

# SOCIAL ENTREPRENEURSHIP AS AN INNOVATIVE ORGANIZATIONAL METHOD IN BUSINESS

*Miladin Kalinić<sup>1</sup>, Radovan Vladislavljević<sup>2</sup>*

## **Abstract**

*The main aim of this paper is to identify models and means of doing business for social companies in Serbia, as well as the analysis of environment's incentives towards this type of companies. Entrepreneurship is not just the aim of business and social subjects, but also the means for achieving higher productivity. Today, any company can organize itself so that it utilizes innovations for expanding its business. One of the main trends is social entrepreneurship as an innovative method especially in funds for socially responsible business. In order for social entrepreneurship to gain momentum in development, it is necessary for the general public to recognize the importance of synergetic, partnership nature of all social economy stakeholders. This paper will show the solutions and possibilities for employment of the less employable social groups through models of social entrepreneurship.*

**Keywords:** *entrepreneurship, social entrepreneurship, business, innovation*

## **Introduction**

The term entrepreneurship can be analysed from several different perspectives. It can be related to a person opening their own trade shop, a person starting their own business, a person who brings innovations into different for-profit and non-profit sectors, and, finally, entrepreneurship can be seen as a state of mind, the ability to make changes in one's immediate or broader environment, based on one's knowledge or skill.

---

<sup>1</sup>Miladin Kalinić, Ph.D, Faculty of Applied Science for Management and Business Communication, Sremski Karlovci, Mitropolita Stratimirovića 110, E-mail: [miladinkalinic@gmail.com](mailto:miladinkalinic@gmail.com)

<sup>2</sup>Radovan Vladislavljević, Ph.D, Faculty of Economics and Engineering Management in Novi Sad, University Business Academy in Novi Sad, Cvecarska 2, Phone: +381 64 178 9552, E-mail: [tmprad@gmail.com](mailto:tmprad@gmail.com)

Entrepreneurial function is performed by different subjects in the economic system. Depending on the type of capital and property, their effects in the entrepreneurial business are not the same. Entrepreneurship is not just a goal of economic subjects, because it is a modern trend of development, but it is also a means to achieve greater efficiency. There are different types of entrepreneurship, depending on the criteria.

Individual entrepreneurship is the right kind of entrepreneurship. When talking about entrepreneurship, people are thinking about individual entrepreneurship, because enterprise is an individual's capacity, which can be increased through training and experience, but that can not be taught to people who are unable to recognize lucrative contracts in the economic environment, to detect risks and lines which can be used to achieve them most effectively.

It can therefore be concluded that only individual entrepreneurship is the right kind, and other forms are its surrogates. The society which develops the free initiative of people, and especially the economic system that favors open competition, has a chance to include entrepreneurship as a fourth factor of production. Other quasi-entrepreneurial societies with the remains of real-socialist past, do not have such a chance. Only a declarative commitment to the development of entrepreneurship will not lead to an entrepreneurial economy (Markovic, 2008).

In developed economies, entrepreneurship is the main lever of economic and overall social development. Like other countries in transition and the environment the Republic of Serbia has recognized the importance of entrepreneurship and began supporting its development. This was especially expressed in 2016, which the Government of Serbia and the relevant Ministry of Economy declared the "Year of Entrepreneurship". One of the possible directions of development, which is being recognized only in the last decade as an important and untapped potential for economic growth, is the development of social entrepreneurship (Kalinic, Simin, Janjusic, 2014).

### **Social entrepreneurship**

The term social economy, as a broader concept in relation to social entrepreneurship, is often defined as the third sector of economy next to the two obvious - private and public. Social entrepreneurship involves numerous economic activities with a strong social orientation, which do not have a commercial connotation, nor are they under the auspices of the state. These activities are carried out at the municipal / local level,

are voluntary and/or non-profit. It is often said that the social economy includes three subsystems: the local community (community sector); voluntary work and social enterprises (Mijatovic et al., 2012).

Social entrepreneurship is an innovative way for people to solve various economic, educational, health and environmental problems in their community through their work - by joining and using sustainable business models, that is by using entrepreneurial principles.

“Businesses are the operators of social economy whose main objective is the realization of social impact, and not making a profit for owners and shareholders. Social enterprise produces goods and/or services for the market in an entrepreneurial and innovative way and earned profits are used to achieve a social objective. Management is responsible and open, including employees, customers and all other stakeholders interested in the social enterprise’s activities” (European Commission - Social Business Initiative).

According to the classification of the European Union, which is widely used, the sector of social enterprises consists of: cooperatives, mutual benefit societies, associations and foundations.

Social enterprise should possess two desirable sets of characteristics: economic and social. By economic we mean entrepreneurial orientation in the market competition, and social refers to the care for general interests.

The definition of OECD LEED (Organisation for Economic Co-operation and Development, Local Economic and Employment Development, [www.oecd.org](http://www.oecd.org)) considers social enterprise as “any private activity done for the public interests, organized within an entrepreneurial strategy” (Mijatovic et al., 2012). The main objective should not be maximizing profits but achieving certain economic and social objectives. It can bring innovative solutions to problems of social exclusion and unemployment.

In order to define the position of social entrepreneurship in the context of a broader spectrum of entrepreneurship two borders are proposed. Social entrepreneurs operate within two business strategies: 1) Non-profit – with the strategy of earned income – is a social enterprise which performs hybrid social and economic entrepreneurial activities to achieve sustainability. Social entrepreneur manages an organization of a social and commercial type, while revenues and profits are used exclusively to further enhance the realization of social values. 2) For-profit – with the strategy based on

a mission – is a business based on social grounds, which also includes commercial and social business activities. In this scenario, the founders and investors can achieve personal and financial gain.

According to the area of operation, the European-continental social enterprises can be divided into three groups, although this division should be taken with caution due to the intermingling of different services and jobs that social enterprises perform.

Firstly, there are social enterprises providing social services to vulnerable groups or services of public interest (e.g., child care, training and care of persons with disabilities, day care centers, home help, etc.). In Italy, these companies have a form of social cooperatives.

Secondly, there are social enterprises engaged in job integration of hard-to-employ members of marginalized social groups (the so-called WISE - work integration social enterprises). Social enterprises of this type offer products and services on the market, and funnel their profits into the further training of their members and improving their position in society.

Thirdly, there are social enterprises working in the areas of non-traditional social economy (e.g. local development, cultural services, environmental protection, recycling and environmental management). The trend of establishing social enterprises for work integration working in the field of environmental protection (ECO-WISE) began in the nineties. However, in 2005 Italy adopted the Law on Social Enterprises, which has allowed a deviation from the previous areas of work of social cooperatives, and SEs were allowed to provide education and research services, to carry out environmental activities and similar. Also, the UK has adopted the Law on enterprises to represent the interests of the community. This type of enterprise, at the community level, provides a wide range of services - from entertainment and recreational services to supporting social housing.

### **Models of social entrepreneurship**

A business model requires a clear explanation of how an organization creates, delivers and collects value (Osterwalder, 2009). In the case of social entrepreneurship, it is how the company creates financial and social value, as well as the relationship between the two types of values in the company. The model explains why the social enterprise exists, how it operates and it can also help in the design and implementation of innovations.

There are three basic models to achieve social impact through entrepreneurial activity:

**Profit Making Model:** Involvement in various economic activities, without any direct social character, and earning a profit which is then transferred to the social activities that have a direct social impact (for-profit organizations with programs of corporate social responsibility, humanitarian organizations that invest in regular financial markets, etc.).

**Compromise Model:** Involvement in economic activities that have a direct social impact, but managing to maintain a compromise between the making a financial profit and social impact (companies that invest in other micro enterprises, that employ persons with disabilities, etc.).

**Lock-step Model:** Involvement in economic activities which have both a direct social impact and financial gains in direct correlation with the formed social influence (organic farms, wind energy, and similar).

### **Legal framework of social entrepreneurship in Serbia**

Serbian social protection system is designed on the model of a modern European-type system in which the government has largely taken over the support of the poor. The system is relatively well-funded and in the recent economic crisis it has adopted austerity measures. In the general context of social inclusion and poverty reduction, the reforms of social protection systems were focused on two main areas: cash benefits and social services. In the area of cash benefits, there is a new poverty line and new criteria for assistance. Two major programs - social assistance and child allowance - are conditioned by material census.

Other changes included the limitation of the duration of assistance for able-bodied users to nine months per calendar year, the increase in fees for care and assistance for the elderly and persons with disabilities, and defining the legal criteria for foster families (Mijatovic et al., 2012).

All these changes are defined by the Law on Amendments to the Law on Social Protection and Provision of Social Security, which the National Assembly adopted in 2004, and by the Law on the Financial Support for Families with Children. The new Family Law was adopted in 2005, and it introduced many changes in the field of care for children and families: the role of social work centers has changed in terms of the legal protection

of the family; the law introduced a plurality of services; and domestic violence is recognized as a problem and protection measures are defined.

*Centers for Social Work* are protruding branches of the Ministry of Labor, Employment, and Social Issues. The primary scope of CSW is to implement the law on social protection, including the application of the criteria for entitlement to cash benefits, and diagnostic services, counseling and determining the needs of sensitive populations and referral of the users who are eligible for services in the community. In accordance with the adopted strategic objectives of the Social Welfare Development Strategy, the Government of the Republic of Serbia adopted the Law on Social Protection in November 2010. The law lays down new mechanisms for the extension of assistance to the poor. In the area of provision of social services, the new law allows the operation of the system with clearly defined minimum standards of service delivery but also equal treatment of government and non-government service providers, and the diversion to the alternative non-residential care. This extension of the Law has a positive effect on the development of social entrepreneurship. Emphasizing the proactive role of users and the introduction of possibilities for their activation are important advantages of the new law for social entrepreneurship. Also, the law regulates the rights and obligations of working-age persons to participate in activities that lead to their social inclusion (Mijatovic et al., 2012).

*The Law on Enterprises* is a systemic law governing the operation of enterprises engaged in economic activities. The standard goal of companies is certainly profit, achieved through market competition. On the other hand, for social enterprises, profit is not only not the primary objective but its distribution in the capital has to be restricted in order for the given company to be considered social. However, the Law on Enterprises is sufficiently flexible and considers opportunities for social entrepreneurship.

According to this law, you can establish social enterprises, i.e. include some of the characteristics of social entrepreneurship. In Serbia, since there is no specific law on social entrepreneurship, in some cases, a social enterprise is established under this law.

### **Social entrepreneurship in Serbia today**

*Cooperatives Act* prescribes what types of cooperatives can be established. “The cooperative is a form of organization of individuals (cooperative) in which they exercise their economic, social and cultural

interests of the business on the cooperative principles of voluntarism and solidarity, democracy, economic participation, equal management rights, independence, cooperative training and collaboration.” (Mijatovic et al., 2012). Part of the income of the cooperative shall be allocated to the mandatory reserve fund, which can be called social enterprise.

Generally, the existing Law on Cooperatives provides for the creation and operation of social enterprises in the form of cooperatives. Certain disadvantages of the law, which also limits the business, refer to narrowing the number of activities in which cooperatives can form, to a certain ambiguity about the obligations of the cooperative and the cooperative audit that can bring uncertainty to the future of the cooperative.

The biggest difference between a cooperative and a regular company is the obligation of deciding on the principle of one individual-one vote, not on the principle of one share-one vote, but this difference loses its significance if the cooperative members have equal roles because then the cooperatives are very similar to an LLC.

*Law on Associations* regulates the establishment and status of domestic and foreign associations in the Republic of Serbia. According to this law, “association is a voluntary and non-governmental non-profit organization based on freedom of association of natural or legal persons established in order to protect and improve certain common or general goals and interests, which are not prohibited by the Constitution or the law.” (Mijatovic et al., 2012, Bobic, Rakin, 2016).

Although an association can not be established for the purpose of performing economic and other profit making activities, an association can carry out economic activities in order to provide additional resources necessary to perform its primary (non-profit) activities. According to the Law, an association may conduct economic activity, if the activity is related to its statutory objectives and if it is small-scale, i.e. the activity is performed only to the extent necessary to achieve the association’s objectives. Apart from the fact that it can directly be involved in economic activity, an association may establish a limited liability company, alone or with others, and it can be a co-founder of other types of companies.

One of the important laws related to the field of social entrepreneurship is the Law on Vocational Rehabilitation and Employment of Persons with Disabilities, which was adopted in May 2009 (Bobic, Rakin 2016).

This law introduced special incentives for hiring persons with disabilities. It also specifies the following: manner of evaluating job performance; vocational rehabilitation; obligation to hire persons with disabilities; conditions for the establishment and performance of activities of the company for professional rehabilitation and employment of persons with disabilities and other special forms of employment and work opportunities for people with disabilities.

Under this law, the status of persons with disabilities is given to war veterans, peacetime military invalids, civil war invalids, persons who have undergone categorization and other persons who have been diagnosed with a disability, persons who, in accordance with the regulations on pension and disability insurance, are defined in the disability category and remaining work capacity, and people whose work capacity has been assessed according to which they have the ability to find employment or retain employment and work opportunities (Bobic, Rakin, 2016). Forms of employment and work opportunities for people with disabilities can be organized as: companies for vocational rehabilitation and employment of persons with disabilities; work centers and social enterprises and organizations (Mijatovic et al., 2012, Gvozdenovic et al., 2011).

A company for professional rehabilitation and employment of persons with disabilities may be established by the Republic of Serbia, the Autonomous Province, local self-government, another company, an association of persons with disabilities or other legal or natural person, for the purpose of job creation and employment of persons with disabilities.

*Operating center* is a special form of an institution which employs people with disabilities as a working therapeutic activity. Operating centers may be established under the condition that they hire at least five people with disabilities for working therapeutic activities, or at least 80% of persons with disabilities compared to the total number of employees.

*Social enterprise*, in terms of this Law, is a company that is established to carry out activities focused on meeting the needs of people with disabilities. Social enterprise operates in conformance with the rules of the companies and represents a second form of organization that is established to carry out the activity which is directed to satisfying the needs of people with disabilities and which employs at least one person with disabilities. Social enterprise and organization is obliged to use a part of the income generated from the performance of the industry to invest in

the improvement of working conditions, work skills, social integration, living standards and meet the needs of persons with disabilities. Social companies are formed as a bottom-up initiative when social entrepreneur or group of founders who share a specific and well-defined goal manage to translate their idea into a new organization that effectively combines economic and social dimensions. The emergence of social enterprises depends largely on the context of the existing national framework and a favorable ecosystem for social enterprises. By ecosystem, we mean to say a set of developmental factors (public policy, the ability of self-organization, research and training, managerial capability, finances) and their interconnection, which makes the climate in which social enterprises are created and developed. For this reason, each national ecosystem creates a special type of social enterprises, and it is almost impossible to replicate the legal and institutional models from one country to another, even with the intention to encourage the development of the sector. However, there are some rules that apply universally. Available research suggests that a transparent process of public procurement of products and services by public institutions and active labor market policies play an important role in fostering the development of social enterprises.

In Serbia, social enterprises are involved in following areas (Bobic, Rakin, 2016):

Associations and foundations are involved in education and training (31%), tourism and catering (18%) and culture and arts (11.8%). Cooperatives earn money from the purchase and sale of agricultural products (61.9%), manufacture of agricultural products (36.8%) and wholesale and retail trade (23.8%). Companies for professional rehabilitation and employment of persons with disabilities operate in the printing and copying (28.9%), manufacture of clothing and footwear (20%) and furniture (17.8%).

Other types of social enterprises (agencies, incubators, “spin-off” companies - subsidiaries) receive income mostly from education and training (58.3%), and administrative services, book-keeping and accounting services (13.3%).

The primary objectives of foundations and associations of citizens in social entrepreneurship are social and humanitarian causes (44.1%), of cooperatives - economic empowerment and employment (88.7%), which is also true of companies for professional rehabilitation and employment of persons with disabilities (75%), while other types of social enterprises

equally emphasize that their objectives are local economic empowerment and sustainable development. Education, promotion and information are equally present in foundations, associations, and other types of social enterprises (18.3% and 14.6%).

Non-governmental organizations, primarily associations of citizens, also engage in the provision of social services mainly to people with disabilities, children and young people with disabilities, the elderly, children in conflict with the law, and similar. This is also the most common type of activity in Europe, the activity from which in many countries social enterprises originated in the late seventies and early eighties. According to the current Law on Social Protection and the Regulation on Licensing Social Protection Organizations, there have been 130 licenses issued so far.

According to the Regional Employment Service, in Vojvodina during 2016 in the process of recruitment, there were 3,525 people with disabilities, of which - 1,199 women (34%), which is about the same as the previous year. At the same time, there were 7,064 unemployed disabled people (5% less than in 2015). Women accounted for 31% (2,190 women with disabilities). Unemployment structure is without significant changes: the most numerous are those aged over 40, 72% of them, while young people under 30 years old constitute 20%. People with no qualification make up 48%, while people with disabilities who have higher education make up 5%. 18% of unemployed people with disabilities wait for a job for a year, while 30% of those registered are unemployed for more than 10 years. In 2016, 1,977 people with disabilities applied to the labor market, of which - 668 women (34%) (Bulletin of the Regional Secretariat for Economy and Tourism, 2017).

### **Obligation of hiring people with disabilities**

Employing less employable categories, especially people with intellectual disabilities, is very important, given that this is a group of people who for decades had been excluded from all social trends. Employment is the key to social inclusion.

According to the Law on professional rehabilitation and employment of persons with disabilities, all employers in the public and private sector with more than 20 employees are under obligation to hire people with disabilities. They are therefore the most powerful platform of “reserved positions” for people with disabilities. In Vojvodina, in accordance with the

said law, the capacity for employment of persons with disabilities is two-thirds of the private sector and one-third of the public sector. In Vojvodina, the affected employers reported about 4,186 people with a disability (72% of the full potential), and the full application of the law in the form of job availability in Vojvodina could employ another 1,500 people with some kind of disability. On average, about 26% of the legal obligations is paid into the fund of the Ministry of Finance (average annual pay in dinars and statistical tendencies for 2016 amounts to 560,000,000.00 dinars), while 2% of employers execute their obligations via contracts on business and technical cooperation with enterprises for vocational rehabilitation and employment of persons with disabilities (Bulletin of the Regional Secretariat for Economy and Tourism, 2017).

### **Methodological framework and the structure of research samples**

The subject of the research. Through the theoretical basis, the paper highlights the significant characteristics of social entrepreneurship. Social entrepreneurship includes a number of economic activities with a strong social orientation, which do not have commercial connotations, nor are they under the auspices of the state. This paper aims to collect and examine the available literature on social entrepreneurship as a form, its previous visibility, monitoring and evaluation. By doing empirical research in order to define the framework of social enterprises, legal framework and the encouragement of the social environment, we examined what are the challenges, efficiencies and effects of the application of social entrepreneurship. The purpose of this paper is to encourage new opportunities for further research based on the obtained relevant data in this area. The subject of this study is to identify ways of operating social enterprises, the analysis of the legal framework of their activity in the Republic of Serbia and the analysis of the encouragement of social environment for social enterprises. Past experience, analyses and conclusions on social entrepreneurship, especially on its implementation in our country, are the necessary starting points for empirical research in this paper. This study conducted an exploratory research, and the technique applied is the SWOT analysis. The research sample consists of two social enterprises: “Bagel” (NGO Atina) and IDC (association Initiative for Development and Cooperation).

NGO Atina is an organization engaged in the programs of comprehensive social inclusion of victims of trafficking and other forms of exploitation through an approach based on respect for human rights, with full

participation, consent and cooperation of users and active involvement of state institutions in order for the support system to become a viable solution for complete recovery and full integration. Through support programs users are provided with various support programs including: medical, psychological and legal assistance, education and support in resolving civil-legal status, temporary housing, family counseling and mediation, economic empowerment programs, working with self-help groups as well as educational and other workshops. The activities for achieving this objective are conducted at four specific levels: the empowerment and support of the inclusion of the victims; networking capacity of local communities to more efficiently respond to issues of prevention, identification and reintegration of victims; strengthening the capacity of relevant institutions and organizations at local and national level; work in the fight against prejudice, intolerance and discrimination, and providing direct assistance and support to victims of trafficking and sexual exploitation. NGO Atina was established in 2004 in response to the women's movement activists in Serbia on the issue of human trafficking and the lack of adequate long-term support programs for victims and help with social inclusion. "Bagel" ([www.bagel.rs](http://www.bagel.rs)) is a social enterprise that was launched in 2015 by NGO Atina with the aim of economic empowerment of victims of trafficking and other forms of gender-based violence. The whole concept of this store is part of a struggle that has lasted for more than 12 years - the struggle for a just society of equal, which promotes diversity and solidarity. The store currently employs 5 people, and has a growth tendency. In addition to helping victims of human trafficking or other forms of violence with the possibility of economic empowerment and independence, they have developed a special segment of constant training and education for people belonging to this vulnerable group. All the profits that the store receives from selling donuts and pastries are directed to programs of support and recovery of victims of trafficking.

Association of citizens Initiative for Development and Cooperation Serbia (IDC) was formed as an association of humanitarian workers inspired by a collaboration with the Spanish humanitarian organization *Movimiento por la Paz* (MPLP). MPLP was present in the Balkans from the beginning of 2000 until 2008. In the process of MPLP's withdrawal, IDC began to take over part of their activities and programs, and officially registered on 13 April 2007.

Association Initiative for Development and Cooperation Serbia is a nonprofit organization dedicated to social and economic inclusion of less

privileged categories of citizens and protection of their human rights. The association works with vulnerable social groups who mostly live below the poverty line.

Involvement in these areas has resulted in the membership in the International Samaritan Network, associate membership in the network SOLIDAR, membership in the European Civil Forum, as well as membership in two national networks - Anti-Poverty Network and the Coalition for Development of Social Entrepreneurship Serbia. Also, they are members of the World Association of NGOs (WANGO). Since 2013 IDC has the role of the Secretary General of the Social Economy Network of Serbia (SENS), which is currently the only network of social enterprises in Serbia. Besides this, IDC is the initiator and founder of two social enterprises - EcoBag and TDI Mladenovac.

### **Results of research**

In our research we used the SWOT analysis as a technique for obtaining relevant organizational information about the organizations / enterprises in the environment in which they operate now and in the future in order to determine strategic opportunities and threats in the environment. Based on the information we have received, we can assume further movement of the organizations / companies if they maximize their own strengths and opportunities in the environment while minimizing the threats and weaknesses, i.e. if they employ the best use of internal forces in the use of the possibilities of the environment.

An essential assumption is the analysis of the conformity of internal and external factors, or the determination of their implications for the strategy. In fact, internal strengths and weaknesses should be viewed in the context of external opportunities and threats, and vice versa.

**Strengths:** The respondents believe that the power of social entrepreneurs are reflected in the existence of a large number of foreign examples of good practice. Foreign practice shows that they are the most successful models of economic integration of the most vulnerable social groups precisely in social entrepreneurship. They find social entrepreneurship an innovative method, and can see it verified in practice. There are foreign examples that can be applied in the national framework, and there is also long-term experience in the development of social entrepreneurship in Serbia. They see their strength, too, in the number of civil society organizations that have

the experience and the desire to support social entrepreneurship and the important tradition of cooperatives. They point out the power of networks and associations such as the National Network of Social Enterprises - SENS and the National Coalition for the development of social entrepreneurship and the networking of social entrepreneurship promoters with regional and European stakeholders. There is a clear motivation of employees for development and an unlimited field of permanent advertising on social networks.

**Weaknesses:** The weaknesses of social entrepreneurship in Serbia are defined by the respondents as the absence of a sufficient number of successful social enterprises that would serve as a strong motivating factor for the establishment of new ones. Then, social enterprises that have arisen in the projects remain without the support of the completion of the projects and there is a limitation on activities to support social entrepreneurship project cycle, or no sustainability. They recognize that there are no incubators of social enterprises, operating clusters of social enterprises. The knowledge base on social entrepreneurship is insufficient and inaccessible. The legal framework is not sufficiently defined and there are no long-term financial support mechanisms.

Another weakness is the identification of social entrepreneurship, on the one hand, with the previously failed socialist self-management model and, on the other hand, the experience of social entrepreneurship as something imported and directed from outside. They also believe that social entrepreneurship is not given enough media coverage. The media are not educated enough to covered the news in this field.

They also emphasize that there are no benefits for hiring the less employable categories. It is clear that the state cannot financially help, but it can provide an opportunity for free training in hiring the less employable categories and their inclusion in the labor market.

**Opportunities:** Respondents point out that opportunities are reflected in the development of social services and the growing number of social incentive funds - start up programs. They state that there is a possibility for citizens' associations to engage in economic activity, the transition to program budgeting of local self-governments and the existence of significant resource for funding the corporate social responsibility of the business sector. They also recognize the public awareness of the need for synergy, partnership and coordinated performance of all the major promoters of the model of

social economy. They point out a positive opportunity for the development of social entrepreneurship in getting the national legislation to match the EU legislation and the adoption of a set of optimal laws. In terms of business the respondents cite the following opportunities: there is a development of new contacts and networking and the possibility of advancing products through the mentoring projects, the potential for expanding the product range and introducing customers to fair trade products.

Threats: Threats were defined by the respondents as the following items: the establishment of “quasi social enterprises” in order to manipulate people, feigned support for social entrepreneurship in order to achieve political gains, keeping the support at a declarative level, inadequate legal framework and lack of experience in managing companies (due to lack of training, etc.). Respondents point out the bad public scrutiny through labeling social enterprises in the sense that the service provided is of lower quality.

## **Conclusion**

Based on the analysis of the available literature and legal acts and interpretations of data obtained through explorative research we can conclude the following:

Social entrepreneurship should share equal rights and have equal obligations on a single platform of entrepreneurial work. Entrepreneurship is not only the goal of economic and social subjects, because it is the modern trend of development, but it is also a means to achieve greater efficiency and effectiveness in modern business.

Any company in any field of business today can be organized in a way that utilizes innovation to expand and improve its business. One of the main directions in the present entrepreneurship is social entrepreneurship as an innovative method, particularly in the context of funds of corporate social responsibility of the business sector.

The concept of social entrepreneurship is underdeveloped in Serbia, which may be due to the fact that there is still no comprehensive package of legal and economic measures regulating its existence. The largest number of programs that have economic and social objectives can be found in the activities of citizens’ associations, religious organizations and new forms of cooperatives. Content of their programs tend to be limited to providing social service and social integration, and inclusion of vulnerable groups.

In order to improve this process, it is necessary to map out the existing experiences and enterprises, to explore and monitor the conditions in which they operate, as well as the dynamics of their emergence and sustainability. In recent years, it can be said that social entrepreneurship has been identified as a catalyst for social reforms.

The goal of new policies and measures to support the development of social entrepreneurship is to promote corporate social responsibility and effective social protection measures provide a higher percentage of employment for typical and atypical populations, modernize labor markets, and provide support to socially vulnerable groups. Active involvement measures (which put special emphasis on social economy) should include incentives for employment and education of poor and excluded people, and the aim is to train and return the less employable population groups in the labor market. One of the incentives would be the introduction of fiscal incentives for companies that operate according to the principles of social enterprise.

Even after the adoption of the Law on Vocational Rehabilitation and Employment of Persons with Disabilities, the problem of complete lack of opportunities for employment of these persons has not significantly improved. One of the biggest obstacles to create opportunities is certainly the practice of making people completely lose their right to employment. For them, in this case there is only the possibility of a working arrangement, which takes place mainly in inadequate conditions as isolated, uninspired and unpaid. However, widespread prejudices that prevail about people with intellectual disabilities as incompetent and useless to society, are in fact a major factor at the moment which makes their employment difficult. Therefore, it is necessary to increase the society's sensitivity to this subject at all levels, and their media promotion.

Support for the development and promotion of social entrepreneurship is very important. It must come from the user, from individuals, groups and associations, on the one hand, and the local self-government and relevant state authorities, on the other. The purpose of the development of social entrepreneurship is a better quality of life of an individual and a more balanced and equitable development of society and the local community and greater employability of people with disabilities. In order to realize this it is necessary that the community support the initial development of the capacity of social enterprises and social and entrepreneurial innovation.

In order for social entrepreneurship to gain greater momentum of development, the public needs to become more aware of the need for synergy, partnership and coordinated performance of all the major promoters of the model of social economy.

### Literature

1. Mijatović, B., Paunović, M., Kovačević, V. (2012). *Socijalno preduzetništvo u Srbiji*, Centar za liberalno-demokratske studije, Beograd.
2. Marković, N. (2008). *Preduzetništvo*, CEKOM, Novi Sad.
3. Kalinić M., Simin M., Janjušić D., (2014), *Female Entrepreneurship as Potential benefit to the Economic Development of Serbia*, *Journal of Management in Theory and Practice / Practical Management*, Vol. V., No.1, Virovitica College, Virovitica, ISSN 1847/ 8107: p. 53/57.
4. Bobić A., Rakin, D. (2016). *Društveno, korisno, održivo – Kako osnivati socijalno preduzeće u Srbiji*. Beograd, Available at: <http://www.emins.org/srpski/projects/article/vise-zajednice-u->
5. Mair, S. (2004). *Social Entrepreneurship: The contribution of individual entrepreneurs to sustainable development*, ESE Business School - Universidad de Navarra Barcelona.
6. Gvozdrenović, I., Šimoković, L., Ćirić Milovanović, D. (2011). *Informator o zapošljavanju osoba sa invaliditetom kroz socijalno preduzetništvo. Inicijativa za prava osoba sa mentalnim invaliditetom MDRI-S*. Beograd.
7. Kalinić M., Jakopin, E. (2014). *Strukturne reforme-konkurentnost-održivi razvoj*, International academic-professional conference – The Age of Knowledge, Faculty of Management, Sremski Karlovci.
8. *Socijalna ekonomija i socijalno preduzetništvo (2017) Bilten number 01/2017*, Republic of Serbia, Autonomous province of Vojvodina, Regional secretariat for economy and tourism.

9. Republički zavod za statistiku, Ekonomski uticaj socijalnih preduzeća u Srbiji (Beograd: SeConS grupa za razvojnu inicijativu, Grupa 484, 2014). Available at: <http://webrzs.statgov.rs/WebSite/repository/documents/00/01/40/87/Socijalnapreduzeca srpski.pdf>
10. Socijalno preduzetništvo (2010). Elektronski bilten o socijalnom preduzetništvu, 1. Beograd. Grupa 484. Available at: [http://grupa484.org.rs/wp-content/uploads/2013/05/Socijalno-preduzetnistvo\\_Elektronski-bilten-broj-1-2010.pdf](http://grupa484.org.rs/wp-content/uploads/2013/05/Socijalno-preduzetnistvo_Elektronski-bilten-broj-1-2010.pdf).
11. Fulton, K. (2006). "The Past, Present, and Future of Social Entrepreneurship", The Center for the Advancement of Social Entrepreneurship (CASE), Durham, North Carolina.
12. Kalinić Č., Kalinić M., Vladislavljević R. (2015). The Impact of Mobile Technology on the E-Business, International May Conference on Strategic Management-IMKSM 2015, 29-31 May 2015, Book of abstracts, University of Belgrade, Technical Faculty in Bor, Bor, Serbia, p. 699-704.
13. Osterwalder, A. (2009). Business model generation, self published.