

Contribution of Associations Registered for Social Entrepreneurship Activity to Social Entrepreneurship Development in Croatia

Abstract

The paper aims to examine how many Croatian associations that list social entrepreneurship (SE) as part of their activities, really devote their resources to SE, and to test the model of social entrepreneurial intention (SEI) on associations. A survey was conducted on these associations to test the regression model of SEI. The findings indicate that approximately 12% of associations that list SE as one of their activities act as or own a social enterprise whilst 45.3% encourage SE development through promotion, education, funding or other methods. Around 50% of the surveyed associations did not contribute to SE development, despite this being part of their mission when they registered their activities. These organisations typically lack SEIs, but find SE appealing. Policymakers should consider these empirical findings and provide support for investments to increase the appeal of SE, as well as knowledge on financing opportunities, entrepreneurial and managerial skills, and encourage associations to undertake SE initiatives through collaborative efforts. Despite a notable response rate, the sample may contain a bias towards associations with greater SE knowledge.

Keywords: associations, social entrepreneurship, civil sector, social entrepreneurial intention

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1. INTRODUCTION

Social enterprises aim to generate profits while simultaneously maximizing benefits for society and the environment, with profits primarily used to finance social programs (Šimleša et al., 2016). The goal is to create a surplus of income over expenses to ensure the sustainability of the realization of the social mission. Social entrepreneurship (SE) can contribute to reducing poverty, increasing jobs opportunities—particularly for people with disabilities (Kročil et al., 2019)—creating innovative products, using resources economically, increasing competitiveness, preserving traditional cultures and diversity, and generally increasing the standard of living of all residents (Ministry of Labour and Pension System, 2015).

Given that SE is perceived as a very useful type of entrepreneurship that alleviates social needs and, in that way, reduces the need for governmental interventions and associated public spending, researchers aimed to gain a deeper understanding about the process of becoming a social entrepreneur in hopes that the process could be stimulated. These research efforts have focused on constructing a social entrepreneurial intention model starting, from proposing key factors in the process (Mair & Noboa, 2006) to detailing the operationalisation of the model with corresponding measurement scales (Hockerts, 2017; Kedmenec et al. 2015b; Kruse et al., 2019).

As it connects different stakeholders, social entrepreneurship develops at the intersection of the civil, private and public sectors. The civil sector often addresses social needs that remain unmet by government social programs. Therefore, individuals in the civil sector, who are well-acquainted with social needs and motivated to alleviate human suffering, may engage in social entrepreneurship as one of their approaches. In Croatia, the civil sector takes the most responsibility for SE development (Šimleša, 2016). It is noteworthy that existing literature does not provide more information on how associations enter social entrepreneurship. While the SEI model has been frequently tested at the individual level (Hockerts, 2017; Kruse et al., 2019; Tiwari et al., 2017) and researchers have tried to identify personal characteristics that impact

social entrepreneurial intention (SEI) (Kedmenec et al., 2015a), it has been rarely tested at the organizational level (Tan and Yoo, 2015).

The purpose of this paper is to address this gap in order to provide the policymakers with evidence-based measures they could implement to increase the appeal of social entrepreneurship, especially for associations that have a positive attitude towards solving social problems, but may lack the necessary knowledge and other resources to initiate a business venture for this purpose. This is particularly relevant in Croatian context, where the development of social entrepreneurship has been slow so far and as a concept not adequately recognized nor supported by the legislative framework (Vojvodić and Banović, 2019).

The primary aim of this paper is to examine how many Croatian associations, which include SE as one of their activities, actually allocate their resources to it. The specific aims of this paper are as follows: to identify the Croatian associations that include SE in their activities, gather data on the SE development-related activities, test the model of social entrepreneurial intention (SEI) on these associations and ascertain the variables that strengthen their SEI.

The theoretical part of the paper presents an outline of the development of SE in Croatia, with a special emphasis on associations and explains the model of SEI. The methodology explains how the research sample was obtained and how the data was collected and processed. The subsequent chapter presents the results of the research, while the final chapter discusses the results and draws conclusions, explains research limitations and makes recommendations for future research.

2. LITERATURE REVIEW

SE involves identifying problems in society and the creation of social changes using entrepreneurial processes and operations (Ministry of Labour and Pension System, 2015). Unlike traditional entrepreneurs who tend to focus on creating commercial value or profit, social entrepreneurs strive to generate social value benefiting society or the community. Social well-being

is increased by starting new organizations or managing existing organizations through innovative solutions (Abu-Saifan, 2012). The primary objective is to create lasting social change through business.

There is no single legal form for a social enterprise. Most social enterprises in the European Union are realized through social cooperatives (European Commission, 2023a). Some are registered as private companies limited by guarantee, some are mutual, and many of them are non-profit-distributing organizations such as associations, charities and the like (European Commission, 2023a). One of the features of SE is the participation of numerous different stakeholders who can come from all areas, depending on the type, purpose and needs of the organizations (Vincetić et al., 2013).

2.1. Social Entrepreneurship in Croatia

Since 2000, the concept of SE in the Republic of Croatia has been explained and defined in more detail through various programs of the Government and the non-governmental sector. From 2006 to 2011, work was done on the development of SE through the National Strategy for the Creation of an Enabling Environment for Civil Society Development. This strategy has received its renewal for the period from 2012 to 2016. The Strategy outlined measures aimed at SE development, including the creation of quality monitoring system for social services, increasing the visibility of NGOs in socio-economic development, establishing an institutional framework for SE, educating the public on SE, and increasing the share of employed people who work in NGOs (The Government of Republic of Croatia, 2012).

To explicitly emphasize SE development, the Government of the Republic of Croatia adopted the Strategy for the Development of Social Entrepreneurship for the period from 2015 to 2020 (Ministry of Labour and Pension System, 2015). The general goal of the Strategy was to create optimal conditions for the creation of a stimulating environment for the economic development in the field of SE (Ministry of Labour and Pension System, 2015). The Strategy envisioned

four main measurements including establishment and improvement of the legislative and institutional framework for the development of SE, establishment of financial framework for the effective work of social entrepreneurs, promotion of SE through all forms of education, and informing the public about roles and possibilities of SE (Ministry of Labour and Pension System, 2015). However, the Strategy was not renewed after the year 2020. Currently there is no national strategy aimed at civil society development nor SE development in Croatia.

The preparation of the new National Plan for Creating an Enabling Environment for the Development of the Civil Society for 2023-2030 has not progressed. Although calls for civil society organisations under the European Social Fund are available in Croatia, stakeholders reported that more multi-annual funding calls should be published in order to provide greater stability for these civil society organisations (European Commission, 2023b).

Vojvodić and Banović (2019) prepared a SWOT analysis of SE in Croatia. According to it, the strengths consist of individuals and teams of people with a high level of motivation and, in general, stakeholders and organisations with a great interest in the field of SE. Weaknesses manifest themselves in the absence of a legislative framework that would encourage and protect SE development. In addition, insufficient education and training leads to a lack of entrepreneurial and managerial skills in the civil sector.

Opportunities are recognized in the new products and services of high added value in the energy sector, cultural tourism, education, eco-agriculture, agro-tourism and social tourism. Opportunities are also recognized in the potential networking. Threats are mostly observed through the neglect of the skills, abilities and work of SE stakeholders who through their initiatives contribute to a better society.

Given the lack of coordination of the legislative and institutional framework for the development of SE, it is civil society that is most deserving of improvements in the field of SE (Petričević, 2012). In the Republic of Croatia, SE is growing in size, scope and support through the active

work and initiatives of the third sector, i.e., civil society. The civil sector conducts numerous educational activities, projects, public forums and conferences on SE (Ferčec, 2021).

2.2. Associations in Croatia

Civil society refers to a wide range of communities and groups such as non-governmental organisations, labour unions, indigenous groups, charities, faith-based organisations, professional associations and foundations that operate outside of government to provide support and advocacy for specific people or issues in society. The term “third sector” can sometimes be found, and the reason for this is to distinguish it from the public sector and the private sector (Longley, 2022). The third sector organisations play a vital role in society, providing services and support that the first and second sectors are unable or unwilling to provide. The third sector tries to achieve its goals through a wide range of activities: raising funds, providing services or providing other forms of direct support and advice to the groups they help. They are often leaders of innovation and change, devising new ways to solve social problems (Alexander, 2010). Based on research conducted by Baturina (2018), there is a large contribution of the third sector and volunteering to the socio-economic status of Croatia.

According to Article 4 of the Law on Associations, an association is any form of free and voluntary association of several natural or legal persons with the same or similar ambitions and goals (Law on Associations, NN 74/2014 (NN 98/19)). Ambitions and goals can be recognised in the protection of their interests or commitment to the protection of human rights and freedoms, the protection of the environment, nature and sustainable development, as well as humanitarian, social, cultural, educational, scientific, sports, health, technical, informational, professional or other beliefs and goals that do not conflict with the Constitution and the law. It is also important to emphasise that the work of associations is carried out without the intention of making a profit or gaining other economic benefits, and they are subject to the rules governing the structure and operation of this form

of association. The condition for acquiring legal personality of an association is its registration in the Register of Associations of the Republic of Croatia (Law on Associations NN 74/2014 (NN 98/19)). Regardless of the type of association, they all offer their members special benefits that are very valuable. Most associations offer some tangible benefits - such as products, services, information, and the like. In addition, they offer many intangible benefits, such as networking, a sense of community and common purpose, and even the opportunity to volunteer.

Establishing an association is relatively simple, but the biggest challenge is to maintain its operations and cover its costs. Many non-profit associations try to operate with their own resources, but this is not always enough. Very often, the association must use other sources of funding to ensure its sustainability. It is therefore important to be familiar with a wide range of funding sources. Associations can be financed by members and third parties, from public subsidies and from the activities of the associations themselves (Government of the Republic of Croatia, Office for Cooperation with NGOs, 2016).

When founding an association in Croatia, the founders need to register it for one or more activities. It is possible to register an association for the activity of social entrepreneurship. This does not mean that an association choosing social entrepreneurship as an area of interest will necessarily become a social entrepreneur, but it does indicate that its work will support social entrepreneurship in some way. The three main ways in which a subject may support social entrepreneurship development are through the promotion of SE, education on SE, and funding for SE (Ministry of Labour and Pension System, 2015).

The first aim of this research is to analyse whether the associations who self-classified as associations in the activity of Social Entrepreneurship actually contribute to the SE development in Croatia and in what ways. Therefore, the following research question is posed:

RQ1: In what capacity and in what ways do the Croatian associations that self-classified themselves in the activity of Social Entrepreneurship encourage the SE development?

2.3. Social-entrepreneurial intention

Much research has been devoted to the question of who becomes an entrepreneur. Early research focused on personality profiles and demographic characteristics (Llewellyn & Wilson, 2003). In the 1980s, the trait approach was replaced by some ideas from social cognitive theory. According to Bird (1988, p. 442): "Intentionality is a state of mind directing a person's attention (and therefore experience and action) toward a specific object (goal) or a path in order to achieve something (means)." The entrepreneurship research accepted two dominant entrepreneurial intention models: *the theory of planned behaviour* (Ajzen, 1991) and *the theory of entrepreneurial event* (Shapero & Sokol, 1982) which have more similarities than differences. According to the *theory of entrepreneurial event*, people develop entrepreneurial intention if they perceive entrepreneurship as desirable and feasible. Similarly, in order to engage in SE, a person must perceive SE as both desirable and feasible (Mair & Noboa, 2006). Some people might find social entrepreneurship desirable, but not quite feasible. On the other side, SE might be quite feasible for some people, but not desirable in terms of their career choice. Therefore, the antecedents of social entrepreneurial intention (SEI) are perceived desirability and perceived feasibility of SE.

Perceived desirability of SE refers to the attractiveness of starting a social enterprise, while perceived feasibility of SE refers to the degree to which a person believes they are personally capable of forming a social enterprise (Mair & Noboa, 2006). If one wants to avoid the usage of the term "social enterprise" in defining SEI antecedents, perceived desirability of social entrepreneurship can be understood as one's personal inclination towards starting an enterprise that addresses social issues, while perceived feasibility reflects the extent to which one believes they are capable of starting such an enterprise (Kedmenec, 2015b).

The model of social-entrepreneurial intention has been tested at the level of individuals (Hockerts, 2017; Kruse et al., 2019; Tiwari et al., 2017) and the researchers tried to identify personal characteristics that impact SEI (Kedmenec et

al., 2015a). The model of SEI was tested rarely at the level of organisations (Tan and Yoo, 2015). This research examines whether it is applicable to the associations. Therefore, the following hypotheses are posed:

H1: Perceived desirability of SE has a positive impact on the SEI of associations.

H2: Perceived feasibility of SE has a positive impact on the SEI of associations.

Prior experience with SE development might also strengthen the SEI of an association (Kedmenec et al., 2016). To test this, the following hypothesis is proposed:

H3: Previous experience in SE development (through promotion, education, funding or in other ways) has a positive impact on SEI of associations.

3. DATA AND METHODOLOGY

In Croatia associations are registered in the Register of Associations of the Republic of Croatia, which is publicly available to everyone on the official website of the Ministry of Justice and Public Administration (Ministry of Justice and Public Administration, 2023). According to the Register, 50,795 associations are currently active in Croatia. Associations are classified according to the Classification of Activities of Associations (Ordinance on the Content and Manner of Maintaining the Register of Associations of the Republic of Croatia and the Register of Foreign Associations in the Republic of Croatia NN 04/15 (NN 14/20)) into one or more areas in which they achieve the goals prescribed by the statute. The Classification of Activities of Associations encompasses 17 areas of activity of associations, and this represents the first level of activity. This is further subdivided into the second level, which represents the activities of the association, and the third level, which represents the elaboration of the activities of the association.

Under the area of activity named Economy, an association can choose the activity of Social Entrepreneurship. The participants of this research were all the associations in the Republic of Croatia that opted for the field of activity

Economy and the activity Social Entrepreneurship in the Register of Associations (Ministry of Justice and Public Administration, 2023). As of May 5, 2023, 996 such associations were found. Out of a total of 996 associations, no contact information was available for 73 associations on the pages of the Register of Associations, the Register of Non-Profit Organisations and generally on the Internet. Accordingly, the number of potential respondents was 923 associations.

The research instrument was a survey questionnaire. It consisted of 3 parts: general information about associations, closed-ended and open-ended questions related to activities in the field of SE and closed-ended questions related to the SEI model. The on-line questionnaire was sent to the e-mail addresses of the associations. The data collection lasted 80 days, from 2 June 2023 to 21 August 2023. The legal representatives of associations were asked to fill out the survey. The completion of the questionnaire was completely anonymous.

The measured variables included *SEI*, *perceived desirability of SE*, *perceived feasibility of SE* and *previous experience in SE development*. Krueger (2009) emphasised that when measuring entrepreneurial intention, it is important to define a timeframe. Therefore, a time limitation of 5 years is present in the statement measuring SEI.

Perceived desirability of SE refers to the inclination to start a business that would solve social problems, while perceived feasibility refers to the extent to which an association is perceived as capable of starting a business that would solve social problems. The measurement scales for perceived desirability of SE and perceived feasibility of SE were adapted from previous research (Kedmenec et al., 2015b) to fit the context of associations. These measurement scales were selected because they are based on the previous studies of entrepreneurial intention (Lepoutre et al., 2010; Liñán & Chen, 2009) and are particularly useful as they do not use the term “social enterprise” like some other measurement scales in the SEI research do (Hockerts, 2017). The reason behind this is the possibility that different respondents could assign different meanings to this term. For example, Perić & Delić (2014) found that Croatian students do not know

what the term social entrepreneurship exactly means. The validity and reliability of the statements were previously tested in both Croatian and international context (Kedmenec, 2015b).

An association is a human construct, and although it has its own legal existence, it still cannot complete a survey on its own. A human must assess the perceived desirability and perceived feasibility of SE within the association. Given that associations have lots of members; it is quite rare that they all influence the strategies of their belonging associations. In this paper, the authors assumed that the association’s legal representative is the one who knows the association the best, and is thus able to assess the association’s SE feasibility. Regarding perceived desirability of SE, it was assumed that a legal representative’s personal view of perceived desirability of SE is important for the strategic decisions in an association related to SEI. The benefit of this approach is that data collection is simple and rather fast, though it also has its limitation that is elaborated in the discussion part of the paper.

The statements measuring the variables are presented in Table 1 in the chapter Results. The statements were rated on a five-point Likert scale with the following range: 1 – I strongly disagree; 2 – I disagree; 3 – I neither agree, nor disagree; 4 – I agree; 5 – I strongly agree. Previous experience in SE development was measured as a binary variable: 0 – an association has no previous experience in SE development (through promotion, education, funding or in any other way), 1 – an association has previous experience in SE development (through promotion, education, funding or in any other way).

To answer the research question, descriptive statistics supported by the analysis of respondents’ answers to open-ended questions were used. Factor analysis (Fulgosi, 1988) and multiple linear regression (Gujarati, 2009) were used for hypotheses testing. Factor analysis enables the development of different mutually independent constructs which is an important prerequisite for the multiple linear regression. These two methods together have been used very often in the research of both entrepreneurial intention and social entrepreneurial intention (Hossain, 2021; Wu et al., 2021; Chang et al., 2022).

4. RESULTS

4.1. Sample characteristics

The total population consists of 923 associations that are, among other things, registered for the activity of Social Entrepreneurship in the Register of Associations (Ministry of Justice and Public Administration, 2023). 311 associations responded to the questionnaire, which makes a response rate of 33.70% of respondents. Associations from the sample come from all counties of the Republic of Croatia, which is shown in Graph 1. Most of the associations are from the City of Zagreb (36 responses), Osijek-Baranja County (34 responses), Split-Dalmatia County (36 responses) and Primorje-Gorski Kotar County (22 responses) which indicates the geographical representativeness of the sample.

Most associations (26.0%) are less than 5 years old, while 22.8% are between 6 and 10 years old. Graph 2. shows the distribution of associations by age.

When asked how many members the association has, the associations provided the following (Graph 3). Most associations (69.5%) have up to fifty members.

Associations in the Republic of Croatia must select specific target groups to which they will direct their activities and objectives. There is no numerical limit to the number of target groups. Associations that, according to the Register of Associations, are registered for SE most often list citizens as the general population, young people, children and women as their target groups. An overview of the sampled associations according to their target groups is given in Graph 4.

Associations can operate as social enterprises, or they can establish a social enterprise. In the sample, 12.2% of the associations, or 38 associations, reported that they were operating as a social enterprise or that they owned a social enterprise. If the respondent answered that the association did not own a social enterprise, they were asked if the association was thinking about starting one. In the previous question, 273 associations replied that they did not own a social

enterprise. Of the 273 associations that do not own a social enterprise, 71.4%, or 196 associations, would not open any social enterprise. On the other hand, 28.2%, or 77 associations, are thinking about opening a social enterprise.

4.2. Activities aimed at SE development

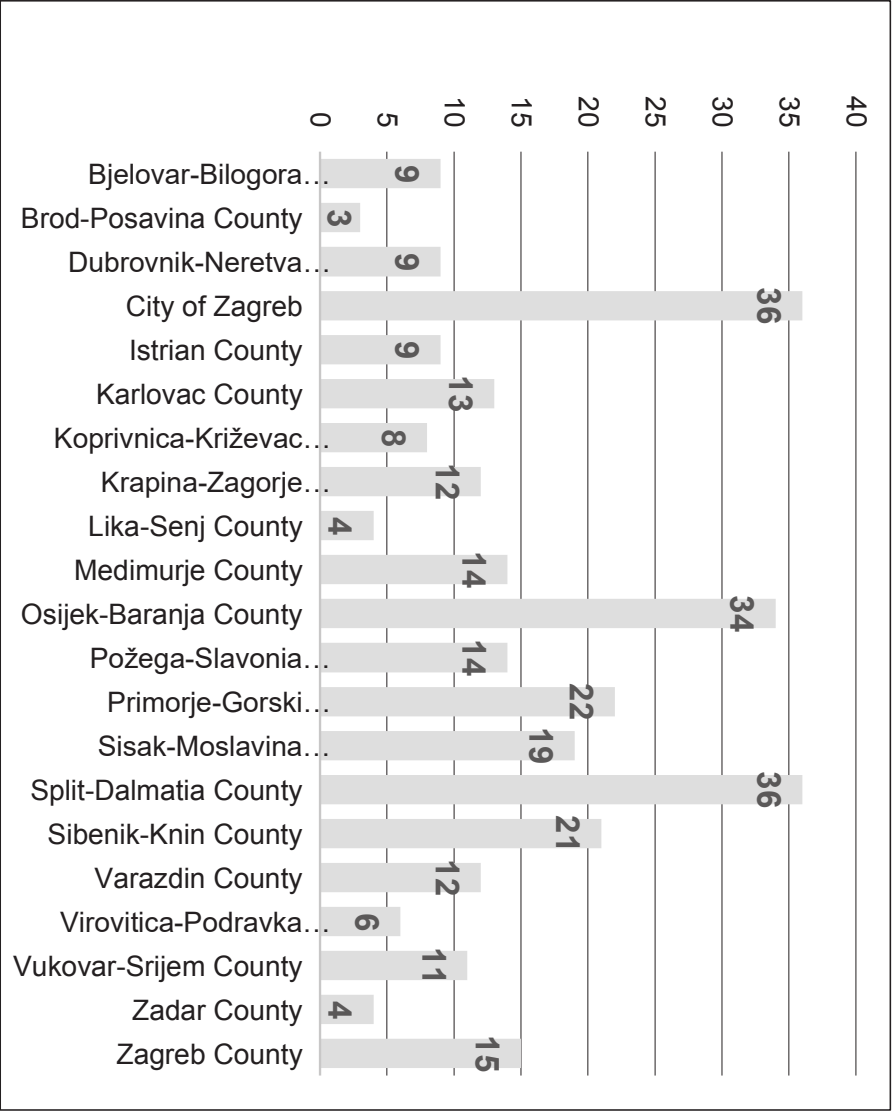
The next section of the questionnaire referred to questions related to the work of the associations in the field of SE. Associations were asked whether they had promoted the concept of SE in the last 5 years and, if so, in what way. 184 associations (59.2%) did not promote the concept of SE through any means of promotion. Then, 3.9% of the associations, i.e., 12 associations, could not give an answer to this question. The remaining percentage of 36.9% of the associations, i.e., 115 associations, promoted the concept of SE in various ways.

When we analyse the sample according to ownership and intention to start a social enterprise, the following data are obtained. 38 associations that operate as a social enterprise or own a social enterprise promote SE through the operation of their social enterprise and the sale of their own products. Of these, 30 associations stated that they additionally promote the SE concept. Most often, they use promotion through social networks, radio, television, newspapers and brochures, promote EU projects through which social enterprises were launched, hold presentations about the company, participate in round tables and fairs, and one association organised a conference on SE.

Of the 77 associations in the sample that do not currently have a social enterprise but are considering starting one, 37 associations (48.1%) reported that they promote the concept of SE, most often via social networks, their own website, radio, television, newspapers, and brochures, and by promoting EU projects that have resulted in the creation of social enterprises in which they have participated as partners.

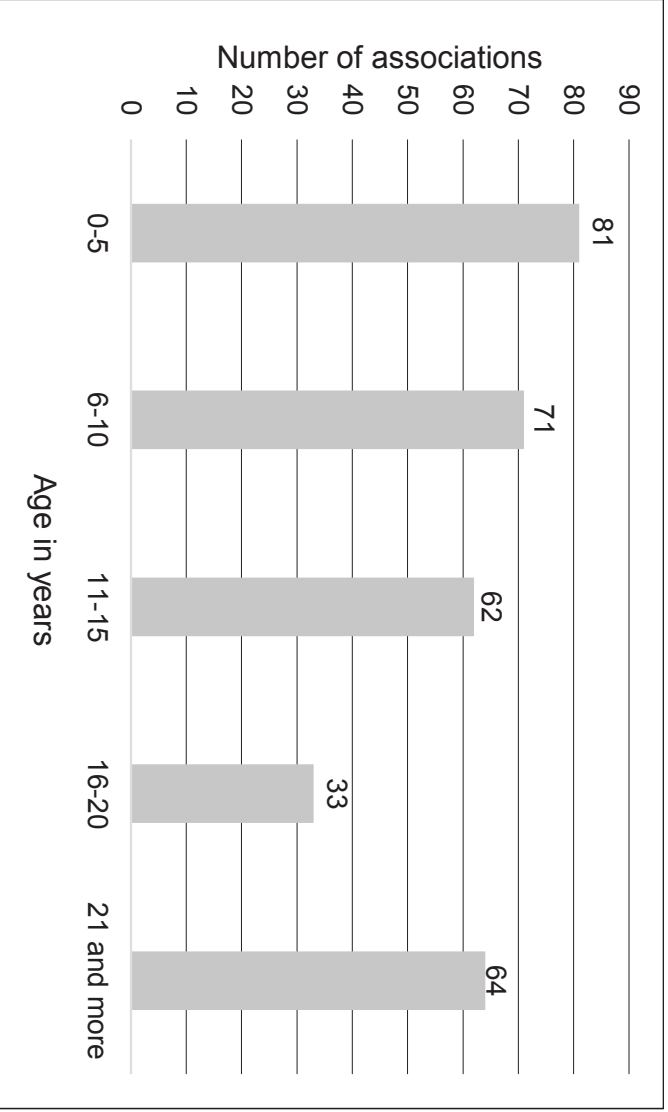
Out of 196 associations that do not have a social enterprise and do not plan to start one, 49 associations (25%) promoted SE. Promotion was most often realized through social networks,

Graph 1: Number of associations according to their headquarters



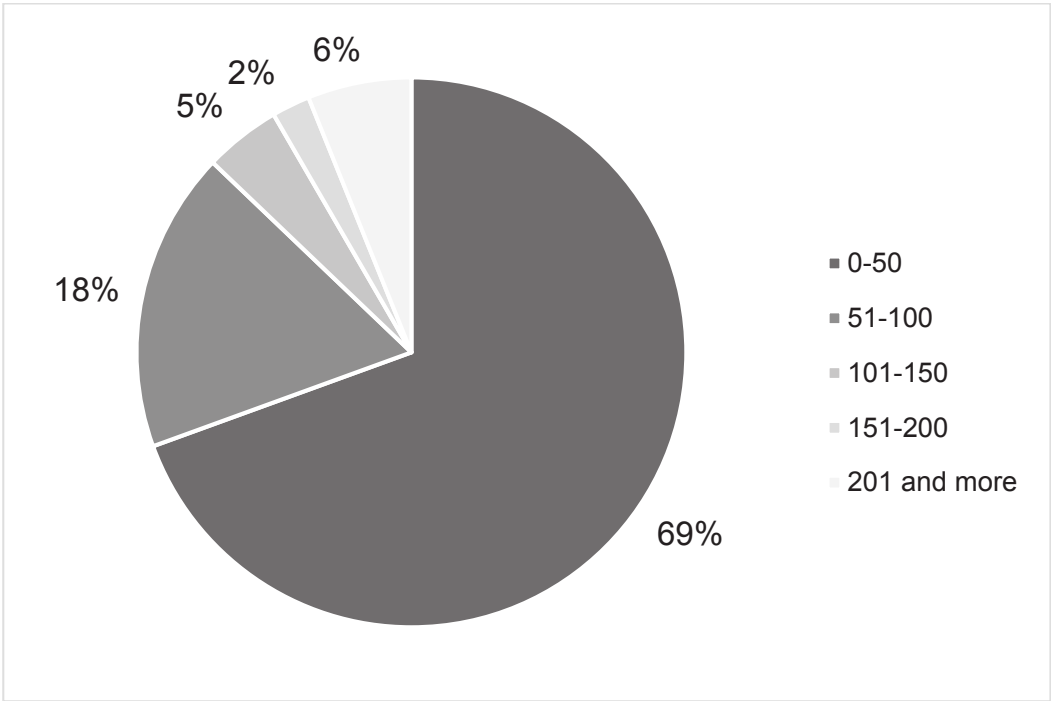
Source: Authors

Graph 2: Age of association



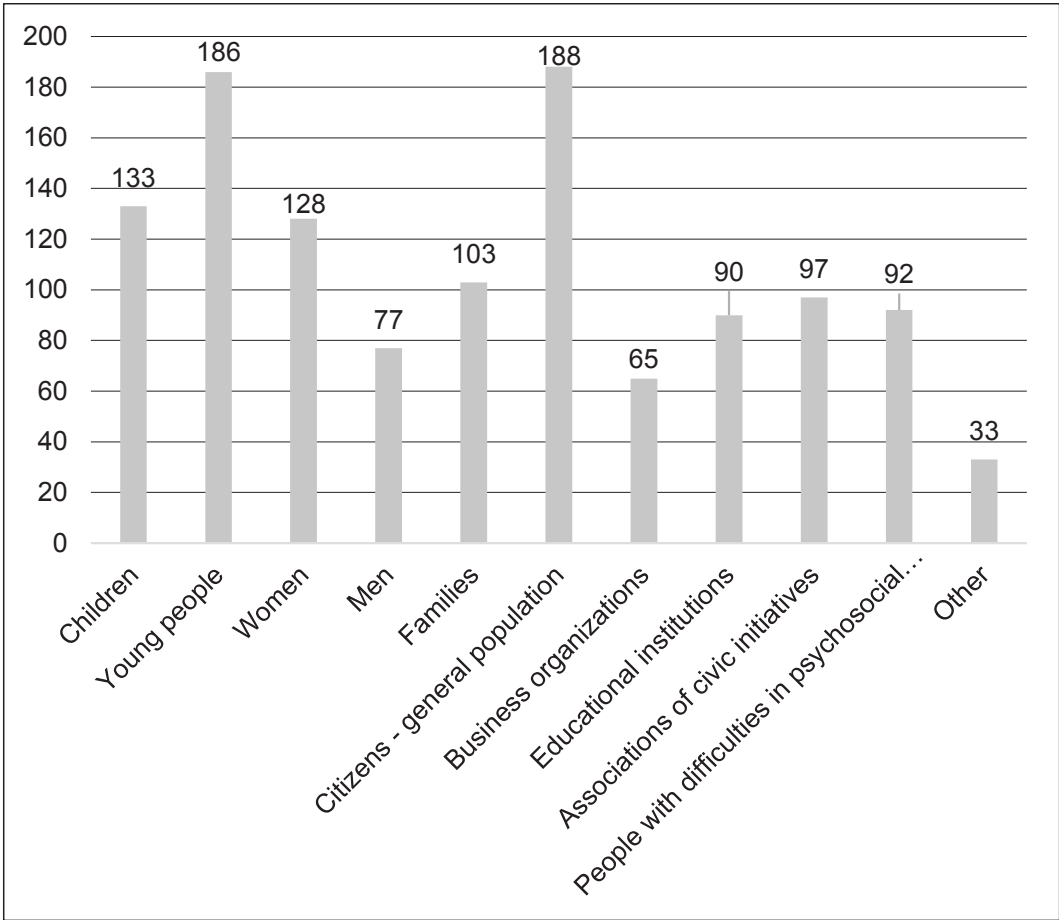
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Graph 3: Number of association members



Source: Authors

Graph 4: Target groups of the associations



Source: Authors

own websites, radio, television, newspapers and brochures, as well as by promoting EU projects through which the social enterprise was launched, and in which associations participated as partners. Two associations had social enterprises in the last 5 years, but they no longer have them, so they promoted SE through them. One association organised a competition for social enterprise ideas.

Data was also collected on whether the associations had educated anyone about SE in the last 5 years. 204 associations (65.6%) did not provide any education on SE. For 14 associations (4.5%), it was not possible to determine from the answers whether they had provided education. Education was provided by 29.9% of the associations, i.e., 93 associations. Associations often provide education as part of project activities to raise awareness of SE and sometimes education is provided online.

Of the 38 associations operating as a social enterprise or owning a social enterprise, 23 reported that they had provided education on SE in the last 5 years (60.5%). The education was most often aimed at pupils, students and young unemployed people, and less often at interested citizens.

Out of the 77 associations that do not currently have a social enterprise but are considering starting one in the next 5 years, 24 associations (31.2%) reported that they have provided education on SE in the past 5 years. The target groups of this education were high school students, university students, other associations, people in poor social conditions, beneficiaries from earthquake-prone areas and rehabilitated addicts.

Out of 196 associations that do not have a social enterprise and are not thinking about starting one, 29 associations (14.8%) reported that they had educated someone about SE in the last 5 years, including high school students, students, other associations, farmers, ex-addicts and veterans. One association published a handbook for young people on the topic of SE.

How many associations have financially supported the development of SE in the last 5 years

is shown below. 241 associations (77.5%) did not financially support SE. For 4.8% of the associations, i.e., 15 associations, it was not possible to determine from the answers whether they financially supported the development of SE. The remaining 55 associations (17.7%) supported the concept of SE financially in some way.

All 38 associations that operate as a social enterprise or own a social enterprise have in some way invested in their social enterprise - investing in space, furnishing, investing the work of association members in writing the project for opening a social enterprise. Two of these associations also reported buying products from other social enterprises and supporting them in this way.

Out of the 77 associations in the sample that do not currently have a social enterprise but are considering starting one in the next 5 years, 13 reported (16.9%) that they have financially supported the development of an SE through donations and the purchase of products from social enterprises in the past 5 years. Out of 196 associations that neither have a social enterprise nor are thinking about starting one, 20 associations (10.2%) stated that they have financially supported the development of SE in the last 5 years. They did this through donations and by purchasing products from social enterprises.

Data were also collected on whether associations supported the development of SE in any other way (apart from promotion, education and funding) over the past 5 years. A total of 263 associations (84.6%) did not support the development of SE in any other way. For 18 (5.8%) associations, it is also unclear from the answers whether they have supported the development of SE in any way. The remaining 30 associations (9.6%) supported the development of SE in some other way.

Out of 38 associations operating as a social enterprise or owning a social enterprise, 6 associations (15.8%) reported that the association supported the development of SE in some other way in the last 5 years. Five associations shared their experience of SE and helped other associations to develop their business model, while one association published a magazine that also covers topics from the field of SE.

Table 1: SEI model statements

Construct with appropriate statements	Mean (St. dev.) Median (Interquartile range)
Social entrepreneurial intention	
In the next 5 years, my association would like to start an enterprise with the primary goal of solving some social problem.	0.64 (1.45) 3 (3)
Perceived desirability of social entrepreneurship	
It would bring me great pleasure if my association would start an enterprise that would make revenues in the market and help the solving of social problems.	3.48 (1.39) 4 (2)
Starting a social enterprise represents an attractive professional choice.	2.97 (1.45) 3 (2.5)
Owning a social enterprise would have more advantages than disadvantages for my association.	3.11 (1.28) 3 (2)
Perceived feasibility of social entrepreneurship	
My association would be able to gather a team of capable people if we decided to start an enterprise that would solve a specific social problem.	3.43 (1.27) 3 (2)
It would be easy for my association to start and manage a company that solves a specific social problem.	2.72 (1.34) 3 (3)
I know all the possibilities for funding a social enterprise.	2.58 (1.28) 3 (2)

Source: Authors

Out of 77 associations in the sample that do not have a social enterprise but are thinking about starting one in the next 5 years, 12 associations (15.6%) reported that they had supported the development of SE in some other way in the last 5 years. Ten associations helped other associations to develop a business model, one association wrote applications for EU projects for the development of SE for other associations, while one association participated in the development of strategic documents related to SE.

Out of 196 associations that neither have a social enterprise nor are thinking about starting one, 12 associations (6.1%) reported that they have supported the development of SE in some other way in the last 5 years. Eight associations helped other associations develop a business model, three associations participated in the development of strategic documents related to SE, while

one association participated as a partner in an EU project dealing with the development of SE.

Looking at the aggregated data on the different ways of supporting the SE development, 45.3% of the associations support the development of SE through promotion, education, funding or in some other way. In other words, one in two of the associations that say they are active in the field of SE actually are.

4.3. Social entrepreneurial intention of associations

The items measuring the constructs of the SEI model are presented in Table 1. The statements were rated on a five-point Likert scale with the following range: 1 – I strongly disagree; 2 – I disagree; 3 – I neither agree, nor disagree; 4 – I

Table 2: Summary of multiple regression analysis of SEI model

Variable	B	SE _B	β
Intercept	2.585	.143	
Perceived desirability of social entrepreneurship	.867	.061	.600*
Perceived feasibility of social entrepreneurship	.578	.062	.402*
Knowledge on financing SE	-.033	.050	-.029
Experience in SE development	.338	.127	.115*

Note. * $p < 0.05$; B = unstandardised regression coefficient; SE_B = standard error of the coefficient; β = standardised coefficient

agree; 5 – I strongly agree. Principal component regression analysis with varimax rotation was used to develop the constructs for the entrepreneurial intention model and the SEI model. The models were tested using a multiple regression analysis.

After excluding associations that were already social enterprises or owned social enterprises, the sample consisted of 273 respondents. Table 1 shows the mean, standard deviation, median and interquartile range of each item assessed.

On average, the results show that the associations do not have SEI, but they perceive SE as desirable. The intensity of agreement is the lowest regarding the attractiveness of SE as a career choice. Regarding feasibility, the associations could on average gather a team of capable people needed for a social enterprise. However, on average, they do not perceive the creation and management of a social enterprise as an easy task and the knowledge on financing possibilities for SE is not sufficient.

The factor analysis encompassed the items measuring the perceived desirability of SE and the perceived feasibility of SE. One item from the perceived feasibility of SE construct was removed from the factor analysis because it did not load on the expected factor and was therefore included in the further analysis as a separate statement. This was the statement *I know all the possibilities for financing a social enterprise*. After this correction, the Kaiser-Meyer-Olkin

measure of sampling adequacy amounted to 0.848, confirming the appropriateness of the data for factor analysis. Two factors were extracted, which together explained 77.55% of the total variance. Cronbach's alpha coefficient for perceived desirability of SE and perceived feasibility of SE were 0.844 and 0.678, respectively.

The regression model of SEI is statistically significant, $F(4, 262) = 85.508$ ($Sig.=0.000$), adj. $R^2 = 0.566$. A summary of the results of regression analysis for the SEI model is shown in Table 2. Perceived desirability of SE, perceived feasibility of SE and experience in SE development had a statistically significant positive effect, confirming the hypotheses H1, H2 and H3. Knowledge on the possibilities of financing a social enterprise was not statistically significant.

5. DISCUSSION AND CONCLUSION

The main research question in this paper was: *"In what capacity and in what ways do the Croatian associations that self-classified themselves in the activity of Social Entrepreneurship encourage the SE development?"*. The data showed that associations can encourage SE development in many ways. Associations can act as social enterprises, or they can establish a social enterprise. In the sample of Croatian associations that listed SE as one of their activities in the Register, 12.2% declared that they operate as a social enterprise or that they own a social enterprise. Additionally, 28.2% of the remaining associa-

tions in the sample are thinking about starting a social enterprise.

Apart from setting up a social enterprise, associations can support the SE development by promoting SE, educating others about SE, providing financial support, and in many other ways. The most common activity aimed at the SE development was the promotion of SE, with the 36.9% of the associations in the sample promoting the concept of SE, most often via social networks, websites, radio, TV, newspapers, and by promoting EU projects that have led to the creation of social enterprise. The second most common activity was education about SE, with 29.9% of the associations providing such education on SE in the past five years, often as part of project activities. This education most often targets pupils, students, and young unemployed people, and less frequently vulnerable groups of people and interested citizens. Only 17.7% of associations have financially supported SE in the past five years by investing in their own social enterprises, by making donations to other social enterprises, and by buying products from social enterprises. Considering that these associations are non-profit organisations and rely on grants, donations, and sponsorships, they are not able to provide much financial support to other organisations. Data was also collected on whether associations have supported the development of SE in any other way (apart from promotion, education and funding) in the past five years. 9.6% of associations have supported the development of SE in some other way, most commonly by helping other associations to develop their business model and by participating in the development of strategic documents related to SE.

Associations that already act as or have founded a social enterprise much more often supported SE development via promotion, education, funding, and in other ways in comparison to other associations. The data also showed that the support for SE development in those four analysed forms is more prevalent among associations with SEI than among those without.

To sum up, although all 311 associations in the sample identified themselves as associations working in the field of SE, the research results prove that only about 12% actually act as or

own a social enterprise. Additionally, 45.3% of the associations support the development of SE via promotion, education, funding, or in some other way. This implies that around 50% of the surveyed associations did not contribute to SE development despite this being part of their mission at registration. Therefore, it is concluded that the contribution of associations that have registered for the activity of Social Entrepreneurship exists, but there is a lot of room for improvement.

The second part of the research was dedicated to SEI of associations. On average, the associations do not have SEI. However, they perceive SE as desirable. The greatest strength of the associations in terms of perceived feasibility of SE is human capital. Nevertheless, the knowledge of financing possibilities for SE and the existing entrepreneurial and managerial skills could be strengthened. The model of SEI is confirmed on the sample of associations showing that both the perceived desirability of SE and the perceived feasibility of SE are statistically significant antecedents of SEI.

The implications of the conducted research are as follows:

Firstly, the intensity of agreement is the lowest regarding the attractiveness of SE as a career choice. This suggests that Croatian society needs more initiatives aimed at raising the social status of social entrepreneurs. These findings align with previous studies highlighting the importance of state efforts to motivate people to pursue social entrepreneurship as a career option by creating a supportive environment (Swain & Patoju, 2022). Recent research even shows that social entrepreneurship can be supported even with the indirect governmental measures that foster a conducive business ecosystem for startups and nonprofit organizations (Li et al., 2024).

Secondly, although the knowledge of financing possibilities for SE could be strengthen, education about the possibilities of financing SE will not be enough to encourage SEI development, as the regression results showed. Thirdly, experience in SE development proved to be statistically significant in the formation of SEI. Associations currently inactive in terms of SE development

could gain experience if the active associations include them in their own SE development initiatives. In that way, associations starting the SE development initiatives would multiply their impact by including other associations in them. Associations could learn from each other, and be inspired to develop their own initiatives. Moreover, associations with the same target groups and similar missions could link up, and initiate SE development through joint efforts. Sometimes, associations have a good innovative idea to solve a social problem but lack the resources for implementation. On the other hand, there are associations that have resources, but lack innovative and creative solutions. Therefore, associations should be encouraged by the state to cooperate as partners to realize ideas together. Previous research has shown that third-sector organizations benefit from the flow of entrepreneurial knowledge from one organization to another and use it to transform themselves into social enterprises (Ko & Liu, 2015).

The support of the state is greatly needed for SE development, but the concept of SE in Croatia lacks a solid legislative and institutional framework. Barriers to SE usually mentioned in the literature (Rahim, 2019), such as lack of experience in SE development activities, lack of competence in terms of abilities, knowledge and skills, beliefs about social advancement and lack of financial resources proved to be important in this research as well.

Although the response rate was quite high, it is possible that the sample is biased in favour of associations that know more about SE. It is possible that the associations more familiar with SE decided to participate in the survey. In addition, not all associations in the sample that replied that they supported the SE development provided a description of their support. As a result, some forms of support may have been omitted from the research results.

The assumption that the legal representative's perceived desirability of SE is the only one that is important may be an oversimplification. Future research should consider the perceived desirability of SE of all association's members who are important for the decision-making process. This would require a short interview with the

legal representative who would first explain how the decisions are made in practice in a specific association.

Future research could longitudinally track the activity of these associations in the field of SE. It would also be useful to identify the social ties between these associations and to measure the spill-over effects of current SE development activities since many associations mentioned that they had participated as partners in the projects promoting SE.

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Doprinos udruga registriranih za aktivnost društvenog poduzetništva razvoju društvenog poduzetništva u Hrvatskoj

Sažetak

U radu se želi ispitati koliko hrvatskih udruga koje društveno poduzetništvo (DP) navode kao dio svojih aktivnosti, zaista svoje resurse posvećuju DP-u te testirati model društveno poduzetničke namjere (DPN) na udrugama. Udruge su anketirane kako bi se testirao regresijski model DPN-a. Rezultati pokazuju da otprilike 12% udruga koje navode DP kao jednu od svojih aktivnosti djeluju kao ili posjeduju društveno poduzeće, dok 45,3% potiče razvoj DP-a putem promocije, obrazovanja, financiranja ili drugih načina. Oko 50% anketiranih udruga nije doprinijelo razvoju DP-a iako je to bio dio njihove misije pri registraciji aktivnosti. Organizacijama obično nedostaje DPN, ali DP smatraju privlačnim. Kreatori politika trebali bi razmotriti ove empirijske rezultate i pružiti potporu ulaganjima u povećanje atraktivnosti DP-a, kao i znanja o mogućnostima financiranja, poduzetničkim i menadžerskim vještinama, te potaknuti udruge da zajedničkim snagama pokrenu inicijative DP-a. Unatoč značajnoj stopi odgovora, uzorak može sadržavati pristranost prema udrugama s većim znanjem o DP-u. Međutim, istraživanje daje evaluaciju napora usmjerenih na razvoj DP-a od strane ovih specifičnih udruga, što je korisna polazna točka za praćenje budućeg napretka.

Ključne riječi: udruge, društveno poduzetništvo, civilni sektor, društveno-poduzetnička namjera