

PERFORMANCE OF SOCIAL ENTREPRENEURS AND SOCIAL ENTREPRENEURSHIP IN BULGARIA

*The paper investigates how Bulgarian social economy has currently been performing. In the text, the author mainly focuses on an analysis of various financial indicators of **Social Enterprises** in Bulgaria as well as on different relations between these indicators. This research explores social phenomena on the Bulgarian market related to **Social Entrepreneurs (SErs)** and **Social Entrepreneurship (SEp)**. The article investigates which factors are important to facilitate their relationships and provide a full profile of SErs. The research methodology is of a survey-descriptive type. A wide range of research methods are used to successfully achieve the goals and tasks of the research. Analysis of collected data was made using the Statistical Package for the Social Sciences (SPSS).
JEL: L26; L31*

Introduction

The establishment of **Social Enterprises (SEs)**, their management and marketing are key factors in achieving a better social structure of the Bulgarian economy. There are many investigations of the impact of **Social Entrepreneurship**, the competences and motivation for founding such kind of a company. This study offers an in-depth analysis of the opportunities for **Social Entrepreneurship (SEp)** and the performance of **Social Entrepreneurs** in Bulgaria under the conditions of a transition economy. Problems related to the opportunities for creating and developing **Social Enterprises (SEs)** undoubtedly pose challenges to managers and employees in the context of the current political and economic situation. The problem is scientifically relevant and in a practical – applied plan, with the lack of specific developments in the riches of **Social Entrepreneurship** management, "white fields" and gaps in the status of these organizations and their specific characteristics. By directing research efforts to explore the motivation for **Social Entrepreneurship**, it is ensured that science is enriched and that theoretical and practical contributions are made to explore and define the **Social Enterprise** phenomenon.

This article aims to study the funding opportunities for Social Entrepreneurship in Bulgaria and the level of their approbation by **Social Entrepreneurs** to establish such a company.

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The subject of the paper is to investigate some general options for creating a **Social Enterprise** in Bulgaria and to identify different working models for **Social Entrepreneurship** in Bulgaria and in the European Union (EU) to support problem-solving for the target groups of people.

A research object is the high-level management (i.e. owners, Chief executive officers (CEOs) and top management) of the enterprises. In-person verbal interviews were conducted with **45 entrepreneurs** and managers of **Social Enterprises** in Bulgaria as expert practitioners, to test the ideas, build knowledge, and gain insightful context and nuance to the ideas. **Two Focus Groups** were held in order to produce a single agreed platform for communicating in an objective way the company works. It was created a profile of the **Social Entrepreneur** as a conclusion of the in-depth interviews.

The article is structured as follows: following the introduction, in the first part, it was described an environmental analysis of Bulgarian Social Enterprises within EU. In this chapter is carefully analyzed how the various conceptualizations in this field evolved and are still developing in the Bulgarian transition economy context. This analysis paves the way for the second part, in which is highlighted the National Programs focused on the development of SEs. Followed by the third part, that includes the opportunities for funding SEs in Bulgaria. In the fourth part are presented the results of the empirical study of the design for **Social Entrepreneurship**. The research closes with conclusions and recommendations for future research in the field of SEp.

The overall results of the study, and especially the findings and recommendations, could be useful for other companies to know the problems of **Social Enterprises** and to focus on new opportunities and prospects for sustainable development. The results obtained can be used in the practice of management and control of business and public organizations, financial investments, development of marketing campaigns and social programs, making of business decisions for incomplete and inaccurate information, etc.

1. Theoretical Framework of Social Entrepreneurship

1.1. Social Nature and Dimensions of Entrepreneurship

The ‘social’ nature of the motivation for **Social Entrepreneurship** makes the concept clearly distinguishable from commercial entrepreneurship. The question of why social entrepreneurship comes to be, in terms of motivation, can also raise the question of ‘how come’ social entrepreneurship comes to be (Orhei et al., 2015). The European Commission was the first to explore a multidimensional framework for entrepreneurial competence. **Social Entrepreneurship** has been defined until now by borrowing insights from commercial, Schumpeterian entrepreneurship as well as a new way of looking at non-profit work (Peredo and McLean, 2006; Short et al., 2009).

The theme importance takes a central position in discussions, researches and organizational activities connected to the process of creating **Social Entrepreneurship**. This takes an essential role in the Bulgarian economic environment as well as the national strategies for economic growth. In recent years, the European Commission began setting a policy

framework for the **Social Economy** and **Social Entrepreneurship**, which found expression in a number of policy documents outlining the limits and opportunities for their development. In all European documents, the **Social Enterprise** is identified as a key component of civil society and the European social model (Terziev et al., 2016a,b).

The quest for a widely accepted definition of **Social Enterprise (SE)** has been a central issue in the last two decades. However, it only seems feasible today to identify a few criteria that were most debated (Nyssens and Defourny, 2016):

- the specific role of individual social entrepreneurs (Terziev et al., 2017 a,b; Orhei et al., 2015; Bezuhanova, 2014);
- the place of social innovation (Sinclair et al., 2018);
- the search for market income;
- the issue of governance.

The research of Orhei, Nandram and Vinke (2015) suggests that **Social Entrepreneurship** competence is comprised of a large spectrum of social and functional competences (rather than cognitive competence) and motivation to solve social problems. Much of the literature defines **Social Entrepreneurship** from the individual perspective by describing the **Social Entrepreneur** as a visionary (Dees, 1998). **Social Entrepreneurs** may act on their own focused on achieving a social mission (Guclu et al., 2002; Peredo and McLean, 2006) or be part of **Social Entrepreneurship** organizations or **Social Enterprises**. Kraus et al. (2014) define the entrepreneur as exceptionally innovative, willing to take risks and outstanding leadership qualities. **Social Entrepreneurship** may also involve creating something new that is characterized by innovation rather than simply replicating existing enterprises or practices (Austin et al., 2006).

Since definitions in different countries vary, **Social Enterprise** should be described on the basis of shared characteristics such as social objectives, reinvestment of profits, a variety of legal forms and ways of stakeholder participation. In response to the crisis and austerity of the economy, Social Entrepreneurship is a different way of economic activity, which mixes the ingenuity of business with the social mission and leads to a synergistic effect – it can self-sustain, make a profit, and at the same time, it can help to overcome social difficulties. Given the enormous potential of **Social Enterprises** to offer innovative approaches to overcome the serious societal challenges facing Bulgaria (ageing populations, growing inequality, climate change, youth unemployment) they are increasingly interested in not only government policy, but also in researches.

Based upon a literature review, can be summarized *a basic statement/definition* for a **SE**:

- a business focus on solving humane tasks, not simply profit;
- priorities for **Social Enterprises** are providing better access to capital and tailored finance instruments;

- creation of new jobs in areas where they could satisfy social needs, as a mean of both creating jobs for unemployed persons and curbing mainstream social spending (ageing populations, growing inequality, youth unemployment, integration and reintegration of disadvantaged people, social exclusion of various vulnerable groups, etc.);
- an organizational model that can support social innovations for a transition to more sustainable consumption and production practices;
- can provide an effective survival strategy for transition initiatives;
- organizations involved in market activities but with a primacy of the societal mission;
- provides local welfare service development and delivery.

Social Enterprises are not charitable organizations or social agencies. They are private enterprises managed and developed under the business rules with a business focus on solving humane tasks, not simply profit. They are oriented towards encouraging active civic participation and unification of efforts and expertise with wide public participation to achieve social change in a given area (Bezuhanova, 2014). The social benefits of them are measured primarily by the integration and reintegration of disadvantaged people in society and economic and financial results – a significant saving of public funds allocated for social benefits (Terziev et al., 2016a).

Orhei et al. (2015) define **SEp** in contrast to commercial entrepreneurship. Since 2006, the European Commission has also devoted much attention to the concept of entrepreneurship as a competence. The European Qualifications Framework (EQF, <https://ec.europa.eu/>) defines entrepreneurship as a **sense of initiative and the ability to turn ideas into action**.

Scholars (Dana and Ramadani 2016, Sinclair et al. 2018, Kovacheva and Dimitrova 2017, etc.) of socio-ecological transition consider **Social Enterprises** not simply as a tool to alleviate social problems generated by market imperfections, but also as **an organizational model that can support social innovations for transition to more sustainable consumption and production practices**. More specifically, by accessing a series of non-market resources (such as unpaid labour, affordable small loans, lower-than-market rent for premises, various sharing arrangements for the use of resources), **Social Enterprises** can provide **an effective survival strategy for transition initiatives**, which would otherwise not be able to survive in increasingly competitive markets focused on satisfying the short term expectations of shareholders (Dedeurwaerdere et al., 2017). According to Chell (2007), **Social Enterprises** are organizations involved in market activities but **with a primacy of the societal mission**, which can be related to social, cultural and/or environmental purposes.

Sinclair et al. (2018) suggest that **SEs** and social innovations are not themselves instigators nor catalysts for systemic change, but that their impact is constrained by structural conditions and institutional factors beyond their control. They focus on the relational politics of **Social Enterprise** and social innovation in **local welfare service development and delivery**. Social innovation raises particularly interesting questions about effective local governance systems and urban politics; notably, the increasing prominence of hybrid

organizations and the politics of intersectoral partnerships among institutions with different resources and competing authority claims.

1.2. Environmental Analysis of Bulgarian Social Enterprises within the European Union (EU)

In summary, during the last decade, the Bulgarian economy has achieved macroeconomic stability and growth. The transformation of Bulgarian political culture in the process of transition to democracy provides analysis between the dominant political culture (Pastarmadzhieva, 2015) and the efforts for entrepreneurship development. Various measures were implemented in order to improve the environment for doing business, especially for SMEs (Davidkov and Yordanova, 2015). Entrepreneurial orientation may be seen as an important organizational resource for international involvement. The governmental restrictions of economic freedom appear to impact entrepreneurial activity differently depending on the particular freedom restricted by the government and the entrepreneur's motive for engaging in entrepreneurial action (McMullen, Bagby and Palich, 2008).

The maturing of markets and market relations lead to intense competition and increasing consumer requirements, turning the quality into a factor for the success and survival of organizations. Thus, it is a central place in discussions, researches and organizational activities in the field of manufacturing and services, because the opportunities for **Social Entrepreneurship** and the development of such organizations are preconditions for the growth of quality and competitiveness of the Bulgarian economy as a whole.

The dynamically changing economic and political environment requires more flexibility in the companies and willingness to change in accordance with the new conditions. Organizations face the challenge to "fight for survival" in a rapidly changing and uncertain environment. This process is enhanced in terms of the continuing economic crisis.

Optimizing the performance and opportunities for flexible financing of SMEs is extremely important to increase the competitiveness of the organizations and hence to the Bulgarian economy as a whole (Angelova and Pastarmadzhieva, 2017). According to Bulgarian National Strategy for Small and Medium-sized Enterprises 2014-2020 the main focus is entrepreneurship and founding SMEs, which are the basis (the spine) of the national economy. Most enterprises that are socially orientated are SMEs.

According to Commission Recommendation 2003/361/EC, as published in the Official Journal of the European Union (L 124, p. 36 of 20 May 2003) "The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million" (European Commission, 2015). This definition was transposed in Bulgarian legislation and in particular in article 3 of Bulgarian Law on Small and Medium-Sized Enterprises.

At European level, SMEs are seen as drivers of growth, employment and innovation. According to the European Investment Bank, they represent over 90% of businesses in the EU and also two-thirds of the active working population is employed in them.

SMEs play an essential role in economic processes, and therefore the optimization of their operation is extremely important to enhance their competitiveness and sustainable development. They are not only the backbone, but they are nearly the entire economy of Bulgaria, as according to NSI data for 2017, they represent 98.4% of all business organizations (NSI). SMEs are a major source of added value and the largest employer in the country, but at the same time are experiencing serious difficulties in many areas. Undoubtedly, management must focus on the opportunities for social initiatives, and access to various financial instruments that could help to overcome the main difficulties and discover horizon for innovation and investment.

According to a recent analysis in the opinion to the companies worldwide, there are five main obstacles of their growth: **access to finance**, electricity, political instability, competition and tax rate (Wang, 2016; Pastarmadzhieva, 2015). The relationship between political instability and economic growth has been examined in numerous scientific studies over a long period of time. This correlation is bilateral. If an economy works poorly, this may cause "government collapse and political unrest". And when the political environment is unstable, usually this leads to a decrease of "investments and the speed of economic development" (Alesina et al., 1996).

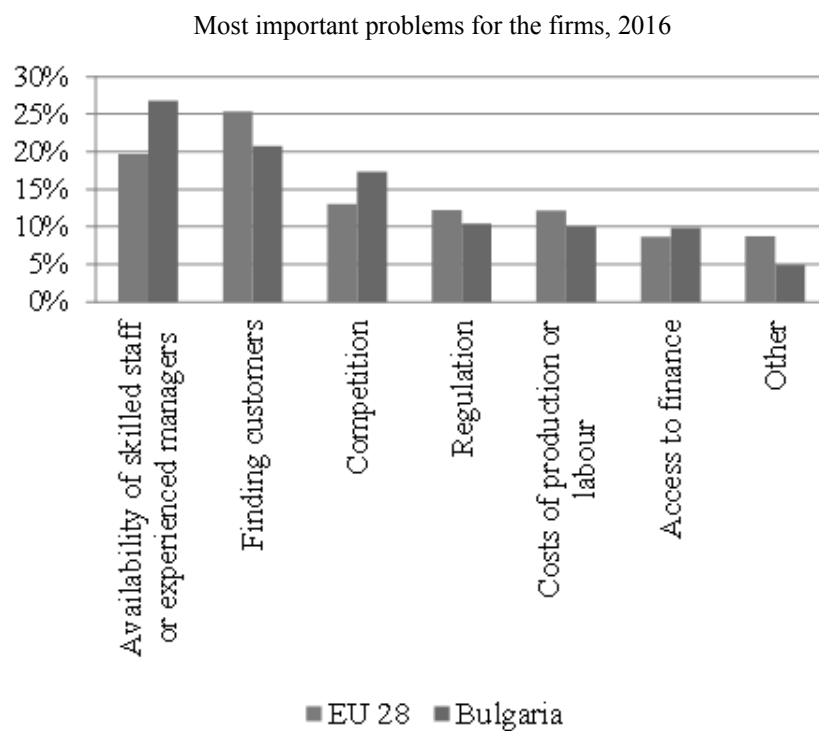
Nevertheless, it may be caused by various factors, but Alesina et al. (1996) measure political instability as "propensity of government changes". The latter is a major factor of political instability in Bulgaria in recent years. In the period January 2013 – March 2017 there have been six governments, three of which were caretaker governments. The frequent change of governments has affected the economic environment and caused difficulties in financing and development of the SME's **especially society orientated that rely mostly on EU and Government funds**.

According to an analysis commissioned by the Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA), **access to finance** is a major problem for SMEs in Bulgaria. Most commonly utilized sources of funding are banking instruments, government funding and international programs to support SMEs and the use of resources of the owner's family and his/her relatives (Vladimirov et al., 2013). Access to finance is a major issue at European level as well. Empirical data from Survey on the Access to Finance of Enterprises shows that in 2016 "access to finance" is a challenge for 8,7% of SMEs at European level and for 9,8% companies in Bulgaria (Fig. 1).

The results on Fig. 2 indicate that there is a decrease in the significance of this problem in the period 2013-2015, but in 2016 there is a slight increase.

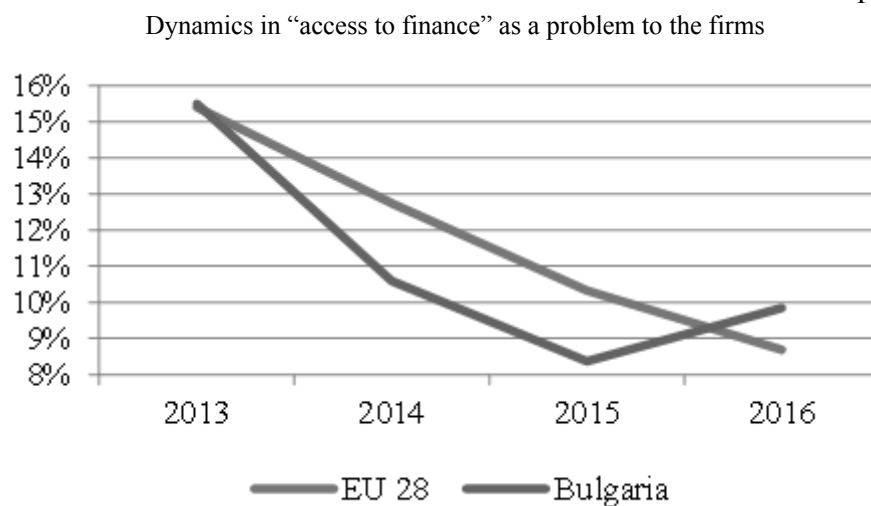
The European Union provides many opportunities for grants, loans and guarantees available for small and medium enterprises. The financing options often are not direct funding. Usually, various national and sub-national institutions are intermediaries in this process.

Figure 1



Source: <http://ec.europa.eu/growth/access-to-finance/data-surveys>

Figure 2



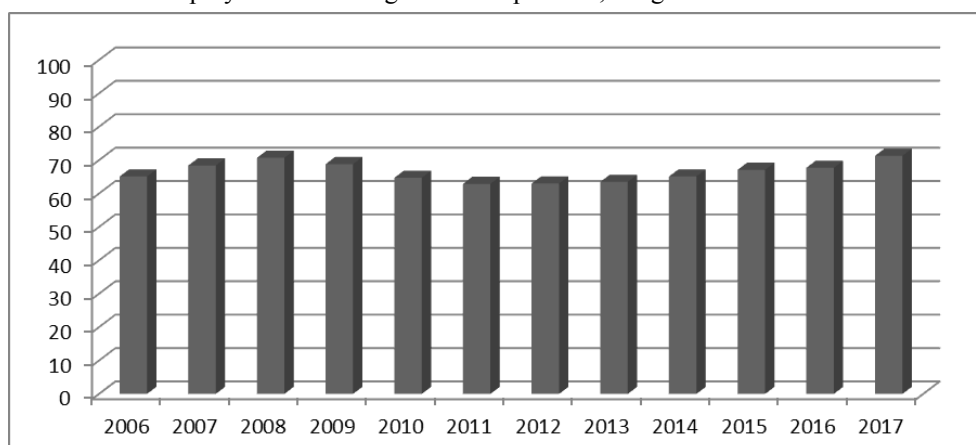
Source: <http://ec.europa.eu/growth/access-to-finance/data-surveys>

According to many researches and evaluations of the Bulgarian economic development, it may be observed a positive tendency after the participation of the country in EU. For 2017 Bulgaria takes 5th place in economic development from the EU countries, and that is a positive result for the country. The unemployment rate is about 6% for 2017. The country follows a common vision for transforming the economy, bench-marking models, cohesion policies, good European practices and models, and thus contributes to the introduction of social policies and the development of **Social Entrepreneurship**.

The highest unemployment registered in Bulgaria for the period 2006-2017 is in 2013 – 13% (439 800 unemployed people), then the trends are to reduce the number of unemployed people, decreasing to 6.7% (214 900 persons) in 2016. It is worrying that approximately one-third of them are unemployed for a period of time for more than two years. An increasing number of young people cannot find a job or do not look for one, as a major problem can be the lack of commitment between the business sector and the education system. The fact is that the business sector prefers to hire staffs who have already acquired the required internship, which further demotivates young people.

Figure 3

Employment rate of age 20-64 in per cent; Bulgaria 2006-2017



Source: NSI

According to EUROSTAT (Harmonized unemployment rate for EU and Bulgaria, June 2017 – May 2018), the coefficient of unemployment in the years before the World Economic Crisis decreases reaching the lowest value of 5% in 2008, as after this there is a sharp increase in this indicator, reaching 13% in the 2013 year. Also, it should be noted that after this sharp increase is observed a decrease in this indicator, reaching 6.7% by the end of 2016. Furthermore, the high levels of unemployment are associated with deterioration of the living standard and the high degree of migration.

The decade in Bulgaria after its entry into the European Union in 2007 can be described in a few words: **more stability, better financial results and more optimism**. Gross domestic product is increasing over the past ten years, with real growth of 3.4% in 2016. There is

also a wage growth. In Bulgaria, the minimum wage increases from 180 BGN in 2008 to 560 BGN in 2019.

Conclusion of Part One

This section outlined the theoretical framework of **Social Entrepreneurship**. Based upon the literature review, it's summarized a basic statement/definition for a SE. The research presents an environmental analysis of Bulgarian **Social Enterprises** within the EU.

In these terms, development of the measures that allow bench-marking of social entrepreneurial culture supports efforts made by local, national and international authorities. This is a good base for investigating the entrepreneurial culture for **Social Entrepreneurship and the motives of the founders**.

In summary, the main tools that need to be enforced and developed to stimulate entrepreneurial activity are related to training/learning, the three-way science-business-education relationship, building and strengthening entrepreneurial culture, and access to finance. Validation, optimization, and harmonization between these components is a prerequisite for the development of **Social Entrepreneurship**.

2. National Programs Focused on Development of SEs

The statistical survey of **Social Enterprises** in Bulgaria started in 2012 and has an annual periodicity. In 2013, NSI included guiding criteria for respondents with regard to whether they identify themselves as **Social Enterprises** or not. As main features of **Social Enterprise** are included:

- Achieving social purpose;
- Predominantly reinvestment of profits back into the business than distribution among individual partners, shareholders, founders/members.

In terms of the types of legal and organizational forms through which one can develop **Social Enterprise**, inconsistencies and discrepancies are observed between different strategic documents and programs. There is no unified framework and general binding characteristics of **Social Enterprises**.

There are many documents defining the key role of **Social Entrepreneurship** in combating poverty and social exclusion of various vulnerable groups. Reforms are needed in implementing innovative measures aimed to develop new approaches and models to tackle poverty and social exclusion. One of the biggest constraints is achieving long-term sustainability, as social goals and tasks make the business part more difficult. That is why most programs targeted to support **Social Entrepreneurship** are small grants to start a small business, investments in the development of business skills, communications, etc. The social economy and entrepreneurship are among the key instruments through which to complement ongoing government policy targeted at social support and smart and sustainable growth. According to the statement of M. Granovetter (1985), the

embeddedness of opportunities in the formal institutional environment may be illustrated with reference to the initial changes in the institutional framework that fostered **Social Entrepreneurship**, when legal and administrative reforms made it legally possible for privately owned businesses to compete with state-owned enterprises.

It is important to mention the good practices and successful functioning **Social Enterprises** in Bulgaria, i.e. "Sdrujenie Znanie Lovech", Karin dom, Morski club "Priyateli na moreto", Fondacia "Svetut na Mariq", Fondacia Konkordia Bulgaria, etc. They are an example of realization and motivation for the implementation of social ideas and successful entrepreneurship (UNICEF, 2016).

The summary data for 2012 of the National Statistical Institute (NSI) shows that 4872 enterprises have identified themselves as "social". 2717 of them are registered as commercial companies and cooperatives. **Social Enterprises** such as companies or cooperatives have made a total of 3 billion and a half BGN (1.00 € = 1.955 BGN) of its revenue from its activities and have made almost as much operating expenses. The economic spheres in which there are the most **Social Enterprises** – commercial companies and cooperatives are trade and repair of motor vehicles and motorcycles (964 enterprises) and the processing industry (395 enterprises).

In 2013 the number of self-identified as **Social Enterprises** is lower – 3612. 2046 of them are registered as trading companies and cooperatives. The spheres of economic activity for registered companies or cooperatives remain unchanged. 1381 of them are profitable.

By August 2015 in the Registry of specialized enterprises and cooperatives of people with disabilities of the Agency for people with disabilities have 281 registered specialized enterprises and cooperatives of people with disabilities. They provide employment for 3364 people with disabilities.

In comparison with the summarized number of non-financial enterprises for the country (337 488 enterprises in 2016), the number of non-profit enterprises, which identified themselves as social, for 2016 is 0,61% of all non-financial enterprises. This proportion is also true for the income of **Social Enterprises** compared to all enterprises – less than 1 %.

In line with the research of Bencheva et al. (2016), Bulgaria has not introduced a legal definition of **Social Enterprise**, nor has a clear and explicitly defined regulatory framework. Strategic documents in the field distinguish between "social economy enterprises" and "social enterprises"; the intention is the first group to cover a wider range of persons, some of which are **Social Enterprises**. Moreover, from 2012 onwards statistical information has been collected for existing SEs in Bulgaria.

The most widespread field of activity of **Social Enterprises** in Bulgaria are services, most often social and educational. Production and trade are poorly developed. Manufacturing companies make clothing, food (bread, honey), souvenirs, postcards, carpentry, applied arts and others. The typology of SEs is explained in a report "Social enterprises in Bulgaria",

made by a team of scientists under the financial help of OP Human Resources Development.²

Table 1

Trend and Sector Fields of Social Enterprises

Year	Total number of SEs	Commercial companies and cooperatives
2012	4872	2717
2013	3612	2046
2016	2058=0.61% of all non-financial enterprises	

Source: NSI, 2018.

The institutional environment influences the extent to which **Social Entrepreneurship** develops. *The National Social Economy Concept* represents the Government's framework for the development of the social economy in Bulgaria. *The National Development Program Bulgaria 2020* identifies a specific area of impact and measures related to the social economy and entrepreneurship, in particular in Priority 2: Reducing poverty and promoting social inclusion.

The Action Plans for the Social Economy 2014-2015 and 2016-2017 which supported the implementation of the National Social Economy Concept layout a series of priority actions aimed at facilitating the development of the social economy (including social enterprises) in Bulgaria (see Decision No 146, Action Plan for the Social Economy 2016-2017). Actions under this programme scheme include information campaigns and events for regional and local authorities, businesses and other stakeholders in order to raise their awareness about **the opportunities and conditions for the development of Social Entrepreneurship in Bulgaria**. The basic aims include actions to improve access to public procurement opportunities for **Social Enterprises**; the action foreseen in this regard is a proposal for amending the Public Procurement Act so that it provides a level playing field to SEs when applying for public procurement opportunities. The Action Plans dedicate specific resources to each action envisaged by it. The sum allocated to the actions is more than half a million BGN (ca. €317,000) that were foreseen for the development of the social economy in Bulgaria for the period 2014-2017.

The Action Plan "*Entrepreneurship 2020 – Bulgaria*" was adopted by the Council of Ministers with Protocol № 46 of November 11, 2015, which consists of 31 specific measures in accordance with the adopted by the Commission – Action Plan "*Entrepreneurship 2020 – Revival of the entrepreneurial spirit in Europe*" (COM/2012/0795 final). The Economic and Social Council of the Republic of Bulgaria (ESC) believes that **Social Enterprises in Bulgaria are still an untapped business model**. Current **Social Enterprises** are mainly non-governmental organizations by applying the relevant legislation creating SEs whose business is focused on the realization of the social purpose and mission of the organization.

² https://socialenterprise.bg/docs/conference_1/, available in Bulgarian [accessed in November, 9, 2019]

There are different National and European programs to support the establishment of a SE. In the *National strategy for the youth 2010-2020* is noted that Bulgaria should improve economic activity and career development of young people, and promote SEp among them. For this purpose, it is necessary to promote public-private partnerships and **Social Entrepreneurship** in services for the development of young people. For the realization and active participation of young people in social and economic life, an appropriate and favourable environment is required, as well as conditions for **school and university education in the field of Social Entrepreneurship**.

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

Providing support for SEs through *European structural and investment funds* is fully in line with the Initiative for Social Business, and also with the announced Social Investment Package.

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

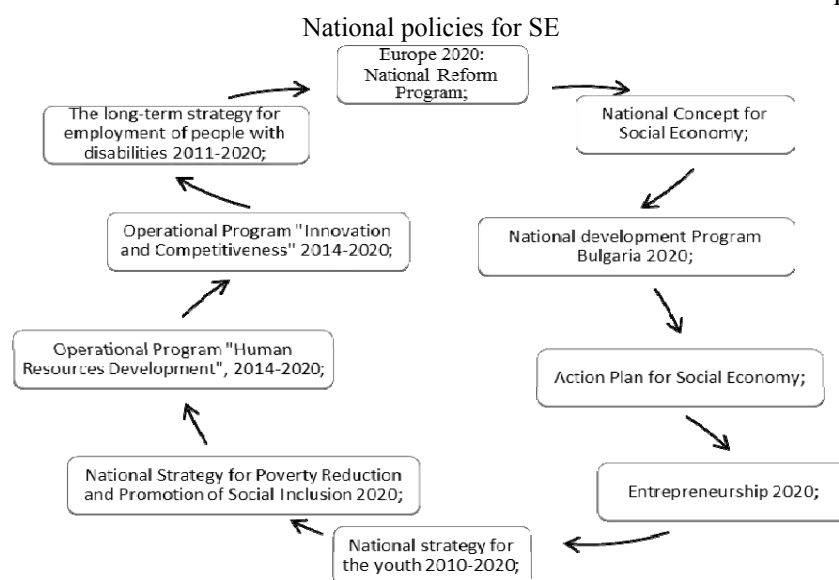
Within the *Operational Program „Human Resources Development” (OP „HRD”) 2014-2020*, Area of Intervention 5.1 “Support of social economy” provides support to existing speciality businesses, cooperatives of people with disabilities and SEs. It also supports the creation of new forms of SEs, including sheltered workshops, creating conditions for strengthening community and voluntary initiatives contributing to raising the level of social capital.

Terziev et al. (2016 a) present specific opportunities for project financing of SEs that will provide investment priorities №1: “Socio-economic integration of marginalized communities such as the Roma” and №4: “Promoting social entrepreneurship and professional integration in social enterprises and promoting social solidarity economy in order to facilitate access to employment”, thematic objective 9: “Promoting social inclusion, fighting poverty and all forms of discrimination”.

Conclusion

In summation, in the second part of the research is made a statistical survey of **Social Enterprises** in Bulgaria from 2012 till 2016. Table 1 illustrates the trend and sector fields of social enterprises. It's made an in-depth research of the National Programs Focused on Development of SEs. This section outlined the National policies that are focused on the encouragement of **Social Entrepreneurship**. In summary, they are presented in the next figure. These policies are systematized in a list only with the purpose of a more organized approach and focused on the relation between them.

Figure 4



Source: own illustration

3. Opportunities for Funding SEs in Bulgaria

The available funding mechanisms for the SE, along with the tax preferences, are:

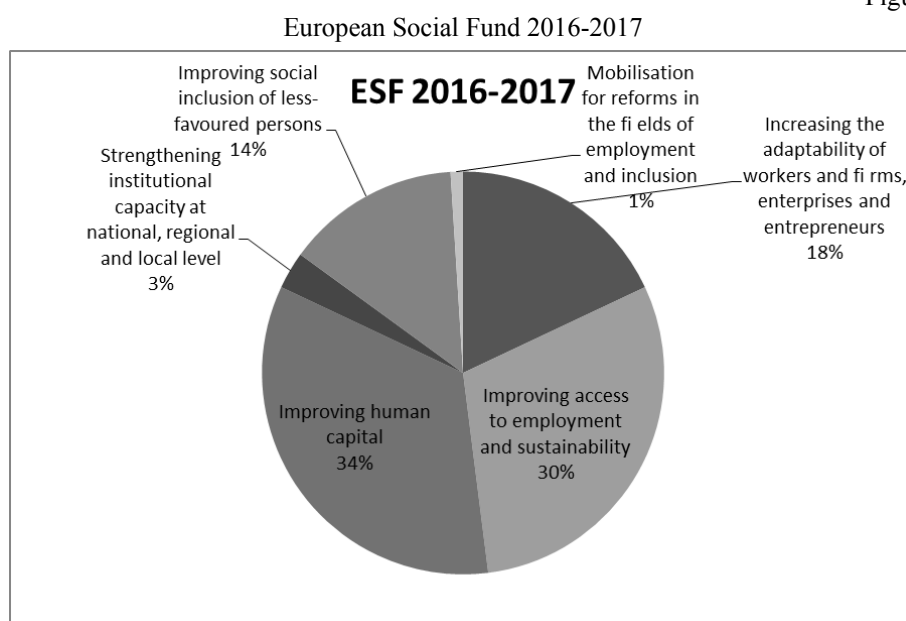
- Bank loans – extremely difficult, with no special relief for certain categories of SEs;
- Risk equity financing – available only to traders, primarily small and medium-sized enterprises;
- Grant funding for SE development – similar funding was provided under OP HRD 2014-2020, and in addition in the second programming period, funds are also provided under the Operational Program "Innovation and Competitiveness";
- Collections of fees for paid services – SEs can generally independently pricing. However, given the specification of the vulnerable groups, they work for, their ability to self-sustain themselves solely from business income may be limited.
- Business Angels – another opportunity to raise financial capital provides the so-called **Business Angels**. These are wealthy individual investors who invest at their own expense and risk capital to start and develop a particular business, against it shareholding (Yosifov, T., 2016). This alternative form of financing is relatively new to the country and can be appreciated as a good opportunity to Bulgarian SEs. A limitation can be indicated that they are directed toward high-tech productions.

European Social Fund (ESF)

To achieve its objectives, the European Social Fund funds projects and programs in six specific fields relevant to creating jobs and helping workers to fill them. For example, a project under ‘improving social inclusion of less favoured persons’ might directly address the training needs of female immigrant workers, while another under ‘increasing the adaptability of workers and firms, enterprises and entrepreneurs’ might encourage job sharing in companies. The share of funding indicated for the different fields can vary between regions and countries depending on priorities, although Convergence regions will usually place emphasis on ‘improving human capital’.

The allocated ESF budget (EU amount 2014-2020) for Bulgaria is 1466.4 million euro (Operational Programmes/AIR 2016 (updated until 6-9-2017), p.17) and total ESF budget EU+ national (ESF+ ESF-YEI +YEI)³ is 1722.9 million euro. ESF funding targets people in society who are more vulnerable to unemployment and social exclusion. For example, older workers whose long experience is underestimated, the young who have yet to acquire experience, and mothers who want to return to the labour market yet find their skills are out of date.

Figure 5



Source: Fondazione G. Brodolini (2018) Synthesis report of ESF 2017 annual implementation reports

A better impression of the targeting of ESF funding is given by comparing funding per capita in the Member States. In this way, the ‘size effect’, whereby larger countries get

³ AIR - Annual Implementation Report; YEI - Youth Employment Initiative

more funding, is removed and more useful comparisons can be made. The newer Member States receive proportionally more ESF funding, which is in line with the ‘catching-up’ nature of their economies and the need to reorient their labour markets to the challenges of the global economy. It is here that the ‘cohesive’ nature of the ESF is best seen: **putting funding into the countries and regions where it is most needed and ensuring the whole of the EU moves forward together.** In this sense, the Bulgarian social environment benefits a lot from this funding policy, and it's necessary the social agencies and other government institutions to create opportunities for better performance of the SEs.

European Investment Fund (EIF)

The European Investment Fund signed a guarantee agreement in June 2018 for €50 million⁴ with seven member banks of the Erste Group. It will support **Social Entrepreneurship** by providing financing to over 500 **Social Enterprises** in seven countries during the next five years (2018-2023), in the framework of the EU Programme for Employment and Social Innovation (EaSI).

Support provided by **the European Fund for Strategic Investments (EFSI)** made the new financing agreement possible. It is called the **Social Entrepreneurship** guarantee agreement, and it will finance SEs in Austria, Croatia, the Czech Republic, Hungary, Romania, Slovakia and Serbia. The finances will be provided under the EU Programme for Employment and Social Innovation (EaSI). The Erste Group plans to offer financing to socially-oriented organizations, groups in education, health-care and social services. Moreover, the financing will target projects to encourage the employment of disadvantaged, marginalized, or vulnerable groups. Unfortunately, Bulgaria is not a part of this agreement that is a good example to force efforts according to the **Social Entrepreneurship** motivation.

Bulgaria is investing ESF funds in programs to develop high-quality skills in its workforce while ensuring disadvantaged people get the same opportunities as others.

Across Europe and in Bulgaria, the ESF is supporting the labour market, helping people get better jobs and ensuring fairer living standards and more employment opportunities for all EU citizens. It is doing this by investing in Europe's **human capital** – its workers, its young people, disadvantaged groups and all those seeking a job. Tens of thousands of ESF projects are active in Europe's cities, towns, rural communities and neighbourhoods. They are opening doors to better skills, work, qualifications and a more inclusive society for all Europeans.

Education and science are a major priority for ESF investments in Bulgaria in combination with funding from the **European Regional Development Fund (ERDF)**. The European funds are helping support over 1500 researchers in new centers of excellence for

⁴ https://ec.europa.eu/commission/news/european-investment-fund-and-erste-group-sign-eur-50-million-deal-finance-social-enterprises-austria-croatia-czech-republic-hungary-romania-slovakia-and-serbia-2018-jun-19_en [accessed on July 19, 2018]

high-quality research and innovation in the areas defined in the Research and Innovation Strategy for Smart Specialization.

Schoolchildren and students are benefiting from **innovative teaching methods** in order to improve their skills and qualifications – thus supporting the modernization of Bulgaria's economy. The ESF is also boosting the quality of vocational and lifelong learning opportunities, for example, through improvements to teacher's skills and careers. Children at risk of social exclusion – such as those belonging to marginalized groups or having special educational needs are benefiting from dedicated funding for projects to give them the same skills and opportunities as others.

Better access **to jobs and training** is among the objectives of measures underway to help the unemployed and young job seekers. The ESF is promoting lifelong learning initiatives for workers of all ages, both to improve employability and help them adapt to changes in the labour market – over 160 000 people will have benefited by 2020. Entrepreneurship and self-employment are getting support, while investments are underway in new public employment services.

The ESF is investing in **social inclusion projects** targeting groups such as Bulgaria's youth and older people, those with disabilities and minorities such as the Roma. Suitable training and support facilities are helping them get the skills and qualifications needed to integrate better. Other measures are promoting **Social Enterprise** as a means to employment, as well as better access to health and social services for several thousand children.

The ESF is also investing in the **quality of public administration** and the transparency of the judiciary in Bulgaria. The objective is to strengthen the administrative capacity of public institutions, promote e-government, and to improve the quality of services and the business environment.

Bulgarian Center for Not-for-Profit Law (BCNL) and their "Non-Governmental Organization (NGO) Entrepreneurship program."

A successful example of programs encouraging SEs in Bulgaria is the programme for SEP of the **Bulgarian Center for Not-for-Profit Law**. The organization was founded in 2001 as a public-benefit foundation. It is a part of the network of the International Center for Not-for-Profit Law (ICNL) and of the European Center for Not-for-Profit Law (ECNL), which operates in over 100 countries worldwide with the aim to protect the right to association and develop the legal framework for civil organizations. BCNL's mission is to provide support for the drafting and implementation of legislation and policies with the aim to advance the civil society, civil participation and good governance in Bulgaria. They pursue the mission with the strong belief that the improvement of the NGO **legal framework is instrumental for the creation of an independent and prosperous civil society**.

The BCNL has been supported over 3000 organizations by providing them legal advice and training on different topics. They organize the only **summer school for NGOs** in Bulgaria – an intensive training program for enhancing the knowledge and skills of representatives

of the civil sector. Within the framework of the **Social Entrepreneurship Program** they encourage non-governmental organizations to develop business ideas and generate funds which can be used for supporting their causes in order to promote their sustainable development.

The program “*Entrepreneurship for Non-Profit Organizations*” (NGO Entrepreneurship program) started in 2009 and has proven that when there is a good combination of the key ingredients for success in entrepreneurship – expert support, finance and mentoring – things are happening, people get inspired, and results are being achieved. Apart from stories of successful examples, the BCNL also mentions the facts about decreasing NGO funding – with the clear idea to motivate more non-governmental organizations to pay attention to this source of revenue that is still underestimated.

In its essence, the program is designed to respond to the needs of the organizations for support in different aspects of their business endeavours. From expert support for the improvement of their ability to prepare business plans to increase of their skills for public presentation; from the opportunity to receive financial support as an initial investment for a smooth start to mentoring by business experts to encourage them in their first steps.

BCause Foundation and its "Rinker Center for Entrepreneurship and Training"

BCause Foundation is an expert organization, a recognized leader with more than 20 years' experience at national and international level (since 1995). They encourage people, organizations and communities to transform their lives, by developing the giving culture and social investment. The organization offers to companies and people a choice of important causes, which brings them satisfaction with the benefits to society. In their activity, they channel donor resources and contribute to the financial and organizational strengthening of civil society organizations and public institutions such as schools, libraries and museums. They take part in the promotion and support of donation causes. They also support donors and **Social Entrepreneurs** with personalized, high added-value services. The team of BCause influences policies and culture in the field of donation and social investment through research, government consultations and special communication projects.

Since 2014, the BCause Foundation has a **Rinker Center for Entrepreneurship and Training** set up to promote education, lifelong learning and support entrepreneurship and business development in Bulgaria. They support and encourage active organizations and citizens to raise funds for major causes – social, education, culture, local development, the environment, human rights, and treatment⁵.

BCause runs several thematic donor funds. The funds are provided by individual and corporate donations and are distributed on a competitive or targeted basis. The Foundation also distributes grants on a competitive basis from corporate programmes.

⁵ BCause Foundation had developed different tools to raise funds for an important topic such as the Unified Charitable Number DMS 17777 and the web site www.Platformata.bg.

The Roadmap and the Indexes for Social Entrepreneurship

Rather interesting is the **Roadmap** and the formulated **indexes for Social Entrepreneurship in Bulgaria**. The **Roadmap** was developed by the Bulgarian Center for Not-for-Profit Law and the Charity Aid Foundation. Its aim is to give a vision and steps for the development of **Social Enterprises** in Bulgaria.

The **Roadmap** was developed after consultations with representatives of non-governmental organizations involved in the topic of **Social Entrepreneurship** development (members of the Social Enterprise Forum), as well as representatives of state institutions related to the envisaged measures (Ministry of Labor and Social Policy, Employment, Disability Agency, Agency for Small and Medium Enterprises).

The goals of the **Roadmap** are connected with creating a favourable environment for the development of the SEs.

Its objectives are to serve as a starting point for introducing criteria for the identification of enterprises and organizations from the social economy and to serve as the basis for creating a favourable administrative and legal environment for the development of social economy enterprises (access to finance, social clauses in public procurement, tax breaks, etc.).

The results, expected of achieving these aims, are connected with the clear identification of SEs:

- SE is created and self-estimated easily with less time and less administrative steps;
- The number of SEs is flourishing and growing;
- Equal opportunities for all SEs (growth of firms that are identified as SEs would be the most important indicator);
- Growth in the amount of public resources that are used by the SEs (more mechanisms and capabilities);
- Diversified and easy access to public resources (increasing number of SEs that use them);
- Increased service/product quality (number of customers choosing SEs through vouchers or other mechanisms).

The aims connected with improving the capacity of the SE are focused in the objectives of the *National Social Economy Concept 2016-2017*, i.e. to serve as a basis for creating a favourable administrative and legal environment for the development of social economy enterprises (access to finance, social clauses in public procurement, tax relief, etc.). The result that can be observed is the increased measurable social or environmental impact (increased number of employees, satisfied employees, customers, improved environmental quality). Furthermore, in the results can be added a growth by Economic Indicators (Indicators include declared earnings, taxes, salaries, insurances, duration of the activity, etc.), value-added growth (Innovation), increased financial resource and support for SEs (start-ups, donations, capacity development programs).

The implementation of the principles of good governance in the state policy towards the SEs are connected with the objectives of the *National Concept for Social Economy* to serve as a current “standard” to assist the development of the social economy and to encourage contractors and supporters to implement and disseminate the spirit of social solidarity. Results are in line with ensuring a consistent based on real needs, stakeholder involvement, recognition of successful models and solutions. It should be accompanied by forcing activities to capacity building of an administrative unit for planning, coordinating and implementing SE policies (indicator – number of meetings of a permanent inter-ministerial group on the social economy), etc.

The Social Business Index is a set of indicators, grouped into four main categories. They evaluate the development of the SEs in Bulgaria, its capacity and efficiency. Its aim is to be a working tool for assessment and self-assessment of the sector that reflects both the current state and the processes of development. Based on annual measurements through the Index, planning for the development of the sector can be done – identify problems and suggest steps to resolve them. If it is developed, its annual implementation is well established, and in the future, the index may turn into comparison with other European countries.

The Crowdfunding for Social Causes

The crowdfunding as an opportunity for **Social Entrepreneurship** is a new way for people to share ideas and find financing. Despite the growing importance of crowdfunding, academic research is still very limited and typically focused on understanding the dynamics behind the decision on the form of crowdfunding to adopt or engage in, and the characteristics of successful campaigns (Mollick, 2014). Crowdfunding has become a key research trend in recent years providing a new form of acquiring funding for innovation projects from users prior to the realization of the product in a 'market before the market' (Brem et al., 2017).

Leaders, good practices, offering innovative solutions, achieving innovations, delivering higher value to consumers are successful. In the context of the above mentioned (and not only) the issue of boosting competitiveness through innovative financial solutions such as the crowdfunding process is becoming more apparent and becoming an imperative for both business units and the economy at a national and global level (Angelova, 2018).

Many researchers argue that crowdfunding platforms may give rise to a more widespread occurrence of user entrepreneurs, who found a firm to commercialize their product or service in a marketplace they have created for their own need (Brem et al., 2017). Hence, they show the development from traditional user innovation to crowdfunding-enabled user innovation, which democratizes not only the creation but also the more large-scale commercialization of new products and services. This is a prerequisite for enhancing the **Social Entrepreneurship** as well.

In summary, the crowdfunding as a way of financing social organizations is a modern and useful method that contributes to the implementation of social ideas and goals. There are many examples of founded **Social Enterprises** that used a crowdfunding platform for the realization of their social direction. Unfortunately, this is not a widespread opportunity for funding in Bulgaria, and the practice shows that Bulgarian entrepreneurs do not use it.

Conclusion

The third section of the study presents different opportunities for funding SEs in Bulgaria. The article includes an in-depth research of the objectives of different programs, policies, and mechanisms supporting the labour market, helping people get better jobs and ensuring fairer living standards and more employment opportunities. The **European Social Fund** funds projects and programs in six specific fields relevant to creating jobs and helping workers to fill them. The priorities provided by the **European Fund for Strategic Investments** are connected with investments in human capital, education and science, innovative teaching methods, better access to jobs and training, social inclusion projects, etc. This section outlined the opportunities provided by the **Bulgarian Center for Not-for-Profit Law, BCause Foundation, the Roadmap, the Crowdfunding** and forced to the target group of people in society who are more vulnerable to unemployment and social exclusion. All of them are connected with creating a favourable environment for the development of SEs.

In summation, we will make a list of the most famous opportunities for funding a **Social Enterprise** that have announced good practices and many realized projects through the years⁶:

Table 2

A List of the Opportunities for funding a SE

1. A procedure for financial help by the Agency for social promotion;
2. Counterpart International;
3. StartUp Foundation;
4. Start It Smart;
5. Junior Achievement;
6. CISCO Entrepreneurship Institute;
7. Bulgarian social assistance agency (Program for employment and social innovation);
8. European Social Fund;
9. Social Enterprise Support Funds;
10. The European Fund for Strategic Investments;
11. The Action Plans for the Social Economy;
12. The Action Plan “Entrepreneurship 2020 – Bulgaria”;
13. European structural and investment funds;
14. Operational Program “Human Resources Development”;
15. Operational Program “Innovation and Competitiveness” 2014-2020;
16. The Bulgarian Center for Not-for-Profit Law funding programs ;
17. The program “Entrepreneurship for Non-Profit Organizations”;
18. BCause Foundation – Rinker Center for Entrepreneurship and Training;
19. The crowdfunding for social ideas.

Source: Own interpretation

⁶. The list is made in summary based upon data from the author’s research and without claims of exhaustiveness.

4. An Empirical Study of the Design for Social Entrepreneurship in Bulgaria

4.1. Qualitative Interview Results

Two Focus Groups were held in order to produce a single agreed platform for communicating in an objective way the company works, i.e. in-depth interviews with the owners (32 people) and in-depth interviews with the top management (13 people). As no such research was conducted in the companies before, it took some months to make the Top Management willing to cooperate and finish the research.

A potential limitation was with this particular group of entrepreneurs and more precisely they were a convenience sample, identified by a shared personal connection via the Agency for Social Assistance and Confederation of Employers and Industrialists in Bulgaria. As a result, in this kind of interview, there is a distinct possibility of the respondents providing answers they might expect us to want to hear or perceive as most helpful to the research. To mitigate these concerns, the questions were structured to be suitably open-ended in order for the respondents to provide as much of their own thoughts as possible. Additional prompts typically asked if they could provide more information and avoided leading the response.

The organizations in this research are located in the Plovdiv region and produce souvenirs, postcards, and clothing. They are registered as not-for-profit enterprises, which identified themselves as social. As shown on the next tables, the biggest group not-for-profit enterprises which identified themselves as social, are positioned in the town of Plovdiv (235). 63 % of them are not-for-profit enterprises, identified themselves as social. On the second place is the town of Asenovgrad with 27 registered SEs and the first place is taken by the town of Karlovo (23).

Table 3

Not for profit enterprises, which identified themselves as social, by number of employees

Groups of enterprises	Enterprises	Enterprises with profit from business
up to 9	1432	155
from 10-49	112	38
50+	12	4
Total for the country	1566	197

Source: <http://seconomy.m38lsp.government.bg/db/en/nsi-report-nto-employees>, 2013

Table 4

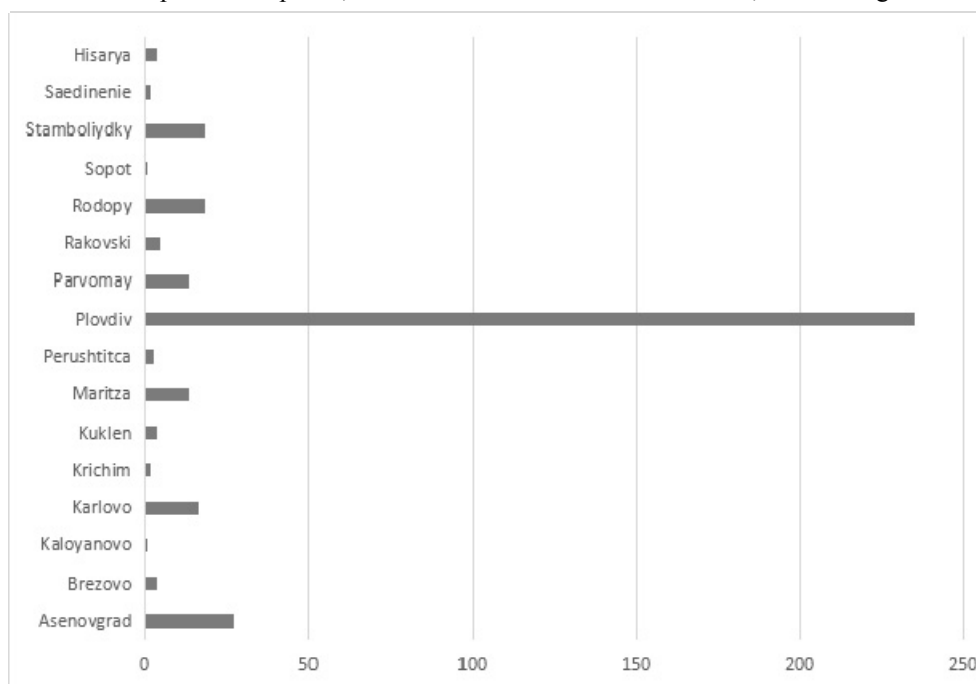
Not for profit enterprises, which identified themselves as social, by financial indicators

Groups of enterprises	Revenue from business	Costs for business	Revenue from non-economic activities	Costs for non-economic activities	Fixed assets
up to 9	4 522	3 982	58 008	55 036	24 473
10 – 49	9 010	4 808	47 908	54 223	15 543
50+	8 584	6 677	73 759	75 730	24 707
Total	22 116	15 467	179 675	184 989	64 723

(NSI: In order to avoid loss of information due to confidentiality of data, the last two groups of "50-249" and "250+" are grouped in one – "50+").

Source: http://seconomy.m38lsp.government.bg/db/en/nsi-report-nto-employees?indicators=1&field_ent_year_value%5Bvalue%5D%5Byear%5D=2013, 2013

Figure 6
Not for profit enterprises, which identified themselves as social, Plovdiv region



Source: NSI, 2014

The in-depth interviews were held face to face with the **Social Entrepreneurs** in an appropriate for them time and place. The respondents were asked to describe a successful **Social Enterprise** according to their own point of view. In most cases, through this method, they make a projection of their own problems and give solutions through creating the "ideal type" **Social Enterprise**. The model of a successful **Social Enterprise** can be connected with the development stage of every enterprise. For example, in the cases where the enterprise is in the project stage or is just an idea, or is a start-up the successful enterprise is imagined in the most ideal picture with minimum concrete data – the vision of the respondents is abstract following the line that all the employees are motivated and dedicated to the special cause in a sustainable enterprise. Correspondingly, the backbone is the enterprises with experience and history behind them that really work successfully – there is usually a successful enterprise, which is considered “more than the same”, either staff growth, investment, geographic expansion in other regions.

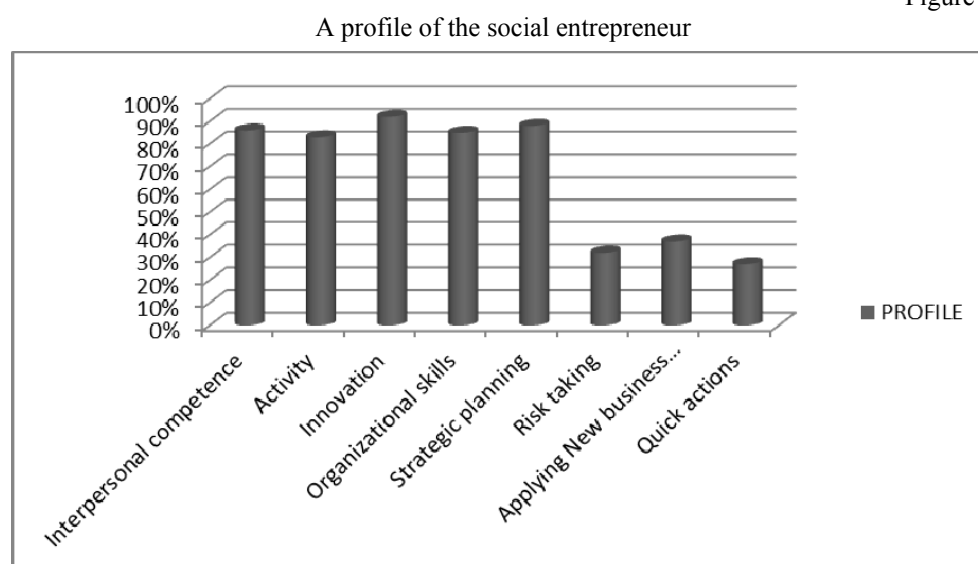
Another distinguishing feature of a successful enterprise is self-sufficiency, especially in financial aspect. There are many examples of where operating businesses have certain financial dependencies – from municipal budgets (in the case of enterprises that are part of municipal structures), from project funding that is unsustainable to the extent unpredictable by donors who would also end funding.

Many surveys assess the impact of entrepreneurial skills (Fayol & Todorov, 2011; Davidkov, 2005) to launch entrepreneurial initiatives in the sphere of social activities. At most valuable level are the communication skills, the initiative, the ability to work in a team and managerial skills and abilities of the entrepreneur.

A profile of the Social Entrepreneur (a conclusion after the in-depth interviews)

Despite the small sample, some dependence can be traced between the types of **Social Enterprises** and the profile of the entrepreneur. Enterprises with a dominant social cause also require a naturally “grown” entrepreneurial type that dominates **interpersonal competence and good organizational skills**.

Figure 7



Source: Own data

In summary, it can be observed common impressions from the respondents as entrepreneurs with **great hearts convinced in themselves**; everything cannot be connected with the material part. That should be the main purpose both for the owner also for his team. They must possess healthy nerves and desire to help. The **Social Entrepreneurs** must be **committed, flexible, stubborn, and constant**. They have to be ready to sacrifice personal time, family and personal financial resources.

4.2. Quantitative Outputs

The respondents point out that they know financing opportunities encouraging the **Social Entrepreneurship**.

Table 5

Funding opportunities encouraging Social Entrepreneurship

Funding opportunities	Influence %	No influence, %	Don't know or n/a, %
Counterpart International	23	74	3
A procedure for financial help by the Agency for social promotion	55	40	5
StartUp Foundation	16	74	10
Start It Smart	26	74	0
Junior Achievement	33	64	3
CISCO Entrepreneurship Institute	44	56	0
Bulgarian social assistance agency (Program for employment and social innovation)	65	30	5
European Social Fund	52	44	4
Social Enterprise Support Funds	11	86	3
The European Fund for Strategic Investments	10	77	13
The Action Plans for the Social Economy	5	95	0
The Action Plan "Entrepreneurship 2020 – Bulgaria"	44	55	1
European structural and investment funds	64	33	3
The long-term strategy for the employment of people with disabilities 2011-2020	42	58	0
Operational Program „Human Resources Development"	77	23	0
Operational Program "Innovation and Competitiveness" 2014-2020	66	33	1
National Strategy for Poverty Reduction and Promotion of Social Inclusion	14	85	1
The Bulgarian Center for Not-for-Profit Law funding programs	43.25	56.75	0
The program "Entrepreneurship for Non-Profit Organizations"	38.5	60.5	1
BCause Foundation – Rinker Center for Entrepreneurship and Training	71	27	2
The crowdfunding for social ideas	5.8	93.2	1

Source: Own data

The impact of the different opportunities noted by more than 50% of the respondents indicates that they have used and/or applied for funding. They think that **the most successful opportunities** for support and financing are given by The Agency for Social Promotion (55% influence), Operational Program "Human Resources Development" (77%), Operational Program "Innovation and Competitiveness" 2014-2020 (66%), European Social Fund (52%), and BCause Foundation marked by 77% of respondents.

Most of the respondents (73.8%) have been participated in social initiatives for funding new innovative entrepreneur's social ideas (as owners of an enterprise, as a part of a funding agency).

They evaluate the government competencies (i.e. the administrative staff) at a low level and mark that there is a necessity to increase their qualities (54%). It's necessary to optimize the environment for **Social Entrepreneurship** at all levels (96.5%).

A set of research questions emerge once we take into account the hybrid nature (Main economic indicators of enterprises, which identified themselves as social are *Non-financial enterprises, which identified themselves as social* and *not-for-profit enterprises, which identified themselves as social*) of the organizations surveyed. Indeed, key issues such as the mobilization of resources for their functioning and the mechanisms to enlist and commit members have hardly been subject to a systematic empirical assessment. The members of hybrids typically gather around common social values, mobilization of resources through accessing social networks and connecting with organizations that control important resources (including members, funds, legitimacy, and technical expertise), and build social capital by responding to the expressive and social identity needs of their members.

According to the developed methodological issues, the questions in the questionnaire can be classified into 4 groups:

Group 1: Characteristics of the enterprise that are connected with the number of employees, the form of ownership, and the sphere of work of the organization (Q 2.1; 2.2; 2.4).

Group 2: Factors that influence the realization of mission and goals of the SE – the understanding of social goals, the expected results from implementation the goals, understanding the essence of social mission and **Social Entrepreneurship** (2.6; 2.7; 2.8; 2.9; 2.10).

Group 3: Indicators – this group includes the demographic characteristics of the respondents, i.e. gender, age, educational level, working experience, managerial level (Q 1.1; 1.2; 1.3; 1.6; 1.7).

Group 4: Results – includes questions concerning the evaluation of the motivation for **Social Entrepreneurship** (Q 3.1) and factors that influence the adaptability to market conditions and financing opportunities (Q 3.2. and Q 3.3).

The correlation analysis shows **a strong correlation between questions 3.1, 3.2 and 3.3**, which are identified as results, and they will not be included in the subsequent analyzes as they are dependent. Therefore, we will find the correlation between question 3.1 for assessing motivation for **Social Entrepreneurship**, the factors, indicators, and characteristics of respondents.

A correlation and cluster analysis of Indicators and Results

According to the selected 5 indicator variables (gender, age, education, working experience, position in the organization), a cluster is identified through the cluster analysis methods. The basic parameters of the cross-section analysis are as follows: Group method; Increasing sum of squares; Number of variables for the group – 5 variables; Coefficient of approximation – Euclidean Distance; Shuffle the grouping tree: through approximations.

According to the results of the cluster analysis, the company observations can be grouped into 4 clusters. The distribution of company surveys by a group is presented as on the next table.

Table 6

Structure of the identified 4 groups

Group number	Number of respondents	Relative share (%)
1	93	25.06
2	118	31.80
3	80	21.56
4	80	21.56

Source: Own data and own calculations using Clustan Graphics 1.0

Table 7

Average value of every variable in the groups

Variable	Gender	Age	Education	Working experience	Labour position
Group 1	1.38	51.24	2.77	25.33	2.98
Group 2	1.54	38.58	2.94	12.93	3.19
Group 3	1.00	34.00	3.60	8.40	3.60
Group 4	1.36	24.76	3.06	5.09	2.39

Source: Own data and own calculations using Clustan Graphics 1.0

In order to understand the basic characteristics of the different groups of employees, a correlation analysis was performed between the Group Affiliation (Group Number) and the Grouping Variables.

The results of the analysis allow to describe the peculiarities of each of the groups as follows:

Group 1: Includes predominantly older men, with the average age being 51.24 years. They are characterized by higher education and occupy organizational management in the enterprise.

Group 2: The respondents' age is on average 38.58 years, including mainly women who are defined as employees in organizations.

Group 3: Includes only men who have a master's degree and have a middle management level. Young people are included in this group, with the average age 34 years.

Group 4: The group summarizes the youngest respondents aged up to 30. From the correlation analysis, it can be concluded that there is a strong correlation between group 4 and age. Their average age is 24.76 years. Accordingly, this dependence is also expressed in the total length of service. With age increases, other labour-related indicators also increase. This group is characterized by an operational management level.

An additional idea of the formed groups of respondents can be obtained by analyzing the differences between the groups according to the main result variables, namely the degree of motivation for social activities. The research hypothesis is: **The level of motivation for Social Entrepreneurship (carrying out social activities) is related to the group membership and differentiation of respondents according to their age, gender, and**

position. The hypothesis is confirmed, and its verification is performed through a parametric correlation analysis between question 3.1 and individual groups.

Table 8

Correlation matrix with a coefficient of parametric correlation (Pearson correlation)

		Level of motivation	Group 4	Group 1	Group 2	Group 3
Level of motivation	Pearson Correlation	1	<u>,358**</u>	. ^a	,126	<u>,269**</u>
	Sig. (2-tailed)		<u>,000</u>	.	,086	<u>,000</u>
	N	370	<u>370</u>	370	370	370
Group 4	Pearson Correlation	<u>,358**</u>	1	. ^a	,731**	,948**
	Sig. (2-tailed)	<u>,000</u>		.	,000	,000
	N	370	371	371	371	371
Group 1	Pearson Correlation	. ^a	. ^a	. ^a	. ^a	. ^a
	Sig. (2-tailed)
	N	370	371	371	371	371
Group 2	Pearson Correlation	,126	,731**	. ^a	1	,838**
	Sig. (2-tailed)	,086	,000	.		,000
	N	370	371	371	371	371
Group 3	Pearson Correlation	<u>,269**</u>	,948**	. ^a	,838**	1
	Sig. (2-tailed)	<u>,000</u>	,000	.	,000	
	N	370	371	371	371	371

Legend: in **BOLD** – strong correlation (Correlation coefficient >0,500); in UNDERLINE mode – moderate correlation (0,499>0,300); in *ITALIC* – weak correlation (0,299>coefficient). The assessment is carried out at a security factor $\alpha < 0,05$.

Source: Own data

There is a weak correlation between the degree of motivation and group 3. This gives reason to assume that men who are highly educated are influenced by the motivation for social activities. The different qualifications and ages of Group 3 representatives are linked to a different level of motivation. In addition, this also means a differentiation in terms of performance and willingness to make additional efforts.

There is a moderate correlation between Group 4 and the degree of motivation. There are prerequisites that differentiate young professionals from their development potential in the enterprise. This group is influenced by the degree of motivation, with representatives being flexible and mobile, and further efforts are needed to involve them in social activities and initiatives of the organization, which will reflect on growing motivation.

The investigated correlations confirm the existence of strong links between the groups of questions developed in the methodology presented by factors, indicators and results. The analysis helps to find ways to manage the factors according to the employee's characteristics in order to perform activities that increase the degree of motivation for **Social Entrepreneurship**.

Proper and well-grounded management of the factors will contribute to enriching the activity of the **Social Enterprise**, undertaking new initiatives with a social focus, helping

the community and vulnerable groups, introducing innovations for **Social Entrepreneurship**.

Conclusion

In this section are outlined the results of the empirical study of the design for Social Entrepreneurship in Bulgaria. The qualitative interview results as a conclusion after the in-depth interviews serve as a prerequisite for the creation of a profile of the **Social Entrepreneur**. In summary, it can be observed common impressions from the respondents as entrepreneurs with great hearts convinced in themselves; everything cannot be connected with the material part.

The quantitative outputs include a statistical analysis of relations and dependencies. It is done using a set of methods to study the impact of one or more variables considered as factors with respect to another variable considered as a result. The choice of a statistical method depends on the statistical variables used, whether they are qualitative or quantitative, and on which scale they will be presented. The aim of these methods is to quantify the impact of each factor on the result. On the basis of the problems identified, a series of recommendations can be formulated to improve the environment for **Social Entrepreneurship** in Bulgaria.

- Resources for supporting **Social Enterprises** are not spent efficiently enough.
- In addition, the lack of entrepreneurial skills and culture among representatives of the non-governmental sector, which still provide the core human resources of **Social Entrepreneurs**, requires a new, modern approach to financing the emerging or existing businesses where the provision of funds does not exhaust the donor's commitment but is accompanied by long-term support and tracking of the enterprise's development.
- Mobilizing the available internal and external resources (attracting young and enterprising Bulgarians from the country and abroad for the cause of **Social Entrepreneurship**) can provide a much wider basis for the development of the SEs.
- Active work with local businesses to promote social entrepreneurship and social enterprises is also a step in this direction.

Conclusions

Social Entrepreneurship in Bulgaria without stable funding programs decreases the number of such enterprises, and project finance alone is not enough for their sustainable development. The data from NSI shows that the numbers of **Social Enterprises** decrease in 2016. It should be taken into consideration that in 2012 the NSI for the first time included a question to the respondents whether they identify themselves as SEs, without specifying guiding criteria for self-determination. However, for the purposes of the report, in 2013 were introduced targeting criteria. Next, it should be noted that in 2013 the OPs have been completed to support the SEs, and a survey in the summer of 2014 showed that a large part

of the funded enterprises were no longer active. This is a clear indication that **the availability of project finance alone is not a good way to achieve the financial sustainability** of the SEs, and the need for such programs to strengthen their requirements for the SE's viability.

This study offers an in-depth analysis of the funding opportunities for **Social Entrepreneurship** in Bulgaria under the conditions of a transition economy. Problems related to the opportunities for creating and developing SEs undoubtedly poses challenges to managers and employees in the context of the current political and economic situation. The problem is scientifically relevant and in a practical – applied plan, with the lack of specific developments in the riches of **Social Entrepreneurship** management, “white fields” and gaps in the status of these organizations and their specific characteristics.

The results of the study confirm the thesis of the article. Arguments in support of the thesis that exploring and identifying **Social Entrepreneurship** opportunities is a possible task only if a proper and sufficiently comprehensive range of National and European strategies, policies, funding programs to support the development and strengthening of the sector are used.

The overall results of the study, and especially the findings and recommendations, could be useful for other companies to know the problems of **Social Enterprises** and to focus on new opportunities and prospects for sustainable development.

The results of the research will contribute to **solving a number of problems**, including:

- ensuring a lasting and sustainable relationship with the business (**Social Enterprises**) in the country;
- disseminating and popularizing the results of the research.

The results obtained can be used in the practice of management and control of business and public organizations, financial investments, development of marketing campaigns and social programs, making of business decisions for incomplete and inaccurate information, etc.

The Bulgarian non-profit sector is in a growth stage, with more and more attention given to hybrid forms such as **Social Enterprises**. However, the visibility of the concept and the founders of such entities are very low. The efforts to reveal them showed that **the idea of Social Entrepreneurship and Social Enterprise is far from familiar to many actors in the field**.

One intervention that could encourage the development of this phenomenon in Bulgaria is **the investment in human capital and life-long learning programs** that focus on developing **Social Entrepreneurship** competence in both active and starting professionals from all fields.

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