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OVERVIEW OF SOCIAL ENTREPRENEURSHIP DEVELOPMENT IN SLOVENIA

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Abstract

The aim of the article is to analyze public policies of social entrepreneurship in Slovenia and their developmental phases, the characteristics of social economy organizations, and to assess the framework conditions for social entrepreneurship by social enterprises. Since social entrepreneurship follows mainly social objectives, it needs the support of the ecosystem to develop properly. The EU allows the Member States to regulate social entrepreneurship itself, so Slovenia has formalized the social entrepreneurship domain through national-level legislation. In the article, a combination of quantitative and qualitative methods is applied, using primary data on social enterprises and a case study approach. The results of the analysis of social economy organizations in Slovenia indicate that the formal status of social enterprises covers a wide range of organizations and their share is low in the national context. The analysis of the case study organizations indicates that the legislation is considered as the main factor hindering the development of social entrepreneurship. Moreover, their assessment of public policies is rather judgmental and disapproving. In general, the results reveal that although the area of social entrepreneurship in Slovenia is developing, a vision and long-term strategy is still lacking and the implementation of supportive environment incentives is insufficient.

Keywords: social entrepreneurship, public policies, social economy, case studies, Slovenia.

1. Introduction

Over the last decades, social entrepreneurship has become a globally accepted and developed phenomenon. The concept of social entrepreneurship has attracted attention as a significant field that shows how critical societal issues can be addressed through the innovations, persistence and sustainable outcomes associated with entrepreneurship (Nadim and Singh, 2011; Hosu, 2012; Martin and Osberg, 2007; Zajko and Bradač Hojnik, 2018). The phenomenon of social entrepreneurship is specific because it is based on the fulfilment of social objectives rather than profitable objectives. As such, it contributes to the social wealth of different stakeholders in society. Consequently, the European Commission described the characteristics of social enterprises and it was explicitly stated that they are an integral part of the social economy, defining a social enterprise as an actor in the social economy whose main objective is to have a social impact rather than to make a profit for its owners or shareholders. Social enterprises provide goods and services to the market in an entrepreneurial and innovative way and use their profits primarily to achieve social goals. They are managed in an open and responsible manner and involve above all employees, consumers and other stakeholders (European Commission, 2011). With the focus on the European Union (EU) context, Member States are allowed to regulate their national framework conditions for social entrepreneurship individually. Consequently, some countries have developed some kind of legislation on this issue, while other countries have no specific legislation or even a specific policy framework for social entrepreneurship.

Our article focuses on the case of Slovenia, where social entrepreneurship gained attention for several years. In Slovenia, social entrepreneurship is a part of the social economy concept, which consists of private non-profit organizations (social enterprises, cooperatives, disability-employment companies, employment centers, non-governmental organizations – associations, institutions, foundations), which produce marketable and non-marketable products and services but are established with a social objective and rely on participatory decision-making processes (Official Gazette of the Republic of Slovenia, 2018). From Slovenian national independence, the concept of social entrepreneurship developed in several phases, the most important milestone being the adoption of legislation on social enterprises in 2011/2012, which regulated the field, but, at the same time, created confusion about different organizations operating according to the concept of social economy. Consequently, the legislation was adopted in 2018, but with some shortcomings, such as the exclusion of certain types of social economy organizations.

Although it is explicitly recognized that the business ecosystem enables the creation of new enterprises, there is a gap in the literature on the influence of different public policies on the presence and development of social entrepreneurship at the national level. In this article, we focus on the case of an EU Member State, namely Slovenia, and its development of the field of social entrepreneurship. The goal of the article is to examine the development of the field of social entrepreneurship at the national level, to analyze business organizations in the social economy and to examine how

social enterprises evaluate public policy and the environment for social entrepreneurship in Slovenia. Several methodological approaches have been used for this purpose, as the subject is difficult to grasp and reliable data are difficult to collect. Following the main goal, our research questions are:

- What are the public policies, aimed at promoting social entrepreneurship and public policies aimed at creating a supportive environment for social entrepreneurship at the national level, and what has been its development in Slovenia?
- What are the characteristics of social economy organizations in Slovenia?
- How do social enterprises in Slovenia assess the quality of public measures to promote social entrepreneurship and public measures aimed at creating a supportive environment for social entrepreneurship?

Our contribution is the advancement of social entrepreneurship literature by pointing out that the public policy can act as a hindering or facilitating factor for the development of social entrepreneurship, with the focus on national level in Slovenia. The empirical analysis consists of quantitative and qualitative approaches. The first was carried out using several sources, namely legislation, official statistics and different empirical reports. The second uses the case study approach, using the interviews. The article is structured as follows. First, in the theoretical framework, social entrepreneurship is analyzed from the perspective of the supportive environment and the ecosystem, followed by an analysis of the framework conditions for social entrepreneurship at EU level and in Slovenia. Second, the development of the domain of social entrepreneurship in Slovenia is analyzed, proposing its characteristic developmental stages. Third, the empirical analysis of social enterprises and other organizations within the social economy in Slovenia is carried out. Fourth, the case studies of social enterprises are examined and an analysis of their assessment of public policies and a supportive environment for social entrepreneurship is carried out. Finally, conclusions and directions for future research are presented.

2. Theoretical framework of social entrepreneurship

Defourny and Nyssens (2010) pointed out that there are three key dimensions of social enterprises. First, the entrepreneurial dimension is expressed through involvement in the economic activities of social enterprises. Second, the social dimension is seen through a primary and explicit social purpose of social enterprises. Third, the governance dimension is expressed through management that includes various stakeholders. Social enterprises need a suitable supportive environment to achieve these key dimensions.

Today, social enterprises operate as a dynamic, diverse and entrepreneurial movement that embodies new business models that combine economic activity with a social mission and the promotion of inclusive growth (Bent-Goodley, 2002; Certo and Miller, 2008). Several elements of the ecosystem are important for the existence and sustainable development of social enterprises (see Figure 1): the networks, support

mechanisms and assistance for their sustainable development; labels, marks and certification systems that identify social enterprises and distinguish them from for-profit enterprises; the impact measurement that social enterprises use to measure their social objectives and the implementation of their mission; and the legal framework within which they must operate.

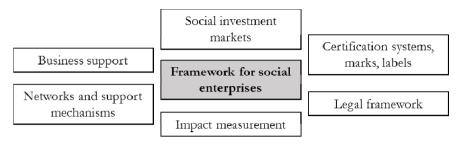


Figure 1: Selected elements of an ecosystem for social enterprises

Source: Volkmann, Tokarski and Ernst (2012, p. 7)

As the whole ecosystem is a broad concept and all its elements are interrelated, we focus on the legal and policy aspects of social entrepreneurship, as they influence all other elements by determining and defining conditions, measures and outcomes for all.

In order to evaluate public policies, they must first be categorized. In the literature, two main areas of public activities in support of business are identified: first, the business environment or ecosystems and, second, entrepreneurial competitiveness (Chaves and Demoustier, 2013). The creation and development of companies require favorable external conditions, a supportive environmental, institutional and cultural framework (Oncer and Yildiz, 2010). When these elements work together and integrate public and private stakeholders, an environment suitable for entrepreneurial dynamism is created. This framework has been transferred to the social economy by Chaves (2008) and Chaves and Demoustier (2013). They consider two broad groups of policies to promote the social economy (Chaves and Demoustier, 2013); first, soft policies aimed at creating a favorable environment (ecosystem) in which social enterprises are created, operate and develop. These include institutional measures (e.g., legal forms, social entrepreneurship organizations, public organizations for promotion, etc.) and cognitive measures (dissemination of knowledge, training, etc.). Second, hard policies, which target social enterprises for their sustainable development and which are divided into supply-side (e.g., national and regional plans, budget policies) and demand-side measures (e.g., public procurement).

2.1. The social entrepreneurship framework at EU level

The importance of social entrepreneurship has been increasing in the EU in recent years. For several years, the European Commission aims to create an encouraging financial, administrative and legal environment for social enterprises so that they can be on an equal position with other types of enterprises in the same sector, which are largely considered social economy organizations. At EU level, social economy organizations are economic actors which can be found in all sectors. They are characterized by their goals and unique business models. The social economy includes organizations such as cooperatives, associations, mutual societies and foundations. These social enterprises are particularly active in areas such as social protection, social services, health care, banking, insurance, manufacturing activities, a wide range of consumer services, brokerage, various crafts, housing services, supplying services to the local environment, education and training in the field of culture, sport and leisure activities (Campos and Ávila, 2012). The social economy combines profit with solidarity by creating quality jobs, strengthening social, economic and regional cohesion, generating social capital, promoting active citizenship, solidarity and an economy where people come first (European Commission, 2016). Social enterprises have common characteristics (European Commission, 2017): (1) primarily social objectives as opposed to profit objectives, (2) surpluses that are mainly reinvested, (3) different legal forms, (4) producers of goods and services with social innovation, and (5) independent entities with participatory co-decision and democratic governance that have emerged from or are linked to civil society organizations.

In the EU, more than half of Member States have some form of legislation recognizing and regulating social enterprises and their activities. There are three broad approaches to legislation on social enterprises (OECD/European Union, 2013, p. 4):

- Adaptation of existing legal forms to take account of the specific features of social enterprises (e.g., Croatia, Czech Republic, Hungary, Portugal, Spain, France, Greece, Italy and Poland);
- 2. Creation of legal status for social enterprises (e.g., Belgium, Denmark, Italy, Finland, Lithuania, Slovakia, and Slovenia); and
- 3. Recognition of certain types of non-profit organizations that are allowed to conduct economic activity (e.g., Czech Republic).

Several European countries have initiated a wide range of business development services and support programs specifically designed for social enterprises and social economy organizations. However, some countries have very limited or no publicly funded programs specifically designed and targeted at social enterprises, particularly in newer Member States countries. Nevertheless, there is a wide range of actions in support of social entrepreneurship (OECD/European Union, 2013) across the EU Member States, including awareness-raising, knowledge sharing and mutual learning, specialized services and support for business development, support for investment readiness, specific financial instruments, physical infrastructure, cooperation and access to markets.

The EU Member States can be divided into three groups according to the degree of adoption of the concept of social entrepreneurship (CIRIEC, 2016):

 Countries with the highest level of social entrepreneurship (France, Italy, Portugal, Spain, Belgium, Ireland and Sweden);

- Countries with a medium level of social entrepreneurship (Cyprus, Denmark, Finland, Greece, Luxembourg, Latvia, Malta, Poland and the UK); and
- Countries with a low level of social entrepreneurship, but with a well-developed non-profit, voluntary and non-governmental sector (Austria, Czech Republic, Estonia, Germany, Hungary, Lithuania, the Netherlands and Slovenia).

To sum up, public policies on social entrepreneurship and the social economy vary across the EU Member States. The European Commission points out as reasons for the overall low level of social entrepreneurship in the EU: the lack of internal links with stakeholders and creation of alliances, the lack of examples of good practice and, last but not least, the EU education system which does not give enough importance to social entrepreneurship (European Commission, 2011).

2.2. The social entrepreneurship framework in Slovenia

In Slovenia, the social entrepreneurship is regulated by legislation since 2011. The Act on Social Entrepreneurship (2011) regulates social entrepreneurship at the national level. The Act contains a definition of the term 'social entrepreneurship' (2011): 'Social entrepreneurship is a permanent activity of social entrepreneurship or permanently performs other activities under the special conditions of employment, in the production and sale of products or services on the market, where the achievement of profit is neither the sole nor the main objective of the activity. Social entrepreneurship strengthens social solidarity and social cohesion, promotes people's commitment and voluntary work, improves the innovative capacity of the enterprise to address social, economic, environmental and other problems, provides an additional range of products and services in the public interest, develops new employment opportunities, provides additional jobs and social integration and professional reintegration of the most vulnerable groups in the labor market (the objectives of social entrepreneurship)'.

The Act on Social Entrepreneurship (2011) specifies a series of measures to promote the development of social enterprises, including the requirements to establish the Council for Social Entrepreneurship and to adopt a national strategy for the development of social entrepreneurship together with the program of measures to implement the strategy every four years. The implementation of legislation is currently the responsibility of the Ministry of Economic Development and Technology. The Act was developed to enable an open model of social entrepreneurship. It enabled the creation of a social enterprise for various types of legal forms of organizations with the primary aim of creating jobs for groups of people who are vulnerable and have fewer employment opportunities (older workers, first-time job seekers, ex-drug users, ex-convicts, people with disabilities, physically disabled, etc.). In addition to job creation, the characteristic of social enterprises was the implementation of socially valuable activities (e.g., social tourism, eco-food production, youth work, fair trade, the promotion of a healthy lifestyle).

As the first version of the Act on Social Entrepreneurship from the year 2011 had some major shortcomings for the domain development, the amendments of the Act

were adopted in 2018. They aimed to improve the shortcomings and were mainly focused on the following (2018):

- Elimination of two different types of social enterprises (type A and B). The first version of the Act on Social Entrepreneurship distinguished between type A social enterprises, which could employ all types of workers (not necessarily the most vulnerable ones) if they carried out activities officially defined by the legislation (e.g., organic food production, social tourism, culture, amateur sports and recreation, etc.), and type B social enterprises, which were set up to employ the most vulnerable groups in the labor market (e.g., the long-term unemployed, first job seekers, people with disabilities). The new version of the law continues to define the most vulnerable groups in the labor market, including all disadvantaged, severely disadvantaged workers and people with disabilities, who should be employed primarily in social enterprises.
- Facilitate the implementation of social entrepreneurship in all areas of economic and non-economic activities, going beyond the integration of vulnerable target groups and the provision of social services of general interest and offering more opportunities for social innovation.
- As a result of the first two amendments, some administrative obstacles are removed by simplifying the annual reporting to the Ministry and the conditions for maintaining the status, as it is no longer necessary for social enterprises to report on the number and structure of the employees or on the income generated by pursuing social entrepreneurship.
- Termination of restrictions on obtaining the status of social enterprise for companies and employment centers for disabled, as they are also part of the social economy.
- To broaden the concept of social entrepreneurship, it has been extended to include the concept of the social economy.
- A complete (100%) limitation on the distribution of profits, in order to emphasize the principle of non-profit making and to stress that the status of the social enterprise is really determined by those non-profit legal organizations, whose main activity is to achieve social benefits and not to distribute profits (which does not mean that they are not market-oriented; in contrast, social enterprises are essentially companies that operate according to market principles and generate income on the market).

However, as the amendments to the legislation have only recently been adopted, the impact is not yet complete. Therefore, the evaluation of public policies would be an appropriate tool to assess the impact on social entrepreneurship in Slovenia. Based on its results, a long-term strategy for the broader development of the social economy could be defined at the national level.

3. Methodology

The methodology of the empirical part of the article consists of three different parts. In the first part, the development of the framework conditions for social entrepreneurship in Slovenia since its independence (1991) will be analyzed. The analysis of the written documents on the formation of developmental stages of social entrepreneurship in Slovenia is used.

The second part uses empirical data on social economy organizations in Slovenia. The aim of this part of the empirical analysis is to provide data on all social economy organizations and social enterprises with formal status. This part is based on official statistical data and other databases available in Slovenia, the Ministry of Economic Development and Technology, Statistical Office of the Republic of Slovenia, the Centre for Information, Cooperation and the Development (CNVOS), and Global Entrepreneurship Monitor. The analysis uses a univariate analysis of the following variables:

- Social enterprises with formal status: number, legal form, sector;
- NGO: type of NGO; and
- Enterprises with social goals and mission: share of individuals, who established enterprises.

The third part consists of case study research. A case study approach was chosen to collect data on the development of social enterprises and on their assessment of public policy and the supportive environment. Using a case study approach, the reasons why certain decisions were made, how they were implemented and how the results were achieved can be identified and understood. A quantitative evaluation is hard to imagine considering the small number of existing social enterprises in Slovenia. The interviews were prepared with an elaborated interview guide with open-ended questions, which left room for follow-up questions and made the interviews flexible. Ten interviews were conducted with a representative person from ten different social enterprises with formal status in Slovenia in January 2020. The case studies were selected using the formal database of social enterprises in Slovenia from the year 2019 (MGRT, 2019). Out of 258 social enterprises we randomly selected 40 of them. Ten of them were willing to participate in the research. The interview questions were structured and focused on three research sub-objectives: (1) the investigation of the main drivers and risks for the establishment and development of the case study organizations; (2) the examination of which are key success factors for the case study organizations (internal and external); and (3) investigation of the evaluation of public policy and supportive environment by case study organizations.

4. Results of empirical analysis

The results of the empirical analysis are provided in two parts. First, the results of the analysis of the development of policies for social entrepreneurship and empirical evidence for social economy organizations in Slovenia are presented. Second,

the results of the case study research are provided to assess the challenges of social enterprise development and to enable an assessment of public policy for social entrepreneurship in Slovenia.

4.1. Analysis of social entrepreneurship policy development and empirical evidence of social economy entities in Slovenia

First, the analysis of the development of social entrepreneurship policy in Slovenia is presented. The analysis of the policy documents was carried out according to the main milestones in the development of social entrepreneurship:

- 2005/2006: first international projects and analyses to introduce the concept of social entrepreneurship and to get to know foreign good practices;
- 2009: first call for proposals for the development of pilot projects in the field of social entrepreneurship – 9 pilot projects (recall in 2012 – 17 pilot projects);
- 2011: the Social Entrepreneurship Act accepted;
- 2011: the Social Entrepreneurship Council is established;
- 2012: the Social Entrepreneurship Act applied;
- 2014/2015: the co-financing of public works programs aimed specifically at social enterprises, which has had an impact on the registration of around 50 new social enterprises;
- 2015: the competences in the field of social entrepreneurship are transferred from the Ministry of Labor, Family, Social Affairs and Equal Opportunities to the Ministry of Economic Development and Technology;
- 2015: launch of a government strategic project to promote the development of social entrepreneurship, cooperatives and economic democracy;
- 2016: call for tender by the Ministry of Economic Development and Technology for the creation of social enterprises and youth cooperatives, in which more than 100 new partnerships were registered;
- 2018: amendments to the Social Entrepreneurship Act were accepted.

Based on the above list of milestones of social entrepreneurship in Slovenia, they have been grouped into several characteristic phases, which are shown in Figure 2.

In the preparation of developmental stages, we focus on the period after Slovenia's independence. The first phase (1991-2004) is characterized by the absence of legislation in the field of social entrepreneurship. The concept was mainly present as a community of companies for disabled people, associations and NGOs. In the second phase (2005-2011) there was no specific legislation on social entrepreneurship, but the concept was introduced. At the same time, several pilot projects for social entrepreneurship were supported. The third phase (2012-2017) began with the adoption of the first national legislation on social entrepreneurship. During this period, broader measures were implemented and several support programs for social enterprises were introduced. The fourth phase (from 2018 onwards) is the last one, starting with the amendment of legislation adopted in the previous phase. For this period, the gov-

Phase 1 1991-2004 Without specific legislation and measures. The social

recognised mainly as

NGOs and other

associations.

entrepreneurship was companies for disabled

Phase 2 2005-2011

Without specific legislation, but with first measures. The concept of social entrepreneurship was introduced and first pilot project were supported.

Phase 3 2012-2017

First specific legislation with advanced measures. Broader measures. supportive project for social enterprises were implemented.

Phase 4 2018-ongoing

Adjustments of social entrepreneurship legislation. In the period, improved specialized measures for social enterprises are announced.

Figure 2: Phases of social entrepreneurship development in Slovenia

Source: Author's own work

ernment is preparing a package of new measures that will be more specialized and focused on the specific needs of social enterprises.

Although the legislative changes sought to resolve the issue of the placement of a broader concept of the social economy on a temporary basis, in the long term, some kind of umbrella law at national level is needed to bring together different sectors and organizations of the social economy within a common framework: social enterprises, cooperatives, non-governmental organizations, enterprises and employment centers for the disabled and mutual societies.

The provision of reliable and comparable statistics is a strategic challenge for the social economy in the EU, as there are different approaches to this issue (CIRIEC, 2016). The legislation on social entrepreneurship in Slovenia provides for the acquisition of the formal status of social enterprises. According to this, they must fulfil specific obligations in order to maintain their status. However, there are companies with social goals and purposes, but without the formal status of a social enterprise. Consequently, they are not entitled to specific measures targeting social enterprises with status. In the continuation of this section, the empirical evidence on registered social enterprises and other social economy organizations is presented. With the analysis, we will show that the number of social enterprises with formal status is trivial, as the legislation with its requirements prevents organizations from obtaining the status. However, the number of other organizations with social goals but without the status is much higher in Slovenia. The main weakness for them is that they are not eligible for social enterprise measures.

In Slovenia, the number of registered social enterprises has been increasing steadily since the legislation was adopted. The first companies could receive the status of a social enterprise in 2012. Since then, the number of social enterprises with status has

increased, but slowly, as shown in Table 1. As there were about 130,000 active enterprises in Slovenia in 2019 and only 258 of them have the status of social enterprise, the latter account for only 0.2% of the population, which is a negligible proportion. This is mainly due to the restrictive legal framework, which has clearly defined the conditions for obtaining the status of a social enterprise. At present, 258 companies are registered in Slovenia with the status of a social enterprise (MGRT, 2019). Most of the companies acquired the status of social enterprise in 2016 when the special support initiative was launched in Slovenia (tender of the responsible ministry for the establishment of social enterprises and youth cooperatives). The initiative of the Ministry of Economic Development and Technology, entitled 'Start-up Social Enterprises', aimed to support the creation of social enterprises and youth cooperatives with 1.9 million euros between 2016 and 2018. During this period 143 applications were received, 93 of which were approved for financial support. However, already the next year the number of registered social enterprises decreased. As there are no special tax incentives for social enterprises, they depend on occasional public measures such as co-financing particular projects.

Table 1: Acquired social enterprise status from 2012 to 2018 in Slovenia

	2012	2013	2014	2015	2016	2017	2018	Total
Number of new active enterprises with social enterprise status	5	16	31	51	127	19	9	258

Source: MGRT, 2019

As far as legislation is concerned, different types of legal forms of organizations could be granted the status of social enterprise in Slovenia. The distribution of active social enterprises by legal form or type of organization in 2018 is shown in Table 2. Institutions were predominant (36.4%), followed by cooperatives (28.3%) and associations (24%).

Table 2: Legal forms of social enterprises with status in Slovenia in 2018

Legal form	Number	Share
Institution	94	36.4%
Cooperative	73	28.3%
Association, a union of associations	62	24.0%
Limited liability company	29	11.2%
Total	258	100.0%

Source: MGRT, 2019

An additional analysis of the largest groups of social enterprises shows that the number of cooperatives has been increasing in recent years (10% in the last ten years), but at the same time the number of employees is decreasing. Most of them are micro-units (88%) (MGRT, 2019).

The other part of the social economy represents organizations that have a social mission and objectives but do not have the formal status of a social enterprise. The potential for attaining the status of a social enterprise is represented by non-governmental organizations (NGOs) and other enterprises with social objectives and mission. According to data from the Centre for Information, Cooperation and Development of Non-Governmental Organizations (CNVOS, 2018), 26,910 NGOs (23,529 associations, 3,145 institutions and 236 foundations) were active in Slovenia in 2017. Table 3 provides data on various NGOs in Slovenia from 2014 to 2017, with an increase in the number of individual types of NGOs.

Table 3: Number of active NGOs in Slovenia

Type of NGOs	2014	2015	2016	2017
Association, the union of associations	22,564	22,961	23,258	23,529
Institution	2,563	2,778	2,991	3,145
Foundation	232	236	232	236
Total	25,353	25,975	26,481	26,910

Source: CNVOS, 2018

In recent years the number of NGOs has generally increased by around 600 per year. The number of employees in NGOs is shown in Table 4. They represent 0.82% of the working population and have increased steadily in recent years. Total revenues amounted to 873.4 million EUR in 2017, equivalent to about 2% of GDP. The average annual income of an individual NGO was 32,457 EUR in 2017 (CNVOS, 2018).

Table 4: Number of employees in NGOs in Slovenia

Type of NGO	2014	2015	2016	2017
Association, the union of associations	32,215	3,190	3,360	3,387
Institution	3,736	3,933	4,158	4,374
Foundation	80	67	51	50
Total	7,102	7,264	7,569	7,811

Source: CNVOS, 2018

As can be summarized from various studies on social entrepreneurship in Slovenia (e.g., Šporar *et al.*, 2018a; Šporar *et al.*, 2018b; CNVOS, 2018; Bosma *et al.*, 2016), the main advantages for social enterprises from the external and internal environment are the availability of financial incentives for registered social enterprises, measures to support the employment of vulnerable groups, a developed NGO community network and a positive public perception of NGOs and social enterprises. However, there are several disadvantages and barriers for social enterprises without formal status. The most critical point here is that companies with social purposes and objectives but without formal status are not eligible for social enterprise measures and are, therefore, dependent on market activities. In addition, there are also some important obstacles

for social enterprises with formal status, which arise mainly from legislation (Šporar et al., 2018a; Šporar et al., 2018b; CNVOS, 2018): (1) the demanding conditions for maintaining social enterprise status, (2) demanding reporting requirements for registered social enterprises, (3) the absence of tax benefits for social enterprises, and (4) the weak public support and incentives. They could also be mentioned as one of the reasons why companies are not requesting a formal social enterprise status. There are also disadvantages that prevent companies from achieving the status of social enterprise (Šporar et al., 2018a; Šporar et al., 2018b; CNVOS, 2018): (1) lack of financial measures offered by banks, (2) limited market activities with a focus on project work, (3) the average size of socially oriented enterprises is very small with little ambition for scale-up, (4) lack of management, entrepreneurial and financial skills, (5) lack of support services within the entrepreneurship ecosystem, (6) low level of awareness of social entrepreneurship in the community and among customers to buy from social enterprises, and (7) lack of knowledge about social entrepreneurship at national level. Overall, a combination of internal and external factors contributes to the low level of formal social entrepreneurship in Slovenia. The legislation should, therefore, be amended in the direction of simplification, as the main objective of the adoption of the legislation was development and expansion of social enterprises in Slovenia.

4.2. Research results of the case studies

All ten case study organizations operate as a non-profit organization with the formal status of a social enterprise. To focus on the first research sub-goal of this section, we will examine the main drivers and risks of social enterprises. According to the results of the interviews, the main drivers for the establishment of social enterprises can be identified:

- Non-profit and social benefits (10 interviewees);
- Addressing societal challenges (8 interviewees);
- Personal views on social aspects (7 interviewees);
- Combating unemployment and social exclusion (3 interviewees);
- The unregulated market for a specific product (1 interviewee);
- Preservation of cultural and artisanal heritage (1 interviewee);
- Offer innovative services at non-profit prices (1 interviewee);
- Linking humanity and entrepreneurship (1 interviewee); and
- Acting for the benefit of the environment and society (1 interviewee).

The social entrepreneurship of the respondents was mainly the result of their personal beliefs and attitudes (e.g., some of them expose 'personal experience of unemployment', others 'falling into the category of senior citizens') about giving something to society. Their commitment to social entrepreneurship enables them to 'solve social challenges in a socially responsible way'. From all responses, it is clear that their main motivation for setting up social enterprises was not profit, but the achievement of social benefits in various forms.

However, with regard to risks, only one respondent replied that they 'did not perceive any risks'. Another one said that they were 'not aware of all the risks involved in setting up a social enterprise, but only after starting to operate as a social enterprise'. Most of them explicitly stated that the main risks were 'financial and regulatory risks'. Financial risks arise mainly from unprofitable prices on the market, but their incomes must be maintained as financial incentives are scarce. Regulatory risks are associated with financial risks. Most respondents consider regulatory procedures to be ineffective. One of them explicitly stated that 'the law on social entrepreneurship primarily hinders social entrepreneurship rather than supporting and promoting it'.

The second sub-goal focused on the investigation of the central internal and external success factors of social enterprises. Respondents focused mainly on the threats and cited the 'lack of entrepreneurial skills', 'lack of financial stability' and 'extensive regulation'. However, they cited as advantages 'offering sustainable, local products' and 'helping disadvantaged people in the local area'.

The third sub-goal was to examine the evaluation of the supportive environment and public policies for social entrepreneurship in Slovenia. The most important evaluations are also listed here:

- Misunderstanding of the concept of social entrepreneurship in society (3 interviewees);
- Social entrepreneurship is not properly accepted in the society (2 interviewees);
- Low awareness of the local population of the value of social entrepreneurship (3 interviewees);
- Lack of support and cooperation between social enterprises and the responsible ministry (8 interviewees);
- Slow procedures at the responsible ministry (1 interviewee);
- Lack of public tenders for social enterprises (7 interviewees);
- Insufficient support for social enterprises through public procurement (4 interviewees);
- Lack of promotion of sustainability of social enterprises (1 interviewee);
- Lack of facilitation of employment of vulnerable groups (2 interviewees);
- Insufficient information for social enterprises on the possibilities of obtaining support (not only financial but also advisory) (2 interviewees);
- Lack of cooperation between the local environment and social enterprises (4 interviewees);
- Poor visibility of social enterprises in the business environment, as they are mostly micro-enterprises with a lack of marketing and financial resources (6 interviewees).

In general, the assessment of the supportive environment in Slovenia is relatively low. Most of the respondents are not satisfied with the legislation, neither with the first version nor with the changes. One of its main shortcomings is the ban on profit-sharing, as it was previously a remarkable motivator for social entrepreneurs.

However, they generally take a positive view of measures of the supportive environment, but explicitly state that they are 'too slow to implement'. At the national level, 'there is a lack of a common vision and a long-term strategy'. As a result, social enterprises receive much less attention than, for example, agriculture, not only in terms of financial support but also in terms of promoting and raising awareness of the social economy and social entrepreneurship at the national level.

5. Conclusions

Establishing an enterprise requires a set of resources, skills and capabilities, which need to be combined even more sufficiently when establishing and running a social enterprise. This is mainly because social enterprises have to follow a social mission additionally to the economic performance, and because of some other specific features of social enterprises, such as difficulties in accessing capital and due to public policy requirements that must be met in order to maintain their status. Public policies must, therefore, be well designed and developed to support a particular type of entrepreneurship. An enabling environment that supports social enterprises is even more important due to their specific characteristics. However, countries in the EU use different approaches to support social entrepreneurship.

The traditions of social entrepreneurship vary in different European countries. Slovenia belongs to the group of countries that have developed a legal framework for social entrepreneurship, similarly to e.g., Finland, Italy and Slovakia. However, the legislation itself could hinder the development of social entrepreneurship. Measures should, therefore, be taken to promote the implementation of the legislation. Slovenia, like other Eastern European countries (e.g., Hungary, Poland, Slovakia and the Czech Republic), lacks knowledge and understanding of the social economy, social enterprises and other related concepts in society.

To provide insights into the development of public policies for social entrepreneurship, several approaches were used, including the analysis of quantitative data and qualitative case studies.

The results of the analysis of social enterprises indicate that the number of formally registered social enterprises in Slovenia is very low, as there are many legal requests for obtaining and maintaining social enterprise status. However, we found out that there are many other organizations in Slovenia without formal social enterprise status that operate according to the principles of social enterprises. In addition, they have a social purpose and goals at the center of their business and at the same time operate sustainably and successfully in the market in the long term. One of the main reasons for the low number of social enterprises with status could be strict legislation, as companies acquiring social enterprise status have to meet many different requirements. As the case studies have shown, another reason is the lack of measures and other types of support from the ecosystem. Further research could examine the reasons why organizations are not granted this status. Another interesting topic for further analysis could be their sources of income and the sources of their sustainable development.

Public policy for social entrepreneurship in Slovenia is still in progress and it lacks all-inclusiveness, which prevents adequate supportive environment development. As one of the objectives at the national level is to increase the number of formally registered social enterprises in Slovenia, legislation must first be simplified, as these enterprises are mainly micro or small enterprises. In addition, the implementation of the support mechanisms together with the legislation has been delayed. To support the sustainable development of social entrepreneurship at the national level, the primary role of the government is, therefore, to simplify existing legislation and prepare comprehensive implementing measures that both support existing social enterprises and motivate other organizations to acquire and maintain social enterprise status.

It should be acknowledged that, although the results of the study have both theoretical and practical value, the nature of the study is limited to ten case studies and should not be generalized. There is a need to collect additional empirical evidence of social enterprises not only from Slovenia but also from other European countries. In Slovenia, the framework conditions for social entrepreneurship have improved in recent years and provide an appropriate basis for its further development.

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