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SOCIAL ENTREPRENEURSHIP AS A FACTOR OF SUSTAINABLE DEVELOPMENT OF MODERN ECONOMY

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Abstract

The article analyzes the process of formation of the Russian model of social entrepreneurship, reveals its importance in the sustainable development of the economy. The evolution and practice of socially responsible entrepreneurship abroad are analyzed too. Along with the consideration of positive examples in the analyzed area, the imperfections of the Russian model of social responsibility of entrepreneurship (its fragmented nature, the prevalence of external social responsibility in the form of charity, the incompleteness of the legal framework, the lack of a strategic approach to social responsibility issues, etc.) are shown. The authors identified the most important reasons for underdevelopment social responsibility of modern domestic entrepreneurship, among which are unfavorable environmental conditions (especially for companies of the real sector of the economy, focused on the domestic market), inadequate in comparison with international standards, the levels of development of social partnership relations, social responsibility of the state and activity of civil society institutions in this sphere, etc. The possibility and necessity of changing the situation through increasing the efficiency of state regulation of the development of entrepreneurship, the development of public-private partnerships, realizing socially significant projects both at the level of the country as a whole and individual territories, the activation of public associations, primarily trade unions that express and protect interests of workers, consumers, society, development of social partnership relations.

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1. Introduction

Sustainable development of the national economy in the modern sense cannot take place without structuring, institutionalization and harmonization of balance of interests of the three forces, it is provided (society, government and business). Each subject has its own interest in the formation of sustainable development processes, since each of them ultimately acts as a beneficiary, each of the entities has its own part of responsibility. In our opinion, the social responsibility of business is a special component for formation the sustainable development of the economy, as it involves ensuring not only its own benefit, which one way or another appears in the mutual exchange processes of entrepreneurship and society, but also forms a specific area of target orientation and contributes to the realization of interests various social groups, such as workers, socially vulnerable groups of people, development groups (talented children, sports associations, etc.). The institutionalization of social entrepreneurship - a long and painful process. The first step is awareness of the need in favor of corporate social responsibility, therefore, for an effective national model should examine the scientific approaches and practical construction for this case.

1.1. The evolution of the social responsibility of entrepreneurship as a social phenomenon and object of study

Processes highlight social entrepreneurship from the commercial orientation began in the mid-70s of the last century. And the idea of social responsibility of business in economic science took shape gradually, in the course of the discussions, which are often expressed opposing views. Theories can be given as an example in Table 1:

Table 01. Theories and their relation to the social responsibility of business

Theories	Their relation to the social responsibility of business
Of M. Friedman	The single responsibility of a business is responsibility to shareholders, and the goal of the business is to growth profits.
Corporate altruism	Corporations must participate in programs and projects to improve the quality of life of society and the preservation of the environment.
Rational egoism	By implementing social projects or investing in them, enterprises reduce profit losses in the long perspective, as it is the good social environment that ensures sustainable development and security.
Shareholder companies	The social needs of the employee must be met through fair pay.
Capitalism of participation	It suggests the possibility of participation of employees in management, in addressing social problems of the working group.
Corporate citizenship	It assumes social responsibility of the business as a means of interaction between the company and the external environment, minimizing risks and sustainable development of the company.

1.2. Social responsibility of entrepreneurship as a way to realize their own advantages

Today, the importance of social responsibility of entrepreneurship in the world has long been recognized by entrepreneurship itself, and by government bodies, and society. Measures in the field of corporate social responsibility are an integral part of the strategic and program documents of Western companies, in the management structure of which specialized units have been created that deal with issues of social responsibility (Balashov, 2019; Goncharova et al., 2018). In the social responsibility of business ideas at different times were both supporters and opponents (see Table 2).

Table 02. Arguments "for" and "against" the social responsibility of business

Arguments for Social Responsibility of business	Arguments against the social responsibility of business
1. The entrepreneur is interested in being socially responsible, because: - in the long run, this brings profit to the organization; - it requires or will require society.	1. Companies already bear social responsibility by paying taxes to the state and wages to workers. The state will receive tax revenues should develop and implement social programs.
2. This is required by the moral obligations of the entrepreneur to society.	2. The effect of social activities funded by business, it is impossible to accurately estimate both the micro- and macro-level, i.e., for society as a whole.
3. This is required by law.	3. The social activity of the company diverts resources away from the main objectives of, reduces the company's profits.

However, to date, in economics and business practices of Western countries prevailed pragmatic approach to social responsibility of business, which focuses on the opportunities offered by it (improving the reputation and image of the company, the creation of state structures with partnerships, investment attractiveness and growth, etc.).

2. Problem Statement

The main problem of social entrepreneurship as an institution for the sustainable development of society is the economic justification for the occurrence of additional social expenses that have a longer return period.

In fact, the social responsibility of entrepreneurship is a rather controversial phenomenon, since it combines:

- at the same time improving the image of the company and increasing production costs, which means weakening the company's position in the competition;
- development of social partnership relations, voluntary pursuit of socially significant goals and, to a certain extent, forcing businesses to finance social projects;
- the problem of external effects (some entrepreneurs are socially responsible, and everyone gets the benefit) (Litovchenko & Korsakova, 2003);
- conflicting interests of subjects of social policy, etc.

2.1. Analysis of the effectiveness of external models of social responsibility of business

On the one hand, the functioning of external models of social entrepreneurship demonstrates general principles, the observance of which is mandatory and monitored by the state (accountability, transparency, ethical behavior (in relation to partners, consumers, enterprise personnel, etc.), taking into account the interests of stakeholders, compliance with national and international law, recognition and observance of human rights, etc.

On the other hand, national models of state influence on the development of socially responsible business stances differ greatly, due to the presence of national traditions, the degree of development of civil society institutions, different balance of power of subjects of social relations in the area under consideration.

2.2. Development of an effective national model of social responsibility of business

Russia significantly "lags behind in the development of socially responsible business; a specific model of it is being formed in it, focusing mainly on the state, with a weak initiative of enterprises and insufficient activity" (Goncharova et al., 2018, p. 77) of civil society institutions. The social responsibility of entrepreneurship is perceived in Russian society in many ways as an addition to the social responsibility of the state.

3. Research Questions

The subject of the study is the phenomenon of social entrepreneurship as a factor in the sustainable development of society.

Subject of research involves the study of the following issues:

- What models of social entrepreneurship exist in world practice?
- What is the lineament of the Russian model of social entrepreneurship?
- How can social entrepreneurship ensure sustainable development?
- What is the role of the state and society in ensuring the formation of an effective model of social entrepreneurship in Russia?

4. Purpose of the Study

The purpose of the study is to justify the directions for the practical implementation of the Russian model of socially responsible entrepreneurship as a factor in the sustainable development of the national economy on the basis of analysis of models of social entrepreneurship.

5. Research Methods

The methodological base of research summarizes the theoretical material and domestic practice of social entrepreneurship, as well as an economic analysis of the conditions of formation of the Russian model of social entrepreneurship for sustainable development of the national economy.

5.1. Analysis of the theoretical foundation of social entrepreneurship

A theoretical analysis showed that the beginnings of social entrepreneurship were already evident in the 19th century. In particular, examples of the manifestation of this socio-economic phenomenon are known, such as the existence of Italian monastic banking institutions (providing credits for low-income citizens at low rates), the creation in 1882 of the “House of industriousness” in Kronshtadt (living in the House through various kind of work), the appearance in 1889 of the first German social cooperatives. An example is the work of Robert Owen, who at the beginning of the 19th century not only developed and implemented a plan for improving the living conditions of workers at a spinning mill in Scotland, but together with a number of prominent businessmen, politicians and economists, he appealed to European governments with proposals adopt “laws aimed at improving working conditions in private enterprises. Later, Owen’s many ideas were reflected in documents of the International Labor Organization (ILO)” (Ovchinnikov & Ovchinnikova, 2013, p. 199), the most important of which were adopted at the end and after the end of World War II. In addition, many ideas in the field of social responsibility of entrepreneurship were first expressed by the famous American entrepreneur Andrew Carnegie. The scientific work published in 1900 under the title “The Gospel of Wealth” (his ideas were universally recognized only after seven decades).

However, the study of scientific literature has established that there is no single definition of social entrepreneurship. Various authors understand social entrepreneurship:

- “Entrepreneurial activity that complies with ethical, legislative norms and social expectations, aimed at improving the quality of life, both of our own employees and their families, and of society as a whole” (Savina, 2012, p. 57);
- Social movement of citizens (consumers, investors, employees of companies), requiring the company assuming full responsibility for how their activities affect the world around us;
- Voluntary contribution to the development of society in social, economic and environmental spheres, which is directly connected with the main business of the company and exceeds a certain minimum statutory (Grishin et al., 2015).

Generalization of these approaches suggests that social entrepreneurship combines the social orientation of activity and an entrepreneurial approach, and suggests innovative activities, initially aimed at the solution or alleviation of social problems in the conditions of self-sufficiency and stability, and in modern conditions become a factor of sustainable development economic system.

5.2. Study of the formation and evaluation of the state of development of social entrepreneurship in the Russian economy

The use of historical and process approaches to the study of Russian social entrepreneurship practices led to the conclusion that the emerging model of social responsibility of business has a number of peculiarities. First, before going to the market fundamentals of management, entrepreneurship is not developed, all social security matters are in the state jurisdiction. Secondly, during the period of reforming the national economy, state enterprises were transferred to private ownership, most of which turned out to be in an environment of unfavorable external and internal environment (price liberalization, crowding out

of former markets due to imports, lack of market institutions). Third, the default state has just reduced government spending on social spending. So, in the changing socio-economic conditions, arose the need for the separation of social obligations between the state and business entities (Goncharova et al., 2018).

At the same time, economic-statistical and legal analysis showed that over the past years, it has been possible to create many elements of the domestic model of social responsibility of entrepreneurship, which was defined by the President of the Russian Federation as the main principle in the interaction between the state, business and society, which meets the goals of sustainable development.

In particular, a legislative framework has been created for the development of socially responsible entrepreneurship (the Labor Code of the Russian Federation, federal laws “On charitable activities and charitable organizations”, “On environmental protection”, etc.).

In July 2019, amendments were adopted to Federal Law No. 209-ФЗ “On the Development of Small and Medium-Sized Enterprises in the Russian Federation” in accordance with which a new type of entrepreneurial activity, social entrepreneurship, is officially recognized as “activity pointed at achieving socially useful goals, contributing to the solution of social problems of citizens and society” (Federal Law “On the Development of Small and Medium Enterprises in the Russian Federation”). In addition, *the criteria are defined that a social enterprise must meet, and the types of state support* (financial, property, information, consulting) are indicated.

The comparative analysis showed that the modern Russian business in less than entrepreneurship Western countries, is under pressure of public associations and mass media (due to lack of development of civil society), and at the same time experiencing a much greater pressure from authorities parties state and local authorities, in some cases forcing it into voluntary-compulsory to participate in the financing of the various programs. These conditions, of course, impede the functioning of socially responsible enterprises in the interests of achieving the goals of sustainable development of the national economy.

5.3. The analysis of national practices of implementation of the principles of social entrepreneurship in the activities of Russian companies

Today, more than 70% of Russian companies are engaged in charity work, and every tenth of them are doing it on a regular basis (Vartanova, 2017).

The main contribution to the charity carried out by big business, mostly raw. The leader in the field of social responsibility is Gazprom, which implements the "Gazprom for Children" program, which aims to create conditions for the harmonious growth and development of children and adolescents. From 2007 to 2018, the project developed in seventy-three parts of the Russian Federation, more than 1600 modern sports objects were built, more than one hundred thousand children and adolescents are involved in them (the official site of Gazprom PJSC). Actively using elements of social responsibility JSC "RostNeft-Moscow", OJSC "Russian Railways" implementing projects in the field of social protection and environmental protection.

In the banking sector, VTB is the leader in introducing social responsibility, with particular emphasis on supporting healthcare projects. So, “in 2017, funds were allocated for: the construction of a clinical center for maternal and child health (6.5 billion rubles), the construction and equipping of perinatal centers and clinics in the regions (4.5 billion rubles); Eighteen projects implemented in the field of education,

twenty-six in the field of supporting sports projects assisted by the fifty-six hospitals and child care centers, etc. "(The official website of VTB Bank - vtb.ru). However, the analysis showed that such examples are the exception rather than the rule. Small businesses that do not substantially implemented social policy, limited only by charitable actions on a local scale. However, now it is clear that the social enterprise is one of the factors of sustainable development, which paid great attention from the society and the government.

6. Findings

The models of social responsibility of entrepreneurship in Western countries have evolved from a closed model with an active stimulating role of the state and the use of direct instruments for regulating social responsibility of companies to an open model characterized by the predominant use of indirect instruments of economic policy (see table 3) (Belyaeva & Eskindarova, 2008).

Table 03. Comparative analysis of models of social responsibility of business

Indicator	USA	EU	GB
Entry period	The beginning of the XX century	70s of the XX century	80s of the XX century
The main forms of business social responsibility	Programs and plans of enterprises aimed at improving working conditions and social security of workers	Development of non-financial reporting standards, putting them into practice and widespread distribution	Social investment funds, social attitude to personnel
Society Position	Active	Distrust of private business	Medium
Control	Public	Mostly State	Mostly Public
The role of the state	Business cooperation with the local level of government	High degree of government intervention	Minor government intervention.

According to a study conducted in 2016 by the Thomson Reuters Agency Foundation in cooperation with Deutsche Bank, UnLtd and the Global Social Entrepreneurship Network, the United States creates the best conditions for social entrepreneurs, "Russia ranked 31st in the above ranking. The assessment was carried out on the basis of state support for this area of activity, access to investments and the possibility of attracting qualified personnel" (Sidorova & Petrova, 2019, p. 403; Rating of the best countries for the activities of social entrepreneurs 2016, 2020).

The Russian model of social entrepreneurship is only the beginning of its formation - established legal framework of the social responsibility of business, with a high degree of state intervention and the local government in the activities of socially responsible companies and the implementation of various projects, and a high degree of confidence in society. The main form of social entrepreneurship is charity carried out by large businesses. One of the major challenges of sustainable development of the Russian Federation in the field of economics is to provide a transition to a social market economy. Important role given to social entrepreneurship as a factor affecting the stability of the economic system, since the socio-oriented entrepreneurs put in the "people-centered, their well-being and quality of life.

The American scientist Gregory Dees, who was one of the first to introduce the concept of “social entrepreneurship” (as cited in Khasanova, 2018) in economic science, noted that “the main measure of the success of social entrepreneurs is not what income and profit they manage to obtain, but the degree of achievement social mission for the production of public goods. Social entrepreneurs act as agents of innovation in the social sphere” (Dees, 2001, p. 24) The main applications of social entrepreneurship in Russia can be directed to poverty reduction by creating new opportunities, preserve and protect the health, education and its accessibility, environment preservation, the formation of communities, the implementation of economic and legal projects. The development of social entrepreneurship in these areas will achieve the goals of sustainable development - the universal elimination of poverty, reducing inequality within the country, providing access to education, the promotion of sustainable and sustained growth of the economy, healthy lifestyles, ensuring the transition to sustainable consumption and production patterns.

The role of the state and society is the proper and effective use of mechanisms and instruments of interaction with socially responsible business, which will provide new opportunities for sustainable economic development, allow to adjust economic policies and will provide an opportunity to carry out socially - oriented and socially responsible policy of the state and enterprises to build long-term development strategy, taking into account the objectives of sustainable development of economy and society.

7. Conclusion

Thus, social entrepreneurship is an entrepreneurial activity directed at solving or reducing social problems of society on the basis of self-sufficiency and stability, becoming in modern conditions one of the factors of sustainable development of the economic system. Improving the efficiency of state regulation of development of social entrepreneurship, the development of relations of public-private partnerships, implementing social projects, both at the country level as a whole and individual areas, the intensification of public organizations, expressing and defending the interests of workers, consumers, society, the development of social partnership relations will ensure sustainable development of the Russian economy.

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