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# **EDUCATION AS A KEY FACTOR FOR THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP**

### **Abstract:**

The social economy is an innovative model of economic and social development; its tools support the inclusion of socially disadvantaged people while they simultaneously create jobs. Social entrepreneurship is a new area of business activity, which favours social objectives before profit. In the European education systems, the social economy is still undervalued and it has not enough attention, so in order to develop its concept is desirable to place an emphasis on education not only experts, but also the general public in formal and next education system. This paper focuses on some areas of the promotion of social entrepreneurship in the European area and highlights the need of education about the social economy as a determinant of the development of this sector.

### **Keywords:**

social economy, social entrepreneurship, social enterprise, education, Initiative of social entrepreneurship, qualified social entrepreneurship funds, Strasbourg Declaration

**JEL Classification:** J08, A20, J24

## Introduction

The aim of achieving inclusive growth economy requires from subjects of the third and private sector, so that they through their activities contributed to the economic, social and territorial cohesion. Social entrepreneurship as a modern tool of social economics is a new institute, which is determined either by new organizations or also by even existing third sector entities, these are controlled by a new business approach. They have an aim to intensify the social and economic conditions of communities, to increase solidarity and social cohesion and at the same time they provide relatively stable jobs and thus contribute to building competitiveness and performance of the country.

## Support of social entrepreneurship

Social economy is defined as the scientific discipline that examines the motives and ways of decision-making bodies of the use of scarce resources for the production of goods and services and their distribution among individuals and social groups while respecting the principles of social solidarity and social justice in relation to equal opportunities.<sup>1</sup>

Social economy consists from various organizations and initiatives that are focused to the creation of added social value and the basic principles which fulfil the following objectives: priority of labour over capital, democratic decision-making, social support, transparency, quality and sustainability.<sup>22</sup>

Innovative business models – social enterprises are creating in the area of social entrepreneurship and they take the form of different organizational forms. Today we can include 10 % of the total amount of enterprises in the European area into the social economy, which employs more than 11 million people and accounts about 6 % of total employment. Social enterprises we can consider as effective social tools of the market economy, the importance of this sector continues to grow, therefore deserve more support and attention. In 2011, he was at the level of the European Union adopted a document entitled: Social Business Initiative – Creating a favourable climate for social enterprises, within the social economy and social innovations. Its aim is complex support of the development of social entrepreneurship in the European area, through eleven measures. It is necessary to improve access to financing, legal environment and to visualize the concept of social economics and social entrepreneurship.

For the purpose of better understanding of the sector of social economics is desired to promote examples of good practice, to build a database of information, brands and certifications relating to social enterprises. It also foresees the creation of multilingual electronic information and discussion platform. "The Commission wants for this purpose to

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<sup>1</sup> PONGRÁCZOVÁ, E.: Sociálna ekonomika. Bratislava: Vydavateľstvo Ekonóm, [Social economy. Bratislava: Publishing Economist ] 2011. ISBN 978-80-225- 3291-4.p. 23

<sup>2</sup> KORIMOVÁ, G.-Nicais, I. 2004. Sociálne podnikanie na strednom Slovensku. [Social Entrepreneurship in Central Slovakia] Záverečná správa projektu č. SLK/005/04. [Final report for Project No. SLK/005/04] Katolícka univerzita Leveuen – EF UMB Banská Bystrica, 2004; [Catholic University Leveuen]

support mutual enrichment through experiences from other innovative entrepreneurs and with the scientific and academic community."<sup>3</sup>

The European Parliament in April 2013 adopted a Regulation on European Social Entrepreneurship Funds, which is a part of the Initiative for Social Entrepreneurship. It supports the development of the market for social investment and social enterprises that act as stimuli for social changes and provide innovative solutions to social problems.

Through adopting of uniform rules for qualifying social entrepreneurship funds, we can also put into practice use of the name for these funds – EuSEF. This should be implemented before to establish of uniform criteria for defining of social enterprises. It is "subject in the social economics, whose main objective isn't producing a profit for its owners, but rather a positive social impact. Its activity is to provide goods and services to the markets while its profit is mainly used to achieve of social objectives. It is managed by responsibly and in a transparent way, in particular by involving employees, consumers and stakeholders, whose are involved in its business ".<sup>4</sup>

Beginning of 2014 in Strasbourg more than 2,000 social entrepreneurs supported the "Strasbourg Declaration," in which they are calling for the empowerment of social enterprises. It is a call for the adoption and implementation of measures in the following areas:

- It is necessary to complete all the steps listed in the Social Business Initiative and should develop a second phase of the Social Business Initiative,
- Social enterprises should be more closely involved in the development of policies for the support of social entrepreneurship,
- To create an eco-system for social enterprises and to include this commitment into policies of the European Union,
- Member States and local authorities must fully support the development of the sector of social economy,
- Reinforcing of cooperation and partnership between social enterprises with an emphasis on across borders and boundaries cooperation,
- Provide funding opportunities for social enterprises throughout their life-cycle,
- Establish a system of comprehensive statistical collection and reporting for social enterprises.

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<sup>3</sup> EUROPEAN COMMISSION 2011. Notification of the Commission to the European Parliament, the Council, the European Economic and Social Committee and to the Committee of the Regions. Social Business Initiative. Create a favourable climate for social enterprises within the social economy and social innovation, 2011, 13 p.

<sup>4</sup> EP. 2013. Regulation (EU) No 346/2013 of the European Parliament and the Council of 17<sup>th</sup> April, 2013 on European Social Entrepreneurship Funds.

## Social Economics and Education

In order of utilization the potential of social entrepreneurship for smart, sustainable and inclusive growth supporting inclusion, it is desirable for developing of education and training of the social economics in binding to the promotion and information of the general public.

In the system of social entrepreneurship, it is extremely important human capital and its development since it is a priority aim of social enterprise.<sup>55</sup> "Social entrepreneurship is still undervalued in European education systems and its integration into basic and continuous education is a presumption for reinforcement its credibility."<sup>6</sup>

Through implementation of a new subject "Social Economics" in the teaching process at the University of Economics in Bratislava has been designed for dissemination of information about the concept of the social economics, develop the key competencies of our students in the field of social entrepreneurship and prepare them for effective and qualitative solutions of diverse activities. The mentioned subject was included into the curriculum since the Academic year 2011/2012 for a study on full-time and for the extra-mural studies in the study program of Social development and social policy.

The subject is taught during 13 weeks, on a full time education in the form of seminars and on extra-mural studies in the form of consultation. Student's learning is continuously evaluated through individual work and interim tests; study of the subject is finished by receiving credit and passing a test.

The main mission is to explain the role and importance of the civil sector in relation to the social economics, social entrepreneurship and social responsibility of entrepreneurship. We refer to the dynamics, development potential and jeopardy of this sector. We explain the factors that act as stimuli and barriers of the development in this area under conditions the Slovak Republic. We can clarify the benefits of the social economics and its tools for society and an assumed development. In the relevant subject we also discuss possibilities for financing of social enterprises in Slovakia, individual approach to the social economics in the European Union and Slovakia territory.

Curriculum of the subject has the following structure:

- Introduction to Social Economics
- Social Economics, its starting points and objectives
- The selected alternative models of Social Economics
- Importance and status of the Third sector
- Non-profit sector and social policy
- Volunteering and the economy of the Volunteering

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<sup>5</sup> KORIMOVÁ, G.: Sociálna ekonomika a podnikanie. [Social economy and entrepreneurship] Banská Bystrica: Belianum, 2014. ISBN 978-80-557- 0695-5. p.83

<sup>6</sup> EUROPEAN COMMISSION 2011. Notification of the Commission to the European Parliament, the Council, the European Economic and Social Committee and to the Committee of the Regions. Social Business Initiative. Create a favourable climate for social enterprises within the social economy and social innovation, 2011, 13 p.

- Social entrepreneurship and social enterprises
- Social enterprise as a form of solution of social exclusion
- Trends of social entrepreneurship in the European Union
- Management and marketing in social entrepreneurship
- Selected areas and questions of social entrepreneurship
- Socially responsible entrepreneurship
- Social partnerships and the formation of social capital.

Therefore, within those thematic spheres, we give due attention to the place and importance of the social economics in the teaching of social sciences, we define basic terms – social economics, social economy, social entrepreneurship, social enterprise, business in the social area, socially responsible entrepreneurship and corporate social policy.

The roots of the social economy in the form of social thought are impinging into the distant past. For this reason, we pay attention to the historical context of the social economy in relation to the socio-economic expectations of its development. Furthermore, we advert to the subject, object and subject of social economy.

Various forms of social entrepreneurship are operating in the world beside usual tools of the social economy. An important alternative tool of the area is e.g. micro-financing for support of entrepreneurship and reduction of poverty, the implementation of alternative currency or local exchange trading system for the provision of goods and services, creating time banks in the formation of social capital, a global social movement "fair trade" to promote fair trade, etc. Through analysing of various alternative initiatives of social economy, we point out to the way as living, produce and consume so that we by join forces contributed to the reduction of poverty and social exclusion.

Civil society grounded in the Third sector, is considered as voluntary or non-profit sector, and it is defined as a social space outside the market and the state, it gains respect in the world. Due to the common historical roots of the Third sector and social economy we point an attention to the characteristic features of the Third sector, the history of its development and current state in the Slovak conditions and selected countries of the European Union. We alert on conjunctive characteristics and differences between the concepts of the Third sector and the social economy, especially in the non-profit criteria, democratic organization, services and active participation. We are dedicated to the typology of the organizations of the Third sector, financing of non-profit organizations, the principles and methods of financing.

The activity of subjects of social economy is mainly based on humanism, morality, social justice and social solidarity. Social solidarity is an expression of togetherness and undertaken commitments and mutual assistance. We perceive it as a collective identity and the social relations as relations of social solidarity. Social solidarity is a fundamental determinant of pro-social behaviour, which is manifested by works carried out for the benefit of another without expectation of compensation, and it may have a material, financial or temporal appearance. Volunteering has a long tradition in the world and can be an important part of the social economy therefore we discuss the legal form of volunteering, its historical background and theories about the development of volunteer activities.

Interest on an entrepreneurship that pursues besides economic also the social objectives permanently grow and lead to beginning of social entrepreneurship and social enterprises. Through analysis tools and methods of social economy we focus on aims, object, principles and rules of social entrepreneurship, types of social enterprises and legal background with

an emphasis on financing of social enterprises. We identify social enterprises active in the labour market and active in the social field i.e. particularly work integration social enterprises (WISE) and social entrepreneurship in the field of social services. Advanced economies of the European Union encourage and promote the social economy and social entrepreneurship it supports the building of competitiveness and performance of the country. Through comparison of system of social entrepreneurship in selected countries, we can show the diversity of perception of social economy and highlight the countries that can serve as an example for Slovakia.

Because the manager in an environment of social economy must deal with complex situations, it is necessary to reinforce all elements of his professionalism and develop his social, emotional and moral intelligence.<sup>7</sup> In teaching we focus on the issue of process management and projects in social entrepreneurship, human resources planning and check.

Functioning of social economy enterprises approximates to the concept of socially responsible entrepreneurship, their aims and values are very similar. Corporate social responsibility (CSR) gradually gaining wider acceptance and such action contributes to the development in many areas of socio-economic progress of society. At this stage of the learning process we have been developing concepts of corporate social responsibility, global initiatives and socially responsible enterprises and by the Initiative Global Compact and an issue of the valuation of corporate social responsibility and standards of community investment.

In the area of community and regional development a co-operation with partners from different sectors shall enter into successful form therefore we pay attention to social partnerships in relation to the formation of social entrepreneurship. We discuss cross-sectorial co-operation in Slovakia, the importance of building and developing of strategic partnerships and their benefits and risks. It is the basic references for our subject and moreover even it is a college textbook titled "Social Economy"<sup>8</sup>, which takes into account the answers to the current problems of society. The aim of this publication is to help master the basic theoretical knowledge in the field of social economy with an emphasis on its subjects and alternative models of prosocial behaviour, corporate social responsibility and the creation of local partnerships of social inclusion.

## Conclusion

Activities of social economy take their use in the space of deteriorated social conditions. It is an innovative model of economic and social development therefore deserves greater support, particularly in the area of legislation and financing. As a key factor for the development of social entrepreneurship, we consider education and informing of the general public.

Students through graduation of the subject "Social Economy" can acquire basic theoretical knowledge about social economy develop their skills to be ready for work in the area of the social entrepreneurship. For purpose to connect theoretical knowledge with practice we have developed co-operation with selected organizations of the Third sector; we organize expert meetings with students and excursions of sheltered workplaces. Through introducing of the

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<sup>7</sup> MARTINKOVIČOVÁ, M.: Determinanty profesionálnej prípravy manažérov sociálneho podnikania. [Determinants of professional training of social entrepreneurship managers] In: Zborník vedeckých štúdií „Sociálna ekonomika a vzdelávanie“. [Proceedings of scientific studies "Social Economy and Education"]; Banská Bystrica: Belianum, 2013. ISBN 978-80-557-0623-8.

<sup>8</sup> PONGRÁCZOVÁ, E.: Sociálna ekonomika. [Social Economy] Bratislava: EKONÓM, 2011 [ECONOMIST 2011]. ISBN978-80-225-3291-4

subject "Social Economy" into higher education process, we were able to join among the leaders in Slovakia providing knowledge of the Sector and thereby we can support the successful establishment and development of the concept of social economy under our conditions.

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