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SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS: MANAGING A MULTI-TERRITORIAL NETWORK TO ACHIEVE VIABILITY AND IMPACT

Social enterprises in many countries face a lack of legal recognition and insufficient institutional and financial support. Ecosystems that support their emergence and development are thus weak. Social enterprises respond to important societal challenges that are relevant to multiple stakeholders at different territorial levels (local, national and international). This multi-territorial nature of stakeholder networks in which social enterprises are embedded is also related to the ecosystem gaps, which prompt social enterprises to overcome weaknesses at one territorial level by utilising opportunities at other levels, and thereby seek overall viability and impact on society. The paper outlines a conceptual framework for the process of managing stakeholder networks within social enterprise ecosystems. That entails identification of key stakeholders (defined by their level of salience, based on Mitchell, Age and Wood, 1997) and the material and symbolic resources a social enterprise obtains from them and/or provides to them. The framework is applied to a case study of the Green Energy Cooperative (GEC) from

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The article is dedicated to Marina Petrović (1984 – 2023), member of the Green Energy Cooperative.

Croatia. GEC was founded to facilitate local communities and citizens in the planning, development, management and financing of renewable energy sources and energy efficiency projects. However, given the underdevelopment of the relevant ecosystem in Croatia, fulfilling this 'localised' mission also simultaneously required strategic engagement of GEC with policymakers at the national level, as well as with EU and other international funding sources and advocacy organisations. Each of these territorial dimensions (related to local projects, national policies and international funding and advocacy) involves relationships with multiple stakeholders which need to be developed and maintained over time, if viability and impact are to be achieved.

Keywords: *social enterprise, cooperative, entrepreneurial ecosystem, stakeholder network*

1. INTRODUCTION

Social entrepreneurship provides and addresses opportunities for social change through entrepreneurial activity. OECD (2010) broadly defines it as entrepreneurship aimed at providing innovative solutions to unsolved social problems. That entails identifying and providing new services that improve the quality of life of individuals and communities, as consumers and/or producers.

Similarly to other forms of entrepreneurship, social entrepreneurship does not exist in a vacuum, but in a given social, political, economic, cultural and institutional context, which is often described in terms of 'entrepreneurial ecosystems'. Such ecosystems comprise actors, institutions, policies and stakeholder networks that influence and/or are influenced by social enterprises, and consequently affect their development, growth and impact (cf. Moore, 1993, Mason and Brown, 2014). The emergence and development of effective entrepreneurial ecosystems is not a trivial task even in the case of profit-oriented entrepreneurship in developed countries with supportive institutions. When the focus is shifted onto social entrepreneurship, which seeks to fulfil a more ambitious social, economic and environmental agenda, the task becomes even greater. If such a task is undertaken in countries with underdeveloped institutions, the lack of tradition and recognition of social enterprises, and underdeveloped social entrepreneurship policies with weak capacities and limited resources, developing effective entrepreneurial ecosystems become rather difficult.

Social enterprises in many countries face a lack of legal recognition and insufficient institutional and financial support. Although the term is widely used,

social enterprises are still conceived in significantly different ways by national legislations, strategies, policies, scholars and social entrepreneurs (EC, 2020). Mainstream enterprise policy instruments often do not acknowledge the specificities of social enterprises and are insufficiently adjusted to their needs. The ecosystems that support the emergence and development of social enterprises are therefore often weak. On the other hand, social enterprises respond to important societal challenges that are relevant to multiple stakeholders at different territorial levels. Their innovative practices may generate interest, recognition and financing outside of the boundaries of local or national entrepreneurial ecosystems (cf. EC, 2020). This multi-territorial nature of stakeholder networks in which social enterprises are embedded often stems from the ecosystem gaps, which prompt social enterprise to overcome weaknesses at one territorial level by utilising opportunities at other levels, and thereby seek overall viability and impact.

The paper outlines and applies a conceptual framework for the process of identifying stakeholders managing stakeholder networks which comprise local, national and international levels. Key stakeholders can be identified and categorised by their level of salience (based on Mitchell, Age and Wood, 1997) and by the material and symbolic resources a social enterprise obtains from them and/or provides to them. After this introduction, the second section of the paper explores the notion of entrepreneurial ecosystems and their applicability to social entrepreneurship. The third part is devoted to the notion of stakeholder networks as components of entrepreneurial ecosystems in which social enterprises are embedded. The conceptual framework is subsequently applied to a case study of the Green Energy Cooperative (GEC) from Croatia, which was founded to facilitate local communities in planning, development, management and financing of renewable energy sources and energy efficiency projects. Finally, some concluding remarks are provided in the last section.

2. ENTREPRENEURIAL ECOSYSTEMS AND THEIR APPLICABILITY TO SOCIAL ENTREPRENEURSHIP

The contextual dimension of entrepreneurship development is usually captured by the term ‘entrepreneurial ecosystem’. The notion of ecosystem was coined by Moore (1993) who studied the relationally embedded nature of firm interactions with suppliers, customers, financiers and other stakeholders. Similar ideas about the positive effects of geographical proximity, clustering and ongoing interactions of dense stakeholder networks have been postulated before. Alfred Marshall’s work inspired research into industrial districts (e.g. Piore and Sabel, 1984),

whereas complementary perspectives have focused on clusters (e.g. Porter, 2000), knowledge and learning regions (e.g. Keeble and Wilkinson, 1999) and regional innovation systems (e.g. Cooke, Uranga, and Etebarria, 1997). Recent relevant research on entrepreneurial ecosystems emphasised the issues such as contextual factors (Acs, Autio and Szerb, 2014, Brown and Mason, 2017) and linkages and relations within the system (Brown and Mason, 2017, Motoyama and Knowlton, 2017), the role of policy (Isenberg, 2011) and entrepreneurial universities (Guerrero, Urbano and Fayolle, 2017).

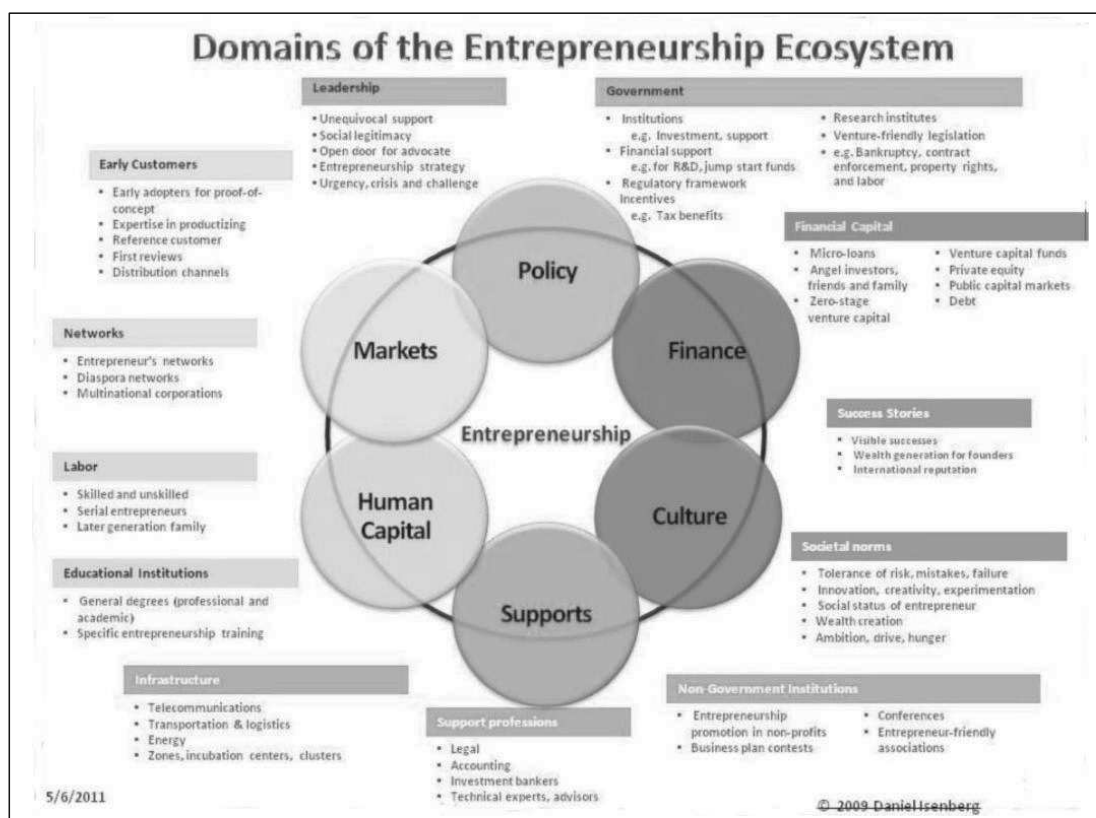
The concept of entrepreneurial ecosystems has evolved over time, but its main features are fairly stable. Based on a literature review, Mason and Brown (2014) define it as a set of interconnected potential and existing entrepreneurial actors, entrepreneurial organisations, institutions and entrepreneurial processes which formally and informally combine to connect, mediate and govern the performance within the local entrepreneurial environment. Although effective entrepreneurial ecosystems are likely to increase the likelihood of the emergence and growth of new firms, the key policy challenge that entrepreneurial ecosystems attempt to address is support to high-growth businesses rooted in the ecosystem. The development and eventual scaling up of high-growth enterprises is expected to create jobs, economic prosperity, additional demand and knowledge spillovers within the entrepreneurial ecosystem. Such cases of 'blockbuster entrepreneurship' (Napier and Hansen, 2011) are particularly important for entrepreneurial ecosystems, as they create both tangible and intangible benefits, including demonstration effects, serial entrepreneurship, and contributions to new start-ups (cf. Brown and Mason, 2017). Although linkages between multiple actors in multiple territories also exist, the research on entrepreneurial ecosystems largely gives preference to local/regional environments characterised by geographical proximity of stakeholders and a relative intensity of interactions within the system (Mason and Brown, 2014). A notable exception to this notion is the concept of the 'national systems of entrepreneurship', proposed by Acs, Autio and Szerb (2014). Their approach emphasises the institutional embeddedness of entrepreneurship within national (eco)systems, which are viewed as resource allocation systems driven by individual-level opportunity pursuit, through the creation of new ventures, with country-specific institutions regulating the outcomes of individual action.

In practice, entrepreneurial ecosystems are multi-actor, multi-level systems with a heterogeneous nature (Motoyama and Knowlton, 2017). Mason and Brown (2014) propose a taxonomy which recognises four aspects of the entrepreneurial ecosystem that can be targeted by national and regional policymakers. Within ecosystems, they distinguish entrepreneurial actors (entrepreneurs and supporting entrepreneurial infrastructure), entrepreneurial resource providers (finance, academia, large firms), entrepreneurial connectors (associations and matchmakers)

and entrepreneurial orientation (e.g. values and entrepreneurship education). An influential model of the structure of the entrepreneurial ecosystem has been proposed by Isenberg (2011). He identified six domains within the entrepreneurship ecosystem. These domains are human capital (labour and educational institutions), finance, markets (early customers and networks), policy (government and leadership), culture (societal norms and success stories), and supports (infrastructure, support professions and NGOs). Each of these (sub)domains and their elements can facilitate the development of entrepreneurship in a specific area, but they can also strongly reinforce each other. Isenberg thus advocates a holistic policy perspective towards ecosystem development. His model is presented below.

Figure 1.

ISENBERG'S MODEL OF AN ENTREPRENEURSHIP ECOSYSTEM



Source: Isenberg (2011: 7)

Mason and Brown (2014) notice that entrepreneurial ecosystems usually emerge in locations with place-specific assets and then outline some of their distinguishing features, which are broadly consistent with Isenberg's (2011) model. The central role is typically played by large, technology-intensive businesses with management, R&D and/or production facilities. Such businesses attract and develop human capital (including future entrepreneurs), create demand and technology spillovers. Entrepreneurial ecosystems also have numerous serial entrepreneurs and business angels, which (re)invest their knowledge and capital following successful exits or acts as mentors to new entrepreneurs. Furthermore, the ecosystems are 'information-rich', due to knowledge flows which stem from business collaboration, personnel movement, individual and organisational linkages and events. Access to finance is also important, with an emphasis on seed and start-up investors which provide both finance and support. Mason and Brown (2014) acknowledge, but somewhat downplay the role of universities in entrepreneurship facilitation; that role is more related to education than to successful technology transfer, which rarely results in high-growth enterprises. Finally, service providers such as lawyers, accountants, recruitment agencies and business consultants also play a role.

An entrepreneurial ecosystem, as any ecosystem, needs to generate value (monetary and non-monetary benefits) within the ecosystem and then distribute the value among the actors within (and sometimes also outside) the ecosystem (cf. Clarysse et al., 2014).

There is no standardised strategy for effectively developing entrepreneurial ecosystems (Audretsch, 2015). Although entrepreneurial ecosystems are conceptualised on the basis of 'best practice' examples observed in a few core economic regions and capital cities, it is obvious that most ecosystems fail to achieve ideal conditions. To provide a preliminary solution to these issues, without developing a fully-fledged taxonomy, Brown and Mason (2017) outline a basic dichotomous framework comprising two diametrically opposed 'ideal types': 'embryonic ecosystems' and 'scale-up ecosystems'. Underdeveloped or embryonic ecosystems, which are characterised by a relatively modest level of entrepreneurial orientation and growth-oriented entrepreneurship, are the most common type. Embryonic ecosystems are characterised by the dominance of established firms and create a limited number of start-ups and high-growth firms. Interactions within them are limited, especially when it comes to serial entrepreneurs, business angels and deal-makers. Available funding is driven by the needs of start-ups, usually with good sources of seed and early-stage funding, which often partly comes from public sources. Entrepreneurship is mostly locally focused, with some linkages to (inter) national organisations in order to obtain funding, R&D services or human capital. Policy actors play an important role, in particular in increasing funding to new

technology-based firms. Furthermore, Cao and Shi (2020) identify three groups of elements widespread in emerging economies, which challenge the direct transfer of the models based on advanced entrepreneurial ecosystems. First, there is a scarcity of available resources, including human and financial resources, knowledge and physical infrastructure. Second, there are structural gaps in entrepreneurial ecosystems such as the absence of particular actors, networks and collaboration practices. Third, there are also institutional voids related to both formal and informal institutions. Consequently, developing entrepreneurial ecosystems in such conditions is a challenging task that needs to take into account the specificities of particular countries and sectors.

When it comes to social enterprise ecosystems, the situation becomes even more complex. Social enterprises are burdened with similar risks and costs as other enterprises. Although innovativeness and proactiveness and many entrepreneurial processes are similar, the autonomy, competitive aggressiveness, and risk-taking of social enterprises are somewhat constrained by the presence of multiple stakeholders and limited access to resources/funding (Lumpkin et al., 2011). Although social enterprises aim to develop and scale-up their activities and resources, neither their strategies nor public policies typically focus on the creation of high-growth or ‘blockbuster’ enterprises in the conventional sense. Social enterprises are closely linked with social innovations; addressing opportunities for social change through entrepreneurial activity rather than through public policy or civil society organisations is innovative by itself in many social contexts. Rather than deriving from business models as it does in the United States, social entrepreneurship in Europe is mostly rooted in collective action; it is a collective entrepreneurial model based on the values of solidarity, self-help, participation, and inclusive and sustainable growth (EC, 2020). Social enterprises in Europe also often inherit values and practices of NGOs. They may be legally founded as NGOs or by NGOs, and may operate as NGOs, e.g. by mostly relying on project funding (rather than on income from goods or services) for their regular activities, the development of new activities and organisational growth and development. Reliance on project funding makes them particularly exposed to ‘projectification’, defined as a change in organisational and governance structures to increase the primacy of projects within the organisation and its stakeholder networks (cf. Maylor et al., 2006). All these factors contribute to the complexity of the interplay between social enterprises and their environments.

EC (2020) provides an analysis of social enterprises and their ecosystems in Europe. Hereby the ecosystem concept is defined in a relatively basic manner and without explicit references to the literature on entrepreneurial ecosystems. The term ‘...is used to describe the environment within which social enterprises operate. It reflects the fact that social enterprises evolve with and develop relationships

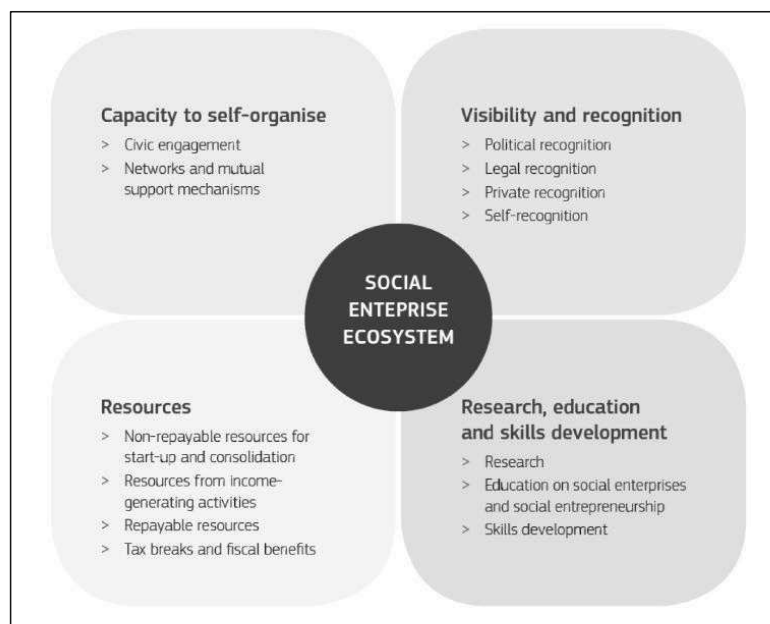
with their beneficiaries, lead producers, suppliers, stakeholders, governments, and even competitors' (EC, 2020: 162). In other works, an ecosystem is mainly understood as a stakeholder network in which social enterprises emerge, develop and operate while being largely dependent on it. Since the document is based on inputs from specific countries, there is an implicit focus on the national level, at which relevant policies are adopted, with some attention also being devoted to the local and EU levels.

The following figure identifies the four pillars of such ecosystems:

- citizens' ability to self-organise, which facilitates the emergence and development of social enterprises;
- visibility and recognition of social enterprises by policymakers (including legal recognition), private actors (e.g. private marks) and willingness of social enterprises to declare as such and self-organise;
- access to resources, including finance (grants, vouchers, investments, loans), tax breaks and fiscal benefits and capacity to generate income;
- research, education and skills development activities.

Figure 2.

SOCIAL ENTERPRISE ECOSYSTEM



Source: EC (2020)

The identified social enterprise ecosystem pillars broadly correspond to the elements of Isenberg's (2011) framework outlined above (please also see below). However, it is obvious that the model proposed by EC (2020) clearly refers to the initial stage of ecosystem development, in which enterprises still seek basic visibility, recognition and access to financial and knowledge resources, rather than a functional conducive environment in which they can thrive. In comparison to the 'embryonic' stage of development of many entrepreneurial ecosystems, we might call these social enterprise ecosystems 'proto-embryonic', as they often lack even basic prerequisites for enterprise development.

3. STAKEHOLDER NETWORKS IN SOCIAL ENTERPRISE ECOSYSTEMS

As outlined above, the notion of a social enterprise ecosystem in the EU still seems underspecified and it would benefit from a more explicit acknowledgment of academic literature on entrepreneurial ecosystems and stakeholder management, which should be adapted to the specific characteristics of social entrepreneurship. A deeper understanding of social enterprise ecosystems would also contribute to the formulation of policies that would facilitate their effectiveness. In this paper we are developing such a framework based on a revised Isenberg's (2011) model of ecosystems that includes social enterprise pillars from EC (2020) and translates these elements into specific stakeholder relationships faced by social enterprises. Social enterprise ecosystem domains, which are taken from Isenberg (2011), are divided into two subdomains, which revolve around specific resources and involve specific stakeholders of social enterprises. The revised framework is presented in the following table:

Table 1.

SOCIAL ENTERPRISE ECOSYSTEMS AND THEIR KEY STAKEHOLDERS

Domain	Subdomain	Resource	Stakeholders	Level
Culture	Storytelling	<ul style="list-style-type: none"> ▪ Legitimacy and support ▪ Participation 	<ul style="list-style-type: none"> ▪ Citizens ▪ Media ▪ Prospective social entrepreneurs 	<ul style="list-style-type: none"> ▪ Local ▪ National
	Societal norms	<ul style="list-style-type: none"> ▪ Legitimacy and support ▪ Participation 	<ul style="list-style-type: none"> ▪ Citizens ▪ Media ▪ Prospective social entrepreneurs 	<ul style="list-style-type: none"> ▪ Local ▪ National
Policy	Government	<ul style="list-style-type: none"> ▪ Legal recognition ▪ Policy scope ▪ Institutional support 	<ul style="list-style-type: none"> ▪ Ministries / agencies ▪ Advocacy organisations 	<ul style="list-style-type: none"> ▪ National ▪ EU
	Leadership and advocacy	<ul style="list-style-type: none"> ▪ Policy innovations ▪ New knowledge 	<ul style="list-style-type: none"> ▪ Ministries / agencies ▪ Research organisations ▪ Advocacy organisations ▪ Citizens 	<ul style="list-style-type: none"> ▪ National ▪ EU
Human capital	Labour	<ul style="list-style-type: none"> ▪ Skilled labour ▪ Mentorship 	<ul style="list-style-type: none"> ▪ Founders ▪ Employees 	<ul style="list-style-type: none"> ▪ Local ▪ Regional
	Education	<ul style="list-style-type: none"> ▪ Education and training 	<ul style="list-style-type: none"> ▪ Educational institutions 	<ul style="list-style-type: none"> ▪ Local ▪ Regional
Finance	Grants and investments	<ul style="list-style-type: none"> ▪ Co-investment 	<ul style="list-style-type: none"> ▪ Ministries / agencies ▪ Public sector companies ▪ Local authorities ▪ Social impact investors 	<ul style="list-style-type: none"> ▪ Local ▪ National ▪ EU
	Tax breaks and fiscal benefits	<ul style="list-style-type: none"> ▪ Reduction of taxes ▪ Reduction of social security obligations 	<ul style="list-style-type: none"> ▪ Tax authorities 	<ul style="list-style-type: none"> ▪ National
Supports	Support organisations	<ul style="list-style-type: none"> ▪ Education and training ▪ Visibility ▪ Partnerships 	<ul style="list-style-type: none"> ▪ Support organisations (e.g. hubs) ▪ Other social enterprises 	<ul style="list-style-type: none"> ▪ Local ▪ Regional
	Support professions	<ul style="list-style-type: none"> ▪ Mentorship ▪ Professional services 	<ul style="list-style-type: none"> ▪ Providers of mentorship and professional services 	<ul style="list-style-type: none"> ▪ Local ▪ Regional

Domain	Subdomain	Resource	Stakeholders	Level
Markets	Customers and users	<ul style="list-style-type: none"> ▪ Income 	<ul style="list-style-type: none"> ▪ Citizens ▪ Public sector ▪ Corporations (e.g. CSR) 	<ul style="list-style-type: none"> ▪ Local ▪ National
	Networks and organisations	<ul style="list-style-type: none"> ▪ Visibility ▪ Partnerships ▪ Income from projects ▪ Branding 	<ul style="list-style-type: none"> ▪ Other social enterprises ▪ Other organisations with a similar mission (NGOs) ▪ Certification providers 	<ul style="list-style-type: none"> ▪ Local ▪ National ▪ EU

Source: Adapted from Isenberg (2011) and EC (2020)

The domain of culture starts with storytelling, which entails sharing social entrepreneurship stories of successes and failures, difficulties, innovative approaches to social problems, etc. It is best that the stories are rooted in or related to the experiences of the target audience (i.e. that they come from similar contexts), which may be reached through direct contact or through the media, including social networks. Moreover, culture also entails and affects societal norms and values which may motivate or constrain social entrepreneurship, e.g. by demonstrating the viability and attractiveness of social entrepreneurship as a collective effort to promote social change and innovation which has both similarities to and differences from civic engagement and business entrepreneurship.

The policy domain largely revolves around the activities of the national government, but also includes the EU, as well as national and international advocacy organisations that aim to influence relevant policies. Hereby the key resources include the legal recognition of social enterprises, the scope of relevant policies, available financial resources and institutional support provided to social enterprises by government bodies or other organisations (cf. Račić, 2022). The policy domain also encompasses leadership and advocacy, i.e. production of new knowledge, pilot projects and policy innovations that can steer, strengthen and enlarge policies that support social entrepreneurship. However, leadership development and advocacy efforts are more likely to flourish when there is at least minimal policy support for social entrepreneurship, with responsible bodies to which advocacy efforts can be addressed.

Another crucial dimension of the social enterprise ecosystems is human capital. That entails the availability of skilled labour, which can act as founders, mentors or employees of social enterprises, and availability and access to education and training that can increase the capacities and interest of participants to engage

in social entrepreneurship. The processes of skills anticipation, development and deployment largely operate at local and regional levels. The lack of recognition of social entrepreneurship as a legitimate societal domain may constrain the development of human capital through education and training which cannot be adequately compensated by informal and non-formal learning.

It is widely recognised that social enterprises deserve support in the form of financial and tax incentives for their activities, due to both the social impact they aim to create and to the specific difficulties they encounter. However, the extent of these incentives is a direct consequence of the relevant policies and funding programmes at national and EU levels; local or regional authorities may also provide a contribution. Grants and investments available to social enterprises can be allocated and/or disbursed by ministries, agencies and public sector companies, which usually provide grants or soft loans, as well as by social impact investors that seek environmental, social and/or financial returns. Furthermore, social enterprises may be entitled to reduced taxes and/or social security obligations.

The supports domain encompasses support organisations that complement the resources and competencies of social enterprises and promote their interests in society, usually by providing education and training, visibility and partnerships. Availability of support is a key prerequisite of an effective entrepreneurial ecosystem, as it enables access to resources that otherwise may not be available. Therefore, the supports domain is usually interlinked with one or more other ecosystem domains. Support may be related to capacity building (related to the human capital domain), market access and branding (related to the domain of the market) and/or projects funded by public authorities (related to policy and finance). A facilitating role is played by support professions, which provide mentorship and professional services needed for the business development of social enterprises.

Finally, social enterprise ecosystems also include markets. There are different groups of customers and users, from which income is generated directly or indirectly. These may include citizens, public sector organisations (which may procure some services from enterprises or act as intermediaries) and corporations, with which social enterprises may generate new business models or participate in their corporate social responsibility initiatives, usually related to community development or environmental activities. However, many social enterprises are currently unable to generate sufficient income from these streams. The markets in which social enterprises operate tend to be underdeveloped. Due to weak incentives, insufficient knowledge and finance, behavioural inertia, technology risk and other factors, final beneficiaries are often unable or reluctant to use the products and services offered by social enterprises. Consequently, a crucial role in viability of many social enterprises in Europe is played by networks and organisations that formally or informally link similar or complementary social enterprises and their

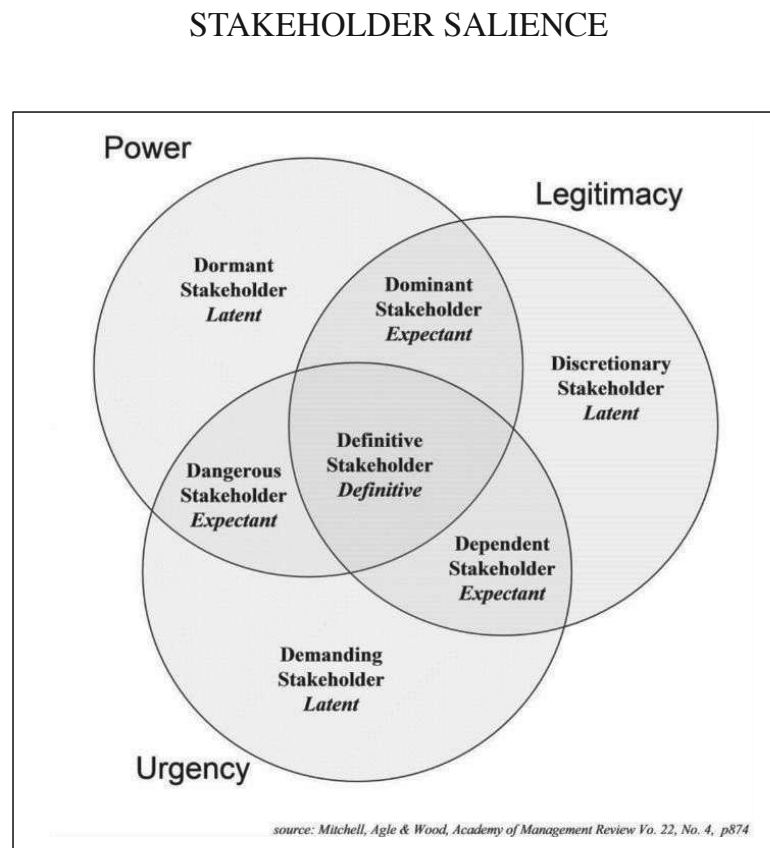
partners from other sectors (NGOs, universities, public sector organisations such as development agencies etc.) but operating in the same domain (e.g. renewable energy), which enable not only better visibility and branding of social enterprises but also turn these partnerships into projects, often financed by the EU. Such projects provide more stable income streams than 'pure' market activities.

Each ecosystem (sub)domain is populated by specific sets of stakeholders. Specific stakeholder relationships are formed and operate at local, national and/or international (EU) levels, as it can be observed in Table 1. Stakeholder relationships in social enterprise ecosystems are diverse and numerous but often weak. Consequently, ecosystems populated by such stakeholders are currently usually proto-embryonic. Social enterprise operating in such environments still tackle rather basic issues such as societal legitimacy, legal recognition and market presence, receive little institutional support and to a significant extent depend on non-market sources of finance, usually in the form of project grants and favourable tax treatment.

Freeman's (1984: 46) original definition of the stakeholder in an organization as 'any group or individual who can affect or is affected by the achievement of the organization's objectives' has retained its pertinence, but it has provided limited guidance to the relative priority of claims of different stakeholders. To address that issue, Mitchell, Agle and Wood (1997: 854) developed a theory of stakeholder salience as 'the degree to which managers give priority to competing stakeholder claims'. This normative theory of stakeholder identification and salience is based on three variables: power to influence the firm, legitimacy of the stakeholders' relationships with the firm and the urgency of the stakeholders' claim on the firm. Based on Etzioni (1964), power is defined as the extent to which a party has or can gain access to coercive (physical means), utilitarian (material means) or normative (prestige, esteem and social) means to impose their will. Based on Suchman (1995: 57), legitimacy is defined as 'a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions'. The definition of urgency is contributed by the authors themselves, as the degree to which stakeholder claims require immediate attention. Urgency is related both to time-sensitivity and to the critical nature of the relationship with the stakeholder and the characteristics of their claim (Mitchell, Agle and Wood, 1997). Definitive stakeholders are the 'ideal type'; their claims demonstrate power, legitimacy and urgency at the same time. Lower level of salience is exhibited by expectant stakeholders, whose claims are characterised by power and legitimacy (dominant stakeholders), power and urgency (dangerous stakeholders) or legitimacy and urgency (dependent stakeholders). Latent stakeholders' claims exhibit only one dimension – power (dormant stakeholders), legitimacy (discretionary stakeholders) or urgency (demanding stakeholders).

The typology of stakeholders based on the theory of stakeholder salience is given below.

Figure 3.



Source: Mitchell, Agle and Wood (1997)

The stakeholder salience framework is applicable to any organisation, i.e. to its stakeholder relationships and stakeholder networks in which it is embedded. However, it is argued here that such a framework is particularly suitable for social enterprises, given the importance of stakeholder networks in the governance of social enterprises, access to resources and markets, procurement and generating local support for the enterprise (cf. Shaw and Carter, 2007; EC, 2020). Value creation and distribution in/by social enterprises is inherently bound to their embeddedness in stakeholder networks, which therefore need to be analysed and managed. Consequently, this paper applies the aforementioned framework in the context of social entrepreneurship and ecosystems in which social enterprises operate.

4. CASE STUDY: GREEN ENERGY COOPERATIVE IN CROATIA

The framework is applied to the case study of the Green Energy Cooperative (GEC) from Croatia (in Croatian: Zelena energetska zadruga (ZEZ)). GEC is a social enterprise that was founded in 2013 by a group of experts and activists who aimed to facilitate local communities in planning, development, management and financing of renewable energy sources and energy efficiency projects. The current focus is on solar energy projects owned by citizens and communities. Many of the founding members gathered experience with the United Nations Development Program (UNDP). Over time, GEC has grown into one of the most successful social enterprises in Croatia with about 20 employees (who are often but not necessarily members of the cooperative), a wide range of successful projects across Croatia, including spinoff projects in local communities which continue to operate independently. Given the underdevelopment of the relevant ecosystem in Croatia, fulfilling the 'localised' mission of promoting behavioural change and energy transition also simultaneously required strategic engagement of GEC with policymakers at the national level, as well as with EU and other international funding sources and advocacy organisations. Each of these territorial dimensions (related to local projects, national policies and international funding and advocacy) involves relationships with multiple stakeholders which need to be developed and maintained over time, if viability and impact are to be achieved.

Since GEC primarily operates in Croatia, some remarks about the national social enterprise ecosystem are also needed. The most relevant studies on the social enterprise ecosystem in Croatia (e.g. Kadunc, Singer and Petričević, 2014, Vidović, 2019) have been based on the common analytical frameworks which enabled comparative analysis across the EU. These studies mostly focused on mapping actors, policy frameworks, support institutions, networks, skills development and financing. Such an approach can provide a description of the aforementioned elements of the national social enterprise ecosystem and identify its shortcomings, but usually refrains from analysing interrelationships between these elements and the mechanisms through which they operate. Moreover, such a macro-level analysis is not easily transferable to the analysis of regional or sectoral issues (meso-level) or individual social enterprises and entrepreneurs (micro-level). This gap was addressed by Odinsky-Zec (2017) who used Isenberg's (2011) six entrepreneurship ecosystem domains (please see above) for macro-level analysis, extended his model by adding meso-level (entities) and micro-level (individuals) and then focused on the interactions between these levels within ecosystem domains. An important contribution to the analysis of the national ecosystem was also provided by Vidović and Baturina (2021), who developed a typology that distinguishes three social enterprise models in Croatia, each of which is also embedded in different

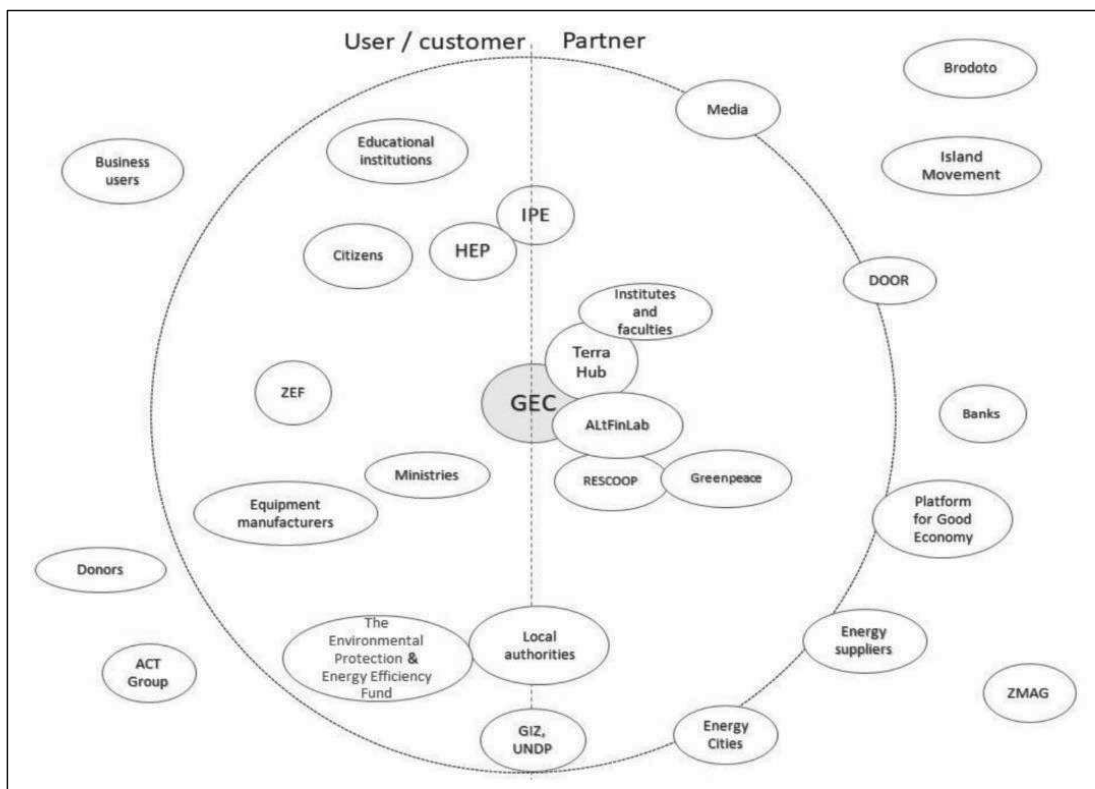
stakeholder networks. Social enterprises can thus be driven by employment purposes (“people-driven”), financial-sustainability goals (“income-driven”) or by the search for innovative solutions (“innovation-driven”).

The case study is developed in two steps. First, stakeholder maps developed by GEC in 2018 and 2023 are presented in Figures 4 and 5, respectively, which also indicate the evolution of the GEC stakeholder network over a five-year period. Consequently, main stakeholders are grouped in accordance with the framework from Table 1 and additionally analysed.

In the maps below, stakeholders are grouped into users/customers, which are positioned on the left-hand side, and partners, which are placed on the right-hand side of the network. GEC is positioned in the centre, so the distance from it indicates the salience of a particular stakeholder to the cooperative.

Figure 4.

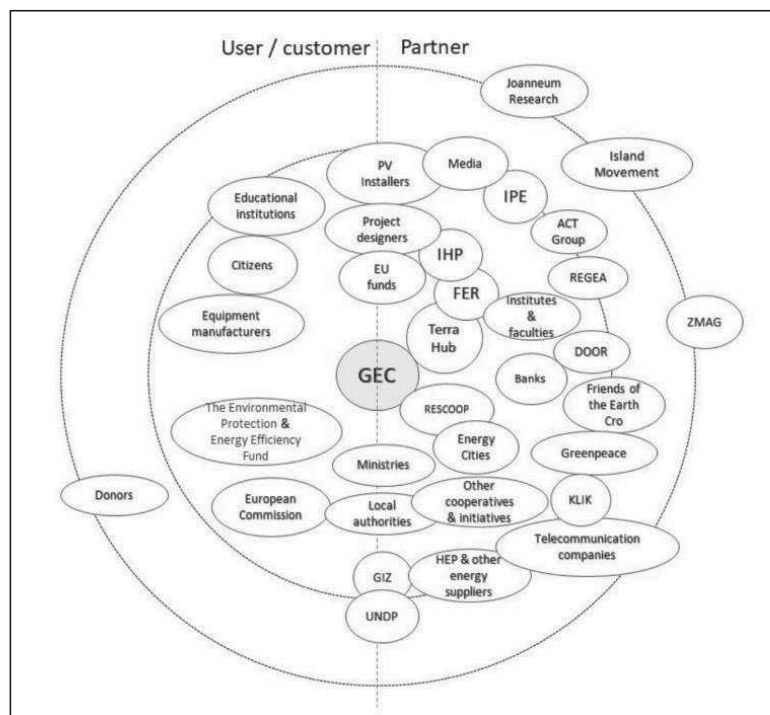
GREEN ENERGY COOPERATIVE STAKEHOLDER NETWORK, 2018



Source: Green Energy Cooperative

Figure 5.

GREEN ENERGY COOPERATIVE STAKEHOLDER NETWORK, 2023



Source: Green Energy Cooperative

The next step in the analysis is categorising the main stakeholders into groups defined above. The results are presented below.

Table 2.

KEY STAKEHOLDERS OF THE GREEN ENERGY COOPERATIVE

Domain	Subdomain	Key stakeholders	Salience	Level
Culture	Storytelling	<ul style="list-style-type: none"> ▪ TerraHub (NGO) ▪ Media 	<ul style="list-style-type: none"> ▪ Dominant ▪ Discretionary 	<ul style="list-style-type: none"> ▪ Local ▪ National
	Societal norms	<ul style="list-style-type: none"> ▪ Institute for Political Ecology / IPE (NGO) ▪ Friends of the Earth Croatia (NGO) ▪ KLIK (Coop) 	<ul style="list-style-type: none"> ▪ Definitive ▪ Dominant ▪ Discretionary 	<ul style="list-style-type: none"> ▪ Local ▪ National
Policy	Government	<ul style="list-style-type: none"> ▪ Ministry of Economy and Sustainable Development 	<ul style="list-style-type: none"> ▪ Dominant 	<ul style="list-style-type: none"> ▪ National
	Leadership and advocacy	<ul style="list-style-type: none"> ▪ RESCoop ▪ Greenpeace 	<ul style="list-style-type: none"> ▪ Definitive ▪ Discretionary 	<ul style="list-style-type: none"> ▪ EU ▪ National
Human capital	Labour	<ul style="list-style-type: none"> ▪ Cooperative members ▪ Employees ▪ PV installers ▪ Project designers 	<ul style="list-style-type: none"> ▪ Definitive 	<ul style="list-style-type: none"> ▪ Local
	Education	<ul style="list-style-type: none"> ▪ Educational institutions 	<ul style="list-style-type: none"> ▪ Discretionary 	<ul style="list-style-type: none"> ▪ Local ▪ Regional
Finance	Grants and investments	<ul style="list-style-type: none"> ▪ European Commission (Horizon 2020, Horizon Europe, LIFE) 	<ul style="list-style-type: none"> ▪ Discretionary 	<ul style="list-style-type: none"> ▪ EU
	Tax breaks and fiscal benefits	<ul style="list-style-type: none"> ▪ Tax authorities 	<ul style="list-style-type: none"> ▪ Dormant 	<ul style="list-style-type: none"> ▪ National
Supports	Support organisations	<ul style="list-style-type: none"> ▪ Research institutions (FER, IHP, Joanneum) ▪ Banks 	<ul style="list-style-type: none"> ▪ Discretionary ▪ Dominant 	<ul style="list-style-type: none"> ▪ Local / EU ▪ National
	Support professions	<ul style="list-style-type: none"> ▪ Researchers ▪ Journalists 	<ul style="list-style-type: none"> ▪ Discretionary ▪ Dependent 	<ul style="list-style-type: none"> ▪ Local ▪ National
Markets	Customers and users	<ul style="list-style-type: none"> ▪ Cities and communities ▪ Citizens ▪ HEP ▪ Environmental Protection and Energy Efficiency Fund 	<ul style="list-style-type: none"> ▪ Definitive 	<ul style="list-style-type: none"> ▪ Local ▪ National

Domain	Subdomain	Key stakeholders	Salience	Level
Markets	Networks and organisations	<ul style="list-style-type: none"> ▪ Project partners in EU-funded projects ▪ RESCoop & other coops ▪ International organisations (UNDP, GIZ, ECF, Energy Cities) ▪ REGEA (energy agency) 	<ul style="list-style-type: none"> ▪ Definitive ▪ Definitive ▪ Dominant 	<ul style="list-style-type: none"> ▪ Local/EU ▪ EU ▪ Local

Source: Authors' analysis based on inputs provided by GEC

Green Energy Cooperative is embedded in a multiplicity of stakeholder relationships with different levels and types of saliency. The stakeholder network grows and becomes more diversified over time, which also indicates a diversification of activities, relationships and resources that are being developed and/or exchanged in these relationships. In order to manage its relationships within the stakeholder network, GEC needs to invest increased efforts and build internal organisation with more specialised roles. As the stakeholder network becomes more diversified, the heterogeneity of relationships with particular partners also increases, with some of them becoming more salient and strategically important. Moreover, increased relationship density may also indicate a more developed social enterprise ecosystem in Croatia, but such a claim should be verified and supported by additional research.

Despite the important (and increasing) role of different types of customers and users as definitive stakeholders, which have power, legitimacy and urgency, the business model employed by the GEC is currently insufficient to generate income which would enable continuation and long-term viability of the organisation. Therefore, GEC still relies on donor-funded projects, such as those funded by the European Commission through the Horizon 2020 or LIFE programmes. Such projects are undertaken in consortia with partners from Croatia and other European countries, which makes relationships with these partners crucial for the organisation. The projects encompass a wide range of activities which develop, pilot and utilize new technological and social innovations¹ in the fields of renewable (solar) energy and energy efficiency, including analysis, development of tools, methodologies and know-how, pilot and demonstration activities, policy recommendations, networking, events, alternative modes of financing etc. These activities help develop the relevant markets but are rarely followed-up by reaping of the plentiful social and economic benefits by GEC. In other words, GEC is still unable

¹ Therefore, GEC can be considered as an innovation-driven social enterprise (cf. Vidović and Baturina, 2021).

to move on from projectification of its activities towards a more market-driven approach based on the needs of customers and the monetisation of outputs and outcomes of the undertaken projects. Moreover, continued projectification turns current and prospective project partners into definitive stakeholders, whose power, legitimacy and urgency may lead to lock-in effects with long-term consequences for the strategy of the organisation. At the same time, its main donors such as the European Commission are examples of passive (discretionary) stakeholders which possess legitimacy but neither power nor urgency.

When analysing the territorial dimension of the stakeholder map, there is an increasing number of salient local stakeholders, with an accent on customers and users, supports and culture domains. Many of them are definitive stakeholders, which have power, legitimacy and urgency, so GEC invest considerable efforts to engage them in projects and policy initiatives and develop mutual commitment. Local partnerships are important to GEC for piloting and confirming best practices in a real-life environment, as well as for the overall promotion and visibility of GEC as a key actor in the area of solar energy owned by citizens and communities. Furthermore, local academic institutions are partners in technological and social innovations implemented by GEC in its projects. The national level of stakeholder relationships is important for legislation and setting standards and investment priorities in the energy sector; the government is a dominant stakeholder, whereas the national energy company (HEP), as a market leader, is a definitive stakeholder. Market development in solar energy also makes banks increasingly important as support institutions that can provide funding, but there are only few examples of such projects. The primary resource obtained by GEC at the EU/international level is funding. However, policy perspective, advocacy, visibility for future partnerships and opportunities for replication and scaling-up of specific activities are also important – and they are achieved through multiple partners within the networks and organisations domain.

The key domain for the future development of GEC and the ecosystem in which it is embedded is markets – both in terms of customers/users and networks/organisations. The relationship between GEC and the market is complex. First, there is still an internal strategic dilemma within GEC between its ‘social’ and ‘enterprise’ dimensions, i.e. to what extent its activities should be funded externally and free to final beneficiaries (e.g. citizens) and which (if any) services should be charged. The former approach makes GEC hardly distinguishable from NGOs, whereas the latter approach entails strategic refocusing and higher risks of operating in an increasingly competitive market for solar power in households. This dilemma is reflected in internal resource allocations and in growing (but still relatively weak) internal capacities to undertake market-based activities. Moreover, social innovation, upon which GEC market activities are often based, needs to be

rooted in local environment, which is a major constraint when the market is still in the early stages of development. In such conditions, partners and competitors may sometimes be difficult to differentiate. Monetisation of market-building activities is difficult, as there are few public tenders for the services GEC offers. Moreover, many intermediate (e.g. photovoltaic installers and project designers) as well as final beneficiaries (e.g. citizens and local communities) expect to receive those services for free. When it comes to networks and organisations, there are opportunities in developing stronger partnerships. On-demand relationships with partners driven by project implementation concerns often prevail where there should be more coordination and, exchange of information, experiences, and data. Project-related communication could thus be utilised to develop more strategic relationships with selected partners. Furthermore, the focus on project implementation and the lack of articulated and effectively communicated demands and proposals in the public domain do not result in adequate visibility and public recognition of GEC. That is also in part due to the underdeveloped (pre-embryonic) ecosystem, which leaves social enterprises in a bubble of their own and makes them recognized within it, but not so much beyond it.

According to the interviewed GEC board members², the social legitimacy of the cooperative is improving. Positive trends occur despite the lack of legal recognition of social entrepreneurship as a specific form of entrepreneurship which deserves a targeted policy approach. Social entrepreneurship in Croatia still seems associated with NGOs, rather than with reaching social objectives through entrepreneurship. Given such unfavourable conditions, GEC board members emphasise the need for GEC to build stronger internal capacities to position itself on the market and utilise its potential. On the other hand, project-based financing will also be needed in the foreseeable future. Consequently, GEC recently formally changed its legal status to a non-profit cooperative.

5. CONCLUSION

Social enterprises evolve in entrepreneurial ecosystems which tend to be even less developed than in the case of profit-oriented entrepreneurship; inspired by Brown and Mason (2017), we call them proto-embryonic. Hereby an ecosystem can be viewed as a stakeholder network in which social enterprises emerge, develop and operate and in which they obtain relevant resources. Given unfavourable conditions in many local and national ecosystems, many successful social enterprises

² Semi-structured interviews with GEC board members Zoran Kordić (cooperative manager) and Sandra Vlašić (partnerships coordinator) were conducted in February and March 2023.

broaden their horizon in terms of stakeholder networks in which they participate. That leads to the multi-territorial nature of stakeholder networks in which social enterprises are embedded, whereby weaknesses at one territorial level are overcome by utilising opportunities at other levels. These developments have been analysed by a revision and adaptation of Isenberg's (2011) model of ecosystems to fit social enterprises, their stakeholder networks and the resources exchanged within these networks. That model has been complemented by Mitchell, Agle and Wood's (1997) analysis of stakeholder salience which provides insights into the relative weight of particular stakeholder claims. The conceptual framework has subsequently been applied to the case study of the Green Energy Cooperative, as an innovation-driven social enterprise with diverse capabilities and stakeholder relationships, which nevertheless exemplifies the difficulties of shifting from project-based financing (i.e. grants) towards a market-driven approach. This dual nature of GEC, based on simultaneous implementation of project-funded and market-driven activities, can be viewed both as an 'insurance policy' which reduces risks during downturns and as a strategic challenge to the coherence of the organisation. However, unless social enterprise ecosystem gaps in Croatia, are addressed through effective public policies, dense stakeholder networks and emergence of new social enterprises, such a dual strategy is a reasonable response to the uncertainties of an underdeveloped ('proto-embryonic') ecosystem.

Although empirically rooted in a case study, we would like to argue that the conceptual model proposed gives here has a wider potential for future research. Such research could further elaborate on the model of social enterprises and their stakeholder networks outlined in this paper and apply it in different regional, national and international contexts, also enabling comparisons not only between different (social) enterprises, but also between different social enterprise ecosystems. Such research can help also refine the differences between 'proto-embryonic' and 'embryonic' entrepreneurial ecosystems and facilitate policies that promote ecosystem development.

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DRUŠTVENA PODUZEĆA I NJIHOVI EKOSUSTAVI: UPRAVLJANJE MULTITERITORIJALNOM MREŽOM U CILJU ODRŽIVOSTI I UČINKA

Sažetak

Društvena poduzeća u mnogim zemljama nisu prepoznata kao specifični pravni subjekti, a institucionalna i financijska potpora im je nedostatna. Ekosustavi koji podupiru njihov nastanak i razvoj su stoga slabi. Društvena poduzeća odgovaraju na važne društvene izazove koji su relevantni za više dionika na različitim teritorijalnim razinama (lokalnoj, nacionalnoj i međunarodnoj). Ova višeteritorijalna priroda mreža dionika u koje su društvena poduzeća uključena također je povezana s prazninama u ekosustavu, koje potiču društvena poduzeća da prevladaju slabosti na jednoj teritorijalnoj razini korištenjem prilika na drugim razinama – i na taj način teže ukupnoj održivosti i učinku na društvo. U članku se razvija konceptualni okvir za upravljanje mrežama dionika unutar ekosustava društvenih poduzeća. To podrazumijeva identifikaciju ključnih dionika (definiranih njihovom razinom važnosti, na temelju Mitchell, Age i Wood, 1997) te materijalnih i simboličkih resursa koje društveno poduzeće dobiva od njih i/ili im ih pruža. Okvir je primijenjen na studiju slučaja Zelene energetske zadruge (ZEZ) iz Hrvatske. ZEZ je osnovan kako bi lokalnim zajednicama i građanima pomogao u planiranju, razvoju, upravljanju i financiranju projekata obnovljivih izvora energije i energetske učinkovitosti. Međutim, s obzirom na nerazvijenost relevantnog ekosustava u Hrvatskoj, ispunjavanje ove 'lokalizirane' misije također je istovremeno zahtijevalo strateški angažman ZEZ-a s kreatorima politika na nacionalnoj razini, kao i s EU i drugim međunarodnim izvorima financiranja i organizacijama za zagovaranje. Svaka od ovih teritorijalnih dimenzija (povezana s lokalnim projektima, nacionalnim politikama i međunarodnim financiranjem i zagovaranjem) uključuje odnose s višestrukim dionicima koje treba razvijati i održavati tijekom vremena, ako se želi postići održivost i učinak.

Ključne riječi: društveno poduzeće, zadruga, poduzetnički ekosustav, mreža dionika