

*Project: ReinFORCE SOCIAL Entrepreneurial Spirit through setting up
Innovative Support Structures in the cross-border Territory „SOCIAL
FORCES”*

REPORT

On presentations from the Joint Round Table

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SOCIAL ECONOMY AND SOCIAL INNOVATION

There is no definition of a social economy. It is perceived to be an opportunity to create value for the individual and society. It is related to the approach of the solidarity economy, built around three centres: market, state and reciprocity. It has the capacity to correct significant social and economic imbalances and contributes to the achievement of various objectives of common interest. The social economy is aimed at activities that cannot be relied upon by other services provided by the private sector or by public authorities.

Social innovations are good ideas that improve the quality of life of society, i.e. distance learning, hospices, etc. Due to the direct contact between the social sector and the public, it has a special ability to identify new needs by directing them to the public administration and traditional private businesses. The dissemination of new ideas and innovations in the respective fields is more successful with social enterprises.

The subjects of the social and solidarity economy are cooperatives, non-profit legal entities for carrying out socially beneficial activity and social enterprises.

LEGISLATIVE FRAMEWORK OF THE SOCIAL ECONOMY

The national concept of social economy is an expression of the commitment of state institutions to create a favorable environment for the development of models and practices for the social economy. Legal resources to support social economy entities should include: legal provisions, legal models, legal recognition, statistical recognition, necessary legislative changes. European legislation provides solid support for the social economy. The relevant acts range from the EU Treaty to various regulations, directives and other legal documents. The implementation of this concept is expected to identify possible legislative and institutional gaps, as well as provide a basis for legislative proposals. The

successful application of the concept depends to a large extent on the role of the government in the legal recognition of social economy entities under the existing national legislation. The main task of the government is to support social economy entities in order to take advantage of the opportunities provided by current laws. In cooperation with the social economy subjects, the Government should focus its efforts on promoting the social economy in line with the European Parliament's positions on this matter (A6-0015 / 2009; EC Comm. 608/2010 - Proposals 36 & 37).

SOCIAL ENTREPRENEURSHIP

Historically, the development of social entrepreneurship followed the development of entrepreneurship itself as a set of initiatives aimed not so much at accumulating profit as at seeking alternative financing strategies or modern management schemes to create social goods. Social entrepreneurship can be seen as a new, different type of business that deliberately limits profit by directing it to social causes. Social entrepreneurship is a process of innovation for the social entrepreneur, through alternative behavior when using and combining resources to meet social needs. Social added value is the social effect achieved for the target group as a result of the activity carried out by the social enterprise, taking into account both the positive and negative changes and the side effects resulting from other actions or lack of action by the social enterprise. A social objective is an objective in support of vulnerable people in terms of their employment, social inclusion, raising their living standard, improving their access to education and vocational training and protection of their rights, as well as improving and protecting the environment and biodiversity in support of ecological balance.

SOCIAL ENTERPRISE AND VULNERABLE PEOPLE

The social enterprise originated in the developed economies in Europe and North America. It generally refers to a diverse range of organizations operating a business aiming at achieving social goals and causes. Social enterprise is an

element of the social market economy. The main thing that differentiates social enterprises from traditional market entities is that they do not redistribute all profits for private gain and solve various social problems. The organizational form of a company can be a corporation or a non-profit organisation (NPO), but as NPOs concentrate the needs of individual vulnerable groups, social enterprises are an opportunity for them to generate business income by engaging their target group in search of new and sustainable resources to fulfill community service needs and activities: improving the quality of life of vulnerable groups, social missions, etc.) as an alternative to project activity, volunteering and donation. In Bulgaria, the social enterprise is considered to be the successor of the labor cooperative, which was created almost a hundred years ago and employs people with disabilities. Today, the term social enterprise includes a much wider range of activities.

The vulnerable people are: a) People with permanent disabilities; b) Long-term unemployed people, entitled to monthly social assistance under the Social Assistance Act; c) people up to 29 years of age who have no previous professional experience; d) people placed outside the family pursuant to Article 26 of the Child Protection Act; (e) unemployed people over 55 who are registered with the Labor Office Directorate; f) people raising children with permanent disabilities and receiving benefits under Article 8 of the Family Child Support Act; g) people who have been sentenced to imprisonment for a term not less than 5 years, if the end of the sentence has occurred within the last three years from the date of employment; h) people with addiction to alcohol or narcotic substances who have successfully undergone a medical or psychosocial rehabilitation program in the last two years before entering employment; (i) homeless people; k) foreigners who have received asylum in Bulgaria under the Law on Asylum and Refugees; l) people granted special protection status under the Anti-Trafficking of People Act; m) people affected by domestic violence within the meaning of the Domestic Violence Protection Act.

LEGISLATIVE FRAMEWORK OF SOCIAL ENTERPRISES

A social enterprise class A is the one, which meets the following criteria:

1. The social added value is created entirely in municipalities which for the previous year had unemployment rate equal to or higher than the national average.
2. More than 50% or 75 000 BGN of the positive accounting financial result of the enterprise after taxation is spent on carrying out social activities
3. At least 30 of the employees are vulnerable people have worked continuously in the enterprise during the last 6 months

Art.9. When the positive accounting financial result of the enterprise after taxation is reinvested in the enterprise itself, if its main activity is social within the meaning of this law.

Methodology for assessing social added value

Certificate of quality, environment, management, social responsibility.

Revenues from business activities

Sources of financing of social activity municipal, public, own funds, donations, financial instruments

- Average salary of employees / members
- Amount of socially invested funds
- Funds reinvested in social services
- Funds invested in social innovation
- Mechanisms for transparency in decision making
- Number of employees from vulnerable groups
- Number of social services provided
- Participation in programs for enhancing social skills internships, developing work skills, retraining

- Additional events accompanying social purpose forums, sports competitions, others.

Application documents: Application form; supporting documents for vulnerable persons; Charter / Company Agreement; Methodology for assessing social added value.

INCENTIVE MEASURES FOR CLASS A +

Establishment in their favor, for the development of their social objectives, of the right to build on private municipal property without a tender or competition after a decision of the municipal council. In this case the social enterprise is obligated to continue to exist and to act as such for a period of time no less than ten years from the establishment of the right to build, and in the event of non-fulfillment of this obligation it owes the municipality a monetary compensation of 40 percent of the cost of establishment in the first five years and 20 percent of the cost of establishment during the period from the sixth to the tenth year. Establishment in their favor for the achievement of their social goals of the right to use private municipal property, without auction or competition following a decision of the municipal council, adopted not less than 6 months after the application of the social enterprise. Financial support for training and upgrading the professional qualification of vulnerable people, on the proposal of the Ministry of Labor and Social Policies (MLSP) within the limits set by the state budget law for the respective year for the implementation of the active employment policy, when the economic activity is carried out entirely within the administrative boundaries of municipalities, which for the previous year had an unemployment rate equal to or higher than the national average.

GENERAL PROBLEMS OF DIFFERENT TYPES OF SOCIAL ENTERPRISES

1. Resource provision: Lack of adequate funding to support social enterprises - this is a problem that affects virtually all social enterprises and concerns the initial and working capital financing of social enterprise activity. Lack of managerial and marketing experience - this is a problem for the NGO sector, which in principle attracts people with a different profile from the one needed for the realization of managerial or marketing positions. To the extent that the civic sector is most active in setting up social enterprises, assistance in this area becomes essential.

2. Shortcomings of the project approach - this is a problem that mainly affects enterprises with a dominant social cause. The motivation of those companies, applicants for project funding, is different from that of sole proprietors. The project financing model suffers from a chronic lack of sustainability. Slow, cumbersome project administration procedures. Project financing raises doubts about the existence of corruption interests that have nothing to do with the declared social cause.

3. Environmental problems. Lack of systematic and targeted policy at national level. Lack of regulation. Problems with institutions.

4. Personnel problems. Finding and training the right staff. The benefits trap.

PROBLEMS ENCOUNTERED BY SOCIAL ENTREPRENEURS IN THE CROSS-BORDERREGION

- Reforming the National Disabilities Assessment Commission - lack of an adequate and sometimes incorrect and damaging expert assessment of the working capacity of disadvantaged people
- Need for markets, inability to sell products
- Promotion
- Facilitated participation in exhibitions
- Need for psychologists and mentors

- Lack of manpower
- The tailoring industry generally pays low wages
- Difficult access to the necessary materials to produce the finished product
- Low paid overtime

For state cooperatives:

- Sharp contraction of production, elimination of entire production lines
- Labor layoffs
- Removal of polyclinics and health services that provided free specialized medical care for disadvantaged people, rehabilitation
- Disintegration of cooperatives.

Problems with institutions of social entrepreneurs in the cross-border region:

- Delayed social security reimbursement which blocks funds
- Lack of credit facilities
- Total disinterest on the part of state institutions
- Some have no difficulties, even believe that the public administration is helping them
- Need for tax relief and waste removal fee reduction
- Incentives for participation in public procurement
- Financial assistance for working conditions reorganization in line with the needs of the employees of the Social Enterprise
- Improving social assistance policies
- Need for faster VAT refunds
- Misuse of public funds
- Increasing overhead costs, water
- The raise of the minimum wage and minimum insurance thresholds
- Contradictory regulatory framework

Social managers in Bulgaria, in particular from the Haskovo region, suffer from a serious deficit in knowledge of public opportunities and policies to support social enterprises. This deficit, coupled with the lack of measurement of social

output and the reluctance to participate in networks, shows the fragmentation of the social economy in Bulgaria and the need for a serious review of education and training in social policy and public-private partnership.

Used information from the following presentations:

1. Current policies for promoting social enterprises (Dr. Marina Stefanova)
2. Opportunities for Social Entrepreneurship in the Cross-border Region Greece-Bulgaria (Dr. Blaga Madzhurova)
3. Opportunities and Limitations to Social Entrepreneurship in Bulgaria (Kameliya Dimitrova and Damyan Staykov)
4. Good examples of social enterprises and results of the project "Increasing the socio-entrepreneurial spirit by creating innovative structures to support the Cross-border region (Rositsa Angelova)
5. Social Entrepreneurship in Bulgaria: Good Practices (Rosica Angelova)
6. Social Economy and Social Entrepreneurship in Greece Business Ethics (Dr. Spyridon D. Arseniou)