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DOI <https://doi.org/10.26661/2414-0287-2023-4-60-18>**SOCIAL ENTREPRENEURSHIP AS A WAY OF HUMAN CAPITAL DEVELOPMENT:  
EUROPEAN EXPERIENCE AND NATIONAL CHARACTERISTICS****Pereverzeva A.V., Zgursky S.A., Petrenko D.L.***Zaporizhzhia National University*  
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ORCID: 0000-0001-8391-6636**Key words:**social entrepreneurship,  
social entrepreneur,  
human capital,  
European experience,  
changes, human potential,  
innovative methods,  
creative approaches

The social enterprise as a way of human capital development was studied. It is substantiated that the main value of the modern management system is human resources, the quality of which affects the level of success of the enterprise's functioning and determines the prospects for its further development. It has been proven that the management of the human capital of the enterprise is an important area of activity of the business entity, because it is people who create new products, are able to effectively use resources, and control the quality of products. In addition, continuous improvement and the desire to develop one's skills on the basis of constant activity and initiative, despite the limitation of such a resource as time, are important. Attention is focused on the fact that there are two types of organization of the human capital management process: rigid, which is based on quantitative indicators determined within the business strategy regarding management aspects; soft involves determining the features of the formation of mutual relations in the team, singles out effective methods of communication, identifies successful methods of motivation and determines the qualities of a leader. Attention is focused on the fact that there are two types of organization of the human capital management process: rigid, which is based on quantitative indicators determined within the business strategy regarding management aspects; soft involves determining the features of the formation of mutual relations in the team, singles out effective methods of communication, identifies successful methods of motivation and determines the qualities of a leader. It was determined that social enterprises usually measure success based on three dimensions: human capital – the impact of business on people and the ability to influence social change, improve life and develop the community on a sustainable basis; planet – impact on the environment – what is the contribution to the development of the planet or to the reduction of the carbon footprint (CO<sub>2</sub> emissions) of business and customers; profit – like traditional businesses, social enterprises must create added value in order to function successfully and grow. The analysis of the experience of the EU countries made it possible to single out the obstacles to the development of social enterprises: the reluctance of public sector subjects to innovate and/or partner with social enterprises; weak management skills and high cost of consulting services in the field of business for JV startups; problems in the formation and maintenance of a sustainable business model, as well as with the multiplication of one's activities; relatively small scale financing of projects with social consequences.

**СОЦІАЛЬНЕ ПІДПРИЄМНИЦТВО ЯК СПОСІБ РОЗВИТКУ ЛЮДСЬКОГО КАПІТАЛУ:  
ЄВРОПЕЙСЬКИЙ ДОСВІД ТА НАЦІОНАЛЬНІ ОСОБЛИВОСТІ****Переверзева А.В., Згурський С.А., Петренко Д.Л.***Запорізький національний університет*  
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Досліджено соціальне підприємство як спосіб розвитку людського капіталу. Обґрунтовано, що головною цінністю сучасної системи управління є людські ресурси, якість яких впливає на рівень успішності функціонування підприємства та визначає перспективи його подальшого розвитку. Доведено, що управління людським капіталом підприємства є важливим напрямом

**Ключові слова:**

соціальне підприємництво,  
соціальний підприємець,  
людський капітал,  
європейський досвід,  
зміни, людський потенціал,  
інноваційні методи,  
креативні підходи

діяльності суб'єкта господарювання, адже саме люди створюють нові продукти, здатні ефективно використовувати ресурси, контролювати якість продукції. Крім того важливим є безперервне вдосконалення та прагнення розвивати свої навички на основі постійної активності та ініціативності, незважаючи на обмеженість такого ресурсу як час. Акцентовано увагу на тому, що існує два типи організації процесу управління людським капіталом: жорсткий, який базується на кількісних показниках, котрі визначаються в межах бізнес-стратегії щодо управлінських аспектів; м'який передбачає визначення особливостей формування взаємовідносин у колективі, виокремлює ефективні методи комунікації, ідентифікує успішні способи мотивації та визначає якості лідера. Визначено, що соціальні підприємства зазвичай вимірюють успіх на основі тримірності: людський капітал – вплив бізнесу на людину та здатність впливати на соціальні зміни, покращувати життя та розвивати спільноту на стійкій основі; планета – вплив на навколишнє середовище – яким є внесок у розвиток планети або у зменшення вуглецевого сліду (викиди CO<sub>2</sub>) бізнесу та клієнтів; прибуток – як і традиційний бізнес, соціальні підприємства повинні створювати додану вартість, щоб успішно функціонувати та розвиватися. Аналіз досвіду країн ЄС дозволив виокремити перешкоди для розвитку соціальних підприємств: небажання суб'єктів державного сектора до інновацій та/або партнерства з соціальними підприємствами; слабкі управлінські навички та висока вартість консультаційних послуг у сфері бізнесу для стартапів СП; проблеми у формуванні та підтримці стійкої бізнес-моделі, а також з мультиплікацією своєї діяльності; відносно невеликі масштаби фінансування проєктів з соціальними наслідками.

**Problem statement**

Modern economic development is characterized by significant changes in relations between countries, the aggravation of the struggle for resources, the aggravation of military conflicts. This affects the development of countries that are direct participants in the conflict, and may also apply to countries whose participation is indirect. This is due to the process of globalization, which is characterized by the interconnectedness and interweaving of national economies. As a result of the significant level of interdependence of countries, socio-economic problems may worsen and new ones may arise on their basis, which require the search for new approaches to solving urgent issues, because the state cannot fully assume these obligations.

**Analysis of recent studies and publications**

A significant number of works devoted to theoretical and practical aspects of social entrepreneurship are presented in the scientific literature. Among Ukrainian scientists, significant attention was paid to the study of various aspects of the functioning and development of social enterprises: I.I. Bereznyak [1], Z.I. Halushka [2], O.B. Kireeva [3], V.I. Udodova and V.I. Shapoval [4] and others. Scientists, as a rule, research and supplement the concept of “social entrepreneurship”, substantiate the expediency of its functioning and development in conditions of increasing influence of global trends. Human capital was studied by O. Borodina [5], L. Golovko [6], O. Grishnova [7], V.I. Kutsenko, and G.I. Yevtushenko [8] and others.

**Highlighting previously unsolved parts of the overall problem**

Under the influence of modern challenges, the issue of the development of social entrepreneurship is being updated, as evidenced by a significant number of theoretical

and practical research by scientists. However, the analysis of social entrepreneurship as a way of developing human capital requires a more in-depth study.

**Objectives of the article**

The main goal of this work is the analysis of social entrepreneurship as a way of developing human capital based on the use of the positive experience of the EU for its implementation in the national economy.

**The main material of the research**

At the current stage of economic development, there is a need for social enterprises, which are defined as agents of change, taking on the functions of solving urgent social problems, using the most effective methods and approaches [9].

Thus, social enterprises are a form of business that is characterized by an effective combination of market mechanisms with levers of state policy, using innovative methods and creative approaches to solve problems.

A social enterprise is a type of business where performance and success metrics are measured in more than just profit. After all, social enterprises usually measure success based on three dimensions:

- human capital. The impact of business on people and the ability to influence social change, improve lives and develop communities on a sustainable basis;
- a planet Impact on the environment – what is the contribution to the development of the planet or to the reduction of the carbon footprint (CO<sub>2</sub> emissions) of business and customers;
- profit Like traditional businesses, social enterprises must create added value in order to function successfully and grow.

The experience of European countries shows that “social enterprise” is an innovative and commercial approach

to solving social problems, which is followed by an organization in the process of business development, which is implemented mainly through non-profit organizations, with the possibility of use in a commercial direction [10].

Let’s consider the peculiarities of the functioning and development of social entrepreneurship on the example of some European countries. The significant development of social entrepreneurship in Germany and Great Britain is primarily associated with active support from the state, perception in society and a significant level of citizen activity. However, German social enterprises have a number of obstacles in their activities, among which it is necessary to highlight: reluctance of public sector entities to innovate and/or partner with social enterprises; weak management skills and high cost of consulting services in the field of business for JV startups; problems in the formation and maintenance of a sustainable business model, as well as with the multiplication of one’s activities; relatively small scale of financing projects with social consequences [11].

An example of the development of social entrepreneurship in Great Britain is the British program “Santander’s Social Enterprise Development Awards” (SEDA), which is supported by the British financial company “Santander”. The purpose of the program is to support social entrepreneurship and enterprises that are actively engaged in charity for the benefit of their communities. A cash prize of £5,000-£10,000 is awarded to businesses that maximize social engagement and enhance social relevance. A particularly important function of these business entities is: comprehensive support of vulnerable groups of the population at the expense of qualification improvement, professional training and employment; improvement of the environment, provision of socially

significant services and production of socially significant products, etc. Note that in addition to the monetary reward, the winners also receive consultations from social entrepreneurship specialists and access to the business support program, along with the possibility of a three-month internship.

Foreign experience proves that the human potential of a social entrepreneur significantly affects future prospects and development. Let’s consider different approaches to defining the specified economic category (Table 1).

The authors of the book “Understanding Entrepreneurship. The Relentless Pursuit of Mission in an Ever Changing World” [12] presented some research on various aspects of social entrepreneurs, namely: social entrepreneurs are more democratic, and are also more inclined to collegiality in the decision-making process in their environment than ordinary entrepreneurs; social entrepreneurs are more dissatisfied with the unfair state of affairs in the surrounding world; social entrepreneurs can count on a lot of support in society more than traditional ones.

In order to organize positive long-term changes, you need people who have the ability to understand the problem in all its aspects and have a global vision of its solution.

The main value of the modern management system is human resources, the quality of which affects the level of success of the company’s operation and determines the prospects for its further development.

The development of civilization and the formation of the knowledge economy have led to a change in views on the employee, whose activity is significant for achieving a high level of personal well-being, for the economic entity from the point of view of the results of the activity and society in general.

Table 1 – Separate definitions of the concept of “social entrepreneur”

Source	Definition
The California Commonwealth Club series on social entrepreneurship (The Commonwealth Club series)	A social entrepreneur is an innovator who directs all his passion and perseverance to solving social problems.
Ashoka Foundation	Social entrepreneurs are individuals who seek innovative solutions to the most pressing social problems. They are ambitious and persistent in their work and offer new ideas for large-scale changes.
Bornstein D.	A social entrepreneur is a trailblazer with a powerful idea and high ethical standards who combines theoretical and practical problem-solving skills and is “obsessed” with their vision for change.
Light P.	A social entrepreneur is an individual, a group of individuals, an organization, or a group of organizations that seeks non-standard ways to make lasting and large-scale changes in the activities of governmental, non-profit, and for-profit organizations to solve social problems.
Institute of Public Broadcasting “New Heroes” (PBS “The New Heroes”)	A social entrepreneur finds and solves large-scale social problems. Just as entrepreneurs create and transform entire industries, social entrepreneurs change society by finding opportunities that others don’t see.
Schwab Foundation	Who is a social entrepreneur? A pragmatic visionary who achieves large-scale, systematic and sustainable social change through innovation, non-standard approaches and a deeper examination of current technologies and strategies.
Skoll Foundation	Social entrepreneurs change society; they are innovators who benefit humanity. Social entrepreneurs are ambitious, motivated, strategic, resourceful and results-oriented.
Thomson J.	People who have the skills and qualities inherent in private entrepreneurs, but who work for society and are concerned with achieving social goals, not making money.
Boschee J.	Social entrepreneurs are able to create a balance between moral imperatives and the pursuit of profit. They pay more and more attention to market mechanisms, without losing sight of their main mission. And this process is the heart and soul of the entire social movement.

Source: grouped by the authors themselves

Note that from the point of view of the enterprise, human capital is a prerequisite for obtaining profit, and the employee is a source of obtaining added value due to the use of one's own potential and its realization in the process of work.

The importance of human resources is confirmed by their importance for activities in both domestic and foreign markets. This indicates the transition of the economy from an industrial type of economy to an economy based on knowledge, information and technology.

Therefore, taking into account the role of human resources from the point of view of various levels of economic functioning, the question arises of improving the motivation system in order to increase productivity and work efficiency in the conditions of increasing challenges of the global environment.

Human resources at the enterprise are connected by a management system. A special role in the management system is played by leaders, whose decisions depend on goal setting, the formation of a motivational system, and the creation of favorable conditions for productive work and the formation of a corporate culture based on collective interaction [13].

The main idea, which is the basis for the management of human capital, is a philosophical concept that forms the main principles of attitude to human resources within the scope of realizing the interests of the business entity. As a rule, this philosophy is used in different aspects, so it is impossible to clearly define a single model of human resources management.

In the scientific literature, two types of organization of the human capital management process are presented: hard and soft. A rigorous approach to human capital management is based on quantitative indicators that are defined within the business strategy regarding managerial aspects. The specified approach is considered rational, as it corresponds to the general philosophy, focuses on the interests of the business entity, emphasizes the need to manage human capital in order to achieve competitive advantages [14].

The soft model of human capital management involves determining the peculiarities of the formation of relationships in the team, singles out effective methods of communication, identifies successful methods of motivation and determines the qualities of a leader. The implementation of the defined model depends on the attitude towards the employee, his identification with

the most valuable asset, which is a source of competitive advantages due to the formed skills and the desire to learn through life and continuous development. The model focuses on the need for full involvement of employees in the activities of the business entity, establishment of effective communication, formation of a sense of dedication and commitment to the organization, a high level of trust as elements of organizational culture. Important in this model is the principle of reciprocity, i. e. compliance with the principle of common interests of employees and managers, i. e. the activity of the organization is characterized by harmonious development and integrity, and people work as a single mechanism, system, collective, sharing common goals.

A soft model of personnel management, similar to a hard model of human capital management, emphasizes communication and the formation of effective relationships in the team.

Human capital management of the enterprise is an important activity of the business entity, because it is people who create new products, able to use resources effectively, control product quality. In addition, continuous improvement and the desire to develop one's skills on the basis of constant activity and initiative, despite the limitation of such a resource as time, are important. Therefore, it is extremely necessary to focus attention on the preservation of highly qualified human capital, which is able to bring benefits not only to its owner, but also to those who use it.

### Conclusions and suggestions

On the basis of the conducted research, it is necessary to summarize that the modern management system of social entrepreneurship determines the main value – human resources, which are a prerequisite for successful activity. The role of the material component is important, but without human capital it is impossible to get positive results. It is the social enterprise that makes it possible to realize human potential from the point of view of the social component as the main one and the material component as a supplement. Thus, the movement in the direction of the formation of a knowledge economy leads to a change in the forms of management, traditional forms are changed for social enterprises, views on the employee as a person whose activity is important for his own well-being, for the business entity, for society, and for the state are transformed.

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