

MAPPING NEW HORIZONS



Report on the state of social
entrepreneurship in Croatia 2015

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INSTITUTE OF SOCIAL SCIENCES
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MAPPING NEW HORIZONS



Report on the state of social
entrepreneurship in Croatia
2015



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PROJECT 5332

iPRESENT

Installation Project for REsearch about Social ENTrepreneurship

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Mapping New Horizons – report on the state
of social entrepreneurship in Croatia 2015

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CONTENTS

| | |
|--|-----------|
| About iPRESENT project | 5 |
| Preliminary remarks | 7 |
| Broader perspective – socio-economic portrait of Croatia | 11 |
| In retrospect – historical analysis of the development of social entrepreneurship in Croatia | 15 |
| <i>Analysis of the Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period 2015–2020</i> | <i>31</i> |
| Social entrepreneurship actors database. | 51 |
| Conclusion | 73 |
| Literature. | 77 |

ABOUT iPRESENT PROJECT

Installation Project for REsearch about Social ENTrepreneurship

iPRESENT is an installation research project whose **main goal** is to **examine the capacities and potentials of social entrepreneurship as socially sensible and ecologically responsible business model in Croatia.**

Social entrepreneurship is one of today's most potent and challenging world-wide phenomena – and as such it is extremely suited for scientific research and follow-up. That is especially true for Croatia, where this progressive socio-economic model is facing not only its own inner challenges, but also the influences of the long-term economic crisis, growing unemployment, differences in development between regions and counties, low level of trust in society, and growing feeling of indifference and helplessness among the citizens of Croatia.

Specific objectives of iPRESENT project are:

- To provide a long-term scientific database open to all the interested stakeholders and to the public
- To periodically publish research papers and books on social entrepreneurship
- To test 3BL (triple bottom line) level of social enterprises in Croatia, i.e. to test the level of social impact and fulfilment of criteria for social entrepreneurship
- To produce a book that would contain counsels and describe the most important steps in the process of social entrepreneurship development for both the social entrepreneurs and stakeholders/institutions.

Particular activities that are to be part of the project:

- 17 focus groups involving initiators and employees of social enterprises
- 21 semi-structured interviews with the most important stakeholders

- Survey among youth (on a sample of 400 respondents) about the importance that social entrepreneurship has for the entire community and the future employment possibilities
- Producing 9 reports/publications that should follow the project thematically and/or document its progress
- Testing up to 10 Croatian social enterprises based on one of the scientifically relevant and applicable models of social impact assessment
- Continual consulting with the SEPAG (Social Economy Policy Advisory Group) – an operating advisory group of scientists created with an objective of ensuring the quality of the project implementation
- Organising the final conference upon finishing the project.

Project manager is dr. sc. Dražen Šimleša, scientific collaborator at the Institute of Social Sciences Ivo Pilar in Zagreb. Collaborators on the project are: dr.sc. Anka Mišetić, dr.sc. Jelena Puđak, dr.sc. Filip Majetić, and dr.sc. Anita Bušljeta Tonković.

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PRELIMINARY REMARKS

Mapping New Horizons – report on the state of social entrepreneurship in Croatia 2015 is the first out of nine reports/publications planned within the *iPRESENT* project. The next report is *Across the Borders – social economy in Europe*.

It is important to note that these reports come in pairs and should thus be seen as a single theoretical-analytical whole that seeks to define basic terms and establish scientific basis for the future research and methodological development of the project. The first report, *Mapping New Horizons*, aims to fulfil that goal by analysing the condition of social entrepreneurship in Croatia. The second report, *Across the Borders*, aims to fulfil that goal by surveying the development of social economy and entrepreneurial ideas and concepts in Europe, both at the EU level and the level of particular member states. The second report shall contain the analysis of the historic development of the concept in the EU; the analysis of the various approaches, definitions and understanding of social economy; and finally, the influence of cooperatives, social entrepreneurship and enterprise. As establishing where Croatia stands on that scale of various approaches and understanding is of great importance, we shall conduct a comparative analysis of the condition of social entrepreneurship in Croatia and some other EU countries.

Therefore, the two reports are actually complementary research papers and should thus be read as a whole.

Accordingly, the main objectives of the report *Mapping New Horizons* are:

1. To present a historical analysis of the emergence and development of social entrepreneurship in Croatia
2. To analyse the *Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period of 2015–2020* (Strategy in further text) as a basic state document for this area and emphasize main challenges in the Strategy.

3. To present a Database of Social Entrepreneurship Actors and/or similar legal subjects in order to begin the research on the development of the sector, i.e. actors in the field. Thus we shall start to understand in what measure social entrepreneurship affects local communities and the Croatian society in general.

We should also note the following: a linguistic polemic about the translation of terms *social economy*, *social enterprise* and *social entrepreneurship* lasted in Croatia for quite some time. More precisely, there was a disagreement about should the term *social* be translated into Croatian as *socijalno* or *društveno*. Although this semantic knot can be seen in the early drafts of the Strategy, terms that have been accepted in the latest version of the document are *društveno poduzetništvo* (social entrepreneurship), *društvena poduzeća* (social enterprises), and (note the difference in term here) *socijalna ekonomija* (social economy).

Within the iPRESENT project we shall follow the Strategy as the most important state document for the area, and consequently use the term *društveno poduzetništvo* (social entrepreneurship), but also the term *društveno* (social) for all the derivatives, concepts and models that are connected to term *social* in English. We deem that *društveno* is a more encompassing and broader term than *socijalno*, which is why we consider it more appropriate in this specific area and for this specific purpose. If the terms such as *socijalno poduzetništvo* do appear, those will be quotes or titles of original papers, conference reports or similar texts, which should therefore not be changed. We'd like to say that we have nothing against the term *socijalno poduzetništvo* (social entrepreneurship), because all the authors dealing with the subject in Croatian language have the same concept in mind and are only using different translations.

Furthermore, in this report we are using the widespread term social entrepreneurship. When speaking more generally, however, we're using the term social economy – a term that has its own history and is clearly defined in both scientific literature and the European context. Social economy, by some scientists called the third sector, is a broader category and as such is more suited for those parts of the report that deal with the general point of view. All those terms and concepts, together with terms such as social enterprise, social entrepreneur, social and solidary economy and third sector, demand more detailed and thorough definitions, reaching of which will be one of the main objectives of the report *Across the Borders*.

With this particular report we would like to contribute to the scientific debate and dialogue about social economy. We're also hoping to start the process of monitoring and analysis of the most important strategic document for this area, the quality of the application of which will have critical consequences for the further development of the sector. By this, we trust, we shall contribute to the

Strategy measures concerning the need for new scientific research and, considering the role and responsibility of scientific community, support the entire process of the social entrepreneurship development.

Social entrepreneurship is no longer a mystery in Croatia. It is, however, neither the well secured, safe and sustainable area capable of fulfilling the needs of society in a satisfactory way, especially when it comes to the most vulnerable and marginalized social groups. We could say that we are currently at the crossroad of social entrepreneurship, and the future direction and quality of its development in Croatia are yet to be seen. Therefore, it is important not only to be familiar with the crucial events and processes from the past that led to the current state of social entrepreneurship, but also to direct our gaze to the new horizons in front of us.

BROADER PERSPECTIVE – SOCIO-ECONOMIC PORTRAIT OF CROATIA

Social entrepreneurship in Croatia is carrying a heavy burden on its back – and that, due to its ‘youth’, without even being fully formed. Up until a few years ago, the term itself was unknown to the public; moreover, some of the possible champions of the social entrepreneurship or interested stakeholders were also insufficiently informed about both the area in question and the meaning of the term (Gvozdanić, Potočnik and Sočo, 2009; Sočo, 2009; Vidović et al, 2013). By the middle of 2015, at the time of writing of this report, social entrepreneurship has not only become a known term on the civic scene, but also one of the main strategic commitments and an important guarantor of the idea that the civil society is here for the citizens (OCNGO, 2012).

This is also a reflection of the European views, where the successful emergence of social enterprise during the 1990s was used to emphasize the final successful placement of this sector between the state and the market (Pearce, 2009). This was explained as a finale of the long process of strengthening of the social economy actors (cooperatives, enterprises, associations, informal initiatives and movements), that is to say, as a confirmation that even in the middle of the welfare state crisis and reduction of the provision of social services, privatisation is not the only solution. In fact, we are witnessing the “manifestation of the power of the social economy” (Hulgård, 2014: 81). More and more authors state that social entrepreneurship is undoubtedly “trendy” (Defourny, 2014: 36), and a certain *buzzword* (Perić and Alpeza, 2011) that ubiquitously resounds as a reflection of good quality management, business and living. Others, however, warned that forcing the CSOs towards the entrepreneurial and managerial mode of action is actually a ruse of neoliberal system that is destroying the welfare state and the sense of responsibility of the state in general, for the latter should, as a well-ordered and responsible community, take care of the members of the said community. In other words, as Gilbert notes, we are witnessing “the silent surrender of public responsibility” (Hulgård, 2014: 80). This is partly an unjust attempt to make civil society responsible for the unemployment rate - despite the

fact that the initial mission of Civil Society Organisations (CSOs) was the “promotion and dissemination of general values and relationships stemming from those values”. There is, however, no doubt that the general socio-economic situation in Europe and the strategic development directions that strive to uphold the “smart, sustainable and inclusive growth” (COM (2010) 2020 final) will orient the projects of CSOs and other appropriate legal subjects towards social entrepreneurship and enterprises. With this in mind, the EU has prepared 85 million euros for various programmes and tenders that are to be put in practice by 2020. The imperative goal of all the projects supported by the funds (European Social Fund – ESF, and European Regional Development Fund – ERDF), in which civil society organisations are expected to assume the role of carriers and initiators of project suggestions, is the preparation and transfer of project users on the work market. It would therefore seem that the decision makers and governing structures have already found the ultimate solution for the much needed employment growth in this sector as well.

Employment growth, especially among the vulnerable or marginalized social groups, is emphasized as the primary objective in our Strategy too. The reasons for this particular aim and for the expectations of the measures and activities defined in the Strategy stem mostly from the general socio-economic situation in Croatia. Considering that the present socio-economic portrait of Croatia is detailed in both the Strategy and elsewhere, here we shall outline only the direct causes for the Strategy’s focus on the employment growth:

- The continuous decline of GDP at an annual rate since 2008 (which was only stopped in the first quarter of the current year)
- Decline in the domestic industrial production, the carrier of the real economy, over the course of several years (the decline was stopped in the first half of 2015)
- One third of Croatian population is suffering from poverty and social marginalization, which puts Croatia among the top high-risk European countries (SFEAR, 2013)
- High unemployment rate (according to the Croatian Bureau of Statistics, 17.1% in May 2015, and outside the tourist season period, i.e. in months when there is no increase in temporary employment, the unemployment rate rises to 20% or higher)
- High youth unemployment rate, among the highest in the EU (44% at the end of 2014)
- Great differences between regions, which is evident in the Development Index (MRDEUF, 2015), the condition being especially difficult in certain parts of Croatia (Slavonija, Baranja and Kordun, parts of Lika and Dalma-

tian Hinterland), where general socio-economic markers show multi-fold decrease (the public secret about ‘two Croatias’)

- Feelings of safety and life satisfaction are among the lowest in the EU (UNDP, 2014; EU-Eurostat, 2015).
- Level of trust in the political system and institutions, in the mode of government and openness of democratic system, but also on a personal level, i.e. trust in our fellow human beings and citizens, is among the lowest in the EU (UNDP, 2014; EU-Eurostat, 2015).

It is necessary to connect these results with the experience of those EU countries that have also dealt with economic and social crisis since 2008, but whose social economy sector is vital, sustainable and flexible in relation to the influence of the crisis. In 2011, the economy of United Kingdom dropped 1.7% in relation to the data from 2008, and the cooperatives sector improved by 19.6% (Millstone, 2013). Even in the countries that are suffering the deep and long-term crisis such as Italy or Spain, enterprises in the sector of social economy have either endured the crisis better or had a slower decrease in employment rate, production and income. In some sectors, such as (social) cooperatives, even the increase of employment rate was recorded (Petričević, 2012). When one faces crucial socio-economic markers in Croatia and compares them to the development and influence of various forms of social economy in a great number of European countries, it isn't surprising that the idea of social entrepreneurship was warmly welcomed in Croatia.

IN RETROSPECT – HISTORICAL ANALYSIS OF THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN CROATIA

Social entrepreneurship emerged slowly in Croatia. The same applies to the awareness of the possibilities and potentials of social economy at all levels. Just like in the case of human rights, protection of minority rights, efficiency and reform of the justice system and other significant social areas, the relevance of the import of this idea should be emphasized here as well – for the promotion and application of social entrepreneurship in Croatia was first encouraged by international organisations. A part of the civil society and associations, brave and open to new and different ideas, have accepted this import and become the actors in the field. They were the creators of innovative projects and initiators of the development of new forms of business and networking. At the time, the state was almost an invisible actor in the development of social entrepreneurship, which is almost certainly the reason why the Strategy was created almost ten years after the whole process began. The Strategy itself is the result of synergy between the actors in the field and the Ministry of Labour and Pension System (MLPS), which coordinated the process as the competent authority in the name of the state. Many may cynically add that the cause of this progress is Croatia becoming the full member of the EU, and the interest the latter is taking in the development of Croatia.

We offer the chronological overview of both the development of social entrepreneurship in Croatia and of events and processes crucial for the development of social economy. The aim of this chronological overview is not merely to list certain important points in the space-time continuum, but also to help raise awareness of the role and interest of various actors important for this area; i.e., the chronological overview should open the opportunity for the analysis of the current state of social entrepreneurship in Croatia.

Social entrepreneurship is first mentioned as non-profit entrepreneurship in the paper of Gojko Bežovan (1996), published in the magazine *Revija za socijalnu politiku*. That was where the importance and potential of non-profit sector for

insuring social care and participation in the social services was first recognized. Papers like that were solitary ventures ahead of their time. We could say that although CSOs have dealt with the socially endangered and marginalized groups even in the 90's – by creating projects for immediate help and solidarity projects, by ensuring space for strengthening social cohesion and improving quality of life in local communities – those activities were mostly project-type activities, dependent on the continuous support of the donors. The latter were prone to arrange tenders by theme, in an ad hoc manner, and mostly did not take into account sustainable potential of projects once they were finished. In fact, this entire period was marked by activities and projects that were lacking long-term economic strategy – which is what social entrepreneurship should imply.

The Program of Cooperation between the Government of the Republic of Croatia and the Non-Government – Non-Profit Sector from the year 2000 is the first state document that mentions the “development of social entrepreneurship and social capital as an important component of social development”, i.e. as a form of co-operation between the government and the sector. It is interesting to note that “the stimulation of employment in the non-profit sector and the development of social economy” (Government of the Republic of Croatia, 2000) have (among others) been specified as responsibilities of the non-government sector. Unfortunately, this document was never applied in reality.

It has already been said that the former financing of those CSOs activities that were close to social economy and entrepreneurship lacked systematization and long-term perspective. That especially applies to the sustainability of activity once a project is finished. In short, sporadic financial help was given to the endangered and marginalized social groups.

The first social entrepreneurship development competition was led by NESsT (Non-profit Enterprise and Self-Sustainability Team) in 2005. NESsT is an international unprofitable organisation that supports the development of sustainable social enterprises by offering help in the form of education, logistic, funds, and mentoring programmes for dealing with the most important social problems in developing countries. Financing for the first tender was ensured by the US organisations, namely AED (Academy for Educational Development) and USAID (American Agency for International Development).

A year later, NESsT also conducted the first analysis of the potential of social entrepreneurship in Croatia. It produced a report on legal and regulatory framework for self-financing. They promote self-financing in several places, mentioning as options: membership, service and merchandize fees, rental space, patents and copyrights, investments and interest fee income (NESsT 2004, 2007, 2012).

That same year, the National Foundation for Civil Society Development dedicates an entire issue (11/12, 2006) of *Croatian Civil Society Magazine* to social

entrepreneurship showing good knowledge of social processes that are to become trends.

The Green Osijek association founded the first social enterprise in Croatia – Zlatna greda d.o.o. (Golden Beam Ltd.), a travel agency that specializes in eco-tourism.

All three of the aforementioned US organisations helped with the organisation of the conference titled *Self-financing Activities and Social Enterprise in the Non-Profit Sector* in 2007 in Zagreb. One could say that at first, the term 'self-financing' was used as a mild announcement of social entrepreneurship. In those years, the national foundations and stakeholders that were ensuring funds through various tenders expected associations to secure 5% of their budget through self-financing activities. The National Foundation for Civil Society Development emphasized that 41.8% of civil society organisations specified self-financing as an income source (NFCSD, 2012), and as much as 21,9% CSOs claimed that self-financing was their main income source. Indeed, it would seem that a great number of organisations secure their own income. That information, however, requires additional verification.

NESsT (2012) describes the difference between self-financing and social entrepreneurship as a matter of degree, for in social entrepreneurship self-financing activities are carefully planned and analysed in order to strengthen the financial sustainability and influence of an association.

It is worth mentioning that the first report on the state of social entrepreneurship in Croatia was made by NESsT, as a part of their handbook *Hit the Ground Running – the Experiences of sustainable social entrepreneurship in Croatia* (2007).

The NESsT programme was attended by 32 organisations that were helped in creating their business plans. After the planning process, 5 organisations were singled out for further cooperation and implementation of deeper measures. Considering the importance that NESsT had in the first years of the development of social entrepreneurship in Croatia, it should be mentioned that the RODA association, that produces cloth diapers as part of their activity, has been supported by NESsT since 2007 – first through advice, and then by direct financial help. That same year, the Čakovec's association Autonomous Centre – ACT establishes ACT Printlab Ltd., their first social enterprise that provides graphic and web design services. With it, they have started their unique development within the sector. Elsewhere, however, it is said that the first social enterprise in Croatia was established in 2008 through the EU funds competitions (ICF, 2014b).

The reasons for such inconsistent data can be found in unsystematic database, different views on what social enterprise is, and in the insufficient communication and cooperation of social economy actors – those that are ensuring finan-

cial support and those that are implementing projects and creating a better life in Croatia.

The first national strategic document that mentions the terms we are interested in is the *National Strategy for the Creation of an Enabling Environment for Civil Society Development 2006-2011*, more specifically, subchapter 8.3, The Development of Social Economy and Non-Profit Entrepreneurship (OCNGO, 2006). In this strategy, social entrepreneurship is defined as such entrepreneurship that seeks to create new values, i.e. social values that are not related to profit – which is why it uses the income from its entrepreneurial activities for the accomplishment of its mission.

Although this could lead us to conclude that the importance of social economy was recognized early by all the highest governing structures and what is usually understood as decision-makers, very little was actually accomplished in the years that followed. Out of 11 objectives for the development of social economy through supportive, legal and tax framework, monitoring of social accomplishment, capacity building and infrastructural support, ensuring initial investment funds and other, almost none were reached. The exception is progress in the development of support centres and social entrepreneurship forums. It should be stressed that in the next strategy for the period 2012-2016, seven measures that were partially carried out were appraised relatively positively, while five haven't even started to be implemented.

When Croatia was on its way to become a member of the EU, in the *Joint Memorandum on Social Inclusion of the Republic of Croatia 2007*, it is said that “social services should be deinstitutionalised and actors other than state included in the process of securing social services” (Vincetić, Babić i Baturina, 2013: 271), by which the development of social entrepreneurship in the area of social services is advocated.

In 2007 starts the IPA program (Instrument for Pre-Accession Assistance), through which considerable amount of EU funds were used for the development of social entrepreneurship in Croatia for the first time. Employment projects and social inclusion projects were carried out as part of the IPA Component IV – Human Resources Development.

In the fall 2007, Slap - Udruga za kreativni razvoj (Association for Creative Development) from Osijek (the association that will, among other more known associations, mark this period and the broader area of the development of social economy in Croatia) starts one of the most innovative project in Croatia to date: *Youth Employment Support Project (YES)*. YES is funded by the UNIDEA Uni-Credit Foundation within the framework of the *Programme for Social Employment Stimulation (Program poticanja socijalnog zapošljavanja, POMAK)*. Uni-Credit Foundation is a non-profit corporative foundation of a banking group that acts in Croatia through Zagrebačka banka. YES was a project for employ-

ment stimulation of youth in three east Slavonian counties, and it had numerous partners and users. Besides providing education on eco-farming, marketing and making of working plans, this project was exceptional because of the integrated microcredit fund in the amount of 3 to 10 thousand euros, intended for ten food producers that showed the greatest development potential. Despite the fact that the exact potential of microcredit as progressive and just economic tool is still questioning (Utting, 2015), this was a positive step for Croatia, where funding for innovative and sustainable projects is extremely hard to find.

In 2008 ERSTE foundation starts with regional awards for projects that focus on active approach to social change. Many social enterprises and cooperatives created by the most active associations and organisation won this award later on.

At the social entrepreneurship conference organized by the Autonomous Centre from Čakovec at the end of 2009, an initiative to establish a fund for social entrepreneurship development was announced. This was to be accomplished by the National Foundation for Civil Society Development in collaboration with the government's Office for Cooperation with NGOs, the Ministry of Economy, Labour and Entrepreneurship, the Ministry of Health and Social Care and several banks. Had this extremely needed development model not failed on account of the lack of funds, social entrepreneurship would now undoubtedly be stronger and more stable.

At the time, though, social economy and entrepreneurship were pretty much invisible outside the circle of the interested institutions and practitioners in the field. Because of that, we would like to mention the first public events that have, at the end of 2009, played a part not only in the strengthening of the sector, networking and education, but also in making social economy and entrepreneurship more known to the public. The first event was the *Conference on Social Enterprises in the Republic of Croatia: Opportunities and Challenges*, organized by the government's Office for Cooperation with NGOs and the British Council in Croatia. The second conference was only a few days later, called the *Social Entrepreneurship – the Development Driver*, organized by the Slap association at a few locations in Baranja and Osijek.

The first event is important because it represents a rarely good example how the objectives listed in the *National Strategy for the Creation of an Enabling Environment for Civil Society Development 2006–2011* should be reached. Since then, the British Council Croatia has become one of the crucial actors in education on social entrepreneurship. Over the course of several years it has organized *Skills for Social Entrepreneurs* – a project for education on social entrepreneurship within the framework of Leonardo da Vinci Lifelong Learning Programme.

The second event is important because that was where the establishment of SEFOR, the Social Entrepreneurs' Forum was announced. It was to be an informal network and a place of gathering for all the interested parties in institutions and

in field. In addition to that, at the conference organized by the Slap association one of the main goals was understanding of the chief obstacles in the “creation of an enabling environment for social entrepreneurship development and in reaching an agreement about the particular steps and actors in the implementation of the National Strategy” (Pomakonline, 24. 11. 2009.).

Here, the carriers of change and the initiators of various forms of social economy in practice have already started to create an enabling environment for the cooperation of social entrepreneurs and the representatives of institutional apparatus with a goal of “enabling legal framework as a support infrastructure for social entrepreneurship” (Ibid.). The later events and the creation of the National Strategy have proven this combination to be a successful one. Still, when it comes to the general state of social entrepreneurship and its development, the insufficient dynamics in adoption and realisation of strategic acts is certainly a problem.

ACT implements a project titled *Social Entrepreneurship as an Instrument of Financial Sustainability for Civil Society Organisations*, in which members of CSOs are educated on business plan writing.

The already mentioned importance of the British Council Croatia continues in 2010 through the trainer certifications programmes led by the experts of the Social Enterprise London agency and Freer Spreckley, a trainer of the Local Livelihoods social enterprise whose several papers and reports have been translated in Croatian. Most of the Croatian social enterprise development trainers and advisors were educated in this programme. At the *First National Conference on Social Entrepreneurship* at the end of 2010 near Zagreb, after one year of work, SEFOR presents its results.

The SEFOR project starts in 2011, coordinated by the Slap association, funded by IPA Component IV – Human Resource Development, and co-funded by the Office for Cooperation with NGOs. Partners were the Centre of technical culture Rijeka and the Zdravi grad association (Healthy City Split). As we’ve already mentioned, SEFOR played a significant role as the initiator of the creation of the Strategy together with the then Ministry of Economy, Labour and Entrepreneurship. SEFOR’s activities are also funded by the National Foundation for Civil Society Development and the Italian UniCredit Foundation.

The event that has marked that year is undoubtedly the new Cooperatives Act (OG 34/11). In it, in article 66, social cooperative was first specified as a model for:

- Actions that are helping to fulfil the basic needs of the socially endangered, afflicted or other natural persons unable to fulfil those needs themselves or with the help of their families because of the adverse economic, social or other circumstances

- Including the people with impaired work ability and other natural persons with income insufficient for fulfilling their basic needs, and unable to acquire that income by work or property income or otherwise, into the work and production processes

At the end of 2011, SEFOR organizes further training cycles, after which Croatia finally gains its own social entrepreneurship consultants/trainers/mentors.

It should be stressed that *Pomakonline – magazin za društveni razvitak* (www.pomakonline.com), the web portal dedicated to social entrepreneurship and social economy that has been in existence for several years, then became, next to SEFOR, the voice of the sector. Even today it remains the best information source for all those interested in social economy and related subjects.

NESsT started a new cycle of tenders for mentoring and financial support. Out of 14 organisations, 7 with the best ideas and highest potential were chosen, and the year after that year two organisations were to be supported in creation of a business plan and to have further financial and expert help. It should be mentioned that Sunce – Association for Nature, Environment and Sustainable Development from Split that organizes Green Trips dedicated to education on preservation and protection of the environment, is besides the RODA association the second enterprise that has been greatly supported by NESsT.

At the end of 2011 in Zagreb, Slap association organized a seminar titled *Perspectives of the Development of Social Entrepreneurship*, where the idea of creating CEDRA – Cluster for Eco-Social Innovation and Development (CEDRA HR) was first publicly announced. Then introduced as an operative part of SEFOR with regional representation, CEDRA HR was entrusted with consulting, creating a support network for the initiation and managing of social enterprises, and strengthening the capacity for the actors to come. CEDRA HR is the result of collaboration between the associations Slap (Osijek), ACT (Čakovec), Healthy City (Split) and Centre of Technical Culture (Rijeka). Thanks to this synergy, SEFOR and CEDRA HR were used for the creation of the national Strategy – a document that should clear any questions related to social entrepreneurship in Croatia that are still open and ensure the future development of the sector. Also, the regional network created through ESENSEE project - Eco Social Economy Network South and East Europe – was also introduced at this conference. This project was led by the three aforementioned associations, the Healthy City acting as the coordinator. It was one of the biggest EU projects of its kind implemented in Croatia, its partners being ESCOOP – European Social Cooperatives from Italy, Group 484 from Serbia, ORT from Macedonia, Little People of Kosovo from Kosovo, and UNDP – Project COAST as an associated institution.

We have already stressed how exceptional it was for the Slap association's project YES to microcredit the inventive manufacturers with potential, because this type of support for the development of social economy was up until then almost

entirely neglected in Croatia. The Good.bee project (Dobra pčela), a part of the international Erste Group, was founded with an aim of funding the projects focusing on community development in the Central and Eastern Europe. Although the Croatian UNDP office organized a meeting with all the stakeholders in the sector at the end of 2011, in the end it was decided that unemployed people with good ideas from Osijek and its surroundings should be funded. Though valuable, this solution did not contribute to the development of social economy in Croatia.

There is another event that has marked the social economy sector in Croatia. The change of government in the parliamentary elections in Croatia at the end of 2011 led to changes in ministries and their jurisdictions. The previous Ministry of Economy, Labour and Entrepreneurship, which was at the time the competent institution that communicated with actors in the field and was entrusted with the task of creating the Strategy, was separated into three different ministries: the Ministry of Economy, the Ministry of Entrepreneurship and Crafts, and the Ministry of Labour and Pension System. In the process of redistribution of authority it was decided that social entrepreneurship will be regulated by the Ministry of Labour and Pension System. For some, this came as a surprise, because in many EU countries social entrepreneurship, and the entire social economy sector, is considered to be an important part of economy in general.

The awards for social entrepreneurship were first given at the beginning of 2012. Because of its initiative in this area, the award was given to the Autonomous Center ACT from Čakovec, especially because of the foundation of the Humana Nova – a cooperative for recycling of the textile waste. Domaće mlijeko d.o.o. from Varaždin was awarded for the idea of buying milk from small producers. Awards in the amount of 20,000 kuna were funded by marketing agency Modra nit d.o.o., a social enterprise founded by the Slap association – and thus demonstrated what it means to redistribute the profit back into the community.

In the middle of 2012, the *International Conference on Social Entrepreneurship* was organized by the British Council Croatia and the Ministry of Labour and Pension System. With it, the attention was once more drawn to the Strategy, and the educational programme “Skills for Social Entrepreneurs” was drawn to its end.

At the same time, the National Foundation for Civil Society Development published a collection of papers titled *Entrepreneurship at the Service of Community – a collection of papers on Social Entrepreneurship*. Here, the analysis of the basic notions, funding sources and institutional and legal framework for social economy was written by the Croatian authors – which is another sign of growth and maturing of the sector.

NESsT organised the *First Social Enterprise Day in Croatia*, hosted by the Zagreb School of Economy and Management, and supported by the Embassy of

the Netherlands in Croatia. Besides discussions and professional presentations, the Day was marked by the Social Enterprise Marketplace, and the awards for being the best examples of social entrepreneurship were given to the associations Sunce, Mali zeleni and Biševo.

Even before the official work on the Strategy began, it was evident that social entrepreneurship is understood differently by different people. More precisely, the term ‘social’ that comes before terms ‘enterprise’, ‘entrepreneurship’ or ‘economy’ was, depending on the author, translated as both *socijalno* and *društveno*. This was also the reason why in the middle of 2012 a round-table discussion titled *Strategija za razvoj socijalnog/društvenog poduzetništva – pojmovi i definicije* (Strategy for the Development of Social Entrepreneurship – Terms and Definitions) was organized. Here, the two linguistic options were discussed by the experts who offered arguments as to why each of the terms *društveno poduzetništvo* and *socijalno poduzetništvo* relates the idea of social entrepreneurship better in the Croatian language.

We’ve already offered our opinion on the matter at the beginning of this report, which is why here we shall point out only that it is evident from the titles of conferences, projects and reports that before the process of the Strategy development began, the term *socijalno poduzetništvo* was used more frequently. The other term, *društveno poduzetništvo*, became pivotal during the very process of the Strategy development.

The National Strategy for the Creation of an Enabling Environment for Civil Society Development 2012–2016 continues with the elaboration of this model in chapter III – *Strengthening of the Role of CSOs in the Social and Economic Development*, subchapter 2 – *Social Innovations and the Development of Social Entrepreneurship* (OCNGO, 2012). In this strategy it is also for the first time clearly stated that social entrepreneurship, “imbibed by civil society values” (Ibid: 51), has emerged from the CSOs activities.

At the end of 2012 CEDRA HR is officially founded as a support centre for the present and potential social entrepreneurs. It is centred in Zagreb and has five additional regional support centres in Čakovec, Osijek, Rijeka, Split and Dubrovnik, all connected to the associations active in the sector – namely, ACT, Slap, Centre of Technical Culture, Healthy City and Deša. Thanks to these activities and the fact that it gathers approximately 40 social economy experts, CEDRA HR officially became an undeniable actor in the sector.

In the march of 2013, at the second award winning ceremony for social entrepreneurship, RODA association was awarded for the foundation of the social enterprise Rodin let d.o.o. The production and sale of reusable cloth diapers – an activity that was up until then led by the association – was transferred entirely to the enterprise. Youth association Alfa Albona from Labin won the award for the best social enterprise idea thanks to their proposal of turning an abandoned

building into a social enterprise building. It should be mentioned that the entire idea was realized in cooperation with the local government, which legally secured the building for the project. Unlike the year before, in 2013 there was an award for the promotion of the concept of social entrepreneurship, and it was given to Višnja Grozdanić, the vice dean of VERN University, where students can choose the *Social Entrepreneurship and Social Innovations* as an elective course.

In the spring of 2013, the entrepreneurial centre for innovations and creative ideas ImpactHub Zagreb opens a public space for co-working and social entrepreneurship. This organisation not only promotes and supports the sector – it also provides physical space for communication, exchange, learning and education, and for connecting of social innovators and entrepreneurs into an active network.

In April 2013, the Croatian government is finally adopting a decision about the foundation of a working group that is to create the *Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period of 2014–2020*. The working group is comprised of 44 members gathered from competent and interested ministries, agencies and other institutions, stakeholders from CSOs and the scientific community.

In May 2013, ZABA opens a tender for supporting of the projects of social enterprise Moja zajednica (My Community). The tender was organized in coordination with NESsT and the UniCredit Foundation, and supported by the Ministry of Labour and Pension System. Five projects were chosen for funding, each given 7,5000.00 euros: Udruga za održivi razvoj Hrvatske - UZOR (Association for Sustainable Development) from Koprivnica, for the projekt *Cargo Bikes for Sustainable Community*, by which they aimed to launch free waste paper collection system; Youth Association Alfa Albona from Labin, for the already awarded project *Social Entrepreneurship Building* in which a former student dorm was transformed into a youth hostel with additional content; ACT from Čakovec for the project *Domaće jelo (Homemade Food)*, in which they are opening restaurants, catering and shops that are to be supported by the already existing social-agricultural cooperative Domaći vrt (Home Garden); Social Cooperative Pružimo ruke (Helping Hand) from Bjelovar for the project *Ceker za laptop (Shopping Bag for a Laptop)*; and the Association of Dystrophic, Polio and Cerebral Palsy Disabled People and other Physical Disabilities (DDICP) from Čakovec for the project of the foundation of the social enterprise Izvor d.o.o.

That year was special because it was the first time the “consortium made of organizations and individuals dedicated to promotion, development and improvement of socially responsible behaviour and entrepreneurship, social and solidarity economy, social entrepreneurship and civil society” (ACT Group, 2014) was formed – namely, ACT Group. This is a unique example of local social economy

actors creating a joint body in order to achieve better visibility and strength. The members of ACT Group are: Autonomous Centre ACT, ACT Printlab, ACT Konto, CEDRA Čakovec, Social Cooperative Humana Nova, Center for home care and assistance in Medjimurje County, Social Agricultural Cooperative Home Garden and ACT Press.

In the fall of 2013, the Strategy draft was first presented at the conference titled the *Strategy for the Development of Social Entrepreneurship* that was held within the working framework of the SEFOR2 project funded by the UniCredit Foundation.

At the end of 2013, a conference titled *Social Entrepreneurship – Innovations and Development* was held at VERN University. Experts from Great Britain also took part in the conference: Rory Ridley-Duff from the British university Sheffield Hallam – a board member in six social cooperatives and social enterprises; and Cliff Southcombe, the president of the organisation Social Enterprise Europe. The conference also featured workshops, most notably the ones about CEDRA as a support model and the Fair Share model of social entrepreneurship led by the already mentioned Rory Ridley-Duff.

In the spring of 2014, Impact Hub Zagreb opened the first business incubator for social entrepreneurs, aiming to gather and cooperate with entrepreneurs willing to use innovations for the betterment of society. In March 2014, in cooperation with ERSTE Foundation, they brought to Croatia the Social Impact Award, the biggest European education program for social entrepreneurship students. Chosen projects were: Authink – an application for parents and other caretakers of autistic children; Crosafety – an improved helmet with better amortisation and head protection; and Vinifera – recycling of waste left from the wine production. The Coinsulter project won a special award for the mobile application that makes digital currencies such as Bitcoin understandable and accessible to users.

In March 2014, a draft *Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period of 2014–2020* was presented and the public discussion opened.

In the meantime, another strategic document was adopted in which social entrepreneurship was mentioned: *the Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia 2014–2020*. Social entrepreneurship is mentioned first as one of the “principles that should be followed in reaching the objectives of the strategy and implementation of measures and activities” (MSPY, 2014: 17); then in 4.2. Employment and access to employment, and finally in 4.8. Balanced regional development, which is congruent with the later Strategy objectives.

On Earth Day in spring 2014, the Cooperative for Ethical Finance (ZEF) was founded with an aim of creating the first ethical ebank in Croatia – one of the

crucial tools for the social economy development. The founding assembly was attended by 101 cooperative members. Never before have cooperative members gathered in such a number; moreover, at the time of writing of this report, the Cooperative already counted 250 members, which is the best indicator of how much both the ethical financing and the related proactive actor were needed in Croatia.

In the fall of 2014, CEDRA HR wins the EU project titled the *First Structured European Instrument for Social Entrepreneurship in Croatia* (EUSEF), and that in cooperation with ZEF, LEADER network of Croatia (a network gathering Local Action Groups – LAGs), the international development agency MARA d.o.o., Tomislav Valičević law office and SEFEA (finance company entrusted with the operative implementation of the activities of the European Federation of Ethical and Alternative Banks – FEBEA). The project's objective was "the growth of employment and social inclusion through the support and funding of the social enterprises and start-up companies". The project was funded by the European Commission in accordance with the effort to create a regulatory framework for social investment funds adopted by the document titled *European Social Entrepreneurship Funds* – EuSEF. Specialty of the project is foundation of an investment fund that would be able to finance projects of social entrepreneurship in Croatia and region either through the provision of loans or through the equity or quasi-equity type investments (by taking the share in the project).

At the end of February 2015, Impact Hub Zagreb and ERSTE Foundation once more initialized the Social Investment Award – a competition for social entrepreneurship students.

Soon after that, Impact Hub, this time in cooperation and with financial support of the UniCredit Foundation, organizes a new competition for brave individuals with projects focused on solving social or environmental problems. Out of 27 applications, the winners of 7,500.00 euros award were: Zeleno zlato (Green Gold) – a project for self-employment of women over 50 years old, trained for sustainable gathering of wild aromatic and medicinal herbs; Healthy Meal Standard – a certificate for healthy menus in hotels, schools and kindergartens for those with special nutritional needs; and Acro Goal Achiever – an interactive tool that helps in setting and achieving goals.

In April 2015, two years after the decision about the foundation of the working group, a proposal of the *Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period 2015 – 2020* was adopted at the Croatian government session.

Considering that now, with the adoption of the Strategy ten years after social entrepreneurship had begun to emerge in Croatia, starts the real work on goal

achievement and implementation of various measures, we shall end the historical analysis of the sector here. We wanted to portrait the most important events and processes on the path of social entrepreneurship development in Croatia, but also to point out the most important actors in the sector so they would be officially documented.

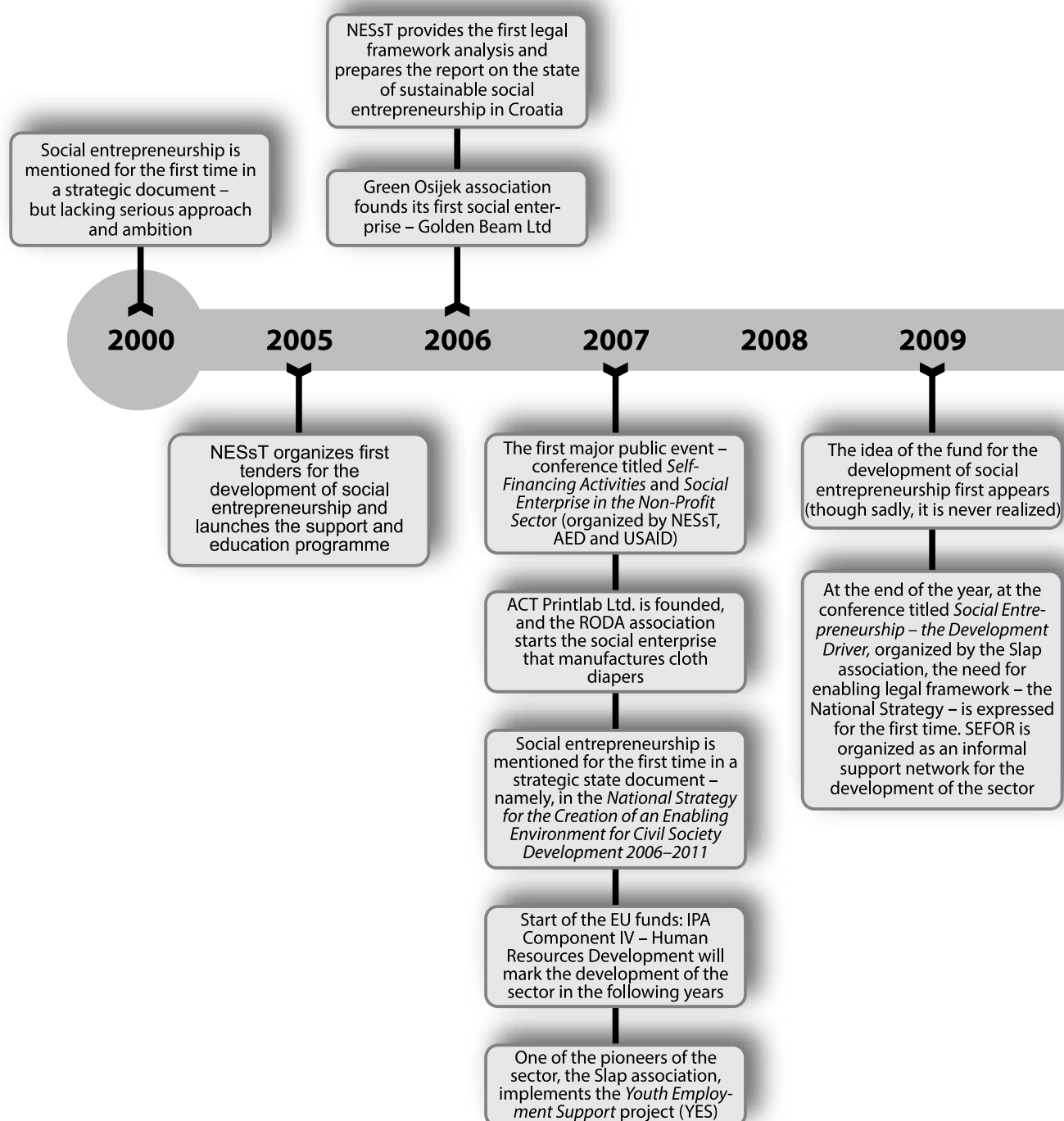
The other state actors, such as ministries, appeared inconsistently, without long-term plan or a strategy for the development of the sector and relations within it. For example, a praiseworthy programme titled *Croatia's Entrepreneurial Impulse*, envisioned by the Ministry of Entrepreneurship and Crafts, funded social entrepreneurship projects and cooperatives, but after some time they disappeared as eligible applicants, only to appear again a year or too later (Vidović, 2013). Situation is even more serious on lower levels, for counties, cities and towns offer almost no direct support. There are few exceptions. For example, the City of Osijek financed social entrepreneurship with the maximum sums of 3,000 € - which is symbolic. In Europe there is REVES – European Network of Cities and Regions for Social Economy; our local and regional government units know almost nothing about it, which is why the initiative to grant Istria County the observer status has been launched only recently.

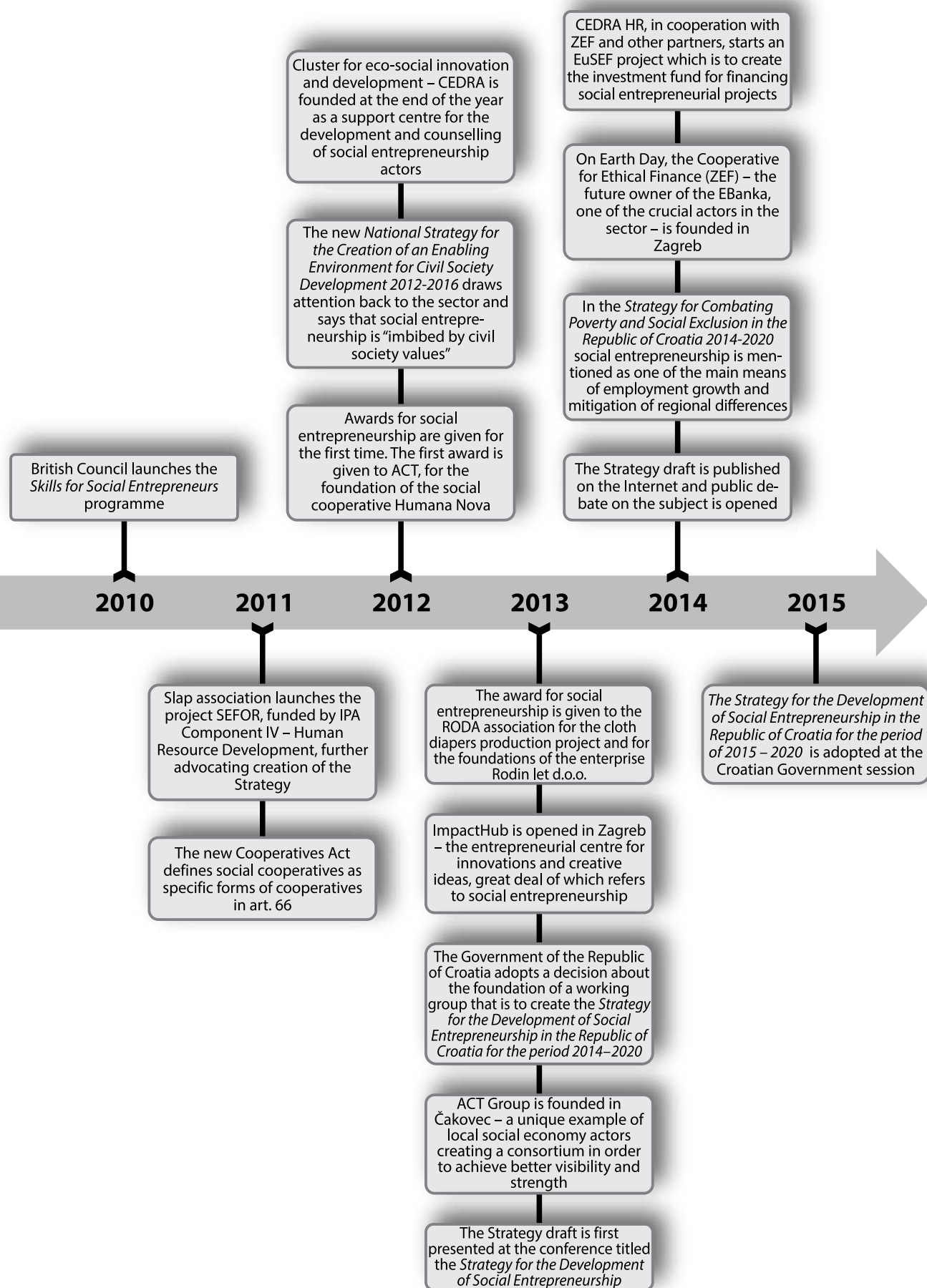
Split deserves special mention, because this city has a functional system of direct contracting with associations providing various social services (care for the homeless and elderly, youth, children with developmental disabilities, etc.). Split City Council verified this decision by the Social Welfare Act, by which the City of Split is obligated to “implement public procurement and arrange payment for services prescribed by this decision with the chosen service providers (associations)” (Official Gazette of the City of Split, No. 22/2014: 12). Some of the associations that are the users of this contract provided us with the data on multiple financial benefits the city had gained from this direct contracting model. Considering the uniqueness of this initiative in Croatia, further research on the reasons the City of Split had to make this decision would be welcome.

Scientific institutions that have supported the development of education and awareness of social entrepreneurship should be mentioned as well – and that not only because their activity in the sector fulfils one of the specific objectives of the Strategy. Those institutions are: Faculty of Law, University of Zagreb – the Chair of Social Policy; Faculty of Economics, University of Osijek; University of Applied Sciences VERN in Zagreb; Zagreb School of Economics and Management; and Faculty of Economics and Tourism “Dr. Mijo Mirković” in Pula (EMS, 2014)

The most important events that have marked the ten years of social entrepreneurship and social economy in Croatia are given in the time table below.

Picture 1 – Timetable of the development of social economy in Croatia





We can conclude that:

1. The development of social entrepreneurship and social economy in Croatia is being achieved mostly through the work and activities of CSOs
2. CSOs should be understood as organisations that act for general good (OCNGO, 2015). Other social economy actors that can be found in other EU countries, such as cooperatives, social cooperatives, foundations and philanthropic institutions, individuals and others, were mostly on the rim of developmental activities that were shaping a new economic model that would in principle suit them.
3. When speaking about CSOs, we should be aware that only a small number of organisations deal with education, promotion, networking and implementation of projects related to social entrepreneurship. It is at most 15 often mentioned organisations whose work and activity led to both the idea and creation of the Strategy. Work and activity of those organisations, however, is not solely related to projects – it is also determined by their values and strategic orientations.
4. Considering those EU countries that presently have a developed and strong social economy sector that is contributing to the employment growth, sustainability, social cohesion and solidarity, the understanding of the role of the state as it was up until now, with its legal and regulatory, financial and supportive mechanisms, was clearly lacking (the “imported concept” thesis). The same applies to the lower level of government such as organs of local and regional self-government. Change is expected to happen in the course of the Strategy implementation.

Considering that we’ve already stressed that the role of this historical analysis is not simple listing of the most important events and actors, but also an introduction into the main analysis, we shall dedicate more attention to these conclusions later in the report.

ANALYSIS OF THE STRATEGY FOR THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF CROATIA FOR THE PERIOD 2015–2020

The strengthening of the entire social economy sector in the EU since the crisis of the welfare state that started in the 1970s, and especially since the beginning of the economic crisis in 2008 when the vitality and solidity of the sector during times of instability came into focus, together with the growing number of social enterprises in Croatia and strengthening of the social economy sector, all naturally led to the constructive and advocative pressure on the authorities. It was clear that Croatia is lacking a framework that would enable the quickly growing base to develop in a safe and stable environment. In a manner of speaking, a building can be built on a solid foundation and still have poor statics and leaking roof. Regardless of the unquestionable development of social entrepreneurship in Croatia, ever since the beginning of the first decade of the new millennium, the experience of the developed EU countries, those that serve as models for the well-developed infrastructure and social economy sector, has made clear that Croatia is lacking a strategic document that could govern the direction and level of the sector development. Such document should also provide financial and legislative framework, define goals and assign roles in the promotion, visibility and education on “new economy”.

The analysis of the Strategy can be split into following parts:

- general remarks
- definitions and criteria (Social Entrepreneurs Register)
- main goal and specific objectives, the implementation of which requires concrete measures and activities

We are obliged to stress that the analysis of the Strategy in this report is conducted in relation to the essential benchmarks of social entrepreneurship development in Croatia. Other remarks and critical comments refer to the position and status of the Strategy considering the position of Croatia in the European context. The latter are more suitable for the comparative analysis of the state of

social economy in Croatia in relation to the other European countries, which is why this approach will be used in the report titled *Across the Borders*.

General remarks

We shall begin the analysis of the Strategy with general remarks, some of which were already mentioned above.

It is clear from the historical analysis of social entrepreneurship that the initiative came from below, through the work and activity of CSOs, and then their networks, first SEFOR and then CEDRA HR. This coincided with the openness and readiness of the then competent ministry to create the Strategy as a necessary step towards more fruitful cooperation and synergy of all the actors necessary for the development of social entrepreneurship. Also, the cooperation of the civil sector and the competent authorities showed how necessary it is that the Strategy contains transparency of relations, clear rules, and precisely defined roles and responsibilities for all the important stakeholders in the social entrepreneurship development. The question that remains is: why did it take so long to adopt the Strategy?

The first public notion about the need for such a strategy appeared in 2009, and the more serious process of promotion started with the listing of reasons for the creation of a strategic document in 2011. Then, it was publicly announced that its initiation was to be in 2013. When the working group was formed, the initiation was moved to 2014. In the end, the title of the Strategy states the period 2015-2020. This process was too slow, and the chance to secure the opportune support for both the actors in the field and the processes and structures important for the development of the entire social economy sector was missed.

However, considering the importance of the Strategy, its announcement and adoption represent one of the most important events related to social entrepreneurship in Croatia. As it was said in the Strategy itself, it is a “concrete step in the process of the improvement of social entrepreneurship in Croatia” (MLPS, 2015: 7). It is probable that the future analyses of the sector will be done in relation to the periods before and after the adoption of the Strategy.

The group working on the Strategy was led by the Ministry of Labour and Pension System and counted 44 members gathered from all the institutions and organisations relevant for the area and interested in it. Therefore, the Strategy is a result of synergy within the working group, as well as of reactions and commentaries that were said during the public debate (MLPS, 2014). It could be said that thanks to this process, we have gained a well-rounded document, in which the spheres of action most relevant for the social entrepreneurship development have been determined:

1. legal and institutional framework

2. financial framework
3. education
4. visibility

In addition, we should be aware that the Strategy is a result of necessary compromises between various opinions and views. The most pronounced difference in opinions was related to terminology, which was why in the first draft of the Strategy both terms were used: *socijalno/društveno poduzetništvo* (social entrepreneurship). Although it is difficult to place both the broadness and the clarity of the English term ‘social’ in a single word, which is why it would perhaps be more sensible to use both Croatian terms, depending on the context, such eclecticism should not be used in the Strategy, because the implementation of its measures depends on unambiguity, clarity and precision. Additionally, as one of the roles of the Strategy is to bring social entrepreneurship closer to the public, using both terms would be confusing. Luckily, this ambivalence has been solved: the term *društveno poduzetništvo* has been chosen because it has stronger capacity to encompass all the “entrepreneurial practices with social mission, as opposed to the term *socijalno poduzetništvo* that refers more to the activities in social sector.” (MLPS, 2015:6).

As we’ve said, what was necessary for the creation of the Strategy was caution and sensitivity to all the included stakeholders and their attitudes, and on the other hand, a decision was to be reached that would acknowledge all those attitudes in a compromising manner. This was certainly a difficult task that the working group was entrusted with. Accordingly, in the Strategy we speak about *društveno poduzetništvo* (social entrepreneurship), *društvena poduzeća i institucije* (social enterprises and institutions) and then again, we have *socijalna ekonomija* (social economy)!

The other disagreement among the members of the working group and the interested public that has taken part in the public debate has already been noted (ICF, 2014b). Considering this is a strategic decision about the management and democratic (co)determination as a relevant criterion of differentiation or recognition of social entrepreneurship, this is a much more serious disagreement. There are two different viewpoints not only on social entrepreneurship, but also on a role and importance of social entrepreneur and other members and/or employees, stakeholders and partners in the area of a social enterprise activity.

One of those viewpoints is closer to the United States understanding of, we might even say, general values, and that viewpoint prioritizes the role of an entrepreneur as a person, as an initiator of an entrepreneurial idea (Ridley-Duff & Bull, 2013; Defourny and Nyssens, 2014). The other viewpoint is more European, accentuating the whole, an organisation or an initiative, that is, all those that take part in a social entrepreneurial idea regardless of their role. This viewpoint

is based on a belief that the synergy of balanced and equal relations between all the participants in an idea is what leads to the realisation of that idea. According to this viewpoint, it is necessary to choose a model of communication and a decision making process within an organisation or initiative, but also in relation to users, partners or local community. The fulfilment of social mission as a main goal of social enterprise (Borzaga and Galera, 2014) is here deemed impossible without cooperation of all the interested stakeholders in local community or society.

Understanding of profit is often related to the above described views, being determined on the same differential basis. The European viewpoint unquestionably requests that social enterprises reinvest their profit either in a new productive or creative cycle, or in local community. Sometimes the profit is also equally distributed among all those included in the entrepreneurial process. These two approaches are the expected consequence of different traditions, history and centuries old ingrained patterns of desirable behaviour and action that can be found in the USA or Europe. Thus, in the USA all those that offer solutions to social problems are celebrated as social entrepreneurs, even the philanthropists and businessmen that decide to invest in projects having socially just or environmentally sustainable objective, regardless of their motives. At the same time, particular people are rarely mentioned in Europe and the attention is given to collective/organisation/enterprise and its relation to local community and society in general. In short, there are two different foci: in the USA focus is on the goal itself, on solving a certain social or environmental problem in an innovative and useful way, on helping marginalized groups and people in difficult social situations. In Europe, besides the goal, focus is also on the method by which the goal is attained, meaning on the entire process, as well as on the management of the structure that was used to attain that goal. Therefore, what is important in the USA is destination. In Europe, however, path is as important as destination, because the path is what determines our relation towards goal.

Of course, those are only the ideal types that manifest themselves in reality in different ways and forms. In the USA alone there is a variety of initiatives and organisations that employ high level of participation, equality and reinvestment – that is, there are examples of social economy that question the relations of power and strive for transformative and emancipated forms of action. On the other hand, in Europe and Croatia itself examples of social enterprise serving as a smoke screen can be found. Many people are so grateful to even have a job that they do not question the way their organisation functions and are happy to ignoring the lack of actual equal participation in a decision making process. If there are no developed social impact assessment models and/or legislatively based participative decision making, competent bodies cannot easily detect such manipulations.

These two approaches were noticeable even during the public debate. The competent body was once more given the thankless task of making the final decision, referring to the arguments, meaning and expectations of the Strategy. The various understandings of the essence of social entrepreneurship have their roots in different traditions of organisations that uphold a certain stance. More precisely, some of them are more business oriented and ready to include social utility into their business agenda, and others are more socially oriented and ready to include social entrepreneurship in their social agenda. The balance between the need to accomplish a goal – which is employment, in the Strategy defined as its most important aspect, and the way to accomplish a goal – which is management of a legal subject doing business according to the criteria for social entrepreneurship, will be one of the most challenging tasks for the recently formed Department for the Development of Social Entrepreneurship in the Republic of Croatia within the Ministry and the Council for Social Entrepreneurship as a competent body appointed by the Government of the Republic of Croatia.

Furthermore, we should stress that even though the final Strategy proposal, as opposed to the draft discussed in the public debate, is a significant step in the development of social entrepreneurship in Croatia, there is still space in the Strategy for conceptual arrangements, that is, there is need for further defining of the basic terms in order to make both the document and the process of carrying the Strategy out clearer and more transparent. It has already been said that the European view of the sector was adopted – a view that employs democratic-participative method and is interested in a broader context of the relation between a legal subject realizing a social entrepreneurial idea or a project and important stakeholders and local community. However, the Strategy “individualizes” this concept, emphasising the term social entrepreneur even in the context of the Register criteria.

For example, it is said in the Strategy that the *Social Business Initiative* of the European Commission has already defined the concept of social entrepreneur, even though the original document speaks about the concept of social enterprise (EC, COM(2011)682). We consider these to be discrepancies in the Strategy, especially because the *Legislative and Institutional Framework for Social Entrepreneurship Development in Southeast Europe* is an easily obtainable and well-known document in which the terms social economy, social entrepreneur, social entrepreneurship and social enterprise have been clearly defined (Petričević, 2012).

Insufficient conceptual difference between enterprise and entrepreneurship – let alone entrepreneur – is certainly part of the mentioned vagueness. The same approach is used in the Strategy as well: any legal subject, be it individual or collective, can be understood as social entrepreneur. This kind of liberal labelling may function on the level of general economy, but even there we deem it confusing. In the social economy sector terms like those should be used with precision. So-

cial entrepreneur is a carrier of an idea and initiative of social entrepreneurship, and social enterprise is a specific legal subject, and as such it has its own set of rules and a specific way of functioning. In short, the terms are closely connected, but also different, because they came to be in different social contexts and for different reasons. More about that will be said in the report *Across the borders*.

However, it would appear that the Strategy tends to reconcile the history of the sector on a global level with all the different views and concepts we've already mentioned, which all stem from the idea that successful and sustainable business with an objective of social mission instead of profit is possible. Although we cannot claim how much of that mixture was served in the Strategy consciously, here we would like to draw attention to the importance of the historical analysis of the development of social entrepreneurship and economy in Croatia. The latter clearly shows how this development was influenced by various views of the aforementioned common idea, from which follows a conclusion that this conceptual crossover can be felt in the Strategy itself and that it is, in fact, a rather normal consequence of maturing under different conditions and influences.

It has already been said that social entrepreneurship is an imported concept (Vidović, 2012). Accordingly, the ideas and concepts that were "exported" to Croatia formed the understanding of an entire new sector, that is, they greatly determined its development. It is, therefore, a natural situation that isn't necessarily negative. In fact, one could conclude that we should be grateful for the dissemination of the concept of social entrepreneurship in Croatia, because at the time, the Croatian government that should have been responsible for the development strategy wasn't interested in this sector, and the CSOs that were interested had no knowledge and capacity to implement their ideas. In what measure did acceptance, development and sustainability of the sector in Europe influence the present development of structural editing in the area of social entrepreneurship in Croatia is also a valid question.

The most thorough approach would be to seek reasons for mixed identity of social economy and social entrepreneurship in Croatia among the social actors themselves. Regardless of our Social Entrepreneurs Database or those enterprises that have potential to become part of the sector, it is clear that the entire work of promotion, advocacy and education on social entrepreneurship was done by approximately 15 organisations. That doesn't mean that strictly doing business is invalid – simply which, in the context of social development of a concept, we are interested in enterprises that have capacity and desire for broader understanding and action. Although we cannot simply convert those organisations into 15 leaders that are using social entrepreneurship in order to bring about social changes, we dare to say that this is at least a worthy research material. The question that should be answered is: among the present examples of social entrepreneurship in Croatia, is the emphasis more upon the entrepreneur as an

innovative leader of social change, or upon the collective and community that are carrying out projects and are essentially those that represent both the beginning and end point?

We asked the same question after reviewing the preliminary data obtained from the focus groups discussions that were comprised of the most notable social enterprises in Croatia. The report titled *A View from the Inside* should clarify this dilemma next year.

The question we have opened should not surprise us, because, as we have seen in the historical analysis, the first years of social entrepreneurship development are marked by influence coming from the other side of the Atlantic Ocean, where inventiveness, personality and leadership are seen as qualities *sui generis* of social entrepreneurship. The emergence of extraordinary individuals was assisted by the fact that Croatia, unlike many EU countries, does not have a developed institutional and legal framework or strong and developed social awareness about democracy from below and self-governance, and is in addition lacking in trust and social cohesion. What else was there to do but to put our trust into “good business Samaritans” - our social entrepreneurs?

Despite Croatia not having a developed sense of individualism and being in principle rooted in the European context, is it possible that historical and developmental moments have led to the hybridisation of social entrepreneurship and, consequently, to the hybridisation of the Strategy?

Definitions and criteria (Social Entrepreneurs Register)

In the Strategy, social entrepreneurship is defined as:

Business based on the principles of social, environmental and economic sustainability, in which generated profit is entirely or largely reinvested for the benefit of the community.

The European practice and understanding were used as examples in this definition as well. What follows is the claim that definition is less important than criteria that distinguish social entrepreneurship from the regular one (Defourny and Nyssens, 2012). According to that, our definition should not be analysed separately from the criteria for social entrepreneur that have been listed in the Strategy directly after the definition above. For the purpose of further analysis, here we quote all nine criteria:

1. Social entrepreneur achieves a balanced social, environmental and economic goal of business;
2. Social entrepreneur is engaged in the production and transport of goods, providing services or production of art that generate revenues on the mar-

ket, and have a favourable impact on the environment, thus contributing to the development of the local community and society at large;

3. Social entrepreneur creates new value and ensures financial sustainability in such a way that three years after the establishment of business at least 25% of the income is planned to be or is realized by its entrepreneurial activities;
4. Social entrepreneur uses at least 75% of the profit to invest in the development of its activities and the achievement of its primary business objective;
5. Social entrepreneur is characterized by voluntary and open membership and a high degree of business autonomy;
6. The Republic of Croatia, local and territorial (regional) self-government or a public authority may not be the sole founder of the social entrepreneur;
7. Social entrepreneur is characterized by participatory decision-making process (involvement of stakeholders in transparent and accountable management). In other words, the decision making is not exclusively related to the ownership or membership structure but includes other stakeholders: employees, members, consumers, and other relevant organizations;
8. Social entrepreneur monitors and evaluates its social, economic and environmental impact. Results of the evaluation are used in the planning and future steps to increase the impact of the business;
9. In the case where social entrepreneur ceases to perform its activity, the assets (apart from the membership fees in cooperatives), after obligations towards creditors are fulfilled and losses from the previous period covered, must be transferred to the ownership of another social enterprise with same or similar goals or to the local community and local (regional) government which will use it for the development of social entrepreneurship (MLPS, 2015: 8).

(It should be noted that in the criteria 3 to 9, the term entrepreneur is used where it should be enterprise. We used the literal translation of Croatian terms, which we were reluctant to change despite the fact that we deem them to be imprecise. This particular problem is discussed in several places in this report.)

The definition and the criteria seem to be synergistic and well-rounded. The definition is short, and despite referring to European examples and unlike in *Social Business Initiative* of the European Commission, it does not mention methods of management and democratic principles. In the Initiative, the third indicator of social enterprise is “open and responsible management that involves employees, consumers and stakeholders affected by its economic activities” (MLPS, 2015: 6). However, the definition and the nine criteria should be seen as two expressions of the same content. Thus, the democratic principle of management is integrated in the criteria for social entrepreneur.

In fact, the criteria in the Strategy are rather similar to those of EMES (Emergence des Entreprises Sociales en Europe), an international research network focused on social economy. EMES points out three dimensions of a social enterprise:

1. Economic or entrepreneurial
2. Social
3. Participatory governance and management

In both cases (the Strategy and EMES) there are nine criteria for social enterprise, some very similar or the same, and some differing in those areas that are specific to Croatia. The latter are specifically criteria 3, 4, 6 and 9.

The first criterion is in a way repeating what is said in the definition and, being seemingly general, it is similar to the second criterion. The two criteria are close to entrepreneurial dimension because they require business to be done and evaluated according to the 3BL model. Criterion No. 3 assumes entirely economic/entrepreneurial dimension. Social dimension refers to criteria 4 and 8, and the governance dimension to criteria 5, 6, 7 and 9.

In a way, the general criteria pertaining to open membership, autonomy in management, and government not being the sole founder of the social enterprise, are only to be expected. What is important is the asset lock criterion, i.e. the obligation of transferring ownership to another social enterprise with same or similar goals or to the local community which will use it for the development of the sector if social enterprise ceases to perform its activity.

Regardless of the quoting and parallels between the Strategy and the European views such as those expressed in the *Social Business Initiative* of the European Commission or in the European Economic and Social Committee (EESC), the differences between the two approaches are also interesting.

Let us start with simple differences. Firstly, the criteria in the Strategy and those listed by EMES (Defourny and Nyssens, 2012) differ in their rigour and imperatives. “Rather than constituting prescriptive criteria”, EMES describes an “ideal-type’ in Weber’s terms, i.e. an abstract construction that enables researchers to position themselves within the ‘galaxy’ of social enterprises” (Ibid: 12). It is clear that EMES, as a scientific/research network, has no need for firmer attitude, especially considering the complexity of the subject, elusive consensus about the definition of the sector and different approaches in various EU countries. On the other hand, our Strategy has to be more categorical precisely because of its role and transparency of relations in the sector. That is, if a legal subject in Croatia does not fulfil all nine criteria, it will not be recognized as a social enterprise, or, as it is written in the Strategy, social entrepreneur, and will thus not enter the Register.

The Strategy is even more categorical in its literal acceptance of the Triple Bottom Line framework (3BL or TBL), i.e. the measurement of the organisational success through three pillars of sustainability: social, financial and environmental (or ecological). The latter is not directly or specifically emphasized by either EMES or the other sources cited in the Strategy, but rather understand it as a part of social dimension for reasons unclear or, which is quite inappropriate for the 21st century, ignore it completely. In the Strategy, however, environmental sustainability is a part of the definition and is mentioned in the criteria three times. Strong awareness of environment demonstrated by the most active social entrepreneurship actors in Croatia led to this unique emphasis on the environment in the context of social entrepreneurship. The question arises as to whether this was caused by the first educations on social entrepreneurship that were held in Croatia, as well as by the people executing them. Let us remember that some of those people, such as Freer Spreckley, worked on the defining of the 3BL framework even at the beginning of the 1980s.

Regardless, we can conclude that in the context of the Strategy, this “full profile” of sustainable development creates additional expectations and challenges for the actors practising social entrepreneurship, and for those that will monitor the implementation of the Strategy and fulfilment of all the criteria needed in order for an entrepreneur to enter the Register. Business activity monitoring according to the environmental sustainability is less developed than monitoring of the other two pillars of sustainable development. The reason for this lies partly in endless debates and disagreements about what environmental sustainability even is, and consequently, how should it be measured – which is in itself a consequence of the power relations and ideological positions regarding the present political and economic system. Many models of social impact assessment do not directly include the impact of business on the environmental sustainability. That raises a question as to how and with which tools will social entrepreneurship actors measure this value in Croatia? Some authors claim that the main and only objective of social enterprise is to fulfil its social mission (Borzaga i Galera, 2014); some add to that business and economic dimension, repeating the Brinckerhoff’s statement “no profit – no mission” (Ridley-Duff & Bull, 2013: 211). It is written in the Strategy that social entrepreneurship is an “area where entrepreneurial practice overlaps with values closely connected to social responsibility and principles of environmental protection” (MLPS, 2015: 4).

In Croatia, which is lacking in tradition and experience and whose social economy sector is underdeveloped, a third objective is added, which is at the same time a condition for entering the Register. Do we have conditions, tools and models, experts and institutional capacity for business performance measurement according to the 3BL framework?

Fulfilling some of those criteria will be a great challenge for many social entrepreneurship actors – especially considering the possibility, willingness and capability of actors to fulfil several criteria pertaining to the governance structure that should be participative and based on democratic principles, and which have special importance in the Strategy.

As for securing a position in the Social Entrepreneurs Register, the fulfilment of criteria listed in the Strategy is obligatory and will be regulated by the competent body. In order for a natural person(?) or legal entity to gain status of social entrepreneur, they will have to fulfil the already listed criteria and prove them by:

- their acts of founding and business activities
- annual work programme and triennial strategic/business plan
- annual report on the realisation of the annual work programme
- report on social impact.

Fulfilment of these conditions, i.e. entering the Social Entrepreneurs Register, will determine whether a subject will be able to answer calls for special tenders or gain incentives for social enterprises. Monitoring of the fulfilment of these conditions will start from the moment the “Social Entrepreneurship Register is operationally established” (MLPS, 2015: 9). The Register will function as an “official list of social entrepreneurs in Croatia” (Ibid.). According to the time plan of measures and activities, the Register is expected to be done by the second trimester of 2016, which is perhaps too soon. However, considering that definition and criteria for social enterprise are understood as one of the first and crucial steps in the development of the sector, the urgency to finish the Register is also expected (Ivanković et al, 2013).

The Register will play a significant role in times to come, and only deserving subjects will be able to enter it. In that way, the Register should be welcomed, because the terms social enterprise and/or entrepreneur have up until now been used rather arbitrarily. The official list should create order and transparency in the sector and enable clearer presentation of social entrepreneurship to the public. The practice to date, which was listing everyone and everything under the umbrella term of social entrepreneurship, is neither profitable nor fair. The same title is often given to the legal subjects that are truly active within the sector on several levels (production, entrepreneurial, creative, networking, educational, promotional...) and those that are simply adjusting to the tender specifications depending on the occasion and using the projects under the cover of social entrepreneurship for their own gain. There are also those that are labelled as such by default, such as (social) cooperatives, even if they do not fulfil most of the criteria. The Register would finally clear these inconsistencies and show exactly how many social enterprises/initiatives/organisations there are in Croatia.

The second challenge is even greater: entering subjects into the Register and making of the report on social impact. Social impact is an extremely important and complex process. At the moment, only a few EU countries have a developed and working social impact assessment model, be it social, financial or environmental. Moreover, even where these models do exist, they are not legally binding for all the social enterprises, with the exception of Italy. Another exception is Belgium, where social purpose companies as specific legal subjects must publish an annual report of their own choice, in which they analyse/revise the fulfilment of the social objectives of a given organisation.

In Croatia, social impact was mostly promoted, on the level of advocacy and education, by the ACT association, but as far as we know, none of the social entrepreneurship actors are using any of the known models of social impact assessment. We deem that for the country at this stage of development, in which social entrepreneurship is still in its beginnings, the country which has only recently gained the strategic state document, the strict demand for the social impact assessment as one of the conditions for entering the Register will be an aggravating circumstance. We think that social impact assessment should be encouraged and financially supported, and that a scoring system should be made in order to acknowledge and reward those practicing it. However, considering its present condition, social entrepreneurship in Croatia has other priorities. It first has to strengthen its sustainability and long-term developing potentials in order to even begin with the social impact assessment. We certainly do not recommend choosing only one model of social impact assessment, for several models are applicable and suitable for various social economy actors – be it according to the structure of organisation, its size, type of work and/or type of users, or a number of other indicators. In a book titled *Social Economy and the Third Sector*, 14 different models of social impact assessment are listed, and those are not the only options (Bridge, Murtagh and O'Neill, 2014).

The further “sifting” of social enterprises will be provided by the criterion demanding that at least 25% of the income is to be realized by entrepreneurial activities.

Even though some have advocated even a higher percentage (in the EU, 25% of annual income over the period of three years is not that high of a percentage), but mapping of the social entrepreneurship we have done up until now led us to conclude that a significant part of the present legal subjects will probably have difficulty in fulfilling this criterion. Another problem is – and we cannot decide whether this was done intentionally or not – that the criterion itself can be interpreted variously. Thus it stands: “Social enterprise creates new value and ensures financial sustainability in such a way that three years after the establishment of business at least 25% of the income *is planned to be or is realized* (AN) by its entrepreneurial activities” (MLPS, 2015: 8). To plan and to realize are two com-

pletely different models of action, which is why this formulation opens a possibility for many a social entrepreneur to escape in the grey area of “planning to realize” this particular demand. One can also raise a question of whether the criterion is just if it allows both those that are actually realising something and those that only plan to do something to gain equal standing.

Considering the importance of the Register, a clear set of rules should be consistently applied to all the actors in the evaluations process. If not, both the role of the criteria for entering the Register and the Register itself will lose their meaning.

Main goal and specific objectives / Measures and activities

The objective of the national Strategy for the Development of Social Entrepreneurship is “creating a stimulating environment for the development of social entrepreneurship in the Republic of Croatia, legal and fiscal frameworks, financial and technical support for social entrepreneurs, defining the criteria and instruments for the recognition, monitoring and development of social entrepreneurs, and multi-level education that is to help in recognizing the importance of social entrepreneurship for the economic development.” (MLPS, 2015: 4). Later it is said that the general objective of the Strategy is “creating a supportive environment for the promotion and development of social entrepreneurship in the Republic of Croatia in order to lessen regional differences and ensure employment growth and more just distribution and management of social well-being” (MLPS, 2015:20).

The specific objectives are:

1. To establish and improve the **legislative and institutional framework** for the development of social entrepreneurship;
2. To establish a **financial framework** for social entrepreneurs;
3. To promote the importance and the role of social entrepreneurship through formal and informal forms of **education**;
4. To ensure the **visibility** of the role and possibilities of social entrepreneurship in Croatia and provide information to the general public.

The four specific objectives direct and encompass the process of support for social entrepreneurship quite well. Activity areas are excellently detected and the four specific objectives represent the well-envisioned axis of the entire document. The areas of legislative and institutional framework, financial framework, education and visibility of the actors in the field cover the most important areas of activity at present, enabling the creation of well-balanced development in such a way that all the included actors can contribute to the realisation of the main goal. After all, those are the areas the other EU countries have to work

on as well, which is evident from the numerous analyses that were conducted (Spear, 2013), and from the report titled *A Map of Social Enterprises and their Eco-Systems in Europe* (2014) ordered by the EC as part of the *Social Business Initiative*. This document brings a list of obstacles to the development of social enterprises in the EU, and those are: insufficient understanding of the term social enterprise; insufficient level of specific business and developmental services; lack of supportive legislative framework; market access; access to finance; absence of common tool for social impact assessment (ICFa, 2014).

Every one of the specific objectives is followed by one of the measures, and for each measure there are 28 direct activities that are to ensure their implementation and 3 activities for monitoring that implementation. The full amount of money needed for realisation of these four areas is 270,650,000.00 kuna, most of which will be funded by the EU funds, especially the Europe Social Fund and the European Regional Development Fund. The largest sum is intended for the measure No. 2 – the *Improvement of Availability of Financial Instruments Intended for Social Entrepreneurs* – as much as 60% of the entire funding. In other words, the Strategy measures show the readiness to solve one of the biggest problems of social enterprises, which is financial support in launching social and business ideas and consequently, in developing new products and services.

Since the beginning of research and analysis within the framework of the *iPRESENT* project and the mapping of social economy actors in Croatia, it has become evident that the stability of the sector is still insufficient. Most of the actors are lacking the capacity for long-term development. Part of the reason for this can be found within the organisations and companies that are implementing social entrepreneurial projects themselves: in the still insufficient education on successful business management, in the still unfulfilled need for new and capable social entrepreneurs. However, the fact remains that social enterprises in Croatia function in rather adverse conditions, just like all the similar projects.

Although the field research still needs to be done in order to gather the data on the connection between employees and social enterprises that employ them, according to the definition and criteria for the sector, it would seem that in this area workers and entrepreneurs are on the same side, the difference between them is less pronounced, and the majority of profit does not go directly to entrepreneurs but is reinvested in local communities. It is not easy to be an entrepreneur in Croatia, and it is hardest to be a worker.

If the “regular” enterprises are having a hard time playing the market, it is easy to imagine how hard it is on the social enterprises that have bigger challenges in front of them and have to fulfil greater responsibilities, expectations and values. For the real challenge is how to survive in a market, regardless of how broadly the market is being understood. Despite the importance of social mission those progressive business subjects and initiatives are carrying out, the fact remains

that those enterprises have to survive in a market. If they do not offer innovative or needed idea or product, they will not be able to realise their social mission.

Although there are examples of “strong players” and good practice in Croatia, the social economy sector in the country is generally sensitive to outside risks. Changes in condition and status are frequent, so much so that there are cases in which an enterprise makes a profit up to a few hundred thousand kuna, employs new workers, and then bankrupts the very following year. Maybe it is not a coincidence that the two examples that were rewarded for the best social business idea in 2012 and 2013 remain at the same level – ideas waiting to be realised. The often mentioned NESsT organisation, upon which the first years of the social entrepreneurship development in Croatia depended, has in its database 43 legal subjects that have finished a one year-long education on planning and initializing social enterprise and have at least made business plan for their ideas.

Today, only half of them are active and present in our database. Out of that number, according to the available data, ten have created separate legal subjects (company or cooperative). This situation is not surprising and is, in fact, a normal consequence of the present development path of social economy in Croatia. However, exactly because of it, it is necessary that the Strategy ensures greater accessibility of financial instruments for social enterprises through the five activities. Most importantly, this support should be systematic and continuous, for the absence of those qualities was the greatest problem that social enterprises have been facing up until now, especially during start-up and investment period.

Activities that should ensure successful implementation of this particular measure are covering the following areas: systematic financial support, employment of groups marked by reduced employability, social innovations and services, public goods and systems of solidarity exchange, exclusive fund, and innovative financial instruments that would serve as supporting pillars of social entrepreneurship.

KEY CHALLENGE: Ensuring sufficient and systematic financial support for social enterprises that have ideas/products/services and capacity to survive in a market.

The measure titled the *Promotion of Education on the Importance and Role of Social Entrepreneurship* was appointed a third of the planned funding. This proves that great importance was given to the education on social entrepreneurship. It is also an area to which iPRESENT project can contribute, although it should be noted that scientific research is mentioned in the Measure concerning the development of legislative and institutional framework.

Activities that should help in the realisation of this measures are covering the following areas: support for the synergy of education and social entrepreneurship through common projects, awarding successful practices, support for the

professional training of social entrepreneurship teachers, support for the inclusion of education on social entrepreneurship into educational programmes, life-long learning and education of adults on social entrepreneurship, publishing of educational materials and tools, and promoting financial and tax literacy. Some authors have already noted that insufficient education of youth on social entrepreneurship, and insufficient attention given to social economy in the educational programmes of faculties and universities, are problems that should be addressed (Perić and Delić, 2014). This, however, is expected to be remedied by the implementation of activities planned for this measure.

KEY CHALLENGE: Integration and implementation of education on social entrepreneurship into the Croatian education system.

The other two measures – the *Defining and Development of Legislative and Institutional Framework for Social Entrepreneurs* and the *Measure for the Promotion of Public Visibility and Recognisability of Social Entrepreneurship* – were given lesser funding, both of them together less than 10% of total sum. That, however, does not mean they're not important – especially considering they deal with legislative and institutional framework. Although the two are connected, they should be observed separately as well, for each of them will demand different approach and development dynamics. It is to be expected that dealing with the Strategy and other documents regulating the areas close or compatible with social entrepreneurship, such as strategy for the development of cooperatives that has been announced, will institutionally regulate and strengthen the sector. The Department for the Development of Social Entrepreneurship that has been recently established as part of the Ministry of Labour and Pension System will play a major role in this process. By this, the sector has been given due attention and status. Even more important role is to be played by the Council for the Development of Social Entrepreneurship that will be appointed by the Croatian Government. It would seem that the Council is to replace the working group that has been founded for the development of the Strategy, and will be comprised of representatives of state administration bodies, CSOs, and other partners and interested stakeholders. The Council will, however, have even greater responsibility than the working group that has developed the most important state document for the sector, for it will oversee the implementation of the Strategy and give strategic recommendations for the development of social entrepreneurship. One of the key moments in the success of the Strategy will be the evaluation of the implementation of the Strategy in the first quarter of 2017, that is, the possibility of adoption of a revised plan of the Strategy activities in the next quarter.

Even though it is clear from what is written above that the development of institutional framework will demand dedication, the reform of legislative framework will be much harder, for it depends upon a much wider circle of stake-

holders and their readiness to move forward. It is no secret that the need for more progressive tax incentives for social economy actors regarding their social mission and role has been discussed for a long time. Also, public procurement area should be adjusted according to the EU public procurement directive (Directive 2014/23, Directive 2014/24, Directive 2014/25), especially considering the large share the public procurement has in GDP. According to the *Statistical Report on Public Procurement in the Republic of Croatia for 2014* that has been issued by the Ministry of Economy, public procurement was 12,82% of GDP, or 42,157,174,728 kuna (MINECON, 2015). We should learn from the experience of the EU countries in which direct contracts and products and services offered by social economy actors through public procurement have saved many from the economic crisis. Of course, opening of the public procurement system towards social enterprises is recommended exclusively for the enterprises that can offer quality goods for both the customer and the end user.

Furthermore, direct communication with the Croatian Bureau of Statistics should be initiated, in order to monitor the data relevant for the sector and accordingly, offer a more transparent and precise portrait of the state of social economy actors in Croatia.

A part of this Measure is also the social impact assessment. We have already said that this activity is a necessary part of the development of social entrepreneurship, suggesting that the process of application of this methodology should be more careful and gradual and build on a more secure basis.

Inclusion of the aforementioned into the nine activities through which this measure is to be implemented is encouraging. The nine activities are: establishment of the institutional unit for monitoring of the implementation and coordination of the Strategy activities; needs assessment for social enterprises; creation of the database of social enterprises; analysis of the legislative framework and a change proposal with an aim of creation of more enabling environment; development of the support and benefit system after the legislative framework is changed; creation of the Social Entrepreneurs Register; better usage of the unused space resources and more effective infrastructure investments; strengthening of the support system, support for scientific research and social impact evaluation.

KEY CHALLENGE: To improve tax measures and public procurement policies for social economy actors according to the examples of the best practices in Europe, and to introduce social impact assessment gradually and with the context of social entrepreneurship in Croatia in mind.

The fourth measure, the *Promotion of Public Visibility and Recognition of Social Entrepreneurship*, is actually a parallel universe of the second measure which is focused on the expansion and application of social entrepreneurship in the education sector. In this measure, however, the end user is the general public. The

fourth measure is to be implemented by the five activities that are covering the following areas: informing the media and public, promotion of the good examples of successful practice, support for the promotional materials and multi-media, support for the collective market appearance and collective creation of products and services, and declaring value-added products and services.

KEY CHALLENGES: To make social entrepreneurship visible to public, and thus appropriately evaluate social enterprises.

The fifth measure considers the monitoring of the Strategy implementation and includes the following activities: founding of the Council, monitoring of the social entrepreneurship funding through ESF, and the external evaluation of the Strategy implementation.

Finally, we have to address one of the main remarks in the analysis of the Strategy – the already mentioned delay in the adoption and implementation of the Strategy. Because of that delay, some Strategy activities will have to be sped up without affecting the essence and quality of the process. The deadlines determined in the Strategy are extremely close, and the year 2015 that is flying by is literally swamped with activities that are either to be done in some of this year's quarters or started now and continued until 2020. Although the Department for the Development of Social Entrepreneurship that has been opened by the Ministry of Labour and Pension System in the second quarter is encouraging, the founding of the Council that has been announced for the second quarter is an even bigger step. Many strategies in Croatia have failed precisely because the entire burden was put on a single competent body even though it is clear that no strategy can succeed if the burden of its implementation is put on a single authority, ministry or agency. It would appear that the main problems in Croatia are coordination and cooperation, or lack thereof – regardless of the subject. That is why founding of the Council is now necessary: its members have to get acquainted with the subject matter and start working as soon as possible. Considering the width and depth of the subject matter that is social entrepreneurship, the success of the Strategy is impossible if its implementation remains in the sole care of a competent ministry and people working in the Department for the Development of Social Entrepreneurship.

The task for the last quarter of 2015 is the analysis of the legislative framework that is to create a supporting environment for the development of social entrepreneurship. This will be immediately followed – at the beginning of 2016 – by the concrete system of support and benefits for social entrepreneurship. In the second quarter of 2016 the Social Entrepreneurs Register should be created, which to us seems quite early. It is a little worrying that as much as 19 activities are to be begun in the current year, and continued in the future. This amount of tasks, some of which are extremely demanding (social impact assessment, the

Register), might be a bit of an overload for the Department for the Development of Social Entrepreneurship and the oncoming Council.

The four direct measures and one that is to monitor the implementation of the Strategy are what we consider to be the bloodstream of social entrepreneurship in Croatia. The four specific objectives and measures with activities pertaining to them are dealing exactly with the areas that have been waiting for years to be directed and strengthened through the strategic state document.

In the analysis of the Strategy we have clarified why we deem there is room for conceptual improvement, for systematization of terms and concepts so that the definitions and the general spirit of the Strategy that is rooted in the European context and understanding of the sector would be easier to follow. We've also pointed out that attention should be given to the content of the Strategy (the challenge that is the creation of the Register, the social impact assessment models...) and to the timeframe within which activities are to be started and finished. By attention we do not mean that the Register or the social impact assessment should not be done. In fact, we deem they are the crucial parts of social economy that wants to be presented to public in a transparent and high-quality way. It is precisely because they are necessary and because they have such value for the entire sector and the public that it has to be ensured that these tasks are carried out in such a way that they enable quality application and functionality. To put it differently, before they land, we have to build a runway and strengthen the infrastructure.

In any case, the Strategy is a long-awaited document, but also a process that should change the sector for the better. The part of the Strategy dealing with goals and measures is clear-cut and well-connected strategic framework held together by a number of concrete activities. Based on that, we can say that the launching of the Strategy was successful. The monitoring of its implementation will give us an insight into its own social impact.

SOCIAL ENTREPRENEURSHIP ACTORS DATABASE

At the moment there is no official database of social enterprises or those that wish to turn their business into social enterprise. The database we present here is not a substitute for that and does not fulfil the requirements fully. The real social enterprise database will be made at the initiative of the competent Ministry or appointed competent body that will monitor the implementation of the Strategy, in order to create the Social Entrepreneurs Register as a single and relevant database of social enterprises in Croatia. We do believe that our database, which we have created for the purpose of this project and report, will nevertheless contribute to this much more extensive and detailed task. We did gather much needed data regarding the distribution of social enterprises per county, annual revenues, number of employees and other important determinants of the situation on the ground. Because of that, it would be better to understand our database as a database of social economy actors, the latter being a more broad and flexible concept than that of social enterprise, or, in the context of the Strategy, a social entrepreneurship actors database, which is also a broader concept. We might add that by actors we do not mean individuals, but organisations and legal subjects.

The creation of a database stemmed from our need to organize the data, specifically, the list of actors that were active in the sector, in order to better carry out field research and map the most active actors in the field – all of which are the conditions of a serious scientific work.

First of all, we've established communication with the most important stakeholders in the sector, regardless of whether they acted in the field, initiating social enterprises or projects, securing institutional and developmental support, or did advocacy, creating networks and using their own "who is who" lists and knowledge of the social economy sector and organisations that gravitated towards it. More specifically, we have contacted 24 organisations or institutions that were acting within the area of our interest. To our surprise, we have learned

that there is no single, secure and verified database, let alone one that is regularly updated. What perhaps illustrates our surprise the best is the fact that we didn't even include the creation of a database in our project – we've expected that for the purpose of the project we could simply ask for the access to the already existing database. The authentication of the status of potential social enterprises and organisations that were the carriers of social entrepreneurial projects was done by checking of:

- The list of approved projects and their carriers that were coordinated by the Ministry of Labour and Pension System through tenders similar to the area of our interest (IPA Component IV – the operative programme Human Resource Development)
- The list of all projects close to the area of our interest, which can be found at the website of the Croatian Government's Office for Cooperation with NGOs
- The list of all the approved EU projects that can be found on the Structural Funds website (<http://www.strukturnifondovi.hr>) and on the website of the European Social Fund for Croatia (<http://www.esf.hr>)
- The list of social cooperatives that we were given by the Croatian Centre for Cooperative Entrepreneurship
- Literature in which social economy actors from the previous period are mentioned (Slap, 2009; Vidović, 2012; CEDRA Čakovec, 2014)
- The actors database that was over the years created by NESsT
- The database of 40 social enterprises comprised by the SLAP association, which can be found on the Pomakonline website
- The social enterprise database made by the association SLAP in the most extensive research done up until now and which is used by CEDRA HR and its members.

The last database mentioned is actually the report titled *Social Entrepreneurship in Croatia*, which was written by the Slap association as a part of research done in 2013, made with the support of CEDRA HR. The data analysis was published in 2014. Considering that this is a unique and high-quality research, we feel obliged to say that it has been unfairly neglected, unknown to even the most important stakeholder in the sector. To a great extent, we owe the most relevant information in our database, especially considering actors in the field, to this research made by the Slap association. They have made data analysis in 13 units and ended their research in 2012. As our research on the potential social entrepreneurs is continuing where they have finished, we have made the data analysis for 2013 and 2014.

We should also mention that after the first phase of the data analysis we have started a new cycle of consultations. In this, ACT Group consortium proved to be of great help, and we couldn't have accomplished our task without them.

Of course, the data, the analysis, the final layout and composition of the database are our responsibility and all the comments and critiques pertaining to those should be addressed to us.

The creation of a database of social enterprises in Croatia was not an easy task. The existing lists of projects or legal subjects are not systematic, they were compiled according to various criteria and they are full of outdated and unclear information. A great number of listed enterprises are there only formally, i.e. they have been become insolvent, stopped working or stopped being interested in social entrepreneurship as soon as their project was done. All such subjects have been removed from our database.

The second difficulty, which was surprising considering the values social entrepreneurship and social economy should nurture and uphold, was the reluctance of some actors in the field to give information. Despite the fact we were asking only for the public or semi-public data that could have been obtained by other means, some actors have refused to give any information at all, pleading their right to privacy, expressing doubt that the data will be used solely for the purpose of the research, and even suggesting that we want the data in order to give it to the competition. Even though the actors in question are but few, still we were surprised by that kind of distrust.

Especially challenging was obtaining data from some social cooperatives. Education on the subject should raise the awareness about the role of cooperatives, for they no longer have the sole task of fulfilling the needs of their members, but also, as it was decided on the congress of the International Cooperative Alliance by the adoption of the 7th principle, the task of serving the community, which implies openness and communicativeness (Ridley-Duff & Bull, 2013). The same principle can be found in the Croatian Cooperatives Act (OG 34/11). Almost half of all the cooperatives in our database have refused to give their data. Considering the importance that cooperatives have for social economy, especially social cooperatives, this represents a great loss of possible synergy and cooperation in an attempt to attain the common goal, which is the effective and high-quality social economy sector.

In the end, we have compared all the data we were given to the data available on the websites www.blokade.hr, www.fininfo.hr, and the website of the Register of Non-Profit Organisations at the Ministry of Finance of the Republic of Croatia.

Before we present the data, we should note that social entrepreneurship manifests in Croatia almost exclusively through three legal entities, which are associations, cooperatives and private limited companies.

Croatian legal framework still does not recognize social enterprise as separate legal entity, which is why the following laws important for the sector apply:

- Cooperatives Act (OG 36/95, OG 67/01, OG 12/02, OG 34/11, OG 125/13),
- Law on Associations (OG 74/14),
- Law on Foundations and Funds (OG 36/95, OG 64/01),
- Law on Institutions (OG, 76/93, 29/97, 47/99, 35/08),
- Croatian Companies Act (OG 152/11, OG 111/12),
- Act On Professional Rehabilitation And Employment Of Persons With Disabilities (OG 143/02, OG 33/05, OG 157/13),
- Public Procurement Act (OG 90/11, OG 83/13, OG 143/13)
- Law on Small Business Development Encouragement (OG 29/02, OG 63/07, OG 53/12, OG 56/13),
- Law on the Rights of Croatian Defenders from the Homeland War and the Members of Their Families (OG 174/04, 92/05, 2/07, 107/07, 65/09, 137/09, 146/10, 55/11, 140/12, 33/13, 148/13, 92/14).

We deem that this is too great a number of laws, each relating to social entrepreneurship in its own way, which results in incoherent approach to the sector and insufficient support for the developmental needs of actor in the field. After all, working on the legislative framework has in the analysis of the Strategy already been identified as one of the key challenges for the success of the whole process. A question arises as to wouldn't it be better for Croatia to have a specific legislation on social enterprise, as some of the other EU countries have done (France, Belgium, United Kingdom, Finland, Latvia, Lithuania and others)?

We have already said that, in addition to those that have secured financial and other support, the development of social entrepreneurship is almost entirely followed through projects and association activities. The Law on Associations (OG 74/14) defines association as “any form of free and voluntary association of several natural or legal persons who shall, in order to protect their benefits and stand up for the protection of human rights and freedoms, as well as the ecological, humanitarian, information, cultural, ethnic, pro-natality, educational, social, professional, sports, technical, health, scientific or other believes and goals, without an intention of gaining profit, comply with the rules that regulate the organization and activities of such a form of association”. According to the limits on distribution of profits based on the democratic principle of participation and decision-making, associations as legal subjects can be congruent with the principles and criteria of social entrepreneurship.

The biggest problem is that the very status and legal regulation of associations is still not solved in Croatia in a satisfactory way. Officially, there is over 52.000 as-

sociations in Croatia, but less than half of that number is entered in the Register of Non-Profit Organisations at the Croatian Ministry of Finance.

According to the current law, it includes civil society organisations founded for the purpose of improving the conditions in present day society, together with sport associations, professional societies, special interest groups, and for profit organisations that are using the CSO status as a cover, so as to avoid taxes and other obligations towards the state and society. The Office for Cooperation with NGOs had made a praiseworthy attempt to create a law on public benefit organisations and work for general good, in order to increase the transparency of NGO activities and create clearer classification of NGOs according to their ultimate goal and purpose of existence. Had that succeeded, the public funds would be distributed in a more transparent way. This law, however, was never adopted – most probably because of the lack of political will, i.e. the lack of vision when it comes to creating a transparent and just society. Such a law would have facilitated the analysis of possible social actors that either have potential or are already realising their social entrepreneurial ideas and projects (Vidović, 2013).

However, at the session at the beginning of March 2015, the Government of the Republic of Croatia has adopted the Act on Criteria, Benchmarks and Procedures of Funding, Programme-Making and General Good Projects Implemented by Associations. Despite this being a legal act of a lower rank, it represents a certain improvement. Through this act, it can be ensured that the public funds are used for the projects that truly contribute to general good. This necessary determinant of progressive civil society has been included in the new Act on Associations (OG 74/14), art. 32 and 33. Also, a possibility has been left open regarding the “special tax relieves and other benefits for associations that are implementing projects or programmes of special interest to the general good”. Insisting on the clearer definition and greater visibility of organisations acting for the general good is necessary in order to end the current mess in the system, because using legal status for gain and profit only contributes to the suspiciousness of the public. Those that are truly acting for the general good are having a hard time working in such circumstances.

Cooperatives are another legal entity that used to function well in Croatia in the past, but at the beginning of 2013 there were 1033 legal subjects that are working according to the cooperative business model (MLPS, 2015). Cooperative is defined as “voluntary, open, autonomous and independent association that is governed by its members. Cooperative, on the basis of togetherness and mutual help, uses its work and activities for the fulfilment of individual and common business, economic, social, educational, cultural and other needs and interests and for the attainment of objectives for which it was established”. The seven principles that all cooperatives should uphold and which are listed in the Cooperatives Act (OG 34/11, 129/13) are even more congruent with the principles of

social entrepreneurship: voluntary and open membership; democratic member control; economic participation of cooperative members in the activities of the cooperative; autonomy and independence; education, training and announcements for the public; cooperation between cooperatives; concern for community. We've already mentioned the special status of social cooperatives (art. 66) which, considering they are helping with the employment of the socially most endangered and marginalized groups, are even more congruent with social entrepreneurship principles. However, we should point out that, considering the importance and possibilities of cooperatives, and taking into account the experience of those EU countries in which social cooperatives are playing an important role in the social economic efficiency, the activity framework is still to be elaborated and the status of social cooperatives still to be strengthened. We can only hope that the announced strategy for the development of cooperatives will strengthen this sector and bring cooperatives and social entrepreneurship further together.

Next to the social cooperatives, the endangered and isolated social groups gain support through two additional models of action: integrative workshop model that requires at least 40% of employees to be people with disabilities, and protective workshop model which requires 51% of employees to be people with disabilities.

At the moment, in the social economy sector, these are the only legal entities that according to the Public Procurement Act (OG 90/11, 83/13, 143/13) have a right to participate in the public procurement procedures.

The third legal entity that is a common social entrepreneurship actor in Croatia is a company, most often a limited company – Ltd. (Trgovačko društvo s ograničenom odgovornošću – d.o.o.). According to our database, this is the legal entity that is less present in social entrepreneurship than associations and cooperatives. Nevertheless, companies/enterprises are on the rise. It is also interesting that most companies in our database have been founded by a certain association as a new legal subject that is used for social entrepreneurship.

In fact, when the separate legal subject was to be founded, the associations that have been most active in the field seemed more prone to found a limited company than cooperative. Considering everything we've written, as well as the state of cooperatives in Croatia, it is important to discuss and determine the true reasons behind this preference, because cooperatives as legal subjects are in principle closer to social entrepreneurship than limited companies. It is indicative that even those that are most active in the sector, those that act as pioneers of the new forms of economy in Croatia, have not chosen to found a cooperative. We deem that the reason for that is inauspicious status of cooperatives in Croatia, both in the area of general relations and support systems. Moreover, tax law does not recognize cooperatives as socially useful organisation of a business

venture, which is why cooperatives lack tax incentives. In Croatia at the moment it is easier to found and lead a business as a limited company than as a cooperative. Besides, limited company can be more easily connected to the “mother organisation” than a cooperative.

However, the question should be asked as to whether the general feeling of distrust in Croatian society is partly responsible for this attitude, (sub)consciously affecting the leading social economy actors. This would reflect negatively on cooperatives, because they depend on the will of the ones involved to work according to the principles of solidarity and mutual help. We consider this as relevant subject for further research, because it can offer answers related to the general state of society and to the initial and value framework on which social entrepreneurship is being built in Croatia.

In any case, according to the present Croatian Companies Act, many principles of social entrepreneurship represent a challenge for limited companies as legal subjects, be that democratic management or the usage of excess revenue. Most associations that have founded companies have also legally bound them to reinvest excess revenue into the founding association. If we are to decide whether this is simply a form of self-financing or a true social entrepreneurship, this practice should be more closely monitored.

We should add another legal entity, until recently insufficiently used in the social economy sector in Croatia: institution defined as a legal subject that is not pursuing certain activities (education, childcare, health, social care, services for the disabled and others) for profit. Our database contains only two examples of institutions pursuing an activity that lies within the social economy framework that is pursued through institution's legal subject, and both are care for the elderly. This is still too small a sample for serious analysis, but it is to be expected that with strengthening of the capacity of associations and other actors that are providing social services, and with including of local (regional) government units into social economy sector, part of them will dare to (co)found institutions that will provide social services as legal subject in their area.

Other entrepreneurial subjects that belong to the social economy sector are either insufficiently evolved or completely absent from Croatia. Those subjects, that can be found in the EU countries and elsewhere, are: various types of companies other than Ltd. (non-profit company, share capital company etc.), foundations and trusts, philanthropic institutions, charities or individuals, mutual societies (with various focus: aid, security, interest...), credit unions and others.

There are more than 150 registered foundations or trustees in Croatia (OCNGO, 2010). Only a few of those were active in the area of social entrepreneurship – as we have already pointed out in the historical overview of the sector. Private investments into social entrepreneurship, which have in some countries such as the USA been the very foundation of the social entrepreneurship development,

are almost non-existent in Croatia. True, at the end of 2014, Nenad Bakić invested in the company E-Glas which produces and sells Servus, the electronic system that helps the disabled to manage their homes through voice commands. This has been the biggest private investment into social entrepreneurship in Croatia – but such cases are still exceptions, not a rule.

The other, smaller, non-institutional forms of social economy – such as citizens' direct actions, volunteering, informal forms of mutual aid and solidarity, local exchange groups and systems, knowledge and skills sharing - are even harder to follow and define their full contribution to social entrepreneurship in Croatia.

The biggest problems in the creation of our Database Social Entrepreneurship Actors were criteria. That is also the problem in various EU countries (Ridley-Duff and Bull, 2013; Bridge, Murtagh and O'Neill, 2014), for each country uses different criteria to classify a legal subject as a part of social economy. In some countries, those are all legal subjects that perform socially beneficial projects or activities – and in such cases, the number of legal subjects is extremely large. On the other hand, there are countries where criteria are much stricter, such as in the Croatian national Strategy, which makes the number of legal subjects much smaller. Once the monitoring of the nine criteria fulfilment starts, further decrease in number of actors is possible. After that, however, the number should rise again in the process of the implementation of the Strategy. The development of social entrepreneurship in Croatia shows that until the Strategy criteria have started to be implemented, there were different approaches to the subject. In the already mentioned mapping of social enterprises in Croatia (ICF, 2014b) the number varies between 40 and 210.

Our criteria for entering the database were:

- Visibility in media, research papers and public, where specific actor is being clearly determined as social entrepreneurship actor
- Implementing projects or founding legal subjects that are active in the area of social entrepreneurship
- Being on one of the lists or databases mentioned at the beginning of this chapter

Minimal condition was that a legal subject fulfils all three criteria. For example, in the research done by the Slap association, there were 50 agricultural cooperatives, which brought the number of legal subjects up to 148. We did not include agricultural cooperatives in our database solely on the basis of their legal status. Most of those cooperatives do not promote or practice ecological farming, and thus cannot fulfil the criteria for social entrepreneurship listed in the Strategy. Following our criteria for entering the database was the monitoring of the actors and their current status. If their social entrepreneurial activities had ceased

or their legal status had changed for various reasons (insolvency, closure...), they were removed from the database.

The Database of Social Entrepreneurship Actors in Croatia is presented through the most important areas determined by the mapping and analysis of the data obtained in research: their total number and distribution according to: legal entities, year of founding, regional distribution per county, number of employees, annual revenue and, most importantly, the share or market earnings in relation to the annual revenue, or, as it stands in the Strategy, the percentage of income realized by entrepreneurial activities.

As we've already said, the research done by the Slap association and CEDRA HR members was finished in 2012, so we have continued the research for the year 2013 and 2014 and analysed the obtained data.

In the end, our database contains 95 social entrepreneurship actors in 2013, and 90 in the year 2014. The overview is given in the table below.

Table 1 – Social entrepreneurship actors

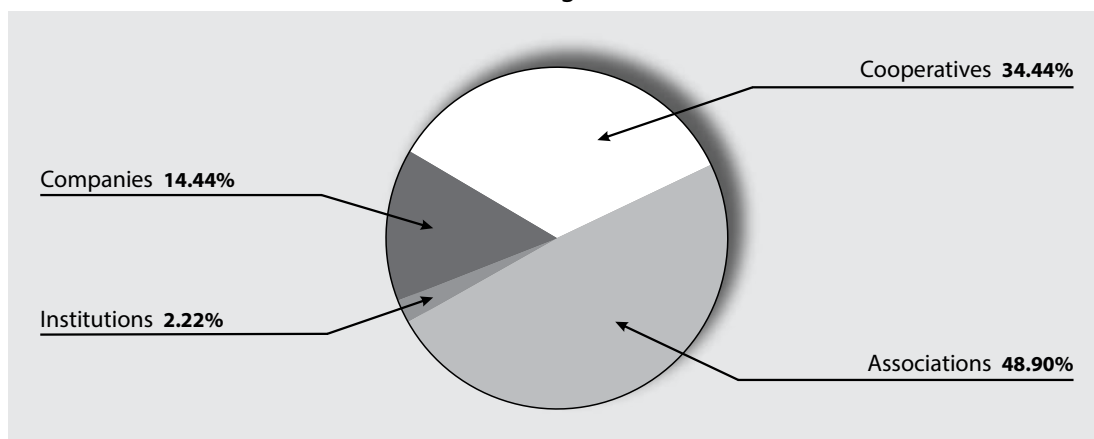
| Legal entity \ Year | 2013 | 2014 |
|---------------------|-----------|-----------|
| Associations | 45 | 44 |
| Cooperatives | 36 | 31 |
| Companies | 13 | 13 |
| Institutions | 1 | 2 |
| TOTAL | 95 | 90 |

Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

The decrease in the number of actors is the result of closure of blockade, mainly among the cooperatives that had a harder time surviving in market in Croatia than associations. The data we have for 2015, which will be analysed next year, also show signs of further decrease in the number of actors for economic reasons. Because of the small sample of institutions – only two actors – we shall not deal with this legal entity in the further analysis.

The share of legal entities in social entrepreneurship in Croatia for the year 2014 is as follows:

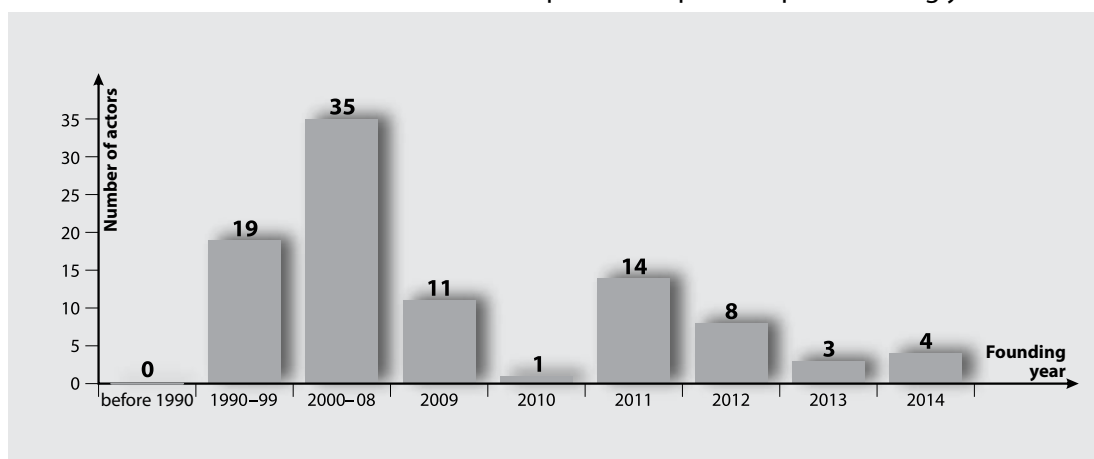
Chart 1 – Legal entities



Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

The distribution of social entrepreneurship actors per founding year is shown in the chart below:

Chart 2 – Distribution of social entrepreneurship actors per founding year



Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

Considering that presently various legal entities can be found in the database – entities that are subject to different laws and rules, and, quite possibly, influenced by the spirit of the age – we should approach this chart with care. At the first glance, one might conclude that most of the social entrepreneurship actors was founded in the years when social entrepreneurship was barely present in Croatia. However, out of 44 associations in our database for the year 2014, only 5 were founded after 2009, which means that left side of the chart applies mostly to associations. On the other hand, there's not a single cooperative in our database that was founded before 2005. Most of the social cooperatives were founded after 2011 and the adoption of new Cooperatives Act by which this form of cooperative was legally defined for the first time in the art. 66.

It is not a coincidence that cooperatives from the previous period are not in our database, even though they have existed in Croatia for a long time, especially the agricultural ones. However, most of the cooperatives that have shown interest in social entrepreneurship and new forms of business and economy were founded only in the recent years. In the 90s, which were dark years for cooperatives, the latter were mostly ignored, and in the worst case they were openly attacked and allowed to go under because they were ignorantly labelled as a remnant of the socialist regime. Thus the entire tradition of work and production, mutual aid and solidarity has been prevented from flourishing in democracy and from demonstrating what cooperatives can do without being directly controlled by the government – which was a regular practice in the previous regime. All this has clearly shown that there's more to democratic relations and democratic types of management than simply having elections every four years.

As for the companies that come close to social entrepreneurship, most of them in our database have been founded in the years that followed the first supports for development and education on social entrepreneurship. The great majority of such companies were actually founded by associations in order to start their social entrepreneurial activities, which is a sign of their maturity and far-sightedness.

The tabulation of the territorial affiliation of social entrepreneurship actors shows that two counties, Split-Dalmatia and Osijek-Baranja, gather almost a third of all the actors in the database. That fact that the two counties, according to the analysis of the Croatian Association of Cooperatives (HSZ, 2014), also have the greatest number of cooperatives opens the possibility of further research. More than half of the counties have less than three social entrepreneurship actors, and what is worrying that six of them having none at all. The tabulation follows:

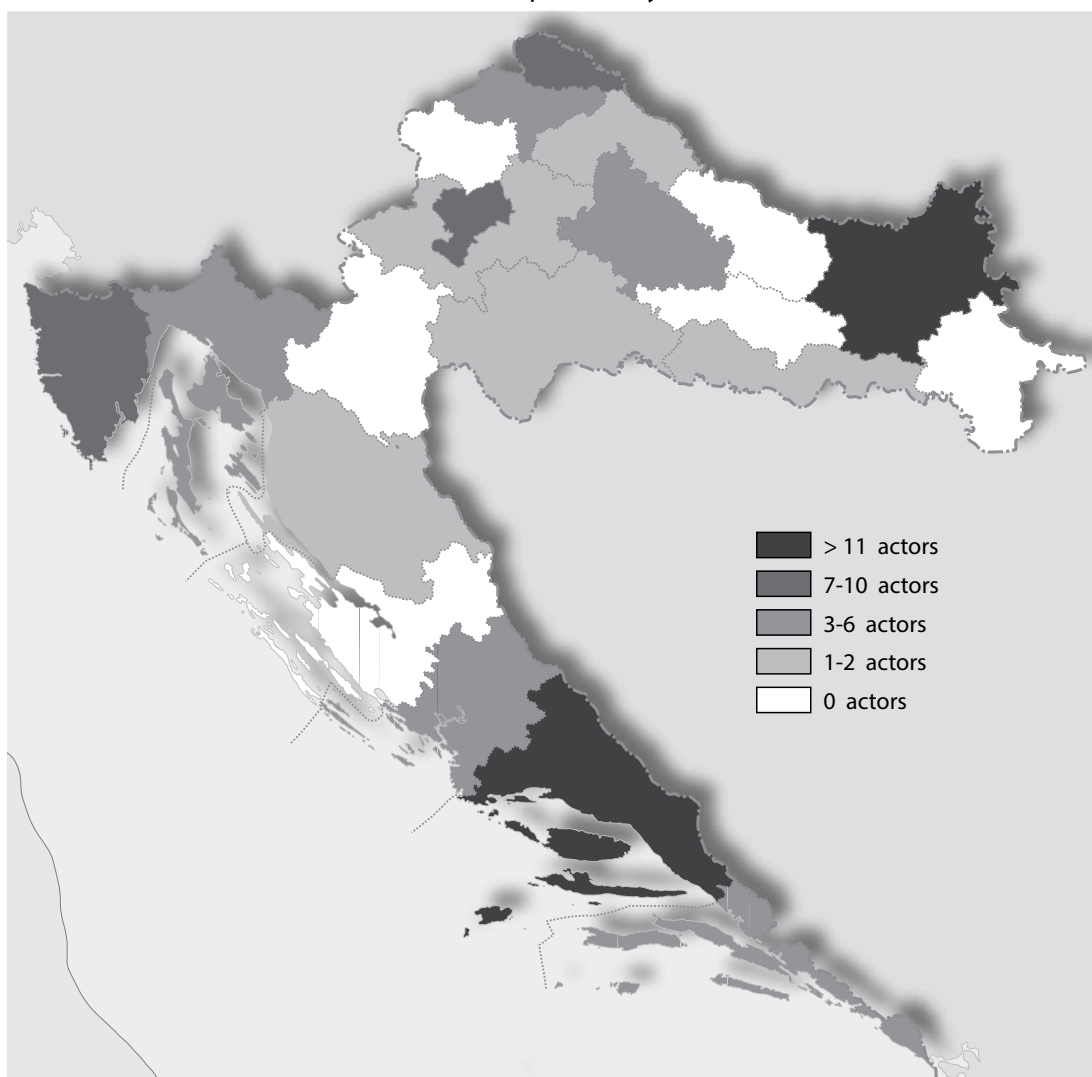
Table 2 – The tabulation of the territorial affiliation of social entrepreneurship actors

| County | Number of actors | Percentage | County | Number of actors | Percentage |
|-----------------------|------------------|------------|----------------------|------------------|-------------|
| Split-Dalmatia | 17 | 18.89% | Sisak-Moslavina | 2 | 2.22% |
| Osijek-Baranja | 14 | 15.56% | Brod-Posavina | 1 | 1.11% |
| City of Zagreb | 10 | 11.11% | Lika-Senj | 1 | 1.11% |
| Istria | 9 | 10.00% | Zagreb County | 1 | 1.11% |
| Međimurje | 8 | 8.89% | Karlovac | 0 | 0,00% |
| Dubrovnik-Neretva | 6 | 6.67% | Krapina-Zagorje | 0 | 0,00% |
| Bjelovar-Bilogora | 6 | 6.67% | Požega-Slavonia | 0 | 0,00% |
| Šibenik-Knin | 6 | 6.67% | Virovitica-Podravina | 0 | 0,00% |
| Primorje-Gorski kotar | 4 | 4.44% | Vukovar-Srijem | 0 | 0,00% |
| Varaždin | 3 | 3.33% | Zadar | 0 | 0,00% |
| Koprivnica-Križevci | 2 | 2.22% | TOTAL | 90 | 100% |

Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

The presentation of territorial affiliation of social entrepreneurship actors per county is shown in the picture below:

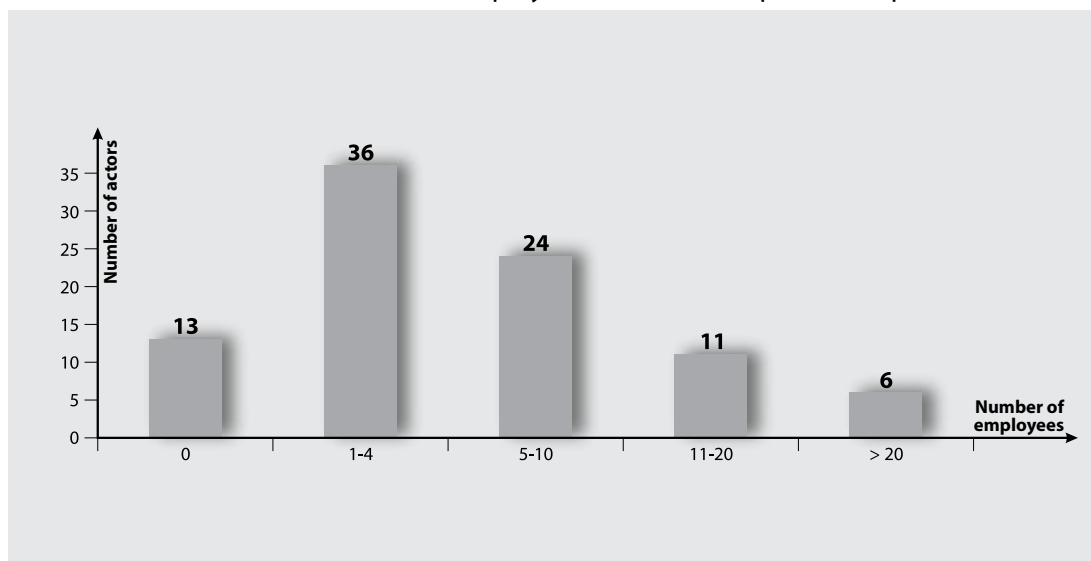
Picture 2 – The presentation of territorial affiliation of social entrepreneurship actors per county



Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

The number of employees is one of the most important pieces of data for the sector, because it reveals the potential and importance of social entrepreneurship. The social entrepreneurship actors currently present in our database in the year 2013 employed 784 people, and in 2014 the number grew to 795, employed by the total of 90 legal subjects. Of course, here the average is less important than the distribution of employees per actor and per legal entity.

Chart 3 – Number of employees in social entrepreneurship

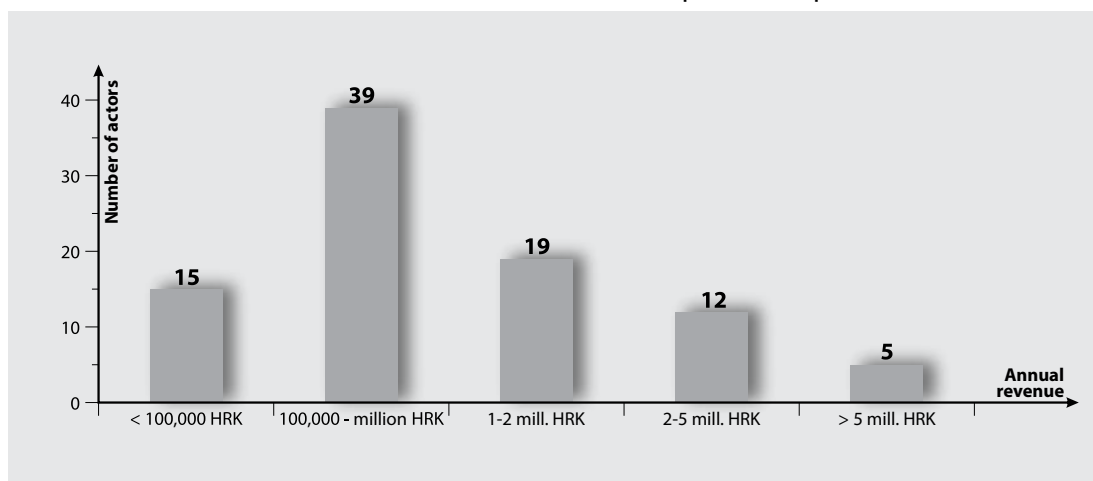


Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

Less than fifth of the actors had more than 10 employees, which means they belong to what is defined as a small enterprise. What is worrisome is the low level of employment in cooperatives. The analysis shows that out of 795 employees for the year 2014, only 10% worked in cooperatives. 12 cooperatives in our database don't have a single employee. In the already mentioned report *Business Analysis of Croatian Cooperative Movement in 2014* (HSZ, 2014) it is emphasized that 58% of cooperatives in Croatia don't have a single employee, which raises the question whether such business subjects even have the capacity to survive in a market? Some will say that priority of social economy actors, or social entrepreneurship actors, is not employment, for their main goal is social impact and aid to the marginalized or impoverished groups. However, cooperatives and social cooperatives are legal subjects and they are active in the market whose challenges are difficult to overcome without a certain level of professionalism – and that implies employees.

The next piece of data we are interested in and which we have analysed is annual revenue. The annual revenue of all the actors entered in the database for the year 2013 was 188.282.030,00 kuna, and in 2014 there is a small decrease, so the total revenue is 178.659.135,00 kuna for about 90 actors. These are not small numbers – they speak of considerable capacity and pledge of social entrepreneurship actors in Croatia. The annual revenue is presented in the chart below:

Chart 4 – Annual revenue of social entrepreneurship actors



Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

As we can see, most of the actors have annual revenue up to 2 million kuna. However, similar to the previous subject, associations have twice the revenue that cooperatives in our database have.

The first column demands additional commentary, for it shows that every sixth social entrepreneurship actor has annual revenue smaller than 100.000,00 kuna, which is rather small. This, however, can be understood in two different ways: either that the low economic indicators are a sign of weakness, or that, if one's innovative and imaginative enough, social objectives can be reached and needs of users and community met even with small funds. These are mostly small local organisations that nevertheless do perform a role of an active social actor that helps to reduce poverty, lessens the burden of marginalized groups and strengthens the social cohesion and solidarity. Regardless of the fact that we do advocate the strengthening of the economic position of the sector and we think that it should be financially supported, the more modest (in)formal models of entrepreneurial ideas and activism, local direct aid actions and volunteering are certainly not be neglected.

The last piece of data – the one we were most interested in – considers the revenue earned by entrepreneurial activities and annual revenue ratio. In our database, total revenue earned by the sales of goods and services in the social entrepreneurship actors' market for the year 2013 is 100.856.671,00 kuna, and for the year 2014 it is 102.600.475,00 kuna. When it comes to quality and potential of entrepreneurial activities, this is encouraging, for sales revenue for 2014 is significantly more than half of annual revenue. This shows that social economy can boast actors that are not dependant on donations, tenders and funds, but have ideas and knowledge, as well as goods and services they can offer to the local community and society at large, and what is most important, they have their users.

Here, however, the situation is opposite of what could be seen in the analysis so far, for this indicator shows that associations are the least successful as social entrepreneurship actors. If measured against the third criterion from the Strategy that demands that at least 25% of the income is planned to be or is realized by its entrepreneurial activities, the data for 2014 show that out of 44 actors in the database that are listed as associations, only 7 fulfil that criterion, and 4 come close.

The fact that every sixth associations earns more than quarter of its income in a market does not speak as much of their incapability or lack of ambition when it comes to earning, as much as of current inability of small and undeveloped social economy market to compete with tenders towards which associations “naturally” gravitate. This applies especially to big associations which have biggest annual revenues and budgets, for they perform, next to all the other projects, several huge EU projects every year. Although, the critique grows stronger against the trend of “projectized organisations” (Stubbs, 2009) and turning associations into calculated bureaucratic professional organisations that are more interested in fulfilling the tender conditions than finding their own income sources and fulfilling the reasons for their founding or needs of their users and community.

Be that as it may, the problem is that most of the associations we have in our database do not fulfil this criterion and will therefore not be able to qualify for the entry into the Register. Most of the social entrepreneurship pioneers in Croatia, i.e. associations that were most responsible for Croatia even having this sector, do not fulfil the third Strategy criterion. This data brings even the information about 21.9% of associations claiming self-financing as the main income source into question. This is a widely used piece of information in both the Strategy and elsewhere (MLPS, 2015; ICF, 2014b; NFCSD, 2012), and it is based solely on the self-assessment of associations themselves. If we were to apply the stricter criterion, demanding that more than half the income be realized through self-financing, only 9% of associations in our database would fulfil that demand, that is, exactly 4 associations. It is certain that our database does not contain all the associations that are capable of securing their income by selling their own goods and services. Nevertheless, considering that our database contains most of the well-known and most active civil society organisations, especially those that do have something to say and offer in the open market, percentage being more than two times smaller than what self-assessment had offered seems a bit too much.

Of course, the main goal of the Register does not have to be, nor it should be, uncritical entering of everyone that wishes to be entered – but, if the end result will be exceedingly small number of social economy actors in the Register, a question arises as to who will answer the call for tenders announced in the Strategy?

On the other hand, the fact that almost all of the cooperatives and companies in our database have fulfilled the third criterion proves the vitality and solid basis

of the sector. In fact, enterprises exceeded this condition by far and only three cooperatives did not meet the 25% condition in 2014, two of which are expected to close in the course of the next year.

This is a relevant data, especially in the context of cooperatives and companies in the social economy sector being in need of greater support, for even what we have now in Database shows that they do fulfil their economic and entrepreneurial dimension.

As we've touched on the Strategy criteria, with them we shall also end this chapter, for these 90 actors, along with many others, will be the strongest Register candidates. In the report titled *A Map of Social Enterprises and Their Ecosystems in Europe – Country Report: Croatia* (ICF, 2014b), which has been mentioned because of its articulateness and quality, it has been precisely analysed how three of the most frequent forms of social economy in Croatia relate to the three main dimensions of social enterprises (economic or entrepreneurial, social, dimension of participative management) mentioned in the Social Business Initiative of the European Commission, deliberations of EMES about the sector, and in our Strategy. As we refer to the Country Report, there is no reason to copy the chart here. For the same reasons we did not include the analysis of the obstacles and opportunities for social entrepreneurship development, for that has been thoroughly researched and described in the Strategy (MLPS, 2015). All these analyses come down to three outside obstacles: insufficient institutional and legal framework, insufficient financial support, and poor visibility and understanding of what social enterprise is outside of the inner circle of interested stakeholders; and one inner obstacle, which is insufficient knowledge and expertise on management and entrepreneurship among the actors themselves (ICF, 2014a). In this report, we have dealt with all these obstacles.

In the context of what has been written up until now, it is important to conclude this analysis by examining how three most frequent forms of social economy in Croatia relate to the nine criteria for entering the Register that have been listed in the Strategy.

First we shall point out the criteria in which all three legal entities are in similar position, regardless of their differences. The first and second criteria carry more or less the same message and generally define the operational area for social entrepreneurship actors.

1. Social entrepreneur achieves a balanced social, environmental and economic goal of business.
2. Social entrepreneur is engaged in the production and transport of goods, provision of services and production of art that generate revenues on the market, and have a favourable impact on the environment, thus contributing to the development of the local community and society at large.

Despite them being general, they do invoke the already mentioned 3BL framework and the business success measurement according to the three areas of sustainable development: economic, social and environmental. What we do not know is how to measure these values in Croatia and who is educated and authorized to do the measurement, considering that capacity, knowledge, experience and practice in this area are sorely missing. This leads to an even bigger problem, which is evaluation of social, economic and environmental impact defined in the criterion 8. We lack both the knowledge and practice when it comes to implementing this valuable and, in the long-term, necessary tool. The task is not made easier by the fact that different social economy actors use different models, depending on their activity, size, annual revenue, users and other indicators. In short, it will be difficult to monitor and evaluate social impact for all three legal entities in Croatia. It should be noted that progress in this area is expected, because the already mentioned work of ACT is soon to result in the first methodology and measurement system for CSOs, and the one for companies is in preparation. If the system proves to be adaptable and applicable for various legal subjects, i.e., for subject of different size and number of employees, focused on different areas of action and other indicators, the fulfilment of criteria should be that much easier.

Also, all three legal entities will have certain, if different, problems with criterion 7, in which it stands that “decision making is not exclusively related to the ownership or membership structure but includes other stakeholders: employees, members, consumers, and other relevant organizations”. First of all, companies have no legal obligation to include external stakeholders in decision making process, and the same applies to cooperatives, even though in their case including is encouraged and promoted. At the moment there are no available data on the extent in which associations use the mechanism of broad consultation in decision making process. Actually, there is no legal obligation for any of the three legal entities to make such a commitment.

While specific legal entity that performs social entrepreneurial activities does not exist in Croatia, and neither does the law that would regulate the area, it is even harder to imagine how some of the criteria will be evaluated in the context of the currently relevant laws, because the two are often not compatible.

Now we shall see how specific legal entities relate to specific criteria, which to them represent their biggest challenges and perhaps even hard to fulfil.

Associations

As we have pointed out before, associations will have the greatest problem with the criterion no. 3, which demands that at least 25% of the income is planned to be or is realized by the association’s entrepreneurial activities. This we have al-

ready discussed: the criterion itself is not clear enough, which opens possibility for different interpretations. Do 25% have to be realized or simply planned? A strategic document should strive for clarity and therefore avoid ambiguous formulations or criteria. On one hand, it's hard to imagine that those that plan and those that realize will be evaluated equally. On the other hand, if realization is insisted upon, according to the data available in the Register of Non-Profit Organisations, most of the presently existing social economy actors belonging to the associations sector, not even the most active or important ones, will not be able to fulfil this criterion and, consequently, enter the Register as social entrepreneurs. The reasons for this have already been detected, starting with the disparity between the current economic strength of social economy in Croatia, and funds and tenders (especially European ones) towards which association tend to gravitate.

The additional problem with associations is how the projects they perform, in which they advocate and educate on social entrepreneurship, should be separated from the rest of their annual revenue, and in which way should the thus gained profit be estimated in relation to profit gained by entrepreneurial activities. In fact, considering the legal regulations on the highest income an association is allowed to realize through entrepreneurial activities, the question could be raised as to whether associations should even be entered in the Register.

Companies

The biggest challenges for companies are the following demands listed in the Strategy: open management, including of the wide range of stakeholders in decision making process, reinvestment of the profit, and the property status once the company ceases to perform its activity. Companies are founded for the purpose of performing economic activity. In this process, the gain is appropriated by the owners in whichever way they please, as long as it is in accordance with the law and the company's founding act. Most of the criteria are written in a completely different spirit. This, however, does not mean that companies cannot use a whole series of democratic and participative management models and use the excess revenue – it is simply rare in practice. On the other hand, the specific advantage in Croatia is the fact that most of the companies active in social economy were founded by socially aware associations that are familiar with these restrictive elements and are using their companies for the general good. The excess revenue is either reinvested in associations that founded them, which further contributes to their activities striving for general good, or is reinvested in community by financing certain programmes, projects and other organisations.

Cooperatives

According to the most of the criteria, cooperatives are the ideal models for social entrepreneurship. They are mostly business and entrepreneurially oriented, they reinvest their excess revenue into further activities and development, and all the members vote, which secures democratic decision making. Moreover, in the Cooperatives Act, just like in the criterion no. 9 in the Strategy, it already stands that in the case where cooperative ceases to perform its activity, the assets must be transferred to the ownership of another cooperative with same or similar goals or to the local community and local (regional) government.

The greatest challenge for cooperatives is the already mentioned criterion no. 7, because cooperatives are mostly founded to fulfil the needs and interests of their members.

In the table below is the summary of the most important findings: relation of the various legal entities towards the Strategy criteria. We distinguish three options: feasible, meaning that criterion is most likely to be fulfilled; challenging, meaning that criterion could be fulfilled, but with additional efforts, means, education etc; and difficult, meaning that possibility of fulfilling a criterion is very small.

Table 3 – Summary of the most important findings towards the Strategy criteria

| Criteria \ Legal entities | Associations | Cooperatives | Companies |
|--|---|--------------|-------------|
| 1. The balance of social, environmental and economic objectives | Challenging | | |
| 2. Realizing the 3BL model (social, environmental and economic success) | | | |
| 3. To secure 25% of income by entrepreneurial activity | Difficult | Feasible | Feasible |
| 4. Reinvestment of the profit | Feasible | | |
| 5. Open membership / business autonomy | Feasible | Feasible | Challenging |
| 6. Political authority of any kind cannot be the sole founder of a social enterprise | Not an applicable criterion for this analysis | | |
| 7. Democratic decision making process / participation of all the interested parties | Challenging | | |
| 8. Social impact measurement | Challenging | | |
| 9. Transfer of ownership and assets | Feasible | Feasible | Challenging |

Source: iPRESENT project 2015, Institute of Social Sciences Ivo Pilar

Social entrepreneurship conveys its meaning and goals to the public better when its actors are known – and it is so exactly because of its complexity and broadness, various interpretations and views. We do believe that this chapter about the database has shed some light on the social entrepreneurship actors in Croatia.

We are aware that our database is not complete, and thus we consider it open for further improvement, such that will contribute to the development, recognisability and analysis of the state of social entrepreneurship in Croatia. Regardless of the fact that some actors are already being pushed from the market, which will be visible in the next year analysis, one should keep in mind that this is a truly vibrant and dynamic area in which changes are frequent. So, just like we know that some actors will be deleted from the database, others will be entered – such as the already mentioned Cooperative for Ethical Finance, or the whole list of organisation that are currently performing projects within the EU operative programme Human Resources Development 2007-2013 (HRD OP). The latter include *Building Capacities of CSOs for Implementing Social Service Delivery Programmes*, *Supporting the Contribution of CSOs Acting in the Field of Volunteering to the Strengthening of Economic and Social Cohesion*, *Support Structures for CSOs at the Regional Level*, *Supporting CSOs Capacity for Advocacy and Motivation Programmes for Socially Excluded Groups*, Micro projects of support to the innovative activities of small CSOs for local development.

According to the data gathered through the fieldwork, it would be good if the Strategy left enough space for the research on interest in social economy, or even for entering numerous “regular” companies, enterprises, family trades and crafts, small traders, other forms of cooperatives not mentioned here, new start-up companies, small ICT (information and communications technology) firms and others. There are many business entities in Croatia that do redistribute the profit, employ democratic management and decision making process, and have positive and responsible attitude towards workers, environment and local community, but which do not perceive or recognize themselves as part of social economy. It is necessary to create a specific communication and research tool that would investigate such actors, for omitting them in the process of the Strategy development would be a great loss.

Entering the often “invisible” world of solidarity economy – which is manifested less through entrepreneurial activities and more through deeper social changes realized by the usage of economic tools, questioning of the power relations and social transformation agenda – will be an even bigger challenge. The examples of solidarity economy in Split and the whole number of actors and activities gathered around MoST association (Šimleša et al., 2015) demonstrate the capacity of the encompassing parallel system of social care and mutual help in a way that has as yet been unrivalled in Croatia. A great number of those actors, many

of which act through informal solidarity groups, are not visible in the official reports.

We might quote the Chinese proverb on living in interesting times, for in Croatia, times certainly are interesting when it comes to social economy. Our database shows that this sector has great potential for the development of society. Regardless of the fact that it is only in its beginnings, and that it had waited until now for more substantial institutional and financial help, it is already a sector active in the strengthening of the local economy sustainability. It also helps the employment growth, employing often those that are marginalized, and it strengthens social cohesion and solidarity. Some of the Strategy objectives are already being fulfilled in certain towns, local communities and regions – the objectives that concern overall society development, and those that strive to lessen regional differences and bring about more just distribution of social wealth. Social economy actors are most densely concentrated in Split-Dalmatia and Osijek-Baranja counties. Their strong presence in other counties that are not at the top of the list at Croatian regional development index (MRDEUF, 2015), such as Međimurje, Bjelovar-Bilogora or Šibenik-Knin, proves that not everything is about economic power and GDP of an area. It is about people, their knowledge and decisiveness, mutual aid and connection, and ethical conduct. All these values are more important than economic activity and entrepreneurial activity, which is why the main goal – improving the quality of life in the community, in the space where people live and work – is already being fulfilled.

Social entrepreneurship is defined in the Strategy as part of a broader economic system whose priority is to fulfil social goals through direct participation and democratic governance. Therefore, it is extremely important that we have chosen the development direction which insists on inclusion, participation and communication. It is important that the sector is not brought down to calculated project tasks, for it is clear that without cooperation and synergy in the area of human resources, there is no social entrepreneurship.

It is good that Croatia does have such actors despite the still undeveloped social economy sector. Even more positive is the fact that we now have a Strategy whose goal is to “Establish an enabling environment for promotion and development of social entrepreneurship in the Republic of Croatia.” (MLPS, 2015: 20). The chapter we are now closing proves that there are both actors and need for creating such an environment in Croatia.

CONCLUSION

Report titled *Mapping New Horizons* is the first out of several reports and scientific paper within the framework of *iPRESENT – Installation Project for REsearch about Social ENTrepreneurship*, which will last for three years. We see it as connection between what was and what is to come. We are mapping what already exists, and the horizons are in front of us, bringing the unknown, and that is where we're headed. That is why this report is divided into temporally different, yet mutually connected and permeable parts: historical analyses of the development of social entrepreneurship in Croatia, analysis of the *Strategy for the Development of Social Entrepreneurship in the Republic of Croatia for the period of 2015 –2020*, and the creation of the revised Social Entrepreneurship Actors Database in Croatia.

Historical analyses was necessary in order to get acquainted with roles and influences of various actors in the course of social entrepreneurship development in Croatia, and with the most important events and processed in the years that have passed and whose influences are still felt.

If, as we've already mentioned, we see the Strategy as a decisive step towards maturing of the sector, then we have to be aware of the fact that every journey is preceded by a whole number of steps and actions. Thus, in order to better understand the entire social economy sector in Croatia, we've thought it was important to start the report with historical overview. What has happened before may allow us to understand the reasons for our current situation.

From the communication with some of the member of the Strategy working group, and from the research on actors in the field that have implemented the social entrepreneurship projects, is it evident that the Strategy was long expected as guidance and help. This need is understandable in the light of the social economy trends in the EU, in the light of the situation in Croatia that is marked by severe economy crisis and high unemployment rate, and state of social entrepreneurship that has reached a certain level, but still needs more substan-

tial support in order to develop further. We deem that the Strategy is a turning point which “carries the burden” of all that was done before it was created, and after which a new period begins. That is evident even in the Strategy itself, once it is examined closely. It is our duty that as researchers and scientists we point that out, regardless of the doubtless general and social value of the Strategy.

Considering that the ink, so to speak, with which the Strategy was accepted at the Government session is barely dry, the analysis of the Strategy may seem a bit rushed. However, we have done this analysis in good faith and with good intentions. The analysis was conducted in the respect of the relation between the Strategy and the historical overview, the relation between the importance of the Strategy and the entire social economy sector in Croatia, and in the respect of the Strategy’s objectives and ambitious spirit, which need to be manifested in reality. We truly can say that the Strategy is opening new horizons for social entrepreneurship in Croatia.

In accordance with everything written up until now, here is, once more, the overview of the key challenges in the process of the Strategy implementation, at least as we see them. The latter must be emphasised because we know how difficult it is to define key challenges in a strategic and far-reaching document, and that our views might seem arbitrary. On the other hand, we do believe that we have managed to argue the reasons for picking these particular challenges. In any case, we do not see them as walls that cannot be crossed, but as invitation to communication and open debate.

KEY CHALLENGES OF THE STRATEGY FOR THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF CROATIA FOR THE PERIOD 2015-2020

1. To ensure sufficient and systematic financial support for social enterprises that have ideas/products/services and capacity to survive in a market.
2. To improve tax measures and reliefs for social economy actors according to the examples of the best practices in Europe
3. To open the public procurement system towards social economy actors in accordance with the examples of the successful practice in Europe
4. To introduce social impact measurement after in-depth analysis of its various models and their applicability in diverse context of social enterprises in Croatia
5. To integrate and implement the education on social entrepreneurship into the Croatian education system on all levels
6. To make social entrepreneurship visible to public, and therefore appropriately evaluate social enterprises.

We dare say that quality answers to these challenges will create, at the end of the Strategy implementation, a lot more developed and successful social econo-

my sector in Croatia. The first four challenges are extremely important for the success of the main goal and specific objectives of the Strategy, but also for the development of the entire sector.

We also predict one challenge for the future. Even though it is only at the far horizon of future events, experience teaches us that it is never too early to start preparing for the long journey. Most of the EU countries have more developed legal and institutional framework than Croatia does now. 12 countries have even defined social enterprise as a separate legal entity, which is what we have invoked by the Strategy criteria. Some countries have better developed (social) cooperatives framework, which is also something we are yet to accomplish, and because of the importance of the cooperative sector for social economy, it is a path leading towards the same goal. The challenge that we shall not, on account of the lack of space and need, elaborate further, that can be seen as a self-fulfilling prophecy, but which shall become clearer after the implementation of the present Strategy is:

7. To create legal and institutional framework for social enterprise as a new legal entity.

This may clear some obscurities about actors or criteria, and make public policies on social economy sector more understandable and transparent. It would also contribute to the “balancing of the hybrid nature of social mission with economic and market activities”, as Caffagi and Iamiceli have stressed (Vidović, 2013: 10). By this, the problem of putting various legal entities in the same drawer would be solved as well.

Comparing and listing associations, cooperatives, companies, and in the future, new legal entities is disputable, for as we have pointed out earlier, there are different legal subjects that are subject to different laws, rules of action and management of financial means. Cooperatives have been unjustly neglected in Croatia and they are not supported enough (Babić i dr., 2011). They could also use some help on securing of economic sustainability, for there are tenders and funds that are specifically intended for cooperatives. In order to strengthen social economy in Croatia, cooperative sector should be given special attention and support, and the already mentioned *Determinants of Cooperative Development in Croatia* (HSZ, 2014) could serve as a good pointer.

There is no doubt that in the development of social entrepreneurship, or more broadly, social economy, we are behind both Europe and a great part of the world. We might say that in this marathon, in which some of the contestants are already at the 30 km point, we are still in the locker room and discussing whether this should be called *socijalno* or *društveno poduzetništvo* (social entrepreneurship).

Getting out of the locker room and stepping at the start position is a process of growing up in developmental sense. The development of our social enterprises and numerous initiatives in the direction of more just and sustainable economic models, and the beginning of the realisation of the Strategy is a decisive step towards maturing of the entire social economy sector in Croatia. The Strategy represents the long awaited developmental framework which can help social economy in Croatia to mature. Of course, in the process it must not ignore the importance of childlike curiosity and free spirit. The successful implementation of the Strategy in accordance with its goals and measures until the year 2020 will be the reflection of maturity of social economy in Croatia.

Today we are on the racing track, giving our best. We are here thanks to the numerous actors we have listed in our database, CSOs, their initiatives and project, enterprises and cooperatives. We are here thanks to the process of the Strategy creation and the support it had in the competent Ministry of Labour and Pension System. Aside from the need to learn and reflect, dwelling on the past and mourning opportunities missed makes little sense. Instead, we should be in the moment and strive for new horizons. That is, after all, what the story about social economy in Croatia is.

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