



SOCIODYNAMICS OF SOCIAL ENTREPRENEURSHIP IN UZBEKISTAN AND INTRODUCING THE SOCIAL ENTREPRENEURSHIP DEVELOPMENT INDEX (SED Index) IN COMMUNITIES

Yo'ldosheva Umida

Scientific Research Institute «Mahalla and Family», PhD Student

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ANNOTATION

Based on sociological researches conducted by the author this article provides a comprehensive analysis of the current state of social entrepreneurship in Uzbekistan, a relatively new and evolving phenomenon within the country. Through a thorough examination of the existing landscape, the author evaluates the level of development, challenges, and opportunities for social entrepreneurship in Uzbekistan. By proposing an algorithmic framework for its future growth and development, the article offers valuable insights and recommendations to foster a flourishing social entrepreneurship ecosystem in Uzbekistan. analyzes some methodologies to quantify the level of social entrepreneurship development within regions, followed by the proposal of a potential Social Entrepreneurship Development Index (SED Index) as an exemplary measurement tool.

KEYWORDS: social entrepreneurship, sociodynamics of social entrepreneurship in Uzbekistan, resources for the development of social entrepreneurship, algorithm of developing social entrepreneurship in Uzbekistan, measuring the level of social entrepreneurship development within regions, Social Entrepreneurship Development Index (SED Index)

INTRODUCTION

Uzbekistan today is at a new stage of its development, where large-scale political, administrative, economic and social reforms are taking place. These circumstances make it necessary to consider a variety of tools for managing social processes and effectively solving social problems.

The problem of integrating the processes of economic and social sustainability is becoming important. Such orientation of socio-economic development and the main tasks are defined in the Strategy "Uzbekistan-2030" [1], in the Development Strategy of New Uzbekistan for 2022-2026[2] and many other regulatory legal acts.

Social entrepreneurship is one of the effective tools for achieving socio-economic stability. As a relatively new and innovative phenomenon, it contributes to the growth of the level and quality of life of the population, increasing the competitiveness and efficiency of the economy, which is very relevant right now in the light of the crisis in the global economy and the slowdown in economic growth due to the pandemic.

In Uzbekistan, great attention has recently been paid to the integration of the processes of economic sustainability and social stability, but there is still a lack of systematic scientific research aimed at formulating proposals for the effective use of social entrepreneurship as one of the most effective tools for achieving socio-economic stability. Socio-economic studies of

the essence, dynamics and prospects for the development of social entrepreneurship are necessary to create an empirical base for forecasting the vectors of development of the national economy and the social sphere.

It should be noted that very few works are devoted to the theory and methodology of social entrepreneurship from the perspective of sociological analysis, not only in Uzbekistan, but also in the CIS countries and abroad.

In Uzbekistan, social entrepreneurship has not been studied in the context of social analysis, but it is still worth noting the works on the study of social and economic processes by such authors as M. Bekmurodov, N. Egamberdiyeva, Sh. Sodikova, the study in the field of entrepreneurship was carried out by such authors as Sh. Abdullaeva, B. Mamatova, J. Isakova, D. Tadjibaeva, I. Rakhmonov, T. Koraliev, G. Yakhshiboev, I. Alimardonova and in the field of the legislative framework of social entrepreneurship the work of such authors such as A. Radjabov, S. Akhrorova, A. Kalandarov.

In the CIS countries, there has recently been an increase in interest in social entrepreneurship on the part of the scientific community, in particular, the history of development, practical aspects and substantive directions for the development of social entrepreneurship. The works of M. Batalina, A. Barkov, I. Mirgaliyev, E. Shmatkova, M. Volkova increasingly effected the development of scientific researches in the sphere.



Among foreign scientists, R. Cantillon, A. Smith, P. Drucker, J. Schumpeter, W. Sombart, F. Knight, and I. Kirzner made a significant contribution to the study of entrepreneurship. The culture of entrepreneurship from the standpoint of the social component is considered by A. Rich and J. Huizing. A significant contribution to the study of the theoretical foundations and practical aspects of social entrepreneurship was made by C. Leadbeater, G. Deese, G. Prabu, J. Boschi, D. Bornstein, S. Johnson, W. Drayton, J. S. Smith, and J. S. Smith. Austin, G. Sullivan Mort, Mair & Martin, R. Martin, S. Osberg.

Mair and Martin argue that "the main difference between entrepreneurship in the business sector and social entrepreneurship is the relative priority given to the creation of social good over the creation of economic good" [5]. Thus, social entrepreneurship is a type of entrepreneurial activity aimed at solving social problems. The difference between social entrepreneurship and non-profit organizations and charity lies in the presence of a dual goal: commercial and social. The business model of social entrepreneurship is a self-sustaining activity that brings profit and profit, in turn, is a means to achieve a social goal.

METHODOLOGY

Within the framework of our research our main objective was to develop algorithm of developing social entrepreneurship in Uzbekistan. Series of empirical sociological researches has been conducted to define the existing ecosystem and sociodynamics of social entrepreneurship in Uzbekistan and prospects of its development. Through

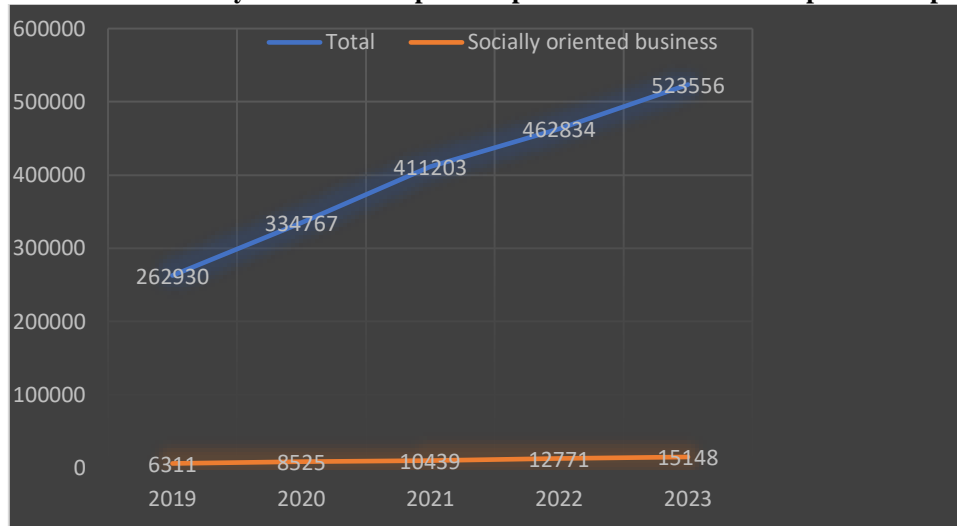
- i. statistical analysis of socially oriented entrepreneurship in dynamics for 2018-2022 in Uzbekistan;
- ii. structured interviews and focused group discussions with the experts selected based on their expertise, knowledge, and practical understanding of social entrepreneurship ecosystem;
- iii. case studies conducted by author in Scandinavian countries (Norway, Sweden, Denmark), which involved studying successful social enterprises, examining their growth trajectories, and identifying the key factors that played a crucial role in their development;
- iv. social survey conducted in Tashkent region, Tashkent city, Fergana region, Kashkadarya region and Navoi

region to determine the prospects and opportunities for the implementation of social entrepreneurship in mahallas by assessing the level of public awareness of social entrepreneurship, analyzing the motivation of the population at the beginning of entrepreneurial activity, identifying the main barriers that prevent the population from doing business, studying the gender aspects associated with doing business, assessing the resource potential of mahallas in the selected regions, analyzing the main socio-economic problems of mahallas and the demand of mahallas for various areas of social entrepreneurship, comparison of this demand of mahallas with the choice of the population to open a certain direction of social entrepreneurship, determining the resources necessary for the development of social entrepreneurship in mahallas sociodynamics of social entrepreneurship in Uzbekistan have been analyzed and based on these findings algorithm of developing social entrepreneurship in Uzbekistan has been developed.

RESULTS

As part of our research, we selected socially-oriented enterprises according to the NCEA classifier. To do this, we were guided by the definition given in the previous paragraphs and selected the appropriate NCEAs that correspond to business activities focused on solving social and environmental problems.

In total, as of January 1, 2023, the number of small businesses operating in the field of socially-oriented entrepreneurship in the republic amounted to 15148 entities, in accordance with the National Classifier of Economic Activities NCEA-2, they include: - 36 - Collection, treatment and distribution of water, 38 - Collection, treatment, disposal, disposal of waste, 58.1 - Publication of books, periodicals and other types of publishing activities, 58.11 - Publication Books, 60.1 - Broadcasting, 78 - Employment, 85 - Education, 87 - Provision of Care with Accommodation, 88 - Provision of Social Services without Accommodation, 90 - Activities in the Field of Creativity, Arts and Entertainment, 91 - Activities of Libraries, Archives, Museums and Other Cultural Institutions, 93 - Activities in the Field of Sports, Recreation and Entertainment.

Figure 1 Growth of socially oriented entrepreneurship in total number of entrepreneurship

Based on the results of the analysis of socially oriented entrepreneurship over the past five years (fig.1), it can be noted that it has increased. This indicates the growing interest of entrepreneurs in social responsibility and the desire to make positive changes in society. But also, there is a big gap between the regions and between one or another type of socially oriented entrepreneurship. For example, in the areas of activity of libraries, archives, museums and other cultural institutions, which may be due to various factors, including the fact that the activities of state institutions are quite developed in this area. Other factors for the greater or lesser development of certain types of socially oriented business in certain regions include such factors as demographic, economic, socio-cultural and institutional.

The development of socially oriented business in the regions requires an integrated approach and active interaction with society: analysis of the current situation, development of a development strategy, support from the state, the business community and the public. Statistical analysis of the types of socially oriented entrepreneurship in the regions helped to identify trends in the development of social entrepreneurship in the region and identify growth potential. On the basis of statistical data, it is possible to predict the future development of social entrepreneurship and make decisions aimed at supporting and stimulating it. This analysis serves as the basis for the selection of priority areas and development strategies, as well as for the determination of the necessary resources and support measures.

Analyzing the results of case studies and in-depth expert interviews in the Scandinavian countries and Uzbekistan, the following observations can be made regarding the coincidence of answers for each aspect, which experts and respondents noted as important for the development or sustainability of social entrepreneurship (fig. 2):

Enactment of the Law on Social Entrepreneurship

- In Uzbekistan, this aspect turned out to be more important than in the Nordic countries (92.59 % respondents compared to 65% in the Scandinavian countries), indicating that there is a greater need to create a legislative framework to

support social entrepreneurship in Uzbekistan.

Separate Legal Form

- Both regions attach great importance to this aspect, but the Scandinavian countries noted it slightly more important (95% of respondents compared to 92.59% in Uzbekistan). This indicates that both countries recognize the need for a separate organizational and legal form that takes into account the specifics of social entrepreneurship.

Awareness-Raising

- In Uzbekistan, this aspect was noted as important by all interviewees (100%), which indicates the need for information and education in the field of social entrepreneurship. In the Scandinavian countries, this aspect was also rated highly (75%), but not as much as in Uzbekistan.

Financial Support

- Both regions attached great importance to financial support for social entrepreneurs. In Uzbekistan, this aspect was noted by 92.59% of respondents, and in the Scandinavian countries - 90%.

Tax Benefits

- In Uzbekistan, tax incentives were estimated slightly higher than in the Scandinavian countries (81.48% vs. 60%). This may indicate the need to create more favorable tax conditions for the development of social entrepreneurship in Uzbekistan.

Training

- Both regions assess training as one of the important aspects for the development of social entrepreneurship. In Uzbekistan, this aspect was noted by all respondents (100%), and in the Scandinavian countries - 85%.

Platform Networking and Motivation

- Both aspects (platform networking and motivation) were assessed at approximately the same level in both countries. In Uzbekistan, approximately 81.48% of respondents noted the importance of these aspects, and in the Scandinavian countries, 95%.



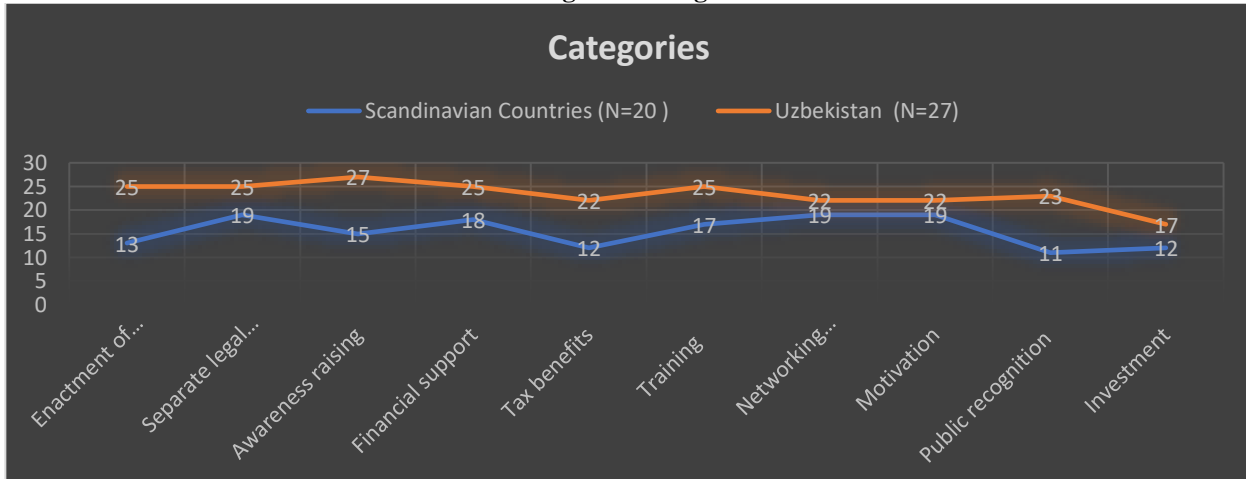
Public Recognition

- In Uzbekistan, this aspect was rated higher (85.19% of respondents compared to 55% of respondents in the Nordic countries), which may indicate the greater importance of recognition and support of social entrepreneurs by society in Uzbekistan.

Investment

- In Uzbekistan, investments were slightly higher than in the Scandinavian countries (62.96% compared to 60% in the Scandinavian countries).

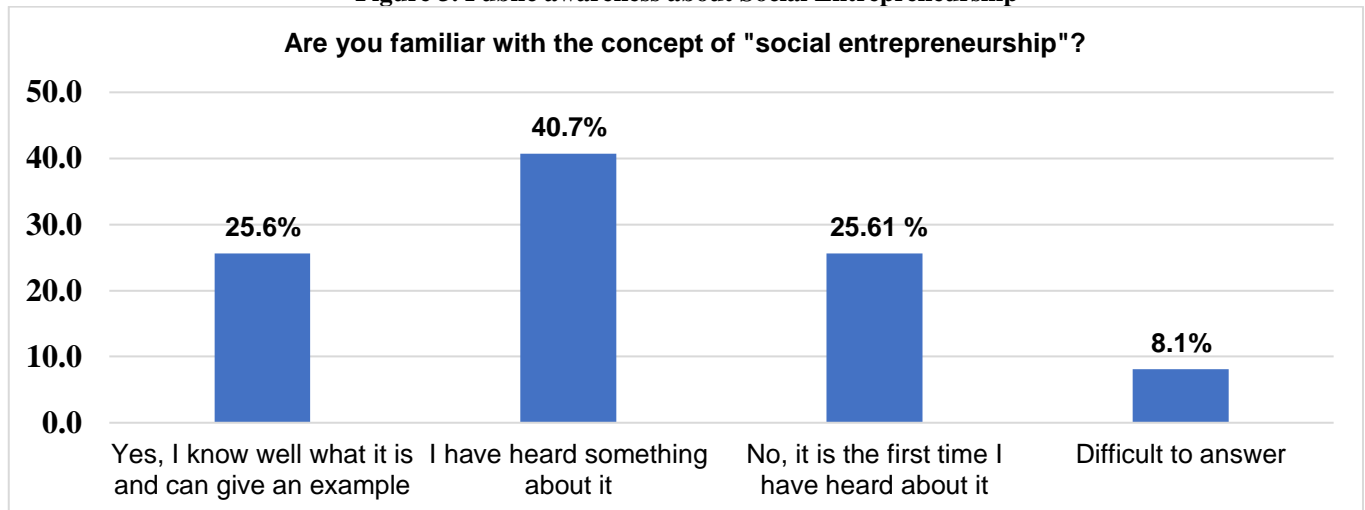
Figure 2 Categories



Analyzing the level of public awareness about social entrepreneurship identified in social survey, to the question "Are you familiar with the concept of "social entrepreneurship"?" 40.7% of respondents answered "I've

heard something about it", 25.6% "No, it's the first time I've heard about it" and 25/6% "Yes, I know very well what it is and can even give an example" and only 8.1% of respondents found it difficult to answer. (fig.3)

Figure 3. Public awareness about Social Entrepreneurship



It should be concluded that it is expedient to work in the field of raising public awareness of social entrepreneurship.

To determine the motivation for social entrepreneurship among the population, we asked the question: "What is your main goal to start entrepreneurship or social entrepreneurship?" The answer that defines the motivation of a social entrepreneur "Conducting socially useful activities that at the same time generate income" was chosen by only 11.3% of respondents. The most common answer is "improving my financial situation/earnings", 37.7% of respondents answered this way.

We consider it expedient to educate the population about social entrepreneurship as an opportunity to simultaneously receive financial benefits and make positive changes in society.

In our study, it was important to identify the main barriers that people face or that limit their ability to start a business. The majority of respondents noted such factors as "lack of funds to start a business", "lack of experience", "lack of knowledge and skills", "lack of access to legal and financial advice for registering and conducting business activities".

Based on this, it is important to strengthen and optimize the system of issuing grants, microloans, lending and subsidies to support entrepreneurship, as well as to improve the work of Entrepreneurship Training Centers and the system of pro bono financial and legal services.

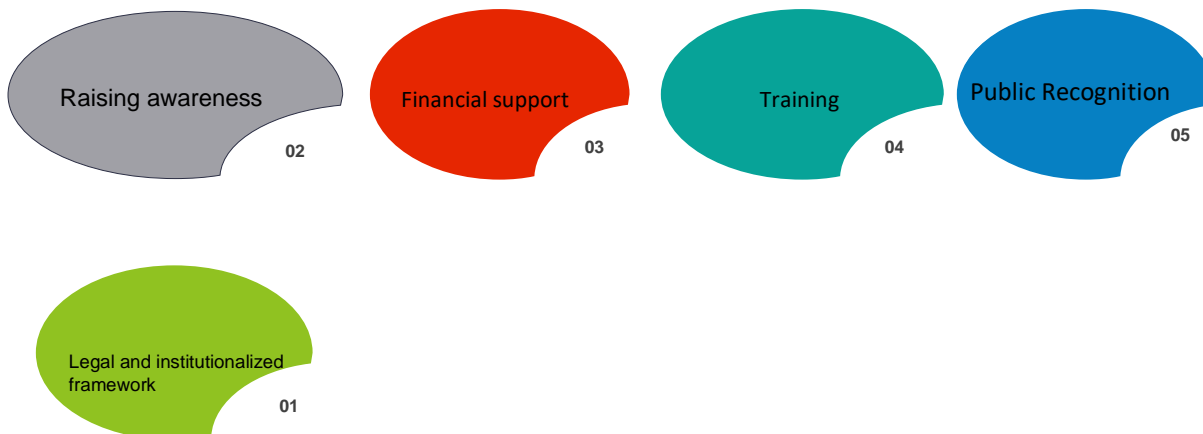


DISCUSSIONS

As a result of the findings of all these stages of the study, we have developed an algorithm for the development of social entrepreneurship in Uzbekistan. This algorithm is a comprehensive approach that includes evidence-based

recommendations and support mechanisms that contribute to the development and evolution of social entrepreneurial projects. It is based on the establishment of an effective institutional framework, financial support, the promotion of training programmes, raising public awareness and the development of partnerships and networks.

Algorithm for the development of social entrepreneurship in



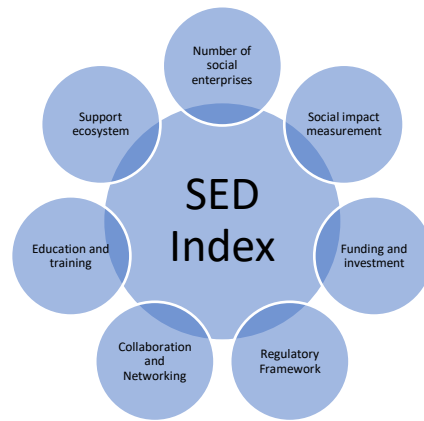
where:

- 1. Legal and Institutional Framework:** adopting Law on social entrepreneurship or introducing amendments to existing ones, creating a legal framework that allows for the establishment of specific legal entities for social entrepreneurship, such as social enterprises or social cooperatives, developing regulatory mechanisms, such as certification or accreditation processes, to verify and validate social enterprises' social and environmental impact; establishing reporting mechanisms to track the social and environmental impact of social entrepreneurship ventures, ensuring accountability and transparency.
- 2. Raising Awareness:** developing a comprehensive awareness campaign to educate the public about social entrepreneurship's concept, benefits, and potential for positive social impact; organizing workshops, seminars, and conferences to promote understanding and generate interest among entrepreneurs, students, civil society organizations, and potential investors; leveraging various communication channels, such as social media, websites, and traditional media, to disseminate information and success stories of social entrepreneurs.
- 3. Financial Support:** creating a dedicated fund or set up financial mechanisms specifically tailored for social entrepreneurs; establishing partnerships with financial institutions, impact investors, and philanthropic organizations to provide capital, grants, and low-interest loans; developing clear criteria and guidelines for accessing financial support, ensuring transparency and accountability; mentoring and guidance to social entrepreneurs during the financial application process to enhance their chances of securing funding.
- 4. Training:** designing and delivering comprehensive training programs that cover various aspects of social entrepreneurship,

including business planning, impact measurement, marketing, and financial management; collaborating with universities, vocational training institutions, and entrepreneurship support organizations to incorporate social entrepreneurship courses into their curriculum; providing mentorship programs where experienced social entrepreneurs can guide and support aspiring entrepreneurs in developing and scaling their ventures.

5. Public Recognition: organizing annual or biennial social entrepreneurship awards to recognize and celebrate outstanding social entrepreneurs, encouraging others to follow suit; developing platforms for social entrepreneurs to share their stories, impact, and lessons learned, creating a supportive network and inspiring others; engaging with the media to showcase successful social entrepreneurship ventures and highlight their positive impact on society.

The implementation of this algorithm, encompassing the establishment of a legal and institutional framework, raising awareness, providing financial support, offering training, and ensuring public recognition, will contribute to the development of social entrepreneurship in Uzbekistan. This, in turn, will foster social and economic sustainability, driving positive social impact and creating a more inclusive and prosperous society for all. Based on these findings and studies several indexes that measure the development of social entrepreneurship in specific regions or countries such as the Global Entrepreneurship Index (GEI), the European Social Entrepreneurship Monitor (ESEM), the Ashoka Social Financial Services Index, the African Social Entrepreneurship Index (ASEI), the SED Index was constructed. The SED Index was constructed by assigning numerical values to each factor based on their relative significance.



Indicator	1. Number of Social Enterprises:	2. Social Impact Measurement :	3. Funding and Investment:	4. Regulatory Framework :	5. Collaboration and Networking:	6. Education and Training:	7. Support Ecosystem:
Score definition	<p>Score Definition:</p> <p>- 1-3: Very low number of social enterprises in the region, indicating low interest and activity in social entrepreneurship.</p> <p>- 4-6: Moderate number of social enterprises in the region, indicating some level of interest and activity in social entrepreneurship.</p> <p>- 7-10: High number of social enterprises in the region, indicating strong interest and activity in social entrepreneurship.</p>	<p>Score Definition:</p> <p>- 1-3: Limited ability of social enterprises to measure and report their social impact, indicating low transparency and accountability.</p> <p>- 4-6: Some ability of social enterprises to measure and report their social impact, indicating moderate transparency and accountability.</p> <p>- 7-10: Effective ability of social enterprises to measure and report their social impact, indicating high transparency and accountability.</p>	<p>Score Definition:</p> <p>- 1-3: Limited availability of financial resources for social entrepreneurship activities in the region, including few grants, loans, and investment opportunities.</p> <p>- 4-6: Moderate availability of financial resources for social entrepreneurship activities in the region, including some grants, loans, and investment opportunities.</p> <p>- 7-10: Wide availability of</p>	<p>Score Definition:</p> <p>- 1-3: Weak or non-existent supportive regulatory frameworks for social entrepreneurship in the region, lacking legal structures, tax incentives, and policy measures.</p> <p>- 4-6: Some supportive regulatory frameworks for social entrepreneurship in the region, with limited legal structures, tax incentives, and policy measures.</p> <p>- 7-10: Strong and effective supportive regulatory frameworks for social entrepreneurship in the region, including well-established legal</p>	<p>Score Definition:</p> <p>- 1-3: Low level of collaboration and networking among social enterprises within the region, with minimal presence of networks, associations, and platforms.</p> <p>- 4-6: Moderate level of collaboration and networking among social enterprises within the region, with some presence of networks, associations, and platforms.</p> <p>- 7-10: High level of collaboration and networking among social enterprises within the region, facilitated by well-established networks, associations, and platforms.</p>	<p>Score Definition:</p> <p>- 1-3: Limited provision of education and training opportunities for social entrepreneurs in the region, including few courses, workshops, and mentoring programs.</p> <p>- 4-6: Some provision of education and training opportunities for social entrepreneurs in the region, including a moderate number of courses, workshops, and mentoring programs.</p> <p>- 7-10: Ample provision of education and training opportunities for social entrepreneurs in the region, including a</p>	<p>Score Definition:</p> <p>- 1-3: Weak presence of support organizations and infrastructure for social entrepreneurship in the region, including limited availability of incubators, accelerators, and consultation services.</p> <p>- 4-6: Some presence of support organizations and infrastructure for social entrepreneurship in the region, including a moderate availability of incubators, accelerators, and consultation services.</p> <p>- 7-10: Strong and effective presence of support organizations and infrastructure for social entrepreneurship in the region, including well-established incubators, accelerators, and consultation services.</p>



			financial resources for social entrepreneurship activities in the region, including multiple grants, loans, and impact investment opportunities.	structures, tax incentives, and policy measures.		wide range of courses, workshops, and mentoring programs.	
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* Methodology for Index of Social Entrepreneurship Development (ISED)

The development of a Potential Social Entrepreneurship Development Index (SED Index) holds great promise for assessing and quantifying the growth of social entrepreneurship in various regions. The SED Index serves as a valuable tool to measure social entrepreneurship development in a region. By applying the index to various regions, policymakers, researchers, and practitioners can gain insights into the strengths and weaknesses of each area, thereby facilitating targeted interventions and policy formulation. The findings of this study provide a basis for understanding the factors that contribute to the growth of social entrepreneurship, which can guide the design and implementation of support programs and initiatives.

However, it is important to acknowledge the existing limitations that hinder the immediate measurement of social entrepreneurship development. One major challenge is the lack of a regulatory framework and the absence of a recognized legal form for social enterprises in certain regions. Without a standardized definition and structure for social enterprises, it becomes difficult to gather accurate data and measurements. Additionally, the absence of mechanisms for collecting data specifically on social entrepreneurship further complicates the measurement process.

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ABOUT THE AUTHOR



Yo'ldosheva Umida
Scientific Research Institute «Mahalla and Family», PhD Student