

SOCIAL ENTREPRENEURSHIP IN THE SERVICE OF ECONOMIC AND SOCIAL DEVELOPMENT

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Abstract: *The era of technological development brings great challenges. The economy has never been more developed, but there have also never been more marginalized groups in society. This refers to people with special needs (certain disabilities), convalescents, elderly people, women... Social entrepreneurship is an excellent way to solve the problems of social inequality and poverty, thus leading to economic growth and development. The main goal of the research is to create a theoretical model of economic and social development through encouraging the development of social entrepreneurship. The research includes subjects of social entrepreneurship in the territory of Bosnia and Herzegovina. This paper refers to research on the impact of social entrepreneurship on the development of the economy and society. Other factors were declared constants. The research was carried out using a questionnaire, and regression and correlation methods were used for data analysis. The research results showed that social entrepreneurship can contribute to the economic and social development of Bosnia and Herzegovina.*

Key words: *social entrepreneurship, economy, society, development, marginalized groups.*

JEL classification: *O35*

1. INTRODUCTION

Social entrepreneurship is a very important topic of the modern age. Changes and challenges in modern society lead to the strengthening of social entrepreneurship, which, in addition to economic activity, strives to fulfill some social goal. This research is focused on the connection and impact of the social entrepreneurship process on the development of the economy and society. The development of technology requires the development of innovative business models in all areas of business, including in the area of social entrepreneurship. Looking at social problems and becoming aware of them, a social entrepreneur must continuously offer innovative solutions for current social problems. There are three main reasons why people decide to become entrepreneurs and start their own businesses: "to be their own boss, to follow their own ideas and achieve financial rewards" (Barringer and Ireland, 2016, p. 7). When we add some social mission to these reasons, i.e. solving a social problem, we arrive at the concept of a social entrepreneur. Social entrepreneurship is a business with an idea of completing a clear social mission through the investment of profits realized from the sale of products or services. At the end of the 18th and the beginning of the 19th century, as a response to problems that were a consequence of major changes in the economies of that time, the concept of social entrepreneurship appeared for the first

time (Banjac and Dojčinović, 2016, p. 43). Poverty was a big problem at that time. Solving this problem, the first workers' cooperatives appeared in France and Italy, and the first functional cooperatives in Great Britain. In the 19th century, cooperatives played a leading role in the social economy sector, and were one of the oldest and most widespread forms of social enterprises (Volkman, Tokarski and Ernst, 2012, p. 10). Problems such as long-term unemployment, social exclusion of certain categories of society, poor living conditions in rural areas, as well as problems in health and education, became very pronounced in the eighties of the 20th century. Then it became clear that the economy cannot deal with these problems in the traditional way of business. In those years, the concept of social economy and social entrepreneurship experienced expansion (Borzaga and Santuari, 2000, pp. 5-9). Social entrepreneurship became popular after the Nobel Prize, which was awarded in 2006 to the Bangladeshi banker and economist Muhammad Yunus (Yunus, Moingeon and Lehmann-Ortega, 2010).

This paper consists of seven parts: introduction, literature review, hypothesis development, research methods, results, discussion and conclusion.

2. LITERATURE REVIEW

According to Martin and Osberg (2007) "every definition of the term "social entrepreneurship" must begin with the word "entrepreneurship". The word "social" simply modifies entrepreneurship" (p. 30). Although there is enough space for discussion about whether the troubleshooting of selected social or environmental problems is the main or only the most important secondary goal of social entrepreneurship, the fact is that such companies differ from classic for-profit companies by the so-called principle of the "triple bottom line" - people, planet, profit (Haugh, 2006, p. 181). These companies differ from other classic for-profit companies on the market in measuring success not only by the profit they have achieved, but also by the degree of positive social or environmental changes they have produced - by the degree of created social capital (Santos, 2012, p. 344). Björk, Hansson, Lundborg and Olofsson (2014) define social entrepreneurship as the activities of individuals and groups that identify gaps in the social system, as an opportunity to serve those who are marginalized in different ways and whose goal is to address these needs in an entrepreneurial way. Dwivedi and Weerawardena (2018) define social entrepreneurship as a strategic orientation in behavior, expressed through the

characteristics of innovation, proactivity, risk management, effective orientation, orientation towards social mission and orientation towards sustainability, aimed at solving failures on the social market and creating greater social values, to maximize social impact. "Social entrepreneurship is about the application of practical, innovative, sustainable approaches with the aim of developing society, with an emphasis on those who are marginalized and poor" (Schwabfound, n.d.). Canestrino, Ćwiklicki, Magliocca, and Pawelek (2020) state that social entrepreneurship is clearly market-oriented, while social innovations are not necessarily based on the market and can be found in any sector: public, real and non-profit. Carayannis, Grigoroudis, Stamati, and Valvi (2019) point out that social innovations are related to new products, services and models that aim to improve human well-being and create social relationships and cooperation.

The development of social entrepreneurship represents a concrete possibility of meeting the needs and solving the problems of marginalized, socially sensitive groups in local communities. Social entrepreneurship is important both as a stabilizing factor in the labor market and as a factor in the sustainable development of the community. According to Petričević (2012, p. 12), the direct impact of the work of social enterprises is recognized in the economic development of a community or region:

- with their activities, they supplement services of public interest (e.g. social services) that public institutions or private for-profit companies are not able to perform with sufficient quality;
- they contribute to the balanced use and distribution of available resources in favor of the local community;
- they generate new jobs in their areas of activity, and some social enterprises are especially focused on the integration of the long-term unemployed persons into the labor market;
- they encourage social cohesion and contribute to the growth and development of social capital;
- provide support for the institutionalization of informal entrepreneurial activities of the private profit sector, etc..

3. HYPOTHESIS DEVELOPMENT

At the peak of the global Covid-19 pandemic, which also affected the world economy, most of the government's previous moves, when the economy finds itself in crisis, proved to be insufficiently effective to overcome its consequences without creating additional economic and social "gaps". Therefore, an innovative approach is needed through socio-economic activities, in order to use all available

resources as generators of employment and new values. One of such models is social entrepreneurship. The initiative of social entrepreneurship promotion and research has reached global proportions. The first step towards this was the establishment of The Social Enterprise World Forum in 2008, which was launched as a joint platform that gathers social entrepreneurs from all over the world and promotes the further development of social entrepreneurship (Bosma, Sanders and Stam, 2018). The following year, in 2009, Global Entrepreneurship Monitor – GEM conducted the first research of social entrepreneurship at the world level, which showed that it occurs in different forms in all parts of the world. The last survey of social entrepreneurship conducted by GEM was in 2015. 167,793 adults from 58 countries around the world participated in this research. The report was published in 2016 (GEM, 2016). According to data from this report, as many as one in 10 individuals in Australia and the US are social entrepreneurs. Israel, Luxembourg and Ireland also have high rates of social entrepreneurship, as do sub-Saharan African economies such as Cameroon and Senegal. Regarding the financing of social entrepreneurial activity, more than a third of the world's social entrepreneurial ventures rely on state financing, while family and banks are also important sources of financing for social entrepreneurs. The contribution of social entrepreneurship in the total GDP of the EU is about 11%. In Finland, 7.5% of the active population is involved in social entrepreneurship, in Great Britain this number is 5.7%, in Slovenia 5.4%, in Belgium 4.1%, in Italy 3.3%, in France 3, 1% etc. Every fourth newly founded enterprise is a social enterprise. In Finland, France and Belgium it is even one in three (GEM, 2016, p. 5-33).

The increase in social problems leads to the development and strengthening of social entrepreneurship. Canada has the most developed social entrepreneurship sector in the world (Janelidze, 2020; Solomon, Alabduljader and Ramani, 2019; Mengel, 2018). The USA has the most developed educational system in the field of social entrepreneurship in the world. Some of the most famous foundations and organizations are Ashoka, Roberts Enterprise Development Fund - REDF, Skoll Foundation, Schwab Foundation for Social Entrepreneurship, William and Flora Hewlett Foundation, then David and Lucile Packard Foundation, Ford Foundation and others. In the period from 2003 to 2016, these foundations invested US\$ 1.6 billion in the development of social entrepreneurship in the USA and around the world (Spicer, Kay and Ganz, 2019; Chliova, Mair and Vernis, 2020).

For the emergence and development of social entrepreneurship in Europe, the most significant role was played by cooperatives (Talić, Ivanović-Dukić and Rađenović, 2020). There are about two million companies operating in the social economy in the EU, which is about 10% of all European companies. About 13.6 million Europeans or about 6.5% of the working age population work in the social entrepreneurship sector today. 70% of these are employed in non-profit associations, 26% in cooperatives, and 3% in social enterprises. Social enterprises are present in almost all sectors of the economy, such as banking, insurance, agriculture, crafts, various commercial services and health and social services, etc. (OECD, 2021). In Great Britain there are as many as 100,000 social enterprises that employ almost a million people, and the annual goal of the social entrepreneurship support policy is to reach the number of 100,000 social enterprises with 2 million employees, whose share in Great Britain's GDP would be 60 billion pounds (Social Enterprise UK n.d.). Social entrepreneurship is also developed in France. In 2017, of all established companies, 61% have the status of a social enterprise (fra. Société par actions simplifies). 10% of all employees in France work in the social entrepreneurship sector (Petrella and RichezBattesti, 2020, p. 32).

Compared to developed countries, social and environmental problems are more dominant in underdeveloped countries, but even so, the potential of social entrepreneurship is still underutilized. There is no adequate institutional and legal framework, and especially laws that would more specifically regulate and encourage social entrepreneurship activities. The existing employment programs through social entrepreneurship that are being implemented are side actions and initiatives. The fact that B&H is a poor country where half of the population is on the poverty line speaks of the need for a systemic approach to social entrepreneurship, as an important lever for inclusion of difficult-to-employ categories in the labor market. This includes the public sector, private sector, civil society organizations. Cooperation, partnership and coordination are needed between them.

On the basis of these studies the hypothesis is:

H: The model of encouraging the development of social entrepreneurship will contribute to the development of the economy and society.

4. METHODS

The data was collected by a questionnaire consisting of two parts. The first part refers to general information about the respondents, and the second part refers to social entrepreneurship. The data were processed and presented graphically. All

data were arranged, grouped and processed according to the responses of the respondents and the arithmetic mean was calculated. In this way, the data is completely prepared for further analysis. The population in our research consists of subjects of social entrepreneurship in Bosnia and Herzegovina, 485 of them (N=485). (the authors came to this information independently). The territorial framework of the observed population refers to the territory of Bosnia and Herzegovina (B&H). The time frame of the observed population refers to a period of five months, from July to November 2021. The sample consists of 97 subjects of social entrepreneurship. 122 respondents were contacted with questionnaires, and 97 responses were received, which is a high percentage of successful responses to questionnaires (79.51%). Answers from the questionnaire are subject to statistical analysis. The sample refers to 20% of the population and therefore represents a significant part of the population and it represents a good picture of the population.

Binomial distribution was used in the research:

$$P(x) = \binom{n}{x} p^x q^{n-x} \quad (1)$$

$$\text{za } x = 0, 1, 2, \dots, n$$

$$P(x) = 0 \text{ за све остале } x$$

In order to be able to see the most important aspects of the Binomial distribution, it is necessary to determine the mean value, the variance and the standard deviation of the Binomial distribution. These values are obtained based on the following formulas (Lovrić et al., 2006, стр. 143, Đalić and Erceg, 2023):

$$\text{Mean value: } \mu_x = E(X) = np \quad (2)$$

$$\text{Variance: } \sigma_x^2 = np(1-p) = npq \quad (3)$$

$$\text{Standard deviation: } \sigma_x = \sqrt{npq} \quad (4)$$

The Chi-square test - X^2 was used to test the significance of the differences between the distribution frequencies, as well as to test the correlation between different characteristics (Lovrić et al., 2006, стр. 333):

$$X^2 = \sum_{i=1}^r \frac{(f_i - f_i^*)^2}{f_i^*} \quad (5)$$

Where f_i is the observed empirical frequency and f_i^* is the expected or theoretical frequency. r represents the number of frequency groups.

The appropriate p - value is determined, that is, the calculated value of the test statistic is compared with the critical (table) values from the X^2 distribution, with the appropriate number of degrees of freedom, and a conclusion is drawn.

The number of degrees of freedom v is calculated separately for each case of change as follows:

$df = v = \text{number of classes} - \text{number of restrictions}$.

5. RESEARCH RESULTS

The research covered the entire territory of BiH (Table 1).

Table 1. Headquarters of the respondent

No. of respondents	Headquarter
12	Sarajevo
11	Mostar
10	Banja Luka
4	Tuzla, Vareš
3	Prijedor, Bijeljina, Zenica, Foča, Jablanica, Brčko
2	Bratunac, Ustikolina, Konjic, Istočna Ilidža, Doboj, Šamac, Istočno Sarajevo
1	Zavidovići, Teslić, Sanski Most, Olovo, Breza, Laktaši, Goražde, Gacko, Grahovo, Opština Sapna, Šekovići, Prnjavor, Žepče, Ljubinje, Gradačac, Modriča, Kladanj, Lopare, Srebrenica, Trebinje, Domaljevac, Rogatica, Brod, Prozor-Rama

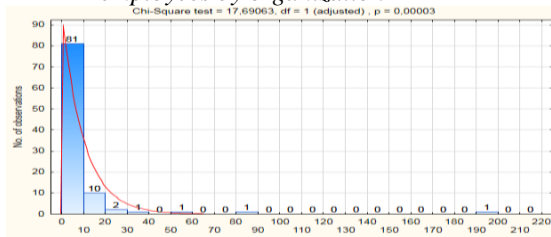
Source: Author.

The median year of establishment of respondents is 2006.68. Most of the social enterprise entities that participated in the research were registered as citizens' associations (28.9%), followed by limited liability companies (23.7%), followed by independent entrepreneurs (18.6%).

The research results show that subjects of social entrepreneurship in Bosnia and Herzegovina deal with various businesses. 25.8% of respondents are engaged in agriculture, which is the most represented activity in the sample. In second place is the store with a 22.7% share in the total sample. In third place is the provision of psychological and health services with 9.3% participation.

The number of employees per organization is approximately exponentially distributed, determined by the large unevenness of the number of employees. The largest, dominant group consists of companies with up to 10 employees (81 companies), and the average number of employees is 10,092. Therefore, the survey mostly covered micro-enterprises (Figure 1).

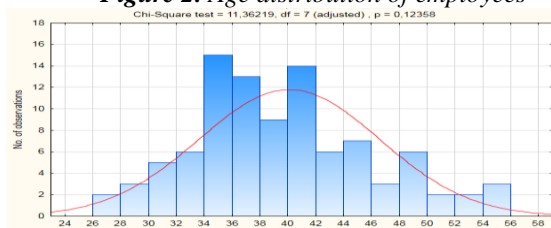
Figure 1. Distribution of the number of employees by organization



Source: Author.

The average life expectancy of employees is normally distributed, with a mean age of 40.104 years, with a standard deviation of 6.49 years ($X^2=11,36219$, $df=7$, $p=0,12358$). This distribution is shown in Figure 2.

Figure 2. Age distribution of employees



Source: Author.

Table 2 shows the answers to the question "Which social problems does your organization deal with?". From the analyzed responses, it can be concluded that the most frequent problem is the inclusion of marginalized groups of society in economic flows. Next, there is the education of marginalized groups of society through various educations, seminars and trainings, as well as health care and other problems that the respondents try to solve through their activities.

Table 2. Social problems

No.	Social problems	Responses
1.	Inclusion of marginalized groups of society in economic flows	83
2.	Education of marginalized groups of society	36
3.	Health care	23
4.	Environmental problems	11
5.	Other	5

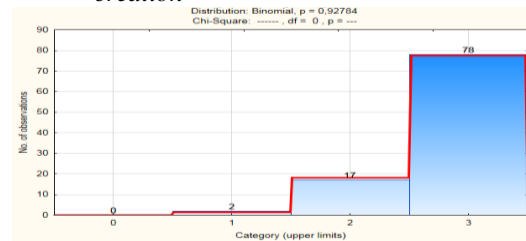
Source: Author.

To the question "How does your organization get involved in solving the mentioned problems?", most respondents (50.5%) answered that they employ people with disabilities. 37.1% of respondents provide assistance in the education of marginalized members of society, while 28.9% of respondents provide assistance in providing health care for these members of society. 19.6% of respondents provide financial and other assistance in the treatment of patients from various fields,

while 14.4% of respondents deal with solving environmental problems.

Distribution of answers to the question "For my organization, value creation for society and the environment is more important than financial value creation for the organization." with the following answers ((0) do not agree at all - no answer, (1) do not agree 2 - responses), (2) agree - 17 responses, (3) completely agree - 78 responses) was verified by a significant binomial distribution ($p>0,9999$) with the parameter $p=0,9278$. Out of 97 respondents, the mathematical expectation of 2.7835 and the standard deviation of 0.4615 with mode 3 (group of 78 responses) were realized (Figure 3).

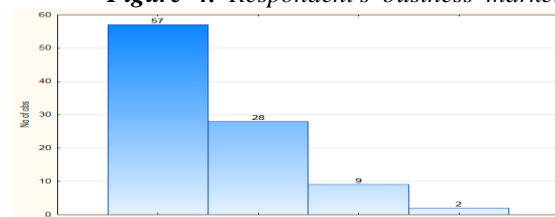
Figure 3. Binomial distribution: Value creation for society and the environment is more important than financial value creation



Source: Author.

The distribution of answers to the question related to the market in which organizations operate, (possible answers: local market, national market, regional market and global market) is given in the following histogram (Figure 4). Figure 4 shows that 57 or 58.76% of the respondents operate in the local market, 28 or 28.87% in the national market, 9 or 9.28% in the regional market and 2 or 2.1% of the respondents operate in the global market and one organization is non-profit.

Figure 4. Respondent's business market



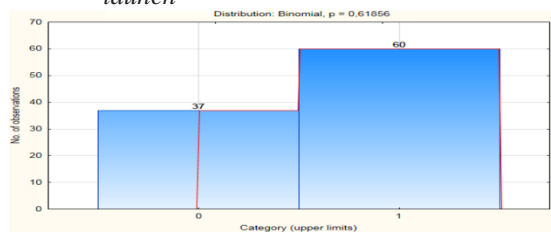
Source: Author.

The answers to the question "What products/services does your organization offer on the market?" are very heterogeneous. Most respondents offer agricultural products, such as honey and honey products, fruit and vegetable products, cereals, healthy food, medicinal plants, dairy products and others. There are also those

who offer unique items and handicrafts on the market, as well as creams and salves. Then, there are respondents who offer health care and socialization services, as well as social assistance to marginalized members of society. A part of the respondents on the market offers education and training services, as well as marketing and financial services. A small part of respondents offers catering services.

The distribution of answers to the question "In the last three years (from 2018 to 2021) my organization has placed a new product or service on the market" is a binomial distribution with exclusive answers ((0) No and (1) Yes) and parameter of mean values of $p=0,6185$ which is analogous to the prevalence of positive responses (61.85%) (Figure 5). The figure shows that 60 respondents placed a new product or service on the market in the period of the mentioned three years.

Figure 5. Elementary binomial distribution of new product or service launch

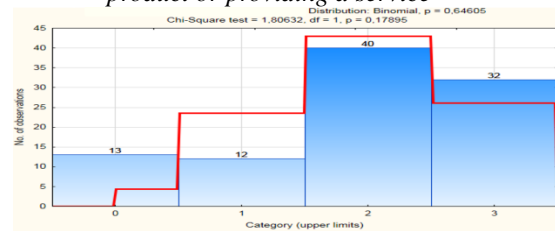


Source: Author.

Distribution of answers to the question "In the last three years (from 2018 to 2021), my organization has introduced some innovation in the way of producing products or providing services" with the following answers ((0) do not agree at all, (1) do not agree, (2) agree, (3) completely agree) was verified ($p=0,1789>0,05$) by binomial distribution with parameter $p=0,7345$ ($X^2=1,80632$, $df=1$) (Figure 6). From 97 respondents, the mathematical expectation of 1.9381 and standard deviation of 0.9980 with mode 2 (group of 40 responses) was realized. This distribution of responses highlights two homogeneous groups in which the primary commitment (positive or negative) is clear, but the gradation of these commitments is not complete. The answers are moderately eccentric:

- A total of $25/97=0.2578$ answers correspond to the negative answer from the question "In the last three years (from 2018 to 2021), my organization has placed a new product or service on the market" ($37/97=0.3814$).
- A total of $72/97=0.7422$ answers correspond to a positive answer from the question "My organization has placed a new product or service on the market in the last three years (from 2018 to 2021)" ($60/97=0.6185$).

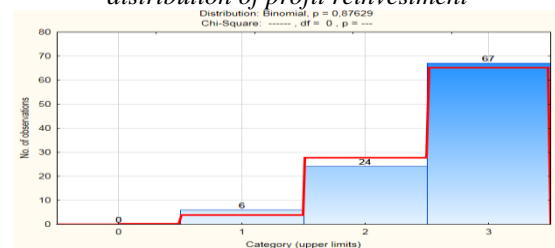
Figure 6. Significant binomial distribution of the introduction of innovation in the way of producing a product or providing a service



Source: Author.

Here is the question about the difference between "new product" and "innovation" from the previous two questions. If the new product is set as an independent factor and the influence of this factor on innovation as a dependent variable, the agreement of the response ($p=0,00011$) is confirmed, by analysis of variance, i.e. all respondents, who answered positively or negatively to the first question related to "new product", significantly transferred the answer to "innovation", i.e. organizations that introduced a "new product" also introduced an "innovation". Distribution of answers to the question "Profit will be reinvested to serve the social or environmental purpose of my organization" with the following answers ((0) do not agree at all, (1) do not agree, (2) agree, (3) completely agree) was verified by a highly significant ($p\approx 1$) binomial distribution with parameter $p=0,8762$. From 97 respondents, the mathematical expectation of 2.6288 and the standard deviation of 0.6006 with mode 3 (group of 67 responses) were realized. A total of 91 answers are in the positive domain, and regardless of the absence of a new product ($37/97$) or innovation ($25/97$), respondents believe in the reinvestment of profits for social or environmental purposes (Figure 7).

Figure 7. Significant binomial distribution of profit reinvestment



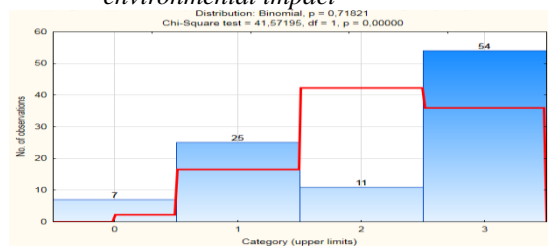
Source: Author.

It is important to note here that only 6 respondents remained in the negative domain of the answer to the previous question ($6/97=0.0618$), which using the proportion test highlights a significant difference compared to the negative domain of "new product" ($37/97=0,3814$) with a significant

difference ($p=0,0001$) or "innovation" ($p=0,0002$) which speaks of high optimism towards purposeful investments.

Distribution of answers to the question "My organization invests a significant effort in measuring the social and environmental impact of its activities" with the following answers ((0) do not agree at all, (1) do not agree, (2) agree, (3) completely agree) was verified by non-significant binomial distribution ($X^2=41,57195$, $df=1$, $p\approx 0$) with parameter $p=0,7182$. From 97 respondents, the mathematical expectation of 2.1546 and the standard deviation of 1.0442 with mode 3 (group of 54 answers) were realized (Figure 8).

Figure 8. Non-significant binomial distribution of investment of significant effort in measuring social and environmental impact

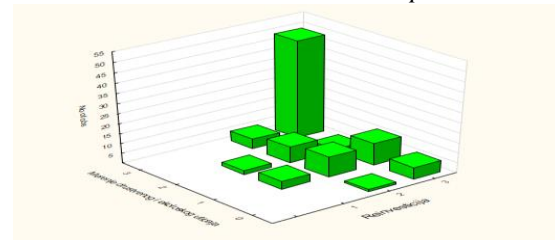


Source: Author.

There is a significant difference between questions related to willingness to invest profits for social and environmental purposes and questions related to efforts to measure social and environmental impact (highly verified and unverified binomial distributions confirm this fact). If the intention to reinvest profits is considered as an independent factor, and the investment of effort in measuring the social and environmental impact as a dependent one, the analysis of variance shows the absolute absence of the influence of the factor ($p=0,0000$)!

Figure 9 shows a bivariate histogram of the relationship between profit reinvestment and effort in measuring social and environmental impact. It shows that 22 respondents who are ready for profit reinvestment (let's remind: 91 respondents answered positively to the question about profit reinvestment, Figure 7) absolutely disagree or disagree that they invest significant effort in measuring the social and environmental impact of their activities ($22/91=0.2417$). Although the answer is not satisfactory, it is encouraging due to the self-criticism of the respondents.

Figure 9. Relationship between profit reinvestment and effort in measuring social and environmental impact

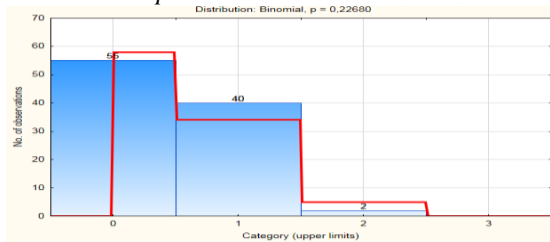


Source: Author.

The reason for the discrepancy in desired reinvestments versus realistic measurement of social and environmental impact is somewhat clarified by analyzing the descriptive (non-numerical) answer to the following question from the questionnaire: "If you chose option 2 or 3 in the previous question, please briefly describe how you measure social and environmental impact of your organization". Namely, out of 65 positive answers to the question "My organization invests a significant effort in measuring the social and environmental impact of its activities", 61 are aimed at measuring the social impact, 2 are aimed at measuring the environmental impact and two answers were not offered. In this sense, it is undeniably concluded that the discrepancy arose at the level of preference for social influence, while the ecological influence is ignored or not recognized.

And finally, in the part related to social entrepreneurship, to the question "We are satisfied with the level of development of social entrepreneurship in our economic environment" (with answers: (0) I do not agree at all, (1) I do not agree, (2) I agree se, (3) I completely agree), a crushing response is obtained, which is reflected in general dissatisfaction. As many as 95 out of 97 respondents ($95/97=0.9793$) of the absolutely insignificant binomial distribution (eccentrically negative) gave answers from the negative domain, and only 2 respondents from the positive domain, where not a single respondent had absolute agreement with the question. From 97 respondents, the mathematical expectation value of 0.4532 and the standard deviation of the value of 0.5404 with the mode (group of 56 responses) were realized (Figure 10).

Figure 10. Binomial distribution of satisfaction of the social entrepreneurship development level



Source: Author.

The answers to this question show complete dissatisfaction with the level of social entrepreneurship development.

In developed countries, social entrepreneurship is at a very high level of development. Social entrepreneurship in the USA, in the period from 2003 to 2016, invested US\$ 1.6 billion in the development of social entrepreneurship in the USA and the world (Spicer, Kay and Ganz, 2019; Chliova, Mair and Vernis, 2020). The contribution of social entrepreneurship in the total GDP of the EU is about 11% (GEM, 2020). There are about 2.8 million companies in the social economy in the EU, and that is about 10% of all European companies. About 13 million Europeans or about 6.3% of the working-age population work in the social entrepreneurship sector today (OECD, 2020).

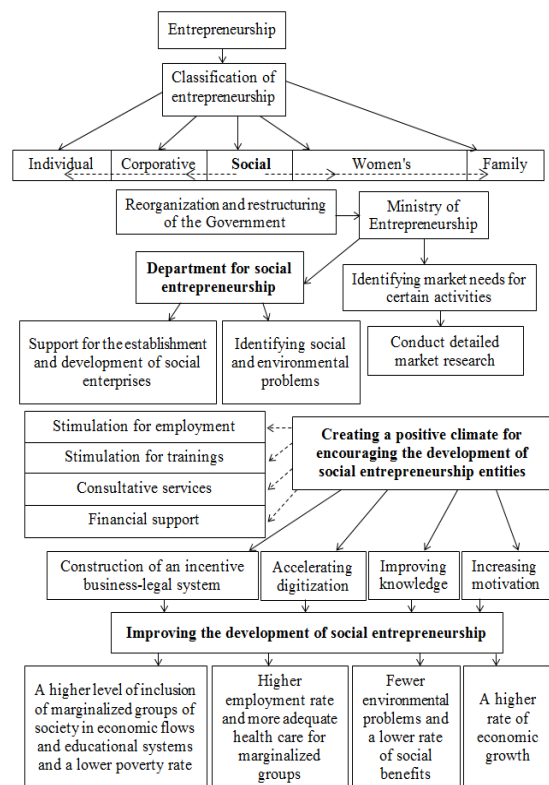
In December 2021, the Law on Social Entrepreneurship was adopted in the RS ("Official Gazette of RS", number 111/21). However, this Law has not taken root in the RS yet. There are certain laws that touch on social entrepreneurship in certain articles (Đalić and Erceg, 2023a, p. 45). In 2017, the Ministry of Health and Social Protection of the Republic of Srpska developed the Strategy for Improving the Social Position of Persons with Disabilities in the Republic of Srpska 2017-2026, in which the development of social entrepreneurship is defined as one of the goals (Vladars.net, 2017). In 2018, the Ministry of Labor and Veterans and Disability Protection formed the Platform for the Development of Social Entrepreneurship in the Republic of Srpska (Vladars.net, 2018). In the Federation of Bosnia and Herzegovina, the Social Inclusion Strategy was developed, which represents the elaboration of the strategic goal of social inclusion from the B&H Development Strategy (Unicef.org, 2020).

In the Federation of B&H, a Platform on social/social entrepreneurship in the Federation of B&H was created (Blc.edu.ba, 2016, pp. 130-140).

The law on social entrepreneurship has not been adopted in other parts of B&H. According to the results of the research, the literature and the analysis of the legal framework of B&H, it can be seen that there are certain developments regarding the laws and regulations that regulate social entrepreneurship. Certain laws, guidelines and regulations have been adopted. However, there is a big problem with the implementation of these legal regulations. Therefore, the conclusion is that the development of social entrepreneurship would contribute to the development of society and economy in B&H. Therefore, *the research hypothesis is confirmed.*

In Figure 11, certain measures are proposed that would lead to the development of social entrepreneurship, which will enable the development and improvement of the economic and social image of B&H.

Figure 11. Model of social entrepreneurship development



Source: Author.

The model shows the steps that, if implemented, would lead to the development of social entrepreneurship. First of all, it is necessary to properly classify entrepreneurship as shown. Next, it is necessary to form the Ministry of Entrepreneurship, in which the department for social entrepreneurship would function. This would give better state support to the development

of social entrepreneurship. It is necessary to create a positive climate for improving the development of social entrepreneurship through stimulating training and employment, financial resources and consulting services. It is necessary to create a stimulating business and legal environment, speed up digitization, improve knowledge and increase motivation. In this way, the development of social entrepreneurship would be improved, which would result in a higher level of involvement of marginalized groups in the business and educational systems, poverty reduction, better health care for these groups and a reduction in social benefits, and ultimately an increase in the rate of economic growth.

6. DISCUSSION

Popkova and Sergi (2020) investigated the directions of future development of social entrepreneurship in Russia and Asia. They investigated the factors influencing the development of social entrepreneurship. Unlike our research, which covers the territory of B&H, this research covered a huge area of Asia and Russia. The research covered as many as 10,000 social enterprises (p. 14). They proved that social entrepreneurship in this area is at a low level of development, but that it contributes to increasing the ecological effects of the economy as well as increasing education in these countries (p. 16). According to their research, the majority of social enterprises are in the infrastructure development sector, while according to our research, the majority are engaged in agriculture.

Torres and Augusto (2020) made a quantitative comparative analysis of the impact of digitization and social entrepreneurship on national well-being between 27 countries in the world in the period from 2016 to 2018. The absence of social entrepreneurship can contribute to a low level of national well-being in countries that show a low level of digitization, poor education systems and inadequate governance. Thus, the results of this research support the idea that social entrepreneurship is more important in countries where governments do not meet social needs (p. 6).

Đalić and Erceg (2023a) examined the impact of social entrepreneurship on the development of a transitional economy and society. In their paper, they proved that social entrepreneurship has a significant impact on the development of the economy and society, and that it is particularly important for countries in transition.

CONCLUSION

Social entrepreneurship is a form of entrepreneurship where business activity is carried

out for the purpose of solving certain social problems. There are numerous social problems that communities face, such as unemployment of marginalized groups of society, insufficiently developed social and health care, environmental problems and many others. Social entrepreneurship offers solutions to these problems by activating marginalized groups of society and including them in economic and social flows, as well as by having a positive effect on the ecological environment, which is really threatened in modern times. The empirical research included 97 social entrepreneurship entities from all over Bosnia and Herzegovina. The survey was conducted using a questionnaire. The questions related to general information about social entrepreneurship subjects and social entrepreneurship.

Limitations in the research are a lack of official data on the number of social entrepreneurship entities in Bosnia and Herzegovina, as well as misunderstanding of the institutions about the importance of social entrepreneurship.

Based on empirical and theoretical research, it is concluded that the model of encouraging the development of social entrepreneurship can contribute to the development of the economy and society of B&H.

A couple of questions that need to be answered in the future are: Are the social entrepreneurship entities ready to introduce innovations that will enable the technological progress of Bosnia and Herzegovina? How to encourage the development of modern ways of financing social entrepreneurship entities and their digitization?

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