

ANALYSIS OF THE FORMATION OF THE SOCIAL ENTREPRENEURSHIP CONCEPT

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Abstract. *This article analyzes notions and interpretations of social entrepreneurship, offered by different scholars in order to realize the social significance created by it. The following issues are touched upon, for example, the comparison of the activity of a social and commercial entrepreneur, approaches of theorists and practitioners to the given phenomenon, presentation of the evolution theory. Based on various definitions of social entrepreneurship, generalizing concept of such practice is concluded.*

Keywords: *social entrepreneurship, social entrepreneur, social enterprise, forms of social enterprise, innovative activity.*

Over the past 100 years, humanity has been undergoing rapid and significant changes. Nowadays, it is possible to testify to the strengthening of the value of human life and personality, which affects all spheres of public life. It is becoming increasingly obvious that the administrative methods of managing a market economy are imperfect and that they give little heed to the social nature. The state is not an ideal tool for solving social problems. Moreover, problems arising in connection with global and local changes are not solved effectively by existing states and charitable structures. The state funds collected due to taxation are limited to solve all social problems such as social adaptation of disabled people and their families, enhancing higher living standards of elderly people etc. To tackle such problems, there is an area of social entrepreneurship organized by individuals or enterprises. This initiative contributes to better quality of people's lives and reducing social tension in society. In many countries, social entrepreneurship is actively supported by society and the state, both morally and financially, and at the legislative level.

If we compare social entrepreneurship with ordinary commercial entrepreneurship, there are some fundamental differences in these activities. The difference between a traditional entrepreneur and a social one lies primarily in the goals that they set. If a traditional entrepreneur wants to offer a product, service or process so that the consumer pays money, a social entrepreneur seeks to create a product, service or process that will benefit society. In other words, a traditional entrepreneur creates commercial values, and a social entrepreneur creates social values.

Due to the focus of social entrepreneurs on solving social problems, the results of their successful activities bring more benefits. If the success of a business venture brings more money to investors, then success in social entrepreneurship can mean saving lives and, by and large, making a better world in which we can dwell and prosper.

The analysis of available literature on the topic revealed that at the moment there is a concept of social entrepreneurship, and not its formal definition. Therefore, one can observe many representations of social entrepreneurship that should be considered.

The term social entrepreneurship was first introduced by Gregory Diz in his article «The Meaning of Social Entrepreneurship» in 1998. This definition, which is a classic one for this field, is obtained by getting a collective meaning to the definition of traditional entrepreneurship, taken from the works by Joseph Schumpeter, Jean-Baptiste Say, Peter Drucker and Howard Stevenson. According to Diz, social entrepreneurs are people who are able to bring changes in the social area, due to:

- the assumption of a purpose aiming at getting and keeping social values (and not just benefits for the individual);
- recognizing and having new occasions related to this mission;
- involvement in the activity of long-last alteration, learning and adaptation;
- fearless steps that are not restricted by available resources;
- a deepened sense of responsibility for the kismet of the social groups they work for, and for the outcome of their undertaking [1].

So to be of Diz's opinion social entrepreneurship is the usage of the foremost implementation of traditional entrepreneurship to attain social aims or satisfy social needs.

In the monograph «Merging mission and money: a guide for members of the Council for social entrepreneurship» in 1998 Jerr Boshi underpins this definition, highlighting the necessity for equilibrium between the two elements. Social businessmen are principles who point up market mechanisms, paying attention to its key assignments and thus finding a balance between the moral requirements and the wish for dividends – and this is the foundation of all social motions [2].

Gillian Mort, Jay Viravardena and Carnegie determine the gist of morality while considering the matter. Their definition says social entrepreneurship presumes that you manage business honestly, becoming fully aware of your behavior before the society, choose morally corresponding channels to accomplish tasks, can be ready to accept cases of generating social benefits, apply contemporary perspectives and can be involved in risk-taking [3].

The idea of sustainability and modification concerning the definition of social entrepreneurship was added by Sarah Alvord, David Brown and Kristin Letts. Social business activity observes up-to-day decisions to solve the most vital questions for communities; bring projects, assets, necessary social measures into use for sustainable transformation processes [4]. So it is quite sure that authors attribute such characteristics as modernity, competence to activate resources and connections to traits of entrepreneurial features. They also accentuate that outcomes of this activity are known to become lifelong weighty social advances.

Some researchers in this field include the activities of commercial companies that implement a social mission in social entrepreneurship. This form of activity is called a social enterprise.

Helen Hoch and Paul Tracy describe social enterprises as follows. Social ventures are involved in commercial transactions in the sake of a social good. They make combinations of innovation, entrepreneurship and social scheme and aspire to have

financial durability through profit from commerce operations. Their mission is to put social benefits over financial gain. The accumulating surpluses are utilized in the interests of the «customers» of the social enterprise, but not the persons dominating it [5].

Jeffrey Robinson acknowledges that the fulfillment of social entrepreneurship can be satisfied with through commercial and non-profit formations. He defines social entrepreneurship as a procedure that consists of spotting a particular social problem and particular means of sorting it out, evaluating the grade of group impact, suggesting business model and reliability of the project, as well as working out a commercial structure (concentrated on a social mission) or a non-profit structure (executing business tasks) [6]. Thus, the activity of a social enterprise can compile economic, social and environmental influences.

According to Jane Wei-Skillern, social entrepreneurship can realize its activities in several sectors at once. Such companies can be hybrid social companies, for example, business projects with a social orientation.

In Russia at the beginning of the XXI century, one of the first works on the topic of social entrepreneurship was a monograph by M.L. Batalina, A.A. Moskovskaya, L.D. Taradina «Review of the experience and concepts of social entrepreneurship, taking into account the possibilities of its application in modern Russia». It analyzed the theoretical foundations of social entrepreneurship based on the generalization of the experience, formation and development of this phenomenon in foreign countries [7], since in Russia social entrepreneurship as a practical activity began to develop quite recently.

According to A.A. Moskovskaya, social entrepreneurship is a new way of socio-economic activity that combines the social purpose of an organization with entrepreneurial innovation and the achievement of sustainable self-sufficiency [8]. In this activity there are the following features:

- innovation, i.e., new ideas for solving social problems and new combinations of human and economic resources to solve the tasks;
- purposeful solution of social problems;
- self-sufficiency and financial independence of enterprises;
- innovative approach to problem solving.

All the definitions given in this article show that this area is growing and changing rapidly. No wonder, that today no one can find a definition of social entrepreneurship. However, there have been attempts to create a single definition. In 2007, in the Stanford Social Innovation Review, Professor Roger Martin and Sally Osberg, the head of the Skoll Foundation, issued an article-manifesto «Social Entrepreneurship needs a precise definition», in which they pointed out that the concept of social entrepreneurship has become so capacious that it can now be applied to all kinds of socially useful activities. Therefore, for a universal definition of social entrepreneurship, it is necessary to define its functions, distinguishing them, in particular, from those of charity and the voluntary sector.

In their opinion, a more precise definition of social entrepreneurship will promote the development of this field of activity. By «social entrepreneur» they mean someone who:

- directs its forces to fight against a stable but unfair balance that leads to neglect, marginalization or suffering of a part of humanity;
- invest inspiration, creativity, willingness to personally participate in the implementation of new ideas, determination and perseverance in solving the problem;
- ultimately seeks to influence the process of creating a new stable equilibrium that ensures the constant creation of benefits for the target group of the population and society as a whole [9].

As Martin and Osberg state, the difference between a social and an ordinary entrepreneur is «in the essence of the value proposition», and for a social entrepreneur it is to create a large-scale public good.

The concept of these authors has not received universal recognition, but it still had some influence on the social entrepreneurship concept development.

For a complete presentation on the topic of the article, it is necessary to systematize various concepts of social entrepreneurship on an organizational basis. There are many classifications of social enterprises. One of them is the classification of John Elkington and Pamela Hartigan, described in the book «The Power of Unreasonable People». The authors propose three models of the organization of social enterprises:

- Leveraged non-profit: it uses available traditional resources (loans, grants, donations) to meet social needs. The company tends to use available funds innovatively, which allows to increase their efficiency;

- Social business venture: it is designed to produce alterations in society using public funds. Social business enterprises lacking external financing are made to turn into commercial enterprises [10];

- Hybrid non-profit organization: it can take various forms, differs from a leveraged non-profit organization in that it is ready to use its own profits to support its activities. Hybrid non-profit organizations are often formed to deal with the consequences of ineffective government regulation or market failure, as they make profit to maintain functioning without taking loans, grants and other forms of traditional financing [10].

Thus, based on the above-mentioned concepts, it is possible to formulate a portrait of a modern social entrepreneur as follows:

A social entrepreneur is a person who acts to solve social problems and achieve socially useful goals using innovative processes and techniques of ordinary entrepreneurship, and puts the social good above the personal, using the company's profits to fulfill its mission. The environment in which a social entrepreneur implements the mission can be commercial, non-commercial, or a hybrid of them.

In conclusion, it is essential to highlight that the area of social entrepreneurship is currently continuing to develop and has great success, especially in countries with a socio-economic model of economic development.

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АНАЛИЗ ФОРМИРОВАНИЯ КОНЦЕПЦИИ СОЦИАЛЬНОГО ПРЕДПРИНИМАТЕЛЬСТВА

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***Аннотация.** В данной статье анализируются представления и трактовки социального предпринимательства, предлагаемые разными учеными с целью осознания создаваемой им социальной значимости. Затрагиваются следующие вопросы, например, сопоставление деятельности социального и коммерческого предпринимателя, подходы теоретиков и практиков к данному явлению, изложение теории эволюции. На основе различных определений социального предпринимательства делается вывод обобщающее понятие такой практики.*

***Ключевые слова:** социальное предпринимательство, социальный предприниматель, социальное предприятие, формы социального предпринимательства, инновационная деятельность.*