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THE POWER OF SOCIAL ENTREPRENEURSHIP: REVIVING GHOST TOWNS

СИЛА СОЦІАЛЬНОГО ПІДПРИЄМНИЦТВА: ВІДРОДЖЕННЯ МІСТ-ПРИВИДІВ

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The article explores the transformational potential of social entrepreneurship in solving the problems of abandoned ghost towns in Ukraine. The relevance of the topic is due to the need to revive these towns as centers of economic activity and social integration. Social entrepreneurship is presented as a viable solution, offering innovative ways to rebuild towns, create livelihoods, and support sustainable development. The aim of the study is to summarize the opportunities of social entrepreneurship as a tool for the economic and social recovery of ghost towns. A theoretical approach is used, based on the analysis of scientific literature. Ghost towns are considered as spaces for implementing social projects. The study focuses on summarizing the benefits of social entrepreneurship. The main hypothesis is that, with appropriate support, social entrepreneurship can become the foundation for the long-term development of ghost towns. The methodology includes the analysis of theoretical approaches and their application to the real case of Tsukrovariv (Kirovohrad region). The research outlines potential directions for development: small business, agriculture, and local services. Joint efforts by local authorities, businesses, and communities are described as a key success factor. It is identified that affordable housing, public spaces, and government grants are crucial for supporting internally displaced people. Comprehensive recommendations for implementing social entrepreneurship in such environments are proposed. The results may be applied in revitalization programs and state policy development after empirical testing. The practical value lies in using social entrepreneurship at the level of specific communities and regions of Ukraine. The scientific novelty is a complex interdisciplinary approach that considers social, economic, and ecological challenges in Ukraine's post-war recovery. Further research will focus on empirical testing of the proposed assumptions. The current study is theoretical, which limits the practical verification of conclusions. Article type: theoretical.
Key words: ghost towns; social entrepreneurship; urban renewal; sustainable development; consequences of war; investment.

У статті досліджується трансформаційний потенціал соціального підприємництва у вирішенні проблем покинутих міст-примар в Україні. Актуальність теми зумовлена потребою їх відродження як центрів еконо-

мічної активності та соціальної інтеграції. Тому, соціальне підприємництво представлено як життєздатне рішення цих проблем, пропонуючи інноваційні способи відбудови міст, забезпечення засобів до існування та сприяння сталому розвитку. Метою дослідження є узагальнення можливостей соціального підприємництва як інструменту для економічного й соціального відновлення міст-привидів. У статті застосовано теоретичний підхід, що ґрунтується на аналізі наукової літератури. А міста-примари розглянуто як простір для реалізації соціальних проєктів. Дослідження зосереджене на узагальненні переваг соціального підприємництва. Сформульовано гіпотезу, що соціальне підприємництво, за умов відповідної підтримки, може стати основою для довгострокового розвитку міст-примар. Методологія дослідження включає аналіз теоретичних підходів до соціального підприємництва та їх перенесення на реальне місто - Цукроварів (Кіровоградська область). У ході дослідження узагальнено напрями для розвитку міст-примар: мале підприємництво, сільське господарство, місцеві послуги. Охарактеризовано спільні дії органів місцевого самоврядування, бізнесу та громади як ключову умову успіху. Виявлено, що доступне житло, громадські простори та державні гранти мають вирішальне значення для підтримки внутрішньо переміщених осіб. Запропоновано комплексні рекомендації щодо впровадження соціального підприємництва у подібних середовищах. Результати дослідження можуть бути застосовані при плануванні програм ревіталізації покинутих міст і розробці державних політик у сфері місцевого розвитку, після емпіричного дослідження. Практичне значення полягає у можливості використання соціального підприємництва на рівні конкретних громад і регіонів України. Наукова новизна полягає у комплексному міждисциплінарному підході до проблеми, що враховує соціальні, економічні й екологічні виклики, що притаманні Україні у післявоєнному відновленні. У подальшому дослідження буде спрямоване на емпіричну перевірку висунутих припущень. Поточне дослідження має теоретичний характер, що обмежує практичну верифікацію висновків. Тип статті: теоретична.

Ключові слова: міста-привиди; соціальне підприємництво; відродження міст; сталий розвиток; наслідки війни; інвестиції.

INTRODUCTION

The war in Ukraine has caused large-scale demographic, social, and economic changes that have significantly affected the development of many regions. Key challenges include population decline due to migration and losses, significant destruction of infrastructure, including residential and industrial facilities, deepening economic crisis, rising unemployment, and social tensions. In addition, the disruption of logistics chains and the degradation of local markets have made it difficult to restore economic activity even in relatively safe regions. There is a need to find innovative approaches to addressing these problems that take into account both material and social aspects.

One of the most promising ways to overcome the consequences is to engage in social entrepreneurship, which combines social problem solving with economic development. Social enterprises are able to create new jobs, attract resources for infrastructure restoration, and form sustainable models of interaction between local communities, businesses, and authorities. They have the potential to boost the economy in war-affected regions, including the revitalization of abandoned towns and villages, ensuring their integration into the national economic system.

LITERATURE REVIEW

The topic of social entrepreneurship is gaining more and more attention among researchers as a tool for solving social and economic problems. The theoretical basis of social entrepreneurship is formed by J.-B. Say [1], who introduced the concept of the entrepreneur as an economic agent creating value; J. Schumpeter [2], who emphasized the role of innovation and creative destruction in economic

development; W. Baumol [4], who focused on entrepreneurial alertness and opportunity recognition; P. Drucker [3], who highlighted the importance of social responsibility in business and managerial effectiveness and others. Ukrainian researchers focused on highlighting the features of social entrepreneurship in the present. N. Pilpenko and O. Karpets [5] analyzed the institutional and economic conditions for the development of social entrepreneurship in Ukraine. I. Novik [6] and S. Boychenko [8] studied the organizational aspects of social entrepreneurship and opportunities of communities. However, Researchers have insufficiently studied the issue of the revival of ghost towns in the context of Ukrainian realities. This situation requires more in-depth analysis and practical justification in the future.

AIMS AND OBJECTIVES

The purpose of the study is to determine the role of social entrepreneurship in the revival of ghost towns. The study uses the example of the town of Tsukrovary, located in the Kirovohrad region. The task is to analyze the historical, economic, and social factors that led to the decline of this city. Additionally, the study aims to theoretically substantiate the effectiveness of approaches to its recovery. This will be done through the integration of social entrepreneurial initiatives.

METHODOLOGY AND RESEARCH METHODS

This research employs general scientific methods of analysis to explore the theoretical foundations and practical applications of social entrepreneurship in the context of revitalizing ghost towns. The method of theoretical analysis was used to examine scientific literature and reports related to social entrepreneurship and urban regeneration.

This allowed for the identification of key concepts and approaches that define social entrepreneurship as a driver of regional development. The systematization method was applied to structure and summarize the collected information, facilitating the identification of interconnections between entrepreneurial initiatives, economic revitalization, and community engagement in ghost towns. Inductive and deductive methods were used to draw general conclusions based on the assumption that social entrepreneurship is an effective tool for achieving community and societal well-being. The method of comparative historical analysis was used to study the evolution of social entrepreneurship and changes in its concept over time.

DATA ANALYSIS AND RESULTS

Some ideas about the role of the entrepreneur in the economy were formed in the early nineteenth century by the French economist Jean Baptiste Say. He described an entrepreneur as a person who directs economic resources from a less efficient industry to one that provides greater productivity and profit [1]. In this way, Say expanded the original meaning of the term 'entrepreneur' from the French word for 'one who undertakes' to a deeper concept of value creation.

A century later, Austrian economist Joseph Schumpeter developed this idea by formulating the basic principles of entrepreneurship. According to him, an entrepreneur is a person who is able to spot the commercial potential in new materials, products, services or business models and create an organisation to implement them. The success of such initiatives often serves as a catalyst for other entrepreneurs to replicate and improve the innovation. This can lead to so-called "creative destruction"—a phenomenon where new businesses displace outdated products, services and business approaches [2].

Schumpeter assigned entrepreneurs a dual role: they simultaneously contribute to the destruction of old structures and create new ones. While Schumpeter considered the entrepreneur to be an agent of change on an economic scale, Peter Drucker saw him as a person who skillfully adapts to change and uses it to gain advantage. According to P. Drucker, entrepreneurs actively seek change, respond to it and turn it into opportunities [3]. This idea was supported by Israel Kirzner, who emphasised the importance of 'vigilance' as a key trait of an entrepreneur [4].

Social entrepreneurship emerged at the intersection of traditional business and social responsibility. Its main goal is not only to create profit, but also to solve important social problems. A common goal is created: to make the world a better place. Deese J. defined a social enterprise as a private organisation designed to solve social

problems and provide socially significant goods that have not been adequately provided by the government or private markets [1]. In other words, social entrepreneurs have two missions. The first is to meet the needs of the population for services that cannot be provided within the existing social infrastructure. The second is to improve the quality of life of certain categories of the population by integrating them into the workforce [5]. Thus, profit is not a goal, but a means of achieving it.

V. Smal believes that entrepreneurship can be classified as social if it meets the following criteria:

1. The priority of solving or mitigating a social problem is higher than obtaining commercial benefits.

2. Financial self-sufficiency of the enterprise, since profitability is achieved through the main activity, i.e. the sale of goods or services.

3. Possibility to accumulate experience, i.e. to create models or strategies for solving similar social problems [6].

In Ukraine, this concept is just beginning to gain popularity, but its potential remains significant. The country has a draft Law on Social Enterprises, which defines a social enterprise as "a business entity established by legal entities and/or individuals whose priority is to achieve social results, in particular in the areas of healthcare, education, science, culture, environment, social services and support for socially vulnerable groups (unemployed, low-income, elderly, persons with disabilities and other persons established by law)". In addition, 5 criteria for obtaining the status of a social enterprise are defined:

- socially vulnerable categories of the population must make up at least 50 % of the company's employees;

- the enterprise must provide social services in accordance with the Law of Ukraine 'On Social Services' to socially vulnerable groups of the population;

- a combination of employment and social services for representatives of socially vulnerable groups is mandatory, if their share among employees is at least 30 %, and among service recipients – also at least 30 %;

- selling the company's products to people from vulnerable groups at cost;

- financing projects of social importance [7].

The law has not yet been signed, so there is no official social entrepreneurship in the country, but there are more than 20 socio-economic enterprises in Ukraine. Their employees are mostly people with disabilities. Their involvement in the activities of the enterprise contributes to rehabilitation, involvement in public life, social integration into society, and economic independence of people with disabilities [8]. In addition to these advantages, there are others, such as finding

new ways to reform public social services, increasing the involvement of citizens in public initiatives on a voluntary basis, efficient use of regional or oblast resources, reducing the burden on local budgets, creating a favorable competitive environment, and generally improving the welfare of the population in the area of operation of a social enterprise with a gradual expansion of the scale [6, 8].

The practical application of social entrepreneurship is especially necessary in cases of revival of abandoned territories, both in the context of rebuilding destroyed cities as a result of war and under normal circumstances. Ghost towns, as an extreme manifestation of socio-economic decline, clearly demonstrate the need to implement innovative solutions that can restore their viability. Social entrepreneurship can become a tool not only for creating jobs, but also for shaping new social identities of cities.

In Ukraine, ghost towns have emerged as a result of the country's Soviet past. These are cities where production was supposed to take place, but it stopped at the initial stages of plant construction or later the industry declined. Of course, more than 30 years have passed. Everyone has forgotten about these towns, almost no one lives there, and the infrastructure is deteriorating due to natural factors and lack of maintenance. There are four main towns: Lyubych-1 (Chernihiv region), Dolynska (Kirovohrad region), Tsukrovariv (Kirovohrad region) and Orbita (Cherkasy region). The most interesting for the agricultural sector are Tsukrovariv and Dolynska, where the former was to become a town where sugar would be produced from sugar beet, and the latter an industrial center.

Tsukrovariv was a village in Novoukrainskyi rayon of Kirovohrad oblast, founded around 1850 as a settlement at a sugar factory. In 1923, it received the status of a village. The main enterprise was a sugar factory that produced granulated sugar, molasses and other beetroot products. It had modern equipment brought from Poland. After the Second World War, the village developed as an industrial center with its own social infrastructure, including a school, library, hospital, etc. In the 1980s, the sugar factory ranked third in terms of sugar production. It processed 6 tons of sugar beet per day. During the heyday of Tsukrovary, apartment blocks were built for the factory workers and their families. Each building had 920 apartments, and employees received housing for free. In addition, there were several confectionery factories and businesses. In the early 2000s, the work stagnated as the beet processing plant went bankrupt and ceased operations, leading to a massive outflow of people [10].

Today, about 100 people live in the sugar mill. The village is practically cut off from communication. The only thing that works is the electricity supply.

To survive, residents use homemade stoves for heating and take water from street wells. Most of the buildings are abandoned and the infrastructure has deteriorated. There is only one shop, a three-store school building has been closed, and a kindergarten. More than 800 apartments are empty and are gradually falling into disrepair, as the village council sees no need to allocate funds for repairs. The enterprise itself was dismantled and the town was delisted from the map. Everything needs major repairs and significant investments. It is not profitable to revive the sugar refinery itself, as its location was previously justified by the fact that Kirovohrad region had significant sugar beet harvests, but now they account for only 1 % of the sown area. At the same time, sunflower crops occupy 586 thousand hectares (34 %), wheat – 382.2 thousand hectares (22 %) and corn for grain – 350.8 thousand hectares (21 %) [11], meaning that there are other opportunities for agricultural enterprises.

As of October 2024, more than 4.9 million internally displaced persons were officially registered in Ukraine [12]. They all need housing, jobs, and integration into new communities. At the same time, ghost towns, such as Tsukrovariv in Kirovohrad Oblast, have the potential to become new centers of life for these people. The restoration of ghost towns through social entrepreneurship can ensure the sustainable development and integration of IDPs. Social enterprises focused on solving social problems can create jobs, restore infrastructure and promote social cohesion. Involving internally displaced people in the reconstruction of ghost towns will not only provide them with new opportunities, but also revitalize abandoned areas, turning them into thriving communities.

Subsequently, positive results can be obtained if social entrepreneurship is introduced in such cities. First, both Ukrainians and foreigners can be founders of a social enterprise. The participation of the latter will lead to an increase in the number of foreign business entities, which will allow Ukraine's economy to be supported even during martial law. Foreign investment is always desirable. If it is a Ukrainian, then we still get a positive impact by supporting the country's economy, although perhaps on a smaller scale.

Secondly, there are many internally displaced people in the country who lost their homes as a result of the war. In these ghost towns, you can buy a house for USD 500-600. However, almost no one goes there now because there is no work, although the price is very low. If there is production there, there will be jobs. That is, we need to create a 'center' that will attract people with its prospects, at least with the opportunity to receive competitive salaries.

Thirdly, stable production and the influx of people to ghost towns will allow any active person to prove themselves. For example, there is only one shop in the city, and since land and premises prices are low, opening a grocery store does not require significant costs. Moreover, you can open this store with the help of a government grant [13]. That is, if you have a business plan and defend it, the state will provide from UAH 150,000 to 250,000 to open a store. Then there will be advantages, because you can open a kindergarten, a school, build sports grounds, etc., because they will be needed. In this way, the town

can turn from a ghost into a full-fledged center of life with all the necessary conditions for a high standard of living.

Fourthly, the launch of an enterprise in the town will mean bringing in all communications and expanding the infrastructure. Thus, another problem that hinders people's relocation to the city will be overcome. This is not a complete list of impacts. In general, the expected positive impact of social enterprises in ghost towns can be divided into economic, social, and environmental impacts (Figure 1).

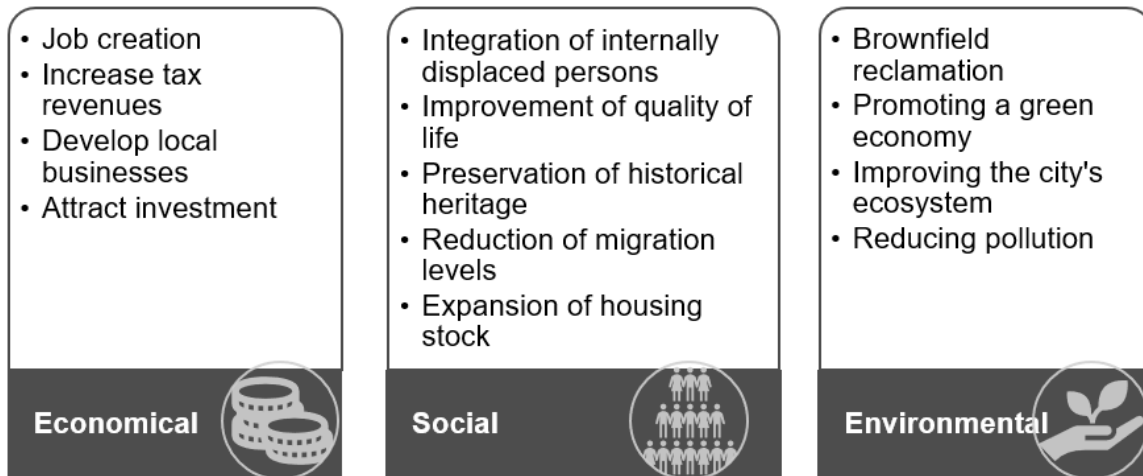


Fig. 1. General consequences of launching social entrepreneurship in ghost towns

Джерело: summarized and supplemented by the author

A social entrepreneur who seeks to launch his own initiative in the revival of a ghost town inevitably faces numerous challenges. Among them are difficulties in finding start-up funding, especially for projects in neglected regions, where investors often doubt the quick return. A person without financial savings or support cannot start production. Options such as creating a joint stock company to attract more capital, obtaining a grant or a loan are possible. For example, in Ukraine there are preferential loans for agricultural production. However, this requires careful calculations to determine the resources needed and find suitable sources of funding.

In addition, the lack of a developed infrastructure can increase the cost of starting a business. Bringing all the necessary communications and ensuring constant logistics requires significant efforts. Due to the shelling of Ukraine's energy infrastructure, power outages periodically occur. Electricity can be absent from 4 to 12 hours a day, depending on the intensity of shelling and proximity to the occupied territories. To prevent production downtime, powerful generators or the end of the war are needed.

At the same time, the entrepreneur must overcome social barriers caused by mistrust on the part of local residents, who have been left without stable work and confidence in the future for a long

time. Attracting skilled labor becomes a challenge due to the demographic decline in such cities. During the launch of the enterprise in the first years, until a comfortable living environment for employees is formed, it is necessary to ensure the transportation of employees.

Starting a socially oriented enterprise, like any other, is risky during martial law. The Kirovohrad region is quite close to the occupied territories. If artillery shelling has minimal impact due to distance, then the airspace is not sufficiently protected. The consequences of missile strikes can sometimes be devastating, so the owner of the enterprise needs to have a developed plan of action in case of emergencies. It provides for the creation of a rapid response system and the provision of shelters to protect workers. In addition, an entrepreneur should consider an underground floor for partial or full activities of the enterprise.

DISCUSSION

Social entrepreneurship can be a powerful catalyst in Ukraine's post-war recovery. Although the positive effects of such activities are obvious, they require a thorough empirical study. Each area aimed at improving the well-being of the community and society needs to be further developed in the form of comprehensive research. In the future, the focus will be on practical results, which will allow

for more detailed analysis. In addition, empirical research will help to confirm the effectiveness of social entrepreneurship.

CONCLUSIONS

In the context of the revival of ghost towns such as Tsukrovariv in the Kirovohrad region, this approach can be a catalyst for creating new opportunities and forming sustainable communities. It can be an example of successful transformation with the right strategy and support. It is important that local authorities, public organizations and the private sector work together, creating conditions for the implementation of social initiatives. The involvement of internally displaced persons in these processes will not only revive the city, but also solve the problem

of integrating a large number of people who lost their homes as a result of the war. Thus, the strength of social entrepreneurship lies in its ability to integrate economic, social and environmental aspects into a single development strategy. The revival of ghost towns or cities in need of repurposing through social enterprises can become a model for other regions of Ukraine, opening up new horizons for sustainable development even in the most crisis conditions.

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