

INTRODUCTION OF SOCIAL ENTREPRENEURSHIP IN AGRIBUSINESS IN THE REPUBLICS OF ARMENIA AND ARTSAKH

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Introduction. At the current stage of economic development, social entrepreneurship is a type of entrepreneurial activity, the main goal of which is to solve specific social problems in addition to making a profit. More than 50 + n% of the profit from the social enterprise in the world practice is directed to the solution of social problems [Seferyan, 2010, 15]. Both in the international practice and in the Republics of Armenia and Artsakh, the introduction of Social Entrepreneurship in agribusiness will create the necessary opportunities for poverty reduction, community activation, acquisition of new knowledge, skills and balanced development among the rural population. In the Republics of Armenia and Artsakh, Social Entrepreneurship is in the development stage, so bilateral cooperation between the state system and the private sector is of key importance for the development of this sector.

Methodology. Scientific research and analysis on the issues of Social Entrepreneurship served as a scientific basis for the research. Systematic approach and comparative analysis and comparison methods were used during the research.

Review of literature. The application of social enterprises in agribusiness is based on the fact that agriculture in the Republics of Armenia and Artsakh are in constant need of investment, and from a business point of view, there are still many open segments in the field of agriculture.

The development and application of social entrepreneurship in agribusiness can create new investment directions for the economies of the Republics of Armenia and Artsakh, which in turn will contribute to the implementation of new business ideas, management, new culture, and many untapped opportunities. Studying the peculiarities of the Armenian market, the problems of social entrepreneurship have been singled out.

The following factors are emphasized as key issues of social entrepreneurship:

- There is no clear policy in the field of social entrepreneurship, there is no common definition, appropriate criteria according to which companies can be classified as social enterprise.

- There is a low level of awareness in the sector, which is due to the fact that social entrepreneurship in the economies of Armenia and Artsakh has not yet received adequate attention from either the state or the private sector.

- Both formal and informal educational institutions do not address social entrepreneurship, while it is considered an integral part of modern international business culture.

Scientific novelty. In order to respond quickly to foreign investments in agriculture through social entrepreneurship in the Republics of Armenia and Artsakh, we propose to offer potential investors services that will provide the potential investor with the necessary legal, market research, marketing, management, tax, accounting and information consulting. We suggest that commercial banks can be more effective in these organizations, as potential investors do not trust unfamiliar ordinary business consulting companies. In Agribusiness, Social Entrepreneurship is targeted to make large investments, as this way it is possible to achieve significant results, but with this approach it is possible to create an opportunity for SMEs with certain services to serve large social enterprises. This will create new markets for SMEs in agriculture. The effectiveness of social enterprises depends not only on the amount of profit, but also on the degree and level of social impact. In order to assess the level of social impact, it is necessary to prepare relevant reports, which should present in detail what specific problems have been solved by the given social enterprise, what statistical and qualitative results have been recorded.

Analysis. Agriculture, being a dominant branch of the economy in the economies of the Republics of Armenia and Artsakh, still has many untapped opportunities, some of which can be realized through social entrepreneurship.

In order to increase the investment attractiveness of agriculture, it is important to switch from traditional agriculture to industrial agriculture. Traditional agriculture is not attractive for investment due to its instability, while innovative knowledge-based agriculture allows minimizing agricultural risks by increasing the efficient use of invested resources" [Praszkiel, Nowak, 2018, 25].

The securities market can play a key role in attracting investment in agribusiness for social entrepreneurship, as commercial banks prefer to lend to sectors already established in the market.

Taking into account the importance of the securities market in such a case, it is necessary to identify the nuances that hinder the financing of large projects through equity participation in the Armenian market. They are mainly due to the lack of a "culture on corporate governance" [Ellis, 2010, 47]. Corporate governance has for many years played its role in the management of international business as a successful management model. Corporate governance implies a set of rules and processes to manage a

company, using certain positive constraints on the company regarding the behavior of shareholders and beneficiaries. Corporate governance requires the company to take care of its shareholders, to show a responsible attitude towards the individuals and companies with which it cooperates. The governance system should be such that everyone understands the scope of their rights and responsibilities. Corporate governance requires that once a company has adopted specific policies, it must implement them in its operations.

In order to assess the potential of the social entrepreneurship sector in Armenia and Artsakh, it is necessary to conduct a SWOT analysis, which will enable to identify the advantages and disadvantages of the social entrepreneurship, as well as the actual opportunities and threats"[Martin Clark, 2018, 27].

1. The following factors are considered as advantages:

- The great interest of young people in the social entrepreneurship, which implies potential opportunities to bring the field of social entrepreneurship to a new level.
- Practical interest in overcoming poverty is already a potential motivation for engaging in the social entrepreneurship and these motives are further enhanced by the study of foreign practice, where social entrepreneurship (SE) plays an important role in the financial recovery of communities and in overcoming poverty.
- An intensive work style is adopted in Armenian management in order to achieve the desired result, which is a key role in SE, as compared to traditional businesses, SE is not limited to making a profit.
- The development and price availability of companies providing outsourcing services to businesses creates additional opportunities for the SE to carry out business activities effectively, making targeted use of available financial, technological and human resources.

2. The following factors are included under the disadvantages:

- Having a small market that many investors are not interested in, but it is easier to gain recognition among potential customers in a small market and the national market does not suffer from franchising and network companies.
- The atmosphere of distrust towards SE, the overcoming of which is a matter of time, as well as it is purposeful to overcome the unjustified distrust towards SE by fully speaking out and presenting successful projects.
- Absence of the organizational and legal status of the SE, in the presence of which a great activation is expected towards the SE.
- Implementation of tax administration, which is still in the development stage, and, it is advisable to have a "Tax Mediator Institute" in case of legislative disagreements in order to provide an effective solution to disputes with minimal costs in a short period of time.

Due to the fact that social enterprises are quite sensitive to the external environment, so very often, in addition to SWOT analysis, they also perform PEST analysis to determine the impact of the external environment on social enterprises.

There are different approaches to assessing the external environment, but in social entrepreneurship PEST analysis is more targeted. PEST analysis is designed to identify the political / legal, economic, social and technological factors of the external environment that affect the organization's activities.

The inclusion of legal factors under political factors is conditioned by the fact that the state pursues its policy based on the relevant legal levers.

The success of social entrepreneurship largely depends not only on environmental factors, but also on the level of training of managers. The international practice of SE has proven that there are certain nuances that are key to succeeding in the competition in the market.

In order to be successful in the market, the company must have a specific vision. There are two approaches to achieving the desired vision in business practice, planned and situational.

- The planned approach involves being guided by a pre-designed strategy, for example, according to a business plan, the Canvas model, strategic planning, and other forms.

- SE is more sensitive to any changes, and this requires a special risk management approach [ACBA, 2021]. Of the many methods of risk management, the most successful is the following approach, which is implemented in three stages.

- In the first stage, all possible risks are identified and classified according to the degree of danger.

- In the second stage, the identified risk management methods are selected and a risk management policy is developed.

- In the third stage, a risk control system is introduced - selection of monitoring methods.

In order to implement risk management effectively, statistical, expert and scenario methods can also be applied in risk management policy.

- The essence of the statistical method is to provide factual arithmetic data at a particular point in time.

- The expert method is the risks considered by the relevant specialists, as well as the level of their impact in this or that project.

- The scenario method is designed to find out the company's actions in various possible adverse situations.

Conclusion. Taking into account the great potential for the development of agriculture and social entrepreneurship in Armenia and Artsakh, the question arises: What are the problems of investing in agriculture through social entrepreneurship, when there is a great potential of the Armenian Diaspora in terms of attracting investments? Therefore, in order to solve the problem, it is first necessary to have mechanisms to respond quickly to foreign investment.

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Introduction of social entrepreneurship in agribusiness in RA and AR

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Social entrepreneurship is a type of entrepreneurial activity, the main purpose of which is not only to make a profit, but also to solve certain social problems, more than 50% of the profits from the social enterprise is used in world practice to solve social problems. Social entrepreneurship ensures the reproduction of capital, which allows directing funds allocated for charitable purposes from one-time consumption to investments, and the solution of social problems is carried out through self-financing. The user of the product or service of the social enterprise gets the opportunity not only to satisfy his personal needs, but also to participate in the solution of certain social problems. The effectiveness of social enterprises depends not only on the amount of profit, but also on the degree of social impact. In agribusiness, social entrepreneurship is targeted to make large investments, as this way it is possible to achieve significant results, but with this approach it is possible to create an opportunity for SMEs with certain services to serve large Social Enterprises. This will create new markets for SMEs in agriculture.