

## Artículo de investigación

## Social entrepreneurship in northern Russia: new opportunities for development

Emprendimiento social en el norte de Rusia: nuevas oportunidades de desarrollo  
Empreendedorismo social no norte da Rússia: novas oportunidades de desenvolvimento

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### Abstract

The main purpose of the article is to develop and substantiate the co-evolutionary model "Social entrepreneur – State institutions – Population" on the example of the Northern region of Russia. The relevance of the study is determined by the need to find and use new innovative resources of socio-economic development of the North. Violation of the socio-economic balance leads to the fact that citizens in need of special social protection become the most vulnerable in the North. Results demonstrated that this situation creates a high level of social tension. In such circumstances, an important role can be assigned to "social entrepreneurs", who with full responsibility can take over the execution of important social functions. The results of the study can be used by regional authorities, self-regulatory organizations, associations of social entrepreneurs, other interested institutions to justify the effectiveness of administrative decisions.

**Keywords:** Co-evolutionary development, social entrepreneurship, the North.

### Resumen

El objetivo principal del artículo es desarrollar y fundamentar el modelo coevolutivo "Emprendedor social - Instituciones estatales - Población" en el ejemplo de la región norte de Rusia. La relevancia del estudio está determinada por la necesidad de encontrar y utilizar nuevos recursos innovadores de desarrollo socioeconómico del Norte. La violación del equilibrio socioeconómico lleva al hecho de que los ciudadanos que necesitan protección social especial se vuelven los más vulnerables del Norte. Los resultados demostraron que esta situación crea un alto nivel de tensión social. En tales circunstancias, se puede asignar un papel importante a los "empresarios sociales", quienes con toda la responsabilidad pueden asumir la ejecución de funciones sociales importantes. Los resultados del estudio pueden ser utilizados por las autoridades regionales, organizaciones autorreguladoras, asociaciones de empresarios sociales y otras instituciones interesadas para justificar la eficacia de las decisiones administrativas.

**Palabras claves:** Desarrollo coevolutivo, emprendimiento social, el norte.

### Resumo

O objetivo principal do artigo é desenvolver e substanciar o modelo coevolutivo "Empreendedor social - Instituições estatais - População", no exemplo da região Norte da Rússia. A relevância do estudo é determinada pela necessidade de encontrar e usar novos recursos inovadores de desenvolvimento socioeconômico do Norte. A violação do equilíbrio socioeconômico leva ao facto de os cidadãos que necessitam de protecção social especial se tornarem os mais vulneráveis do Norte. Os resultados

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demonstraram que esta situação cria um alto nível de tensão social. Em tais circunstâncias, um papel importante pode ser atribuído aos “empreendedores sociais”, que com responsabilidade total podem assumir a execução de importantes funções sociais. Os resultados do estudo podem ser usados por autoridades regionais, organizações de auto-regulação, associações de empreendedores sociais, outras instituições interessadas para justificar a eficácia das decisões administrativas.

**Palavras-chave:** Desenvolvimento co-evolutivo, empreendedorismo social, o Norte.

## Introduction

In modern conditions, it is urgent to ensure the implementation of “smart solutions” in the socio-economic sphere. The field of experimentation and innovation is the institute of social entrepreneurship. Social entrepreneurship acts as a hybrid altruistic form of business. Unlike traditional forms, such business is based not on profit maximization, but on the maximization of the level of social satisfaction of the society and the quality of social innovations.

The questions to which “social entrepreneurs” find answers today are very extensive. They include: the provision of social services to citizens and the development of the social sphere; the creation of innovative products; the employment of citizens in need of special social protection (disabled, pensioners, mothers with many children, veterans, orphans); the provision of medicines to citizens living in remote areas; reducing environmental pollution and ensuring environmental safety in the Northern region; implementation of measures to reduce the crime situation.

Taking into account the above, the development of new approaches to the interaction between social entrepreneurs, state institutions and society has a significant potential in ensuring sustainable socio-economic development of the North. This fact determines the relevance of the presented research topic.

## Literature Review

Due to the special role of the Northern subjects of Russia, enshrined in the Strategy of innovative development of the Russian Federation for the period up to 2020, there is a significant increase in the interest of domestic researchers to the problem of sustainable development of the North.

These trends are reflected in the scientific works of Professor Pilyasov A.N. The scientist examines the paradoxes and contradictions of

the Polar Regions and recognizes the need to create new forms of regional management of resources based on the principles of polycentric administration and ecosystem management (Pilyasov, 2016). The issues of stimulating the institutions of innovative behavior of economic entities in the Northern regions are considered in the works of Professor Islamutdinov V.F. (Islamutdinov, 2016).

Some domestic researchers are focused on solving the problem of survival of indigenous peoples in the conditions of industrial development of the North. So, the scientific articles of Araslanov R.K. are devoted to the economic assessment of the resource potential of traditional crafts in the Northern regions (Araslanov & Bogomolova, 2016). Professor Naumenko O.N. in his scientific works, in the historical context considers the problem of preservation of the Ob-Ugric culture in the North of Russia (Naumenko & Naumenko, 2018). The authors Lebedeva I.D., Sannikov D.V. examine the condition of the business environment of the Northern regions in the context of innovative development (Takmasheva et al. 2018).

Some domestic scholars in their works focused on assessing the impact of industrial complex development on regions of Russia (Eremeev, 2018; Pronina, 2017). Others attract the attention of the scientific community to the current problems of improving the competitiveness of domestic enterprises, as well as methods of increasing the economic security of business entities (Kuznetsov et al. 2018; Prasolov & Mosime, 2017).

Analysis of the current state of research in the field of social entrepreneurship has shown that today unified conceptual approaches to this phenomenon are not developed either by domestic or foreign scientists. All researchers note that social entrepreneurship is a unique form of entrepreneurial activity and differs from

traditional forms of entrepreneurship, but interpret its essence in different ways.

National authors understand social entrepreneurship as an altruistic form of entrepreneurship, which focuses not on maximizing profits, unlike traditional entrepreneurship, but on maximizing social satisfaction. At the same time, some authors believe that at the implementation of innovative solutions to socio-economic problems of society "social entrepreneur" mobilizes all available resources. To the research of the institute of social entrepreneurship as the main resource for overcoming economic instability to the works of Russian authors are devoted: (Guseva & Moshkina, 2017), (Dagaeva & Markova, 2017), (Rostovskaya & Shimanovskaya, 2017). Social entrepreneurship as a tool for regional economic development, also from a sociocultural approach is seen in the writings of: (Dorokhova & Kokhanik, 2017).

The most important experience in the development of social entrepreneurship has been accumulated abroad. The most interesting research in this area is presented by such foreign scientists as: (Roger & Osberg, 2007) (Seelos & Mair, 2005). The problems of effective construction of socio-economic space of the regions are reflected in the works: (Camagni & Capello, 2013) (Capello & Lenzi, 2013). Despite the existing theoretical and methodological developments, the problem of developing new approaches to the interaction between social entrepreneurs, state institutions and the population requires further research.

## Materials and Methods

In the framework of the research, the authors used a new approach to explaining the development of the institute of social entrepreneurship, which is based on the principles of co-evolutionary development. The term "coevolution" initially originated in biology, and then began to be used in other fields of knowledge to explain certain processes. Today, this term is used as a description of complex systems consisting of many elements that have a direct or indirect impact on each other. The novelty of the approach proposed in the study is that the early development of social entrepreneurship was not considered in terms of co-evolution.

The authors propose a conceptual model of social entrepreneurship development based on

the co-evolution of social entrepreneurship, the state and the population. Under the co-evolution of social entrepreneurship, the authors of the study understand the self-regulated development of hybrid altruistic forms of entrepreneurship and their adaptation to the conditions of the existing external environment, regulated by state institutions, as a result of which innovative products (services) are created and the level of social protection of citizens in need of special social protection is increased.

The following methods were used to conduct scientific research:

- 1) The method of simulation (situational) modeling: allows building models and describing the processes as they could occur in reality;
- 2) Historical and logical methods: the method of brainstorming, Delphi method of forecasting;
- 3) Formal methods: method of predictive extrapolation, the method of exponential smoothing.

The studied system will be the business environment of the Khanty-Mansiysk Autonomous Okrug-Ugra. In this case, the actual functioning elements of the business environment will be replaced by non-existent conditional (virtual) elements of the co-evolutionary model in order to describe the behavior of the studied system and obtain more information about the possibilities of the business environment of the Northern region for the development of social entrepreneurship.

## Results

In order to ensure the development of competition, improve the quality of public administration, increase the investment and business climate in the Ugra the state program "Socio-economic development, investment and innovation of the Khanty-Mansiysk Autonomous Okrug-Ugra for 2016-2020" was adopted, approved by the Government decree of October 9, 2013 № 419-p.

The program contains 5 subprograms:

- 1 – Improvement of the state strategic management system;
- 2 – Improvement of state and municipal management;
- 3 – Additional pension provision for certain categories of citizens;

4 – Formation of a favorable investment environment and stimulating innovation;

5 – Development of small and medium-sized businesses.

The financial costs of implementing the subprogrammes are shown in Figure 1.

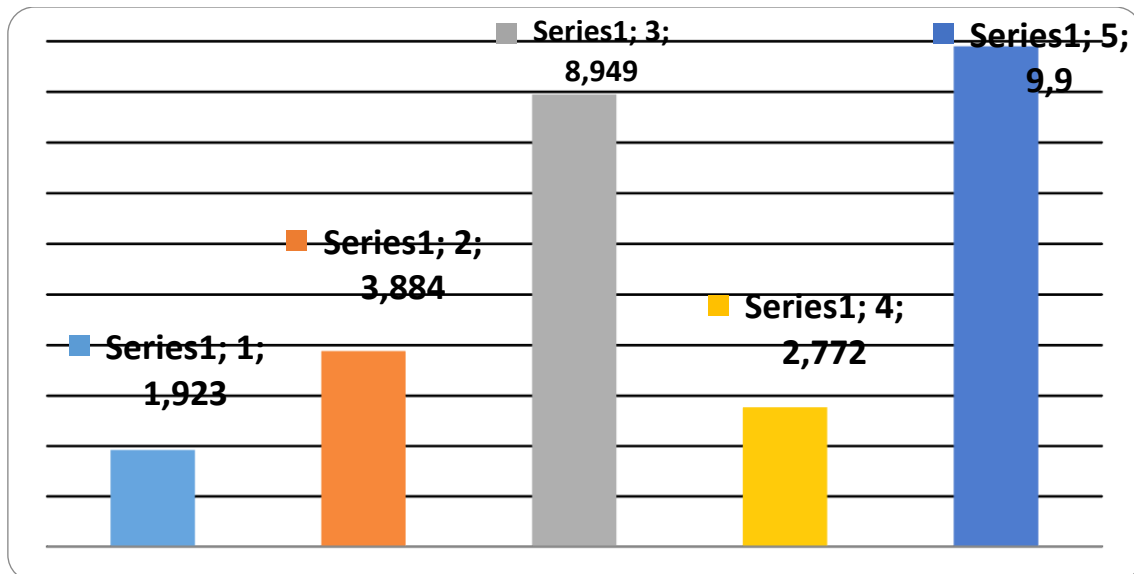


Fig.1. Total financial expenses for the implementation of the state program for five years by subprograms 1-5 (billion rubles)

The coordinator of the activities of the state program is the Department of economic development of Ugra, which ensures the achievement of relevant indicators and distributes funds. Infrastructure support for the development of innovation and entrepreneurship in the Northern region is provided by such organizations as: JSC “Technopark of high technologies”, the Fund for support of entrepreneurship of Ugra, the Fund for the development of Ugra, the Regional investment center, the Fund for the promotion of small enterprises in the scientific and technical sphere.

In October 2013, the Center of the social sphere innovations was established on the basis of the Fund for support of entrepreneurship of Ugra in order to promote the development of socially oriented activities. The center of social sphere innovations positions itself as an effective communication platform for the interaction of government, business and society in the interests of the private sector development in the region.

Today in Ugra it is the only infrastructure facility that provides information, consulting, and educational support, replication of best practices and mentoring of social projects. The existing Model of infrastructure support for social entrepreneurs in Ugra is shown in Figure 2. Based on the presented model, it becomes obvious that the regional authorities are making efforts to stimulate the development of social entrepreneurship in the region. However, with this construction of the model measures to stimulate the development of social business are imposed ‘from above’ by bureaucratic and infrastructure organizations, which contradicts the nature of “social entrepreneurship”.

Taking this into account, according to the authors of the research, the co-evolutionary model based on simulation presented in Figure 3 will expand the opportunities of social entrepreneurs in the Ugra.

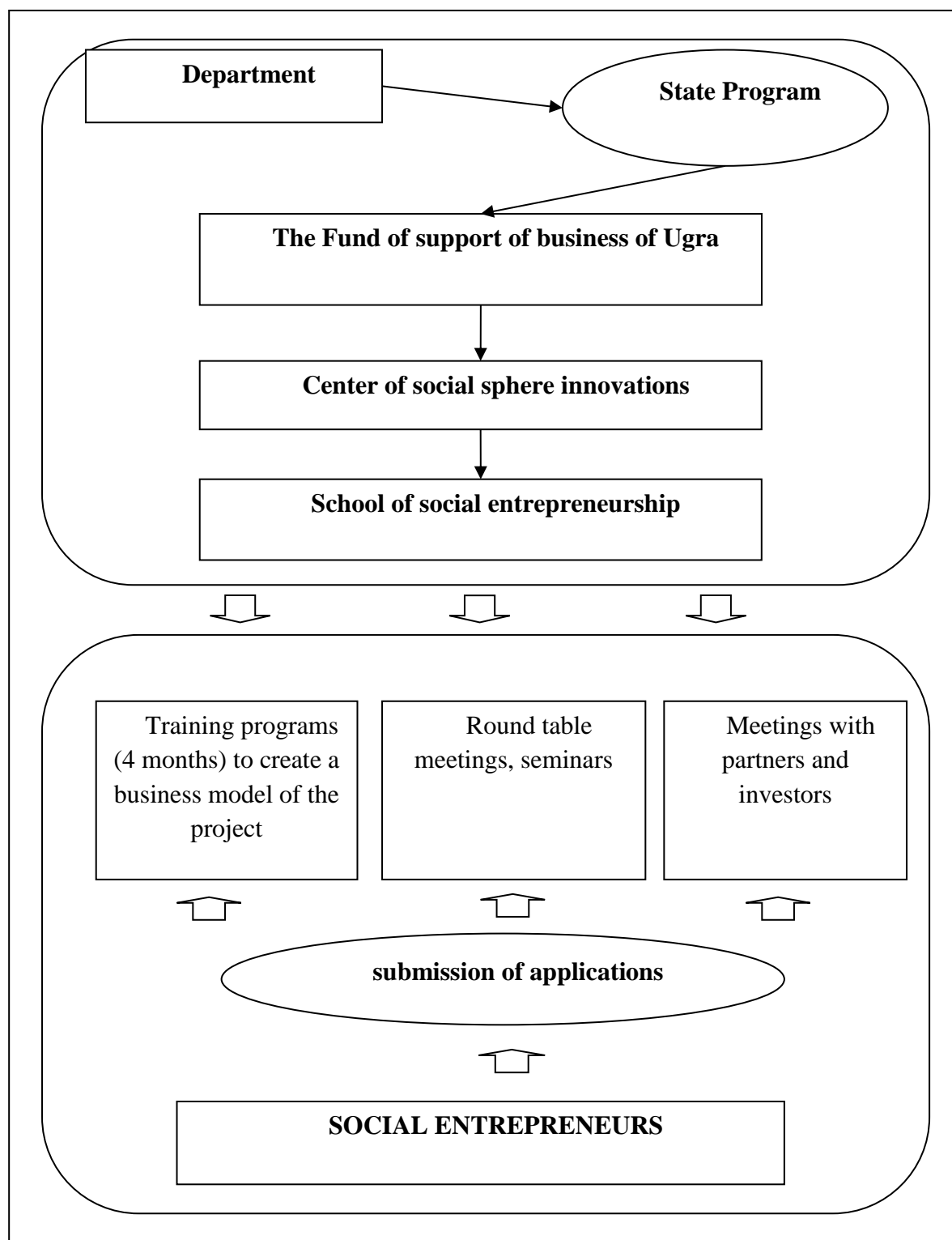


Fig. 2. The current Model of infrastructure support for social entrepreneurs in Ugra

Source: made by authors

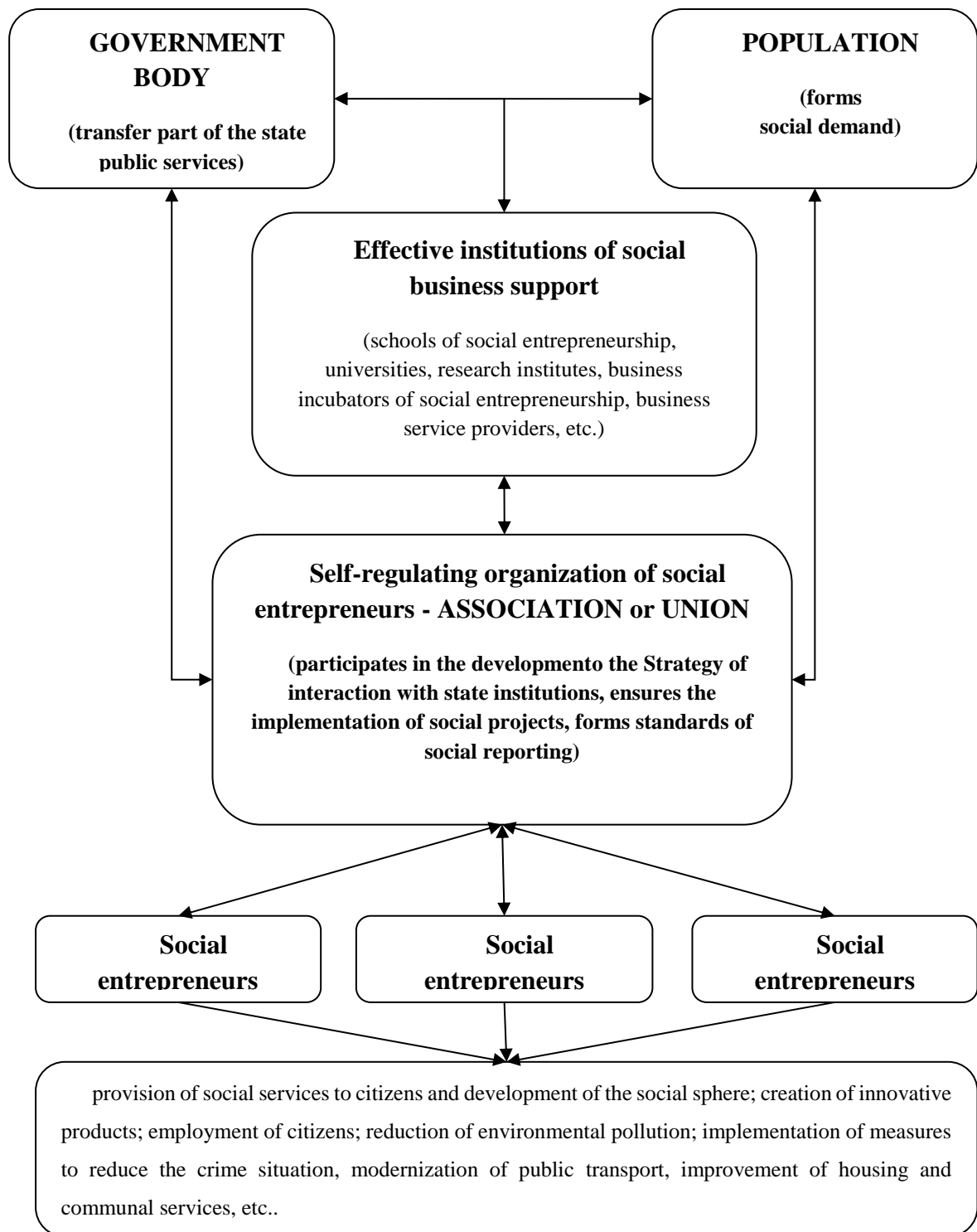


Fig.3. The model “Social entrepreneur – State institutions – Population” in the context of co-evolutional development

Source: made by authors

## Discussion

The model of social entrepreneurship development in the Northern region, in our opinion, does not fully take into account the interests and needs of citizens in need of special social protection (disabled people, pensioners, mothers with many children, veterans, orphans), as well as the interests of social entrepreneurs themselves. The main emphasis in the implementation of activities is put on the educational component. At the same time, universities, research organizations with the necessary material, technical and research base are not involved in the implementation of educational programs.

New opportunities for the development of social entrepreneurship in the North are determined by the need to find new approaches to solving urgent social and economic problems in the harsh climatic conditions. Currently, the regional authorities of the Ugra do not consider social entrepreneurship as a powerful institution for solving some important social problems. Historically, there has been a perception in Russia that important social functions can only be implemented by state institutions. But in modern conditions of dynamically changing external environment it is necessary to recognize that the bureaucratic organizations do not often effectively realize part of the state public services. This, in turn, leads to increased social tension.

These facts can be indirectly confirmed on the basis of the analysis of the amount of financial costs for the implementation of subprograms in the framework of the state program of socio-economic development of the region. Thus, for the implementation of subprograms 1 "Improvement of the system of state strategic management" and 2 "Improvement of state and municipal management", a total of about 5,807 billion rubles is budgeted. For comparison, twice less than budget funds, namely 2,772 billion rubles will be spent on the implementation of subprogram 4 "Formation of a favorable investment environment and stimulation of innovations". That is, the most pressing issue on the agenda today is the modernization of public administration in the region.

The emerging policy of economic modernization and transition to innovative development cannot be implemented without creating the widest possible opportunities for social

entrepreneurship. Search and use of new innovative resources of social and economic development of the region can expand such opportunities. Implementation of the simulation model "Social entrepreneur – State institutions – Population", presented in this study, will find such resources according to the authors.

The model is based on four main principles: 1) account of the social needs of citizens, including those in need of special social protection, involving the population in assessing the effectiveness of social projects; 2) independent development of social entrepreneurs through self-regulation of their activities; 3) transfer of state institutions to social entrepreneurs of public services with the financing of relevant activities through a self-regulatory organization; 4) implementation of joint activities of state institutions, institutions of social business support, social entrepreneurs on the basis of the Strategy of interaction on social programs.

## Conclusions

The Model "Social entrepreneur – State institutions – Population" proposed in the study in the context of co-evolutionary development on the example of the Northern region (Khanty-Mansiysk Autonomous Okrug– Ugra) will, according to the authors, create favorable conditions for the development of the institute of social entrepreneurship. This will have a positive impact on the general welfare of vulnerable categories of citizens and the reduction of social tension. The results of the study can be used by regional authorities of the Ugra in the development of legal acts in the field of state support of social entrepreneurship, targeted programs, forecasts, scenarios, strategies for the development of social entrepreneurship in the region.

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