

## SOCIAL ENTREPRENEURSHIP AS A WAY OF INTEGRATING SOCIALLY VULNERABLE GROUPS IN THE REPUBLIC OF SERBIA: STATE ANALYSIS

UDC 364.787.4(497.11)

**Milica Stojanović**

University of Niš, Faculty of Philosophy, Department of Social Policy and Social Work,  
Niš, Serbia

**Abstract.** *The paper provides an analysis of social entrepreneurship in the Republic of Serbia, with a focus on the current state of the sector and its potential for integrating socially vulnerable population groups. The overview traces the development of social enterprises in the Republic of Serbia, highlighting numerous challenges they face, such as diversity in organizational structures, financial instability, limited scope of operation, regulatory deficiencies, and a prevailing lack of awareness about the significance of the field. The analysis emphasizes the need for conducting comprehensive research to examine the impact of the new legal framework, social effects of operations, funding mechanisms, achieving sustainability, and opportunities for acquiring management knowledge. In conclusion, the paper advocates for the formulation of thoughtful public policies, the establishment of robust institutional frameworks, and the creation of comprehensive support networks. These steps are considered crucial for fully harnessing the potential of social entrepreneurship as an effective means of addressing key social issues in the Republic of Serbia.*

**Key words:** *social entrepreneurship, Republic of Serbia, integration, vulnerable groups, challenges*

### 1. INTRODUCTION

Social entrepreneurship is defined as an activity of general interest aimed at “creating new and innovative opportunities to address social problems, issues of individuals, or socially vulnerable groups, and preventing the emergence and elimination of the consequences of social exclusion, strengthening social cohesion, and addressing other

---

Received October 19, 2023 / Accepted December 10, 2023

**Corresponding author:** Milica Stojanović

University of Niš, Faculty of Philosophy, Ćirila i Metodija 2, 18000 Niš, Serbia

E-mail: [milica.stojanovic@filfak.ni.ac.rs](mailto:milica.stojanovic@filfak.ni.ac.rs)

issues in local communities and society as a whole” (Law on Social Entrepreneurship 2022, Article 3). As such, social entrepreneurship represents a way of doing business whose motives are directed towards achieving social goals and the well-being of disadvantaged individuals, as opposed to mere profit-making (OECD 1999 as cited in Mijatović, Paunović & Kovačević 2012). Therefore, the profits of social enterprises are not used to increase the wealth of individual owners but to expand the scope of employment and invest in key areas for the development and integration of vulnerable population groups, such as education, healthcare, community services, and others (CEED 2022). Presented in this way, social entrepreneurship has significant potential in the field of social integration of socially sensitive population groups, which can be characterized as “groups of citizens in need of additional systemic support in order to be able to participate equally in the community life” (Law on Social Entrepreneurship 2022, Article 3). Consequently, the development of social economy and social entrepreneurship is considered important for achieving goals of equality and social integration, especially in the face of negative market trends, high unemployment rates, and a large proportion of the population dependent on social support systems. However, social entrepreneurship is far from achieving these goals as it faces numerous barriers in its developmental path. Some of the conditions identified for starting social entrepreneurship include: the existence of a market where the enterprise will be positioned, the profitability of the business idea, the possession of managerial and professional knowledge by the organization, and impact achievement on the community itself (Perčin 2011 as cited in Grbavac & Perić 2020). Therefore, social enterprises, although focused on social objectives, still face challenges related to market competitiveness, sustainability, and financing.

Based on the above mentioned, this paper will analyze the state of social entrepreneurship in the Republic of Serbia, covering its development, legal framework, current status, operational challenges, and comparison with the European Union by using Sweden as an example. The aim of this paper is to gain a deeper insight into the field of social entrepreneurship in the Republic of Serbia and highlight its significance. By identifying future research directions, this work aims to provide a basis for further improvement and development of the sector.

## 2. HISTORY AND THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF SERBIA

The concept of social economy and the subsequent practice of social entrepreneurship came into existence during the 19<sup>th</sup> century, with a significant emergence occurring in the 1870s. This development was driven by efforts to apply managerial expertise and abilities to address social issues within society (Dejanović 2019). However, the true development of social entrepreneurship began later, in the early 20<sup>th</sup> century, due to the inability of the state and the global market to respond to growing social problems such as unemployment, poverty, aging, gender discrimination, social inequality, and more. Precursors to social entrepreneurship in the Republic of Serbia included agricultural and credit cooperatives, as well as cooperatives for employing people with disabilities. Later, after the end of socialism, the civil sector took on a protective role, caring for vulnerable population groups. Most notably active were humanitarian, peace, or feminist associations focused on protecting human rights, as well as other self-organizing initiatives born out of citizen dissatisfaction with the state's response to social issues (Velev, Golubović, Jelačić, Tomašević, Cvejić &

Velev 2011). At the beginning of the 2000s, the civil sector, in its supportive role, faced sustainability problems, which led it to turn towards the market and attempt to generate necessary resources. This marked the early stages of the development of social entrepreneurship, supported by the Social Innovation Fund of the Ministry of Social Affairs, which gave rise to projects such as the construction of day centers, senior clubs, and programs for people with disabilities (Aleksić Mirić & Lebedinski 2015). The evolution of social entrepreneurship has been greatly influenced by the civil sector, where a network of non-governmental organizations and social entrepreneurs, like the Network of Social Economy in Serbia, has played a pivotal role in establishing a substantial platform for sharing ideas and advancing the field further (Aleksić Mirić & Lebedinski 2015). This practice can be the reason why the concept of social entrepreneurship is often conflated with the work of non-governmental organizations. However, social entrepreneurs, in their actions, place greater emphasis on outcomes, economic and market elements that non-profit organizations do not possess, with the added absence of a humanitarian approach, which is replaced by creating positive change in terms of societal issues and empowering vulnerable groups (Raičević & Glomazić 2012).

Given the challenging global economic conditions, social entrepreneurship in the Republic of Serbia in its true form began to take shape after 2008, notably during the global economic crisis. It emerged as a potential remedy for several issues, particularly the high unemployment rates among vulnerable groups, including women, the elderly, individuals with disabilities, and more (Aleksić Mirić & Lebedinski 2015). In addition to the challenging social situation, the development of social entrepreneurship was influenced by the process of joining the European Union, which focused on building an effective social policy through the monitoring of the goals of the European Commission's Social Business Initiative (Dejanović 2019). The Social Business Initiative emphasizes the importance of promoting a highly competitive social market economy in which social economy and social innovation play a crucial role in providing innovative responses to current economic, social, and environmental challenges, through job creation, community social services, and promoting social inclusion (the Social Business Initiative 2018). Despite the emergence of social entrepreneurship as a practice in the Republic of Serbia, until the adoption of the Law on Social Entrepreneurship in 2022, there was no direct legal framework governing this field. Therefore, legal entities operating on the principles of social enterprises took on multiple legal forms such as cooperatives, business entities, civil society associations, and more (Velev et al. 2011). In the following, I will present the main forms of operation of social enterprises that existed prior to the adoption of the Law on Social Entrepreneurship, as well as the institutional barriers that such regulations created for the development and existence of social enterprises as economic actors.

For instance, the Law on Professional Rehabilitation and Employment of Persons with Disabilities was the only legal act that contained the concept of social entrepreneurship before the adoption of the Law on Social Entrepreneurship, defining it as “a business entity established to carry out activities aimed at meeting the needs of persons with disabilities, and which, independently of the total number of employees, employs at least one person with a disability” (Law on Professional Rehabilitation and Employment of Persons with Disabilities 2019, Article 45). However, this definition was limited in scope, focusing exclusively on the population of people with disabilities and their forms of employment, excluding the wide range of alternative areas of social enterprise activities and target populations. The limitation in the definition not only pertains to the scope of the term but also to the regulations governing

it. Specifically, the law dictates the operation of companies according to regulations of business entities, with a mandatory requirement to allocate a portion of their revenue towards enhancing the quality of life for their own beneficiaries (Velev et al. 2011). However, the exact amount or percentage of this allocation is not specified, leaving room for manipulation of these regulations. Other vulnerable population groups are also excluded by the Law on Corporate Income Tax, which provides tax exemption exclusively for companies engaged in vocational training, professional rehabilitation, and the employment of individuals with disabilities in relation to the total number of employees (Law on Corporate Income Tax 2001, Article 46, as cited in Velev et al. 2011). Furthermore, the Law on Cooperatives recognizes social cooperatives as a form of association aimed at diverse activities with the goal of “achieving social, economic, and labor inclusion, as well as meeting other related needs of members of vulnerable social groups or for the satisfaction of general interests within the local community” (Law on Cooperatives 2015, Article 11). This allows a complex cooperative to pursue economic, social, and cultural interests while operating on cooperative principles, bringing it closer to the concept of a social enterprise, unlike regular cooperatives that cannot operate as commercial entities (Law on Cooperatives 2015). However, only a small number of actors choose this legal form of organization, indicating a lack of incentives for establishing social cooperatives, with most entities falling into the category of regular cooperatives (agricultural, youth, etc.), civil associations, or companies for the professional rehabilitation and employment of people with disabilities (KoRSE 2021).

When it comes to civil associations, the distinction between non-governmental organizations and social enterprises has already been presented, primarily because civil associations cannot be established for profit-making purposes. However, it is important to emphasize that a civil association may engage in related small-scale economic activities as ancillary operations and generate income solely for the purpose of financing the fundamental statutory objectives of the association (Law on Associations 2009). In this case as well, challenges arise in defining related economic activities, scope, and the registration process for these associations, which often struggle with business partnerships, bank loans, and financial stability. This inefficiency in implementing social entrepreneurship initiatives is largely due to an unstimulating tax policy and high taxes that non-governmental organizations must pay, especially amidst the trend of foreign donor withdrawal (Kolin & Petrušić 2008). Consequently, many civil society organizations engage in social entrepreneurship activities to use the profits for funding the organization's activities (Velev et al. 2011). Lastly, social enterprises often take the form of limited liability companies, which significantly deviates from the core principles and social goals of social entrepreneurship. The Law on Business Entities designates these entities as legal entities engaged in profit-making activities, without indications of social responsibility, rendering this form of organization an inadequate business path for social enterprises (Law on Business Entities 2011). The presented previous legal and organizational framework is essential in gaining insight into the characteristics of operations and irregularities resulting from the absence of an adequate legal structure. This groundwork is necessary to establish a context for evaluating the provisions outlined in the new Law on Social Entrepreneurship.

### 3. THE REGULATORY FRAMEWORK OF SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF SERBIA

Following significant public pressure and an extended period of development, the Law on Social Entrepreneurship was adopted in 2022 with the aim of “creating a favorable business environment for the development of social entrepreneurship, raising awareness of the importance of social economy and social entrepreneurship, and meeting identified social needs” (Law on Social Entrepreneurship 2022, Article 1). The law provided a clear definition of the concept of social entrepreneurship, designating it as an activity of general interest that creates innovative solutions to the problems of individuals and socially vulnerable groups. As a result, social entrepreneurship has been officially characterized as an engagement in the marketplace where any generated profits are redirected towards initiatives aimed at promoting social transformation and attaining social objectives. These objectives encompass endeavors like the inclusion of marginalized populations, the provision of community-based social services, enhanced accessibility to education, culture, and various other critical domains. The law clearly outlines the possible ways to achieve these goals through activities such as “goods production and service provision, work integration, contribution to sustainable development in devastated areas and local communities, as well as addressing problems in other areas of general interest” (Law on Social Entrepreneurship 2022, Article 5).

Due to the existence of numerous entities that functioned in alternative forms as social enterprises before the adoption of the Law, its implementation has provided conditions for obtaining the status of a social entrepreneur for registered entrepreneurs who are not lump-sum taxpayers, economic entities such as cooperatives, and civil sector entities registered for economic activities (Law on Social Entrepreneurship 2022, Article 8). This allows all actors who operated under different legal forms to obtain the status of a social entrepreneur, creating a level playing field for development in this sector. Furthermore, the Law addresses the existing ambiguity in the Law on Professional Rehabilitation and Employment of Persons with Disabilities regarding the percentage of profits reinvested by social enterprises in improving the quality of life for users. According to the Law on Social Entrepreneurship, social entrepreneurs are obliged to “reinvest at least 50% of their profits in internal programs to support socially vulnerable groups or in costs related to the employment of employable members of socially vulnerable groups, or in programs and activities aimed at addressing community issues” (Law on Social Entrepreneurship 2022, Article 11). Alternatively, social entrepreneurs can choose to “donate a portion of at least 50% of their profits to other legal entities or entrepreneurs with the status of social entrepreneurship to address community issues” (Law on Social Entrepreneurship 2022, Article 11). This eliminates the possibility of manipulation in terms of the amount and allocation of profits.

Regarding tax-related concerns, the Law on Social Entrepreneurship stipulates that “benefits and exemptions may be obtained in accordance with regulations governing taxes, compulsory social security contributions, fees for the use of public goods, and other types of financial obligations” (Law on Social Entrepreneurship 2022, Article 17). However, a review of the Law on Corporate Income Tax and related laws regulating this area did not reveal any revisions regarding the taxation of social enterprises, indicating the need for more specific regulation. It is essential to further specify potential areas and ways to achieve tax benefits for social entrepreneurs and to revise other important laws

that govern this area more closely, including, but not limited to, the Law on Property Tax, the Personal Income Tax Law, the Law on Donations and Humanitarian Aid, and others. Furthermore, it is emphasized that one of the prominent challenges in developing social enterprises is also the lack of a legal framework for financial stability and the insufficient status for accessing bank loans and subsidies. In this aspect, no significant progress has been observed, as social entrepreneurs cannot meet the lending requirements offered by commercial banks (KoRSE 2023). This aspect highlights the need to adopt an alternative model of financial grants that do not solely rely on bank loans or external investments as before. In international practice, this issue is often addressed by non-bank microfinance institutions, which act as independent bodies of financial aid (KoRSE 2023).

Additionally, the Law regulates active support for social entrepreneurship entities, where “the Republic of Serbia, autonomous provinces, and local self-government units support the establishment and operation of social entrepreneurship entities through the implementation of public policy measures planned in accordance with the planning system law” (Law on Social Entrepreneurship 2022, Article 18). The mentioned support includes “measures and activities aimed at supporting employment and improving the operation of social entrepreneurship entities, financing projects in the field of social entrepreneurship, education on social entrepreneurship, promotion of social entrepreneurship, the development of financial instruments for social entrepreneurship entities, and others” (Law on Social Entrepreneurship 2022, Article 18). However, even though this support is geared towards promoting and supporting the development of social entrepreneurship, it also implies an overreliance on the state. By primarily securing funds from the Republic of Serbia’s budget, one of the main goals of social entrepreneurship worldwide—operational independence, sustainable financing, creating new value, and investing in significant areas affected by vulnerable populations—is contradicted. Therefore, it is necessary to specify the financing areas by establishing a clear method, procedure, and conditions for granting funds which should be accompanied by adequate access to the mentioned financial benefits (such as corporate tax, property tax, etc.). This would prevent manipulation and control issues by state bodies and reduce the dependence of companies on continuous state financial assistance, thereby ensuring that the funds obtained serve as initial capital and assistance in entering the competitive market, where social enterprises require a springboard due to the nature of their activities.

Furthermore, as a form of financial support, it is essential to further develop and involve social enterprises in reserved public procurement procedures to ensure the sustainability of certain social enterprises in a transparent and mutually beneficial manner (KoRSE 2023). In addition to this, training and education of social entrepreneurs are crucial in this regard to develop the skills necessary for independent business management and sustainable financing without government assistance. Moreover, the Law also regulates the status of the Social Entrepreneurship Council, which implement development initiatives, support measures, promotions, and many other activities related to the development of social entrepreneurship (Law on Social Entrepreneurship 2022, Article 20). Nonetheless, despite the intentions behind these objectives to foster advancement in the field, there is a noticeable absence of substantial information concerning the fulfillment of prerequisites associated with increasing public awareness about the significance of social entrepreneurship, its advocacy, or the development of educational programs catering to the skills necessary for establishing and maintaining sustainable social enterprises.

Through an analysis of the existing legal framework, certain innovations were identified, as well as potential shortcomings in formulation and sector regulation that could be problematic. Considering the short time frame within which the Law on Social Entrepreneurship has been in effect, it is necessary to examine the impact of the law's implementation on the legal status and operation of existing social enterprises in the Republic of Serbia. It is particularly important to consider whether the adoption of the law has had a positive effect on the operations of social entrepreneurs and resolved identified irregularities related to the lack of a legal framework or if there are still gaps in the coverage of the field, management, and incentives for the development of current and future social entrepreneurs. Additionally, it is crucial to assess potential obstacles in aligning established social enterprises with the stipulations of the new legislation.

#### 4. SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF SERBIA: AN ANALYSIS OF THE CURRENT STATE, SOCIAL IMPACT, AND OPERATIONAL CHALLENGES

To initiate the analysis of the status of social entrepreneurship in the Republic of Serbia, I will draw upon information sourced from the 2008 publication titled "Mapping Social Enterprises in Serbia". This publication identifies various forms of social enterprises, which are analyzed and classified as follows: "citizens' associations, cooperatives, specialized enterprises for employing disabled individuals, dependent spin-off enterprises founded by citizens' associations (often in the form of limited liability companies and joint-stock companies), business incubators, and agencies for the development of small and medium-sized enterprises" (Cvejić, Babović & Vuković 2008, 9). The mapping identified the presence of 162 non-governmental organizations, 898 cooperatives, 55 enterprises employing disabled individuals, 24 dependent spin-off enterprises, 13 agencies for the development of small and medium-sized enterprises, 6 business incubators, and two other organizations with characteristics of social enterprises (Cvejić, Babović, & Vuković 2008). The complete scope of the social impact and fulfillment of social goals of these social enterprises has not been thoroughly explored, although there is noticeable potential in the social economy sector in terms of integrating marginalized populations. I will now attempt to provide a broad overview of the societal effects of the operations of social enterprises using the available data.

Firstly, there exists an unequal territorial distribution of social enterprises, with the highest concentration of active enterprises in the Autonomous Province of Vojvodina, while the sector is less developed on the territory of Southern Serbia. Social enterprises often focus on one or more objectives, including support for vulnerable groups in society, local development, or environmental protection, with frequent overlaps between these objectives. In this sense, the majority of social enterprises primarily aimed to support individuals with disabilities and their families, followed by local development, support for the elderly, agricultural development, and others (Cvejić, Babović, & Vuković 2008). The main objectives of social enterprises are social assistance and support as well as economic empowerment and employment, with less emphasis on ecological concerns (Cvejić, 2015).

Although flexible forms of employment in social enterprises are observed more frequently, only 2,544 individuals from vulnerable groups were employed in the sector. Out of a total of 10,326 employees in the social enterprise sector, only 16.8% were individuals from vulnerable groups. The conditions for employing these individuals were not considered favorable either, except for enterprises employing individuals with disabilities (Cvejić,

Babović & Vuković 2008). Moreover, the most frequent target group for social entrepreneurs consists of young people, accounting for 57.5%, followed by socially vulnerable individuals at 55%, and individuals with disabilities at 32.5% (Smart Collective 2017). In terms of the number of end-users reached by social enterprises, most organizations have between 100 and 200 direct users, indicating a need for expanding their network (Smart Collective 2017). Furthermore, only 20.7% of organizations reported that over 50% of their revenue is directed toward social goals. In this context, citizen associations and foundations achieve better results compared to cooperatives, which do not invest enough in social outcomes (Cvejić 2015). Based on the present data, it can be inferred that there has been some positive social impact, yet there remains substantial potential for enhancement and the broadening of capacity. This stems from the fact that the number of end-users is limited, there is insufficient outreach to vulnerable target demographics, and there is a need for more comprehensive integration and expansion of services and operations.

Current, statistically significant data regarding the quantity and influence of social enterprises in the Republic of Serbia are unavailable. The Coalition for the Development of Solidarity Economy records only 47 active social enterprises (KoRSE 2023). It is estimated that the actual number of social enterprises currently operating is between 500 and 2,000, with the majority registered under alternative legal forms such as associations, cooperatives, business entities, etc., with the primary focus on economic empowerment and employment (65%). Therefore, it is necessary to examine the reasons for remaining in the legal status of alternative organizational forms, despite the implementation of a new legal framework. Additionally, these forms of businesses have mostly developed from “bottom-up” initiatives, often with the support and influence of international actors and the funding of pilot projects from the European Union and other international donors, in cooperation with the government, local communities, and primarily the civil sector (Kolin 2013, as cited in Les & Kolin 2009). Significantly, mapping also identified the financial dependency of social enterprises on monetary and non-monetary donations, indicating an unstable position of the sector and uncertain sustainability of this type of business, where finances are often directed towards maintaining the organization's operation rather than achieving the defined social goals (Cvejić, Babović & Vuković 2008).

When considering the primary obstacles faced by social enterprises, one prevalent issue consistently emphasized in various studies is the insufficiency of financial resources required for long-term viability (Smart Collective 2017; KoRSE 2023; Cvejić, Babović & Vuković 2008). This problem was emphasized by 87.5% of social enterprises in a 2016 survey on the state of the social investment market (Smart Collective 2017). The study also unveiled that “in 50% of social enterprises, donations contributed to more than 30% of their overall revenue, while in 30% of cases, donations constituted over 50% of the total revenue” (Smart Collective 2017, 19). Regarding revenue sources, the provision of services is the primary source, followed by production (more common among higher-revenue organizations), agriculture, and education (Smart Collective 2017). Concerning the use of non-repayable funds in 2016, 65% of social enterprises received funding from the public sector, 55% from foreign donors and foundations, 52.5% from domestic donors and foundations, and 37.5% received donations from companies (Smart Collective 2017). These data indicate a high dependency of social enterprises on financial and donor support from domestic and international actors, which leads to a lack of sustainability and the need for better recognition of social entrepreneurship as an activity. There is a need for sustained, enduring means of financing and support that extend beyond one-time funding and



encompass activities such as establishing the desired operations, facilitating market entry, and fostering competitiveness. In fact, there are no significant barriers to social enterprises entering the market, especially for service activities characterized by low investments, the absence of highly skilled labor, and small-scale economic activities. However, it is noticeable that social enterprises, due to their focus on social objectives, often face challenges related to managerial knowledge and market infiltration, which, in the case of other industries such as manufacturing (which requires higher capital, significant investments, skilled personnel, and expertise), creates numerous barriers to access and maintain operations in the economic market (Mijatović, Paunović & Kovačević 2012). Consequently, I will now address institutional support for the social economy sector and the operations of social entrepreneurs.

Institutional support primarily refers to public administrations that provide support for the development of social entrepreneurship, as mandated by the law through the Council for Social Entrepreneurship, composed of representatives from the public and private sectors. The Coalition for the Development of Solidarity Economy highlighted the limited capacity of the Council to perform its designated responsibilities due to a lack of expertise and specific knowledge among its members (KoRSE 2023). Thus, it is necessary to conduct research on existing gaps in the knowledge and the missing experience of Council members. Based on these results, education and skill development programs should be created to help improve the legal and practical aspects of social entrepreneurship. Additionally, in order for the Council for Social Entrepreneurship to best represent the interests of social entrepreneurs and work on improving the field, it needs insights into the current state of the social entrepreneurship sector, the social impact it achieves, and identified needs for effective action. Without the necessary knowledge about the status and challenges in the current development of social enterprises, it is impossible to create adequate public policies for their improvement. Therefore, comprehensive research on this topic is needed.

To conclude the analysis of available information on the state of social entrepreneurship in the Republic of Serbia, I will highlight some problem areas in the functioning of social enterprises. The most common challenge, apart from finances, is the lack of human resources and equipment for work, while a shortage of time, space, knowledge, and skills is a less frequently reported but still notable issue (Smart Collective 2017). Adequate training in the skills required to manage a business and compete in the market is needed for social entrepreneurs, as formal education does not provide sufficient managerial skills for running social entrepreneurial ventures. Furthermore, available educational opportunities related to entrepreneurship do not focus on the social economy sector (Mirić & Krstić 2017). Moreover, challenges related to raising public awareness about the significance of social entrepreneurship, its potential, and the issues it addresses were noted as well. This can also be linked to the inadequate functioning of the Council for Social Entrepreneurship, whose task includes initiating measures to support and promote social entrepreneurship. In conclusion, it is necessary to conduct comprehensive research on the current state of social entrepreneurship, operational challenges, and the contribution of social enterprises to the local community and economy, as well as the impact of these enterprises on members of socially sensitive groups.

## 5. SOCIAL ENTREPRENEURSHIP IN THE EUROPEAN UNION: THE REGULATORY FRAMEWORK OF SWEDEN

Social entrepreneurship is a prevalent phenomenon on a global scale; however, conducting a comparative analysis of global and regional trends proves to be a complex task. This complexity arises from the absence of a universally accepted definition and a well-established theoretical framework, coupled with the substantial impact of contextual factors on how social entrepreneurship is conceptualized in various countries (United Nations 2020). However, the obstacles to conducting a comparative analysis do not diminish the importance of gaining insights into global trends in social entrepreneurship. Therefore, I will present general information about social entrepreneurship in the European Union, which can serve as a learning tool in the development of social entrepreneurship in the Republic of Serbia.

Within the European Union, there are approximately 2.8 million active enterprises in the social and solidarity economy sector, constituting as much as 10% of the European economy's business sector. These figures indicate a highly developed sector, employing 6.3% of the total workforce (EUCLID 2019, as cited in KoRSE 2021). The robust development of social entrepreneurship in the European Union is accompanied by numerous institutional bodies and development instruments, including the European Fund for Strategic Investments, the European Social Fund, the Employment and Social Innovation program of the European Union, and others (KoRSE 2021). Additionally, it is noteworthy that social enterprises in the European Union make a significant contribution to addressing social issues, with nearly 120 million beneficiaries (Cooperatives Europe 2006, as cited in Kolin and Petrušić 2017). However, there is no clear and legally defined concept of social entrepreneurship as a legal status throughout the entire European Union. Instead, various forms of organization are recognized as social enterprises, including social solidarity cooperatives or social initiatives (Spain, Greece, etc.), social cooperatives (Italy), companies with social goals (Belgium), social enterprises for employment integration as an exclusive form (Finland), and others (Raičević & Glomazić 2012).

In the European Union, social enterprises predominantly concentrate their efforts on two key areas: the integration of marginalized populations into the workforce and the provision of community-oriented social and personal services. Using data from the European Commission's reports on social enterprises and their ecosystems in Europe, I will now present an example of the ecosystem shaping social entrepreneurship in Sweden, contrasting it with the case of the Republic of Serbia.

Sweden's public regulation is characterized by "competitive neutrality", meaning there is no special treatment for social enterprises or any other forms of organization in accessing markets and conducting business (Gawell 2019). Public authorities play a crucial role in shaping the framework for social enterprises, offering significant opportunities for their development. Despite regulatory neutrality, Sweden applies a high level of decentralization in social services, which involves the provision of services by non-governmental actors, creating space for the development and sustainable financing of social enterprises through public contracts. Regarding funding, although there is no preferential treatment in business operations, Sweden has important financial programs. For example, the Swedish Council for the European Social Fund finances numerous projects by social cooperatives (Gawell 2019). The majority of registered companies in Sweden with a social mission owe their origins to this Council, which played a crucial role in providing initial funding and developmental support (although not ongoing funding, which poses challenges for

sustainability and growth). Additionally, financing for social enterprises in Sweden includes local or regional investment funds, donations, and the banking sector, such as the specialized bank Ekobanken (an option not yet available in the Republic of Serbia). The mentioned forms of financing and support for the establishment of social enterprises in Sweden result in positive economic outcomes, as evidenced by a revenue of 11.47 million euros from economically active non-profit organizations in 2015 or approximately 52.6 million euros in revenue from companies with a social interest (Statistics Sweden 2018, as cited in Gawell 2019). Social enterprises in the Republic of Serbia heavily rely on support from national and supranational actors, with a significant portion of their funding coming from the European Union, often with a strong emphasis on grant allocation (Hazenberg, Bajwa-Patel, Mazzei, Roy & Baglioni 2016). However, a great focus on grants does not allow for the development of sustainability in these enterprises. The social entrepreneurship sector in the Republic of Serbia also fails to generate substantial revenue or achieve sufficient outreach, operating within a highly constrained scope.

Starting from 2018, Sweden has implemented a new strategy for social entrepreneurship and social innovation to strengthen the sector's role in addressing social issues and contributing to sustainable development. This strategy includes tasks assigned to the Swedish Agency for Economic and Regional Growth and the Swedish Agency for Innovation, focusing on advisory activities, competency development, business support, knowledge dissemination, and the development of impact assessment measures (Gawell 2019). These aspects of the regulatory framework in Sweden have significant potential for development but are largely absent from the regulations in the Republic of Serbia, which hinders the growth of social entrepreneurship. That involves efforts to raise awareness about the importance and role of social entrepreneurship in addressing social issues and empowering marginalized groups. It also involves providing educational, expert, and advisory support to interested individuals to help them meet the demands of running a business. The Swedish government recognizes the importance of support in this process and has developed various support networks and mechanisms to strengthen social enterprises. These include organizations like Coompanion, Folkbildninga, Forum, and others, which provide support, resources, and training to social enterprise leaders (Gawell 2019). In Serbia, the Social Economy Network is the only network of its kind (established in 2011 by Group 484 with the support of the Italian UniCredit Foundation). It consists of 26 members of various organizational forms. However, the support from this network is currently limited to providing information, without further assistance in the development of social entrepreneurship (Mirić & Krstić 2017). Moreover, in the Republic of Serbia, the social economy sector is deficient in terms of local engagement (a characteristic notably strong in Sweden), as well as social and environmental values. Furthermore, there is a lack of recognition regarding the necessity for education concerning the sector's significance and effective management of social enterprises (Hazenberg et al. 2016).

Lastly, Sweden's public administration emphasizes the role of educational and research institutions in the development and operation of social enterprises. Educational institutions in Sweden offer formal educational programs and non-formal learning associations, resulting in greater expertise and competitiveness in starting social entrepreneurship and business operations. The indicated educational focus not only enhances individual competence but also raises awareness of the value of the sector and how to manage social enterprises effectively (Gawell 2019). This is an area where the Republic of Serbia lags, as research on the

functioning, structure, and development of social entrepreneurship is insufficient, negatively effecting the adequate formulation of public policies and support for its growth.

## 6. CONCLUSION

Social entrepreneurship represents a business model with a strong social component that operates within the framework of the business sector. Its primary aim is to create positive social changes through innovative approaches, with a focus on helping and empowering vulnerable populations. Becoming particularly relevant in the face of escalating social inequalities, as well as issues such as poverty, unemployment, aging, and marginalization, social entrepreneurship emerges as a potential solution to these challenges by fostering sustainable enterprises with a clear dedication to social objectives. In the Republic of Serbia, the growth of such socially oriented enterprises has been on the rise since 2008. However, it has occurred without a well-defined direction, operational structure, or the necessary institutional support. The diverse organizational forms of operation, hybrid funding models, financial instability, limited scope of action, inadequate regulation, and a lack of educational programs and awareness about the sector's significance present substantial obstacles to the further advancement and successful functioning of social entrepreneurship in the Republic of Serbia.

Given the significant potential of social entrepreneurship in the field of integrating vulnerable population groups and considering the absence of recent research (the last relevant mapping of social enterprises in the Republic of Serbia was conducted in 2007), there is a pressing need to conduct thorough research on the current state of social entrepreneurship in the country. This research should encompass various aspects, including the status of social entrepreneurs under the new Law on Social Entrepreneurship, the impact of this law on social enterprises, the challenges they face, their societal contributions, as well as available support networks, including education and mentorship programs. By addressing these aspects, research can provide a comprehensive understanding of the state of social entrepreneurship in the Republic of Serbia, which, in turn, can inform the development of suitable public policies, institutional frameworks, and support networks. This will enable the sector to reach its full potential in promoting social inclusion for vulnerable groups and addressing critical societal issues.

## REFERENCES

- Aleksić Mirić, A. i Lara, Lebedinski. "Socijalno preduzetništvo u Srbiji: pregled i perspektive". U *Ekonomika politika Srbije u 2015*, 219–228. Beograd: Ekonomski fakultet u Beogradu, 2015.
- Cvejić, S. "Social impact of social enterprises in Serbia". U *Državnost demokratizacija i kultura mira*, 277–296. Niš: Filozofski fakultet u Nišu, 2015.
- Cvejić, S., M. Babović i O. Vuković. *Mapiranje socijalnih preduzeća u Srbiji*. Beograd: UNDP, 2008.
- Dejanović, A. *Primeri dobre prakse socijalnih preduzeća – priručnik*. Beograd: Visoka škola modernog biznisa, 2019.
- Malin Gawell. *Social Enterprises and their Ecosystems in Europe. Updated Country Report: Sweden*. European Commission, Luxembourg: Publications Office of the European Union, 2019.
- Grbavac I. i A. Perić. "Socijalno poduzetništvo kao mogućnost zapošljavanja osoba sa invaliditetom". U *Multidisciplinarni pristupi u edukaciji i rehabilitaciji*. Sarajevo: Perfecta, 2020.
- Hazenberg, R., M. Bajwa-Patel, M. Mazzei, M. J. Roy, & S. Baglioni. "The role of institutional and stakeholder networks in shaping social enterprise ecosystems in Europe". *Social Enterprise Journal* 12, 3 (2016): 302–321.

- KoRSE. *Neophodne mere podrške razvoju sektora socijalne i solidarne ekonomije*. Beograd: Koalicija za razvoj solidarne ekonomije, 2021.
- KoRSE. *Preporuke za razvoj sektora socijalnog preduzetništva u Srbiji*. Beograd: Koalicija za razvoj solidarne ekonomije, 2023.
- Kolin, M. "Main types of social enterprises in Serbia". In *Cooperatives and social enterprises in Europe and in transitional contexts*, 79-86. Belgrade: The Institute for Sociological Research, 2013.
- Kolin, M. P. i N. Petrušić. *Socijalna preduzeća i uloga alternativne ekonomije u procesima evropskih integracija*. Beograd: Evropski pokret u Srbiji, 2017.
- Mijatović, B., M. Paunović, & V. Kovačević. *Socijalno preduzetništvo u Srbiji*. Beograd: Centar za liberalno-demokratske studije, 2012.
- Mirić, A. A., & G. Krstić. "Social enterprises in Serbia: Analysis of key development factors, major actors and their relationships". *Management: Journal of Sustainable Business and Management Solutions in Emerging Economies* 21, 81 (2017): 47–57.
- Okvir za pružanje usluga iz oblasti socijalne i dječje zaštite i proces deinstitucionalizacije: Nedostajuće usluge za starija lica i osobe sa invaliditetom*. Podgorica: CEED Consulting, 2022.
- Raičević, V. i R. Glomazić. *Značenje i oblici socijalnog preduzetništva*. Beograd: Friedrich-Ebert-Stiftung, 2012.
- Smart kolektiv. *Investiranje u socijalna preduzeća u Srbiji: Stanje tržišta socijalnih investicija i potencijali za razvoj*. Beograd: Smart kolektiv, 2017.
- Social Business Initiative. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*. European Commission, 2018.
- United Nations. *World Youth Report. Youth Social Entrepreneurship and the 2030 Agenda*. United Nations publication, 2020.
- Velev, B., D. Golubović, M. Jelačić, N. Tomašević, S. Cvejić i G. Vele. *Socijalno preduzetništvo: modeli, komparativna praksa i pravni okvir socijalnog preduzetništva u Srbiji*. Beograd: Grupa 484, 2011.
- Zakon o privrednim društvima „Sl. glasnik RS”, br. 36/2011.
- Zakon o profesionalnoj rehabilitaciji i zapošljavanju osoba sa invaliditetom „Sl. glasnik RS”, br. 36/2009, 32/2013 i 14/2022 – dr. zakon.
- Zakon o socijalnom preduzetništvu „Sl. glasnik RS”, br. 14/2022.
- Zakon o udruženjima „Službeni glasnik RS”, br. 51/09.

## **SOCIJALNO PREDUZETNIŠTVO KAO VID INTEGRACIJE SOCIJALNO UGROŽENIH GRUPE NA TERITORIJI REPUBLIKE SRBIJE: ANALIZA STANJA**

*Rad pruža analizu socijalnog preduzetništva na teritoriji Republike Srbije sa fokusom na trenutnom stanju sektora i potencijalu za integraciju društveno osetljivih grupa stanovništva. Pregled prati razvoj socijalnih preduzeća u Republici Srbiji naglašavajući mnogobrojne izazove sa kojima se suočavaju, kao što su raznolikost organizacionih struktura, finansijska nestabilnost, ograničen opseg delovanja, regulatorni nedostaci i preovladavajući nedostatak svesti o značaju oblasti. Ističe se potreba za sprovođenjem temeljnog istraživanja u pravcu ispitivanja uticaja novog zakonskog okvira, društvenog efekta delovanja, mehanizama finansiranja, postizanja održivosti i mogućnosti za sticanje upravljačkih znanja. Na kraju, rad zagovara formulisanje promišljenih javnih politika, uspostavljanje čvrstih institucionalnih okvira i kreiranje sveobuhvatnih mreža podrške. Ovi koraci se smatraju ključnim za potpuno iskorišćavanje potencijala socijalnog preduzetništva kao efikasnog načina rešavanja ključnih društvenih pitanja u Republici Srbiji.*

*Ključne reči: socijalno preduzetništvo, Republika Srbija, integracija, ugrožene grupe, izazovi.*