a great amount of preferences. Such obstacles cause entrepreneurs to be creative and social, because close communication with clients helps to understand what they really need and supply something originally in an innovative way. Otherwise, this situation encourages entrepreneurs to think all the time about how to solve problems and satisfy each member of the society, to generate the positive attitude to him or her enterprise. This continuous activity pushes entrepreneurs to self-improvement. However, as a result, if the entrepreneur succeeds in his or her deals the enterprise can be extended to the bigger size and explores new markets with other cultural peculiarities. We can add that achieving

some goals entrepreneurs set other higher or more complicated aims. Nowadays, social and ecological challenges are in the field of interest by many entrepreneurs.

The first person, who started to use the category "social entrepreneurship", was almost certainly the American scientist Gregory Dees. On October 31, 1998, he published a draft, "The Meaning of "Social Entrepreneurship" (Dees, 1998). In this work, he gave his scientific approach on explaining social entrepreneurship.

Gregory Dees described the social entrepreneur going back to the Say-Schumpeter practice, that entrepreneurship is something that takes place in the market. When the market is not capable to pay for products or services, Dees pointed to the fact, that the act of philanthropy is necessary.

Researching and developing social entrepreneurship from the scientific point of view has been continuing by the Norwegian scientist Jan-Urban Sandal. His scientific heritage started at Lund University in Sweden in 1984, where he wrote about business entrepreneurship in his Master thesis. In the thesis Jan-U. Sandal analyzed the scientific tradition in Say-Schumpeter entrepreneurship development and concluded that entrepreneurs according to the J. Schumpeter theory are unique. From that time, this scientist has been continuing to investigate entrepreneurship, but payed most of his attention on the social and innovative aspects of entrepreneurship.

At the beginning of the XXI century, there was no science in the Scandinavian countries dedicated to social entrepreneurship. The field of social entrepreneurship both scientifically and practically, had stayed untouched in the Scandinavian countries until Prof. Dr. Jan-Urban Sandal issued the first scientific writing in 2004, "Social entrepreneurship" (Sandal, 2004). One of the main purposes for publishing the first academic writing was to introduce the social entrepreneurship subject to the Nordic academics, business, and the political and governmental systems.

In his recent research (Sandal, 2017) the author described how innovations maintain and develop democracy. Prof. Dr. Jan-Urban Sandal emphasized that government or authority cannot implement innovations, but an independent individual – the entrepreneur is capable, because he or she wants to realize personal ambitions, ideas and aims. Entrepreneurs create innovative changes and commercialize them. In this case, the society achieves improvements and satisfies their demands in a new and better way. As a conclusion, individuals' minds and consciousness are transforming to a higher level of understanding when solving social challenges. The desires of people when choosing the innovations change the environment and thereby the democratic norms are developed.

In the same connection, we should point to another scientist who has been investigating the democracy based on a deeper understanding of the

connection between social entrepreneurship and democracy. We explicitly show to the Canadian scientist Mark E. Warren.

He is famous for his research in the sphere of democratic theory (Warren, 2017). Warren shows the significant role of elections in the democratic development of the society. He puts three main proposals to the modern democratic society: it should empower inclusions, form collective agendas and wills, and have capacities to make collective decisions.

Thus, these suggestions present the contemporary way of overcoming existing economic, social and ecological problems for creation of the appropriate democratic environment favorable for both customers and entrepreneurs.

We have pointed at the most important scientists in the area of entrepreneurship and democracy, even though today there are a great amount of scholars who are aware of social entrepreneurship and democracy emerging issues not only from the scientific side, but also from the practical one.

Democratic development and social entrepreneurship promoting. Our civilization has been transforming throughout the centuries. Now we have faced both benefits and threats of evolution. From one wing, we received many convenient inventions like Internet, mobile phones, electric cars, water resistant clothes, different gadgets, variety of communication channels and so on. From the other wing, we have seen negative climate changes, devastating air and water pollution, war conflicts, the fears of nuclear, biological weapons etc. The main object of this kind of controversial situation is that there is an absolute different level of democratic development and the human rights in the countries. For example, in the USA and in the EU countries, we can observe the long lasting tradition of democratic development with respect of the individual person and his or her will. In some Eastern countries, and elsewhere, there is a strong tendency of non-democratic government ruling, where human rights are not fully respected. Such geopolitical situation has caused inequality in the countries progress and in the opinion of governments to solving different common problems.

Thus, a very vital question appears due to these obstacles. What is better for the human being? To conquer or to cooperate? From the nature and the economic point of view, it is to conquer. In the first variant, we can consider Darwin's theory of evolution, which proclaims, that the stronger individual will survive. In the economic point of view, it is the same. The one, who has competitive advantages, the person or the firm, will stay at the market. Joseph A. Schumpeter stressed this fact. This eternal fight was by details described in his book "The theory of economic development": "there is the will to conquer: the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself" (Schumpeter, 2008, p. 93).

If we go back to the history, we can see that in the Middle Ages, in the times of big geographical openings, the XV – XVII centuries (www.britannica.com), the more developed countries like Spain, Portugal, and Great Britain conquered less developed European and African states.

This situation can be described as a cruel economy. It is important to underline the fact that capitalism and democracy have almost different goals. Capitalism means very often unfairly disseminated property rights. It is only oriented to get profit. The goal of democracy is to provide equal civic and political rights. It searches for the common good of the people.

From the economic theory point of view, competition is a driving force for economic development. Furthermore, there are many other circumstances inflicting on the progress. In those days, there were no entrepreneurial ethics and social protection from the government the way we define it today. Nowadays, we have legislative regulations, international treaties and powerful worldwide organizations, which protects human rights and democracy, like the International Court of human rights, among others. Now we live under capitalism with democratic norms, which are officially presented in the society by legislation.

Democracy and human rights proceeding have become the most vital subjects in many countries as they provide confidence in the government, secure society, offer different kinds of protection, freedom of speech, initiatives, expressions, and the scientific truth.

Democracy as a definition can be used in many variants. They are:

1. Government by the people exercised either directly or through elected representatives.
2. A political or social unit that has such a government.
3. The common people, considered as the primary source of political power.
4. Majority rule.
5. The principles of social equality and respect for the individual within a community. (www.thefreedictionary.com)

All these meanings express the free choice of an individual, the possibilities to grow, equal conditions for everyone, and the protection of the individual. It is a very complicated task to find the pure and clean democracy in any country, but many nations try to be democratic and developed. The main reason of this willing is the appropriate level of welfare in the state.

Over the last years, the democratic theory has grown incredibly. We can observe the modern society with such democratic norms as constitution, the equality of the law, the civil rights and liberties, human rights, transparent government, honest court system, independent media, strong labor unions, non-government organizations, volunteer movements and so on. These elements are obligatory for creating democratic society and a prosperous state. In this

kind of favorable environment all spheres of the state can be highly developed, because each individual subject to any public process can feel secure. If we talk about entrepreneurship, especially the social one, it is an obvious thing that it can be developed and spread into all economic industries for making and changing the world to a better place for human beings. Thanks to democratic ruling in the country the attractive conditions for providing social entrepreneurship exists. Social entrepreneurs have an opportunity to think in an unordinary and creative way by inventing and implementing many innovative changes. They can use all contemporary technologies especially digital instruments for promoting their activities and presenting themselves to a big amount of communities.

Thus, we can notice the growing role of social entrepreneurship in the democratic society. Entrepreneurship advanced to the social to supply innovation as means of solving existing problems as a contribution to the economic modification.

There is a strong correlation between social entrepreneurship development and the level of economic wealth in the state. The more innovative oriented and digitally modern the society is, the higher quantity of social entrepreneurs there will be. Moreover, the freedom of speech and the democratic initiatives influence social entrepreneurs a lot, because creative thinking and innovations can emerge in the brains of free people with open views and sovereign thoughts.

But we should mention (Sandal, 2015), that individuals living under the rough and inhuman conditions in countries characterized by communism, Marxism, totalitarianism dictatorship of all kinds, of course, are capable of thinking independently, but their possibilities to act and implement social entrepreneurship are strictly reduced. That is why creation of innovations in that kind of countries are almost non-existent, but usually flourishes because of technological diffusion, through either product import or technological and industrial espionage.

In addition, "social entrepreneurship counteracts nature destruction, political lies, elitist arrogance, public financial waste, financial support, taboo, unwanted migration and creates better conditions for the individual's freedom and personal economic growth and independence" (Sandal, 2015).

All these ideas expose the importance of social entrepreneurship for the further economic development and the transforming of the world to a peaceful place for nations.

Thanks to democratic environment in the country, entrepreneurs are able to realize their social initiatives as they would be accepted and supported by the network of common thinkers. Social entrepreneurs have a very valuable feature. They are leaders in their field. Leadership makes the entrepreneur more progressive, innovative and focused on the environment. From the scientific side, entrepreneurs

have always been social agents as they provide their activity in the society.

Social responsibility is the wide spread trend of recent years in almost all companies in the whole world. Nevertheless, the real social entrepreneur is an individual, who does not destroy nature nor does any negative things, but expresses his or her social responsibility to the surrounding society through the act of entrepreneurship. The social entrepreneur is an innovator who wants to realize ideas, achieve success, earn profit and as a positive consequence improve the environment. The consciousness of the social entrepreneur is something different. It is more advanced, because he or she thinks about solving social problems in a friendly way for everyone. These individuals are real leaders; because they possess new independent thinking and unique know how. Social entrepreneurs are change makers in their fields. Moreover, this movement causes the raise of new competition at a higher level and further development of industries. As a result, it brings democratic modifications to the communities. The improved democratic communities recognize that the environment has been transformed and now it becomes more and more complicated with various challenges and possible threats. It consists of plentiful processes, which require detailed analyses for examining of all their features and peculiarities, and preventing the potential risks. If we possess firsthand collected facts, we can propose the solutions how to solve or predict problems. When the social entrepreneur is providing his or her activities in the society, where the democratic norms are not only presented in the governmental documents, but also are being realized at practice, they obviously can implement their ideas and add social value. These entrepreneurs get money not for their goods or services, but they make money for presenting new and more advanced results of their work. Here we can again refer to Karl Marx expression, and claim that in democratic society social entrepreneurs are influenced by positive factors as inclusion, empathy, kindness, respect for the nature, which are widely spread in the society. They know about the concept of sustainable development and try to operate in its frameworks taking care of nature and resources for the next generations. It shows that real social entrepreneurs have a big level of civil responsibility and many different skills, and are capable to create innovations.

That is why further development of democracy and social entrepreneurship dissemination in the country must full fill one important condition. Each responsible individual must have the deep understanding of the actuality of promoting these values in all possible ways. The reason of this is that innovations and liable attitude to the consumers appeared as clear creative thinking. The result of successful social entrepreneurship contributes to the improvement of the human being by exploring new possibilities.

Nowadays most of people have an access to a tremendous quantity of open informative sources. It is not so difficult to get a rapid response to a burning request via Internet. However, there are two sides of medal in this process. The risky side of this quick way of searching information is a possibility of receiving propaganda instead of getting the scientific truth or real knowledge.

Propaganda gives opportunities to its proclaimers to rule people's minds and thoughts. Usually, it has been used in different societies for spreading information, which is convenient for power authorities and institutions. It is a threat, which does not create the favorable conditions for social entrepreneurship development. In the societies with strong democratic norms, everyone realizes the responsibility of his or her words, expressions, and doings and understands the possible outcomes. Social entrepreneurs in such developed societies can use the results of new knowledge, experience and thinking, which are represented in innovative changes.

They comprehend why it is extremely important to present innovations in the market in a suitable moment and in a proper way. The reason is the willingness of the society to accept and approve them. Successful dissemination and performance of innovations depend on different circumstances and political systems of countries where entrepreneurs provide their activities. In the democratic societies, the diffusion of innovation is more efficient than in countries, which have not so developed democratic system. As a result, there are more suitable economic conditions for social entrepreneurship development in countries, where democracy and human rights are implemented at the appropriate level. Thus, it is evident to mark the strong connection between democracy development and social entrepreneurship promotion.

The scientist Dr. Jan-Urban Sandal confirmed our thoughts in his research. According to him, social entrepreneurship is a special form of management, which purpose is to run a production function in such a way as to ensure the increase of value for all the participating parties in that function (Sandal, 2004).

Importance of social entrepreneurship diffusion.

Social entrepreneurship promoting enhances the democracy development and strengthen the human rights. It really carries the big positive effect for the economic and social results.

As a vivid example of such bright promotion, we can mention the USA promoter Bill Drayton. He founded Ashoka in 1980 based on the idea that the most powerful force for prosperity in the world is a social entrepreneur: a person driven by an innovative idea that can help correct an entrenched global problem. The world's leading social entrepreneurs pursue system-changing solutions that permanently alter existing patterns of activity. Bill Drayton proclaims that we live in a change maker world. That is why Ashoka builds and cultivates a community of change leaders who see that the world now requires

everyone to be a change maker. They collaborate to transform institutions and cultures worldwide so they support change making for the good of society.

Ashoka identifies and supports the world's leading social entrepreneurs, learns from the patterns in their innovations, and mobilizes a global community that embraces these new frameworks to build an "everyone a change maker world" (www.ashoka.org).

Looking ahead, Ashoka is identifying emerging opportunities where society is reaching a tipping point that will make it possible to solve critical problems through widespread systemic change. It does this by helping entrepreneurs work with each other, and with partners in business, government, academia, and other influential institutions to draw on and demonstrate the power of collaborative entrepreneurship (www.ashoka.org).

Taking in attention the USA experience, we can propose such main directions of promoting social entrepreneurship in Ukraine, analyzing the experiences in countries with long lasting history of democracy and strong democratic norms.

1. Education.

Everything starts from learning. That is why the first step is to teach pupils at school that they should be entrepreneurial, creative, innovative, and of course responsible in exploitation of the nature capital and respect other people. All this knowledge is very useful for further democratic forming of individual's consciousness.

In the high schools, students of all specialties must have an obligatory discipline "Social Entrepreneurship", where well-trained lecturers will explain all peculiarities of doing social and profitable business. On seminars, students can solve different case studies with real social challenges developing their skills and talents in the entrepreneurial area.

The high education with social entrepreneurship focus will form the new generation of social entrepreneurs with intellectual capabilities to change markets by proposing innovative changes and adding social value.

That kind of steps form the well-educated specialists, who know social entrepreneurship and know how to realize their own ideas. Future entrepreneurs will be aware about how to launch the start-up and use all modern technologies and communication networks to promote their products or services to bigger quantity of customers.

Furthermore, we should think about the elder generation. The contemporary world is a digital one. For implementing fresh and useful ideas, modern it-technologies must be used. It means that everyone in Ukraine has to know how to use Internet and how to operate on different gadgets. In this case, it can be organized special seminars or training for elderly people to teach them how to be flexible in the modern world.

2. Social entrepreneurship' activities and ecosystem.

We have many social problems in Ukraine. As a response, many social initiatives have appeared. Moreover, such social activists promote and inform the wide range of people about social entrepreneurship. They have created the environment of social and ecologically responsible persons, who can propose interesting and fresh thoughts to solve different existing problems. Nowadays, a variety range of forums, workshops, conferences, and seminars are organized and they are devoted to social entrepreneurship development in Ukraine. For example, by now in Ukraine we have in each big city some organizations or institutions, which deal with social entrepreneurship promoting and spreading. In addition, there is a very famous and popular web portal "Social Entrepreneurship in Ukraine" (www.socialbusiness.in.ua), which unites all social entrepreneurship activities.

Among the most popular and productive institutions, which promote and support social entrepreneurship in Ukraine we can highlight the follow (table 1.).

These institutions form an ecosystem for further promotion of social entrepreneurship for both big audiences business and society. They usually get funding from progressive companies searching for innovative solutions, and from paid programs or

related paid services, through acquiring a share in the created business or private investors.

Financial support for social enterprises in Ukraine is provided, primarily, by international donor agencies through implementation of technical assistance projects. The donors that have provided substantial support to development of social entrepreneurship in Ukraine over the last decade include USAID, the United Nations Development Program (UNDP), and the governments of Germany and Great Britain. These donors channel their resources to help resolve socio-economic challenges and to build the capacity at the individual, institutional, and country levels. Their programs mainly train:

1. Persons wishing to establish a social enterprise;
2. Other trainers and mentors, who can provide further support, design and print resource materials, carry out activities to promote the social entrepreneurship idea.
3. Furthermore, their programs may provide seed funding or access to loans, usually in the form of non-repayable financial aid between \$500 and \$10,000 or loans between \$10,000 and \$100,000 that need to be repaid over three years at the most (www.pactworld.org).

Table 1

Institutions, which offer incubation or acceleration programs for social entrepreneurs in Ukraine

Title of institution	What does
Impact HUB Odessa	offers incubation programs and consulting services and provided a platform for educational activities and networking
Ukrainian Social Academy	offers programs for future leaders and social entrepreneurs
1991 Open Data Incubator	Ukraine's first nonprofit incubator, which helps transform open state data into real startups that provide services to Ukrainian citizens, enterprises, and public authorities
Greencubator	develops an ecosystem of sustainable entrepreneurship, low-carbon innovations, and green economy in Ukraine and Eastern Europe
SILab	is a social entrepreneurship school
YEP	is a network of academic business incubators providing business education to young people
YEI	is an incubator for youth entrepreneurship
Radar Tech	is a technology cluster that unites sectoral corporate accelerators, such as Agro, Telecom, Fintech, and Energotech
Agrohub	which positions itself as a collective impact organization and supports implementation of innovations in agrobusiness through "idea garages" and "hackatons" that result in short-term pre-acceleration and long-term corporate acceleration programs to introduce more technological solutions in agricultural companies
the Ukrainian Catholic University Center for Entrepreneurship	was established by Ukrainian Catholic University's Sheptytsky Center
Polyteco	is a youth IT business incubator run by Kyiv Polytechnical Institute
Start-up Business Incubator KNU	is a youth business platform based at Taras Shevchenko Kyiv National University

Source: created by author based on www.pactworld.org.

However, we must try to find our own Ukrainian possibilities to support social initiatives in the country as foreign funding probably soon will be ended.

Meanwhile, the real entrepreneur can find resources to implement and present his or her ideas.

3. Social entrepreneurs.

Only real examples can prove that social entrepreneurship exists and is developing in Ukraine. We have the Catalog of Social enterprises. The first issue was conducted in 2013. Moreover, there was information and description about only 41 social enterprises. The second issue was published last year and includes the years 2016 and 2017. In this edition the detailed information about 150 social enterprises in Ukraine were presented. In a questionnaire from October 2016 until May 2017, 600 enterprises were asked to answer. 167 applications were received. Furthermore, after inspecting, only 150 enterprises were recognized as social (Catalog of social enterprises of Ukraine, 2017).

Social enterprises can be systematized by sectoral categories. The most common activity areas for social enterprises in Ukraine in 2017 were work-related, medical and social rehabilitation of vulnerable population groups (particularly people with disabilities, internally displaced persons, and Anti-Terrorist Operation veterans), production of agricultural products, manufacturing and sale of handmade products, and online and brick and mortar retail charity shops (Table 2). In many cases, social enterprises are not limited to one sector, but work as multifaceted or combined purpose enterprises.

As we can see, a tremendous promoting work should be done for further spreading of social entrepreneurship movement and an appropriate culture in the society should be formed. Giving preferences from clients' side, consuming products or services made by social enterprises can be a great competitive advantage for the last ones. Clients understand that they support entrepreneurs, which are more responsible and friendly to the environment. Such positive turnover is the main condition for further developing of social entrepreneurship in Ukraine and the forming of the new kind of the democratic society.

For proving my thought, results of Nielson Global Corporate Sustainability Report can be presented. According to the Report, 66% of consumers are willing to spend more on a product if it comes from a socially conscious brand. Youth gave an even higher mark at 73%, because the shift in the traditional spending practices has started (Lombardi P., Wulfhorst E., 2016).

Meanwhile, the state from its side must stimulate or do not interfere into social entrepreneurs, who want to implement innovative changes in the existing environment to get both profit and add social value in the sphere, where they are doing business.

Table 2

Types of social enterprises by sector

#	Types of social enterprises by sector	Percentage, %*
1	Rehabilitation of vulnerable population groups	18
2	Agricultural production and sale	15
3	Sale of goods (charity shops, online sales, handmade)	14
4	Food industry and public catering	12
5	Garment manufacture	8
6	Educational services	7
7	Ecology	4
8	Health care	4
9	Tourism and recreation	3
10	Other	17

*the sum exceeds 100% because social enterprises can belong to more than one sector at once. Source: (Catalog of social enterprises of Ukraine, 2017).

Results. From previously presented evidences and thoughts, we can express a statement about existence of a specific ecosystem of social entrepreneurship in Ukraine. In addition, the positive tendency of enhancing democratic norms in the state stimulates the social entrepreneurship promotion. Many directions and movements in Ukraine show all positive features of social entrepreneurship development to the society. In this atmosphere, an individual gets personal economic freedom, which gives many possibilities of self-realization. People with good education and obtained modern knowledge are capable to provide their activity in a new way using all digital technologies and communication networks to be effective and highly productive ones.

Thanks to grant programs and international support, social entrepreneurs have appeared in last years and now can teach others how to become successful in this activity. However, for more powerful and scaling spreading of social entrepreneurship the appropriate legislative environment must be present in the country, which indicates a continuously democracy improvement.

Thus, Kornetsky A., Androschyk B. (2019) have mentioned that further social entrepreneurship development, as an attractive way of creating new work places and solving different social problems, requires active international support, partnership development and establishing regional offices in each region of Ukraine. In addition, they have emphasized at government assistance through providing

promotion to goods and services produced by social entrepreneurs.

Discussions. The impact of democracy on social entrepreneurship means that entrepreneurs realize the significant role of providing innovative changes to the society. If we analyze the Ukrainian situation, we can observe the first steps in this sphere, as the environment needs both economic and social modifications especially enhancing of democratic norms and human rights.

For example, Mark E. Warren in his recent article "A Problem-Based Approach to Democratic Theory" (Warren, 2017) expressed the vast role of the democratic theory growth. The democratic political system, according to Warren, is capable to solve three main challenges in the society such as to empower inclusions, to form collective agendas and wills, and to have capacities to make collective decisions.

Full filling these issues have caused the society transformation and enhance further social entrepreneurship development.

From the scientific side, entrepreneurship is the activity aimed at getting profit and putting forward innovative changes. The entrepreneur is a single person with the unique point of view and personal vision on the production of goods and services. The social entrepreneur has the same features, but also possesses extra ones as intension of adding social value and with the desire of solving social challenges. The social entrepreneur is the change maker, using all modern achievements of the progress and provides his or her activity not in a static, but in an innovative way.

Social entrepreneurs in Ukraine, according to the Catalog of Social enterprises in 2017, were 150 that really make social changes to the community, where they provide their activity. For example, social enterprise Walnut house (www.walnut.house) in Lvov, which produces original cookies, proposes catering and launch delivery. This enterprise contributes to 40% of the income for support Center of integral care for women in crisis.

That is why it is a very vital issue to discover social entrepreneurship and democracy development for future environmental improvement. Good examples of social enterprises, which take place in our communities, represent the act of motivating people and other entrepreneurs to create the same kind of activities. Ukraine as a country has a great potential. The population of Ukraine is nearly 44 million people (www.worldometers.info) and there are only 150 social enterprises.

This research displays the tremendous need for social entrepreneurs in the modern world as nowadays we can see inequality in everything: the levels of development of the nations, the level of standard of life, the level of education, the level of income and especially the personal level of freedom. We should not make individuals equal to each other. However, the more creative and innovative some

individuals are, the more advanced understanding of their mission, as the agent of changes will be.

Meanwhile, describing the situation in Ukraine we should think thoroughly about independent funding of social entrepreneurship development instead of international approaches. Domestic financing and investing are the powerful instruments, which show that the Ukrainian society understands the important role of democratic development and innovative improvements for the increasing the economic situation in the country.

Conclusion. Lack of social impact measurement is another challenge. The social entrepreneurship ecosystem in Ukraine has no systematic monitoring and evaluation; social impact is mainly documented in terms of individual cases rather than as the overall impact of social enterprises at the national level. The social enterprises supported under certain grants report to their donors against prescribed indicators with no real measurement of their impact upon the society as a whole. At the enterprise level, only the number of persons who received assistance and financial results are recorded. Further, the ecosystem has no adopted tools to assess enterprise efficiency both in terms of economic and social impacts. In the opinion of some investors, many people do not believe in business that will be social and the faster they obtain tools to measure and understand that, the better. Social enterprises are interested in having impact metrics to be able to attract investors. Funders need a measurement tool to identify high impact enterprises that are bringing both financial and social returns on investment.

Despite the above challenges and barriers, there are positive trends in Ukraine: civil society is becoming stronger, new community initiatives are emerging, and new kinds of businesses focused on sustainable development and social responsibility are taking hold. Moreover, the number of successful social enterprises are growing.

For continuing improving of social entrepreneurship in Ukraine, we can propose such recommendations: examining successful experience of foreign social enterprises, searching for foreign assistance (technical or informational support), creating association or union of domestic social entrepreneurs for lobbying interests in legislative institutions, active using of social and traditional media, positive (correct) propaganda of social entrepreneurship as the modern innovative trend for solving different social problems.

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ВПЛИВ ДЕМОКРАТІЇ НА СОЦІАЛЬНЕ ПІДПРИЄМНИЦТВО

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У статті використано причинно-наслідковий підхід для аналізу зв'язку між соціальним підприємництвом та демократією. Показано передумови появи соціального підприємництва та вдосконалення демократичних норм у розвинених країнах. Описано вплив демократії на соціальне підприємництво за допомогою відповідей на такі питання: (1) Аналіз поглядів різних вчених на сутність підприємництва та підприємця. (2) Роль розвитку демократії у формуванні креативного суспільства з вільними людьми та вільним вираженням думок. (3) Ситуація в українському суспільстві у сфері соціального підприємництва, що сприяє поширенню та подальшому зміцненню демократичних норм. Вступ у статті коротко демонструє важливість посилення соціального підприємництва для розвитку суспільства та зростання демократичних ініціатив. У першій частині розглядаються питання демократичного розвитку та діяльності соціальних підприємців як основних рушіїв майбутнього процвітання країни. У другій частині увага зосереджена на поширенні соціального підприємництва в Україні та його впливі на подальший розвиток суспільства як реальний приклад із його особливостями, зумовлений політичною та економічною ситуацією в країні.

Ключові слова: соціальне підприємництво, демократія, інновації, розвиток, удосконалення.

JEL Classification: A110, O350, P31.

ВЛИЯНИЕ ДЕМОКРАТИИ НА СОЦИАЛЬНОЕ ПРЕДПРИНИМАТЕЛЬСТВО

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В статье представлен причинно-следственный подход для анализа связи между социальным предпринимательством и демократией. Показаны предпосылки возникновения социального предпринимательства и совершенствования демократических норм в развитых странах. Описано влияние демократии на социальное предпринимательство с помощью ответов на следующие вопросы: (1) Анализ взглядов различных ученых на сущность предпринимательства и предпринимателя. (2) Роль развития демократии в формировании креативного общества со свободными людьми и свободомыслием. (3) Ситуация в украинском обществе в сфере продвижения социального предпринимательства и дальнейшего укрепления демократических норм. Введение в статью кратко показывает важность усиления социального предпринимательства для развития общества и демократических инициатив. В первой части рассматриваются вопросы развития демократии и социальных предпринимателей как основных факторов будущего процветания страны. Во второй части внимание сосредоточено на продвижении социального предпринимательства в Украине и его влиянии на дальнейшее развитие общества как реальный пример с его особенностями, обусловленными политической и экономической ситуацией в государстве.

Ключевые слова: социальное предпринимательство, демократия, инновации, развитие, совершенствование.

JEL Classification: A110, O350, P31.

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