

## Discourse of Social Entrepreneurs in Croatia

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### ABSTRACT

The aim of this paper is to examine the possibility of applying entrepreneurial discourse to social entrepreneurs in Croatia. The research adopts a qualitative approach by using phenomenological enquiry in collecting empirical material. In-depth semi-structured interviews were conducted on a sample of ten social entrepreneurs in Croatia. The research material was analyzed by critical discourse analysis technique. In the first stage of the research material analysis, micro discourse that shaped the text was analyzed. In the second stage, the analysis examined practice of reproducing social structures in the spoken text of social entrepreneurs. The results show that social entrepreneurs in Croatia are concerned with issues related to the social context and community rather than with commercial goals such as efficiency and financial independence.

**Key words:** social entrepreneurship, entrepreneurial discourse, Croatia, critical discourse analysis

**JEL classification:** L31

### 1. INTRODUCTION

The current EU policies that encourage small and medium-size businesses and entrepreneurship, as well as numerous national policies of different European countries indicate the existing perception of the importance of entrepreneurship as an economy accelerator (European Commission 2010, 2013). Important differences appear between the developed and transition countries when it comes to varying conditions in which an entrepreneurial activity takes place (Tominc and Rebernik 2007). European Union has strengthened the division of Europe to the center, semi-periphery and periphery (Dragojevic 1998). The European countries belonging to semi-peripheral and peripheral areas have no alternative but to create proactive processes and policies (at the micro, meso and macro level) that would ensure an improvement in their economic status and, in turn, enhance social cohesion, as proclaimed by the European Union (Vuković and Others, 2017).

Social entrepreneurship has been attracting widespread interest over the last decades but the application of the entrepreneurship paradigm to the social sphere is questioned conceptually, practically and ideologically (Parkinson and Howorth, 2008, p. 286). In "transition" context, like Croatian, there is a need for social entrepreneurship research which address the micro-level of lived social practices (Stubbs and Vidović, 2017, p. 143). In this article we analyze the micro discourses of social entrepreneurs in Croatia to find out where they draw their legitimacy.

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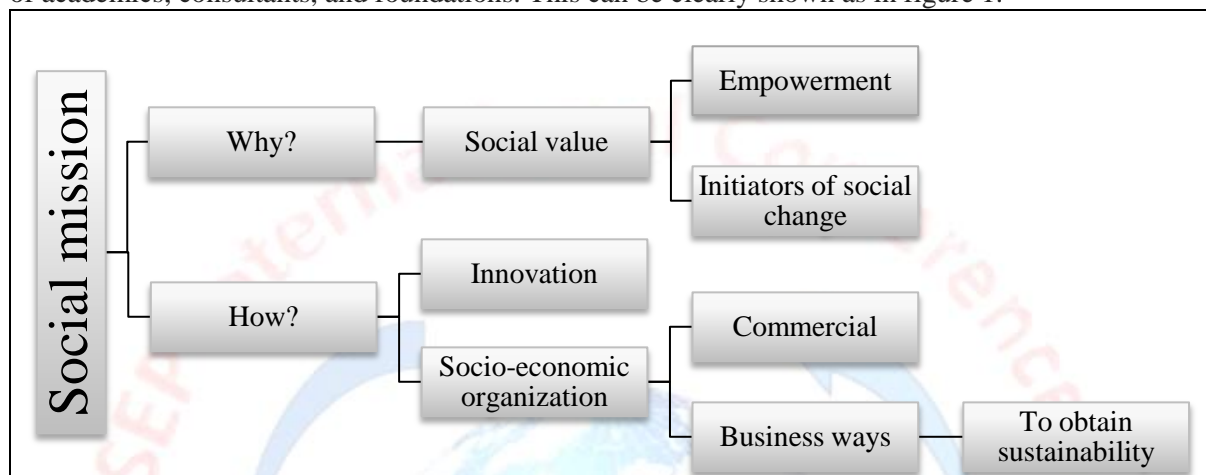
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## 2. SOCIAL ENTREPRENEURSHIP

Most commercial entrepreneurs focus primarily on profit making, while social entrepreneurs are people who have noticed a certain problem in society and want to solve it. However, in order to survive in the market, social entrepreneurs must earn revenue to cover their expenses for the sake of business sustainability. Hervieux, Gedajlovic and Turcotte (2010) show socio-economic social initiatives as one of the important conceptual models of social entrepreneurship based on the discourse of academics, consultants, and foundations. This can be clearly shown as in figure 1.



**Figure 1.** Conceptual model of social entrepreneurship

Source: (Hervieux, Gedajlovic and Turcotte, 2010, p. 61)

Social entrepreneurship is characterized by three key components: identifying unfair equilibrium, recognizing opportunities, and creating a new stable equilibrium (Martin and Osberg, 2007). Unfair equilibrium is caused by the marginalization, exclusion or suffering of certain people who lack financial resources, political power, or belong to vulnerable groups of people. Social entrepreneurs identify the problem, recognize opportunities, and develop socially useful entrepreneurial ventures to create stability in a particular area.

Like other new scientific disciplines, especially when it comes to studying phenomena such as social entrepreneurship, this research area opens up questions that require a different approach to research and a high quality debate to answer these questions. Some researchers point out the dissatisfaction with the state of social entrepreneurship research because of the fact that “case studies and more or less euphoric self-descriptions which use actors’ motivation and intention as the origin of the definition of the social definition often take the center stage” (Howaldt and Others, 2015, p. 88). On the other hand, researchers call for contextualizing the lived practices of social enterprises in order to “overcome crude binaries between the idealized views of such ventures as “heroic” and those which see them as the reproduction of neo-liberal hegemony” (Stubbs and Vidović, 2017, p. 143).

## 3. METHODOLOGY

The aim of the interpretative approach in qualitative research, especially when it comes to phenomenological interviews, is to investigate in detail how the participants create the meaning of their self and social world (social reality) (Halimi, 2005, p. 389). Epistemologically, this approach implies strong researcher's involvement in the research process. The researcher seeks to encompass the personal world of actors from his perspective but cannot do it completely and directly. It is a two-phase interpretative-hermeneutic process during which the researcher forms the framework or

phenomenological field of the subject of the research, and then intends to interpret it comprehensively (Halmi, 2005, p. 389).

Data was collected through phenomenological interviews with 10 social entrepreneurs from five Croatian regions. In-depth interviews with leading social enterprise person lasted 60-120 minutes. Research was conducted during period October 2016 - February 2017. Prior to conducting an in-depth interview, each interviewee received information on the purpose and aim of the research, as well as on the main topics of the interview. Respondents were also informed on the expected duration of the interview. Only those interviewees who previously gave voluntary consent participated in the research.

In table 1 we present the basic characteristics of the social entrepreneurs interviewed during this research. To maintain their confidentiality, social entrepreneurs are not identified.

**Table 1.** Social entrepreneurs – participants

Pseudonym	Gender	Sector
Klara	female	agriculture
Ivo	male	textile
Marina	female	textile
Tom	male	metal accessories
Maria	female	agriculture, crafts
Marko	male	software
Pavao	male	chocolate production
Ivana	female	agriculture, crafts
Nikola	male	agriculture
Stjepan	male	massage services

Source: authors' research

The research material was analyzed by critical discourse analysis technique. According to Biti (2000), the notion of discourse has been taken up in the theory of discourse from everyday French language use in which it stands for spontaneous, improvised speech. According to Fairclough (2001), the discourse can be found in the representations. Social actors in any practice produce representations of other practices as well as "reflective" representations of their own practice during their activities within practice. By doing so, they "recontextualize" other practices (Chouliaraki and Fairclough, 1999). Representation is the process of social construction practice, including reflexive self-construction - representations enter the space of social interactions and shape social processes and practices. Discourse analysis is often used to understand the meanings embedded in speech or text, or the meanings that speech or text might create (Fairclough, 1992).

We adapted Parkison and Howorth's approach in discourse analysis (Parkinson and Howort, 2008, p. 295):

1. In the first stage of the research material analysis, micro discourse that shaped the text was analyzed. Detailed text analysis included looking at micro processes of discourses like text cohesion, ethos, theme, modality, word meaning.

2. In the second stage, the analysis examined practice of reproducing social structures in the spoken text of social entrepreneurs.

#### 4. RESULTS

Three types of social entrepreneurs were identified through the analysis of the text in the research materials, which is presented in table 2.

**Table 2.** Types of social entrepreneurs in the research

Civil sector actor	Identification with the association and the specific needs of the association members, social entrepreneurship for the purpose of therapeutic work (rehabilitated addicts), training for job market and employment in the commercial sector, empowerment of women in the rural area, employment of persons with disabilities - commitment to social goals; reliance on external financial sources.
Professional	Professional approach to leading and managing the social enterprise, prior work experience in the field of expertise, sustainability as the goal of a social enterprise.
Entrepreneur	Identifying with both commercial and social entrepreneurship, balancing social and business goals.

Source: authors' research

Among the leaders of social enterprises, we often find civil sector actors identified with the association and the specific needs of members of the association. This type of social entrepreneur is characterized by dedication to social goals that mostly refer to the social inclusion of marginalized social groups: unemployed, deprived, people with disabilities, former addicts. Such leaders initiate social entrepreneurship activities to meet the specific objectives of a particular community: social entrepreneurship as a therapeutic work (rehabilitated addicts), training for labor market positioning and employment in the commercial sector, empowerment of women in rural areas, employment of people with disabilities.

Significant social problems are present in the less developed, rural parts of the country, especially in areas formerly affected by the war:

*... this is something that seems to me to be a good model (social entrepreneurship) especially for these rural areas where we live and work, for communities that have weak connection with some of the larger centers. Especially here in Baranja after the war, we experienced the collapse of the economy, closed companies, the number of jobs was reduced, the educational structure is below Croatian average, I would say so many problems for which we have to find a solution...* (Klara)



Motivation to establish an association and start a social entrepreneurship can be motivated by a family background, for example, a family member is a disabled person. In case that the community does not have an adequate solution for the specific problems of people with disabilities, group of individuals decides to do something to improve their life quality:

*... the parents gathered here, as we were in the rural environment then there were a lot of problems, there was very little access to some amenities for the children with disabilities and so we gathered together and it was basically going sluggish and unorganized. To begin with, we had only the idea that we should start something together and so it started. As the programs developed, as children grew up, new needs emerged, and of course, we also came to the areas of employment of people with disabilities. The situation was quite bad here in Croatia as well as in the whole of Croatia, with regard to employment, and so, in the employment programs for people with disabilities, I mean, we do not have to talk, here for a few years, we have some slight attempts. So we turned to social entrepreneurship, where we explored, experimented, connected only with another association...* (Maria)

In these social enterprises, revenues are not sufficient for sustainability. They mostly use additional, external sources of funding such as donations, use of EU funds etc. to continue their entrepreneurial activities:

*We were already known for doing organic production and so people were interested in buying and we started selling our vegetables. That is what I say, modest, modest income.* (Maria)

Social entrepreneurs who are primarily devoted to associations and social inclusion activities are mostly aware of their limitations in the domain of business, managerial and entrepreneurial skills:

*Well I think ... since, I, I lead, I lead somehow that cooperative, it is not, is not my only job I do it by the way ... My job is related to the association itself with therapeutic part, we have the association, the association has eleven employees, you have to lead it, you need a lot of time, energy, so I do not have, do not have time to devote (to social enterprise), I do not even have any knowledge, knowledge that is related with the economy, marketing, sale. I think there should be a man who will be professionally employed, who will lead, lead this cooperative.* (Tom)

Second type of social enterprise manager is characterized by professional leadership with a view to achieving business sustainability. These are professionals who have a previous work experience in the area of expertise and / or knowledge in the field of business. After coming to a social enterprise, they faced the challenge of achieving good business results in the conditions of limited resources and the specific needs of employees:

*And at the beginning the enterprise was founded as ... we are good, beautiful and that, they will all give us something, mostly, we will do just so much to do something. And that was it. And so was the approach to the work. Basically, that was the situation, of course. And it was necessary to break it because there is nobody who supports us, nobody who finances us, is free of any kind of giving. We are exclusively financed by sales, on the market. And that was the problem, putting all of us on the same level of thinking, achieving the maximum motivation of employees, and in the same time, not introducing high working demands on employees with physical and other difficulties. It was about the rights of people, etc., etc. Mostly, this did not go in the right direction.* (Ivo)

The third identified type of entrepreneur belongs to the commercial sector. However, he has a strong social mission to help people with disabilities through the design of innovative products to raise the quality of life. Entrepreneur identifies himself as a social entrepreneur although he is basically commercial entrepreneur:

*Of course the product, the product must work. It is very important that the service is of high quality, we want customer to trust us, so that we are always available, if something needs to be changed, corrected, whatever they need we are available, so it is important that they feel we are always there whenever they need (Marko).*

## 5. CONCLUSION

This paper shows that social entrepreneurs operating in Croatia are trying to find entrepreneurial solutions for a number of problems affecting economy and society that is underdeveloped compared to most of other EU members. The activities of social enterprises are need-driven, motives for starting a social enterprise are different types of problems in the family, community and regions: post-war economic and social devastation, unemployment, the needs of people with disabilities, the needs of rehabilitated addicts for training for the labor market, economic empowerment of women in rural areas. The position of social entrepreneurs lies in the space between the community and the rigid "system" they are fighting (local, regional and national institutional structures).

Social entrepreneurs in Croatia are, in most cases, closely related to various associations that aim to promote and encourage inclusion. These organizations gained legitimacy in the community and recognition of society. The efforts and energy of social entrepreneurs coming from the association largely relate to the achievement of the goals of the association. It is obvious that social entrepreneurs from our research draw their legitimacy from social and moral sources rather than from business performance. Entrepreneurial discourse is less common among social entrepreneurs in Croatia, although most of them are aware of the need to adopt also other discourses such as discourse of sustainability or discourse of business management.

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