

Social Economy in Slovenia, Proposal of Development Model Based on Possible Relevance Policy of the Peer Country

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Introduction – Bases of Contribution

It wouldn't be eligible to claim, that there is no social economy in Slovenia, as it known in other European Union members. Nevertheless we have been making only first serious steps on this field.

A very large problem has already been presented by the understanding of social economy and social entrepreneurships (SE) concept. Usage of foreign word "social" has namely worsen undertone, while real translation promptly encourages associations with the system we were abandon in more then fifteen years ago.

From the title of some relevant researches¹ assesments in Slovenia we could underline some obstacles concerning with the development and introducing of social economy and social entrepreneurships idea:

- There is no accordance and common understanding of idea, particularly at treatment socially excluded and handicapped people;
- There is no sufficient level of supported infrastructure for enforcement of SE;
- System and legal environment for SE are untidily and we have no stimulate conditions for development;
- The level quality of management knowledge is insufficient, there is weak administrative proficiency, own development capability and liquidity for own activity and development of stakeholders;
- Innovative ability of stakeholders of SE is low and their competitiveness is without useful value and turnover on the market;
- Poor motivation, collaboration, self-organization and there is not own initiative of deprived groups at solving of their own problems;
- Readiness of the local environment and of state for solving the problems of social excluded people is frequent weak;

According to our researches² in Slovenia, a great number of subjects are involved in the sector of non clear defined social economy. Because nobody is engaged in social economy on systematic level, we can't determine its contribution to increasing of competitiveness of individuals and society at whole, to create a new jobs, to crossing of black market into regular employment and strengthening of social capital and welfare of entire society. Just because of this it is not possible evidently to determinate a share of social economy in GDP, rough assessment in the sector

shows that the number of employees is four times less as it is amount of average for this sector in European Union, that we aren't exploiting the human potentials on one side and market opportunities and other available sources in sufficient size on other side. It is interesting that the number of volunteers that they are tied to different forms (on some assessments exceed 1 million are engaged and they spent above 1, 3 million hours for their work in common value of 50 million euros), even larger than in some European countries, which reminds that on this field, besides clearer definition we miss more stimulate support environment above all on entrepreneurial knowledge and innovative management to create more employments.

Slovenian institutional context for social economy

The short overview of legal framework, related to discussed field shows that in fact many different Slovenian Laws (such as Laws: on employment, on rehabilitation and employment of disabled, on business support environment, on the public-private partnership, on balanced regional development and even on agriculture and rural development ...) have been at least in the aims indirectly tackling about field of social entrepreneurship as a tool for active social integration of weak groups. But explicitly it is not mentioned in neither of listed laws. On other side the most State's strategic documents for the period 2007 - 2013 try to find a space for social economy in Slovenian society without concrete politics for enforcement.

As previously stated, the majority of "umbrella" legislative and social regulative support in the field of "social economy" and "social enterprises" sector in Slovenia is still under legal "authorities" consideration. In addition to the general definition of "social economy" and "social enterprise" the Slovenian legislative authorities should establish good-will and precise supportive legislative tools (laws and regulations) able to provide clear legal definitions of "social economy and social enterprises" in order to specify large range of "individual and community's social needs' utility" services activities, and thus, enhance their effectiveness in producing and marketing of humane goods and services with high social satisfaction and impact.

Proposal of development model of social entrepreneurship in Slovenia based on Belgian experiences and cases of best practices

Suggested key factors could be the base for following debates with main aim to define more deepened tools and support instruments for implementation of proposal model. Developing of SE requires system approach, social agreement about common values, professional and coordinated managing. Therefore in Slovenia we must ensure suitable public awareness (in public and political organizations) to restore suitable climate, provide developmental priority and arrange institutional and legal frame to involve SE into dominant politics. Every political level must assume their responsibility about that.

Social, Legal, Economical, Political and Technological information on essential issues that are being and must debate in relation to social economy and active inclusion in Slovenia

1. Principles and strategies of introduction and development SE in Slovenia

First step is to assure definition of doctrine, establishing the policy and instruments for implementation and make the clear definition of social economy and SE, increasing of sensibility and maturity of population and uniting branch of professions and politics (for now there is considerably little hearing from politic side). It is necessary to prepare the strategy of development and introducing of SE, that it could contained: definition of SE, vision and aims of introduction, strategies, the roles of single levels, legislative frames, support forms (support environment, stimulations for establishing and growing of social enterprises etc.).

2. Establishing of social enterprises – Institutional and legal frame

In Slovenia, for full introduction of SE is reasonable to prepare new, umbrella law that it will arrange the sector. The law concerning SE has to determine:

- Competent Ministry;
- Definition of social enterprises (social economy) in Slovenian environment;
- Register of social enterprises and measures for acquirement and preservation of status;
- Manners of monitoring, reporting and evaluation;
- The manners of stimulation;
- Cooperation between sectoral ministries and remaining key actors;

The second step of establishment of modern system “of social economy” must be directed to creating the suitable fiscal, employment and institutional environment:

- Fiscal and tax legislation;
- Working and social legislation, introduction of more flexible system for balancing lower productivity of different target groups;
- Priority at public contracts;

3. Establishment of support environment for SE development

It is necessary to prepare the program for trainings of consultants for SE, which must acquire key knowledge to recognize the needs and opportunities for developing of social enterprises and to create jobs in local environment and knowledge for preparing social enterprise plans and projects as also business knowledge for development and growth of social enterprises.

It is important to provide suitable programs of training and educating of vulnerable groups, which will be included in developmental and pilot projects. For quicker and better development of the Third sector organizations in which frame social enterprises will be working, it is necessary to supplement existing support on the field of financing or to initiate new forms (e.g.: Ethical Banks, ventured capital, micro loans, impetus capital).

4. Human sources

The third step must be taken to change and raise a public awareness and ability in activities on social fields:

- Training and education of managers and professionals in social economy;
- Training and education of volunteers;
- Activating of existent human sources: enlargement of understanding level and raise of individual and public responsibilities at social inclusion, stimulation of all population to cooperate;

5. Local or regional approach

The fourth step guide to formulate active and efficient networking between all actors, private and public that they are active in social economy in the frame of local/regional community:

- Encouraging of existent institutions to cooperate by the open method of coordination, restore of programs and development boards, even of new state agency etc.;
- Define of coordinators for activities in local communities and regions;
- Promoting of networking and supporting to establishment umbrella network organization and connecting of exchange experiences and best practices among them;
- Local communities and regions must be aware of their importance and key responsibilities of active role on the field of social enterprises development as one of the key actors of sustainable developments;

6. Modular approach

- Combining and pooling of existent possibilities and sources for as soon as possible achieving of goals and their implementation in practice;

7. What it can be the State role?

- It can works on awareness and affirmative promotion and besides supporting classical – profit oriented enterprises gives some attention to, at least equal attention, on sustainable oriented enterprise culture, that it based upon on including of vulnerable groups, activating of potentials of less developed rural regions, which it can be additionally confirms with own example with transferring of all higher scale of services on the field of protection of environment, cultural and natural heritages on new companies and organizations that it will be developed inside of SE;
- It allowing to social enterprises working competitively with remaining companies, it can gives them a special place at producing of procurements and special importance for sustainable development and stimulate them on special way;

- Establishing a partner relationships with representative organizations of individual areas of social economy, precept and eliminate barriers and consider special and eligible needs of social enterprises;
- Assures a suitable financial stimulation and quality professionally/advisory assistance to organizations and holders, takes care about recognizing and transferring of good practices;
- Assures stimulate fiscal frame or income tax relief's for profit companies, that they invests in social economy;
- Assure of additional tax relief's for companies and individuals, that they are donators;
- It takes care for developing of human sources, systematically with that, encourage the development of new education programs and trainings, connection with development of different forms of SE and by means of special programs assure to management, employee and volunteers, which works in the frame of social enterprises, accession of different forms of training and educations;
- Encourage publicity - private partnerships for realization of pledged strategies, especially at development of financial institutions, financing of investments in social economy (Ethical Bank etc.).

8. What it can be the role on local/regional level?

On local/regional level works a lot of actors that can successfully contribute on development of SE. These actors are: local community, public and private professionals, consultant and education institutions, non governmental organizations and associations, we mustn't forget even classical companies, which with the aims and principles of corporative social responsibility assure a part of market for services and products of social enterprises or supply them to include into their own offer.

On regional/local level the all actors must cooperate:

- To recognize of opportunities for employment in the sector in placed region and strengthening of partnerships between private and public institutions;
- On awareness and promotion of meanings of social economy for improvement of common welfare of individuals or whole community;
- To preparing of projects or suitable including of this theme to regional development programs or other programs in region;
- To assuring of information and proposals for development stimulations, considering of specialty of local environment and designing of stimulations in frame of municipalities;
- To assuring of quality consultant assistance to users and to accomplishing of national instruments in connecting with local/regional stimulations;

Local community still has especially large weight to stimulate of social enterprises. They can realize their role during:

- Development of local stimulations for SE;
- Recognizing of needs, generating of orders and development of services in the social economy sector that improves life conditions of population, on one side and employs vulnerable groups on the other side;

Conclusion

Comparison with more developed European states is pointing their positive and active attitude on social economy and with that to social enterprises too, which are weave to all levels of social and economic regulation. More detailed comparison showed that Slovenia has relatively developed scale of social economy; however it is accessible exclusively for one target in some elements, for disable people, of which position are well settled. The other treated target groups are comparatively and essentially in worse position.

Existent legislation is forbidding to non – profit organizations doing a profit activities. And besides that, there is a tax relief for individuals and organizations for donations to non – profit organizations, that are established in public interests, the complete procedure for gaining of alone status is confused and it is fairly depend from subjective assessment of state officials.

Slovenia doesn't have developed a support net and tidied status of volunteers. There is also disturbing fact that large number of disadvantage enterprises operates with loss. In the spite of traditional large sensitivity and worries for population from neighboring, it is often surprising incomprehension and non readiness of local community to help their locals that they are in worse position.

With introducing of social economy in social - economic system and also into regional development programs and with creating of system of suitable support environment, Slovenia could joined to socially more developed countries, in which is care for fellow man although different, on the first place. Intensive introduction of SE will contribute to rise of welfare in community; the influence on decrease of black market will be also favorable.

Time is for active approach on the field of development of social entrepreneurial.

Sources

- ¹ An exhaustive economic, training and educational needs analysis in Slovenia in the sector of social economy and social entrepreneurship, Pilot project EU TESES, GEA College 2007, Mreženje nevladnih organizacij: Analiza vključenosti slovenskih NVO v evropske mreže, CNVOS, 2005, Izobraževanje in usposabljanje v slovenskih nevladnih organizacijah - Analiza podatkov iz ankete CRP Velikost, obseg in vloga neprofitnega sektorja v Sloveniji, UMANOTERA 2005, Strategija systemskega razvoja nevladnih organizacij v Sloveniji za obdobje 2003 – 2008 (osnutek), Trust for Civil Society in CEE, 2002, Študija izvedljivosti za ustanovitev socialnega podjetja ABC, Project Preparation Facility Grant Scheme (PPF II), 2005, Študija obstoječega stanja na področju socialne ekonomije v Sloveniji, eim, Sklad za razvoj in usposabljanje človeških virov s partnerji, 2005, Jadranje po nemirnih vodah nevladnih organizacij Ljubljana, doc.dr. Dejan Jelovec, 2001 ter državni dokumenti: Državni razvojni program 2007-2013, Nacionalni strateški referenčni okvir 2007-2013, Operativni program razvoja človeških virov za obdobje 2007-2013, Operativni program krepitve regionalnih razvojnih potencialov za obdobje 2007-2013, Nacionalni strateški načrt razvoja podeželja 2007 -2013 ter nekateri regionalni in lokalni razvojni programi, Program ukrepov za spodbujanje podjetništva in konkurenčnosti za obdobje 2007 – 2013 (Vlada RS 2007) ipd.

² **Tab.2: Types of SE related activities and some figures on employment capacity in Slovenia (2005)***

Type	Number	N. Employees	Integrated through training rehabilitation and special employment schemes***	No of members or volunteers involved
Non-For- Profit Societies/Associations of people,	19,166 registered /67 associations	2,738	1500-2000 per year	Estimation about 1.000.000
Foundations, Church and other humanitarian Organizations	255	No data available	No data available	
Companies for disabled and Employment centers for disabled	156	13,580 (6,348 disabled)	500-600 per year	--
Co-operatives	497	4530	No data available	No data available
Private Non-for-Profit institutes	250	5300	500 per year	-
Rural Innovation Centers and Local development centers	48	No data available	No data available	No data available
Labor Foundations	15	No data available	No data available	No data available
Municipality youth, cultural and sport centers,	150	No data available	No data available	No data available
Temporary public works projects (Employment action projects)**	1200*			5,000 (average number per year)
Total	21,737		14.930*	CCA 5000 per year
Average no employees /Unit				
Employee per organization			0.7	
% Employed on Total employed Slovenia			1,8%*	
% Employed on Total employed EU			5.9%	

* The data has been extracted from various available sources, no comprehensive monitoring analysis available

** Temporary public works project have been usually hosted by non for profit or public organizations, which means that in data about No of employees about 5000 represent temporary employed subsidized

*** Many associations and institutes organizes special integration projects for mentally affected and people with psychiatric difficulties, which are on long-term basis but not regulated with regular employment contracts

Here some additional data:

- 85% of organizations: 0 full time employees
- 4.9% of organizations: 1 full time employee
- 3% of organizations: 2 full time employees
- 6.8% of organizations: > 2 employees

² Table 2: Characteristics groups of registered unemployed people from year 1995 to 2006

Year	Average No. of registered unemployed people	Shares of individual categories in years from 1995 to 2006 (in%)					
		Old by 26 years	Search for first job	Women's	Unemployed above 1 year	Without professional education	Older the 50 years
1995	121,483	32.2	19.7	46.7	61.9	46.6	12.0
1996	119,799	31.4	19.4	48.1	56.1	47.0	14.1
1997	125,189	29.1	18.3	48.8	57.4	47.1	16.4
1998	126,080	26.3	18.1	49.9	61.7	46.9	20.7
1999	118,951	25.8	18.7	50.6	63.7	47.5	23.8
2000	106,601	23.4	17.9	50.7	62.9	47.2	27.3
2001	101,857	24.1	18.8	50.8	58.9	47.0	27.0
2002	102,635	24.0	19.6	51.2	54.4	47.0	25.4
2003	97,674	26.1	23.2	52.8	48.6	44.2	21.4
2004	92,826	26.2	25.2	53.1	46.2	41.6	21.0
2005	91,889	24.2	24.3	53.8	47.3	40.8	22.7
2006	85,836	21.2	22.3	54.8	48.8	39.3	25.4

Source: Annual Report ZRZS for 2007