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**SOCIAL ENTREPRENEURSHIP IN EMERGING
ECONOMIES**

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SUMMARY

The bachelor thesis is focused on the research of social entrepreneurship as type of entrepreneurship, which occurs between and through traditional sectors - public, private and civil society sectors. The thesis gives an overview of history and development of social entrepreneurship, developing strategies and state of social entrepreneurship in the European Union, Western Balkans and Serbia and examples from practice as well. In the empirical part of the thesis, two interviews were conducted with social entrepreneurs from Serbia in order to determine the state of social entrepreneurship in Serbia.

Keywords: Social entrepreneurship, social entrepreneur, social enterprise, society, entrepreneurship

POVZETEK

Diplomsko delo je osredotočeno na raziskovanje socialnega podjetništva kot vrste podjetništva, ki se pojavlja med in prek tradicionalnih sektorjev - javnega, zasebnega sektorja ter sektorja civilne družbe. Diplomsko delo dane pregled zgodovine in razvoja socialnega podjetništva, razvojnih strategij in stanja socialnega podjetništva v Evropski uniji, Zahodnem Balkanu in Srbiji ter primere prakse. V empiričnem delu diplomskega dela sta bila opravljena dva intervjuja s socialnimi podjetniki iz Srbije, da bi s tem ugotovili stanja socialnega podjetništva v Srbiji.

Ključne besede: Socialno podjetništvo, socialni podjetnik, socialno podjetje, družba, podjetništvo

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1. INTRODUCTION

In the first chapter, we will present theoretical propositions and define a problem, moreover, we will present goals and purpose of this bachelor thesis. Next, we will see what the methods are for achieving the goals, and what are assumptions and limitations.

1.1. Definition of the problem and theoretical propositions

Social entrepreneurship is a relatively new¹ business model (Leadbeater 1997), combining the value creation of traditional entrepreneurship with high ethical integrity and positive impact on society (Millar and Hall 2013).

The term *social entrepreneurship* was first used by Joseph Banks, a sociologist and sociological historian, in his book “The Sociology of Social Movements”, back in 1972. He emphasized the possible usage of managerial skills and techniques to solve social issues and business challenges.

However, the concept of social responsibility of enterprises had been recognized well before that. Back in 1953, Howard Bowen (1953) stated that “corporate social responsibility (CSR) can help business reach the goals of social justice and economic prosperity by creating welfare for a broad range of social groups, beyond the corporations and their shareholders”.

Nowadays, a social entrepreneur is described as a “mission-driven individual who uses a set of entrepreneurial behaviours to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable” (Abu-Saifan 2012).

Given the recent developments of this type of entrepreneurship, most countries do not have fully developed legal frameworks (Institute of Entrepreneurship Development 2019), nor the mindset, to allow successful development of social enterprises.

The vast majority of the government programs that do support the social entrepreneurship sector are too recent to provide evidence of long-term impact and broad spectrum of results, in areas such as poverty reduction, job creation and innovation. Some countries, such as the United Kingdom, the United States and South Korea, already have mature frameworks, with several more, such as Canada, Italy and Poland close to reaching that goal (Agapitova, Sanchez and Tinsley 2017).

Furthermore, development of social entrepreneurship is slowed down by the lack of practical instruments, strategic direction, capacity of public administration, and most of all, political

¹ Compared to traditional entrepreneurship

will. Social entrepreneurship and legal framework for social entrepreneurship is often presented as an instrument for increasing employment, while neglecting other functions of social entrepreneurship. Out of 88,000 enterprises in Serbia, it is estimated that only 500 of them are social enterprises or about 0.6% (Koalicija za razvoj socijalnog preduzetništva 2021). This is far from the current world average of around 3.2% (Global Entrepreneurship Monitor 2015).

Aim of this bachelor thesis is to understand the main concepts of the social entrepreneurship, its importance and its influence on emerging economies, such as Serbia, through poverty reduction, job creation, increase of social cohesion and improvements in the quality of life.

1.2. Goals and purpose of the thesis

The purpose of this bachelor thesis is to understand the main concepts of the social entrepreneurship, its importance, and its influence on emerging economies, such as Serbia. Based on interviews with two social enterprises, the aim is to identify the state of social entrepreneurship in Serbia - challenges faced, advantages and disadvantages of this type of entrepreneurship, job opportunities and future of social entrepreneurship.

The goals of this bachelor thesis are:

- review of available literature on the topics of social entrepreneurship, corresponding legal frameworks and development plans,
- highlighting the current state of social entrepreneurship in the European Union and the Western Balkans,
- conducting qualitative research through interviews with social entrepreneurs in Serbia,
- offering implications and suggestions for faster and simpler development of social enterprises.

1.3. Methods for achieving the goals

This bachelor thesis is using qualitative research method and it will have a theoretical and an empirical part. In the theoretical part, the social entrepreneurship will be described, additionally using secondary data sources to get to know the state of social entrepreneurship in the European Union and the Western Balkan region.

This includes, but is not limited to:

- data from statistical offices,
- laws and regulations concerning the topic,
- development strategies and proposals.

For the empirical part, two interviews will be conducted with entrepreneurs managing social enterprises in Serbia. This, together with the data from the secondary data sources, will be the basis for a further analysis.

Finally, the methods of deduction and induction will be used to propose suggestions on how to improve and simplify the creation and management of social enterprises.

1.4. Assumptions and limitations

Main limitation that arises when addressing the problem of social entrepreneurship is access to the relevant and trustworthy data.

In certain countries and regions, some of which will be analyzed in this thesis, there is no formal differentiation between traditional and social enterprises. Even if this distinction exists, there are always enterprises that, while using a traditional model, have a strong social component. All of this makes it difficult to gather the data that applies solely to the social enterprises.

Continuing with the data limitations, the country in focus of this thesis, Serbia, has less statistical data on the topic of social entrepreneurship, compared to, for example, the countries of the European Union.

Lastly, COVID-19 pandemic has greatly affected the area of social entrepreneurship, so the data for 2020 and 2021, as well as the information obtained through the interviews, will be highly skewed for this period.

By conducting two interviews with social entrepreneurs in Serbia, we are not able to generalize the findings to the entire sample of all social enterprises. However, qualitative approach gives good support and basis for understanding of topic and further continuation of research in this regard.

2. SOCIAL ENTREPRENEURSHIP – DEFINITION AND HISTORICAL DEVELOPMENT

Social entrepreneurship is generally understood as a business activity which tries to achieve a substantial and positive transformation of society. Still, there is no rigorous definition of the term social entrepreneurship. While it can be defined in multiple ways, goal of the social entrepreneurship is clear – make use of the sustainability of business ventures to help society solve some of its urging problems (Juneja 2015).

It begins with research, followed by defining a social problem and then creating a social enterprise in order to help solve the identified social problem. Social entrepreneurs do not measure the success the same way traditional entrepreneurs do. Focus is not on the profit or the stock prices – although this plays a role in the ability of the social enterprise to continue its work. Rather, the main metric is the amount of positive contribution to the society and the environment (Juneja 2015).

2.1. History of social entrepreneurship

The idea of social entrepreneurship dates back to the 19th century. In the second half of 19th century there were Victorian private hospitals which are imposed as a recognizable idea of social and entrepreneurial activity.

First real form of social entrepreneurship appeared in underdeveloped countries. The story begins in Bangladesh in 1976, where Muhammad Yunus created the bank for the poor. At least, it started as a bank, but is now one of the most influential organisations, not only in economical, but also in social aspects of life in Bangladesh. In order to reduce poverty in this underdeveloped country, they developed microloans for the poorest members of community, so they could start their own businesses. This example of social entrepreneurship played a significant role in recognizing the phenomenon and the validation of social entrepreneurship (Vidović 2012).

When we look at developing countries, the social entrepreneurship first started in North America (United States of America and Canada) and in the United Kingdom in late 1970s and early 1980s. In the US, start of the development of social enterprises is credited to Bill Drayton, who founded the Ashoka Foundation in 1980, in Washington. The aim of this foundation was to create a platform for supporting social entrepreneurs, i.e., "entrepreneurs with a social vision " (Vidović 2012).

After Ashoka, many others started to develop social enterprises and with that they became promoters of social entrepreneurship in the world. Because of the great interest and increasing influence, social entrepreneurship in the 1990s became an important topic of academia. This is supported by the fact that Harvard Business School in 1993, launched a project called the

Social Enterprise Initiative to start research and learning related to social entrepreneurship (Vidović 2012).

As social entrepreneurship grew stronger over the years, research centres began to develop and their focus was on the development of social enterprises. Among the most important ones are: Canadian Centre at the University of Alberta in North America and The European Research Network (EMES).

Social entrepreneurship is seen as a link between private and social sector - it applies entrepreneurial principles in the social sector, in order to improve the quality of life. Social entrepreneurs are seen as revolutionaries and reformers who transform ways of acting in the social sphere and are needed to make new visions and establish social balance (Dees 1998).

2.2. Main characteristics and goals of social entrepreneurship

As already established, there is no single, widely accepted definition of social entrepreneurship. However, one of the most commonly quoted definitions was given by Dees (1998), who is considered to be the father of modern social entrepreneurship. He drew a conclusion from the convictions of Jean-Baptiste Say and Schumpeter, who argued that the entrepreneurs' advances improve society's production capacity and lead to creative destruction that drives economic change.

We can observe social entrepreneurship in a broad and narrower sense. "In a broad sense, social entrepreneurship is understood as an innovative activity with a social goal, which appears either in the for-profit sector, in the non-profit sector or in the cross-sectoral space. In the narrower sense, social entrepreneurship is understood as a phenomenon which applies business knowledge and skills in the non-profit sector, when non-profit organizations begin to apply market ways of acquiring financial resources" (Austin, Stevenson and Wei-Skillern 2006).

According to Etzioni, neither the state nor the market, on its own, could catalyse the necessary innovations and reforms of society, but that a third party would have to do so, which would be able to combine the efficiency of the pre-business market with prosperity, as the primary focus of the state. Social entrepreneur is a carrier of endeavors and a driver of dynamic changes in the process of social entrepreneurship (Etzioni 1973).

With the intention of achieving their goals and implementing their vision in reality, social entrepreneurs found social enterprises. The most commonly used definition of social enterprise in the UK is: "Social enterprise is a business with primary social goals whose surpluses are primarily reinvested for these purposes in business or in the community rather than being driven by the need to maximize the profits of shareholders or owners" (Doherty, Haugh and Fergus 2014).

According to Vidović (2012), these are the key characteristics necessary to understand the phenomenon and specificity of social entrepreneurship:

- identifying and exploiting opportunities and taking risks, which are characteristic of any entrepreneurial endeavour,
- combining existing resources in new ways – this implies creativity and innovation in creating new forms of action; social innovation means the creation of new products, services or modes of action in the social sphere,
- generating social values, which implies the creation of added values, in addition to economic, expressed as profit,
- social change, which refers to the transformative power of social entrepreneurship in the short and long term, as scaling up, through the expansion of new patterns of problem solving in the social sphere, new forms of action or new value systems.

As we can see, social entrepreneurship is an active duty that helps satisfy social needs through business or economic activity, while trying to balance both economic and social goals.

Social entrepreneurship cannot act in isolation - it is necessary to interact with a large number of stakeholders in the form of an entrepreneurial ecosystem. The entrepreneurial ecosystem is a set of associated entrepreneurial actors, entrepreneurial organizations, institutions and entrepreneurial processes, which are formally and informally merged to connect, mediate and manage the performance in the local entrepreneurial environment (Vidović 2012).

In case of social entrepreneurship, one big factor at play is the influence of the government, or rather, the legal system underpinning the way how enterprises operate. Governments can play a key role in creating a more advanced ecosystem for the development of social entrepreneurship in their countries. What governments can do or should avoid doing, in order to affirm the development of social entrepreneurship, is the following (Vidović 2012):

- open public sector procurement markets to social enterprises, so that they can also compete with other market stakeholders,
- support organizations that deal with infrastructure construction in their training and capacity-building efforts, instead of directly launching such programs,
- support and fund research and development programs, whose results can be shared and used for further capacity development, avoid duplication of efforts,
- encourage investment and inclusion, rather than overreact to control and report, since governments certainly often do not have the resources to fund all initiatives,
- allow a wide range of activities and areas of social impact – avoid bringing social enterprises down only to employment models,
- do not neglect the creation of the legal definition of social enterprises, because it could destroy the development of various business models.

One of the biggest problems related to social entrepreneurship are the constraint factors that are manifested first through the scope of the work, and then to the level or depth of problem solving.

In the first case, we are dealing with the fact that there are always more problems than solutions, i.e., entrepreneurs are forced to focus on a selection of high-priority problems to be resolved, knowing well that certain problems will have to be ignored. Alternatively, certain restrictions of the "higher nature" such as the regulations and that must be observed, which, as such, limit the level of inclusion in solving a particular problem.

Effects of social entrepreneurship highly depend on the problem prioritization and fund allocation – if not done correctly, it is possible to cause adverse reaction (Vidović 2012).

Also, it may be that a social entrepreneur uses the social capital of the groups he helps to strengthen his own, without strengthening their social capital (Deakins and Freel 2012).

In essence, how positive or negative the effects of social entrepreneurship will be depends largely on a social entrepreneur who runs a venture, and his/her personal characteristics, as well as his/her moral and ethical values and principles.

According to Noya (2006) a social entrepreneur recognizes a social problem and uses entrepreneurial principles to organize, create and manage a business venture to fulfil social needs. Such entrepreneurs are very important in society because they affect changes in the public sector and change perceptions on a number of social issues. To fulfil the desired role, they must be visionaries and creatives, have a strong sense of morality and a huge desire for change in society.

2.3. Types of social entrepreneurship

In order to better understand social entrepreneurship as a whole, as well as the terms social and entrepreneurship individually, the matrix of social entrepreneurship was developed. The matrix has four areas of activity, where the division criteria is whether the orientation of social enterprise is towards market or social goals and how profit is treated.

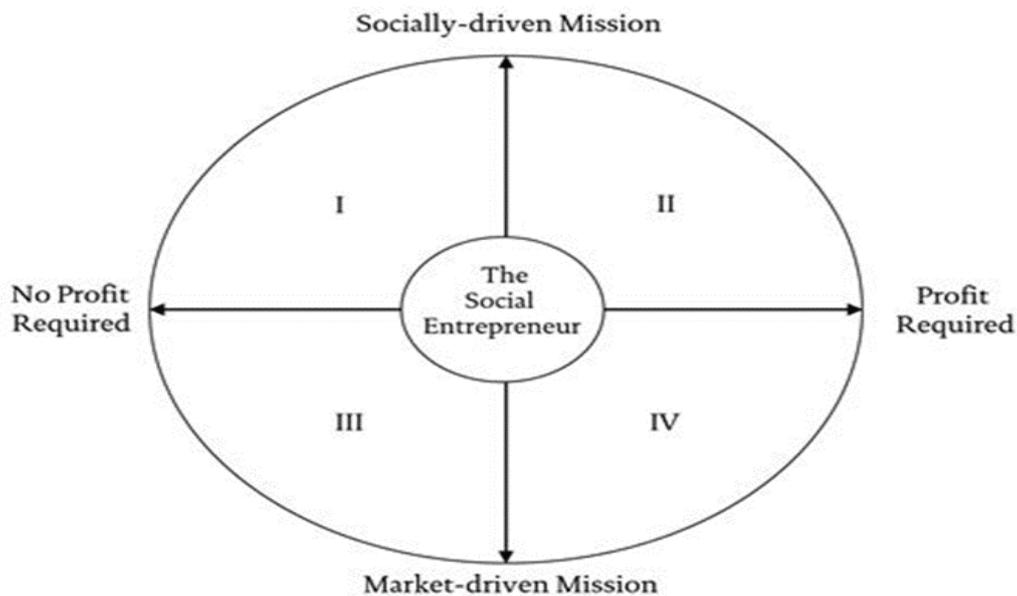


Figure 1: Matrix of social entrepreneurship

Source: Masseti 2009, 44.

We can see that there are four types of social entrepreneurship – certain types (quadrants I and II) are rather similar to traditional ones, usually found in non-profit organisations. "There are also so-called transient social-entrepreneurial initiatives that aim to initiate a pattern of action, but not necessarily to create the sustainability of the venture (quadrant III) and ultimately the organizations that have the strongest transformative action in the social sphere (quadrant IV)" (Vidović 2012).

Even though most social entrepreneurs start their business in a non-profit sector, nowadays there are many social entrepreneurs who want to achieve their social mission in other sectors (private or public). According to this, social enterprises can be classified into three categories (Vidović 2012):

- for-profit organizations which use all available resources to solve certain social problems,
- non-profit organizations which help individuals start their own small for-profit enterprises,
- non-profit ventures which create economic value which is used to finance various programs and/or create jobs and educational opportunities for their clients.

If we talk about how social entrepreneurship is manifested, we can see certain dimensions which are specific for social entrepreneurship. Those are (Praszkier and Nowak 2011):

- social change,
- social innovation,
- entrepreneurial,
- personality.
- social mission,

The social mission reflects a motive and a reason for launching a pre-business venture, i.e., the objective pursued and achieved by initiating social change. The social change, in this context, is always positive – it leads to a noticeable improvement, although it can have a "destructive" character, that is, disrupts previous (mostly negative and unfavorable) behavioral patterns (Praszkier and Nowak 2011).

Social innovation can be seen in two ways: as a means and as a result of actions of a social entrepreneur. As an asset, it serves to enable some social change. However, when this social change is realised, social innovation remains as a lasting result. There are three types of social innovations that social entrepreneurship can achieve: transforming, economic and political (Alvord, Brown and Letts 2004).

Transforming innovations include (Praszkier and Nowak 2011): raising local capacities, adapting local roles, and transforming the cultural context (e.g., educating people in rural areas). Economic innovations make it possible to develop packages to solve problems, e.g., by creating an approach to provide productivity tools and resources (e.g., microfinance). Political innovations include increasing the voice of marginal communities to increase their political influence (e.g., women's self-employment movement) (Praszkier and Nowak 2011).

2.4. Comparison between social and traditional entrepreneurship

There are differences between social and traditional entrepreneurship, but still, social entrepreneurship is built on foundations of the traditional one. The fundamental difference between social and traditional entrepreneurs is that social entrepreneurs are "much more oriented towards what happens in their environment, in the sense that they listen and respond to injustice, inequality and social problems" (Clement and Coyle 2008).

Table 1: Traditional and social entrepreneurs

Traditional entrepreneur	Social entrepreneur
Sees opportunities in revenue	Sees opportunities in social well-being
Maintains control	Gives up control
Protects intellectual property	Seeks to increase the intellectual property of the whole community
Earns money	Earns money to maintain the missing
Takes responsibility	Takes responsibility
Takes risks	Takes risks

Source: Clement and Coyle 2008.

We can conclude that both types of entrepreneurs are driven by opportunity, but their motives are different. While in a traditional enterprise revenue is the biggest motive, in a social

enterprise it is an opportunity to improve lives of others. Both entrepreneurs take risks and accept responsibilities, but differ in their motives. "For a for-profit (traditional) entrepreneur, the first priority is a market that can pay and thus make profit by selling a product or service. The social entrepreneur strives for high values of social transformational processes, and profits are reinvested in community development" (Perčin 2011). We can also observe the differences between private, corporate and social entrepreneurship.

Table 2: Similarities and differences between different types of entrepreneurships

	Private entrepreneur/ entrepreneurship	Corporate entrepreneur/ entrepreneurship	Social entrepreneur/ entrepreneurship
Goals	Freedom to discover and use profitable opportunities Independence and target landmark Need for achievement	Freedom to carry out projects without being stuck in bureaucracy Target oriented	Freedom and resources to serve those in need Driven by a desire for social justice
Opportunities	Raises the possibilities, regardless of the resources it controls	Looking for opportunities, independent of the resources they currently control	Demonstrates the capacity to recognize and seize opportunities to create social value by stimulating social change
Focus	Produces resources or endows existing resources with increased wealth creation potential	Encourages individuals to invent and applies technologies in the desired level of innovative activities	Creates sustainable, and innovative approaches to societal problems for the benefit of society in general
Risk taking	Assumes a significant personal and financial risk, but tries to minimize it	Calculates risk; recognises that career-related risks and are absorbed by the organisation as a whole	Recognises the social value of innovation, proactivity and risks that come with Accepts above-average risks
Character and skills	Confident, strong business knowledge, independence	Confident, strong confidence in the ability to manipulate the system	Confident, high tolerance for ambiguity, strong political skills

Source: Hisrich and Ramadani, 2017, 10-11.

3. SOCIAL ENTREPRENEURSHIP IN THE EUROPEAN UNION

The importance of social entrepreneurship has also been recognized in the European Union, enabling Europe to address many social problems. EMES is a social research network developed by the EU enterprises. It was established in 1996 and aimed to boost social entrepreneurship in Europe and continue its growth. "A lot of such research was later launched to highlight the importance of social entrepreneurship in the EU and encourage the opening of new social-type businesses" (Vidović 2012).

3.1. Development of social entrepreneurship in the European Union

Due to the benefits of social entrepreneurship, EU member states are constantly looking for new ways and solutions to improve it through various strategies and programs, in order to encourage current and future entrepreneurs to open as many social enterprises as possible. It was not until 2000 that the EU began seriously to deal with the issue of the social economy (Vidović 2012).

First steps were taken in November 2000, with the introduction of European Standing Conference of Cooperatives, Mutuals, Associations and Foundations (CEP-CMAF), whose main mission was to create a legal and institutional framework regulating social entrepreneurship in order to improve social entrepreneurship within the EU. In 2008, the name was changed to Social Economy Europe (SEE), which still stands today (European Foundation Centre 2019).

In order to improve social entrepreneurship within the EU, mapping of social entrepreneurship activities was launched in 2013, where it was pointed out that social entrepreneurship included three basic dimensions: entrepreneurial, social and governance (Noya and Clarence 2013).

In addition to the fact that the social economy supports growth of economic indicators, its potential is much higher. Namely, it creates a social added value, i.e., stimulates social and economic growth, and creates new opportunities for social growth (Vidović 2012).

The social economy has many benefits that the EU must use to better society: "social cohesion, local and regional development, innovation for employment, etc." Therefore, number of issues of improving the social economy are raised before the EU and emphasis is placed on its development and promotion in order to have as much impact as possible on the economic growth and social progress of member states and, in general, the whole EU (Chaves 2012).

Table 3: Estimated number of social enterprises and employees in social enterprises

Country	Number of SEs	Number of employees in SEs	SE concept use and acceptance
Austria	1,535	/	Low
Belgium	18,004	572,914	Average – High
Bulgaria	3,700	26,000	Average
Croatia	526	/	Average
Cyprus	190	/	Low
Czech Republic	3,773	/	Average
Denmark	411	/	Average
Estonia	121	1,603	Low
Finland	1,811	52,500	Average
France	96,603	> 1,187,249	Average
Germany	77,459	/	Low
Greece	1,148	/	Average
Hungary	15,855	72,642	Average
Ireland	3,376	> 25,000	High
Italy	102461	894,800	Very high
Latvia	200	/	Average
Lithuania	3,467	/	Average
Luxembourg	928	24,055	High
Malta	31 – 62	/	Low
Netherlands	5,000 – 6,000	65,000 – 80,000	Low
Poland	29,535	428,700	Average
Portugal	7,938	145,734	Average
Romania	6,317	17,117	Average
Slovakia	3,737	/	Average
Slovenia	1,393	15,063	Average
Spain	9,680	> 91,500	High
Sweden	3,000	/	Low

Source: Directorate-General for Employment, Social Affairs, and Inclusion, 2020.

The table represents an estimated number of social enterprises, number of employees and acceptance and use of social entrepreneurship concepts in the EU countries for 2017.

Looking at the statistics of social entrepreneurship in the EU, there are around two million social enterprises in Europe, which represent 10% of all businesses in the EU. Additionally, social enterprises employ around 11 million people, which is 6% of EU employees (European Commission 2020).

Social enterprises in EU are mostly retail, banking and agricultural cooperatives and there are 160 million members of social economy enterprises in Europe. Usually, enterprises are small-medium sized, and their objectives contribute to EU`s employment, environmental protection, rural development, social cohesion and agricultural initiatives, among others.

In the table below we can see how countries in EU perceive and accept social enterprises.

Table 4: Degree of acceptance of the social enterprise concept

Degree of acceptance	Countries
Politically and legally accepted – large self-recognition	Ireland, Italy
Challenged by social economy / social and solidarity economy	Belgium, France, Greece, Luxembourg, Portugal, Spain
Not commonly used – limited space due to traditional welfare institutions	Austria, Denmark, Finland, Germany, Iceland, Netherlands, Norway, Sweden
Politically and legally accepted but narrow understanding – weak self-recognition	Bulgaria, Croatia, Czech Republic, Finland, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Sweden
Challenged by other concepts, such as corporate social responsibility, social entrepreneurship, and social innovation	Cyprus, Denmark, Estonia, Netherlands, Sweden
Emerging acceptance	Malta

Source: Borzaga et al. 2020.

There are many challenges that social enterprises face in EU. Some of those are (European Commission 2020):

- Financing – there are EU programs which support social enterprises such as the European Social Fund, but social enterprises are still struggling to find the right funding opportunities because of their small size and lack of understanding about how they function,
- Lack of recognition,
- Lack of entrepreneurial skills – aspiring social entrepreneurs often start businesses to help improve social issues, but they usually lack proper entrepreneurial skills.

3.2. Development strategies

The initial stages of the development of social entrepreneurship within the EU included defining rural development policies, social security savings policies, and later, policies were developed aimed at non-profit organizations operating outside the market and at companies emerging on the market. However, in order for the EU to encourage any form of social entrepreneurship, a legislative framework needs to be created (European Commission 2020).

According to Chaves and Monzón (2011) "the institutional framework is a key factor in the size and recognition of the social economy. The legal provisions defining it provide for three types of recognition of the sector:

- Explicit recognition, by the authorities, of the different identity of these organisations requiring special treatment; in this case, the objective of the legal system is to institutionalize these organisations, as private factors,
- Recognition of the ability and freedom of action of these organisations in any sector of social and economic activity,
- Recognition of their negotiating role in the process of drafting and applying public policy, which is why they are considered partners in decision-making and the application of policies.

Sectoral policies have developed within social policies which mention institutional forms that make up the social economy. These policies include active employment, policies involving labour cooperatives and integration companies, foundations and other non-profit organisations, agricultural and rural development policies, etc" (Chaves and Monzón 2011). EU's core objectives for social entrepreneurship are employment, social services and social cohesion, from which two basic policies have developed – local development and job creation policies.

It is necessary to highlight the Social Business Initiative (European Commission 2014), which states that the role of social entrepreneurship is to create a single market, strengthen entrepreneurship and employment policies. In this regard, the EU wants to create a single legislative framework and system within the EU to encourage the opening of social enterprises which will affect the growth of the social economy and society as a whole.

In this regard, the EU called on all member states to develop a legislative framework regulating the social economy within them, after which member states can make the most of EU funds which support social business. It is therefore important that organisations and bodies that support and promote social entrepreneurship across the EU provide a legislative framework so that the social economy can become the subject of EU public policies (European Commission 2020).

3.3. Effects of COVID-19 pandemic on the social entrepreneurship

The COVID-19 pandemic has affected all parts of society, especially vulnerable social groups such as people living in poverty, older persons, persons with disabilities, youth, indigenous people and ethnic minorities, refugees, migrants, and displaced persons. Due to the amount of changes caused by the pandemic, the effects will be felt long afterwards.

Due to COVID-19, unemployment drastically increased, business shut down due to restrictions, people lost their jobs, lockdowns caused physical and mental problems for many, and domestic violence and xenophobia increased. The crisis caused by COVID-19 pandemic may also increase inequality, discrimination and medium and long-term unemployment if not properly addressed by appropriate policies (Mofijur et al. 2020).

Governments around the world have put protective measures in place, in order to protect the society and reduce the spreading of the coronavirus. With those measures, many lives have been saved, but this has had far-reaching consequences on the economy. Borders were closed, supply chains were disrupted, import and export of goods was reduced, sometimes not possible at all (International Monetary Fund 2021).

In cases like these, social entrepreneurship can help. Social entrepreneurs have been trying to help vulnerable groups in society, and with COVID-19, that number is increasing with a staggering speed. This puts a strain, but also emphasis, on the existing social enterprises, whose relevance for some areas has only become apparent during the pandemic (Mofijur et al. 2020).

Before COVID-19, social entrepreneurs had been working, for years, to solve market failures and had built sustainable models in order to build an inclusive economy (Schwab Foundation for Social Entrepreneurship 2020a).

As an example, The Schwab Foundation 2020 Impact Report has shown how 400 social entrepreneurs, who are leaders in their businesses, improved lives of more than 622 million people. They helped by providing access to health, education, energy and protecting livelihoods (Schwab Foundation for Social Entrepreneurship 2020b).

In the midst of the pandemic, they provided information and care to the people who needed help the most. In order to help as many people as they can, 40 leading global organizations supported more than 15,000 social entrepreneurs to unite and launch the COVID Response Alliance for Social Entrepreneurs (Schwab Foundation 2021).

There are four key ways in which the Alliance will support social entrepreneurs (Schwab Foundation for Social Entrepreneurship 2020b):

- See the needs of members of social enterprises and their portfolios,
- Expand available financial support and help social entrepreneurs raise additional money,

- Coordination of help provided by other companies (e.g., legal services, technical support),
- Advocate for policy interventions relevant for social enterprises.

Social enterprises are a key factor in overcoming not just this crisis, but any others that may arise. Their goal is to help vulnerable groups, and through their knowledge and experience, they can help build more resilient and inclusive future.

3.4. Examples of social enterprises in the European Union

Here we can see two examples of social enterprises from the European Union. First social enterprise is from Greece called „Klimax Plus” and second one is from Croatia called “Korak”. These companies are examples of successful social enterprises in their countries as well as in the European Union.

Greece

Klimax Plus develops sustainable business activities in social and green economy through adapted labour integration of people with problems, mental health and socially excluded persons (e.g., homeless people, Roma, former prisoners, refugees and immigrants). This Greek social cooperative, established in 2005, generates revenue from paper collection and recycling services for private sector companies (e.g., health companies, hospitals, banking groups) and public authorities. It also provides catering services and runs a restaurant (KLIMAX PLUS 2020).

At their cultural center, Porfyra, people of different cultural and social backgrounds can meet and share their experiences and ideas and learn about mental diseases and social exclusion. The center is open to third parties as well, for cultural, educational and business events (KLIMAX PLUS 2020).

Klimax Plus also has an online radio station, which produces shows where they combine entertainment with information about people in unfavorable position. Employees may also participate in the production of wall watches. More than 150 people have been employed by the social cooperative so far (KLIMAX PLUS 2020).

Croatia

Women's group *Korak*, Karlovac, is a non-governmental, non-profit, non-political organization which predominantly operates in the Karlovac County for the purpose of protecting and promoting women's rights and the rights of children who are victims of family violence (Ženska grupa "Korak" - Karlovac 2021).

It was founded in 1998, at the initiative of the employees of the Karlovac Committee for Human Rights. Working on promotion and protection of women's and children's rights, educating and encouraging women to participate more fully in the life of the community, this group has been able to significantly contribute to improving the position of women in society (Ženska grupa "Korak" - Karlovac 2021).

The activities of particular interest are (Ženska grupa "Korak" - Karlovac 2021):

- SOS phone number for women and children who are victims of domestic violence,
- a safe house for abused women and children,
- helping older women in single households,
- educational programs intended for unemployed women with low degree of education,
- legal and psychological counseling.

4. SOCIAL ENTREPRENEURSHIP IN THE WESTERN BALKANS

The Western Balkans, geographically, includes the following countries – Albania, Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia and Serbia. The partially recognized Kosovo is also demarcated.



Figure 2: Political map of the Western Balkans

Source: European Environment Agency 2007.

The institutions of the European Union have generally used the term "Western Balkans" to represent the Balkan area which includes countries which are not members of the European Union, while others refer to the geographical aspects. Each of these countries aims to be part of the future enlargement of the European Union, but, until then, they will be strongly connected with the pre-EU waiting program - CEFTA. Croatia, who is considered to be a part of the Western Balkans, joined the EU in July 2013 (De Munter 2021).

The European Commission has defined social enterprise as a subject in an economy whose main goal is to achieve social influence, rather than to bring profits to its owners or shareholders. The company operates by producing goods and providing services on market principles and using its profits primarily to achieve social goals. Unlike traditional entrepreneurship, whose primary goal is to achieve and increase profits, the focus of social entrepreneurship is to meet social needs. Therefore, social entrepreneurship is a significant driving force for overall development (RISE - Regional Incubator for Social Enterprises 2019).

4.1. Development of social entrepreneurship in the Western Balkan region

Social entrepreneurship in the Western Balkan region is in developing stages. In order to understand the state of social entrepreneurship in the Western Balkan region, we will take a look at three countries from this region. These countries are Bosnia and Herzegovina, North Macedonia and Montenegro. These countries are part of the Western Balkan region, but they are not members of the European Union.

Bosnia and Herzegovina

Before focusing on social entrepreneurship in Bosnia and Herzegovina, it is important to know the recent geo-political developments. 30 years ago, Bosnia and Herzegovina went through a devastating war that lasted for four years (1991 – 1995). After the war, country was devastated, economically broken, poor, separated into two entities (Federation of Bosnia and Herzegovina, Republic of Srpska) and District Brčko. Each entity is politically autonomous, has its own constitution, government and laws (Varga 2017).

In today's society in Bosnia and Herzegovina, there is a great need for new and different business and governance models, and for better and more efficient social and economic policies to respond to all the challenges facing society. Bearing in mind that social exclusion, poverty and unemployment are acute social problems in Bosnia and Herzegovina, a strategy which will offer new ways of addressing and solving these problems should be recognized in social entrepreneurship. Social enterprises are actors of the most important social and economic changes, primarily because they contribute to increasing employment and strengthening social cohesion (Varga 2017).

In Bosnia and Herzegovina, systemic assumptions for the development of social entrepreneurship have not been met, nor has the potential of this form of business/action been sufficiently recognized. Under social enterprises, various forms of business entities are implied for which the primary goal is not profit but the well-being of society (Varga 2017).

Following the Criteria and Recommendations of the EU in this area, we can recognize in Bosnia and Herzegovina forms of social enterprises such as citizens' associations, cooperatives, companies for employment of persons with disabilities, etc. Existing forms of social enterprises in practice face numerous challenges and difficulties (Varga 2017).

This opens up a wide range of possibilities the institutions and all levels of government can contribute to. Some of those include (CDP Globus 2018):

- Adequate legal regulation of social entrepreneurship – recognition of social enterprises within the framework of existing laws and other regulations, and the adoption of new ones that would encourage the development of this sector, in consultation with the civil sector and with the participation of experts with proven experience in this field,

- Enactment and implementation of action plans for development of social entrepreneurship with programs in support of the development of social entrepreneurship. Support programs should be based on the real needs of social entrepreneurs and social enterprises from practice, based on the inclusion of a wider circle of user groups whose position can be improved by the development of these enterprises, primarily unemployed people,
- Improvement of access to funding for social enterprises (financial support for the launch/start-up and development of social enterprises, introduction and/or improvement of credit and guarantee lines for social enterprises, etc.),
- Introduction of affirmative measures in support of the development of social enterprises in the form of tax reduction and other incentives and exemptions, especially in the first years of business,
- Support for increasing visibility of social enterprises and other forms of social entrepreneurship, through promotion of social entrepreneurship, support for networking of social entrepreneurs and social enterprises, etc.,
- Improving the availability of quality educational programs for strengthening business knowledge and skills of employees in social enterprises.

Montenegro

Social entrepreneurship, as such, is not specifically regulated by legal norms in Montenegro. The first attempt to regulate the legal framework of the social entrepreneurship through the draft Law on Social Entrepreneurship happened in 2013. The Secretariat for Legislation has taken the position that the proposed provisions do not provide legal basis for the development of social entrepreneurship, since the proposed law does not regulate issues and relations which are important in the field of social entrepreneurship and do not prescribe the rights and obligations of the entities involved in this process, both beneficiaries of social entrepreneurship and social enterprises (Varga 2017).

Nevertheless, existing strategic documents relating to the issues of social policy and sustainable development of Montenegro indicate that the state has not given up on further creation of an adequate institutional and legal framework for the development of social entrepreneurship. It seeks to find adequate solutions for regulating this complex matter, and through the process of creating a new strategy for the development of social entrepreneurship (Varga 2017).

Therefore, certain segments concerning social entrepreneurship can be found in the draft National Strategy for Sustainable Development of Montenegro 2015-2020, National Strategy for Employment and Development of Human Resources 2016-2020, NGO Development Strategy in Montenegro with its Action Plan 2014-2016, Strategy for Integration of Persons with Disabilities, Regional Development Strategy 2014-2020, and other relevant documents.

According to announcements from representatives of state institutions, work is expected to begin soon on a new social entrepreneurship development strategy, which will provide a greater synergy effect of different stakeholders, including representatives of several NGOs, experts and representatives of the economic sector, in addition to representatives of competent state institutions (Varga 2017).

Apart from public policies and the legal framework concerning persons with disabilities, which exhibit certain elements and forms of social entrepreneurship, usually through the employment of hard-to-employ persons (including certain legal forms, such as protective workshops, work centres, etc.), the legislative framework of Montenegro does not yet know other specific forms of formal organization, which may be characterized as social enterprises (Varga 2017).

In practice, certain forms of social entrepreneurship have been experienced, within the framework of existing legal solutions and restrictions, and most often in the form of companies (mainly limited liability companies) and NGOs. The establishment and operation of companies in Montenegro are regulated by numerous laws and bylaws, the most important of which are the Law on Companies of Montenegro, the Law on Entrepreneurship, various legal and bylaws that regulate in more detail certain types of companies, as well as numerous laws governing the financial framework for their functioning (Law on VAT, Law on Classification of Activities, Law on Protection of Competition, as well as other laws and bylaws) (Varga 2017).

Nevertheless, positive regulations do not foresee specific companies with a primarily social basis, but only for-profit societies, which means that it is not possible to establish a social enterprise as such in one of the existing forms of companies. Also, the applicable laws do not foresee direct incentives, subsidies or other forms of support for companies that invest a greater share of their profits/income in society (Varga 2017).

Law on NGOs foresees the possibility of economic activities of NGOs, however they are limited to EUR 4000, or 20% of the total budget of the organization the year before, which is a very limiting factor for the development of economic activities of NGOs. This is especially due to the fact that NGOs under the Law must cease their economic activity when it exceeds the specified amount by the end of the year, and if, in addition, the income becomes greater than the prescribed legal maximum, all excess must be paid into the state budget (Varga 2017).

North Macedonia

The entities that make up the spectrum of social enterprises in the Republic of North Macedonia are diverse. Despite the absence of specific institutional forms, some of the existing legal acts enable the establishment and functioning of entities that can be partially or completely recognized as social enterprises. Examples include civil society organizations, cooperatives, protection societies, agricultural cooperatives, craftsmen and crafts chambers (Varga 2017).

Currently, there is no clear public policy that provides a definition of social enterprises and they are not recognized in the key reforms of the Government. As a result, access to data on social enterprises is limited. There is a lack of systematized knowledge and recognition of entities, their legal forms, existing capacities, needs and challenges (Varga 2017).

The current legislation in the Republic of North Macedonia does not recognize and regulate social enterprises and social entrepreneurship because there is still no common understanding of the concepts. Both concepts have emerged in the discourse of the third sector and there is generally conceptual confusion when discussed publicly (Varga 2017).

Social enterprises and the social economy, as a whole, are a new phenomenon in the Macedonian social and economic life. Both concepts remain virtually unknown to the average citizen, decision maker or businessman. On the other hand, those who have been exposed to this terminology often associate it with a form of social assistance or social work. Hence, the need to popularize these concepts at the level of collective awareness and to build a positive brand for them (Varga 2017).

At the same time, the development of social enterprises imposes the need for new, additional skills that imply a new approach to entrepreneurship that promotes values, not profit maximization. In doing so, new skills need to be built, not only at those engaged in the sector, but also at the level of political actors, the business sector and the general public (Varga 2017).

The recommendations of part of the existing community of social entrepreneurs are that in the absence of a developed practice that should shape the legal solution, the necessary conditions for the development of a legal solution have not been created. In addition to the lack of developed social entrepreneurial practice, there is a lack of knowledge about the concept, as well as appropriate instruments to support social enterprises in accordance with their needs and stage of development. Hence, it follows from the continuation of the dialogue on the expediency of a special legal solution for regulating this sector (Varga 2017).

4.2. Development strategies

Developing strategies in countries of the Western Balkan region include set of laws or policies, which regulate social entrepreneurship in the country. They are still in developing stages.

Table 5: Existing policies in the countries of the Western Balkan region

Country	Documents / Policies / Laws
Albania	National Strategy for Employment and Skills 2014-2020 Strategy for Employment and Skills for the Period 2014-2020
Bosnia and Herzegovina	Law on Cooperatives Law on Associations and Foundations Law on Trade Associations Entity Law on Persons with Disabilities Law on public Private Partnership Law on Social Protection Law on Microcredit Organisations Law on Public Procurement Strategy of Social Inclusion of Bosnia and Herzegovina
Croatia	Law on Associations Law on Cooperatives Law on Foundations Law on Institutions Law on Trade Associations National Strategy for Creating a Stimulating Environment for Civil Society Development 2012-2016 Strategy of the Development of Social Entrepreneurship in the Republic of Croatia for the Period from 2015 to 2020 Strategy for Fighting Poverty and Social Exclusion of the Republic of Croatia from 2014 to 2020

Continues on next page

Country	Documents / Policies / Laws	
Kosovo*	Draft Law on Amendments to the Law on Vocational Ability, Rehabilitation and Employment of People with Disabilities	
	Law on Business Associations	
	Law on Business Organizations	
	Law on Vocational Ability, Rehabilitation and Employment of People with Disabilities	
	Law on Publicly Owned Enterprises	
	Law on Freedom of Association in Non-Governmental Organizations	
	Law on Labour	
	Law on Social and Family Services	
	Law on Gender Equality	
	Law on the Social Assistance Scheme in Kosovo	
	Law on the Civil Service of the Republic of Kosovo	
	North Macedonia	Law on Social Entrepreneurship - in preparation
		Law on Cooperatives
		Law on Associations and Foundations
Law on Trade Companies		
Law on Unemployment of People with Disabilities		
Law on Social Welfare		
Law on Labour		
Law on Social Work		
Strategy for Cooperation of the Government with the Civil Society 2012-2017		
Development and implementation of the social enterprise concept		
Montenegro	Law on Cooperatives	
	Law on Professional Rehabilitation and Employment of People with Disabilities	
	Law on Non-Governmental Organisations	
	Strategy for Development of NGOs in Montenegro	

Continues on next page

Country	Documents / Policies / Laws
Serbia	Law on Cooperatives Law on Associations Law on Professional Rehabilitation and Employment of People with Disabilities Law on Business Organisations Law on Public Procurement Law on Employment and Unemployment Insurance Law on Volunteering Law on Social Protection Law on Bonds, Foundations and Funds Law on Public Private Partnership and Concessions Poverty Reduction Strategy

Source: Koprivnjak 2017.

In the table we can see how countries from the Western Balkan region regulated social entrepreneurship. Countries such as Serbia, Bosnia and Herzegovina, North Macedonia, Montenegro, have a draft law on social entrepreneurship, as well. Albania has a strategy for employment and skills 2014-2020. Croatia as a member state of the European Union has regulated social entrepreneurship through set of laws and strategy.

4.3. Examples of social enterprises in the Western Balkan region

As examples of social entrepreneurship in the Western Balkan region, two companies are taken as examples of successful social enterprises. First social enterprise is from Bosnia and Herzegovina called „Mozaik Foundation“ and the second social enterprise is from Albania called “YAPS”. These companies are also examples of social entrepreneurship in emerging economies.

Bosnia and Herzegovina

One example of a successful social enterprise in Bosnia and Herzegovina is *Mozaik Foundation*. Mozaik Foundation was founded in 2002, with the goal of helping develop rural communities by focusing on young people. Today, they are the leader in social enterprise development, providing support to 15 organisations in Serbia, Bosnia and Herzegovina and Albania (Varga 2017).

Their vision: Bosnia and Herzegovina and a region where the economy is sustainable, inclusive and rich in opportunities for young people. Their mission: identify, empower and invest in young social entrepreneurship and entrepreneurs (CDP Globus 2018).

In 2014, Deloitte's D2international program decided to support Mozaik's 10-year impact strategy. D2international helped with key elements of strategy development, so they had access to innovative and modern solutions used elsewhere in the world at all times. They managed to round off the entire strategy with clear indicators for impact, results and outcomes (Mozaik Fondacija 2021).

Their main goals (CDP Globus 2018):

- Recognize - Attract and recognize responsible, honest and positive young people,
- Empower - Empower young leaders in communities,
- Invest - Support and invest in promising ideas of responsible young leaders.

Albania

YAPS is an Albanian social enterprise that was founded in 2000, on the initiative of Don Bosko, UNICEF and other large companies that helped with funding. Their mission was to employ people from vulnerable groups such as young people, ethnic minorities such as Roma and Egyptians, also orphans, people with disabilities, etc. YAPS offer services such as: cleaning, housekeeping and delivery (YAPS 2019).

Their customers are embassies, hospitals and other large companies. YAPS holds 13% of the cleaning market and 12% of the delivery market in Albania. Their factor for success was engagement of large companies which provided mentoring, guidance and management of social enterprises (Varga 2017).

5. SOCIAL ENTREPRENEURSHIP IN SERBIA

Serbia is a relatively small country with 6,871,547 inhabitants, located in the Balkan peninsula, with a turbulent past. According to the Labour Force Survey, in the first quarter of 2021, the number of employees stood at 2,722,200 and the number of unemployed was 399,400. The employment rate for the period is 46.3%, and the unemployment rate is 12.8% (Statistical Office of the Republic of Serbia 2021b). Serbia's biggest problems are poverty, rising unemployment, corruption and inefficient public administration. All of these problems are influencing the state of entrepreneurship and especially social entrepreneurship in the country (Vukmirović 2014).

Social entrepreneurship in Serbia has many obstacles that are preventing the full potential to be reached - institutional and legal framework is underdeveloped, financial support inadequate. Socialist and post-socialist system that was in the country did not encourage entrepreneurial mindset. Rather, people worked in companies that were owned by the state (Vukmirović 2014).

Similar to other countries in the Western Balkans, statistics on social enterprises are not well maintained. In 2012 there were 1,196 social enterprises of different types - majority were cooperatives (Vukmirović 2014). Serbian social enterprises employ a rather small number of people and make 0,6% of the Serbian GDP (Statistical Office of the Republic of Serbia 2021a).

5.1. Development strategies

Social entrepreneurship in Serbia, until now, has been mainly based on the developed awareness of individuals or groups of people, who, using this business model, managed to achieve their goals in ways not commonly used in the traditional business. One could see that the development so far has relied on the civil sector, while the level of recognition in the business and public sectors has been inadequate (Varga 2017).

Social enterprises have been developing in Serbia for over a decade without a concrete strategic, legal and institutional framework that would recognize these stakeholders as special, i.e., without respecting their characteristics – a hybrid form that combines certain characteristics of the company and association, which thus makes them different from the association and the company. The assessment of the interested parties, including the social enterprises themselves, is that inadequate regulation of this sector affects the slow development of the sector and their lack of social impact (Varga 2017).

In Serbia, as in most European countries, the institutions' response was to seek appropriate legislation to regulate the sector. This includes creating a legal and institutional foundation for the development of a support system intended for the social entrepreneurship sector, in order

to encourage social entrepreneurs to participate more effectively in solving a number of social problems (Varga 2017).

Nevertheless, the decision-makers' approach in Serbia has proven unsuccessful, as reflected in Serbia's 2012-2014 approach to pass a law to regulate this area. The eight-year period for drafting a document is extremely long, considering it needs to regulate a sector that has about 500 companies (Varga 2017).

In the absence of a concrete law that would recognise the personality of the social entrepreneurship sector, social enterprises in Serbia are founded in different legal forms. The Law on Professional Rehabilitation and Employment of Persons with Disabilities ("Official Gazette of the Republic of Serbia", no. 36/2009 i 32/2013) and the Law on Cooperatives ("Official Gazette of the Republic of Serbia ", no. 112/2015) define two ideal legal forms of social enterprises.

The first stated law regulates the part of the social entrepreneurship sector that deals with the work integration of persons with disabilities and the way in which the so-called business for working integration follows the global practice. It is estimated that there are 57 companies of this type in Serbia. However, the way these businesses are staged, operated, and the way they solve the problem for which they are formed – the work integration of persons with disabilities, makes these businesses unpopular, inefficient and ultimately harmful to the promotion of social entrepreneurship in society (Varga 2017).

A small number of social enterprises operate as endowments or foundations. Despite being legitimate and justified, from the point of view of the role of endowments and foundations, for social enterprises to be founded in this form, their role is more appropriate as supporting organisations that would use funding, transfer of knowledge and opening up opportunities for networking and co-operation to help develop the sector (Varga 2017).

The Poverty Reduction and Social Inclusion Team of the Government of the Republic of Serbia (TIM) is the only institution that inherits knowledge on this topic. Although not a public institution, the team supports the Government of the Republic of Serbia in areas of poverty reduction and social inclusion, in which social entrepreneurship plays an important role. The first initiatives in terms of sector analysis, policy proposals for the sector, were supported or led by the TIM. Despite the knowledge, TIM has weakened politically and institutionally over time, that is, its influence on public institutions has declined, reducing the areas in which it is possible to promote the topic of social entrepreneurship. It seems that only the civil sector still respects the importance of this institution (Varga 2017).

For about ten years, the Serbian Chamber of Commerce has been involved in various regional and European programs and projects supporting development in the social entrepreneurship sector. At one stage, even within the small and medium-sized enterprises sector in the

Chamber, there was a Bureau of Social Entrepreneurship, but it was soon shut down. The Chamber is an important institution for the development and promotion of the sector due to its clear connection to the for-profit sector and its role in the development of entrepreneurship. The Chamber's projects, which are particularly co-emulating the topic of social entrepreneurship, are those related to alternative financial instruments, both their activities related to changing the legislative framework, as well as those activities that seek to attract investors to invest in the social entrepreneurship sector (Varga 2017).

In 2012, there were 10,326 employees in the social enterprise sector, which was 0.6% of the total number of employees in the Republic of Serbia (Vukmirović 2014).

Table 6: Number of social enterprises, per legal form, in Serbia

Legal forms	Number
Cooperatives	785
Associations of citizens	283
Enterprises for the employment of people with disabilities	45
Development agencies	32
Foundations	23
Business incubators	18
Spin-off enterprises	8
Other	2
Total	1,196

Source: Vukmirović 2014.

Same study also shows their most important objectives. 60% put economic empowerment and employment as main objective, 44% have socio-humanitarian objectives and 18,3% promotion, information sharing and education. Overall, this sector is dedicated to some of the most important social problems, such as employment, development, humanitarian aid and education (Vukmirović 2014).

What can be done in order to improve the state of social entrepreneurship in Serbia (Varga 2017):

- Government should bring a comprehensive law for social entrepreneurship,
- Government should work with stakeholders and develop a national strategy,
- Government should have a grant scheme as part of financial package and encourage social lenders and investors to invest in social enterprises,
- Social entrepreneurs should have a long term strategic plan,

- Support networks should be encouraged and linking them with business professionals would bring new opportunities, such as education and mentoring, to social enterprises that cannot afford it on their own,
- Public sector officials should have more in person contact with social entrepreneurs in order to better understand their needs and offer them more opportunities.

5.2. Interview

For the empirical part of the bachelor thesis, two interviews were conducted with social entrepreneurs from Serbia. The goal behind conducting these interviews was to see and understand state of social entrepreneurship in Serbia. Because of the sample of the interview, the results cannot be generalized, but they give us opportunity for further development and research.

5.2.1. Sample

The interview was conducted with two social entrepreneurs from Serbia. The participants were one female and one male social entrepreneur, from the cities of Belgrade and Šabac, respectively. Due to the ongoing COVID-19 pandemic, the interviews were conducted using different digital platforms.

5.2.2. Data

In this bachelor thesis, semi-structured interviews were conducted. The interview consisted of 11 open-ended questions. With those questions, the goal was to see what motivated and inspired social entrepreneurs, their challenges, how country was helping them and similar.

Since all social entrepreneurs were from Serbia, interviews were conducted in Serbian language. All interviews were conducted, transcribed and translated.

Interview questions can be found in Annex 1.

5.2.3. Interview 1 – Liceulice

The first interview was performed with Nikoleta Kosovac (interview with author, July 7th 2021), representative of the social enterprise Liceulice, from Belgrade, currently employing 9 people.

1. What can you tell us about your company?

Since 2010, the Liceulice organization has been implementing practical programs of direct support to marginalized groups, with the aim of their greater economic and social inclusion. The program is implemented through several activities, the most visible of which is the publication of Liceulice magazine (74 issues so far) and its distribution through our network of sellers (socially vulnerable and marginalized people), who earn 50 percent of each copy sold, while the rest is used for printing new copies and implementing support programs for our users. These include: daily psychosocial support, workshops and trainings to acquire and/or improve necessary skills, group motivational meetings, etc.

In the past period, we have managed to provide jobs and earnings, psychosocial and economic support for more than 500 individuals. The distribution network is constantly expanding, and currently has about 100 sellers, who sell approximately 9,000 copies of the magazine, in Belgrade, Novi Sad and Kikinda.

2. What motivated you to become a social entrepreneur?

I think it is important to emphasize that I am not the only founder and initiator of our social enterprise, but it was a coalition of several associations and individuals. The idea had come just before I joined.

The concept of street newspapers had existed everywhere in the world for more than 30 years, so we wanted to adapt it to our conditions and actively contribute to some social change.

3. What is the vision and mission of the company?

Our vision - active contribution to social and economic inclusion of members of vulnerable groups.

Our mission - creating a positive social climate and adopting values such as solidarity, tolerance, inclusion, social entrepreneurship, and philanthropy.

4. *What are the long-term plans of the company?*

We have a lot of plans, always more than we have the capacity to realize them, but dreams are there to dream, and I believe that we will realize them all at some point - practice shows that for now.

Of course, that in itself is not enough to "survive". In order to turn the recognition and trust of citizens into permanent support, we need to strengthen as an organization. This means strengthening professionally and with specific knowledge, to expand our network throughout Serbia, to develop some new services and new products, to strengthen support mechanisms through crowdfunding, better known as local community support, etc. And in order for that to be possible, we should at least get rid of the daily worries for bare survival, which, unfortunately, are always around the corner.

The biggest plan of all is - to be here for a long time!

5. *What are the biggest challenges you have faced in business?*

After many years of work, effort, talking about the project, presenting, meeting, explaining, we came to the conclusion that when we first meet an organization or individuals, many of them have already heard about us, bought a magazine, once met a salesperson and, in general, everything works much easier - it is easier to establish new contacts, find new partners, become someone's media sponsor. It is easier for sellers in the center of Belgrade, and now in Novi Sad, when people recognize them, approach them with a smile and do not look for a detailed story behind the newspaper or, if nothing else, at least do not turn their heads the other way. Of course, there are always those who don't know who we are and who need to be introduced to the whole story, but that's perfectly fine, we're not tired yet.

Our circulation is growing (before the lockdown it was 9,000 copies per issue, now it is 7,000 but it is growing all the time since the pandemic is kept under control) and we have more and more readers, supporters in every way. I think that the great success is the fact that we are still, after ten years here, not giving up and fighting with various windmills every day in order to provide a dignified life for those who have lost all hope.

We have been in financial crises several times so far, but we have managed to overcome them, always thanks to the support of the local community, but we have always learned from every situation.

And one of the biggest challenges is to expand distribution to smaller places in Serbia. But we are not giving up. The plan exists.

6. *How has the COVID-19 pandemic affected your business?*

Due to the danger of the COVID-19 pandemic, the streets of our cities were empty for more than two months. It was not easy for anyone, but for our vendors / users, whose business is related to the street, this was an insurmountable obstacle. Just one week of poor or completely suspended sales has led to them not being able to pay their rents and being on the street again, or not being able to afford medicines and basic everyday necessities.

It was difficult for all of us, but it was still the most difficult for those who are especially vulnerable and who depend on our solidarity. As it was impossible to organize the distribution of magazines on the streets, but also dangerous for the health of our customers, we designed an intervention campaign that offered various options to support our saleswomen and salesmen and opportunities to make it easier for them to overcome this crisis.

In this way, we have created a special fund, intended for our most vulnerable sellers, in order to financially alleviate this difficult situation, and which has been supported by numerous individuals, companies and institutions.

Our social workers were on the phone all the time during the state of emergency, providing psychological support, but also in the field, when the situation allowed, and distributed humanitarian aid. In addition to food, we have provided sellers with all the necessary means to protect against a potential infection.

Our total budget has been reduced by 25% compared to 2019, and 2021 is under even greater impact and our budget is reduced by as much as 50% at the moment. Sales are slowly returning to previous, but it is obviously a long and slow process that will take time.

7. *If you had the opportunity to start over, what would you do differently?*

Nothing. Every bad experience and lesson has brought something good in the end.

8. *What qualities should a social entrepreneur have?*

The most important thing is to be ready for everything, adaptable, to react quickly in unforeseen situations (and there are often a lot of them), not to be afraid of Excel spreadsheets and planning and, above all, to believe in what you are doing.

9. How do you measure success in your business?

We keep different types of records on a daily, weekly and monthly basis, we publish an annual report consisting of different (qualitative and quantitative) information such as: how many people we worked with, how many magazines we sold, how many salespeople worked, how much they earned and what additional programs we organized for them, what was our income and what sources it came from, etc.

We plan to systematize our monitoring of success by the end of the year, according to the methodology developed by the Coalition for the Development of the Solidarity Economy.

10. Do you receive any assistance from the state?

Mostly not. The only state institution that regularly supports us is the Ministry of Culture of the Republic of Serbia.

11. What advice would you give to people who want to engage in social entrepreneurship?

Perseverance and persistence – it pays off many times over.

5.2.4. Interview 2 – Grafički centar Nova

The second interview was performed with Goran Đukić (interview with author, July 12th 2021), representative of the social enterprise Grafički centar NOVA, from Šabac, currently employing 17 people.

1. *What can you tell us about your company?*

We are engaged in stamping on almost all types of substrates and making personal protective equipment. We currently employ 17 people with disabilities.

2. *What motivated you to become a social entrepreneur?*

We're a family firm and we had some desire when we started working to hire a number of people with disabilities, at which point they were people who needed help and had the will and the desire to work.

3. *What is the vision and mission of the company?*

The vision and mission is to become a serious company, one in which all workers come happy and satisfied. To show that people with disabilities are highly motivated, diligent and can work independently, provided they are in the right environment.

4. *What are the company's long-term plans?*

Improving working conditions and buying equipment that would make the business easier, and therefore increase profits. The biggest plan definitely is to move out into our own space!

5. *What are the biggest challenges you have faced in your business?*

This job is rather stressful, and every day is a new challenge for itself in terms of placement and billing of goods! Perhaps the biggest challenge keeping people with disabilities satisfied and keeping their attention. Also, not letting their problem become something that they can't handle. It all depends on the degree of disability and the diagnosis they are struggling with.

6. *How did the COVID-19 pandemic affect your work?*

Our industry has been hit hard by what has been the result of the COVID-19 pandemic and that has put us in a very awkward situation. As you know,

we were affected because the industries that depend on our goods couldn't work.

7. *If you had the chance to start over, what else would you do?*

As far as social business is concerned, I would not be changing anything.

8. *What qualities should a social entrepreneur have?*

Heart and soul.

9. *How do you measure success in your business?*

Being spiritually fulfilled. However, having the financial stability to continue operating is also important.

10. *Are you getting any help from the state?*

Republic of Serbia has certain benefits for companies like ours.

11. *What advice would you give to people who wish to engage in social entrepreneurship?*

Arm yourself with patience, smile and don't allow yourself to succumb in hard situations.

This is not an easy job! It is very specific because these are no state institutions where you have support in difficult situations. Here you are relying on yourself and the success that the team you work with makes, from sales to craftsmanship to billing. And it's a very thorny path because people with disabilities aren't all capable, or willing, to work. You also have a problem that you have to overcome and that is the unwillingness of people without disabilities to understand the limits the people with disabilities have.

5.3. Interview analysis

These two interviews gave us a closer picture of what social entrepreneurship looks like in Serbia. We wanted to find out what motivates social entrepreneurs, their plans for the future, but also the challenges they face in their business and how government is involved in their projects.

From the interviews, we can conclude that social entrepreneurship has the potential for further development. Society and government play a big role in how social entrepreneurship will develop in Serbia. What we need to take in consideration is that Serbia is one of developing countries because of low economic performance (World Data 2021b).

Developing countries are countries where standard of living, income, economic development and industrial development are below average (World Data 2021a).

Even if the situation has improved in the last few years, Serbia has a lot to improve in order to become member of EU, which is their goal. We can see in interviews that social entrepreneurs had a desire to help, to make some social changes or impact, so they employed people with disabilities or marginalized groups of people. By employing people with disabilities, they are helping them financially and making them more independent.

They are showing society that not everything is about profit. The situation only grew worse because of the COVID-19 pandemic. Their jobs were to sell magazines on the streets or make items for sporting events. All of these social enterprises heavily depended on human interaction, which the pandemic has severely limited. According to Liceulice: "Our total budget has been reduced by 25% compared to 2019, and 2021 is under even greater impact and our budget is reduced by as much as 50% at the moment".

However, apart from financial problems, mental problems have also occurred. Social entrepreneurs tried to help their employees by giving them psychological help or/and humanitarian aid where needed. That said, the work was challenging even before the pandemic – dealing with people who are already in disadvantaged situation and need special or advanced care.

Something that is not mentioned in the interview and it should be discussed, is the term social entrepreneurship. In the practice of social entrepreneurship in the Balkans, there is the dilemma of how to use the English phrase "social entrepreneurship" in local languages. Namely, the phrase can be used as-is, to mean a "social company", which, given its past, is associated with the former social company, i.e. non-ownership form of property. On the other hand, the expression »social« refers to an endangered position, and in that way »social entrepreneurship« could be understood as a form of entrepreneurship which refers only to vulnerable groups and their problems, while the dimension of entrepreneurship related to solving other social problems may remain out of the focus or interest.

This is mentioned because, for the preparation for the interview, it became apparent that people were, in general, not familiar with this kind of entrepreneurship in Western Balkans.

When we hear the term social entrepreneurship", we first think of charities and humanitarian aid, completely forgetting that entrepreneurship is included as well. This is the reason why Serbia and countries in the region should seek to rename this type of entrepreneurship, so that the public perception of it might change for the better.

6. CONCLUSION

Social entrepreneurship is a specific form of business promotion and organisation of activities, whose first forms can be recognized already in the 19th century. However, it started gaining importance in the past two decades, due to various political and economic problems in the world.

Although there is no consensus in the world on this form of business, all the definitions so far combine two fundamental elements which constitute social entrepreneurship – economic activity and addressing a particular social problem. Thus, social entrepreneurship can be defined as an application of entrepreneurial principles (innovation, risk-taking, perseverance, etc.) with the aim of improving quality of life and achieving financial and social value in order to achieve financial and social return on investments.

Most social entrepreneurs in the world consider their mission to support marginalized groups, such as the disabled, the poor or women. Social entrepreneurship is no different from traditional, in particular regarding the market, i.e., economic activities, but the biggest difference is that the focus is on realisation of a social mission, i.e., a mission that supports the well-being of society, while a traditional entrepreneur is exclusively oriented towards market or financial objectives.

In order for social entrepreneurs to succeed, they have to find a market opportunity, to verify cost-effectiveness of a business venture, to assess whether there is collection of opportunities to achieve a social mission and whether it will have a positive impact on social well-being. The phenomenon of social entrepreneurship has emerged in response to the state's inability to address certain social problems, such as hunger, poverty, environmental pollution, etc.

In order to exploit the full potential of social entrepreneurship, a clear legislative framework needs to be established in countries around the world, in order to be able to integrate into states' strategies, policies and measures, allowing it to grow.

What can be done to improve the state of social entrepreneurship: creation of a pluralistic economy increases the resilience of society; social enterprises also typically have added value internalising external costs (social and environmentally related). This may also support the entrepreneurial dimensions of the social enterprise.

State aid can be used to support groups with physical disabilities / vulnerable groups, as small grants funds do not distort competition. European Commission regulates the way state aid, public procurement and internal market apply to services of general social interest (SGEI) - which non-profit organisations and social enterprises often provide. Public procurement could allow for regulations related to reserved contracts for the labour integration of vulnerable groups as well as groups of people with physical disabilities.

On the topic of procurement, the competition based only on the lowest costs does not manage to provide public value or confirm an added social value achieved by a social enterprise – a social value can be set out in procurement contracts, as seen in several countries. It is important for the public authorities to ensure that social enterprises are not at risk, since there is often no equal opportunity in the procurement markets, between social and traditional enterprises.

Social entrepreneurship in Serbia is an important segment of Serbia's EU integration process, as it is one of the key tools for the development of human capital and the transformation of social policy in Serbia. Although certain strategic and programmatic documents, as the analysis has shown, recognize social entrepreneurship as an area to be developed, there is a lack of strategic direction for its development which would be rationally and systematically poured into public policies, practical instruments, greater capacities of public administration, and most of all, political will.

Positive macroeconomic trends in Serbia have not addressed the raise in inequalities and deepening the economic divide, which distances the country from sustainable economic growth and threatens the realization of basic human rights. This especially relates to the social and labour crises caused by the pandemic, which has affected different groups in the labour market, as well as marginalised and sensitive groups.

After interviewing two social entrepreneurs from Serbia, we can conclude that social entrepreneurs in Serbia are more than motivated to continue their social change and, in that way, help vulnerable groups of our society. There are a lot of things that can be improved so social entrepreneurship can reach its full potential, but for that there needs to be more support from government, more promotion and more help from society in general.

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ANNEXES

Annex 1: Interview questions

Interview questions

1. What can you tell us about your company?
2. What motivated you to become a social entrepreneur?
3. What is the vision and mission of the company?
4. What are the company's long-term plans?
5. What are the biggest challenges you have faced in your business?
6. How did the COVID-19 pandemic affect your work?
7. If you had the chance to start over, what else would you do?
8. What qualities should a social entrepreneur have?
9. How do you measure success in your business?
10. Are you getting any help from the state?
11. What advice would you give to people who wish to engage in social entrepreneurship?