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SOCIAL ENTERPRISES IN BULGARIA: POST-SOCIALIST LEGACY AND STRATEGIC CHANGES OF NPOs AND WORKERS' COOPERATIVES

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ABSTRACT

This article presents the main factors, features and challenges of the development of social enterprises by worker's cooperatives and non-profit organizations (NPOs) since the 1990s post-socialist transition until the adoption of the Law on the enterprises of the Social and solidarity economy in 2018. These factors and features have been identified through an extensive case study on the emergence of the Social and solidarity economy (SSE) in Bulgaria conducted between 2015 and 2019. The study shows that social enterprises in Bulgaria are not a new organizational model, but are rather strongly dependent on the heritage of the NPOs and cooperative sectors since the transition. The social enterprise appears as either funding or legitimation strategy implemented by umbrella organizations. We examine several challenges of the development of social enterprises by NPOs and cooperatives related to their specific features and to the required support from the public actor.

Keywords: Social Enterprise, Social and Solidarity Economy, Non-profit Organizations, Workers Cooperatives

JEL Classification: L31, L26, J54

Introduction

The categories of Social and solidarity economy (SSE) and social enterprise appeared in the strategies of the public actor, the NPO and cooperative sector in Bulgaria in the early 2000s. These concepts received little interest during the transition of the 1990s, which was marked by the priority given to economic reforms and the weakness of the newly emerged civil society represented by the NPO sector and the declining cooperative movement. The recent phenomenon of recognition of the SSE and the social enterprise through the National strategy for the Social and solidarity economy of 2012 and the Law on the enterprises of the Social and solidarity economy of 2018 has made it interesting to study the factors of their emergence and development in the country.

The concept of “social enterprise” is often the common thread in SSE recognition strategies in CEE countries. Despite the existence of a definition of social enterprise at the European level in the European Commission’s Social Business Initiative of 2011, their realization is different in each country. We therefore examined what they correspond to in the national context, given, on the one hand, that social enterprises are not carried by the same types of actors depending on the country, and, on the other hand, that the public sector’s action alone does not allow social enterprises to emerge. The Bulgarian case shows that these enterprises are developing in parallel with the strategy of the public actor for SSE, as adaptation strategies of cooperatives and NPOs in the face of changes following the transition.

The Bulgarian law of 2018 on the enterprises of the Social and solidarity economy recognizes and defines the latter as an “economic sector” with specific principles, namely “the primacy of social objectives over economic objectives, the association in the public interest and that of the members, transparency, independence of public institutions, participation of members or employees in governance.” The SSE is thus defined as a broad and encompassing category. However, the public actor focuses his interest on the social enterprise considered as the basic unit of the SSE, whose “subjects are cooperatives, NPOs and social enterprises.”

In the Bulgarian case, the social enterprise is an abstract category which does not correspond to a given type of organization, but to a qualification or labeling of already existing cooperative organizations and NPOs. The objective of this article is to account for the trajectories of NPOs and cooperatives since the 1990s post-socialist transition, and the resulting social enterprise development in the

Bulgarian context. It should be noted that there are persistent characteristics of cooperatives and NPOs inherited from the historical periods preceding the transition of the 1990s that we are referring to. However, we focus on the post-socialist period which constitutes a break with the socialist past and itself contains a more recent heritage having a strong impact on the trajectories of NPOs and cooperatives regarding the development of social enterprises.

Our findings are based on a larger case study (Amova 2020) on the emergence of the Social and solidarity economy in the country, conducted between 2015 and 2019 with leaders of the cooperative movement and the NPO sector, and representatives of public and academic institutions. The methodology is essentially qualitative, based on a total of 21 semi-structured interviews, the review of the literature, as well as the gray literature from cooperatives and NPOs, namely reports, opinions and conference proceedings, legislative and administrative texts.

We put a focus on three aspects of the emergence and development of social enterprises in Bulgaria. Although they are often presented as an innovative phenomenon, social enterprises do not emerge *ex nihilo*, as the Bulgarian case clearly shows. Their emergence and subsequent development depend on the heritage and features of cooperative organizations and NPOs inherited from the transition that we outline in the first point (I). The change of context at the end of the transition and the accession to the European Union have stimulated the transformations of these organizations. Cooperatives and NPOs have put in place strategies to adapt to changes, mainly regarding financial and legitimation issues, which constitute the key factors for the development of social enterprises (II). In order to better understand what social enterprises consist in in the Bulgarian case, we will present the main features and challenges encountered by some typical social enterprises developed by NPOs and cooperatives that the case studies have enabled us to highlight (III).

Features of NPOs and cooperatives during the 1990s transition

At the end of the socialist regime in 1989, Bulgaria ended the planned economy and the economic relations with the dislocated USSR, and a period of transition began. At the economic level, the transition consists of a passage from the planned economy to the market economy through the application of a series of structural adjustment reforms. The transition was marked by a real economic collapse in 1989, but also in 1997, when the GDP fell by 63% compared to 1989—these financial crises having led to the introduction of the currency board and to policies of macroeconomic stabilization (Mihov, 1999). A report from the European

Commission of October 9, 2002, assigns to Bulgaria the status of “a functioning market economy” (Blanc et al. 2019). Politically, the transition was marked by a gradual movement towards the integration to the European Union until the effective accession of Bulgaria in the EU in 2007.

Regarding social indicators, a detailed study on the evolution of the labor market was carried out for the period between 1990 and 2011 (Tsanov et. Al. 2012). The level of employment for this period had been declining for 14 years and increased only for 8 years, and remained lower than during the period before 1989 (ibid, p. 16). Political priority had been given to improving economic indicators in order to resolve the social crisis. Solidarity in the public sphere and social policies were not among the priorities of the reforms. Solidarity had not been deployed by civil society actors either. The emerging civil society of the 1990s represented by NPOs faced many challenges, and the delegitimized and split cooperative movement lacked the capacity to respond to social challenges.

Solidarity was therefore deployed in the private sphere, as domestic and family solidarity that anthropologists have called “the economy of jars” (Smollett, 1989). It is a social system based on relationships within the extended family. The development of solidarity outside the domestic framework, such as the emergence of the interest in Social and solidarity economy and social enterprise are recent phenomena, dating from 2000. However, the factors of development and the features of social enterprises depend on the characteristics and the 1990s heritage of the cooperative movement and NPO sector that we outline below.

Features of the Bulgarian non-profit sector during the 1990s transition

The NPO sector emerged following the withdrawal of the authoritarian regime. As a recent phenomenon, the Bulgarian non-profit sector constitutes a very fragmented and weakly institutionalized universe in terms of common purpose and representation (Yanovski 2002; Dakova et al. 2003). A first important characteristic is the absence of endogenous historical continuity and a concomitant attraction for exogenous models. The sector experienced several historical ruptures during the 20th century. In the 1990s, only a dozen organizations considered themselves heirs to initiatives dating from before the socialist regime (Nikolov and Mihailova 1995, p. 18). The transition since the 1990s was itself marked by several discontinuous stages in the development of the sector, knowing that very few of the organizations which appeared in the early 1990s continued to exist in the 2000s (Stoichev et al. 2017, p. 13). This lack of continuity means that the achievements of the organizations are rarely exploited and endogenized, so that the sector is subject to a continuous importation and experimentation of *ad*

hoc models through work on the basis of project funding. This characteristic is particularly relevant to the emergence of social enterprise.

Another important characteristic of the sector is the nature of its relation to society and to the state. Theories about the place of NPOs conceptualize them as intermediaries between state and society, and this was their intended role in transitions in eastern countries (Steel et al. 2007). However, in Bulgaria, relations to the state and to society are quite complex, ambiguous and often tinged with skepticism, or even cynicism. Most of the sources consulted and the people interviewed underline the low confidence of the populations and the low participation of society in their activities. A 2016 survey indicates that 33% of the population trusts the NPOs. NPOs often have a low membership basis: barely half of Bulgarian NPOs had individual members in 1996, and they were unwilling to recruit any (Stoichev et al. 2017, p. 44). This has an important consequence, because indeed, NPOs in Bulgaria do not constitute a real associative sector of self-help, but rather a top-down model whose main mission is advocacy on civil society issues and more recently the delivery of social services.

As for the ties with the State, they are distant insofar as the privileged interlocutors of the sector are the foreign donors, especially at the beginning of the transition and before accession to the UE. Relations with public authorities and especially with the central executive are much less developed, compared for instance to state-third sector relations in Anglo-Saxon countries (Steel et al. 2007, p. 46; Snavely 1996). In Eastern European countries in general, these relations are tinged with mistrust, but sometimes also with collusion or mere opportunism (*ibid.*, pp. 39 and 46). The positioning of NPOs vis-à-vis the State since the 1990s, which we broached in the interviews with officials of the sector, is that they must be a corrective to the State, i.e., in opposition to the latter. Ties to the State are, however, set to change in the context of the withdrawal of foreign donors.

Features of the Bulgarian cooperative movement during the 1990s transition

Bulgarian cooperativism before 1989 was absorbed by and subordinated to the public economy, with cooperatives created by the State. It has thus been distorted from its basic principles of autonomous and democratic management, membership and voluntary mutual aid, private property and member remuneration (Marinova and Yoneva 2020, p. 5). Before 1989, consumers, agricultural and production cooperatives, including work cooperatives for disabled people (a specific figure existing since the 1950s), were united under state supervision in the Central Union of Cooperatives.

The new political and economic regime of transition from the planned economy to the market economy from 1989 was a new historical moment for the Bulgarian cooperative movement (Stefanov et al. 2013, pp. 5–8). Cooperatives were recognized by the Bulgarian Constitution (art. 19 § 4), which defines them as “*forms of association of citizens and legal persons whose objective is economic and social development*”. They are governed by the Cooperative Law of December 29, 1999, amended on November 14, 2017. The Bulgarian cooperative movement is currently organized within four unions, namely the Central Union of Cooperatives, which in fact brings together consumer cooperatives, but has kept the name of the single union before 1989. It brings together 155,000 members, 10,300 employees in 808 cooperatives and 34 regional unions; the National Union of Agricultural Cooperatives; the National Union of Worker Cooperatives which includes small and medium-sized industrial and service enterprises, with 20,000 members, and 15,000 employees, including 11,000 disabled; the Union of Cooperatives of People with Disabilities (Nikolova et al., 2014, pp. 10–11).

The main changes within the cooperative system since 1989 are the separation of the different cooperative branches in these four different unions, the sharp decrease in the number of cooperatives, the restriction of the member base, as well as the volume of the production and services (Andreev 2005, p. 12). During the transition, cooperatives faced two problems: they were no longer economically protected by the State in a context of a generalized economic crisis, and at the same time, they were separated from society. They were not regarded as a socioeconomic or solidarity alternative, and, moreover, they were not considered as a part of the “civil society” during the transition. In this regard, there are some similarities with NPOs, within which this double estrangement from the State and from society also exists. This has led them to seek external legitimation from international actors. The Bulgarian cooperative movement is quite well integrated in the international cooperative movement through its active participation in networks such as the International Cooperative Alliance ACI, CICOPA, Cooperatives Europe, etc.

It should be noted that within the cooperative movement, the branch of workers’ cooperatives takes a particular interest in the Social economy and the social enterprise model. Despite the difficulties of the transition, some of the workers’ cooperatives were saved, although significantly reduced. The umbrella organizations of workers’ cooperatives underline their resilience during the crisis of the 1990s compared to other types of enterprises or cooperatives (especially agricultural). However, at the same time, their number and their members have significantly decreased to 350 cooperatives with 20,000 people employed in 2007, including 3,500 disabled people (Balasopoulov 2007, pp. 87–88).

The workers' cooperative leaders affirm their resilience and their identity as part of the international cooperative movement and as entities of the social and solidarity economy as the source of their legitimacy. The system of Bulgarian workers' cooperatives suffered major shocks during the transition, but has managed to safeguard, even in a limited way, its model, and in particular the specialized cooperatives for disabled people. These are the main protagonists of the social enterprise model within the Bulgarian cooperative movement.

Factors and challenges of the development of social enterprises by cooperatives and NPOs

In this part, we will present the main factors and challenges for the development of social enterprises by workers' cooperatives and NPOs emerging from our case study. The development of social enterprises by NPOs is, in our opinion, part of a movement of "restructuring" of the sector in comparison with the 1990s, regarding foreign donors and the State. Moreover, the case of the development of social enterprises shows the contradictions and difficulties of this restructuring of the NPO sector and the persistence of the characteristics of the 1990s. This concerns in particular the funding model of NPOs, which has been set to change. Regarding workers' cooperatives, the end of the transition has offered an opportunity to re-legitimize the cooperatives, and especially the integration of people with disabilities as an endogenous model of social enterprise.

The funding model as a factor of the development of social enterprises by NPOs

Regarding the NPOs, since the end of the transition, changes have taken place on various levels, related to economic resources, relations with the State and with society, and with new foreign donors. These multiple changes, although they contain many contradictions and do not operate a real turnaround, can be qualified in our opinion as a "restructuring" of the NPO model of the 1990s. The development of social enterprises by NPOs, although still very marginal at the level of the sector, is in our opinion a special case of this restructuring. Its main focus is the upheaval in the model of funding of NPOs. The economic model of Bulgarian NPOs, characterized in the 1990s by the dependence on exogenous sources of funding and scarce resources from the State and from the participation of society, was upset with the end of the transition. This has prompted NPOs to develop new strategies regarding the relationship with donors and the national state, including the development of social enterprises.

With the end of the transition in the years 2000s and the country's accession to the UE, the foreign donors of the 1990s (the most significant of which were USAID and the Open Society Foundation) withdrew, and NPOs needed to diversify their resources. The NPO funding model of the 1990s was based on external donations, the strict absence of commercial activity and an opposition to the State. On the contrary, from the 2000s, the NPOs turned towards the development of commercial initiatives and public funding. However, external donors have not yet completely disappeared, and project funding from different countries continues to be an important source of financing, and concomitantly of influences from imported models. The donors themselves advocate the diversification of resources through commercial activity, which until then was exogenous to the NPO model. This has stimulated the emergence of social enterprises within the NPO sector as a possible strategy for autonomy with regard to external funding dependency.

Paradoxically, the vectors for the development of social enterprises by NPOs in Bulgaria are the calls for projects from external donors and Bulgarian NPO umbrella organizations, such as the Bulgarian Center of Non-profit Law (BCNL), aiming to stimulate the development of economic activities by NPOs. Apart from a few isolated cases, it is thus remarkable that the initiatives of development of social enterprises are launched in a top-down manner from such umbrella organizations or donors' calls for projects. As one of our interviewees points out, there is no wave of development of economic activities among Bulgarian NPOs, but the umbrella organizations "are trying to create a wave." The development of social enterprises has generally not been spontaneously driven by the organizations themselves. The process of restructuring the NPO model in the particular case of the development of social enterprises follows the logic inherited from the 1990s of calls for projects, this time oriented towards the creation of social enterprises by NPOs. However, considerable innovations linked to the development of social enterprises are networking through the creation of a discussion forum between NPOs' leading social enterprises and their participation in the process of drafting the national legislation on Social and solidarity economy.

The very first example of support for the development of social enterprises by NPOs was launched by American donors who started withdrawing. In the early 2000s, Counterpart Int. Bulgaria funded by USAID (USAID 2001) has launched a program including the development of social enterprises. In the period from 2002 to 2006, the program promoted through technical assistance and training to 45 NPOs the role of NPOs for social inclusion, the development of social services and the employment of vulnerable groups (report of Foundation Aid for Philanthropy in Bulgaria 2015b, p. 6). The internal umbrella organizations such as BCNL have followed this approach of promoting social enterprise. BCNL has an

annual competition to develop the best business project developed by an NPO. This competition is organized as part of the “Entrepreneurship for NPOs” Program set up by BCNL since 8 years, with the support of the “America for Bulgaria” foundation, with the objective of making NPOs more independent and economically sustainable.

Another more recent example of a call for projects offering financial and technical support for the creation of social enterprises is the “Reach for Change” foundation’s annual contest, which, unlike BCNL, does not specifically target NPOs as organizations. The focus is on social innovation without formal criteria of production of goods and services and of a legal form. However, according to the testimonies we have gathered in our interviews, the social enterprises launched after this competition often register as NPOs, because the entrepreneurial activity they attempt is considered risky and they seek to preserve the possibility to have access to other types of funding, such as donations.

Another significant initiative for the promotion of social enterprises within the NPO sector has been driven by a foundation named “BCause” acting as umbrella organization. It created the “Social Enterprises Forum in Bulgaria.” The Forum is presented as *“an informal group of people and organizations working in the field of social enterprises development, in order to exchange information and help in the creation of policies at the national level”* (Social Enterprises Forum in Bulgaria 2020). The Forum was created in 2014 following a conference organized by “BCause,” entitled “Partnership for Social Enterprises in Bulgaria.” The conference was part of a project of the same name, funded by the national operational program “Human Ressources” under the European Social Fund. “Forum Social Enterprises in Bulgaria” is therefore an interesting informal coordination body between NPOs operating in the sphere of social enterprise and the State. The link between the Forum and the Ministry of Labor and Social Policy responsible for the promotion of the Social and solidarity economy and social enterprises is not formalized. However, the Forum as well as BCNL participate in the process of drafting legislation for SSE, representing the interests of NPOs developing social enterprises. This link between NPOs and the public actor is a major change compared to the 1990s relationship between NPOs and the State.

The adequacy of national public policies to the needs of social enterprises developed by NPOs should however be examined. Public policies are often not adapted to the features of NPOs’ social enterprises presented in section III, especially their economic vulnerability. Therefore, they do not provide an alternative to project funding. This is evidenced by the relationship with local communities. The NPO—local authority relationship appears to be conflictual in

the Bulgarian case of the development of social enterprises. The testimonies we have collected show that local authorities, themselves requiring additional funding and developing social enterprises, present themselves as direct competitors to NPOs, instead of supporting them:

“An NPO with a laundromat that employs people in difficulty recently complained that its income has declined because the municipality has a municipal laundromat. She wanted to at least share the customers with the municipality. We were told the same thing about the city of Sofia as well, about relations with the local community, which instead of supporting them, competes with them”. (Ministry of Labor and social policy #1 2015

1)

The case study shows that the main factor in the development of social enterprises by NPOs is the need to change the funding model of the sector. This implies a need for diversification of private and public partners and the implementation of economic activities by NPOs. This trend, however, encounters several difficulties. On the one hand, the development of commercial strategies is considered risky by NPOs, who prefer to operate on the basis of calls for projects still available (Nikolova et al. 2014, p. 10). On the other hand, the support of the public authorities is not efficient as an alternative to private funding. Despite the recommendations for the diversification of funding, as we will see in Part III, economic activity is residual compared to the main non-profit activity which continues to function thanks to project financing (Nikolova et al. 2014, p. 10). For this reason, the development of social enterprises remains a marginal practice within the NPO sector.

The need for legitimation as a factor of the development of social enterprises by cooperatives

The development of social enterprises by the cooperative movement appears within the workers' cooperativism. Workers' cooperatives for people with disabilities are presented as an endogenous model of social enterprise similar to Work integration social enterprises (WISE). WISE is a social enterprise model

¹ The interviews' encoding corresponds to the encoding of the sources in the integral case study, which we have not reproduced in this article.

targeting the needs of vulnerable groups, promoted by social inclusion policies across Europe (see Spear 2008). We will see the features of this model in section III. The recognition of this model of integration is a source of legitimacy that the workers' cooperatives union tries to promote so that it leads to favorable policies for this type of cooperatives. Social enterprise is therefore not a new phenomenon within cooperativism. It is rather a form of requalification and legitimization of an already existing model. Its similarity to the widespread model of WISE is the main factor explaining the presence of the social enterprise model within the cooperative movement. Cooperatives for people with disabilities are recognized as being similar to the WISE model by peers, cooperative leaders in other countries, and by the national public actor, as interviews have shown.

The recent recognition and enhancement of these workers' cooperatives are certainly due to this coincidence between this endogenous model of integration of disabled people and the interpretation of the Social and solidarity economy within the public actors' strategy and the law of 2018. However, this recognition alone is not sufficient for the affirmation of this model. The requalification of this model of integration of people with disabilities into social enterprises is taking place through an active strategy of influence that the Union of Worker Cooperatives tries to exert in the formulation of policies.

The proactive affirmation of the social enterprise model carried by the Union of Worker Cooperatives is visible above all in the organization of an annual Social Economy Forum as part of the Plovdiv Fair for small and medium enterprises. This forum brings together leaders of the international cooperative movement, Bulgarian politicians, members of trade unions and other national and international organizations. It is a real showcase of workers' cooperatives for which the social economy and social enterprise categories label a strategy of reaffirming a model in search of economic and political support.

This and other similar events reflect the will for the cooperative system to be rehabilitated. As the Bulgarian National Concept of Social Economy indicates (MTPS 2012, p. 13), the cooperative movement developed without claiming political visibility during the years of transition. However, the main challenge encountered by the workers' cooperatives movement has been the delegitimization during the transition and the need to reaffirm cooperative identity, including in relation to the public actor. The cooperatives thus seek public support promoting the social enterprise model. Similar to NPOs, economic difficulties such as the restricted nature of the market, the weak purchasing power and the position of subcontractors of many cooperatives (Balassopoulov 2009, pp. 111–112) require

them to turn more to the public actor, although workers' cooperatives for disabled people are being developed independently to the latter.

Features and challenges of social enterprises developed by NPOs and worker cooperatives

We will present here the main features of social enterprises developed by NPOs and workers' cooperatives. Regarding NPOs, we have shown the persistence of project funding favoring a diversity of social enterprises initiatives according to existing calls for projects. However, the interviews showed that the typical case of the development of a social enterprise by a non-profit organization concerns a complementary activity to the provision of a social service. Regarding workers' cooperatives, we will present the model of integration of people with disabilities. These two types of social enterprises ultimately concern models of integration of vulnerable people initially developed independently of the public action, but increasingly in search of support from the public actor.

Features of social enterprises developed by NPOs: a complementary activity to their non-profit mission

The interviews have shown that NPOs often create social enterprises as a complementary economic activity to their mission of providing a non-profit social service for people from vulnerable groups. The purpose of creating a social enterprise is not employment, but the possibility for beneficiaries of a social service to practice a professional activity accompanied by social workers [NPO [5 2019; NPO [6 2019; NPO #3 2017). This is expected to lead to integration into the labor market, or not, depending on the situation of the people, given that the specific situations of certain people do not allow such a transition to unprotected employment (NPO # 6 2019).

The activity thus practiced by social enterprises created by NPOs generates income which sometimes supplements a small part (estimated at 15%) of the missing budget for the activity (NPO #2 2017). However, the main concern of NPOs is that in the absence of specific funding for the employment of the beneficiaries, which can compensate the loss of labor productivity, economic activity is not competitive and cannot be autonomous in the market (NPO # 6 2019). Therefore, it is often the NPO itself, with the resources allocated to its non-profit mission, that finances the social enterprise (NPO #2 2017).

The example of the "Bon appétit" social enterprise of the Maria's World Foundation is a typical case. Maria's world is a foundation whose mission is to

improve the quality of life of people with intellectual disabilities and their families through advocacy and a day center. Bon appétit is a social enterprise for catering created by the foundation to complement this mission. The turnover of the commercial catering activity is around BGN 37,000. However, this is not sufficient to maintain a viable commercial activity, for which the estimated budget is at least BGN 100,000, not including the wages (NPO # 6 2019). Currently, it is the foundation that supports the social enterprise, and the financial result of the social enterprise barely reaches 0, so there is no possibility for reinvesting the benefits (ibid).

The public funding mechanisms currently available for the employment of the beneficiaries is therefore essential to the development of social enterprise activity according to NPOs (NPO # 6 2019). However, it presents operational difficulties. The financing mechanisms within the program “Human Resources” (OPHR), which is an employment policy operating with EU funds, as well as those of the 2018 Social and solidarity economy law require fairly high thresholds for the number of people employed. The NPOs benefitting from the program thus employ a number of people whose contracts cannot be renewed at the end of the program. This also creates a moral dilemma, as it is difficult to choose among the people that the NPO supports as part of its main mission of providing a social service.

“We have 11 employees from vulnerable groups for a few more months with funding from OPHR. Then there will probably remain 6. Then only 2 or 3. At the end of the program funding and eventually, we are not able to generate and maintain the salaries for 6 people. Program based employment and social enterprise development are two completely different worlds! In addition, the goal of NPOs is not to hire, but to provide possible autonomy in the labor market of some beneficiaries of our social services” (NPO # 6 2019).

In the case of “Maria’s world,” the commercial activity and the integration activity of vulnerable groups are hardly compatible, due to the lack of labor productivity necessary to generate profit. In this case, the chosen commercial activity, namely catering, is linked to the functioning of the social service. The day center has a canteen which produces a surplus marketed through the catering. This activity makes it possible to train the beneficiaries, but cannot function independently because their productivity is low. According to some interviewees, it would be possible to make this activity competitive, but it will take years and require a lot of investment, as well as a balance between the beneficiaries who need support and other employees (NPO # 6 2019). Currently, the social enterprise offers a low

possibility of transitional activity for some beneficiaries who are trained to then enter the labor market. However, for those who cannot, there is a need to create genuine sheltered employment schemes and mere public funding of social enterprises is inappropriate.

Features of social enterprises developed by workers' cooperatives: an endogenous model of integration of people with disabilities

The social enterprise as a model of active integration of disabled people within workers' cooperatives has been recognized and valued as an ideal type of the work integration social enterprise in the national case. This model has been put forward by the Union of workers' cooperatives and by the public actor since the adoption of the national strategy for the Social and solidarity economy in 2012. It is an inherited model that existed before 1989 (CES n° 3/005/2012, p. 8). It is regulated by the law on the integration of disabled people, which provides for integration into specialized enterprises and cooperatives (MLSP 2012, p. 18). Compared to social enterprise figures from other European countries, these Bulgarian work cooperatives are the equivalent of Work integration social enterprises (WISE), or type B social cooperatives (Italian law) or protected enterprises in France.

The model of workers' cooperatives for people with disabilities is put forward as an endogenous model of social enterprise in the Bulgarian national conception for SSE (MLSP 2013, p. 13) and the opinions of the Bulgarian Economic and Social Council (CES n° 3/005/2012). As such, the leaders of the workers' cooperativism highlight the dual economic and social role of cooperatives, as businesses and as a model for the active integration of vulnerable groups, which is the paradigm for the transposition of the social and solidarity concept in the country.

“The development of workers' cooperatives is directly linked to the decrease in the number of people needing social assistance from the state. Worker cooperatives are an organizational form very suitable for the transition from social assistance to employment” (Balasopoulov 2007, p. 88).

This ability to integrate vulnerable groups is identified as the main feature that makes cooperatives subjects of the Social and solidarity economy (Balasopoulov 2009, p. 57). The latter is a broader concept interpreted by cooperative leaders as including NPOs and other civil society actors. The role of the cooperative figure is highlighted as more important compared to other existing methods of integrating people with disabilities in the country, particularly in one-person companies identified in the register of the Agency for People with

Disabilities. The latter registers specialized enterprises and cooperatives for disabled people who benefit as such from public aid and tax exemptions. As our interviewees indicated, the number of one-person specialized enterprises registered with the Agency for the Disabled is high, but in practice they employ very few people (1 or 2 people).

“Only in ‘Chernomorka,’ a typical example of social enterprise within the workers’ cooperative system, are employed as many people as in half of those one-person companies registered with the Agency for People with Disabilities. This gives us the basis to say that cooperatives for people with disabilities are a central pillar of the social economy in Bulgaria” (Workers cooperativism #1 2017).

The issue of affirming the role of “pillar of the social economy” which characterizes this model of social enterprise is the request for active support from the public actor. In fact, there are some inherited benefits maintained for these cooperatives under the national policy for the integration of disabled people: subsidies, supplementary wages, tax exemptions in the law of personal income tax, corporation tax, etc. However, the recognition of the features of these cooperatives as social enterprises raises other expectations. The role now recognized of these social enterprises as a pillar of the social economy is expected to come as a basis for other modes of support [CES n° 3/005/2012, pp. 4-5], such as an improvement in legal frameworks, financial support, easier access to public procurement and project financing within the operational programs, an increase in targeted aid from the Agency for people with disabilities, better conditions for public-private partnerships with local communities, etc.

Conclusion

The case of the development of social enterprises in Bulgaria allows us to draw two main interesting conclusions. First, the social enterprise does not correspond to a new organizational model, but to the heritage of cooperatives and NPOs, on which its development depends. Both Social and solidarity economy and social enterprise are abstract concepts and not operational organizational models. More accurately, in the Bulgarian case, the social enterprise is a top-down model promoted by NPO and cooperative umbrella organizations and is not a genuine model of self-help. The phenomenon of social enterprise development is interesting because it shows several changes that cooperatives and NPOs have undergone since the transition. Our case study showed that in the 1990s, the strategies of these two actors were marked by the relations with exogenous actors who favored the adoption of the social enterprise model. However, recent developments show that given the features of their social enterprises and the

economic difficulties that they are facing, both cooperatives and NPOs are now seeking more support from the national public actor. This relation to the public actor is recent and is challenging for both cooperatives and NPOs. A further study of the adequacy between the existing public support measures for social enterprises and the needs of existing social enterprises developed by cooperatives and NPOs is required.

Second, the case study shows surprising similarities between NPOs and cooperatives in the context of the development of social enterprises, related in both cases to the integration of vulnerable groups. However, cooperatives and NPOs have ignored each other since the transition, unaware of their common issues and modes of operation. It would therefore be interesting to further study the similarities and differences between cooperatives and NPOs as factors of dialogue between these organizations, which are subjects of the broader conceptual category of Social and solidarity economy as recognized by the public actor in the law of 2018. Further research is needed on how the currently purely conceptual categories of Social and solidarity economy and social enterprise can be operationalized, driven by these experiences and features of social enterprises' development by cooperatives and NPOs, possibly through their relation and a more effective support from the public actor.

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