SOCIAL ENTERPRISES AND THEIR IMPACT IN BULGARIA

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Abstract: 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 social enterprises whose business is focused on the realization of the social purpose and mission of the organization. Social enterprises in Bulgaria operate in various sectors, the most serious part are in: the delivery of social services; providing jobs for people with disabilities; mediation in finding employment of unemployed persons; provision of health services; activities in the field of education and others. In realizing these activities the leading is not the end product but the achieved social effect on individuals themselves expressed in obtaining the necessary support to integrate into society. In this sense, there are three basic models of social enterprises:

The most common model is the one that creates jobs and develops the workforce. By business jobs are created primarily for people with disabilities. Most often the social enterprise is the employer of people with disabilities in order to achieve the integration of persons with disabilities in the labor market and create conditions for a better life. Another popular model of a social enterprise is the one in which the enterprise produces goods and seeks markets, also engaging with their distribution. Most often social enterprises involve persons with disabilities in the form of occupational therapy involved in the production of certain goods. Existing social enterprises in Bulgaria within this model are engaged in the manufacture of certain products by persons who are unemployed or socially excluded. The aim is to enable them to work and improve their social inclusion.

The third existing model in Bulgaria is related to the provision of social services generally through payment of external customers, while social enterprise provides social services to its members. Payment is under contract with the state or a municipality. Within this model, services are provided to different users paid directly to social enterprise for direct service.

Keywords: support structures, organization, development, social entrepreneurship.

INTRODUCTION

Social entrepreneurship is one of the most innovative ways to achieve a better quality of life, independence and inclusion in society of persons from vulnerable groups. Need to be taken key legislative changes in order set in strategic and political national documents measures to become real mechanisms to support social entrepreneurship in Bulgaria, as well as the successful development of social enterprises, requires the creation of sustainable partnerships between business, NGOs and the public sector - partnerships in which each of these actors recognizes its role to achieve socially important objectives and is willing to invest resources in that (Bencheva, Stoeva, Todorova, 2018).

RESULTS AND DISCUSSION

Repeatedly in various acts the Economic and Social Council of the country has emphasized that social entrepreneurship plays an important role for social cohesion and the creation of growth and jobs. In a resolution adopted on the Communication of the European Commission (EC) – „Single Market Act II - Together for new growth“, ESC welcomes the European Commission to develop a methodology to measure the socio-economic benefits of social enterprises. Measuring the positive social impact of the activities of social enterprises is a prerequisite for targeted investments in social enterprises in the context of the Regulation of the European Parliament and the Council on European Social Entrepreneurship Funds from April 17, 2013 and Proposal for a Regulation of the European Parliament and Council EU Programme for social change and innovation.
This program is a tool that is managed directly by the European Commission and aims to support employment and social policies within the European Union. The program is part of an agreed package of European Commission Cohesion Policy for the period 2014-2020, it combines three existing programs: Progress (Programme for Employment and Social Solidarity), EURESS (European employment services) and Progress Microfinance (Microfinance Program), increasing their scope.

According to ESC, to meet the guidelines set out in the above documents, it is necessary to create an appropriate enabling environment within which target European funds and financial instruments to be matched appropriately with national measures. This will definitely contribute to enhancing investor confidence.

According to unofficial data, on the basis of the principles of social entrepreneurship now more than 85 non-governmental organizations at the local level are working. In most cases, they sell services, which implies a high economic risk and profit.

Typological features of this type of entrepreneurship in Bulgaria do not differ greatly from those of similar enterprises in the rest of Europe:

- First - There is a clear social impact - in the main activity on a balance between the pursuit of profit and direct support to the social status of certain groups.
- Second - There is a clearly defined target group - mainly persons from socially vulnerable groups - those who need help to equalize their life or social status to that of other members of society.
- Third - There is a specific business purpose - is aimed at improving living standards, employment, provision of services and other forms of direct support in order to overcome social exclusion of the target group.

An important feature of all social enterprises is a special symbiosis that carry a priori - between financial viability and ability to have a social impact. So they achieve simultaneous realization of economic, financial and social objectives, which become even greater value and cost to society (Bencheva, Stoeva, Todorova, 2018).

While there is no collected general information about existing social enterprises and summary analysis of the type enterprises and major areas of activity at the end of 2005 was established Association of Social Enterprises in Bulgaria, whose 26 members worked in their development practices and strategic guidelines in terms of employment among people with disabilities.

Social enterprises are different types depending on their main characteristics:
- First - depending on the area in which they work, they are:
  • Social enterprises as a provider of social and health services;
  • Social enterprises such as training and educational organizations;
  • Social enterprises as an employer of persons from marginalized groups or people with disabilities;
  • Social enterprises dealing with production and trade.

- Second - depending on the target groups - social enterprises are oriented to:
  • Socially disadvantaged persons;
  • People with physical or mental disabilities;
  • Children and families at risk;
  • Young people who are not integrated into society (such as orphans);
  • Ethnic minorities; Women - victims of violence; Elderly.

- Third - depending on your goals social enterprise may have to:
  • Economic development - through the creation of employment and wealth creation of target groups;
  • Occupational integration of disadvantaged or disabled people, marginalized groups; Business orientation and entrepreneurship; Social protection.

As already mentioned, most social enterprises in Bulgaria at present are related to the activities of non-governmental organizations (NGOs):
- Non-governmental organizations providing services to representatives of their members or target groups that have directed their efforts - services can be educational, advisory services for people from vulnerable social groups, social or health services, social assistance, basic medical services and m. n.
- In practice there are organizations that perform business - they use profits from this business to finance activities in fulfillment of the social mission of the organization.

Another type of organizations falling within social enterprises, NGOs are providing jobs to people at risk social groups, usually people with disabilities. In recent years, particularly encouraged by the funding provided by the EU and donor organizations are NGOs that create employment and workforce development. One
can identify a number of NGOs, whose main task is precisely this - to create new jobs for certain social groups who are targeted for her. Often this model is associated with so-called "protecting jobs" where social enterprise employs people with disabilities - a typical example of this are the various unions and associations of disabled people - the blind, the deaf, and so on. n.

- Another commonly distributed model of an NGO - social enterprise is one of the organizations that act as intermediaries between the target group - mostly disabled people and the market. These organizations create work habits, work environment and opportunities for people with disabilities to work, and then broker the sale of manufactured - either through bazaars, through special outlets and so on. The profits are used to purchase new materials and developing additional services. Provision of social services is another model of existence of social enterprise within NGOs - provide are paid social services to external customers and at the same time is a provider of social services for its members, which is subsidized by the municipality or the state after signing a contract.

In recent years there are targeted legislative and administrative efforts to create opportunities for more widespread penetration of commercial companies in the field of social entrepreneurship. Here shapes are quite varied:

- Private companies - companies registered under the Commerce Act, but seek besides maximizing profit to provide employment to provide services to marginalized groups and people with disabilities.
- Another type of companies are those NGOs created in the performance of their functions. They can provide social services to employ people with disabilities or provide other types of services, but revenues from their activities to be invested in social services for specific target groups.
- Specific type companies are those that are owned by associations of people with physical or mental disabilities - they largely overlap with specifics as companies NGOs, but are aimed at a specific target group and served primarily its interests.

Social cooperatives exist in many countries in Europe. In Bulgaria there are similar type of social enterprises as „socially oriented“ Cooperatives are also business-oriented - their goal is profit, at the same time have a social purpose. In fact, they have the longest history of being in Bulgaria, but rarely are classified as social enterprise. However possess all the specifics of this type of enterprises:

- Provide employment of people with disabilities;
- Frequently seek employment adjustment of its members and the creation of sustainable employment;
- Achieving professional and financial support to start their own business;
- Provide support through the delivery of social services;
- Ensure delivery of specialized services for people with physical or mental disabilities, or financial difficulties.

One particular manifestation of social enterprise is the social responsibility of business. It is difficult to talk about the overlap of these two concepts - social enterprise and socially responsible business, but in the manifestations of this responsibility can be found characteristics that close to social entrepreneurship.

- Enduring commitment to a policy of business ethics and contribution to economic development and improving the quality of life of employees and their families;
- Socially responsible way of business management;
- Taking concrete commitments from businesses to the community;
- Participation of business in solving social problems;
- Existence of projects with a social focus that benefit communities, municipalities, state or municipal institutions, hospitals, schools or civic organizations.

What are the main activities involved in social enterprises in Bulgaria and how they are funded?

- Social enterprises, social service providers

According to the Social Assistance Act „social services“ are those activities provided as services that are aimed at supporting the assisted persons to lead a full life. As an essential part of the concept of "social service" is referred to the social integration of the consumer, which should accompany continuous process of providing the service. In this regard, the provision of paid social services leads to accumulation of income from business and in this sense is a type of social enterprise. The increasing trend in recent years of delegarane the provision of social services from the state and especially by municipalities reinforces that part of social enterprises, whether for a company or NGO.
Primary condition is social service providers to be entered in the register of the Agency for Social Assistance. They can: apply for funds to perform social services from the state budget and municipal budgets; finance their activities from fee income for social services paid by their users; apply for resources from fund "Social support" (now „Social protection“) or other government funds, which finance social services; apply for projects funded under the Operational Programme „Human Resources Development“; finance the other business of the company, if it comes to such.

- Social enterprises providing health services

Since it is a non-medical health care institutions, this type of social enterprises provide basic health services that require specialization? - Measurement of blood pressure, help from nurses, therapists, counseling on medications, dressing activities, screening and counseling, free anonymous counseling and testing for AIDS and others. In practice, these services are part of the social services provided by the enterprise - whether it's for home respite care or social services for addicts, Roma groups, young women and so on.

Primarily through fees for services provided as part of social services through targeted project financing, again as part of other services, through funding from the municipal budgets.

- Social enterprises organizing training and providing educational services - this is another sphere in which social enterprises are active.

The law entitles both nonprofit organizations and commercial companies or cooperatives to be registered under prescribed a special procedure such as schools and vocational training centers. They can issue valid diplomas acquired educational or professional degree if enterprises themselves have appropriate registration and accreditation.

The social aspect of this type of activity consists in hiring members of socially vulnerable groups and people with special needs as trainers or to organize trainings for them.

By tuition fees collected by the trainees, on a project basis through targeted subsidies granted by the state or municipalities.

- Social enterprises in manufacturing - the latest trend over the years is to focus on organizing various industries - mainly small or medium-sized enterprises that produce products mainly in the field of light and food industry, agriculture. In developed countries technological particularly promising are in the field of modern technology, but in Bulgaria this type of activity is underdeveloped.

Primarily through the realization of production created through project financing. Out of the above described funding mechanisms - through the prices of services provided, through funding from the state or municipal budgets, social enterprises in Bulgaria can use other funding opportunities:

Lending - still difficult to access for social enterprises. Despite the tightening of the credit market in the country due to the crisis of commercial banks develop specific credit products for small and medium-sized enterprises, including farmers.

Another possible mechanism to partially finance income from private donations - made by charitable campaigns and causes.

The most serious mechanism remains monetizing project activity in which NGOs are very strong and active. In Bulgaria immediately after the changes so far the main sources of financing the activities of NGOs continue to be foreign. The advent of European Structural Funds in Bulgaria in an unexpected way a new dimension to the partnership between NGOs and the state - in the face of MLSP and its agencies and municipalities. Most of the funds under the European programs are distributed from these structures and this required additional efforts to create effective working relationships between state, municipal and non-profit sector.

Yet, although huge for our scale, structural funds is difficult to replace the role of the state and municipalities as sources of financing the activities of social enterprises.

The presence of a working legal framework for specialized enterprises for people with disabilities (covered in the Integration of Persons with Disabilities), explains their massiveness and largely overlaps the term "social enterprise" to "specialized enterprise". In fact, social entrepreneurship in developed European practice encompasses a much wider range of risk groups. Among Bulgarian companies also identified various vulnerable groups. In addition to people with disabilities, social enterprises in the country are also working for: people from ethnic minority groups; people in pre-retirement and retirement age; long-term unemployed; addicts; former prisoners; children living outside a family environment. The weak development of the sector is the fact that they are not registered presence of operating systems for monitoring and evaluation of the social effects embedded in social enterprises surveyed (Terziev, Bencheva, Arabska, Stoeva, Tepavicharova, Nichev, 2016; Bencheva, Tepavicharova, 2016a; Tepavicharova, Bencheva, 2016b, Bogdanova, 2018a).
CONCLUSION

The staging of the problem of social entrepreneurship in Bulgaria is entirely determined by economic and cultural contexts in the country. It can be concluded that the concept of social entrepreneurship is a relatively young both as theory and practice. Undoubtedly there is a misunderstanding of this project, not only by society but also by the authorities of the tax and legislative regulation. In the public perception there is an underlying understanding that social entrepreneurship is a type of social labour readjustment of unprotected groups in commercial enterprises. From the legislative point of view itself Law for Non-profit, albeit allowing the conduct of business by NGOs, is not sufficient to stimulate similar initiatives. On the one hand, the lack of explicit mention of the social enterprise category leads to a situation in which existing social enterprises are often not perceived in such a quality. On the other hand, the experience of developed countries shows that the majority of social entrepreneurs start a business with a donation of social capital in the form of networks of relationships and acquaintances linked by common values and interests. Fundraising through charity, volunteer work and corporate responsibility entails expansion of capital and thus leads to generation of new products and services.

Unfortunately, in Bulgaria donation is more "retail", which does not apply tax relief. Corporate responsibility, which despite some conventions can be assigned as part of the concept of social entrepreneurship, is gaining momentum in recent years. In this direction a number of good practices can be summarized which provokes some hopes for the development of social enterprises (Terziev, 2019-a).

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REFERENCE LIST