

**NININS 2020****International Scientific Forum «National Interest, National Identity and National Security»****GENESIS OF SOCIAL ENTREPRENEURSHIP  
IN THE SOCIO-ECONOMIC ACTIVITIES CONTEXT**

Irina V. Shavyrina (a)\*, Inna A. Demenenko (b), Oleg. I. Divichenko (c),  
Artem A. Podvigaylo (d)  
\*Corresponding author

- (a) Department of Sociology and Management, Belgorod State Technological University named after V. G. Shukhov. Belgorod, Russia, shavyrina\_77@mail.ru  
(b) Department of Sociology and Management, Belgorod State Technological University named after V. G. Shukhov. Belgorod, Russia, inna12manager@gmail.com  
(c) Department of Sociology and Management, Belgorod State Technological University named after V. G. Shukhov. Belgorod, Russia, divichenko31@yandex.ru  
(d) Department of Sociology and Management, Belgorod State Technological University named after V. G. Shukhov. Belgorod, Russia, torrio2009@ya.ru

**Abstract**

This article is devoted to the substantiation of the conceptual field of the concept of “social entrepreneurship.” On the one hand, the authors emphasize that various definitions of the concept of “social entrepreneurship” allow identifying a large number of features that distinguish social entrepreneurship from other modern innovations. On the other hand, the authors note that a large number of definitions make it difficult to identify clear and unambiguous criteria for defining the phenomenon of “social entrepreneurship.” The authors conclude that some researchers of social entrepreneurship focus on the process of development and transformation of non-profit organizations towards social entrepreneurship, searching for alternative resource support strategies to achieve sustainability of their social mission. Other researchers focus on the study of social entrepreneurship as the leading prospect for the development of socially responsible business, which in this case, creates enterprises specifically designed to solve various social problems. For some researchers, it is not the organizational form of a social enterprise and its innovative potential. However, according to the authors, such differences in the perspectives of the consideration of social Talents in their complement each other, differently assessing the roles of the three main properties of social entrepreneurship: 1) economic sustainability through the sale of goods and services, 2) commitment to the chosen social mission, 3) the novelty of the approach to solving or weakening a social problem.

2357-1330 © 2020 Published by European Publisher.

*Keywords:* Innovation, social entrepreneurship, social and economic activity, socially responsible business



This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

## **1. Introduction**

For the current state of society, such phenomena as unresolved social problems, a decrease in the social protection of citizens, a significant differentiation of the incomes of individual social groups are characteristic. These processes correctly lead to a severe stratification of society, a decrease in the level of well-being. Moreover, these processes also lead to destabilization of the economic and political situation in the country (Reutov et al., 2017). At the same time, the current socio-economic policy cannot be effective if the primary mission is not fulfilled – namely, without satisfying the needs of citizens, ensuring an increase in living standards and national welfare.

One of the most critical signs of civilized business development is its social orientation, i.e., the manifestation in the entrepreneurial activity of the desire to be useful not only for oneself but to contribute to solving the problems facing society. In other words, this task is to ensure the unity of one's interests with the public utility. The task of social entrepreneurship as a type of entrepreneurial activity is "loaded" with a social mission. That is, the introduction of social innovation contributes to the creation of a new, more perfect economic environment that allows solving social problems in a marketable way. In other words, as Dees noted, the concept of social entrepreneurship combines the passion for social mission with the discipline inherent in the business, innovation, and determination (Dees & Anderson, 2006). The presence of a social problem in society is the starting point of a social entrepreneur. Where public sector institutions are ineffective and do not contribute to solving or reducing the severity of a social problem, the most favorable environment is created for the emergence and active development of social entrepreneurship.

## **2. Problem Statement**

Given the widespread occurrence of the phenomenon of social entrepreneurship, a clear definition of this concept is not currently provided. Moreover, various definitions of the concept of "social entrepreneurship" reveal a large number of features that distinguish social entrepreneurship from other modern innovations. At the same time, a large number of definitions makes it difficult to identify clear and unambiguous criteria for defining the phenomenon of "social entrepreneurship," which creates additional difficulties for civil society and the state.

## **3. Research Questions**

The subject of study is the formation and development of social entrepreneurship in the context of socio-economic activity.

## **4. Purpose of the Study**

The purpose of the article is to justify the conceptual field of the concept of "social entrepreneurship" as a qualitatively new way of socio-economic activity, located at the junction of the commercial and non-profit sectors, aimed at solving or mitigating social problems in society.

## 5. Research Methods

The main methods used in the preparation of the article include methods of systemic, structural-functional and comparative analysis, methods of induction and deduction, the ascent from abstract to concrete.

## 6. Findings

Currently, the phenomenon of social entrepreneurship is an incredibly popular research topic in various theoretical fields. Although the experience of social entrepreneurship began to be actively accumulated only about 20–30 years ago, it has already become a separate subject area among representatives of the scientific community of entrepreneurship researchers. At the same time, the phenomenon of social entrepreneurship appeared almost simultaneously in different parts of the world with different economic and social conditions. It cannot be said that the very phenomenon of social entrepreneurship arose only in the second half of the last century. It existed before but was not so large as to attract the attention of entrepreneurship researchers.

The situation changed after business organizations began to appear in different countries of the world with a qualitatively new, socially-oriented approach to entrepreneurial activity. The most striking and successful examples of social organizations integrating the process of obtaining economic and social benefits are Grameen Bank in Bangladesh or the Sekem Initiative in Egypt, the Spanish Mondragonese Cooperatives, or the United World Health Institute, based in the United States. As noted by Moscow:

These examples of social entrepreneurship, which have become almost canonical, are based on various organizational processes. Different social forces guide them, and the forms that these organizations have taken are not only different from each other but also largely dependent on the institutional environment of the states and societies in which they arose (Moskovskaya, 2011, p. 39). It should be noted that these social organizations arose not only in the developed countries of the West. There are vivid and successful examples of social entrepreneurship in third world countries. Even though third world countries suffering from acute social problems, lacking economic resources, at the same time, they preserved in the cultural reserve, the unexcited moral values of traditional society. This circumstance allowed social entrepreneurship arising there but also becoming incredibly successful. Thus, emerging local businesses of a social orientation began to grow, proving the success of their experience in countries with different levels of social and economic development, which could not but arouse the interest of the scientific community.

The concept of "social entrepreneurship" began to be used in the 60s and 70s of the XX century. Nevertheless, only after 20 years, this term has been widely recognized in foreign literature in the field of management. So, in the foreign economic literature at the present stage, a large number of definitions of the concept of "social entrepreneurship" are presented. However, this term has no clearly defined boundaries. The difficulty of forming the concept of social entrepreneurship is associated with the creation of a theoretical base on practical knowledge and analysis of existing cases. The lack of a generally accepted interpretation of the term and its boundaries leads to blurring of the boundaries between social entrepreneurship and social entrepreneurship.

For the first time, Diz addressed the problem of social entrepreneurship. The researcher pointed out that the phenomenon of social entrepreneurship has always existed, but previously scientists simply did not deal with this issue (Dees et al., 2002). In 1963, Drayton described the social entrepreneur as an innovator for society, defined it as an individual, which combines the practical and result-oriented methods of a business entrepreneur with the goals of a social reformer (Alvord et al., 2004). Until 1990, social entrepreneurship was considered in the context of the study of social movements and specific values (Reutov et al., 2016). With the most significant force, interest in social entrepreneurship increased in the 1990s. Leadbeater's book *The Rise of the Social Entrepreneur*, published in 1997, became a turning point in promoting the popularity of social entrepreneurship. In the same year, the School of Social Entrepreneurs, led by Young, was created in Great Britain. At this time, the first attempts to define the term and the first studies appear. Social entrepreneurs were defined as agents of change in the social sector that detect and distribute undervalued resources or change the distribution of rare public resources (Bacq et al., 2016). At the beginning of the second millennium, scientific works appear striving to fully substantiate the issues and problems of social entrepreneurship. In these works, measuring instruments are already used – quantitative and qualitative research methods. The most famous studies include the work of Borins, Thompson, Hibbert, Mair, Sullivan Mort. Social entrepreneurs here are defined as leaders who use an entrepreneurial approach to solving social problems, search for innovations (Epifanova et al., 2015).

Particular attention is paid to the social partnership between the public, social, and business sectors, directing the economy to solve social issues.

An essential event in the formation of the concept of social entrepreneurship was the presentation of the Nobel Prize to social entrepreneur Yunus, founder of Grameen Bank, in 2006. This event caused a new wave of interest in social entrepreneurship, which entailed a large number of scientific papers written by Harding, Light, Mair, Marty. As Mukhin (2011) noted, attempts to create a general concept of social entrepreneurship and summarize previous experience have led to the understanding of social entrepreneurs as organizations or individuals who take risks, use innovations, refuse to accept limitations in existing resources, and try to solve pressing social problems. Since 2007, the period of formation of social entrepreneurship has been observed abroad. Civil society is seeking state support in this matter; the legal status of social entrepreneurship is being consolidated.

The Russian research community also did not ignore the current trend in the development of the phenomenon of social entrepreneurship. The most in-depth analysis of this phenomenon belongs to a team of authors from the Center for Social Entrepreneurship and Social Innovation of the Higher School of Economics under the direction of Moscow. The book “*Social Entrepreneurship in Russia and the World: Practice and Research*,” published in 2011, provides an overview of both the current state of research in this area and a description of many empirical cases of social enterprises from foreign and Russian practice. According to the conclusions received by the center's employees, social entrepreneurship is developing in the western, developed industrial world much more active and varied than in third world countries. Moreover, researchers in their work suggested that social entrepreneurship projects in developing countries that have gained world fame have largely been successful thanks to entrepreneurial patterns, values, culture, economic education created in developed industrial countries of

the West, as well as emerging recently, the practice of advisory, financial assistance from various foundations and non-profit organizations (Moskovskaya, 2011).

In the process of its development and dissemination, the phenomenon of social entrepreneurship was increasingly recognized as a new prospect for the development of undeveloped countries, thereby becoming a subject of high public expectations and growing interest from entrepreneurship researchers. The popularity of the phenomenon ultimately led to a blurring of the boundaries of the term itself. According to the materials of the conferences “Social Entrepreneurship: The Possibility of Achieving Socially Significant Goals” held in the USA by the Association of Small Business and Entrepreneurship, the authors and speakers proposed thirteen definitions of the phenomenon of social entrepreneurship. So, according to some researchers, the basis of social entrepreneurship is the honest conduct of business and the social mission implementation. Another group of researchers focuses on the topic of sustainability and transformation as the main bases of social entrepreneurship. The third group of researchers considers social entrepreneurship as a process of identifying and solving a social problem, both through commercial and non-commercial structures (Kikal & Lyons, 2014).

Therefore, in order to determine the social entrepreneurship features, it is necessary to understand the stream of the term meanings, as well as to determine the social entrepreneurship content and its place in entrepreneurial activity as a whole.

One of the first who tried to identify the phenomenon of social entrepreneurship as a phenomenon and concept were Bill Drayton. In 1980, he founded the Ashoka Social Entrepreneurship Support Organization. Today it is a large company that has identified more than 2,000 scholars since its inception, creating and maintaining a network of social entrepreneurs, is the world association of social entrepreneurs in the world. Ashoka is headquartered in the United States. Its branches, studying the experience of entrepreneurs in different countries and identifying social entrepreneurs, are spread across all continents; local experts work in them, and scholarship holders belong to 70 countries of the world. Based on the information accumulated over the years of the organization’s existence on social and entrepreneurial initiatives around the world, Drayton singled out an essential characteristic of social entrepreneurship, which he defined as some social change (Ashoka, 3). In other words, in terms of Drayton, the activities of social entrepreneurs are determined by an innovative approach to solving social problems, the result of which is not just a solution to a social problem shared by society. However, in socio-economic transformations in the field of this activity: “Social entrepreneurs are not satisfied with give a person a fish or teach how to catch it. They will not calm down until they revolutionize the fishing industry itself” (Ashoka, 3).

Drayton highlighted the main features of social entrepreneurship:

- the social purpose of the enterprise (i.e., the purposeful solution of one or several socially significant social problems);
- innovation, which can be manifested both in the proposal of a new idea to solve a social problem, and a new combination of resources for the realization of social goals set by the enterprise;
- stability of the mechanism for ensuring the result (i.e., the relative independence of an already functioning organization from individual programs of arms);

- ethical impeccability of the organization's culture, as well as the leader, is representing it (i.e., personal commitment of all participants of the organization to their social mission, which can be expressed in the direction of profit on the development and implementation of social goals) (Covin, 1991).

The most cited definition of the term "social entrepreneurship" belongs to the director of the Center for the Development of Social Entrepreneurship at Duke University (USA) Gregory Dizu. The researcher sees the cause of social entrepreneurship in the inefficiency of individual social institutions, and social problems are inherent in absolutely any state. The severity of the problem or its essence may differ, but no country can adequately provide equal opportunities for access to resources, as well as the conditions for self-realization. At the same time, existing state institutions of the public sector can function properly and fully correspond to the social and economic situation in the country. However, the activity of a social entrepreneur, in this case, will help to establish higher requirements for social justice in this society by establishing a balance between economic efficiency and social justice (Dees et al., 2002). The theoretician of social entrepreneurship identified five main factors characterizing a social entrepreneur:

- 1) the existence of a social mission that ensures the creation and maintenance of a social effect;
- 2) the search and use of new resources for the implementation of its social mission;
- 3) constant involvement in the process of innovation, adaptation, and training;
- 4) decisiveness of actions, regardless of available resources at the current moment;
- 5) the responsibility of the entrepreneur for the results of his activities not only to clients but also to society (Dees, 2008, p. 86).

The presence of these characteristics defines the entrepreneur as a social entrepreneur. However, as Diz noted, the absence of any of the characteristics does not necessarily indicate the opposite.

Understanding of social entrepreneurship by Drayton and Diz, in their essence, does not diverge from the recognized view of the international scientific community on this phenomenon. Thus, social entrepreneurship is understood as a new way of socio-economic activity, which is based on the social mission of the organization and the innovative way to solve it, which should also help to achieve a sustainable level of self-sufficiency of the organization.

According to Alter (2007), if social entrepreneurship is some activity, the features of which have already been touched, then the social business is an organizational structure within which and through which such socially oriented entrepreneurial activity is carried out. The main goal of creating and maintaining the functioning of social organizations is to solve one or several social problems based on innovation, financial discipline, and business practices adopted in the private sector for profit, which is ultimately aimed at solving the very social problem.

Social entrepreneurship, according to Sampson (1996), is characterized by the following (p. 89):

- 1) The primacy of the social mission over commercial gain. Solving a social problem or significantly reducing its severity is not a side effect of entrepreneurial activity, but its main goal. In this case, the profit earned is also directed to the solution of the social goal of the organization;
- 2) The stability and effectiveness of the commercial effect, aimed at ensuring self-sufficiency, the normal functioning of the social organization and maintaining its competitiveness;

3) The accumulation of social and economic resources and the application of an innovative method of their use. It is the undesirable social order that has developed in some areas that can serve as the starting point for the emergence of a social organization that offers a non-standard way of resolving it.

According to many experts, in recent decades, the popularity of the social entrepreneurship phenomenon is due to its "relevance" in the modern era. Since representatives of traditional sectors of the economy – public, private or non-profit – are not able to cope with the existing social problems of our time, high hopes are placed on social entrepreneurship as a "suitable" alternative. It should be clarified that the range of social problems addressed by social entrepreneurship is very diverse. These problems may be problems affecting both large and small groups, relate to various social spheres. The main thing is that members of society share a social problem.

## 7. Conclusion

The analysis of the essence of "social entrepreneurship" led the authors of the study to the following conclusions. Some researchers of social entrepreneurship focus on the process of development and transformation of non-profit organizations towards social entrepreneurship, looking for alternative resource support strategies to achieve sustainability in fulfilling their social mission. Other researchers focus on the study of social entrepreneurship as the leading prospect for the development of socially responsible business, which in this case, creates enterprises specifically designed to solve various social problems. For some researchers, interest is not the organizational form of a social enterprise, but its innovative potential. It is important to note that such differences in the perspectives of considering social entrepreneurship as a whole complement each other, evaluating different the roles of the three main properties of social entrepreneurship: 1) economic sustainability through the sale of goods and services (self-sufficiency), 2) commitment to the chosen social mission (social purpose), 3) the novelty of the approach to solving or weakening a social problem (innovativeness).

## Acknowledgments

The reported study was funded by RFBR, project number 20-011-00350 «Technology for the development of the social entrepreneurship in the youth environment (regional dimension).

## References

- Alter, K. (2007). *Social Enterprise Typology*. Virtue Ventures, LLC.
- Alvord, S. H., Brown, D. L., & Letts, C. W. (2004). Social entrepreneurship and societal transformation: An exploratory study. *J. of Appl. Behavioral Sci.*, 40(3), 260–282.
- Ashoka. <https://www.ashoka.org/sites/www.ashoka.org/files/2013-Impact-Study-FINAL-web.pdf>
- Bacq, S., Hartog, C., & Hoogendoorn, B. (2016). Beyond the moral portrayal of social entrepreneurs: An empirical approach to who they are and what drives them. *J. of Busin. Ethics*, 133(4), 703–718.
- Covin, J. (1991). Entrepreneurial versus conservative firms: A comparison of strategies and performance. *J. of Manag. Studies*, 28(5), 439–462.
- Dees, G. (2008). *Developing the field of social entrepreneurship*. Report from the Center for the Advancement of Social Entrepreneurship. Durham, NC: Duke Univer.
- Dees, J. G., & Anderson, B. B. (2006). *Building on Two Schools of Practice and Thought Research on Social Entrepreneurship: Understanding and Contributing to an Emerging Field*. Aspen Instit.

- Dees, J. G., Emerson, J., & Economy, P. (2002). Strategic Tools for Social Entrepreneurs: Enhancing the Performance of Your Enterprising Nonprofit. Wiley Nonprofit Law. *Finance and Manag. Ser.*, 159, 36.
- Epifanova, T., Romanenko, N., Mosienko, T., Skvortsova, T., & Kupchinskiy, A. (2015). Modernization of Institutional Environment of Entrepreneurship in Russia for Development of Innovation Initiative in Small Business Structures. *Europ. Res. Studies. Special Issue on "The Role of Clustering in Provision of Economic Growth"*, 18(3), 137–148.
- Kikal, J., & Lyons, T. (2014). *Social Entrepreneurship: The Mission to Make the World Better*. Alpina Publ.
- Moskovskaya, A. A. (2011). *Social entrepreneurship in Russia and in the world: practice and research*. HSE.
- Mukhin, A. V. (2011). The evolution of the concept of social entrepreneurship. The main functions of social entrepreneurship. *New technol.*, 2, 103–106.
- Reutov, E. V., Reutova, M. N., Avilova, J. N., & Shavyrina, I. V. (2016). Practices of solidarity and self-organization in local communities. *Inte. Revi. of Manag. and Market.*, 6(S5), 173–177.
- Reutov, E. V., Reutova, M. N., Shavyrina, I. V., & Turyansky, A. A. (2017). Self-organization in local communities: practices and mechanisms. *Monitor. of Public Opinion: Econ. and Soci. Changes*, 4, 145–164.
- Sampson, S. (1996). The social life of projects; bringing civil society to Albania. *Civil Society; Challenging Western Models* (pp. 121–142). Routledge.