

## MODERN FORMS OF SOCIAL PROBLEMS SOLVING (ON THE EXAMPLE OF SOCIAL BUSINESS)

### СУЧАСНІ ФОРМИ ВИРІШЕННЯ СОЦІАЛЬНИХ ПРОБЛЕМ (НА ПРИКЛАДІ СОЦІАЛЬНОГО БІЗНЕСУ)

*The purpose of the article is to justify social business as a modern form of solving social problems. It is noted that social business arises in the sphere of providing social services. Attention is focused on the very nature of the participation of social businessmen who, through their own activity, satisfy a socially significant demand for certain segments of the population, that is, capable of solving social problems of certain population groups or individuals. It is justified that the idea of modern social business is considered through the historical milestones of its evolution. It is noted that in different periods of society's evolution, the social problems themselves changed, as did their depth for different social groups. The main periods of origin, development and active spread of social business are considered. It is noted that at the first stage, the activities of charitable, volunteer and public organizations in their modern sense were born and gradually spread. Such activities were implemented at the expense of collecting membership fees from citizens or donations from various categories of the population in order to solve a specific social problem. It was determined that the next stage in the development of social business began at the end of the 20th century as a result of the creation of the first social enterprises. It is during this period that the concept of "social business" begins to be used, which takes on the characteristics of a socio-economic phenomenon and is the subject of independent research by scientists. Thus, analyzing the given historical milestones in the development of the phenomenon of social entrepreneurship, two approaches to solving social problems that have arisen in their modern sense are highlighted: financial and institutional. It was concluded that the form of solving a social problem should be defined as a method by which a particular type of social problem is mitigated/solved, i.e. providing social services and carrying out social work aimed at supporting the most socially vulnerable categories and persons who find themselves in difficult life circumstances. It is noted that it is appropriate to include social assistance, social protection, and corporate social responsibility of business as a financial form of solving a social problem. Due to the implementation of these forms of solving social problems, societal, group and individual social problems are solved. It is substantiated that under the institutional approach, the solution of social problems is the main type of activity of the relevant business entity and is carried out systematically. In this way, social business acquires such an institutional form that is able to more flexibly contribute to the solution of social problems, that is, social enterprises are formed. The article emphasizes that a social problem is a complex and multidimensional phenomenon that includes many components. General trends in solving social problems in specific countries are concentrated in the principles of social policy formed in it. In addition, social business is essentially an organic component of the social protection system, and therefore an element of the country's social policy. It was concluded that the main differences between the social responsibility of business and social entrepreneurship in solving social problems of society lie in their differences in the very form of solving social problems. For a social business, profit is ensured by solving social problems, which is again reinvested in projects to solve social problems.*

**Key words:** development, human resources, regulation, social business, social problems, sociology of business, socio-economic problems.

*Метою статті є обґрунтування соціального бізнесу як сучасної форми вирішення соціальних проблем. Зазначено, що соціальний бізнес виникає у сфері надання соціальних послуг. Акцентовано увагу на самому характері участі соціальних підприємців, які саме за рахунок власної діяльності задовольняють соціально значущий попит для окремих верств населення, тобто спроможний вирішувати соціальні проблеми окремих груп населення чи індивідуальні. Обґрунтовано, що уявлення про сучасний соціальний бізнес розглядається через історичні віхи його еволюції. Зазначено, що у різні періоди еволюції суспільства змінювалися й самі соціальні проблеми, їх глибина для різних соціальних груп. Розглянуто основні періоди зародження, розвитку й активного поширення соціального бізнесу. Зазначено, що на першому етапі зародилась та поступово набула поширення діяльність благодійних, волонтерських та громадських організацій у їх сучасному розумінні. Така діяльність реалізувалась за рахунок збору членських внесків громадян чи пожертв з різних категорій населення задля вирішення конкретної соціальної проблеми. Визначено, що наступний етап у розвитку соціального бізнесу розпочався наприкінці ХХ століття внаслідок створення перших соціальних підприємств. Саме у цей період починає вживатися поняття «соціальний бізнес», що набуває ознак соціально-економічного явища й складає предмет самостійних досліджень науковців. Таким чином, аналізуючи наведені історичні віхи розвитку феномену соціального підприємництва, виділено два підходи до вирішення соціальних проблем, які склалися у суспільстві: фінансовий та інституційний. Зроблено висновок про те, що соціально вирішення соціальної проблеми слід визначати спосіб, за допомогою якого окремі види соціальної проблеми пом'якшуються/вирішуються, тобто забезпечується надання соціальних послуг та проведення соціальної роботи, спрямованих на підтримку найбільш соціально вразливих категорій та осіб, що опинилися у складних життєвих обставинах. Зазначено, що до фінансової форми вирішення соціальної проблеми доцільно відносити соціальну допомогу, соціальний захист, корпоративну соціальну відповідальність бізнесу. За рахунок реалізації даних форм вирішення соціальних проблем вирішуються загальносуспільні, групові та індивідуальні соціальні проблеми. Обґрунтовано, що за інституційного підходу, вирішення соціальних проблем складає основний вид діяльності відповідного суб'єкта господарювання та здійснюється систематично. Таким чином соціальний бізнес набуває такої інституційної форми, яка спроможна гнучкіше сприяти вирішенню соціальних проблем, тобто утворюються соціальні підприємства. У статті наголошено, що соціальна проблема є складним і багатомірним явищем, яке*

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включає в себе багато складових. Загальні тренди вирішення соціальних проблем у конкретних країнах зосереджується у сформованих в ній засадах соціальної політики. Крім того, соціальний бізнес по суті є органічною складовою системи соціального захисту, а отже й елементом соціальної політики країни. Зроблено висновок про те, що основні відмінності між соціальною відповідальністю бізнесу та соціальним підприємництвом у вирішенні соціальних проблем суспільства полягають у їх розбіжностях у самій формі вирішення соціальних проблем. Для соціального бізнесу забезпечення отримання прибутку відбувається при вирішенні соціальних проблем, який знову ж таки реінвестується у проекти вирішення соціальних проблем.

**Ключові слова:** людські ресурси, регулювання, розвиток, соціальний бізнес, соціальні проблеми, соціологія бізнесу, соціально-економічні проблеми.

**Introduction and problem statement.** The study of the essence of social business within the activity approach made it possible to discover that such activity successfully combines the application of relevant business models to solve social problems. It should also be considered that social business arises in the field of providing social services. At the same time, it is worth emphasizing the very nature of the participation of social businessmen, who, through their own activities, satisfy a socially significant demand for certain segments of the population, that is, capable of solving social problems of certain population groups or individuals. For a more complete disclosure of this aspect of the essence of social entrepreneurship, it is worth paying attention to the fact that the historical origins of this phenomenon are quite deep and are connected with the emergence and awareness of social problems in society. Usually, such problems are associated with overcoming hunger, poverty and diseases, helping socially vulnerable sections of the population, etc.

**Analysis of recent research and publications.** As a rule, social business is considered from such positions in the literature. The following scientists are devoted to solving social problems in general, as well as to the use of this social business in particular: O. Vasylieva, O. Trokhymets [1], O. Holubiev [2; 3], V. Horyn [4], A. Zhavoronok [5], O. Katsora [6], A. Svychnuk [7; 8], A. Duka [9], O. Popelo [11] and others.

It should be noted that all scientists have come to the conclusion that social business is one of the trends of people-centrism and will develop rapidly in the coming years. However, among economists, lawyers and sociologists, there are still discussions about the most optimal ways to solve social problems with the help of social business.

**The aim of the article is the** justification of social business as a modern form of solving social problems.

**Results of the research.** In the literature, in particular, in the works of J. McClurg [10] and the team of authors within the framework of the project "Social entrepreneurship as an innovative mechanism for solving issues of social development" [8, p. 22], the idea of modern social business is considered through the historical milestones of its evolution.

In general, social business has evolved from ordinary help in times of need into an independent type of activity in its current existence. Usually, such assistance was provided to socially vulnerable

sections of the population and had a social impact, although it was not systematic. During the period of active spread of this phenomenon, in different periods it acquired appropriate forms of solving social problems. In addition, in different periods of the evolution of society, the social problems themselves changed, their depth for different social groups. As noted in [8, p. 22] the historical origin of this activity was the benevolence of the community, as well as missionaries. Hospitals, homes for the elderly, parish schools, orphanages, educational institutions and shelters were created and maintained at the expense of the community and missionaries. Similar activities were carried out by monasteries, creating similar places of help on their territories.

In general, assessing the history of modern social business as an independent phenomenon, it is worth focusing attention on the main periods of its origin, development and active spread.

The emergence of social business took place from the middle of the 19th century to the second half of the 20th century. This stage is characterized by the intensification of the activities of patrons and sponsors, especially among the owners of industrial and commercial enterprises, who created and maintained various social projects at the expense of part of their own profits (educational schools, art schools, public libraries, public hospitals, museums, etc.). Such activity did not gain independence during this period, but the implementation of such projects ensured the provision of social benefits and was completely dependent on the financial capabilities of the providers. In addition, during this period, the activity of charitable, volunteer and public organizations in their modern sense was born and gradually spread. Such activities were implemented at the expense of collecting membership fees from citizens or donations from various categories of the population in order to solve a specific social problem. However, such voluntary organizations were created for a short-term period and were entirely dependent on funding opportunities. Thus, it can be emphasized that in this period the assumption of a certain social responsibility by capital owners was initiated [7; 8].

The next stage in the development of social business began at the end of the 20th century as a result of the creation of the first social enterprises. It is during this period that the concept of "social business" begins to be used, which takes on the characteristics of a socio-economic phenomenon and

is the subject of independent research by scientists. That is, it is during this period that the beginning of the organizational design of financing certain assistance for certain segments of the population in independent activities for providing social benefits and solving social problems on a permanent basis falls.

Interest in researching this phenomenon intensified at the beginning of the 21st century due to the worsening of social problems in most countries. Social business is beginning to be explored more deeply by scientists. In addition, the activation of social business and the increase of its role in solving pressing social problems necessitated the legalization of this activity into an independent form, and from that time the creation of the first officially registered social enterprises began [1–3; 4; 5; 9].

Thus, analyzing the given historical milestones in the development of the phenomenon of social entrepreneurship, it is expedient to distinguish two approaches to solving social problems that have arisen in society: financial and institutional. Highlighting these approaches makes it possible to distinguish social business from the total set of possible forms of solving social problems. At the same time, we agree with the opinion of O. Golubev [2; 3] that the form of solving a social problem should be defined as a method by which a particular type of social problem is mitigated/solved, i.e. providing social services and carrying out social work aimed at supporting the most socially vulnerable categories and persons in difficult life situations circumstances

Thus, within the framework of the financial approach, there are activities that are focused on collecting resources to solve the problems of specific socially vulnerable groups of the population, which are not separated into a separate type of activity and official registration by an independent economic entity [2; 3; 5]. Social assistance, social protection, corporate social responsibility of business should be attributed to this form of solving a social problem. In this case, it is mostly about business entities that adhere to the concept of corporate social responsibility, as well as state organizations providing social services, non-profit organizations, charitable foundations and public organizations. Mostly, such organizations are focused on the implementation of relatively short-term programs or projects, that is, they are not a systematic activity. Due to the implementation of these forms of solving social problems, societal, group and individual social problems are solved.

According to the institutional approach, the solution of social problems is the main type of activity of the relevant business entity and is carried out systematically. In this way, social business acquires such an institutional form that is able to more flexibly contribute to the solution of social problems, that is, social enterprises are formed. A significant part of such enterprises are representatives of small

and medium-sized businesses, whose goal is the implementation of social entrepreneurial projects. The vast majority of group and individual social problems are solved due to the implementation of this form [4; 6–9; 11].

Social enterprises are characterized by market principles of activity, which ensures their financial stability and independence. In addition, the activities of these organizations are carried out systematically, focused on the long-term perspective. Such enterprises may have a sign of non-profitability, which implies not the absence of a result of commercial activity, but restrictions on the distribution of profits in accordance with the law. Thus, the profit obtained as a result of economic activity cannot be distributed between participants and founders, but is directed to solving social problems or expanding the activities of the social enterprise itself [2; 3].

A social problem is a complex and multidimensional phenomenon that includes many components. General trends in solving social problems in specific countries are concentrated in the principles of social policy formed in it. Depending on the level of development of civil society, the result of the implementation of social policy may be spending society's resources on solving some problems and actually ignoring other situations that may be no less dangerous, or focusing on solving/mitigating social problems.

To solve social problems, each country implements its own targeted social policy, taking into account financial and economic opportunities. The basis of solving social problems at the state level is the system of social protection of the population.

Thus, as evidenced by the research conducted by scientists [2; 3; 9–11] social business is essentially an organic component of the social protection system, and therefore an element of the country's social policy. At the same time, as confirmed by research on the components of the state-wide social protection system, only some of its elements should be attributed to the sphere of social entrepreneurship, in particular, these are social work, social services, and social order [10]. Thus, we can agree that within the general system of social protection of the population, the above-mentioned elements are the forms of social business implementation, as they correspond to certain criteria [2; 3].

When studying the subject field of social business, the concept of social responsibility of business or corporate social responsibility, which is often identified in the literature with social entrepreneurship, is also important for analysis. It should be noted that social responsibility or corporate social responsibility did not provide for them a mechanism of social work or the provision of social services by specific business structures, but actually focused on the involvement of these business structures in solving social problems.

**Conclusions and prospects for further research.** Summing up the scientific research on the forms of solving social problems of society and taking into account the obtained results, there are grounds for determining the place of social business in the specified forms. The main differences between the social responsibility of business and social entrepreneurship in solving social problems of society lie in their differences in the very form of solving social problems. Thus, the main reason for the emergence of an idea for a social business is a social goal, while the social responsibility of a business arises within the scope of the implementation of the main functions of management.

Earning of profit by a socially responsible enterprise is ensured by satisfying any needs of consumers of its products, and the profit itself is distributed among business owners. For a social business, profit is ensured by solving social problems, which is again reinvested in projects to solve social problems. It is believed that the social protection of the population is the exclusive business of the state. However, the participation of business in the social support of the population contributes to the prevention of the emergence of a significant part of the social problems of society, when employees feel socialized, do not survive on social expenses, are able to provide for themselves, and receive guaranteed jobs throughout their lives. That is, in the development of social responsibility, state regulation should be implemented not only with regard to the formation of the legislative basis, but also the creation of a favorable business environment for interaction between the government and business.

Instead, the state regulation of social business, in addition to the formation of a favorable business environment, also requires consideration of the institutional features of the regulation of individual subjects, the differentiation of tools and levers for the practical implementation of such regulatory influence.

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