



Social Entrepreneurship as an Institute of Sustainable Development Risk Management

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Abstract

This paper aims to systematise the specifics of the functioning of social entrepreneurship as an institute of managing the sustainable development risks in developed countries of the world.

The methods used include system analysis, statistical analysis and ranking method. We also use the indices of international rankings, which include Social Entrepreneur and Sustainable development.

The novel approach of this research consists in elaborating the theoretical framework, which describes the specific features of the formation of the institute of social entrepreneurship as a driver of managing the risks to the SDGs in developed countries of the world.

We present the models of national social entrepreneurship, identify its influence on the reduction of risks to the SDGs, distinguish, and characterise the achievements of the considered countries in the context of the implementation of these goals. We substantiate the possibility to adapt the best practices of implementing the studied models and prove the necessity for the systemic adaptation of the directions of development to the conditions of the social environment, legislation and socio-economic development of countries.

Keywords

Social companies · Managing risks to the SDGs · Social entrepreneurship · Outsourcing · Network models

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1 Introduction

The UN member countries' adopting the concept of sustainable development implies the orientation of humanity and all of its systems toward the provision of the balance of the three main spheres: environmental, economic and social (Bogoviz et al., 2021). The social component, presented within the concept of sustainable development, includes a wide range of goals, which are connected with the necessity to overcome poverty and strive toward well-being and health of citizens, the problems of famine, gender and educational spheres, provision of employment and reduction of social inequality (Popkova & Sergi, 2020). Countries adopt certain strategic parameters for solving social problems, connected with the achievement of goals in this direction and management of risks to socially sustainable development in all spheres (Shabaltina et al., 2022). The management of the social component of the SDGs and its risks envisages the creation of the mechanism of government's providing the opportunities to develop human potential and creation of a certain set of social guarantees and services that are connected with employment, the system of labour protection, education and social protection (Zabaznova et al., 2020). Achievement of tasks in the management of risks to the SDGs in this sphere requires the creation of a certain infrastructure, which development can be ensured by the government or by the entrepreneurial sector. Entrepreneurial subjects of most countries implement activities in the sphere of social services of a wide range (educational, psychological, medical, services on training, retraining and employment of personnel, other services in this sphere) (Kitsai et al., 2021). Changes that take place under the influence of the development of demand and redistribution of functions led to the formation of the social entrepreneurship market, which, at

the modern stage, has become a comprehensive environment for managing the social risks to the SDGs (Popkova & Sergi, 2021). Due to the above, research of the specifics of social entrepreneurship in the context of managing the risks to the SDGs acquires particular importance.

2 Materials and Method

A significant contribution to the theoretical, methodological and empirical studies of the directions of social entrepreneurship and assessment of its role in the management of the SDGs was done in Andersen et al. (2021), Barraket et al. (2017), Barton (2019), Corbière et al. (2019), Gawell (2021), Karré (2021), Kovanen (2021), Petrella et al. (2021), Sengupta et al. (2019), and Yeasmin and Koivurova (2021). The materials of the above works demonstrate the development of studied problems at the level of certain countries, but there is a need to form a universal set of peculiarities of formation of social entrepreneurship as a modern institute of managing the risks to the SDGs.

In this research, system analysis is used for the complex assessment of the specific features of the formation of social entrepreneurship at the national level. Statistical analysis allows assessing the statistical data of the development of

indicators of social entrepreneurship and sustainable development in the given countries. The ranking method is used to identify the ranks of countries in the sphere of social partnership and sustainable development.

In this research, we use the materials of the international ranking of sustainable development of countries (Cambridge University Press, 2022) and the international ranking of countries by the indicator of social entrepreneurship (Poll, 2022).

3 Results

Let us assess the impact of the development of social entrepreneurship in the management of risks to the SDGs at the level of developed countries (Table 1). The management of risks to the SDGs is evaluated with the help of the Sustainable Development Index; the level of development of social entrepreneurship is identified using the Social Entrepreneur Index.

The assessment of the results (Table 1) demonstrates that Canada has the highest indicators of development of social entrepreneurship (first position in the international ranking), which is largely due to the government's approach to regulating the activities of subjects in this sphere and the innovative approach to the development and implementation

Table 1 Dependence of the management of risks to the SDGs on the development of social entrepreneurship in developed countries

Country	Social Entrepreneur (Rank) (2019)	Sustainable development (Rank) (2019–2021)			Character of influence
		20	29	21	
Canada	1	20	29	21	Positive. Measures of influence: activation of the networks of companies in the social sector that work with indigenous communities and population with special needs; employment of people with special needs.
Australia	2	38	38	35	Positive. Development of social companies as network territorial local structures and intermediary structures (hiring personnel for the provision of services in the social sphere)
France	3	4	7	8	Significant. Social entrepreneurship is based on the associations of social companies that are controlled by the government and non-profit social organisations that function based on government and non-government grants.
Belgium	4	16	18	5	Positive. The system of social entrepreneurship is similar to the French one. Development of non-profit social organisations with a strong professional basis.
Denmark	6	1	2	3	Significant. Development of social companies based on four sectoral platforms: employment; education; medical services; support for specific groups of population; development of cities. The effectiveness of development is based on the network interaction between companies, which leads to improvement and digitalization.
Netherlands	7	9	17	11	Positive. The system of social entrepreneurship is similar to the French one. The development of non-profit social organisations with the focus on start-ups that raise their competitiveness in the market.
Finland	8	3	1	1	Positive. Development of social companies that receive tax subsidies from the government.
Sweden	16	2	3	2	Positive. Outsource of services in the social sector—by the government from private business.
Germany	21	6	6	4	Positive. The system of social entrepreneurship is similar to the French one. Development of non-profit social companies with the focus on high responsibility before consumers and the government.

Source: Compiled by the authors based on Andersen et al. (2021), Barraket et al. (2017), Barton (2019), Corbière et al. (2019), Gawell (2021), Karré (2021), Kovanen (2021), Petrella et al. (2021), Sengupta et al. (2019), and Yeasmin and Koivurova (2021)

of strategies of development. The main conditions that facilitate the effective development of this phenomenon in Canada include support from the government in the form of tax subsidies; affordable credits; subsidies for hiring handicapped people (Barton, 2019).

Australia demonstrated high indicators of development of social entrepreneurship (second position), which was due to government support, support from society at the local level and the work of skilled personnel (social workers, psychologists, medical personnel and HR specialists). A high level of organisation of the social companies' activities allowed achieving a certain improvement in the level of managing the risks to the SDGs (38th position in 2019–2020 and 35th position in 2021).

Belgium, Germany, France and the Netherlands have high positions in the ranking of social entrepreneurship (Table 1). Successful development of the social companies in these countries is due to the sustainable development of the social sector and traditions of the orientation toward government financing of this sphere. These countries also have social companies that are financed from non-profit funds. Such financing does not exceed 50% of the need, i.e., there is a dependence on the government. The practices of development and activities of social companies in Belgium, Germany, France and the Netherlands allowed raising the level of the management of risks to the SDGs. The activities of these companies in Belgium allowed reducing the risks to SDG 1 (reducing poverty due to employment in these companies and achievement of decent work). Germany holds the 21st position in the world ranking of social entrepreneurship (Table 1). The aggravation of the economic situation in Germany because of the pandemic in 2021 led to the growth of requirements for the responsibility of social companies (care for sick and elderly people and people with special needs). Similarly to Belgium, there was an improvement in SDG 8. The Netherlands improved its position in the world ranking of social entrepreneurship (Table 1) in the context of managing the risks to the SDGs (17th position in 2020 and 11th position in 2021), with the minimisation of risks to SDG 1 and SDG 8.

Denmark is ranked sixth in the world ranking of social entrepreneurship (Table 1), which allowed the country to have high indicators in managing the risks to the SDGs in 2019–2021.

Due to the rather high level of social entrepreneurship, Finland and Sweden achieved and supported good results in managing the risks to the SDGs. For Finland, this includes results in the improvement of the educational sphere (SDG 4), reduction of poverty among immigrants (SDG 1) and receipt of decent work (SDG 8). Sweden improved social services by outsourcing them to private social companies, which allowed minimising the risks to SDG 1 and SDG 8.

Let us dwell on the specifics of social entrepreneurship in countries which did not demonstrate its positive influence on the reduction of risks to the SDGs.

According to Sengupta et al. (2019), Canada is oriented toward the development of the networks of companies involved in the provision of a wide spectre of social services to the indigenous population and people with special needs. Such a form of social entrepreneurship can be defined as a network; its participants are companies that are integrated into network structures by the geographical and sectoral attributes, with decentralised governance. Also, social entrepreneurship is an additional direction of development of many network companies in the country, which hire people with special needs (Corbière et al., 2019). Such companies use an approach to teamwork with personnel and apply specific devices that simplify communication, support and teaching. The entrepreneurial structures' focus on hiring such personnel helps it to integrate into the modern labour market, in which they are usually non-competitive. This form of social entrepreneurship can be defined as a model of personnel integration. The implementation and functioning of the network and personnel models of integration of social entrepreneurship in Canada allowed ensuring the improvement of managing the risks to SDG 1, SDG 3, SDG 4 and SDG 8.

Analysis of the characteristics of social entrepreneurship in Australia (Barraket et al., 2017) shows that at the modern stage (starting in 2010), the network of local and intermediary forms of development in this direction has gained popularity. These specific features of the formation of social entrepreneurial structures are connected with the gradual movement away from the monopolistic role of the government in implementing the main functions in the social sector (medicine, education and help with care and services for certain categories of citizens). It is possible to state that network local companies are involved, equally with the government, in the sphere of provision of services for local communities. Since this category of consumers often requires subsidies, the intermediary social companies, which are oriented toward 100% commercialisation, do not participate in the provision of services to such citizens in Australia.

According to Karré (2021) and Kovanen (2021), France, Belgium, the Netherlands and Germany have similar models of social entrepreneurship. Despite certain differences (high qualification of personnel in Belgium, innovative startups in the Netherlands, high functional and financial responsibility in Germany), these countries have an administrative government-oriented model of development with certain characteristics of philanthropy (participation of non-profit funds).

According to Andersen et al. (2021), Denmark is peculiar for a network multi-vector form (four sectoral platforms of social companies) of social entrepreneurship. Social

enterprises, like in many countries of the EU, have government financing, though there is also a focus on market and commercialisation. The level of population's involvement with the formation of the companies' activities at the local level (creation of lists of people that require care, formation of local initiatives for the development of cities and territories, etc.) is also very high.

Social enterprises in Finland develop according to the administrative government-oriented model of development (Yeasmin & Koivurova, 2021). The government's approach to the provision of subsidies for the activities of subjects in this sphere allows for reducing unemployment and crime rate and stimulating the cultural integration of immigrants.

The system of social entrepreneurship in Sweden is based on the administrative government-oriented model of development with the elements of outsourcing (Gawell, 2021). For the provision of many services in the social sphere, the government selects companies that specialise in professional activities in a certain direction (medical services, education, care for certain categories of people, employment of certain groups of people, etc.). The functioning of specialised companies is more effective compared to government structures, due to the level of professionalism, motivation and methods of work.

4 Discussion

We were able to identify the specific features of the development of social entrepreneurship in countries that ensured positive management of the risks to the SDGs. These features (models) of social entrepreneurship, which formation and implementation can be adapted in developing countries, including the following:

- Network and personnel model of the integration of social entrepreneurship. The focus on the network model implies the functioning of local networks of social companies, which can support the government in the resolution of issues on social services or provision in distant territories or for national minorities; sectoral networks that can act in different territories; multi-vector networks, which develop in the context of sectoral direction. As for the personnel model of integration, it may be combined with the network model and imply the hiring of personnel from the local community. Implementation of such models influences the resolution of a wide range of problems in the sphere of managing the risks to the SDGs (no poverty, decent work, etc.);
- Intermediary model of social entrepreneurship is connected with mediation in the sphere of provision of services in the social sector. According to this model,

- intermediaries (companies, people) are attracted to the execution of certain social services. The focus on this model envisages the use of paid services by consumers;
- Administrative government-oriented model of social entrepreneurship with possible characteristics of philanthropy and outsourcing. The use of such a model is possible in countries with a socially-oriented economy.

5 Conclusion

It is possible to state that the designated models of social entrepreneurship have large prospects for implementation given their optimal adaptation to the conditions of the development of the economic system, regulatory framework and specifics of the social sphere of countries. The use of the intermediary model of social entrepreneurship would be difficult in countries with low GDP per capita and low levels of consumption, though it might be applied in countries with quickly developing economies (e.g., China). The network models of social entrepreneurship of the local and personnel type could be adapted in countries that have substantial differences in the ethnic composition and countries with national communities that have difficulties with integration into the main community. Using the administrative government-oriented models of social entrepreneurship of the outsourcing type, a government may solve the problem of the provision of quality professional services in the social sphere. Administrative government-oriented models of social entrepreneurship with the elements of philanthropy may be used under the conditions of wide dissemination of social corporate responsibility.

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