

Between social and economic good: conflicting projects of legitimation of social entrepreneurship in Russia

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Abstract: *legitimation as a complex mechanism of the social approval of a new phenomenon taking place with the active participation of different social groups and structures, able to influence its final form. In the focus of the empirical analysis are the representations of social entrepreneurship which main actors of its legitimacy in Russia have. Among them are: the state, foundations, NPOs and business. We assess the (in)consistency between their representations and the reflection of these representations in the characteristics of existing organizations of social entrepreneurship (social enterprises). Business, government and NPOs are understood as external actors of social enterprise legitimation, as without their recognition the legitimation will not take place. In turn, social enterprises, regardless of whether they come from for-profit or non-profit sector, are seen as the objects of legitimation, or as a new actor, not identical to any of the above. It is shown that the contradictions in the positions of the key actors can lead to the mutually exclusive projects of legitimation of a new phenomenon, so that they will undermine the cognitive and moral legitimacy of each other. The empirical data include the results of the authors survey of 202 social enterprises.*

The legitimation of a new phenomenon is considered in sociology as a complex mechanism of its public approval, which goes far beyond the conferral of legal status. This mechanism involves the interaction of various social forces, on the understanding of which, and not only on actual actions or pragmatic interests, the speed of approval of a new phenomenon depends.

Social entrepreneurship is gradually gaining popularity in Russia, although the development of discourse is faster than the identification of new practices¹. The growing popularity of social entrepreneurship corresponds to the global trend. In particular, the developed countries of the world are characterized by the recognition of "business-like"

¹ If in 2007 an Internet search for the keywords "social entrepreneurship" on the Russian-language Internet found only a few publications in Russian, and even those related not to Russia, but to Ukraine and Belarus, today there are many hundreds of links to Russian sources, among which non-governmental organizations predominate, and by the end of the first hundred references from federal sources are replaced by regional ones. – Social entrepreneurship in the social services market in Russia: Models, actors and ways of institutionalization (in the context of the International Comparative Study of ICSEM Models of Social Enterprises). The project was completed in 2015 as part of the HSE Fundamental Research Program (see Moscow et al., 2015).

behavior of non-profit organizations² as a modern, effective and ethically correct way to achieve social good (Dart 2004). This approach was fueled by the neoclassical reforms of the welfare state (Grenier, 2009; LeGrand, 1991) and the commodification of social services (Moskovskaya, Soboleva, 2016). It turned out to be a compromise for a variety of ideological trends from the liberal state to the "solidarity economy". At the heart of this compromise is the creation of organizations in which economic and social performance are not opposed to each other, but are equal elements of the strategy, and ideally economic efficiency is subordinated to the social mission. This is not a definition, but general frameworks in which different approaches fit.

Of the 37 definitions of social entrepreneurship (Dacin et al., 2010: 40-41), half of the cases are based on the simultaneous implementation of for-profit and non-profit functions³. This principle is most directly expressed as follows: "the creation of a commercial organization focused on the implementation of a social mission, or a non-profit organization organized as a business, pursuing the task of double (or triple) bottom-line"⁴ (Robinson, 2006: 95). In such conditions, profit maximization is constrained by the search for a new social return, which is not available on the market and can be ensured by high integration into communities or into the problems of specific social groups. Low marginality is only the external side of the new model, another more important and less noticeable part of it is the creation of non-standard value chains that include market and non-market elements and allow uncompetitive groups to rise to the level of competitive ones, or lower the bar for access to benefits for those who are deprived of it. From these positions, Dart's statement about the "moral legitimation" of social entrepreneurship as the basis for its spread becomes understandable. At the same time, its specific organizational embodiments may rely on the approval of various groups of influence – representatives of government departments, influential foundations, business or other actors (Dart, 2004).

In his famous article, Suchman defined the legitimacy of an organization as its perception as "desirable, correct or appropriate within some socially constructed system of norms, beliefs and definitions" (Suchman, 1995: 574). He distinguished several forms of legitimacy: pragmatic, where the recognition of organizations is accompanied by specific benefits for the actors of legitimization, moral, in which the recognition of organizations is based on their ethical approval, and cognitive, for which there is enough clarity to fit the organization into some kind of system of representations and thereby ensure its predictability for others. In the real process of the formation of a new type of organizations, all three forms of legitimation are usually present simultaneously, and it can happen that not only different legitimation projects have different actors, but also there is a possibility of their conflict with each other. If agreement between different legitimation projects

² Non-profit organizations include, along with state organizations of the social sphere and NPOs, also organizations of social entrepreneurship, since they were created "not for profit", regardless of the formal organizational and legal form. [In Russia, the term NPO is practically identical in meaning to NGO]

³ The other half puts social change first in achieving social good. Thus, all definitions fit into the proposed framework.

⁴ Double-bottom line implies a combination of profitability with the achievement of a social good, triple efficiency adds to this the achievement of an environmental good. Often using the term of double effectiveness, the authors combine social and environmental results under the social good (Alter, 2007).

increases the legitimacy and speed of approval of a new practice, then their semantic, moral or pragmatic conflict can constrain and even undermines legitimacy.

In Russia social entrepreneurship is still at the stage of recognizing a new phenomenon, and the process of its legitimation is far from complete. In this regard, the judgments of influential actors about social entrepreneurship, as well as organizations that serve as the first replicated models for it, have a great influence on the behavior of other organizations and on the trajectory of legitimation of social entrepreneurship in general.

In this regard, the focus of the study is to analyze the ideas about social entrepreneurship of the main actors of its legitimization – the state, foundations, NGOs and business, to assess the consistency between them, as well as their reflection in the characteristics of social enterprises (social entrepreneurship organizations). Speaking about business, the state and NGOs, we mean actors external to social enterprises, without whose recognition the legitimation of the new practice will not take place. At the same time, social enterprises themselves, regardless of their origin from the for-profit or non-profit sector, are considered by us as an object of legitimation and as a new actor, not identical to any of the above.

1. Understanding of social entrepreneurship by various actors of its legitimization

The main documents reflecting the understanding of social entrepreneurship by the state are the orders of the RF Ministry of Economic development on subsidies to regions to support small and medium-sized enterprises (SMEs), in which social entrepreneurship has been indicated among the priorities of SME development since 2012. Thus, it is recognized as a kind of SME that carries out "socially oriented activities"⁵, which is expressed either in promoting employment of vulnerable categories of the population, or in the production of goods and services in the social sphere. This approach is repeated in all orders and is translated into a new draft law on this topic:

"Social entrepreneurship is the activity of small and medium-sized businesses, in which one of the following conditions is met:

a) a small and medium-sized business entity provides employment for disabled people, single parents with young children, parents with many children, unemployed pensioners, graduates of orphanages under 21, persons released from prison...;

b) a small and medium-sized business entity carries out entrepreneurial activities aimed at improving the living conditions of citizens ...".⁶

⁵ See: Appendix to the Order of the Ministry of Economic Development No. 411 dated 01.07.2014 "On the organization of competitive selection of subjects of the Russian Federation, whose budgets in 2014 are provided with subsidies from the federal budget for state support of small and medium-sized businesses by subjects of the Russian Federation".

⁶ See: Appendix to the Order of the Ministry of Economic Development No. 411 dated 01.07.2014 "On the organization of competitive selection of subjects of the Russian Federation, whose budgets in 2014 are provided with subsidies from the federal budget for state support of small and medium-sized businesses by subjects of the Russian Federation".

Then there are problems. In the document, goals related to the support of socially unprotected groups are interspersed with goals of general utility, with a proposal to choose the most appropriate sphere of application of entrepreneurial efforts for yourself. Among the target groups there are both disabled people and, for example, "young families with children if parents are under 35 years old"⁷, and among the areas of activity – both social services for underserved social groups, and cultural and educational activities, conducting classes in youth circles⁸. Such a discrepancy not only does not contribute to the creation of an understandable image of social enterprises, but also reduces the degree of social significance of activities, in other words, it constrains the cognitive and moral legitimation of social enterprises⁹.

But this is not the only difficulty in understanding the position of the state. Since 2013, the texts of the same orders, and then the government decree, have included "centers for innovation in social services" (CISS) as specialized structures for supporting social entrepreneurship in the regions, as well as socially oriented NGOs (SONKO), which, along with social enterprises, can use, albeit with restrictions, their services¹⁰.

Thus, the possibilities of interpreting social entrepreneurship have become even wider and more contradictory. The logic of the state is unclear: if social enterprises should be for-profit by legal status, then why does their support infrastructure include NGOs? If the CIS has broader functions than supporting social enterprises (for example, supporting innovations in different types of socially oriented organizations), then why is this not indicated in regulatory documents, and innovations appear only in the name of the centers?

Let's move on to the position of other social actors. Do they shed light on the meaning of social entrepreneurship and soften the contradictory impression of the state's position?

On the website of the Fund for Regional Social Programs "Our Future", the number one actor in the promotion of social entrepreneurship in Russia since 2007 and the organizer of open contests of social entrepreneurship, several definitions are given that are not completely identical to each other. The main page of the foundation's mission description contains the following definition: "*Social entrepreneurship is an innovative activity initially aimed at solving or mitigating social problems on the terms of self-sufficiency and sustainability. Social business is located at the junction of traditional entrepreneurship and charity. In particular, social entrepreneurship takes a social orientation of activity from charity, and an entrepreneurial approach from business.*" Among the criteria of social entrepreneurship are: "*social mission, entrepreneurial approach, innovativeness*

⁷ Appendix to the Order of the Ministry of Economic Development No. 411 dated 01.07.2014

⁸ Order of the Ministry of Economic Development No. 167 dated 25.03.2015 "On Approval of the Conditions for the Competitive Selection of Subjects of the Russian Federation whose Budgets are provided with subsidies from the Federal Budget for state Support of Small and Medium-sized Businesses, including peasant (farmer) farms, and requirements for organizations forming the infrastructure for supporting small and medium-sized businesses", currently in force with amendments 2016 G.

⁹ As for pragmatic legitimation, since it involves the benefits of direct participation, it will be discussed in the following sections on the activities of social enterprises.

¹⁰ The regulation on CISS first appeared in the orders of the Ministry of Economic Development in 2013, and then it was fixed by the Decree of the Government of the Russian Federation dated December 30, 2014. No. 1605.

(innovation in solving a social problem, a new combination of resources, a new service for the region), replicability, self-sufficiency and financial stability."¹¹ This creates a difficult image of social entrepreneurship.

At the same time, the announcement of the SE competition in the section devoted to financial support presents social entrepreneurship more simply: "*If your business is aimed at solving social problems, if you are a representative of a small business, if you need funds to create and develop a business – register on the website and fill out an application for participation in the Competition!*". This description is more consistent with the position of the Ministry than with the definition reflected in the mission of the Foundation. Unlike the competition, the Foundation's mission focuses on the exclusivity of SE organizations that, firstly, meet more complex criteria than small businesses in the social sphere - innovation, replicability, financial stability, and secondly, allows the identification of social enterprises and charity.

Although these are important additions to the position of the state, the idea of charity immerses social entrepreneurship as a new kind of organizations in a completely different coordinate system than the issues of growth and sustainability of small businesses. In the absence of explanations, this can lead to confusion: either a business has to give something, which it does not do within the standard conditions for achieving profit, or social entrepreneurship is still not a business. In the first case, a well-known analogy is socially responsible business and corporate charity, in the second case – non-profit organizations, yet with an entrepreneurial bias.

There are many ambiguities in the relationship of social enterprises with already known types of organizations in the Foundation's statements. Why is the concept of charity rather than social responsibility used to explain social entrepreneurship, and what distinguishes it from well-known benefactors of the present and the past? If this is the same thing, how does it fit in with the foundation's main slogan "*new business – social entrepreneurship*"? If the path to the competition is not closed for NGOs, then why are they allowed into the sphere of social entrepreneurship as if "through the back door", without mentioning it in the mission and the announcement of the competition? As we remember, there is similar ambiguity regarding the recognition of the connection of social entrepreneurship with the activities of NGOs in the position of the state. For comparison, the Fund "Towards Change" (analogous to "Playing for change" in Russia), which also holds contests for social entrepreneurship, does not single out contestants based on the principle of the legal status, and this reflects the practice of many countries around the world.

The relationship between social entrepreneurship and non-profit organizations is an important unresolved issue in Russia for other reasons unrelated to SE support foundations. Firstly, the role of non-profit and for-profit organizations in the reform of social services is unclear. With the entry into force on 01.01.2015 of the law "On the Basics of social services for Citizens in the Russian Federation" (442-FZ), efforts are being made in the country to transfer the functions of providing state-guaranteed social services to non-

¹¹ <http://www.nb-fund.ru/about-us/> access 27.09.2017

state organizations. Both commercial and non-profit organizations are allowed to social services, the law does not distinguish between them. Considering that the orders of the Ministry of Economic Development to support social entrepreneurship call for commercial organizations to provide social services, it is unclear why the same services in the case of their provision to SMEs are called social entrepreneurship, and in the case of their provision to NGOs are not called such, and other expressions are used for them – "provision of social services", "socially useful activity"? References to the RF Civil Code linking the concept of entrepreneurship with profit-making is an insufficient explanation for this, since the legislation does not prohibit profit-making to non-profit organizations, and every fifth NPO provides certain paid services (Korneeva, 2016).

Secondly, if an NPO can still be a subject of social entrepreneurship, it requires clarification of what for-profit activity turns an NPO into a social enterprise. According to a study conducted by us in 2015, the share of NPO resource centers (specialized in NPOs support) that somehow participated in the formation and replication of ideas about social entrepreneurship was 41%, including 31% of organizations had medium and high activity in this process¹². This was expressed in publishing materials on websites, holding seminars and training other NPOs¹³. The materials of such NPO websites present not only the position of NPO representatives, but also the positions of other key actors, for example, the Fund for Regional Social Programs "Our Future".

The study revealed that the attitude of NPOs to social entrepreneurship in their range is not unambiguous. If some resource centers willingly use the concept of social entrepreneurship when discussing commercial projects of NPOs (for example, "Donor's Forum", "Social Information Agency"), others do it less willingly, preferring the expression "entrepreneurial activity of NPOs" or the legally correct one – "income-generating activity".

In the methodological manual published by the Center for the Development of Non-Profit Organizations (CRNO, 2013), an attempt is made to separate the concepts of social entrepreneurship and entrepreneurial activity of NPOs, and to note their different nature¹⁴. This does not prevent the center from being the initiator of the promotion of social entrepreneurship among NPOs. In particular, in 2014, a 72-hour NPO training course was organized on the topic "Social entrepreneurship: from idea to business idea".

¹² Social entrepreneurship in the market of social services in Russia: models, actors and ways of institutionalization (in the framework of the International Comparative Study of the SE models, ICSEM). See: Moskovskaya et al., 2015

¹³ The list of investigated organizations included 136 NGOs – recipients of 2011-2014 federal subsidies provided by the Ministry of Economic Development of the Russian Federation on a competitive basis "to support socially oriented non-profit organizations that assist the activities of other socially oriented non-profit organizations (informational, consulting, methodological, in spreading the best practices of project implementation, attracting volunteer labor) and having relevant experience and human resources" (see: <http://economy.gov.ru/minec/activity/sections/socorientnoncomorg/201404155> (Accessed 05.09.2017)). The websites of NGO resource centers were analyzed, and participants of the NGO training program were surveyed in one of the resource centers.

¹⁴ At the same time, the key factor of explanation is the degree of integration of the sphere of realization of the social mission and the sphere of profit-making. At the same time, the literature also describes models of social enterprises where commercial and non-commercial functions in the organization are disintegrated (Alter, 2007). The grounds for differentiation should be sought rather in the degree of integration of commercial and non-commercial activities in the strategy and business model of an NGO, which ultimately is expressed in the share of market funds in the structure of the organization's income.

In 2015, CRNO was a co-organizer of the All-Russian conference "Training in Social Entrepreneurship", which was attended by more than 250 delegates, including CISS leaders. Since 2015, he has been conducting a "Social Accelerator" for several years in a row, aimed at growing entrepreneurial projects of NPOs and bringing them to the market, since that time three issues and 37 social and entrepreneurial projects have been prepared. In 2017 CRNO devoted a whole day of its annual NPO forum "White Nights of Fundraising" to the topic of social entrepreneurship, within the framework of which plenary and sectional meetings, trainings and consultations were held¹⁵.

[What about NPOs involvement in social services?] If two years ago many NPOs, according to our estimates, linked their involvement in the provision of social services with the development of social entrepreneurship, today this trend is hardly visible. The attempt to streamline the non-profit sector organizations on the part of the state increases confusion and vacillation among the public. NPOs are invited to participate in three different registers reflecting their activities in the social sphere at once: the register of "socially oriented NPOs", the register of "social service providers" (providing state guaranteed social services on outsourcing), and the register of providers of "socially useful services". These are essentially three different coordinate systems for the self-determination of NPOs. In addition, NPOs should decide on their own mission and development trajectory, which may or may not be related to the "supply of services". In these conditions, social entrepreneurship is just one more possible coordinate system that can be taken into account if it coincides with the strategy of the organization. [If staying in three state registers allows an NPO to apply for grants and contracts from the state, being a social entrepreneur does not promise any benefits from the state] .

"There are socially oriented non-profit organizations that are ready to provide social services, there are NPOs that produce socially useful services, and there are all other organizations..."¹⁶

"The main risk – and colleagues in the regions have told me this more than once – is that the activities of the third sector should by no means be limited only to the provision of various kinds of services. Non-profit organizations have many other important functions: helping people, protecting rights, protecting the environment, and supporting young talents..."¹⁷

There are also problems with self-identification among those NPOs that position themselves as social entrepreneurs, since they retain the value priorities of NPOs, and the topic of sales prevails in the state discourse of social entrepreneurship:

"Our main goal is to give employment, socialization, friends, a circle of communication, not sales. Our mission is to help children with disabilities."

¹⁵ <http://www.crno.ru/> (accessed 27.09.2017)

¹⁶ Svetlana Makovetskaya, The EDGE Center (Perm) - 12/15/2016 Experts of the non-profit sector about what awaits NGOs in the near future <https://www.asi.org.ru/article/2016/12/15/eksperty-nekommercheskogo-sektora-o-tom-chto-zhdet-nko-v-blizhajshem-budushhem/> (accessed 27.09.2017)

¹⁷ Garanenko A. Three registers for NGOs. <https://www.asi.org.ru/article/2017/01/31/tri-reestra-dlya-nko/>

"Any fundraiser in any NPO is already a social entrepreneur: he makes efforts, seeks money and resources for the social sphere, in exchange for providing ("selling") to the benefactor complicity in the cause, connections, sometimes a good, cool product, like our hand-woven products or souvenirs..."¹⁸

Business representatives also contribute to the development of the discourse of social entrepreneurship. As in the case of the state, there are not one, but several directions of interpretation of SE (Moskovskaya et al., 2015).

Firstly, a number of large companies consider it as a direction of corporate social responsibility. These are, first of all, manufacturing companies with assets in economically depressed regions and single-industry towns, interested in improving the economic environment in the territory of their presence. The sustainability of the company's work in the future depends on *"the ability to show residents that the company is not the only life scenario in these territories, you can open your own business here."*¹⁹ Among such companies are Norilsk Nickel, SUEK, Metalloinvest, Severstal, RUSAL. This approach of the large business is supported by the Russian Union of Industrialists and Entrepreneurs (RSPP), which in 2016 introduced the nomination "for support and development of social entrepreneurship" into its annual competition of Russian business leaders²⁰.

Secondly, and this follows from the above discourse, the rhetoric of business easily mixes social entrepreneurship and small business, the development of which in problem areas often coincides with the solution of acute social problems, for example, restraining the outflow of economically active population and youth. The result is the defense of the fuzzy boundaries of social entrepreneurship and the recognition of their dependence on the conditions of a particular territory:

"I must say that a lot depends on the circumstances. The same business, depending on the conditions, in one case can be recognized as social entrepreneurship, in another it is an ordinary small or medium-sized business."²¹

Some business representatives go further and use this argument to assert that every good business is social, and the allocation of social entrepreneurship to a special priority is unfair to other business representatives:

"[Question] What are the features that make it possible to distinguish between social business and ordinary entrepreneurship? [Answer]- I believe that this division does not

¹⁸ From an interview with the leader of a socio-entrepreneurial project from a non-profit organization (03/24/2017), conducted during the study by Zh. Kravchenko and A. Moskvina in the framework of project No. 2014-1557 "The Social Mechanisms of Creating Memberless Civil Society organizations in Poland, Russia and Sweden" with the support of the Swedish Research Council.

¹⁹ Igor Sukhotin: "We believe that social problems should be solved by business methods." <http://www.nb-forum.ru/interesting/experts/igor-sukhotin-my-schitaem-cto-sotsialnye-problemy-nado-reshat-biznes-sposobami.html#ixzz4ruDqoZpR> (Accessed 07.09.2017)

²⁰ "The RSPP has awarded Russian companies for supporting social entrepreneurs." TASS, 11.04.2017 - <http://tass.ru/plus-one/4174331> (accessed 07.09.2017).

²¹ Elena Feoktistova. "Non-standard solutions are needed for social entrepreneurship" - <http://pcnn.pф/viewpoint/view/293> Accessed 07.09.2017

*make much sense. After all, any legal business, in addition to the final product, creates dozens and hundreds of new jobs, provides employees with medical guarantees and provides support in the implementation in the professional sphere. All these factors allow entrepreneurship to be called social."*²²

Thirdly, business representatives often identify social entrepreneurship with branch business in the field of social services, which is reflected in the increasing popularity of the term "social business":

"The shortage of kindergartens throughout the country, outpatient clinics, social service centers for people with disabilities, supplementary education studios and much more – all these problems are solved precisely thanks to social businessmen."

*"An entrepreneur is someone who does business. And if the cause is good and necessary, and a person earns a living from it, perhaps this is the very social business whose development is necessary for society?"*²³

The identification of social entrepreneurship and branch business is facilitated by the trend of recent years that is the development of the private sector of paid social services. Organizations that provide paid services in the field of narcology, patronage, private nursing homes, educational and leisure centers for children and families with children can easily be associated with social entrepreneurship, because we are talking about social services and related activities. As a result, lobbyists for the promotion of social entrepreneurship as a private for-profit industry appear in social services area, interested in receiving financial support from the state or at least in getting competitive advantages as well as increasing consumer confidence.²⁴ [Earlier in these branches state providers prevail]

It is not difficult to notice that in all cases, business representatives, one way or another, use the state agenda for the development of social entrepreneurship in the interests of increasing the legitimacy of their own sphere of activity. For some, it is CSR and corporate philanthropy, for others - small business, for others – business in the social sphere, for others – business as a "good business". This contributes to the blurring of the criteria of social entrepreneurship [as some third way], and makes it difficult for a wider audience to understand it, which is simply offered to trust the business. But the same circumstance hinders the understanding of social entrepreneurship as a new phenomenon in the

²² Social entrepreneurship today is, first of all, an absolutely legal service sector. O. Vikhrova. Interview with Alexey Ryabinin, Chairman of the Committee on Social Entrepreneurship and Support of Social Programs of the Moscow Chamber of Commerce and Industry. - Evening Moscow, 07.07.2014 - <http://vm.ru/news/2014/07/07/sotsialnoe-predprinimatelstvo-segodnya-eto-prezhde-vsego-absolyutno-legalnaya-sfera-uslug-256408.html> Accessed 07.09.2017

²³ The state should take into account the potential of social entrepreneurship. – Interview with N. Poppel, Head of the CSR Department of PJSC Severstal. – Kommersant, 21.04.2016 <https://www.kommersant.ru/doc/2961112> Accessed 07.09.2017

²⁴ Thus, the Association of Rehabilitation Centers of Russia, which unites commercial drug treatment centers, lobbied for the introduction of one of the first versions of amendments to the law "On the Development of Small and Medium-sized Enterprises in the Russian Federation" (No. 209-FZ), introducing the concept of social entrepreneurship into legislation.

business environment itself, and such modern areas of social investment as venture philanthropy and impact investing in Russia are not being properly developed.

As can be seen from the above analysis, each group of actors – the state, business, NPOs, even the rhetoric of the main fund, broadcasts contradictory ideas about social entrepreneurship. The reason for this is not the lack of logic or the variety of definitions existing somewhere, but the difference in interests and the desire to solve certain pragmatic tasks at the expense of the discourse of social entrepreneurship, which are not always associated with it. This is not a unique situation, its signs can be found in other countries (Teasdale, 2012). The difference in Russia is rather that the voice of communities and interested social groups is weakly heard here. In many developed countries, it is implemented through NPOs, but NPOs in Russia, as we have seen, are in a difficult situation that does not contribute to putting social entrepreneurship at their own agenda. Another category of actors is emerging social entrepreneurship themselves, in which the positions of different actors are refracted in. The study of social enterprises should now proceed.

2. The landscape of social entrepreneurship: results of the survey of social enterprises

In order to analyze the interim results of the legitimation of social entrepreneurship from the point of view of not only discourse, but also practice, we conducted a study of well-known social enterprises. For this purpose, a list of organizations that have proven themselves as good examples of social entrepreneurship was formed. Their backbone was made up of the winners of all - Russian contests of social entrepreneurship²⁵. Thus, our sample represents social enterprises recognized as such by influential expert groups and thus the interim results of the legitimation of social entrepreneurship in Russia.

Among the surveyed social enterprises are organizations of various forms of ownership, types of activity and regions. The regional distribution is uneven. Despite the fact that one third of the surveyed organizations are concentrated in Moscow and St. Petersburg, the regional spread reflects the breadth of the popularity of social entrepreneurship. The sample included representatives of 47 subjects of the Russian Federation from the Kaliningrad Region to Primorye and Khabarovsk Krai (Table 1).

Table 1. Distribution of enterprises by federal districts

	Number of SE - winners	%	For reference: the population of the districts in % of the total Russian

²⁵ The list includes the winners of the social entrepreneurship contests of the Fund for Regional Social Programs "Our Future" (the share of its laureates was 60%), the Fund "Towards Change", as well as organizations represented in 3 editions of the catalog "Social Entrepreneurship" 2014-2016, prepared by experts of the Fund for the Development of media projects and social programs "Gladway" with the support of the Fund regional social programs "Our future". We also added several organizations from our own database to the list, with which we conducted in-depth interviews in 2015, and which were recommended to us by experts in the field of social entrepreneurship in the field of NGOs. After deleting the repeats, 202 organizations turned out. The analyzed database includes information from descriptions of organizations in the listed sources, as well as data on the main type of economic activity, regional affiliation, form of ownership and some other objective information obtained from the Unified State Register of Legal Entities (USRLE).

			population (Rosstat)
Central Federal District (including city of Moscow)	58 (42)	30	26,7
North-Western f.d. (including city of Saint- Petersburg)	47 (24)	24	9,5
Privolzhsky f.d.	29	14	20,2
Siberian	24	12	13,2
South	21	10	11,2
Ural	13	6	8,4
Far Eastern	9	4	4,2
North Caucasian	1	0,5	6,7
Total	202	100	100

Source: HSE Center of social entrepreneurship and social innovation studies data and calculations, 2017

The predominance of the organizations of the Central District and Moscow when compared with the population of the districts as a whole does not confirm the hypothesis of "metropolitan fashion" or the implementation of the principle "the further away from Moscow, the less". For example, the gap between the number of social enterprises in our list between the Siberian and Central Federal Districts is about 2 times, but this corresponds to the gap in the population of the two districts. Taking into account the ratio of the population between the districts and the number of well-known social enterprises, rather than the Central District, the North-Western one is singled out. But since our sample of social enterprises may be biased relative to the totality of existing social enterprises, it is incorrect to draw conclusions from this about the higher activity of social enterprises in the North-Western District.

The analysis of the distribution of enterprises by type of economic activity does not confirm the widespread idea in Russia that the main scope of SE application is social services. According to our data, less than half of the surveyed organizations – 39% - are concentrated in the provision of social services in the broad sense of the word (in the aggregate of services in the field of education, health and social services). At the same time, the concentration of social enterprises in these industries is very high and exceeds the national share by more than 6 times (Table 2).

Table 2. Distribution of enterprises by type of economic activity

Types of economic activities, TEA (in brackets: code of the All-Russian classifier of economic activity) ²⁶	Number of SE	%	For reference: the share of enterprises in the corresponding TEA in the
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²⁶ Registered by RF Rosstat as the main type of activity. Only those types of economic activity in which the surveyed social enterprises are represented are indicated. In particular, among them there are no enterprises registered for the main type of activity in the field of construction, transport, public administration and security, and the extractive industry.

			RF economy, %
Agriculture, manufacturing, water production and distribution (ACE)	34	18	15
Trade, Hotels and catering (G, I)	20	11	45
Information and communication, finance (J, K)	10	5	3
Real estate activities, scientific and technical activities, co-operation. services (L, M, N)	17	9	24
Education, health and social services (P, Q)	72	39	6
Provision of other services (recreation, entertainment, culture and sports, personal services) (R, S)	34	18	7
Total	187*	100	100

Source: HSE Center of social entrepreneurship and social innovation studies data and calculations, 2017

*The number of organizations analyzed here is less than 202, since there are no data on the type of economic activity for 15 organizations.

To a lesser extent, but also the share of enterprises operating in the field of recreation, entertainment, culture and sports is high in our sample. It is more than 2.5 times higher than the average Russian level and, together with the previous one, makes up 57% of the sample organizations. It seems that the "sectoral" approach to social entrepreneurship replicated by the state is reflected in the practice of social enterprises. At the same time, it is not reduced to it, and 43% of the organization belong to other types of activities. In particular, the shares of enterprises in manufacturing industries and activities in the field of information, communications and finance in our list are higher than in Russia as a whole, which means that they represent specific areas of development of social enterprises (Table 2).

In general, the wide sectoral diversity of social enterprises corresponds to the practice of Western countries, where it is associated not with a specific industry, but with a way of solving social problems for which most types of economic activity are suitable.

According to the legal form, commercial organizations predominate among social enterprises (58%, Table 3), which corresponds to the positions of the main actors of its legitimation identified by us, promoting social entrepreneurship as a kind of small business. What is rather unexpected is that the predominance of commercial organizations is not overwhelming, and 40% of social enterprises, one way or another, rely on NPOs in their activities (Table 3).

Table 3. Distribution of enterprises by form of ownership

	Number of enterprises	%
For-profits	116	58
Non-profits	54	27
"Blended"	24	12
Informal	5	3

Total	199*	100
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Source: HSE Center of social entrepreneurship and social innovation studies data, 2017

*The number of enterprises is less than 202, because there are no data on the form of ownership for three organizations.

It is impossible to understand the trajectories of the legitimization of social entrepreneurship without analyzing its target groups, since they largely determine the positioning of the enterprise as a "social" one²⁷. The predominant target groups are preschool children (15%), disabled people (16%), disabled children (9%) and an undefined target group (16%) (Table 4). The latter characterizes enterprises in which the service is intended for any person, and is not focused on any particular social group.

The unprecedented high proportion of projects and enterprises designed for children, and for a significant part it is without any indication of the social problem that is being solved, shows that for many the children's theme itself is a sufficient argument to consider the enterprise "social"²⁸ [even if the service price is unaffordable for the majority of parents].

Young people and other categories of adults are found as an independent target group much less often if they are not disabled. Some exceptions are young mothers with young children and the elderly, but a small number of projects are aimed at them. In addition, the improvement of the situation of mothers can be seen as a continuation of the popularity of the children's theme, and not as evidence of attention to the situation of vulnerable categories of adults. As for the main part of adults, they are mainly part of undifferentiated target groups – "indeterminate group", "society as a whole" and "local residents")²⁹.

We tried to group the target groups of social enterprises, taking into account the presence or absence of signs of a social vulnerability or underserved situation in their description. Even taking into account the classification of vulnerable categories of "risk groups", which

²⁷ To identify target groups in the absence of a direct indication of the recipients of services, we analyzed the descriptions of the activities of enterprises in the source lists of organizations using the open coding method. In the presence of several groups, the one mentioned first was given if there was an indication of the recipients of services, or the one most relevant to the description of the organization identified during the analysis. The concept of the target group and recipients of services were considered synonymous. In the models of social enterprises related to labor integration and aimed at involving vulnerable groups in it (social and labor integration of disabled people and graduates of orphanages, employment of difficult teenagers), vulnerable target groups were considered as the main clients of the enterprise - employees of the enterprise, and not buyers of their products.

²⁸ It is not possible to explain this circumstance by the presence in the list of winners of the contests of the fund "Towards Change", which specializes in the topic of childhood, since the share of the winners of the fund in the list is no more than 5%. In addition, the foundation's mission focuses the winners on solving problems in the field of childhood, and not on developing services for paying customers.

²⁹ The subgroups "society in whole" and "local residents" were distinguished from a more general "indefinite" target group based on axial coding with an eye to the international experience of social enterprises (Gordon, 2015). We assigned the meaning of "local residents" in the case when the description of the company's activities emphasized the purpose of solving a clearly expressed specific problem of the territory that distinguishes it from others (for example, supporting the ecological environment of Lake Baikal or supplying the population of a rural settlement with services that were previously absent in it), and the meaning of "society in whole" – enterprises in which the beneficiary is primarily not an individual, but all citizens (for example, the proposal of a mechanism for separate collection and disposal of garbage, which is designed to instill a new attitude to consumption and waste among the entire population).

include young mothers, the elderly and young people (although leisure development projects are often proposed for the latter two), vulnerable target groups reach only 43% of the list, and without "risk groups" cover 37% of social enterprises. Accordingly, in 63% of cases, the target groups of clients do not explicitly belong to socially vulnerable categories of the population (Table 5)³⁰.

Table 4. Target groups of social enterprises

Target group categories	Number of enterprises	%
Children from orphanages	2	1,0
Graduates of orphanages	3	1,5
Preschool children	31	15,3
Preschool, school-age children	8	4,0
Children from disadvantaged families, orphans	3	1,5
Children in need of treatment	2	1,0
School-age children	11	5,4
Disabled children	18	8,9
Residents of the place	13	6,4
Disabled people	32	15,8
People in need of treatment	5	2,5
Low-income and socially unprotected people	12	5,9
Mothers with small children, pregnant, mothers with many children	7	3,5
Young people	2	1,0
Undefined target group	30	14,9
Society as a whole	8	4,0
Elderly people	4	2,0
Families	10	5,0
Farmers	1	0,5
Total	202	100,0

Source: HSE Center of social entrepreneurship and social innovation studies data, 2017

Table 5. Target groups of social enterprises - enlarged categories

	Number of enterprises	%
Children, without emphasis on social	60 (31+8+11+10)	30

³⁰ We did not consider families with children as vulnerable on the grounds that there are not enough kindergartens in the country. Firstly, there were no indications of the problem in the descriptions of the relevant enterprises, and secondly, meeting the need for the services of solvent customers is a distinctive feature of any business in market conditions, and does not require the efforts of a special "social" entrepreneurship, from this point of view, any entrepreneur - producing kitchen furniture or cars – solves social problems. [To be "social" implies some added value to the value that market does]

problems (including families with children)		
Vulnerable groups of children (including children with disabilities)	25 (2+3+2+18)	12,5
Vulnerable groups of adults (including graduates of orphanages)	52 (32+5+12+3)	26
Risk groups (mothers, youth and elderly)	13 (7+2+4)	6
Undifferentiated groups (indeterminate, society as a whole, local residents)	51 (13+26+2+2+8)	25
Other	1	0,5
Total	202	100

Source: HSE Center of social entrepreneurship and social innovation studies, 2017

From this it can be concluded that many social enterprises interpret social entrepreneurship in an expansive way – as useful services intended for ordinary families with children or any categories of citizens. This approach can be explained not only based on the position of the state, but also economically. Unlike the most developed countries, the market of social services is just beginning to take shape in Russia, and social entrepreneurship is mistakenly regarded as its synonym. In addition, the expansion of demand for educational, developmental and leisure services in the field of family welfare and childhood is stimulated by objective demographic shifts and current increase in the number of children. Another thing is that if the prices of services for target groups are formed according to the laws of supply and demand, cutting off the poor, and sometimes representatives of the middle classes, such enterprises in the world are not called social enterprises.

3. (Non)consistency of various projects of legitimization of social entrepreneurship in Russia

By consistency or inconsistency of legitimization projects, we understand the divergences of actors' positions on the main features of the definition of social entrepreneurship, which lead to the promotion as social enterprises of different organizations with dissimilar characteristics so that they are difficult to attribute to the same phenomenon. The existence of differences in the position of different actors is natural when it comes to a new practice. However, too large discrepancies prevent the new phenomenon from being singled out from the category of others and approved as an independent practice, in other words, they undermine its legitimacy.

Among the target groups of social enterprises, children, the disabled and undifferentiated clients are in the lead. All three target groups symbolize three different approaches to determining the social purpose of enterprises and, as a result, different trajectories of their legitimization. Organizations whose target groups are well-off children and families with children have the greatest potential for legitimacy in today's conditions of Russia. Moral legitimation (children are our future, children are a priority group in the family and in state social policy) is complemented by cognitive legitimation (children's services and projects are understandable to others and are easily associated with the "social" purpose of the organization, which in other cases still needs to be proved). All together, it is supported by pragmatic legitimation: the status of a social entrepreneur for such organizations

strengthens market positions without demanding anything in return. Prices are determined by supply and demand according to the laws of market competition, parents pay for children, forming a solvent demand for goods and services, and this applies even to families with small incomes – they save on children last of all.

Social entrepreneurship, understood as working with vulnerable groups, involves the use of other legitimization mechanisms and other economic models. The visibility of the difficulties faced by a vulnerable group helps to activate cognitive and moral legitimization; in both cases, the social purpose of the enterprise is understandable and socially approved. That is why the main target group for organizations working with vulnerable groups is the disabled, i.e. people experiencing the most obvious problems in life and at work, and whose need for help causes the least doubt in others. At the same time, there is no pragmatic legitimation, i.e. direct economic benefits from acquiring the status of a social enterprise. Disabled people cannot provide serious effective demand, and their inclusion in the workforce increases the costs of products, reducing its competitiveness. Therefore, if in the first model the task of social enterprises is to master the market of goods and services in the social sphere, relying on the laws of supply and demand, the task of those who work with vulnerable groups, on the contrary, is to maintain market disequilibrium (Hockerts, 2015). As a result, buyers are not the customers themselves, but other actors: the state, socially responsible business or citizens (in models where well-off customers pay for disadvantaged customers through the mechanism of redistribution of resources within the enterprise).

This situation requires non-standard business models from social entrepreneurs. In fact, moral legitimation serves in this model of social enterprises as a source of production of additional economic resources. An example is the development of responsible consumption in the form of buying products made by people with disabilities or donating good things to charity shops, as well as the creation of value chains using quasi-market, charitable or volunteer channels for the exchange of resources. Therefore, there is no way to do without NPOs, charity, intersectoral partnership, which in the first model is completely optional.

The third group of social enterprises, where the target groups have an indefinite or insufficiently differentiated character (the latter also includes society as a whole and local residents), may imply three different approaches to substantiating the social purpose of enterprises. In one case, enterprises do not appeal to the needs of a particular social group, but to the common good. This is clearly evident in environmental projects aimed at society as a whole or at local residents. Such models are common in the [European] West largely due to the activities of communities and social movements. In Russia, this trend is barely visible, and many environmental projects to maintain sustainability are forced to rely on a modest, but market-based model of self-sufficiency, in the absence of formed communities. This narrows the moral legitimation of such organizations, and it is early to talk about a special model of community-based social enterprises.

In other cases, the economic interests of certain actors are behind an unspecified target group of clients of social enterprises (for example, the development of small business in niche industry markets). The offer of socially useful services in the social sphere and in the

field of recreation, entertainment, culture and sports reflects this trend. Unlike offering services for children, the level of moral and cognitive legitimation is lower here, since they cannot count on the same unanimous approval of others. For example, an interactive private museum, compared to a state museum, may be more friendly and creative in terms of involving visitors, but explain to stakeholders not directly involved in its activities its special social significance and belonging to the priority category of SMEs (i.e. social entrepreneurship in the Russian context) it's harder for it. The same applies to a private drug treatment center or the services of a private psychologist.

A third case is also possible, when the uncertainty of the target group is the immaturity of the process of legitimization of social entrepreneurship, which allows random organizations to fall into the group of social enterprises.

Anyway, our list identifies four most notable groups of social enterprises, depending on the characteristics of the target groups, the associated methods of legitimization and the economic base: (1) business in the field of social services for families with children, characterized by orientation to economically prosperous customers and market mechanisms of supply and demand, (2) enterprises, engaged in working with vulnerable groups that require the development of complex business models combining market and charitable resources, market and non-market methods of exchange; (3) projects or enterprises focused on creating a common good with a blurred target group and a blurred economic support mechanism (a single model has not been formed); (4) a small business that provides socially useful services of a wide profile to any clients on market conditions. It is not difficult to notice that the third group is vague, and the fourth resembles the first, but does not have such a strong argument to be considered "socially oriented" as the first group focused on children. Finally, the first and second groups are clearly focused, clearly describe the scope of activity and social purpose, but at the same time they differ strikingly in basic features.

Conclusions

Small business in the social sphere and support for vulnerable groups represent different trajectories of legitimization of social entrepreneurship, but the main problem is that they undermine each other's legitimacy. Despite the fact that NPOs are more likely to be excluded from active participation in the discussion of the development of social entrepreneurship, since they do not receive direct economic benefits from this, their values and ways of exchanging resources serve as a prototype for those social enterprises that are focused on working with vulnerable groups. At the same time, business models are based on the conscious maintenance of market disequilibrium in the interests of vulnerable groups - the principle opposite to the automatic establishment of an equilibrium between supply and demand, characteristic of standard markets (Hockerts, 2015).

The identification of social entrepreneurship with profit making in social services, on the contrary, implies the extension of the principles of the market equilibrium to the production of socially significant goods and services, which does not distinguish it from any other business. This puts obstacles in the way of further moral legitimation of social

enterprises. Taking into account the parallel development of the social service reform, suspicion creeps in of the gradual replacement of free state services with paid business services. When providing services to children, this moral flaw is not very noticeable, but as soon as such a business enters the field of providing social services to other clients or other areas of activity, the focus on customer solvency tends to undermine its moral legitimation as a "social" enterprise, and industry breadth blurring the focus of activity tends to undermine cognitive legitimation.

The promotion of organizations aimed at helping vulnerable groups and organizations aimed at selling to solvent customers under the general name of social entrepreneurship becomes an obstacle to the further development of this new phenomenon. The proximity of such dissimilar models leads to the fact that others (both observers and stakeholders) do not understand well what is being offered to them this time and do not trust declarations about the benefits of social enterprises. Both types of organizations lose out from this: businesses are expected to have a social orientation that they cannot give, and they pretend to belong to social sectors or new marketing solutions, which ultimately disappoints stakeholders. Organizations working with underserved social groups are expected to be market efficient in conditions when they take on the burden of promoting uncompetitive labor or its products to the market, deliberately increasing costs compared to the market. This means they need, if not financial support, then at least support for competitiveness and removing barriers to the use of non-standard solutions. As a result, the level of public recognition of social entrepreneurship has hardly changed in recent years, although these years account for an increasing participation of the state in its promotion. If the positions of key actors, and above all the state, regarding the nature of social enterprises do not change, no publication of the law on social entrepreneurship will solve the problem, and it is difficult to count on SE further development.

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