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SOCIAL ENTREPRENEURSHIP DEVELOPMENT IN BULGARIA

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ABSTRACT

The promotion of innovative ideas in public policy is crucial to support the values of an active-oriented problem solving social system. These views underlie the ongoing social reforms in various countries and focus on the development of social entrepreneurship and the role of social entrepreneurs. An understanding is underlined that namely social entrepreneurs have the capability through localization of usable resources - human capital, buildings and equipment, to find flexible approaches to satisfy unmet social needs. The study presented in the article provides important implications on the state of the social entrepreneurship in Bulgaria and ways of its encouragement putting a special accent on the needed support and building capacity.

INTRODUCTION

The staging of the problem of social entrepreneurship in Bulgaria is entirely determined by economic and cultural contexts in the country (Terziev *et al.*, 2016). It can be concluded that the concept of social entrepreneurship is a relatively young both as theory and practice. Undoubtedly there is a misunderstanding of this project, not only by society but also by the authorities of the tax and legislative regulation. In the public perception there is an underlying understanding that social entrepreneurship is a type of social labour readjustment of unprotected groups in commercial enterprises. From the legislative point of view itself law for non-profit organizations, albeit allowing the conduct of business by NGOs, is not sufficient to stimulate similar initiatives. On the one hand, the lack of explicit mention of the social enterprise category leads to a situation in which existing social enterprises are often not perceived in such a quality. On the other hand, the experience of developed countries shows that the majority of social entrepreneurs start a business with a donation of social capital in the form of networks of relationships and acquaintances linked by common values and interests. Fundraising through charity, volunteer work and

corporate responsibility entails expansion of capital and thus leads to generation of new products and services (Rusanova, 2011). Social enterprises in Bulgaria operate in several directions: delivery of social services; providing jobs for people with disabilities; mediation in finding employment of unemployed persons; provision of health services; activity in the field of education and others. In realizing these activities lead is not an end product, and the social impact on the people themselves expressed in this to obtain the necessary support to integrate into society. Repeatedly in various acts the Economic and Social Council of the country has emphasized that social entrepreneurship plays an important role for social cohesion and the creation of growth and jobs. Typological features of this type of entrepreneurship in Bulgaria do not differ greatly from those of similar enterprises in the rest of Europe (Kumanova and Shabani, 2013):

- There is a clear social impact - in the main activity on a balance between the pursuit of profit and direct support to the social status of certain groups.
- There is a clearly defined target group - mainly persons from socially vulnerable groups - those who need help

to equalize their life or social status to that of other members of society.

- There is a specific business purpose - is aimed at improving living standards, employment, provision of services and other forms of direct support in order to overcome social exclusion of the target group.

An important feature of all social enterprises is a special symbiosis that carry a priori - between financial viability and ability to have a social impact. So they achieve simultaneous realization of economic, financial and social objectives, which become even greater value and cost to society. Development and implementation of National Concept of social economy is a continuation of the work of the team of Ministry of labour and social policy for full harmonization of social policies with best practices in Member States on the basis of the findings and conclusions in the open method of coordination for social protection and social inclusion implementation of flexibility in the labor market combined with security and implementation approach for active inclusion. In the modern European context, the social economy is an established and integral part of social protection and social safety nets, which produces and successfully combines economic profitability and social solidarity. The social economy is a carrier of the democratic values that put people first, creating jobs and promoting active citizenship. Development potential of the social economy is dependent on the adequacy of the established political, legislative and operational conditions. Actually existing entities with social economic and humanitarian activities in the country say more strongly the need for legal and institutional differentiation in the real economy to be able to fulfill their potential and interact on an equal basis for achieving synergistic social effect among themselves and in cooperation with state and corporate economy.

The following challenges facing social enterprises in Bulgaria are identified (Todorova, 2014):

- Lack of legal framework relating to the definition of social enterprises in order to properly guide policies - in Bulgaria there is still no legal definition of social enterprise, but has a set of characteristics (in National Concept for Social Economy) which are the starting point for identifying social enterprise.
- The majority of social enterprises in Bulgaria are aimed at providing different types of services (passive) while social entrepreneurship should develop towards active engagement of target groups in the process.
- Problems encountered during the operation of social enterprises: facilities, administration, personnel, equipment;
- Lack of sufficient incentives related to the supply of products of social enterprises in the market;
- Interaction with other companies, organizations, administrations;
- The need for training and motivation of people working in social enterprises and those who wish to take up a job there.

Social entrepreneurship is one of the most innovative ways to achieve a better quality of life, independence and inclusion in society of persons from vulnerable groups. Need to be taken key legislative changes in order set in strategic and political national documents measures to become real mechanisms to support social entrepreneurship in Bulgaria, as well as the

successful development of social enterprises, requires the creation of sustainable partnerships between business, NGOs and the public sector - partnerships in which each of these actors recognizes its role to achieve socially important objectives and is willing to invest resources in that (Aleksieva *et al.*, 2013). The article presents a study which conducted an analysis on what extent is developed and adopted the concept of social entrepreneurship and the role of social enterprises for socio-economic development of Bulgaria by exploring opportunities to promote social entrepreneurship in the country through government policy, NGOs, business initiative, training and counseling.

MATERIALS AND METHODS

The article presents the results of a pilot study conducted under the project SESBA – Social enterprise skills for business advisors, aimed at more qualitative research through the contributions received as a result of interviews with representatives of various categories of organizations in expert and managerial positions, formulating basic conclusions about current needs and ways to promote social entrepreneurship. The assessments are made and presented below according to the Likert scale from 1 to 5.

RESULTS AND DISCUSSION

The experience referred in the following areas: work in cooperatives, incl. agricultural; work in the social sphere; work with children, individuals and families at risk; work with people from nursing homes; work as a volunteer; work as a teacher, incl. training of children with special educational needs; work as an accountant, incl. social enterprises; experience abroad (Canada), incl. observations on the development of social entrepreneurship; human resource management in the enterprise; working in NGOs; work in municipal structures. Respondents indicate strongly that in the functioning of organizations the striving must be after responsibility and profit, followed by social values and professional relationships, communication with the external environment and career development. The question of personal relationships shows greater variation than the other and in averaging the marks it awarded last ranks. Placing responsibility before profit is indicative of the consensus on the need to change to new business models driven by something that is more by profit, particularly linking the activities of organizations with significant social goals (Table 1). The definition of social entrepreneurship based on reinvestment of profits for social purposes is best accepted (Table 2). At the highlights of the social mission of market-oriented activities and social transformation respondents are more neutral, ie understanding is leading to denial of maximizing profit for shareholders and owners to the benefit of society. According to the respondents a unified understanding is needed on the essence of social entrepreneurship, social enterprises, social economy, etc. Many often different concepts are confused due to ignorance of the theoretical and legal basis, ie there is a need of information and training, motivational and promotional activities. The role is highlighted of government policies and the efforts of local authorities, as well as studies on "foreign experience". Among the benefits of the development of social entrepreneurship are: an opportunity to develop socially engaged business; a good opportunity for helping people in need; satisfaction with work.

Table 1. Answers to the question „What should a business seek to achieve?”

	Profit	Personal relations	Professional relations	Communication with outer environment	Responsibility	Career development	Social value
Strongly disagree	0	1	0	0	0	0	0
Disagree	0	6	0	0	0	0	0
Neither agree nor disagree	7	34	14	16	6	22	7
Agree	27	31	23	43	23	39	29
Strongly agree	70	32	67	45	75	43	68
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	4,61	3,84	4,51	4,28	4,66	4,20	4,59

Table 2. Answers to the question “To what extent do the following definitions reflect the principal features of a social enterprise?”

	Social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners	A social enterprise is an organization or initiative that marries the social mission of a non-profit or government program with the market-driven approach of a business	A social enterprise is an operator in the social economy, whose main aim is to achieve social transformation
Strongly disagree	0	0	1
Disagree	0	7	6
Neither agree nor disagree	5	46	50
Agree	30	31	26
Strongly agree	69	20	21
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	4,62	3,62	3,58

Table 3. Answers to the question „Social entrepreneurship should be encouraged by”

	State policy	Regional and local strategies	European programs	National funding	Other
Strongly disagree	0	0	0	0	2
Disagree	0	0	0	0	0
Neither agree nor disagree	4	6	5	10	84
Agree	29	25	26	29	3
Strongly agree	71	73	73	65	15
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	4,64	4,64	4,65	4,53	3,28

Table 3. Answers to the question „Ways of raising awareness at community level about social entrepreneurship include”

	Purposeful information campaigns organized by state authorities	Purposeful information campaigns organized by ngos	Brochures, books and other materials	TV spots and other promotional materials	Non-formal trainings	Other
Strongly disagree	0	0	0	0	1	0
Disagree	0	2	2	2	2	0
Neither agree nor disagree	10	5	26	29	15	99
Agree	28	30	37	35	30	2
Strongly agree	66	67	39	38	56	3
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	4,54	4,56	4,09	4,05	4,33	3,08

Table 4. Answers to the question „What are the most significant problems / barriers in social entrepreneurship development?”

	Local business environment	Community perceptions	Funding opportunities	Lack of knowledge	Lack of advisory services	Lack of legal structure	Lack of state policies	Credit access	Market access	Other
Strongly disagree	0	1	0	1	4	0	0	0	0	0
Disagree	6	9	0	9	13	3	1	3	5	0
Neither agree nor disagree	24	25	9	15	17	25	12	33	35	99
Agree	40	34	33	27	34	32	30	35	30	1
Strongly agree	34	35	62	52	36	44	61	33	34	4
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	3,98	3,89	4,51	4,15	3,82	4,13	4,45	3,94	3,89	3,09

Respondents generally show fluctuations on whether society is ready to accept and support social entrepreneurship, most are rather neutral (36%) and agree (34%). Dissenters are 8% and fully agree - only 23% of respondents. This shows the need for a more thorough study of the causes and a need to seek improvements once the answers to the above questions highlight the advantages and benefits of social entrepreneurship that respondents are well aware of and accept. Respondents indicated that the concept of social entrepreneurship is unknown to the majority of society, and information on social entrepreneurship among business organizations in Bulgaria is insufficient and needs to work systematically and consistently to raise awareness and motivation for the development of social enterprises. The general opinion of the respondents is that social entrepreneurship should be promoted by European programs, strategies for regional and local development and the state policy, and to ensure national funding (Table 3). The question of how it is appropriate to rely on funding provided by the European funds and programs, the national budget and the degree of state intervention, is one of the main discussed by respondents in the following open questions about opinions and recommendations. This is the key moment in the development of social enterprises - reliance on temporary financing or separately and sequentially development towards sustainability. Additions made by some, albeit inaccurate and incomplete, point to the role of civil society, public support, donations and even highlights the need to implement individual approaches.

The need to raise public awareness of social entrepreneurship has been adopted by respondents in respect of the preliminary versions of the awareness campaigns organized by public authorities or non-governmental organizations; brochures, books and other materials; TV spots, etc.; informal training. The additional options given by some respondents stress on the importance of social networks and sharing good examples, as it is stated a focus on the most early school education and the need for individual approaches again. Consideration of the most significant barriers to the development of social entrepreneurship focuses on funding opportunities and the lack of government policies pursued by the lack of knowledge and lack of legal structure (Table 4). Local business environment, credit access, public perceptions, market access and the absence of consultants also solidified their place among the major problems. The additions made focused on the heavy bureaucratic environment, the lack of desire for social entrepreneurship, lack of public interest and a lack of entrepreneurial culture. Among the needs and opportunities to support social enterprises the survey emphasizes on training, funding, legal framework, consulting and entrepreneurial orientation (Table 5). Good results are also acquired in terms of promoting access to public procurement and inspiration. Among the additions made possible options are those associated with public interest and support, public awareness and change of thinking. Regarding the type of required consultancy services respondents strongly emphasize those in management, financing and participation in financing programs, fundraising, strategic management, legal services and access to markets. Consulting services in the areas of business planning, technology, marketing analysis and participatory leadership also get a good score (Table 6). Among the additions are highlighted the role of counselors in training of staff in social enterprises, establishment of contacts and lasting relationships with social partners, opportunities to

develop social activities and communications. A very interesting opinion expressed by the representative of the municipal structure that consulting services should be periodic rather than constant, which draws attention to the need to build capacity and achieve self-sufficiency in various aspects - economic and governance. Among respondents there is a consensus that specialized training is needed in the field of social entrepreneurship. Vocational training is proving the most appropriate according to the average estimates given by respondents, followed by formal and informal learning. In terms of higher and secondary education fluctuations are larger (Table 7). The additions made point to the dual education, individual training programs, primary school education. Assessing the need for training in different areas the respondents' answers emphasize management, strategic management, business planning, participation in funding programs, finances, fundraising, legal services and access to markets. The need for training in the field of marketing analysis, technology and participatory leadership is valued lower by respondents (Table 8). The additions are oriented towards the need of training on the very essence of social entrepreneurship, social services, soft skills, ICT and communication skills, psychological trainings.

On the type of institutions that should provide specialized training in the field of social entrepreneurship the focus in assessing by the respondents falls on organizations offering specialized consulting services and vocational training centers. Higher schools, vocational schools and colleges and secondary schools receive less support, which is in line with the answers to the previous question about the type of education / training. Specific addition to which there are serious grounds are NGOs, primary schools (as already noted in some of the previous issues) and training within the organizations themselves. The estimates made by respondents give reason to make an important point about the importance of vocational training, formal and informal learning, incl. by organizations outside / with main activities outside the formal education system (in particular consultancies) and training in the workplace. The importance of informal learning stressed in the answers to the above questions is confirmed and given the highest average score for the workshop and seminars, followed by long-term courses, short courses and regular subjects / disciplines part of the curricula of formal education. In additions it is again underlined the dual education and training in the workplace (Table 9). Estimates of the form of training are again oriented towards training in the workplace, as well as blended learning, e-learning, which replace traditional full-time and part-time, providing high availability and flexibility. The additional remarks referred to the compulsory subjects in social entrepreneurship in formal education, but also to self-learning, stressing once again the importance of activities to increase motivation for developing social entrepreneurship and personal motivation for training and development (Table 10). Answers to questions about the skills required of social entrepreneurs, showed very good and good grades all listed in the following descending gradation: management; teamwork; initiative; communication skills; openness to change; innovativeness; organizational structure and culture; independent decision-making; identify new business opportunities; proactivity; volunteer management; assessment and risk management; understanding of the motivations and views of the stakeholders; connection with local communities; cooperation with local authorities and institutions; networking; adaptability; creative thinking in vague problems; defining the

Table 5. Answers to the question „What supports do social enterprises need?”

	Funding	Training	Advice	Inspiration	Entrepreneurial orientation	Encouragement	Better legal frameworks	Access to public procurement opportunities	Other
Strongly disagree	0	0	0	0	0	0	0	0	0
Disagree	0	1	2	0	1	0	0	0	0
Neither agree nor disagree	9	10	11	28	17	16	12	23	98
Agree	35	23	29	35	23	34	29	27	1
Strongly agree	60	70	62	41	63	54	63	54	5
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	4,49	4,56	4,45	4,13	4,42	4,37	4,49	4,30	3,11

Table 6. Answers to the question „What kind of advisory services are the most needed in social enterprises?”

	Legal services	Technology	Finances	Fund raising	Participatory leadership	Business planning	Market analyses	Participation in funding programmes	Access to markets	Strategic planning	Governance	Other
Strongly disagree	0	0	0	0	0	0	0	0	0	0	0	0
Disagree	0	3	0	1	2	1	2	1	0	0	0	0
Neither agree nor disagree	13	28	11	16	43	22	31	14	21	14	12	99
Agree	50	39	41	35	34	43	37	36	35	36	37	0
Strongly agree	41	34	52	52	25	38	34	53	48	54	55	5
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	4,27	4,00	4,39	4,33	3,79	4,13	3,99	4,36	4,26	4,38	4,41	3,10

Table 7. Answers to the question „What kind of education / training is the most suitable according to your opinion?”

	Formal education at secondary level	Higher education	Vocational training	Non-formal and informal training	Other
Strongly disagree	1	0	0	0	0
Disagree	8	3	1	7	0
Neither agree nor disagree	47	32	19	18	98
Agree	23	27	25	19	1
Strongly agree	25	42	59	60	5
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	3,61	4,04	4,37	4,27	3,11

Table 8. Answers to the question “In which fields is training needed?”

	Legal services	Technology	Finances	Fund raising	Participatory leadership	Business planning	Market analyses	Participation in funding programmes	Access to markets	Strategic planning	Governance	Other
Strongly disagree	0	0	0	0	0	0	0	0	0	0	0	0
Disagree	0	0	0	1	1	0	1	0	0	0	0	0
Neither agree nor disagree	14	33	16	16	34	14	28	11	27	13	14	96
Agree	51	38	39	43	37	44	39	40	31	35	33	0
Strongly agree	39	33	49	44	32	46	36	53	46	56	57	8
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	4,24	4,00	4,32	4,25	3,96	4,31	4,06	4,40	4,18	4,41	4,41	3,15

Table 9. Answers to the question „Through which type of courses?”

	Regular courses as part of the formal education curricula	Long-term courses (1 – 6 months)	Short-term courses (1 – 2 weeks)	Workshops and seminars	Other
Strongly disagree	0	1	0	1	1
Disagree	3	1	7	3	0
Neither agree nor disagree	38	28	31	24	99
Agree	25	30	26	29	1
Strongly agree	38	44	40	47	3
<i>Total</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>	<i>104</i>
Average	3,94	4,11	3,95	4,13	3,05

Table 10. Answers to the question “In what form is training needed?”

	Full-time	Part-time	On-the-job training	E-courses	Blended learning	Other
Strongly disagree	0	0	0	1	0	1
Disagree	3	1	0	4	1	0
Neither agree nor disagree	41	35	14	18	20	100
Agree	20	29	25	19	16	0
Strongly agree	40	39	65	62	67	3
Total	104	104	104	104	104	104
Average	3,93	4,02	4,49	4,32	4,43	3,04

problems, opportunities and solutions to create value; participatory leadership; resistance and learning through mistakes; action after analysis; democratic governance; obtaining legitimacy; pursuit of personal fulfillment as a member of a profession that creates value. The analysis of the questionnaires provides an opportunity to summarize the recommendations to promote social entrepreneurship in several thematic areas: conceptual base and value system, regulatory framework and institutions, support, models, training, cooperation. The pursuit of social initiatives and awareness of personal responsibility among respondents is commendable, but the responses highlight the need for raising awareness, acquiring knowledge, skills and competences for the development of social entrepreneurship. Moreover, in this regard the need for consulting services is undeniable, and the role of consultants and consultancy organizations to promote social entrepreneurship.

Conclusion

The study presented provides important implications on the state of the social entrepreneurship and ways of its encouragement putting a special accent on the needed support and the role of training and advisory organizations in building capacity. The main recommendations to promote social entrepreneurship include:

Conceptual base and value system: a unified understanding is needed on the essence of social entrepreneurship, social enterprises, social economy, etc. Many often different concepts are confused due to ignorance of the theoretical and legal basis, ie there is a need of information and training activities, also motivational and encouragement;

Regulatory framework and institutions: government policies supporting initiatives for social entrepreneurship needed; they must include the state (municipal) and private structures;

Support: state and local government can only facilitate the process, but the initiative must come from the private sector;

Models: the better option is each company to develop social activities, albeit in a smaller scope, rather than relying on fewer but larger social enterprises.

Training: establishment of a value system should start from an early age. Thus the desire for development of social entrepreneurship will be manifested as a necessity, as a mandatory element of the business organization. To provide training in specific programs, events, etc., in which participants can join - receive information, experiences and a result in their development.

Cooperation: state, local governments and private producers to unite and create links among themselves on supporting the development of social entrepreneurship; social entrepreneurs to unite in associations by exchanging experiences and ideas.

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