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### **The theoretical aspects and principles of creation and functioning social-entrepreneurial corporations**

Success of macroeconomic reforms implemented to date in Kazakhstan, created favorable conditions for a shift of focus on regional development policy as an important and promising tool to improve the overall level of social-economic development of the country whose potential still has not been used to the full. Thus, according to this message, President Nursultan Nazarbayev to the people of Kazakhstan (March, 2006), as a result of the search for new tools for development of non-primary sectors, more adapted to the conditions prevailing in Kazakhstan, with an emphasis on regional development appeared social-entrepreneurial corporations (SEC).

Socio-entrepreneurial corporations virtually relegated to the role of the basic mechanism to ensure a breakthrough economic and social development of the country, until the occurrence of the 30 most developed countries of the world.

**Key words:** socio-entrepreneurial corporation (SEC), «entrepreneurship», «sociality», «social entrepreneurship», enterprise, corporation, financial resources, assets, subsurface resources, development of non-extractive sectors, social Fund.

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#### **Әлеуметтік-кәсіпкерлік корпорацияларды құру және олардың қызмет етуінің теориялық аспектілері мен қағидалары**

Қазіргі таңда Қазақстанда жүзеге асырылған макроэкономикалық реформалардың сәттілігі әлеуеті бүгінгі күнге дейін толығымен пайдаланылмаған. Елдің әлеуметтік-экономикалық дамуының жалпы деңгейін арттырудың маңызды да болашағы бар құралы ретіндегі аймақтарды дамыту саясатына назар аудару үшін қолайлы жағдай жасады. Осылайша, елбасымыз Н.Ә.Назарбаевтың Жолдауына сәйкес (2006 жылдың наурыз айы) аймақтық дамуға назар аударатын Қазақстанда қалыптасқан жағдайларға неғұрлым бейімделген шикізаттық емес секторларды дамытудың жаңа құралын іздеу нәтижесінде әлеуметтік-кәсіпкерлік корпорациялар (ӘКК) пайда болды.

**Түйін сөздер:** әлеуметтік-кәсіпкерлік корпорация, әлеуметтік бағдарланған бизнес, корпоративті жауапкершілік, аймақтық даму, кәсіпкерлік, МЖӘ, әлеуметтік қор.

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#### **Теоретические аспекты и принципы создания и функционирования социально-предпринимательских корпораций**

Успехи макроэкономических реформ, реализованных к настоящему времени в Казахстане, создали благоприятные условия для смещения акцента на политику развития регионов как важный и перспективный инструмент повышения общего уровня социально-экономического развития страны, потенциал которого до сих пор использовался не в полной мере. Таким образом, согласно указанному посланию президента Н.А. Назарбаева народу Казахстана (март, 2006 г.), в результате поиска новых инструментов развития несырьевых секторов, более адаптированных к сложившимся в Казахстане условиям с акцентом на региональное развитие, появились социально-предпринимательские корпорации (СПК).

Социально-предпринимательским корпорациям отводится роль практически основного механизма по обеспечению прорывного экономического и социального развития страны, вплоть до вхождения в число 30 наиболее развитых стран мира.

**Ключевые слова:** социально-предпринимательская корпорация, социально-ориентированный бизнес, корпоративная ответственность, региональное развитие, предпринимательство, ГЧП, социальный фонд.

As a result of searching new tools for the development of non-extractive sectors appeared socio-entrepreneurial Corporation (SEC). The first private corporations with state participation can manage assets, to initiate projects and to attract additional investments in interests' development of the region.

In international practice there are a variety of forms and directions of activities of entrepreneurial corporations, so a single definition of the SEC in the context of organizational forms, directions and methods do not exist.

According to the bill of social-entrepreneurial corporations, socio-business corporations are economically stable business entities doing business for profit by producing and selling goods and services. In this part of the received profit is reinvested for the realization of social, economic and cultural purposes of the people living in the region in the interests of whom the SEC created.

It is really important to note that the concept of socio-entrepreneurial Corporation (SEC) is a completely new value in the economic literature, which has certain views of the great scholars. In our opinion, the whole concept of the essence of this topic being studied as a theoretical basis for the need to consider Corporation as the economic and social institution in which socially responsible business is a mandatory nature in its operation.

The national economy is a very complex and multilayered system consisting of many interacting and simultaneously competing with each other elements. A key element of a modern market economy is entrepreneurship. Without this element it is impossible to ensure the normal and smooth functioning and dynamic development of modern economy.

Entrepreneurship is a complex socio-economic phenomenon, based on the initiative, activity and independence of subjects of the economic activity aimed at the organization of production. The main purpose of any business activity, including the Corporation, is the production and distribution of materials, other goods and services to consumers on the market for profit or entrepreneurial income. Simultaneously, the enterprise also performs important social functions, in particular, the function of the creation of new jobs, replenish the budgets of state and local authorities through the payment of taxes etc. According to those researchers a market economy is entrepreneurial character. As stated by the famous Austrian economist and sociologist Schum-

peter, "Entrepreneurship as an economic factor in its importance is on the same level with capital, labor and land" [1, p 189].

The term «enterprise» («entrepreneur») appeared in France in the 17th and 18th centuries. Its introduction into circulation is connected with the name of French economist with Scottish origin R. Kataljon. His understanding of entrepreneurship is associated with the risk character of the gainful activity, and can stimulate economic progress through the search for new and better ways of realization of their business. Another Frenchman Jean-Baptiste pointed the economic efficiency of the entrepreneur, transforming the economic resources of the sphere of the lowest in the sphere of high performance. This classic theory of entrepreneurship is considered by Joseph Schumpeter. In his book «the Theory of economic development», written in 1911, the main function of the entrepreneur is to be an innovator, to innovate and thereby be a vehicle of economic development. «To produce the means to combine available in our sphere of things and forces... Make means creating other combinations of those things and forces» [2, p.45]. Unlike predecessors for Schumpeter yield entrepreneurship was weakly connected with the personal benefit of the entrepreneur, but rather served as a means of assessing results. Thus, unlike a business enterprise is not tightly linked to revenue and profit.

Approach Schumpeter was developed in the works of Peter Drucker. He argued that «entrepreneurship involves management, different from the existing». The Drucker does not consider any development of the business enterprise. Expansion of business may be a routine process, not paired with the transformation and innovation. It is also not considered significant feature of the enterprise profitability. In particular, he believed that «there is no topic is better to illustrate the history of entrepreneurship than the creation of a modern University, in particular - American University».

Although the benefits of social entrepreneurship are clear, its real importance and specificity of insufficiently investigated. The growing popularity of social entrepreneurship means different things to different people. This is due to the relative novelty of the term, and a variety of social initiatives, which vary in scale, target groups and countries. The large part of the audience of social entrepreneurship is associated exclusively with non-profit organizations, and opened any profitable ventures. Others under-

standing of social entrepreneurship is indispensable (for profit organizations). Others find it kind of social responsibility of business, implements socially important programs through independent organizational structure [3, p. 47].

According to Roger Martin and Sally Osberg, with the increasing popularity of the term «social entrepreneurship» has acquired in recent years such as wide range of values that began to be used in almost any context, as soon as it comes to socially useful activity [4, p. 67]. In their opinion, such broad interpretations harm the very phenomenon. If the public demand for social entrepreneurship will not be satisfied due to the fact that under his door is too much government in fact, and perhaps inefficient organizations, the phenomenon will be discredited. And then the grain of the present social entrepreneurship can be lost». Therefore its task they see narrowing scope of the category of social entrepreneurship, and the identification of its hallmarks [5, p. 88]. The main distinctive feature of social entrepreneurship, according to Martin and Osberg, is that it entails any social transformation. Fund Skolla in which they work, is engaged in just the fact that identifies and supports worldwide established itself as a social enterprise initiative, to enable them to expand their scope and impact on the «change the world» [6].

The most often-quoted definition of social entrepreneurship belongs Gregory Disa, who has identified five factors that determine the social enterprise:

- 1) the adoption of the mission of creating and maintaining social values (goods);
- 2) the identification and use of new opportunities to implement the chosen mission;
- 3) the implementation of a continuous process of innovation, adaptation and learning;
- 4) determination of the action, not limited by the available resources;
- 5) the high responsibility of the businessman for its results - both to direct clients and society [7].

Many scholars take its definition. They tend to Supplement the study of the individual characteristics of those named, or in addition to them. So, J.. Mair and I. Marty from the University of Navarra, Barcelona are considering social entrepreneurship as a wide process that involves a combination of resources to create opportunities for acceleration of social changes and/or social needs.

Thus, their proposed definition reflects the following key points:

- social entrepreneurship is seen as a process of value creation by combining resources in new ways;
- combination of these resources are primarily intended for the study and use of opportunities of social good by promoting social change or social needs;
- consideration of social entrepreneurship as a process implies that it may relate to the production of goods and services, as well as the creation of new organizations.

Focus on opportunities that are discovered and used in the process of entrepreneurship, in order to emphasize the character of the social entrepreneurship compared with the enterprise in General, typical for other researchers. 8 Study of entrepreneurship in the aspect of acceleration of social progress began relatively recently. Therefore, the General opinion, how social entrepreneurship can influence the change of economic conditions and how widely the new social capabilities can be applied in various socio-cultural conditions, while not developed [8].

It is easy to notice that the definition is largely overlap with classical approaches to the analysis of entrepreneurship, proposed with Say, Schumpeter and Drukera. The authors are convinced that the key word in the category of social entrepreneurship is «entrepreneurship», «sociality» plays only a modifier role. Paying attention to the merits of the classics of the theory of entrepreneurship, such as the SEI, Schumpeter and Drucker, they emphasize the key features of any entrepreneurship - value creation (as a result of transfer of assets in the area of higher productivity - SEI); «creative destruction» as the transforming activities (Schumpeter); search for changes and opportunities (Drucker). All this equally concerns both entrepreneurship and social entrepreneurship, each of which offers a new value (good), overcoming the established balance [9].

According to experts, in recent years there have been significant changes in the character of the Institute Corporation [10]. One manifestation of these changes is the emergence of the concept, «social-entrepreneurial Corporation», which is opposed to the traditional company, on the basis of which were built all known theory of the firm's competitiveness.

The traditional company has the following features:

- 1 high capital intensity of assets;
- 2 high degree of vertical integration and establishing direct control over suppliers and consumers;
- 3 a high degree of dependence of the labour force from the management company;

4 clear definition of boundaries that are defined by its tangible assets.

As for the «socio-entrepreneurial Corporation», its distinctive features are the following:

- 1) management of public assets, including in the form of public-private partnership;
- 2) creation of institutional conditions for development of small and medium business;
- 3) participation in investment projects of land assets;
- 4) rehabilitation and restructuring of organizations referred to by the state to the Charter capital of socio-entrepreneurial corporations, creation on their basis of new productions;
- 5) participation in the elaboration and implementation of investment projects in partnership with private business;
- 6) exploration, production, processing of mineral resources, including widespread;
- 7) development of interregional economic relations and projects;
- 8) development of industrial zones, technoparks, special economic zones;
- 9) development and implementation of programs aimed at development of social sphere of the region concerned.

Legal status of the socio-entrepreneurial Corporation currently defined by the draft law «On socio-business Corporation».

Each SEC is unique territorial formation, distinguished by the originality of climatic, resource-production and scientific-technological conditions. In this regard, the procedure for and modalities of the SEC may differ materially. Differentiated approach in this case is the following order of creation of the SEC:

- 1 boundaries of the SEC on the basis of system-wide requirements and conditions for effective realization of its objectives;
- 2 feasibility study;
- 3 program for creation and development of SEC;
- 4 adoption by each of the SPC law which regulates its activity
- 5 the creation of special bodies of management of the SEC.

And the main idea is implicit in the concept in the creation of Social-business Corporation is a public-private partnership, designed jointly with the private sector to develop mineral resources in the region, to build factories on processing of minerals

and production of finished products, also assistance to business in Kazakhstan, provision of land, construction and infrastructure development for future enterprises.

Model of territorial production complexes (LC), partially are analogues of the SEC which began to be formed in the former Soviet Union from the mid 70s. The first positive experience of creation of the party in the USSR is the Ural-Kuznetsk complex, the formation of which has in a short time to develop ferrous metallurgy in the Urals on the basis of Kuznetsk coals. In the subsequent Soviet experience has evolved and is well-established in the form of development and implementation of regional development programs in the U.S. and other countries. In this regard, the positive experience of the regional programming is not only Central, but also a market economy.

The principal difference of an SEC from a party, is that the WPK were systematically, based on requirements to improve the effectiveness of the territorial division of labour, more effective use of local resources and complex social-economic development of the region. The Foundation of the WPK were interrelated and inter-conditioned industry and production, which formed its core. [10] In our case, on the territory of the SEC of the industry, which could provide the kernel, refer to the private sector. In addition, have more or less successfully operated by other enterprises in the private sector. From these positions the SEC considered as a qualitatively new regional socio-economic system, which is fundamentally different from economic structures, and is the totality of all spheres of human life, and in the process of its functioning in the complex solves all the problems of improving the level and quality of human life on this territory. With this in mind, the SEC is regarded as integral to a territorial entity that includes all of the reproduction processes on its territory.

The goal of the SEC is to gradually improve the level and quality of life through effective and full use of all resources of the territory, as well as active participation in the territorial division of labour within the national economy by promoting the development of all economic entities. The immediate goal created by the SPC was to «ensure the breakthrough development of regions by means of diversification of the economy, creation of effective system of corporate management, consolidation of government assets and entrepreneurial

initiative to solve socio-economic challenges». The authorized capital of the SEC consists of budgetary funds, land resources, the right of subsoil use for certain types of mineral resources, JSC, LLP with state participation, state enterprises, and state pro-

perty. Thus, the SEC, with the balance of significant and liquid assets, attract long-term capital on terms acceptable to the implementation of regional projects. The scheme of functioning of the SEC has the following form (figure 1):

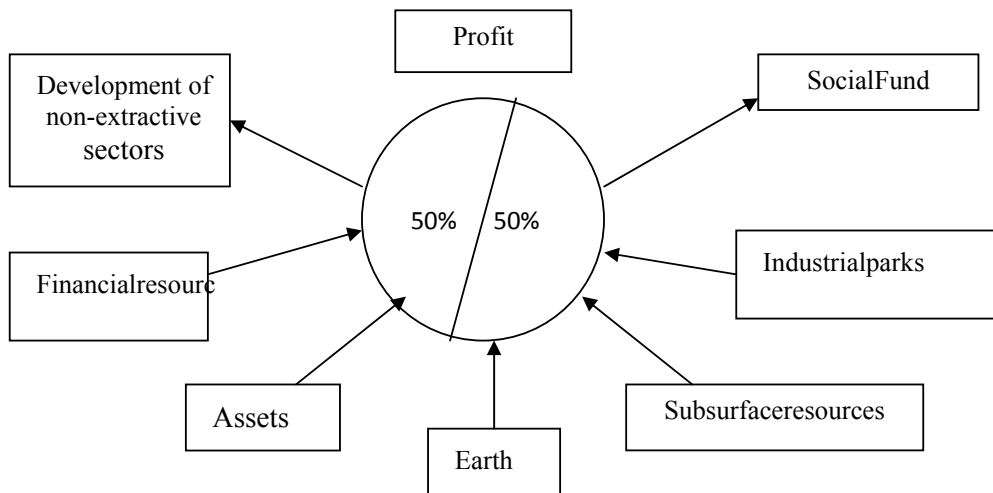


Figure 1 – The scheme of functioning of the SEC

The proposed method of capitalization and highly professional management of the SPC will attract foreign investors in joint regional projects contributing to implementation of promising innovation and high-tech products (figure 2).

Taking into account system-wide requirements, you can highlight the modern principles of creation and functioning of the SEC:

1. The principle of purposefulness - presence of a concrete goal of development of SEC as a socio-economic system. The aim should be made more

concrete, realistic and achievable. Simply increasing the production of profit or values may not be valid for the socio-economic systems, and to be regarded as a condition to achieve the social objectives of development of the territory.

2. The principle of integrity - the SEC as a socio-economic system should be nonadditive whole, all the elements of the SEC should be seamlessly interconnected by a single goal, and, in the process of interaction between themselves, contribute to its successful implementation.

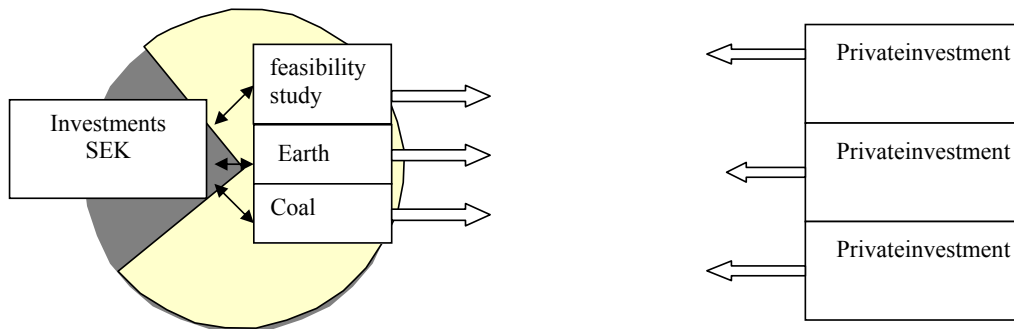


Figure 2 – Structure of investments

3. The principle of self - in the process of its functioning the SEC as a dynamically developing system should evolve, develop, adapt to changing conditions in order to best achieve the goal.

4. The principle of self - suggests to fulfil the SEC tasks, economic, resource and production, scientific and technological and labour potential.

5. The principle of specificity - the SEC along with common features with other regions of the country and the Republic in General, should have specific characteristics which are defined by natural conditions of farming in the area and determine, especially in economic and social structure. Summarizing everything, including the essential features and principles of activity, the principal difference of the programmatic approach to the creation of an SEC from the adopted Concept is that the SEC is an integrated socio-economic system, which is qualitatively different and more complex than any business structure. The basis of the formation of the SPC is the territorial division of labor and the development of cooperation both within the region and with other regions of the country. In this regard, the establishment of the SEC can be defined as a conscious formation of territorial elements of social production and reproduction. Territorial integrity SEC reflects the unity of reproduction processes in the framework of this territorial entity that is connected with the development of a common for all elements of the SEC industrial and social infrastructure.

The main feature of the difference of an SEC from other types of organization is its focus on addressing social challenges. Satisfaction of needs of the population, maintaining certain standards of life is independent social purpose. The achievement of this goal is as through promoting the development of entrepreneurship on the territory of the SEC, and the development, adoption and implementation of social programmes in the framework of social policy of the state and its concretization and binding to the area.

The integrity of the regional economic system is manifested in the mutual conditionality for the development of enterprises in this region, and the placement of new production is evaluated not only from the point of profitability of the project itself, but also taking into account the consequences of the placement in terms of the functioning of the SEC as a whole.

In accordance with the approved purpose of creation of the SEC can highlight the following sub-goals and objectives:

1. Assistance in economic development of the region.

2. Creation of unified industrial and social infrastructure.

3. Development of small and medium business.

4. Assistance in implementation of innovation projects, defining the role of the region in the territorial division of labor.

5. Sustainable socio-economic development of the region through rational and efficient use of financial, scientific and technological, resource-production and human potential of the region.

6. Organization of effective interaction with existing plants.

7. Program for creation and functioning of the SEC.

8. Preparation of normative-legal provision for the establishment and subsequent operation of the SEC.

9. Creation of management bodies of the SEC and the rules of their interaction with the local government bodies, development institutes, ministries and departments of the Republic. When you create a SEC, great importance is the decision of problems of interaction with operating businesses in the private and public sector, as well as with the local authorities. Therefore, the methodological support of the solution of these issues is of paramount importance.

On the basis of system-wide requirements defined the boundaries of the SEC, within which was the transfer of state assets and other property of the SEC, approved the regulations on interaction of the bodies of management of the SEC with development institutions and other economic entities, including NAC and other enterprises located on the territory of the SEC [10].

A major task, which suggest to solve the authors of the project by the SEC - socially responsible business. And in accordance with the Concept of socially responsible business in the SEC mandatory, and their functions are similar to the functions of other development institutions. It is possible to present it in the following form (table 1):

Thus, created by the socio-entrepreneurial corporations have on the one hand, the similarity with other types of organizations, that the main goal for any organization, is the maximum profit from the production of goods and services, and the differences: the SEC are the first private corporations with state participation, focused on regional development, where part of the profits is reinvested for the solution of social issues in the region. It can be noted that the SEC absolutely new business structure, which has no analogues in the world.

**Table 1** – Classification of organizations

Name	Of Operation
Enterprise	1. production and distribution of material or other goods and services to consumers on the market for profit or entrepreneurial income 2. social functions, in particular, the function of the creation of new jobs, replenish the budgets of state and local authorities through the payment of taxes etc
Corporation	1. production and distribution of material or other goods and services to consumers on the market for profit or entrepreneurial income 2. the predominance of the principles of social responsibility
Social entrepreneurship 1	1. risky the character of the gainful activity, and can stimulate economic progress through the search for new and better ways of realization of their business. 2. kind of social responsibility of business, implements socially important programs through independent organizational structures. 3. value is created by combining resources in new ways. 4. production of goods and services, as well as the creation of new organizations.
Socio-entrepreneurial Corporation	1. An economically sustainable business structure 2. The first private corporations with state participation 3. Active participation in solving social problems of the region through the reinvestment of the received profit for the realization of social, economic and cultural purposes of the people living in the region in the interests of whom the SEC created. 4. Socialresponsibilityofbusiness..
Compiled by the author	

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