

## **SOCIAL ENTREPRENEURSHIP – EDUCATION – LOCAL AUTHORITIES: HISTORICAL ROOTS AND FUTURE STRATEGIES**

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**Abstract.** Social enterprises are the subject of great interest from authorities at various levels, academia, business promotion organizations. Policies and publications are growing at an impressive pace as high hopes are placed on them to solve painful social problems. Social enterprises have been studied in different dimensions. Individual participants of an ecosystem have been analyzed, including the potential of universities to promote social entrepreneurship and increase the efficiency of their management. A large part of the social problems, to which the activity of social entrepreneurs is directed, are within the prerogatives of local authorities. However, the role of support provided by universities and their potential to improve local social policies through social entrepreneurship is rarely explored and evaluated. In this regard, this publication is aimed at tracing the development of social entrepreneurship in our country in the context of education and local authorities, and on this basis, some generalizations are made, which can be a starting point for developing future strategies in the educational system to support social entrepreneurs and local authorities in the effort to find an answer to certain social challenges.

*Keywords:* social entrepreneurship; local government; education; educational strategies

### **Introduction**

The contribution of social enterprises to society is well known and often discussed. They are relied upon to solve pressing issues by introducing innovations created by entrepreneurial creativity and oriented towards social goals. In recent decades in the EU and other parts of the world, institutions at various levels have been forming support policies, research has been done, projects have been implemented, awards have been presented, good practices in the field of social and solidarity economy have been recognized. All this is an expression of the expectation that social entrepreneurs will provide solutions to problems that are difficult to be solved in an effective way by the authorities. In fact, the historical

reference shows that the Bulgarian entrepreneurs have had a social element in their activity since the Revival (Penchev 2022; Nikolova; Cholakova 2019; Zlatanov 2019). In the period of socialism and planned economy, the cooperative movement grew, including targeting vulnerable groups (CCU; Union of the Deaf in Bulgaria; NCCBP). A number of researchers pay attention to the importance of education for the development of social entrepreneurs (Pilipova, Prokopenko, Matyushenko, Khanova, Kharkiv, Shirobokova, Durmishi 2024; Cinar 2019; Diaz Gonzalez, Dentchev 2021), but it is also noted that rarely these relationships are considered in the context of their contribution to local authorities. In this regard, the purpose of the publication is: to trace the development of social entrepreneurship in the context of education and local authorities, and the conclusions drawn can be used to develop future strategies of educational institutions and local authorities to support social entrepreneurship. The publication is divided into three parts, the last of which ends with some conclusions aimed at developing social entrepreneurship strategies in the future.

### **1. Roots of entrepreneurial activities and its social dimensions**

Bulgaria is a country with a centuries-old history. Along with the political, institutional, social and cultural changes it has undergone, its economic life has also seen periods of boom, as well as periods of stagnation and crises. Entrepreneurial activities also went through different stages – of development, as well as of prohibition and even oblivion. During the Revival period and in the period after the Liberation (1878), if the entrepreneurial spirit of the Bulgarians began to manifest itself and gave its results, then in the period from 1944 until 1989, during the time of socialism and planned economy, entrepreneurship was impossible and almost completely forgotten. After the socio-political and economic changes at the end of the 1980s to this day, the independent business activity and individual initiative are once again the driving forces of the economic development for the achievement of a higher standard and a higher quality of life in the country .

However, in the context of *social entrepreneurship*, some activities can be indicated, which with some conditionality and taking into account the peculiarities of the environment in the various historical stages, can be perceived as its precursor. The associations aimed at achieving social goals and national ideals, as well as providing mutual aid and support to people who are in a vulnerable position can include *chitalishta (community centers) and cooperatives*.

*Chitalishtata (Community centers)* are unique cultural institutions in Bulgarian society. It is assumed that the first community center in Bulgaria was established in 1856 in Svishtov (The first Chitalishte (community center) in Bulgaria). Almost at the same time, another one arose, again in a town on the Danube, Lom. In Svishtov, after a donation of 200,000 gold leva from the hereditary merchant and entrepreneur Kiril D. Avramov in 1904 chitalishteto

(the community center) was moved to a beautiful building. Among the tasks of the cultural institution were the following: establishing a library, printing the works of native bookmen, searching for and preserving old manuscripts, as well as providing assistance to talented young Bulgarians to get an education abroad and thus be useful to their birthplace and the Fatherland (Bulgarian history).

Chitalishteto (the Community Center), this unique institution, which is characteristic of Bulgarian cultural life, was part of the life of our ancestors decades before the Liberation of the country from five centuries of Ottoman rule. The strong desire for unity, education and science, as well as the preservation of national self-awareness through tradition and culture, are clearly recognizable and can be supported by the following facts. If by 1890 84 chitalishta (community centers) were established, then in the next two decades another 796 were created! By 1910 there were 1,076 chitalishta (community centers) operating on the territory of our country, as well as other cultural and educational societies very similar to them in purpose and functions (History of People's Chitalishta (Community Centers)). One hundred and ten years later, according to official data as of 2022 there are 3319 chitalishta (community centers) in Bulgaria, which are located both in large cities and in small populated places (NSI, 2023).

No less interesting and socially significant is the historical path and the role of the *cooperative movement* in our country. In 1890 the first cooperative in Bulgaria was established. This is Oralo loanlending, savings and agricultural society in the Sredna Gora village of Mirkovo (today municipality of Mirkovo). However, a prerequisite for the emergence of the first cooperatives was the existence of pre-cooperative forms for joint work and mutual assistance. Only five years after the establishment of the cooperative in the region of Sredna Gora, the first consumer cooperative appeared in Shumen, and in Gabrovo the first labor-productive cooperative. The development of the cooperative movement required the adoption of a normative act, which happened in 1907. The established Law on Cooperative Societies supported the process of growth of the cooperative movement (CCU). Cooperatives of people with disabilities were registered in the middle of the last century. They are mainly engaged in sewing production, cardboard and paper packaging, bookbinding services, production of souvenir goods and plastic products (National Union of Cooperatives of People with Disabilities). In the period of socialism and planned economy, cooperatives had their significant place in the economic life. Specialized cooperatives were established to support disadvantaged people, such as the National Consumer Cooperative of the Blind in Bulgaria and the Combined Labor-Productive and Handicraft Cooperative of the Deaf and Dumb.

*The National consumer cooperative of the Blind in Bulgaria* was established in 1945. It supports people with visual impairments to deal with their work and social problems. The activity of the cooperative is aimed at the integration of its members

through rehabilitation and protection of their rights, trading in knitted and textile products, renting out available properties. The specific policies of the cooperative are members' certifying for reduced working capacity, provision of one-time and targeted assistance if necessary, including to their children, provision of scholarships to students and pupils, organization of certain social services (NCCBP).

*A Combined labor-productive and handicraft cooperative of the deaf and dumb* was founded in 1947. and it was called "Silent Labor". The activity covered the production of dental, furniture-carpentry and woodcarving products, women's and men's clothing, as well as shoemaking. Almost ten years later, the organization was allowed to establish its own production enterprises. Immediately before the changes at the end of 1989 the data showed that the annual output was over 74,841 thousand leva and the jobs created were for 4,600 people. The suspension of government contracts in the 1990s, the financial and economic crisis and other challenges of the business environment negatively affected its activity. At the beginning of the new century, the number of employees was 1,397. Seventeen years later, 354 were working in the organizations, of which 199 certified for reduced working capacity (Union of the Deaf in Bulgaria).

*The Cooperatives and chitalishtata (community centers)* show the social element in the Bulgarian society that existed in different historical periods. In addition, prominent Bulgarian entrepreneurs who provided significant funds for various causes, including the development of education and in support of local government, had indisputable merits for building a community of solidarity.

## **2. Bulgarian entrepreneurs in support of education and local authority**

A notable example showing the interaction between business and local government to achieve public benefit is the enterprise created by Evlogi Georgiev, which he provided to Karlovo.

The Bulgarian entrepreneurs Evlogi and Hristo Georgievi, although they spent a significant part of their lives in Romania, were major donors in their Homeland. In 1891 with funds provided by Evlogi, a Woolen-Textile Factory in Karlovo was built and equipped, and then it was given to the local community to achieve important social goals for the community (Evlogi and Hristo Georgievi Woolen-Textile Factory). Before the Liberation Karlovo was a center of textile production. More than 260,000 okas (unit of weight = 1283 gr) of gaitans were made annually by 2,000 Gaitanji charkas (machines) in the second half of the nineteenth century (Zlatanov 2019). The destruction of the war and above all the many lost human lives from the area led to a decline in production and confronted the community with a difficult economic situation and socio-social tension as well. In order to help his fellow citizens, Evlogi Georgiev provided funds for the construction and purchase of modern equipment for the factory, as well as working capital for its operation. He then bequeathed it to the Karlovy City Municipal Government,

obliging the Municipality to commit itself to the management of the enterprise. According to the will of the donor, half of the gained profit should be used to support the Karlovo schools, and the other part should be accumulated for the purpose of building a city hospital. The benefactor also looked further into the future and specified that after the construction of the hospital, the remaining half of the income should be used to support sick people. The factory provided employment and income for many families in the area. During the period of socialism, it was nationalized, and after the changes in the early 1990s, it was privatized (Zlatanov 2019).

A strong social element can be found in the activities of a number of entrepreneurs from this era. *Hristo Rachkov* (mid 18<sup>th</sup> century – 1821), who, along with his other charitable activities, supported the Municipality of Gabrovo by providing a loan of 4,000 groshes to cover existing indebtedness. *Hristo Danov* (1828 – 1911) also performed a similar activity aimed at educating Bulgarians and helping the municipal authorities. He supported both certain municipalities and schools that were in difficulty by providing them with textbooks on credit. Moreover, trained teachers were sent to some municipalities, as well as in Odrin Thrace and Macedonia. At the same time, he provided an opportunity for talented Bulgarian young people to study abroad, who then became part of the Bulgarian intelligentsia (Penchev 2022).

*Pencho Semov* (1873 – 1945) generously supported people in need, provided funds for education and health care, financed religious institutions. It is estimated that what he donated exceeded the significant sum of 55 million leva (Cholakova 2019). Another great donor was *Hadji Nencho Palaveev* (1859 – 1936), born in Koprivshitsa. He bequeathed his entire large fortune to his hometown, and during his lifetime he supported not only Koprivshitsa, but also a number of other settlements in the Fatherland. He created a fund that existed for almost half a century – until the beginning of the eighties of the last century (Dimitrov, Vilarova 2009). His philanthropy was so extensive that it is difficult to enumerate his deeds. He financed culture, education, infrastructure, and also supported sick, poor and compatriots in need (Nikolova).

*Hristo Tapchileshtov* (1808 – 1875), in addition to his active participation in social and political life, the fight for the independence of the Bulgarian church and his contribution to the opening of “St. Stefan”, the Bulgarian church in Constantinople, he actively donated to support the Bulgarians’ educational work (Penchev 2022).

Of course, these are only a small part of the Bulgarians who earned money through their entrepreneurial activities, but they generously shared their wealth with their compatriots. Their names and deeds, except that they must be remembered, also show entrepreneurship with its social dimensions and its relationship to education and the institutions that administered the separate areas.

### **3. Development of social entrepreneurship through the participation of universities and local authorities**

In general, it can be said that social entrepreneurship is a way to support the aspiration to deal with serious problems in the social sphere through entrepreneurial activities that support institutions, mainly at regional level.

In fact, in a number of strategic documents attention is paid to the social challenges, which the Bulgarian society was faced with. According to an analysis of existing data in Bulgaria, relatively high shares of people who are at risk of poverty and social exclusion have been found. High levels of income inequality have also been found. Along with the fact that social transfers show a limited impact in terms of dealing with inequalities and poverty, the trends of negative demographic processes, which reflect more and more sharply on the state and management of the social and insurance systems, education and public finances at national and regional level, are also confirmed (CM, 2020). Poverty, inequalities and social exclusion are the challenges that must be dealt with by institutions, and mainly those that are closest to the people, namely the *local authorities*. It is the social enterprises that can support their goals effectively. In fact, the target groups of social entrepreneurs to whom their activity is directed are: people with permanent disabilities and families raising children with permanent disabilities; permanently unemployed, young people who do not yet have professional experience, unemployed who are over 55; people placed outside their families; people who suffer from various addictions; foreigners with protection from our country; homeless people; people who have served a sentence of imprisonment (LESSE, 2018). The policies that are the responsibility of local authorities and in which social entrepreneurs can be useful are both social services - directly through their activity, and indirectly - by improving finances through local taxes and fees paid, increasing employment and integration in the certain area (LLSGLA, 1991).

Today, *the educational system* and universities in particular are undoubtedly a very important element of the ecosystem of entrepreneurs, including the social ones.

Educational institutions can support the social and solidarity economy by *promoting* the potential of entrepreneurial initiatives to give a boost to the social sphere. Another contribution of the educational system is participation in *building partnerships* with other participants in the ecosystem in order to motivate and prepare successful future entrepreneurs to realize social goals (CM, 2012). There is a growing interest among young people to have a positive impact on social development through their work. One way to improve the students' training is by creating partnerships with social enterprises and absorbing their knowledge through practice. In addition, students can be engaged in real projects and *mentoring* programs can be organized by practitioners operating in this field (Filipova et al. 2024). An analysis of the impact of the ecosystem



on the development of social entrepreneurship, based on an evaluation of 258 authoritative publications, shows the necessity and the binding of three categories of support – fuel, hardware and DNA. These separate categories of support are aimed at the identified main problems facing social entrepreneurs, namely: lack of resources, limited participation in networks, lack of knowledge and corresponding practice of professional management, deviation from the mission of the social enterprise (Diaz Gonzalez, Dentchev 2021) .

Universities can contribute by realizing their *third mission* and support the efforts of social entrepreneurs and thus to support solutions to reduce societal challenges. They can be especially useful for the *regions* where they are located and carry out their educational and scientific activities. However, it is noted that despite the potential of universities to support social entrepreneurs and to contribute in this way to the regional development, *little research has been done on this interaction* in the context of their geographical regions (Cinar 2019).

However, there are some researchers who note that university-led training in social entrepreneurship, when it includes the participation of local industry and community, achieves *better results for the region* as a whole. In addition, the common problems in the field of social entrepreneurship training are the following: curriculum development, financing, provision of sufficiently qualified teachers (Roslan, et al. 2022).

Apparently, cooperation between *universities and social enterprises* is not rarely recommended (Filipova, Prokopenko, Matyushenko, Khanova, Kharkiv, Shirobokova, Durmishi 2024; Cinar 2019), but mechanisms for building sustainable partnerships between social entrepreneurs and *two significant elements* of the ecosystem – universities, on the one hand, and local authorities, on the other, are far less often sought.

Universities can be a link between social enterprises and the authorities that administer a particular area. A *good practice* of supporting social entrepreneurship from academia and the liaison with local authorities can be identified at the University of National and World Economy. There is a *Department of “Entrepreneurship”* at UNWE, which trains students *majoring* in Entrepreneurship – a bachelor’s program, as well as two *master’s* programs. The curriculum of the *bachelor’s* program includes the subject “Social Entrepreneurship”, which students study during their eighth (last) semester of training. In addition, an “Institute of Entrepreneurship” was established and *operates* within the UNWE, which conducts research and implements *projects* in the field of entrepreneurship, including social entrepreneurship. The Institute has an approved *fundamental scientific research* by the Scientific Research Fund, which examines the role and capacity of local authorities for the development of social entrepreneurship. The institute organizes international *conferences* on entrepreneurship. At the end of August 2024 Prof. Nikolay Denchev, who is part of the Entrepreneurship Department,

organized an *international conference on social entrepreneurship* (SES2024) in UNWE. It was held for the first time in Europe. One hundred participants from 26 countries – representatives of academia and the ecosystem, as well as social entrepreneurs, attended the conference. The conference was organized in cooperation with ELANET, an international ecosystem for the promotion of social entrepreneurs. Along with conducting scientific events and implementing projects, *publications* in the field of entrepreneurship and specifically of social entrepreneurship are made. The scientific results of the conducted research and the innovations obtained within the framework of conferences are introduced into the *learning process*, which increases the quality of education. On the other hand, participation in international forums and projects allows increasing participation in *networks*, which is a prerequisite for the realization of future joint scientific activities. Also of great importance are the *numerous events and opportunities* provided by the university to encourage and support students to start and develop their own businesses. Representatives of various *institutions* that are part of the entrepreneurship *ecosystem* attend as lecturers, guests and partners of the university, which is a further incentive for the development of young people.

Based on everything presented so far, the following *generalizations* can be made:

(1) Tracing the historical development of entrepreneurship in our country shows the gained experience in entrepreneurial activities by individuals and also by institutions that have participated in business life.

(2) The experience gained in different historical periods by entrepreneurs and institutions can be a prerequisite for effective cooperation in the field of social entrepreneurship.

(3) Social dimensions are found in the activities of a number of our entrepreneurs who were successful in the past. In addition, chitalishtata (the community centers) and the cooperative movement play a significant role in socio-cultural and public life.

(4) Today social enterprises can offer social innovations to deal with pressing social problems facing both people from vulnerable groups and local authorities that should solve them.

(5) Universities can support social enterprises not only by providing knowledge and information, but also by mediating the partnership among participants in the ecosystem of social entrepreneurs.

(6) Along with recognizing the role of universities, the insufficient research of their role for the regional development in the context of building a favorable ecosystem to help local authorities is also noted.

(7) The findings made require consideration of strategies for the development of social entrepreneurship jointly between educational institutions and local authorities to increase efficiency in solving social problems.



## **Conclusion**

The Economic life in our country is an inseparable part of its socio-political destiny. Entrepreneurship goes through different periods – from the development of entrepreneurial activities to their impossibility and almost oblivion, and then again to their revival. During the Revival period until the advent of socialism and planned economy, some of the successful Bulgarian entrepreneurs had a strong social element in their activities. They supported various social causes, the most common of which is enlightenment, as well as providing assistance to local authorities to effectively solve local problems. In addition, community center activity was of great importance for the cultural life of the Bulgarians. Cooperatives supported their members, and in the following period from 1944 – 1989 they were developing by providing a labor and integration role for disadvantaged people. Today, social enterprises are charged with the expectation to support institutions and contribute to solving social problems, which are often the focus of attention of regional institutions. Academics can effectively help social enterprises not only through training, but also through building networks and partnerships that enhance their ecosystem. All this in turn supports both social enterprises and local authorities that are responsible for dealing with the specific problems of people in the community.

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