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# ASSESSMENT OF SOCIAL ENTREPRENEURSHIP AWARENESS IN ARMENIA

DOI: 10.52174/2579-2989\_2022.6-30

**Key Words:** *social entrepreneurship, Armenia, awareness assessment, communities*

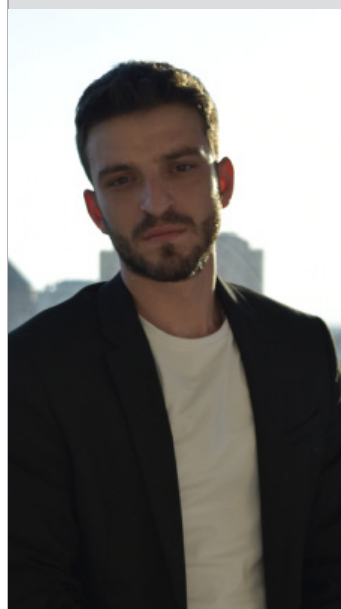
*Social entrepreneurship (SE) is a combination of two directions: ensuring social impact and implementing entrepreneurial activities. The main part of the income of the SE must be generated from business activities, thus separating it from public activities. The main goal of SE is to solve social problems in the society, community and country. SE is not only a problem of the economic sphere, it has the function of changing the cultural, mental, value base, bringing people closer to the values of social solidarity and social justice. The concept has recently emerged in Armenia as first enterprises were officially established in 2005. Since then, many enterprises practicing social mission with entrepreneurship have emerged. Although SE is very topical for today's Armenia, it is rather not very well understood among the general public in the country. The development of SE in Armenia is currently in the center of attention of a number of international donor organizations and local public organizations. There are a number of donor programs aimed at the development of social enterprises and the sectoral ecosystem.*

**F**or centuries, solving social problems was considered solely the function of the government, whether centralized or local. Over time, non-governmental organizations were created to take on the problems that the state was unable (or unwilling) to handle. More recently, the private sector has begun to contribute to solving social, environmental and other issues through corporate social responsibility and philanthropy. And the most recent development of this trend is the formation of the idea of SE.

There are different definitions of this term. The European Union states that a social enterprise is “an entity operating in the social economy whose primary objective is to have a social impact rather than to generate profit for its founders or shareholders”<sup>1</sup>. The Harvard Innovation Lab defines social enterprise as “social change that breaks stereotypes regardless of the resources at hand”<sup>2</sup>.

A social enterprise is a type of organization, the purpose of which is to solve any social problem in order to expand the scale of solving the given problem and ensure stability, often through innovative solutions, creating additional income and even profit. The term “social business” is also often used to describe a social enterprise, although this is usually appropriate if only the organization in question is registered as a business. Although the existence of a “special status” for social enterprise in developed countries such as the UK and the US is encouraging, it is worth noting that many developing countries have shown strong examples of social enterprise even in the absence of special legislation or privileges.


SE is analogously aimed at provision of goods and services, it is an income generating venture, operating in accordance with economy rules, and sells products and services in traditional markets. However, the domain of income distributed is creating a social value for a targeted group of people, in contrary to business owner’s private wealth. Achieving a social mission is the primary objective of social entrepreneur, while income-generation is considered as supportive function to its primary objective, and contributes to continuation of the mission, with very little or no profit expectation<sup>3</sup>. With involvement in economic activities, SE becomes different from charitable operations. People involved in charity do not pursue economic gain of any type and are driven by emotions of doing good<sup>4</sup>. Another term that is often confused with SE, is Corporate Social Responsibility (CSR). For-profit businesses and companies practicing CSR often create positive social impact to get engaged with their stakeholders<sup>5</sup> however, their motives are financially-driven. They are engaged in creating public good with primary purpose of the company concentrated on the positive public image and profit maximization. And this primary purpose is the dominant factor above the social value creation, whereas for the SE the social value creation is the primary purpose. While pursuing social mission, social



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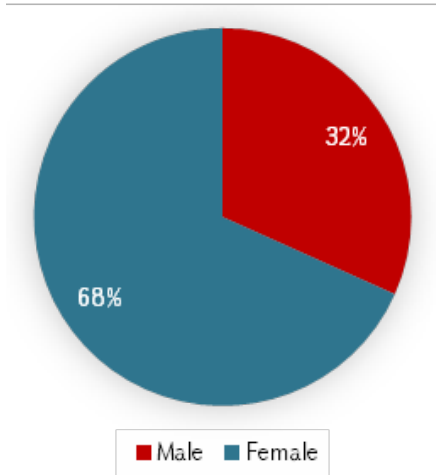
<sup>1</sup> [https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises\\_en](https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises_en)

<sup>2</sup> <https://www.youtube.com/watch?v=YUP1pH9pjzQ>

<sup>3</sup> Braunerhjelm, P.A. Social entrepreneurship: A survey of current research. Swedish entrepreneurship forum, 2009.

<sup>4</sup> David Bornstein, S. D. Social entrepreneurship. New York: Oxford University press, 2010.

<sup>5</sup> Typology of SEs by K. Alter, accessible at: <http://www.4lenses.org/Setypology/csr>



**GRAPH 1**  
**Gender distribution of survey participants (%)**

entrepreneur very often involves stakeholders, such as the government, local people, volunteers, local non-profit organizations and beneficiaries themselves into processes of mission achievement to ensure all-inclusive approach to problem solution.

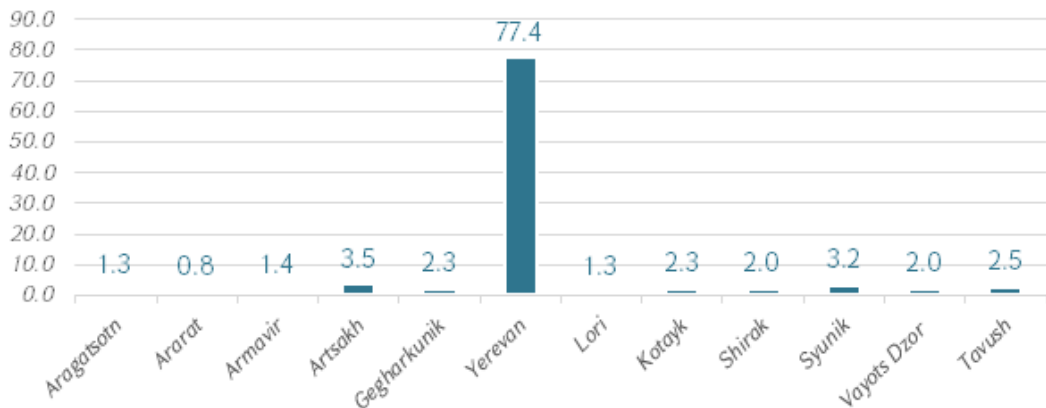
Social value creation is used within SE concept as the primary purpose of SEs for satisfaction of basic and long-lasting social needs and wants of their beneficiaries. Social value is opposite to economic value, which is material gain and wealth of a traditional

entrepreneur. The most used term for describing the purpose of SEs and their mission is social impact. According to McMullen, “for social entrepreneurs, the bottom line is to maximize some form of social impact, usually addressing a social need that is being mishandled or ignored by other institutions”<sup>6</sup>.

SEs are aimed at creating social value for beneficiaries and create positive economic environment in Armenia’s small communities where they operate. Social value creation is very difficult to measure as entities seek unique targets and work within different fields, as well as more data is necessary to collect about beneficiaries of SEs over a time.

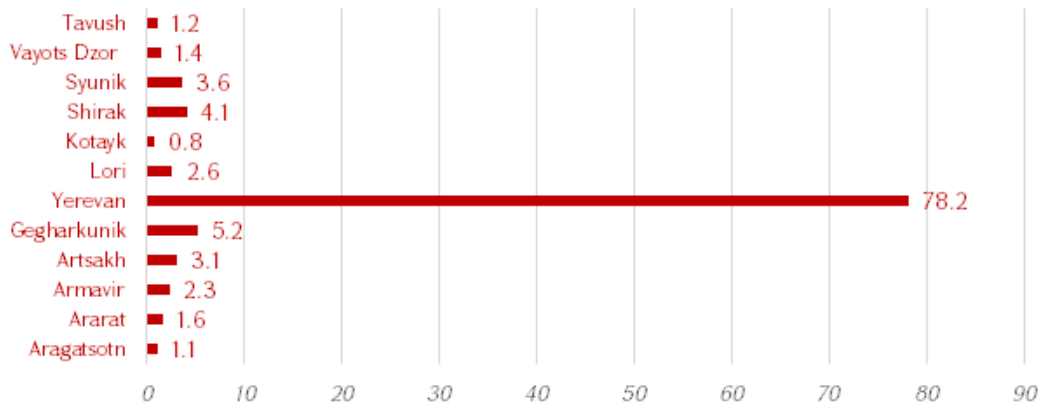
During the Armenian Third Republic, international donors have played an important role in the development of civil society, democracy, peacebuilding and rule of law in Armenia. Many field experts distinguish the important role of the international development agencies, benevolent organizations and non-profit organizations in the growth of civil society with financial, technical assistance, education and development of most recent concepts of Armenia.

In the framework of the EVZ Foundation grants assessment of social entrepreneurship awareness in Armenia has been conducted. The field work was carried out with pre-



**GRAPH 2**  
**Distribution of respondents by residence, %**

<sup>6</sup> McMullen, J. Delineating the Domain of Development Entrepreneurship: A Market. Based Approach to Facilitating Inclusive Economic Growth. Entrepreneurship theory and practice, V.35, 2011, issue 1, 185-193.



GRAPH 3

**Regional distribution of respondents who are aware of SEs, %**

designed questionnaires, online and offline methods, through telephone express surveys, with the aim of revealing the awareness of young people about social entrepreneurship. In total, 18586 people aged 18-30 participated in the survey, whose gender distribution is shown in Figure 1. As Graph 1 shows, 68% or 12,693 respondents are female and 32% or 5,893 respondents are male.

77.4% of survey participants or 14,394 people live in Yerevan, the capital city. Artsakh was next in terms of the number of respondents, from where 654 people or 3.5% of the respondents took part in the survey. Ararat region has the least number of survey participants, from which 152 people or 0.8% participated. The distribution of survey participants by place of residence

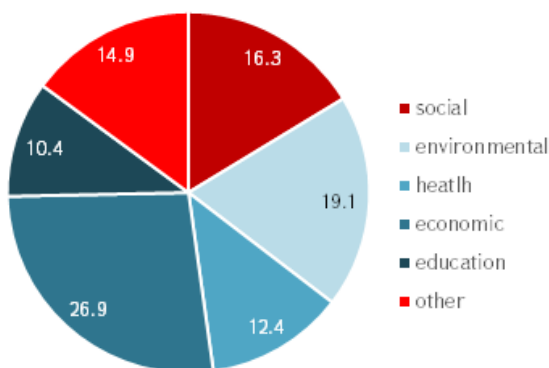
is presented in Graph 2.

66.5% of the total respondents or 12,364 people stated that they are not aware of what SEs are, and the remaining 6,222 people are aware. Moreover, it is interesting to note that about 78.2% of people who are aware of SEs live in Yerevan. The next highest rate of the respondents who are aware of SEs was recorded in Gegharkunik marz (5.2%), then in Shirak marz - 4.1%.

In general, the analysis of Graph 3 gives reason to assume that very few young people are aware of SEs, especially in marzes and Artsakh. On the other hand, 58.7% or 3655 people who are aware of SEs are aware of SEs operating in their communities, and 41.3%, despite knowing what SE is, do not know any SEs operating in their communities.

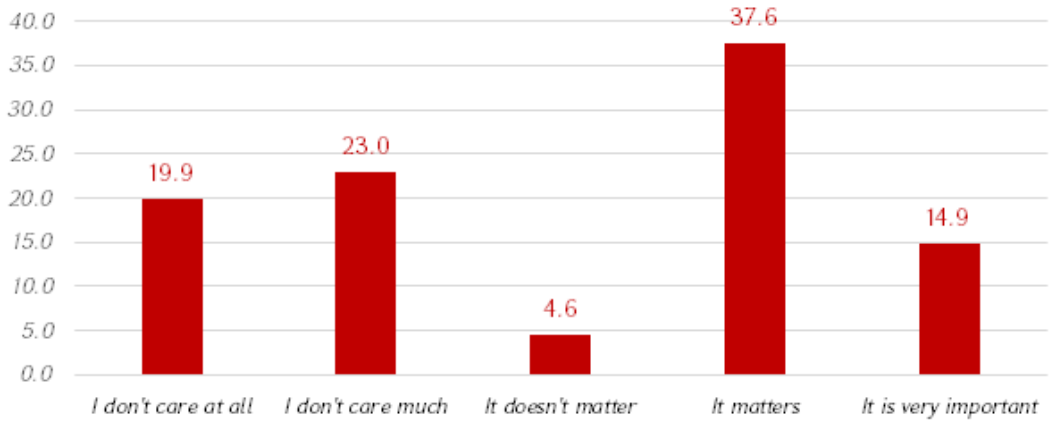
3655 people aware of SEs operating in their communities also answered the question: "If yes, in what directions do the SEs mainly implement projects?". The answers are presented in Graph 4.

Thus, it was found that about 27% or 982 SEs carry out economic activities. Environmental protection projects are implemented by 698 SEs operating in marzes and Artsakh, or 19.1% of the total. The next highest share of SEs (16.3% or 596 SEs) implement social programs in different communities. The least are health care and educational activities, which accounted for 12.4% or 453 SEs and 10.4% or 381 SEs, respectively.



GRAPH 4

**Answer distribution of the question "If yes, in what directions do the SEs mainly implement projects?", %**



GRAPH 5

**Answer distribution of the question “To what extent do you value the presence of SEs in the country?”, %**

The general respondents also answered the question of how much they value the existence of SEs in the country. 37.6% of the respondents or 6985 people indicated that the presence of SEs is important, for 19.9% (or 3698 people) and 23% (or 4269 people) the presence of SEs is not at all important or less important . Only 14.9% of the surveyed young people considered the activity of SEs very important.

In the framework of the field work, it was also studied what the respondent value most in the principles of SE activity. With a multiple answer to this question, the promotion of social justice was selected by the largest number of respondents (18,640), then they highlighted the expansion of opportunities for the development of the business sector (10,299). 8,907 people mentioned that SEs have huge contribution to the integration of vulnerable groups into society, and 7,630 people emphasized that NGOs create opportunities to attract new grant programs.

Thus, the basis of social entrepreneurship is the business model, the main purpose of which is the solution of social problems and the creation of social values. A social entrepreneur uses most of her profits to implement social reforms and solve social problems. Social enterprises should not be one-time but sustainable help for the state in solving community problems. Currently,

there are many well-established SEs that can serve as an example and whose model can be spread in other communities of Armenia as well, contributing to sustainable development in communities. However, the support mechanisms for the development of SEs are still insufficient. In particular, the process of Armenia's SEs integration into the international cooperation sector is still not at a sufficient level. Cooperative networks of SEs are still not sufficiently developed and established. When we look at the rising generation of social entrepreneurs in Armenia, we are observing a shift – entrepreneurs are focused less on solving problems for beneficiaries and more on equipping those most affected by an issue to build solutions themselves. Social impact no longer looks like top-down decision-making – there must be significant, measurable participation from those affected by the issues at hand. It has become clear that in our interconnected world, we cannot achieve the changes we need with old impact frameworks. It is vital for everyone to have the ability and space available to solve issues close to them. Because by working together we can help build a country and a world where everyone is a changemaker and, therefore, a country and a world where everyone can thrive.

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6. <https://www.youtube.com/watch?v=YUP1pH9pjzQ>

**Տարևիկ ՎԱՐԴԱՆՅԱՆ**

*ՀՊՏՀ միջազգային տնտեսական հարաբերությունների ամբիոնի դասախոս*

**Տիգրան ՄԻՔԱՅԵԼՅԱՆ**

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**ՍՈՑԻԱԼԱԿԱՆ ՔԱՂԱՔԱԿԱՆՈՒԹՅՈՒՆ**

**ՀԱՅԱՍՏԱՆՈՒՄ ՍՈՑԻԱԼԱԿԱՆ ՁԵՌՆԵՐԵՑՈՒԹՅԱՆ ԻՐԱԶԵԿՎԱԾՈՒԹՅԱՆ ԳՆԱՀԱՏՈՒՄ**

Սոցիալական ձեռներեցությունը (ՍՁ) երկու ոլորտի համադրություն է՝ սոցիալական ազդեցություն և ձեռնարկատիրական գործունեություն: ՍՁ եկամտի հիմնական մասը պետք է ստացվի ձեռնարկատիրական գործունեությունից, որն անհրաժեշտ է առանձնացնել սոցիալականից: ՍՁ հիմնական նպատակը հասարակության և երկրի ներսում առկա սոցիալական խնդիրների լուծումն է: ՍՁ-ն միայն տնտեսական ոլորտի խնդիր չէ, այլ ունի մշակութային, մտավոր, արժեքային հենքը փոխելու, սոցիալական համերաշխության և սոցիալական արդարության արժեքներին մարդկանց ավելի մոտեցնելու գործառույթ: ՍՁ հայեցակարգը նոր երևույթ է Հայաստանում, իսկ առաջին ձեռնարկությունները պաշտոնապես ստեղծվել են 2005 թվականին: Այդ ժամանակից ի վեր հիմնադրվել են բազմաթիվ ՍՁ-ներ, որոնք ձեռներեցության միջոցով իրականացնում են սոցիալական առաքելություն: Չնայած այն հանգամանքին, որ ՍՁ-ն շատ արդիական է այսօրվա Հայաստանի համար, սակայն հասարակության լայն շերտերն այն լավ չեն ընկալում: ՍՁ զարգացումը ՀՀ-ում մի շարք միջազգային դոնոր և տեղական հասարակական կազմակերպությունների ուշադրության կենտրոնում է: Կան այնպիսի դոնորական ծրագրեր, որոնք ուղղված են սոցիալական ձեռնարկությունների և արդյունաբերության էկոհամակարգի զարգացմանը:

**Հիմնաբառեր.** *սոցիալական ձեռներեցություն, Հայաստան, իրազեկման գնահատում, համայնքներ*

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**СОЦИАЛЬНАЯ ПОЛИТИКА**

**ОЦЕНКА ОСВЕДОМЛЕННОСТИ О СОЦИАЛЬНОМ ПРЕДПРИНИМАТЕЛЬСТВЕ В АРМЕНИИ**

Социальное предпринимательство (СП) представляет собой сочетание двух направлений: обеспечение социального воздействия и осуществление предпринимательской деятельности. Основная часть доходов СП должна быть получена от предпринимательской деятельности, что отделяет ее от общественной деятельности. Главной целью СП является решение социальных проблем в обществе и стране. СП является не только проблемой экономической сферы - оно имеет функцию изменения культурной, мыслительной, ценностной базы, приближения людей к ценностям социальной солидарности и социальной справедливости. Эта концепция недавно появилась в Армении, поскольку первые предприятия были официально созданы в 2005 году. С тех пор появилось много предприятий, реализующих социальную миссию с предпринимательством. Несмотря на то, что СП очень актуально для современной Армении, оно не очень хорошо понимается широкой общественностью страны. Развитие СП в Армении в настоящее время находится в центре внимания ряда международных донорских организаций и местных общественных организаций. Существует ряд донорских программ, направленных на развитие социальных предприятий и отраслевой экосистемы.

**Ключевые слова:** *социальное предпринимательство, Армения, оценка осведомленности, сообщества*