

MODERN FORMS OF ENTREPRENEUR ACTIVITIES WITH SOCIAL ORIENTATION

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Entrepreneurship today has got not only economic, but important social and political displays. One of such most interesting displays is entrepreneurship of social orientation, or social entrepreneurship. Social entrepreneurship, as a phenomenon of social and political and social and economic life, and as a notion used in the academic environment and in mass media has become very popular, especially in foreign countries. But up to date there have been no attempts to determine this notion precisely. The attention in the article is concentrated on the establishment of the key characteristics of social entrepreneurship.

Entrepreneurship plays an important role in the economic activities of modern human society. It is entrepreneurs, who are quite worthily recognized as the principal agents of economic growth and innovative development of economy. For the understanding of the nature of entrepreneurship a lot was done by Ludwig von Mises, Friedrich August von Hayek and other representatives of the Austrian school of economists, as well as the American economist Joseph Schumpeter. By definition of the latter, an entrepreneur is a person trying to convert a new idea or invention into a successful innovation. In particular, entrepreneurship represents the force of creative destruction operating at the markets and in production, simultaneously creating new products and business models. Creative destruction provides for dynamic and long-term economic growth.

Entrepreneurship has a huge variety of displays and forms. Apart from the generally recognized important economic role, entrepreneurship also involves a vital social, or, to be more exact, social and economic role, because any display of entrepreneurship presupposes realization of economic life. But economic life may be not only of important economic, but also social or even political significance. One of the most interesting modern forms of displaying entrepreneur activities is entrepreneurship being of social orientation, or, if we use overseas terminology - social entrepreneurship.

The phenomenon of social entrepreneurship gained broad popularity in industrially developed and developing foreign countries. Russian reality, may be, not the same actively, but intensely becomes familiar with the main forms and types

of social entrepreneurship. Both in Russia and abroad social entrepreneurship involves more and more talented people, larger volumes of financial resources and greater public attention. But alongside with the increase in the popularity of this phenomenon, the distinctness of the fact is decreasing, what the social entrepreneurship is, who a social entrepreneur is and what he\she does for the social and political development of the society. Consequently, an immense number of various initiatives now are called social entrepreneurship. Some researchers say that such an overall notion, into which one can include all the phenomena of non-state social and political development should exist. But the author of the article considers that presently the scientific task is to give a more precise and clearer definition to the phenomenon of social entrepreneurship.

The sphere of social entrepreneurship being born before our eyes is objectively rapidly developing and attracts constantly growing attention on the part of many sectors of political, social and economic life. The term as such is very often used in foreign mass media, it is mentioned by public figures, discussed in educational institutions, determines strategic solutions of several already famous organizations working in the social sector, such as Ashoka, Schwab and Skoll foundations.

One can reveal several reasons, due to which social entrepreneurship is becoming popular today. In the most general sense, for many people there is something interesting, reflecting their personal position and facing their day-to-day problems and needs, which are being satisfied by social entrepreneurs. As for social entrepre-

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neers, such as the Nobel prize winner Mohammed Junus, people find in them the same features as they find in economic entrepreneurs, such as, for example, Steve Jobs, head of the Apple Corporation, and namely - these extraordinary personalities have formed brilliant, original ideas and in spite of the difficulties successfully realized their initiatives, created new goods and services, which have essentially improved the life of a great number of people. Both categories of entrepreneurs have successfully developed and realized courageous, unique projects, which have changed not only the economic environment, but the lives as such of an immense number of people worldwide.

But the scientific and practical interest towards social entrepreneurship is spreading further than the phenomenon of its popularity and attraction for many ordinary people. Social entrepreneurship means and involves the imperative, the aspiration to determine and realize social and political transformations in modern society. Potential positive changes, which are brought into the society by additional benefits being used by people on a long-term basis, is that very objective foundation, which outlines social entrepreneurship as a separate sphere of activity, as an independent phenomenon in practical and theoretical sense.

Though potential benefits being created by social entrepreneurs are quite understandable for the researchers, the consumers of these benefits, as well as for those, who carry out the financing of social initiatives, it is far from being clear what social entrepreneurs represent, what their role in social and political changes is. Indeed, the same as it has been happening with any other popular phenomena, the notion and understanding of social entrepreneurship today is far from being clear. The consequence of that is the fact that presently the notion of social entrepreneurship is becoming so overall, that it includes practically any type and form of social and political activity aimed at the creation of social benefits for a large number of people.

From the practical point of view, such a broad interpretation of the notion of social entrepreneurship may be treated as a positive phenomenon, because due to the popularity of the notion as such it is able to help in attracting financial resources into various social initiatives,

which, although they are not social entrepreneur projects, create additional social benefits. Many enterprising people, using the popularity of the term and pretending to be a social entrepreneur, may gain financial and administrative support. It means that a broad understanding of social entrepreneurship, in principle, is able to attract additional resources to the social sphere in general and stimulate social and political changes. But from the author's viewpoint, even the practical benefit from the expansion of the interpretation of the term of social entrepreneurship is rather doubtful. Social entrepreneurship is today such an appealing concept only due to the fact that it is based on high promises and hopes connected with the display of entrepreneur spirit in the field of solution of burning social problems. If these promises and hopes turn out to be non-realized due to the reason that too many "non-entrepreneur" initiatives were included into the general movement and notion, then social entrepreneurship will quickly lose its reputation and will be deprived of public support, including practical support, and the core of the phenomenon as such will be irretrievably lost. Thus, both from the practical and theoretical point of view, a more precise determination of the notion of the social entrepreneurship is both important and effective. Especially burning this task is for the Russian Federation, because social entrepreneurship in this country has not gained such broad popularity as abroad so far. Understanding that in Russian reality any phenomenon is transformed and acquires some certain characteristic features, the precise definition of social entrepreneurship will enable to avoid mistakes in the development of this phenomenon in this country.

The purpose of elaborating a more distinct understanding of social entrepreneurship is not limited to giving any proposals for comparison of the functioning of traditional social and political organizations and institutions of social entrepreneurship, highlighting the advantages of the latter, but it should just reveal the differences between these two types of structures, without any evaluative judgments.

Strict determination and clear understanding will enable all the participants and donators of social entrepreneurship to focus their attention and resources on the creation and development of a more reliable and sound infrastruc-

ture referring to the search for financial means, to the selection and evaluation of projects, informational interaction, creation of communities and formation of administrative support. The absence of clearness gives skeptics and opponents too many opportunities to discredit the phenomenon and, consequently, to decrease the effectiveness of social entrepreneurship.

It is worth admitting that the phenomenon and notion of social entrepreneurship presently is rather popular in foreign academic environment. But, unfortunately, the majority of researchers set the limits of studying some concrete examples of social entrepreneur initiatives.

Roger L. Martin and Sally Osberg, with the purpose of specifying the notion of social entrepreneurship, start from entrepreneurship as a basic term and consider the term "social" as a modifying feature. In particular, they consider that the notion of "entrepreneurship" consists of two elements. On the one hand, entrepreneurship implies the ability to identify and use an opportunity that has appeared in the society, thereby uniting extraordinary ideas with determination and consistency to create and deliver something new to the society. It means that entrepreneurship is always aimed at the creation of something new or alteration of something existing in the future. On the other hand, entrepreneurship requires the outlay of time, expiry of some certain period of time, for some actual impact on the society to become evident.

R.L. Martin and S. Osberg note that those people, who possess personal characteristics (sensitivity to new opportunities in the society, extraordinary thinking, determination and consistency), but who could not realize their initiatives and projects, usually are not called entrepreneurs, because entrepreneurship is first of all associated with success. For example, Bob Young, an entrepreneur known by the successful project of creating and promoting the Red Hat Software, got the title of a "serial entrepreneur" only after his first success, in spite of the fact that prior to that success he had undertaken a large number of attempts to realize various entrepreneurial projects. All his preceding failures were though over as entrepreneur initiatives only following his first success. Thus, such a person may be called an entrepreneur, who has successfully realized at least one

project. Someone, certainly, can declare himself/herself as an entrepreneur, but failing the experience in realizing at least one project, this person will have to face a lot of difficulties on persuading the investors to put up the money in his/her project. Investors, in their turn, understand perfectly well the increased risks associated with the activities of a potential entrepreneur and with potentially positive future impact of the initiative on the society. Everything that has been said demonstrates, to what extent entrepreneurship is connected with what has already been achieved, accomplished, and not only with the future and desire to change anything. Entrepreneurship is recognized only as an accomplished fact.

R.L. Martin and S. Osberg state that due to the "actual" (i.e. related to the necessity of possessing the actual success, and not only to the orientation for future changes) understanding of entrepreneurship, the ideas concerning social entrepreneurship are somewhat suffering. Besides, other aspects of traditional perception of the phenomenon of entrepreneurship as well require specification and explanation in the context of studying the social entrepreneurship. Alongside with the other factors, such characteristics as susceptibility towards opportunities and social needs, creative approach (creativity), determination and consistency in achieving the goals are typical of not only entrepreneurs, but of inventors, painters, managers and many other roles and professions operating in the social field of modern society. Thus, the characteristics specified in are just a partial determination of not only social entrepreneurship, but of entrepreneurship as such.

The French economist J.-B. Say, who was one of the first to turn to the studies of the entrepreneurship problems, determined an entrepreneur as an economic agent, who "is transferring resources economically from a lower to a higher level of their productivity and profitability". Applying modern terms, an entrepreneur creates a new cost and new value for the consumer.

J. Schumpeter, another classic of political economy, for whom an entrepreneur is one of the central objects for studies, based on entrepreneurship his entire concept of creating the cost, having thereby elaborated one of the most influential economic theories of entrepreneur-

ship. J. Schumpeter saw in the entrepreneur the engine for economic progress, failing which the economy would stagnate and degrade. According to J. Schumpeter, an entrepreneur identifies a commercial opportunity and organizes an enterprise for its use. Successful entrepreneurship, as he supposed, is able to generate the chain reaction inspiring other entrepreneurs for further development and distribution of innovations up to the point of “creative destruction”, a condition when all the enterprises that once had been new and the goods, services, business models related thereto are becoming hopelessly obsolete. J. Schumpeter sees an entrepreneur simultaneously as a destructive social agent bringing in alterations into the existing order and abolishing the obsolete forms and as a constructive social agent generating a new order and creating new goods, services, models and relations.

P. Drucker does not obligatorily see the agents and the conductors of changes in entrepreneurs, but most likely, agile and logical users of the changes that have already taken shape and appeared. According to P. Drucker, “an entrepreneur is always looking for changes, responds to them and uses new opportunities created by changes”. The last feature is particularly emphasized by another entrepreneurship researcher I. Kirzner, who also emphasizes as one of the most characteristic and important features of the entrepreneur his/her attention to what is happening in the society and readiness to undertake active measures on the use of opportunities and changes.

On the whole, it is worth admitting that the phenomenon of entrepreneurship in the 20th century lacked attention on the part of serious researchers, and only in the recent years the concepts elaborated by J.-B. Say, J. Schumpeter and others have got further development. For instance, W. Baumol and his colleagues initiated the movement on the restitution of entrepreneurship as a separate field of economic research. But as K. Schramm stated, entrepreneurs have always been the key component and key element of market economy.

Irrespective of the fact, whether the researchers consider an entrepreneur as a revolutionary innovator or as an “early user”, they always associate entrepreneurship with the opening of opportunities in a broad sense of this word com-

ination. Entrepreneurs, as a rule, are endowed with a special ability to see and “seize” new opportunities in social life, with will and energy necessary for the use of these opportunities and, finally, with the readiness to take risks.

To a great extent, the same viewpoints are shared by R.L. Martin and S. Osberg, who think that first of all one should mention the fact that social entrepreneurship inherits all the features and components of entrepreneurship as such, which is actually logical, because these features determine the common, generic notion of entrepreneurship, whereas social entrepreneurship may be treated as its specific modification. Thus, the following features are also inherent in social entrepreneurship: social and political situation presupposing the opportunities for the application of the entrepreneurs efforts (entrepreneurial situation or entrepreneurial context) (1), set of specific personal characteristics (2), display of socially significant results of entrepreneurial activity (3) lying in the creation of a new social and economic balance.

First of all, in order to understand the differences between economic entrepreneurship and social entrepreneurship it is important to withdraw from the idea of wishing to get enrichment as the main differentiating factor, i.e. from the idea that an economic entrepreneur has material, monetary goals, and a social entrepreneur acts solely from altruistic considerations. The thing is that entrepreneurs are rarely motivated solely with financial prospects (though one should not discard these motives completely), because they have not got so many chances of earning a large amount of money. On the contrary, both ordinary economic entrepreneurs and social entrepreneurs are to a significant extent inspired by an identified opportunity of changing the existing order of things, they elaborate a clear vision of a future, better order, they are diligently pursuing their goals thereby getting the main remuneration from the very process of transforming the reality surrounding them, from the perception of realizing their ideas and ideals, from the understanding of their own personal participation in the improvement of the world. Irrespective of the fact, whether they act in the market or social context, the majority of entrepreneurs never get an adequate compensation for the time, risks, efforts and capital they invest into their own initiatives.

R.L. Martin and S. Osberg suppose that the main difference between the economic and social entrepreneurship lies in the nature of benefits and values proposed by them to the society. For economic entrepreneurs the main value being generated is created in the market economic space. They find new opportunities at the market and offer new products and services to it, and just because of that their enterprises are intended for the creation of financial profit as a criterion and measure of success and the guarantee of development and future transformation of social and economic space. From the very beginning of the initiative the entrepreneurs and investors helping them expect to get a certain personal income. Profit is a self-evident phenomenon in the economic environment, a necessary basis for the stability of an enterprise and a means for the achievement of the goal lying in a large-scale distribution of new product at the market and, ultimately, in the achievement of a new balance.

As for a social entrepreneur, he/she does not expect and does not intend to create a significant financial profit for himself/herself or for his/her investors (charity, non-commercial or state organizations, for the most part). Instead of that, a social entrepreneur sets the goal of creating benefits in the form of a large-scale transformation for the better for a considerable part of the society or for the society as a whole. In comparison to the benefit offered by an economic entrepreneur, aimed at the market and having a potential opportunity of creating some income for the investor, the benefit being created by a social entrepreneur is aimed at the social need of the populations deprived or bare of some certain services, such a group of the population, which does not have the necessary financial or political resources for independent realization of improvements in their life. It in no way means that a social entrepreneur in principle avoids creating any benefit able to gain income. Enterprises and organizations of social entrepreneurs can surely create profit and may be founded wither as commercial, or as non-commercial entities. As Professor Greg Dees states, social entrepreneurship is distin-

guished due to its very priority of the social benefit over an economic one, but not due to a total absence of the latter.

Thus, in the social entrepreneurship one can outline the three following components: identification of stable, but unfair or ineffective balance, which leads to the exclusion, marginalization of some certain part of the mankind that have no financial or political resources for any independent improvement of their position; determination of opportunities in sub-optimal balance for the creation of social benefits for the marginalized part of the society, elaboration of the very offer of these social benefits, and application of the proper spiritual forces, creative energy, direct actions, courage and consistency, in order to change the situation for the better; elaboration of a new stable balance, which improves the position of the disadvantaged part of the society, by means of creating a stable ecosystem around a new balance level.

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