

THE PRACTICE OF SOCIAL ENTREPRENEURSHIP: THE EXPERIENCE OF THE REPUBLIC OF BELARUS

**Natalia Kadol, Graduate School of Corporate Management, Russian
Presidential Academy of National Economy and Public Administration**

ABSTRACT

The article discusses the process of formation and prerequisites for the development of social entrepreneurship in the Republic of Belarus. The relevance of the development of this process in the Republic of Belarus is associated with limited financial resources and the state ability to carry out social transformations and solve social problems. The establishment and development of the social entrepreneurship institution will help reduce the burden on the state budget, increase the well-being of citizens, and support social stability. Analysis of the available data revealed the industrial distribution of social entrepreneurship in the Republic of Belarus and its target groups. The lack of a unified approach to the definition of social entrepreneurship, the issues of legitimizing its functioning, and the difficulty of statistical analysis require further work on creating the necessary conditions for its promotion and development. Despite all these facts, the given practical examples of models for the development of social entrepreneurship in the Republic of Belarus indicate an active process of development of this phenomenon.

Keywords: Social Entrepreneurship, Socio-Economic Development, Belarus, Disabled People, Public Associations, Non-Profit Organizations

INTRODUCTION

Socio-economic conditions for the development of the economy and modern society contribute to the creation of new forms of activity, which include social entrepreneurship. Representatives of the scientific community, business structures and public authorities are actively engaged into the study of this phenomenon. First, it occurs due to social changes in society, which are promoted by social entrepreneurship and expressed in the creation of social values, in the first instance.

Considering any phenomenon and social process in the Republic of Belarus, it is impossible to overlook, that from the moment of transition to new socioeconomic system has passed yet not so a lot of time. Negative displays and unsolved problems of different kind are also inevitable. Transition to the market entails inevitable structural transformation of the system of socioeconomic relations that should influence dynamics of redistribution of priorities and roles among the basic institutes of society. The indicated changes are consequences of significant decrease of efficiency of the state regulation of economic processes. The result of conducted market transformations has become essential change of resource, first, financial maintenance of measures of a socioeconomic policy in all social spheres. Chronic defect of money resources limits the opportunities of the state in the realization of active social transformations in a transition period. In a complex economic situation has appeared the whole social sphere: education, science, public health services, culture etc.

In these conditions extremely actual has become a problem of the search of financial assets, including additional off-budget sources, attraction to the decision of the major socioeconomic problems of the Republic of Belarus of all groups of society.

Given the lack of financial resources and limited capacity of the state to carry out social transformations and solve problems in the social sphere, the issue of considering the development of social entrepreneurship in the Republic of Belarus is becoming relevant.

Currently, many researchers conduct theoretical and empirical studies of social entrepreneurship. However, a unique approach to the scientific interpretation of social entrepreneurship as a socio-economic phenomenon has not been developed yet.

LITERATURE REVIEW

Social entrepreneurship as a type of activity became widespread in the second half of the 20th century. Bill Drayton, the American economist, and founder of the Ashoka: Innovators for the Public first identified and defined this phenomenon (Drayton, 2002). In the academic literature it is Gregory Dies, an American economist, Stanford University professor, who first adopted the term “social entrepreneurship” in 1998. His definition based on the possibility of using an entrepreneurial approach in achieving social goals (Dees, 1998). Such researchers as J. Boshi, J. Austin, G. Stevenson, and J. Wei-Skillern share the same point of view. In their work, they emphasize the need to maintain a balance between the social and economic components of this activity (Boschee, 1995; Austin et al., 2010). Kim Alter, Jeffrey Robinson emphasize the creation of dual values and their hybridity (Alter, 2005, Robinson 2006).

Sara Alward, Chris Letts, David Brown, Ana Maria Peredo, as well as Maclean Joanna Mair and Ignassio Marty see social entrepreneurship as an innovative process of using and combining resources to implement social changes or meet the social needs of certain categories of the population (Alvord et al., 2004, Mair & Martí, 2006).

Researchers of post-Soviet countries also consider issues of social entrepreneurship. The main works of such researchers as E.V. Vankevich, K.I. Kraenkova, M.V. Vishnyakova, O.N. Erofeeva, M.A. Podberezkin, E.E. Kuchko, I.V. Levitskaya, N. V. .Mantsurova are devoted to the theoretical analysis of this area and the development of social entrepreneurship in the Republic of Belarus (Kraenkova & Vankevich, 2018, Vishnyakova, 2018, Kuchko et al., 2017). K.I. Kraenkova and E.V. Vankevich consider social entrepreneurship as a type of entrepreneurial activity aimed at innovative solutions to social problems or achieving social goals (Kraenkova & Vankevich, 2018). M.V. Vishnyakova views social entrepreneurship as a rational economic activity aimed at alleviating or solving socially significant problems, the defining characteristics of which are social impact, innovative nature, availability of financial resources to sustain the activity, entrepreneurial approach and self-sufficiency (Vishnyakova, 2018).

The work of the above researchers, as a rule, based on a review of various foreign approaches in the field of social entrepreneurship. In this regard, the identification of the concept of social entrepreneurship rests on the characteristics and criteria corresponding to certain foreign approaches.

At the same time, it is to be noted that the topic of social entrepreneurship remains insufficiently developed in a substantial way. In particular, the conditions conducive to the development of social entrepreneurship have not been defined, and the practice of its implementation in the country has not been studied.

ANALYSIS OF RESULTS AND DISCUSSION

The analysis of realization of entrepreneurial function in Belarus, as well as in the other countries of the CIS shows, that during the process of becoming of market economy motives of entrepreneurial activity undergo the certain transformation: their development goes on a line from personal to socially significant orientation as the basic purpose of economic development of a civilized society consists in increase of social well-being of citizens. Thereby the idea of social business fully complies with the spirit of our time. In it social mission and the business initiative is successfully combined.

Various forms of social entrepreneurship manifestation are observed throughout the history of humankind. For example, in the territory of the modern Republic of Belarus, traces of social entrepreneurship have been observed since the time of the Russian Empire. In this period the social activities of Leo Tolstoy can be attributed to the social entrepreneurship manifestation, it was associated with the opening of schools for peasant children as well as the activities of Father John of Kronshtadt and his the House of hard work. During the existence of the USSR, one can also give examples of the activities of organizations that meet the criteria of social entrepreneurship. First, these were public organizations dealt with issues of employment and social adaptation for persons with disabilities. Non-governmental organizations “Belarusian Society of the Disabled”, NGO “Belarusian Society of the Deaf”, and NGO “Belarusian Society of the Visually Impaired” exist to this day, contributing to the employment and integration of people with disabilities into society.

However, social from the position of a synergistic process of obtaining economic and social value entrepreneurship began to develop actively only in the last decade.

The development of crowdfunding in the Republic of Belarus also has a stimulating effect on social entrepreneurship. One example of the successful use of crowdfunding is the “Mae Sense” (It has sense) crowdfunding platform. This is the first platform created in 2011 with the goal of raising funds for the implementation of social projects. Moreover, crowdfunding venues such as “Talaka” and “Ulei”, which were organized in 2014 and 2015, respectively, exist on the territory of the Republic of Belarus. These platforms also actively support promotion and development of social entrepreneurship (Kadol, 2020).

In addition, in order to develop social projects and promote social ideas in the Republic of Belarus, the Social Weekend contest of social projects has been held annually since 2011.

Although the legislation of Belarus does not allocate social business as a special kind of activity. It is carried out on the territory of the Republic of Belarus through the legal forms of commercial and non-profit organizations, which are fixed at the legislative level. It is regulated by several laws and the normative statements including: the Law of the Republic of Belarus “About a state support of small business in the Republic of Belarus”; the Law of the Republic of Belarus “About public unions”; the Law of the Republic of Belarus “About business undertakings in the Republic of Belarus”; the Law of the Republic of Belarus “About the simplified system of the taxation for subjects of small business”; the Decree of the President of the Republic of Belarus “About the perfection of the government in the field of business and assistance to placement of funds”; the Decree of the President of the Republic of Belarus “About state support of small business”; the Decree of the President of the Republic of Belarus “About the ordering of collection of the fixed sums of the profit tax and the firm sums of income tax”; the Decree of the President of the Republic of Belarus “About the Belarusian fund of a financial support of businessman”; the Position of Council of Ministers of the Republic of Belarus “About Council on development of business at the Ministry of business and placements of funds” etc.

Civil code of the republic of Belarus, define the concept of business undertakings activity, its organizational-legal forms and relations between people, realizing such kind of activity.

A social entrepreneurship in the Republic of Belarus is represented by activity of social non-profit organizations and public unions. In accordance with the law “About public unions”, they are understood as a voluntary union of citizens in adopted by legislation order, having united on the base of mutual interests for joint realization of civil, social, cultural and another rights.

According to the article 46 of the paragraph 3 of the Civil code of the Republic of Belarus “non-profit organizations may carry out entrepreneurial activity only so far as it is necessary for their authorized purposes for the sake of which they are created, corresponds to these purposes and answers a subject of activity of non-profit organizations”. Thus, in Belarus, as well as in many countries of the world, legal conditions for development of social entrepreneurship are created.

However, despite the fact that social entrepreneurship is developing within the framework of the same legal field as other economic structures, they can count on certain benefits and preferences.

With acceptance the law “about state support of small business in the republic of Belarus “were defined” basic regulations in the sphere of state support of small business undertakings, directed to creation of new job places by means of energization of business activity of different groups of population”, as well were established “forms and methods of state stimulation and regulation of subjects of small business undertakings activity”. In accordance with adopted Law annually by the government programs of state support of small business undertakings in the Republic of Belarus are being developed and financed.

In the Republic of Belarus united system of the state support of business undertakings is created, including the Ministry of business undertakings and investments, its territorial committees in the regions, Belarusian republican and regional funds of business undertakings support, business incubators and public unions of businessmen. Significant help in the formation of infrastructure of small business undertakings support in the republic is received from international organizations, particularly the program financed and carried out jointly by U.N.O. and the Government of the Republic of Belarus is being realized.

In the Republic of Belarus the fund “National agency of the development of business undertakings” is registered, the main tasks of which are preparation of annual information to the Government about the state of the development of business undertakings, establishment efficient interaction with public structures and assistance to the development of business undertakings nets and coordinating connections of small enterprises.

A social entrepreneurship in the Republic of Belarus is represented by activity of social non-profit organizations and public unions. In accordance with the law “About public unions”, they are understood as a voluntary union of citizens in adopted by legislation order, having united on the base of mutual interests for joint realization of civil, social, cultural and another rights.

According to the article 46 of the paragraph 3 of the Civil code of the Republic of Belarus “non-profit organizations may carry out entrepreneurial activity only so far as it is necessary for their authorized purposes for the sake of which they are created, corresponds to these purposes and answers a subject of activity of non-profit organizations”. Thus, in Belarus, as well as in the

majority of countries of the world, legal conditions for development of social entrepreneurship are created.

However, despite the fact that social entrepreneurship is developing within the framework of the same legal field as other economic structures, they can count on certain benefits and preferences.

Subjects of social entrepreneurship operating in rural areas as well as employing socially vulnerable categories of the population (for example, people with disabilities) can count on some support.

The amount of state assistance for organizations engaged in the employment of persons with disabilities depends on:

1. The number of this category of employed persons as a percentage of the employees' total number of the organization.
2. Founder of a commercial structure.

For example, organizations founded by public associations of persons with disabilities have a greater number of benefits and preferences as compared to other business entities.

In general, state support measures for this category of organizations can be divided into three groups: tax benefits and other preferences for organizations established by public associations of persons with disabilities; privileges for organizations, the number of disabled persons in which is at least 50% of the total number of employees on average for the period and other benefits for organizations wishing to employ persons with disabilities.

On the basis of the Laws of the Republic of Belarus "On the Prevention of Disability and the Rehabilitation of Persons with Disabilities" and "On the Social Protection of Persons with Disabilities in the Republic of Belarus", the Decisions of the Council of Ministers of the Republic of Belarus "On Approving the Regulation on the Procedure for Financing and Compensating the Costs of Creating and Maintaining Jobs for Persons with Disabilities and Regulations on the procedure for organizing and financing activities to adapt persons with disabilities to work". According to this resolution, at the expense of the social protection fund of the Ministry of Labor and Social Protection of the Republic of Belarus, activities related to the provision of employment for people with disabilities are financed. This fund finances costs of creating specialized jobs in organizations whose property is owned by public associations of persons with disabilities, as well as in organizations funded from the republican and (or) local budgets, which by decision of local executive and administrative bodies or special state programs tasks for the creation of specialized jobs for the disabled have been set.

To adapt the disabled to work, the state can pay the cost of equipping jobs for people with disabilities, as well as pay them wages for 6-12 months.

Commercial and non-profit organizations that provide social services to the population and participate in the implementation of social projects can count on receiving funding from the state. It stands out as part of the implementation of various projects and activities in the field of social policy. As a rule, these funds allocated from local budgets, which planned to develop and support the social sphere. This funding is provided on a competitive basis by paying for the public procurement of social services under the current legislation on public procurement of goods, services and works. Non-profit organizations may receive subsidies to provide social services and implement social projects.

To improve the socio-economic situation of small settlements, a Decree of the President of the Republic of Belarus "On stimulating entrepreneurial activity in the territories of medium,

small urban settlements and rural areas” was adopted. According to this Decree, commercial organizations and individual entrepreneurs registered and carrying out activities for the production of goods, the provision of services in these territories are exempted from income tax (commercial organizations) and income tax from individuals for seven calendar years from the date of their state registration (individual entrepreneurs), respectively, in relation to profits and income received from the sale of goods (works, services) of own production; are exempted from paying the state fee for issuing a special permit (license) for legal entities and individuals to carry out certain types of activities; the right not to calculate and not pay other taxes, fees (duties); exempted from the obligatory sale of foreign currency received from transactions with non-resident legal entities and non-resident individuals from the sale of goods (works, services) of own production, as well as from the rental of property.

In the Republic of Belarus, the subjects of social entrepreneurship are not allocated to a separate sector of the economy, and the history of its formation is associated with the development of civil society institutions. In this regard, as a basis for statistical research, we consider its activities from the perspective of the non-profit sector.

As at January 1, 2020, according to the Ministry of Justice, 2,995 public associations were registered in the Republic of Belarus. In addition, 43545 organizational structures of public associations, as well as 40 associations of public associations and 217 foundations, were registered on the territory of the Republic of Belarus.

According to the Ministry of Justice of the Republic of Belarus, in 2019 98 new public associations, 806 organizational structures of public associations, one association of public associations and 9 new funds were registered.

Compared to 2018, the total number of registered public associations increased by 3.4%, and the organizational structures of public associations by almost 2%.

The available data of registered public associations in the Republic of Belarus by type of activity from 2017 to 2020, presented in the Table 1 below, allow us to identify the main areas of their activity.

Main activities of public associations	Data on 01.01.2020	Data on 01.01.2017
Sports and Athletic	840	745
Charity	400	389
Youth and children	377	346
Educational, cultural and leisure, pedagogic	256	323
Public organizations of citizens who consider themselves to be national minorities	110	113
Public associations of disabled war veteran and workers	94	93
Scientific and technical	87	85
Public associations of nature and cultural heritage conservation supporters	88	80
Associations of creativity	51	53
Women-oriented	33	32
Others	659	472

Source: Compiled by the author according to the Ministry of Justice of the Republic of Belarus.

Comparing the data for 2017, one can conclude that the distribution structure of public organizations in the Republic of Belarus has not changed significantly. As of January 10, 2020,

the largest number of organizations, namely 28% of the total number of public organizations, has a physical-sports orientation of its activity as well as at January 1, 2017. Then there are public organizations whose activities aimed at charity (18%), as well as youth and children (12%). In almost all areas of activity, there has been an increase in the number of public organizations. However, it should be noted that the number of public organizations of educational, cultural, leisure and pedagogical orientation decreased by almost 26%.

The target groups for which the activities of public associations are people with disabilities and psychiatric problems; the economically disadvantaged, multi-child families; children in socially dangerous situations; individuals in the custody and released from detention facilities; victims of the Chernobyl nuclear power plant catastrophe; refugees and migrants.

The subjects of social entrepreneurship, functioning as a non-profit organization, as a rule create commercial structures for income provision and realization their statutory goals. Such structures help achieve sustainable financial development. An example of that kind of a development model is the activity of such public associations as the Belarusian Society of the Disabled, the Belarusian Society of the Deaf, the Belarusian Association for Assistance to Children with Disabilities and Young Persons with Disabilities, the Gomel Regional Public Association "Spinal Disabled People", the Brest Regional Youth Public Association "Disabled Person" and the environment". They are engaged in the employment and adaptation of persons with disabilities, and they create commercial enterprises to maintain and finance their activities.

The organization of the Belarusian Association for Assistance to Children with Disabilities and Young Persons with Disabilities applied the same model for the development of social entrepreneurship. They successfully implemented the project "First Steps to Work". For the employment of young people with disabilities and psychophysical disabilities and their integration into society, a sewing workshop was organized. Owing to active interaction with state authorities, training groups were organized to obtain the specialty "seamstress-tailor" and a medical commission was organized to obtain a medical opinion on the suitability for these young people.

Another example of social entrepreneurship practice is the Baranavichy Ecological Union. To implement its mission and solve social problems, this organization provides various paid services related to environmental protection, is engaged in the development and design of environmental passports of enterprises and calculates the amount of harmful emissions to determine the amount of environmental tax. The revenues from the services provided are directed to the implementation and development of projects and programs developed as part of the statutory and charitable activities.

The activities of the Belarusian Foundation "Mercy and Health" can include the form of social entrepreneurship. Based on this fund, the "Center for Social Work" was established. This center is also an example of labor integration of people with psychophysical disabilities. It is noteworthy that similar centers operate in other cities of Belarus, and owing to the activities of such organizations, people of this category have the opportunity of employment and socialization.

Another organization "LegendaStroy" also promotes the employment for people with disabilities, involving them in the process of providing services of electronic equipment maintenance and repairing.

Another example of the social entrepreneurship practice is the organization "Nashy Majstry" (Our masters), which is engaged in the production and sale of souvenirs. Socially vulnerable categories of citizens and people in difficult life situations are involved in

manufacturing of this organization. There is a social adaptation of these individuals through employment and involvement in the production process.

CONCLUSION

At realization of the economic activities of social entrepreneurship get in the same market conditions, as business and non-profit organizations. State regulation of enterprise sphere carries “barrier” character. Imperfection of state administrative regulation of subjects of businesses during fulfillment of legislative and other normative acts gives rise to so-called administrative barriers. They arise in view of absence or inconsistent legislations, opportunities of its ambiguous interpretation and applications, complexities of procedures of registration and liquidation of subjects of small business, licensing their activity, certification of produced production and rendered services, other artificially entered by state bodies of government and their titular persons the restrictions on management of entrepreneurial activity.

Commercial organizations do not seek to develop on the social services market. Unattractive for private investment is the sphere of social services. One of the reasons: big expenses in the beginning stage (choice of location, payment of rent and repair, acquiring of equipment and consummated materials). The problem of attraction of private capital is intensified by informative vacuum in the sphere of investigation of the state of social services market. As a result, more commercially, profitable social services are developing spontaneously, and cheap but socially important –practically absent.

More attractive for non-state sector of social services market are the services of baby-minding, invalids, and aged nursing as well as the organization of job places for socially unprotected layers of population.

Thus, for efficient development of social entrepreneurship from the side of the state it is necessary: creation of favorable legal conditions for the activity of non-profit organizations, elaboration and adoption at the national and local levels normative-legal acts, assisting the development of all the forms of inter-sector interactions, progressive conceptions of social and economic development and organizational models; conducting of sensible and well-ordered fiscal policy for encouraging activity and stimulation of local sponsors charity; assistance for increasing status of non-profit organizations and non-state organizations, creation of structures, providing coordination and rendering of technical, informative and another support for carrying out their activity.

From their side it is necessary for public organizations to reject from out-of-constitutional methods of reaching their regulation goals; elaborate and introduce innovational projects, which supposed to be rational and cheaper approaches for actual problems solution; attract the help of international organizations for carrying out socially significant projects in the sphere of health protection, education, ecology, economic development, cultural relations, social protection, employment of population; involve and organize labor of volunteers for realization of joint projects.

Analysis of the available data revealed the sectoral distribution of social entrepreneurship in the Republic of Belarus. Most often, it is represented in socially significant areas such as sports and tourism, charity, education, upbringing, and enlightenment. The target group of such organizations, as a rule, are people with disabilities and psychiatric problems, the economically disadvantaged, multi-children families, children in socially dangerous situations.

It is implicit that the lack of a unified approach to the definition of social entrepreneurship, a fixed organizational and legal form and the difficulty of statistical analysis

require further work on the formation of the necessary conditions for its promotion and development. This involves the development of the necessary standards regulatory framework governing the activities of social entrepreneurship, the creation and development of information and institutional infrastructure to support its development, raising the level of awareness and recognition of social entrepreneurship in society and developing educational programs.

The above examples of the social entrepreneurship concept implementation allow us to state that there is an active process of formation and development of this phenomenon in the Republic of Belarus. The work of social entrepreneurship structures helps to solve various social problems, promotes the employment and socialization for people with disabilities. The development of social entrepreneurship will help reduce the burden on the state budget, increase the welfare of citizens, and maintain social stability.

REFERENCES

- Alter, K.S. (2005). Social enterprise models and their mission and money relationships. Draft. Forthcoming in Alex Nichols (Ed.), *Social Entrepreneurship: New Paradigms of Sustainable Social Change*, Oxford: Oxford University Press, expected in 2006.
- Alvord, S., Sarah H.L., Brown, D., & Letts, Ch.W. (2004). Social Entrepreneurship and Societal Transformation: An Exploratory Study. *The Journal of Applied Behavioral Science*, 40(3), 260-282.
- Austin J., Stevenson G., & Way-Skillern J. (2010). Social and commercial entrepreneurship: similarities and differences. *Bulletin of St. Petersburg University. Ser. Management*, 3, 115–145.
- Boschee, J. (1995). Social entrepreneurship. *Across the Board*, March, 20-25.
- Dees, G. (1998). The meaning of social entrepreneurship. *Innovation*, 2006.
- Dees, G. (2012). A Tale of Two Cultures: Charity, Problem Solving, and the Future of Social Entrepreneurship. *Journal of Business Ethics*, 111(3), 321–334.
- Dees, G., & Anderson, B. B. (2006). Framing a theory of social entrepreneurship: Building on two schools of practice and thought. *Research on Social Entrepreneurship, ARNOVA Occasional Papers Series, 1*, 39–66.
- Defourny, J., & Nyssens, M. (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
- Drayton, W. (2002). The Citizen Sector: Becoming as Entrepreneurial and Competitive as Business. *California Management Review*, 44, 120–133.
- Erofeeva, O.N., Podberezkin, M.A. (2016). Social entrepreneurship in Belarus: characteristics, features and development prospects taking into account European experience. *Bulletin of Grodno State University. Ser. 5, Economics. Sociology. Biology*, 6(2), 94-105.
- Hockerts, K. (2010). Social Entrepreneurship Between Market and Mission. *International Review of Entrepreneurship*, 8(2), 1–22.
- Kadol, N. (2020). The process of formation and directions of social entrepreneurship development in the countries of the Eurasian Economic Union. *International Journal of Entrepreneurship*, 24(4).
- Kraenkova, K.I., & Vankevich, E.V. (2018). Background and development factors of social entrepreneurship in the Republic of Belarus. *Bulletin of the Vitebsk State Technological University*, 34(1), 164-170.
- Kuchko, E.E., Levitskaya, I.V., Veremeeva, N.P. (2017). Modern practices in the field of social entrepreneurship: the experience of Belarus. *Journal of Belarusian state University. Sociology*, 3, 102–110.
- Mair, J., & Martí, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36–44.
- Mair, J., & Martí, I. (2009). Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, 24(5), 419–435.
- Mair, J., Robinson, J., & Hockerts, K. (2006). *Social entrepreneurship*. Basingstoke: Palgrave Macmillan.
- Martin, R. J., Osberg, S. (2007). Social entrepreneurship: the case for a definition. *Stanford Social Innovation Review*, Spring, 32-34.
- Political parties, public associations and other non-profit organizations. Ministry of Justice of the Republic of Belarus (2020).
- Vishnyakova, M.V. (2017). Social Entrepreneurship in the Republic of Belarus. *Bulletin of Belarusian State University*, 5, 107–113.