

1-1-2020

SOCIAL ENTREPRENEURSHIP AS AN ESSENTIAL CONDITION FOR SUSTAINABLE DEVELOPMENT

Z.A. Sagdillayeva

Tashkent Financial Institute Uzbekistan, 100000, Tashkent, A.Temur Street, 60A, akbarislom@mail.ru

Follow this and additional works at: <https://uzjournals.edu.uz/iqtisodiyot>

Recommended Citation

Sagdillayeva, Z.A. (2020) "SOCIAL ENTREPRENEURSHIP AS AN ESSENTIAL CONDITION FOR SUSTAINABLE DEVELOPMENT," *Economics and Innovative Technologies*: Vol. 2020 : No. 1 , Article 5. Available at: <https://uzjournals.edu.uz/iqtisodiyot/vol2020/iss1/5>

This Article is brought to you for free and open access by 2030 Uzbekistan Research Online. It has been accepted for inclusion in Economics and Innovative Technologies by an authorized editor of 2030 Uzbekistan Research Online. For more information, please contact sh.erkinov@edu.uz.

SOCIAL ENTREPRENEURSHIP AS AN ESSENTIAL CONDITION FOR SUSTAINABLE DEVELOPMENT

Sagdillayeva Zulfiya Asanaliyevna

PhD. candidate in Economics, associate Professor of the Department of Audit and economic analysis, Tashkent Financial Institute

E-mail: akbarislom@mail.ru

Abstract: *In this paper, the international experience in the development of social entrepreneurship and the national practice of social enterprises are considered. Besides based on analyses there are discussed foreign experiences, and recommended the most relevant experiences in this term.*

Keywords: *social policy, entrepreneurship, sustainable development, enterprise, people with disabilities, public.*

Introduction

It is not secret that, the main and most important principle of the national model of market reforms in Uzbekistan is the implementation of a strong social policy. Today at all stages of its development the social policy of the state in Uzbekistan has solved and continues to solve the following key issues:

- regulation of income of the people;
- employment and the realisation of new labour relations;
- social protection and support of certain categories and groups of the population;
- improvement of health care, physical culture and sports, education.

In Uzbekistan, special attention is paid to the social protection of orphans and children left without parental care, as well as children with disabilities.

Improving the life quality and well-being of each individual family and individual is the main strategic goal of the social sphere of our state. This is the essence of social policy, which determines the further strategy of the ongoing reforms. There are three most important directions of the social policy mechanism implemented in Uzbekistan:

1) controlling and institutional framework, as well as mechanisms that ensure the observance of citizens' rights guaranteed by laws and the Constitution of the Republic of Uzbekistan;

2) providing conditions for activating the potential of "social self-protection" of the population;

3) regulatory, institutional and resource bases for targeted protection of individual strata and categories of the population who, due to objective conditions, are not able to actively participate in market relations.

In this regard, several social systems are involved in the implementation of policy: social insurance, support for the unemployed, assistance to low-income families and the provision of benefits and benefits for certain categories of citizens, and so on.

Nowadays priority directions of social policy at the initial stage of economic reforms are maintaining the income of citizens in context of prices liberalization and the growth of inflation, and to protect the consumer market of the Republic. This approach reflects the characteristic social orientation of the modern market economy and the emerging trend of

creating a modern social state in developed countries, which is also directly relevant to countries implementing market reforms.

Literature review

Indeed ensuring social protection has become a priority at all stages of reform, as President of Uzbekistan SH. M. Mirziyoyev has repeatedly mentioned about it. This is one of the main directions of the social policy of the state, which is the basis of the course of reforms, which is constantly given special attention in Uzbekistan.

As President of the Republic of Uzbekistan Shavkat Mirziyoyev noted "It is no secret that most of the residents of the regions, especially villages, do not have sufficient sources of income. As in all countries, we also have low-income segments of the population. According to various estimations, this amount is 12-15%. We are talking about 4-5 million inhabitants of our country, ".

As market changes deepened in the context of economic liberalization, the Republic began to move from a social protection system based on the redistribution of National income to a new system based on human economic activity through investment in the development of this activity, strengthening the principles of solidarity and responsibility of citizens, regions and the state for the growth of their well-being. At the same time, the role of the state is not reduced, especially in the sphere of providing resources for social protection measures.

Many scientists have done remarkable work relating to the issues of social entrepreneurship. For example Uzbek scholars such as Boltabayev M., Qosimova M., Ergashxodjayeva Sh., G'oyibnazarov B., Samadov A., Otajonov Sh and others. They have mentioned about impact of social entrepreneurship on economic growth of country and analyzed current conditions.

Research methodology

The research methodology of given article is conducted with qualitative data. It can be seen, the article is written to prove basic fundamental-theoretical aspects of the social entrepreneurship and how to manage them in order to minimize the expenses and receive more profit for the company. Furthermore, quantitative methods are based on data that can be empirically measured with numbers.

Analysis and results

Presently, we can say confidently, that Uzbekistan has the necessary economic and social conditions for the transition from the social protection system to the creation of reliable and social guarantees for all citizens and ensuring targeted social support for groups of the population who are in need. In this regard, world experience shows that the most effective social protection systems for citizens include state targeted payments, tax transfers and allowances, mandatory social security and social aid.

Beside with state mechanisms for regulating the social sphere, non-state institutions of social protection and social insurance are being developed. Their financing is planned on the basis of both personal contributions from citizens and the business participation of the state and entrepreneurs.

Furthermore, Republic has introduced a procedure for paying pensions in full to working pensioners. The amount of benefits for vulnerable and low-income categories of the population in need of social support has been increased by 2 times. Within the framework of the "Obod Kishlok" And "Obod Mahalla" programs, large-scale construction

and improvement work was carried out in 479 villages and auls, as well as 116 urban mahallas. And 6.1 trillion soums were allocated for this purpose – 1.5 trillion soums more than in 2018. The number of affordable and comfortable housing – individual houses and apartments in multi – stage buildings-was 34,700 in total, including 17,100 in rural areas and 17,600 in cities, which is almost 3 times more than in 2016. About five thousand low-income families in need of better housing conditions, including women with disabilities, were allocated more than 116 billion soums to pay initial contributions for the purchase of housing on mortgage loans.

The reforms implemented in the country are being evaluated by the international community. In particular, one of the world's most authoritative publications, the Economist magazine, recognized Uzbekistan as the country of the year, the state where reforms were implemented at the fastest pace in 2019.

Certainly it is not easy to develop relations between ordinary people and the business environment, the system of public control, and the mobilization of efforts of state authorities and management. These issues are addressed by non-profit non-governmental organizations (NGOs), i.e. social enterprises.

In turn, public enterprise considered as new concept for both the social sphere and the economy. Regardless of the boom in the development of social enterprises in many countries of the world, there is no common understanding of this term. The definitions given to social enterprises depend on the specific socio-economic conditions in different countries, on the benefits provided to these enterprises. However, despite many different definitions, they all agree that the main aim of social enterprises is to solve socio - economic and environmental problems through business activities.

The development of social enterprises in the Republic of Uzbekistan began in the 30s of the XX century and is associated with public organizations of persons with disabilities. The greatest flourishing of social enterprises occurred in the 70s and 80s. In 1987, the number of educational and production enterprises (SCP) under the societies of the disabled, blind, and deaf in the Republic exceeded 700 entities.

These enterprises were created with the main goal of providing employment for people with disabilities who are not able to find employment in the open labour market. Moreover, the profit deducted by subsidiaries allowed many public organizations of disabled people to refuse state subsidies and switch to sustainable self-sufficiency and self-financing. The distribution of profits sent by the company to the society of disabled people was carried out by a decision of the General meeting. Currently, the number of these enterprises has decreased to less than two hundred, but they continue to play a significant role in providing employment for people with disabilities. The number of people with disabilities employed in enterprises of disabled societies is about two and a half thousand, or about 8% of the number of people with disabilities working in the official sector of the economy of the Republic.

For information, the concept of “social enterprise” has become widely used when discussing issues of employment of people who are not able to compete and self-employment in ordinary conditions in the labour market and ensuring financial sustainability of NGOs since 2010, when UNDP together with the Ministry of labour and social protection of population of the Republic of Uzbekistan launched a joint project for the development of social enterprises. 10 pilot social enterprises were created and

equipped in various organizational and legal forms: subsidiaries of companies with disabilities, subsidiaries of NGOs, LLC, private enterprise, state unitary enterprise. These businesses included a dairy and bakery houses.[6]

Led by the Law of the Republic of Uzbekistan "on social partnership", adopted by the Legislative chamber on June 8, 2014 and approved by the Senate on August 28, 2014, social enterprises bring considerable benefits to society in solving the most urgent tasks when it is necessary to protect the interests of certain groups of society, including socially vulnerable segments of the population. The main goal of social enterprises is to solve socio-economic and environmental problems by conducting business activities. In this case appears question: what problems do social enterprises solve?

Social entrepreneurship plays a significant role in creating jobs for socially vulnerable segments of the population, as well as producing goods and services related to social sectors such as health, welfare, education, environmental protection, and cultural tradition improvement.

Legislative acts of the President of the Republic of Uzbekistan provide appropriate benefits and preferences, including tax and customs, for the development and support of such areas as non-state pre-school education, the production of products and equipment for people with disabilities, as well as medical and industrial activities for people suffering from mental disorders.

In order to provide the establishment of on-site psychiatric institutions in the Republic of Karakalpakstan, regions and Tashkent on public-private partnerships curative-production enterprises for labour therapy, training on new trades and employment at these enterprises of the persons, suffering mental disorders, including persons with disabilities was adopted Decree of the President of the Republic of Uzbekistan from March 16, 2018,. From July 1, 2018 to January 1, 2023, these medical production enterprises are exempt from paying land tax, corporate income tax, and property tax, along with a single tax fee.

Additionally, by the decree of the President of the Republic of Uzbekistan dated April 5, 2018, there are founded non-governmental preschool educational institutions under the terms of public-private partnership, which are exempt from customs and tax payments.

Moreover, the presidential decrees of June 11 and 20, 2018 granted privileges to certain categories of business entities that produce and service prosthetic and orthopedic products, technical rehabilitation equipment, publish books and other printed publications in Braille, educational and fiction literature for disable children. The same documents provide benefits to those who have at least 30% of the staff working under an employment contract are citizens with disabilities, alone people who are responsible for children under 16 years of age or children with disabilities, individuals released from institutions, convicts that commit sentences, victims of human trading, graduates of General secondary, secondary special and professional educational institutions whose graduation date has not passed three years, graduates of "Mehribonlik (Kindness)" houses who have not reached 30 years of age.

On the other hand, by a decree of the President of the Republic of Uzbekistan dated August 23, 2019, benefits are granted to legal entities whose only participants are public associations of persons with disabilities, in which the total number of persons with

disabilities is at least 50 percent and the Fund for the remuneration of persons with disabilities is at least 50 percent of the total remuneration Fund.

We are informed that, social entrepreneurship is the use of start-ups and other means of entrepreneurship to develop, Finance, and implement solutions to social, cultural, or environmental problems.

Therefore a number of practical measures are being implemented in the country to provide government support to the segments of the population in need of social protection, including low-income families who want to work.

Particularly, families who are in the difficult social conditions, are provided with affordable housing, free assistance of medical services, purchasing household appliances and Pets, as well as a system of preferential taxation and credit for manufacturers of products and equipment for persons with disabilities and organizations that provide their employment.

In order to improve the welfare of socially vulnerable segments of the population, improve their living conditions, as well as implement the main directions for further improving the system of state support for persons with disabilities, was adopted Decree of the President of the Republic of Uzbekistan No. up-5270 dated December 1, 2017 "on measures to radically improve the system of state support for persons with disabilities".

One of the novelties of 2019 can be considered the formation of a National movement "Yuksalish". This is a non-governmental non-profit organization that aims, based on its name, at the rise and development and progress of societies. It was founded in Uzbekistan by presidential decree of January 17, 2019 and has territorial divisions in Karakalpakstan, all regions of the Republic and Tashkent.

Currently the initiators of the movement are the chambers of the Oliy Majlis, the youth Union, the development Strategy Center, the Independent Institute for monitoring the formation of civil society, the national Association of non-governmental non-profit organizations, and the national Association of electronic mass media. And, of course, the public also plays significant role in this case.

Social entrepreneurship is gaining impulsion around the world: most experts say that this sector is growing. Nevertheless, the activities of social entrepreneurs remain a anonymous to most people, which in turn, impedes the development of businesses that are aimed at solving the most acute social difficulties [5].

Hence, absence of understanding in society is not the only problem. Social entrepreneurs from different countries also face limited access to investment and problems doing business with state institutions.

The Thomson Reuters Foundation conducted an online survey of nearly 900 social entrepreneurship experts from 45 major economies. After questioning researchers, social entrepreneurs, investors, officials, etc., the organization has compiled a rating of countries with the best conditions for social entrepreneurship.

Accordingly, top 10 countries with the best conditions for social entrepreneurs: USA, Canada, Great Britain, Singapore, Israel, Chile, South Korea, Hong Kong, Malaysia, France.

Russia ranked 31st in this ranking, behind Thailand and Egypt (29th and 30th, respectively), but ahead of countries such as China (34th), Norway (36th), Austria (38th) and Japan (40th). In the list of countries with the best conditions for women social entrepreneurs, Russia took second place, behind only the Philippines.

At the end of the rating was Turkey, which took 44th place. Iran was excluded from the list altogether, because the authors of the study could not find enough respondents in this country.

In addition, the least worthy conditions for social entrepreneurs were created in Brazil, which shared 40th place with Japan, Venezuela, which took 42nd place, and Ireland, which was on the 43rd line in the ranking. According to experts, public policies in these countries do not provide the necessary support for social entrepreneurs. So, what criteria were used to evaluate countries?

The main thing that the authors of the study assessed was the state support for social entrepreneurship, the ability to attract qualified personnel, public awareness of social entrepreneurship, the profitability of the business, the pace of development of social entrepreneurship in the country and access to investment as well.

According to the Thomson Reuters Foundation, social entrepreneurs in South Korea enjoy the greatest support from the state. Singapore is second in this case, and France is third.[3]

Conclusion

We are concerned that serious thinkers will also overlook social entrepreneurship, and we fear that the indiscriminate use of the term may undermine its significance and potential importance to those seeking to understand how societies change and progress. Social entrepreneurship, we believe, is as vital to the progress of societies as is entrepreneurship to the progress of economies, and it merits more rigorous, serious attention than it has attracted so far.

Clearly, there is much to be learned and understood about social entrepreneurship, including why its study may not be taken seriously. Our view is that a clearer definition of social entrepreneurship will aid the development of the field. The social entrepreneur should be understood as someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large.

To conclude, given the relevance of the development of social entrepreneurship, which is a stimulating tool for fighting unemployment, in addition to the production of socially useful goods and services, it is advisable to:

- expand social entrepreneurship, especially among young people, persons with disabilities and other socially vulnerable segments of the population;
- inform the population and business environment about the benefits of social entrepreneurship;
- generate favourable conditions for the effective conduct of social business by organizing training courses for social entrepreneurs and introducing new relevant areas in higher education institutions;
- support in the development of successful social initiatives by attracting investment.

REFERENCES:

1. Decree of the President of the Republic of Uzbekistan no. -4947 " on the strategy of actions for further development of the Republic of Uzbekistan" dated 07.02.2017.

2. Speech of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis dated 25.01.2020
3. V. Zhurakovsky. Legal regulation of social entrepreneurship in the Republic of Belarus and abroad. Minsk, 2017
4. Y. Chicherina. Practical recommendations for creating social entrepreneurship in Uzbekistan. Tashkent. 2014.
5. Economic news. Vesti Ekonomika, 16.09.2016, <http://www.vestifinance.ru/articles/75033>.
6. Source: Analytical note " Problems and prospects of employment of people with disabilities in the Republic of Uzbekistan", 2012 UNDP in Uzbekistan.