

# Features of Social Entrepreneurship Development in Primorsky Territory

Ksenia V. Smitskih \*

*Department of Economics and Management Smitskih Ksenia V., FSBEI HE "Vladivostok State University of Economics and Service", 690014, Vladivostok, Gogolya street, 41, Russia*

**Abstract:** Currently, the sphere of social entrepreneurship has low popularity among business representatives. Current trends are being actively discussed at the level of government bodies; however, the existing financial support and the low level of impact of state regulation instruments do not allow revealing the potential of social enterprise fully. Undoubtedly, social entrepreneurship is a relatively new phenomenon for Russia and has a number of features, conditioned, on the one hand, by the specifics of the national economy, and by the prevailing social relations on the other. The primary purpose of the study is to investigate features of social entrepreneurship development in Primorsky territory.

**Keywords:** Social Entrepreneurship, Primorsky Territory, social events, government, self-sufficiency, effectiveness evaluation.

## INTRODUCTION

At the legislative level, social entrepreneurship is an entrepreneurial activity aimed at socially useful goal achievement, contributing to the solution of acute social problems of citizens and society and implemented in accordance with the conditions provided for in the part 1, the Article 24.1 of the Federal Law No. 245 (July 26, 2019): 1) enterprises where more than 50% of employees are from socially vulnerable categories of the population; 2) an enterprise sells products manufactured by socially vulnerable citizens; 3) produces goods for socially vulnerable citizens; 4) more than 50% of profits are directed to socially useful purposes (<http://www.consultant.ru>).

Analyzing the approaches to define the essence of social entrepreneurship, it should be noted that the authors made an attempt to separate social entrepreneurship from the traditional one (Dees 2001; Defourny and Nyssens 2010). For example, Austin and his co-workers (2006) believe that social entrepreneurship is aimed at "social value creation for the good of society, while commercial entrepreneurship is aimed at maintaining profitable operations for personal purposes" (Alter 2007). At the same time, the authors note the gap between the social and commercial functions of entrepreneurial activity, because commercial entrepreneurship can also solve the social problems of the social sphere. For example, an entrepreneur whose main goal is to maximize profits

can engage in charitable activities, implement social projects and solve significant problems related to the territory development.

The contribution of Russian scientists should also be noted. One of the leading researchers of social entrepreneurship in Russia, A.A. Moskovskaya, uses a slightly adjusted approach of the Anglo-American tradition: "Social entrepreneurship is a new way of social and economic activity, which combines the social purpose of an organization with entrepreneurial innovation and the achievement of sustainable self-sufficiency" (Austin *et al.* 2010).

In turn, Moskovskaya formulates the following definition: "social entrepreneurship is a break-even entrepreneurial activity, driven by the main mission of the company - the creation of social value - and aimed at society problem solution" (Moskovskaya *et al.* 2011).

## METHODS

Based on the mentioned above, we can highlight the main characteristics of social entrepreneurship: mandatory priority of the social mission; targeting of activities; self-sufficiency; mixed funding sources; duality in effectiveness evaluation; limited distribution of profits.

## RESULTS

The following groups of stakeholders interacting with each other are distinguished in the system of social entrepreneurship (Figure 1).

In practice, the interaction between the state and business is unstable. The forms of the existing public-

\*Address correspondence to this author at the Department of Economics and Management Smitskih Ksenia V., FSBEI HE "Vladivostok State University of Economics and Service", 690014, Vladivostok, Gogolya street, 41, Russia; Tel: +79502848709; E-mail: omara.elshafey@yahoo.com, kseniav.smitskih@mail.ru

private partnership are not always effective, despite the variety of state regulation instruments - the allocation of grants, targeted financial support, the provision of fiscal concessions, compensation for costs associated with the employment of disabled people, the introduction of a quota system for jobs (Aray 2013).

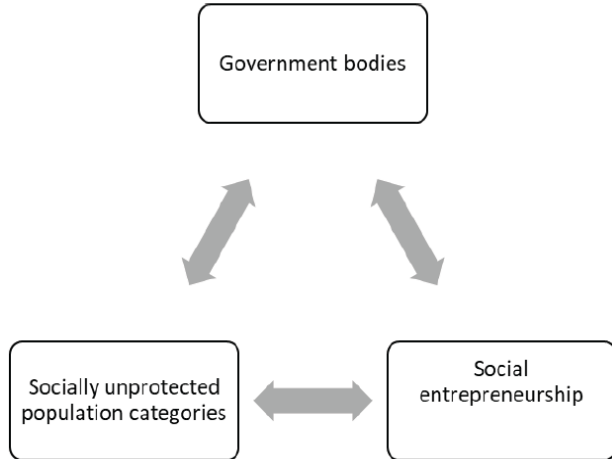


Figure 1: The system of social entrepreneurship.

The existing weak elaboration of feedback elements between the authorities and business representatives determines the low level of entrepreneurial activity in relation to social problems (Ignatova 2010).

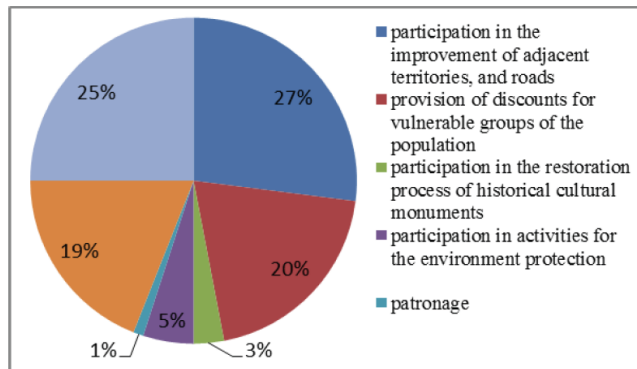


Figure 2: The list of socially significant events.

As the part of this study, the author conducted the sociological survey of entrepreneurs and government officials to identify incentives and barriers to doing social business in the Primorsky Territory. The study involved 150 entrepreneurs. The statistical analysis revealed that 50% of the respondents were individual entrepreneurs, 33% of the respondents had the legal form of business - LLC, and 17% were production cooperatives.

Among socially significant events in which respondents took part, the most popular were the

following ones: improvement of adjacent territories and roads - 27%, while 20% of respondents provided discounts to vulnerable segments of the population, 19% participated in charitable contributions (Figure 2).

Of the proposed social problems, entrepreneurs are more likely to tackle the problems of road conditions and landscaping (57%), less willing to create jobs (19%) and provide housing and communal services (14%), solve the problems of retraining and advanced training of the population (7%) and the problems of urban transport (5%) are the least popular among entrepreneurs (Figure 3).

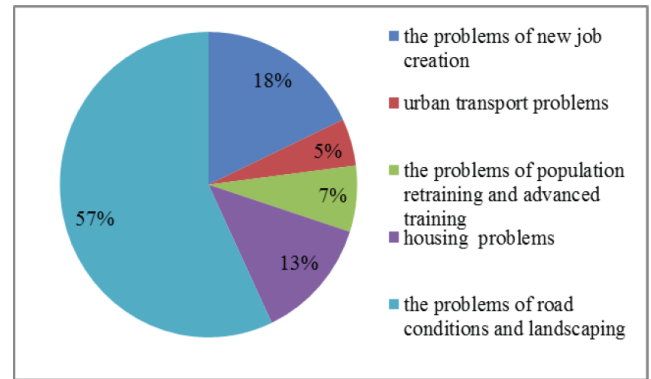


Figure 3: The problems of the social sphere, the solution of which could be undertaken by entrepreneurs.

It is noted that many entrepreneurs would like to engage in social entrepreneurship, but consider that the near future is not the best time for this. This was the answer of 41% (Figure 4).

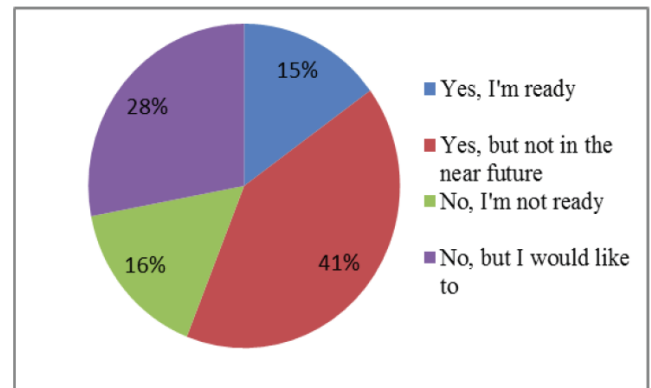
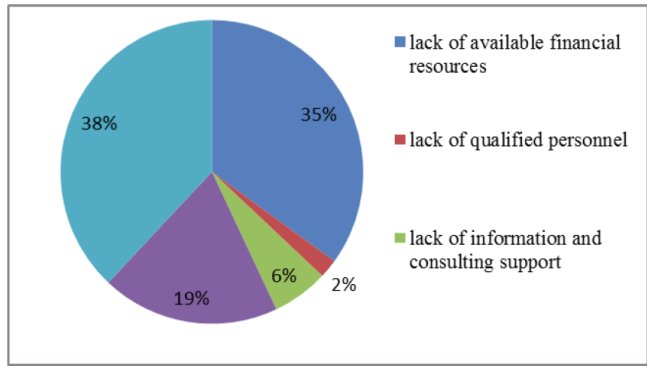
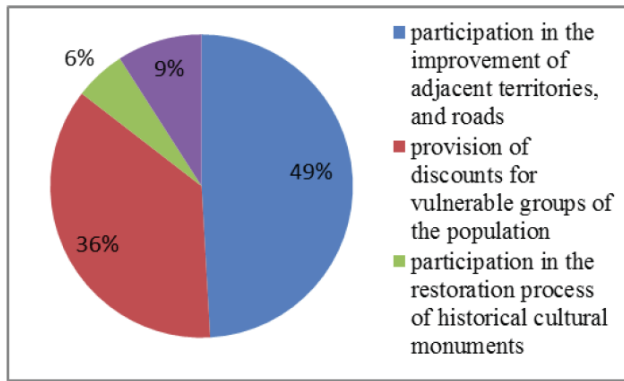


Figure 4: Willingness of respondents to engage in social entrepreneurship.

Based on the respondents, they determined three most attractive ways of social entrepreneurship conduct: 29% of the respondents chose to provide cultural and educational activities, 18% chose to provide educational services to the groups of citizens with limited access to educational services, and 15%



**Figure 5:** Barriers to the development of social entrepreneurship.



**Figure 6:** The measures required to popularize social entrepreneurship according to respondents.

chose to promote vocational guidance and employment, including self-employment promotion.

Entrepreneurs note the underdeveloped infrastructure for social entrepreneurship support as one of the most significant problems, 35% of respondents also note a shortage of available financial resources, 19% have little experience in social

entrepreneurship project promotion on public platforms and in the media (Figure 5).

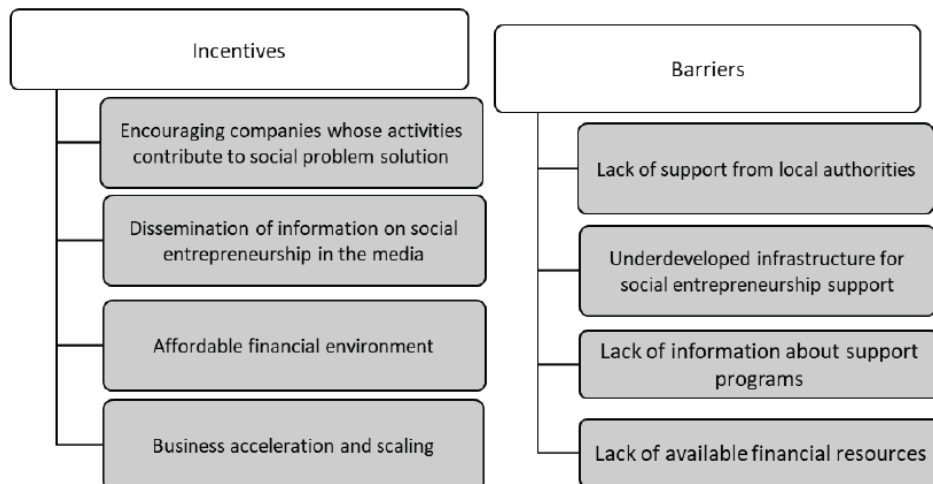
To popularize social entrepreneurship, the majority of respondents (74%) propose to introduce incentives for the companies whose activities contribute to the activities of social entrepreneurship; 19% of the respondents voted for the dissemination of information about social entrepreneurship in the media (Figure 6).

Based on the survey, the main incentives and barriers to doing social business in the Primorsky Territory were identified and presented in Figure 7.

**CONCLUSION**

Based on the study, it follows that social entrepreneurship is considered as an important mechanism of the market economy to solve acute social problems. Today, the popularity of social entrepreneurship is only gaining momentum. From the point of view of a legislative act, social entrepreneurship is going in the right direction, but it is necessary to form comprehensive support to make this type of entrepreneurship more attractive for both entrepreneurs and the population. An effective use of information infrastructure will allow interaction between government authorities, business representatives and the population. This can become one of the main pillars of the social entrepreneurship ecosystem.

Referring to foreign experience, there are several measures to enhance the development of SOP services in Russia:



**Figure 7:** Incentives and barriers to doing social business in Primorsky Krai.

- 1) Development of modern effective institutions to support and ensure the effectiveness of social business (universities, business incubators, special centers, institutes).
- 2) Expansion of funding sources for social business projects, the use of non-state funding sources.
- 3) Implementation of innovations in social business.

According to the director of the Center for Social Entrepreneurship and Social Innovation of the National Research University of the Higher School of Economics A.A. Moskovskaya, at present social entrepreneurship in Europe is in the most mature institutional form of intersectoral partnership between the state, business and non-profit organizations (Makarova 2012; Moskovskaya *et al.* 2017; Baldina *et al.* 2017; Krasova *et al.* 2018; Latkin *et al.* 2018; Osipov *et al.* 2018; Shashlo *et al.* 2018).

Focusing on the positive experience of foreign countries, it should be noted that social entrepreneurship has proven its ability to create value in those areas where it is difficult for state structures to contribute to the well-being increase of certain categories of citizens, to stimulate the population desire for social progress, and to contribute to socially significant problem solution.

## REFERENCES

- Alter, K. 2007. "Social enterprise typology." *Virtue ventures LLC* 12(1): 1-124.
- Aray, Yu.N. 2013. "Social entrepreneurship at the beginning of the XXI-st century: basic concepts and country characteristics." *Russian Management Journal* 1: 111-130. URL: <https://elibrary.ru/item.asp?id=18870211> (reference date: 04.10.2018)
- Austin, J., Stevenson H., and Wei-Skillern, J. 2006. "Social and commercial entrepreneurship: same, different, or both?" *Entrepreneurship theory and practice* 30(1): 1-22. <https://doi.org/10.1111/j.1540-6520.2006.00107.x>
- Baldina, Y.V., Galina V.P., and Yuliya S.L. 2017. "Public and Private Sector Entrepreneurship as a Tool of Dynamic Functioning of Tourism Cluster at the Territories of Outstripping

- Development (Case Study of Primorsky Krai, Russian Federation)." *Economic and Social Changes: Facts, Trends, Forecast* 10(1): 200-217.
- Dees, J.G. 1998. "The meaning of social entrepreneurship."
- Defourny, Jacques, and Marthe Nyssens. 2010. "Conceptions of social enterprise and social entrepreneurship in Europe and the United States: Convergences and divergences." *Journal of social entrepreneurship* 1(1): 32-53. <https://doi.org/10.1080/19420670903442053>
- Ignatova, I.V. 2010. "Social aspects of Russian entrepreneurship." *Theory and practice of social development* 2: 171-178.
- Krasova, E.V., Roman V.K., and Krasko, A. 2018. "Cyclicality of innovative development in entrepreneurship." *Amazonia Investiga* 7(17): 21-30.
- Latkin, A., Sazonov, V., and Dyshlovoi, I. 2018. "Entrepreneurship in the shadows: Market research into trends running in post-soviet economies." *Journal of Entrepreneurship Education* 21(2).
- Makarova, A.S. 2012. "Interaction of social entrepreneurship subjects." *The news of BSU* 6: 58-60.
- Moskovskaya, A.A. 2011. "Social entrepreneurship in Russia and in the world practice and research." *Publishing House. Higher School of Economics*.
- Moskovskaya, A.A., Berendyaev, A.A., and Moskvina, A.Yu. 2017. "Between social and economic good: conflict of projects to legitimize social entrepreneurship in Russia." *Monitoring of public opinion: Economic and social changes* 6: 31-51. <https://doi.org/10.14515/monitoring.2017.6.02>
- Osipov, S., Alekseevich, Vi., Vladimirovna, N., and Kuzubov A. 2017. "Evaluation of economic sustainability of entrepreneurship on the basis of the value-based efficiency theory." *Evaluation* 38(62).
- Osipov, S., Victor, A., Vasilenko, M.E., and Titova N.Yu. 2018. "The Basis and Possibility of Students' Participation in Supply Chain Entrepreneurship (Case Study: Primorsky Territory)." *Int. J. Sup. Chain. Mgt* 7(5): 650-656.
- Shashlo, N.V., Petruk, G.V., and Korostelev, A.A. 2018. "Determinants of integration interaction among the subjects of the entrepreneurial innovation ecosystem of macro region." *Amazonia Investiga* 7(13): 351-36.
- Terentyeva, T.V., and Korneyko, O.V. 2017. "New approaches to interpretation of entrepreneurship in context of modern development of the Russian economy." *Revista ESPACIOS* 38(62).
- The Federal Law N 245-FL "On Amendments to the Federal Law "On the Development of Small and Medium-Sized Businesses in the Russian Federation " in terms of consolidating the concepts of "social entrepreneurship", and "social enterprise" (July 26, 2019). URL: [http://www.consultant.ru/document/cons\\_doc\\_LAW\\_329995/](http://www.consultant.ru/document/cons_doc_LAW_329995/)

Received on 04-11-2020

Accepted on 10-12-2020

Published on 29-12-2020

DOI: <https://doi.org/10.6000/1929-4409.2020.09.287>

© 2020 Ksenia V. Smitskih; Licensee Lifescience Global.

This is an open access article licensed under the terms of the Creative Commons Attribution Non-Commercial License (<http://creativecommons.org/licenses/by-nc/3.0/>) which permits unrestricted, non-commercial use, distribution and reproduction in any medium, provided the work is properly cited.