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# THE INFLUENCE OF SOCIAL ENTREPRENEURSHIP ON THE INCREASE OF SOCIAL INCLUSION IN BOSNIA AND HERZEGOVINA

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## Abstract

Social entrepreneurship is an idea that has awakened much interest in recent decades, because it is based on different approaches of classical economic understanding. Initiatives of social entrepreneurship are always associated with humane ideas, aiming at the general social well-being, as opposed to traditional entrepreneurship, in which the profit is the primary goal and the main measure of success.

Human Development Report: Social Inclusion in Bosnia and Herzegovina showed that over 50% of the population was socially excluded, on various grounds. Among the most vulnerable were the persons with disabilities and young people. Bearing in mind these facts, the main goal of our research was to explore and to present possibilities for overcoming social exclusion through highlighting the influence of the development of small and medium enterprises on the increase of social inclusion. The research included a survey among 20 institutions related to the field of social entrepreneurship, 100 non-governmental organizations and 100 small and medium enterprises. By using simple logarithmic regression, we partially confirmed that development of small and medium enterprises significantly influences the increase of social inclusion in Bosnia and Herzegovina.

**Key words:** social entrepreneurship, social enterprises, persons with disabilities, young people, social inclusion

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## **Introduction**

Today, the whole world is faced with a wide range of economic, social, environmental and other problems. Obviously these problems cannot be solved by the current practices of the traditional market economy. The accumulation of these problems around the world imposed the need to find new ways to solve them, and a business model in which is recognized the enormous possibilities is social entrepreneurship (Yunus, 2009).

Social entrepreneurship, as a model, in its ideological and practical function, aims to create a stable structure based on full utilization of human resources, offering new ways of resolving the numerous social and economic problems (Šimundža, 2015). The most disadvantaged groups of citizens, who live for a long time on the margins of society and/or neglected workforce, can find the opportunity in social entrepreneurship ventures.

A significant number of the population in Bosnia and Herzegovina is strongly affected by social exclusion. Among the most vulnerable are persons with disabilities and youth, while women in all groups are particularly vulnerable (United Nations Development Programme - UNDP Bosnia and Herzegovina, 2007). Social entrepreneurship as a multifaceted concept has proved itself as a suitable mean of solving these problems. In authors' opinion, the European Union practice shows that social entrepreneurship is a good instrument for eliminating poverty, social exclusion and unemployment, but potential for the development of this kind of activity is not being utilized enough in Bosnia and Herzegovina.

This paper is created on the basis of exploration, whose main goal was to examine the needs for solving social exclusion, poverty and unemployment problems, and the possible ways of overcoming these problems through social entrepreneurship. By analyzing the influence of independent variables operationalized in the frame of the concept "Development of small and medium enterprises" on the dependent variables within the concept "Social inclusion," we wanted to answer the following research question: Does the development of small and medium enterprises significantly influence the increase of social inclusion in Bosnia and Herzegovina?

In the first part of the paper we present the concept of social entrepreneurship and key stakeholders in this field, as well as dimensions and types of social enterprises in the European Union.

Furthermore, we present review of situation of persons with disabilities and young people in Bosnia and Herzegovina and the results of the empirical research on the possibilities of increasing of social inclusion of these target groups by the development of small and medium enterprises in Bosnia and Herzegovina, which were the basis for writing conclusion.

### **The concept of social entrepreneurship and key stakeholders in this field**

Social entrepreneurship as a phenomenon and practice is increasingly attracting the attention of researchers, social activists and policy makers around the world. It is booming worldwide. Its expansion occurred due to rising social inequality and poverty around the world, as a consequence of the rapid development of globalization. In social entrepreneurship enormous potential for solving global problems such as poverty, unemployment, pollution of the environment, etc. is recognized (Šimundža, 2014, by Yunus, 2009, Defourny & Nyssens, 2010, Alvord, Brown & Letts, 2003).

Although the phenomenon of social entrepreneurship dates from the very beginning of the development of entrepreneurship, its conceptualization has intensified in the last thirty years, parallel with the development of practice. The importance of social entrepreneurship and its advantages over traditional entrepreneurship has been emphasized by the most influential theorists, Joseph Schumpeter (1934), Peter Drucker (1995) and others since the twentieth century. Although scientists have proposed a number of definitions of social entrepreneurship in the research community, there is no universally accepted definition.

Since there is no unique definition of (social) entrepreneurship, "social entrepreneurship" has variety of meanings and it means different to different people. Various definitions are focused on the multidimensionality of the concept, viewing it through two main components: entrepreneurship and social dimension. Entrepreneurship is usually referred to starting a business and to value creation for the entrepreneurs or society. A social mission and social value creation are characteristics that distinguish social entrepreneurship from traditional entrepreneurship (Fayolle and Matlay, 2010).

Sullivan Mort et al. (Sullivan Mort et al., 2003: 76-88 in Fayolle and Matlay, 2010: 29-56) cite that social entrepreneurship is leading to the establishment of new social enterprise, and the continued innovation in existing ones. Conceptualized social entrepreneurship as a

multidimensional construct involves the expression of entrepreneurially virtuous behavior to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking.

According to Schumpeter and Adam Smith, the personal motive is a central engine that powers private enterprise and social wealth. "Entrepreneurship is particularly productive from a social welfare perspective when, in the process of pursuing selfish ends, entrepreneurs also enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity" (Schumpeter, 1934, in Mair and Marti, 2004: 5). In other words, although the profit motive might be "a central engine" of entrepreneurship (*Ibidem*), it does not preclude other motivations.

Key promoters and activists of social entrepreneurship are social entrepreneurs - people who are in their moral and ethical characteristics above the average, visionaries dedicated to solving social problems.

The Skoll Foundation (2007) defines a social entrepreneur as "society's change agent: a pioneer of innovation that benefits humanity."

Primary characteristics of social entrepreneurs are (Fayolle and Matlay, 2010: 39):

- Social entrepreneur is an individual;
- Social entrepreneur is a change agent and a leader with a vision for change;
- Social entrepreneur tackles social problems;
- Social entrepreneur wants to achieve social value creation and sustainability;
- Social entrepreneur is more concerned with caring and helping than making money;
- Social entrepreneur possesses an entrepreneurial spirit and personality (passionate, dedicated, persuasive);
- Social entrepreneur displays innovations and proactiveness.

Secondary characteristics of social entrepreneurs are (*Ibidem*):

- May provide a blend of business and social principles;
- May gather together the necessary resources;
- May want to put new ideas into concrete transformational solution;
- May connect the economy (market forces) and the community;
- May weigh the social and financial return of each investment;

- May display reasonable risk-taking propensity;
- May be motivated by long-term interest;
- May operate in all sectors.

Social enterprise is an enterprise that is established in order to achieve a social goal. It differs from traditional enterprises (aimed at maximizing profits) in its purpose and the use of profits. Unlike traditional enterprise, social enterprise is not paying the profit to the investors in the form of dividends, but reinvests it in the expansion and development of the capacity of the enterprise or the public interest. Social enterprises are mostly focused on the satisfaction of social and/or economic objectives of its members or the provision of services to vulnerable groups in community (Yunus, 2009: 35).

Table 1 provides a review of some recent definitions of a social enterprise.

Table 1: Sample variety of definitions for social enterprises

<b>Article</b>	<b>Definition</b>	<b>Examples</b>
Dart (2004)	Differs from traditional understanding of the nonprofit organization in terms of strategy, structures, norms, values, and represents a radical innovation in the nonprofit sector	Ashoka; Schwab Foundation for Social Entrepreneurship
Harding (2004)	They are orthodox businesses with social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners	ECT group recycling; Greenworks; Ashoka
Hartigan (2006)	A business to drive the transformational change. While profits are generated, the main aim is not to maximize financial returns for shareholders but to grow the social venture and reach more people in need effectively. Wealth accumulation is not a priority – revenues beyond costs are reinvested in	Grameen bank; Schwab Foundation; Project Impact; Aurolab; Aravind eye Hospital; DMT toilets; SEKEM; Easybeinggreen and Irupana

	the enterprise in order to fund expansion	
Korosec and Berman (2006)	Organizations and individuals that develop new programs, services and solutions to specific social problems and those that address the needs of special populations	Children's Place at Home Safe; Fair Oaks Community Center; Medbank; North Greenwood Health Resource Center
Ligane and Olsen (2004)	A seed-stage capital or early stage venture that is designed to be profitable and that has integrated social mission. The social impact of its operations is greater than the industry standard	Wilson Turbopower; Mobius Technologies; Bronx Arts and Calvert Social Investment Note Program
Peredo and Chrisman (2006)	Entails a community acting corporately as both entrepreneur and enterprise in pursuit of the common good	Mondragon Corporation; Retirement living at Elliot Lake; Communal Ship Farms of Quero; Friday Fairs at Chacuicocha

SOURCE: Massetti, 2008: 6

### **Social enterprises in the European Union**

Social enterprises and other types of social economy were neglected for a long time in Europe, especially in countries with the centralized economy, where state has had a major role in economic activities. As a consequence of the development of capitalism, over time there has been a growing need for the development of social enterprises which was driven by political and legal means in national policies and programs by the European Union. Among the first types of social enterprises there were self-help groups and other associations that were guided by the principles of philanthropy and charity (Tommassini et al., 2006).

Report on the social economy in the European Union (Chaves and Campos, 2012) identified cooperatives and mutual societies; business groups controlled by cooperatives, mutual societies and other social economy organizations; other similar companies; and certain non-profit

institutions serving social economy companies as the market sub-sector of the social economy. The vast majority of the non-market sector consists of associations and foundations that are considered as non-market producers, i.e. those that supply the majority of their output free of charge or at prices that are not economically significant.

Social economy in Europe is very important in both human and economic terms, providing paid employment to over 14.5 million people, or about 6.5% of the working population of the EU-27. These aggregates underline the fact that this is a reality which cannot and should not be ignored by society and its institutions (*Ibidem*: 36).

By type of the organization in social economy, the most common are associations, foundations, and other similar accepted forms (92%), then cooperatives, and other similar accepted forms (7%), and mutual companies, and other similar accepted forms (1%). United Kingdom leads in the number of social economy organizations which is 875555, then Germany, 513727, Spain 200768, France 192497, Finland 134490, etc. (European Commission, 2013: 46-47).

Prevalence of social economy organizations confirms the following facts: Across Europe, agricultural cooperatives have an aggregate market share of about 60% in the processing and marketing of agricultural commodities and an estimated 50% share in the supply of inputs. Europe has about 4,200 credit cooperative banks with 63,000 branches. These cooperative banks have 50 million members (about 10% of the EU's population), 181 million clients, 780,000 employees, €5.65 trillion in assets, and an average market share of about 20% (*Ibidem*).

### **Situation of persons with disabilities and young people in Bosnia and Herzegovina**

The socio-economic situation in Bosnia and Herzegovina is characterized by problems of the transitional post-conflict period, of slow economic growth, and high unemployment. Social exclusion, poverty, and unemployment are major social problems in Bosnia and Herzegovina.

United Nations Development Programme - UNDP (2007) defined social exclusion in Bosnia and Herzegovina as a process whereby certain individuals or groups are driven to the edge of society, prevented from living a decent life with full participation in society due to ethnic origin, age or gender differences, disability, financial hardship, lack of formal employment and opportunities, and/or lack of education. This distances them from access to health and social services, as well as social and

community networks and activities. They have little or no access to power and decision-making and are thus unable to have any control over decisions that affect their daily lives. The report (United Nations Development Programme Bosnia and Herzegovina - UNDP, 2007) showed that General Social Exclusion Index is 50.32%, which means that more than half of Bosnia and Herzegovina population is socially excluded in at least one of these forms.

Persons with disabilities and Roma are among the most excluded and the poorest social groups in Bosnia and Herzegovina. Although one country can collect data in the field of disability using three national systems for collecting data: surveys, census and registers (administrative dossiers) (Handicap International South East Europe, 2006), Bosnia and Herzegovina doesn't have precise data on the number of persons with disabilities. Because the results of the 2013 Census in Bosnia and Herzegovina are not yet available, organizations of people with disabilities estimate that there are 350.000 people with disabilities living in Bosnia and Herzegovina and that approximately 70% of them are unemployed.

Roma are the largest minority in Bosnia and Herzegovina out of 17 nationally recognized minorities (Council of Ministers of Bosnia and Herzegovina, 2005). According to a survey conducted in September 2007 by the Bosnia and Herzegovina Roma Council, in cooperation with the Resource Centre Kakanj and Tuzla, and the Republic of Srpska Association of Roma, there are about 76.000 Roma living in Bosnia and Herzegovina (Association of Roma of the Republic of Srpska, 2015).

The awareness of the rights of persons with disabilities and their potential is very low in Bosnia and Herzegovina. Very little is invested in the education of persons with disabilities because of traditional beliefs that they cannot be employed. An inclusive education system has not yet been implemented nor is there a sufficiently developed system of vocational rehabilitation that provides appropriate specialization and job preparation to persons with disabilities.

For persons with disabilities to have equal opportunities in the field of labour and employment it is necessary to provide certain conditions in society, such as accessible education system, accessible environment, the possibility of getting personal assistance, and adequate incentives for employers so that they have an economic interest in employing people with disabilities. Although there is a general commitment of society to provide all citizens equal opportunities, we can say that

system of Bosnia and Herzegovina does yet provide even minimal opportunities for increasing social inclusion of persons with disabilities.

It is widely acknowledged that the engagement of persons with disabilities is beneficial for person with a disability as well as for the community. In authors' opinion, engaging, via employment, persons with disabilities is the best form of their socialization and integration into the community. In this way, they regain confidence and become useful members of society. Companies similar to social enterprises in the European Union have so far been mainly developed in the form of companies for employment of persons with disabilities, whose status is regulated by entity laws on vocational rehabilitation, training and employment of persons with disabilities.

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Under the influence of globalization in the world and Bosnia and Herzegovina, the role of entrepreneurship in achieving the most important social and economic goals is becoming more and more prominent. The process of globalization brings a multitude of challenges and opportunities as well as social changes that are reflected in all aspects of human life and activity. Changes in the labour market create new opportunities and new threats for different social groups to which the state must cope in new ways. One of the target groups to which the global as well as domestic economic trends specifically address is young people.

In a transitional society such as Bosnia and Herzegovina, the conditions for the development of youth entrepreneurship are slowly changing. Living in non-entrepreneurial society/environment, young people are not sufficiently recognizing the opportunities of entrepreneurship, nor does society recognize the potential for young people to be important actors in the development of entrepreneurship. Very often addressing the socio-economic position of young people is reduced to the passive role of young people, who are waiting for the government to provide them employment after education. It is necessary, first of all, to raise awareness among young people about entrepreneurship as a form of action and its importance to the community, as well as the education of young people in order to acquire the necessary knowledge and skills in the field of entrepreneurship.

## **Empirical research on social entrepreneurship in Bosnia and Herzegovina**

In Bosnia and Herzegovina, the concept of social entrepreneurship is in the initial stage of recognition. At a time when social exclusion, poverty and unemployment are acute social problems in Bosnia and Herzegovina, social entrepreneurship can be a good path and opportunity for overcoming these problems. Development of social enterprises represents one of the ways to meet the requirements that European Union has set in front of us, which are related to equal access to employment and social services for all citizens.

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Small and medium-sized companies are in focus, as the bearers of future changes. Developing small and medium enterprises is the best way to create jobs, thereby reducing social exclusion and poverty and achieving economic progress. Non-governmental organizations and institutions are considered as entities supporting the development of social entrepreneurship.

Bearing in mind the findings on the extent of social exclusion in Bosnia and Herzegovina and potential offered by sector of small and medium enterprises, we developed the following research hypothesis:

### **H1. Development of small and medium enterprises significantly influences the increase of social inclusion in Bosnia and Herzegovina.**

Examination included a survey of the institutions related to the field of social entrepreneurship, non-governmental organizations and small and medium enterprises. 100 non-governmental organizations, 100 small and medium enterprises and 20 institutions took part in the survey. The main goal of the survey was to explore and to present possibilities for overcoming social exclusion through highlighting the influence of the development of small and medium enterprises on the increase of social inclusion. The survey was conducted from July 2013 to May 2014 throughout Republic of Srpska/Bosnia and Herzegovina. It was conducted with the following institutions: ministries of labor and employment issues, Fund for vocational rehabilitation and employment of persons with disabilities, employment services, chambers of commerce, development agencies, municipalities and municipal centers for social work, based on prepared questionnaire, which included questions defined for verification of the hypothesis.

The basis for stratification are the criteria by which social enterprises are classified, developed by the European Research Network (European

Research Network – EMES, 2014), as well as the definition of social enterprises, which includes, beside small and medium enterprises, associations of citizens engaged in economic activities (Commission of the European Communities, 2003), other organizations for the development of small and medium enterprises due to their non-profit orientation and limitations in terms of generating revenue and profit distribution.

In the analysis of data collected from institutions and non-governmental organizations, we considered:

- Their number;
- Fields of activity;
- Are they engaged in economic activities (through non-governmental organizations or separately incorporated enterprise);
- Number of implemented projects (total);
- If they have implemented social entrepreneurship projects;
- If they implemented social entrepreneurship projects, whether and how many people from disadvantaged groups were engaged through this projects;
- What other social benefits marginal groups have had through these projects;
- The share of employed/engaged people from disadvantaged groups;
- Percentage of financial allocations for activities / projects of social inclusion in relation to the total expenditures for activities / projects;
- Gender and age structure of employees and engaged in activities;
- Opinions on the importance of individual variables that contribute to entrepreneurship.

Questionnaire for small and medium enterprises included:

- Number of employees;
- The number of employees by gender, age, educational background;
- Involvement of disadvantaged groups in employment (precise explanation - which groups to which posts);
- Have they implemented some socially useful action (humanitarian, etc.);
- Have they defined social responsibility policy;
- How do they implement the policy of social responsibility in practice;

- Opinions on possible measures to support employment of disadvantaged groups.

The concept “Development of small and medium enterprises” is operationalized by using several independent variables:

- The number of employees in companies founded by non-governmental organizations;
- The number of implemented projects (total);
- The number of projects implemented in the field of social entrepreneurship;
- The percentage of allocations for social inclusion programs (through employment or self employment) in relation to the total allocation for the implemented programs for the years 2007 through 2011.

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The concept “social inclusion” is based on variables:

- The number of young people employed in institutions and non-governmental organizations;
- The number of people with disabilities employed in institutions and non-governmental organizations;
- The number of young people engaged in/through institutions and non-governmental organizations;
- The number of people with disabilities engaged in/through institutions and non-governmental organizations.

Based on quality of the obtained data, we used simple logarithmic regression<sup>1</sup> to examine whether there is a statistically significant influence of independent variables:

The number of employees in companies founded by non-governmental organizations;

The number of implemented projects (total);

The number of projects implemented in the field of social entrepreneurship;

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<sup>1</sup> The logarithmic regression model formula (Ott and Longnecker, 2010) is  $Y = b_0 + b_1 \cdot \ln(x)$ , where

- $b_0$  is constant, i.e. the regression value of the dependent variable;
- $b_1$  is the regression coefficient for the value of the independent variable  $x$ ;
- $\ln(x)$  is the natural logarithm function for  $x$  ( $\ln(x)$ ).

Beta (standardised regression coefficients) is one of the most important indicators of regression analysis. It is a measure of how strongly each predictor (independent) variable influences the criterion (dependent) variable, measured in units of standard deviation (Schroeder, Sjoquist, and Stephan, 1986).

The percentage of allocations for social inclusion programs (through employment or self employment) in relation to the total allocation for the implemented programs for the years 2007 - 2011,

on dependent variables:

- The number of young people employed in institutions and non-governmental organizations;
- The number of people with disabilities employed in institutions and non-governmental organizations;
- The number of young people engaged in/through institutions and non-governmental organizations;
- The number of people with disabilities engaged in/through institutions and non-governmental organizations.

The results of the empirical research are presented in tables 2-5.

Table 2: The influence of independent variables on the dependent variable: number of young people employed in non-governmental organization /institution

Dependent variable	Number of young people employed in non-governmental organization /institution									
	R	R <sup>2</sup>	ANOVA		Constant			Regression coefficient		
Independent variables			F	p	C	t	p	B	B	t
Number of employees in companies founded by non-governmental organizations	.115	.013	.160	.696	2.735	40.228	.000	.057	.115	.400
Number of implemented projects (total)	.191	.036	2.453	.122	2.227	17.367	.000	.394	.191	1.566
Number of projects implemented in the field of social entrepreneurship	.274	.075	5.364	.024	1.844	7.671	.000	.378	.274	2.316
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2007	.362	.131	8.004	.007	2.986	2.986	.000	.896	.362	2.829
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2008	.315	.099	7.289	.009	1.816	8.185	.000	1.516	.315	2.700
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2009	.303	.092	6.671	.012	1.830	8.128	.000	1.426	.303	2.583
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2010	.331	.110	8.134	.006	1.747	7.472	.000	1.558	.331	2.852
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2011	.362	.131	9.954	.002	1.692	7.317	.000	1.607	.362	3.155

Legend: R - Correlation coefficient; R<sup>2</sup> - Coefficient of determination; F ratio, p-value; C –

Constant; t – statistics; B - Regression coefficient; β - Standardized regression coefficient

The results of regression analyses presented in Table 2 show a statistically significant influence of the number of projects implemented in the field of social entrepreneurship, the percentage of allocations for social inclusion programs in relation to the total allocation for the

implemented programs for 2007, 2008, 2009, 2010 and 2011 on the number of young people employed in non-governmental organization /institution ( $p < 0.05$ ), while in other cases the influence of independent variables is not statistically significant. The highest intensity of influence was recorded by the percentage allocation for 2011 ( $\beta = 0.362$ ), 2010 ( $\beta = 0.331$ ), then for 2007 ( $\beta = 0.362$ ).

Table 3: The influence of independent variables on the dependent variable: number of people with disabilities employed in non-governmental organization /institution

<b>Dependent variable</b>	Number of people with disabilities employed in non-governmental organization /institution										
	<b>Independent variables</b>	<b>R</b>	<b>R<sup>2</sup></b>	<b>ANOVA</b>		<b>Constant</b>			<b>Regression coefficient</b>		
				<b>F</b>	<b>p</b>	<b>C</b>	<b>t</b>	<b>p</b>	<b>B</b>	<b>β</b>	<b>t</b>
Number of employees in companies founded by non-governmental organizations	.134	.018	.218	.649	1.479	14.308	.000	-.102	-.134	-.467	.649
Number of implemented projects (total)	.208	.043	2.933	.092	1.351	27.719	.000	.164	.208	1.712	.092
Number of projects implemented in the field of social entrepreneurship	.318	.101	7.435	.008	1.178	13.081	.000	.167	.318	2.727	.008
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2007	.334	.112	6.660	.013	1.267	16.349	.000	.355	.334	2.581	.013
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2008	.362	.131	9.982	.002	1.168	14.102	.000	.662	.362	3.159	.002
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2009	.368	.135	10.34 0	.002	1.161	13.911	.000	.658	.368	3.216	.002
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2010	.415	.172	13.73 1	.000	1.114	13.007	.000	.742	.415	3.706	.000
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2011	.394	.155	12.15 2	.001	1.128	13.026	.000	.665	.394	3.486	.001

Legend: R - Correlation coefficient; R<sup>2</sup> - Coefficient of determination; F ratio, p-value; C – Constant; t – statistics; B - Regression coefficient; β - Standardized regression coefficient

Table 3 shows statistically significant influences of the number of projects implemented in the field of social entrepreneurship and % of

allocations for social inclusion programs in relation to the total allocation for the implemented programs on the number of people with disabilities employed in non-governmental organization /institution in all observed years (2007, 2008, 2009, 2010, 2011). The independent variables: Number of employees in companies founded by non-governmental organizations, and Number of implemented projects (total) have no statistically significant influence on the number of people with disabilities employed in non-governmental organization /institution. The greatest proportion of variance was accounted for by the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs on the number of people with disabilities employed in non-governmental organization /institution in 2010 ( $R^2 = 0.172$ ) and 2011 ( $R^2 = 0.155$ ). The highest intensity of influence was recorded by the percentage allocation for 2010 and 2011, which is confirmed by  $\beta$  coefficients (for 2010  $\beta = 0.415$ , for 2011  $\beta = 0.394$ ).

Table 4: The influence of independent variables on the dependent variable: number of young people engaged in non-governmental organization /institution

Independent variables	Number of young people engaged in non-governmental organization /institution									
	R	R <sup>2</sup>	ANOVA		Constant			Regression coefficient		
			F	p	C	t	p	B	β	t
Number of employees in companies founded by non-governmental organizations	.323	.105	1.402	.259	4.715	3.808	.002	-3.102	-.323	-1.184
Number of implemented projects (total)	.435	.435	15.177	.000	3.875	8.290	.000	3.569	.435	3.896
Number of projects implemented in the field of social entrepreneurship	.582	.339	33.816	.000	.540	.673	.503	3.171	.582	5.815
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2007	.074	.006	.294	.590	5.046	5.873	.000	.826	.074	.542
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2008	.243	.059	4.147	.046	3.097	3.457	.001	4.616	.243	2.036
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2009	.225	.051	3.518	.065	3.196	3.515	.001	4.183	.225	1.876
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2010	.301	.090	6.559	.013	2.568	2.750	.008	5.586	.301	2.561
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2011	.331	.109	8.114	.006	2.352	2.545	.013	5.802	.331	2.849

Legend: R - Correlation coefficient; R<sup>2</sup> - Coefficient of determination; F ratio, p-value; C –

Constant; t – statistics; B - Regression coefficient; β - Standardized regression coefficient

Regression models presented in Table 4 show a statistically significant influence of the number of implemented projects (total), the number of projects implemented in the field of social entrepreneurship and the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2008, 2010 and 2011 on the number of young people engaged in non-governmental organization /institution. The greatest proportion of variance was accounted for by the number of implemented projects (total) ( $R^2 = 0.435$ ), while the highest intensity of the influence was achieved by the

number of projects that have been implemented in the field of social entrepreneurship ( $\beta = 0.582$ ).

Table 5: The influence of independent variables on the dependent variable: number of people with disabilities engaged in non-governmental organization /institution

<b>Independent variables</b>	Number of people with disabilities engaged in non-governmental organization /institution									
	<b>R</b>	<b>R<sup>2</sup></b>	<b>ANOVA</b>		<b>Constant</b>			<b>Regression coefficient</b>		
			<b>F</b>	<b>p</b>	<b>C</b>	<b>t</b>	<b>p</b>	<b>B</b>	<b><math>\beta</math></b>	<b>t</b>
Number of employees in companies founded by non-governmental organizations	.473	.223	3.453	.088	3.073	15.681	.000	.770	.473	1.858
Number of implemented projects (total)	.235	.055	3.793	.056	14.680	.000	.486	.486	.235	1.948
Number of projects implemented in the field of social entrepreneurship	.316	.100	7.308	.009	1.412	5.982	.000	.434	.316	2.703
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2007	.216	.047	2.605	.112	1.862	8.785	.000	.607	.216	1.614
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2008	.436	.190	15.485	.000	1.261	6.019	.000	2.086	.436	3.935
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2009	.480	.230	19.718	.000	1.178	5.709	.000	2.248	.480	4.441
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2010	.546	.298	28.030	.000	1.009	4.883	.000	2.557	.546	5.294
% of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2011	.555	.308	29.390	.000	.992	4.831	.000	2.453	.555	5.421

Legend: R - Correlation coefficient;  $R^2$  - Coefficient of determination; F ratio, p-value; C – Constant; t – statistics; B - Regression coefficient;  $\beta$  - Standardized regression coefficient

In Table 5, a statistically significant influence of number of projects implemented in the field of social entrepreneurship and the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs on the number of people with disabilities engaged in non-governmental organization /institution in years 2008, 2009, 2010, 2011 is evident. Independent variables: Number of employees in companies founded by non-governmental organizations, number of implemented projects and the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2007 have no statistically significant influence on the number of people with disabilities engaged in non-governmental organization /institution. The greatest proportion of variance was accounted for by the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs on the number of young people engaged in non-governmental organization /institution was in 2011 ( $R^2 = 0.308$ ), as well as the most intensive influence achieved in 2011, which shows the coefficient  $\beta = 0.555$ .

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## **Conclusion**

Regression models presented in tables 2-5 show:

- Statistically significant influence of the number of projects implemented in the field of social entrepreneurship, the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2007, 2008, 2009, 2010 and 2011 on the number of young people employed in non-governmental organization /institution;
- Statistically significant influence of the number of projects implemented in the field of social entrepreneurship and the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs on the number of people with disabilities employed in non-governmental organization /institution in all observed years (2007, 2008, 2009, 2010, 2011);
- Statistically significant influence of the number of implemented projects (total), the number of projects implemented in the field of social entrepreneurship and the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs for 2008, 2010 and 2011 on the number

- of young people engaged in non-governmental organization /institution;
- Statistically significant influence of number of projects implemented in the field of social entrepreneurship and the percentage of allocations for social inclusion programs in relation to the total allocation for the implemented programs on the number of people with disabilities engaged in non-governmental organization /institution in years 2008, 2009, 2010, 2011.

On the basis of findings of empirical research we partially confirm hypothesis 1: Development of small and medium enterprises significantly influences the increase of social inclusion in Bosnia and Herzegovina.

The research results confirm that the position of young people and people with disabilities in Bosnia and Herzegovina can be improved with continuity in the implementation of target programs. When designing financial support measures it should be taken into account the specific situation and characteristics of the target group. Determining the needs and priorities of target groups should be the focus, as a basis for program planning and support measures. In this respect it would be interesting and useful to conduct a study on the impact of specific programs based on the needs of the target groups on the increase of social inclusion. A prerequisite is education, because only if they have skills that they need marginalized social groups can carry the potential for the diversification of the economy. Educational programs should be innovated and monitored in order to perceive the effects of programs for improving the knowledge and skills of participants in these programs.

A lack of definitional cohesion of social entrepreneurship is one of the deficiencies identified through our research. Therefore it would be useful to challenge some traditional entrepreneurship assumptions in order to demonstrate the possibilities and importance of social entrepreneurship. For example, it is necessary to clearly distinguish between non-governmental organizations that are not recognized as classic subjects of the market economy, as opposed to social enterprises that are. It would be useful to explore the extent to which, and how, non-governmental organizations that conduct economic activity contribute to the creation of new social values which are reflected in the employment of socially excluded groups and poverty reduction. These practical implications may have scientific importance towards the development of economic theory so that it could be based more on knowledge of the social context, than has been the case so far.

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