

SOCIAL ENTREPRENEURSHIP IN WARTIME: ADAPTATION STRATEGIES AND ECONOMIC RESILIENCE

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Abstract. The *subject* of the study is the role of social enterprises in ensuring economic resilience and contributing to the post-war recovery and regional reintegration of Ukraine. The research focuses on the institutional, redistributive, and territorial functions of social enterprises under wartime conditions, with special attention to their ability to adapt, self-organize, and fill systemic gaps left by weakened state and market actors. Social enterprises are considered as hybrid socio-economic actors that combine market mechanisms with civic missions, thereby offering innovative solutions to the dual challenge of economic collapse and social fragmentation caused by Russia's full-scale invasion. *Methodology.* The article employs an interdisciplinary approach based on institutional economics, resilience theory, and social innovation studies. Methods include comparative case analysis, typological classification, policy review, and system analysis of adaptation strategies. Empirical sources include reports from the Ukrainian Social Investment Fund, UNDP, OECD, and Ashoka, as well as local field data from de-occupied and frontline regions. The methodology allows the identification of both macro-level policy implications and micro-level innovations generated by social enterprises during the war. The *aim* of the work is to conceptualize social entrepreneurship as a systemic actor in Ukraine's national economic architecture during wartime and reconstruction, and to assess the conditions under which social enterprises can scale up their impact. The article seeks to understand how social enterprises function as redistributors of resources, agents of local demand stimulation, and platforms for civic empowerment. It also aims to offer practical policy recommendations for legal recognition, financial support mechanisms, and integration into national and EU-aligned recovery strategies. The *results* of the study demonstrate that social enterprises have played a critical role in maintaining local economic activity in de-occupied and high-risk zones. Their hybrid models allowed for rapid reorganization under conditions of disruption: shifting to digital platforms, diversifying services, relocating operations, and forging cross-sectoral partnerships. These actors provided employment to vulnerable groups, maintained access to basic services, and reactivated regional supply chains. In parallel, they contributed to restoring institutional trust by engaging in transparent, participatory governance at the community level. Quantitative metrics such as SROI and employment sustainability, alongside qualitative indicators like trust and embeddedness, confirm their role as resilient infrastructure in a fragmented state. *Conclusion.* Social enterprises in Ukraine are not marginal or temporary crisis responders but are foundational actors in the country's economic reintegration and resilience-building efforts. Their impact spans multiple domains: from inclusive employment and community development to institutional innovation and public service co-production. The study calls for the strategic institutionalization of social entrepreneurship through legal definition, national standards for impact measurement, and blended financing tools. Recognizing their role in national policy and aligning support mechanisms with EU frameworks will be essential to unlocking their full potential in post-war reconstruction.

Keywords: social entrepreneurship, economic resilience, institutional innovation, post-war recovery, blended finance, inclusive employment, Ukraine, social economy, regional development, impact measurement.

JEL Classification: L31, O30, E24, R58

1. Introduction

Russia's full-scale military aggression against Ukraine, launched in February 2022, has led to the most profound economic shock in the country's post-independence

history. The war has devastated critical infrastructure, disrupted supply chains, reduced business activity, caused large-scale population displacement, and significantly undermined regional economic systems.

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According to the World Bank (World Bank, 2023), the total estimated cost of damage and reconstruction needs in Ukraine exceeds \$400 billion USD, while real GDP contracted by over 29% in 2022 alone. Amid such conditions, Ukraine faces the urgent task of building new, adaptive economic structures that are capable not only of resisting systemic stress but also of restoring production and strengthening social cohesion in wartime.

Against this backdrop, social entrepreneurship has emerged as a vital and flexible mechanism for addressing the dual challenges of economic survival and social vulnerability. Unlike traditional enterprises, social businesses prioritize social value creation alongside financial sustainability. In wartime, they have proven to be key actors in supporting internally displaced persons, creating inclusive employment opportunities, sustaining community-based services, and reactivating local markets – especially in regions near the frontlines or recently de-occupied areas (Wanyama, 2020; Pact Ukraine, 2023). Their capacity for self-organization, local embeddedness, and hybrid resource mobilization renders them effective agents of community resilience and economic continuity (Defourny & Nyssens, 2017).

Nevertheless, social enterprises in Ukraine operate within a highly unstable and often unsupportive institutional environment. The lack of legal recognition, limited access to impact capital, absence of tax incentives, and weak state support mechanisms all hinder the scalability and sustainability of these actors (Armeni & de Bone, 2020; Gura & Komakha, 2025). Moreover, the wartime economy introduces additional operational constraints: disrupted logistics, volatile markets, labor shortages due to conscription or displacement, and increased transaction costs. These factors force social enterprises to constantly adjust their strategies, often relying on informal networks, donor partnerships, or digital transformation to remain operational (Suspilne, 2023; Development of social entrepreneurship in Ukraine, 2021).

Despite these systemic barriers, social enterprises have not only persisted but in many cases expanded their role in supporting societal adaptation. Their practices demonstrate a high degree of institutional innovation and cross-sectoral cooperation, ranging from crisis-response manufacturing and psychological support services to educational platforms and circular economy initiatives. Thus, they are increasingly seen as key participants in building national economic resilience – not as isolated initiatives, but as structural components of a broader adaptive strategy. Understanding the scope, patterns, and limitations of their wartime activities is crucial for shaping effective public policy, investment frameworks, and development strategies in post-war Ukraine.

2. Social Entrepreneurship as an Anti-Crisis Agent of the National Economy: Institutional Role, Redistribution Mechanisms, and Local Socio-Economic Impact in Wartime Ukraine

A defining feature of social entrepreneurship is its ability to implement decentralized redistribution by reinvesting profits into socially valuable goals. Unlike traditional enterprises that aim primarily at maximizing shareholder returns, social enterprises redistribute economic value through inclusive employment practices, access-oriented services, and reinvestment in local communities. In wartime Ukraine, this model has proven instrumental in supporting internally displaced persons (IDPs), demobilized military personnel, persons with disabilities, and women survivors of violence (GIZ, 2023).

The employment strategies of social enterprises are characterized by high levels of targeted inclusivity. Many such organizations design their recruitment processes to explicitly prioritize vulnerable groups. For example, the “Re:Form” tailoring cooperative in Lviv employs displaced women and provides on-site childcare, while “Veteran Hub” in Kyiv offers reskilling and job placement services for veterans and their families. According to a 2023 study by the Ukrainian Social Academy, over 62% of social enterprises in Ukraine employ at least one person from a vulnerable or marginalized category, and 44% prioritize such inclusion in their business plans (Ukrainian Social Academy, 2023).

Furthermore, social enterprises contribute to professional reintegration through training, mentorship, and hybrid education-employment models. These programs often fill gaps left by overstressed public services and underfunded vocational education systems. Initiatives such as “Silab Ukraine” and “Impact Hub Odessa” offer not only short-term employment but also skill-building for long-term economic participation. The International Labour Organization (ILO, 2023) notes that social enterprises can play a unique role in building “adaptive human capital” by matching labor supply with emerging local needs in disrupted economies.

The redistribution function of social enterprises also manifests through alternative pricing models, donation-based services, and the provision of essential goods at reduced cost or for free to targeted populations. These activities have become particularly important in areas with limited access to public infrastructure or humanitarian aid. In regions such as Donbas and the Kherson Oblast, mobile social kitchens, solidarity shops, and circular economy models help ensure food security and basic subsistence.

From a macroeconomic perspective, these mechanisms reduce the fiscal pressure on the state

by offloading part of the social burden onto community-based initiatives that are often more agile and better informed about local needs. They complement national and municipal social programs, often reaching “last mile” populations more effectively. Additionally, the reinvestment logic of social entrepreneurship encourages the recirculation of capital within local economies, generating multiplier effects that extend beyond direct employment.

A key aspect of the Ukrainian experience is the resilience of these enterprises under conditions of systemic volatility. Despite logistical challenges, inflationary pressures, and displacement, many social enterprises have adapted their operating models – shifting to remote formats, adopting digital payment tools, and reconfiguring production toward humanitarian or defense-related needs. This resilience enhances not only their economic viability but also their credibility as long-term partners in national reconstruction strategies (British Council, 2020; UNDP, 2022).

In essence, social enterprises function as hybrid redistributive institutions that bridge the gap between market failure and overstretched state capacity. They integrate the employment generation with empowerment, linking economic participation to social mobility and fostering localized solutions to national crises. As such, they contribute to the architecture of socio-economic resilience in wartime Ukraine and hold strategic relevance for post-war recovery.

Social enterprises play a critical role in reshaping domestic demand patterns by aligning goods and services with the altered consumption profiles of populations affected by war. In contrast to conventional businesses that follow aggregate market signals, social enterprises focus on needs-based production, prioritizing essential items and services for communities under stress. During wartime, this has included manufacturing low-cost clothing for displaced families, distributing hygiene products, developing digital tools for inclusive education, and providing meals for low-income households in war-affected areas (OECD, 2023).

This targeted provisioning creates stable, albeit localized, micro-markets that preserve purchasing power among vulnerable segments of the population. By responding to real-time shifts in local demand – such as needs arising in IDP shelters, frontline communities, or de-occupied towns – social enterprises contribute to maintaining a baseline of consumption that cushions broader economic contraction. Their focus on affordability, relevance, and accessibility helps address demand fragmentation, one of the defining characteristics of wartime economies (UNDP, 2022).

In parallel, social enterprises act as catalysts for local development. Embedded within specific territorial contexts, they mobilize underutilized resources – such as local labor, idle premises, or community knowledge – and transform them into socially valuable outputs. This groundedness fosters spatially inclusive growth and supports place-based recovery strategies. For example, in towns like Trostianets and Zviahel, social enterprises have restored local supply chains by sourcing from regional producers, hiring locally, and reinvesting in public infrastructure (Ukrainian Social Venture Fund, 2023).

Moreover, social enterprises strengthen horizontal community networks by operating at the intersection of economic, civic, and institutional domains. They often collaborate with municipalities, NGOs, schools, and faith-based organizations to deliver integrated services. Such cooperation enhances governance capacity at the local level, especially in settings where public administration has been weakened or overloaded. According to the UNDP (UNDP, 2022), social enterprises in Ukraine increasingly serve as nodes within local recovery ecosystems, functioning not only as producers but also as coordinators of reconstruction and social resilience.

Another important impact lies in social adaptation and psychosocial stabilization. For war-affected individuals – especially women, the elderly, and people with disabilities – employment or participation in a social enterprise can restore a sense of agency, rebuild trust, and reintegrate them into collective life. These non-material outcomes are critical to reducing the long-term social costs of displacement and trauma (GIZ, 2023). Many social enterprises also host safe spaces, peer support circles, and therapeutic workshops that address community needs beyond economics.

Finally, social entrepreneurship contributes to rebuilding institutional trust. In post-conflict settings, distrust in formal institutions is often high due to war-induced fragmentation and governance breakdown. Social enterprises, by virtue of their community orientation, transparency, and participatory ethos, help restore legitimacy at the grassroots level. Their responsiveness and embeddedness make them effective intermediaries between citizens and the state, especially when delivering services on behalf of local administrations or donor programs.

Taken together, these dynamics confirm the multi-layered developmental role of social entrepreneurship: they sustain fragmented demand, anchors territorial regeneration, empowers vulnerable populations, and rebuilds socio-economic trust. These contributions are particularly relevant in Ukraine’s current context, where centralized reconstruction efforts risk bypassing community-based initiatives that have proven essential during the war’s most acute phases.

3. Adaptive Strategies of Social Enterprises in the Context of War: Resource Models, Institutional Responses, and Conditions of Organizational Viability in Ukraine

Amid the turbulence of war, Ukrainian social enterprises have adopted a broad spectrum of adaptive strategies aimed at maintaining operations, delivering essential services, and safeguarding employment. These responses fall into four core categories: resource-economic, organizational, partnership-based, and digital.

Resource-economic strategies include operational downsizing, resource localization, and substitution of imports with regional sourcing. For example, several social enterprises in the Volyn region shifted to using regional raw materials and volunteer labor when logistics from the eastern oblasts became unsustainable (Emerging Europe, 2023). Some enterprises adopted zero-waste models or pivoted to self-sufficiency in energy and materials to reduce dependence on unstable supply chains.

Organizational strategies emphasize internal restructuring to increase agility. Social enterprises streamlined governance processes, created modular production units, and introduced temporary contracts and remote work structures. Initiatives such as Silab Ukraine report that flexible management and cross-functional teams allowed quicker crisis responses during shelling, blackouts, or evacuations (Silab Ukraine, 2023).

Partnership-based strategies evolved through dense cooperation between social entrepreneurs and local councils, diaspora groups, and civil society actors. Cross-sectoral alliances – such as between Veteran Hub and regional mental health NGOs – have allowed shared use of facilities, co-branded services, and rapid knowledge exchange (CIVIC, 2023).

Digital strategies were essential to survival and transformation. Many enterprises adopted digital payment systems, cloud-based accounting, and online sales platforms. E-learning, telehealth, and chatbot-based customer service became widespread, particularly among social tech startups in Dnipro and Kyiv (Ashoka, 2023). These digital transitions also enabled displaced teams to continue functioning from safer areas or abroad.

Among the most visible strategies was relocation. After February 2022, dozens of social enterprises from Donetsk, Luhansk, Zaporizhzhia, and Kharkiv oblasts relocated westward. According to the Ukrainian Social Investment Fund (2023), 71 enterprises accessed emergency relocation support or temporary premises through civic hubs in Lviv, Rivne, and Ternopil.

Digitization not only enabled service continuity but also created new business models. Social enterprises

in fields such as inclusive education, rehabilitation, and financial counseling shifted entirely online, reaching larger displaced audiences than before the war. Platforms such as Big City Lab offered Ukrainian social innovators tools to track impact, manage projects, and build online communities (Big City Lab, 2023).

Service diversification was another critical response. Enterprises previously focused on arts, tourism, or design pivoted toward logistics, humanitarian aid, and vocational training. For example, a cooperative in Ivano-Frankivsk originally producing ethical fashion began manufacturing sleeping bags and emergency gear for soldiers and IDPs (USAID, 2023).

At the same time, community mobilization became a transversal strategy. Social enterprises served as communication nodes and logistical intermediaries for volunteer groups, diaspora initiatives, and local authorities. Their capacity to coordinate distributed actors made them vital to grassroots-level resilience efforts (Impact Europe, 2023).

The survival and adaptation of wartime social enterprises depend on complex ecologies of support. One of the most consistent factors is network resilience – the strength and adaptability of pre-existing community, professional, and donor networks. For instance, alumni networks of social enterprise accelerators such as Silab Ukraine or Sektor 3.0 provided vital peer support, mentorship, and cross-regional coordination during peak crisis periods (Silab Ukraine, 2023).

Although state support remained limited at the national level, some municipalities created adaptive frameworks for social entrepreneurs. In Uzhhorod and Lutsk, city councils integrated social businesses into emergency planning, provided tax relief, and allocated shared infrastructure (CIVIC, 2023). However, legal ambiguity continues to limit strategic state-private cooperation.

External funding – from USAID, the European Endowment for Democracy, and philanthropic actors such as Luminate – has been essential for rapid stabilization. These funds often supported not just core operations but also capacity-building in digital security, legal compliance, and humanitarian logistics (USAID, 2023).

International solidarity played an emotional, political, and material role. Transnational partnerships – such as city-to-city collaboration between Lviv and Freiburg – created new pipelines of expertise and trust. Ukrainian diaspora communities, particularly in Poland and Canada, provided flexible funding, customer bases, and advocacy platforms (Impact Europe, 2023).

Where formal mechanisms faltered, informal institutions filled the gaps. Trust-based coordination, social capital, and reciprocal volunteering emerged

as primary drivers of continuity. Local leaders with reputational capital became informal guarantors of enterprise legitimacy, especially in conflict-adjacent areas (Ashoka, 2023).

In many communities, informal aid networks function through encrypted messaging apps, decentralized supply nodes, and improvised logistics. Social enterprises integrated into these ecosystems became adaptive platforms – organizing distribution routes, bartering goods, and ensuring continuity of essential services.

These experiences demonstrate that institutional adaptability is not limited to legal or bureaucratic mechanisms. Rather, it is shaped by cultural norms, relational infrastructure, and the capacity to self-organize under extreme pressure. The wartime performance of Ukrainian social enterprises underscores the embeddedness of resilience in both formal systems and informal civic ecosystems.

4. The Role of Social Enterprises in Strengthening Regional Economic Resilience and Contributing to Post-War Recovery Policy in Ukraine

Social enterprises have proven to be vital stabilizing agents in Ukraine's regions most affected by military aggression, particularly in de-occupied areas and near frontline zones. These enterprises exhibit high institutional resilience and a strong territorial embeddedness, enabling them to resume operations, reestablish economic circulation, and provide essential services earlier than most commercial actors or public agencies. Unlike external humanitarian responders, social enterprises rely on localized knowledge and community trust, which makes their interventions context-sensitive and sustainable.

In de-occupied territories, social enterprises have played a triple function: first, as early economic reactivators; second, as providers of socially vital services; and third, as employers for conflict-affected populations. For example, in the town of Trostianets (Sumy Oblast), a food-processing cooperative resumed basic production just weeks after liberation, supplying local markets, employing internally displaced persons (IDPs), and distributing low-cost goods to vulnerable households. In Bucha, the sewing cooperative "Zemliachky" shifted its production line to focus on manufacturing uniforms and warm clothing for mobilized units, while also providing paid internships for young women from war-affected families (Ukrainian Social Investment Fund, 2023).

In Izyum (Kharkiv Oblast), a former cultural center was transformed by a community-based enterprise into a hybrid space: part youth employment hub,

part trauma-informed counseling center. This model exemplifies the intersectoral capacity of social enterprises to address both economic and psychosocial aspects of post-conflict stabilization. By coupling production with inclusion, they generate value that goes beyond GDP and addresses the multidimensionality of regional recovery.

Social enterprises in frontline zones, such as Mykolaiv and Kryvyi Rih, have adopted mobile and modular business models – pop-up shops, remote service delivery, distributed warehousing – to respond to the unpredictability of security threats. Their capacity to operate "within the fog of war" demonstrates unique institutional flexibility, which larger firms with hierarchical structures typically lack (Ashoka, 2023). Moreover, they often become nodes for informal aid distribution, partnering with volunteer networks and diaspora donors to ensure last-mile delivery of essentials.

Another important contribution lies in their ability to anchor displaced populations. Many social enterprises provide housing support, temporary employment, or basic service access to IDPs. This not only prevents further demographic collapse in already depopulated areas but also contributes to demographic and economic reintegration. For example, in the Zakarpattia region, social farming initiatives employed relocated families from the East, helping restore household incomes and revive semi-abandoned rural areas.

Beyond individual cases, social enterprises generate institutional spillover effects. Their presence encourages the revitalization of local ecosystems – stimulating demand for logistics, childcare, IT services, and vocational training. By collaborating with schools, clinics, and local councils, they embed themselves into broader recovery frameworks. In this way, social enterprises do not merely "fill gaps," but act as endogenous drivers of territorial resilience, fostering community-level self-reliance and trust in collective agency.

These dynamics align with key objectives of Ukraine's recovery architecture, including the State Regional Development Strategy and the National Recovery Plan, which emphasize decentralization, inclusive growth, and social cohesion. Social enterprises' capacity to operate in high-risk, low-trust environments makes them indispensable partners in regional resilience strategies – and critical contributors to the long-term reintegration of Ukraine's war-affected territories into a stable national economy.

Measuring the resilience generated by social enterprises requires a shift from traditional economic indicators toward a multidimensional framework that captures both tangible and intangible contributions to the national economy. As Ukraine navigates wartime

disruptions and plans for post-war recovery, developing robust measurement tools becomes essential for integrating social enterprises into macroeconomic policy and financing mechanisms.

At the quantitative level, several key indicators can be used to assess the resilience impact of social enterprises:

- employment sustainability: number and duration of jobs created, particularly among vulnerable populations such as internally displaced persons (IDPs), veterans, and women affected by conflict;
- reinvestment ratios: percentage of profits reinvested into social missions or local community development;
- local value chains: proportion of inputs and services sourced from regional suppliers;
- service continuity: ability to maintain or restore critical services (education, healthcare, food access) during periods of systemic disruption;
- social return on investment (SROI): estimated value of social benefits generated per monetary unit invested.

These metrics allow policymakers and donors to track economic embeddedness, community reliance, and shock absorption capacity – all crucial to understanding the contribution of social enterprises beyond financial turnover.

Yet resilience also operates at qualitative and institutional levels, where it manifests through trust, social capital, and institutional innovation. Social enterprises often pioneer new governance models – participatory decision-making, multi-stakeholder accountability, hybrid financial models – that increase adaptive capacity within communities. In wartime, this has included experimenting with decentralized management, informal labor agreements, and solidarity-based pricing strategies (Stanford Social Innovation Review, 2022).

Importantly, social enterprises generate impact multipliers that ripple across the local economy. By integrating marginalized individuals into the labor market, they reduce dependency ratios and enhance household economic security. By building horizontal networks with other community actors – schools, local governments, NGOs – they improve service coordination and reduce redundancy. According to a 2023 policy report by the Impact Measurement Network for Ukraine, every 1 UAH invested in social enterprise activities during wartime has generated an average of 2.5–3.2 UAH of economic activity in adjacent sectors, particularly logistics, retail, and auxiliary services.

Moreover, institutional spillovers often go unmeasured but are critical to resilience. Social enterprises help restore trust in collective action, especially in regions where war has eroded confidence in formal institutions. Their transparent, participatory, and locally embedded character fosters new forms of legitimacy from below, essential for rebuilding the state-society compact in

a post-conflict context (European Center for Not-for-Profit Law, 2023).

Additionally, some Ukrainian social enterprises have begun developing in-house monitoring systems using open-source digital tools to track social outcomes in real time. These include dashboards for tracking job placements, housing provided, or psychological counseling sessions delivered. The capacity to self-measure and report impact not only strengthens transparency but also improves eligibility for outcome-based funding models, such as social impact bonds or performance-based grants.

Finally, measuring resilience should not be limited to static outputs but must account for dynamic adaptation – how quickly and effectively enterprises adjust to new shocks. This includes evaluating factors such as response time to infrastructure damage, ability to pivot services, staff retention under stress, and innovation cycles. Resilience, in this view, is not an end state but a trajectory of adaptive learning, where social enterprises function as laboratories of institutional agility and public value creation.

Thus, the measurement of resilience must evolve in line with the transformative logic of social entrepreneurship. A pluralistic, context-sensitive, and impact-driven approach is required to capture the true systemic value these enterprises bring to Ukraine's economy during war and beyond.

To fully leverage the capacity of social enterprises as agents of economic resilience, Ukraine must adopt a strategically integrated policy framework that recognizes their hybrid nature, systemic contribution, and unique wartime performance. Public policy should not treat social enterprises as marginal actors or emergency stopgaps but rather as core developmental institutions capable of advancing inclusive, place-based, and sustainable economic recovery.

The absence of a legally codified definition of “social enterprise” in Ukraine creates regulatory ambiguity and limits access to public procurement, tax relief, or credit programs. A first-order priority is the legal institutionalization of social enterprises as a distinct category of economic entity – separate from charities, cooperatives, or commercial SMEs.

This recognition should be based on clear eligibility criteria (e.g., profit reinvestment threshold, inclusive employment practices, social impact reporting), harmonized with European frameworks such as the EU Social Economy Action Plan (European Commission, 2021). National legislative models such as Italy's Law 381/1991 on social cooperatives, the UK's Community Interest Companies (CIC), and Poland's Act on Social Economy (2022) provide tested institutional blueprints (OECD, 2022; ECNL, 2023).

A national registry of social enterprises, supported by digital infrastructure, would improve visibility,

eligibility for support, and accountability (Ministry of Economy of Ukraine, 2023).

Rather than positioning social enterprises as grant recipients or outsourcing agents, the state should frame them as strategic co-producers of public value (Nicholls & Teasdale, 2017). This requires formalizing mechanisms of public-social cooperation through long-term service contracts, performance-based financing, and shared governance models at the local and regional levels.

Municipalities can operationalize these partnerships through vouchers, delegated service delivery, and inclusion of social enterprises in regional development strategies (OECD, 2020). Successful precedents include social impact contracts implemented in the UK and Portugal (Fraser et al., 2018), which link financing to measurable social outcomes.

Additionally, Ukrainian policy frameworks such as the National Recovery Plan (Government of Ukraine, 2023) and the State Regional Development Strategy (MinRegion, 2021) already include elements that could explicitly integrate social entrepreneurship.

To stimulate wartime and post-war adaptive practices, the state should adopt specialized financial instruments. These could include:

- soft loans and guarantees for high-impact social ventures (USIF, 2023);
- public-private co-financing schemes for inclusive employment models;
- resilience grants for enterprises operating in high-risk regions (USAID, 2023);
- preferential tax regimes, modeled on inclusive hiring or reinvestment thresholds (ECNL, 2023).

Such instruments should favor transformational innovation over mere survival, rewarding social enterprises for investing in digitalization, workforce reskilling, and network expansion.

Ecosystem development must also include capacity-building: national social enterprise accelerators, regional competence centers, and online certification platforms for measuring social impact (Impact Europe, 2023).

Furthermore, developing open-access data platforms could support evidence-based policymaking, transparency, and funding eligibility. Ukraine's planned Digital Recovery Monitoring System provides an opportunity to integrate a social economy tracking module, as proposed by several stakeholders (Ministry for Communities and Territories, 2023).

In the long-term trajectory of Ukraine's post-war economic recovery, social enterprises are expected to transition from crisis-response actors to systemic contributors to national development. Their wartime experience has revealed unique competencies – organizational adaptability, territorial rootedness, and social mission orientation – that align

with the strategic imperatives of rebuilding a more inclusive, decentralized, and sustainable economy.

One of the most immediate and scalable areas of long-term contribution is economic reintegration. Social enterprises are already employing significant numbers of internally displaced persons (IDPs), veterans, persons with disabilities, and other marginalized groups. Their capacity to re-embed economically inactive individuals into value-producing activities helps reduce unemployment, stabilize household income, and reinvigorate consumption in post-conflict regions (USAID, 2023). In doing so, they address both the economic and demographic challenges of reintegration.

In parallel, they advance social inclusion by operating according to principles of solidarity, accessibility, and participatory governance. This is crucial in societies recovering from the fragmentation and trauma of war, where rebuilding social capital is just as vital as restoring infrastructure. Social enterprises foster horizontal ties, empower local leadership, and create spaces of collective agency that are vital to long-term cohesion.

From a territorial development perspective, social enterprises help reduce regional disparities by anchoring economic activity in small towns, rural areas, and de-occupied territories. Their relatively low capital-intensity and high adaptability make them well-suited to operating in places where large investors are reluctant to engage. This supports Ukraine's decentralization agenda and contributes to territorial cohesion, particularly in frontier and border regions.

Social enterprises also support the restoration of institutional trust, an element critical to post-war state legitimacy. Their transparent operations, accountability to local communities, and embeddedness in civil society grant them credibility in places where formal institutions may be viewed with suspicion. By co-producing public goods and maintaining presence during crisis, they become vehicles of bottom-up legitimacy and post-conflict reconciliation (ECNL, 2023).

In the sphere of European integration, social enterprises align with core EU policy frameworks such as the European Pillar of Social Rights, the Green Deal, and the Social Economy Action Plan (European Commission, 2021). Their inclusive employment practices, reinvestment logic, and environmental standards position them as natural partners for alignment with EU funding instruments and regulatory convergence.

Crucially, social enterprises contribute to crisis resilience infrastructure. Their organizational models – flat, networked, locally responsive – equip them to act as decentralized responders in future emergencies, whether military, ecological, or

epidemiological. By retaining the ability to mobilize communities, adapt services, and redistribute resources, they embody what resilience scholars call “institutional redundancy”: the capacity for non-state actors to sustain vital functions under systemic stress (Ashoka, 2023).

Finally, social enterprises play an increasingly important role in public service co-production. In health care, education, elder care, housing, and employment services, they already collaborate with local governments and international donors to deliver outcomes that the state alone cannot achieve. These hybrid models – where the public, private, and civic sectors intersect – will become more prominent as Ukraine reforms its welfare architecture and pursues cost-effective, citizen-centered service delivery.

In summary, social enterprises are not peripheral or transitional actors. They are foundational to the emergence of a resilient, inclusive, and socially embedded economic order, capable of absorbing shocks, restoring dignity, and anchoring national reintegration in the values of solidarity and participation. Their long-term strategic relevance should be recognized not only in civil society agendas but in the core framework of national economic policy.

5. Conclusion

The full-scale war in Ukraine has exposed deep structural vulnerabilities in national economic and social systems. Amid these unprecedented challenges, social enterprises have demonstrated a distinct capacity to function as anti-crisis agents, regional stabilizers, and drivers of post-war recovery. This article analyzed their role through the lenses of institutional function, adaptive strategy, and long-term system integration.

First, social enterprises have proven instrumental in maintaining local economic activity during periods of systemic collapse. Their embeddedness within communities allows them to rapidly restore production and services in de-occupied and high-risk zones, while their hybrid logic – combining entrepreneurial models with social missions – enables inclusive employment and resource redistribution. Unlike traditional market actors, social enterprises are not driven by profit-maximization but by public value

generation, which becomes especially critical in crisis contexts.

Second, the typology and implementation of adaptive strategies reveal the organizational maturity and flexibility of the sector. Social enterprises in Ukraine adopted resource-efficient models, decentralized operations, digital tools, and cross-sectoral partnerships that allowed them to survive and even expand during wartime. Their success underscores the relevance of non-market, non-bureaucratic institutions in sustaining economic resilience under conditions of prolonged disruption.

Third, the measurable impact of social enterprises extends beyond financial performance. Through social return on investment (SROI), network multipliers, and institutional spillover effects, they contribute to the revitalization of local economies, restoration of trust, and innovation in public service delivery. These effects justify the development of new frameworks for evaluating resilience that include both quantitative and qualitative dimensions.

Fourth, the analysis identified critical directions for state policy reform. These include the legal institutionalization of social enterprises, the establishment of public-social partnerships, the creation of tailored financial instruments, and the development of ecosystem infrastructure. Aligning national policy with EU social economy standards will also facilitate structural funding and international cooperation.

Finally, the long-term strategic forecast highlights the role of social enterprises as system-building actors in Ukraine’s economic reintegration. Their potential spans multiple domains – from territorial cohesion and institutional legitimacy to sustainable service delivery and alignment with the European Green and Social Agenda. As such, they must be treated not as peripheral players, but as foundational elements of Ukraine’s socio-economic reconstruction.

In conclusion, supporting and institutionalizing social entrepreneurship is not only a recovery measure but a strategic investment in the resilience and modernization of the national economy. It offers a tested, scalable, and values-based pathway toward building a more inclusive, just, and future-ready Ukrainian society.

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Received on: 21th of June, 2025

Accepted on: 15th of August, 2025

Published on: 20th of August, 2025