

ФІНАНСИ ТА СТРАХУВАННЯ

УДК 334.724:364

JEL: D64; H24.

© Tkachuk I., 2020

i.tkachuk@chnu.edu.ua, provost@janusandal.no
Yuriy Fedkovych Chernivtsi National University, Chernivtsi
Fil. Dr. Jan-U. Sandal Institute, Lørenskog, Norway

DEVELOPMENT OF VENTURE PHILANTHROPY IN UKRAINE IN THE CONTEXT OF STRENGTHENING OF THE SOCIAL RESPONSIBILITY OF CIVIL SOCIETY ORGANIZATIONS

Стаття присвячена висвітленню венчурної філантропії у контексті посилення соціальної відповідальності неурядових організацій України. Висвітлено деякі існуючі підходи до інтерпретації змісту венчурної філантропії та обґрунтовано її основні відмінності від традиційного підходу до благодійності. Пояснено, що рання критика венчурної філантропії зумовлена головним чином незрозумінням її змісту та можливості застосування венчурних підходів у благодійних цілях. Автором обґрунтовано важливість застосування венчурного підходу до благодійності як такого, який допомагає вирішити основні причини існуючих у суспільстві проблем, подолання яких знаходиться у компетенції неурядових організацій. Враховуючи початковий етап розвитку венчурної філантропії в Україні, автором запропоновано запровадити її у поєднанні з краудфандинговим підходом. Такий механізм сприятиме не лише швидшому впровадженню венчурної благодійності у вітчизняну благодійну практику, а й значному зростанню соціальної відповідальності НУО.

Ключові слова: соціальна відповідальність, венчурна філантропія, громадські організації, організації соціального впливу, інвестор для впливу, громадянське суспільство, краудфандинг.

Formulation of the problem. Social responsibility of CSIs is a phenomenon that allows to significantly increasing the efficiency of third sector organizations in the process of social interaction. Due to the peculiarities of the activities of different types of NGOs, not all elements of social responsibility [1] are inherent in all NGOs. However, it is important for all of them to be aware of the financial aspects of social responsibility. These aspects are not always obvious; however, they are important for the existence of NGOs and significantly determine the results of their activities.

Analysis of recent sources and publications. Some aspects of charitable activities for the benefit of NGOs, as well as the introduction of venture philanthropy are highlighted in the works of famous scientists, in particular such as Carrington D., Etchart N., Davis L., Grenier P., Herneho Yu., Khomenko H., Kostenko S., Kyrylenko O., Letts C., Ryan W., Grossman A., Tretyak M., Vykhivska I., Khomenko H., Zanina A.

But their scientific investigations mainly concern states that are characterized by the developed civil society and high level of the culture of charity in favor of its institutions. These countries have developed their own approaches to the organization of charitable activities, which are effective for them. Therefore, they require rethinking in terms of

adaptation and implementation in states that are in the stages of formation or transformation of civil society and charity cultures. This applies in particular to Ukraine according to the current state of transformation processes of its civil society, as well as the permanent instability in the financial system of the state.

The aim of the article is to study the venture philanthropy in the context of strengthening the social responsibility of non-governmental organizations in countries that are at the initial stage of developing a culture of charity.

Presentation of the main results of the study. The effectiveness of CSIs and the level of their social responsibility can be assessed by analysing the use of those funds that are at their disposal.

NGOs direct the lion's share of available financial resources (more than a third) for many years to pay wages and taxes: public organizations spent an average of 28% on these items for the period from 2006 to 2019, and PPs spent 30% for the period from 2016 to 2018. According to the interpretation of social responsibility, such allocation of NGO costs is a socially responsible behaviour towards employees and the state.

However, let us point out two things:

1. The share of expenditures of public organizations on wages and taxes decreased in 2019

compared to 2006 by 9 percentage points. (22% as opposed to 31%), which is shown in Fig. 1 and Fig. That is, it cannot be said that the third sector in Ukraine is characterized by a certain policy in fulfilling its obligations to the state and employees.

2. In relations with employees and the state NGOs are socially responsible only partly: on the one hand, they pay salaries to employees in the first place, and pay taxes and other mandatory payments in favour of the state (generally in the public sector). However, on the other hand, the wages of those

employed in the third sector are only about 60% of the average wage in the country [2], and effective social activities and tasks delegated by the state are impossible due to the low level of funding for NGOs in Ukraine (the level of financing of domestic public organizations is ten times lower than the same indicator in economically developed countries [3]). At the same time, much less money is allocated for the fulfilment of statutory goals and the implementation of responsible social activities both by the public organization itself and its members.

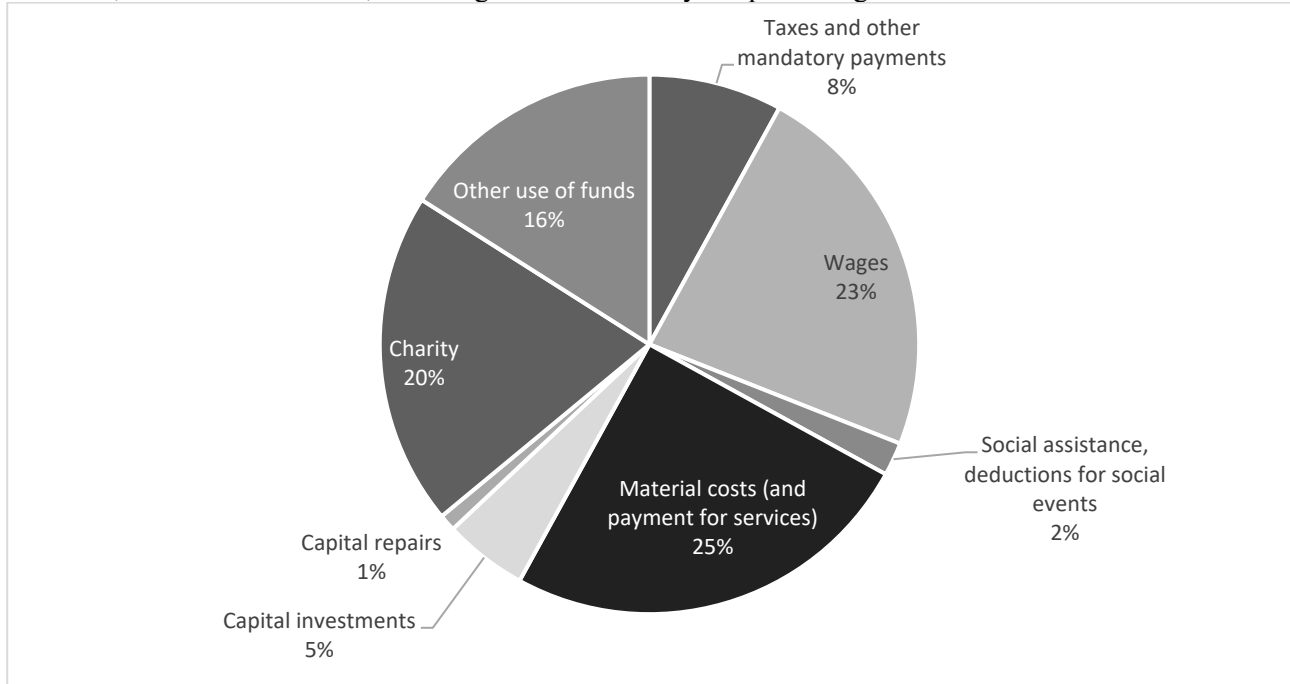


Fig. 1. The structure of expenditures of Ukrainian public organizations in 2006, %*

* Compiled by the author

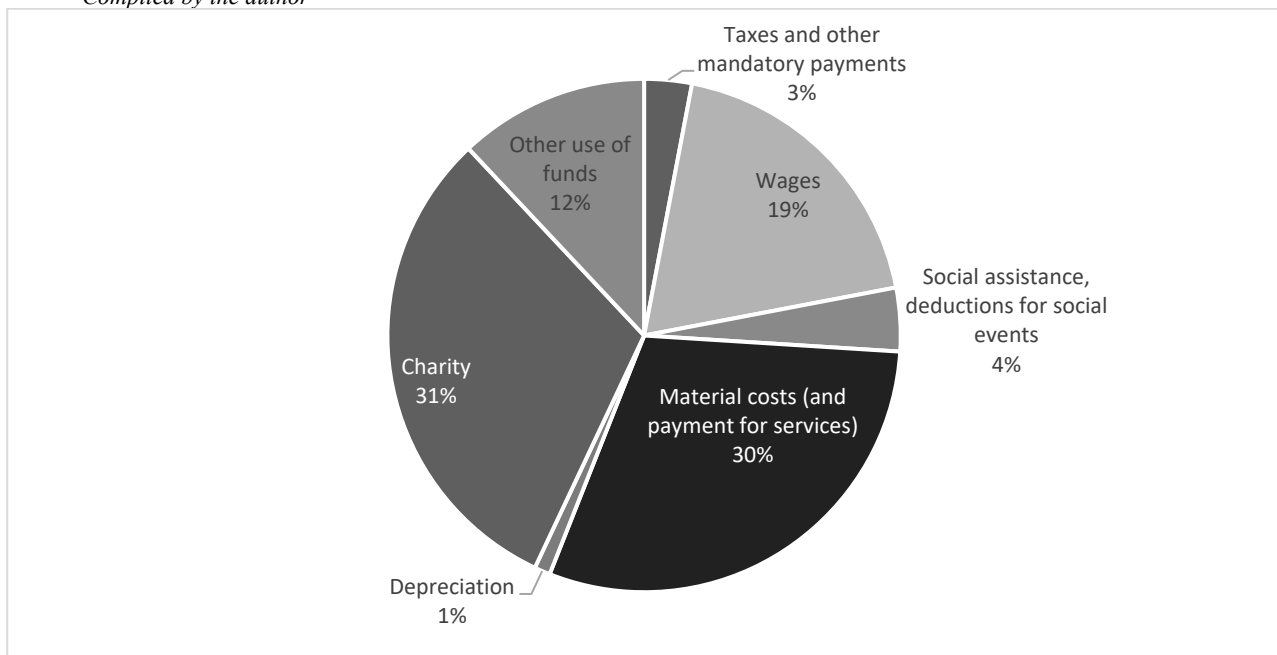


Fig. 2. The structure of expenditures of Ukrainian public organizations in 2019, %*

* Compiled by the author

Thus, there is a vicious circle: the social responsibility of Ukrainian NGOs is low, as there is a critical lack of funding for their activities, because of which the level of trust in them has decreased (according to the survey conducted by Ilko Kucheriv Democratic Initiatives Foundation, 50% of Ukrainian citizens consider the activities of public organizations necessary in the cities of their residence, however, despite such a high assessment, it should be noted that the percentage of people who see the need for public organizations decreased by 10% compared to May 2018 [4]), which, in turn, is the reason for the lack of funds of public organizations for further effective and responsible social activities.

Interestingly enough, the majority of respondents (90%) who took part in the survey indicated that they do not belong to any public organizations, associations, or PPs, but the following factors can «encourage» them to participate in the work of public organizations (we believe that such statements are valid for any NGOs): "the organization has a reputation for being effective and helping many people (15%); the activities of the organization correspond to personal beliefs (13%); "the organization is headed by a person who is trustworthy and respectable (13%); such an organization works for the benefit of Ukraine" (11%) if this work provides a decent income (12%); work in the organization will solve urgent problems of the family (10%); participation in its activities will provide new knowledge and skills (7%); this work will be included in the record of work experience (6%)" [4].

Besides, it is important to take into account the financial aspects of social responsibility of NGOs, which are reflected in this vicious circle: the more funding the higher the level of social responsibility of NGOs is, the higher the level of socially responsible activities of NGOs the higher the level of awareness and the higher the level of financial support for their activities are.

In this context, there arises a need to break this circle, which is possible only by significantly increasing the level of funding for NGOs, because, without sufficient financial resources, social responsibility bearers (even with extreme self-sacrifice) have limited capabilities.

Increasing the level of funding for CSIs will lead to a proportional increase in the share of funds that will be directed to NGOs to meet statutory goals, effective and socially responsible activities, which in turn will have a significant impact on the social and economic environment in which they operate. At the same time, it is possible to attract additional financial resources to the activities of NGOs by stimulating the same social responsibility, but in this case, we mean the social responsibility of business structures.

It should be noted that most often NGOs are considered as bearers of social responsibility (own or of representatives), but in this case, we will consider them as beneficiaries and "leaders" of socially responsible activities. We will deal with the mechanism of venture philanthropy and the possibilities of its introduction/development in Ukraine.

According to M. V. Tretiak, in the gradation of social responsibility of business venture philanthropy is on the 7th (penultimate) level. The scientist considers it one of the highest levels of corporate social responsibility [5].

The change in approaches to classical philanthropy was caused by the emergence of a new generation of businesspersons who sought to expand the opportunities to influence the world through their own charitable activities. Traditionally, the content of philanthropy involved directing a certain part of the benefactors' (individuals or legal entities) own resources to achieve rather specific goals of NGOs, usually based on one-time donations or one-year grants. Long-term perspective, innovation, and risk were considered as categories inherent in big business and incompatible with charity. The new approach made it possible to expand the social influence of philanthropists and use these categories in the implementation of charity.

The category "venture philanthropy" was first used by John D. Rockefeller in 1969 during his speech to the Congress. He explained it as a creative and risky approach to philanthropy. However, the scientific concept of venture philanthropy was first proposed only in 1997 by such scientists as C. Letts, W. Ryan, A. Grossman. Researchers noted that often NGO programs that start with "high hopes" end in limited impact. With this in mind, they suggested using the following elements of venture capital practice: risk management, efficiency measures, close and long-term relations with investors, and exit strategy [6].

Despite the further rapid development of venture philanthropy in the world, its understanding is still vague, and interpretations of the content differ significantly not only in different countries and regions, but also in the approaches of different researchers. However, most modern approaches to understanding venture philanthropy in one way or another represent the approach of scientists who first presented the concept. For example, the European Venture Philanthropy Association treats venture philanthropy as a high-engagement, long-term approach in which an investor supports a social organization to help it maximize its own social impact [7]. The online resource "Investopedia" explains it as the application or transfer of the principles of traditional venture investment to achieve charitable

endeavours [8]. A similar (but somewhat broader) approach to explaining the content of venture philanthropy is followed by experts from SOPACT (Social Purpose), which aims to promote the activities of social purpose organizations. They define it as "a type of investment with a high level of interaction, which includes elements of traditional investment, venture capital and general business strategies" [9].

Ukrainian scholars, exploring the possibilities of expanding charitable activities in Ukraine, understand venture philanthropy as "a branch of charitable activity in which private property/venture capital models are used in the non-profit and charitable sectors" [10], "a mechanism that uses the principles of venture capital – long-term investment and direct support" [11], etc.

Analysing the above-mentioned approaches to the interpretation of the category "venture philanthropy", let us outline the common characteristics for them (or most of them), namely:

- application of principles and approaches used in traditional investment;
- long-term nature;
- focus on achieving social goals.

The Rockefeller Foundation [12], having analysed the approaches to explaining the content of venture philanthropy by the world's leading organizations engaged in practice in venture philanthropy, identifies the following common elements of approaches to its interpretation [13]:

- focus on systemic changes through joint and strategic distribution of capital;
- focus on large-scale or large-scale interventions at the sectoral level, in contrast to individual organizations;
- use of a combined approach to investment, combining the use of grants and return-based investments;
- using multi-stakeholder targeting to facilitate cooperation between key players in the sector;
- long-term cooperation with grantees and investors who agree with the system, changing the way of thinking;
- rapid adaptation of interventions (if necessary) based on investment results.

It should be noted that scientists have criticized venture philanthropy, as a practical phenomenon and as a theoretical concept, since the beginning of the first venture funds.

The basis of the early critique of venture philanthropy was its difference from traditional philanthropy, which is why it was primarily incomprehensible to the non-profit sector. For example, Michael Bailin, the Edna McConnell Clark Foundation spokesman, noted that philanthropists who use a venture approach are often unfamiliar with

the problems and needs of the non-profit sector and do not understand how it works. Moreover, he stressed that venture philanthropists do not know the values of the non-profit sector and those whom they help in their activities [14].

In contrast, other scholars have emphasized that, in essence, venture philanthropy is not a new method of charity, but simply a "new term" used in the process of grant formation [15].

Gradually, this attitude changed as the non-profit sector realized the main benefits of using venture philanthropy (both financial and non-financial).

To sum up, the critique of venture philanthropy is mainly due to a lack of understanding of how the approaches used in the profitable sector can be combined with the non-profitable one. After all, traditionally venture funds work for profit, and charity is non-profit. Thus, before venture philanthropy, there were no "points of intersection" between the two spheres (apart from patronage and donations to charities).

Already in 2006, P. Grenier from the European Venture Philanthropy Association, having explored the main obstacles and opportunities offered by venture philanthropy, identified 4 main advantages, which are the following [16]:

- attracting new financial resources and experience to the non-profit sector;
- impact on existing donor practices;
- creating new types of relationships between non-profit organizations and their supporters;
- increasing the impact of the non-profit sector and the efficiency of NGOs.

Later, in 2010, the International Encyclopaedia of Civil Society book proposed a comparative table that contains almost the entire list of differences between the traditional approach to philanthropy and venture philanthropy (Table 1).

Table 1 shows a significant semantic difference between the traditional approach to charity and venture philanthropy. Thus, traditional charity is characterized by situationally, short duration of relations between the benefactor and the recipient, lack of strategic vision in solving problems, project approach, inequality of relations between the donor and the grantee, increased control by the benefactor. At the same time, venture philanthropy is characterized by a long-term strategic approach to solving important social problems, an equal partnership between the donor and the recipient in achieving various goals, and leadership from the benefactor. Thus, venture philanthropy should be understood as a mechanism that provides investor support for the organization of social purposes in order to stimulate the achievement of its social effect in the long run.

Differences between the principles of traditional charity and venture philanthropy *

| Old patterns of giving | Seeds of Change |
|--|---|
| Giving by compassion and subsidiary | Giving "by design," creativity and responsibility |
| Giving primarily later in life | Giving throughout life |
| Foundations as the key institutions form | Foundations as one form among other (individuals, venture funds) |
| Social benefit equals the non profit sector | Social benefit can come from any other sector |
| Philanthropy corrects for the market because the market is part of the problem | Philanthropy connects to the market because the market can produce a part of the solution |
| Donors focus on their local communities | Donors focus both at local level as well in a global dimension of social problems |
| Donors make grants | Donors make investments through grants |
| Money is the resource and the only tool | Money is just one tool. Competence and influence are the resource. Knowledge is an asset |
| Donors keep grantees at arm's length | Donors highly engaged in developing partnerships |
| Donors give independently | Donors give independently and give together. Philanthropy mutual funds |
| Project based – not core funding | Funds general operations rather than projects |
| Short-term up to 3 years as a standard policy | Long-term investment |
| No exit strategy-opaque performance criteria | Promote financial self-sufficiency as "exit strategy" |
| Routine management and administration of application and evaluation methods to select recipients | Leadership capable of responding and managing organizational change, development strategies, cooperation systems, devising, and monitoring performances |
| By-out of already consolidated external projects and avoid risk | Spread risks across a collection of diverse investment, considering the full spectrum of assets they have available |
| Uneven relations-division of labor between the donor who gives and the recipient who does | Equal partnership in achieving a variety of financial and social goals |

* Source: [17]

The mechanism of venture philanthropy involves the presence of a so-called "investor for impact", which, in particular, can be represented by a fund of social influence. The investor for impact, applying the approach of venture philanthropy to charity, directs its own resources (financial and non-financial) to support social purpose organizations. Such organizations are most often social enterprises, NGOs (most often public and charitable organizations), etc.

In their activity, social purpose organizations identify significant problems, usually of a social nature, and to solve which they direct their own efforts and available resources. The solution to these problems is not situational, and their results bring long-term benefits to the final beneficiaries. Since the problems are usually not local in nature, the groups of beneficiaries are quite wide. Beneficiaries can be various minorities, members of vulnerable social groups, people with disabilities, and so on.

Eventually, the investor for impact may receive social and financial returns (the latter is often not direct.)

Thus, venture philanthropy is a charity mechanism that not only solves the problems of a

narrow group of charitable recipients (as in the case of the traditional approach to charity), but also creates long-term benefits for the society as a whole and for the investor himself.

Given the above, J. Scott proposes to consider venture philanthropy as a "grant of social change", which aims to address the causes of "complex problems" of poverty, racism, violence, and more. The researcher notes that for this purpose venture philanthropy uses a number of complementary approaches, including the organization of grassroots organizations (i.e. expanding the institutional structure of NGOs), charity, direct service, media use, and public involvement, as well as political advocacy [16, p. 7].

Venture philanthropy is already a fairly developed approach to charity in the world, so there are many successful examples of its implementation. SOPACT lists the venture philanthropy organizations that they believe have the most influence and success [19]. This list includes "Toniic", "European Venture Philanthropy Association", "Venture Philanthropy Partners", and "LGT Venture Philanthropy".

"Toniic" is a global community of active investors for impact. The organization declares the

deepening of positive net influence in the whole spectrum of capital as its mission. The organization explains that all investments have both positive and negative consequences (they call them "impact"). Thus, "pure positive influence" means the predominance of positive influence over negative. That is, the community declares a desire to invest "where there is a common intention to mitigate the negative effects and emphasize the positive, as well as take responsibility for all the consequences of the enterprise, not just those reflected in traditional financial statements" [20].

"European Venture Philanthropy Association" (EVPA). Since its inception in 2004, it has been working to create a community of organizations interested in the practice of venture philanthropy and social investment throughout Europe. EVPA defines venture philanthropy as an approach to building stronger organizations (by providing them with both financial and non-financial support) that make public investments [21].

"Venture Philanthropy Partners". Focused on the Greater Washington region and improving the lives of children, venture philanthropy partners take a high-profile approach with involvement. Their strategy includes four stages: partner identification, involvement, investment, and consulting [22].

"LGT Venture Philanthropy". LGT is an independent charitable foundation that works with organizations that directly contribute to the goal of social development. In addition to providing capital directly, they work with a variety of investment objects to support their growth and viability. Each organization in the LGT portfolio meets stringent criteria, including mission alignment and readiness to scale [23].

While venture philanthropy has become commonplace in the economically developed countries of the world, in Ukraine it is only at the stage of initiation and, so to speak, comprehension, including its scientific comprehension. This is evidenced by the number and content of works by Ukrainian scientists devoted to its research. Thus, the analysis of scientific publications on the issue of venture philanthropy, which are freely available, indicated not only the small number of these publications, but also their coverage. That is, most of these publications are aimed at revealing the essence, content, and relevance of this form of charity (for example, [24, 25, 26]).

Needless to say, science and practice are to some extent interdependent phenomena, so it seems logical that venture philanthropy in Ukraine is at an early stage of its formation.

Lack of in-depth understanding of venture philanthropy and its fundamental differences from the

traditional approach to charity has led to the fact that in our country venture philanthropy often includes various funds, the activities of which are not aimed at solving the causes of social and economic problems, but instead – to eliminate or reducing the negative impact of the consequences of their existence [27].

However, it should be noted that there are still positive examples of venture philanthropy at its best. One of the positive examples is «To be Better» charity fund. The fund was established thanks to the financial and organizational support of eight entrepreneurs-patrons in Chernivtsi. "To be Better" is a "foundation that unites people who care about their city". The main purpose of the fund is to "assist in the implementation of projects aimed at the development of the city and the community" [28]. The fund accepts and considers projects in several areas: "better city", "better people", and "better business". Thus, the charity fund "To be Better" solves an important social problem inherent in the city of Chernivtsi, namely: its activities are aimed at bringing the city out of a protracted crisis caused by political confrontations, inter-clan clashes, and organizational failure of the local government.

We would like to emphasize that venture philanthropy is the mechanism that, due to its own flexibility, allows the use of other methods and approaches to charity. "To be Better" fund uses an approach similar in content to crowdfunding. As the total amount of funding allocated for projects within one competition is limited, the description of those projects that did not find the necessary support among the jury members (investors and partners) is posted on the website of the charity fund (not on the crowdfunding platform), where anyone can support their implementation financially by acting as so-called donors / backers (depending on the type of project). As in the case of the use of crowdfunding platforms, if the authors of the project could not find the necessary support, and the project did not raise the necessary amount of funds for implementation, all the raised funds are returned to donors / backers.

In our opinion, the approach when projects, that need financial support, are posted not on the crowdfunding platform, but on the website of a social purpose organization (charitable foundation, NGOs, etc.), has certain advantages. Such advantages include greater control by investors to influence the fundraising and subsequent implementation of projects, as well as some savings for project authors (crowdfunding platforms, in case of raising all necessary funds for project implementation, charge certain commissions (for example, the fee for the use of the platform "Spilnokosht" (Biggggidea) is 10% of the funds raised [29]), as provided for in the financing agreement). However, this approach has a significant

drawback: no project, which was posted on the fund website to raise funding, has not raised the required amount [28].

In view of the above, we strongly believe that social purpose organizations that use a venture approach to charity should work with trustworthy crowdfunding platforms. Such platforms in Ukraine are "Spilnokosht" (Biggggidea) [29], "Na-Starte" [30], "GoFundEd" [31], "StartWay" [32].

Venture capitalists determine the total amount they transfer to social purpose organizations for distribution on a competitive basis to implement projects aimed at solving a specific social and economic problem. Venture investors or their representatives are directly involved in the selection of projects that will receive funding (such participation demonstrates the direct involvement of venture investors in the process, in the future; they contribute to the implementation of winning projects). Those projects that did not receive approval during the initial selection on a competitive basis are not rejected automatically, but, at the request of the authors of the projects, are placed on the crowdfunding platform. Venture investors and social purpose organizations help disseminate information about projects to attract more donors / backers. In the case of raising the required amount of funds, the authors implement projects aimed at solving the priority social and economic problem for the social purpose organization.

The use of these platforms will help to raise funds to finance projects (because these platforms are well known, the projects posted on them are easier to advertise and promote through social networks. Moreover, many socially active citizens go to these platforms purposefully to get acquainted with the posted projects and to choose one or several for financing). Also, it provides other advantages for the social purpose organizations, investors, and authors of the projects which have not received financing at the initial competitive selection.

First of all, we are talking about security both for the social purpose organization and for donors/backers who want to support a particular project. The essence of this advantage is that crowdfunding platforms are more secure and resistant to various hacker attacks because a significant amount of money is invested in their protection.

Another advantage for the project authors is the availability of professional platform managers and administrators, and thanks to them these platforms are always active, and therefore, the involvement of potential donors/backers is easier technically.

One more significant advantage of using professional crowdfunding platforms for the project authors is related to the whole essence of

crowdfunding itself. It is that for each individual project, the required amount of funding and the period of time for which this amount must be collected are indicated. In this case, if for a certain period the authors of the project manage to raise more than a certain amount of money, they receive the full amount (except for the commission for the use of the crowdfunding platform). Thus, the authors of projects have the opportunity to attract much larger sums for their implementation [33, 34].

Social purpose organizations that offer authors further placement of their own projects on crowdfunding platforms also receive a number of benefits. First of all, we are talking about saving human and financial resources in the administration of the promotion of projects that have not received funding on a competitive basis.

Yet another advantage is the promotion of the activities of these social purpose organizations by increasing the number of projects, as well as, as a consequence, promoting the main goal of their activities (in the case of the charity fund "To be Better" to promote the development of Chernivtsi).

Another significant advantage for social purpose organizations is that they maintain a positive reputation with project authors and potential donors/backers. Project authors get more opportunities to implement them. At the same time, potential donors/backers, in case of an unsuccessful fundraising campaign, when returning their contributions, do not associate the loss of their donation (due to the commission taken by the payment system and is about 2%–2.5%) with the name and activities specific social purpose organization.

The benefits received by social purpose organizations and project authors in the case of using a crowdfunding platform are shown in Fig. 2.

Conclusions. Thus, venture philanthropy is a fundamentally new approach to charity, which allows to use the tools of venture investors in the process of ensuring the achievement of systemic changes.

This approach to charity is extremely popular in economically developed countries. At the same time, in Ukraine it is in the process of formation. Given this, as well as the initial stage of development of charity culture in Ukraine, in general, venture philanthropy should be introduced in combination with a crowdfunding approach to intensify its development. Such a mechanism will not only accelerate the introduction of venture philanthropy into domestic philanthropy, but also significantly increase the social responsibility of NGOs (social purpose organizations and other organizations that work with them to solve social and economic problems) and citizens involved in the process.

Benefits for the social purpose organization:

- security;
- saving human and financial resources;
- popularization of social investor's activity;
- promoting the achievement of the main goal;
- maintaining the reputation.

Benefits received by project authors

- security;
- financing for project implementation;
- the possibility of obtaining funding that exceeds the amount specified in the project;
- professional managers and administrators

Fig. 2. Benefits of using crowdfunding platforms to co-finance projects that have not received initial financial support from venture investors *

* Made by the author

Список літератури

1. Ткачук І. Я. Соціальна відповідальність громадських організацій України. *Інвестиції: практика і досвід*. 2017. №6. С. 52–56.
2. Державна служба статистики. Офіційні матеріали. URL: <http://www.ukrstat.gov.ua>. (для 2018 р.).
3. ОБСЄ. *Дослідження існуючого досвіду та законодавства України у сфері фінансування громадських організацій органами державної влади, органами місцевого самоврядування та приватним сектором*. Київ, 2010. URL: <http://www.osce.org/uk/ukraine/76891?download=true>.
4. Громадянське суспільство в Україні: погляд громад. Опитування Фонду Демократичні ініціативи імені Ілька Кучеріва. [Електронний ресурс]. – Режим доступу: <https://dif.org.ua/article/gromadyanske-suspilstvo-v-ukraini-poglyad-gromadyan>.
5. Третяк М. В. Типологія соціальної відповідальності бізнесу. *Теорія та практика державного управління*. 2014. № (4), С. 248-257.
6. Letts C., Ryan W., Grossman A. Virtuous Capital: What Foundations Can Learn from Venture Capitalists. *Harvard Business Review*. 1997. March–April 1997 Issue. URL: <https://hbr.org/1997/03/virtuous-capital-what-foundations-can-learn-from-venture-capitalists>.
7. What is venture philanthropy? European Venture Philanthropy Association. URL: <https://evpa.eu.com/about-us/what-is-venture-philanthropy>.
8. What is venture philanthropy? Investopedia. URL: <https://www.investopedia.com/terms/v/venture-philanthropy.asp>.
9. What is venture philanthropy? Sopact. URL: <https://www.sopact.com/venture-philanthropy>.
10. Костенко С. В. Меценатство та благодійність як спосіб залучення інвестицій до управління проєктів реконструкції та реставрації. *Управління розвитком складних систем*. 2014. №20. С. 78-84.
11. Кириленко О. П. Міжнародний досвід застосування нетрадиційних методів фінансування громадських організацій. *Науковий огляд*. 2015. №10 (20). С. 21-28.
12. The Rockefeller Foundation. Official site of the organization. URL: <https://www.rockefellerfoundation.org>.
13. OECD. Venture philanthropy in development. Dynamics, challenges and lessons in the search for greater impact. 2014. URL: <https://assets.rockefellerfoundation.org/app/uploads/2014/0227175137/Venture-Philanthropy-in-Development.pdf>.
14. Carrington D. Venture Philanthropy: A new concept or an old idea re-wrapped? Speech given at ACF Conference, Nottingham, 9 April 2013. URL: <http://davidcarrington.net/wp-content/uploads/ACF-VP-2003.pdf>.
15. Etchart N., Davis L. Prophets for Non-profits? *Alliance*. 2002. Vol. 2, No. 2, P. 4-7.
16. Grenier P. Venture philanthropy in Europe: obstacles and opportunities. 2006. European Venture philanthropy Association. 58 p. URL: <http://www.psm.org.mx/wp-content/uploads/downloads/VenturePhilanthropyinEuropeObstaclesandOpportunities.pdf>.
17. Anheier H., Toepler S. *International encyclopedia of Civil Society*. Springer Science + Business Media, 2010.

URL:

https://books.google.com.ua/books?id=oBxyaj3b50EC&pg=PA1606&redir_esc=y#v=onepage&q&f=false.

18. EVPA. Official site of the organization. URL: [EVPA | What is venture philanthropy?](https://evpa.eu.com/what-is-venture-philanthropy/)

19. Examples of venture philanthropy organizations / Sopact. URL: <https://www.sopact.com/venture-philanthropy>.

20. Toniic. Official site of the organization. URL: <https://toniic.com>.

21. About EVPA / European Venture Philanthropy Association. Official site of the organization. URL: <https://evpa.eu.com/about-us/about-evpa>.

22. Venture Philanthropy Partners. Official site of the organization. URL: <https://www.lgtvp.com/en>.

23. LGT Venture Philanthropy. Official site of the organization. URL: <https://www.lgtvp.com/en>.

24. Вигівська, І. М., Хоменко, Г. Ю. Сучасний механізм венчурного фінансування соціальних проєктів у конфліктні часи: обліковий вимір. «Вісник ЖДТУ»: Економіка, управління та адміністрування. 2018. № 4 (86), С. 43-47.

25. Гернего, Ю. О., Гернего, Ю. А. Інвестиційна природа венчурної філантропії: сутнісні характеристики та майбутнє. Модернізація економіки: сучасні реалії, прогностичні сценарії та перспективи розвитку: матеріали І Міжнародної науково-практичної конференції, 25-26 квітня 2019 р. Херсон, 2019. URL:

https://ir.kneu.edu.ua/bitstream/handle/123456789/32578/Ger_19_4_3.pdf?sequence=1.

26. Хоменко Г. Ю. Розвиток венчурної філантропії в умовах гібридної війни: напрями вдосконалення облікового забезпечення. *Проблеми теорії та методології бухгалтерського обліку, контролю і аналізу*. 2019. №3 (44). URL: <http://pbo.ztu.edu.ua/article/view/195582/195972>.

27. Занина А. А. Венчурная филантропия: сущность и основные принципы функционирования. *Вісник студентського наукового товариства ДонНУ імені Василя Стуса*. 2014. № 2 (6). С. 113-118.

28. Крацим бути. Благодійний фонд. Офіційний сайт організації. URL: <http://bestbe.cv.ua>.

29. Спільнокіш. Офіційний сайт організації. URL: <https://biggggidea.com>.

30. Na-starte. Official site of the organization. URL: <https://web.archive.org/web/20170807215330/http://na-starte.com/about>.

31. GoFundEd. Official site of the organization. URL: <https://gofund.org.ua>.

32. StartWay. Official site of the organization. URL: <https://start-way.com.ua/uk>.

33. Ткачук І. Я. Фінансове забезпечення діяльності громадських організацій України. Чернівці : Технодрук, 2016. 272 с.

34. Ткачук І. Я. Краудфандинг в контексті залучення додаткових ресурсів для реалізації проєктів державно-приватного партнерства. *Інноваційна економіка*. 2016. № 5–6. С. 183–186.

References

1. Tkachuk, I. (2017), "Social responsibility of NGOs in Ukraine", Investments: practice and experience, Iss. 6, Pp. 52–56.

2. State Statics Service of Ukraine (n. d.), Official materials. URL: https://ukrstat.org/uk/druk/publicat/Arhiv_u/15/Arch_go_bl.htm.

3. OSCE (2010), *Research of the existing experience and legislation of Ukraine in the field of financing of public organizations by public authorities, local governments and the private sector*, URL: <http://www.osce.org/uk/ukraine/76891?download=true>.

4. Ilko Kucheriv Democratic Initiatives Foundation (2019), "Civil society in Ukraine: the view of communities. Poll", URL: <https://dif.org.ua/article/gromadyanske-suspilstvo-v-ukraini-poglyad-gromadyan>.

5. Tretyak, M. (2014), "Typology of corporate social responsibility", Theory and practice of public administration, Vol. 4, Pp. 248-257.

6. Letts, C., Ryan, W., Grossman, A. (1997), "Virtuous Capital: What Foundations Can Learn from Venture Capitalists". Harvard Business Review, March–April Issue, URL: <https://hbr.org/1997/03/virtuous-capital-what-foundations-can-learn-from-venture-capitalists>.

7. European Venture Philanthropy Association (n. d.), "What is venture philanthropy?", URL: <https://evpa.eu.com/about-us/what-is-venture-philanthropy>.

8. Investopedia (n. d.), "What is venture philanthropy?", URL:

<https://www.investopedia.com/terms/v/venture-philanthropy.asp>.

9. Sopact (n. d.), "Examples of venture philanthropy organizations", URL: <https://www.sopact.com/venture-philanthropy>.

10. Kostenko, S. (2014), "Patronage and charity as a way to attract investment in the management of reconstruction and restoration projects", Management of complex systems development, №20, Pp. 78-84.

11. Kyrylenko, O. (2015), "International experience in the use of non-traditional methods of financing public organizations", Scientific review, №10 (20), Pp. 21-28.

12. The Rockefeller Foundation (n. d.), Official site: <https://www.rockefellerfoundation.org>.

13. OECD (2014), "Venture philanthropy in development. Dynamics, challenges and lessons in the search for greater impact", URL: <http://www.oecd.org/dev/Venture%20Philanthropy%20in%20Development-BAT-24022014-indd5%2011%20mars.pdf>

14. Carrington, D. (2003), "Venture Philanthropy: A new concept or an old idea re-wrapped?" Speech given at ACF Conference, Nottingham, 9 April, URL: <http://davidcarrington.net/wp-content/uploads/ACF-VP-2003.pdf>.

15. Etchart, N., Davis, L. (2002), "Prophets for Non-profits?", Alliance. Vol. 2, No. 2, pp. 4-7.

16. Grenier, P. (2006), "Venture philanthropy in Europe: obstacles and opportunities". European Venture Philanthropy Association. URL: <http://www.psm.org.mx/wp->

content/uploads/downloads/VenturePhilanthropyinEuropeObstaclesandOpportunities.pdf.

17. Anheier, H., Toepler, S. (2010), "International encyclopedia of Civil Society", Springer Science + Business Media. URL: https://books.google.com.ua/books?id=oBxyaj3b50EC&pg=PA1606&redir_esc=y#v=onepage&q&f=false.

18. EVPA. Official site. URL: [EVPA | What is venture philanthropy?](http://evpa.eu/What-is-venture-philanthropy/)

19. Sopact (n. d.), "Examples of venture philanthropy organizations", URL: <https://www.sopact.com/venture-philanthropy>.

20. Toniic (n. d.), Official site, URL: <https://toniic.com>.

21. European Venture Philanthropy Association (n. d.), "About EVPA", URL: <https://evpa.eu.com/about-us/about-evpa>.

22. Venture Philanthropy Partners (n. d.), Official site, URL: <https://www.lgtvp.com/en>.

23. LGT Venture Philanthropy (n. d.), Official site, URL: <https://www.lgtvp.com/en>.

24. Vyhivska, I. M., Khomenko, H. Yu. (2018), "Suchasnyi mekhanizm venchurnoho finansuvannia sotsialnykh proektiv u konfliktni chasy: oblikovyi vymir", Visnyk ZhDTU: Ekonomika, upravlinnia ta administruvannia, Vol. 4 (86), pp. 43-47.

25. Herneho, Yu. O., Herneho, Yu. A. (2019), "Investytsiina pryroda venchurnoi filantropii: sutnisni kharakterystyky ta maibutnie", Materialy I Mizhnarodnoi nauko-vo-praktychnoi konferentsii «Modernizatsiia

ekonomiky: suchasni realii, prohnozni stsenarii ta perspektyvy rozvytku", URL: https://ir.kneu.edu.ua/bitstream/handle/123456789/32578/Ger_19_4_3.pdf?sequence=1.

26. Khomenko, H. Yu. (2019), "Development of venture philanthropy in a hybrid war: areas for improving accounting support", Problems of theory and methodology of accounting, control and analysis, Vol. 3 (44), URL: <http://pbo.ztu.edu.ua/article/view/195582/195972>.

27. Zanina, A. A. (2014), "Venchurnaia fylantropiia: sushchnost y osnovnye pryntsypp funktsyonyrovaniia", Visnyk studentskoho naukovo-ho tovarystva DonNU imeni Vasylia Stusa, Vol. 2 (6), pp. 113-118.

28. Best be. Charity fund (n. d.), Official site. URL: <http://bestbe.cv.ua>.

29. Spilnokosht (n. d.), Official site, URL: <https://biggggidea.com>.

30. Na-starte (n. d.), Official site, URL: <https://web.archive.org/web/20170807215330/http://na-starte.com/about>.

31. GoFundEd (n. d.), Official site of the organization, URL: <https://gof.org.ua>.

32. StartWay (n. d.), Official site, URL: <https://start-way.com.ua/uk>

33. Tkachuk, I. Ya., "Financial support of NGOs activities in Ukraine", Tekhnodruk, Chernivtsi, 272 p.

34. Tkachuk, I. Ya. (2016), "Crowdfunding in the context of attracting additional resources for the implementation of public-private partnership projects", Innovative economy, Vol. 5-6, Pp. 183-186.

Аннотация

Ирина Ткачук

РАЗВИТИЕ ВЕНЧУРНОЙ ФИЛАНТРОПИИ В УКРАИНЕ В КОНТЕКСТЕ УСИЛЕНИЯ СОЦИАЛЬНОЙ ОТВЕТСТВЕННОСТИ ОРГАНИЗАЦИЙ ГРАЖДАНСКОГО ОБЩЕСТВА

Статья посвящена освещению венчурной филантропии в контексте усиления социальной ответственности неправительственных организаций Украины. Освещены некоторые существующие подходы к интерпретации понятия венчурной филантропии и обоснованно ее основные отличия от традиционного подхода к благотворительности. Объяснено, что ранняя критика венчурной филантропии обусловлена главным образом непониманием ее содержания и возможности применения венчурных подходов в благотворительных целях. Автором обоснована важность применения венчурного подхода к благотворительности как такового, который помогает решить основные причины существующих в обществе проблем, преодоление которых находится в компетенции неправительственных организаций. Учитывая начальный этап развития венчурной филантропии в Украине, автором предложено ввести ее в сочетании с краудфандинговым подходом. Такой механизм будет способствовать не только быстрому внедрению венчурной благотворительности в отечественную благотворительную практику, но и значительному росту социальной ответственности НПО.

Ключевые слова: социальная ответственность, венчурная филантропия, общественные организации, организации социального влияния, инвестор для воздействия, гражданское общество, краудфандинг.

Summary

Iryna Tkachuk

DEVELOPMENT OF VENTURE PHILANTHROPY IN UKRAINE IN THE CONTEXT OF STRENGTHENING OF THE SOCIAL RESPONSIBILITY OF CIVIL SOCIETY ORGANIZATIONS

The main aim of the article is to highlight the venture philanthropy in the context of strengthening the social responsibility of non-governmental organizations in countries that are at the initial stage of developing a culture of charity.

Design/methodology/approach. In fulfilling the purpose of the study a set of general and special research methods were used (methods of analogy and comparison, induction and deduction, scientific abstraction (to clarify the conceptual

apparatus of the problem under study, and to justify the benefits of venture philanthropy compared to the traditional approach to charity); logical generalization and systematization (to justify the use of crowdfunding approach for projects that have not passed the initial competitive selection in the social purpose organization), etc.).

Research results. The article discusses the national Ukrainian features of the social responsibility of non-governmental organizations. It also highlights some existing approaches to the interpretation of the content of venture philanthropy and substantiates its main differences from the traditional approach to charity. The author explains that criticism of venture philanthropy is mainly caused by the lack of understanding of its content and the possibility of applying venture approaches in charity. The author also substantiates the importance of applying a venture approach to charity as one that helps to solve the root causes of existing problems in society. Given the initial stage of development of venture philanthropy in Ukraine, the author proposes to introduce it in combination with a crowdfunding approach. Such a mechanism will contribute not only to the faster introduction of venture philanthropy into domestic charity practice, but also to a significant increase in the social responsibility of NGOs and citizens involved in the processes.

The elements of scientific novelty. The article substantiates the feasibility of using a venture approach to charity in comparison with the traditional approach. For the first time in Ukrainian practice, the peculiarities of the formation of venture philanthropy in Ukraine from a scientific point of view are studied and it is proposed to use its flexibility to improve the charity process and the development of philanthropy culture in Ukraine. This can be achieved through a combination of venture and crowdfunding approaches to charity.

Practical significance. The main results of the study can be used as the basis for further scientific research devoted to the problems of the activities of NGOs, and will also be useful for decision-making process for development of the civil society policy in Ukraine creation.

Keywords: *Social responsibility, venture philanthropy, NGOs, social purpose organization, investor for impact, civil society, crowdfunding.*