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Social Entrepreneurship as a Resource for Managing Socio-Economic Issues in the North-Caucasus Region

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Abstract

The article presents an analysis of the socio-economic development of the North Caucasus Federal District, which is referred to as a problematic region by some parameters. The authors show that innovative transformations in the Russian economy shift the management center of regional development to the territorial level, which regards the socio-cultural features of the ethnic economy of each region. The current situation in the North-Caucasus regionis characterized by a high level of social tension, acute socio-economic problems, the settlement hereof is possible on owing to the potential of social entrepreneurship. The situation in the North-Caucasus region is presented in a broad socio-cultural context, which made it possible to identify some barriers (administrative and managerial, economic, social, ethnocultural) preventing the development of socially-oriented business practices.

Keywords: Social entrepreneurship, The North Caucasus, Socio-economic issues, Management of regional development, Resource management, Barriers to the social business establishment

1 Introduction

The levels of regional development in modern Russia are much different due to various reasons of political, economic, social, natural-geographical, and other nature.

The North Caucasus Federal District (NCFD) was established in 2010. The same year, the Strategy of Socio-Economic Development of the Region until 2025 was adopted, which determines the main paths, methods and means of achieving the strategic goals of sustainable development, as well as ensuring the national security in the territories of the Kabardino-Balkarian Republic Karachay-Cherkess Republic, Republic of Dagestan, Republic of Ingushetia, Republic of North Ossetia-Alania, Chechen Republic, and Stavropol Territory (42).

According to the data given in the Strategy of Socio-Economic Development of the NCFD, as at the start of the second decade of the 21st century, the region is characterized by low industrialization; and lags far behind other federal districts by the main socio-economic indicators and level of economic development. In the development of the ethnopolitical situation in the region, according to experts, the determining role was played by internal factors, the main of which were regional economic problems (5).

The economic issues of the region generate a wide range of social ones: high unemployment, the outflow of the most talented youth out of the NCFD, curtailment of budget expenditures on health care, education, culture, sports, social welfare, which leads to crimes and increases the risk of social tension. The conditions for the spread of extremist forms of behavior and the escalation of inter-ethnic violence, etc., remain in the region (9). One of the essential resources for effective management of socio-economic issues that reduces the level of ethnopolitical tension in the region and prevents youth extremism is social entrepreneurship.

Social entrepreneurship that existed according to the director of the Center for the Development of Social Entrepreneurship at Duke University (USA) J.G. Dees (2001) throughout human history, became the subject-matter of scientific reflection and conceptualization in the 1980s and 1990s of the 20th century (4).

In current conditions, researchers and entrepreneurs are genuinely interested in the very concept of the establishment and development of social entrepreneurship. The study of broad socio-cultural terms, the mechanisms of its influence on the establishment and development of entrepreneurship as a resource to manage social and economic issues in the region become particularly important in modern interdisciplinary research of social entrepreneurship in the North-Caucasus region (12, 31, 39).

Research (11) shows that entrepreneurial behavior is formed under the influence of economic factors (demand, supply, affordability, and price of resources) and non-economic ones (social, societal, institutional).

2 Materials and Methods

A great variety of social initiatives, complicated and heterogeneous, synthetic nature of social entrepreneurship as a phenomenon emerged at the intersection of different areas of social and economic life determines the interdisciplinarity of the problematic field and the conceptual framework of social entrepreneurship, the evidence hereof is the appearance of terms such as social investor, social angel, philanthropreneur, engaged philanthropist, corporate citizenship, institutional entrepreneurship, etc. (3, 10, 13, 14, 25).

The issues of social entrepreneurship are presented in the publications of both foreign authors and Russian academic researchers. Comparative analysis of theoretical approaches (15, 27, 33, 41, 43, 44, 45), the systematization of the research findings allow concluding that they consider social entrepreneurship as a factor of social change intended to resolve social issues such as global warming, social inequality, environmental problems, demographic explosion, poverty, illiteracy, and other problems of sustainable development. The critical elements of sustainable development are human welfare, environmental and economic well-being. Research (17, 26, 36) proved that social entrepreneurship assists the achievement of universally accepted goals of sustainable development and also substantially contributes to the development of socially acceptable business practices in particular regions. The constituent entities of the Russian Federation included in the NCFD are among the least economically-developed regions with a high level of unemployment, crime rate, and a tense ethnopolitical situation. According to economic theories (16), problematic regions are commonly distinguished by qualitative features such as:

- The existence of a problem, or several problems that pose a potential threat to political stability, the socio-economic status of the region and the country as a whole, the ecological balance;
- In some situations, the geopolitical and geo-economic status of the region may be of particular importance for the country's strategic interests (some entities of the NCFD are frontier regions);
- The availability of a specific resource potential (production, labor, scientific and technical, natural), the utilization hereof is of particular importance for the national economy;
- The lack of own financial resources for the management of issues.

By the criteria mentioned above, the entities of the NCFD (except the Stavropol Territory) are related to problematic regions (8). Their economy is featured by high underdevelopment in most socio-economic performances against other regions and national ones in general (34). The results of interdisciplinary research in the area of regional economy (30, 32, 37, 38), social studies, social psychology, the employment of general scientific methods of systemic, structural-functional, institutional, factorial and comparative analysis, generalization and systematization of academic literature, legislative acts allow concluding that the following quantitative and qualitative properties of problematic regions are, to the full extent, are typical for the North-Caucasus republics: low production rate, budget dependence on the federal center, low living standard, high level of migration. This situation is aggravated by an escalation of national issues, high crime rate, corruption of officials and lack of power-population engagement.

3 Results

Analyzing the first results of the implementation of the Strategy for the Socio-Economic Development in the NCFD, researchers (2) note that, firstly, strategies and other programs were developed in a completely different economic and geopolitical situation (there was no such drastic drop in the national economy, there were no sanctions and counter-sanctions); secondly, strategies are mainly declarative and image-political in nature and carefully bypass many acute topics: shadow economy; clan system, establishment quality; Islamic factor.

A qualitative leap in the development of problematic regions is possible through the use of innovations, and this refers not only to the economic life of the region (8). The balanced development of the problematic region lies in the introduction of innovations into production, public consciousness, and public administration.

At present, experts give a low assessment of the innovative potential of the NCFD entities, especially within the shift to a new technological system (22).

To date, the main goal of managing the socio-economic development in the North-Caucasus region is the establishment of such a national socio-economic system, which, on the one hand, would have a high-competitive economy, and on the other hand, a high living standard of the population.

Academicians (20) stress that the emergence and diffusion of new types of economic regulation in the traditional ethnic environment are possible provided a sustainable development of all components of social reproduction of ethnic groups that have been established during their long historical development.

We should pay special attention to the fact that the market innovations of "shock therapy", which were not appropriate for the system of traditional economic practices and the established system of their social organization during market transformation of the economy of the peripheral multi-ethnic regions caused the revival of traditional patriarchal relations and clannishness, which finally resulted in naturalization of economic relations and deepening of patriarchy and the "new archaic". Thus, the scholars conclude that the traditions,

supporting the social institutions that regulate the economic life of an ethnic group, provide sluggish development and preserve the existing technological system.

Under the conditions of modern development institutions, entrepreneurial activity arranged under ethnic principles is non-competitive. In competitive respect, such entrepreneurs will be inevitably inferior to innovation-oriented, globalized and transnational rivals (7).

An analysis of the research conducted (20) allows concluding that the North Caucasus do not have key factors for the development of favorable institutional conditions for economic modernization, which leads to negative trends in the economy and business:

– -the lack of entrepreneur's interest in long-term investments, since property rights are not guaranteed and can be reassigned or withdrawn due to acts of competitors, government authorities or criminals;

– -unavailable conditions for the capitalization of theresources accumulated by private households;

– the pressure of unofficial practices depending on the positions of the clan, religious communities, belonging to the titular nation, etc. on the mechanisms of judicial protection.

The governmental refusal of the support of past social standards in the term of market transformation predetermined the renewal of archaic social institutions of ethnic economy: a large family, a numerous and influential group or clan, out-of-date forms of community regulation of property and land, increasing influence of adat structures and others (6).

The ethnic economy is generally interpreted as a traditional (pre-industrial) type of labor activity developed in the respective ethnic communities and closely related to the traditional way of life, economic orientation, and everyday family life of the population in the territory (19).

At the same time, the modern ethnic economy is not immune to high-tech and high-skilled forms of activity (especially in the service sector), anyway related to the traditions, customs, and everyday family life of the corresponding ethnic group (21).

The ethnic economy in the challenging terms of the current economic development of the North-Caucasus republics is designed to perform several particular functions, also in the management of social and economic issues:

1) *Socio-economic* (absorbing labor resources released from other economicsectors, the ethnic economy contributes to tension relief in the employment of the population);

2) *Shock-absorbing* (ethnic economy mitigates the destructive impact of crisis phenomena on the economy of the North-Caucasus republics);

3) *Retaining the traditions and customs of ethnic groups* (1).

In addition to the apparent advantages of the ethnic economy (relatively low investments, often owing to private household's self-investment; possible utilization of domestic labor; preservation of traditional folk crafts, etc.), it also has many *weak points* related, in particular:

– To low adjustment possibilities of entrepreneurs in the transition period;

– To a strong dependence on natural and climatic factors, which threatens economic losses (without any government reimbursement);

– To flawed infrastructure system of small business in the republics and the lack of facilitated access to financial resources, consulting support, etc. (1).

The destruction of the public economic sector and, to that, the mass layoff led to the fact that illegal trade and service were both new and prevailing forms of employment for the national republics of the North-Caucasus region. People who have lost their previous jobs often solve the issue of employment through an adaptive resource in illegal trade and service, which, as a rule, is not accounted and is not specified in official statistical data.

This segment of the economy has become a particularly large-scale (against the volume of the local economy) in the North Caucasus and has turned into the only real way for tens and hundreds of thousands of people to earn money in terms of complete stagnation of public enterprises.

4 Discussion

An analysis of institutional measures to improve the population's living standard in the NCFD regions allows considering poverty and unemployment as factors that constrain economic growth and development in the region. The resolution of social problems in the NCFD concerns both the increase in the budget funding of the social area with a simultaneous enhancement in their efficient use and entrepreneurial activity — through the development of partnership mechanisms between the government and business (18). Given the attitude of the population and the high corruption of public authorities in the NCFD regions, the development of small business in all sectors of the economy becomes of the highest priority. The cultivation of socially-oriented small business should be foregrounded since it is that it can ensure:

– The development of self-employment, the creation of jobs with a flexible schedule, which will allow students, the disabled, women with small children and other socially vulnerable groups to gain a particular income;

– Creation of labor-intensive jobs that will help to engage a large number of the rural population in unreported employment. Labor-intensive jobs are mainly focused on the production of utilitarian products of folk-art crafts, which are historically manufactured with the use of manual labor;

– Increased investment in the economy through the mobilization of social funds.

As academic researchers think (24, 28), the blurred lines of the concept and the corresponding term "social entrepreneurship" used in the context of any socially useful activity prevents the institutionalization of this phenomenon. In this relation, the issue of defining the conceptual fields of social entrepreneurship, the socially responsible practice of commercial business, the activities of non-profit organizations, charity, etc. is currently being stated.

According to the concept (13), social entrepreneurs are agents of positive changes in institutional, social and economic areas because:

1) They determine their mission in such a way that it ensures the creation and stable maintenance of social effect (benefit);

2) They are able to recognize and use new opportunities for the implementation of the mission;

3) They are involved in the continuous process of creating innovation, adjustment, and training;

4) They act decisively and do not regard the factor of limited resources currently available;

5) They have an enhanced responsibility for the results achieved to their target group and society as a whole.

Academic researchers of business practices in different areas of activity (35, 40) more broadly define entrepreneurship, namely as a particular type of proactive behavior, the outcomes hereof can be goods, ideas, and institutions. In addition to the knowledge of the technology of a particular industry, any business activity needs universal detectors of new chances and the ability to fulfill them, attracting the required resources (31). As researchers suppose (24), social entrepreneurship as an activity includes the following three components:

(1) Identification of a persistent but unfair balance, which determines social exclusion, marginalization or suffering of a part of society;

(2) Revealing the opportunity to make social benefit within unfair balance − through inspiration, ingenuity, direct acts, and courage of the entrepreneur;

(3) The gradual achievement of a new balance that releases a hidden potential or alleviates the suffering of the target group through the creation of a stable ecosystem in the vicinity of the new balance. The latter is designed to ensure a better future for the target group and society as a whole.

Thus, the main distinguishing feature of social entrepreneurship is the generation of social transformation and aim for the implementation of the essential mission (creation of social value). The study of social entrepreneurship allowed the authors to make a conclusion: social entrepreneurship is seeking to resolve social troubles with an innovative method, inventing or combining social and economic resources in such a way that to establish a self-reproducing mechanism enabling the expansion of production and the provision of targeted social benefits.

Socially-oriented business behavior is included in a broader socio-cultural context, and therefore in the study of this phenomenon, it is necessary to regard the contextual factors (29). Thus, researchers (13) argue that social entrepreneurship is differently manifested depending on socio-economic and cultural conditions. In this relation, it is relevant to study the features inherent in specific social communities, relations, and ties between their members.

5 Conclusion

The analysis of academic literature and practical experience allows us to make the following conclusions.

1. Despite that, the advantages offered by social entrepreneurship as a resource for managing socio-economic issues are clear to many people, its importance and specific nature of its formation and development in the North-Caucasus region require particular study in a broad socio-cultural context involving methods of various social and human sciences.

2. In short form we can determine a set of barriers constraining the development of social entrepreneurship and its influence on the resolution and prevention of socio-economic issues in the North-Caucasus region:

administrative and managerial barriers: imbalances of spatial development; high corruption; low development of the market of financial and credit services; lack of modern business support infrastructure; low investment attractiveness of the region;

economic barriers: low technological and organizational level of the economy; a high proportion of the "shadow economy"; technological backwardness; insufficient investment in the region; a high number of natural and small-scale production; low effective public demand;

social barriers: low living standard of the population; high unemployment rate; loss of skills by labor force; low professional and social mobility of the population; outflow of talented youth from the region; low level of education;

ethnocultural barriers: peculiarities of the national attitude; high religious commitment; the risk of loss of national handicraft traditions; isolation, lack of developed communications; the diffusion of xenophobia and religious extremism.

The most critical role in the establishment and development of social entrepreneurship as a resource for managing socio-economic issues in the North-Caucasus region belongs to educational institutions that implement the programs of training young people for social entrepreneurship and promote it on the youth market concerning ethnic and cultural features of each republic.

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