

# Social Entrepreneurship as an Essential Tool for Communities in Self-Organizing and Coping with COVID-19 Pandemic

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**Abstract.** This article describes the role and the importance of Social Entrepreneurship both in community development and in rising public welfare. The paper includes analysis of the results of sociological research during 2018-2020 conducted among the experts and founders of Social Entrepreneurship in different regions of Armenia, as well as in the capital, Yerevan. The paper was made based on theoretical and practical studies; the positive aspects of Social Entrepreneurship were noted, as well as ways to overcome the problems arising from the COVID-19 pandemic. Alternative methods are mentioned in which areas of Social Entrepreneurship are more effective in the current pandemic. The definition of the innovative Social Entrepreneurship and business model perceived in Armenia and abroad was given.

**Keywords:** social entrepreneurship, community development, innovation, education, COVID-19 pandemic

## INTRODUCTION

**Social Entrepreneurship** (hereinafter referred to as SE) is a rapidly developing and dynamic field that has been in the spotlight of development theorists and major institutions over the past decade. Currently, non-profit and non-governmental organizations, foundations, representations, and individuals support with funding and counselling for SE around the world [1].

By the well-known SE "Guru", the founder of the "Ashoka" Foundation, Bill Drayton, the SE gained recognition in the 1980s. The terms "Social Entrepreneurship" and "Social Entrepreneurs" were used when organizations decided to use business tools: to promote social and environmental change, contributing to the development of communities. According to Kim Alter, founder and Chief executive officer (CEO) of "Virtue Venture", a company with social responsibility (hereinafter referred to as LLC), has defined that SE is a new way of socio-economic activity, in which the organization of social significance, the innovation of the initiative and the degree of constant self-esteem are united [0].

In other words, an SE is a type of organization in which the goal is to solve social problems, to expand the scale of the problem and to ensure stability, often through innovative solutions, creating additional income and even profit [0].

The practical and theoretical studies carried out in the Republic of Armenia during the last five years have shown that SE is a type of entrepreneurial activity, which puts the solution of social problems and social interests at the core of its business model (Figure 1), and which invests most of its profits in shaping positive social change and solving social challenges. In the case of SE, although the social interest is paramount, the economic interest is also the most important and inseparable part.

It provides unlimited income, financial self-sufficiency, increases income and diversifies income flows, strengthens financial discipline in organizations, introduces "business austerity", creates new opportunities to achieve the social mission, relieves the organization from donor policy, and preferences, strengthens social programs.

As it is accepted all over the world, developed and established Social Enterprise is a powerful mechanism supporting the state, which helps to solve many social, economic, community, environmental, and human development problems, contributing to rising public welfare.

Leading role in South Asian social business - in terms of size, organizational maturity, and public recognition are occupied by microfinance organizations, which, in turn, stimulate the creation of social enterprises in the field of poverty alleviation and sustainable development. Also, based on the experience of Southeast Asian countries, SEs work in areas with poor infrastructures (roads, electricity, and water); located in an environment where for any productive activity it is necessary to earn the trust of the local community, which takes time [0].

The optimal approach to SE in Community Development is by identifying needs, dominating the development of needs assessment programs, as well as analyzing all the resources and preconditions that the community has. Only based on these two widespread methods, that is, the method of Traditional and Asset Based Community

Developments [0]. The optimal approach to SE in community development is: Identifying needs, dominating the development of needs assessment programs, as well as analyzing all the resources and preconditions that the community or region has. Only based on these two widely used methods, that is, the methods of Traditional and Asset Based Community Developments, the programs can be proposed.

### **METHOD**

Sociological research was conducted in different regions of Armenia among the best experts in the field, as well as among the founders of the SE. The sociological research aims to study the SE as a key tool for communities in self-organizing and coping with COVID-19 pandemic. From the methods of sociological research, the expert survey was conducted among 25 experts working in the public and non-governmental sectors, and the in-depth interview was conducted among the founders of the Republic of Armenia and Artsakh. The following criteria were taken into account in the selection of experts:

- The field and the form of work activity
- Work experience in the sphere social entrepreneurship (at least 2-3 years)
- Professional competence

The criteria for choosing an in-depth interview were: the founder of the Social Enterprise, the region, age, sphere of activities, experiences, and the contribution to the Community Development.

Secondary research was carried out, as a result of which the strategy of the SE aimed at overcoming the contagion was gathered. As a result, difficulties and problems were identified, as well as innovative measures and positive changes aimed at solving them. The research is mainly focused on the operation of SEs, which is aimed at healthcare and domestic tourism, agriculture, and two aspects of education: professional training of social entrepreneurs and social influence as a component of community development.

The qualitative sociological research conducted in 2018-2020, shows that today in the regions of the Republic of Armenia and the capital, Yerevan, there are about 59 SEs, which operate in different organizational and legal forms (26 of the SEs are organizational NGOs, 10 are foundations, 10 are LLCs, 5 are private enterprises, 1 is cooperative, and the remaining 3 are start-ups), with business models, offering multi-profile products and services. The expert survey revealed that the main goals of the existing SEs are: (1) create social platforms for work development, where community residents will be able to live and work on equal terms, (2) to promote the sustainable community development, (3) to provide jobs for vulnerable groups, and to support them in all possible ways to maximize the work

created by them, (4) create an additional source of income for them, (5) to develop community tourism, (6) to reduce the use of plastics, (7) to promote the full realization of the rights of people with disabilities and their full participation in public life. Appearing in a socio-economic crisis, currently, the most vulnerable areas, such as tourism, import, and export-based SEs and force majeure situations require innovative approaches to overcome the crisis with few losses and even gains [0]. Therefore, the only model that can overcome both social and economic crises at the same time is the SE.

### **RESULT & DISCUSSION**

An analysis of the results of the sociological study revealed that the main prospects for the development of SEs in the Republic of Armenia are: (1) Ensuring employment of at least 50% of the unemployed in the community, (2) expansion and development of their production, (3) development of professional abilities and skills of community members and employees, (4) improvement of the quality of services provided by NGOs, (5) search for partners and establish new relationships with the latter, (6) development of institutional capabilities and skills of their beneficiaries, (7) raising community awareness and developing domestic tourism. Besides, the survey conducted by IC Rosgosstrakh Life and Otkritie Bank found that more than 60% of the Russian population has no savings, and most of those who still have savings will spend a maximum of six months at work which can even lead to the degradation of domestic tourism [0].

This proves once again, the essential need for SEs to solve the socio-economic problem innovatively. The tourism industry around the world is suffering. Hotels and guesthouses are losing their customers; travel companies have closed their operations, airlines have cancelled plenty of flights, economists are already calculating the economic damage in the context of outbound and domestic tourism (due to the lack of savings for citizens). It should be noted that tourism is an important component of community development, therefore, steps should be taken to focus on the development of domestic tourism, offering various proposals and solutions. Various travel agents, hotels, and guesthouses, acting as SE, can make a fundamental positive change and develop an appropriate strategy in the current socio-economic crisis.

The research showed that specialists in the field in Armenia offer the following: View the price lists of domestic tourism, social packages, and school packages for the students. It also promotes a healthy lifestyle, which is already considered as a social component: such as hiking, which should be accompanied by an effective marketing strategy: shooting interesting videos, maximizing media, so

that the population of the country is aware of the domestic tourist destinations of their own country. That also has healthcare approaches, such as the Sochut Dendropark named after Edmund Leonowicz, which is known for its pine trees, and the healing effect of pine is especially noticeable in diseases of the respiratory system: bronchitis, asthma, pneumonia, pulmonary tuberculosis.

Therefore, the next component is the impact of SE in agriculture. This will help alleviate the economic and social difficulties of transition economies as a result of the COVID-19 pandemic, creating stable conditions for further economic growth. Operating in the agricultural sector, the production of high-quality organic products will help to overcome a significant reduction in imports as a result of the pandemic, which will mitigate the trade deficit. This will also provide access to jobs. Therefore, the role of the SE in the field of agriculture will contribute to the improvement of the socio-economic situation. It can be an integral part of the healthcare sector and can lead to the organization of domestic tourism in the region.

Considering the extreme need for face masks due to the COVID-19 pandemic, from March 20 to April 11 in 2020, A. Alikhanyan, a future SE school graduate, initiated the production of 2,500 protective masks free targeted distribution campaign. The masks were provided free of charge to residents of border areas, hospitals, military units, government agencies (municipalities, marzpetarans), care and support structures, NGOs, as well as the elderly, vulnerable families and children.

To assess the current situation and to orient, oneself correctly specialized education plays a big role, a similar example is the first "The School of Social Entrepreneurs of the Republic of Armenia", established in 2018. Representatives of different age groups (18-70 years old) along with citizens of the Republic of Armenia, Republic of Artsakh, Russian Federation, and other European and Asian countries receive SE education at the school. The knowledge and skills needed to establish and develop social entrepreneurship are taught both offline and on a virtual webinar

platform. The "School of Social Entrepreneurs" has 47 professionals: Statesmen, representatives of regional and community management structures, sales, marketing, and PR professionals, leading international and local SE experts and mentors, as well as international business experts and trainers.

CONCLUSION

Due to sociological research, the support schemes for SEs in Armenia, Georgia, and neighbouring countries are sufficient to ensure the incubation phase. There are grant programs to develop business plans and launch activities in the context of SE.

However, (1) support schemes for the development of the SE are still insufficient. Besides, individual entrepreneurs are also involved in SE, who are ready to make efforts as part of their initiatives to create positive changes in society. (2) It should be noted that if we develop awareness in the field of SE and specialized guiding education within the framework of the COVID-19 pandemic, then we will involve groups of people actively initiating in the communities. (3) With the creation of SE networks and platforms will make it possible to exchange experiences and mutual assistance between different social enterprises. (4) If the international donor assistance is directed not only to the incubation phase of the SE but also to the stage of acceleration, it will support the SE in the establishment and developmental stages. (5) Focus more on SE within the healthcare system by attracting agriculture with domestic tourism.

Therefore, based on the capabilities of Social Entrepreneurship in community development especially during COVID-19 pandemic, there are 5 possible reasons why to be engaged in Social Entrepreneurship: (1)The key component of a business is social impact, which allows establishing Community-based Social Entrepreneurship, being aimed at solving the community's primary problems. (2) SE motivates the residents of each community, strengthens internal resources, and provides positive energy. (3) Those who are engaged in SE feel happy,

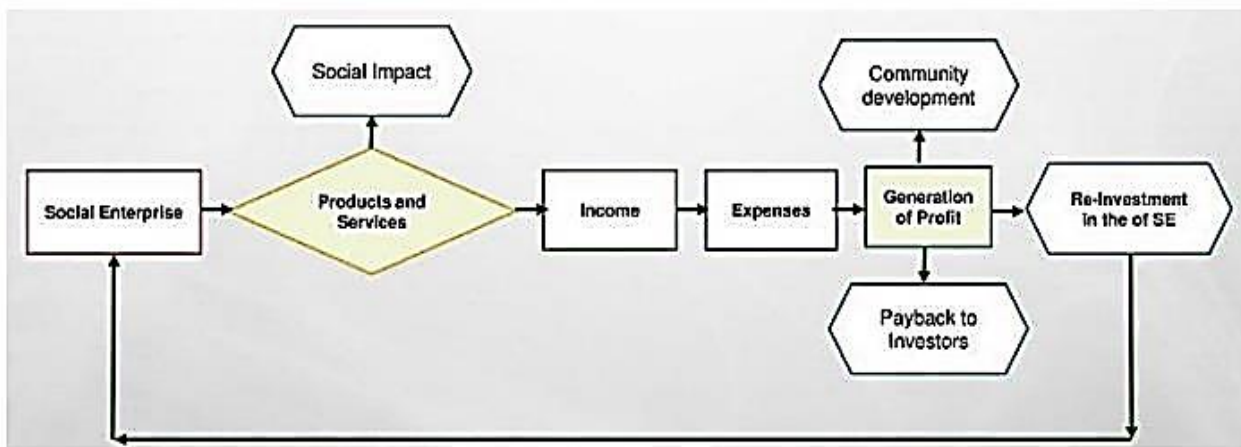


Figure 1. Model of Functioning of Social Enterprise [0]

as their activities contribute to the solution of social problems of different individuals, groups, communities and increase the level of well-being. (4) It helps to identify the potential of the community and promotes Sustainable Community Development. Having a social impact, solving a social problem, SE helps the residents of the community not only be overwhelmed by difficulties and move forward, especially during an unexpected pandemic but also to discover the meaning and the purpose of life from the existential approach. Thus, by solving the social-economic problems of the residents of communities at the micro-level, and giving an individual approach, the SE can expand its activities and the social programs to the macro-level. (5) Also, as a business enterprise, the SE is innovating, providing the highest quality of its products and services, it is in high demand among a wide range of consumers.

Thus suggestions based on the results of sociological research are (1) Grant SE status to organizations which provides job integration for the socially vulnerable, or the citizens whose activities are mostly aimed at developing communities and improving the quality of life of the population. (2) Give social entrepreneurs privileges to operate in socio-economic crises. (3) Review the price lists of domestic tourism according to the current situation. Compile social and school tour packages as a component of community development. (4) Make the field of SE a subject of study in educational institutions and programs developing a special educational syllabus. (5) Develop typical for regions long-distance strategies that aimed at the development of SE (6) Develop cooperation between different business networks.

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