

**SECTION 1. DEMOGRAPHY, LABOR ECONOMY, SOCIAL ECONOMY AND
POLITICS**

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1.1 Factors of social entrepreneurship development in Ukraine under martial law

Social entrepreneurship in Ukraine has become an important component of the economic and social development strategy in recent years, contributing to solving urgent social problems and ensuring sustainable development at the level of local communities. However, the ongoing war in Ukraine and the introduction of martial law have significantly changed the conditions for the functioning of enterprises, including social ones. In conditions of war, social entrepreneurs face new challenges, such as reduced access to financial resources, destruction of infrastructure, increased need for social support and assistance to internally displaced persons, as well as the need to adapt business models to rapidly changing realities.

Despite these difficulties, social entrepreneurship continues to play an important role in ensuring social stability and supporting economic recovery. In order to understand what factors contribute to or hinder the development of social enterprises in conditions of martial law, it is necessary to analyze the key factors that determine their potential in this difficult period.

An important manifestation of the mission of social entrepreneurship in modern Ukrainian society is that it, as a progressive type of business with clearly expressed social values, can serve as a powerful basis for supporting modern priorities of social development [1]. Researchers V. Kostrytsya and T. Burlay [2] emphasize in their study that the issue of following social development priorities is currently being addressed at all levels in order to effectively resist crisis influences, overcome their negative consequences, heal the received “social traumas” and not only ensure the dignity and quality of life of people, but also protect it from modern hybrid threats. In times of war, sociality is primarily about responsibility and the ability to respond to acute social problems. A study by Gradus Research shows that 44% of Ukrainians, when making a purchase decision, pay attention to whether the business helps the army, and for 21%

of citizens, volunteer work of company employees is important. The importance of implementing a social mission is also recognized by business itself. According to the same survey, 84% of Ukrainian enterprises are currently involved in solving social problems [3].

In difficult economic and war conditions in Ukraine, social entrepreneurs were able to mitigate a number of critical problems in society and accelerate their resolution. Their activities actively contribute to improving the situation of vulnerable groups of the population, in particular by providing employment and social adaptation. This also has a positive impact on the country's economic development. Social enterprises perform tasks that are often beyond the power of the state or other economic sectors. Despite the difficulties faced by many institutions and organizations in war conditions, measures are currently being taken to provide financial, organizational and informational support for social entrepreneurship both at the state level and by international organizations. Social enterprises can operate through grants, donations, state subsidies, as well as through the support of religious institutions. This creates significant potential for the development of social entrepreneurship in Ukraine, which in turn has a positive impact on social life and helps the country overcome the socio-economic crisis, ensuring its further development. However, despite the available opportunities and support, social entrepreneurship requires the creation of a clear legislative framework that would define its differences from other organizations and regulate its activities [4].

Researcher N. Vanina [5] considers the importance of studying the socio-economic prerequisites of consulting on youth entrepreneurship in the restoration of a socially-oriented market economy and the economy of Ukraine as a whole during the war and post-war period. Youth entrepreneurship is a significant segment of small business, the development of which will determine the rates of economic growth and development of the country in the future [6]. N. Vanina [5] identifies factors that must be taken into account when developing a system for managing the socio-economic activity of youth. These include: differentiation of professional sectors; social model of education; economic model of education; socio-psychological attitude to work;

regional labor market policy. The influx of future workers into the labor market depends on the socio-economic activity of youth. This characteristic determines the ability of society to reproduce human resources and develop human capital. One of the characteristics of socio-economic activity is the demographic load coefficient. Unfortunately, the State Statistics Service of Ukraine postponed the publication of information for 2023 due to martial law. However, it is known that the war in Ukraine is significantly reducing the population: by 2035, there may be less than 35 million Ukrainians left, and the following year will probably be a year of catastrophic decline in the birth rate [7].

Today, in Ukraine, there are virtually no regulatory requirements for social entrepreneurs, which in turn complicates any process of regulating such activities, and therefore it is necessary to start with a clear separation of the concept of "social entrepreneurship" in terms of the regulatory and legal field and its legislative consolidation. That is why state regulation of the social entrepreneurship sector should achieve its effectiveness only if it is balanced, which would combine the regulation of regulatory and legal acts and the distribution of activity functions between market mechanisms [8].

Let us consider the main factors influencing the development of social entrepreneurship in Ukraine under martial law, in particular economic, social, political and security aspects.

Economic aspects. The economic situation in Ukraine under martial law is changing significantly. Many enterprises are facing economic difficulties arising from [9, 10]:

- a decrease in the solvency of the population due to job losses, inflation, and a decrease in purchasing power. This creates constraints on the demand for social enterprise products;
- social entrepreneurs have limited access to credit and investment due to economic instability and a decrease in the number of investors willing to invest in risky projects;

– sectoral problems, such as the destruction of infrastructure and difficulties in logistics, significantly complicate doing business, in particular for social enterprises that rely on local communities and markets.

Social aspects. Under martial law, social problems in Ukraine are intensifying, and social enterprises have an important role in solving these issues [11, 12]:

– large flows of refugees and displaced persons create additional burdens on social services and infrastructure, which opens up opportunities for social enterprises in the field of housing, medical services, and adaptation;

– during war, the need for services for people with disabilities, veterans, and those affected by the conflict increases. Social enterprises can provide assistance to these groups of the population;

– post-war stress, depression, and mental illness create a need for psychological assistance and rehabilitation services, which social enterprises can also provide.

Political aspects. The political situation in wartime has a significant impact on the development of social entrepreneurship [13, 14]:

– war forces the state to focus resources on defense and infrastructure restoration, but also increases the need to create favorable conditions for the development of social enterprises, in particular through subsidies, grants or soft loans;

– martial law can lead to changes in the regulation of social entrepreneurship, which complicates the work of entrepreneurs. A stable and clear legislative framework is necessary for the development of entrepreneurship;

– during wartime, corruption risks may increase, which complicates access to necessary resources and state support.

Security aspects. Security is one of the key factors affecting the development of social enterprises in wartime [15]:

– military operations, shelling, mining of territories and the threat to staff and clients of social enterprises in war zones significantly complicate doing business;

– businesses may be forced to temporarily suspend their operations due to shelling or security threats, causing economic losses;

- security issues related to transport infrastructure and restrictions on the movement of goods can seriously disrupt supply chains, especially for small and medium-sized social enterprises.

Thus, in conditions of martial law, economic, social, political and security factors interact and determine the ability of social enterprises to adapt to new realities and continue their activities for the benefit of society.

In the conditions of war, social entrepreneurs in Ukraine face a number of new challenges that significantly complicate their activities, but at the same time create new opportunities for solving social problems. Analysis of scientific sources [16, 17, 18] allowed us to identify the main ones:

1. Security and physical risks:

- the war in Ukraine is accompanied by constant shelling, mining of territories, destruction of infrastructure, which endangers not only the activities of enterprises, but also the safety of their employees and clients. Enterprises in zones of active hostilities are forced to work in conditions of constant threat;

- in the event of an immediate threat, entrepreneurs are forced to evacuate or move to safer regions, which leads to a temporary cessation of activities and additional adaptation costs.

2. Economic difficulties and limited access to financing:

- as a result of the war, the level of income of the population decreases, which leads to a decrease in demand for goods and services, including services of social enterprises. The reduction in the number of consumers creates additional difficulties for social entrepreneurs trying to support their projects;

- in conditions of economic instability, banks and investors significantly reduce the volume of lending and investment, which limits the opportunities for the development of new social initiatives or for supporting existing enterprises.

3. Disruption of logistics chains:

- destroyed or damaged infrastructure facilities, such as roads, bridges, railways, complicate the supply of goods and services. This especially affects social enterprises

that work with goods or services that require constant replenishment of stocks or interaction with partners in other regions;

- as a result of military operations, the supply of goods through traditional channels may be impossible or significantly more expensive. This can become an obstacle for enterprises focused on the supply of products or materials for social needs.

4. Changes in labor relations:

- in conditions of war, many workers are forced to leave their jobs due to evacuation or conscription. This leads to a shortage of skilled labor, which complicates the normal functioning of the enterprise. Many entrepreneurs are forced to look for new employees or retrain their employees to adapt them to new conditions;

- war contributes to the growth of social problems, such as mental trauma, disability, poverty and unemployment. This creates an additional burden on social enterprises that have to serve these new categories of people in need.

5. Changes in the legislative and regulatory environment:

- martial law may lead to temporary changes in the regulation of business, including social entrepreneurship. For example, changes in tax policy, restrictions on the movement of goods and services, or new requirements for entrepreneurs can complicate doing business. Social entrepreneurs need clear and stable rules of the game to function properly;

- although some social enterprises receive state assistance in the form of subsidies or grants, restrictions on the state budget against the backdrop of war may lead to a reduction in support for such initiatives.

6. Psychological and social pressure:

- entrepreneurs and their employees are subject to psychological pressure due to the constant threat of war, which can affect work efficiency. Psychosocial problems can also arise in those who work with vulnerable groups of the population, such as refugees, veterans, people with disabilities, etc.;

- in war conditions it is difficult to plan and predict the future. This makes entrepreneurs more cautious about investing in long-term projects and forces them to look for more flexible and rapid development strategies.

7. New opportunities for innovation and change:

- martial law forces entrepreneurs to look for new, non-standard ways to achieve their goals. Many social enterprises are starting to use the latest technologies, online platforms, digitalization to ensure access to their services even in war conditions;
- entrepreneurs may find new opportunities to attract international donors or local charities to increase their activities in the direction of helping refugees, war victims and other vulnerable groups.

Thus, the war poses new challenges for social entrepreneurs that require flexibility, adaptability and quick solutions. However, these difficulties also open up new opportunities for the development of social initiatives that can help Ukrainian society overcome the crisis.

In wartime, social entrepreneurship is inextricably linked to the implementation of state social policy, since they have the same emphasis, and in addition, social entrepreneurship has the potential to create additional resources for the implementation of the tasks facing social policy. In some cases, it is social entrepreneurship that is able to solve (or at least partially solve) a number of social problems that state social policy is unable to fully solve in wartime (ensuring employment for representatives of certain social categories, solving specific problems of a social nature, integration into the socio-economic life of the IDP community, veterans and other social groups, etc.) [1].

The development of social entrepreneurship in martial law in Ukraine is closely related to the implementation of measures to ensure a social advertising and information campaign, similar to those used during the COVID-19 pandemic. Social enterprises have been actively involved in disseminating information about safety, health, and support for vulnerable groups, which has become an important element in combating crisis situations, particularly in times of war [19].

In times of war, social policy should be aimed primarily at minimizing the negative consequences of military actions, such as the increase in the number of unemployed, homeless, and displaced persons, i.e., people who need assistance in the context of the destruction of production and social infrastructure facilities [20].

The State Employment Service offers a number of active programs for businesses that are designed to help solve employment issues or preserve jobs for socially vulnerable categories of the population. Among them [21]:

1. Program for providing employers with compensation for the employment of registered unemployed, which includes:

1.1. Providing compensation for the employer's actual costs in the amount of a single contribution to mandatory state social insurance.

1.2. Providing compensation in the amount of 50% of actual labor costs, but not more than the minimum wage.

1.3. Providing compensation in the amount of 50% of the minimum wage.

2. Program for providing employers with compensation for labor costs for the employment of registered unemployed internally displaced persons.

3. Program for providing employers with compensation for labor costs for the employment of internally displaced persons as a result of hostilities during martial law in Ukraine.

4. Provision of partial unemployment benefits.

5. Organization of vocational training for registered unemployed persons at the request of employers, in particular, social entrepreneurs.

6. Provision of microgrants for the creation or development of one's own business. Funds are provided on a non-refundable basis subject to compliance with the Procedure for providing microgrants for the creation or development of one's own business.

Thus, social entrepreneurship in Ukraine under martial law has proven to be an important tool for overcoming the social and economic challenges that the country faces during the war. Social entrepreneurs, adapting to new realities, contribute to solving the problems of vulnerable groups of the population, ensuring their social adaptation, employment and support in crisis conditions. At the same time, they face serious obstacles, in particular, economic difficulties, limited access to resources, security risks and uncertainty in the legislative sphere. However, despite all the difficulties, social entrepreneurship has great potential for development thanks to the support of the state, international organizations and the community. For effective

functioning in the future, it is important to create a clear legislative framework that would ensure the stability and development of this sector. Social entrepreneurship can become an important factor in the country's economic recovery and help Ukraine overcome the socio-economic crisis, contributing to the strengthening of society and ensuring its resilience in conditions of constant tension.