SUSTAINABLE DEVELOPMENT OF ECONOMY VIA SOCIALY ORIENTED ACTIVITIES¹Nikolay Gelashvili¹, Tatyana Pritvorova², Elena Petrenko³, Begarshyn Zhumanova⁴, Azhar Kizimbaeva⁵^{1,2}*Y.A. Buketov Karaganda State Universit, Karagandy, Universitetskaya Street, 28, Kazakhstan*³*Plekhanov Russian University of Economic, Moscow, Stremyanny lane 36, Russia*⁴*Kazakh University of Economics, Finance and International Trade, Nur-Sultan, Akhmet Zhubanov street, 7, Kazakhstan*⁵*Yessenov University, Aktau, 32 microdistrict, Kazakhstan**E-mails: ¹denor1980@mail.ru, ²prtvorova_@mail.ru, ³petrenko_yelena@bk.ru,
⁴bk_zhumanova06@mail.ru, ⁵kizimbaeva@mail.ru**Received 18 October 2019; accepte 15 April 2020; published 30 June 2020*

Abstract. The article considers the problem of forming the vector of economic development on the principles of sustainable development and social economy. State security is based not only on successful economic development, but also on maintaining a balance of social interests. Social entrepreneurship is contrary to social stratification and confrontation in society. As an empirical basis for this direction of development, the authors explore the segment of non-profit organizations with constant income and organizations providing services in the social sphere of Kazakhstan. In the absence of an official definition of social entrepreneurship, these types of socially oriented activities most fully implement the principles of sustainable development, while at the same time forming economic and social value. The results of a sociological study reveal the microscopic extent of this phenomenon in Kazakhstan, and the overwhelming array of respondents focuses on the system of institutional support for social entrepreneurship. The authors developed recommendations on the regulatory legal status of social entrepreneurs and the main directions of their institutional support. Particular attention is paid to the development of intersectoral and intra-sectoral ties in the development of social entrepreneurship. The emphasis is on the accelerator model, as the most productive form of support, which has a network nature and is based on coordination mechanisms between the state and non-state actors. The formation of a full-fledged institutional environment will ensure the stability and progression of the economic development of socially oriented activities and create a critical mass of entities acting on the principles of sustainable development in the unity of economic and social values of social development.

Keywords: sustainable development; safety; socially oriented activities; institutional environment; Kazakhstan

Reference to this paper should be made as follows: Gelashvili, N., Pritvorova, T., Petrenko, E., Zhumanova, B., Kizimbaeva, A. 2020. Sustainable development of economy via socialy oriented activities. Journal of Security and Sustainability Issues, 9(4), 1405-1419. [http://doi.org/10.9770/jssi.2020.9.4\(24\)](http://doi.org/10.9770/jssi.2020.9.4(24))

JEL Classifications: O15, O5, O53; P4; P47

1. Introduction

The concept of sustainable development of the economy implies a balanced development of the economic, social and environmental subsystems of society, which is a rather complicated task of applying a systematic approach to the regulation of public processes [Spangenberg 2005]. From the standpoint of combining social mission and economic profitability, and often all three characteristics of sustainable development, social entrepreneurship is a worthy alternative to the traditional solution to the problems of social vulnerability of target groups based on institutions of redistribution of national income (Goyal, Sergi 2015).

¹ This research was supported by the project, which has received funding from the Committee of Science of the Ministry of Education and Science of RK under the grant №AP05130260 <https://www.ncste.kz/assets/uploadify/vyipiska-nome-%E2%84%962-p8-ot-6-12-2019.-09-12-2019-15-38-01.pdf>

The concepts of sustainability and social economy in the modern world, characterized by a decrease in the economic security of the development of countries, receive a lot of evidence of the synergistic effect of the synthesis of economic and social values in the sector of social entrepreneurship (Picciotti 2017). Social entrepreneurship is a relatively new phenomenon for Kazakhstan but has been rapidly developing in the OECD countries since the 70-80s of the XX century, i.e. has almost half a century of history. Its essence can be represented succinctly: solving the social problem of society on the basis of an innovative idea, which simultaneously allows the entrepreneur to extract regular income.

The demand for social entrepreneurship as one of the phenomena of the modern economy, embodying the essence of its sustainable development in the inextricable unity of production of social and economic value, determines the relevance of the study of this phenomenon for Kazakhstan. Since the formation of the social entrepreneurship sector is going through the initial stage in Kazakhstan, it is advisable to create an institutional environment to support it, which will ensure its sustainable expanded reproduction. The purpose of the study is to identify social entrepreneurs in Kazakhstan (including potential ones) and determine their needs in forms of support to increase the sustainability of the country's economic development.

2. Literature review

In scientific research and institutional practice of regulating social entrepreneurship, there are several different approaches that are taken by countries in the context of tasks being solved by the state and society (Moskovskaya et al. 2017). Researchers emphasize that one of these priorities is to increase the sustainability of the economy at the regional and local level (Kim, Lim 2017). Other authors identify specific ways in which social entrepreneurs contribute to the transition to sustainable development (Hudon, Huybrechts 2017). The system of initial ideas about social entrepreneurship was laid down by researchers Dees (2012), Martin, Osberg (2015), Mair, Marty (2006), Satar, Natasha (2019), Alter (2006) and others.

The appearance of regularly earned income that is not related to grants and subsidies has opened up a new development opportunity for the nonprofit sector and at the same time provided the basis for identifying signs of entrepreneurship in it. This point of view is supported by such researchers as Boschee (2001), Defourny, Nyssens (2010), Sullivan et al., (2003), Haugh (2007) and others. For non-profit sector organizations, income did not become an independent goal, but became a means for realizing a social mission and a criterion of entrepreneurial activity.

The variety of official legal frameworks used by different countries to regulate the activities of social entrepreneurs is systematized in the works Nicholls (2010), Galera, Borzaga (2009), Grishina (2016) and others. The experience of an effective institutional environment that supports social entrepreneurship in countries around the world is presented in many studies, including by international organizations, and reflects its diversity. Defourny, Nyssens (2017), Hwang et al., (2017), Marianne (2018), Arai, Burmistrova (2014), Kennedy (2016). The creation of an institutional environment for the development of social entrepreneurship in Kazakhstan is the most important prerequisite for activating its development.

3. Methodology

Systemic and institutional analysis, comparative cross-country analysis, a sociological study of business entities: existing and potential social entrepreneurs. A sociological study was carried out in five regions of Kazakhstan: East Kazakhstan, Pavlodar, Kostanay, Karaganda, Akmola, as well as in the cities of Nur-Sultan and Almaty. Survey methods in the form of questionnaires and interviews in focus groups were used. The aim of the study was to identify social entrepreneurs in the commercial and non-profit sectors of the economy to determine their needs for support measures.

In our country, despite the absence of a definition of social entrepreneurship in the official regulatory framework, certain scales of empirical practices have developed that, in terms of activity, correspond to the frame-

work definition of social entrepreneurship that has developed in world science and practice. In addition to non-profit organizations (NPO) with constant market income, such framework definitions correspond to “organizations operating in the social sphere” (Code of the Republic of Kazakhstan dated December 25, 2017 No.120-VI “On taxes and other mandatory payments to the budget (Tax Code)”).

The possible areas of activity for them include education services at all levels, social protection of the population, sports, medical services, and some others that are in line with the social obligations of the state. There are no requirements for the legal type of organization, which gives it maximum freedom in this matter. Organizations that attract employees with disabilities (at least 51% of employees and their share in the salary Fund, and 35% for certain types of disabilities) are recognized as a separate type.

In the sociological study, subjects with the status of NPOs and small and small businesses that meet the requirements of article 290 of the Tax Code of the Republic of Kazakhstan (Tax Code) were interviewed. The electronic survey of NPOs was conducted using the database of the umbrella organization Association of legal entities (ALE) “Civil Alliance”. Commercial organizations were surveyed according to the register of the national chamber of entrepreneurs (NCE) “Atameken”.

Identification of social entrepreneurs in the NPO sector was carried out based on the criteria:

- 1) The presence of activities with regular market income.
- 2) Planned activities with regular market income.

The identification of social entrepreneurs in the commercial sector was based on the criteria:

- 1) Organizations working in the social sphere (education, healthcare, culture, sports).
- 2) Organizations attracting labor of employees with disabilities.

Those who met the criteria were asked questions about the problems in their activities, the available and desired forms of support from the state (tax and other financial benefits, grants / interest-free loans, preferential rental of premises) and other entities of the institutional environment (universities, foundations, international organizations, associations, business partners).

Focus groups were held at regional seminars of the ALE «Civil Alliance» and NCE «Atameken» with the participation of experts - heads of organizations and a similar range of issues was discussed.

4. The main results

There are no official sources of data on the scale of social entrepreneurship in Kazakhstan, and therefore, estimates of our sociological research are of interest, which are confirmed by independent estimates in the sector of non-profit organizations.

We interviewed 237 NPOs in 5 regions and two capitals of Kazakhstan. 22 organizations, 8.6% of the total number of respondents to the questionnaire, noted social entrepreneurship as an ongoing project. Another 7 organizations (2.9%) have ideas or specific plans for its development. Thus, in 2019, 11.5% of NPOs are already or plan to become social entrepreneurs. According to the assessment given in the analytical report on the current state of the non-governmental sector in 2019, 14.4% of 272 NPO organizations in 14 regions and 3 cities of republican significance noted social entrepreneurship as an active area of activity. 16% said that commercial activities / paid services are convenient sources of financing for them.

If we make an assumption and extrapolate this data to the number of NPOs, then we can say that 10-15% of Kazakhstani NPOs are engaged in or plan to develop business activities, that is, approximately 3 thousand organizations. Answers were received from 158 commercial organizations providing social services or representing organizations with the participation of workers with disabilities. The opinions of 37 experts of different levels on the development of NPO experts participating in focus groups and representing the managerial body

of the Civic Alliance and NCE Atameken were also taken into account.

The range of opinions on the necessary forms of institutional support for social entrepreneurs outlined its following priorities:

- 68% of respondents believe that at this stage there is no need for a separate law “On Social Entrepreneurship” and the introduction of an appropriate definition in the basic regulatory act is sufficient. (Code of the Republic of Kazakhstan dated October 29, 2015 No.375-V “Entrepreneurial Code of the Republic of Kazakhstan”)
- 71% of respondents believe that they need financial support in the form of grants or interest-free loans for development.
- 83% of respondents need additional training to develop the first business model or to develop what they already implement.
- 25% would like assistance in accessing free or preferential rental premises.
- 46% feel the need for free consulting assistance at the initial stages of implementing a business model.

Possible forms of support for Kazakhstan’s social entrepreneurs should be considered in the context of world experience. The main directions of the social entrepreneurship support system in modern countries are: legal support, tax incentives, research results, financial loans and grants, methodological assistance (work technologies, competencies and skills, mentors, etc.), resource support (providing infrastructure for doing business, network resources of associations of social entrepreneurs, etc.), information support.

The institutional support environment is constituted by a system of entities represented by all sectors of the economy. The elements of the institutional environment include:

1. State authorized bodies in the form of central and local governments. Interstate organizations, for example, the European Union.
2. Universities performing, including the functions of business schools. Research centers that carry out fundamental research (concepts, theories, support methods) and applied research (regulatory framework, business models, organization development strategies, etc.).
3. Non-profit and commercial organizations, depending on the specific project, supporting social entrepreneurship in various forms.
4. Association of social entrepreneurs.
5. Periodicals of a scientific and applied nature.
6. Conferences and forums on social entrepreneurship. (Figure 1)

Conference forums — network and print media

Figure 1. Subjects (elements) and communications in the system of mechanisms for supporting social entrepreneurs

Source: compiled by the authors

Depending on the country, different elements will be the drivers of the system, but, ultimately, its complexity and ability for the social entrepreneur to receive comprehensive support depending on specific problems will play a significant role (Bozhikin et al., 2019).

5. Regulatory status of social entrepreneurs

A distinctive feature of the state, as a subject of the system, is its rule-making function, which involves the legal definition of social entrepreneurship and the procedure for its taxation (Pritvorova, Spanova 2019). The main characteristics of modern norm-setting practice in the global economy are either / or:

- The specific legal form of registration as a special type of cooperative or company (Belgium, United Kingdom, Canada, Poland, Italy, USA, etc.).
- Legal qualification of the organization's status (status, certificate), which is used in South Korea, Finland, Slovenia, Austria, etc.

The norms that are recognized by most countries and determine the legal personality are:

- Implementation of both economic and social activities;
- Financial independence from other legal entities, local communities, government bodies;
- Prohibition of distribution or the right to distribute part of the profit;
- Transfer of assets in the event of bankruptcy to a similar organization in status.

Some countries indicate specific areas of activity for social entrepreneurs, allow issuing shares, apply the procedure for blocking assets, i.e. the possibility of their withdrawal only in the event of a similar reward. The decisive basis for legitimization in the status of a social entrepreneur is tax and other benefits that the subject receives after confirming the status. If these benefits are small or absent, then many prefer to act in the status of a non-profit or commercial organization.

It should be noted that, despite the absence of an official definition of social entrepreneurship, the Tax Code of the Republic of Kazakhstan offers significant tax benefits for non-profit organizations and organizations engaged in social activities, which at this stage represent empirical practices of social entrepreneurship in Kazakhstan. When paying income tax, non-profit organizations can deduct income from a state social order, Deposit, sponsorship, grant, or charitable assistance. The remainder is taxed according to the General rules.

Organizations operating in the social sphere are exempted from corporate income tax if their activities are included in the list of types of activities and income from it established by Article 290 of the Tax Code of the Republic of Kazakhstan and make up 90% of the total income. Since the already provided tax incentives are maximum, for such organizations only the possibility of renting state property without a tender and at reduced rates can be attractive.

Organizations employing workers with disabilities in established quantitative ratios are exempt from paying value added tax and social tax. (Articles 394 and 482 of the Tax Code of the Republic of Kazakhstan). In addition, they have priority in public procurement, but the list of goods, services and participating organizations is fixed. (Law of the Republic of Kazakhstan dated December 4, 2015 No.434-V “On Public Procurement”).

Taking into account the trends of world practice and surveys of the Kazakhstan’s expert community, we propose the establishment of status (certificate) of the social entrepreneur, the receipt of which is not related to a specific legal form, but is associated with fulfilling the requirements and receiving the benefits.

The following standards are proposed as requirements:

- 1) the Implementation of activities according to the list provided in article 290 of the Tax Code of the Republic of Kazakhstan or the presence in the organization of 30% of employees from among citizens in a difficult life situation. (Law of the Republic of Kazakhstan dated December 29, 2008 No. 114-IV “On Special Social Services”).
- 2) A ban on the withdrawal (blocking) of assets without an appropriate consideration.

As benefits are offered:

- 1) Application of tax benefits by type of organizations providing services in the social sphere (Article 290).
- 2) The right to distribute 30% of the organization’s profit.
- 3) The right to lease state property without a tender and at reduced rates is not more than 30% of the generally accepted level.

These conditions will be interesting for non-profit organizations, as they now do not have the right to distribute profits, and therefore are not attractive to outside investors. At the same time, they will not change the legal form and can participate in state orders according to the profile of their activities and combine different sources of financing. The possibility of renting state property without a tender and at preferential rates will be of interest to commercial organizations providing social services and meeting the requirements of Article 290 of the Tax Code of the Republic of Kazakhstan.

If the certificate is in demand and will allow increasing the number of economic entities engaged in social entrepreneurship, then in the future it will be possible to adjust the requirements for social entrepreneurs and benefits for them.

6. Other forms of state support for social entrepreneurs

As for other forms, we can say that a purposeful state policy in Kazakhstan in the field of social entrepreneurship is not being implemented. At the same time, this type of business can solve many social problems in the future, provide employment and reduce the dependence on state aid for many target groups. In world practice, there are many forms of support from the state. Most commonly used by countries:

- subsidizing the costs of hiring labor resources from target groups (the composition is regulated);

- subsidizing start-up business (up to 3 years);
- tax incentives for start-ups for 2 years;
- access to grants,
- non-competitive access to public procurement and rental of state property (at preferential rates);
- access to educational programs and consulting with targeted or co-financing.

For the first time since 2018, in Kazakhstan, only two scientific grants of the Committee of Science of the Ministry of Education and Science of the Republic of Kazakhstan on the development of social entrepreneurship are being implemented, and there is some informational support in the media, mainly of a situational nature. At the same time, according to the results of a sociological study given above, many organizations are interested in grant support or soft / interest-free lending. In our opinion, the activation of the state's participation in supporting social entrepreneurship can be carried out in the following areas:

- Funding of applied research in the interests of social entrepreneurship in the framework of grant funding Of the Committee of science of the Ministry of education and science of the Republic of Kazakhstan and the National joint stock company “ Civil Initiatives Support Center “ (CISC).
- Interest-free lending to social entrepreneurship from the funds “CISC”, which can conduct such activities independently, but better in partnership with Foundations (public organizations) through acceleration programs, which will be discussed in more detail below.
- The participation of local governments as a grantor or lender (with preferential lending rates) through regional socio-entrepreneurial corporations (SEC), which will fully correspond to their social function. It is local governments that know which target groups in the difficult life situation in this region are the most problematic (oralmans, children, citizens after probation, etc.), what should be concentrated on solving their difficulties. Such activities are advisable in cooperation with local universities or accelerators, which will provide training, methodological support, consulting and other technical support measures. This mechanism of coordination of efforts of subjects of different sectors will be most effective.
- Providing at the local level preferential or free rent of premises, places in business incubators with a basic set of services.
- Regular informational support of social entrepreneurship in state media at all levels.

7. Opportunities for supporting social entrepreneurship in other sectors of the economy (non-state actors)

Social entrepreneurship, due to its low profitability, relies heavily on the network structure of the business ecosystem, in which private and non-profit sector entities are represented. Non-governmental structures provide training, provide grants / loans, and consulting services for social entrepreneurs.

In world practice, there are two main models for the participation of non-state actors in the development of social entrepreneurship. In liberal countries, support is mainly provided by private foundations, which, together with universities or non-profit organizations - accelerators, provide educational, consulting, and training support to social entrepreneurs. In Europe, these functions are financed more by the state, and are implemented by actors of the non-profit sector. US private foundations have been active in this area since the 80s of the 20th century. Some of them focus on the formation of communities and networking, while others specialize in start-ups with a social mission for people who experience significant difficulties in finding work.

A typical networking structure is the private Skoll Foundation, which supports social entrepreneurship. It includes:

- Scientific Skoll Center for Social Entrepreneurship at Oxford University Business School;
- Skoll World Forum on Social Entrepreneurship;
- Grant program for the promotion and development of the work of social entrepreneurs-innovators Skoll Awards for Social Entrepreneurship.

This example points to the widespread link between private foundations and universities. Starting at Harvard Business School, many universities have established research centers, MBA curricula and regularly conduct economic and sociological research in the field of social innovation.

Public organizations such as associations are active, such as the Social Enterprise Alliance, which unites 941 organizations in 44 States. The membership of the Association is diversified. Its members are business structures, non-profit organizations, individuals, and social enterprises. They are United by supporting effective social changes achieved through events, projects, and creating business networks. The Americas Group of Workability International is an active Association that unites those who attract workers with disabilities.

In the last twenty years, several active acceleration programs have appeared, operating on the basis of non-profit organizations and universities. Acceleration programs implemented by non-profit organizations are presented at the expense of sponsors, philanthropy of large corporations and charitable foundations. The most experienced US organizations are Uncharted and Propeller. There are examples of university-based accelerators, such as the GSBI Miller Center of Santa Clara University (Silicon Valley). Accelerators are an example of coordination of financial resources and productive management and demonstrate a high level of “survival” of subjects of social entrepreneurship.

The institutional environment in European countries is generally similar. The peculiarity of the **European model** of social entrepreneurship development is that it was born in the environment of the non-profit sector, but it is still developing mainly as one of the directions of its development. Despite the adoption by many European countries of special narrowly focused laws for social entrepreneurs, most active actors still prefer to remain within the legal framework of the “third sector”. The main subjects of social entrepreneurship in Europe are cooperatives, mutual aid societies, and associations. International foundations, such as the Schwab Foundation for Social Entrepreneurship, based in Switzerland, play a significant role in the development of social entrepreneurship in Europe.

There are major research centers - EMES European Research Network, which is a chain of University research centers and individual scientists who specialize in forming an array of theoretical concepts and empirical research in the field of social entrepreneurship. In the practice of many countries, universities were the first structures that contributed to the growth of educational training and the formation of practical skills of social entrepreneurs.

The European Union, through its international organizations, actively promotes training programs in countries around the world where the phenomenon of social entrepreneurship is just emerging. Projects of this kind are usually implemented through a multi-entity institutional partnership of non-profit organizations and universities, which involves entities from several countries, including the European Union and other countries of the world. For example, Belarus has implemented the Business incubator for social entrepreneurs program, in which the Belgian non-profit organization OBD Brussels, TNU Network University (the Netherlands) and the public Association “New faces” (Belarus) participated in the partner network. In such programs the emphasis is on methodology and technical assistance in the organization of social business, but not for grant support.

Accelerators also appeared in Europe in the 2000s, promoting social projects with constant profitability. Since 2016, a joint project of the Lund University, the School of Social Work in Helsingborg and the Swedish Agency for Economic and Regional Growth, the SoPact accelerator, has been operating. The model is focused on network relationships and communications.

An active accelerator is Social Impact Start (Berlin, Vienna, Stuttgart and other cities), which provides up to 8 months of support in the form of professional counseling, coworking, coaching, seminars. It is supported by 9 largest banks and funds in Europe. Knowledge and skills are distributed through social impact laboratories, which operate in 8 cities in Germany and Austria. The accelerator employs 90 mentors. Local authorities also participate in the programs, which initiate, for example, targeted programs for migrants.

Features of accelerators for social entrepreneurship are summarized and presented in Table 1. Thus, the institutional support of social entrepreneurship is multi-channel and network. It involves all sectors of the economy, providing a flexible institutional environment and, ultimately, significant social effects for society.

Table 1. Features of support for social entrepreneurs through acceleration programs (based on US materials)

Founder	Attracting resources to projects	Social Accelerator Specialization	Implementation period	The involvement of qualified consultants	Financial performance
Nonprofit organizations or universities	Sponsorship and charity. State financing	Only with projects that have significant social or environmental effects, directions annually	Programs from 3 to 10 months, an average of 6 months, longer periods due to the peculiarities of social business projects	Consultants are attracted on a paid and free basis from leading companies in the world.	According to published data, from 10 to 80 projects are supported per year
NPO: Uncharted (formerly <i>Unreasonable Institute</i> , Colorado); <i>Propeller</i> (New Orleans); <i>Mass Challenge</i> (Boston) University: <i>GSBI Accelerator</i> Santa Clara (Silicon Valley) <i>Fast Forward</i> (California)	Limited use of the practice of investing in company capital, the use of grant support systems and interest-free loans	For instance: <i>Propeller</i> : water, food safety, healthcare, education; <i>Global Social Benefit Institute</i> : poverty; <i>Uncharted</i> : urban poverty, discrimination; <i>Mass Challenge</i> annually depending on the priorities of partners	<i>Uncharted</i> work mostly remotely. 4-5 weeks away camp: training, consultations with mentors, investors. The team draws up a plan for 18 months and is given a mentor who will accompany the implementation of the plan. <i>GSBI</i> work with scalable projects: 3 months of personal participation of the team in the strategic session and 6 months of mentoring support <i>Fast Forward</i> : \$ 25,000 grant, 13 weeks of training and 100 mentors	Active cooperation with companies PwG, Morgan Stanley, FSC Interactive, Amazon et al.	<i>Mass Challenge</i> from 2011 to 2018, he supported 600 social projects, attracted 700 million dollars / <i>Uncharted</i> : from 2010 to 2019 - 190 projects, investments of 252 million dollars

Source: compiled by the authors

The Kazakhstani practice of training and consulting social entrepreneurs is based mainly on the model of business schools and trainings. In Kazakhstan, Almaty University of Management (AUM), together with the Kazakhstan Management Development Fund (KMDF) and the non-profit organization “Management Development Association”, has been implementing a training program “yCIlex” since 2016. Akimat of Almaty city provides informational support to this project. The business cycle of the project represents a training program in business planning skills and related competencies. At the end of the training, participants present their projects, and invited experts give a predictive assessment of the prospects of this project in the markets for goods and services and recommendations. The project involves both students and non-profit organizations wishing to master this type of activity.

There is an example of an international project sponsored by the European Union, which is being implemented as a training cycle for social entrepreneurs, launched in 2019 at the Karaganda State University with the participation of universities and organizations from Lithuania, India, Argentina, Uganda. Both of these projects are a continuation of the main activities of universities that have mastered the model of business school, trainings and apply it confidently enough.

At the same time, a comparative analysis of the effectiveness of the three tools in international practice allows us to conclude in favor of the acceleration project, which is more costly, but at the same time, more effective in achieving the final results.

The accelerator project is quite complicated in management, it needs funding for training the project team of social entrepreneurship in the field, as well as long-term mentoring by mentors, which also requires payment for their work. Therefore, the accelerator project involves a partnership:

- commercial organizations (investors, sponsors, mentors),
- non-profit organizations (in practice, implementing the accelerator business model for social entrepreneurs),
- funds with diversified complex sources of financing having different status (may be charitable, venture, budget).

Table 2. Comparative analysis of the program “Zharkyra” and the typical model of the accelerator

Comparison options	Typical Accelerator Model	Zharkyra Program
Enrollment in the program	Open accelerator access contest	Open tender for a package of services and an interest-free loan
1 stage. The stage of the project from which they come to the program (pre-seed stage)	Those who have passed the competition at the stage of the business idea expressed in the application are invited to the accelerator for personal participation of the team in the training session	Competition of social business ideas, whose business plans are finalized in the course of 4 trainings and the best ones are selected during the defense
2 stage. Formation of competencies and development of practical skills	Project teams are invited to the accelerator (summer camp, laboratory, etc.) for personal participation in the training session, which lasts from 3 to 5 weeks. During this period, the business model is worked out with different consultants and other teams. He is trained in marketing, sales, negotiations, etc.	Project protection and financing of the best projects: interest-free loan for 1.5-3 years
3 stage. Demo session to attract investors	After the period of personal participation, a demo session is held for the team, gets a mentor, mentor works with him in close contact remotely for up to 18 months, gets access to the alumni community and can use their support too	Providing opportunities for training tours and internships Ability to get advice and networking

Source: compiled by the authors

Closer than Kazakhstan’s universities, the Zharkyra program approached the accelerator model, which is one of the projects of the Eurasia Central Asia Fund in Kazakhstan (EFCA), implemented in Atyrau and Mangistau regions together with Tengizchevroil LLP. The program for 2016-2018 supported 21 projects. Judging by the fact that while the program is being implemented in only two areas, it is possible with the financial support of such a powerful partner as Tengizchevroil LLP.

A comparative analysis of a typical business model of an accelerator and support measures under the Zharkyra program is presented in Table 2.

Comparison of models allows us to conclude that the Zharkyra program, unique for Kazakhstan today, has a simplified cycle, which is primarily associated with resource constraints. Characteristic differences are the following features:

- In the Zharkyra program, the business acceleration program includes 4 trainings, during which a business plan is developed, and a business model is honed. In the standard model, the main work is not only honing the business plan, but personal participation of the entire project team in training, discussing the project with other teams and consultants, teaching active project management skills. In the Zharkyra program, it is not possible to attract the entire project team to the accelerator and create field conditions for the team, but internships and study tours in the CIS countries are provided.
- In a typical accelerator, a team is assigned a mentor who is an experienced businessman and is selected by type of activity. He oversees the team for quite a long time, up to 1.5 years. In the program “Zharkyra” this action is absent.
- Typical accelerators create associations of graduates who can also provide resources of their social network

to solve problems or difficulties for beginners. Since the Zharkyra program has been in operation for only three years, it has not yet announced the creation of an association of its graduates.

In our opinion, it is necessary to expand the practice of acceleration in Kazakhstan, since its effectiveness is higher than that of the standard project “training cycle” in a business school.

8. Discussion

The research results cover three types of institutional support for social entrepreneurship: the regulatory framework and forms of support from the public sector, support to other entities of the institutional environment (non-state actors).

An assessment of the legal support in Kazakhstan in the context of global trends allows us to agree with the point of view (Galera 2009, Hwang et al., 2017), which consider that the legal qualification of the status (status) of the organization, which is confirmed by a certificate, is sufficient. The rationale for such a proposal is the presence of a significant number of existing tax benefits for organizations providing services in the social sphere. In this regard, the status will be of interest more likely for NPOs that will receive the right to distribute 30% of profits and free rental of premises if they fulfill the conditions for obtaining this certificate. In this regard, we present a point of view that is different from those authors who believe that a separate law on social entrepreneurship is necessary (Lambooy, Argyrou 2014).

We also believe that the efforts of individual actors in the institutional environment or their fragmented efforts are insufficient, as was already indicated, for example, in (Jung et al., 2016). A concentration of resources and actions of subjects of all sectors of the economy is needed to stimulate the growth of social entrepreneurship. Only an increase in the scale of socially oriented activities at the local and regional level will allow us to form a vector of sustainable development, in this we agree with the results set forth in the article (Kim, Lim 2017).

9. Conclusion

Summing up the study, we can draw the following conclusions and offer recommendations:

1. Only the formation of multilevel institutional support for social entrepreneurship will allow to accumulate at the local, regional and national levels a critical mass of changes for the genesis of the transition to sustainable development of the economy of Kazakhstan.
2. Social entrepreneurship in Kazakhstan is a fairly new phenomenon, not yet fully reflected in theoretical generalizations, empirical research, and public policy. There is no definition of this phenomenon in the regulatory framework, but the Tax Code of the Republic of Kazakhstan has benefits for organizations that, in terms of activities, comply with the international framework definition of this type of business. These are non-profit organizations that have a social mission and can have regular market income. They are also commercial organizations that provide social services within the framework of social obligations of the state or employ workers with disabilities.

An important factor in the successful development of the country is the provision of social security, which is an integral part of national security. Social entrepreneurship removes the confrontation of economic benefits and social benefits and thereby contributes to social security in society.

Our sociological study allowed us to estimate the number of existing and potential social entrepreneurs in Kazakhstan at approximately 3 thousand organizations. Existing and emerging entrepreneurs need financial (grants / interest-free loans) support, training and mentoring services, consulting services, free / preferential rental of premises.

3. In world practice, there is multichannel support for social entrepreneurship, since its hybrid nature suggests

the possibility of participation of all sectors of the economy in the development of this type of economic activity. The main structures contributing to the development of social entrepreneurship in world practice are non-profit and commercial organizations, as well as government agencies that play a greater role in Europe and a smaller one in liberal countries (USA, UK, etc.).

4. State support in Kazakhstan at this stage is represented by tax incentives for certain types of social entrepreneurship organizations and three research grants through the Ministry of Education and Science of the Republic of Kazakhstan and CISC.

We believe that it is necessary to move to systemic support based on coordination of actions and cooperation of efforts of all sectors of the economy.

We propose legal support for social entrepreneurship in the form of legal qualifications of the state of the organization? i.e. certificate of a social entrepreneur, the receipt of which does not require a change in the legal form. The application of the certificate will expand the range of organizations supported by tax and other benefits that will meet the requirements (area of activity, share of the target groups, a ban on the withdrawal of assets) and have the appropriate rights (tax benefits, distribution of 30% of profits, advantages in the issue of renting state property).

It is proposed to expand financial support from the state through the EFCA Foundation and other proto-acceleration programs, with the function of a specific order of the direction of entrepreneurship, for example, boarding houses for the elderly. CISC may participate as a donor in these specific projects through the EFCA Foundation and other funds, which would strengthen the current orientation of the activities of CISC itself.

At the local level, it is necessary to intensify the provision of in-kind grants when obtaining a loan in the acceleration program, i.e. provide preferential premises for rent / property, reduced tariffs for utilities.

Social and entrepreneurial corporations that operate in each region must finally strengthen their social mission and conduct start-up events in the form of hackathons, not only for innovative projects, but also for social entrepreneurs. It is also possible for the SEC to participate in acceleration programs or business schools of local universities.

The organization of the annual forum of social entrepreneurs of Kazakhstan is advisable, which is impossible without state support. The forum may discuss new ideas and directions of development, specific business models and the possibilities of their replication in other regions (for example, an effective model of the Kenes Center NGO in Almaty). The forum can become a platform for organizing trainings and master classes with social entrepreneurs from other countries, representatives of international funds and accelerators, many of which work all over the world.

With the support of the state or Atameken NPP, it is advisable to create a dialogue platform that could become a platform for the exchange of views, coordination of efforts, and processing of ideas of various stakeholders supporting social entrepreneurship.

5. NCE Atameken together with the ALE Civic Alliance can create a register of social entrepreneurs in Kazakhstan. Since the nature of this type of activity presupposes a duality of origin, the participation of two associations will cover all current and potential entrepreneurs. The registry is necessary to expand the circle of participants in acceleration programs, business schools, international projects and other forms of support.

6. Universities in the world practice were pioneers in the aspect of training social entrepreneurs in business schools. In Kazakhstan, only Alma U and the KFMD fund are implementing a training cycle for social entrepreneurs, but the resources for moving to the accelerator model are clearly not enough. In order to form a critical mass of social entrepreneurs, it is advisable in each regional center not to have a business school, but a proto-

accelerator based on a foundation (for example, DARA, which implements charitable social projects in all areas of Kazakhstan). University scientists may be involved in some trainings, but the teaching staff must be diversified. The participation of successful business representatives should not be limited to one-time meetings with students. Moreover, in business schools, these students are often no more active than ordinary students, while project teams trained in applications and aimed at implementing a specific project are trained in the accelerator.

7. Accelerators in the world practice are the most productive support tool, the organizational mechanism of which relies on an open tender for the selection of applications; team training with personal presence and subsequent distance work with a mentor; the formation of multilateral skills not only in business planning, but also many others from the field of operational management; during their stay in the laboratory conducting in-session discussions with all teams; access to network resources of all graduates of the program.

The Zharkyra program of the EFCA Foundation, funded by Tengizchevroil LLP, is currently the closest prototype accelerator for social entrepreneurs. But it operates only in the Atyrau and Mangistau regions, and this program does not have resources for a full-scale effective model.

In such a situation, it is possible either to attract additional resources of the state, for example, through CISC or SEC, or to expand the practice of other funds with experience in social services projects (for example, the “DARA” Fund) to implement acceleration programs for social entrepreneurs.

Moreover, acceleration programs need to focus not only on the non-profit sector, but also on commercial organizations that implement a social mission, that is, on the register of social entrepreneurs.

Economic development and social harmony are the main goal of the country’s development and the key to its sustainability and security Social entrepreneurship, whose activities are based on the principles of sustainable development, will most consistently translate these principles into progressive movement throughout the country’s economy.

References

- Alter, K. (2006). Social Enterprise Typology. Virtue Venture LLC.
- Araj, Yu., Burmistrova, T. (2014). Specifics of business models in social entrepreneurship. *Russian Journal of Management*, 12(4), 55–78.
- Boschee, J. (2001). Eight Basic Principles for Nonprofit Entrepreneurs. *Nonprofit World*, 19(4), 15-18.
- Bozhikin, I., Macke, J., da Costa, L. (2019). The role of government and key non-state actors in social entrepreneurship: A systematic literature review. *Journal of Cleaner Production*, 226(20), 730-747. <https://doi.org/10.1016/j.jclepro.2019.04.076>
- Code of the Republic of Kazakhstan dated December 25, 2017 No.120-VI “On taxes and other mandatory payments to the budget (Tax Code)” (as amended and supplemented as of January 10, 2020.) https://online.zakon.kz/document/?doc_id=36148637 (Date of access: 04.04.2020)
- Code of the Republic of Kazakhstan dated October 29, 2015 No.375-V “Entrepreneurial Code of the Republic of Kazakhstan” (as amended and supplemented as of January 11, 2020) https://online.zakon.kz/document/?doc_id=38259854 (Date of access: 04.04.2020)
- Dacin, P., Dacin, M., Matear, M. (2010). Social entrepreneurship: Why we don’t need a new theory and how we move forward from here. *Academy of Management Perspectives*, 24(3), 37–57. <https://doi.org/10.5465/amp.24.3.37>
- Dees, J. (2012). A Tale of Two Cultures: Charity, Problem Solving, and the Future of Social Entrepreneurship. *Journal of Business Ethics*, 111(3), 321-334. <https://doi.org/10.1007/s10551-012-1412-5>
- Defourny, J., Nyssens M. (2010). Conceptions of social enterprise and social entrepreneurship in Europe and the United States: Convergences and divergences. *Journal of Social Entrepreneurship*, 1(1), 32–53. <https://doi.org/10.1080/19420670903442053>
- Defourny, J., Nyssens, M. (2017). Mapping social enterprise models: some evidence from the “ICSEM” project. *Social Enterprise Journal*, 13(4), 318–328. <https://doi.org/10.1108/SEJ-09-2017-0049>

- Galera, G., Borzaga, C. (2009). Social enterprise: An international overview of its conceptual evolution and legal implementation. *Social Enterprise Journal*, 5(3), 210–228. <https://doi.org/10.1108/17508610911004313>
- Goyal, S., Sergi, B. (2015). Social entrepreneurship and sustainability – understanding the context and key characteristics. *Journal of Security and Sustainability Issues*, 4(3), 269–278. [https://doi.org/10.9770/jssi.2015.4.3\(7\)](https://doi.org/10.9770/jssi.2015.4.3(7))
- Grassl, W. (2012). Business models of social enterprise: A design approach to hybridity. *ACRN Journal of Entrepreneurship Perspectives*, 1(1), 37–60.
- Grishina, Ya. (2016). Conceptual model of legal support for Russian social entrepreneurship. Moscow: *Jurlitinform*, 421.
- Haugh, H. (2007). New Strategies for a Sustainable Society: The Growing Contribution of Social Entrepreneurship. *Business Ethics Quarterly*, 17(4), 743–749. <https://doi.org/10.5840/beq20071747>
- Hockerts, K. (2015). How hybrid organizations turn antagonistic assets into complementarities. *California Management Review*, 57(3), 83–106. <https://doi.org/10.1525/cmr.2015.57.3.83>
- Hudon, M., Huybrechts, B. (2017). From distant neighbours to bedmates: Exploring the synergies between the social economy and sustainable development. *Annals of public and cooperative economics*, 88(2), 141–154. <https://doi.org/10.1111/apce.12170>
- Hwang, D. S., Jang, W., Park, J.-S., Kim, S. (2017). Social enterprise in South Korea. *Social Enterprise Journal*, 13(4), 362–375. <https://doi.org/10.1108/sej-09-2017-0047>
- Jung, K., Jang, H., Seo, I. (2016). Government-driven social enterprises in South Korea: lessons from the Social Enterprise Promotion Program in the Seoul Metropolitan Government. *International Review of Administrative Sciences*, 2016, 82(3), 598–616. <https://doi.org/10.1177/0020852315586935>
- Kennedy, E. (2016). Positioning the beneficiary: The role of entwinement in social enterprise impact and performance management. A Dissertation partial fulfillment of the requirements for the degree of Doctor of Philosophy University of Massachusetts Boston. [Electronic source] URL: <https://pqdtopen.proquest.com/doc/1804048286.html?FMT=AI> (Date of access: 03.04.2020).
- Kim, D., Lim, U. (2017). Social enterprise as a catalyst for sustainable local and regional development. *Sustainability (Switzerland)*, 9(8), 1427 <https://doi.org/10.3390/su9081427>
- Lambooy, T., Argyrou, A. (2014). Improving the Legal Environment for Social Entrepreneurship in Europe. *European Company Law*, 11(2). <https://ssrn.com/abstract=2428706>
- Law of the Republic of Kazakhstan dated December 4, 2015 No.434-V “On Public Procurement” (as amended and supplemented as of January 1, 2020) https://online.zakon.kz/Document/?doc_id=34050877 (Date of access: 08.02.2020)
- Law of the Republic of Kazakhstan dated December 29, 2008 No. 114-IV “On Special Social Services” (as amended and supplemented as of April 1, 2019) https://online.zakon.kz/Document/?doc_id=30369331#pos=3;-247 (Date of access: 04.04.2020)
- Martin, R., Osberg, R. (2015). Two keys to sustainable social enterprise. *Harvard Business Review*. [Electronic source] URL: <http://oglethorpe.edu/wp-content/uploads/2017/01/Two-Keys-to-Sustainable-Social-Entreprise.pdf> (Date of access: 03.04.2020).
- Mair, J., Marty I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36–44. <https://doi.org/10.1016/j.jwb.2005.09.002>
- Marianne de Beer. (2018). Local social value creation by neighborhood-based entrepreneurs: Local embeddedness and the role of social networks. *Social Enterprise Journal*, 14(4), 450–469. <https://doi.org/10.1108/SEJ-01-2018-0005>
- Moskovskaya, A., Berendyaev, A., Moskvina, A. (2017). Between social and economic good: conflicting projects of legitimation of social entrepreneurship in Russia. *Monitoring of Public Opinion: Economic and Social Changes*, 6, 31–51. <https://doi.org/10.14515/monitoring.2017.6.02>
- Nicholls, A. (2010). The legitimacy of social entrepreneurship: Reflexive isomorphism in a pre-paradigmatic field. *Entrepreneurship: Theory and Practice*, 34(4), 611–633. <https://doi.org/10.1111/j.1540-6520.2010.00397.x>
- Peredo, A. McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of World Business*, 41(1), 56–65. <https://doi.org/10.1016/j.jwb.2005.10.007>
- Pritvorova, T., Spanova, B. (2019). Improvement of the regulatory framework for the regulation of non-profit organizations and social entrepreneurship in Kazakhstan. *Bulletin of the Karaganda University. Economy series*, 1(93), 160–173.

- Picciotti, A. (2017). Towards sustainability: The innovation paths of social enterprise. *Annals of Public and Cooperative Economics*, 88(2), 233-256. <https://doi.org/10.1111/apce.12168>
- Raisiene, A., Urmanaviciene, A. (2017). Mission drift in a hybrid organization: how can social business combine its dual goals? *Ekonomski vjesnik/Econviews*, 30(2), 301-310.
- Satar, M., Natasha S. (2019). Individual social entrepreneurship orientation: towards development of a measurement scale. *Asia Pacific Journal of Innovation and Entrepreneurship*, 13(1), 49-72. <https://doi.org/10.1108/APJIE-09-2018-0052>
- Shaw, E., Carter, S. (2007). Social entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes. *Journal of Small Business and Enterprise Development*, 14(3), 418-434. <https://doi.org/10.1108/14626000710773529>
- Spangenberg, J. (2005). Economic Sustainability of the Economy: Concepts and Indicators. *International Journal of Sustainable Development*, 8(1-2), 47-64. <https://doi.org/10.1504/IJSD.2005.007374>
- Sullivan, G., Weerawardena J., Carnegie K. (2003). Social entrepreneurship: towards conceptualisation. *International Journal of Non-profit and Voluntary Sector Marketing*, 8(1), 76-88. <https://doi.org/10.1002/nvsm.202>
- Laužikas, M., Miliūtė, A. (2020). Liaisons between culture and innovation: comparative analysis of South Korean and Lithuanian IT companies. *Insights into Regional Development*, 2(2), 523-537. [https://doi.org/10.9770/IRD.2020.2.2\(2\)](https://doi.org/10.9770/IRD.2020.2.2(2))
- Nakruang, D., Donkwa, K., Suvittawat, A. (2020). The causal factors influencing corporate sustainability performance: case of community SMEs in three southern border provinces, Thailand. *Entrepreneurship and Sustainability Issues*, 7(3), 1459-1471. [https://doi.org/10.9770/jesi.2020.7.3\(2\)](https://doi.org/10.9770/jesi.2020.7.3(2))
- Oliński, M. (2020). Efficiency of the public financial support granted to social enterprises. *Entrepreneurship and Sustainability Issues*, 7(3), 2095-2108. [https://doi.org/10.9770/jesi.2020.7.3\(43\)](https://doi.org/10.9770/jesi.2020.7.3(43))
- Sansyzbayev, A. (2019). Influence of social partnership to the development of enterprise (on the example of oil industry), *Entrepreneurship and Sustainability Issues*, 7(2), 1613-1627. [http://doi.org/10.9770/jesi.2019.7.2\(57\)](http://doi.org/10.9770/jesi.2019.7.2(57))

Acknowledgements

This research was supported by the project, which has received funding from the Committee of Science of the Ministry of Education and Science of RK under the grant №AP05130260 <https://www.ncste.kz/assets/uploadify/vyipiska-nome-%E2%84%962-p8-ot-6-12-2019.-09-12-2019-15-38-01.pdf>

Nikolay GELASHVILI

ORCID ID: orcid.org/0000-0002-7115-2007

Tatyana PRITVOROVA

ORCID ID: orcid.org/0000-0002-6306-3960

Yelena PETRENKO

ORCID ID: orcid.org/0000-0001-6892-2392

Bekarshin JUMANOVA

ORCID ID: orcid.org/0000-0002-4266-7394

Azhar KIZIMBAEVA

ORCID ID: orcid.org/0000-0002-2582-3156

This work is licensed under the Creative Commons Attribution International License (CC BY).
<http://creativecommons.org/licenses/by/4.0/>

Open Access