

ANALYSIS OF THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN KAZAKHSTAN

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ABSTRACT

The development of social entrepreneurship is associated with the structural processes taking place in society. The emergence of modern social problems in the world has led to the creation of social entrepreneurship entities that meet the requirements of modern business and help solve social problems. The purpose of this study is to determine the reasons for the development of social entrepreneurship in the national conditions of activity and to assess the factors of influence. To achieve the goal of the study, the key reasons for the creation of social entrepreneurship were identified and interactions were established. The reasons influencing the creation and development of social entrepreneurship are the goals of the development of society, public-private partnerships, and changes in the social structure of society. The promotion of employment and the reduction of unemployment in the modern world is facilitated by the synthesis of the public and private sectors, the development of social entrepreneurship. The purpose of the activities of social entrepreneurship is to solve social problems and achieve social goals through conducting economic activities on the principles of self-financing and self-sufficiency. The study using the economic and mathematical apparatus draws conclusions about the influence of various factors (the number of people with disabilities in need of employment; the unemployment rate; the level of income of the population; spending on social protection in GDP; GDP per capita; consumer price index) on the development of social entrepreneurship in Kazakhstan.

Keywords: Social Entrepreneurship, Inclusive Development, Social Innovations, Sustainable Development, Gender Development.

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INTRODUCTION

Many authors conduct research on social entrepreneurship. Scientists interpret social entrepreneurship as a tool for solving social problems of employees, which has a beneficial effect on the quality of life and creates employment opportunities. Social entrepreneurship is enterprises that promote the employment of vulnerable groups of the population (Dees & Battle Anderson, 2006; Kerlin, 2006; Martin & Osberg, 2007).

At the same time, global development tendencies have accelerated practical application of principles of social entrepreneurship (Austin et al., 2006; Alvord et al., 2004). Thus, evaluation of tendencies and factors of development of social entrepreneurship in Kazakhstan will help to form organizational and economic mechanism for managing it.

This article considers the essence and prerequisites of formation of social entrepreneurship, examines the world experience of its development, as well as identifies tendencies and factors of development of social entrepreneurship in the Republic of Kazakhstan, and conducts a quantitative evaluation (Bepalyy et al., 2020; Shelomentseva et al., 2018).

LITERATURE REVIEW

The development of national economy is directly affected by social processes that take place in society, and this impact is only increasing. In this regard, the support and development of social entrepreneurship by the state is necessary. Many countries are creating regulatory framework through which government regulation and support of social entrepreneurship is carried out.

Social entrepreneurship is seen as a process of creating value by pooling resources in new ways that are designed primarily for research and use of prerequisites for creating social value through stimulating social change or meeting social needs (Mair & Martí, 2006). Social entrepreneurs can be very powerful social transformers by embracing the mission of creating and maintaining social value, as well as finding new opportunities to fulfill this mission (Dees, 1998). Researchers pay considerable attention to the aspects of social entrepreneurship and how entrepreneurs can review existing solutions to ensure financial, organizational, social and environmental sustainability.

The most notable areas of social entrepreneurship are the transformative impact of social entrepreneurship (Eikenberry & Kluver, 2004), social innovations (Bespalyy, 2020), and clarifying the definition and boundaries of social entrepreneurship (Mair & Martí, 2006; Peredo & McLean, 2006; Thompson, 2002), fighting poverty (Fowler, 2000; Seelos & Mair, 2005), drivers and values for social entrepreneurs (Hemingway & Maclagan, 2004), and the types of processes that exist in social organizations (for example, De Leeuw, 1999).

In the most advanced countries in this sphere, regulatory framework has been created for promotion of popularization and growth of social entrepreneurship. There are European, American and Asian models that have their own specifics (Bornstein, 2007; Thompson, 2002; Perrini, 2010; Alter, 2007; Nyssens & Defourny, 2010; Nicholls, 2010; Hemingway, 2013; Bidet et al., 2018).

Among the measures for development and support of social entrepreneurship in the works of the authors, they define: assistance to social entrepreneurs in obtaining government contracts, support for socially significant initiatives, informing the public about successful practices, participation in costs of project realization, provision of consulting services, holding competitions, organizational and technical support of activity, advanced training of personnel, simplification of registration procedures, and other measures (Grenier, 2009; Smith & Stevens, 2010; Tan, Williams & Tan, 2005; Swanson & Zhang, 2010).

The institutional system of support of social entrepreneurship in international practice includes direct state participation; development and realization of special targeted programs, plans, and strategies; the creation of organizations with different forms of participation that involve representatives of the business community in solving issues; these aspects are the subject of research by many authors (Millan et al., 2019; Kickul & Lyons, 2015; Chella et al., 2010). While social entrepreneurship isn't a completely new phenomenon, there is a deficit of research and a lack of empirical knowledge about how social enterprises function.

The directions for the development of social entrepreneurship will be:

1. Inclusive development, that is, involvement in the formal and informal sectors of the national economy of isolated groups and social strata of the population, society;
2. Innovative development and increasing the importance of social innovation. Social innovations are rapidly developing, as the existing state, charitable business structures alone cannot cope with the important problems of the modern world: climate change, inequality, rising Unemployment, population aging, the development of technology and others;
3. Changes in the configuration of the labor market: the emergence of new forms of employment in the context of economic transformation;
4. Development of self-employment, revival of culture and traditions through handicraft activities, farming, ecotourism.

METHODOLOGY

The asymmetry of information does not make it possible to fully assess the influence of factors on the development of social entrepreneurship in national practice. At the same time, the statistical studies carried out in the field of social entrepreneurship in the territory of the Republic of Kazakhstan and the data of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, the data of the Association of Social Entrepreneurs allow us to form a statistical set of indicators: the result is the number of social entrepreneurship entities in the Republic of Kazakhstan and signs-factors. We divided the presented groups of factors into three groups: demographic group, social group, economic group.

To establish the existing dependence of the factors, economic and mathematical tools were used in building a model that determines the correlation and regression dependence.

RESULTS

The prerequisites for creation and conduct of social entrepreneurship are the following tendencies of modern development:

1. Inclusive development, that is, the involvement of isolated groups and social strata of the population in the formal and informal sectors of society, due to uneven economic development and changes in demographic structure of society.
2. Innovative development and increasing importance of social innovation: eliminating inequality in the world, individual countries, individual regions, depending on the level of development and priorities of society.
3. Changing the configuration of labor market: in conditions of transformation, the supply of new forms of employment to the population.
4. Socially-oriented development of states and regions: the need for formation of culture and morality, spirituality.
5. Environmental risks, which are understood as «the probability of negative changes in natural environment, or the long-term adverse consequences of these changes arising from a negative impact on the environment.

Thus, review of prerequisites for formation of social entrepreneurship allowed drawing the following conclusions:

1. Global trends in innovative development contribute to search for decisions of social problems facing humanity, which contribute to elimination of inequality of various categories of citizens. In particular, involvement of socially vulnerable citizens in economic activity of organizations, effect of which will be the development of various forms of non-standard employment;
2. Socially-oriented priorities of development of society directly affect the stabilization of labor market, standard of living of the population, and the environment.

Scientists (Zahra et al., 2008) suggest four key factors that contribute to globalization of social entrepreneurship. These are global wealth inequality; corporate social responsibility movement; market, institutional and government failures; technological advances with shared responsibility.

In the course of research, we identified the factors that influence the development of social entrepreneurship: the development of society; public-private partnership; transformation of social structure of modern society.

Tendencies in the development of modern society. In the context of the crisis, the impact of the pandemic and its consequences, unstable state of labor market, growth of the population below the poverty line, society should look for ways of sustainable development, when all components should be linked by common goals and directions of activity that ensure a balance.

Public-private partnership: This is a partnership and close interaction between public authorities and private business entities, which has the ability to respond to social problems and the end result that affects the development of society.

293 projects are planned to be realized in Kazakhstan, including 17 projects in the social sphere, 56 in healthcare, and 81 in education. Currently, 99 projects are being realized at the local level, totaling 874 billion tenge. The interaction between business and government influences economic growth and innovative development. This relationship is promoted by the institution of public-private partnership.

The structure of society and social problems: In Kazakhstan, the relevant ministries try to pay great attention to solving social problems of the population. Social entrepreneurs are developing effectively in the United States and Europe, using the conditions for development of social entrepreneurship in these regions, which serve as centers for social entrepreneurship activity. The global community has established large foundations that provide grants to social entrepreneurs, such as Ashoka, Echoing Green и Draper-Richards.

Social enterprise can be developed with help of environment: support from foundations and commercial enterprises; education of social entrepreneurial skills; sufficient financing of social entrepreneurship; monitoring and evaluation of social enterprises. A higher level of environmental factors (support, education, funding, and monitoring) will have a positive impact on social entrepreneurship.

The synthesis of public sector and entrepreneurship promotes employment and reduces unemployment, development of social innovations, emergence of new forms of interaction with civil society, and development of inclusive entrepreneurship.

The analysis of factors that shape the development of social entrepreneurship leads to the following conclusions:

1. Achieving sustainable development, which combines economic development, social justice and environmental sustainability, generates inclusive development.
2. Cooperation of state authorities, foundations, research institutes and private entrepreneurship affects the development of socially significant business units.
3. Social activity in solving established tasks, at the state level, finds decision in creation of social enterprises. The created social enterprises contribute to the interest of young people in innovative and creative business management, as well as to the reduction of unemployment.

Social entrepreneurship in Kazakhstan: Social enterprises in Kazakhstan don't have a legal status. The lack of statistical data and the unipolar nature of the activity of social business entities don't allow a comprehensive evaluation of depth of influence of factors that contribute to development. The distortion and lack of information and open data doesn't allow to evaluate the impact of factors on the development of social entrepreneurship. At the same time, based on research in the field of social entrepreneurship, data of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, data of Association of Social Entrepreneurs, we have formed a set of indicators, Table 1: indicator-result (y)-the number of social enterprises in Kazakhstan and indicators-factors (x).

x_1 – the number of people with special needs who need employment, thousand people; x_2 - the unemployment rate,%; x_3 - level of poverty of the population,%; x_4 - share of social protection expenditures in the gross domestic product,%; x_5 - gross domestic product per capita, US dollars; x_6 - consumer price index,%; x_7 - share of organizations implementing innovations.

These groups of factors are divided into 3 groups: demographic group (factor x_1), social group (factors x_2, x_3, x_4), economic group (factors x_5, x_6, x_7). The demographic and social groups of factors take into account the interrelation of connections that make up the social sphere of the state's policy in the field of social protection, economic group of factors shows the economic well-being in the development of society. The selected groups of factors characterize the determinants of the development of social entrepreneurship.

year	y	x ₁	x ₂	x ₃	x ₄	x ₅	x ₆	x ₇
2011	171	503,8	0,9	5,4	12,6	5170	53,2	0,85
2012	172	504,4	0,8	5,2	12,9	6023	59,2	0,87
2013	174	508,4	0,7	7,3	13,7	6473	18,3	0,87
2014	170	522,9	0,6	6,3	11,4	6938	18,1	0,89
2015	175	508,4	0,5	5,5	12,7	7977	13,5	0,99
2016	183	536,8	0,5	4,8	13,9	8316	18,1	1,19
2017	187	549,5	0,9	5,9	13,8	5941	13,5	1,08
2018	204	554,9	1,0	5,7	14,5	4989	11,8	1,54
2019	211	552,6	1,1	6,0	15,0	5586	10,1	0,62

We use economic and mathematical instruments to find the dependencies of factors and build a model (formula 1), $y=f(x)$, (1) reflecting the correlation and regression dependence (shows in Table 2).

actor	Dependence between groups of variables	Correlation coefficient	Average deviation of calculated values from actual values
x ₁	$y = 125.47724 + 0.59092 * X_1$	0.875	5.0 %
x ₂	$y = 148.19792 + 45.10417 * X_2$	0.617	5.2 %
x ₃	$y = 193.78265 + 1.93445 * X_3$	0.519	6.0 %
x ₄	$y = 24.74258 + 11.84124 * X_4$	0.854	5.5 %
x ₅	$y = 214.79118 + 0.00500 * X_5$	0.594	5.9 %
x ₆	$y = 193.22662 - 0.44005 * X_6$	-0.565	4.9 %
x ₇	$y = 170.21434 + 12.73321 * X_7$	0.251	5.7 %

The presented data show the prevailing influence of share of social protection expenses in GDP and the number of people with special needs that need employment on the number of social enterprises. In Kazakhstan, enterprises employ people with special needs, but not all enterprises employ people with special needs. The level of poverty of the population, the level of unemployment isn't dominant. In Kazakhstan, there is hidden unemployment, which is difficult to evaluate, and the average level of wage may differ from the real wage of the population.

Consumer Price Index (CPI) or «inflation index», this indicator is constantly growing in Kazakhstan, which is feedback. Analysis of the factors of changes in GDP per capita, allows to conclude that in Kazakhstan, more and more people are creating social enterprises.

In national practice, taking into account the lack of development of innovative activity, the impact was minimal, and the link was weak.

DISCUSSION

Based on the results of the analysis, it is necessary to draw the following conclusions:

The socio-economic inequality of citizens is the result of development of society. Meanwhile, the objective reality in Kazakhstan and the level of well-being of citizens at this stage of development doesn't allow concluding that the well-being and standard of living in the country meets international standards. In Kazakhstan, the social policy of the state, including demographic issues, social protection spending, remains on the sidelines, in contrast to economic development. As a result of this state of affairs, there was a huge differentiation in the social status of various groups of the Kazakh population. The inclusive indicator «the number of people with special needs who need employment» suggests that tools are needed to effectively increase the well-being of the country's citizens, and the development of social

entrepreneurship is one of such tools. The results confirmed the hypothesis of research about the great support of people with special needs, for whom the state tries to create jobs and support organizations and enterprises that use the work of people with special needs. Multivariate correlation and regression analysis showed a high correlation between the most influential factors: the level of unemployment and the level of poverty of the population, based on this, in Kazakhstan there is a need to improve the well-being of the population, implement effective social policy and protect the population, support the introduction of social innovations;

In addition to studied factors, development of social entrepreneurship is influenced by economic well-being, competitive potential, financial system, and other factors. For example, the negative value of the correlation coefficient of the Consumer Price Index and the number of social entrepreneurship organizations confirms that the development of social entrepreneurship is impossible without state support in the form of tax preferences and public-private partnerships.

Globally and in Kazakhstan, future research may be on systems of social innovation and defining the creation and commercialization of social values, as well as the organization of social enterprises, mobilizing social capital and combating poverty through microfinance. Another important area of research on social entrepreneurship that needs to be investigated in Kazakhstan is the types of initial processes that facilitate the creation of social enterprises. Once more attention is paid to such areas, researchers will be able to determine how a business is evolving from an idea to a functioning social enterprise.

CONCLUSIONS

The growth of social problems in society leads to development of social entrepreneurship. The prerequisites for the development of social entrepreneurship in modern conditions are: inclusive development, sustainable development and growth of social innovations, as well as social responsibility of the country.

The studied prerequisites allow to identify the factors that influence the development of social entrepreneurship in modern conditions: the goals of social development, changes in employment, and social structure of society. The factors of development of social entrepreneurship are influenced by national peculiarities of legislation, socio-economic, demographic and cultural conditions.

Empirical research using statistical methods allows to evaluate and identify social and demographic factors that need to be taken into account in government regulation and strategic development.

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