

# THEORETICAL AND METHODOLOGICAL IMPORTANCE OF SOCIAL ENTREPRENEURSHIP DEVELOPMENT

Saidov Shakhrukhmirzo  
Kokand University, PhD Student

## ABSTRACT

In this article, the author has conducted research on the development of social entrepreneurship. The relevance and importance of the topic is considered in the works of foreign researchers, some examples of which are given. Entrepreneurship provides a broader understanding of the industry through the business chain. The essence and nature of the approaches to the essence of social entrepreneurship are explained in the table. Shortcomings and problems in this area were mentioned, and the author provided comments and suggestions.

**Keywords:** social entrepreneurship, investment, social partnership, entrepreneurial business, society, economy.

## INTRODUCTION

The appeal to the development of social entrepreneurship depends on two factors. First, in the case of insufficient ineffectiveness of the state to address the social problems of society, because the influence of governance at the regional level does not always justify itself. This, in turn, requires updating the mechanism to eliminate or mitigate the existing socio-economic situation. There is also a need to address the need to prevent social tensions in our society, to help equalize the social status of citizens, to create conditions for the development of education, culture, health and more.

Second, the accumulated local and foreign experience in solving social problems shows the high potential of social enterprises that carry out effective business processes. However, everything that involves the social sphere is different in that it is not attractive for entrepreneurial activity.

In our opinion, at this stage, social entrepreneurship plays an important role in socio-economic processes. Its relevance is due to the existence of an objective need to implement various socio-economic changes [1]. The development of a new type of economy will lead to structural changes in the system of socio-economic relations in the country, which will help to redistribute priorities and roles among the main institutions of society.

## LITERATURE REVIEW

Lack of financial resources significantly limits the state's ability to make social changes, which further affects sectoral components of the social sector such as science, education, culture, and health. Thus, the existing conditions indicate the need to address the problems by seeking assistance from an important public institution, such as social entrepreneurship, and attracting additional sources of funding [2].

Scientific research on the development of social entrepreneurship can be traced in the work of foreign researchers. In developing and analyzing this issue, J.Meir, J.Robinson, K.Hockerts, K.Alter, G.Dis, A.Nicholls, D.S.Skoll, M.Yunus, B.Drayton, A.Cho, J.Ostin and others. In the study of social entrepreneurship problems, A.A. Moskovskoy, Yu.N. Nesterenko, M.V. Dedicated to the work of Yankovskoy et al. It should be noted that the works of many Russian scholars first of all assessed the

mechanism of charitable and social work, but also touched upon the theoretical aspects of social entrepreneurship.

Foreign researchers have made significant contributions to the development of social entrepreneurship theory and practice. I. Marti, Dj.Meyr, B. Scholars such as Drayton were among the first to study the concept and nature of the social entrepreneurship phenomenon. D. Bornstein noted that social entrepreneurs have existed throughout human history and have existed in the last decade as a result of the development of civil society in various countries on the rise of their development. Also, N.F. Kadol devoted his research to the development of scientific approaches to determining the nature and content of social entrepreneurship in a market economy, as well as to address issues related to the possibility of applying the experience gained in this field [3].

In our opinion, G.L. Tulchinskogo's research, based on the analysis of internal and external social investments, social partnership and technologies for evaluating their effectiveness, is of great importance for understanding the essence of social entrepreneurship [4]. Among other authors, M.B. Orlova's work should also highlight the approaches to the study of the social functions of entrepreneurship and the possibilities of applying the methodology of activity [5]. Thus, the dissertation has set the task of researchers around the world to study not only the features of social entrepreneurship and the concept of its development.

## **METHODOLOGY**

Given that some issues related to the development of social entrepreneurship in our country are not covered, it was important for us to determine its essence and assess its impact on the activities of certain spheres of life in our country. To date, the spread of a positive experience of innovation in the social sphere has been an important impetus for its development. The increase in the number of enterprises / organizations in the field of social entrepreneurship indicates the maturity of the business community. In the context of digitalization of the economy, entrepreneurs are agents of change, while social entrepreneurs are representatives of the social sphere [6]. It is necessary to create conditions for the involvement of the non-governmental sector in the social sphere in order to be more flexible and responsive to the needs of society, while maintaining the appropriate quality of services that can be provided in a competitive environment.

## **RESULTS AND DISCUSSIONS**

Today, a number of problems characterizes the state of development of social entrepreneurship in Russia. Despite the adoption of the Federal Law "On Amendments to the Federal Law" On Development of Small and Medium Business in the Russian Federation "No. 245-FZ of July 26, 2019, in terms of defining the concept of "social entrepreneurship"(sotsialnoe predprinimatelstvo), "social enterprise"(sotsialnoe predpriyatie), conflicting views on social entrepreneurship have not been eliminated. We see the problem in business rhetoric when, under the same business conditions, it can be recognized as a social entrepreneurship in one case and a simple small or medium business in another [7].

In addition, some scholars argue that "any good business is social," so for many, making social entrepreneurship a separate priority is unfair to other members of the business environment. If we manage to ensure that any business contributes to solving employment problems by promoting the professional development of workers, it is difficult to identify features that allow a complete

differentiation of social business and traditional entrepreneurship, along with the production of its final product, which is already a social factor.

Entrepreneurial business has a special place in the chain "state - society - economy - business" and in this process, according to the rules, enters into relations with the elements of this chain. G.B. According to Kleiner, the structure of the relationship between the elements is related to the readiness for systematic strategic cooperation, which the author describes in the form of a perimeter square (Figure 1.1) [8].

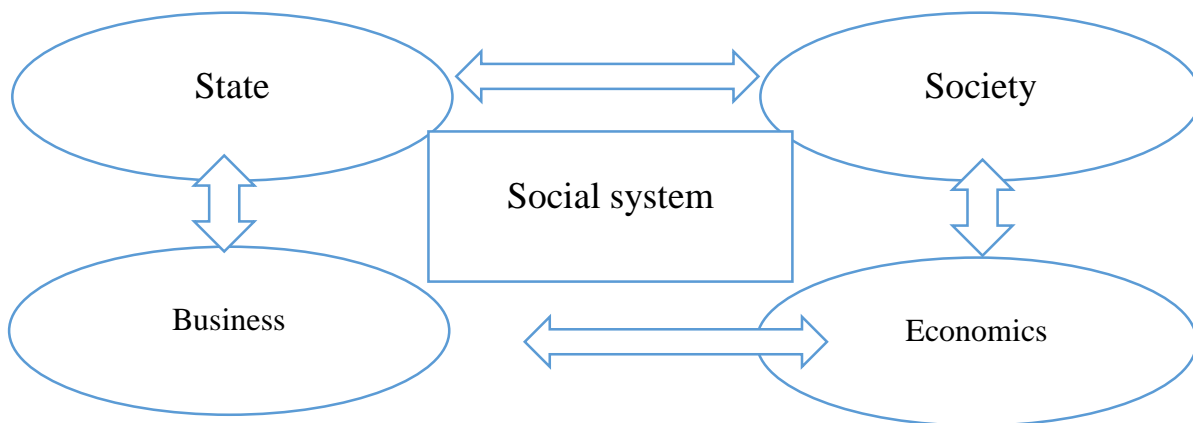


Figure 1.1. The structure of cooperation between subsystems at the macro level [9]

The sides of a perimeter square are represented by four subsystems with relative independence:

1. The state is a political organization, which has at its disposal a special apparatus (mechanism) for the management of society in the territory of the country in order to ensure its long-term normal functioning and development.
2. Society is a stable social community characterized by unity of living conditions and common culture.
3. Economy - the field of production, distribution, consumption and exchange of labor products, called the "national economy".
4. Business - economic relations of market participants in the joint activities for profit.

Adjacent subsystems of the perimeter square are characterized by the possibility of partial and temporary replacement of each other, i.e. the state can replace the business in certain cases and the business in turn can replace the state. Thus, the necessary functional connections are found in the structural structure of the socio-economic structure of the country. The functional role of the state is to create the necessary conditions for the development and life of business and society through institutional or situational decision-making. At the same time, society has handed over power to the state, and business is a source of income in the consolidated budget [10].

The interaction of business with the economy is carried out through investment and business projects: the economy creates demand for these projects and provides employment, while society, in turn, acts as a supplier of labor resources and benefits from the economy to meet its needs. It turns out that the macro-subsystems of "state", "society", "economy" and "business" are equally necessary to ensure sustainable and balanced development in the socio-economic, political, technical and technological spheres.

There is confusion in terms due to the frequent identification of social entrepreneurship with business in the social sphere, which is related to the emergence of a trend in the development of the private

sector of social services in recent years. These can be social entrepreneurial associations of organizations that provide paid services to the population through the establishment of private nursing homes, development and recreation centers for children, family recreation centers, etc., which, in turn, contributes to the emergence of the concept of social services. Thus, a confusing situation arises in the criteria of social entrepreneurship, which affects its concept and essence. Therefore, the concept of "social entrepreneurship" needs to be clarified and clarified.

It should be noted that the term "social entrepreneurship" itself has a much broader definition due to its relative novelty in local practice. It has many meanings, and the diversity of approaches to considering its essence has made the concept so comprehensive that, in Roger L. Martin's view, it has become overly "inclusive (inclusive) " so that "now it can be any socially useful activity. classified as type "[11].

Social entrepreneurship is a complex concept consisting of two simple: "social" and "entrepreneurial": "social" - indicates the type of entrepreneurship and gives rise to its social direction. When it has a complex nature, "entrepreneurship" reveals the dualism between the two sub-systems of society, namely: social (attention to society, socially significant outcome) and economic (beneficial nature, economic efficiency of the end result). A positive synergistic effect occurs in the organization of effective interactions between these components [12]. Thus, the main problem of studying the category of "social entrepreneurship" is its intermediate position between traditional entrepreneurship and the charitable field. The unity of social entrepreneurship lies in harmonizing the commercial nature of the activity with the social direction of the proposed changes.

Often, researchers consider the essence of social entrepreneurship to be a "mutual" concept in the direction of charity, where social entrepreneurship is defined as its analogue. This situation seems one-sided to us and does not take into account all aspects of the phenomenon under consideration. In Table 1.1, M.G. Approaches to the study of the nature and content of social entrepreneurship identified on the basis of Svetunkova's works are presented, which we used in this study to define the essence and form a definition of the category under consideration [13]. According to the first approach, social entrepreneurship involves any corporate social responsibility, as well as private charities. From the point of view of the second approach, the importance of entrepreneurial activity is in the mobilization of resources aimed at solving important problems. The third approach portrays the social entrepreneur not only as a key figure in the mechanism for solving a particular problem, but also in spreading his or her activities throughout the social context.

According to N.S. Poinshewl, a social entrepreneur is an entrepreneur at the intersection of traditional business and charity [10], pursues qualitative changes by creating and disseminating non-traditional approaches to solving social problems using appropriate business practices, seeking and introducing innovations, forms of business organization and approaches, as well as non-standard adaptation of existing experience to the solution of social problems.

**Table 1.1 Approaches to Considering the Nature of Social Entrepreneurship**

<b>The essence of the approach</b>	<b>Features of the approach</b>
Social entrepreneurship involves the creation of commercial enterprises, but with a social purpose.	Indeed, social entrepreneurial income is appropriate for any type of activity aimed at solving social problems.
Of particular importance is the innovative activity of social entrepreneurs, which aims to achieve significant social benefits.	Innovation is financially superior, so such an enterprise may not be profitable at all.
Social entrepreneurship is a way to accelerate the flow of social change that leads to long-term change.	Social entrepreneurship has been tasked as a catalyst for large-scale and sustainable change. Without the participation of the social entrepreneur, the mechanism for solving the initial problems would not have been launched.

Thus, social entrepreneurship is a mechanism of entrepreneurial activity based on the main task, ie the creation of social value aimed at solving acute socio-economic problems using innovative methods, the essence of which is the creation of self-production, the provision of necessary social benefits [14]. At the same time, the resources at the disposal of the entrepreneur interact with the needs of consumers of social products and services, which contributes to a positive synergistic effect (Figure 1.2).

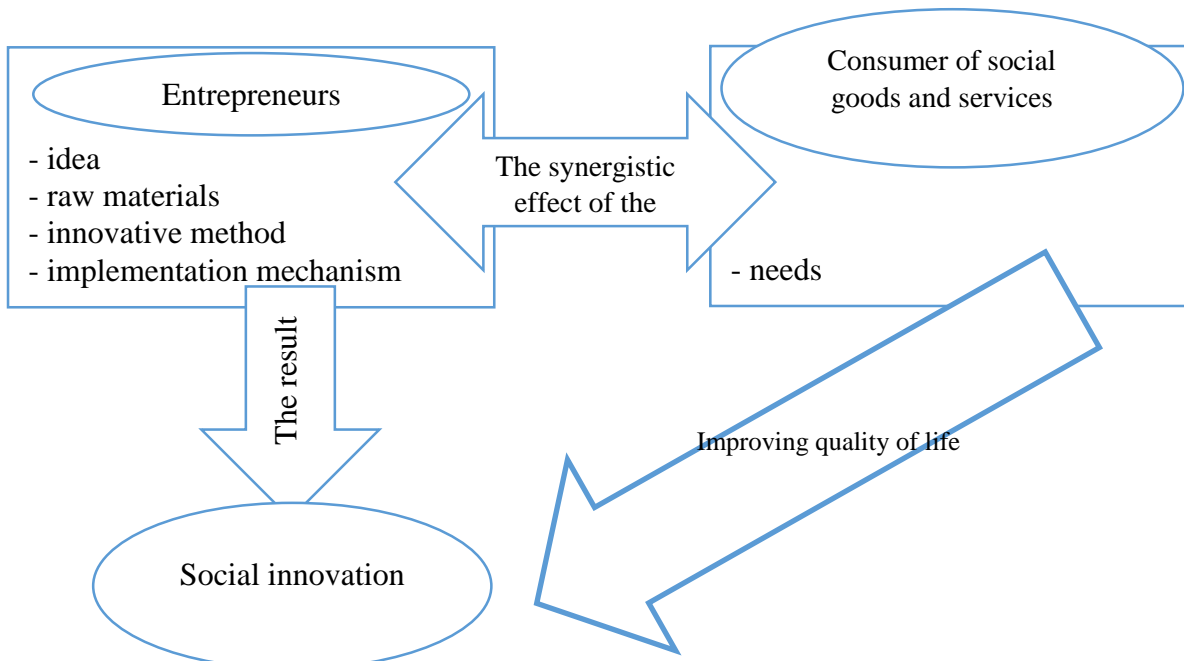


Figure 1.2. The relationship between entrepreneur and consumer

Thus, it is possible to discuss the existence of socially oriented entrepreneurial activity, the result of which is social innovation. The above allows us to identify the integral link between social entrepreneurship and its innovative nature.

According to the Agency for Strategic Initiatives, only 1% of companies in Russia are engaged in social entrepreneurship in one form or another. Indeed, given the unresolved social problems across the country on a regional scale, this is a “drop in the ocean”. Creating opportunities and creating the necessary conditions for the development of social entrepreneurship will ensure the flow of new ideas, technologies, improve the quality of services provided, and most importantly, create hundreds of thousands of jobs [15].

Social entrepreneurs are innovators who are able to create growth points around which not only new businesses but also special social relationships are formed. The main goal is to find the necessary resources to solve social problems, as well as to combine our knowledge with the latest technologies.

### CONCLUSIONS AND SUGGESTIONS

Considering some aspects of the theory and practice of social entrepreneurship, we believe that in order to activate positive change from its point of view, it is necessary, first, to take measures to form a positive attitude of the population to entrepreneurs. Including the elimination of the impression that the state is irreplaceable in the social sphere, but if this happens then the goods and services should be provided free of charge.

Second, to determine the legal form of social entrepreneurship or socially oriented commercial enterprise, because today social enterprises are often located at the intersection of commercial and non-commercial sectors, resulting in the formation of a certain hybrid form of organization. Third, it is necessary to develop measures to develop a system of state support for social entrepreneurs.

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