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Social entrepreneurship: business models and strategies for their development

Abstract. The authors conducted the research of business models in social entrepreneurship. Firstly, the foreign experience of business models implementation by successful companies in global economy was studied and among 55 innovation models 8 business model types which can be used by social entrepreneurs were singled out. On this basis, the methodical approaches to the design of business models and their development strategies on the example of the Republic of Kazakhstan were developed. In particular, the main characteristics of the business model of social entrepreneurship are deepened and disclosed from the standpoint of the nature of impact on the socially vulnerable groups' welfare. The main types of social entrepreneurship and the business models applied in Kazakhstan were revealed. Taking into account the results of in-depth interview of 24 social entrepreneurship organizations, the business models applied by non-commercial organizations in Kazakhstan for development of profitable activity were found out, namely: No. 1 - «Accessibility of product/service in case of standard offer»; No. 2 - «Additional income from cheap resources and available IT (creation and promotion of side products)»; joint models No. 1 - «Accessibility of product/service in case of standard offer» and No. 5 - «Maximum assets utilization»; and No. 3 - «Platform for contacts, including auction and crowdfunding». Based on strategic analysis of social entrepreneurship at non-profit as well as commercial organizations, conclusions were drawn about the threats / limitations and the possibilities of existing business models. An algorithm has been developed to design a business model of social entrepreneurship and a strategy for developing business models. Strategic development scenarios of business models of social entrepreneurship were proposed, namely: scalability of operation; replication of operation; modification of the business model; creation of cooperating structures.

Keywords: Social Entrepreneurship; Social Enterprises; Socially Responsible Business; Business Models; Development Strategies

JEL Classification: A13; B55; L31

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Соціальне підприємництво: бізнес-моделі та стратегії розвитку

Анотація. У статті проведено дослідження бізнес-моделей у соціальному підприємстві. По-перше, було вивчено зарубіжний досвід впровадження бізнес-моделей успішними компаніями в світовій економіці, і серед 55 інноваційних моделей було виділено 8 типів бізнес-моделей, які можуть використовуватися соціальними підприємцями. На цій основі авторами були розроблені методичні підходи до проектування бізнес-моделей і стратегії їх розвитку на прикладі Республіки Казахстан. Зокрема, поглиблено й розкрито суть системоутворювальних характеристик бізнес-моделі соціального підприємництва з позиції характеру впливу на добробут соціально вразливих груп; визначено основні типи соціального підприємництва й застосовувані бізнес-моделі в Республіці Казахстан. На основі стратегічного аналізу соціального підприємництва, що розвивається на базі як некомерційних, так і комерційних організацій, зроблено висновок стосовно загроз, обмежень і можливостей чинних бізнес-моделей. Розроблено методичне забезпечення проектування бізнес-моделі соціального підприємництва та стратегії розвитку бізнес-моделей соціального підприємництва. Практичне значення отриманих рекомендацій полягає в розробці пакету інструментів для соціального підприємництва: алгоритму створення й стратегічної оцінки бізнес-моделі й суб'єктивного методу оцінки ризиків бізнес-моделі для соціального підприємництва.

Ключові слова: соціальне підприємництво; соціальні підприємства; соціально відповідальний бізнес; бізнес-модель; стратегія розвитку.

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Социальное предпринимательство: бизнес-модели и стратегии развития

Аннотация. В статье проведено исследование бизнес-моделей в социальном предпринимательстве. Во-первых, был изучен зарубежный опыт внедрения бизнес-моделей успешными компаниями в мировой экономике, и среди 55 инновационных моделей было выделено 8 типов бизнес-моделей, которые могут использоваться социальными предпринимателями. На этой основе авторами были разработаны методические подходы к проектированию бизнес-моделей и стратегии их развития на примере Республики Казахстан. В частности, углублены и раскрыты системообразующие характеристики бизнес-модели социального предпринимательства с позиции характера влияния на благосостояние социально уязвимых групп; выявлены основные типы социального предпринимательства и применяемые им бизнес-модели в Казахстане. На основе стратегического анализа социального предпринимательства, развивающегося на базе как некоммерческих, так и коммерческих организаций, сделаны выводы об угрозах, ограничениях и возможностях действующих бизнес-моделей. Разработано методическое обеспечение проектирования бизнес-модели социального предпринимательства и стратегии развития бизнес-моделей для социального предпринимательства. Практическое значение полученных

рекомендаций заключается в разработке пакета инструментов для социального предпринимательства: алгоритма создания и стратегической оценки бизнес-модели, субъективного метода оценки рисков бизнес-модели для социального предпринимательства.

Ключевые слова: социальное предпринимательство; социальные предприятия; социально ответственный бизнес; бизнес-модель; стратегия развития.

1. Introduction

The main idea of social entrepreneurship is that many social problems present new business opportunities if approached from business point of view, which will generate profit by solving certain problem. This method's value and originality is the following: each society contains historical foundations and institutions of social entrepreneurship which can become active due to external economic and social conditions.

Simultaneously, formation of effective business model appears a complex task for social entrepreneurs, because, at best, they have some work experience as non-profit organization and begin their business activity rather by guess than by business standards. Hence, they require algorithms of primary and consequential actions in business formation. This creates necessity of strategic analysis of typical business models used by social entrepreneurs in post-Soviet countries, and in particular Kazakhstan, for working out recommendations for increasing their stability and development on the strategic management basis.

2. Brief Literature Review

Current scientific study reviews the pool of problems which has significantly large history of research in foreign countries and quite short research history in post-Soviet countries. The following scientists are considered as classics of modern social entrepreneurship theory: J. Mair and I. Marti (2006) [1], A. Peredo and M. MacLean (2006) [2] and others.

Among recent publications, the following papers (and authors) are of interest: Y. Blagov and Y. Aray (2019) [3] study typologies of social entrepreneurship in the Russian Federation and provide description of corresponding models on the basis of deep understanding of current institutional context and social entrepreneurship's positioning with regard to market and non-market activity; I. Bozhikin, J. Macke and L. F. da Costa (2019) [4] examine modern state of social entrepreneurship and its connection with government and key non-government subjects; M. M. Ashraf, M. A. Razzaque, S. T. Liaw, P. K. Ray and M. R. Hasan (2019) provide analysis of conceptual business model application by non-government organizations; N. Cuta, P. Dey and Ch. Steyaert (2019) [6] make an extensive overview of various approaches of social entrepreneurship application as an important modern phenomenon; M. S. Satar, and S. Natasha (2019) [7] present the scale instrument of entrepreneurial orientation measurement of social entrepreneurs on the example of India; P. Spieth, S. Schneider, T. Clauss and D. Eichenberg (2019) [8], reveal four factors of social business models' value after analysing data of German social companies:

- 1) responsible efficiency;
- 2) complementarity of influence;
- 3) shared values;
- 4) innovations of integration.

The researchers who dedicated their studies to peculiarities of social entrepreneurship development in China, Chile and several European countries, are: T. Haddad (2019) [9], P. Muñoz and J. Kimmitt (2019) [10], and U. H. J. Körtner (2019) [11]. E. Lamy (2019) [12] proposes institutional reforms which can encourage entrepreneurs to self-organize in support of actions of the most socially oriented entrepreneurs, thereby providing their stability.

The study of I. L. Bahena-Álvarez, E. Córdón -Pozo and A. Delgado-Cruz (2019) [13] reveals four models of social entrepreneurship organization (according to achieved level of responsible innovations) on the basis of interviewing of 100 small and middle Mexican enterprises, as well as cluster analysis: «Scientific-technical organization», «Techno-social organization», «Capitalist-public organization», and «Capitalist organization». «Scientific-technical organization» appeared to be the most capable model for Mexican social entrepreneurs.

Successful usage examples of business models in social entrepreneurship are presented in the paper by S. Pattinson (2019) [14]. The author reviews how independent charity company «Hextol Foundation» (which goal is improving life quality of young people with limited capabilities or suffering various psychological disorders) utilises business model mindset as a part of solution-making process

for social entrepreneurial business model development. The problems which arise in front of entrepreneurs (who are driven by social goals, as well as necessity to make profit) are described in great detail. This example demonstrates understanding of business model within social enterprise context.

Social entrepreneurs utilise innovations in their activity frequently. R. Lubberink, V. Blok, J. van Ophem and O. Omta (2019) [15] propose in their paper a synthesized model of integrated strategies with responsible implementation of innovations, which includes implementation and scaling innovations by social entrepreneurs.

In the paper by R. Lang and M. Fink (2019) [16], the analysis of horizontal and vertical network strategies, typical for rural social entrepreneurs and their business models, is conducted. The interaction methodology of rural entrepreneurs and their institutional environment was developed.

Simultaneously, if problems of classification and development peculiarities of organizations (which have some social orientation in economic activity) are in accumulation stage of critical materials mass, then, research of social entrepreneurship through the lens of applied business models, algorithms and templates for them has not been carried out in Kazakhstan yet.

3. Purpose

Classification of business models in social entrepreneurship (Kazakhstan as an example) for development of methodical approaches to business models' design and their development strategies.

4. Results

Business model is an empirical projection of corporate strategy which reveals the idea of new value creation, a business process of value chain creation and its operational management, as well as necessary resources for realization of a model and means to acquire income.

Modern business model concepts are based on four elements: what (value), who (target consumers), how (mechanism of creation and proposal of value to a consumer), why (mechanism of extraction and appropriation of income from selling value to consumers). Working with a business model assumes strategic and operational component. There are the following elements within the former: value offer, consumer segments, key resources, and key activity types. Within the latter, the operational model is formed, including: logistic and marketing activity support and sources of commercial effect.

In our study, we shape typical models of social entrepreneurship on the basis of synthesis of business model's typical structure (what, who, how, why) and inclusive business model, which defines its content as inclusion into value creation chain and provision of a final product (or service) to the target groups. *We consider such approach the most productive, as it enables to monitor which business model's element creates social effect. Usually, in case of social entrepreneurship, social effect should be created no less than in two elements.*

Since the study's subject is business models of social entrepreneurship, we researched foreign experience of business models implementation by successful companies in global economy - 55 innovation models, among which 8 business model types which can be utilized by social entrepreneurs were singled out (Table 1).

We defined five types of business models and evaluated those activity types, which exist in Kazakhstan nowadays, from the point of view of classification presented in Table 1 (Table 2).

Further, we have revealed main types of social entrepreneurship and their applied business models in Kazakhstan. Considering features of social value creation in a company, we have defined four types of it, namely: *non-commercial organizations (NCO) that have regular income activity; social enterprises or subjects of various property forms; socially responsible companies; large companies, which are conducting socially responsible business.* The last ones usually prefer to save control over expenditures for social value or carry out the social project themselves.

Study methodology of discovering main types of social entrepreneurship and their applied business models in Kazakhstan encompassed research throughout maximum possible quantity of information sources: interview with head of company, information from company's site (if available), interview of firm's clients (social value consumers), informal interaction with company's employees, etc.

During June-August 2017, we have conducted extensive interview with managers of non-commercial organizations in Karagandinsky and Akmolinsky regions, as well as NCOs which were provided by information database of the Eurasia Foundation of Central Asia (EFCA). EFCA mobilizes public and private resources, helping citizens to find and promote effective solutions to public problems on the national and regional level.

The following 24 social entrepreneurship organizations were surveyed: «National Federation of Professional Combat Sports Jiu Jitsu «Profi-Fight»; «Kazakhstan Football Federation»; «SOS Children's Village Temirtau»; public funds «Temirtau Youth Club», «Best for Kids», «Tan Zhuldyz», «Sport Concept»; public unions: «Vereinigung der Deutschen Kasachstans Wiedergeburt», «Jewish Welfare Centre «Hesed Miriam», «Luchik Nadezhdy»; equestrian club «Zerbulak»; Complex Therapy Centre «Kenes»; Canine Therapy Center «Lapa Pomoschi»; Charity Shop «Radost»; Rest Home «Solnechnyi Den»; «ETO-Dvor» Project; Internet-shop «InvaMade»; wickerwork craft shop «Green TAL»; social enterprise «Shanyrak»; «Sheber Workshop»; «Eco Product Group» project; «Green Technologies Academy» project; «Kazecopolimer» Ltd.

The interviewing was conducted with a questionnaire. The objective was to reveal experience of engagement in profitable activity or project realization plans, which will provide permanent income. The questionnaire consisted of 15 open questions, aimed to reveal the following: mission of organization; intentions to develop profitable activity on the regular basis; utilized business model; understanding of business model's essence for organizational development; financial sources for realization of the social entrepreneurship concept, mechanism of income acquisition; average project realization terms, support for workers in harsh life conditions, and others.

The survey revealed four business models, which are applied by non-commercial organizations for the development of profitable activity: No. 1 - «Accessibility of product/service in case of standard offer» (National Federation of Professional Combat Sports Jiu Jitsu «Profi-Fight»; «Kazakhstan Football Federation»); No. 2 - «Additional income from cheap resources and available IT» (creation and promotion of side products) («Temirtau Youth Club», «Best for Kids»); joint models No. 1 - «Accessibility of product/service in case of standard offer» and No. 5 - «Maximum assets utilization» («Vereinigung der Deutschen Kasachstans Wiedergeburt», «Jewish Welfare Centre «Hesed Miriam»,

Table 1:
8 business model types utilized by social entrepreneurs

No.	Name	Covered elements of the business model	Company examples	Description
1	2	3	4	5
1	3. «Auction» One, two...sold!	What Why	eBay (1995), Wine Bid (1996), Priceline (1997), Google (1998), Zopa (2005), My Hammer (2005), Elance (2006)	Sale of a product or service to a buyer who offered the highest bid. A client wins from the opportunity to influence the price
2	7. «No luxuries» No matter what, the cheaper, the better	What How	Ford (1908), Aldi (1913), McDonald's (1948), Southwest Airlines (1971),	Production of a minimal option of an offer, which satisfies the clients with low income
3	19. «Maximum utilization» Increase your competency beyond main business limits	What How Why	Porsche (1931), Festo Didactic (1970), BASF (1998), Amazon Web Services (2002), Sennheiser Sound Academy (2009)	Company's assets are used for main product creation, at the same time, they are offered separately, too, as an independent proposal. Profit of side activity may match the main activity profit
4	22. «Crowdfunding» Collective financing	How Why	Marillion (1997), Cassava Films (1998), Diaspora (2010), Brainpool (2011), Pebble Technology (2012)	Investing is carried out by a group of investors (usually through the Internet). As critical mass is achieved, the idea is carried out and the investors are rewarded.
5	27. «Garbage - into cash» How to transform old things and waste into real money	What How Why	Dual System Germany (1991), Freitag lab. ag (1993), Greenwire (2001), Emeco (2010), H&M (2012)	Selling of non-recycled industrial waste to other producers who use them in their production process
6	30. «Orientation to poor people» Clients are in the basement of income pyramid	What Why Who	GrameenBank (1983), Arvind (1995), Airtel (1995), Hindustan Unilever (2000), Tata Nano (2009), Walmart (2012)	High quantity of low-income part of society provides the possibility to get this share of consumers due to the low product price and create critical income volume, as there is a lot of them
7	37. «Consumer project» A client as an entrepreneur	What How Why	Ponoko (2007), Apple iPhone/App Store (2008), Createmy Tattoo (2009), Quirky (2009)	Company helps its clients, who can invent (create) and sell their own goods at its platform.
8	43. «Robin Hood» Take values from rich people and give them to the poor.	What Why Who	Aravind Eye Care System (1976), One Laptop per Child (2005), TOMS Shoes(2006), Warby Parker (2008)	Selling for various prices to rich and poor clients in order to achieve scale effect

Source: Assembled by the authors using [17]

Table 2:
Typical business models of social entrepreneurship in Kazakhstan

Types Structure	Accessibility of product/service in case of standard offer	Additional income from cheap resources and available IT (creation and promotion of side products)	Platform for contacts, including auction and crowdfunding	Additional income from «green» resources and (or) technologies	Maximum assets utilization
No. of Model	1	2	3	4	5
Blocks of social value formation	2 and 3	3 and 4	1, 3, and 4	3 and 4	1 and 2
Block 1 - Value offer on the market	Standard offer	Standard offer from cheap resources	Form of offer, linked to price coordination between consumers and contractors	Standard offer	Development of additional service (opposed to main business) into an independent project
Block 2 - Consumers	Clients, incl. low-income people	Mass consumer	Mass consumer	Mass consumer	Expansion of consumer groups
Block 3 - Value creation chain	Value creation with saving on scale and resources redistribution due to individual price	Production of goods out of cheap or free raw materials, possibly involving target groups	Target groups may be among hired contractors	Production of goods according to new technology, possibly involving target groups	Independent production cycle, possibly involving target groups
Block 4 - Income extraction mechanism. Forms of income acquisition by the target groups	Acquisition of acceptable income. The target groups extract effect as a product or service	Sales income. The target groups take income in form of money (in case of personal participation) or through income redistribution (charity)	Payment for executed work. The target groups take labour income and (or) share of profit	Sales income. The target groups take income in form of salary or sales income	Consumers are paying for services or assets utilization. The target groups take effect as service or salary

Note: Target groups are socially vulnerable groups of citizens (disabled people, orphan homes graduates, low-income citizens etc.)

Source: Assembled by the authors

NCO «Luchik Nadezhdy»; «SOS Children's Village Temirtau»); No. 3 - Platform for contacts, including auction and crowdfunding (public fund «Tan Zhuldyz»).

Among studied 24 organizations, 80% are large companies that are engaged in socially responsible business. They are either directly investing into construction of social objects or perform dedicated financial actions regarding social and ecological projects, as well as individuals. Two companies (10%) have their own charity funds controlled top to bottom.

Among *socially responsible companies*, there are those that possess business model for disabled workers involvement (there are whole departments consisting of disabled workers only). We have revealed three such companies in Karaganda region, which are regular business organizations that started employing disabled workers on certain stage. In such a way, 20% of companies out of 24 large companies may be attributed to socially responsible business. They participate in creation of large charity funds, but do not handle their management. One company may be noted as hybrid, because it is involved in financing of the public charity fund and direct support of individuals and projects.

We have defined three types of business models among the group of companies, which can be definitely identified as social entrepreneurs, namely:

1. *The model of accessibility of product/service in case of standard offer* is based on providing services to the target groups (disabled children and adults, orphan home graduates, families with low income). The model is based on offering services with high demand potential and creation of scale effect for returning business investments, while redistribution of resources (or profit share) for providing services to children from low-income families takes place. This model exists in reality in various options. The following enterprises in Kazakhstan employ such model: equestrian club «Zerbulak»; Complex Therapy Center «Kenes»; Public Fund «Sport Concept»; charity shop «Radost».
2. *The model of additional income from cheap resources and available IT (creation and promotion of side products)*. This model is based on participation of the target groups in the labour process and initially planned low rate of return. It is aimed at utilization of cheap resources, as well as maximum offer diversification and offer cost reduction through easily accessible IT. The following projects in Kazakhstan are using this particular model: Internet-shop «InvaMade»; business-incubator for craftsmen «Sheber»; wickerwork craft shop «Green TAL»; social enterprise «Shanyrak».

3. *The model of additional income from «green» resources and (or) technologies.* This model is about ecologic and innovation technologies, but the businesses we have found, despite similarity in application of innovation technologies, possess various problems and development possibilities. Target consumers in such model are the whole society and farmers as part of a society with high risks of income reduction. Larger investments are required for the development of such businesses, and social enterprises usually do not have access to them. Typical examples are «Eco Product Group» project; «Green Technologies Academy» project and «Kazecopolimer» Ltd.

By strategic analysis of two types of social entrepreneurship (on the basis of non-commercial organizations and actual social enterprises) the following conclusions were made:

- 1) In the sector of non-commercial organizations, two business models develop quite steadily: *No. 1 - «Accessibility of product/service in case of standard offer»* and *No. 5 - «Maximum assets utilization»*. Organizations that operate within the social protection and sports spheres usually employ highly qualified personnel, possess ability to utilize available assets to the limit due to significant experience, so they are able to support stable operation. Individual price strategy is the strength which allows providing resources redistribution. Nevertheless, facilities and equipment are weak there, and do not provide any ability to expand activity types without additional effort. Simultaneously, the problem is that such organizations do not possess necessary operation skills for work on competitive markets or precise positioning of offered services; they do not unite into network structures either. They practically do not have any strategy of business model development (excluding sport service organizations), they do not unite for mutual advertising and shared access to advertising resources in social networks.
- 2) Organization that have originally been set up as business projects with involvement of the target groups into production process from the beginning, usually utilize the model *No. 2 - «Additional income from cheap resources and available IT» (creation and promotion of side products)*. They are based at initial planning of low return rate and low prices for products and services. They apply widely available IT which allow production of mentioned products and provision of services, given that middle level specialist training is present. Usually, they utilize maximum offer diversification strategy, attempting to produce everything they can and sell it through the Internet. Obvious problem of such firms is absence of precise development strategy and marketing programme, as well as analysis of their competitive advantages. The weak part is absence of network interaction as well.
- 3) Organizations created as business projects where target groups are consumers of services, usually operate in the sectors of high demand for services or goods and offer availability by price and location. They are dedicated to model *No. 1 - «Accessibility of product/service in case of standard offer»*. These services are less specific than special social services or sports services, they may be considered as development and health services. They possess smaller experience of providing services than non-commercial organizations, so the model No. 1 has not been accomplished by the model No. 5 so far, but it is an absolute necessity for survival and development. Those failed to do that after 3-4 years since project start, do not survive. Majority of projects in such a model also possess problems of development strategy and marketing strategy absence, which would be based on demand forecast. There is no connection with another social entrepreneurship subjects for mutual advertising and using their expertise to the limit either.
- 4) A group of projects within the model *No. 4 - «Additional income from «green» resources and (or) technologies»* may be called industrial. Target groups in such projects may be integrated into production process or be consumers of goods (like farmers). These projects have various problems, but in general they feature significant capital intensity. These projects' peculiarity is minor integration into society and lesser possibilities to join in network structures, which does not lower significance of such cooperation.

We have developed methodical providing of social entrepreneurship business model's design. The developed algorithm of creation and evolution of social enterprise's business model which can be used by a potential social entrepreneur consists of five consecutive stages:

1. Looking for an idea and assessment of business potential (matrix);
2. Business planning;
3. Funds lookup (attracting investments);
4. Shaping up (developing) a team, partnership, volunteer network;
5. Operation activity, scale growth, replication of operation activity, modification of the business model.

The «Looking for an idea and assessment of business potential» stage can be formalized by the matrix with four aggregated indices:

1. Social value production potential;
2. Competitiveness potential;
3. Economic value production potential;
4. Business stability potential.

Further, we have developed business model development strategies for social entrepreneurship.

The business model development strategies for social entrepreneurship may be presented in the following structure:

- *Scalability of operation* (bringing new clients for «traditional» or «new» service, which is usually complementary). Development strategy requires changes in single block or two blocks of business model.
- *Replication of operation* (geographic expansion and emergence to new local markets with the already tested offer). Development strategy requires changes in single block or two blocks of business model. The example is National Federation of Professional Combat Sports Jiu Jitsu «Profi-Fight», a non-commercial organization which works on development of this sport has 10 founder members and several sponsors. It carries out the project for setting-up jiu jitsu sport classes in orphan homes. Almost each large and middle-sized city in Kazakhstan has a Federation's branch where one of departments handles work with orphan homes. The classes are free of charge, costs for coach wages are provided from income in other departments which provide commercial services for kids (ordinary commercial service).
- *Business model modification*. Such development strategy requires changes in three or four blocks, it is the most elaborate strategy, which requires separate business plan, marketing programme, personnel handling for project start, assessment possibilities of supporting a project until profit stage begins.
- *Creation of partner structures* is a complex strategy which links first level strategies in various combinations. A complex strategy can be carried out in creation of branches, alliances and social franchising. Each complex strategy may employ replication strategies (new geographic areas), scaling strategies (3 options), modifications of the business model.

5. Conclusions

The idea of a business model on the current stage of economic science development is connected with such concepts as corporate strategy, value creation chain and business process. Business model is an empirical projection of corporate strategy which reveals the idea of new value creation, the business process of value chain creation and its current management, necessary resources for model's realization and income acquisition ways. Modern ideas of business model are based on its four elements: what (offered value), who (target consumers), how (value creation mechanism and offering it to a consumer) and «why» (income extraction and acquisition mechanism out of selling value to a consumer). Working with business model involves strategic and operational components. The following elements are involved within the first one: value offer, consumer segments, key resources, and key activity types, while within the second one - operation model (logistical, marketing support and commercial effect sources).

Considering features of social value creation, four different types are distinguished in a company: non-commercial organizations that have activity with continuous income; social enterprises or subjects of various property forms; socially responsible companies; large companies engaged in socially responsible business.

Taking into account the results of in-depth interview, four business models were revealed, which are being applied by non-commercial organizations in Kazakhstan for development of profitable activity: No. 1 - «Accessibility of product/service in case of standard offer»; No. 2 - «Additional income from cheap resources and available IT (creation and promotion of side products)»; joint models No. 1 - «Accessibility of product/service in case of standard offer» and No. 5 - «Maximum assets utilization»; and No. 3 - «Platform for contacts, including auction and crowdfunding».

The paper presents analysis of social entrepreneurship business models in Kazakhstan. The mentioned analysis provides us with a possibility to make the following conclusions.

In the NCO sector, the models No. 1 - «Accessibility of product/service in case of standard offer» and No. 5 - «Maximum assets utilization» develop quite stably in Kazakhstan. Organizations which were initially created as business projects with bringing target groups into production process mostly

choose the model No. 2 - «Additional income from cheap resources and available IT (creation and promotion of side products)». The group of projects developed by the model No. 4 - «Additional income from «green» resources and (or) technologies», may be called industrial. Target groups in such projects may be integrated into production process or be goods consumers (like farmers).

Creation of social enterprise's business model may be presented in the form of an algorithm, which states each stage of formation and development of the business model. An algorithm includes the following stages: looking for an idea and assessment of business potential (matrix); business planning; funds lookup (attracting investments); shaping up (developing) a team, partnership, volunteer network; operation, scale growth, its replication, modification of business model.

Strategic development scenarios of business models of social entrepreneurship were developed: scalability of operation; replication of operation; modification of the business model; creation of cooperating structures.

In such a way, the paper reveals methodological approach to identification of types and business models of social entrepreneurship in order to identify their development mechanisms in Kazakhstan. The acquired results may be useful for all organizations, all kinds of property forms which create economic and social value continuously. We are hopeful that the acquired results will be useful for enterprises within the social entrepreneurship sphere, for development and formation of their business model strategies.

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