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METHODOLOGY OF SOCIAL ENTREPRENEURSHIP RESEARCH AND ITS INFLUENCE ON COUNTRIES WITH SMALL ECONOMY

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ABSTRACT

Social entrepreneurship today is one of the most important directions in development of business. Commercial entrepreneurship is oriented to the market mechanisms and its main purpose is to receive profit, while purpose of the social entrepreneurship is to solve the social problems. The social entrepreneurship is compatible with the social economy, and is one of the forms of its realization. The value formed by a social enterprise is directly consumed by the society, serves to satisfy its interests. Direct responsibility of the state is to support socially sensitive groups, to form work places for them that can be reached by way of development of the social entrepreneurship.

However, in modern scientific circles there exists no clear idea on the role and functions of the social entrepreneurship even more, there exists no deeply comprehended from this viewpoint, single paradigm. Correct and uniform understanding of the “social entrepreneurship” is not fully formulated in the scientific circles either. Quite often the social entrepreneurship is identified with philanthropy, activity of NGOs in this sphere, which in its turn complicates formation of correct policy.

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Despite the fact that research of the social entrepreneurship started some ten years ago, by today these methods (quantitative and qualitative) are different, which are used in the process of their study and analysis. No single scientific approach exists from this viewpoint.

The present paper analyses non-uniform understanding of the social entrepreneurship, experience of its methodological measurement and realization of its potentials in the countries with small economies.

Keywords: social entrepreneurship, methodology of research, different approach, importance in Georgia.

Social Entrepreneurship as the Fundament of Business

Several components of the social entrepreneurship are, generally, wellknown. They are: directly entrepreneurship, goal of which is to get profit based on risks; and social activity of the state, purpose of which is to settle the social problems. Proceeding from the basic components, economic, political and social aspects of the social entrepreneurship are different.

It is clear that main function of the entrepreneurship is to form those new potentials, which promote realization of goods and services; they involve a complex of arrangements, the goal of which is to form competitive business, to get profit (Garthner W., 1989). An entrepreneur is an individ, who acts, first of all, for his own self, though his profit, according to A. Smith, is transformed into public (social) benefits (Herbert R., Link A., 1988). French enlightener Jean Baptiste Sey considered that “entrepreneurship makes transformation of economic resources”, but John Dees correctly points that “entrepreneurs form the value, which later experiences transformation in the social benefits”. He wrote that entrepreneurs, according to J. Schumpeter, are reformers of economy, who promote its development.” (Dees J., Anderson B., 2006). Peter Drucker does not consider that the entrepreneurs form changes; he thinks that they use the results of changes (technological, social, etc) (Drucker P., 1985). Professor of Harvard Business School H. Stevenson concludes that the entrepreneurs not only search for possibilities, but they form

the ways for their realization, mobilize the resources of others to settle their own tasks (Stevenson H., 1983).

Commercial entrepreneurship is oriented to market mechanisms and its main goal is to get profit, while the goal of social entrepreneurship is to settle the social tasks. Social entrepreneurship does not oppose solution of social tasks, it is fully compatible with the social economy, and is one of the forms of its realization. The value formed by the social enterprise is directly consumed by the society, serves to satisfy its interests and is accompanied by such positive results, as: formation of work places, employment of sensitive groups, etc.

Social enterprise forms social value; it gives the ways to settle the social problems, which differ from philanthropy; the social entrepreneurship suggests quite a different way for settlement of the social tasks that goes beyond the goals of philanthropy and the social policy of the state.

Study of University of Navarre (Mair J., Marti L., 2004) presents motivation of the social entrepreneurship:

1. The social entrepreneurs are strongly motivated by the public changes;
2. The social entrepreneurs can use both commercial and social potentials;
3. The social entrepreneurs are oriented to form the social value.

Gregory Dees explained the social entrepreneurship as a social agent, the goal of which is social transformation of the society, formation of new social values (Dees G., 1998), but professors of Harvard Business School R. Marti and S. Osberg think that unlike the social activists, the social entrepreneurs form products or services (Marti R., Osberg S., 2015).

Theoretical Fundamentals of „Social Entrepreneurship“

British Sister of Mercy F. Nightingale is considered to be one of the first founders of the social entrepreneurship. She fought for improvement of conditions in the military hospitals and this resulted in 20-time reduction of deathrate in them. An important role in the same direction was also played by R. Zafar, who fought for improvement of women's economic rights in Pakistan, and for this he opened thousand microcredit organizations (Mair J., Marti L., 2004).

Despite the fact that practice of the social entrepreneurship is not new, its study started some ten years ago. By today there exists no single paradigm of the social entrepreneurship as a term (Kerlin J., 2009). Even more, the methods (quantitative and qualitative) are different, which are used in the process of researching the social entrepreneurship. Despite great interest towards the problem of the social entrepreneurship, scientific studies in this field are modest in number. There is a small amount of the scientific works applying to the problems of entrepreneurial activities in the social field. Despite this, some studies fill this deficit (Kerlin J., 2010).

Quantitative studies existing today do not yield exact results of empirical study of the social entrepreneurship. Several methodological problems are accumulated here, from which the most important is the issue of measuring the social entrepreneurship, and to settle it, it is necessary to reach single methodological consensus in different countries.

To reach a global instrument to measure the social entrepreneurship causes a problem due to some reasons:

1. Different understanding of the social entrepreneurship exists in different countries;
2. Non-uniform explanations of the social entrepreneurship are in the countries and they involve different interpretations of this phenomenon;
3. Goals and tasks of the social entrepreneurship are different.
4. Fundamental research of the present problem is given in the work (Lepoutre J., Justo R., 2013).

Despite its popularity the social entrepreneurship is weakly institutionalized. Important attention is attached to study the experience accumulated by the scholars in

the field of the social entrepreneurship in different countries. Thus, for example, the scientific research (Short J., Moss T., Lumpkin J., 2009) analyzes the works (152 articles and books), published in England on the problem of the social entrepreneurship. Within last ten years this problem is discussed in the scientific journals of different directions: in management – 26%; entrepreneurship – 16%; politology – 10%; economy – 9%; marketing – 6%; sociology – 5%. The authors make general conclusion that the studies in the field of entrepreneurship are of interdisciplinary character. The scientific articles mainly use the methods of descriptive, prognosticated and analytical research.

The descriptive studies present the condition existing in the field of the social entrepreneurship; the analytical one established a relation existing between the social entrepreneurship and other social fields (for example, economy); and the prognosticated presents possible results of development of the social entrepreneurship.

In the process of applying the methods of the qualitative research of the social entrepreneurship, argumented theories, interpretation are used, and in case of the quantitative research correlation, descriptive statistics, regression, ranking, T-test, clustering analysis are used.

In his study H. Stevenson (Stevenson H., 1983) proves that un the first ten years of their existence the works of social entrepreneurship type were of descriptive and not of prognosticated character. On this basis they make a general conclusion that due to this the study of the social entrepreneurship is at the primary stage that does not clarify research of the phenomenon of the social entrepreneurship. It is mentioned in the same work that scarcity of the quantitative studies is caused by non-existence of exact statistics in the field of the social entrepreneurship.

Statistical data are used in some studies, which are received from interviews or questioning and not by means of statistical observations. In the process of researching the social entrepreneurship, we cannot receive the exact data until the theoretical findings become clear, uniform and formation of the hypotheses and inspection on the basis of the quantitative methods becomes possible.

Borders of the social entrepreneurship should be expanded in the future studies. For example, Peredo and Chrisman (Peredo A., Chrisman J., 2006) expand the

frames of the social entrepreneurship and study its peculiarities in the social communities and thus connect the theoretical findings with the commercial entrepreneurship, anthropology, theory of sociality. They draw a line existing between standard and community entrepreneurship. Economic factors in their model are integrated with the social capital, which is well-revealed in the process of research of the communities.

Problems in Development of the Social Entrepreneurship in Georgia

The social entrepreneurship gains growing popularity in Georgia. However, the present model is used only by the non-governmental sector.

The social entrepreneurship in Georgia possesses peculiarities and it is understood as a means to employ the persons with limited abilities, when the range of the social entrepreneurship activities is very wide and it implies formation of such an enterprise, which will be financially self-sustaining.

Georgia still does not have an official legal term defining the social entrepreneurship, neither has it a legislative base or mechanisms for its regulation. Respectively, any organization or company uses the status of “a social enterprise” at the market to gain a competitive advantage. And in conditions of weak legislative base a donor organization and a natural person, wanting to contribute to implementation of the social projects, are unable to determine whether it is really a social enterprise or another form of entrepreneurship. For this donors establish their own standards and criteria.

Actualization of the social entrepreneurship in Georgia was done by the international donor organizations. About 70 social enterprises were founded by their grant programs. In case of nearly all of them, their social mission is employment of the persons with limited abilities. This is natural because in our country social integration of this layer of the population is low. By the Georgian legislation the right to get a grant cannot be given to the legal persons oriented to profit (LTD, JSC) unless it is an educational institution; in result, only NGOs (NPLs) are engaged in the social entrepreneurship.

It should be mentioned that the enterprises fail to guarantee financial sustainability. The reasons of this are numerous:

- 1) Human resources with commercially thinking mind are in deficit in the public sector. They have no (and it is not demanded from them either) corresponding knowledge and experience;
- 2) Economic system of the social entrepreneurship does not exist in Georgia, and this impedes its development and preservation;
- 3) Social entrepreneurship is not integrated in education and their access to finances is also scarce.

This is the reason why the social enterprises in Georgia till today depend on donor organizations and funds.

In western countries the social entrepreneurship is considered to be a moving force for social changes and progress. It is a possibility to use the business instruments with the reason to identify and settle the social problem. Thus, its development and encouragement is especially profitable for the developing countries, because numerous problems are settled on the public basis.

Thus, a social entrepreneur is an agent of changes, who promotes formation of the public good and improvement of the standards of life in the country. That's why the social entrepreneurship is a businessmodel – "Organization for Human".

For development of the social entrepreneurship in Georgia it is necessary:

1. To arrange the legislative base for the social entrepreneurship;
2. To encourage involvement of the private business-sector in the social entrepreneurship;
3. To improve the level of public awareness in this field.

In total, the mentioned above needs intensive involvement of the state in development of the social entrepreneurship at the initial stage. It should be mentioned that such activity of the state will be a possibility of efficient investment of money allocated for assistance and development [18].

CONCLUSION

The social entrepreneurship is non-uniform phenomenon; its theoretical fundamentals are not perfectly formed. It occupies an intermediate place between private and non-commercial sectors. On one part, it is oriented to settlement of the state social tasks and, on the other, at the expense of innovation of its basic activity it receives profit, which provides its functioning.

Despite the fact that practice of the social entrepreneurship is not new, its research started some ten years ago. By today there exists no single paradigm of the social entrepreneurship, as of the term. Even more, the methods (quantitative and qualitative) are different, which are used in the process of the social entrepreneurship research. Despite a great interest in the problem of the social entrepreneurship, scientific studies in this field are quite modest. The amount of scientific works, concerning the problems in the social entrepreneurial activity in the social field, is scarce. Despite this, some studies fill this deficit. The quantitative studies existing today give no exact results in the empirical research of the social entrepreneurship. Here are accumulated some methodological problems, among which one of the most important is the issue on measuring the social entrepreneurship. To settle this issue it is necessary to reach single methodological consensus in different countries.

No official legal term exists in Georgia to define the social entrepreneurship, neither is here a legislative base and mechanisms to regulate it. Respectively, any organization or a company uses the status “a social enterprise” to gain competitive advantage at the market.

For development of the social entrepreneurship in Georgia it is necessary:

1. To bring in order the legislative base of the social entrepreneurship;
2. To encourage involvement of the private business-sector in the social entrepreneurship;
3. To improve the level of public awareness in this sphere.

Finally, the above-mentioned needs active involvement of the state in development of the social entrepreneurship at its initial stage.

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