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PART II. YOUTH ENTREPRENEURSHIP, SOCIAL INNOVATION AND ECOSYSTEMS

MECHANISM OF STATE SUPPORT FOR SOCIAL ENTREPRENEURSHIP: UKRAINIAN REALITIES AND EUROPEAN EXPERIENCE

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Introduction. Social entrepreneurship, under the conditions of growing social challenges in Ukraine, is gaining increased significance and relevance due to its focus on solving urgent social problems combined with economic responsibility for generating profit. In this context, state support for social entrepreneurship becomes particularly important, as the state acts as a guarantor of social security, social stability, and social development. Amid war and its consequences, demographic shifts, a large number of people forced to leave their homes and established lives, destruction of parts of the economy, and an increasing need for social services, the importance of state support for social entrepreneurship becomes extremely urgent and should be aimed at strengthening its potential.

Analyzing the mechanism of state support for social entrepreneurship in Ukraine and the European Union allows assessing the effectiveness of existing tools and developing recommendations for adapting European practices to Ukrainian realities. This will help expand the scope of socially oriented enterprises and address urgent social issues.

Current Context. Social entrepreneurship in Ukraine, as a distinct type of entrepreneurial activity, is still not regulated at the legislative level. The draft Law of Ukraine "On Social Enterprises," submitted to the Verkhovna Rada of Ukraine, remains only a proposal. The draft law provides for the creation of an interagency commission authorized to: grant enterprises the status of a social enterprise; determine forms of state support with the issuance of the appropriate permit; revoke such permits or enterprise status. The commission also oversees regional commissions and resolves disputes [1].

Main Arguments. The draft law also outlines measures to support social enterprises. The main measures include tax incentives, investment incentives, land-use benefits, repayable and non-repayable financial assistance, loans, priority placement in government procurement and programs, and employment

opportunities for vulnerable groups. It also foresees funding for social projects and programs from the state budget on both repayable (budget loans) and non-repayable terms, with funding volumes determined by programs approved by the Cabinet of Ministers of Ukraine or local authorities.

Thus, Ukraine is only at the initial stage of recognizing and regulating social entrepreneurship at the legislative level. However, this does not mean that social entrepreneurial activity is absent. On the contrary, recent realities show that entrepreneurship is becoming increasingly socially oriented due to the need to function under conditions of instability and uncertainty. Socialization manifests through employing vulnerable or socially disadvantaged people (persons with disabilities, internally displaced persons, women who lost their breadwinner due to war, individuals who lost their jobs due to destruction or closure of enterprises, etc.); producing socially significant goods; providing services aimed at solving social issues (education, medical rehabilitation for war victims, psychological assistance, cultural, sports, ecological programs, etc.); directing profit or part of it toward charity, social programs, and NGO support.

There are numerous practical examples of social entrepreneurship in Ukraine, each addressing specific social challenges [2]. According to the National Institute for Strategic Studies, Ukrainian social enterprises are mainly focused on: employment of vulnerable groups (61%); directing profits toward supporting social organizations (around 53%); providing services to specific population groups (40%); funding service provision (27%); only 3% are focused on environmental protection, and 7% are engaged in other activities [3].

In Europe, according to the European Commission, about 2 million social enterprises operate, accounting for approximately 10% of all registered businesses. They employ more than 11 million workers (6% of the total workforce).

The main areas of activity include:

- creation of jobs, training, integration, and social adaptation for people with disabilities, the unemployed, and refugees;
- personal social services – healthcare, welfare, medical assistance, professional training, education, childcare, elderly care, and support for low-income groups;
- local development in disadvantaged regions – enterprises in remote rural areas, micro-district rehabilitation projects, cooperation with third countries;
- other areas: agricultural processing, environmental protection, sports, arts, culture, preservation of historical heritage, science, research and innovation, consumer rights, and sports engagement [4].

European regulatory frameworks share both similarities and differences.

The origins of social entrepreneurship are often associated with the United Kingdom, where cooperative movements emerged in the mid-19th century. Today, around 70,000 social enterprises operate there, employing nearly 2 million people (around 3% of the population). One in five social enterprises has an annual turnover exceeding £1 million, contributing around 9% of the country's GDP.

British social enterprises operate in construction, transport, waste recycling, trade, food services, green energy, and even theatre. On average, 68% support vulnerable populations, 44% employ them, and 28% operate in highly depressed regions. Nearly 52% of British social enterprises receive income from the public sector, alongside grants, social investments, loans, social impact bonds, equity investments, crowdfunding, and national lottery funds. In 2014, tax incentives were introduced, reducing income tax by 30% for investors in social enterprises [3].

Key features of British social enterprises include [5]: i) a clearly defined social or environmental mission stated in governing documents; ii) reinvestment of most profits into social projects (about 50% must be reinvested); iii) independence from the state; iv) management aligned with the social mission; v) accountability and transparency.

In Germany, most social enterprises address issues of vulnerable groups: migrants, refugees, unemployed youth, and people with disabilities. The “Kiron” platform allows refugees to obtain education remotely. The “Social Impact” organization, active for over 20 years, supports social entrepreneurs as a “social innovation agency”. State support is implemented through two key directions: stimulating successful initiatives and developing cooperation strategies between social entrepreneurs and the government [4].

In many European countries, social entrepreneurship is clearly defined and legally regulated (Italy, Belgium, Spain, Poland, Portugal, UK, Finland, France, Greece, Czech Republic, etc.) [6;7].

Italy was one of the first countries to legally define social entrepreneurship. In 1991, Law No. 381 established social cooperatives, divided into two types: “A” – providing social, educational, and medical services; “B” – creating employment for vulnerable populations (at least 30% must be employees from these groups).

Profit distribution is limited, and asset development is required.

In Poland, social entrepreneurship gained momentum after the adoption of the new Constitution (1997) and EU accession (2004). Key legal acts include: “On Public Benefit Work and Volunteering” (2003), “On Social Employment” (2003), “On Employment Promotion and Labor Market Institutions” (2004), and “On Social Cooperatives” (2006). The latter provides three founding mechanisms: through integration centers, by NGOs or local governments, or individually. Founders are exempt from registration fees and may receive financial support. Local authorities may purchase services from social cooperatives without tenders [4].

Recommendations and Conclusion. Thus, proper legal regulation is a key factor in the successful functioning and support of social enterprises in Europe. Ukraine should adapt financial support mechanisms (tax benefits, preferential lending), expand educational initiatives for entrepreneurial competency, and develop information platforms to popularize social entrepreneurship. Altogether, this will create conditions for systematic development of social entrepreneurship and increased social responsibility.

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THE ROLE OF YOUTH IN SOCIAL ENTREPRENEURSHIP IN THE EU

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Introduction. Social entrepreneurship in the EU is increasingly seen as an effective tool for addressing social, economic, and environmental challenges, combining entrepreneurial approaches with a social mission. In this context, young people play a particularly important role, as they are the bearers of innovative ideas, digital skills, and new business models focused not only on profit but also on social value. The European Union actively supports the development of youth social entrepreneurship through educational programs, financial instruments, incubators, accelerators, and initiatives to promote civic engagement.