CURRENT STATUS OF SOCIAL ENTREPRENEURSHIP: SOCIAL ENTERPRISES AND STATE

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Abstract: In the last decade the concept of development and promotion of social economy and social entrepreneurship are part of EU policy to tackle the social exclusion of persons in a vulnerable position. Also, the model of social economy is one of the key instruments for achieving social objectives within the framework of the sustainable and inclusive growth. Social benefits are measured by integration and employment of disadvantaged people, the contribution to the process of social inclusion of other vulnerable people, and the economic indicator is expressed by saved public funds for social welfare, on the one hand, and the additional funds compensating the social costs of long-term unemployment.

What is important to happen is to create suitable conditions for the development of social enterprises with the widest possible range - vulnerable groups themselves and their problems are diverse and different, and the „answer“ to their needs must be flexible in order to be efficient and effective; „way to solutions“ is not important (the path may be different, as are diverse and vast opportunities for economic initiatives) that leads to the result itself, the result is important - better integration and sustainable tackling of social exclusion.

Keywords: support structures, organization, development, social entrepreneurship.

INTRODUCTION

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.

RESULTS AND DISCUSSION

The Economic and Social Council of the Republic of Bulgaria (ESC) believes that social enterprises in Bulgaria are still an untapped business model. Current social enterprises are mainly non-governmental organizations by applying the relevant legislation creating social enterprises whose business is focused on the realization of the social purpose and mission of the organization. Social enterprises in Bulgaria operate in various sectors, the most serious part are in: the delivery of social services; providing jobs for people with disabilities; mediation in finding employment of unemployed persons; provision of health services; activities in the field of education and others.

In realizing these activities the leading is not the end product but the achieved social effect on individuals themselves expressed in obtaining the necessary support to integrate into society. In this sense, there are three basic models of social enterprises:

- The most common model is the one that creates jobs and develops the workforce. By business jobs are created primarily for people with disabilities. Most often the social enterprise is the employer of people with disabilities in order to achieve the integration of persons with disabilities in the labor market and create conditions for a better life.

- Another popular model of a social enterprise is the one in which the enterprise produces goods and seeks markets, also engaging with their distribution. Most often social enterprises involve persons with disabilities in the form of occupational therapy involved in the production of certain goods. Existing social enterprises in Bulgaria
within this model are engaged in the manufacture of certain products by persons who are unemployed or socially excluded. The aim is to enable them to work and improve their social inclusion.

- The third existing model in Bulgaria is related to the provision of social services generally through payment of external customers, while social enterprise provides social services to its members. Payment is under contract with the state or a municipality. Within this model, services are provided to different users paid directly to social enterprise for direct service.

Implementing the strategy "Europe 2020" in Bulgaria, a National Reform Programme is developed. There are four priority areas: better infrastructure; competitive youth (reducing the share of early school leavers, increasing the number of young graduates, encouraging young scientists realization of young people in Bulgaria); better business environment (higher employment, more investment, incl. in innovation); more trust in state institutions (protection of interests of citizens and businesses, social justice and security).

It is important to note that the National development program: Bulgaria 2020 identifies a specific area of impact and measures related to the social economy and entrepreneurship, in particular in Priority 2: Reducing poverty and promoting social inclusion, Sub-priority 2.1 Providing employment opportunities and raising wages: "promoting entrepreneurship - encouraging entrepreneurship, including social entrepreneurship for unemployed persons and persons from disadvantaged groups.” According to this document, policy of social inclusion requires a special approach for the most vulnerable groups in the Bulgarian society, which contribute to the overcoming of their social exclusion and to break the transmission of poverty between generations. The political decision to strengthen the status and role of social enterprises would provide an additional tool to achieve the national target of Bulgaria to reduce the number of people living in poverty with 260,000 by 2020.

The vision and priorities to promote development of social economy are defined in National concept of social economy adopted in 2011. It follows the priorities of the strategy „Europe 2020“ to promote the social economy to achieve sustainability, economic growth and quality of life (mostly of disadvantaged groups). To realize these commitments, the state should create an appropriate legal and institutional environment and coordinated sectoral policies to allow in an accelerated scope to put into practice successful models of social enterprises. In the concept criteria for identification of enterprises and organizations of the social economy are developed, which could serve as a basis for creating a favorable (administrative and legal) environment for the development of social enterprises (access to finance, social clauses in public contracts, tax breaks and etc.). The concept serves as a standard to support the development of social economy and encouraging all participants to promote the spirit of social solidarity. According to the concept social economy is „both part of the real economy and of civil society in which individuals and / or legal persons, associations of volunteers or other organized entities doing business in the public interest and reinvest profits to achieve social objectives“.

In the National Strategy for the youth 2010-2020 is noted that Bulgaria should improve economic activity and career development of young people, promote social entrepreneurship among them. For this purpose it is necessary to promote public-private partnerships and social entrepreneurship in services for the development of young people. For the realization and active participation of young people in social and economic life, an appropriate and favorable environment is required, as well as conditions for school and university education in the field of social entrepreneurship.

The priority of the National Strategy for reducing poverty and promoting social inclusion (2020) is to provide employment opportunities and increase income through active involvement of citizens in the labor market. Among the specific measures is promoting entrepreneurship, including social entrepreneurship.

The long-term strategy for employment of people with disabilities 2011-2020 aims to provide opportunities for people with disabilities of working age to effectively exercise their right to free choice of employment realization and to improve their quality of life for a free and full involvement in public life.

Within the Operational Programme „Human Resources Development“ (OP „HRD“) 2007-2013, Area of Intervention 5.1 „Support of social economy“ provides support to existing specialty businesses, cooperatives of people with disabilities and social enterprises. It also supports the creation of new forms of social enterprises, including sheltered workshops, creating conditions for strengthening community and voluntary initiatives contributing to raising the level of social capital.

The strategy of the OP „Human Resources Development“ 2014 - 2020 relies on the notion that the most critical to tackling poverty and social exclusion is the application of such social policies that give people access to economic opportunities and the needed knowledge and skills to utilize set up options - so that they managed to cope with the trap of poverty and social exclusion, dependence on social protection system, vulnerability to the adverse
events of economic or social nature. The implementation of such active social policies must take into account not only national but also local specifics and characteristics. Here the important role of the social economy and social entrepreneurship in solving the problems of poverty and social exclusion. The potential of social enterprises lies in two of their essential characteristics.

First, they act locally networked with multiple stakeholders and knowing well the local problems and they can offer solutions proven to work in a place like reach those groups at risk of poverty or social exclusion to which active social policies reach very rarely in comparison to purely passive assistance.

Second, social economy organizations have the potential to mobilize and activate people themselves at risk of poverty and social exclusion and thus enable them to engage themselves in improving their living situation.

These two circumstances allot an important place of support for the social economy in the overall strategy of OP „HRD“ to promote social inclusion.

Providing support for social enterprises through European structural and investment funds is fully in line with the Initiative for Social Business (COM (2011) 682 final), but also announced in February 2013 Social Investment Package (COM (2013) 83 final), in which the European Commission recommends member states to support social entrepreneurs by providing incentives for starting and developing businesses, expanding their knowledge and networking.

Specific opportunities for project financing of social enterprises will provide investment priorities №1: „Socio-economic integration of marginalized communities such as the Roma“ and №4: „Promoting social entrepreneurship and professional integration in social enterprises and promotion social solidarity economy in order to facilitate access to employment“, thematic objective 9: „Promoting social inclusion, fighting poverty and all forms of discrimination“.

Indicative eligible activities are in the following areas:

- Improving access to employment - activation of economically inactive persons; mediation to find a job; vocational information and counseling; psychological support; motivational training; providing of training; inclusion in internships, apprenticeships, employment including in the social economy; promoting self-employment, etc.;
- Support the activities of social enterprises specialized enterprises and cooperatives of people with disabilities in relation to employment;
- Social marketing and promotion of the social economy and social entrepreneurship;
- Social and professional integration of representatives of vulnerable groups in the social economy sector;
- Education and training for persons who are employed in social enterprises, specialized enterprises and cooperatives of people with disabilities;
- Equipment and adaptation of jobs;
- Support for activities related to creating partnerships and dissemination of best practices in the field of social economy;
- Improving the capacity and human resources to effectively manage social enterprises specialized enterprises and cooperatives of people with disabilities;
- Provide „supported employment“ for people with disabilities;
- Public awareness campaigns on the potential of social economy.

OP "HRD" defines the types of beneficiaries who may be: Ministry of labor and social policy; Agency for Social Assistance; Agency for Persons with Disabilities; social enterprises; employers; specialized enterprises and cooperatives of people with disabilities; educational and training institutions and organizations; NGOs; municipalities and districts of municipalities; social partners; financial institutions, social service providers.

There are other documents defining the key role of social entrepreneurship in combating poverty and social exclusion of various vulnerable groups. Reforms are needed and implementing innovative measures aimed to develop new approaches and models to tackle poverty and social exclusion. The social economy and entrepreneurship is one of the key instruments through which to complement ongoing government policy targeted to social support and smart and sustainable growth.

**Social enterprises and state (Bulgaria)**

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.

Social service providers

One of the most outstanding areas of work of the Bulgarian social enterprises is the delivery of social services. This became possible after the conducted reforms in the social sphere in 2003 with amendments to the Social Assistance Act / SAA / and its implementing Rules. The provisions of the law regulating the circle of persons capable of being designated to provide necessary services, it is not proposed comprehensive range of subjects, and are described with the following features - the state, municipalities, Bulgarian physical persons registered under the Commerce Act and legal entities, individuals carrying out commercial activities and legal entities arising under the laws of another state - member of the European Union or another country of the European economic Area. And here the emphasis is not on the legal form of social enterprise, but on this activity is to support individuals and leads to social inclusion within the meaning of the SAA.

In pursuance of national policy in the social state delegate the performance of certain functions of the mayors of the municipalities in Bulgaria, as in turn give them the right to dispose of the funds for this by themselves means are provided and translated based on the state budget each calendar year. Mayors reserve the right to supplement designated by the state to local activities, providing them with funding by the respective municipal budget.

Bulgarian legislation expressly provides for the so called social negotiation - assigning social services financed by public funds to private providers. This is done through a competition organized by the Mayor of the municipality or the terms of negotiation involving the sole candidate. The control over the legality of the procedure may be exercised by administrative order in front of the customer or by court order before the Administrative Court. The law provides for the possibility provider of social services to provide these services alone against the agreed remuneration on market principles.

The degree to achieve quality in the service appears:

- compliance with the criteria and standards set by the regulations to implement the SAA and the ordinance on criteria and standards for social services for children adopted by the Council of Ministers of the Republic of Bulgaria;

- required by law special registration to the Agency for Social Assistance /ASA/ and the State Agency for Child Protection in cases where beneficiaries of social services are children.

Specialized enterprises for people with disabilities

One of the regulations envisaged opportunities for development of social entrepreneurship is reflected in the Law for Integration of Persons with Disabilities /IPDA/. This approach of the legislator is different manifestation being placed focus on two main criteria by which to accept going concern as socially. The criteria are: introduced a requirement specialized enterprises and cooperatives of people with disabilities are registered in a particular legal form; Cooperatives should carry out activities related to the production of goods or provision of services, among employees should have a relevant share of people with disabilities.

Particular attention causes restriction of the law social enterprise occur in the form of commercial legal entity established under the Trade law or the Cooperatives Act. So now cannot exist as a joint venture, limited liability company, limited partnership, limited partnership shares and partnership, as well as cooperative. Practically more used forms are joint venture and limited liability companies and with this in mind that capital companies to clearly distinguish the amount of liability.

Another possibility for the registration of social enterprise, according to the special law is a cooperative of disabled people covered in the Cooperatives act. For its occurrence is sufficient declaration of intention at least seven individuals. IPDA does not clarify whether the very founders /members/ and how many of them should be tied to membership in the cooperative relationship.

The second requirement is that social enterprise is engaged in the production of goods or the provision of services, making it an active participant in the economy. In addition to that introduced quantitative dimensions of staff:

- Specialized enterprises and cooperatives for the blind and partially sighted persons - no less than 20 percent of the employee number;

- Specialized enterprises and cooperatives of people with hearing impairments - not less than 30 percent of the employee number;
Specialized enterprises and cooperatives of persons with other disabilities - not less than 30 percent of the employee number.

In so set laws can conclude that the presence of the required legal form and economic criteria must be met cumulatively. To complete factual giving legal status to a union as a specialized enterprise for people with disabilities it is compulsory to fit in the Agency for Persons with Disabilities. Social enterprise registered under the IPDA, benefiting from more favorable treatment under Bulgarian legislation.

Health support

The activity of social enterprises in the field of health services is relatively limited, confined mainly to the guidance of some patients what type of health insurance rights and obligations are, and offering free-held medical examinations, free distribution of drugs and devices not requiring specialized prescription. According to the main law in this area - Health Act, health facilities are structures of the national health care system in which medical and non-medical specialists carry out activities to maintain and strengthen citizens' health. Although satisfy some of these traits, social enterprises not having the status of a health establishment cannot provide health services and should limit their activity to that. The status of health institutions are national centers on public health issues, the National Expert Medical Commission (NEPC), health offices, opticians and pharmacies. According the Health act quality of medical care based on medical standards established under the Hospitals Act. It regulates medical institutions as separate organizational structures on a functional basis in which doctors or dentists alone or with other medical and non-medical specialists carry out diagnosis, treatment and rehabilitation of ill persons. These organizationally separate units should have the status of legal persons registered under the Trade law or the Cooperatives act. Social enterprises in the health sector achieve the desired social impact or limit its sphere of activity to the extent permitted, without the need for special registration under the Hospitals act or register as a separate company or a cooperative in accordance with legal requirements. Unfortunately, the Bulgarian legislator has not provided the opportunity the legal form of medical institutions to NGOs, which actually deters many organizations - social enterprises to offer integrated health and social services for vulnerable groups (Benceva, Stoeva, Todorova, 2018; Terziev, Benceva, Arbaska, Stoeva, Tepavicharova, Nichev, 2016; Benceva, Tepavicharova, 2016a; Tepavicharova, Bencheva, 2016b, Bogdanova, 2018a).

CONCLUSION

The study 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.

This report provides an analysis of the development of social entrepreneurship in Bulgaria according to: International project Social enterprise skills for business advisors - SESBA of the European program for education, training, youth and sport „Erasmus + “, Grant Agreement №2015-1-EL01-KA202-014097 (2015-2018).

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