

A Critical Analysis of Social Enterprise in Slovenia

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Abstract

This research presents a case study on the nature of social enterprise in Slovenia. From a resource-based view (RBV), the case study has been used to show what some of the intangible resources are that can be used to promote sustainable social enterprise (SE). The purpose of this research study is to analyse social enterprises in Slovenia in order to establish a framework which other social entrepreneurs can use as the basis from which to operate and achieve competitive advantage. It is an important piece of research for both the process of social enterprise development in Slovenia, as well as to provide ideas and thoughts as to the way forward in this sector for other developing societies. Social enterprise is a developing field and it has been important to develop cases to begin to explore the concept with real life actualities. The goal is to provide a clearer conceptualisation from which other social entrepreneurs can use as the basis to analyse, plan and improve social enterprise in their own specific contexts. The primary purpose of the study is thus to unpack the core elements that identify social enterprise in Slovenia using the resource-based view. The research aims to understand social enterprise within Slovenia in relation to where it occurs, which are the main industries concerned, and what are the unique resources used to promote sustainable growth. To achieve this, the research was guided by the resource-based view for social enterprise as highlighted by Day & Jean-Denis (2016) as well as that proposed by Bacq and Eddleston (2018).

A mind map for a possible route towards improved implementation and understanding of social enterprise in Slovenia, was done through accessing registered social enterprises. This database was from the Ministry of Economic Development in Slovenia. An analysis of 259¹ social enterprise, a desktop review of the Slovenian legislation on social enterprise and the unpacking of unique resources available to Slovenian social enterprise was done. This provided a perfect test case to show how the provision of legislation, supportive structures; financial targets, a regional vision and government mentoring social enterprise enhance a contested terrain in Slovenia. Findings highlighted that there have been sustainable successes, but not at the levels expected. It is clear that the government has created various unique resources to build and develop the social enterprise (SE) sector. From an RBV analysis of the social enterprise environment in Slovenia, it is essential to have resources such as legislation, mind-set, in

¹ The database shows a total of 260 enterprises, yet there was one duplicate which had been recorded twice.

migration (labour) and youth skills be created, monitored and supported. However, there is a need for improved monitoring and tighter implementation of the legislation for social enterprise to provide the solution to destructive social ills.

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List of Abbreviations

EU: European Union

NGO: Non-Governmental Organisation

NPO: Non-Profit Organisation

RBV: Resource Based View

MBV: Market Based View

SE: Social Enterprise

Chapter 1 Introduction, Scope Background and Context

A. Introduction

The following sections introduce the study and context of the study site. The chapter also provides a brief introduction to the key concepts and the rationale for the research in order to establish the groundwork for the remainder of the thesis. The research questions are provided to guide the discussion and conclusion, the structure of the thesis is also explained.

Slovenia became a member of the European Union (EU) in May 2004 and has adopted a gradualist approach to transformation. As an ex-Balkan state, it is arguably an ideal example of a country and economy that needed social change. With unemployment levels some of the highest in Europe, social inequality high and the legacy of poorly implemented socialism, the country had a long way to go to fit into the mould of a democratic neoliberal state to fit into the EU. Very early on in the transition towards mainstream Europe, Slovenia jumped on the social enterprise bandwagon. In 2009, social enterprise was first formally introduced in Slovenia, when it participated in an EU-funded pilot programme. By 2010 there were 260 registered social enterprises set up in the country, striving to solve numerous social ills (Database on Slovenian Social Enterprises, Updated 2019).

B. Rationale for the selection of the study site, Slovenia

The research problem at the heart of this research is the gap in understanding what factors influence social enterprise and a better view of what unique resources ensure competitive advantage for social enterprises. This has been done by using Slovenia as a case study. Slovenia was chosen primarily because there was sufficient social enterprise research done on the country previously (ICF Consulting services, 2014; ISEDE-NET Project, 2010; Hojnik, 2017). It is a country which presents options for change instituted by newly democratised states. Slovenia has recently (1991) moved from a developmental base, which mirrored that of many current developing countries, into a newly socio-democratic state, with access to EU markets and new expected levels of development. A transition such as this is an opportunity to further develop aspects of social enterprise theory for others in similar developmental stages.

C. Slovenia as a good case study

In 2011, Slovenia passed the Act on Social Entrepreneurship (Official Gazette, 20/2011), which provides a definition of social enterprise that aligns with that used by the EU. The Ministry of Economic Development and Technology monitors and regulates social enterprise in Slovenia.

This is a growing sector in Slovenia and one that can arguably assist to move Slovenia into the mainstream European economy. The sector has been significantly supported by the following measures that have been implemented:

- 1) The *Council for Social Entrepreneurship* has been established. It is composed of representatives of all ministries (except the Ministry of Foreign Affairs), two representatives of social enterprises, one representative of social partners and one expert;
- 2) The *Regulation on Determination of Activities of Social Entrepreneurship* has been adopted (Official Gazette, 54/2012, amended 45/2014); a strategy for the development of social entrepreneurship be adopted;
- 3) The rules for monitoring the activities of social enterprises have been prepared (Official Gazette 35/2013); and
- 4) Accounting standards for social enterprises (2/2012) have been developed (ICF Consulting Services, 2014: 4).

With the demise of or drastic changes to the welfare state in the late 1990's (Park, 2005), it became more and more important to "build new responses to societal challenges that are sustainable, socially, economically and environmentally" (Petrella & Richez-Battesti, 2014). Responses that did not necessarily depend on the state, yet were supported by the state to improve social justice.

D. The European Union (EU) and its focus on Social Enterprise (SE).

What is the implication for Slovenia of the EU prioritising SE?

"Social enterprise is a key element of the European social model. It is closely linked to the Europe 2020 strategy" (EC, 2010) and makes a significant contribution to society. The initial laws governing social enterprise in Slovenia were the law on societies, institutions and the law on cooperatives in Slovenia, which allowed for a society or organisation/cooperative to be formed that primarily dealt with a social issue. It was the law that essentially governed NGO's and NPO's. Arguably the first legislation relating to social enterprise in the country was a tender to establish 10 social enterprises/projects that would be supported financially if they met certain criteria. These social enterprises/projects were to be based in Slovenia, did not redistribute profits but reinvested them. Other criteria included that they required financial and

human skill set to carry out their specific function; one of the members must have experience of working with the specific defined vulnerable groups of Slovenia; the project must include at least 10-20 members of these vulnerable groups; and these members should not be convicted (ISEDE-NET Project, 2010). This was the very first recorded attempt by the government to legislate towards social enterprise.

In 2009, an EU funded pilot programme was established to focus specifically on social enterprise (EU 2014). In 2011, a series of research reports had been written on social enterprise in Slovenia (ICF Consulting Services, 2014; ISEDE-NET Project, 2010; Hojnik, 2017). It became clear that a concise definition as well as legislation needed to be established and followed if the social enterprise sector in Slovenia was to be regulated, supported and sustained.

Although primarily following EU legislation on social enterprise, the Slovenian government went one step further and institutionalised social enterprise development by including additional country level funding, increased levels of mentoring, and a stricter monitoring and evaluation process (ICF Consulting services, 2014). In 2011, Slovenia passed an Act on Social Entrepreneurship (Official Gazette, 20/2011; EU 2014). It is key for this research to examine critically this legislation and recent amendments to this act in detail as it forms the crux of the argument. It is these unique and somewhat irreplaceable, intangible resources that have allowed social enterprise in Slovenia to grow at its current rate and contribute as it has to the Slovenian economy. More recently, the European Union has set five ambitious objectives – “on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020” (Tomažević & Aristovnik, 2018). Slovenia has arguably taken up this challenge the best. It is most progressive in its approach to the subject of social enterprise.

There are more measurable reasons that support Slovenia as a good case study. Firstly, Slovenia has kept a record of its social enterprises ever since the country decided to institutionalise the concept and control its use. There is detailed legislation and information available as to how the legislation has been implemented. Secondly, the recent democratisation of the country has allowed it into the mainstream of Europe, access to EU markets and a fast track to capitalism. From 1991, after becoming an independent state, free from the Yugoslav market, Slovenia saw substantial changes to its economic system. As an export-based economy, it experienced a severe drop in employment (ISEDE-NET Project, 2010), and was furthermore adversely affected by migration as large numbers of Slovenians became more mobile which saw a resultant shrinkage of the skilled labour pool (OECD, 2017).

Coupled with the increased recent influx in migration from surrounding EU countries, as Slovenia improved its standards of living, the country was faced with a younger workforce, unemployment of mainly migrant communities, low levels of social cohesion and an aging society (OECD, 2017). There are now fewer workers engaged in financing public costs, exposing “structural weaknesses and imbalances that the Government is now taking steps to address” (OECD, 2017, 17). Arguably, social enterprises have been tagged as one of the relief measures that allow Slovenia to reach and maintain its development potential and the EU 2020 targets (Tomažević & Aristovnik, 2018). These changes make for an interesting case to examine, in that the country had a great deal of social ills, left over from previous communist eras, yet has done better than most in central Europe to both cope with and exploit this historical baggage (OECD, 2017).

Hence, the decision to conduct a country-wide case study, which adds to the literature on the characteristics (type of social enterprises in Slovenia), motivations (why social enterprise in Slovenia), and behaviour of practice of social enterprises (mode and means of production in Slovenia/speaking to issues of innovation).

While there have been several studies which examine social enterprise in Slovenia (Mrak, et al., 2004; Skok, et al., 2015; Podmenik, et al., 2017), there is a possibility to improve the manner in which social enterprise is understood in Slovenia. This was done by looking at it from a resource-based view. The aforementioned support and structures may be examined as specific, unique resources that Slovenia has mobilised for a strong social entrepreneurial sector. As Day and Dennis (2016, 67) note “The most promising opportunity for future research is gaining a better understanding of the distinctive structure of the mission, processes and resources within a social entrepreneurial context”. Such an analysis can arguably determine those unique resources that have led Slovenia to successful social enterprises. Many of the studies mentioned previously have noted the fact that social enterprise has yet to reach its full potential in Slovenia (Mrak, Rojec & Silva-Jauregui, 2004; Skok et al. 2015; Podmenik, Adam & Milosevic, 2017).

Social enterprise provides a means to meet financial targets with associated social gains, over the long term, solving social ills and driven by a social mission, but funded by capitalist activities. It is a term that, although lacking concrete theory, makes up for this in the diversity and scope of its practice. It is for this reason that it is important to build up a case by case understanding of the practice of social enterprise in order to then be in a position, with enough

substantive data and information, to add to exiting theory and ideas on how to sustain and grow real social enterprise, which effect genuine long-lasting societal change. Additionally, (Bacq & Eddleston, 2018:589) argue that “a social enterprise’s scale of social impact depends on its capabilities to engage stakeholders, attract government support, and generate earned-income”. There has been some development in understanding the capabilities that are required in order for organisations to achieve their social missions (Bloom & Chatterji, 2009; Bacq & Eddleston, 2018).

E. The Research Purpose

The purpose of this research study is to analyse social enterprises in Slovenia. The goal is to establish a framework which other social entrepreneurs can use as the basis from which to operate and achieve competitive advantage.

This has been done through unpacking the core elements that identify social enterprise in Slovenia using the resource-based view. For this research it is important that this is in relation to;

- i. Where it occurs?
- ii. Which are the main industries concerned?
- iii. What are the unique resources used to promote sustainable growth?

To achieve this, the model of a resource-based view of social enterprise developed as highlighted by Day & Jean-Denis (2016) guided the research study. A critical analysis of social enterprise in Slovenia allowed the researcher to gain a better understanding of what it means to be a social enterprise in the European Union context with specific regard to the new Balkan states that have recently democratised.

The following are the guiding research questions for this study.

Research Questions:

- A. What are the core elements of social enterprise in Slovenia?
- B. What are the factors that influence the nature of the social enterprise landscape in Slovenia?
- C. What are the unique resources in Slovenia and can they ensure competitive advantage for its social enterprises?

Research objectives:

- To analyse the main elements identifying social enterprise sectors in the country.
- To explore the various supportive factors, including legislation that influence the social enterprise landscape in Slovenia.
- To analyse the unique resources and their effects (tangible and intangible/legislation and government support) in Slovenia on the social enterprise sector.

F. Why the focus?

The resources that Slovenia has used to develop its social enterprise sector can arguably be legislated for in other countries where social ills mirror those of Slovenia, such as low levels of social cohesion, high unemployment, low levels of youth employment and decreasing state social welfare. The analysis is premised on the realist perspective which is practitioner focussed. Although it is an exploratory case study, it has been able to investigate how Slovenia established social enterprise and why they did so, but has also been “particularly suitable for developing new theory and ideas” (Dul & Hak, 2008).

This study uses a resource-based view (RBV) to gain a better understanding of where social enterprise is failing and how it can be improved to meet this expected potential. As per the resource-based view, the competitive advantage of a firm/country has been based on the way in which they use resources at their disposal (Day & Jean-Denis, 2016: 60). These can be intangible or tangible and are in most cases unique to the firm or country in question (Day & Jean-Denis, 2016: 60). It is thus important to understand the specific resources at the disposal of the Slovenian social enterprise sector. Included here is how they are used to “conceive and implement strategies that improve its efficiency and effectiveness” (Day & Jean-Denis, 2016: 60). The focus has been on both the intangible and tangible resources unique to Slovenia. These intangible resources includes their history of co-operative enterprise, Slovenian social enterprise legislation, national support mechanisms, mentoring programmes for social enterprise, on-going monitoring and evaluation of social enterprise, as well as certain tangible resources (abundance of semi-skilled labour in certain regions, natural resource related tourism) that are believed to have facilitated the establishment and growth of social enterprise in Slovenia. (Day & Jean-Denis, 2016: 61).

Article 3 of the 2011 law on social enterprise clearly states and defines what a social enterprise is, providing a definition and objectives of such enterprise. In the Slovenian context although

the stated ‘definition’ presents the same criteria as prescribed by Yunus et al. (2010), and by the European legislation on social enterprise, it is clear from this prologue to the act, that Slovenian social enterprise has been identified as a fix all, a solution to a myriad of problems and yet has not been empirically tested. The prologue states that social enterprise is a means to:

..., strengthen(s) social solidarity and cohesion, promotes people's involvement and volunteering, strengthen the company's innovative ability to solve social, economic, environmental and other problems. It provides an additional supply of products and services that are in the public interest, develops new employment opportunities, provides, additional jobs and social integration and professional reintegration of the most vulnerable groups of people in the labour market (Law on Social enterprise, Slovenia, 2011).

G. Significance of this study/Benefits of the study

This case study hopes to provide generalisable results to legitimise it as a research tool. It also strives to add to the current discussion on the theory itself, in that, by focussing on the resources used to enhance social enterprises in Slovenia, other countries and regions with similar resources maybe better able to understand and implement social enterprise. Hence, the focus on intangible resources that, although unique to Slovenia, are possibly replicable elsewhere.

These can be lessons for all in a world where social change and equity are seen as key drivers in the production of wealth; where the business of business is still money, but for social good and for shared value. And it is argued herein that Slovenia’s typology of social enterprise may very well provide a path for others to follow.

It is for these reasons that Slovenia is an important case to study, as it could very well show the way to other newly democratised countries where social needs are great and yet only traditional capitalist business thrives. The focus for a more equitable society is for global capitalist business as we know it to move towards social entrepreneurial driven initiatives that focus on the economic gains, rather than simply the financial.

H. Thesis Structure

The thesis has been structured as follows:

Chapter 1 is an introduction to the study and provides the context to the study site. The chapter introduces the key concepts and the rationale for the study in order to establish the ground work

for the remainder of the thesis. Lastly the research questions are provided to guide the discussion.

Chapter 2 provides the theoretical underpinnings of the research project, focussing on the resource-based view of social enterprise, the agreed or disputed definitions of terms associated to this and the defining outputs of seminal social enterprise authors. The focus of this chapter is on understanding what the key features of a social enterprise are and to understand how such enterprises have been used to both create profit and drive social change.

Chapter 3 presents the methodology used to carry out the research and produce the research report. The chapter outlines the rationale for the methodology (case study), as well as provide detail on the sample used and the methods that were employed in order to ensure a clear understanding of social enterprise in Slovenia.

Chapter 4 sets out the detailed analysis of the case and present findings. The focus of the chapter has been on the size of the sector in Slovenia, where such enterprise takes place, the specific regions and the main sectors involved in this type of business.

Chapter 5 provides some interpretation of the data linked to the theorists discussed in chapter 2 with the actualities as evidenced from the database on Slovenian enterprises, Slovenian legislation and support structures and the additional background data on the enterprises themselves.

Chapter 6 concludes the work, with a focussed discussion of the findings of the case, the way forward for Social Enterprise in Slovenia and the value of the research that has been done.

I. Conclusion

By providing a critical case study of Slovenia as detailed in this chapter, the researcher is in position to understand both the current theory on social enterprise and the practice of such theory in the Slovenian context. Building on academic resources to strengthen social enterprise theory and allowing for other countries on a similar development path to be able to emulate Slovenia towards possible successful social enterprise.

Given the state of current research and empirical work on social enterprise, Slovenia presents as a possible route to success. This can be used to establish what South Africa could do to improve social enterprise in the country. It is a case study that allows very distinctly the possibility for the building or adding to existing theory on social enterprise, considering that

Slovenia has a well-established framework, as well as the monitoring and evaluation of social enterprises.

Chapter 2 Literature Review

A. Introduction

Chapter two provides a theoretical basis for the discussions in the research. This has been done in relation to the unique resources they use in their operations and as such the resource-based view has been used to provide a theoretical understanding.

A detailed discussion of the theory of social enterprise is critical for the basis of this research so that a common understanding is created herein as to the meaning, applicability and possible categorisation of a social enterprise. Considering that this is a case study, it has also been important to contextualise the discussion on social enterprise, so it is understood from a European Union and Slovenian perspective. As such, the chapter includes some contextual/historical discussion on Slovenia and the rise of the social enterprise in line with the country's emergence into a capitalist democracy, where social enterprise has been lauded as the means to create and sustain social improvements (ICF Consulting Services, 2014). Thus, allowing existing theory to be unpacked, yet also with a clear contextual understanding of the term. The RBV has been introduced and social enterprise from this standpoint has been explained.

B. Understanding the Concepts

It is widely noted that the field of social entrepreneurship lacks agreement as to an exact, precise definition, as well as being a relatively new field of research lacking an integrated model (Day & Denis, 2016; Smith & Darko, 2014; Petrella & Richez-Battesti, 2014; Huybrechts & Nicholls, 2012). What is accepted, is that it is a particular subset of the social business paradigm, which would include a wider typology of business (Yunus, 2010; Yunus, Moigeon & Lehman Ortega, 2010).

Social business is the root of social enterprise. Social enterprise, as being advocated for in Europe, is as Yunus notes (Yunus, et al., 2010), a subset of social business. It is indeed self-sustaining, has an economic surplus for expansion, has a social gain at its core and is non-loss, non-dividend (Yunus, 2010). It is shown herein that social enterprise as legislated for in Slovenia is in fact social business as postulated by Yunus (2010). Yunus writes about two types of social business. Type one is simply defined as a non-loss, non-dividend business where the social problem is the key function. Type two is a profit maker owned by poor people to use the dividends to deal with social issues, through a trust or association, (Yunus 2010). In Slovenia,

the 2011 Act (Official Gazette, 20/2011) also defines two types, one where the enterprise is social as per the lists provided, wherein it deals with one of the country's identified key social ills and the other where the focus is to employ from vulnerable groups. Both of the Slovenian types of social enterprise, thus, arguably fall directly into the Type one social business as described by Yunus in his seminal work on '*The New Kind of Capitalism that Serves Humanity's Most Pressing Needs*' (Yunus, 2010).

Very little social enterprise in Slovenia follows the concept of an individual taking on a social issue through innovation, whether for profit or loss, but to deal with the social issue. Social enterprise in Slovenia is, thus, more closely aligned with the principles of social business as postulated by Yunus (2010).

However, from the very outset there remains uncertainty in getting closer to a uniform understanding of either the concept or the theory of social enterprise (Yunus, Moigeon & Lehman Ortega, 2010). Based on this "impossibility of a unified definition" (Defourny & Nyssens, 2016) no specific definition has been provided herein. Instead, an amalgamation of agreed upon criteria and features have been used to theoretically understand the term social enterprise. Yunus (Yunus, 2010; Yunus, et al., 2010) has noted seven key criteria for social business. Of these, four have been selected as the most measurable and used as the basis for classification of what a social enterprise looks like in Slovenia, given their specific context and legislation.

There are three of the original social business criteria (Yunus, 2010), that of fair wages, doing business with joy and being environmentally conscious, that are not included in the social enterprise criteria herein. Quite simply put, it would be nigh impossible for the inclusion of a feeling joy from the database provided and a comparative analysis of wages falls outside of the scope of the work at hand, as would an analysis of the environmental scorecard of these enterprises.

In order to fully understand social enterprise, one needs to first grasp the concept of entrepreneurship. The enterprise is the entity, entrepreneurship is the activity and the entrepreneur the person engaged in such (Huybrechts & Nicholls, 2012; Petrella & Richez-Battesti, 2014). All these terms are premised on the notion of entrepreneurship, which itself is a somewhat disputed term. It is widely based on the idea of change agents creating value and change in the economy, while adding a social component. Dees (1998, p. 4) postulates that social entrepreneurs are

“...playing the role of change agents in the social sector by adopting a mission to create and sustain social value, recognising and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly without being limited by resources currently in hand, and finally exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.”

It is argued by Day and Denis (2016) that there remains a gap in the knowledge as a result of an absence of research and literature on social enterprise. “When reviewing the literature there seems to be few studies exploring the characteristics, motivations and behaviour of practice that promote social innovation and sustainability” (Day and Denis 2016). It is further argued by Day and Denis (2016) that there remains a gap in the knowledge as a result of an absence of research and literature on social enterprise. “When reviewing the literature there seems to be few studies exploring the characteristics, motivations and behaviour of practice that promote social innovation and sustainability” (Day and Denis 2016). It is important to understand these theoretical gaps from the outset, in order to understand the means in which the term is dealt with. For the Slovenian case study to mean something beyond the local, it is imperative to start with a shared understanding of the term, which incorporates as wide a set of criteria as possible. It is perhaps important then to start with the rationale for the enterprise.

Purpose of social enterprise

The ‘business of business is business’ and it must make a profit in order to legitimise its own existence (Friedman, 1970). Until the late 1990’s it was also accepted that it was not possible in business to do well (i.e. be financially profitable) and do good (i.e. provide moral benefit to society) at the same time (Nilsson & Robinson, 2017). However, as the wheel of progress turned, it became apparent that to do well over a long period of time (financial sustainability), businesses indeed need to do good (have a moral/social directive); to meet the needs of the wider stakeholders rather than simply provide financial returns for the shareholders. The social enterprise was then heralded as the paragon of such shared value (Porter & Kramer, 2011). As the three P’s (people, planet and profit) became more important and profit generation openly conflicted with people, sustainable and ethical motives became core business principles (Fisk, 2010). This meant that resource efficient organisations yielded higher investment returns than their less resource efficient counter parts whilst showing a high level of entrepreneurship and innovation (Murphy & Coombes, 2009). Business for good had begun. Arguably in the term

social enterprise, business for good has found an ideological viewpoint that has proven itself empirically in several instances from Fair Trade to Grameen Microfinance (Huybrechts & Nicholls, 2012). It is also clear from the literature that more recently various Governments, such as Slovenia, have also picked up the baton of social enterprise as a possible policy solution to several social problems (Teasdale, et al., 2018).

C. The Determinants of Social Enterprise

Social enterprise as we now know it began in the 1980s with non-profit social enterprises that comprised of two predominant types. One based on the innovation and entrepreneurial spirit of the individual, such as Ashoka, which was founded in 1980 on the simple insight that there is nothing more powerful than a system-changing new idea in the hands of a leading social entrepreneur (Ashoka 2017). The second predominant type of early social enterprise was that of the non-profit organisation using more mainstream commercial means to achieve their mission (Defourney & Nyssens, 2012). Thus, the early social enterprise may have had either a social mission at their core or entrepreneurial spirit and yet they were not from the outset necessarily driven by the creation of economic profits to fund either this social mission (Yunus, et al., 2010) or to achieve the entrepreneurial initiative (Defourney & Nyssens, 2012). It was only after the success of some of these initiatives, such as the Grameen group (Yunus, 2010) on a truly global financial level, that it became obvious that the stakeholder principle of business and social good could indeed drive economic as well as financial value production and the maintenance of such. The time was arguably right for a new form of company, new business practices, and innovation such as had not been seen before based on the age-old principles of capitalist wealth creation. It is possible to do (social) good by doing well (financially) is the new call to arms.

Yunus described what a social business is and how one can achieve this specific type of enterprise (Yunus, 2010). The four features or criteria in his description of social business that have been chosen are the broadest, most widely accepted form of social enterprise. There are four key elements that they note are crucial for a social business (Yunus, et al., 2010) are: (1) Mission focussed. The mission of a social enterprise is one of the key components of the criteria to fit into this category of business. From the earliest roots of the concept the rationale for the enterprise is key, it is a social good that the business aims to deal with or solve. (2) Have access to funding that take their operations to scale; as an 'enterprise' there must be the ability to grow, allowing the social mission to be met on a wide enough scale to legitimise the financial

investment. (3) Earn the income required to sustain and grow operations; the social enterprise must, according to this definition, not require additional outside funding to maintain and increase their work. (4) Provide a social return on investment, ensuring that there is a measurable cost benefit of the enterprise (Yunus, et al., 2010 ; Yunus, 2010). These four criteria form the basis, for this research, for the mapping of a clearer theoretical definition, primarily because, as has been argued below, it incorporates the current prescriptions on SE that are important to Slovenia (EU) and beyond. There are in fact an additional three criteria or principles (as aforementioned) which Yunus used to set out the initial criteria for social business: (5) Providing market based wages, (6) environmental protection, and (7) performing the business with joy (Yunus, et al., 2010), which have not been included herein as these would not be possible to be mapped using the available dataset.

Social entrepreneurship, thus, aims to drive social change using business principles (Pirson, 2012). Non-profit organisations are no longer able to make long lasting global changes based predominantly on donations and good will. The welfare state peaked and fell, and may make a comeback in another form altogether. World changing ideas and innovations are now clearly seen as being driven by profit (Defourny and Nyssens, 2010). Even for those businesses premised on the generation of wealth for shareholders, CSI and contributions to stakeholders and communities have become paramount should they wish to continue in the vein of profit for wealth's sake (Pirson, 2012).

More recently, it has become clear that true social enterprises are not necessarily non-governmental or not for profit organisations, in fact they are somewhat in direct juxtaposition to most of these grant dependant organisations, in that to have a true social enterprise you must be making profits (Defourney & Nyssens, 2012). According to Ginige's theory of social enterprise matrix (Ginige, 2015) the basic tenants are, as per Figure 1 below.



Figure 1: Theory of Social Enterprise matrix (Ginige, 2015)

The main issue is a clear dichotomy between raising profits and achieving social good/positive impact. It was, as aforementioned, the accepted premise from the 1970's onwards, that one cannot be done without the other (Friedman, 1970), thus bringing into question the manner in which profits are generated; can the ends justify the means? Presenting for some a 'Mission Integrity problem' as noted by Besley and Ghatak (2017). However, if one aligns with the criteria as set out by Yunus for social business of which Social enterprise is a subset, then the distinction is clear and there is no dichotomy, for within the seven criteria he notes the imposition of fair and above industry wage practices (Yunus, 2010). There are indeed those social enterprises that would term themselves non-profit. However, if we are to use returns on investment for social good, there must be an on-going positive return on the investment for the enterprise to be a sustainable social enterprise (Yunus, et al., 2010; Day & Jean-Denis, 2016). The idea is for the business to make a profit, but for no one to take the profit, and for this to be done in a manner that is beneficial to the environment, stakeholders and labour (Yunus, 2010).

D. Guiding Frameworks

D 1) EU and Slovenia and the Legislative Framework for Social Enterprise

Social enterprise and social entrepreneurship have been used interchangeably in Slovenia and essentially denote an enterprise that has been set up for good. The analysis here is on a macroeconomic level, whereby the national economy of Slovenia is analysed as the

business/enterprise. If one uses the four criteria as set up by Yunus et al. (2010) and Slovenian legislation, one sees that the basic tenants are the same, as per Figure 1 above. Social enterprise has been hailed as the means to solve a lot of Slovenia's economic and social challenges (Tomažević & Aristovnik, 2018). More specifically, as the way Slovenia will meet the EU targets for 2020, increasing employment, less greenhouse gas emissions, increased youth in skills and training, and less people at risk of social exclusion (OECD, 2017; Tomažević & Aristovnik, 2018).

D 1.1) The Implications of the legislation of Social enterprise in Slovenia

As aforementioned, **Section 1** are the general provisions and sets out the definition of the Slovenian social enterprise. **Article 1 and Article 2** set the tone, both of which mirror the EU legislation. **Article 3** defines the concept, but goes somewhat further by also providing for the very clear objectives for social enterprise, setting the theme for the remainder of the policy, in that Slovenia has seen social enterprise as a means to solve a range of social issues. It is this rationale for social enterprise that has been taken further than in any previous legislation.

Article 4 provides the principles and requirements for social enterprise; with **Article 5**, again going further than any previous legislation to define exactly which areas of operation social enterprise can act in. This could be viewed as somewhat restrictive, but if one follows the theme or trend of the policy, it is clear that it was determined to deal with a clear set of social issues and as such ensure that the focus of social enterprises in the country was upon these predetermined issues. They have set the criteria for social enterprise but also set and legislated as to which social missions will be accepted for social enterprise. The article does, however, allow for additional sectors or "fields of social enterprise" to be defined by additional legislation.

Article 6 is arguably one of the key articles of the act, in that it becomes clear upon analysis that employment and the creation thereof is the key mission for Slovenian social enterprise. Social cohesion is stated as key and Slovenia have chosen to deal primarily with this issue, for in **Article 6** the law states that regardless of the criteria of the allowed for fields of social enterprise, what is key is that these enterprises are creating gainful employment and that this employment focuses on the most vulnerable groups in Slovak society. If so, then the enterprise will be allowed and accepted as well as supported. **Article 7** sets out the required competencies for social enterprise, the government notes here exactly what type of skills and support they believe will be required to guide, promote and monitor social enterprise. Ministries, public

funds, public institutions and other legal entities governed by public law are set up and provided for by this legislation. This is all done in an attempt to ensure that the types of business with clear social missions as defined in this law are able to access support and funding to execute their mandate. Once again, it is in the reading and understanding of this article that shows the extent to which Slovenia has gone to establish, protect and sustain the social enterprise sector. Read in conjunction with Article 6, it shows that there is an overt attempt by the legislation to ensure that Slovenian social enterprise targets specific social ills, and will be supported significantly by government do so. These Slovenian social ills have become clear opportunities for turning a negative problem into a positive influence. With the government support social enterprises receive to start up and move to scale, they have also become good business decisions.

Section 2, Article 8 notes that the social enterprise status, as applied to non-profit organisations, can be applied for. Not all Slovenian NGO/NPOs are social enterprises, and those that are registered as such must meet the stringent standards set by the Slovenian legislation on social enterprise.

Section 3 sets out the special terms of business operations for social enterprises. Setting the functional terms of reference for social enterprises.

Section 4 provides details of the supporting environment for social enterprises and is also key for this research in that it begins to clearly show how the intangible resources, such as the legislation, are able to create tangible gains. For example, the legislation allows for real financial support to be applied for and received by those embarking on social enterprise and following the processes and structures as set out in Slovenian law.

Section 5 deals with incentives for the creation and set up of social enterprises. **Section 6, Article 42** outlines the records of social enterprises that will be kept by both the company itself, but also by a competent ministry.

Section 7, Articles 43 and 44 are the areas of supervision for misdemeanours and control, and the various bodies that are responsible are clearly listed.

Section 8, Articles 45-47 provide for a clear set of penalty provisions. Article 45 specifically deals with fines for misreporting profits and losses according to aforementioned article 11. Articles 46 and 47 also allow for fines for the misuse of the term social enterprise and use of it in a company name which has not been approved and registered as required by this act. There

are thus carrots and also sticks provided for in the Act on social enterprise, all of the preceding sections would mean little unless there are consequences for failure to comply, which in the Slovenian case are set out very clearly, with actual amounts for each contravention. It is these restrictions and financial impositions for non-compliance that are arguably some of Slovenia's most prized resources when it comes to the implementation of social enterprise in the country.

Section 9 and **Articles 48-51** set out the dates of enactment and also by when the provisions in the act requiring government action should have been taken. The act is a comprehensive road map for social enterprise, and although it has been argued to be restrictive by certain authors (ICF Consulting services, 2014), for a country facing the social and economic challenges such as the newly democratised Slovenia, this legislation is a clear means of dealing with social challenges by kick-starting enterprise and innovation (Official Gazette, 20/2011).

In 2014, the European Commission then sponsored and produced a series of reports on social enterprise in Europe and the report on Slovenia is used herein to support the detail from the Ministry of Economic Development and Technology database (2010). As of the 2014 report, there was no single database for social enterprise in Slovenia. This changed in 2016 when a concise database was created for all social enterprises in Slovenia, allowing them to be registered and monitored separately from NGOs and other co-operatives and institutions that do not meet the standards as set by the definition in the legislation.

Some, however, would argue that the Slovenian legislation is restrictive in its interpretation and leads to a very narrow typography of social enterprise, arguing instead for a more developed framework and contextually relevant understanding of social enterprise for Slovenia (Hojnik, 2017). The fact of the matter is that the Slovenian government has been proactive in its approach to social enterprise, creating in effect a unique legislative context with more support for this type of business than there is in many other parts of 'new' Europe.

It is, thus, in the actual implementation of the legislation that one is able to see whether or not these intangible resources have provided for tangible social changes in the areas, as identified by the legislation on Slovenian social enterprise.

Other support for social enterprises in Slovenia

- An amendment to the Act in 2018, Article 7 of the Act Amending the Social Entrepreneurship Act - ZSocP-A (Official Gazette of the Republic of Slovenia, No.

13/18) of 28 February 2018, established a social economy council. The Council is responsible for developing a social economy development policy, preparation of strategic development documents from the field and monitoring of their implementation (Republic of Slovenia, 2018).

- Government tenders specifically for social enterprises, this is a process whereby specific government tenders are only available to those businesses registered as a social enterprise with a clearly defined social mission.
- Government funding for social enterprises, as long as the social enterprise in question is registered and has a clear social mission as per those prioritised by the Slovenian government: employment, social cohesion and the like, it is then possible for the enterprise in question to receive various government subsidies (ICF Consulting Services, 2014).
- Mentoring programme to develop social enterprise.
- EU member states expected to meet the Europe 2020 strategy (Tomažević & Aristovnik, 2018).

Of all this support, what is important is to see the extent to which the existing social enterprises have accessed the support.

D 2. The Theoretical Perspectives

D 2.1) The Resource Based View

With the theoretical understanding of social enterprise as presented, it is now important to understand the concept in terms of the resources and capabilities that are required to drive successful social enterprise.

The RBV is not common for analysis such as this and has, herein, focused on the social enterprises ability to build, combine and use resources and capabilities to achieve their social impact (Bacq & Eddleston, 2018). A study using the RBV to analyse SE in America has been previously completed and it was argued that the RBV “is well suited to study social enterprises as it is concerned with the combination and management of resources and how these flow within the organisation to lead to more effective processes” (Bacq & Eddleston, 2018, p. 590).

The RBV allows for interpretation and analysis of the various internal resources of a firm or country that may allow it to achieve or strategise towards sustainable competitive advantage (Madhani, 2009). Using the available resources that are specific to the country, not easy to

replicate and that cannot be substituted, it is argued may allow a country to reach sustainable competitive advantage and improved economic performance (Madhani, 2009). It has been proven that those enterprises that are more resource efficient are able to yield higher investment returns than those who are not able to use their unique resources in the most efficient manner (Murphy & Coombes, 2009). It is this view of the social enterprise that this paper uses in a critical manner to understand and outline the rationale for their establishment. Accepting that without the efficient use of available and unique resources there can be no successful social or commercial enterprise (Day & Jean-Denis, 2016). By examining the unique group of resources available to a country it may be possible to determine the extent to which social enterprise can be created and sustained (Day & Jean-Denis, 2016).

In brief, this specific lens (RBV) was chosen to analyse social enterprise in Slovenia, rather than the market-based view (MBV) in that it arguably provides a better overall analysis of social enterprise at a country level. Macro-economic planning at the national level (legislation, funding, training and research) must begin from a premise of what resources are available and how these can be bundled together to create a unique set of developmental possibilities. Just as the market is accepted as being in constant flux, so too are resources, and these can be shaped in a dynamic fashion to meet changing market conditions (Madhani, 2009). At the firm level, using the MBV may prove more suitable in that each business sector or market sector would have specific market issues/forces that would need to be dealt with in isolation. But to take and achieve a social mission, which is becoming more important, available resources will be more critical.

Using available resources to plan and strategise, evaluate and achieve sustainable competitive advantage at a country level required an understanding of the resources at hand more so than the internal or global market forces at play. In a changing world where opportunity will be in social change and environmental protection (Fisk, 2010). Resources will be more important than the market. Both views are important to strategise for sustained economic growth, yet for this specific piece of work, the RBV provides a clearer lens to examine the countrywide uptake in social enterprise in Slovenia. RBV sees the country as a collection of resources, which could and should be effectively managed to reach the goal of scaling up social impact (Day & Jean-Denis, 2016).

The resource-based view espouses a way of thinking argued to elicit sustainable business through competitive advantage (Fahy, 2000). “As applied to social entrepreneurship, the RBV

offers a framework for understanding how resources and capabilities enhance a firm's competencies and enable it to serve its target beneficiaries more effectively" (Bacq & Eddleston, 2018: 589). The resource-based view can thus be used as one of the many ways that business and strategic resources can come together to provide for a more sustainable business model and way of thinking. It is this ability to maximise the available resources to scale up social impact that would arguably lead to improved business sustainability. More than just the shareholders of an organisation will be supported in the application of the social enterprise. In addition, while a social enterprise may not be concerned primarily with gaining a competitive advantage, "they do seek to build competencies that will help them serve their target market more effectively" (Bacq & Eddleston, 2018: 592).

Sirmon et al. (2007) propose three dimensions to the RBV which assist in understanding how it can be used to provide competitive advantage. The first dimension is structuring the resource portfolio, which "may require partnering with various organisations to access specific types of resources or internal development and accumulation of resources" (Seelos, 2014: 11). The second dimension is bundling of resources to create resource configurations, the "integrated sets of resources that generate the essential organisational activities as part of the value-creation logic of an organisation" (Seelos, 2014: 11). The third dimension of the resource-based view framework is leveraging resources to achieve competitive advantage. The leveraging of resources "is adapted by specifying the consequences of deploying resource bundles" (Seelos, 2014: 11); this is done in order to explain how they are achieving core financial and non-financial objectives.

To create sustainable competitive advantage, social enterprises must be able to use resources that are non-traditional, innovative and unique to their specific circumstance and context (Day & Jean-Denis, 2016). The resource-based view provides a critical lens to more thoroughly understand social enterprise, but it also aims to add to the current debate on the topic, by including an additional theoretical perspective, that allows one to theorise cogently as to the success factors for social enterprise. The resource-based view allows for analysis of results of social enterprise in relation to the externalities and unique resources, as well as the manner in which the resources are used (innovation) to meet a social mission, which can be taken to scale.

D 3. Conceptualisation of a Framework for Social Enterprise in Slovenia

According to the European Commission (EC) (2015a), social enterprises seek to serve the community's interest (social, societal, environmental objectives) rather than profit

maximisation. In the EU, such enterprises often have an innovative nature, through the goods or services they offer and the means in which these goods or services are produced. Often employing society's most fragile members (socially excluded persons), social enterprise in the EU, thus, contributes to social cohesion, increased employment and the reduction of inequalities (Tomažević & Aristovnik, 2018).

For the purposes of this research, the four criteria as used by Yunus (2010), as well as the EU legislation on social enterprise, have been used to analyse social enterprise in Slovenia. The aim was to use Yunus' view which purports to describe the term universally, whilst arguably incorporating the term as it is used, defined and made more contextually specific by the EU in Slovenia. The diagram below shows where the common ground is found in the literature with regard to social enterprise, allowing a clear set of criteria to be accepted as the core criteria of social enterprise. It presents an amalgamation of a number of seminal authors as well as the definitions used in EU Legislation.

The diagram below (Fig 2), uses the Yunus criteria mentioned above as the foundations for analysis (Yunus, 2010). Then, amalgamating the voices of seminal authors and the EU/Slovenian legislation to show that although there is agreement as to the lack of a concise social enterprise definition, these criteria underpin EU practice and as such serve as the theoretical basis from which to understand social enterprise in this research.

Figure 2: Criteria used to denote a social enterprise (developed by the researcher)

Yunus 2010 (Social Business)	Seminal theorists ⁽²⁾	EU legislation/Slovenian Social enterprise	Social enterprise for this paper
Mission focussed	Social purpose	Serve community interests	Social Mission orientation
Access to funds	Mix of resources used to re-invest	Employment/reduction of inequality/environmental protection	Start-up funding

² (Pettrella & Richez-Battesti, 2014; Dees, 2012; Day & Jean-Denis, 2016; Defourney & Nyssens, 2012) and others.

Earn income	Economic efficiency	Innovative production/methods	Finance available to go to scale
Provide a social return on investment	Social value creation	Serve community interests	Social return on investment

Figure 2 sets out the criteria used to denote a social enterprise, and provides a basis from which to concretise theory on the topic. Using four of Yunus's seven criteria as the units for analysis (Yunus, 2010), the researcher has shown the overlap or clear points of agreement between EU and Slovenian policy and other seminal theorists (Yunus, et al., 2010 ;Besley & Ghatak, 2017; Day & Jean-Denis, 2016; Dees, 1998; Defourney & Nyssens, 2012; Huybrechts & Nicholls, 2012). Allowing there to be a clear working understanding for this paper.

The Slovenian term is slightly broader, yet still fits directly into the clear structure as initially set out by Yunus et al. (2010). These are the aspects that have been important to define or accept, i.e. that a registered (social) enterprise in Slovenia meets universal approval as a social enterprise. Although the EU definition (ICF Consulting Services, 2014) allows for profit maximisation not to be the main objective of the social enterprise, if one examines the originating tenants of the concept, profit maximisation is *key* if the enterprise is to be used for on-going/sustainable social change.

Slovenia comes from the ex-socialist Balkan states with a history of social cooperatives, through collectivism, (Perestroika) (Mrak, et al., 2004), and as such would additionally have this history as one of their rare non-transferable resources. "Slovenia has a lot of potential in the field of social entrepreneurship and cooperatives as it has the tradition and collective mentality which can be socially oriented, focused on solidarity and hard work" (Tomažević & Aristovnik, 2018: 6). This would support Sirmon et al.'s third dimension of intangible resources (Sirmon, et al., 2011; Kamasak, 2017). This history allows for Slovenia to better understand how approaching national development could be achieved, starting with a social mission as the end goal. The country arguably offers fertile breeding grounds for a new form of socialist renewal through social enterprise. Clearly showing that, the bundling of tangible (natural resources, finance, and skilled labour) and intangible resources (mind-sets, historical

understanding of social enterprise (cooperatives) and supportive legislation) are both increasingly important for social enterprise.

E. Conclusion

The social enterprise as a venture with a social entrepreneur at the helm driving social entrepreneurship, has proven to have the ability to solve substantial global challenges. There have been many theorists who have attempted to explain and define the term, yet it is argued herein that the term must be considered as contextually specific, and this should be expected in that although the main tenants are similar and the driving impetus the same; the structure, resources usage, and specific social ill to be solved will remain very different. What will, however, arguably be the determining factor for success will be the manner in which the firm/country is able to firstly use and then to even create their own unique resources that will both support and develop social enterprise. Slovenia provides an example of the attempt at a national level to achieve macro-economic change through overt support for social enterprise.

Resources are key to the ability to implement the concept of social enterprise and for some countries/economies and businesses their unique resources allow for better implementation, or more chance of success. This resource-based view has allowed for one to analyse which are the unique to Slovenia resources used to establish and support Social enterprise. By using the resource-based view to look at social enterprise in Slovenia, the aim is to determine which unique resources led to the establishment of social enterprise and what type of social enterprise.

Chapter 3 Research Methodology and Design

A. Introduction

The following chapter describes in detail the methodology used in the conceptualisation, implementation and analysis of this research study. The research is a case study on social enterprise in Slovenia and has been carried out using the resource-based view. The research problem at the heart of this research is the gap in understanding what factors influence social enterprise and a better view of what unique resources ensure competitive advantage for social enterprises. The main emphasis has been on an analysis and understanding of the resources used and exploited by social enterprises in Slovenia. The chapter outlines the rationale for the methodology (case study), as well as provide detail on the sample used and the methods that were employed in order to ensure a clear understanding of social enterprise in Slovenia.

B. Research paradigm

This qualitative case study analysis is premised on the realist perspective which is practitioner focussed. A realist investigation allows for the researcher to identify certain phenomena, transforming people's experiences into the verbal experiences of the researcher (Riege, 2003). A realist perspective is appropriate in this research because it considers the nature of the research. Sayer argues "Compared to positivism and interpretivism, critical realism endorses or is compatible with a relatively wide range of research methods, but it implies that the particular choices should depend on the nature of the object of study and what one wants to learn about it" (2000: 19). Furthermore, the realist approach is appropriate for this study because it centralises context as a key element of an intervention. As Douglas, Gray & Teijlingen (2010: 2) argue with their own research, a realist paradigm highlights "the context in which an intervention is implemented; the mechanisms of that intervention, as well as its outcomes." The purpose of this paradigm is to provide a philosophical lens to understand "complex, social interventions as constantly perceived, generated and altered" (Otte-Trojel & Wong, 2016: 276).

C. Research methods

Qualitative research is considered to be much more flexible than quantitative research, enabling the researcher different types of engagement with both the data collection methods and data analysis methods. The purpose of undertaking qualitative research is to move beyond the 'what' of a research problem, but ask "the 'how', 'who' and 'why' of individual

and collective organized action as it unfolds over time in context” (Doz, 2011: 583). Another advantage of using qualitative methods is the ability of qualitative research to build theory. This is particularly relevant in this research which is bringing together two already established theoretical frameworks and testing the ability to integrate them into a new theoretical lens. By using a resource-based view and the theory of social enterprise, this qualitative research brings together various theories into “new conceptualizations rather than merely juxtaposed” (Doz, 2011: 584).

D. The case study approach

The definition of a case study is provided by Dul and Hak (2008: 4) who argue that, “A case study is a study in which (a) one case (single case study) or a small number of cases (comparative case study) in their real life context are selected, and (b) scores obtained from these cases are analysed in a qualitative manner.” The scoring has been done according to whether the Slovenian social enterprises have a clear social mission, have they received and accessed government support, and, lastly, is there a correlation between regional specific resources and the type of social enterprise established? Thus, while the data set may be quantitative in nature (database), the means of analysis is qualitative. Dul and Hak (2008: 6) note that, “Although in a case study quantitative data can be used to generate the scores to be analysed, the interpretation of scores of the (small number of) cases in order to generate the outcome of the study is done qualitatively (by visual inspection) and not statistically”.

The value of using the case study approach is that it allows the researcher to focus almost exclusively “on understanding the dynamics present within single settings” (Eisenhardt 1989: 534). While this case study looks at different types of social enterprise, what is common (the single setting) here is Slovenia as a particular context in which social enterprise is being evaluated. In addition, while the results of a case study are often not generalisable because they focus almost exclusively on a particular context, what is possible is transferring knowledge gained through the case study to similar contexts. Dul and Hak (2008: 48) make the argument that “generalization, thus, is an aim rather than a claim. It is something a research community aims to be able to do after a series of replications rather than claiming to be able to do on the basis of an assumed degree of representativeness of the instance in which a test was conducted”. As such, generalisation is not a claim in this research, but is an aim in that the case study allows for replication in other similar contexts.

In order to carry out the case study, the dissertation firstly entails a detailed mapping process of social enterprise in Slovenia. This data collection method primarily included an analysis of the Slovenia government database of all social enterprises in the country. This publicly available information has been analysed to establish whether the current enabling environment is based on a resource-based view and how the current environment relates to the dimensions of RBV discussed above. This analysis used Yunus et al.'s four elements of social enterprise as a framework for analysis. This includes a critical overview of the types of social enterprises in Slovenia, examining what kinds of social enterprises are currently being carried out, what types of resources are being used, and the sustainability of the current social enterprises in the country.

E. Data collection methods

From the database on social enterprises in Slovenia (Ministry of Economic Development and Technology Slovenia, 2019) there are a total of 259 registered enterprises. This is impressive given that in 2014 there was no database nor was there a set programme for the way forward. There has since been huge impetus in this sector in Slovenia, with the establishment of a support, mentoring, fundraising and tender system for social enterprises, established in 2015.

1. The first step was to set out the guiding criteria for a social enterprise in Slovenia, so that we had a unit for analysis and critique. This was the purpose of the literature review and the chapter on Social enterprise. It also entailed gaining a clear understanding of how the term was defined in Slovenia.

To examine the Slovenian database on Social enterprise and determine what it contained and then determine a matrix for analysis. The database was available on the Ministry of Economic Development and Technology of Slovenia website.

2. Translate using Google translator and assistance from The Slovenian Ministry of Economic Development and Technology all the data that was in Slovenian, such as the main focus of the enterprise.

Added the following columns for analysis: Clear social mission, website availability, and detailed regional information for each geographic region.

3. Determine where the main social enterprise is, which sectors are the main focus of social enterprise in Slovenia.

4. Establish what the main social mission of the social enterprises is in Slovenia, this was done by accessing websites, social media and background financial data which is mandatory for SE in Slovenia.
5. Establish whether there was a unique resource responsible and utilised for Slovenian Social enterprises.

The aim was to examine the nature of social enterprise in Slovenia and how this was shaped by the types of resources and capabilities available to the country. This was followed by critical analysis of Slovenian social enterprise policy. This includes analysis of documents, such as the Act on Social Entrepreneurship (2011), which regulates social enterprise activity in the country. It also requires that the Council for Social Entrepreneurship be established, that a strategy for the development of social entrepreneurship be adopted and that a programme of measures be implemented. Thus far, the following measures have been implemented: 1) The *Council for Social Entrepreneurship* has been established. It is composed of representatives of all ministries (except the Ministry of Foreign Affairs), two representatives of social enterprises, one representative of social partners and one expert. 2) The *Regulation on Determination of Activities of Social Entrepreneurship* has been adopted (Official Gazette, 54/2012, amended 45/2014). 3) The rules for monitoring the activities of social enterprises have been prepared (Official Gazette 35/2013). 4) Accounting standards for social enterprises (2/2012) have been developed (ICF Consulting Services, 2014: 4).

This qualitative analysis went beyond simply examining the number of social enterprises and their financial contexts, but rather provided an analysis of the ways in which the resources (Slovenian enabling legislation) available to social enterprises have ensured or improved their competitive advantage, improved social structures in the country and whether these lessons can be shared with other countries.

The core data source is a 2016 Slovenian Ministry of Economic Development and Technology database on social enterprises which is updated on a regular basis (Ministry of Economic Development and Technology Slovenia, 2019). The version used was from 2019, and has since the start of the research also been updated, showing its currency. This database, which is an MS Excel web-based document, was accessed via the ministry website, although a copy had been provided during the proposal stage by the research supervisor. It is important to note that the website has a translate function. During the writing and analysis process, the database was unavailable online in English and after contacting the Ministry of Economic Development and

Technology using their online electronic contact system. The researcher was provided all the headings in English, and advised to use online Slovenian translation to determine the sector of the enterprise. Then using Google to search the business name in Slovenian. The business sector was able to be determined, as most if not all the associated websites, landing pages or business listings had a 'translate into English' function. The researcher then added any existing social media, websites, etc. to the Excel data as well as location data and a map. Then, using the Ministry website, all regional financial data was added via hyperlink to the excel data sheet. This allowed for all the important information to be presented in one place. Those as added by the researcher were the fields for Social media, Social Mission and Financial data. Subsequently, secondary sources of data were used to add and substantiate the social enterprise information and to confirm registration according to the Slovenian database. This included; a 2014 ICF Country report on Slovenia (ICF Consulting services, 2014); a recent case study on Slovenian Social Enterprise (Tomažević & Aristovnik, 2018); website data for regional data; specific social enterprise cooperative websites; and social media to access, translate and analyse the social mission statements of a representative random sample of the social enterprises listed on the database.

F. Data Analysis

Having established an understanding of the key features or concepts associated with social enterprise, the research then examined the Slovenian database on social enterprise and re-labelled the information using these key concepts, i.e. Did the enterprise have a clear social mission? What was this social mission? Where about in the country did the enterprise take place? Did the social mission fit with the EU 2020 strategy prerogatives? Had there been growth in the SE sector over time? Lastly, was there financial/other data available to show whether the enterprise was moving to scale?

The process of analysis entailed determining where the main social enterprises were, which sectors they fell into, whether they accessed government support or not, and if they were seen to be growing over time. Having done this analysis, it was then possible to establish what the main unique features are for Slovenia to have gone into social enterprise as they have. In order to build theory as described above, it was then possible with an RBV lens to establish whether there was a unique resource that could be labelled responsible for the growth in Slovenian social enterprise.

G. Validity and reliability

It is important to highlight the validity and reliability of the research data and methods used in this study in order to ensure that there is increased transparency and less chance of bias in the qualitative research. Validity is the truthfulness of findings, while reliability is the stability of findings (Mohajan, 2017: 1). The reliability or dependability of the research is rooted in the data source, which is assumed to be “stable” (Mohajan, 2017: 10) and free from errors. This is further enhanced through the systematic approach of analysis, which examined the entire sample in a consistent manner across the entire data set. The data set is said to be reliable because it remains constant despite the passage of time and as such the analysis will not change over time (Allen & Yen, 1979). The validity of the research is established through the fact that the research methods and instruments do what they are designed to do and in “qualitative research is based on the fact that validity is a matter of trustworthiness, utility and dependability” (Zohrabi, 2013: 258)

H. Ethical Considerations

As with all research conducted at Rhodes University, ethical considerations are an important part of the research process. The Rhodes University Ethical Standards Committee was contacted regarding the research undertaken here. Due to the fact that the database which formed the sample of this research was publicly available and contained no restrictions on access, no ethical clearance or approval was required from the Rhodes University Ethical Standards Committee (See appendix 2). All data was treated with care and only used for the purposes stipulated in the methodology chapter and only data that was publicly available was accessed for further analysis.

I. Conclusion

This chapter has aimed to make it clear as to why the specific methodology was chosen and how it is hoped that this specific case can add to the existing theory on social enterprise. The case study provides an in-depth analysis of a particular context while also allowing for some generalisability to other similar contexts. In addition, the specific process and procedures for completing the analysis of the Slovenian social enterprises has been detailed and explained.

Chapter 4 Results and Findings

A. Introduction

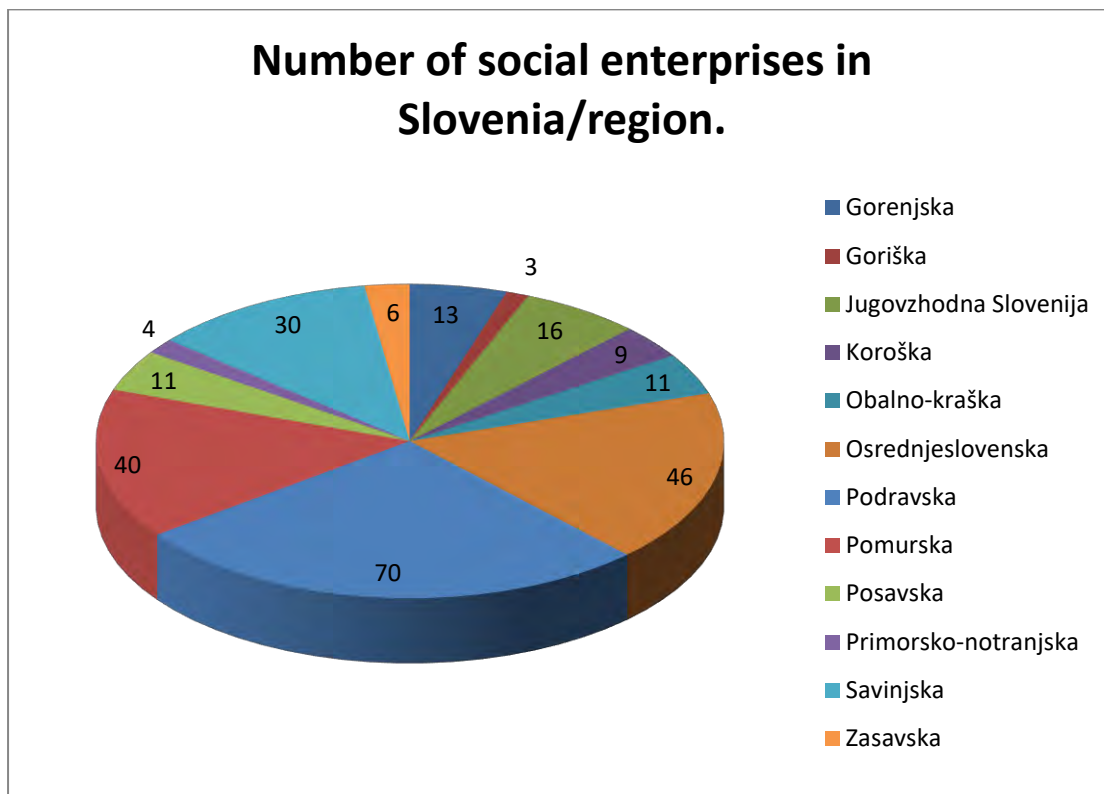
The following chapter presents a contextual picture of social enterprise in Slovenia. The focus of the chapter is on the size of the sector in Slovenia, where such enterprise takes place, the specific regions and the main sectors involved in this type of business, as well as the supportive legislative structures that allow for and promote social enterprise in the country. The primary source of information as mentioned in the methodology section above is the Slovenian database on social enterprises (Ministry of Economic Development and Technology Slovenia, 2019) as well as previous research reports (ISEDE-NET Project, 2010; ICF Consulting Services, 2014; Tomažević & Aristovnik, 2018) and government monitoring and evaluation reports on the sector.

B. Presentation of Dataset findings: Core elements of SE in Slovenia

As aforementioned, there were 259 registered social enterprises listed on the database (Ministry of Economic Development and Technology Slovenia, 2019). This is a steep reduction on the number of enterprises registered; in that a 2010 report noted that there were 25000 institutions registered in the Slovenian social enterprise sector in 2008 (ISEDE-NET Project, 2010). With the 2014 country report estimating that 900 enterprises in Slovenia fell into the EU definition, only 46 of these were registered by 2014 (ICF Consulting services, 2014). The analysis in this report focuses on the 259 currently registered, but the recorded reduction from 2010, and then the fluctuation and debate as to registered versus not registered but operating from 2014 to 2019, must be noted and explained.

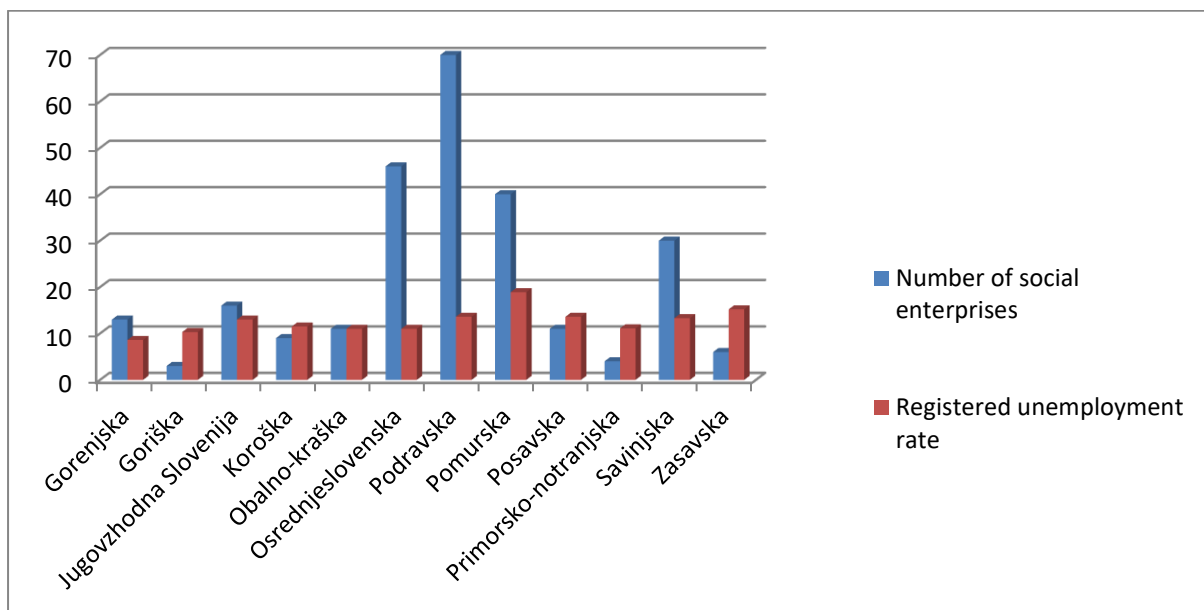
B1. Where are the main social enterprises?

Figure 3 Main social enterprises by region in Slovenia



The highest number of registered social enterprises were found in Podravska, with 70 registered social enterprises, followed by Osrednjeslovenska and Pomurska. According to the Slovenian Statistical office these were also the regions that showed the most growth and contribution to GDP in 2016. (Republic of Slovenia Statistical Office, 2016). With Osrednjeslovenska being the recipient of the largest in migration in the region, referred to as ‘daily labour migrants’ (Republic of Slovenia Statistical Office, 2016).

Figure 4: Social enterprises in relation to unemployment by region

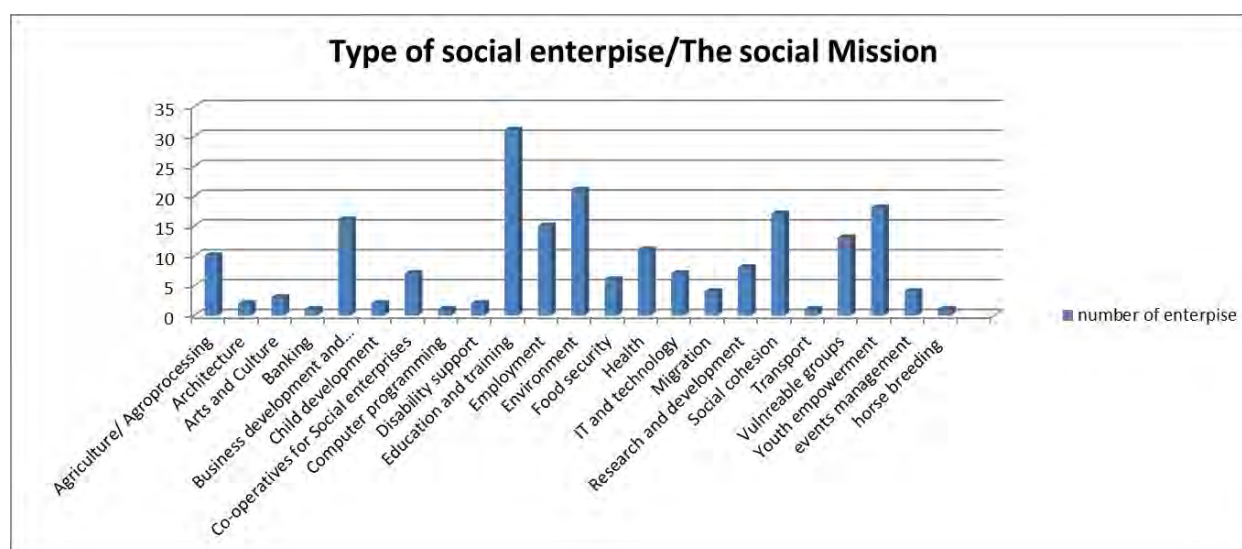


Using the regional data for each region and adding this to the excel database allowed for one to see and identify various relationships between the social enterprises and the social ill/unique resource in each region.

B2. What are the main sectors?

It is important to look deeper than the mission statement to see whether the actualities reflect the statement. This proved difficult and time-consuming, but the following main sectors were identified based on the following cross triangulation, database, business sites and analysis of social media of the 259 enterprises.

Figure 5: Social enterprise categories in Slovenia



From the database, it is clear that the main focus of social enterprise in Slovenia has been in those sectors that can create and absorb employment. The analysis on the government database shows that indeed the two main sectors that have spawned social enterprise in the last five years have been in the employment and environment sectors. The thematic group denoted employment is based of all those social enterprises where creation of employment is noted as the main aim of the enterprise.

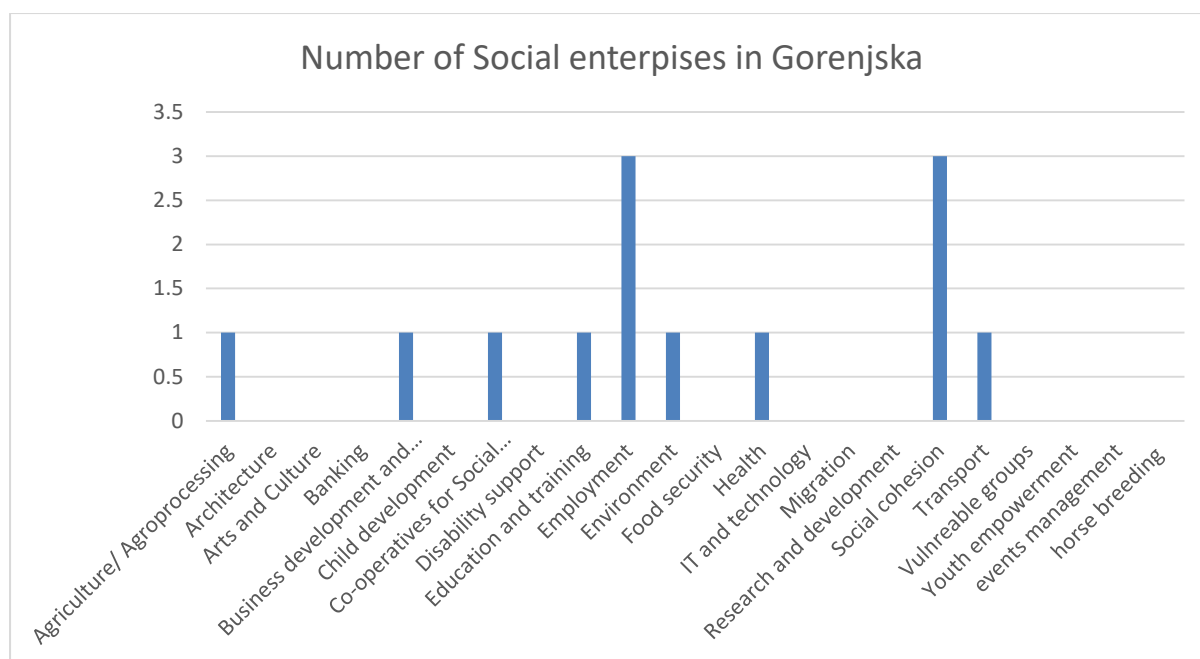
The financial, banking, child development, and transport were the sectors with the least number of social enterprises. Yet business development and enterprises supporting Social enterprise development have also increased in recent times to mirror the legislation calling for increased support and business development. With a total of 16 enterprises set up for this.

B 2.1 Social enterprises per region

The following graphics (Fig 6 – 17) show the number and type of social enterprise in each of the 12 provinces in Slovenia. This is important to show, to be in a position to identify the specific reasons/resources that were used to set up the enterprises and if any were specific to the region or the type of enterprise established.

Those that show any anomaly as to the focus of social enterprise shifting away from the main sectors in the overall country analysis has been discussed herein. Those that have employment, education and training, the environment and youth empowerment, mirroring the national data from Figure 5 have not been elaborated upon, unless there is a specific regional secondary information that is notable for this research.

Figure 6: - Number and type of social enterprises in Gorenjska.



Gorenjska has employment and social cohesion as its regional SE focus with a total of 6 social enterprises set up for this.

Figure 7: - Number and type of Social enterprise in Jugovzhodna Slovenija.

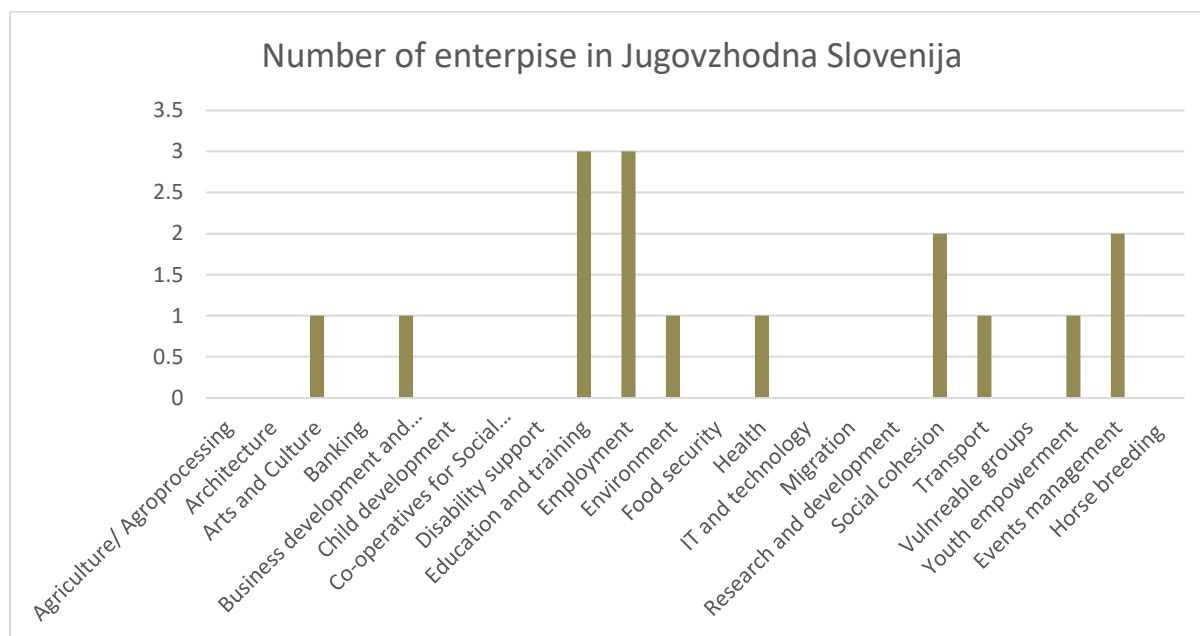


Figure 8: - Number and type of social enterprise in Goriska.

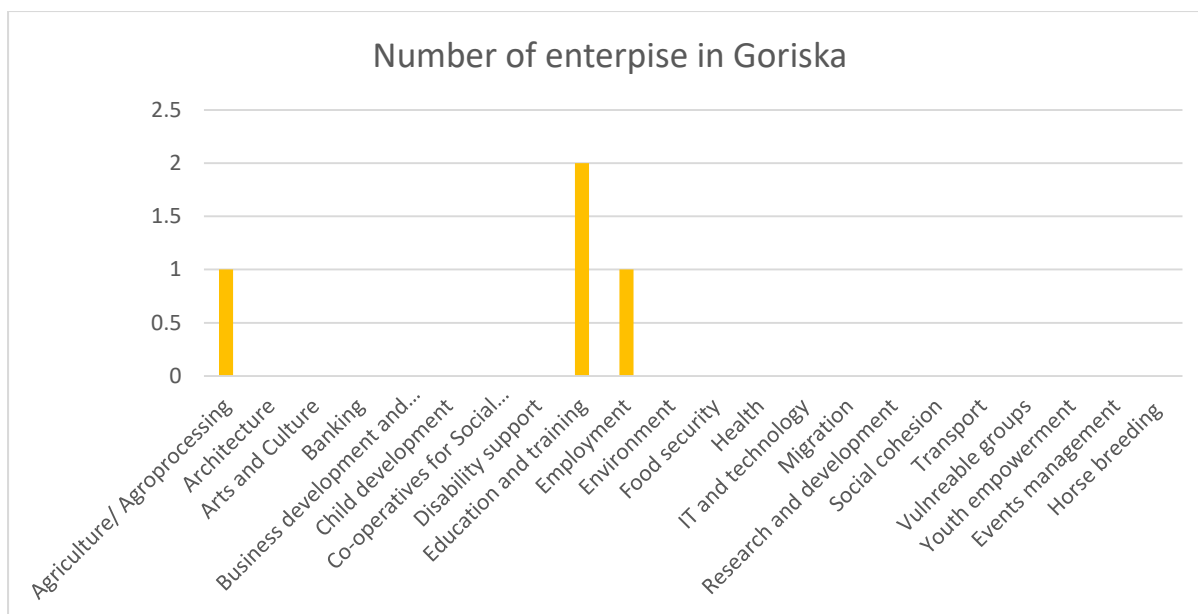


Figure 9: - Number and type of social enterprise in Koroska.

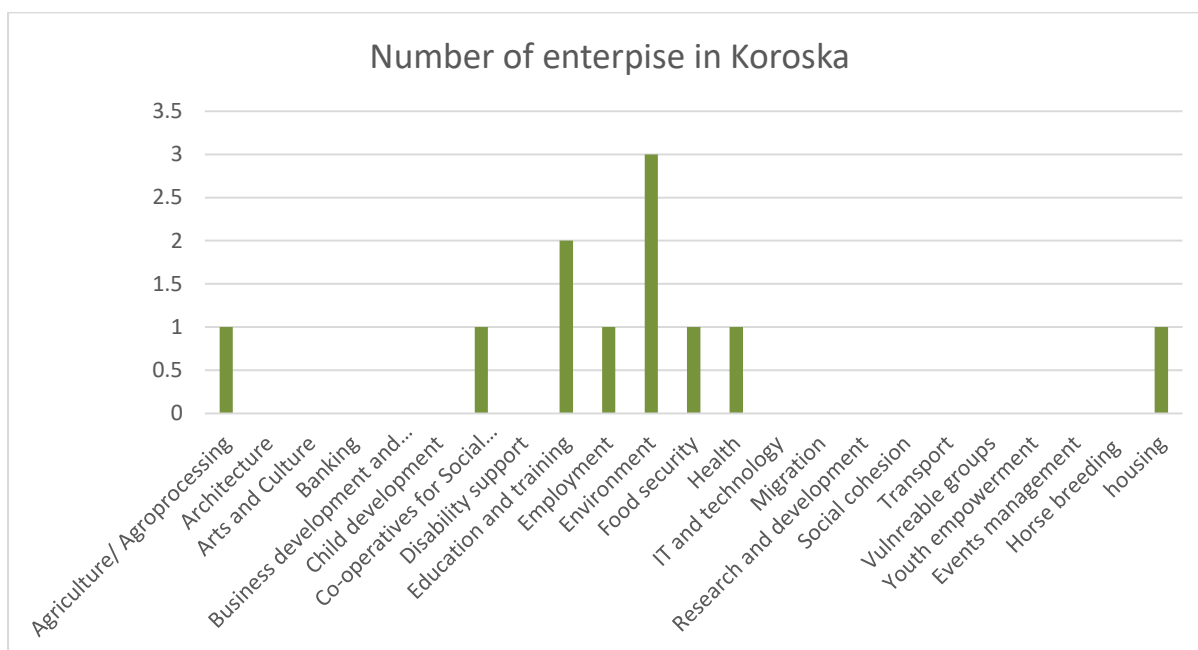
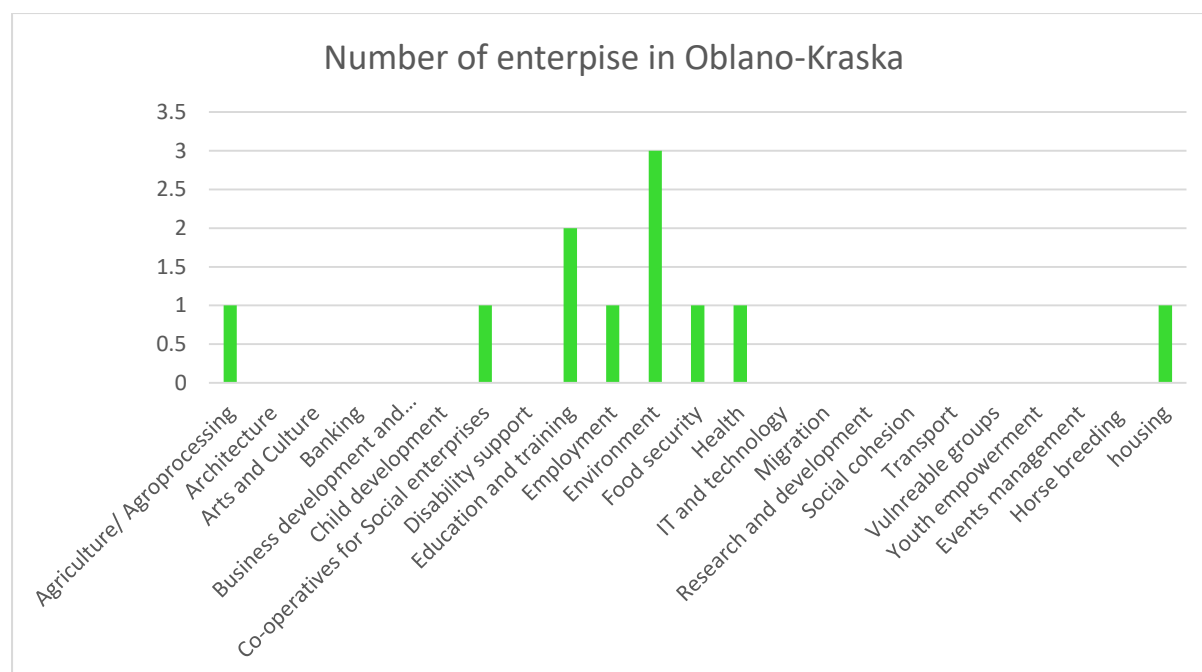


Figure 10: - Number and type of social enterprise in Oblano-Kraska.



The main social enterprises set up here were for the protection of the environment, yet the region has the highest number of migrants 9.7% of the regional population and a high level of out migration of 10/1000 (Ministry of Economic Development and Technology Slovenia, 2019).

Figure 11: - Number and type of social enterprise in Osrednjeslovenska.

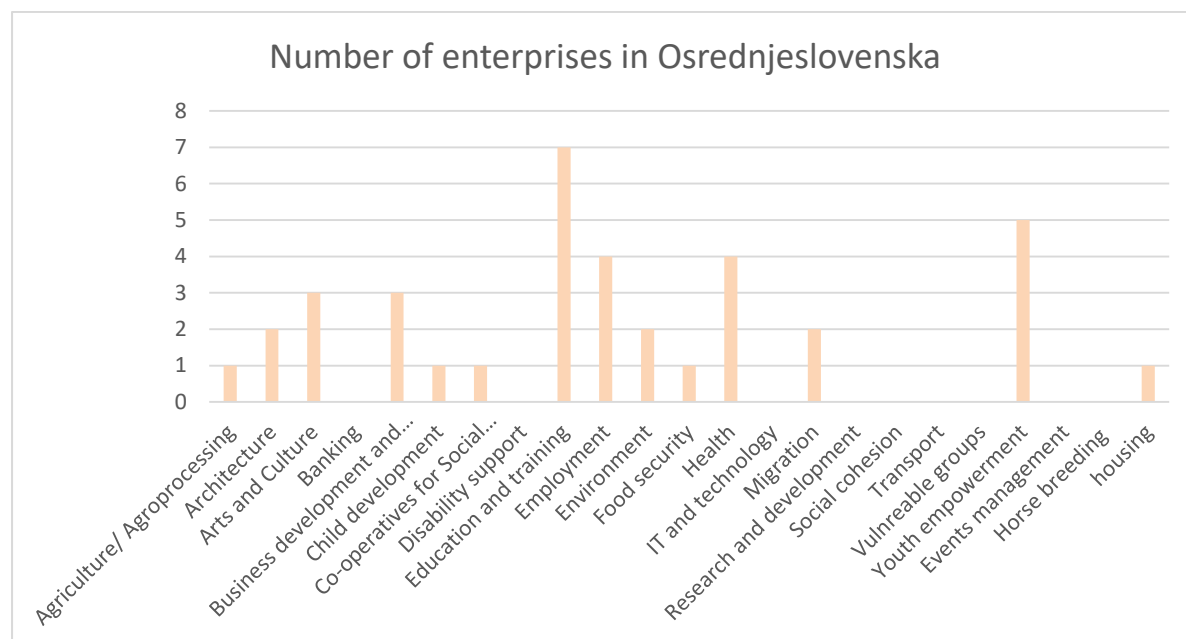


Figure 12: - Number and type of social enterprise in Podravska

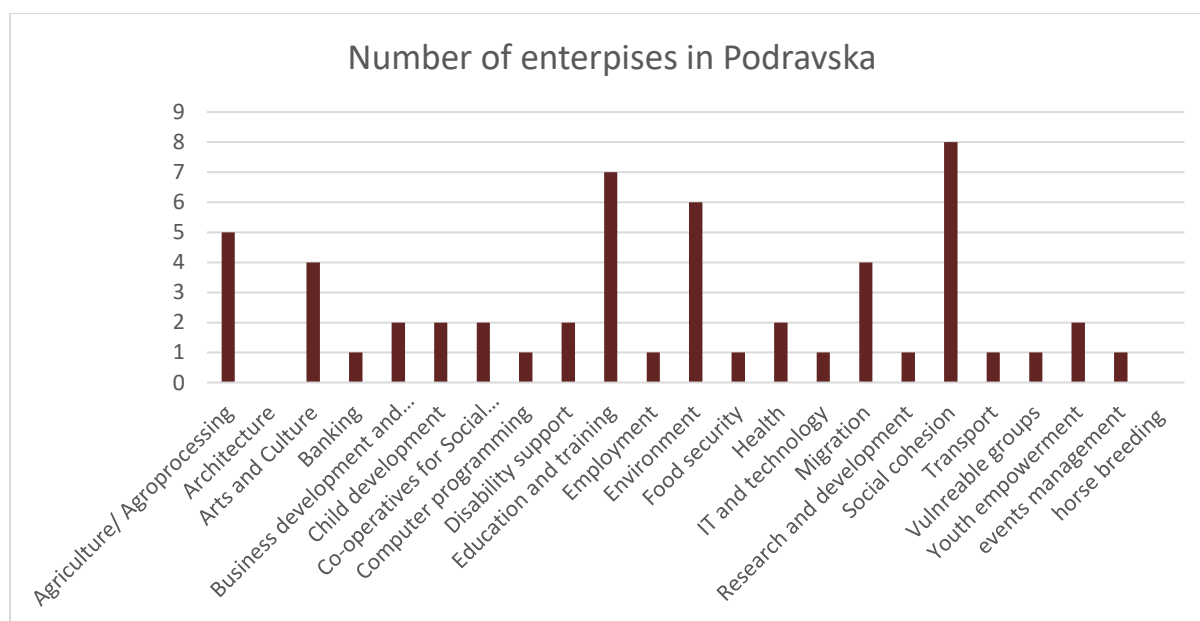
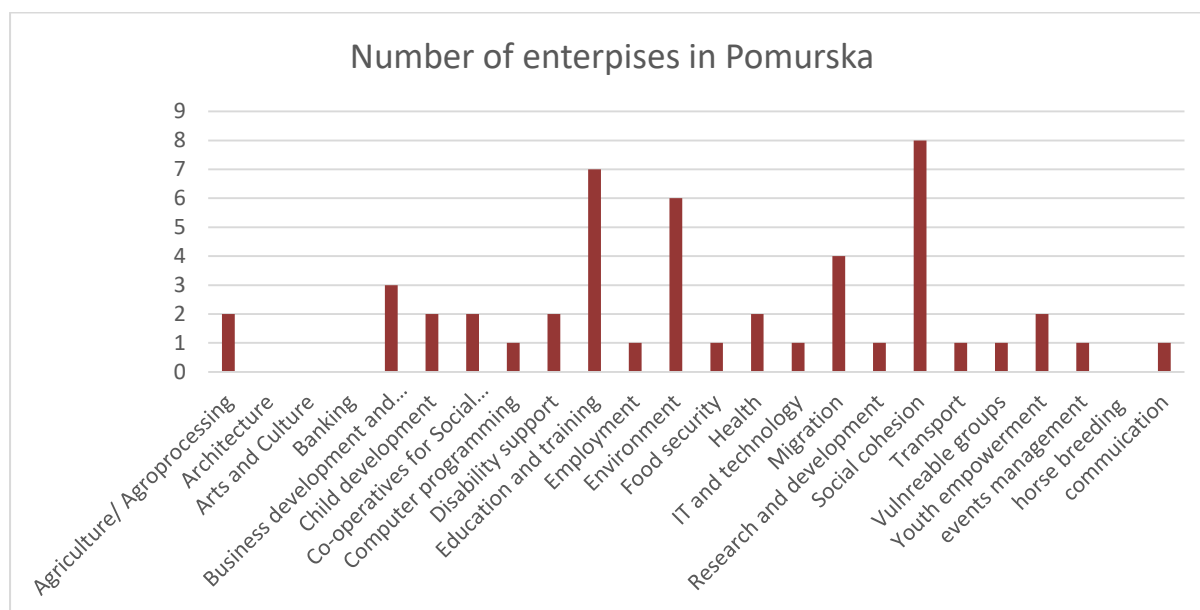


Figure 13: - Number and type of social enterprises in Pomurska.



The Pomurska region has been identified as an area with agricultural potential and Government funding made available for agricultural development and agro-processing (ICF Consulting Services, 2014). However, from the figure above, it again becomes clear that perhaps the social mission of dealing with unemployment has been the focus, with the majority of enterprises noting that they deal with unemployment and not agriculture or environmental issues related to agriculture. The difficulty here would be to determine whether these enterprises focussing on employment also have an agricultural focus, which has not been clearly noted.

Figure 14: - Number and type of Social enterprises in Primorsko- Notranjska.

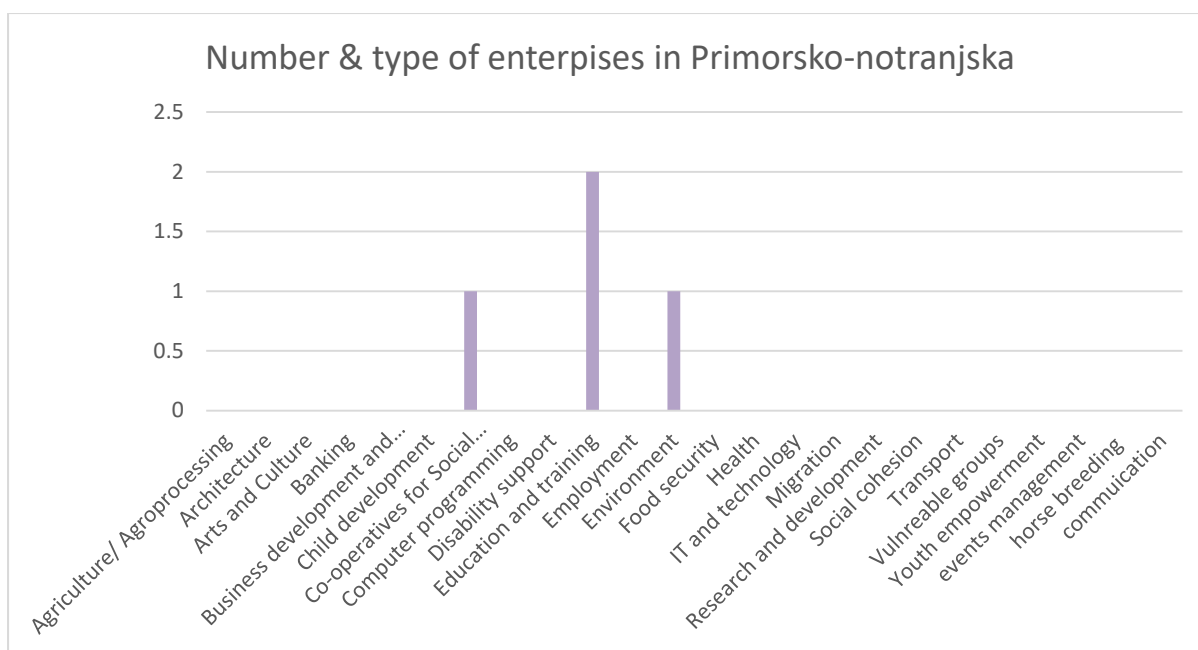


Figure 15: - Number and type of social enterprises in Posavska.

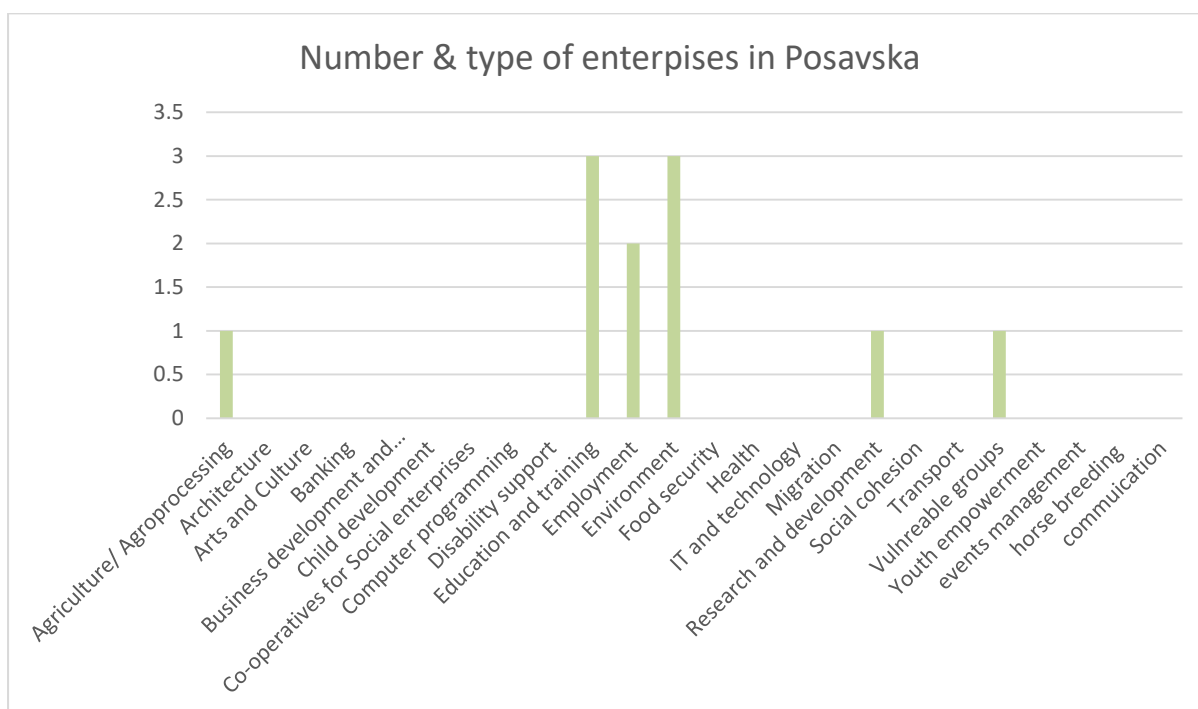
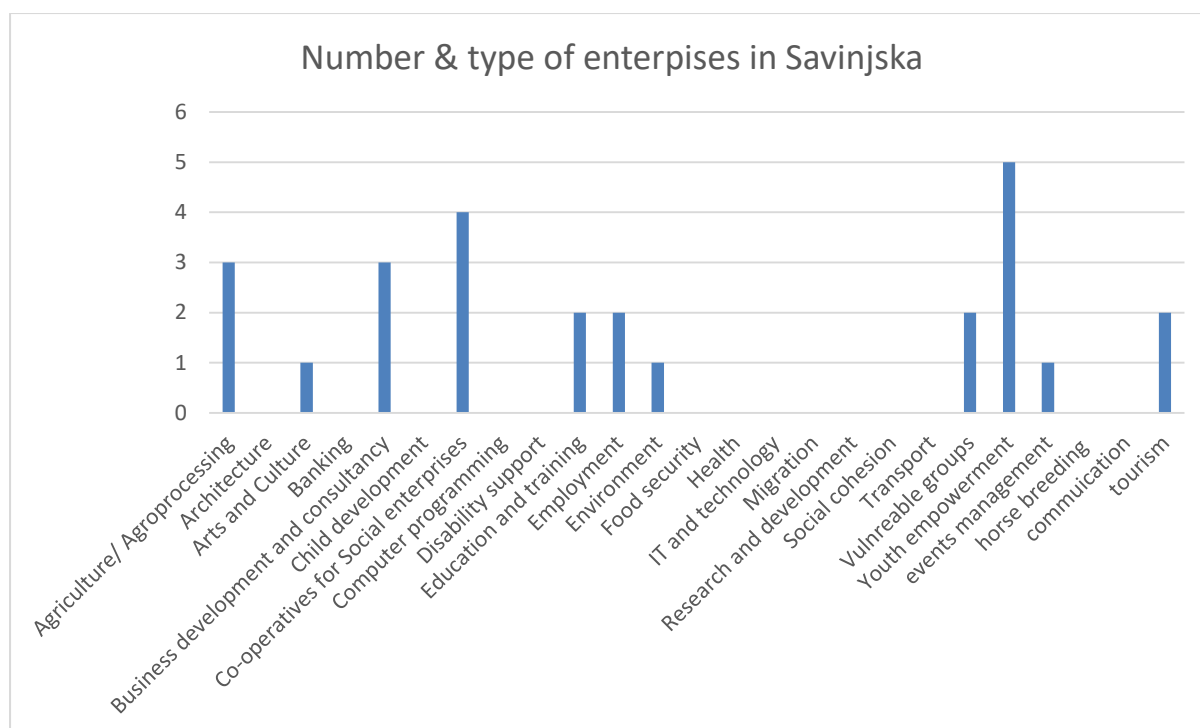
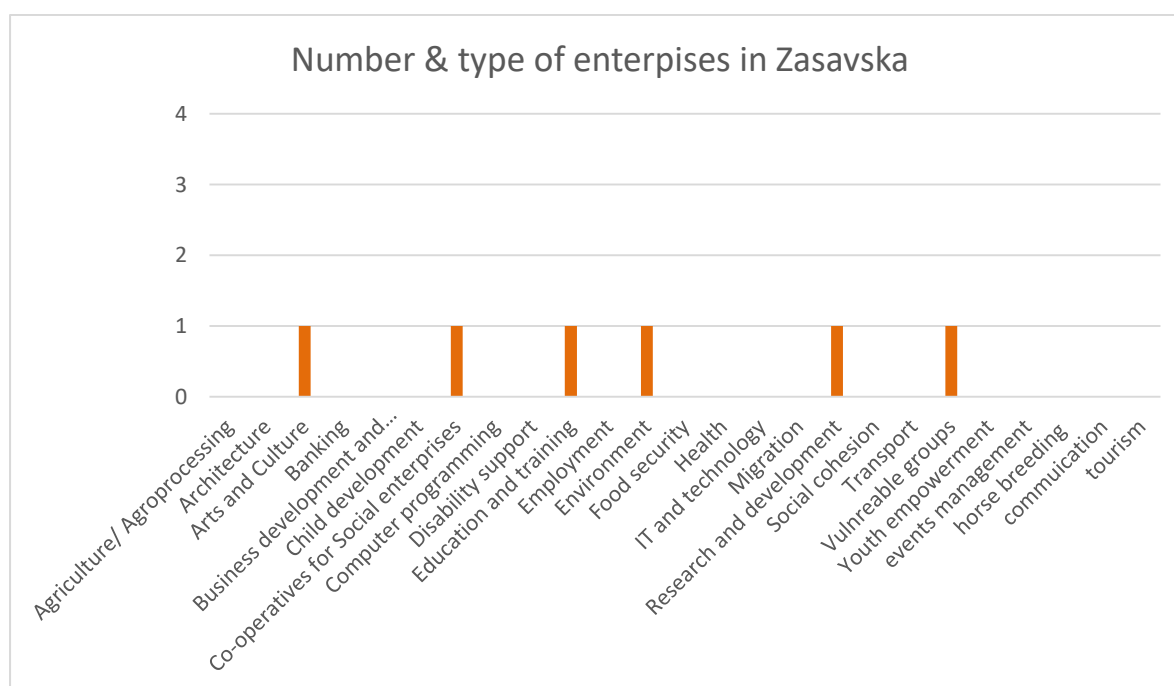


Figure 16: - Number and type of social enterprise in Savinjska.



Savinjska has most of the regions social enterprises established for youth empowerment, this speaks directly to the population in the region, where the mean age in the region (42.7 yrs.) is amongst the lowest in the country along with higher than average levels of unemployment (Ministry of Economic Development and Technology Slovenia, 2019).

Figure 17: - Number and type of Social enterprise in Zasavska.



C. Triangulation Process

The social missions explained

A selection of social missions (based on those who had a clear social mission on their website, or on the available database) which all speak to the social mission as per the Slovenian legislation are included in the Appendices (Appendix 1). In order to fully analyse the social missions, the researcher needed to access additional online data as the database itself does not specifically set out what the social mission is. There were additionally some anomalies observed in the presentation of this information on the official database, in that the column marked Main activity, does not in itself show a clear social mission in a number of cases. For example, *Enterprise no 184, Robin Foods*, is listed officially as doing mainly information technology, whilst they in fact using this technology to provide sustainable food production.

The innovation and social mission are both present, yet the official reporting is amiss, in that the enterprise is registered but a misleading main activity listed. (Ministry of Economic Development and Technology Slovenia, 2019). A superficial analysis without referring to additional sources such as the *bizi.si* and *najdgi.si*, Slovenian business listing sites would have led this enterprise to be recorded as not having a clear social mission.

Sizes, have any of them gone to scale, or are they mainly small regional semi NGO's?

From the database and the further research conducted via website search, it is clear that a majority of the social enterprises in Slovenia have yet to take their operations to scale. There are, however, 13 social enterprises that have managed to conduct their operations in several provinces, as well as internationally. For example, Row number 159, Housing cooperative Factory, is seen to operate internationally (Ministry of Economic Development and Technology Slovenia, 2019). However, what is very interesting is that several of the enterprises are part of a network of social enterprises, EPEKA. The ICF report refers to them as networks or mutual support mechanisms, (ICF Consulting Services, 2014) for example CAAP (Association of Alternative and Autonomous Production Center) above is an umbrella organisation for five social enterprise associations.

Employment in social enterprises/ dealing with social ills.

In 2010 employment levels were incredibly low, with more than 80% of the then registered societies not employing anyone, and 17 % of them employing only 2 people (ISEDE-NET Project, 2010). This is changing through the enforcement of legislation, enforcing those who are now registered as social enterprises to employ specifically from vulnerable groups. The bulk of funding released to date has been for the type two social enterprises in Slovenia, those established and dedicated to the employment of people from the vulnerable groups as set out in the policy (ICF Consulting services, 2014). Also, various social enterprises are set up with the specific aim to create employment (Ministry of Economic Development and Technology Slovenia, 2019).

Support accessed/government funding accessed

The most detailed funding and financial support reported for Social enterprises in Slovenia is the 2014 ICF, EU country report (ICF Consulting services, 2014), this is presented herein with some of the specific cases whose current financial situation is available as case examples.

The report notes that of the funds provided for the establishment and support of SE, “Financing is reported by separate activities. When the amounts of financing per activity are totalled, they account for € 12,721,000 to be invested by the Government in fostering social entrepreneurship in Slovenia between 2014 and 2015. 69% of the funding falls under the last objective of the Strategy; to promote the employment of vulnerable groups in the labour market. Hence, € 4,000,000 or 31% of the funding is foreseen to support pilot projects for youth guarantee funds, € 2,530,000 or 20% of the funding to subsidise jobs for vulnerable people and € 2,000,000 or 15% for public works programmes to promote the establishment of social enterprises Type B. Other large spending items are: social entrepreneurship projects financed in the region of Pomurje; € 1,500,000 or 12% and support to farmers and fostering social enterprises in the rural areas; € 1,930,000 or 15% of the funding” (ICF Consulting services, 2014, p. 5).

National funds are foreseen to cover 44% of the total funding or 5,644,000. EU funds (ESF/EDRF and EAFRD) are foreseen to contribute 56% of the funding. (ICF Consulting services, 2014, p. 7). This report further surmises that the majority of social enterprise funding at the time (2014), came from three main sources of income, “EU project grants, subsidies for employment of vulnerable groups (public works programme and subsidies for employing

vulnerable groups from ESF) and income from market generating activities” (ICF Consulting Services, 2014, p. 23).

Skok et al., (2015) argue that the nature of the funding landscape in Slovenia and the fact that the EU has prioritised SE with supporting funding led to a vast increase in enterprises from the outset. In their report they show that even with initial start-up EU funding up to 300.000 EUR, a large number of these initial funded social enterprises “have collapsed when they had to start funding their activities at the market alone” (Skok, et al., 2015, p. 6).

D. Conclusion

Social enterprise in Slovenia has come a long way since the definition was debated and considered quite uncertain in 2010. With the introduction of clear legislation (2011); acceptance of the European parameters (2014); set up of funding and business opportunities for true social enterprises (2013-ongoing); and the on-going monitoring and support system that has recently been implemented, one can see the remarkable growth and internal regulation and support of this sector.

The resources that Slovenia has utilised to encourage, develop and support social enterprises will and have already begun to create competitive advantage for social enterprises in the country (or for those who are able to fully exercise these rights and access the government support).

The findings and discussion on these elaborate how the data as presented above on Slovenia, is analysed in relation to the theory and whether this work has managed to test/prove the theory or simply details the actual state of social enterprise in Slovenia. And, in doing so, setting out a possible path to be followed and copied by those who have similar social ills and are able to mobilise the type and level of resources that Slovenia has done to invigorate a sector believed to be able to improve social cohesion, increase employment, develop solutions for the environment and promote food security.

Slovenia may have less social enterprises and it may very well have been argued that they are somewhat slower to respond to the need than elsewhere in the West and restricted by the legislation, but based on the size of its economy, as well as the issues of deprivation (context), Slovenia has a strong social enterprise sector with clear goals and aims, working towards the overall economic development of Slovenia.

Chapter 5 Discussion and interpretation of findings

A. Introduction

This chapter interprets the findings and then link the theorists discussed in Chapter 2 with the actualities as evidenced from the database on Slovenian enterprises in Chapter 4 above, Slovenian legislation and support structures, and the additional background data on the enterprises themselves. It is an analysis done through the RBV lens as elaborated on in Chapter 2, in that the researcher intends to focus on those resources that are unique, irreplicable and heterogeneous (Day & Jean-Denis, 2016).

B. Interpretations

Growth or decline in Social enterprise in Slovenia

Based on previous research (ISEDE-NET Project, 2010) (ICF Consulting Services, 2014) (Tomažević & Aristovnik, 2018) and the current database (Ministry of Economic Development and Technology Slovenia, 2019), there has been a tremendous decline in the number of registered social enterprises in the country. However, if one looks at the timing of the changes in legislation, in particular the 2011 Act which set various clear principles in place (2011 Act) it is clear that the reduction in number, was linked directly to the improvement in the understanding and stricter criteria for registration (ICF Consulting services, 2014). It was a move that followed the theory in that as theory on social enterprise began to distinguish between types of social business, not for profits and social enterprise, so too did the Slovenian legislation (Republic of Slovenia, 2011) and as such the notable decline in numbers. I would argue that the sector is professionalising as the understanding of what a social enterprise is improves and becomes clearer, through both theory, reports and legislation.

Where are the social enterprises and how does this relate to regional resources?

The main social enterprises are indeed found to be in those sectors as predetermined by the Act (2011) as well as noted by Yunus as the Type 1 of social business (Yunus, 2010). In terms of the RBV as discussed herein (Day & Jean-Denis, 2016), the main regional inputs that can be directly related to the number and sizes of social enterprise in Slovenia is the availability of labour and an unskilled migrant labour force in regions surrounding major urban centres and the capital, Ljubjana (see Figure 5). Other notable tangible resources that are evident from the secondary data added to the database are the government support, mentoring and monitoring.

The regional distribution of social enterprises shows that there is a need for clearer mission statements. For example, even in those areas with high in migration, social cohesion enterprises are non-existent where one would expect a higher number to deal with integration. Yet the labelling of the enterprises seems to lean towards employment and the environment. Both areas that can indirectly improve social cohesion, yet are not specific to this aim.

C. Clear social mission

Hojnik (2017) noted that although being very diverse in Slovenia, the main type of social enterprise were “in personal social services (medical and elderly care, health services, childcare services), work integration (integration of the unemployed and people with disabilities), in the development of disadvantaged locations (rural areas, problematic areas in urban locations), and in some other services (environmental services, culture, sports)”. From the current database, it is clear that those social enterprises that have an up to date website, have been clear in their missions.

All of the mission statements included and analysed have shown a symmetry with the legislation. They are all in line with the core criteria of the social enterprise literature unpacked herein (Day & Jean-Denis, 2016) (Huybrechts & Nicholls, 2012) (Yunus, et al., 2010) in that these enterprises have from the outset made it clear that they aim to create social change. They have a clear social mission, by which they can be measured and evaluated.

There were, however, various inconsistencies identified which spoke to cracks in the understanding and classification of social enterprise. For example, an events and festival organising company. This is indeed a social mission, to hold and organise the best festivals in the region, but there is nothing from their mission statement that shows that there is more to this, i.e. at least some of the regional social ills such as high in migration requiring social cohesion achieved through the hosting and organising of these festivals and unemployment could have been noted as a reason. But it would seem that the festival itself may be social enough. This speaks directly to the fact that with an inconsistent or unclear definition of SE has seemed to slide its way through the case study and has yet to be nailed down. Even in Slovenia with all the legislation and the requirements prior to register, there are blurred lines in terms of the theory and classification of social enterprise. I would go as far as to argue that there even may be a case of ‘mission statements for money’. There was a proliferation of social enterprises in Slovenia after the initial tender and offer to fund, as the funding increased so too did the number and type of social enterprise. Based on the few financials that were analysed it

is clear that most of the smaller social enterprises survive on government and EU funding. It's the welfare state in another guise, not a new and interesting solution, or kind of capitalism as envisaged at all.

Social enterprise in Slovenia and employment of vulnerable groups, education and training, youth empowerment, disability.

A clear relationship can be seen between the levels of unemployment, in migration, youth unemployment and the number of social enterprises. Podravska, for example, with the highest number of social enterprises has an unemployment rate of 13.6% which is a percentage point higher than the national average. The main rationale for this is clearly the legislation which as aforementioned sets out various incentives for those who deal with unemployment. So, the logic has been to take social enterprise to the areas where unemployment is rife, but not just any unemployment, youth and migrant unemployment and the unemployment of the disabled and handicapped are the priorities as noted in the act. See Figure 5, where it is clear that the main social enterprises are set up to support disability Social enterprises which create employment have thus been identified as the main type of enterprise established and supported in Slovenia. This is somewhat of a misnomer given that the creation of most enterprise would indeed create employment, but it has been the emphasis on certain groups within society for whom this employment is key, the disabled, migrant communities and the untrained low skilled youth with a total of 102 Slovenian social enterprises set up for these groups. Social enterprise in Slovenia has been tasked with supporting the most vulnerable in society and to focus efforts and resources on creating employment for this grouping.

D. Are they taken to scale?

Based on the data presented in chapter 4, from the analysis of the database itself one would not expect that the regional social enterprises have taken their operations to scale. There are a few enterprises that have a national footprint, but the majority would seem small and regional. However, from further research (social enterprise websites, ICF report), it is clear that indeed some of the social enterprises in Slovenia are managing to take operations to scale. Using their unique history (resources) they have formed large country wide co-operatives which in essence manage to take the concept, if not the specific operation, to scale.

Access to funding

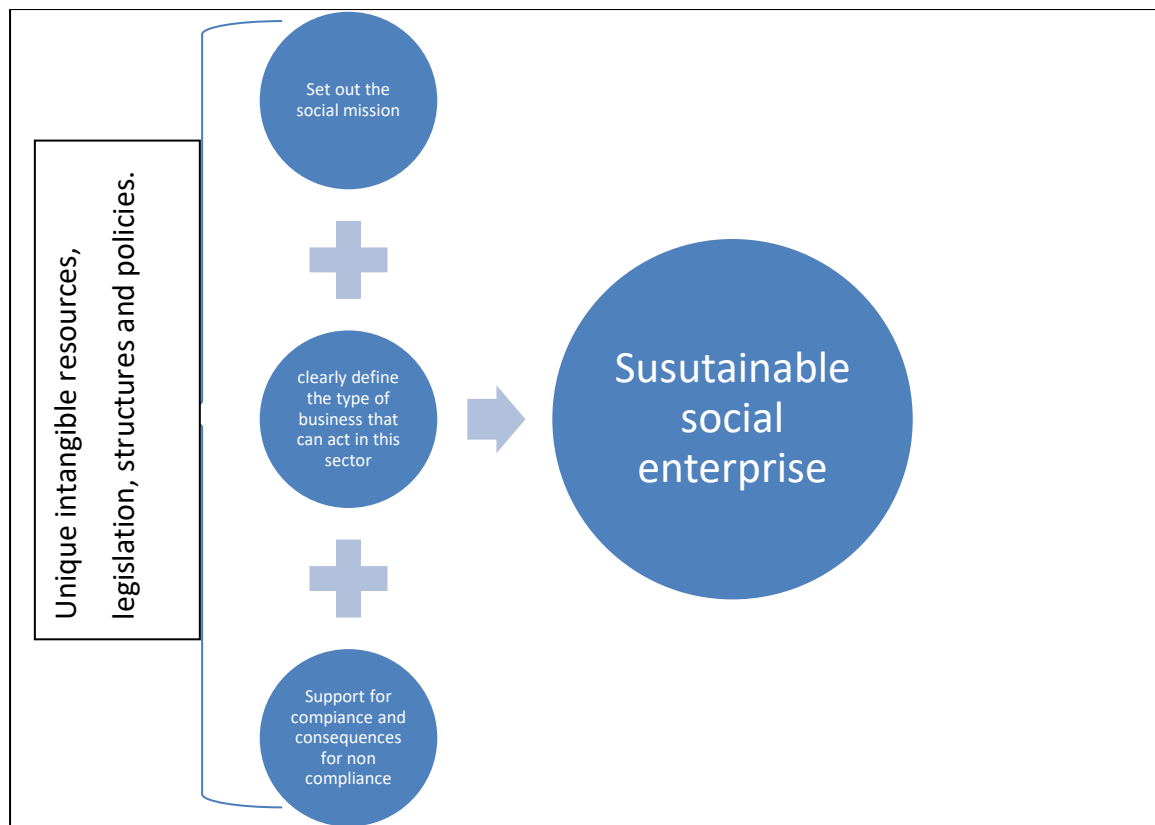
Although the theory is very clear that one of the key features of a social enterprise is that it must have access to funding to take the enterprise to scale. In the Slovenian case as seen above, there is indeed access to funding, but most of this is from the EU and national government. Yet again this speaks directly to the typology of Slovenia's social enterprise, it is primarily a type one social business as described by (Yunus, 2010) whereby the social aims are the primary functions of the enterprises listed. The legislation provides for funding for the establishment of these enterprises and as of yet there is little evidence to suggest that a significant number of these enterprises are able to generate their own income to take the enterprises to scale.

Are the intangible resources unique?

The fact that Slovenia took the EU country report on social enterprises so seriously is testament to the fact that the Slovenian government has taken this issue as a serious opportunity to solve its developmental issues, and allow it to begin to compete on an equal footing with the rest of Europe. Arguably and in relation to the study conducted on US social enterprises (Bacq & Eddleston, 2018), the main intangible resources used in Slovenia have been the history and culture, which has allowed them to clearly understand working together for social good. "An organisations culture is an important intangible resource that can contribute to a firm's ability to respond to the environment by enhancing the effectiveness of its capabilities" (Bacq & Eddleston, 2018, p. 595). It is a culture and history unique to the country and quite obviously exploited by Slovenia to develop and implement social enterprise.

Slovenia has clearly set out a route to possible social enterprise success, using a set of unique resources in a manner that has not been done before. Yet this has also led to the establishment of a very context specific type of social enterprise.

Figure 18: Slovenia's route to sustainable social enterprise using an intangible basket of resources.



E. Discussions

It is also worth noting that Slovenia's sustainability successes of social enterprises has been based on the fact that whilst striving to meet the national target to create more jobs for the youth and low skilled, there is also a clear attempt to set up an increased number of care facilities for the aged, considering that Slovenia has the fastest aging population in the EU, faster than other OECD countries (OECD, 2017). It is a strategic approach that has done the same with youth training as it has the aging population crisis. Eighteen social enterprises have been set up with their social mission the training of youth (see Figure 5). This is because, as the OECD report found, there has been an increase in the out migration to greater Europe by the highly skilled Slovenian youth, leaving behind a lessened workforce, but also one that is less skilled than the rest of Europe. The report further found that there is a poor culture of learning and skill development (OECD, 2017). Equipping young people with skills was one of the key requirements from the OECD report in order for Slovenia to move ahead in the EU. It is clear that the country has taken these recommendations seriously and provided legislation that enforces both the rationale for enterprises that will deal with youth skill development and

training, but also aim to train young people in those skills that allow the chief social mission of job creation to be achieved.

From the outset, Slovenia has been very clear as to the main social ills that the country faces. It has also been clear as to the economic position of the country and that the current economic status will not allow it to solve these ills. Thus, social enterprise has presented itself as the possible solution and the Slovenian government has sought to support and bolster this initiative as far as it can. The twin evils of unemployment and underdevelopment are those that have been targeted by the Slovenian government through legislation and vast amounts of support/Incentives for those social enterprises that are prepared to deal with unemployment (employing the most vulnerable in society, such as the disabled, gypsies, migrants and unskilled youth). These are the social enterprises that have blossomed under government protection, support and on-going supervision.

High levels of unemployment, migration, and poor levels of social cohesion in areas of poverty and deprivation have all meant that the tourism sector, youth empowerment, and enterprises established in areas of high unemployment all show that the Slovenian solution for social enterprise has been to tackle unemployment created in part by the demise of the communist state and co-operative systems of business.

Chapter 6: - Conclusion

In conclusion, the research determined that there are particular intangible and tangible resources in Slovenia that have ensured a protracted emergence of social enterprises. The intangible resource include the history, culture and legislative support available in the country. The tangible resources include the EU and Slovenian funding support. However, the findings also show that these resources have not been able to sustain the emerging enterprises nor allow them to grow in a matter that will allow for scaling up of their social impact. The research has also provided key knowledge in the use of RBV to allow for other contexts to use the conclusions from this study to build social enterprises in their own environments.

The following chapter discusses whether the research questions have been answered.

A. Overview and response to research objectives

On analysing the main elements identifying social enterprise sectors in the country.

- Clear government criteria, bordering on a definition (this is important for a case study like this, considering that the research embarked from a point of consensus on the lack of a clear definition- there is a possible working definition emerging to strengthen theory from the work done in Slovenia).
- Government support for the sector to focus on prescribed social ills/welfare issues and EU social revitalisation targets.
- A majority of social enterprises in Slovenia have a clear set social mission, yet the argument emerging is that they have done this simply to access government funding and support.
- Social enterprises in Slovenia have not managed to go to scale, unless through the establishment of cooperatives and Social enterprise networks such as Epeka and CAAP.
- The financial status of all the enterprises was not available widely enough to make a conclusion as to self-funding. However, after analysis of the available data, it is clear that there is a large number of enterprises who have failed to continue their operations once the initial funding has been used for start-up.

On exploring the various supportive factors, including legislation that influence the social enterprise landscape in Slovenia.

- Government legislation has been progressive and supportive, allowing SE's to access EU funding through a clearly set out process, in this legislation.
- Current theoretical discussions, specifically in the EU have allowed Slovenia to be at the forefront of SE development in Central Europe.
- The historical culture and understanding of co-operatives and societies have allowed Slovenian business to comprehend and buy into the idea of social enterprise, businesses for good that are driven by a social motive.

On analysing the unique resources and their effects (tangible and intangible/legislation and government support) in Slovenia on the social enterprise sector.

- History, ensuring they lean towards a specific type of social enterprise
- In migration, leading to large numbers of unemployed, low skilled migrants, especially around the capital city and larger urban centres.
- Large unskilled youth population.
- Government legislation and support.

Of these resources the intangible resources have been more unique than the tangible, which are generally mirrored in the region.

Upon initial reflection and analysis, it would seem that Slovenia has indeed had a boom in social enterprise and benefitted from this. The country however was already in a favourable position in central Europe and thus it is harder to establish if the funds spent on social enterprise have yielded their just rewards. However as one delves deeper and begins to examine the enterprises themselves, size, longevity, financial reporting, clear mission statements, it is clear that social enterprise in Slovenia has been used primarily as a welfare/social cohesion tool. Yes, there has been a process of improvements and refining, as the 25000 enterprises were whittled down to 259 over ten years or so, however there is still not a clear enough form of monitoring and evaluation in practice, so businesses are incorrectly registered, and it would seem unable to then go to scale. The recent amendment to the act would be a clear sign that the Slovenian government has noted this and trying to plug the gaps with improved monitoring and evaluation.

A 1. Concluding discussion on Slovenian Social enterprises and RBV.

- This case once again highlights the theoretical divides and missed understandings, Slovenia still in 2018 defines its social enterprise as a social business (Yunus, 2010),

although innovation is noted, the focus is on social cohesion and social mission rather than entrepreneurship.

- Social enterprise in Slovenia it is argued has yet to reach its full potential (ICF Consulting services, 2014), (Tomažević & Aristovnik, 2018), however the potential that exists is clear and the data presented in the previous chapter would go as far as to show/argue that the potential and the possibilities have been enhanced or created directly by the involvement of the state to make use of intangible resources such as legislation, direct financial resources and energies towards the establishment and support of social enterprise.
- The Slovenian externalities were important: - what where they: - poverty, low economic growth, inequality, environmental degradation.
- The Slovenian intangible resources were and are vital for the initial impetus and proposed sustainability of social enterprise in Slovenia: - History and government support for existing EU legislation. However, the fact that the Slovenian government has determined that Social enterprise is 1 of their top 10 strategic projects (Tomažević & Aristovnik, 2018), presents as a dilemma. The initial funding burst has been noted and recorded and seen in the rise of Social enterprises, yet the project has an end date and unless these enterprises can adjust to make profits to plough back into the enterprise, they will not be able to expand nor continue to provide for increased employment levels as expected.

The specific history of Slovenia has affected the SE debate in the country in that although the history of Soviet era collectivism, made for fertile breeding ground for social enterprise, it has meant that there are still those who argue that only those enterprises that do not make a profit and are co-operatives are social enterprises. So whilst the contextual history of the country can be viewed as a starter for social enterprise, there will need to be a level of re-education for both legislators, monitoring agents and communities at large to understand that that Social enterprise in Slovenia is trying desperately to move away from the old styled farming societies and will need to innovate and professionalise the sector if they are to reach the EU 2020 goals. This is a wide spread perception and only time and successful social enterprise will change this (ICF Consulting services, 2014). It is a type of social business which is close in relation to Yunus's initial thinking's on the topic and yet so context specific, that it bears considering whether this can be replicated. The most unique, inimitable resources there is the mental state and history. The width and breadth of social enterprise in Slovenia is based primarily on this intangible

resource and the tangible funding that was supplied by the EU to support it. However, the depth of social enterprise has been adversely affected by the dearth in theoretical understanding and clarity on the matter. Without the resources being created by the enterprise to go to scale, or to sustain the enterprise, without the innovation component and a very clear mission statement, social enterprise in Slovenia will remain closer related to the welfare state where works are performed by the co-operatives, societies and community based charities, funded by the EU and Slovenian tax payers, rather than the enterprise itself.

- No enough data is gathered by the state to determine the exact resources that would need to be increased or expedited to improve Slovenian Social enterprise

B. How can the research be used?

Other ex- Balkan and soviet states with a very similar development trajectory as Slovenia should be able to emulate and use the intangible resources such as Slovenia has to embark upon a similar path. Those with a socialist/cooperative past intent on joining the mainstream capitalist economy of Europe, but also with a serious intention to improve the lives of its citizens and the environment in which they live will be first in line to use the experience of Slovenia to deal with their own Social ills.

The research is also very important for a country such as South Africa, which has much further to go towards a clear vision of how social enterprise can serve to deal with the vast need for employment, low levels of skills amongst employable youth, poor social cohesion and a lack of funding to take any social impact projects to scale. Social enterprise in the manner in which Slovenia has piloted and shown by example is that which holds promise for South Africa. With the right level and focussed state intervention to create resources (legislation) and then use these to open up the social enterprise sector, but also to govern it and support it will be key for South Africa's future.

C. Future studies

- For a similar country report to be conducted on Slovenia similar to that conducted in 2014 (ICF Consulting Services, 2014). This report arguably sets a good baseline to be taken further, and would allow an improved analysis over time, using the same methodology and interview questions. The current research is unable to do this, based on both time and financial constraints.
- To continue to build on the theory of social enterprise, with cases.

- To determine and conduct a comparative analysis in terms of the resources available and currently being exploited in other marginalised areas, with similar externalities to be able to emulate or consider their own unique resources for the establishment of social enterprise, our new capitalism.
- Using the database established, with the addition of financial data is to look at the financial management of these social enterprises.

D. Limitations of this study

Case study research of this nature provides an opportunity to test the theory and add to it; however, it is incredibly context specific and cannot be transposed widely. What is transferrable and of use to other countries looking for a means to deal with social issues is the principles as highlighted herein. The fact that Intangible resources such as government support and funding are key to the success of social enterprise. This can be a generally accepted norm or addition to the existing theory, in that a resource-based view of social enterprise in Slovenia shows that indeed, the unique and specific amalgamation of resources together with specific tangible resources are the key to successful widespread social enterprise.

E. Conclusions

The research set out to provide a critical analysis of social enterprise in Slovenia. It is clear as it concludes that there is still more to be done to provide a clearer picture of the current social enterprise landscape in the country. This particular research has however determined that there are indeed certain intangible (history, culture and legislative support) and tangible resources (EU and Slovenian Government funding) support in Slovenia that have led to a protracted emergence of such enterprises, yet these resources have not been able to sustain the emerging enterprises nor grow them in the manner that theorists have argued is necessary to scale up social impact. It is this understanding from a RBV that will allow other countries such as South Africa, with a myriad of social ills and a significant reduction in both government and Non-governmental funding to deal with these issues using a 'New Kind of Capitalism' called Social Enterprise.

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Appendices

Appendix 1: - Selected Slovenian Social Enterprise Social Missions

KNOF is a community organisation which encourages sustainable development with an entrepreneurial mind-set. “Our mission is to co-create a self-sufficient, green and healthy region of Posavje, with supporting and encouraging new green jobs, also for vulnerable groups like handicapped and aged over 50 and young without work skills” (KNOF, 2019).

EPEKA Association, Soc. Ent. is an association of public interest in the field of culture and an association of public interest in the field of youth. “We are a non-governmental, non-profit organization, and we have been operating by the principles of a social enterprise since 2013. In addition to youth activities, we are also active in the field of culture and arts, volunteering, ecology and promotion of intercultural dialogue. Currently, we are focusing on the international mobility of youth and informal education (acquisition of learning competencies) in the youth field. In 2016 we have also established the EPEKA Youth Cooperative Society to support youth business” (Epeka, 2019).

Institute for Research and Development of Alternative Practices. p., Beltinci!

ZRIRAP

“We are a Type B social enterprise, which means we are set up to recruit vulnerable audiences. We are trying to provide the most vulnerable in the labour market with additional jobs, social integration and professional reintegration.

Through our activities, we strive to find solutions to social problems, focusing primarily on the local environment. We are in favour of social solidarity and connecting people, and our goal is not to maximize profits, but to social goals and respond to the needs of the environment” (Zrirap, 2019).

Cooperation of ecological manufacturers of Istria

“The cooperative emerged as an initiative of Istrian organic farmers, with the desire to jointly enter the market and provide Slovenian consumers with access to quality local organic food. In addition to genuinely caring for our customers and combating fraud and fraud in the food industry, our business is also based on democratic governance - one member one vote, non-profit - the cooperative's profits are invested in development, fair pay for farmers, and care for nature and the environment.

Our mission and way of doing things are best summed up by a member of Romana who says: “For us, eco is not just a niche, but a way of life”” (Zemlja&Morje, 2018).

PUPILLAM Society for the Development of Potentials

“We are a group of optimists who believe that in each of us there is the potential to create and act in the sense of good for all of us, nature and animals. As each man acts in accordance with his strongest point, in accordance with his high values and mission, our society and environment for living and working will change as well. And it's not that far away now... it is up to us and you, how we choose to act.

Outreach and education project for raising the individual and society, especially our beautiful city of Maribor: When I raise myself, I raise Maribor” (Pupillam, 2017).

KonopKo Cooperative, z.o.o., so.p. development of sustainable production and processing of cannabis

“The purpose of the cooperative is to carry out socially entrepreneurial activities in the field of fair trade, to support the members of the cooperative in the form of exchange of knowledge and equipment for the production and processing of cannabis, to establish quality standards for cannabis products, to preserve the cultural, technical and natural heritage in the field of cannabis and agriculture, to promote the development of a national cannabis community, information and education on novelties in the production and processing of cannabis and related innovations, and the dissemination of knowledge about cannabis and its products to the general public” (Association of Social Economy, 2015).

Society Dnevni centre aktivnosti za starejše Maribor, social enterprise Day Care Center for Seniors TOTI DCA Maribor

“TOTI DCA Maribor is an intergenerational activity centre designed to connect, integrate and socialize older and younger users. They can actively spend their free time by engaging in social activities. The mission of the Society is to act for the benefit of the elderly in retirement, those who prepare for it, the long-term unemployed and those who wish to remain active in society and maintain a quality life. We are also aware of the importance of working with younger users, especially volunteers.

We offer participation in activity programs that are free for users: foreign languages, computer science, creative workshops, cookery workshop, art workshop, literary circle,

master workshop, hobby workshops, memory exercises, meditation, yoga, gym, socializing, talking, reading corner, playing board games, lectures in different fields, presentations of others societies, etc.” (Prostovoljstvo v Mariboru, 2019).

BOLJE, a company responsible for waste management

“In the social company BETTER (BOLJE) we carry out the activity of removal and recovery of organic waste

We provide affordable waste disposal services for organic waste generated in public institutions and private individuals from the Podravska, Osrednjeslovenska, Savinjska, Gorenjska and Koroška regions. We allocate the generated revenue over expenses solely for the development of the company and its new activities and for supporting the charity Ozara Slovenia, the founder of our social enterprise. We will raise the awareness of the Slovenian public about the dangers of waste oil mismanagement and encourage it to act more appropriately. We have recently become the only active Slovenian processor of waste cooking oil from which we produce the most environmentally friendly scented candles” (Bolje, 2014).

Association of Alternative and Autonomous Production Center (CAAP)

“Developing, in addition to raising public awareness, concrete examples of good alternative and autonomous production practices, in those aspects of life that are a prerequisite for tolerant, reciprocal and a creative society. On the one hand, we focused on strengthening the culture of coexistence, and on the other, on the preservation of cultural heritage, which also includes biodiversity. At the vibrant centre of the collective creation of ecological, social, cultural and artistic programs, the Association of Alternative and Autonomous Production Creators takes care of the decent, quality and alternative provision of people's needs, and in particular the noble activities of those who have always been pushed to the fore in capitalist production. CAAP brings together cooperatives, cooperatives, social and community enterprises, societies, institutions and a variety of other institutions that track non-profit activities and seek new opportunities for networking and exchanges” (Center Alternativne in avtonomne produkcije, 2019).

Appendix 2: - Ethical approval for the study

Ethics not required as the case study used readily available data from an open source.



Human Ethics subcommittee
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23 July 2019

brett.mahila

Email: g95m5508@campus.ru.ac.za

Dear brett.mahila Mr Brett Mahila

Re: Social enterprise in Slovenia (0786 , Jul , 2019)

Principal Investigator: Dr Tshidi Mohapeloa ; Collaborators:

This letter confirms that the above research proposal has been **WITHDRAWN** from the system as **NO ethical clearance is required** :

Should you wish to ask further this decision please contact the Ethics Co-ordinator S.Manqele@ru.ac.za

Sincerely

Prof Joanna Dames

Chair: Human Ethics sub-committee, RUESC- HE