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Social marketing: imperatives for rural entrepreneurship

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Abstract. The article substantiates the idea that the implementation of the marketing paradigm in the social sphere is taking on increasing importance in order to address the urgent social issues that Ukraine will undoubtedly face in the near future, in addition to its economic and political issues. What is meant here is the concept of social marketing, whose dominant idea is the harmonious integration of three elements: public interests, consumer needs, and the profit of business entities. A new model of entrepreneurship is described from the standpoint of business coherence and solving social challenges. The advantages of using social marketing technologies and the program as a strategic approach to setting up and running businesses in rural areas are substantiated in the context of their implication in the process of addressing social issues and ensuring public welfare. The practical value of the study lies in the scientific substantiation of the need for and benefits of social marketing for rural entrepreneurship due to the possibility of its conceptualization as a function of social management, a special marketing activity of business entities, a planned tool for regulating the market economy, and a social policy tool. Further research is aimed at the development of quantitative and qualitative criteria for evaluating the effect of the implementation of social technologies and programs, with further testing of the obtained results.

1 Introduction

The modern world is characterized by progressive shifts in the evolution of socioeconomic phenomena and processes, as well as by an enhanced impact of both global and local social challenges on society. The advanced economies of the world have successfully developed the mechanism for directing internal political levers and tools to the implication of socially oriented initiatives in the process of national development and to ensure overall social progress.

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Ukraine also positions itself as a socially oriented state, where laws and their execution are solely focused on improving the quality of life of residents. This is stated in the primary state law, the Constitution of Ukraine [1]. The direction of social progress has been established on the one hand, but the real situation shows the contrary. Negative social trends are exacerbating, especially in rural areas. Examples include the low standard of living of a large part of the population, the spread of poverty and significant property-based stratification, the low level of social guarantees provided, negative demographic trends, an unstable labour market, limited opportunities for vulnerable groups of citizens to integrate into public life, etc. It is crucial to stress the particular importance and continued exacerbation of these indicators, which is brought on by Russia's military aggression and the war in Ukraine.

It is traditionally believed that government institutions and various non-governmental organizations are most actively involved in resolving social issues and enhancing the welfare of citizens. However, given the constrained scope of the issues discussed and the resources available, this strategy today indicates the incapacity to produce the desired results and frequently the lack of any progressive changes and development of society. The creation of a national strategy for socioeconomic development, as well as the establishment of mechanisms for the development, implementation, and improvement of state regulatory policy, are complementary to an understanding of the complex patterns of the evolution of social processes in society, the transformation of social relationships, the necessity to determine the influence of factors of the external world economic space, social and ecological conditions of life directly on the state of the economy. In these circumstances, it is urgent to establish innovative mechanisms for regulating social processes based on the basic values of civil society, and democracy, to identify social problems and substantiate the mechanisms for their solution, and to develop social skills among all stakeholders in the implementation of technology to address socially significant challenges. It is about the concept of social marketing, the imperatives of which require a theoretical and methodological foundation because currently, this newest concept configures not always interconnected mechanisms, models, and practical technologies.

The purpose of the article is to justify the necessity for and benefits of using social marketing technologies and programs for the development of the national economy in general and rural entrepreneurship in particular. Based on these findings, the article aims to find ways to enhance the quality of life of citizens and ensure public welfare. The main tasks are as follows: 1) to reveal the essence of social marketing as the newest marketing concept; 2) to describe the new model of entrepreneurship from the standpoint of business coherence and addressing social challenges; 3) to justify the advantages of implementing social marketing technologies and programs in the field of rural entrepreneurship.

The work of many Ukrainian and foreign researchers is focused on the examination of the issues of social marketing as the newest marketing concept. F. Kotler introduced the idea of 'social marketing' into scientific terminology in 1971. He emphasized the use of the same marketing principles and technology for the implementation of social ideals, the resolution of social problems, as well as in the course of some social actions. The researcher defined social marketing as 'an understanding of people and such communication with them that leads to their integration of new viewpoints. Changing your position compels you to alter your behavior, which has an impact on how the social issue you are involved in is resolved' [2]. Depending on the scientific interests of the representatives of various schools of thought, there are currently several scientific approaches to the interpretation of this term. Foreign researchers also conducted fundamental studies on social marketing: Andreassen (2002), Brychkov (2017), Layton (2017), Merritt et al., (2017), Truong (2018), White (2018) and others [3-8].

Over the past ten years, a large number of scientists in Ukraine have focused their scientific research on the study of social marketing, particularly in the area of implementing the principles of corporate social responsibility of business: Akimov (2009), Akimova (2020), Achkasova (2022), Belova (2019), Lytvynchuk (2021), Poltorak (2015), Sotnyk (2018), Skydan (2022), Abuselidze & Slobodanyk (2020), Shimko (2010), Yuzyk (2021) and others [9-18]. The application of marketing tools in social entrepreneurship is the subject of scientific research conducted by Kisel (2018), Knyazeva (2021), Kolomiets (2019), Kostyuk (2018), Kravchuk (2017), Levkivska (2017), Pruncka (2019), Tkachuk (2020), Abuselidze & Slobodanyk (2022), Mohilevska et al (2023) and others [19-28].

The terms social-ethical, socially-oriented, socially responsible, or public marketing are frequently used by researchers to refer to the idea of social marketing. It should be noted that none of these approaches alters the fundamental nature of the concept under study because social responsibility is a core component of the activity of modern businesses, and social marketing is created to put these principles into practice and to achieve social harmony in society. The three areas of social marketing research that science has focused on the most recently are as follows: 1) a type of classical marketing (due to the existence of exchange processes in the field of social relations); 2) socially oriented marketing (by determining the specific character and components of social responsibility of business); and 3) innovative technology for the promotion of socially significant problems (through to the implication of marketing tools and technologies in the process of social problems resolution) [20, 29-31]. This is because marketing tools and technologies are involved in the process of resolving social problems. They are all notable because they support the idea that social marketing is a fundamentally new and creative concept designed to enhance the quality of life for both individuals and society at large through the efficient management of social changes and processes in a market-based society

2 Methods

The scientific hypothesis of the study is the assumption that the application of social marketing technologies and programs will help to stimulate rural entrepreneurship as a tool for the revival of the national economy in the post-war period. The conceptual foundations of the theory of management and development of marketing, the scientific works of domestic and foreign researchers who in-depth investigate the formation and development processes of social marketing in Ukraine and around the world, serve as the theoretical and methodological foundation for the study.

General and specialized scientific research methods were used to prepare the article. In particular, the method of induction and deduction was used for in-depth study, generalization and systematization of the basic provisions of the theory of marketing management in the context of its social direction (as a function of social management, a special type of marketing activity, a tool for regulating the market economy, a tool for social policy). The method of comparative analysis served as a basis for comparing the results of the study on the etymological essence of social marketing, its fundamental provisions, signs, and criteria, as well as for the identification of distinguishing features of the essence of the traditional form of entrepreneurship and social entrepreneurship, which is dominated by the social mission of economic entities – the creation of social value (meeting a social need) and making a profit at the same time. The method of operationalization of concepts was used to conceptualize the scientific vision of social marketing, specifically to substantiate its priority and implication tools in the process of ensuring the development of rural entrepreneurship through a harmonious combination of three components: “public interests + consumer needs + enterprise profit”. The monographic method was used to provide economic substantiation of the feasibility of using specific social marketing technologies (promotion of a corporate

charitable idea, socially significant marketing, corporate social marketing, corporate charity, partnership interaction between business and the population, corporate volunteering, social investment) and programs (personnel development, health care and occupational safety, environmental protection activities and resource conservation, social cooperation, honest business practices) as a strategic approach to the setting up and running business in rural areas, as well as to characterise the meaningful content of social investment projects (including impact investments - investing into projects aimed at obtaining positive social, environmental and financial effects) at the level of local communities. The historical and economic method was applied to outline the retrospective of the formation of social marketing as a tool for implementing the modern paradigm of marketing in the social sphere.

The method of structural and functional analysis was used for the explication of social marketing through the justification of its concept, goals, tasks, and technologies, as well as to describe the place and role of social marketing in the management system of business entities. The key institutions of social marketing regulation and support were identified using the grouping method, and the social marketing stakeholders were grouped based on their affiliation to the public and private sectors, as well as non-governmental organizations (civil society). The principles of the complementary method were used to reflect the relationship between modern socioeconomic trends in rural areas and the level of development of the field of entrepreneurship, which served as the basis for outlining the benefits of involving entrepreneurship in the implementation of social projects and initiatives, taking into account the ability of this field to scale and form the appropriate resource base. The methods of abstraction and specification were used to systematize scientific results and formulate conclusions through an in-depth study of the practical processes of applying social marketing tools in rural entrepreneurship. The results of the scientific search were explained using tabular and graphic techniques.

The advantage of this article is the author's approach to the study of social marketing from the standpoint of its implication in the development of rural entrepreneurship, demonstrating its relevance and timeliness, which involves a combination of marketing and systemic approaches to outline the imperatives of economic development.

3 Results

A new concept, social marketing, has emerged as a result of the evolution of marketing from the perspective of the coherence of marketing goals with the resolution of social problems. Social marketing differs significantly from the concept of commercial marketing in terms of its philosophy and objectives. While commercial marketing is the creation of value for solvent consumers, and satisfaction of their needs in order for businesses to obtain economic benefits (typically, through the formation and implementation of a marketing strategy, which is based on the technology of achieving programmed results of economic activity), social marketing is the adaptation of commercial marketing approaches to pertinent projects with the aim of influencing target audience behavior, developing social competence in decision-making, improving their well-being or the well-being of the entire society, or creating a valuable public good.

The explication and practical direction of social marketing are the result of the harmonious combination of its content and functional characteristics: 'the social management function + a special form of marketing activity of business entities + a planned tool for regulating the market economy + an instrument of social policy'. The philosophy of social marketing is thus based on the implementation of social programs and projects for the benefit of the entire society. The programs and projects involve the required scientific and applied research, advertising activities, technology for promoting products (services), formation of image, reputation, etc.

Given the restricted governmental funding of social programs and their focus on the objectives most important during military operations, the necessity for ongoing increase of investment to address social issues in Ukraine is particularly critical. The social orientation of social transformations is an essential prerequisite for the efficient growth of the rural economy at large and rural entrepreneurship in particular as structural elements of the national economic system. In addition, the issue of social investment has evolved in recent years as martial law and Ukraine's post-pandemic recovery crisis have given way to a more significant role for state institutions and non-governmental organizations, including those from abroad, in ensuring social investment while at the same time reducing the activity of implementing social initiatives from entrepreneurship. The inability to adequately invest in the social sphere is brought on by the forced reduction in business activity, a decline in economic performance indicators, or even the liquidation of businesses (Fig. 1).



A value-based marketing concept designed to enhance the quality of life for both individuals and society at large through the efficient management of social changes and processes in a market-based society (environmental protection, health care, charitable activities, etc.)

Concept: harmonious combination of three components: ‘interests of society + consumers’ needs + profit of businesses’.

Goals: to increase the loyalty of real and potential consumers due to the combination of economic and social orientation of their activities (implementation of projects useful for society)

Tasks: to study the target audience, work on increasing consumer loyalty, take steps to strengthen the brand, and increase the quality of goods and services.

Typology: Social marketing in the following fields: health care, environment, religion, culture, sports, charity, etc.

Fig. 1. Social marketing explication. Source: author’s research.

Three key institutions deal with the regulation and support of social marketing in Ukraine: 1) the state; 2) the public; 3) private sector (business) (Table 1).

Table 1. Social marketing stakeholders for the rural economy development.

Group of stakeholders	Representatives of stakeholders	Social marketing tools and technologies
State sector (local authorities)	<ul style="list-style-type: none"> ● local self-governing bodies and their structural units ● administrations and agencies of raion, oblast as state level ● research and development institutions, state universities, colleges ● public investors 	Social standards, social benefits, support for small and medium-sized business
Private sector (business)	<ul style="list-style-type: none"> ● large, small, medium-sized and tiny enterprises, sole proprietors ● banks, credit unions and other financial institutions ● chambers of industry and commerce and other business associations ● agencies and associations of entrepreneurs, intermediaries who support and develop business 	Charity, sponsorship, volunteer activities, social investment, socially significant marketing, social cooperation, nature conservation activities and resource saving, health care and labor safety, staff development
Non-governmental organization (civil society)	<ul style="list-style-type: none"> ● public self-organization bodies ● local schools, pre-school and cultural institutions, health care institutions ● non-governmental organizations and associations that act for rural communities ● mass media ● organizations and associations aimed at the development of a territory or community ● trade unions and other professional organizations 	Charity, volunteer activities, social investment, grants, social cooperation, etc.

Source: author's research.

3.1 Coherence of business and addressing social challenges: a new model of entrepreneurship

During the past decade, investment in the development of the social sphere in rural areas has reached a critical point. The trend of increasing the capital investment in this sector came to an end in 2012, and they are now down threefold to UAH 19 billion [19]. Up to 90 % of these expenditures in recent years have gone toward building homes, primarily in suburban villages; funds have been sparsely or insignificantly given for the development of utilities, trade and food, education, and other areas. Therefore, it becomes clear that state and non-governmental organizations are unable to fully solve social problems of this scale when taking into account that social development in rural areas is declining. Because this sector is most capable of scaling and developing the necessary resource base, the issue of greater

involvement of entrepreneurship in the implementation of social programs and initiatives becomes critical. Social marketing is unquestionably a tool for accelerating the introduction and implementation of marketing initiatives in the entrepreneurial sector.

It should be noted that the entrepreneurship sector is a tool for the revival of rural areas, which is manifested through the following: filling the budgets of territorial communities and creating a favorable investment climate; national food security; the creation of jobs for rural residents; the formation of rural residents' incomes; access to social benefits; the establishment of production and economic chains; and technologies for assisting logistic business processes. It significantly increases the ability of rural commodity producers to participate in the creation of added value for their goods, the creation and implementation of territorial development strategies, the branding, and image-building of territories, etc. The combination of the aforementioned benefits and opportunities for the development of rural entrepreneurship creates favorable conditions for the development of human capital as a unique intangible asset, which in turn contributes to the success of the business and entrepreneurial sector (Fig. 2).

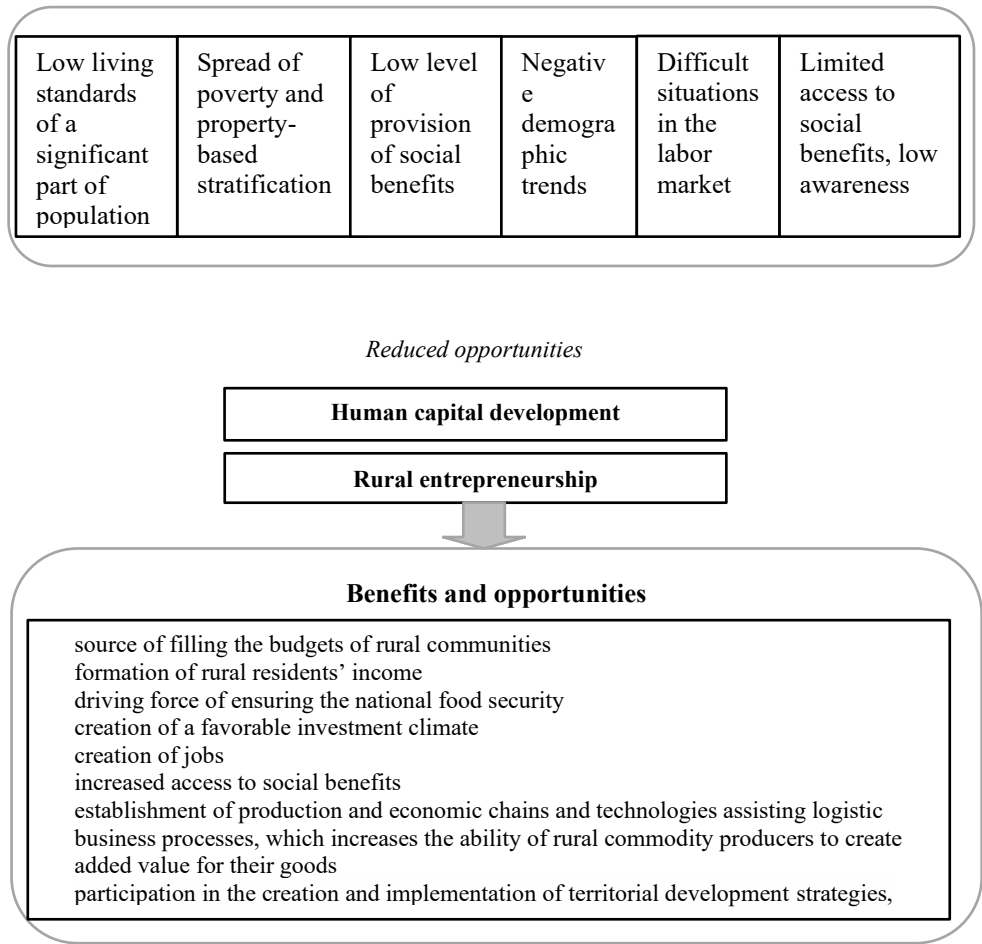


Fig. 2. Explication of social trends in rural areas and entrepreneurship sector: complementary approach. Source: author's research.

Financial freedom, initiative, innovativeness, scale, and risk-taking are characteristics of entrepreneurship. Traditional entrepreneurship is characterized by making a profit, distributing it (among founders, investors, and shareholders), and independence from external sources of funding. The performance of social functions and the application of social marketing are volunteer initiatives and present-day challenges for businesses. In other words, entrepreneurship (enterprise, entrepreneurial activity) that is intended to address social issues and meet the needs of society can be referred to as social entrepreneurship. Or it occurs when both social value and profit are produced simultaneously. At the same time, a social mission takes precedence over financial success. Social activity is pertinent to the classical form of entrepreneurship, that is, a special fund is created after surplus profit has accrued. For social entrepreneurship, social activity is essential. For instance, a business is not social only because it consistently invests, say, 5 % of its revenue in addressing social problems. A tax deduction for corporate social responsibility activities or socially meaningful marketing is more likely under such circumstances.

The successful implementation of social projects requires social competence in managerial decision-making. Development, implementation, and management of social programs aimed at the promotion of social ideas and the implementation of specific practical actions are the key components of social marketing from a management perspective, along with the study, formation, and satisfaction of the needs of the target audience. Figure 3 illustrates the social marketing function in the business management system.

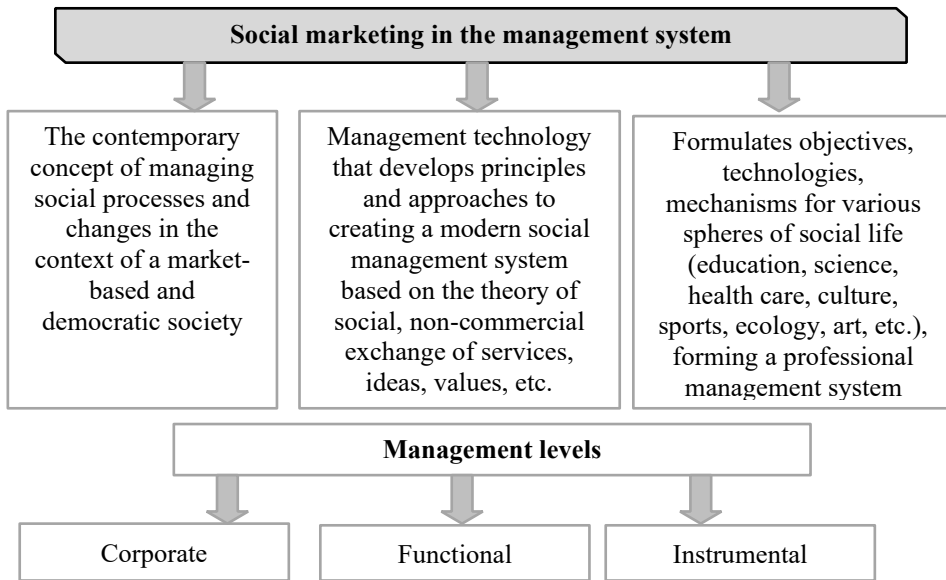
3.2 Implementation of social marketing technologies and programs in the field of rural entrepreneurship

Social marketing focuses on three key issues: persuasion, social practice, and social product. It is also distinguished by a dual orientation – an emphasis on a particular social issue and the development of the solution for it. This, in turn, requires the choice of the most appropriate social marketing technologies and programs in the context of a particular business entity.

The following *technologies* of social marketing in the field of rural entrepreneurship should be considered the most common:

- *Promotion of a corporate charitable idea.* An enterprise invests financial, non-monetary, and other corporate resources to draw society's attention to a particular social problem.
- *Socially significant marketing.* The use of a certain percentage of the revenue to finance social programs.
- *Corporate social marketing.* In order to improve social health or safety, encourage environmental conservation, and foster territorial community development, an enterprise supports the creation and/or implementation of PR or advertising campaigns aimed at modifying specific patterns of behavior (habits).
- *Corporate charity.* An enterprise may donate directly to a charitable organization or for the organization of an event or project. These donations are most frequently made in the form of monetary grants (a type of targeted financial aid intended to support the implementation of social programs, primarily in the areas of education and science), gifts, etc.
- *The partnership of business and population.* It ensures effective management of the spatial development of territories, optimization of the social environment, and

territorial organization of social marketing as a coordinated system of interaction in a specific territory.



Conditions for effective implementation of the concept

- adherence to vertical integration, implementation at all management levels (from macro- to local level (business entities));
- increasing consumer value, particularly social value, should be carried out consistently in the entire chain of business creation and operation;
- adherence to the social marketing principles at all stages of the business life cycle;
- the transition to management should be carried out according to a process, not a functional scheme (functioning of the management system taking into account the principles of horizontal and vertical integration).

Expected outcome

- achievement of marketing objectives and introduction of social changes;
- promotion of business, improvement of business management quality;
- creation of loyal audience;
- increase of investment attractiveness, improvement of business competitive ability, its capitalization;
- strengthening of corporate reputation, improvement of image, differentiation of business in a competitive environment as a socially

Fig. 3. Role of social marketing in the management system of business entities

Source: author's research.

- *Corporate volunteering.* Employees of an enterprise do voluntary work to support local non-governmental groups and initiatives.
- *Social investment.* An enterprise carries out business activities and makes investments to enhance the quality of life of the territorial community and preserve the environment. A form of financial aid typically given to long-term, joint partnership programs.

The following are the most prevalent *social programs* promoting the growth of entrepreneurship:

- staff development (training and professional development, incentive-based payment plans, provision of a social package, creation of conditions for recreation, leisure, etc.);
- health care and labor safety (creating and maintaining additional (other than as required by law) health protection norms and safety conditions at workplaces);
- nature conservation activities and resource saving (initiatives to reduce the harmful impact on the environment);
- social cooperation (participation in the implementation of social programs, support of socially vulnerable segments of the population, sponsorship of local organizations and events in the field of culture, sports, and science);
- business integrity (friendly business relations between all stakeholders: suppliers, business partners, customers) [18, 30, 31].

Using social marketing tools and programs is a crucial strategic move for the management and operation of business nowadays (Fig. 4).

The dominant feature of social marketing development in Ukraine is the use of social marketing tools mainly by foreign companies or large and well-known domestic brands, for which the image and trust of consumers are paramount. In our country, sponsorship and charity are the most popular social marketing strategies used to winning the trust of consumers and increase their loyalty. At the same time, large businesses belonging to the main financial and industrial groups traditionally position themselves as socially responsible.

The Ukrainian Social Investment Fund (USIF) was established in 2000 with the goal to mobilize financial resources, coordinate efforts, and enhance the efficiency of social investment in Ukraine. It is a non-governmental organization that carries out projects for the creation of social infrastructure facilities, and the procurement of goods, works, and services, all at the expense of financial resources provided within the framework of international technical assistance projects and economic and social development projects in Ukraine. International financial institutions are funding these initiatives. The donors to USFI are the Government of Germany (KfW), the World Bank, the European Union, the Government of Japan (JSDF), the Government of Sweden (Sida), the Government of Great Britain (DFID), the Charles Stewart Mott Foundation, the Canadian International Development Agency, the International Renaissance Foundation, United Nations Development Program. Over the course of its existence, USIF has implemented more than 1.2 thousand micro-projects in local communities of Ukraine. They mainly involved the repair of residential facilities, social and communal infrastructure; development of the potential of territorial communities in address local issues, activation of their participation in the decision-making process; providing support in creating innovative models of social services, including those for vulnerable population groups.

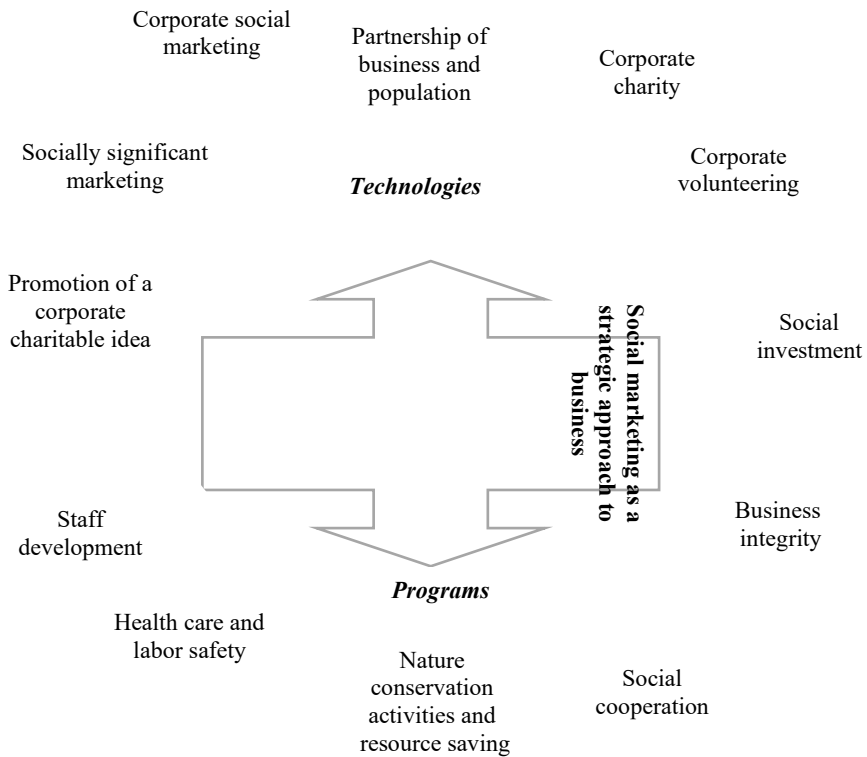


Fig. 4. Social marketing technologies and programs in the field of entrepreneurship
 Source: generalized by the author based on the investigated sources [17].

Table 2. Projects of the Ukrainian Social Investment Fund.

Donor	Amount of funding	Objective	Place of implementation (oblast)
Community Based Social Service Delivery			
Japan Social Development Fund (JSDF) through EBRD	USD 2.85 million	Support to the territorial communities of to enhance their ability to provide residents with high quality social services, increased access to social and communal infrastructure of the community, improve service coverage of vulnerable groups of population.	Odesa Ternopil
Promotion of Social Infrastructure Development. USIF.VI			
German Government through KfW	EUR 9 million	Creation of housing for IDPs and improvement of infrastructure of educational institutions.	Dnipropetrovsk Zaporizhzhia Luhansk Kharkiv
Promotion of Social Infrastructure Development. Improvement of rural basic health. USIF.VII			

German Government through KfW	EUR 14.45 million	Renovation of 40 health care institutions, which will improve conditions for the provision of primary healthcare services for over 370 thousand beneficiaries.	Dnipropetrovsk Donetsk Zaporizhzhia Luhansk Kharkiv
Promotion of Social Infrastructure Development (USIF.VIII)			
German Government through KfW	EUR 19.4 million	It will improve conditions for the provision of primary healthcare services in not less than 12 primary and secondary health care institutions and will supply necessary medical equipment in order to provide assistance to Ukraine and counteract COVID-19 and negative pandemic consequences.	Poltava Zaporizhzhia Mykolaiv Vinnytsia Rivne Lviv Chernivtsi
EU4Skills: Modernisation of Vocational Education and Training Infrastructure in Ukraine			
European Union through KfW	EUR 19.4 million	Modernization of the vocational education system and training in Ukraine. It will increase the attractiveness of vocational education among the youth in Ukraine and create a basis for effective education, focusing on skills in occupations that are in demand in the Ukrainian labor market.	Poltava Zaporizhzhia Mykolaiv Vinnytsia Rivne Lviv Chernivtsi

Impact investment is a new investment type that has been rapidly emerging in Ukraine in recent years. It is an investment in projects designed to produce positive social, environmental, and economic outcomes. It is worth noting that impact investment is distinct from social entrepreneurship. According to the United Nations Development Program, three basic principles of impact investment are profitability (the rate of return can be both higher and lower than the market average), having a positive impact on society and the environment, and having a responsible attitude to the assessment of project results. The Global Impact Investing Network (GIIN) has defined four criteria for impact investment and estimates the total amount invested globally in similar projects at USD 228 billion (Table 3).

Table 3. Criteria and principles of impact investment

Criteria	
<i>A precise statement of a social / environmental objective</i>	The expected result is specified in the business plan
<i>Return on investment</i>	Investments should pay off in the long term
<i>Profitability</i>	There must be a relationship between the social (environmental) result and the economic benefit
<i>Measure and assessment of effect (impact)</i>	Necessary to assess the degree of achievement of social goals
Principles	
<i>Profitability (the rate of return can be both higher and lower than the market average)</i>	
<i>Having a positive impact on society and the environment</i>	
<i>Having a responsible attitude to the assessment of project results</i>	

Examples of these investments have been seen in Kyiv, Lviv, Odesa, Ivano-Frankivsk, and other places over the previous five years. It should be mentioned that this activity was made possible thanks to the active participation of the business sector. A precise statement

of social or environmental objectives is a requirement for impact investments. The importance of calculating the benefits of such corporate activity using precise criteria and disclosing the results to civil society is highlighted.

4 Conclusions

Social marketing is a contemporary trend that is just emerging in Ukraine and has boundless potential for growth. Social marketing is a cutting-edge tool for inclusive rural transformation in the context of addressing acute social issues and ensuring the welfare of the general population. All forms of entrepreneurship use the same social marketing technologies, programs, and tools; they do not differ specifically in how each type of business operates. Therefore, given the same objective – the creation of economic and social advantages through the supply of a synergistic effect – they should not be distinguished in terms of the possibilities of employing rural or urban territory by business entities.

The social marketing imperatives make it possible to depart from conventional approaches and develop a new, unique model of entrepreneurship that combines business coherence with the solution of social problems. Integration of social responsibility into a new model of entrepreneurship enables the creation of shared value, or economic and social benefits that provide advantages for business entities, consumers and society at large all at the same time. It is crucial for an enterprise not just to invest in social projects at a point, to make an occasional donation for social goals, but to imply social responsibility in daily business activities.

Social marketing in entrepreneurship is a trendy and effective tool for promoting your own business, enhancing the quality of its management, a creative approach to the achievement of marketing goals and the implementation of social changes, an opportunity for the formation of a devoted audience due to its awareness of the interest of business in meeting their needs and resolving complex social issues, a way to boost business competitive ability and ensure its capitalization, an instrument for enhancing corporate reputation and image, especially on an international level, differentiating a business entity in a competitive environment as a socially conscious brand which is interested in the advancement of not just its own company but also society (simultaneous promotion of the brand and social values).

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