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**DEVELOPMENT OF THE INTERNATIONAL SOCIAL  
ENTREPRENEURSHIP INSTITUTE THROUGH PROPAGANDA  
AND EDUCATION MECHANISMS**

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***Abstract***

The article studies factors influencing the development of social entrepreneurship in the Russia in comparison with other countries. The development of social entrepreneurship in the modern world plays a significant role for the state and society. The conducted research shows the scale of social entrepreneurship and the impact of many different factors on its effective development. The article found out that social entrepreneurship in Russia can develop along a synthetic path that includes features of both countries as with a liberal economy as more socialist-oriented. In Eastern Europe, thanks to the USSR legacy, the tendency to provide population with social services through state, financed and managed mechanisms has remained. As studies of the social services sector in countries with liberal economy showed, for example, the USA, social entrepreneurship is encouraged by the state with the help of fiscal preferences. At the same time, the state practically does not provide social services transferring them to private capital. In countries with a more socialist-oriented economy, the state financial and regulatory role is more pronounced, social services are regulated in detail and are rendered both by state institutions, and within the framework of public-private partnership and private capital. In addition to factors, the author identifies the actual problems and trends in the development of social entrepreneurship through propaganda and education means. Proposals have been made on the synthetic development of the social entrepreneurship institution through education and promotion mechanisms applicable in countries with similar socio-economic conditions.

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**Keywords:** Entrepreneur, social entrepreneurship, social institution, state.



## 1. Introduction

In the modern world, social entrepreneurship is becoming an increasingly popular form of financing and development of social initiatives in developed countries. State participation in the creation of infrastructure for supporting social entrepreneurship is considered a common practice, as it allows solving many social problems of the population. In the conditions of crisis, sanctions and military actions in the modern world, the state has to reduce the cost of population social security, and it leads to search for other sources of social services. These sources are social entrepreneurs who take on a part of social obligations that were previously owned by the state. Social entrepreneurship is entrepreneurial activity aimed at mitigating or solving social problems, characterized by the following main features: social impact, self-sufficiency and financial sustainability, entrepreneurial approach.

Economical institute of social entrepreneurship is underdeveloped in Eastern Europe and Russia. According to the Russian Institute for Strategic Studies in Poland proportion of private capital in social sphere is 60%, in the USA it is 70%, in Germany it is 93%. In Russia social entrepreneurship in one or other form engages not more than 1% of the companies till now (The Russian Institute of Strategic Studies, 2017).

In Germany, the government started sufficiently late in the 20th century, compared with other countries of the European Union (France - from the 15th century, Spain - from the 19th century, Italy - from the 13th century) to support social entrepreneurship. The reason is the lack of a single legal form of social entrepreneurship fixed at the legislative level. And this support was not initially expressed in financial investments. The main vector of the state can be called the development strategy of interaction between social entrepreneurs and the Ministry for Family Affairs, Senior Citizens, Women and Youth. So in Germany the Munich project was established, which has been held since 2008 on the initiative of the Munich Technical University in the education field ROCK YOUR LIFE! and it helps high school students from disadvantaged backgrounds to be prepared for entering higher education or secondary education successfully. The program is especially important for children of foreigners who have obtained German citizenship. The project involves thousands of students who help students in their studies. But there are still many unresolved social problems. the issue of refugees from other countries is especially acute in modern conditions, as their integration into the life and culture of a new country is possible for them through the development of the social entrepreneurship institution more fully.

In comparison with Germany, it seems interesting to analyze the experience of social entrepreneurship development on the example of Poland. When entering the European Union, the social situation of the Polish population was one of the worst, unemployment flourished. Since that time, the situation in Poland is beginning to change, an active process of formation and development of social entrepreneurship as a new direction of the state's social policy is underway. Legislative norms and restrictions are developed, the main types of organizations, their legal bases and principles of activity at the state level, legislative support and support of social entrepreneurship are singled out. In the course of active politics, since 2003, an active process of development and dissemination of new "social economy", social entrepreneurship, as a new direction of social policy, activating the consumer of social services, is turning a Poland into a responsible, independent manager of his life (Plotnikova, Korneva & Ustuzhanina, 2015). There are types of organizations such as social cooperatives, church organizations,

foundations and societies. "The law on social cooperatives" for the maintenance and development of social organizations was published. The active development and support of social entrepreneurship on the part of the state in Poland made possible to reduce significantly the unemployment rate among the socially unprotected strata of the population (from 20% in 2003 to 9.6% in 2016) (Alaricheva, 2017).

In the United States, social entrepreneurship developed in the 19th century. Later, from the middle of the 20th century, the social entrepreneurship notion was introduced and legislated in the country. But social entrepreneurship in the US differs from social entrepreneurship in Europe. So, for example, social organizations in the US are all organizations that have a little connection with the social sphere. These organizations deal not only with social services of the population (education, healthcare, etc.), but also with environmental protection, stimulating seasonal charitable fairs of goods made by themselves, the system of supporting impoverished immigrants, and so on (The bank social ideas. US experience in the development and support of social entrepreneurship, 2017).

In Russia, social entrepreneurship began to develop later than in other European countries, at the beginning of the 21st century. The main direction of development is mostly education (in priority preschool education) and healthcare (centers for the elderly people care). State support for social entrepreneurs consists mainly of subsidies and tax benefits, which is not enough for the full development and operation of this type activity in the country. But there are also acute problems such as working with difficult adolescents, children's criminality, and children from disadvantaged families who require additional educational and social security (Sud, VanSandt & Baugous, 2009).

## **2. Problem Statement**

The social entrepreneurship impact depends on the factors where the educational, socio-integration, information, propaganda, and other mechanisms affecting social and economic processes play an important role.

But, despite the active development and support of social entrepreneurship in various countries, social problems remain one of the most important and acute for today.

The development of an economic institution such as social entrepreneurship in the modern world is established to be necessary; the article shows the influence of political factors on the level of social entrepreneurship development and its role as a socio-economic institution.

The most successful examples are considered, as well as the influence of the mechanisms of educational propaganda on the institution support development in the countries of Europe, the USA and Russia.

In the considered countries, despite long development, the social entrepreneurship institution is not well developed, since there is no clear representation and separation of the social entrepreneur from the ordinary one. The skeptical attitude of citizens towards social entrepreneurs, which social services had always been provided with the state, also influences the same. People have the word "entrepreneur" directly connected with making profit, so they think that social entrepreneurs want to earn money on ordinary citizens, and not to provide high-quality social services. For example, according to the open-label studies conducted by the research group ZYRCON, public opinion among Russians, there is a lack of understanding of such a qualitatively new phenomena as social entrepreneurship. This is due to the fact

that there is no such term in the Russian legislation, and it indicates that positive perception of social entrepreneurship in the population eyes is not formed. The Russians were asked the question: "Do you know, what have you heard or are you hearing for the first time the phrase "Social Entrepreneurship"? The survey was conducted for the period from 2008 to 2016. The results were as follows: in 2008, the idea of social entrepreneurship was observed in 6%, in 2016 this percentage remained at the same level. At the same time, for the first time we heard about this kind of activity in 2008 - 73%, in 2016 - 70%, and it may indicate that for such a long period (seven years) there is no growing awareness of the population about social entrepreneurship. This is possible due to the fact that the legal status clearly does not specify the legal status and does not define the procedure for regulating activities of social entrepreneurs, as well as due to the lack of information and educational work on the part of government agencies and the media. In this case, in the USA and European countries (Germany, Poland) in 2016 this figure reaches 85÷90% (Study Group ZIRCON. Public opinion on social entrepreneurship, 2017).

The main factors affecting social entrepreneurship can be identified in the analyzed countries. Indirect impact factors are:

1. Economic. This factor directly affects the development of social entrepreneurship, not only in the countries under consideration, but also in the world as a whole.
2. Political. The unstable political situation in Russia and the US, in Germany and Poland, a large influx of refugees contributes to the development of social entrepreneurship.
3. Sociocultural. This is the main factor in the development of social entrepreneurship in the world.
4. Innovative. Integration of state information systems, especially providing data collection on socially unprotected, low-income, requiring social protection or other requiring increased attention and care of the state, strata and categories of the population.

Factors of direct impact on the development of social entrepreneurship are:

1. Legislation. The research indicated that social entrepreneurship does not stand out as a separate type of activity at the legislative level, but is only considered one type of entrepreneurial activity, which creates many difficulties in settling a multitude of problematic and controversial situations. For example, laws regulating activities entrepreneurs, for example, "On the development of small and medium-sized enterprises in the Russian Federation" No. 209-FZ, restricts the activities of social entrepreneurs, as their specificity is not only related to making profit. In Poland, as in one of the successful countries for the social entrepreneurship development, there are the following legal documents supporting activities of social entrepreneurship: the Law "On socially useful activities and volunteerism", the Law "On Social Employment", the Law "On Social Cooperatives" and others. In the USA state support for social entrepreneurship includes, first and foremost, providing information support, creating an infrastructure for the development of social entrepreneurship and assisting in the development of successful social enterprise projects.
2. Consumers. The society is not fully aware of the social entrepreneurship role; therefore, consumer demand for services is not high. It is due to insufficient information through means

of propaganda, as well as the absence training (specialty) as "Social Entrepreneurship" in the universities (Kuratko et al., 2017; Rey-Martí, Ribeiro-Soriano, & Sánchez-García, 2016).

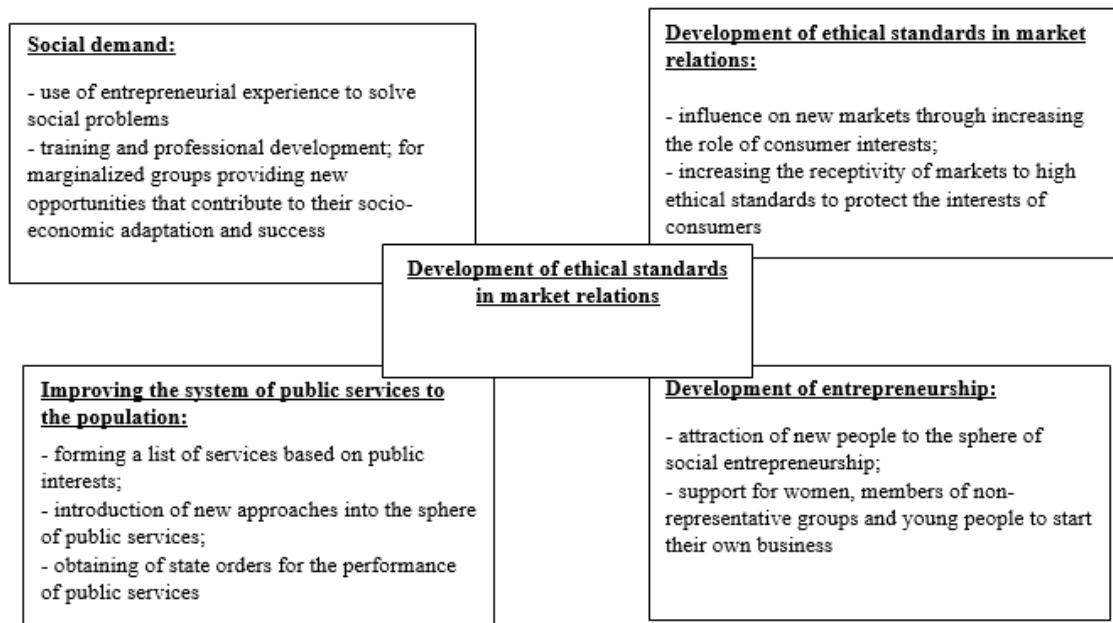
By studying the factors, we can determine possible directions for increasing the efficiency of SE from the point of view of the economy and the state. The most basic of the presented factors is the continuous process of innovation, adaptation and training. This factor affects all major areas of the state social activity, as well as it leads to an increase in the economy.

In general, social entrepreneurship can be considered today as the 4th institution of development, which provides society with social services, and the state with unloading from rendering social services to the population.

### **3. Research Questions**

Increasing the effectiveness of social entrepreneurship is realized through economic political and social institutions. In detail the contribution of social entrepreneurship in the development of cooperation between these institutions is presented in Figure 01 (Wiguna, Ananda, & Susilo, 2015; Oprica, 2013).

- 3.1.** Social entrepreneurship is closely connected with the state and with society. It solves the most important tasks of the state in the social sphere, determines new types of business development, which leads to optimization of government spending on the social sphere and obtaining of new sources of revenue in the budget. For society, a social entrepreneur provides more and more quality social services, creates new jobs, which leads to an improvement in the quality of life of the population and a reduction in unemployment. It can be said that the social entrepreneur is the link in the interaction between authorities and society. Through social business, it is easier and quicker for society to communicate its problems to the authorities, and the social entrepreneur, in turn, offers the authorities quick and effective solutions to these problems with the least cost to the state.
- 3.2.** Proceeding from the foregoing, it is possible to present the notion that social entrepreneurship is a special kind of activity that has the solution of state social problems in itself and carries with it innovations to society (Munoz, 2016; Natalinova et al., 2017).



**Figure 01.** Contribution of social entrepreneurship to economic development

#### 4. Purpose of the Study

This study is conducted to identify factors and conditions that contribute to the effective development of social entrepreneurship in Russia and the world in whole.

- 4.1. In this study, factors and patterns influencing social entrepreneurship as a political and economic institution, as well as stimulating its development, will be revealed.
- 4.2. Common mechanisms for all systems under consideration (Europe, the US, Russia) to improve the efficiency of social entrepreneurship, which will lead to a high level of prestige in the field of entrepreneurship to ensure social problems, a reduction in crime among teens, public confidence in this type of business, discharge state of the economy, as well as a fruitful cooperation with authorities and business community are offered.

#### 5. Research Methods

Methods used in the research are:

- logical method is used for studies of the social entrepreneurship development in various countries of the world (Europe, the USA);
- comparative method is used for the analysis of public spending in the proportion of social business economy;
- systemic and situational approaches are used to represent the sphere of social entrepreneurship as a socio-economic system, as well as enhancing the role of entrepreneurial activity among the population.

## 6. Findings

Having considered the development of social entrepreneurship in the world, it can be concluded that this is a new activity for most countries of the world, including in Russia, where this trend started to develop only in the 21 century. But, in spite of the earlier development in other countries (the USA, Europe), population remains skeptical to social entrepreneurship, as there is no clear understanding of this type of activity.

Social entrepreneurship is developing most successfully in the United States, where entrepreneurs are concerned with the social problems that the government itself does not take. In Europe and Russia, on the contrary, social entrepreneurs are closely connected with the state organizations and are subject to greater control by the state (The bank social ideas. US experience in the development and support of social entrepreneurship, 2017; Kuznetsova et al., 2017).

Based on the above, two main problems of the development of social enterprise in all the countries studied can be defined:

1. The lack of definition of social entrepreneurship and make it stand out in a separate activity at the legislative level. Private activities aimed to profit from the provision of social services such as healthcare, education, rehabilitation and others, in terms of regulatory control do not differ from the usual businesses and only occasionally get different preferences.
2. Low level of public confidence in the activities of a social entrepreneur, lack of understanding of this type activity. This problem is more evident in countries such as Russia, Germany and Poland, as the authorities in these countries traditionally hold social policy primarily through public institutions. In the US, such a problem is not great, because the state does not provide social support, and sends them into the hands of private capital.

## 7. Conclusion

Currently, the effective development of social entrepreneurship in Europe, the US and Russia are mainly in the following ways: government support, tax breaks, subsidies. Of course, this is not enough for the productive development of this type activity.

For a more effective development of social entrepreneurship in Russia and the world in general, not only financial support is needed, but also to create the prestige of this activity among population, especially young people. It can be done in the following ways:

1. by education means:
  - establishment of schools of social entrepreneurs;
  - various seminars and events devoted to the peculiarities of the activities of social entrepreneurs;
  - development of educational programs in the field of social entrepreneurship for students of universities, etc.
2. by means of propaganda:
  - enhancing the prestige of the social entrepreneur through the media and the Internet (at the federal level);

- holding exhibitions of goods and services (at federal and regional level) in the field of social entrepreneurship;
- holding of various competitions (both at the federal and regional levels) among active social entrepreneurs and so on.

Implementation of the proposed approaches to enhance the role of social entrepreneurship through propaganda and education tools to enable the following results:

1. to increase the prestige of entrepreneurs engaged in social activities. It can be achieved by means of a development strategy for the social orientation of business;
2. to increase public confidence in social entrepreneurship;
3. to get interested youth in this activity leading to a decrease in unemployment. this result can be achieved;
4. to reduce state social problems through a variety of activities of social entrepreneurs;
5. to reduce government spending on social services.

Effectiveness of the proposed results can be achieved through the creation of social innovation center for the expansion of international cooperation between public and corporate foundations.

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