

DEVELOPMENT IMPROVEMENT PROGRAMME OF SOCIAL BUSINESS MODELS IN LITHUANIA

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Abstract. The development of social business models is one of the main aspects of ensuring the sustainable development of social economy in European countries. According to the European Union, social economy enterprises contribute to the European Union's employment, social cohesion, regional and rural development, environmental protection, consumer protection, agriculture, third countries development and social security policies. Modern tendencies in business involve European countries in creating the social impact. It is important to develop social business models that all cover their full costs and pass profits on to society, which shall benefit from low prices, adequate services quality and shall obtain better access to the continuously generated social profit. The main goal of the social business model is to create economical value and explore new markets. Modern business tendencies should be involved in the creation of social-economic value for the society solving various social problems. Therefore the improvement programme of social business is created. Though, social business models are not new phenomena in Lithuania. But there is the lack of scientific studies and literature analysis to express both positive and negative aspects and to develop social business potential. Problematic aspects of social business and alternative solutions on how to create and maintain social business models in Lithuania were identified. For this purpose, the improvement programme of social business models in Lithuania was created.

Key words: clusters, clusterization, improvement programme, social business model.

Introduction

The topic of social business models is highly relevant, not only for the economic growth, but also in terms of social and political development. Although, the concept of social business models is progressive, it is obtaining greater attention in the analysis of a social impact. But there are many unanswered questions. As noted by Altuna et al. (2015), Shaw and de Bruin (2013), Hong, Cho (2012), there is a lack of knowledge on how non-profit organizations construct their capacity for the social innovation project management. Furthermore, what is essential for non-profit organizations, it is the relationship between the cost of social innovation and economic business goals. There remains a visible divide

that marks the organizations' goals and values. For one organization the financial support is more important, for the other – the primary objective is connected with the social impact on society and economy (Witjes, Lozano 2016; Sinkovics et al. 2014), yet another attention is focused on the state support and tax incentives for the development of social business (Kostetska, Berezyak 2014).

Investigation problem. Many social business models in Lithuania, in the context of analyzing the research, show that they often focus on non-profit governmental and non-governmental organizations, whose relations with businesses usually provide discussions on financial aid and contexts of volleyball Cooperation (Kisielius 2016; Vveinhardt, Kuklytė 2016.; Rubikas 2014; Šalkauskas, Dzemyda 2013). Bandzevičienė (2007) study showed the public sector involved in social activities for people participating in typical positive expectations with respect to innovation, but the real practical consequences of innovation installed did not match the theory and images. Much more complex problem of social innovation in the field of business occurs, because there is a variety of a social enterprises and their application of the country's businesses and opportunities for knowledge is limited. Although typically both the state and private companies mostly focus on the economic competitiveness of stimulating innovation, Gundry et al. (2011) emphasizes that social entrepreneurship makes possible to discover innovative instruments to solve complex social problems. Therefore, the identification of social business models in the problematic aspects appropriate to the business models of social development program in Lithuania is necessary.

The object of research – social business models.

The aim – to identify social aspects of business model problems and to create the programme to improve the development of social business in Lithuania. Research tasks:

- to review the social business model and entrepreneurial concepts,
- to identify the social business models in the application and development aspects of Lithuania,
- to create social business development of Lithuania improvement programme,
- research methods – literature analysis, synthesis and induction.

1. Concept of the social business model and social entrepreneurship

Social business model is the cornerstone of the principle of social value, while its commercial activities ensure the organization's financial independence from external funding sources, creates social and economic value (Vveinhardt, Kuklytė 2016.). Social value of the term is often not expressed in measurable results, and this is seen as an activity that does not have a specific unit of measurement, so it can only be understood, however, is immeasurable. Social

entrepreneurship creating value problematic aspects analyzed Abu-Saif (2012), argues that it is important to determine the role of social entrepreneurship and the direction is focused on activities such as philanthropy, social or environmental activism and social entrepreneurs' favorable opportunities. The main driving force of social entrepreneurship is to make decisions for developing the social value, while maintaining financial independence and consistent business development. According to Yunus (2008, 2010), an innovative initiative to help people can be regarded as a social entrepreneurship. Such an initiative can be both for-profit and benevolent as volunteering or philanthropy.

Schmidt and Baumgarth (2015), Weber et al. (2013), Dacin (2010), Dees (1998) emphasizes the social business purpose – the social impact of the development, the application of innovation and solving well-known problems for the society. Huybrechts, Nicholls (2012) complements the theory that social entrepreneurs develop and maintain their socially innovative models adapting them to the specific market needs. The number of social initiatives and the formation of alliances and partnerships that start achieving better results and start discovering or creating new markets increase. To achieve these objectives Cho (2006) distinguishes three aspects: the sense of community, innovation and market relationship with customers. Zahra et al. (2009) complements the definition of social entrepreneurship by identifying how the activities and processes, in order to discover, identify and exploit opportunities to increase social welfare. The creation of new businesses or management of existing businesses through social innovation occur.

Other authors (e.g. Schmidt, Lückenbach 2013; Ma et al. 2012) argue that the social entrepreneurship and orientation to the market needs are positive relationships, which is noted as a public activity and expanding of labour market for local community. Schmidt, Lückenbach (2013) conducted a qualitative study, based on interviews with social entrepreneurs who have shown that brand orientation is an important strategic aspect developing social business.

2. Main problematic aspects of social business models development

The article presents problematic areas that required further analysis and are overview (Table 1): cultural features (of the population mentality, values and norms), unwillingness to share profits with interested people of the company, social accountability, absence in regulating the activities of institutions, lack of information, high risk of fraud and the black economy, pessimistic attitude and public passivity, involvement in social initiatives.

Table 1. The main problematic aspects of social business models development

Category of problematic aspects	Problematic aspects	Literature
Social	<ul style="list-style-type: none"> – Lack of information about social business models and regional aid; – cultural background (of the population mentality, values and norms); – Public passivity and non-participation in social initiatives or projects. 	Kuklytė (2016), Vermeulen, Witjes (2016), Murphy et al. (2015), Sinkovics et al. (2014), Lozano (2013), Le Ber, Branzei (2010), Maase, Bossink (2010)
Economic	<ul style="list-style-type: none"> – Reluctance to share profits with the interested people in a company; – Lack of social activity reporting; – Shadow economy (fraud), significant business risk 	Witjes, Lozano (2016), Kuklytė (2016), Murray et al. (2015), Ashokkumar (2014), Klettner et al. (2013), Hong, Cho (2012), Perrini et al. (2010)
Political and legal	<ul style="list-style-type: none"> – Distrust of private and public sectors; – Regulating the activities of institutions absence. 	Kuklytė (2016), Freitag, Ackermann (2015), Desa (2011), Besser, Miller (2010), Zieger (2010), Dart (2004)

The summary of the research results suggests that the main problem is the information on the social business model weaknesses that shape wrong opinions of people about social business modeling phenomenon and its benefits (Kuklytė 2016; Vermeulen, Witjes 2016; Murphy et al. 2015). Several measures are offered to solve this problem. Participation in social projects in Lithuania and worldwide respect are preferable. It is advisable to go beyond the annual Social Business Conference and sharing of knowledge on the development of partnership with the International Social Forum organizers is recommended (Lozano 2013; Le Ber, Branzei 2010; Maase, Bossink 2010).

Another problematic aspects discussed by Ashokkumar (2014), Klettner et al. (2013) are the economic factors and the need for solutions to reduce fraud – shadow economy. The problem is connected with the law and the tax base adjustments referring to the employment relationship, alcoholic beverages, tobacco products and fuel markets. If informal activities were legalized (such as alcohol, cigarettes and fuel market), the state and social security would budget higher tax revenues, which would exist as additional funding to help socially disadvantaged people, which would reduce social inequality in the distribution of income for all citizens of the country. Business risks are mitigated by adjustments in financial management – Business Accounting Standards (BAS) changes. Financial reports online publicity encourages social business transparency and positive public opinion about the company’s performance and contribution to the solution of social problems.

There are political and legal problematical aspects: distrust of the public and private sectors (Kuklytė 2016; Freitag, Ackermann 2015; Desa 2011; Besser, Miller 2010; Zieger 2010; Dart 2004). In this aspect, an appropriate solution could be the correction of legal regulations and elimination of barriers connected with the social business creation. Measures to promote the country's population to rely more on the private sector are undertaken. It could be changed with the labor relations aspects related with organizational culture development, social responsibility and transparency assurance (for more information on social performance and publication of financial reports, etc.). So, it is important not only to reduce fraud and illegal activities in the country, but also to carry out the statutory adjustments of the social business field, to define legalization opportunities and validation of a revision of the legal entity validation forms, going beyond public institutions, associations, support foundation.

In view of the above-discussed social, economic, political and legal aspects of the improvement programme, it is appropriate to review the social networking and cluster development in Lithuania. Social Services clustering not only have a positive impact on society's values and norms, but also they promote public participation, interest in social business models (Liugailaitė-Radvickienė, Jucevičius 2014). Also, the creation of social clusters for social service sector to promote reforms in the following areas: financial assistance and special support for additional funding sources, public funds, and venture capital investment in the development of the legal framework is necessary. Moreover, clustering for the sustaining development has a positive public opinion on changes in business and social services sector (Glinskiy 2016; Kulikauskas, Viselgaitė 2015; Rozhkov, Goryunov 2014). It would be a social business driving force that unites the companies operating in different sectors. Partnerships with various types of organizations to promote co-creation within the overall strategic objectives or the implementation of projects, sharing the financial and non-financial resources are recommended. So, social cluster creation could change the country's social services sector in the structure of financial resources from the public sector and the transfer of private initiative active in organizations, which apply social business models in Lithuania. Structural social services and problem solving changes would have a positive impact on the country's innovativeness, productivity, regional development and competitiveness.

3. Improvement programme of social business models development in Lithuania

3.1. Review of improvement programme

The main reasons for the creation and development of social business models in Lithuania are the country's innovation, competitiveness, economic development and social integration endeavor. Social business models application is

useful for the government, businesses and the public, making reference to a set of social, economic, political and legal aspects of a social business models development for the improvement programme. The essential aspects are reviewed while creating the improvement programme: participation in social projects, creation of clusters, economic aspects, political and legal aspects and recommendations for companies and the government on the social development of business models.

Participation in social projects in Lithuania and globally. Effective dissemination of information via mass media, the use of digital content creation opportunities to make information available to the public and businesses are necessary to create the feedback. Since 2014, the Lithuanian Ministry of Economy, NGO and the British Council organize annually the Social Business Forum. Since 2008 the Business Integration Partners, the Vodafone Group, Unipol Group, Harvard Business commentators organize the International Social Business Forum in Italy. The business sector should not be restricted to the participation in social business forums; the public must also be involved in social initiatives and create feedback on social business development in Lithuania.

Creation of clusters. According to the established social problems (lack of information, the country's population mentality, values and norms, public passivity and non-participation in social initiatives or projects), which were identified by Glinskiy et al. (2016) and Rozhkov, Goryunov (2014), Lithuania is proposed to develop a social cluster, which will not only have a positive impact on society's values and norms, but also promote public participation, interest in social business models. Also clustering of social services depends on social business models in terms of the application of conditions and activities – financial assistance and special support conditions (additional sources of funding), public funds, and venture capital investments, legal framework corrections, cluster development, growth and efficiency. Developing social clusters necessary training and counseling programs, initiatives promoting adequate and acceptable to all interested parties involved in the decision-making process, joint activities and policy formulation are recommended. It may be limited to members of a cluster initiative, however, it can be appointed by the State-funded facilitators - natural or legal people (Hoekman, Shepherd 2015).

Lithuania created social clusters to meet the following criteria – cluster members participate in joint projects and activities contributing to the management of financial resources (membership fee or a share of the annual sales). It has to be legal and should be defined in the social cluster to use external funding sources – private funds, public financial support. N. Liugailaitė-Radzvickienė, R. Jucevičius (2014) said that according to the selected social services sectors and clusters financing sources in Lithuania (EU structural funds or participation in the financing of public projects), the appropriate microclusters

or horizontal networks consisting of 5-15 groups which would cooperate within various related activities should be developed. Thus, the clustering of social services not only facilitates the society and business to develop, but also it promotes public confidence in private and public sectors (Figure 1). According to the Ministry of Economy (2014), the cluster Development Concept notes that the significance of clustering is named global, EU and national. EU innovation policy includes the need for member states to facilitate the emergence of innovative clusters, international relations and partnerships. This concept can be applied to the development of the social cluster Lithuania. In assessing the clusters associated Lithuanian legal base, it can be said that the Ministry of Policy focused on cluster development and the development process has been started to develop more intensively since 2014. It is appropriate to strengthen this position and to develop strategic plans. According to the government's Social Integration of the 2014 strategic plan, aimed to be developed at the long term, 15 percent of social services have been transferred to non-government organizations. It is recommended to the government authorities in social development programs to indicate that the intention to privatize 30 percent of social services, provide opportunities to engage in these activities in the development and finance various organizations with legal status – joint stock companies (JSC), NGOs and the public institutions.

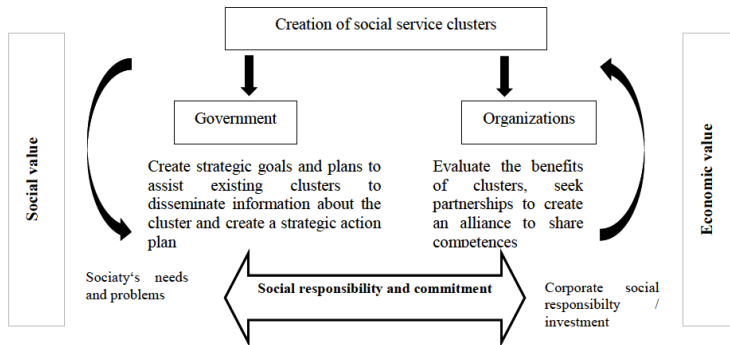
Social activities cluster deployment in Lithuania is recommended to balance the legal framework - form of business model, legal status and so on. Selected legal forms of organizational structure should encourage the development of social business and microclusters creation of the social sector. It is also worth insisting that the legal aspects would have a positive impact on the country's sustainable economic development, regional development, public welfare and social business model implementation.

The development and strengthening of the social clusters are expected to increase the demand for sharing the competencies with other clusters in Lithuania. Effective communication promotes the creation of new ideas, the development of strategic plans for organizations (cluster members) activities to balance the social problems, according to the needs of society, corporate social responsibility and the application of social investments. Different branches of cluster association are to create greater social impact, and the same economic value. Different clusters cooperation can make social services more accessible to the society and thereby the population inequality can be reduced.

The domestic market would benefit from state-funded public consultants who can be invited to review and develop a new social business models or redirect existing activities in social business. Public advisors could help overcome the lack of confidence in the public and private sectors. They through their advisory services on social business and through active communication can

explain the phenomenon of social benefits and cluster potential. Thus, Lithuanian public consultants become social business facilitators.

Figure 1. The benefits of creation of social service clusters



Source: own study.

Lithuanian practice, the most frequently used form of legal entity: closed joint-stock company, a public institution, association are the solutions. If it were legalized as the social business development opportunity for small businesses (small communities or private companies), it would bring good prospects for the future.

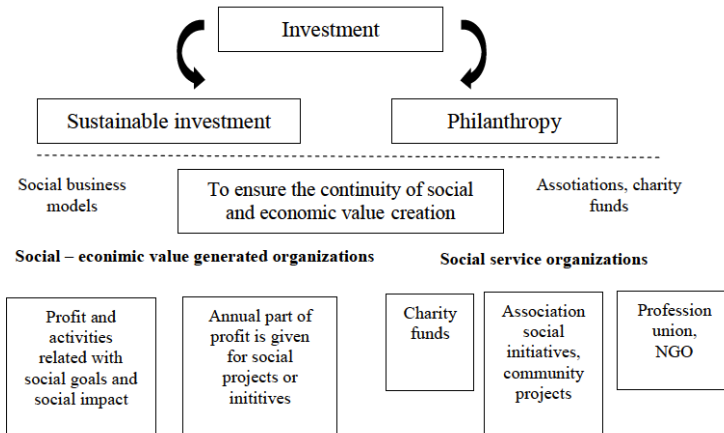
Thus, the social cluster deployment in Lithuania develops the value-added network, which may create favorable conditions for social business models development and application. Social cluster members provide the ability to compete with each other and begin cooperation in order to increase productivity, economic benefits and solve social problems. These actions rely on shared financial and non-financial resources of cluster members.

The economic aspects of the improvement programme. The social economy is an important part of the European Union (hereinafter – EU) economy, which accounts for about 10 percent of the EU gross domestic product (OECD 2015). According to OECD statistics, the social economy of the EU has more than 11 million employees (4.5 percent of the population working in the EU). It is the fourth year when the EU establishes a new company (in France, Finland and Belgium) as social enterprises. In Great Britain in 2010, social enterprises amounted to 5.7 percent of all enterprises, in 2012 – 5.9 percent. Such global social business trend encourages Lithuania to facilitate the development of the social economy.

Social business models basic principles application and development influence the society and create the value. It is appropriate to promote the development of this phenomenon in Lithuania and establish the social business fund. These funds support social business pioneers involved not only in investment,

but also in expert advisory as well as they constitute additional external funding for this type of companies to become a stable and long-term. Also funded community activities – volunteers, different types of organizations (associations, trade unions, NGOs, etc.) and entrepreneurs engaged in social activities, work on projects or initiatives are taken into consideration (Figure 2).

Figure 2. The effect of social business funds investment.



Source: own study.

Social Business investment funds not only provide a social impact, but in the same way as a social business can make a profit by carrying out social activities. Corporate social investment funds may receive a financial return. Thus, the development of social business fund can reduce the reluctance of entrepreneurs to share the profits and risks bankruptcy fears. It would also cause social impacts and promotion of sustainable economic development in Lithuania.

Taking into account the world practice, Denmark and Sweden, the development of social business, Lithuania should establish a National Social business center to raise awareness of the sector, support social projects and business models. Such social business center can be established to promote cooperation between different types of organizations – local government and business organizations. The center initiative could be created and it would operate private partnership funding program for existing businesses which can adapt their activities in the social business models. Such expert assistance mechanism and encouragement for the creation of new social business models in Lithuania is suggested. The center will also be able to take responsibility for the social business continuity and transparency of supervision and the establishment of social business funds. Increased social corporate accountability and the annual national assessment of social business could reduce fraud in Lithuania, as well as

encourage public to trust in NGOs, social business-generating companies and the government. Multifunctional center not only promotes social responsibility of business development, but also it ensures the availability of information to interested parties.

National social business center will initiate the creation of Economy and the Ministry of Education in order to encourage NGOs, universities, and business cooperation for their involvement. The center will be able to create a social business incubator model, to choose different services and resources, provide situations, analyzes of potential business development scenarios (Pauwels et al. 2016). It is also concerns a social business model incubator project which could be given to the selection of companies that can adapt their activities in the social business models, fund and consultat. Such companies can be selected according to the type of an activity and the ability to integrate one or several of the following activities (OECD, 2015):

- environmental objects design;
- environmental programs and measures;
- emissions and discharges to the environment and environmental management and quality standards and systems installation and application;
- products of organic certification, organic production, product safety and traceability assurance;
- rational use of natural resources, restoration and storage projects (which are linked to the land, soil, surface and ground water, air, forest maintenance and restoration);
- elements of the landscape restoration.

The selected companies can create new business models of social services or develop new products for social problems. The new social business models are designed and developed by Michelini (2012). He isolated 6 stages (idea generation, testing, social and economic analysis, marketing plan, monitoring and intensive application).

Idea generation phase is important as far as possible to get to know the local community to investigate and understand the local market present specific problems, taking into account the work of the problematic aspects of their decisions. It is appropriate to assess the internal and external environment, opportunities for social innovation and adaptation to changes in the local market. It should be noted that one should not be limited to social business models for testing only in laboratories but also to monitor industry trends identifying areas requiring improvement, the potential of the population. Evaluation of the resistance of companies willing to set up a social business, marketing plan decisions is recommended. Testing is necessary to develop a partnership (Table 2) in order to ensure the non-profit organizations and public institutions support,

making it easier to attract the target group of consumers. These responsibilities can take public consultants and the National Social business center, creating a social business incubator design model. According to Aleksandrovich (2013), Atherton, Hannon (2006) business incubators create favorable conditions for the development of small business and entrepreneurship. It is appropriate to apply for this practice of social business models in Lithuania.

Social and economic analysis phase is important to assess the social impact of the product created on the current market, the direct and indirect benefits on the basis of qualitative and quantitative indicators (Table 2).

Table 2. Partnership in creating the social business models development

Phase	Partners
Idea generation	National Centre for Social Business, public government consultants, organizations
Testing	Universities, consumers, associations, NGO
Social and economic analysis	NGO, public government consultants, accountants or economists of private companies
Marketing plan	Society, NGO
Monitoring and evaluation	Society, international non-profit organizations
Intensive expansion	Society, local market, international non-profit organizations

Source: adapted by Michelini (2012).

Marketing plan development processes are necessary for effective communication with the community. They need to be determined by social business models and potential benefits and how to optimize it. This phase should be well thought out because business models of social structure adequately represent the population's expectations. This feature is consistent with the National Centre for Social Business project (social business incubator). Control and evaluation phase is appropriate to carry out a social impact assessment, in collaboration with scientific laboratories, universities or non-profit/humanitarian aid organizations, which would help identify social objectives pursued effectively and consistently. Measures of inquiry are both quantitative and qualitative methods – questionnaire, observations or target group discussions.

Social Business Incubator design model geared different social services and the diversification of resources, according to market segment (Pauwels et al., 2016). Also, this project would be beneficial for simulating situations, would analyze the potential of doing business and would estimate the uncertainty in the market. It is able to give advice and help find new business partners or to spend part of the external sources of financing to develop the activities of the local and global markets. Such activity would be responsible for the state-funded public consultants (facilitators) who analyze the social business

model application. They can also provide internal and external communication to the interested parties of the social business promoting greater interest and openness to social innovation.

Political and legal aspects of the improvement programme. In order to develop social business models properly, to improve the program, it is important to provide political and legal aspects of the problem and solutions alternatives. Considering the fact that it is very important for the dissemination of information on social business models, regional aid and cohesion policy is required. It is appropriate for the communication program enhancing the formation of the political aspects of the development program. Cohesion Fund has significant role in reducing disparities across the EU, providing support for the least developed Member States in order to integrate it with the EU single market. The scope of the Cohesion Fund in 2014-2020 is very similar to scope of the current period. The Foundation supports the (European Commission, 2014):

- investments to meet environmental standards;
- energy projects that have a clear environmental benefits, eg., promoting energy efficiency and renewable energy sources;
- investment in trans-European transport networks, as well as urban and low-carbon transport systems.

The first part of the Cohesion Fund will be allocated to the Connecting Europe Facility – competitive and sustainable European transport system – support, EU countries with a gross national income less than 90 percent.

In line with EU directives and cohesion and regional development policy, Lithuania should change and develop regional investment strategy and encourage businesses to contribute to the development of social business models. The government should do more. Favorable conditions for the promotion of transferable competencies that the cooperating business entities can be provided with mean that such assistance would provide opportunities for businesses in the global market to find industrial and technological niche. Such reforms promoting regional development and the importance of the innovation potential of industry structural level are taken into consideration. The government's strategic plans should be included and described in guidelines and quantifiable targets to measure progress and the country's citizens have welcomed the quality of life in their region.

When assessing the regional development policy, it is important to take into account the privatization of social services, the public responsibility for transformed public sector boundaries (Kotova 2012). Government strategic plans should accurately represent financing problems and their solution for companies creating new social business models, non-governmental organizations and non-formal educational organizations. The government should provide the legal regulations of local governments, the private sector to finance the social

services and to allow companies to create social business model works equally with NGOs and public institutions. Mostly government agencies provide funding priority for NGOs and public institutions to legally recognized organizations. So there must be a level playing field from varied organizations to compete for municipal funding.

Government and municipal resolutions and municipal social services plan indicates the social integration of the 2014 draft to reforms, the child care home institutions, creating a multi-social service centers: independent living dwellings in the community, women's crisis center and a children's day care center. Such reforms were approved in 2014-02-14, Social Security and Labour Minister A1-83 programme approved the transition from institutional care to family and community-based services to the disabled and deprived of parental care for children. The Vilnius city municipality has already established for children the independent living accommodation (Lithuania mental disability, people care community "Sunny" group homes Švenčionių, The Vilnius city social support Centre for independent living home "My home", elderly people and adults with disabilities in group homes). So, this article proposed to government authorities in social development programs indicates that the intention is to privatize 2 times more social services (30 percent.), to give opportunities to engage in these activities in the development and to finance various organizations with legal status – JSC, NGOs and the public institution. Under existing laws it is to encourage local government to adjust social services strategic plans and privatization of social services.

Legal aspects of improvement. In order to models to build and develop the social service sector and improve the environment for social business, it is appropriate to change the legal framework of the legal status and to validate the Lithuanian Register of Legal Entities (hereinafter – the JAR). Lithuania defines the social status of the company as a public institution, known for being able to set up the status of a social enterprise JSC, but social enterprises can be validated and can receive income tax credits or grants, if they employ people with partial work capacity and who do not have access to join the labor market on equal terms. Ministry of Social Enterprise, Law No. IX-2251 provides that the number of people employed in the social enterprises must make up at least 40 percent of the annual average number of employees. This limits the new social business models for the creation of small business relation. Thus, legal aspects of registration of labour relations and legal entities should be reviewed and revised in regulations and legislation. It should be defined by the law, that the recruitment of disabled people and other people specified by law groups must be able to work upon ergonomic conditions.

Baltic region countries social business is still a new phenomenon, but a social business creation and development prospects are evaluated positively.

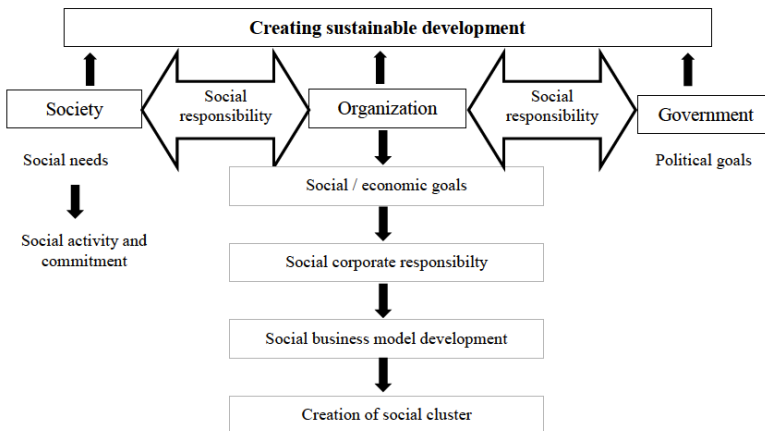
Such an assumption has been confirmed by a quantitative study in the master's thesis. It is appropriate to review the legal status of social enterprises in other countries: Latvia social business legal status – NGOs and closed joint-stock company (hereinafter – JSC), Estonia – NGOs and Sweden – JSC, economic associations. According to foreign best practices, which provide the opportunity for small businesses, for a private company legal status to implement social business models and development, Lithuania should improve the legal framework and provide an opportunity not only for public institutions, but also for legally recognized organizations such as private companies in order to contribute to the provision of social services and the creation of mutual values. Social business activities to the market on an equal footing to operate and compete with other companies are extremely hard. This would ensure the continuous pursuit of social goals, self-operation without additional state or EU structural funding.

Recommendations for companies and the government on the social development of business models. The scientific literature and empirical analysis concluded that social business creation and development processes are crucial for companies, social services sector, the public and the country's competitiveness. The investigation, as respondents in the current social situation and business models identify the existing business models of Lithuania and the creation of a development program, it is possible to make recommendations for the further development of social business. Recommendations are presented at two levels – business and government.

Reviewing the recommendations of businesses based on economic and managerial aspects is recommended. Companies should analyze and assess the social business development and improvement of processes benefits, access information and apply it in their activities, taking into account the best practices of foreign countries. It is also important to understand that social business models for developers consistently achieve a common goal – the creation of social value generating a profit. Companies should work with partners to share information and carryover the competence. Business operators should not be limited to activities in Lithuania and look for opportunities to expand in foreign markets. The state should be aware of social business models in Lithuania and of the importance and influence of the economic aspects (the country's competitiveness, social innovation, development, etc.) as well as social aspects (additional sources of financing social problems, social impact and benefits to society, and so on.) The state should pay more attention to information concerning social business models for the dissemination of benefits (Figure 3). In this case, it is appropriate to do so, but it should concern not only the Ministry of Economy, but this urgent to involve social enterprises and NGOs. This could refer to the National Social Business Center and a social business investment

funds. Extending the boundaries of public communication initiatives to disseminate more information on the social benefits of the business to the public, businesses and to the country as well as giving businesses and other interested parties the opportunities offered by knowledge that is comprehensible to the real long-term benefits of this phenomenon and access to EU structural funds are crucial. It should also set priorities at the national level. The state should distinguish strategic social services in areas where social business models can give the best results and support the potential areas. Another recommendation of the government is to develop strategic policy objectives that are directly related to social business models, and to link these strategies with tactical action plans.

Figure 3. Scheme of the social business improvement in Lithuania



Source: own study.

Small businesses, NGOs, universities and public institutions, in order to harmonize priorities and form a long-term social business models for the creation and development of a strategy and action plan guidelines, should not create mutual value – economic and social. It also promotes public works, has a positive influence on the values and norms, creates social clusters (Fig. 3). This form of activity, the implementation of the social business models in the application and development of Lithuania development program, provide the opportunity to expand the country’s social and economic structure and potential. It also strengthens the individual and cluster partners effective financial and non-financial resources, public openness and social innovation activity and the development of social welfare.

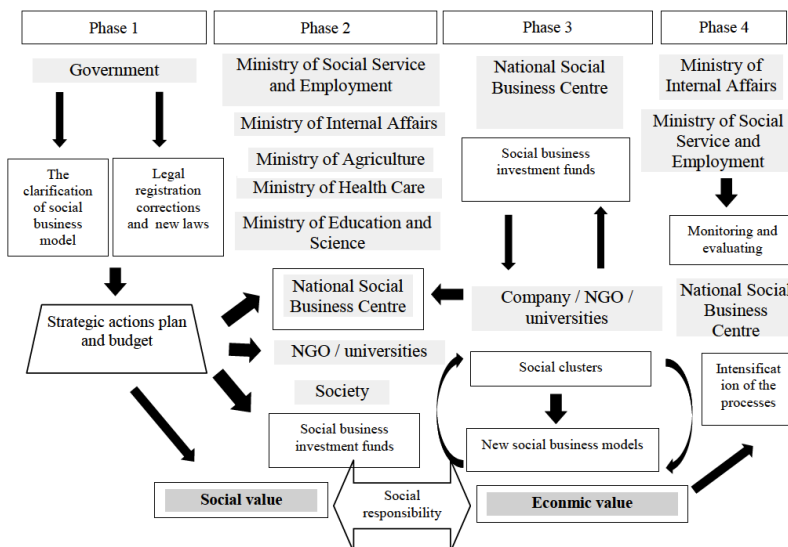
3.2. Social business models development stages of the improvement programme

In order to ensure the decision, insights and recommendations clarity and consistent application, it is appropriate to exclude the application of social business models and the development of Lithuania improvement program phases. There are three stages (Figure 4).

The first phase of the political and legal aspects of the improvement is as follows. In Lithuania there are social services, within the legal framework, governing the provision of social services and social business. It is necessary to broaden the definition of social business, to create a more flexible legal framework for labor relations and company preferences applicable for legal status and operational specifics, to create favorable conditions for the activities or even to compete with other companies operating in the same market segment.

In the second stage, according to the political and legal framework improvements, it is necessary to dominate the government – Labour and Social Affairs, Internal Affairs, Health, Economy and the Ministry of Education – to obtain partially the funds to finance and set up a National Social Business Center. The private and public sector initiatives are to develop social business investment funds, which encourage the public, businesses, NGOs, non-profit institutions and universities, in order to facilitate the application and implementation of social business models. Regulatory and financing separating institutions have to promote public confidence in social business and its transparency. It should be noted that this activity could engage the public, contribute volunteers. It is also at this stage to promote cooperation with universities and other educational institutions to make social innovation and dissemination of information.

Figure 4. Phases of the improvement programme in Lithuania



The third phase would be initiated by the National Centre for Business and social business fund, the organization of social business incubator model – the selection of companies that could provide changes in the social business model. Social Business Incubator project geared different social services and provided the diversification of resources, depending on the market segment. Also, this project would be beneficial for simulating situations, it can analyze the potential of doing business estimating the uncertainty in the market to be able to provide advice and help find new business partners or spend part of the external sources of financing or develop activities in Lithuania and expand into global markets. Public consultants who analyze social business model application would be responsible for such activity funded by the state. They can also organize internal and external communication with interested parties providing social business benefits and promoting greater interest and openness to social innovation. At this stage, social clusters are promoted. Also, the National Social Business Center is responsible for ensuring the social business models of transparency and continuity in cooperation with the social business investment funds and international humanitarian agencies. Another advantage of the center set up the promotion of the social cluster development.

The fourth step is to evaluate the established institutions (the National Centre for Social Business Social Business and investment funds) operational efficiency and ensure their continuity at regional level. It is also important for the intensification of process management to be able to penetrate the global markets. Social Business application development and program evaluation and enhancement should be initiated by the Ministry of Labour and Social Services and the Ministry of Internal Affairs, with political and legal power (Fig. 4). Management Assessment is necessary to develop links with external partners (NGOs, non-profit organizations, educational and scientific institutions, social clusters, etc.), These partners can help not only share best practices, but also provide the social context of expert data and indicators, as well as ensure the reliability and reputation of constant knowledge feedback. The Ministry of Labour and Social Services and the Ministry of the Interior should periodically perform the National Social business center evaluation of the activities and results are to be made public to ensure transparency. This must include a detailed report on what activities are appropriate to focus on and what is expected in the case of existing social products or services on the market. It should also identify alternative communication channels, depending on the territorial local community response.

Also, the Ministry of Economy, in order to intensify the process and not to be limited to social business models in the regional level, develops partnerships to expand the social business development processes globally (Fig. 4). World Resources Institute (2008) represents 5 intensification forms: quantitative form

(size, profitability increase and/or expansion into new geographic areas), functional form (the replication of activities by activity or selected content), organizational form (increasing the repetition of competencies and specific processes), political form (strengthening the company's toll or contract power to political support) and institutional form (growth of institutions for the benefit of the ecosystem, improvement). According to the intensification of these forms the state should therefore create strategic business plans.

Conclusions

Social business model – it is a social form of business, the existing business model improvement and adapting the creation of economic value and social impact. Based on this concept of social business, subject to the private sector methods, contribution to the public the objectives of the course of a commercial activity and the creation of social value to the public are to be implemented. This creates mutual value configuration, when creating value for each partner and co-operation with non-government and non-profit organizations promoting equal partnership interaction with the community in developing countries in order to ensure sustainable business growth.

Social business sector should not be restricted to the participation in regional projects, but the problem should be expanded globally. The public must also be involved in social initiatives and create feedback. There should be more information about the social business development in Lithuania, which is ready and available to the interested people. Social business models awareness is forming people's perception of social business, a positive attitude towards social innovation application. Social clusters would have a positive impact on society's values and norms; they encourage public participation, raise interest in social business models. Such changes should be published in the mass communication media, in order to ensure effective communication and cultural characteristics of replacement. Economic, legal and political aspects of the problem can be directed by legal and tax base adjustments.

Companies should analyze and assess the social business development and improvement of beneficial processes, access information and apply it in their activities, taking into account the best practices of foreign countries, consistent with the overall objective – the creation of social value, generating a socio-economic value. Companies should work with partners to share information and carryover the competence. The state, aware of social business models in Lithuania, the importance and influence of the economic aspects (the country's competitiveness, social innovation, development, etc.) and social aspects (additional sources of financing social problems, social impact and benefits to society, and so on) should pay more attention to information about social business models for the dissemination of benefits.

In order to address social, economic, political and legal aspects of the problem created by social business models in the application and development of the program, there are provided recommendations: to create social clusters, to establish the National Social business center and to develop social business investment funds to carry out political and legal corrections.

Social business models, application and development of Lithuania development programme driving force constitute the social impact and economic value creation. Stakeholders consistently and in accordance with the recommendations promote social business development, the development of the social cluster, the National Social business center and social business investment funds. Success factors are necessary for the effective application of development programs – partnership, sustainable investment and public openness to social innovation. This programme will also provide the country's innovation, competitiveness, sustainable economic development and social integration.

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