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## EMPIRICAL INSIGHTS INTO THE ROLE OF SOCIAL ENTREPRENEURSHIP IN SUSTAINABLE RURAL DEVELOPMENT: EVIDENCE FROM CROATIAN AGRICULTURE

**Abstract:** *As one of the key elements in overcoming current social and economic challenges, social entrepreneurship is gaining increasing importance in Croatia. In agriculture, social entrepreneurship is primarily represented through the activities of civil society organisations and cooperatives. The community led local development approach as well as the bottom-up approach overall play a compensatory role in often inadequate conventional state incentive measures aimed at local and regional development. The focus of this paper is on actors who, besides being profit-oriented, are primarily driven by the aim of increasing the quality of life for poorly employable groups and creating positive and sustainable social and economic impacts. The results of the conducted research through desk analysis and focus groups emphasize the important role of social entrepreneurship in the sector of agriculture and rural development, as well as its impact on socio-economic development in Croatia.*

**Keywords:** *social entrepreneurship; agriculture; rural development; Croatia*

**JEL Classification:** *L31; Q1; O2; R1*

### 1. Introduction

Since the 1950s, the concept of social entrepreneurship (SE) has been extensively analyzed and defined across various scientific disciplines such as economics, sociology, and anthropology. These efforts have resulted in different dimensions of the construct, which emphasize the hybrid nature of combining a social mission with entrepreneurial activities (Saebi et al. 2019) aimed at addressing social problems such as poverty, unequal distribution of healthcare resources, and unemployment (Galaskiewicz & Barringer, 2012). Betts et al. (2018) note that social entrepreneurs focus on creating both value and opportunities, with Santos (2012) adding that they generate societal value through innovative and socially sustainable ideas and Defourny (2001, 2) emphasizing that the concept implies „a new entrepreneurial spirit focused on social aims“. SE is commonly understood as engagement in activities aimed at providing services and products in a creative and socially beneficial manner - this involves consid-

ering efficiency, the values of civil society organizations (CSOs), and business practices that support communities in addressing complex social, economic, and environmental challenges. (Smith & Stevens, 2010; Belz & Binder, 2017; Steiner & Teasdale, 2019; Tišma et al., 2024).

The interest in SE in the EU has significantly increased in the past decade, leading to numerous debates, new legal frameworks, and new forms of financial support. This has resulted in a growing number of social enterprises, more people employed in SE, and an increased demand for their services. This momentum has been driven, among other, by various complex issues such as overall unemployment, uneven regional (urban/rural) development, segregation of population (particularly in urban areas) and low quality of life of marginalized groups (Šajfar & Strmota, 2020; Tišma et al., 2023). Social entrepreneurship differs fundamentally from philanthropy, corporate social responsibility, and traditional entrepreneurship by embedding social impact into its

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core business model. According to Bjelić (2025) its market-based yet socially driven approach aims to generate positive outcomes for marginalized groups, offering sustainable, systemic solutions rather than temporary aid. This model aligns strongly with the Sustainable Development Goals (SDGs), especially those promoting equity and inclusion.

The paper is focused on social entrepreneurs in the Croatian agricultural sector. These entrepreneurs are not solely profit-driven, they are also dedicated to improving the quality of living of marginalized groups and fostering positive and sustainable social and environmental impacts in rural areas of Croatia. The paper will underscore the vital role of social entrepreneurs in agriculture in promoting socio-economic changes in rural and other less developed regions. Given the distinct interlinkages of the concept of SE in agriculture in relation to other development policies, the primary hypothesis is that the strengthening of SE in agriculture should be perceived by way of applying the integrated, multisectoral and participatory development approach.

Specifically, the research problem addressed in this paper is the insufficiently explored role of SE in Croatian agriculture and the lack of systematic knowledge on the institutional, financial, governance-related, and socio-economic conditions that either enable or constrain its contribution to sustainable rural development. The paper therefore aims to analyse the role, development potential, and key limitations of SE in agriculture in Croatia, with particular attention to cooperatives, civil society organisations, local action groups, and other community-based actors operating in rural areas. Accordingly, the paper addresses the following research questions: RQ1: What role does social entrepreneurship play in the agricultural sector and in sustainable rural development in Croatia?; RQ2: What are the main development potentials and structural barriers affecting social entrepreneurship in Croatian agriculture?; RQ3: Which institutional, policy, and governance measures are needed to strengthen social entrepreneurship in agriculture through an integrated, multisectoral, and participatory development approach?

This contribution draws upon the results of a three-year project „Through Dialogue Towards the Croatian Network for Social Entrepreneurship“, which along with the academic community, included twenty relevant partners in the segment of SE and resulted, among other, with four research studies and eight thematic policy guidelines contributions reflecting the current circum-

stances and particularly the main challenges in the sector, including those related to SE in agriculture.

## 2. Relevance of social entrepreneurship for rural areas

Rural areas face significant socio-economic and other challenges compared to urban and more developed regions, making the potential arising from the development of SE particularly important in these regions (Sampedro-Hernández & Vera-Cruz, 2017). Williams and Nadin (2011) argue that less developed areas are more conducive to the growth of SE than cities, due to the pressing need for social performance among entrepreneurs in rural areas. Similarly, Pachura (2025) emphasizes that the traditional lifestyles in rural communities—characterized by higher levels of solidarity and cooperative behaviour—create a supportive environment for SE initiatives, fostering collaboration and community-driven action. This may be a key factor in the rising importance of SE in certain rural and other less developed areas of the EU, as well as in Croatia. Indeed, as Šimleša et al. (2016) suggest, the engagement of social entrepreneurs can contribute to community integration, increased employment of marginalized groups, the creation of new products, environmental protection, food production, and, overall, improvements in the quality of life.

Kolaković et al. (2015) emphasize that the developmental potential of SE is reflected in enhanced social competitiveness and improvements in the quality of life at the local level. This impairs the importance of SE for less developed rural areas in Croatia, in which the providing of high-quality social and other essential services remains an explicit challenge. However, Steiner and Teasdale (2019) and Pachura (2025) highlight that SE in rural contexts remains largely underexplored. This issue is particularly pronounced in Croatia, due partly to the lack of research, empirical studies, and a comprehensive database on SE.

Social entrepreneurs in agriculture, who play a crucial role in community development and addressing the specific needs of groups in rural regions, are often driven by civil and bottom-up initiatives (Hudcová, 2016; Pachura 2025). Within the agricultural sector, SE has increasingly emerged as a transformative approach that balances economic viability with social and environmental objectives. This perspective recognizes agriculture's multifaceted role—not only in food production but also in sustaining rural livelihoods, preserving biodiver-

sity, and maintaining cultural heritage. As Elsner et al. (2025) demonstrate through multiple case studies across Europe and Northern Africa, social innovations in agri-food systems can effectively drive sustainability transitions by integrating economic, social, and environmental goals while fostering community engagement and resilience in rural areas. SE in agriculture covers a range of activities, including the cultivation of vegetables, fruits, vines, and olives, animal care, and the production and sale of agricultural products for the needs of the local community. Additionally, it involves the introducing of innovations aiming at strengthening the developmental potential of traditional agriculture. Social entrepreneurs in agriculture contribute to improving the quality of life in rural areas by creating new employment opportunities, diversifying production (thereby increasing income), providing services lacking in less developed rural regions, and generally enhancing the public perception of agriculture and farmers (Bateman & Maleković, 2004; Elsner et al., 2025).

Moreover, these efforts foster networking among social entrepreneurs, stakeholders, and actors on the local and regional level, which further contributes to the strengthening of competitiveness of rural areas. This collective entrepreneurial engagement contributes also to the retaining of young, educated individuals in regions experiencing significant outmigration. With the aim of reaping most benefits from this potential, it is essential to establish trust and ongoing collaboration between social entrepreneurs and the local community, as well as to ensure the support of local and regional actors and stakeholders for their activities (Dronjak, 2019; Bateman & Maleković, 2003). Regional and local stakeholders play a critical role in integrating social enterprises into the life of the local community and in supporting their networking with other actors and stakeholders.

However, desk research and extensive literature review confirmed that the retaining of young people and the strengthening of competitiveness of rural regions cannot rely on the potential of a single sector. Inhabitants in rural areas require a broad range of services and different opportunities that contribute to an improved quality of life. Achieving this demands a combination of social, educational, healthcare, and numerous other services, as exemplified, among other, by the case of Italian social enterprises in agriculture (Defourny & Nyssens, 2014). The importance of complementarity of policy measures within different development policies is even more pronounced when considering that SE in agriculture is critical for the development of the most underdeveloped rural

areas, which, as previously observed, are primarily abandoned on the part of highly educated young people, without whom the development of these areas is severely constrained. Therefore, SE in agriculture must be approached through an integrated lens, linking agricultural policy with demographic recovery, sustainable regional and rural development, employment policy, development of small enterprises, social policy, sports and cultural development policy, health, tourism, and environmental development. Such an approach asks for the dismantling of silos between different development policies to instigate sustainable integrated governance (Tosics, 2011; Keser, 2023).

The importance of SE in the Croatian agriculture is highlighted by research conducted within the mentioned project “Through Dialogue Towards the Croatian Network for Social Entrepreneurship,” which confirmed that the most prevalent activity of social enterprises in Croatia is seen within the agricultural sector. Specifically, out of 526 respondents, 138 (26.24%) operate in this area (Keser et al., 2022). These results are not surprising given the context of SE development in Croatia, where cooperatives, particularly in agriculture, had a key role.

### 3. The importance of cooperatives for social entrepreneurship in Croatian agriculture

In the absence of a specific legal and organizational framework, SE can take various forms, such as civil society organizations (CSO), mutual support organizations, charitable associations, social enterprises, foundations, cooperatives, employment centres and similar entities. Since the mid-1990s, Europe has witnessed a rise in the number of social enterprises, whose development is closely linked to cooperatives, with the most common forms in all countries being CSO and cooperatives (Defourny & Nyssens, 2014; Tišma et al., 2023). As pointed out by Hudcová et al. (2018), a broader discussion on what a social enterprise is appeared also at the heart of the third sector and was closely linked to the cooperative movement.

In Croatia, there is very little discourse as to the strong contributions of SE, including cooperatives, to the development of the agricultural sector and, overall, to rural development (Pešorda & Gregov, 2015). Yet precisely cooperatives had a significant role in promoting SE in agriculture. This contribution has been recognized in many European countries, such as Spain, Italy, Denmark, the United Kingdom, Germany, Finland, Sweden, and Slove-



nia. One of the most recognised examples globally is the cooperative system in the Mondragon region of Spain (Forcadell, 2005). However, limited research is available in Croatia related to the extent in which such a well-developed and publicly supported cooperative system has contributed to the comprehensive transformation of what are now recognised as highly competitive and economically dynamic regions, such as the Basque Country, northeastern and central Italy, and other regions in the aforementioned countries (Bateman & Maleković, 2003; Maleković, 2002). For example, Emilia-Romagna is the region with the most developed cooperative sector in Italy and is also the country's economically most advanced region. It serves as a successful example of a social economy ecosystem based on the achieved balance between economic objectives, the creation of social value, social innovation, SE, and elements of institutional support (Catala et al., 2023). These examples demonstrate relevant impacts of this form of SE in fostering self-sufficiency and endogenous local development processes, leading to transformative changes across various sectors. This includes the linking of agriculture, entrepreneurship, and community services with stable markets, the latest technologies, and innovations, ultimately ensuring that the broader community reaps most benefits from this form of SE. Endogenous community development, which supports the development of cooperatives, draws on "territorial capital" and the territorial development concept, highlighting both tangible assets—such as geography, natural resources, quality of life, and agglomeration economies from business networks—and intangible elements, including local identity, customs, solidarity, social commitment, mutual assistance, and shared ideas (Camagni, 2007; Capello et al., 2009). Similar, when observing the factors contributing to SE in rural regions Atahau et al. (2022), refer to the importance of local wisdom for preserving rural societies' self-confidence, as well as solidarity in boosting their economic growth.

Indeed, cooperatives are founded on values such as cooperation, internal trust, honesty, empowerment, dignity, solidarity, and a sense of partnership, which provide vital strength to business activities (International Labor Organization, 2002). Recent research further confirms that the participatory and cooperative nature of worker cooperatives—rooted in cooperation and shared responsibility—enhances both entrepreneurial and innovative performance, reinforcing the importance of these core values in driving socio-economic outcomes in cooperative enter-

prises (Santos, Guzmán & Valiente, 2025). These principles distinguish cooperatives as significant instruments for achieving sustainable economic and social progress within local communities, particularly in rural areas. Cooperatives also offer certain business advantages over conventional businesses led by investors. Agricultural cooperatives are owned and controlled by individual farmers, established with the purpose of assisting them to market their products, improve quality, promote new products, access cheaper raw materials, obtain technical advice and other (Bateman & Maleković, 2004; Babić & Račić, 2011). In doing so, among other, they generate numerous economic and other benefits for the local community.

The role of agricultural cooperatives cannot be separated from the broader issue of sustainable economic and social development, given their achieved and widely recognised results in these development segments (Pejnović et al., 2017). Their contribution is particularly evident in the creation and maintenance of "decent jobs" and in promoting social inclusion (Broz & Švaljek, 2019). Furthermore, their global role has been recognized in fostering solidarity between and within communities, promoting greater equality and dignity for employees, and ensuring market access to small producers, which is of pivotal importance for less developed rural areas which have significant potential for developing SE in agriculture.

This role needs to be redefined through cooperatives engaged in innovative, competitive, and dynamic sectors, contributing to emerging new development themes, aligned with the potential and needs of the local community.

Despite their recognized importance and contribution to the development of less developed local communities and regions, including those in transition, their development and role in Croatia remain significantly underappreciated and ignored (Babić & Račić, 2011; Pejnović et al., 2017; Božić et al., 2020). Their underdevelopment has further limited their contribution to overall development of SE. Resistance and mistrust influenced by past perceptions currently still results in the neglect of a potentially successful business model (Vojvodić & Šimić Banović, 2019; Broz & Švaljek, 2019).

In the period 2016-2023, according to the Register of Farmers, the number of cooperatives in Croatia decreased by 7.7%, and their share among all farmers stagnated at only 0.2%. Vidović and Rakin (2017) emphasize that cooperatives have not been a priority within key development policies that focus on the development of SE. Contribut-

ing factors to their slow recovery include public disengagement, inherited mistrust from the previous period, and the fact that social and cultural circumstances have not emphasized the value of solidarity and collective involvement for community development.

A significant opportunity for SE in agriculture in Croatia was missed when the proposed Strategy for Cooperative Development, drafted in 2004, along with the accompanying document: "Promoting Cooperative Development through Guidelines for Institutions Involved in Local and Regional Economic Development," was not adopted. Albeit being developed by way of an optimal participatory approach, the political will was absent, and these documents did not serve for policy development purposes, even though the issues they addressed remain highly relevant today. The presented policy guidelines and recommendations in these documents could serve in effective and efficient addressing of the current major challenges in the cooperative sector, including SE in agriculture.

Existing laws and public policy measures are insufficient to support the development of cooperatives as leading social enterprises. Broz and Švaljek (2019) argue that cooperatives face discrimination and are in a worse position in terms of access to state support compared to small and medium-sized enterprises, which mainly consist of commercial companies, crafts, family farms, and non-profit organizations. Cooperative business operations under the current Cooperatives Act are seen as unclear and restrictive for the development of SE. Furthermore, cooperatives are subject to double taxation on profits, as they are liable to corporate tax under the Corporate Income Tax Act (Vojvodić & Šimić Banović, 2019).

However, cooperatives are undergoing certain transformations that are more visible in other EU member states but are gradually emerging in Croatia as well. Vojvodić and Šimić Banović (2019) describe a new form of cooperative that is open to diverse actors and new industries, particularly in areas that significantly contribute to the sustainability of the local economy and the development of innovations aimed at creating new value through the use of renewable energy sources, sustainable waste management, dynamic eco-agriculture, organic food production, and the financing of new entrepreneurial ventures and other environmental initiatives in line with the principles of ethical banking. Research showed that these new forms of cooperatives hold great potential for further development of SE, foremost

when combining agricultural production with, along with the mentioned, also with other development sectors such as social services, renewable energy, education, tourism, culture, sports, and other.

Nevertheless, optimal use of the development potential of SE in agriculture will largely depend on the effective and efficient actions of local and regional stakeholders, as well as the local community. Among other, this will require additional incentives for education aimed at creating technological and social innovations and encouraging social entrepreneurs to utilize local community resources through the organization and establishment of specialized cooperatives, civil society organizations, public companies, and other entities (Kirinčić, 2018; Car et al., 2020).

#### 4. Results of research in the field of social entrepreneurship in agriculture

In line with the research objective - determining of the role of SE in the agricultural sector, and gaining an in-depth understanding of the topic, including the development potential as well as the main challenges facing SE in agriculture - a combination of focus groups and desk analysis of publicly available documents was employed. A combined desk analysis and focus group research design was selected because the topic remains insufficiently researched in Croatia and because the purpose of the study was not statistical generalisation, but rather the identification and interpretation of relevant patterns, challenges, and policy implications.

Desk analysis methodology: secondary data sources were analyzed using a desk research method, which included scientific literature, as well as publicly available policy documents such as: Agriculture Strategy until 2030 (NN 26/2022); Strategic Plan for the Common Agricultural Policy of the Republic of Croatia (SP ZPP HR); Agriculture Act (NN 118/18, 42/20, 52/21); Decision of the Constitutional Court of the Republic of Croatia (127/20); Act on Support for Agriculture and Rural Development (NN 80/13, 41/14, 107/14); Act on Establishing the Institutional Framework for the Implementation of the European Structural and Investment Funds in the Republic of Croatia for the Financial Period 2014–2020 (NN 92/14); Regulation on Bodies in the System of Management and Control of the Use of the European Agricultural Fund for Rural Development (NN 129/2014); Cooperatives Act (NN 34/11, 125/13, 76/14, 114/18, and 98/19) and the Evaluation of Effec-



tiveness, Efficiency, and Impact of the Operational Program Efficient Human Resources 2014–2020, Group 7: Evaluation of Social Entrepreneurship (2021). Publicly available databases were also used for the purpose of the research.

Primary research methodology: with the aim of obtaining data on the role of social enterprises in agriculture, primary data was collected through a qualitative method, focus groups and discussions. As part of the project “Dialogue Towards the Croatian Network for Social Entrepreneurship” (Keser & Maleković, 2022), six focus groups were organized. A total of 65 participants took part in the discussions: Group 1: 10 participants, Group 2: 13 participants, Group 3: 7 participants, Group 4: 15 participants, Group 5: 10 participants, Group 6: 10 participants. The participants included farmers, employees of social enterprises, and members of social cooperatives. The focus groups were conducted with particular attention given to flexibility, objectivity, the ensuring of a safe environment, appropriate duration and venue, as well as to other aspects of scientific ethics (Fontana & Frey, 2000). During the formation of the focus groups, it was ensured that participants shared common knowledge on the research topic but also that they differed in their positions regarding the subject matter (Ritchie & Lewis, 2003).

The focus group findings were interpreted through thematic analysis, with recurring issues grouped around the role of SE in agriculture, development potentials, structural barriers, and policy needs. These empirical insights were then compared with the desk analysis findings in order to strengthen the consistency of interpretation.

Following the completed desk and field research, the following figures highlight several of the most relevant characteristics of SE in agriculture, as well as their developmental potential and development needs, which largely arise from the identified challenges, as well as from the necessity to exploit the existing development potential for sustainable development in agriculture. The highlighted development needs, which encompass all the, served as the basis for defining the guidelines within the research project, with several of them emphasized in the concluding remarks.

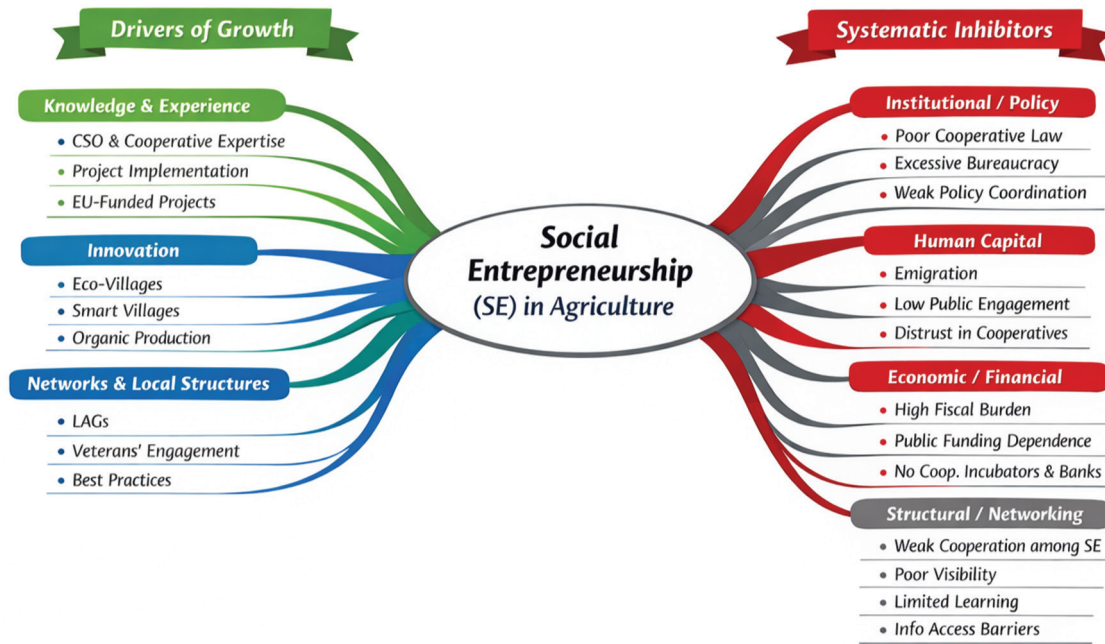
Figure 1 provides a synthesized overview of the key characteristics shaping SE in agriculture, derived from desk and field research. The results indicate that, despite observable growth dynamics, the sector remains structurally constrained by a wide range of systemic barriers. On the positive side, the findings reveal a steady increase in the number of civil society organisations and coop-

eratives engaged in agricultural activities, many of which possess significant experience in project preparation and implementation. Innovation-driven initiatives, including eco-villages, smart villages, glamping facilities, and organic food production, demonstrate the sector’s adaptive capacity and responsiveness to emerging rural development models. Furthermore, the involvement of veterans and the increasing effectiveness of local action groups contribute to community-based development and provide transferable examples of best practice.

However, these growth drivers are outweighed by a broad set of interrelated challenges. Institutional and policy-related barriers, including poor-quality cooperative legislation (the draft Strategy for the Development of Cooperatives from 2004 was not adopted), excessive administrative burdens, weak policy coordination, and delayed strategic evaluations (the Evaluation of the Strategy for developing SE for the period 2014-2020 was conducted at the end of the implementation period), significantly limit the enabling environment for SE in agriculture. Human capital constraints, particularly the emigration of young and highly educated individuals from rural areas, further undermine the sector’s long-term development potential. Economic and financial challenges are also prominent, with excessive fiscal burdens, insufficient and non-systematic financial support mechanisms, and a strong dependence on public funding sources constraining sustainability and scalability. Structural weaknesses, such as limited cooperation among social enterprises, poor inter-sectoral and inter-regional networking, and low visibility of SE initiatives, additionally restrict knowledge transfer and collective learning. Finally, the lack of advisory services, insufficient scientific analysis and other research on SE in agriculture, and limited access to and participation in professional and other events due to geographic dispersion in rural areas further exacerbate these constraints.

As visible, the constraints to the development of SE in agriculture by far outweigh the positive achievements and are the result of decades of low awareness as to the importance of SE in agriculture for rural socio-economic as well as their overall development. However, positive achievements can be utilized more effectively and efficiently if the existing potential for the sector is recognised and used as a starting point for further development.

The results of the research, as presented in the following figure, indicated that the potential is noteworthy and merits to be given attention



Source: Authors

Figure 1. Synthesis of key characteristics and systemic barriers in SE agriculture based on research analysis

from the part of the central level institutions as well as local and regional stakeholders. Figure 2 illustrates the key development potential of social entrepreneurship in agriculture by grouping empirically identified development domains into a coherent and simplified conceptual framework. The figure emphasises the role of SE as an integrative mechanism linking sector-specific activities in agriculture with broader socio-economic, territorial, and environmental development outcomes.

The results indicate that community-led development and the strengthening of local food systems represent the most direct pathways through which SE contributes to social cohesion and territorial development. By fostering bottom-up initiatives, particularly through Local Action Groups, social enterprises enhance local participation, reinforce social capital, and support more balanced territorial development. Within this context, social enterprises in agriculture can contribute to preserving domestic production with higher added value, strengthening food self-sufficiency, developing local food products, and establishing short supply chains. These initiatives also support the preservation of traditional and indigenous agricultural varieties, reinforcing the cultural and environmental sustainability of rural areas.

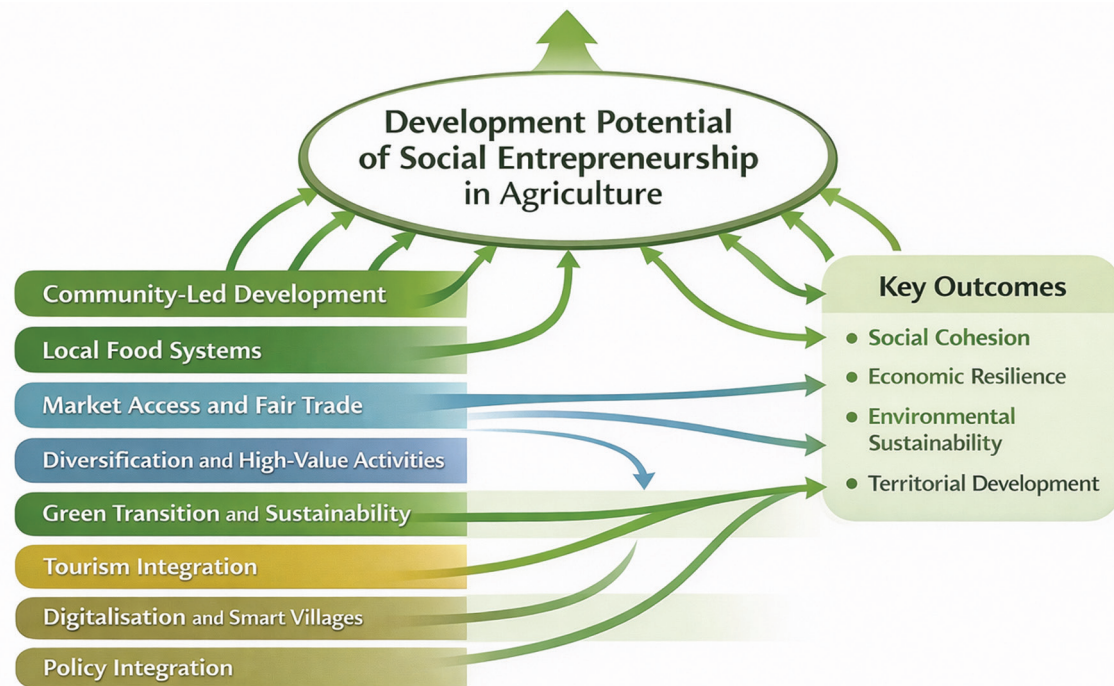
Market access based on fair trade principles and the diversification of economic activities toward high-value sectors further strengthen economic resilience. The findings show that SE can improve

income stability for small producers by shortening supply chains, developing local markets, and integrating agriculture with complementary activities such as tourism, renewable energy, education, and social services. This diversification reduces vulnerability to market fluctuations and increases the adaptive capacity of rural economies.

Environmental sustainability emerges as a cross-cutting outcome, strongly linked to green transition initiatives, eco-villages, and sustainable regional development models. Social enterprises in agriculture contribute to environmentally responsible production practices while simultaneously supporting the preservation of biodiversity and agro-ecological knowledge. These activities align local development objectives with broader environmental and climate policy goals.

The integration of tourism, digitalisation, and smart village concepts creates additional development opportunities by enhancing rural attractiveness and improving service accessibility. Digital tools and smart solutions enable new forms of rural entrepreneurship, facilitate access to markets and services, and support demographic revitalisation through the attraction of younger and mobile populations.

Finally, the figure highlights the importance of policy integration and effective use of EU funding as enabling conditions for realising the identified development potentials. Aligning SE initiatives with regional, social, environmental, and



Source: Authors

Figure 2. Development potential of SE in agriculture across key domains and outcomes

sectoral policies enhances policy coherence and increases the likelihood of achieving long-term development outcomes. In this context, targeted EU funding, particularly for island and structurally disadvantaged areas, plays a crucial role in strengthening agricultural cooperatives and supporting integrated local development strategies.

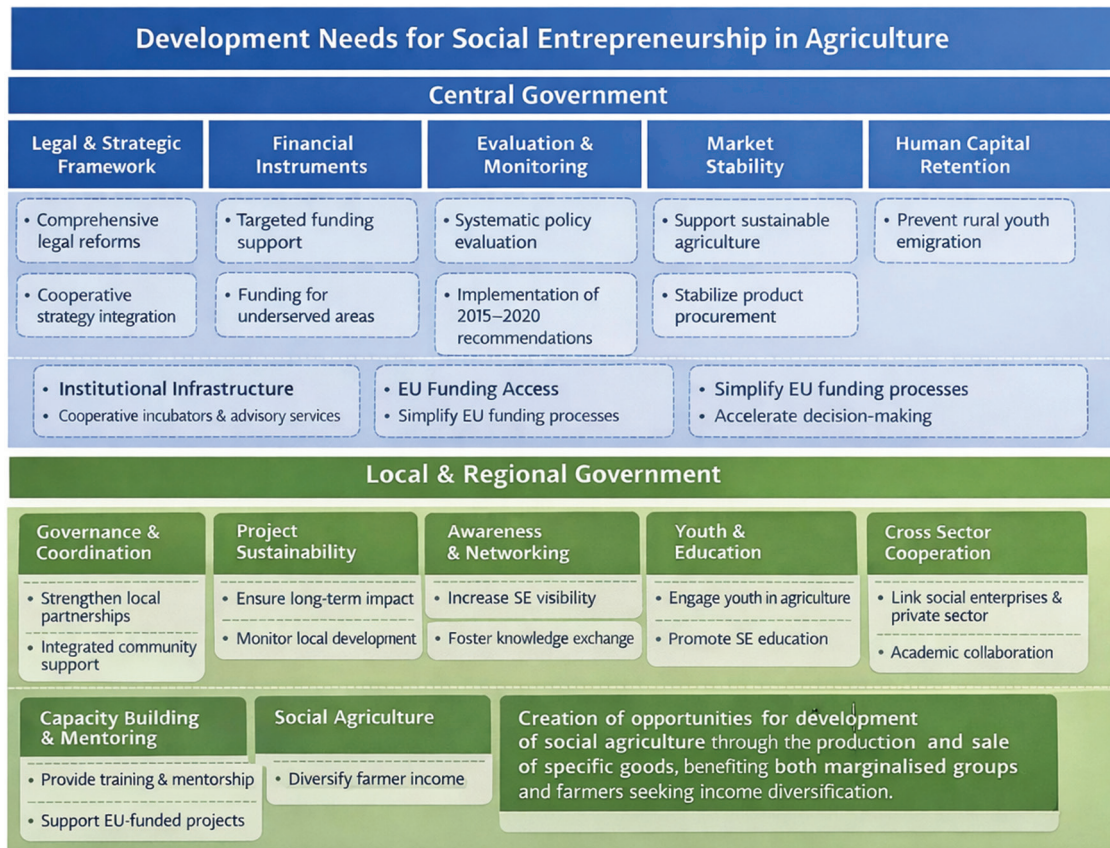
Overall, figure 2 demonstrates that SE in agriculture possesses significant development potential; however, its contribution depends on the extent to which sectoral initiatives are embedded within integrated policy frameworks and supported by appropriate institutional, financial, and knowledge-based mechanisms.

Based on the desk and field research findings summarised in the previous figures, needs have been identified for policy action. On the one hand, they reflect the necessity for building upon the already existing positive achievements, as well as the development potential for the sector, which is significantly unrecognised, and, priorly, on tackling the major challenges which are the results of ineffective interventions undertaken on all levels in the previous decades. The most pressing needs are presented in the following figure.

Figure 3 synthesises the key development needs of SE in agriculture by structuring policy intervention priorities across two governance levels: central government and local and regional gov-

ernment. The figure translates empirical findings from desk and field research into a coherent multi-level policy framework, highlighting the complementary roles of national and subnational actors in addressing structural weaknesses and unlocking the sector's development potential.

At the central government level, the results underline the critical importance of establishing a coherent legal, strategic, and institutional framework for SE in agriculture. Comprehensive legal reforms, including the amendment of cooperative legislation and the integration of SE into national development strategies, are identified as foundational preconditions for sectoral development. These measures are closely linked to the need for stable and targeted financial instruments, particularly for start-ups and initiatives in underdeveloped regions, as well as the prioritisation of funding for social enterprises delivering measurable community-level impacts. The figure further emphasises the role of systematic evaluation, monitoring, and policy learning at the national level. The implementation of recommendations from previous strategy evaluations and the establishment of continuous monitoring mechanisms are essential for improving policy effectiveness and ensuring adaptive governance. In parallel, market stability measures—such as support for sustainable agricultural practices and the stabilisation of organised product procure-



Source: Authors

Figure 3. Key development needs of SE in agriculture based on research findings

ment systems—are necessary to create predictable operating conditions for social enterprises in agriculture. Human capital retention, particularly the prevention of rural youth emigration, emerges as a cross-cutting priority closely linked to long-term sectoral sustainability. Institutional infrastructure for cooperation represents another key central-level need. The promotion of cooperative incubators, cooperative banks, investment funds, and advisory services providing technical assistance and education is essential for strengthening organisational capacities and reducing the sector’s reliance on fragmented project-based support. Simplification of EU funding procedures and faster decision-making processes are also identified as critical enabling conditions for effective policy implementation.

At the local and regional government level, the figure highlights governance, coordination, and community embeddedness as primary intervention areas. Strengthening cooperation among local actors and integrating social enterprises into community life enhances the effectiveness of bottom-up development processes. Supporting the long-term sustainability of completed projects and monitoring their local development

impacts are essential for ensuring that public investments generate lasting benefits. Awareness raising, visibility, and networking are identified as key mechanisms for strengthening social capital and fostering knowledge exchange among social enterprises. Youth engagement and education play a central role in revitalising rural areas by promoting agriculture and SE as viable and socially meaningful career paths. Cross-sectoral cooperation between social enterprises, the private sector, and academia further enhances innovation capacity and knowledge transfer. Finally, the figure underscores the importance of capacity building, mentoring, and the development of social agriculture initiatives at the local and regional level. These interventions contribute to income diversification, social inclusion, and trust-building within rural communities, reinforcing the social mission of entrepreneurship in agriculture.

Overall, figure 3 demonstrates that the development of SE in agriculture requires a coordinated, multi-level policy approach. As visible, the indicated needs are to a certain extent quite complex and challenging and will ask for policy interventions on all levels. In Croatia the role of the local and regional level has so far been minorized, and



this might be one of the reasons for the slow progress and accumulated serious obstacles for the development of the SE sector in agriculture. While central government interventions are essential for establishing enabling legal, financial, and institutional frameworks, local and regional governments play a decisive role in translating these frameworks into tangible community-level outcomes. The alignment of actions across governance levels is therefore a prerequisite for addressing long-standing structural challenges and fully realising the sector's development potential.

## 5. Research limitations and future research directions

Several research limitations should be acknowledged. The empirical findings are based on an exploratory qualitative design and a purposive, non-probabilistic sample of 65 focus group participants, and therefore cannot be statistically generalised to all social enterprises, cooperatives, farmers, or rural development actors in Croatia. In addition, the desk analysis was limited to publicly available sources, while the lack of a comprehensive database on social entrepreneurship in Croatia prevented a more precise quantitative assessment of the sector's scope, performance, and long-term impact. Accordingly, the findings should be interpreted as practitioner-based insights into key patterns, challenges, and policy needs, providing a basis for future mixed-method, longitudinal, and comparative research.

Research directions related to SE in agriculture are multifold and they consolidate numerous research and policy fields, in line with our set hypothesis, and, priorly, in the field of agriculture, socio-economic development, sustainable regional development and other previously mentioned development policies. Overall, we observe an absence of scientific analysis on SE, and this is particularly seen in the segment of agriculture. Profound empirical analysis is necessary as well as adequate, continuous and efficient statistical monitoring. Furthermore, there is scarce research on the achievements of social entrepreneurs, and particularly cooperatives. Since implementing our project, we gained initial relevant insight into numerous best practice examples of SE in agriculture, it is necessary to present these cases, raising thus their visibility, as well as to publish research focused on their analysis. Furthermore, it is necessary to draw upon previous research and undertake comparative in-depth research which would be the basis for measuring impacts

of the sector on the sector of agriculture as well as on socio-economic development in rural areas. Such research is more relevant related to the mentioned best practice examples of SE in agriculture across different regions in EU member states. Research would be most useful if focused on the development of cooperatives. Namely, there is less information available as to the extent in which such a well-developed and publicly supported cooperative system has contributed to the comprehensive transformation of what are now recognised as highly competitive and economically dynamic regions, such as the Basque Country, northeastern and central Italy, and other regions in the countries. Such evidence-based research is the lacking analytical and argumentative basis for further development of all previously mentioned development segments/policies, including also the environmental policy, tourism, culture, demography and other. Namely, such research, among other, is crucial in indicating which policy interventions from other related policies, targeting SE in agriculture, can help in retaining young and educated people in rural areas.

A relevant segment for future research is also mid-term and ex post evaluations which shed light as to the factors contributing to efficiency, effectiveness, sustainability and long-term impact of SE in agriculture. More so since issues of sustainability were observed among the challenging issues, along with the lack of specific expertise and capacity, related to which more in-depth research is also necessary. Of pivotal importance is that such research results are the basis for future effective policy changes.

Finally, researchers can play an important role in supporting networking processes, enhancing visibility, and preparing projects relevant to local communities. Not less important, they are key players in implementing educational activities and assisting SE in introducing social and other innovations, raising specific skills for preparing and implementing projects and assisting social entrepreneurs in agriculture in understanding and using new concepts such as resilience, territorial capital, concepts of smart villages as well as specific targeted knowledge related to introducing green and other new topics and approaches. Furthermore, their role can be seen in continuously informing stakeholders on all levels as to the interests and relevance of social entrepreneurs in the agricultural sector as well as in raising their overall visibility. Most important, their role is of pivotal importance in developing, publishing and presenting further research related to introducing the integrated, multisectoral development



approach related to this sector, enabling thus the elimination of silos between sectors which are of key importance to SE in agriculture.

Future research should focus more specifically on SE in agriculture, particularly on its contribution to rural employment, local food production, short supply chains, social inclusion, and environmental sustainability. Further studies should also examine agricultural cooperatives and successful local examples in order to identify the conditions under which SE in agriculture can become financially sustainable and more effectively integrated into rural development policies.

## 6. Conclusion

Based on the conducted research, it is evident that SE plays a pivotal role in Croatia's agricultural sector. The research confirmed that social entrepreneurs in rural regions are achieving relevant results in the segment of agriculture, albeit financial, management and other capacity-related challenges. The implemented field research showed that social entrepreneurs in agriculture have a very high awareness and wish to contribute to the sustainable development of rural areas by way of being engaged, among other, in eco-agriculture, renewable energy and other, with a focus on producing and selling locally. Their involvement in relevant new development themes is of pivotal importance for retaining the population as well as attracting new educated citizens to move to these areas, contributing with their knowledge and expertise to community development. Another relevant fact that was confirmed by the project's findings is that the first Croatian successful examples of SE in agriculture were initiated and implemented by way of involving a wide array of relevant local and regional actors/practitioners, including the local population. The participatory approach thus can be confirmed as one of the factors contributing to the positive and relevant impacts of their endeavours.

The findings provide a direct answer to the research questions by demonstrating that SE contributes to sustainable rural development through employment creation, social inclusion, local food production, environmental practices, community-led initiatives, and the mobilisation of territorial and social capital. However, they also show that these contributions remain constrained by weak legal and institutional recognition, fragmented support mechanisms, insufficient financial instruments, limited advisory services, and underdeveloped vertical and horizontal policy coordination.

While there have been noteworthy achievements, coordinated interventions from both the central and regional/local government levels are necessary. This includes more effective horizontal and vertical cooperation among and within these government levels. At the central level, there is a need to address major issues in the institutional and legal domains and to conduct more thorough and timely policy evaluations, as well as continuous monitoring of achievements on the ground. Guidelines for necessary measures will have to be implemented across all government levels. Furthermore, policy actions at the central level should also focus on the development of new financial instruments related to tax policy and other development policies associated with SE in agriculture, such as demography, social policy, sustainable development, and regional policies.

Research findings related to the relevant role of the regional and local government level were particularly indicative. Namely, previous research was focused on the central government level, with negligible attention given to regional stakeholders and local actors. However, their role is of paramount importance, particularly their cooperation with other actors and members of the local community. Guidelines for their further action, among others, range from continuous informing of the social entrepreneurs as to possibilities for their development, their role as coordinators of key stakeholders, promoting visibility and enabling the integration of social entrepreneurs in the community, activities promoting social cohesion, trust, solidarity, networking and cooperation, provision of support to SE in achieving projects' sustainability, to the creation of conditions for the development of social agriculture and making best use of the existing potential including territorial, social and relational capital.

Along with the indicated guidelines, for which a well-reasoned basis has been identified in the previous figures of negative characteristics, development potential, and needs in the SE segment of agriculture, additional guidelines for policy measures should also be considered. However, in line with one of the key principles of EU cohesion policy—the principle of “concentration”—it is essential to first focus on addressing or at least mitigating some of the key constraints to the further development of SE in agriculture, before directing measures and activities toward addressing the less pressing needs.

Finally, in no way less important, the implemented research and the defined guidelines confirm that an integrated approach to the development of SE



in agriculture is of utmost importance. Desk and field research demonstrated strong interconnections of agriculture, development of social services, sustainable development, tourism, culture, entrepreneurship, regional development, education, digitalization and other development segments. Most of these entrepreneurs are involved in activities linked to several relevant development policies and local actors and policymakers on all levels need to be aware of the synergy and complementarity which can be achieved when implementing parallel, intersectoral measures in the framework of different sectors when targeting SE development in agriculture. From this point of view, the desk and field research findings confirm the hypothesis that strengthening SE in agriculture should be approached through an integrated, multisectoral, and participatory development approach and strategy, with focus on utilizing complementary parallel measures within various development policies with the aim to unlock the potential of the sector.

Regarding the mentioned approaches, along with the presented in the previous Chapter, we can consider the scientific community as initiators of sustainable local agricultural production and developmental changes in the local community as well as promoters of integrated and participatory governance in the rural regions.

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