



SUMMARY

SUMMARY ANALYSIS

of service performance with subject:

„Social Entrepreneurship in the Haskovo Region“ and development of an analysis for the region on the impact and opportunities of the social enterprise sector within the Project SOCIAL FORCES - WP3, Del. 3.6.1 under grant agreement B2.9c.04 within the INTERREG V-A Greece-Bulgaria Cross-border Cooperation Program 2014-2020

Contractor: Association “Alliance for Regional and Civil Initiatives (ARGI)”



1. Subject of the study

The main goal of the study is to present the socio-economic environment providing social entrepreneurship at regional, national and EU level, indicating: its positive aspects, registering the problems and trends in the social economy sector in recent years in the EU and Bulgaria, the perspectives for its future development are outlined and concrete positive practices and their effect on the target groups are presented.

Within the framework of the Contract a Desk study of the current legislation regulating the activity of social enterprises in Bulgaria was conducted and a report was prepared, containing:

- review of public policies and stakeholders in this sector;
- a description of the institutional framework governing the establishment and operation of social enterprises in Bulgaria, especially with regard to the development of the relevant regulatory environment currently in force;
- review of the social and solidarity economy of the internal economic and social environment;
- description of the factors that influence the opportunities for economic growth;
- analysis of the need to promote the social economy and entrepreneurship;
- analysis of trends in the development of the social economy in recent years;
- description of the normative and institutional framework governing the establishment and operation of social enterprises in a number of European countries and in Bulgaria;
- review of the internal economic and social environment in different European countries and their practices in the social economy;
- analysis of public policies and description of stakeholders in this sector;
- identification of the factors that determine the opportunities for economic growth through the application of the social economy;
- justification of the need to promote the social economy and entrepreneurship and their stimulation.

The report of the study reflects: the challenges facing social entrepreneurship, its growth prospects; main obstacles, assessment of the existing institutional and legislative framework of the social and solidarity economy sector and proposals for their improvement. During the preparation of the document various sources of information were used, both specialized publications and articles on the topic, as well as websites



that present specific documents, facts, analyzes and practices. All of them are reflected correctly as used sources of information.

2. Objectives of the study

The sociological survey "***Social Entrepreneurship in the Haskovo region***" aims to take into account the impact of the social enterprise sector on the target groups and the opportunities they provide to solve their problems. The results of the study and the information gathered provide the basis for the implementation of the follow-up activities of the Project. A parallel study was conducted by the Greek partners in the project, as the geographical scope covers the regions of Eastern Macedonia - Thrace and Central Macedonia in Greece.

3. Methodology

The implementation of the contract includes a set of activities, methods and approaches, which in their entirety to collect, analyze and summarize information and data so as to present a summary analysis reflecting the socio-economic environment in Haskovo region, generating general conclusions and indicating prospects for the development of the social and solidarity economy in the district, as well as the degree of development of the social enterprises and their benefit for the target groups.

The main methods used in the execution of the contract are:

- **Desk study** – reviews information sources on the topic, review and secondary analysis of data from existing surveys, analysis of statistical information and analysis of documents.
- **Field research** - provides information on the level of development of social entrepreneurship and outlines the readiness and attitudes of the target groups for the development and marketing of products and services.
- **Questionnaire method** - provides information through questionnaires, according to the specifics of the target groups to which they are directed.
- **Statistical methods**, including: descriptive method for data analysis, graphical method for data analysis. SPSS statistical software was used for data processing, which allows the processing of multivariate questionnaires in both tabular and graphical form, which overcomes the distortion of the results mainly in the frequency distributions.



- **Conducting focus groups** - conducted after a preliminary review of the results of the cabinet survey and the purpose of collecting information and exchanging views between the representatives of the participants on current and emerging trends in the social and solidarity economy.
- **Analytical methods** - primary review and secondary analysis of data from existing surveys, analysis of statistical information and analysis of documents, etc.

4. Conclusions

The conclusions of the study and analysis clearly show that social enterprises are established as a suitable form for the integration of disadvantaged people. They depend to a large extent both on established practices and legislation of individual countries, as well as on EU policies in this direction.

It is clear that regardless of the common European documents, the approach is different at national level, depending on the regulation and functioning of social enterprises. Nevertheless, EU Member States as a whole are taking a major step forward in the field of the social economy and its development.

The great public support enjoyed by social enterprises and the opportunity to receive public funds to finance their activities make a favorable impression. The envisaged tax reliefs for stimulating the activity of social enterprises also have an impact on their sustainability, which in turn enables them to work in the long run to meet the needs of the target groups to which their practice is directed. In addition, social enterprises actively use the opportunity to generate additional funds through economic activity.

A great opportunity for development are the European Structural Funds to support social entrepreneurship, which are a solid and effective financial source for supporting people from socially vulnerable groups.

What are the benefits of the social economy?

- improves and strengthens the European social model by contributing to stable and sustainable growth;
- improves the social status of disadvantaged people;
- unites profitability and solidarity, creates quality jobs, strengthens social, economic and regional cohesion, generates social capital, promotes active citizenship;



- strengthens the entrepreneurial spirit, contributes to the more democratic functioning of enterprises, embodies social responsibility and promotes the active social integration of vulnerable categories.
- helps to correct three main imbalances in the labor market: unemployment, precarious jobs and the exclusion of the unemployed from the labor market;
- contributes to achieving the four main objectives of employment policy:
 - ✓ improving the "job opportunities" of the active population;
 - ✓ promoting entrepreneurship, in particular by creating local employment;
 - ✓ improving the adaptability of enterprises and their workers by modernizing labor organization;
 - ✓ strengthening equal opportunities policy, in particular through the development of public policies that reconcile family and professional life.

The constant growth of the role and importance of the social economy sector in recent years testifies to the enormous potential it has to solve key social and economic problems, turning it into a vector of innovation and cohesion.

In recent years, Bulgaria has been trying not only to catch up in this area, but also to bring to the fore the social economy as a clear political priority for economic and social development in the current planning period.

However, the social economy in Bulgaria has several negative characteristics:

- It is still an underdeveloped sector, despite a long tradition in the cooperative movement;
- Specialized legislation has not yet entered into force;
- Access to preferential financing of social enterprises is also limited;
- People with disabilities still stay away from the possibility of professional and social realization;
- There are no in-depth analyzes and data on the state of the sector in our country and its real potential.

Development opportunities can be summarized as follows:



- It is necessary to optimize the implementation of the created long-term vision for the social economy through the operation of an adequate legal framework that promotes its development.
- Attracting the attention of the civil society, its activation for stimulating the local economies and for the creation of social capital in the country.
- Active participation of people with disabilities in the implementation of projects funded by the European Structural and Investment Funds, as well as other EU programs in order to launch new social initiatives.
- Using the experience of other European countries in the institutionalization and financing of the social economy sector.

Despite the numerous difficulties in the development of the sector and the obstacles to the development of the activities of social enterprises, the institutions are rather optimistic. Making adequate decisions based on mistakes and good practices from abroad will inevitably affect the positive development in the future. This is confirmed by the data that 40% of the institutions in Bulgaria believe that the opportunities for development of social enterprises are relatively high, and 55% believe that the opportunities may not be good, but they are not bad. Only 5% think that they are relatively low, and no institution thinks that they are very high or very low, which is proof of caution, given the dynamics of economic and social relations.

Social enterprises in Haskovo district are the most diverse in terms of size, turnover, sectors in which they develop, number of staff, revenues and profits. The sector of the solidarity economy as a whole is well developed, as evidenced by the practices of internal order, the diversity of goals, participation in networks of regional, national and supranational nature, quality assessment, supplier assessment, participation in social groups, etc.. It is also an established practice for regulated ways of financing, joint activity with a number of partner organizations of institutional and private nature. The disadvantage is the unbalanced recognition of target groups of services. A number of groups are the focus of many businesses of all kinds, while others are short of services. The participants in the sector clearly formulate the challenges and the plans for overcoming them. In general, despite the traditionally skeptical opinion about the intervention of the government, half of the respondents perceive its role positively.



According to the type of enterprises, the medium ones turn out to be the most efficient in terms of turnover, while the smaller and larger ones face difficulties in 2017. Their expectations for development in 2018 are pessimistic.

When assessing the effects of the functioning of social enterprises, it is noticed that the positive effects are significant. The role of social enterprises in promoting employment among disadvantaged groups is indicative. Social enterprises achieve this goal by prioritizing it and by directing the distribution of profits, namely to creating new jobs

The current picture of socio-economic development, including and the development of social enterprises in Haskovo district, shows complex processes with difficult to measure effects. The reason for this can be found in the fact that the period in which the dynamics of major social and economic indicators are studied coincides with the manifestation of one of the most significant and lasting global and economic crises, which leaves a serious imprint on the development of the national economy, and in particular on the economics of the area in question. Based on the dynamics of the studied indicators, it can be concluded that the contribution of Haskovo district to the development of the national economy is limited.

The low level of foreign direct investment; poor absorption of EU funds; the deteriorating quality and quantity of the labor force due to the rapid aging of the population, the still lack of the Law on Enterprises of the Social and Solidarity Economy, are only some of the unfavorable factors that are an obstacle to achieving sustainable growth in the district.

5. Prospects for the development of social entrepreneurship

The development of a social / solidarity economy is inevitable. The question is how to do it properly and effectively. There are many benefits, obstacles and measures that need to be taken into account, but the positive perception of the opportunities for future development shows that the socio-economic situation in Haskovo district could change in a positive direction. Opportunities for the development of the sector and social enterprises are primarily related to the more active state intervention, expressed in the effective implementation of an adequate, for the needs of the sector, legislative and institutional framework. Last but not least, there is the issue of limiting the main challenges facing social enterprises.



The institutional and legal environment has been identified by all institutions as a major obstacle to the development of social enterprises, but has also been identified as a major measure to promote the sector. This requires more targeted actions by the state in this direction.

In addition public policies are identified as a major factor that is currently not functioning effectively enough for the needs of the sector. These conclusions, along with the large disparities in the provision of various public services to support the activities of social enterprises, close the circle of the most serious problems for the sector. Promoting its development inevitably goes through a revision of local and national policies, also through a change in the institutional local public structure and through a change in the legislative framework at the national level.

This document is created within the project "SOCIAL FORCES - WP3, Del. 3.6.1, financed under a grant agreement B2.9c.04 within the Cross-border Cooperation Program INTERREG VA Greece-Bulgaria 2014-2020, co-financed by the European Union through the European Regional Development Fund and the national funds of the countries participating in the program. The overall responsibility for the content of this publication lies with the HCCI and under no circumstances can this document be considered as reflecting the official opinion of the European Union and the Managing Authority.