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Social Entrepreneurship and Sustainable Development

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Abstract

Sustainable policy is the goal of every country, and it includes a well-balanced development policy of society, economy, human. In this trend, it is necessary to establish a balance between the basic elements of sustainability: development level, situational resources, human resources, management. Sustainability applies to all sectors of society: local community, private sector, public administration, where sustainable policy creates conditions that will harmonize the balance between the specified dimensions. In this context, social entrepreneurship should be viewed as one of the most important balance particles in developing countries, since they do not have the accumulated resources or tradition of high level of development. Social entrepreneurship is an innovative way in which society could solve different economic, educational, health and environmental problems in their community through their work - by joining and using a sustainable business model. This entrepreneurship is a powerful lever in developing countries, because they reduce the accumulation of capital in entrepreneurs themselves, and increase the total social capital that supports the development and overcoming of a low level of development, thus fostering new jobs and new businesses, but with a strong orientation towards sustainability, which primarily relates to the protection of the environment and care for future generations.

Keywords: Sustainable development, development strategy, social entrepreneurship, environment, Bosnia and Herzegovina

Introduction

Sustainable policy must be a policy of a state, since only from that level it is possible to develop a policy that will do the programs of social behavior of entrepreneurs, programs of environmental protection, and also the protection of local resources, which are the main lever of economic activity and entrepreneurship. This policy is compatible with economic growth, it collects profit to both public and private sector, thus being the long-term policy of preservation of the environment and resources of the country for future generations. Such a development strategy does not allow contradiction of any element of the economy, but all elements waive a portion of its interest, or profits for the purpose of longevity of resources and the policy itself. It is particularly important to monitor the adverse impacts that the very policy of business operations would avoid, so as have it taken care of by a senior level in the economy system. It is impossible to develop any economic sector, without its pressure on nature, the environment, and social pressure on people, community groups and individuals in them. Awareness of the wider community on the balance of these elements of development is a key in the promotion of a new model of economy and behavior of entrepreneurs. Education at all levels can be a powerful lever of change of consciousness, as the impact of the previous economic system left deep, now speaking, negative effects on the behavior of new entrepreneurs in the new conditions of the global division of labor, where each economy makes a part of a wider economic sphere of the region development.

Sustainability is orientation to the development with key goals such as:

- Improvement of life quality,
- Increase of the value of inherited development resources,
- Sense of place, city, country and the region and the strengthening of patriotism, on local and entity levels, and also on the state level,
- involvement of local community in finding new development opportunities by highlighting the strengths and including in the broader framework of economic activity,

- strengthening the positive attitudes towards nature, always keeping in mind that we ourselves are part of nature, and that we have to be in love with it, because only in this way we ensure the survival of our children, grandchildren and generations to come, since "it was not our grandparents who gave us the nature, but our grandsons borrowed it to us."

Planning is the main advantage that provides a framework for development together with the introduction of mechanisms for monitoring, control and evaluation of the results. If planning is successful it will enable the implementation of the adopted development strategy which ensures a sustainable process and balanced growth for a longer period. In this pursuit is necessarily also to have and to build a strategy for development and growth, and after a marketing strategy, that are essential to the planning and commercialization of competitive advantages of a destination country or a region, of local, regional, national as well as international and global level.

All levels are important, stemming from each other, defining and conditioning each other.

If we analyze the economic resources of the RS and BiH, many analysts believe that we have the potential for development, especially of some areas such as tourism, wood industry, housing and services, electrical and other industries that are based on the great natural wealth that is not in the function of the development. Of course, foreign investors have their interest, from investment and business, but BiH, as an isolated country and the economy, is not able to do anything. Thrown back by years of war, orchestrated by the previous development system, the scene of religious, national and other major powers bickering, it is not able to preserve its independence and integrity. The way to the future must be a way of "dependent" development which will bring benefit to man, citizen, worker and every subject. Foreign investment will bring fresh capital to run the infrastructure, the economy, the exploitation of natural resources, but it will all be done by our man, they will "enjoy" the novelties and progress. It is clear that the goals of foreign investments and objectives of our government cannot match, but it is important that their economic goals are unique, the goals of development and inclusion of BiH in the world group of countries with similar level of development.

When investors (domestic and especially foreign) decide to invest in a region, country, their starting criteria are:

- What is the economic and non-economic environment of the destination (Environment - E)
- What is the economic system of the host country (System - S) and
- What are the governing structures - policy (Government Policies - P)¹

None of these systems, with us, is not regulated and attractive to investors, for a long time now, and it is necessary to work on the arranging of the environment of business and economy, so as investors and young people, the future investors and the workers would stay in our

country and direct their knowledge and energy to the development and sustainability.

The selection of the right development strategies

Lack of quality development strategy is a major obstacle to the development of any economy. The current success in the business of our economy, are surely not the result of the existence of a clear strategy of growth and development, but the lack of competition, which in addition to the attractiveness of our destination and our originality in business, makes the elements of success. But these successes are not durable in demanding broader market. It is necessary to build a clear development strategy, preceded by wider knowledge of business conditions: markets, social and political environment, technological and economic environment. Creating a strategy of growth and development of an economy involves passing through certain stages of development, primarily of management:

- meet the requirements of business: region, country, destination,
- conduct an analysis of these conditions in terms of: real competitive strengths and weaknesses, as well as technical and technological power,
- restructure under the previous terms, which will usually require a reduction, narrowing, consolidation, on the one hand, and development in other necessary directions set by the analysis,
- formulate development strategies that will suit contemporary market conditions.

Creating high-quality development strategy requires the necessary research, which is difficult to implement in the fragmented country, where companies do not have resources for it. Organization of sector for analysis and market research is expensive at the enterprise level and it is necessary to develop broader research centers, which will work in the interest of companies. Various development agencies at city and state level can do a lot, making a variety of growth and development strategies based on research financed by the state from its funds or municipalities from their development funds. In order to set research and development in that direction it is necessary to do development projects, which would include every sector, and then on that basis, apply it to domestic and foreign financial markets and continue towards the resources that are necessary for progress in development. In choosing the appropriate or best strategies of growth and development, there is a great diversity and it is a big responsibility to choose the best or optimal strategies for conditions for development in RS and BiH. From generic strategies theorists point out that, perhaps, the best is the strategy of focus, because it insists on adjustability to small and narrow markets, such as all markets in our region, including the region of the RS and BiH. Differentiation, lower costs and combinations thereof are the basis of this strategy, and these are some basics that would be acceptable to the specific conditions for the development of our small economies and small businesses. Merger, acquisition, joining, contractual arrangements, franchising, strategic alliances, various forms of joint ownership or investment, all similar forms of association with a stronger and more developed, can be ways of positioning the broader market, when it comes to fragmented economy. The inevitability of connectivity, networking and system

¹ Crnjak-Karanović, B. (2000.), article: *International investments, globalization, tourism*; Magazine „Turizam“ 2/2000. page 150, speaks of configuration of ESP variables as a deciding factor for the selection of the region where a country would invest.

formation is most important to preserve what makes us different and recognizable, because of the diversity and originality can build new brands, and become recognizable in the very harsh global market. It is a task of strategic management, which here is comprehensive, formally and vocationally represented, but the quality does not match the quantity. Our management is suffering from all diseases of management of our political and social system. Our management, burdened by old ideologies, possesses professional knowledge, but not the knowledge, has the qualifications but not the quality. Management with us, at all levels, has a general knowledge or outdated expertise and poor knowledge of foreign languages. The age structure is unfavorable, the excess of workforce at all levels is also the remaining of the old system and outdated ways of leadership and it is not able to create a process management that assesses their applicability and to deal with implementation. It takes a reorganization of management and its "rejuvenation", education and professionalization in business organization, technology, operations and management systems, which will be a long and tedious process, because it touches, mainly, human resources and changes in their approach and way of thinking, which is the most severe form of change.

Entrepreneurship in RS and BiH

In the RS and BiH dominate small, private, mostly family businesses, with their own mission, vision and strategy, created by the owner, manager or together and that relatively successfully withstand shocks from the environment. However, their business in the long term is at issue, because it will fail to resist all the shocks of globalization, if they do not connect or network in time, i.e. connected to systems based on competitive advantages, the attractiveness of the destination or the specifics of management. This connecting may enable many opportunities, or alleviate the weaknesses, errors and omissions. In particular, it is possible to carry out research and control of prices, propaganda, promotion, open new distribution channels, work to increase service levels, improve staff through training in the centers of larger systems or establishing new centers and the like. Thus, economic activity can flourish for management of "total quality", formulated by Deming (1996), which can be a guideline for managers to do more in terms of professionalization of management. The main guidelines are:

- insisting on quality, not quantity of products and services,
- the importance of human resources and their intimate connection with the management,
- the need for permanent education of employees in all sectors and at all levels,
- insisting on the motivation of employees to achieve better results,
- monitoring of trends in the environment and in particular the competition.

In our practice there are various styles of management and leadership, with more or less success, depending on how manager is able to choose the model that corresponds to a given system or stage of development with the knowledge, imagination and intuition. In general, smaller companies have a style, more authoritative if there is one owner or if

the owner and manager is one person, and more democratic in situations where there is a larger system, more units of the company, more owners and managers, and if the system is spatially dispersed, and the communication within the system is smaller and less frequent.

It may be noted that senior staff prefer authoritative management methods, while younger managers prefer to share responsibilities to employees, encourage them more to create and are less vain in respecting the views of workers. Research shows that the choice of mode of governance and leadership in our economy is greatly influenced by: time, place, destination advantage, and proximity of competition, conditions and way of life in the region, level of standards and education of employees, culture and way of education. Given all this, in our conditions, theorists recommend democratic and other various kinds of mixed style of management, because they can satisfy the mentality of our employers and our employees, level of education and the education system and opportunities for further training, and finally the moral characteristics of our workers and managers.

Management model could be a Japanese model that has proved to be highly productive. It is based on the thesis: "live to work and continually learn", "senior work - more modesty", "encouraging innovation, total quality control, time accuracy and quality." Orientation on social entrepreneurship is a key category of the Eastern model of business ethics and leadership.

The importance of social entrepreneurship in the economy of RS and BiH

„There are many creative, altruistic, ethical people with innovative ideas. But only one of thousands possesses entrepreneurial qualities required to run large-scale social change “

W. Drayton

Entrepreneurship is often identified with starting own business, although it can be applied to all levels of entrepreneurial thinking and action: the individual level, the enterprise level – organizations or at the level of society or the wider community. Social entrepreneurship is still unknown to many people in our country, especially those who have not had the opportunity to meet with this phenomenon in earlier experiences.

What is social entrepreneurship?

Every enterprise aims to create new value. Social entrepreneurship is a unique in that it deals with identifying and solving social problems such as social exclusion, poverty, unemployment, environmental pollution and others. The focus of social entrepreneurship is to meet social needs. Therefore, social entrepreneurship is an important driving force for social and economic development of each country, and its importance has increased as land and economy is less and less developed.

Muhammad Yunus (Muhammad Yunus, 2006), founder of the Grameen Bank (Village Bank) and other social enterprises that have changed the lives of millions of people around the world and is winner of the Nobel Peace Prize for 2006, in his book "For a world without poverty" (2009) defines social entrepreneurship as "any effort to help other people." This initiative can be economic and non-economic, profit and non-profit character.

The importance and power of social capital and its impact on the improvement and development of the life standard is a big and often in science and theory underestimated. It is particularly important for countries in transition, developing countries and former socialist countries, where the social moment in the economy was expressed, thus expected in emerging economies. The phenomenon of social entrepreneurship arises from the very beginning of the development of private entrepreneurship, and its importance has increased in the last twenty years.

Drucker (Peter Drucker) favors this phenomenon in the future compared to traditional entrepreneurship. Increasing social business arises from the incapability and the inability of many governments to the humanitarian activities to fulfill social expectations and improve the standard of the majority of the population. The importance of social entrepreneurship is growing due to the fact that the gap between rich and poor is constantly increasing and countries show an inability to influence the deepening of the gap, which as the greatest consequence has the disappearance of the middle class of the society, which is the basis of any future plan for the development of both manufacturing and services.

The eighties of the 20th century were characterized as an industrial society in which science became a direct productive force of the society, technology and knowledge merge, thus causing scientific and technological revolution and its imperative is "*change based on creativity*". Of course, any change carries the risk, which is increased along with the size and speed of change. In such an environment, entrepreneurship becomes a key production factor and a development factor at the community, organization or individual level. The importance of entrepreneurship grows because it creates new jobs, employs workers, develops personal potentials of man and thus enables the realization of social goals. According to the definition the entrepreneurship is "*the mindset, i.e. the process of creating and developing economic activities by combining risk, creativity and innovation with sound management structure within a new or existing organization.*"

Basic types of entrepreneurship exist even today:

- Traditional entrepreneurship is practiced in micro, small and medium enterprises with the fundamental aim of making a profit belonging to the owner of capital. Here, this will for a long time be a dominant form, given that we have an economy that has a tradition of capitalism only a few decades long.
- Corporate entrepreneurship is in large corporations and organizations, where it is not the goal to profit or increase the capital of owners, but also the development of individual skills and creativity of young people who employ there, and that will one day, most likely, establish their own small businesses, when they overcome certain skills and develop their creativity in the framework of the corporation.
- Social entrepreneurship is the application of the entrepreneurship principles in the social sector with the aim of improving the quality of life. Unlike previous it strives to achieve both social and financial objectives. Social entrepreneurship is related to the development of social economy and this economy encompasses the area of economic activities between the market, state

and non-market sectors, in order to achieve certain social and economic activities for citizens. Holders of the social economy are companies that are not only guided by the interests of capital; representatives of civil society join to create companies that would meet the needs of target social groups or communities.

Social entrepreneurship is not the same as community entrepreneurship, since community is somewhat broader concept of social categories. It is not non-profit, because it is backed by financial effect. Institute for Social Entrepreneurship defines it like this: "*Social entrepreneurship is an art of simultaneous pursuit of financial and social return of investment*" (The Institute for Social Entrepreneurship in 2005). This definition comprehensively explains the relations of commercial and social entrepreneurship, without giving importance to the creation of new values. Characteristics of social entrepreneurship are given by Hibbert and Hogg (Hibbert and Hogg 2011), arguing that "*social entrepreneurship is the use of entrepreneurial behavior to achieve social objectives, as opposed to commercial entrepreneurship whose goal is profit.*" Through social entrepreneurship we come to the idea of the social economy, where profit is also present, but not in the first place and not as the main goal, while the main goal is: "*sustainability of the organization, job creation, employment of marginalized groups, and of course profit.*"

Social entrepreneurship is important for countries in transition, such as ours, given that the state still has no built mechanisms to protect those social categories, and if there are laws about this they were not yet implemented, because there is no funding for it. Therefore, the aim of this entrepreneurship is the creation of new social values, and if there is lower or higher profits nobody appropriates it, but it is used for achieving the mission of social entrepreneurship, which is creating new jobs and employment of marginalized groups. The first and most important power of this entrepreneurship (and other as well) is an entrepreneur. He must have some positive characteristics of personality, but also be ready to invest capital to start such an enterprise. The definition of such an entrepreneur is different, depending on what theorists put in the foreground, but all have in common that it is more help than profit.

In any case the following features adorn such a person: a passion for the business, focus on the product and the consumer, persistence despite the failure, executive intelligence. In addition, some of the already mentioned features such as: innovation, creativity and willingness to take risks, but also the modern managerial skills.

These social entrepreneurs are needed for small countries in transition, as they play a key role of "agents of change" within the social sector in a way that they:

- adopt a mission to create and sustain social value (not just personal and private!)
- recognize and passionately follow new opportunities in order to fulfill the mission and develop new businesses,
- include in the continuous process of innovation, adaptation of existing facilities and the acquisition of knowledge,
- work dedicated to their goal, regardless of the limitations of currently available resources,

- show great responsibility towards an investment and results created.

Thus, in social entrepreneurship most prominent is ethics, business ethics and morality in the economy, both among people and in people's attitudes towards the natural and social environment where everything happens. Social entrepreneurship is the use of entrepreneurial behavior to achieve social objectives as opposed to commercial entrepreneurship, where the aim is to achieve profits or, if realized, generated profits goes in favor of satisfying the needs of specific vulnerable groups of the population. (Hibbert, Hogg, 2002).

In social entrepreneurship the most important is the role of the entrepreneur. He is a person who promotes the main orientation to achieve social goals, and who reinvests his profits (excess of revenues over expenditures) in further development of the activities specified in the statutes or in the wider community. The entrepreneur takes the economic risk for his initiatives aimed particularly at vulnerable or marginal groups. Thus accepting workers, providing opportunities for these groups to show they can be of use, regardless of their disability on any grounds. Entrepreneur realizes surplus of product by the combination of voluntary and paid work. Social entrepreneurs are people who recognize social problems using traditional entrepreneurial principles to organize, create and manage ventures that bring social change. Social entrepreneurs combine opportunism, optimism and resourcefulness of business entrepreneurs, with dedication and aim to achieve a "social profit" prior to "business profit".

Bill Drayton (Bill Drayton 2007) characterized social entrepreneurs as follows: *"Social entrepreneurs are not satisfied by dividing the fish or teaching others how to fish. They will just not calm down until they carry out a revolution in the industry."*

Social entrepreneurs are characterized by a strong, new idea that can change the system, creativity, "revolutionary" potential, entrepreneurial qualities and morality, all in order to achieve their vision of society, the vision with which the entrepreneur is linked until it is achieved. Social entrepreneurs are driven by the desire to help other people and improve living conditions in their community or the world. These are people who by their moral and ethical characteristics rise above the average, visionaries dedicated to solving social problems. Social entrepreneurs are people who concentrate their ideas and energy on solving the problem of neglected and vulnerable groups in society, who do not have the financial resources nor the political power to change their own socio-economic situation.

The importance and relevance of this issue is therefore greater since there is only few researches in our region and the little examples of good practice to which entrepreneurs would be able to rely on. On the other hand, the concept of social entrepreneurship is often wrongly misunderstood and interpreted, while a number of socially excluded and unemployed continues to grow, not only in our country but also globally. Public policies circumvent this problem and just touch it in election campaigns, where it is clear that they do not understand this problem. The first study in the field of social entrepreneurship for disabled persons, with recommendations, was made in Banja Luka in 2008, and a person who is more concerned with this problem in our

country is Anita Šimundža, who devoted her doctoral thesis to this problem. (A. Simudža, 2016). The initiative to develop a strategy for the development of social entrepreneurship in RS was launched in 2009, while in 2012 the initiative for the formation of the NGO Coalition for Social Entrepreneurship Development of Republic of Srpska was formulated.

Improving the legal framework for the operation of social enterprises, starting with the Italian law on social cooperatives in 1991, while in Europe present are different legal forms of social enterprises (Italy, Belgium, Finland, Great Britain, France, Slovenia, etc.). Among the most common organizational forms of social enterprises are: civic associations, foundations, cooperatives, companies established by NGOs, mutual aid associations and others.

At the EU level, there is evidence that out of the total number of enterprises 10% is socially-oriented with 6% of such employees, which indicates giving the importance to this problem. Most micro, small and medium-sized enterprises are socially oriented, and fact that in BiH 92% of enterprises are small and medium-sized, says that this type of entrepreneurship is indispensable for the BiH economy. It can be present in all sectors of the economy: banking, insurance, agriculture, various commercial services, health and social services and so on.

Conclusion

Entrepreneurship is differently understood and interpreted, and is usually recognized as an economic phenomenon, although it is applicable to all areas of human behavior and action. Entrepreneurship is the mindset and process of creating and developing economic activity by combining risk, creativity and innovation with sound management, within a new or existing organization. So entrepreneurship has a multidisciplinary character, which is why during the study of this phenomenon it is inevitable to touch on issues in the field of psychology, philosophy, management, ethics and others, important for its understanding. Entrepreneurship is associated with companies in all sectors of the economy, as well as with the self-employed, from the preparation stage to start of a business, growth phase, transfer or termination, and restart of operations. Given that there is no single definition of social entrepreneurship, the nearest feature of this concept is that the social entrepreneurship includes business ventures aimed at creating a social benefit or solving a specific problem. The most important feature of these ventures, unlike conventional entrepreneurship, is the mainstreaming of social benefits as the target; while in the background is the realization of profit maximization, which is the main motive of traditional profit companies. In Bosnia and Herzegovina, the concept of social entrepreneurship is still in the initial stage of recognition. Social entrepreneurship is a relatively new phenomenon in social and economic activities, which covers the different areas of the human, economic and social activity. For this type of action often used is the term "social entrepreneurship" where this concept is most commonly identified with activities related only to provide social assistance. It is important to bear in mind that the social services sector is only one of the possible areas of activity of social entrepreneurship. Due to lack of awareness and familiarity with the concept, in our conditions it is more appropriate to use the term social entrepreneurship, in order to point to a broader range of

activities and opportunities it opens up. Social entrepreneurs are humane people in civil society organizations, the private and public sector, creating a significant impact on society. Often they trigger social enterprises, where they find space to realize their ideas, but also to give importance to marginal groups which receive space for their own proofing. Such people and initiators of new businesses must be built through education at all levels, it should be written about them and they should be admired, so that they would be role models for young people and new entrepreneurs with their experience and examples of good practice.

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