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SOCIAL ENTREPRENEURSHIP: REGIONAL FEATURES OF REGULATION

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Abstract

Orientation towards the innovative path of economic development predetermined the spread of new practices and technologies for organizing and conducting business in Russia, one of which is social entrepreneurship. Social entrepreneurship develops in conjunction with the development of society being a socio-economic phenomenon. On the one hand, it affects the social processes taking place in the country, and, on the other hand, it is itself subject to external and internal regulation. This article highlights the distinctive features of social entrepreneurship, the main trends that contributed to its emergence and development. The author's model of regulation of social entrepreneurship based on a synthesis of targeted and territorial approaches is given. It is proved that economic management bodies, both of federal, regional and local levels are the specific subject of regulation of social entrepreneurship, diverse in composition of participants, which generates differences in the goals and expected results. The author's model of social entrepreneurship regulation provides for the use of a territorial approach to economic management along with the target approach, since such factors as the level of socio-economic development of the region, the state of the resource and raw materials base, the degree of development of economic sectors, the presence of financial independence of the region and others determine regional differences in the development of entrepreneurial sectors that cannot be ignored. This model should be considered as one of the main areas of implementation of the concept of development of social entrepreneurship in modern Russia and its regions.

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Keywords: Business, region, regulatory model, social entrepreneurship, targeted approach, territorial approach.



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1. Introduction

Social entrepreneurship is a relatively new way of economic activity, having the following distinctive features:

- the priority of social mission over commercial targets - the social effect obtained in the course of the activities of such a company is not a by-product (as it may be in the commercial enterprise sector), but a focused result of its functioning;
- business ethics and entrepreneurial culture, which is expressed in the personal commitment of all participants in the company's social mission;
- the presence of a sustainable commercial effect, ensuring self-sufficiency and competitiveness of the company, which makes it relatively independent of external financial resources in the form of grants and charitable contributions;
- innovation, implemented, on the one hand, through new ideas to solve an existing social problem, and on the other hand, through non-standard combinations of economic resources aimed at achieving the goals set by the company.

According to researchers, the idea of social entrepreneurship is gaining popularity because it suits for the modern era (Dees, 2001). This is confirmed by numerous practical examples. The end of the twentieth century was especially rich in the development of various social initiatives. This is a wave of cooperative movement in Europe, and public-private partnerships, and numerous agreements on fair trade, and trilateral intersectoral interaction, and the institutionalization of corporate social responsibility, and the emergence of the phenomenon of corporate citizenship, and much more (Douglas & Prentice, 2019). All of these phenomena were caused by objective changes in the living conditions of the world, individual states and specific communities of people who put the state, commercial and non-profit organizations in front of the need to change their role in solving social problems.

2. Problem Statement

Social entrepreneurship is characterized by a very significant specificity, due to the socio-economic nature of the emergence and functioning of this sector of the economy, and determining the differences in the content of its business activities from other business entities. Such specifics predetermine and set special conditions that must be taken into account when developing strategies for managing social entrepreneurship, taking into account its systemic nature, purposeful focus, and innovative approach to organizing, running and regulating a business (Makarevich & Zhuravleva, 2018).

There is no doubt that the definition of strategic prospects for the development of social entrepreneurship should be considered as a complex problem requiring the development of scientifically-based approaches to its solution within the framework of a holistic concept that interconnects the theoretical and methodological foundations of socialization of entrepreneurship, the methodological tools for assessing the potential of this process and its effectiveness with the results of a study of the current state and dynamics of the development of the business environment (Datta, 2011). Such an interconnection of research areas, in our opinion, will ensure compliance with the principle of scientific

character in developing the concept of socialization of entrepreneurship with the requirement of its practical acceptability for business entities, which, realizing the concept in their entrepreneurial activity, will have a real opportunity for positive changes in its content and effectiveness.

Among the main trends that contributed to the emergence and development of social entrepreneurship, the following can be noted (Moskovskaya, 2011):

- low susceptibility of a number of social problems (poverty, unemployment, social exclusion, etc.) to the traditional methods of resolving them, used by the state and non-profit organizations;
- stability of coexistence of market and non-market, developed and undeveloped social and economic segments within one state;
- increasing social inequality between and within countries;
- increasing number of non-profit organizations and increased competition between them for the resources of the state and charitable foundations;
- commercialization of public services and, as a result, increased competition between business and non-profit sector, which the latter often loses.

There is no definite answer to the question of whether social entrepreneurship is able to solve the recent aggravating socio-economic problems (Chandra, 2017). However, now we can say that every social entrepreneur, one way or another, is a concrete answer to the challenges that arise in modern society.

3. Research Questions

Disclosure of the problems stated above makes it necessary to search for answers to the following questions:

- What are the distinctive features of social entrepreneurship, what is the primacy of its social mission over commercial targets, how are the differences in the content of its entrepreneurial activity from other business entities manifested?
- What are the special conditions, compliance with which is mandatory when developing strategies for managing social entrepreneurship, taking into account its systemic nature, target orientation and innovative approach to organizing, running and regulating a business?
- How does the successful functioning of social entrepreneurship depend on the prospects for its sustainable development and the effectiveness of the implementation of managerial and regulatory functions?
- What determines the need for the synthesis of targeted and territorial approaches to build a regional model for regulating social entrepreneurship?

4. Purpose of the Study

The purpose of the article is to investigate the features of the formation and positioning of social entrepreneurship in the system of modern social relations, to identify the conditions that should be observed when developing strategies for managing social entrepreneurship, to determine the features of the target and territorial approaches to its regulation, and to justify the need to synthesize these approaches to clarify the areas of regulation taking into account significant differentiation of the pace of development of social entrepreneurship in different regions of Russia.

5. Research Methods

The study is based on an interdisciplinary approach using the methods of logical-structural, situational and comparative analysis.

The author's approach is based on the thesis that while regulating social entrepreneurship, along with a targeted approach, it is necessary to use a territorial approach to economic management.

Representing a specific socio-economic phenomenon, social entrepreneurship is carried out in a social environment, is regulated by the current legal regulations in the society, and is also subject to the action of economic laws and patterns common to all business entities (Sahasranamam & Nandakumar, 2018). This means that social entrepreneurship is not free from society, but functions in interconnection and interdependence with it. As a result, the activities of social entrepreneurs, along with other business entities of the domestic economy, are subject to management and regulation (Guslyakova, Govorukhina, & Grigoriev, 2017). Consequently, the success of the functioning of social entrepreneurship will largely depend on the prospects for its sustainable development and the effectiveness of implementation of managerial and regulatory functions.

The authors consider regulation as the purposeful process of influence on the subject of social entrepreneurship, implemented by economic management bodies to achieve the goals of entrepreneurial activity and ensure sustainable positive dynamics of its results. From this essential understanding of the regulatory process, it follows that economic management bodies are a specific subject of social entrepreneurship regulation, diverse in composition of participants. These include both the state regulatory bodies of the economy (federal, regional and local levels), and the management bodies of the subject of social entrepreneurship (the head of the enterprise, specialists within their functional and official competence).

Such diversity in composition of the participants in the regulation of social entrepreneurship determines objectively the existence of differences in their goals and the expected results of activities (Dwivedia & Weerawardena, 2018). So, for example, from the standpoint of state regulatory bodies of the economy, the development of social entrepreneurship should be accompanied by an increase in income received by budgets of all levels, the development of economic and social infrastructure, satisfaction of social needs, and a decrease in social tension in the labor market (Grimes, McMullen, Vogus, & Miller, 2013).

In turn, from the point of view of the governing bodies of the subject of social entrepreneurship, its development should have positive dynamics, accompanied by a steady increase in financial results, an

increase in the level of competitiveness of manufactured products, and an expansion of the occupied market segment.

In addition, the participants in this process themselves have a controlling effect on social entrepreneurship, the goal of which is to obtain a stable income, implement their own entrepreneurial initiative, and expand opportunities for self-employment in socially useful work (Weerawardena & Mort, 2012). The difference in the interests of the participants in regulation of social entrepreneurship is objective and poses the problem of finding ways to ensure their balance (Sekliuckiene & Kisielius, 2015).

The need for the synthesis of targeted and territorial approaches to build a model for regulating social entrepreneurship, in our opinion, is determined by a number of objective circumstances. There has been a tendency to increase the investment activity of entities in the direction of financing fixed capital in modern Russian economy in recent years. The structure of sources of financing investments in fixed assets is undergoing a change: while back in 2011, the use of investments was mainly due to attracted sources, then at the end of 2018 the situation changed and the organization's own funds began to come to the fore. The data presented indicate that focusing on the innovative scenario of economic development, which is the state's priority task, is gradually beginning to be put into practice. The changes that are taking place, in turn, lead to a transformation of the basic approaches to management: if in the past, the situational approach was a priority in the conditions of the economic crisis, then now, based on the strategic objectives of the state economic policy, the targeted approach to managing the economy becomes a priority.

6. Findings

From the authors' point of view, regulation of social entrepreneurship is an open system, the structural elements of which, as well as the relationships between them are shown in Figure 01.

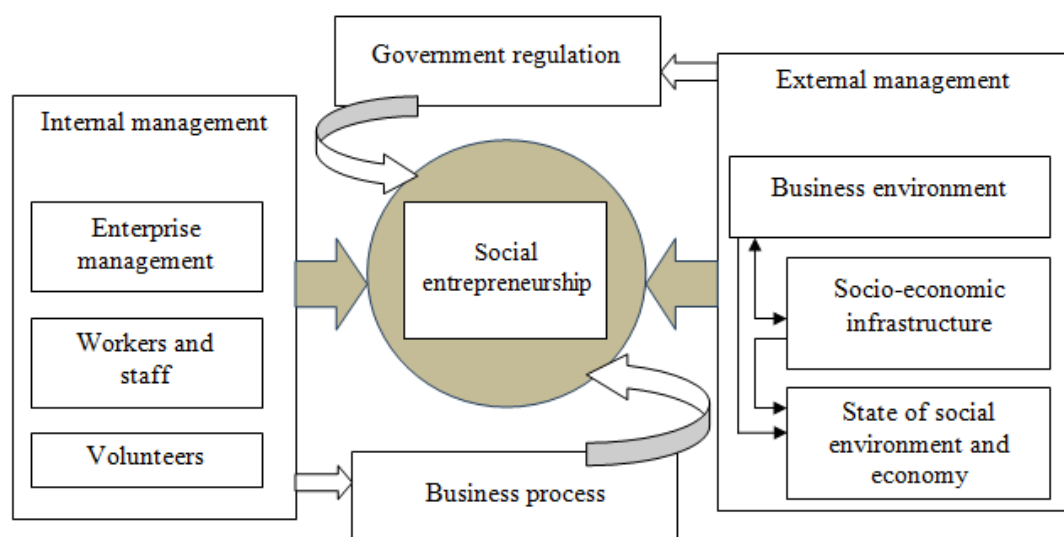


Figure 01. Model of social entrepreneurship regulation

As we can see from figure 01, regulation of social entrepreneurship can be divided into two interconnected levels:

- external regulation - the impact of the state through the formation of a special political, economic, social and business environment and the development of socio-economic infrastructure;
- internal regulation - management of the process of social entrepreneurship from within.

It should be noted that the economic policy that sets the key guidelines for the country's development is subject to specific adjustments at the regional level. Regional differences in the development of business sector are caused by such factors as the level of socio-economic development of the region, the state of the resource and raw materials base, the degree of development of economic sectors, the presence of financial independence of the region, etc. This circumstance determines the need to use a territorial approach along with targeted approach to economic management in the regulation of social entrepreneurship.

The following stages can be distinguished within the framework of the targeted approach to managing social entrepreneurship:

- Strategy development and identification of priority areas of state regulation of social entrepreneurship. The key tasks at this stage are the following: adjustment of state regulation and forms of support for social entrepreneurship; the creation of special taxation regimes for subjects of social entrepreneurship; assistance to the technical and technological development of the material base of social entrepreneurship and others.
- Highlighting priority problems that need to be addressed in the state regulation of social entrepreneurship, and their subsequent ranking with the emphasising of at least two levels: federal and regional.
- Formulation of the goals and objectives of state regulation of social entrepreneurship, taking into account the problems identified at the previous stage. Goals and objectives should be determined on the basis of priority areas of state regulation of social entrepreneurship with mandatory consideration of local conditions for its development.
- Identification of the main mechanisms of state regulation of social entrepreneurship. For example, preferential targeted loans for social investment projects; assistance in equipment leasing; support for innovative activities of social entrepreneurs; preferential terms for leasing state and municipal property; simplification of registration procedures for subjects of social entrepreneurship; ensuring the participation of social entrepreneurs in the implementation of priority national projects and programs.
- Identification of sources of resource support for regulation of social entrepreneurship. According to the authors a problem-oriented analysis of the state of social entrepreneurship as a whole in the Russian Federation and in its individual regions; strategic planning of state support for social entrepreneurship; analysis and planning of the needs of social entrepreneurship in the main types of resources: financial, material, labor, information and

others; forecasting the results of the development of social entrepreneurship should become mandatory conditions for specifying sources of resource support for the regulatory process.

Thus, the targeted approach makes it possible to specify the composition of problems and methods for solving them when regulating social entrepreneurship in order to ensure a balance of interests of all participants in this process.

It seems appropriate to supplement the target approach with a territorial one, which can also be divided into a number of successive stages to clarify the areas of regulation of social entrepreneurship, taking into account the significant differentiation of the rates of its development in various regions of Russia:

- Development of a system of regulation of social entrepreneurship;
- Elaboration of social entrepreneurship development programs in accordance with the regulatory system adopted at the first stage;
- Development of an adaptive system of regulation of social entrepreneurship at the regional level;
- Formation of a regional infrastructure for supporting socially-oriented entrepreneurship projects.

The findings and recommendations may become the basis for the further development of social entrepreneurship and the system of its regulation both at the regional and federal levels.

7. Conclusion

In conclusion, it should be emphasized once again that the model of social entrepreneurship regulation developed by the authors on the basis of a synthesis of target and territorial approaches is based on the inextricability of the combination of external (state) and internal (internal) levels of regulation. This allows balancing the interests of the state, business and civil society in the dynamically changing conditions of the external environment and internal motives of entrepreneurial activity. The formation of such a regulatory model should be considered as one of the basic directions for the implementation of the concept of development of social entrepreneurship in modern Russia.

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