

SIMPLIFICATION AND OPTIMISATION OF THE PROCEDURE OF APPLYING FOR THE REGISTERED SOCIAL ENTERPRISE STATUS BY PROCESS MODELLING

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Abstract

The objective of the article is to create a model for optimising the time and administrative complexity of meeting the conditions of the application process for the status of a registered social enterprise defined by the legislative provisions of Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises in Slovakia and to simplify its user and application level in practice. To attain this objective, we employed the method of process modelling. The basic principles of Business Process Modelling were used in the process modelling. The output of the modelling is the creation of a graphic Model of the Process of Application for the Registered Social Enterprise Status, which analyses the individual conditions for obtaining the status of a registered social enterprise provided by law. The Model will serve as a clear and simplified guide for applying for and obtaining the Registered Social Enterprise Status to assist applicants who wish to become social enterprises or registered social enterprises. The Model provides a clear understanding of the steps in the process of applying for Registered Social Enterprise Status. It contributes to the efficiency of process management in the activities of the state and public administration and the private sector, to the simplification of processes and to the saving of resources and time in drafting the application. The Model will serve mainly potential social entrepreneurs, but it will also be suitable for methodological centres which include Regional Social Economy Centres in individual regions of Slovakia, but also for a wide audience of people interested in this issue. It will thus be an important tool for simplifying processes that are intended to contribute to addressing regional development and the negative aspects of regional unemployment. It can also serve for the legislators who can improve the steps of the process itself in the future through the schematisation of the optimised process. The originality and added value of this paper lies in the Model itself, which serves as a visual representation of the process of applying for Registered Social Enterprise Status, through which the understanding of the steps of the challenging process of legislative definition is simplified. It brings optimisation of the process itself and its management in the setting of resources, time, and cooperation with the required actors in both public and private sectors. The article is an original output of the project VVGS-2023-2757 Towards Socio-economic Innovations and Principles of Social and Solidarity-based Economy through Leadership

Keywords: modelling, social enterprise, Registered Social Enterprise Status, Model of the process of application for Registered Social Enterprise Status

INTRODUCTION

The concept of the social economy and social entrepreneurship has marked a boom in the previous decade, bringing about a breakthrough in the way the benefits of social entrepreneurship are viewed in the European Union countries and the United States (Defourny and Nyssens, 2010). In Slovakia, the growth of social entrepreneurship can be observed in the

previous ten years. In 2018, Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises was adopted, which modified the legislative framework not only of the basic terminology of the social economy, the meaning, importance, and functioning of social enterprises, but also the definition of specific conditions for the establishment of a social enterprise. The legislation that has been adopted is extensive, regulating 3 types of social enterprises, the basic terminology, the process of obtaining the Registered Social Enterprise Status, and the forms of financing social enterprises.

In the context of legislation, the article points to the challenging process of applying for the Registered Social Enterprise Status, which consists of many steps that may seem to be a significant barrier for the average person interested in social entrepreneurship in their efforts to establish a social enterprise, despite the fact that potential entrepreneurs do not lack enthusiasm, motivation, and a good business plan. The Act on Social Economy and Social Enterprises defines the exercise of state administration in the field of social economy to two actors, namely: the Ministry of Labour, Social Affairs, and Family of the Slovak Republic on the basis of the empowering provision of Article 15(1)(i) of Law Act No. 575/2001 Coll. on the organisation of government activity and the organisation of central state administration and the Central Office of Labour, Social Affairs, and Family, which develops and implements national projects in the field of social economy (Article 25(4) of Law Act No. 112/2018 Coll.). The Ministry of Labour, Social Affairs, and Family of the Slovak Republic administers the Register of Social Enterprises, which includes enterprises that obtain the Registered Social Enterprise Status after meeting the conditions of the application process for a registered social enterprise as defined by the relevant Law Act on the social economy, and this Status is approved by the Ministry of Labour, Social Affairs, and Family of the Slovak Republic.

In this article, we will therefore focus on the process of applying for the Registered Social Enterprise Status to create a model for optimising the time and administrative complexity of meeting the conditions of the application process for the Registered Social Enterprise Status and thus contribute to the simplification of the user and application level in practice. In this paper, we draw on the theory of Business Process Management, which focuses on process improvement in institutions.

THEORETICAL BACKGROUND

The role and knowledge of the social economy in economic and social policies has grown especially in the countries of the European Union, which is a major supporter and promoter of

the social economy and invests considerable resources in its development through the European Social Fund (Cojocaru and Sfetcu, 2013).

The concept of the social economy, along with that of non-profit organisations, is a mainstream paradigm that refers to "the space between the public economy and the private for-profit economy" (Avila and Campos, 2018). The search for a universally accepted definition of social entrepreneurship has been a central issue of the previous two decades (Defourny and Nyssens, 2017). Finally, there has been consensus within science and policy on its definition, it is well institutionalised and quantified and has strong scientific and social cognition (Avila and Campos, 2018).

Today, it is possible to identify several criteria that have been the most debated within social entrepreneurship, namely: the specific role of the individual social entrepreneur, the place of social innovation, the search for market income, and the issue of governance (Defourny and Nyssens, 2017). The social economy, which emphasised employment and social security guaranteed by the welfare state in the 1990s, has now become a model that emphasises the self-sufficient role of social enterprises and the individual responsibility of citizens (Csoba, 2020).

Growing disenchantment with for-profit business models has turned attention to social entrepreneurship and social innovation to facilitate social issues (Phillips, Lee, Ghobadian, O'Regan and James, 2015). Social entrepreneurship is specific because it represents a connection between the private and public sectors, it is guided by business principles such as risk taking, innovation, and creating something new, but it also brings benefits to society. In addition, the concept of social entrepreneurship is aimed at people on the margins of society who have fewer opportunities in society (Ribic and Ribic, 2016). Traditionally, these organisations perform a redistributive function in which social objectives take precedence over profit motives. They aim to tip the balance in favour of a greater redistribution of resources towards the least advantaged (Agafonow, 2014). The analysis of the world experience in the development of social entrepreneurship shows that in the developed countries of Europe, the high activity of this sector is attained due to the legislative consolidation of its role in the economy of the countries, support from local authorities, proper regulation of the development of social entrepreneurship, and grant activities (Halunko, Ivanyshchuk and Popovych, 2018).

Policy makers, such as those in the European Commission, have adopted the objective of creating an enabling environment for the development of social enterprises. Policy interest in social entrepreneurship stems from doubts about how many benefits can be attained in pursuit

of social objectives, from non-profit motivations, and from scepticism about the effectiveness of bureaucratic and centralised policy interventions (Estrin, Mickiewicz and Stephan, 2016). When we talk about social innovation and social entrepreneurship, we are not just talking about charities or non-profit organisations, because social value also includes financial gains while focusing on opportunities to address social issues (Grilo and Moreira, 2022). In contrast to state intervention, social entrepreneurship creates highly decentralised modes of action aimed at addressing social issues at the local or grassroots level (Estrin, Mickiewicz and Stephan, 2016). The not-for-profit sector is also involved in the regulation of economic life, for example, associations or social cooperatives are partners of public authorities in assisting the return to employment of the unemployed with low skills who are at risk of permanent exclusion from the labour market (Borzaga and Defourny, 2001). However, Cojocar and Sfetcu (2013) point out that the social economy should not only include the disadvantaged, but it should also touch the whole community. The social economy should respond to common problems specific to the community and not necessarily linked to socially excluded groups, marginalised populations, or minorities.

The development of social entrepreneurship implies the active involvement of as many stakeholders as possible, e.g. civil society organisations, the scientific and educational community, businesses and crafts, associations and cooperatives, state and public administrations, local and regional government units, institutes, family farms, interested individuals, and international organisations. By selecting relevant stakeholders, efforts are made to empower the community, make democratic decisions, take responsibility for the environment/community, measure social impact and attain business, social and environmental objectives (Tišma, Maleković, Jelinčić, Škrtić and Keser, 2022). According to the ICSEM ("International Comparative Social Enterprise Models") project research carried out in 2013-2019, 3 social enterprise models have been identified: the social cooperative model, the "business association" model, and the "social entrepreneurship" model, which are strongly supported by empirical analysis in almost all the countries studied (Defourny and Nyssens, 2022).

The European Union maintains an independent approach to policymaking on the social economy within the framework of national policies. This creates an individual and differentiated approach within each Member State where the social economy and social entrepreneurship have established themselves. In 2021, the European Commission adopted a new Action Plan for the Social Economy. The aim of the plan is to increase social investment, support social economy actors and social enterprises to set up, expand, innovate, and create

jobs (European Commission, 2021). Within European countries, the social economy and entrepreneurship is linked to public administrations, which create the legislative framework, provide business support for social enterprises, coordinate the legal conditions for obtaining social enterprise status, and provide financial support for social enterprises.

The public sector focus of social entrepreneurship requires good public policies, allocation of public funds, and effective management of social entrepreneurship by public authorities. Public policies should support the development of social enterprises with defined indicators for their growth, income growth, and employment data (Tišma, Maleković, Jelinčić, Škrtić, and Keser, 2022). Mainstream social sector institutions are often perceived as inefficient, ineffective, and unresponsive. Therefore, social entrepreneurs are needed due to the development of new models for the new century (Dees, 1998). The way legal norms contribute to the effectiveness of social enterprises in practice has also been explored by Singh and Kumar. There are several difficulties caused by the interaction between social entrepreneurship and legal norms. These include general legal frameworks, unclear terminology, competing demands, and inadequate resources (Singh and Kumar, 2023).

According to Borzaga and Defourny (2001), research confirms that organisations that have both an entrepreneurial dynamic and a social purpose are proliferating in many countries. These enterprises not only improve the social welfare services of states, but also provide an additional and often innovative dimension that brings together public and private resources and voluntary and paid workers. For these reasons, social enterprises deserve serious attention from policy makers, practitioners, and academics interested in a more pluralistic economy and a new social society.

As we mentioned, each country is free in the setting of the law according to their domestic conditions and needs and this can be quite different also in setting up social entrepreneurship. Based on this, there hasn't been done any theoretical research of setting up social enterprises in all countries according adopted legal norms for social entrepreneurship in applying them. This would require a separate approach, which can be the following research focus of comparison of individual state legislative acts on social entrepreneurship and their applicability into the practice.

Social entrepreneurship in the context of the new legislative process in Slovakia

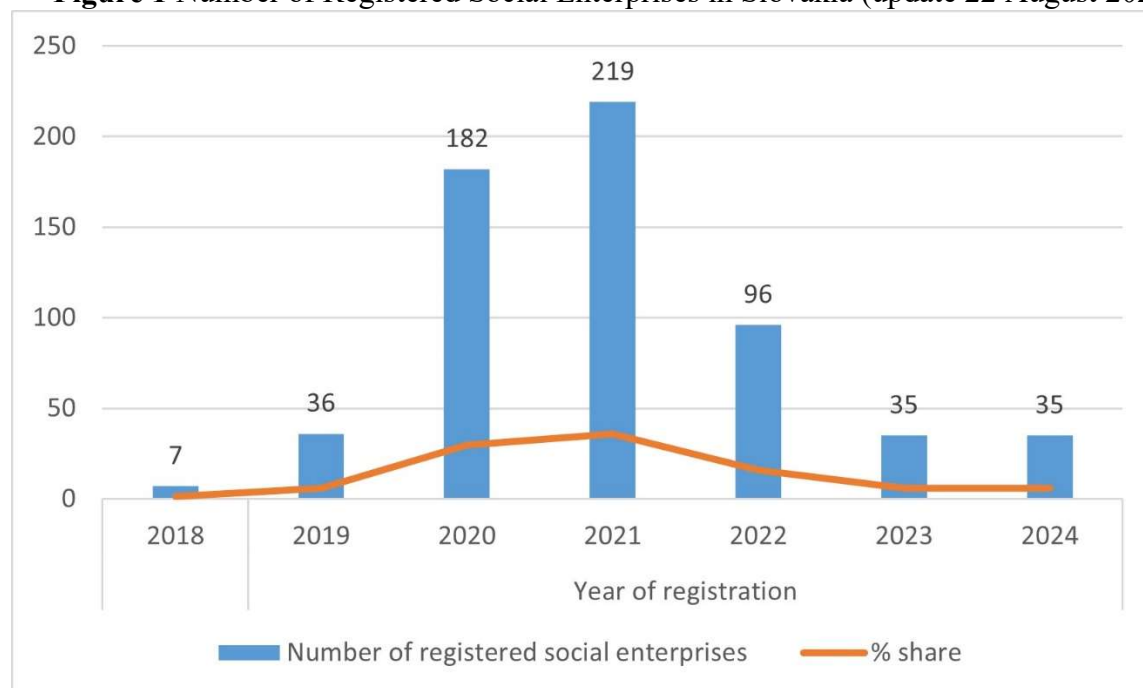
There are 583 registered social enterprises operating in the Register of Social Enterprises in Slovakia as of 22 August 2024. Of the total number of registered social enterprises, whose number as of 2018 was 685 enterprises, 102 enterprises have had their certificates withdrawn

and no longer have the Statute of Registered Social Enterprise. The acquisition of the Registered Social Enterprise Status serves not only to identify the nature of the enterprise itself, but more importantly, the possibility to receive financial support from the state. Due to the possibility of abuse of this aid in the business environment, the conditions of the process of obtaining the status of a registered social enterprise have been established, which are imposed by Law Act No. 112/2018 Coll. on the Social Economy and Social Enterprises.

The Ministry of Labour, Social Affairs, and Family of the Slovak Republic introduced this demanding method of establishing a social enterprise through the national project Institute of Social Economy, which is implemented by the Implementing Agency of the Ministry of Labour, Social Affairs, and Family of the Slovak Republic under the Human Resources Operational Programme. The objective of the project, which was operative from 2018 to 2023, is to create and pilot test the functioning of a system of support for the development of the social economy in the Slovak Republic based on Law Act No. 112/2018 Coll. on the Social Economy and Social Enterprises.

For this purpose, Regional Social Economy Centres have been established in each region of Slovakia (8 centres in each regional city), which serve as methodological and support centres for potential social entrepreneurs. However, the process of obtaining the Status itself can be discouraging and incomprehensible in terms of legislation.

Figure 1 Number of Registered Social Enterprises in Slovakia (update 22 August 2024)



Source: own elaboration according data from Register of Social Enterprises

The biggest increase in new social enterprises since 2018 is seen in 2020 and 2021, which was the period of the Covid-19 pandemic. Although this seems paradoxical precisely because of the restrictions set on the movement and functioning of the business environment in society, the increase in social enterprises is also natural during this period, as it was during several pandemic waves that many entrepreneurs sought help from the state - and social enterprises bring the possibility of public assistance. In recent years their growth has been slower, one reason for this may be the difficult conditions during the operation of the enterprise, but it may also be the difficulty of setting up social enterprises and meeting the conditions for obtaining the Registered Social Enterprise Status.

Business Process Management

The history of Business Process Management began in the 1980s. Its gradual use is related to the rise of information and communication technologies (Vom Brocke and Sini, 2013). Business Process Management encompasses methods, techniques, and tools to support the design, enactment, management, and analysis of business processes (Van der Alst, 2004; Weske, 2007). Business Process Management has evolved in 4 stages. The first stage focuses on quality and continuous process improvement. The second stage is represented by the focus on Business Process Reengineering. The third stage, crucial for our paper, is built on the perception of Business Process Management as a holistic management discipline. It is in this stage that process modelling is actively used. The last, fourth stage, is about excellence in process management from an organisational structure perspective - Business Process Excellence (Smith and Fingar, 2007; Hammer and Champy, 1993).

Process modelling is used to visualise processes as a process management tool (Jeston, 2014). Modelling is the replacement of a real system with a model, whereby the model is created with the help of established graphical modelling techniques. These represent processes through a variety of symbols and links, which then allows further processing and use of the model. It is a network of interrelated activities and associated information. The purpose is to create an abstraction of the process that enables an understanding of all its activities, the relationships between these activities and the roles represented by the capabilities of the people and equipment involved in the process (Becker et al., 2000).

Process modelling is currently underway in Slovakia, focusing on processes that are applied throughout the Slovak Republic. This is a national project called Optimisation of Processes in Public Administration. The project is implemented by the Ministry of the Interior of the Slovak Republic. The project is implemented from the European Social Fund within the

Operational Programme Efficient Public Administration. The objective of the project is to create an efficient, pro-client oriented public administration through process optimisation. The implementation of the project has an impact on citizens and legal entities as clients of the public administration, and at the same time on public administration employees themselves as implementers of processes. The benefits of the project include increased transparency of public administration and improved public perception of public administration (Ministry of the Interior of the Slovak Republic). The objective of the article is to focus on a process that does not fall under the above-mentioned project, but its modelling would contribute to a higher efficiency of the process.

DATA AND METHODS

For evaluating the process of establishing a registered social enterprise and the graphical representation of the process of applying for the Registered Social Enterprise Status, it was necessary to focus on the rather detailed and complicated conditions set out in Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises in Section 6 - Conditions for Granting the Registered Social Enterprise Status. In developing the modelled procedure, primary data were used, which were obtained through qualitative research methods. For qualitative research we used the method of inquiry through interviews with managers of social enterprises, as well as interviews and consultations with representatives of the state administration – Regional Social Economy Centres, which are supposed to facilitate the establishment of social enterprises. Within research we used convenience sampling, as we interviewed participants with who we are in longer cooperation. As for example, Regional Social Economy Centres, we interviewed manager responsible for the process of mentoring of achieving the Registered Social Enterprise Status, as well as its recommendation to the Ministry of Labour, Social Affairs, and Family of the Slovak Republic. The inquiries were unstructured, we didn't use any structural form of questionnaire, but we focused on exploring the process of setting up a social enterprise, the most common problems in setting up, the process of obtaining the Registered Social Enterprise Status from both sides – applicants and mentors from the Regional Social Economy Centres. We interviewed three other social entrepreneurs for getting information on the process of applying the Registered Social Enterprise Status. It should be said that at this stage we abstracted from the analysis of the process of establishing a social enterprise and focused only on the process of applying for the Registered Social Enterprise Status, although we note that this process is a part of the

establishment of a social enterprise. There are registered social enterprises in Slovakia, but there are also social enterprises that have not been registered and do not have an official Registered Social Enterprise Status. Therefore, the Model that has been created is particularly helpful for those potential candidates who wish to obtain the Registered Social Enterprise Status and thus gain access to state aid for entrepreneurship under Law Act No. 112/2018 Coll. on the Social Economy and Social Enterprises.

The data collected on the process of applying for the Registered Social Enterprise Status together with the statutory conditions were used in the development of the Social Enterprise Status Application Process Model. The basic principles of Business Process Management and Business Process Modelling are followed while modelling the process, that was the main method of this research article. Methods such as Enterprise model, process analysis, SIPOC (Supplier, Input, Process, Output, Customer), flowcharts, etc. are used to represent the processes. In this paper path flowchart is used for its user benefits. It is the use of a simple modelling language that does not contain many symbols. The modelling uses the basic flowchart symbols described in ISO 5807:1985 Information Processing - Documentation Symbols and Conventions for Data, program and system flowcharts, program network charts and system resource charts. The primary objective is to provide a model that is easy to understand for all its users (from applicants, employees and managers of the institutions involved, external stakeholders to legislators or political representatives). The following symbols are applied in the development of the Model: Swimlanes - Pool and Lanes (within a pool), Terminal (indicates the beginning and end of a flowchart), Process, Flowline, Document, Decision, Annotation / Comment (represents additional information regarding a step in a process). Another advantage of the type of model used is in its clarity, since the process is modelled vertically (or horizontally) in lanes. These document the interactions with other processes and the cooperation of the process participants. A process participant, i.e. an internal (organisational unit within an organisation) or external entity, is shown as a separate fairway. Microsoft MS Visio tool was used to construct the Model.

The flow chart shows the sequence of steps required to obtain Registered Social Enterprise Status pursuant to the Law Act. It is a detailed model of the process of setting up a social enterprise and provides a view of the process of applying for Registered Social Enterprise Status as a logical sequence of steps. It follows the application process with all the details required for the completion of the application. It highlights the different actors that enter the process of obtaining the Registered Social Enterprise Status and with whom the applicant for this Status comes into contact when arranging the necessary documents.

At the same time, the Model differentiates processes into internal and external processes. Internal processes represent those tasks that the applicant for the Registered Social Enterprise Status needs to provide on its own. The external processes represent the relationships, actions and contacts with external entities that enter the process of applying for the Status and the fulfilment of the conditions set by the law. The Model also regulates all these actions, relationships and processes by colour. The blue colour represents the internal processes, the acts that the applicant carries out on their own. The orange colour represents processes that are directed by the Ministry of Labour, Social Affairs, and Family of the Slovak Republic, which is the guarantor of the social economy and the leading institution that approves the application for the Registered Social Enterprise Status. The yellow colour indicates the processes related to external entities that issue individual documents or certificates that the applicant needs to submit in the application for the Registered Social Enterprise Status. Consultations with the advisory body are marked in purple and the processes of verification and approval of the application for the Registered Social Enterprise Status by the competent guaranteeing body are marked in green. The Model shows in detail both the sequence of steps, the flow of activities, the cooperation with institutions, but also allows the user to enter descriptive notes into the process.

RESULTS

The objective of creating and modelling the process of applying for the Registered Social Enterprise Status was to create a model that will help in understanding the conditions set by the legislation for applying for the Status. The Model will serve as a clear and simplified guide for obtaining Registered Social Enterprise Status. The purpose of modelling this process of applying for Registered Social Enterprise Status is to assist applicants who are primarily interested in social enterprise and wish to become social enterprises or registered social enterprises.

In addition, the Model allows a clear identification of the relationships between the applicant and other actors involved in the process, specifying their competences and roles throughout the process.

It is the applicant who is the initiator, i.e. the future potential social entrepreneur. The applicant must meet the conditions set out in Law Act No 112/2018 Coll. on the Social Economy and Social Enterprises. These are described in detail in Section 6 of the Law Act.

The whole process of conditions guided by the law sounds challenging and sometimes difficult to understand for the practical implementation of the applicants themselves.

Other key actors in the field of social entrepreneurship in Slovakia include the Ministry of Labour, Social Affairs, and Family of the Slovak Republic, which is the guarantor of the social economy and the leading institution that approves the application for the Registered Social Enterprise Status, and the Regional Social Economy Centres, which operate in the regional cities of the Slovak Republic. As mentioned above, they act as methodological and consultative centres and support the establishment and operation of social enterprises. They provide significant consultative assistance to applicants, especially in drawing up applications and obtaining the Registered Social Enterprise Status. The applicant for the granting of the Registered Social Enterprise Status does not have to use their consultancy services, but as the process of conditions is set by law in a complicated way, it is necessary to consult and check the necessary steps and submission of the required documents for the correctness of the application and the whole process.

The Model of the application process for Registered Social Enterprise Status also points to the need for the applicant to contact other external entities that act in the process as secondary (external) entities from which the applicant mostly needs confirmation of the subject matter in question, e.g. an extract from registers, etc. These entities act as verifiers in the process, providing confirmations for the submission of the requested fact and the documentation of the requested information, or confirmation of the applicant's credibility.

In the following subchapter, we specify the individual actors of the Model of the process of applying for the Registered Social Enterprise Status.

Actors in the process of obtaining the Registered Social Enterprise Status

The process of applying for Registered Social Enterprise Status involves several actors whose actions, competences and responsibilities need to be understood. The position of each actor is described in more detail separately.

Applicant for Registered Social Enterprise Status

An applicant for Registered Social Enterprise Status may be one of the following in terms of their relationship to the business activity:

- a traditional entrepreneur (natural entity/legal entity NE/LE) who is already doing business in Slovakia and is doing business in the classic legal form of business that he/she chose at the beginning of the business,

- a start-up entrepreneur (natural entity - NE) who has not yet been in business and wants to set up a social enterprise,
- an entrepreneur, (natural entity/legal entity NE/LE), who runs a social enterprise but does not yet have the status of a registered social enterprise,
- a non-profit entity (LE) that has so far carried out non-profit activities and has been part of the non-profit sector and that wants to transform its non-profit activity into a social business,
- a municipality/city/higher territorial unit (LE) that wants to create an entrepreneurial entity in its territory with a focus on achieving a positive social impact in the locality.

Ministry of Labour, Social Affairs, and Family of the Slovak Republic

It acts as the main guarantor of social economy and social entrepreneurship in Slovakia. It has competence in approving applications for the Registered Social Enterprise Status. It maintains the Register of Social Enterprises.

The Ministry also communicates with other authorities and may request the necessary certificates from them: the Health Insurance Agency, the Social Insurance Agency, the Tax Authority, the Customs Authority, the Office of Labour, Social Affairs, and Family. The Ministry of Labour, Social Affairs, and Family of the Slovak Republic together with the Office of Labour, Social Affairs, and Family are qualified by law as entities in the sense of exercising state administration in the field of social economy.

Regional Social Economy Centres

The Regional Social Economy Centres act as a guarantor of methodological assistance for applicants for the Status of Registered Social Enterprises. As the whole process is complicated from the point of view of the law, it is ultimately easier to cooperate with the regional centres. The regional centres aid in terms of clarifying the necessary documents that the applicant must submit, assisting in the drafting of the basic document and the activity project. They guide the applicant in the logical set-up of the economic activity, also in terms of sustainability and realism of the economic activity. They also act as a completer of the application for the Registered Social Enterprise Status itself.

External entities

External entities include entities with which the applicant comes into contact, as they act in the sense of attestation or confirmation of facts that are necessary from the viewpoint of the

performance of business activities to prove the credibility of the applicant. These attestations are important as they concern public support.

These include the following entities: the General Prosecutor's Office of the Slovak Republic, the Slovak Post Office, the Registered Courts, the Health Insurance Agency, the Social Insurance Agency, the Tax Authority, the Customs Authority, the Office of Labour, Social Affairs, and Family, and the Social Economy Sector Organisation. Although it is a common practice that the Ministry of Labour, Social Affairs, and Family of the Slovak Republic itself requests confirmation from some external entities, it is possible that some applicants, according to the legally defined procedure and the documented forms on the website of the Ministry of Labour, Social Affairs, and Family of the Slovak Republic, proceed independently in the process of obtaining the Registered Social Enterprise Status.

Figure 2 Actors of the process of applying for the Registered Social Enterprise Status



Source: own elaboration

Description of the process model for applying for Registered Social Enterprise Status

Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises defines in Section 6 the conditions for granting the Registered Social Enterprise Status. Section 7 of this Law Act describes the Procedure for granting the Registered Social Enterprise Status.

First, Section 6(1)(a) *of the Law Act states that the status of a registered social enterprise may be granted to an applicant who meets the conditions of Section 5(1) of the Law Act* and is therefore a social economy entity in any type of social enterprise. In defining a social economy entity, the Law Act follows the definition of an enterprise pursuant to the Commercial Code, which it regulates in Sections 5(1)(a) to (e), where it defines that it is an entity that "carries out an economic activity on a continuous basis, independently, in its own name and on its own responsibility" (Law Act No. 112/2018 Coll.). It adds that its main objective is to attain a measurable positive social impact, to which the goods and services it produces, supplies, provides or distributes, or the way they are produced or provided, contribute. In terms of profit, if it makes a profit from its activities, it shall use more than 50% of its after-tax profit to attain its main objective. It shall distribute the remainder of the profit in accordance with the Commercial Code if it is a company. Interested persons are also part of the business activity (Law Act 112/2018 Coll.). A social enterprise that has been granted the Registered Social Enterprise Status is a registered social enterprise.

This Status may be issued to an applicant who has previously operated a business in the conventional manner without being a registered social enterprise. Such an entrepreneur may be considering changing his/her existing profit-oriented business into a business with a positive social impact. It is possible that its activities have already exerted a positive social impact, which distinguishes a social enterprise from a traditional business. A newly established business entity that declares that it meets all the conditions for social entrepreneurship set out in Law Act No. 112/2018 Coll., as well as a non-profit entity once the conditions have been met, can also obtain the Status. Pursuant to Section 4(1) of the Law Act, the amendment allows the following entities to establish a social enterprise: a civic association, a foundation, a non-investment fund, a non-profit organisation, a special-purpose establishment of a church, a commercial company, a cooperative, or a natural person - an entrepreneur.

Drafting an application for Registered Social Enterprise Status is the time-consuming part. In the documentation preparation phase, it requires an analysis of the environment and a logical focus of the economic activity that will attain a positive social impact of the business. This phase is addressed in detail in the Detailed Model of the Process of Establishing a Social

Enterprise, focusing on Phase 1 of establishing a social enterprise, also authored by Pčolinská and Koreňová, and taking into account in particular the issues and first steps of establishing a social enterprise that need to be taken to establish a social enterprise with a view to its market and sustainability (Pčolinská, 2021).

As mentioned above, Section 6 of Law Act No. 112/2018 (1) (a) to (l) regulates the Conditions for Obtaining the Status of Registered Social Enterprise. Although the law act defines 3 types of registered social enterprises: integration social enterprise, housing social enterprise, and general social enterprise, the conditions for obtaining the Status are the same for all three types of social enterprises pursuant to the law. The operation of these enterprises is regulated by the law in separate sections, the conditions of which must also be met (Section 12 and Section 13).

To obtain the Registered Social Enterprise Status, the applicant needs to prepare and submit to the competent authority (the Ministry of Labour, Social Affairs, and Family of the Slovak Republic) *(b) a basic document* which, pursuant to the Interpretation of the Law Act on Social Economy and Social Enterprises, includes:

(1) Description of the main objective of the applicant, which attains a measurable positive social impact - in this section, the applicant shall submit a description of the main objective of the business which is related to the identification of one or two socially beneficial services defined by the law in Section 2 (e.g. provision of health care, social assistance and humanitarian care, education, protection of cultural or spiritual values, etc.).

(2) The way of measuring positive social impact - the measurement of positive social impact depends on the type of registered social enterprise (integrative social enterprise, social housing enterprise, and general social enterprise). The method of measurement shall be determined for each socially beneficial service provided by the social enterprise. It may use quantitative (percentages, numbers, fractions) or qualitative data (e.g. to improve the quality of life of a particular group of people it employs).

(3) The subject of the economic activity - if the applicant is an applicant who has already been in business, the activity is usually already defined, although sometimes it may be a larger number of activities that the entity records but does not carry out permanently. It is therefore advisable to define the economic activity as precisely as possible, considering the positive social impact attained by the activity.

(4) A description of how the goods or services produced, supplied, provided, or distributed by the applicant, or the way in which they are produced or provided, contribute to attaining a positive social impact - it is important to set out a precise description of which activity contributes in what way to a positive social impact.

(5) The determination of the percentage of the after-tax profit that the applicant undertakes to use to attain the main objective and the determination of the procedures and rules for the distribution of the remaining part of the profit that do not undermine the main objective - in this part, the applicant shall determine the part of the after-tax profit that it undertakes to use to attain the main objective. This should be at least 50% of the after-tax profit. It will also indicate how the remaining part of the profit will be distributed.

(6) A commitment to stakeholder involvement through an advisory committee or through the application of democratic governance - the applicant shall specify how it will involve stakeholders in the management of the company. This can be done through an advisory body, which is the Advisory Committee, or through democratic governance of the entity, i.e. applying Democratic Governance (Department of Social Economy of the Ministry of Labour and Social Affairs of the Slovak Republic, 2020).

Pursuant to the Law Act on Social Economy and Social Enterprises in Art. 13, in the case of a civil association, cooperative, and joint-stock company, it is the articles of association; in the case of a non-profit organisation and a non-investment fund, it is the statutes; in the case of a foundation, it is the foundation deed; in the case of a public company, limited partnership, and limited liability company, it is the memorandum or articles of association; in the case of a simple company limited by shares, it is the memorandum, articles of association or founding charter; in the case of a natural person - entrepreneur and a special purpose establishment of a church, an affidavit; and in the case of an applicant having its registered office or place of business in the territory of another Member State of the European Union, a State that is a contracting party to the Agreement on the European Economic Area or the Swiss Confederation, the constitutive document or the affidavit.

The Status of a Registered Social Enterprise can be granted to the applicant if he/she fulfils other conditions/steps and submits documents on the following:

(c) Registered office - this step requires proof that the applicant, in the case of a legal entity, has its registered office or, in the case of a natural person, a place of business in the territory

of the Slovak Republic or another Member State or State that is a contracting party to the Agreement on the European Economic Area or the Swiss Confederation,

(d) Trustworthiness - trustworthiness is perceived as honesty and conscientiousness in the performance of duties in business. It can also be presented by a Social Economy Sector Organisation upon request,

(e) A project for the activities of the registered social enterprise - submitted by the applicant in relation to the activity which attains a measurable positive social impact, including, in the case of new enterprises, a calculation of the anticipated income and expenditure for at least three economic years,

(f) Good repute - good repute is proven by an extract from the Criminal Records Bureau. In the case of a legal entity, the statutory body or a member of the statutory body must also be of good repute,

(g) Definition of the number of integrated employees - if the applicant applies for the status of an integrating enterprise having at least two employees in an employment relationship agreed for at least half of the established weekly working time, it shall be stated that they are not part of the management bodies of the applicant entity (not being partners, statutory officers, members of the board of directors) and a list of disadvantaged and vulnerable persons shall also be provided,

(h) Settlement with insurance companies - it is about proving that the applicant does not have registered arrears of social insurance premiums, and the health insurance agency does not register overdue claims against him/her pursuant to special regulations in the Slovak Republic or in the state of residence or place of business,

(i) Settlement with the tax and customs authorities - it is about proving that the applicant has no registered arrears to the tax and customs authorities under special regulations in the Slovak Republic, or in the state of the registered office or place of business,

(j) No violation of the prohibition of illegal employment - the applicant has not been fined for violation of the prohibition of illegal employment in the Slovak Republic in the three years prior to the application for Status,

(k) The applicant is not in bankruptcy, restructuring, or liquidation - the applicant proves that he/she is not bankrupt, has not been declared bankrupt, has not had the bankruptcy proceedings against him/her terminated for lack of assets, or has not had the bankruptcy annulled for lack of assets, is not in restructuring, and is not being in liquidation,

(l) The applicant has not had its status revoked in a period of three years - the applicant shall prove that it has not had its Status revoked in a period of three years prior to applying for the Status or has not been subject to a final decision not to be granted the Registered Social Enterprise Status in a period of six months prior to applying for the Status.

These conditions that need to be met when applying for the Registered Social Enterprise Status can be referred to as the process of steps that need to be implemented to successfully obtain the Registered Social Enterprise Status. Within these individual conditions set out in the law, we can see that the applicant needs to draw up its own documents, which will make it clear what kind of social enterprise it will be, what activities the entity will carry out, and how it will meet the objective of the enterprise - the definition of positive social impact and how this impact will be measured. On the other hand, the conditions also include the documentation and opinions to be provided by the applicant entity in relation to third parties acting as bodies attesting to the credibility, fairness, and transparency of the applicant entity's conduct, track record, and current interest in the Registered Social Enterprise Status.

The conditions therefore represent the sequential steps that an applicant needs to complete to apply for Registered Social Enterprise Status. It is this part of the Law Act that may sound complicated for individual applicants, so to properly understand and complete these steps, it is necessary to clarify the applicant's relationships/commitments to all the entities with which he/she comes into contact at this stage of the application process. A graphical representation of the process will help to clarify the process. This makes it easy for the applicant, as well as for the interested party, to understand what conditions need to be met, what tasks need to be carried out, and which institutions need to be contacted and cooperated with.

The process was developed through process modelling. A graphical model, a pathway flowchart, was created which serves both as a guiding sequence of steps/plan of steps to be completed, serves to specify the activity of the various actors entering the process and allows the applicant to make their own descriptions and comments in this graphical form of the Model. The graphical steps can thus be graphically/written commented, corrected, or marked as completed/implemented during the actual execution of the process.

The holistic approach, considering the content and institutional preparation and timing of the application for Registered Social Enterprise Status, results in the Registered Social Enterprise Application Process Model.

The Model contains four lanes (Swimlanes) representing the participants in the process. A process begins and ends with the Terminal symbol and consists of steps that have the form of Process, Document or Decision symbols. The symbols are connected to each other by arrows leading the flow of the process (Flowlines). The dashed arrow shows the relation to the Regional Social Economy Centre, as it is an optional flow (the applicant may or may not use its assistance). The last element of the Model is the Annotations / Comments, which add information to some steps of the process. As mentioned in the Methodology article, the Model distinguishes processes into internal and external processes. Internal processes include those actions that need to be provided by the applicant for Registered Social Enterprise Status on its own. External processes represent the relationships, actions and contact with external entities that enter the process of applying for the Statute and the meeting of the conditions set by the law. The Model regulates these relationships and processes by colour differentiation. Internal processes are represented in blue. The orange colour represents the processes that are directed by the Ministry of Labour, Social Affairs, and Family of the Slovak Republic, which is the guarantor of the social economy and the leading institution that approves the application for the Registered Social Enterprise Status. Processes related to external entities are marked in yellow. External entities issue individual documents or certificates that the applicant needs to submit in the application for the Registered Social Enterprise Status. Consultations with the Regional Social Economy Centre are marked in purple and the processes of verification and approval of the application for the Registered Social Enterprise Status are marked in green by the body that issues the decision on the granting of the Status, i.e. the Ministry of Labour, Social Affairs, and Family of the Slovak Republic.

The Model is intended to increase the efficiency of the procedure of the application for the Registered Social Enterprise Status, to contribute to the facilitation, simplification and clarity of the individual legally regulated actions that need to be carried out. It also contributes to the clarity of the individual contacts of the applicant and its cooperation with other authorities that enter this process. This Model considers the process in which the applicant for the Registered Social Enterprise Status makes use of the support and methodological services of the Regional Social Economy Centre, which can be found in every regional city in Slovakia (8 centres in each regional city).

DISCUSSION

Legislation and legal standards often lead to bureaucratisation, creating difficult and detailed chain actions that make it difficult to meet the conditions or the wording of the law.

In this article we focused on the process of obtaining the Registered Social Enterprise Status taking into account the conditions of the process of obtaining the Status set out in the Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises in Slovakia.

We aimed on improving the process set out in the Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises in Slovakia, so the Model itself and the conclusions resulting from the modelling method are a significant contribution to the conditions for establishing social enterprises, explicitly in Slovakia. Although the structure of the Model, continuity of process steps, cooperation with public administration bodies can of course be an inspiration for other countries with regard to their conditions and legislative definitions.

It should be added that this Model is the first original complex output of modelling the process of obtaining the Registered Social Enterprise Status resulting from the legislative procedure in Slovakia. This approach is also innovative, as we have not yet encountered such legislation-based models in other countries as part of theoretical approaches - we add, that the legislation of each country within social economy has its own specifics according to national needs and this research should be provided more in detail and would require a different approach.

The definition of the conditions for obtaining the Registered Social Enterprise Status in Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises in Slovakia is a similar case of detailed legal actions, complexity and can be a potential misunderstanding to applicants who want to gain the Registered Social Enterprise Status. By setting the obligations for meeting the conditions for obtaining the Registered Social Enterprise Status, the law has not only created space for the entry of more actors into this process, but also the process itself is significantly complicated. To put the legislation and the established system of setting up social enterprises into practice, it was even necessary to establish state-established, the so-called methodological centres in each region of Slovakia - Regional Social Economy Centres. Their task is to assist, instruct, and support entrepreneurs / applicants who are not familiar with the law and legislation in setting up these enterprises, or the process of obtaining the Status would take a long time on their own. As the establishment of social enterprises is one of the important public policy instruments in terms of tackling unemployment problems, it is in the interest of both public and state authorities to support their establishment, especially in

localities that suffer most from high unemployment and can thus contribute to sustainable regional and local development.

Therefore, to ensure the efficiency of processes in public and state administration and to make management processes more effective, we have created a model to simplify the process of applying for Registered Social Enterprise Status.

In this paper, the Model has been created that considers the situation where the applicant is using the consultancy services of the Regional Social Economy Centre. The Regional Social Economy Centre is not only a methodological centre, but also an actor in completing the steps of the process of applying for the Registered Social Enterprise Status.

The Model brings several advantages:

- *Simplification of the process* - The Model is a graphical representation of the breakdown of all the steps imposed by the law in a textual form. It is a graphical representation of the process, the sequence of steps and the relationships among actors, without requiring an understanding of the complex legislation.
- *Sequence of steps* - The Model is arranged in a logical sequence so that it is possible to follow these steps and meet the wording of the law in a simple way.
- *Possibility of monitoring the completion of process tasks and steps* - The Model allows the graphical representation of the input of the applicant who verifies the completion of the process steps.
- *Ability to use the chart as a written / graphical document for your own notification space* where applicants can actively mark the completion of steps, potential complications, contingencies, and options for resolving them. In this way, the applicant can clearly see the procedural actions already carried out and those that still need to be completed, as well as completing the necessary information.
- *Efficiency of the process in time efficiency and increased expediency* - The Model allows faster orientation in the tasks set and steps to be completed and eliminates the lengthy and complicated procedure for the implementation of the process of applying for the Registered Social Enterprise Status.

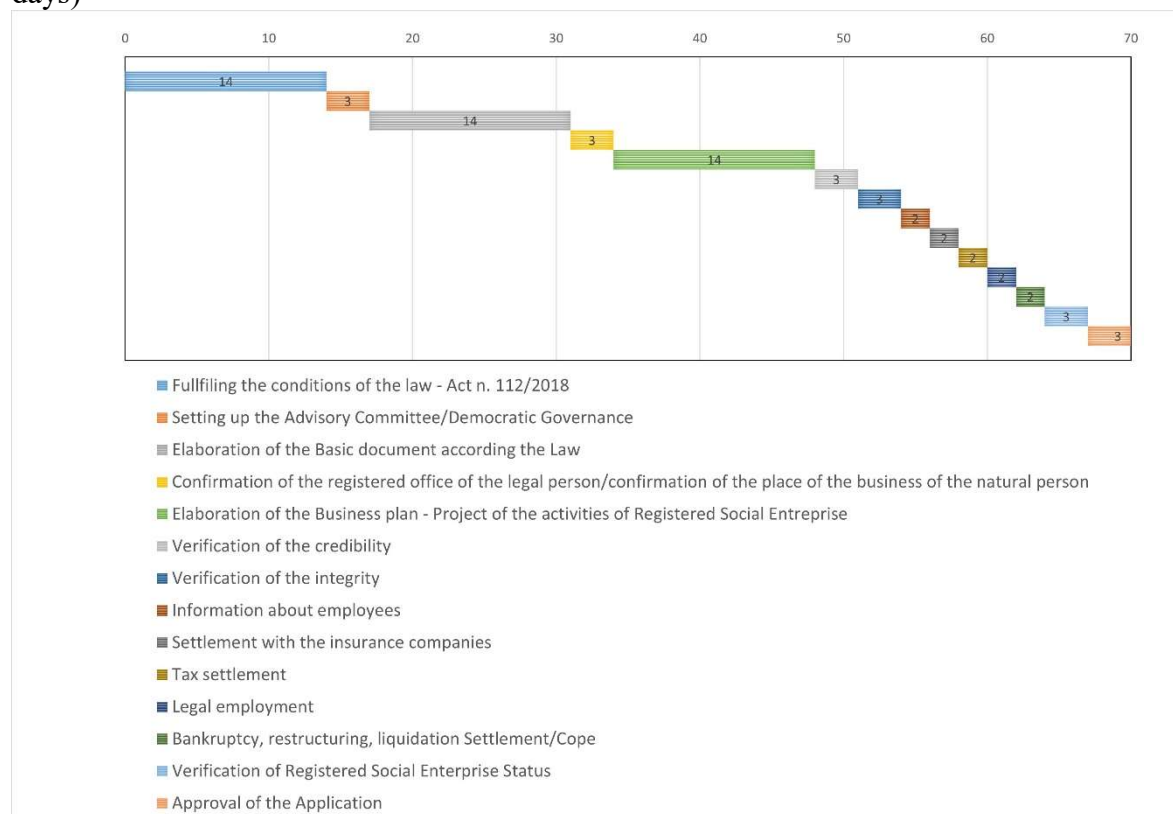
In terms of the last benefit of the Model, i.e. the efficiency in time management of the process of applying for the Registered Social Enterprise Status under the legislation of Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises, we have created an approximate timetable of the individual procedural conditions that need to be met in the

preparation of the application for the Status on the basis of interviews with the representatives of the Regional Social Economy Centres. In doing so, we used a Gantt chart that shows the duration of the individual steps of the process of applying for the Registered Social Enterprise Status. Considering the minimum number of days required to both prepare and obtain the documents for the application, the overall process from the start of meeting the conditions for eligibility to apply for Status, through the individual steps of the process, to the approval of the application, takes a minimum of 70 days, which is more than 2 months. In terms of the duration of the individual steps of the process, the following procedural steps are the longest:

- Compliance with the conditions of Section 5 (1) of Law Act No. 112/2018 Coll. on Social Economy and Social Enterprises; according to the type of social enterprise also the conditions under Section 12 and Section 13 - duration of 14 days.
- Elaboration of the basic document - duration of 14 days.
- Elaboration of the project of the registered social enterprise - duration of 14 days.

Other activities, usually requiring confirmations from external bodies, take approximately 2 to 3 days. These are mostly to arrange certificates, provide declarations, obtain extracts from registers, etc.

Figure 4 Length of the Application process for the Registered Social Enterprise Status (in days)



Source: own elaboration

When creating models that serve to optimise processes also at the level of state and public administration, it is possible to think in the context of the behaviour of the applicant for the Registered Social Enterprise Status in several directions. Since in the development of the Model in this article we have considered the cooperation of the applicant with the Regional Social Economy Centre, other levels of models are in consideration: if the applicant does not use the consultancy services of the Regional Social Economy Centre, or if the applicant is a non-resident of Slovakia. It is assumed that the process of meeting the conditions under the Law Act will look quite different in terms of completing the application and communicating with other entities.

CONCLUSION

Processes and operations in public administration organisations should aim for economy, purpose, and effectiveness. The need for social enterprises in Slovakia is still high, especially due to the persistently higher unemployment rate in selected regions and the stagnation of development in these regions, especially in the least developed districts of Slovakia. The process of establishing a social enterprise and especially the process of obtaining the Registered Social Enterprise Status is difficult and difficult to understand legislatively, therefore the Model has been created which maps the individual steps of the process of applying for the Registered Social Enterprise Status. The basis for this Model of the process of applying for the Registered Social Enterprise Status was in the conditions set out in Law Act No. 112/2018 Coll. on the Social Economy and Social Enterprises, Section 6.

The process model itself was created through process modelling. The paper includes a path flowchart for its easy readability. The simplicity of the symbols does not require a deeper knowledge of the methodology by the reader/user.

Based on personal interviews with representatives of the methodological Regional Social Economy Centres, an approximate timetable was determined, for which the graphical method of the Gantt chart was used, which determines approximately how long the individual steps of the process and the whole process of applying for the Registered Social Enterprise Status take.

As the process itself is challenging to implement, especially for enterprises that have no experience in entrepreneurship, the Model is intended to facilitate the view of the whole process and lead to a quick understanding of the different steps, activities, and entities that a potential applicant for the Registered Social Enterprise Status will encounter during the application process.

In this article, we stated that the Model is created in a version for the situation when an entity that cooperates with the Regional Social Economy Centre applies for the Status. In this case, the Regional Social Economy Centre, which operates in every regional city in Slovakia, can facilitate some of the steps by providing consultancy services throughout the process of applying for the Registered Social Enterprise Status.

We conclude by considering to what extent the process of applying for Statute is set up correctly in the legislation, and whether the process of the many steps is discouraging. While we note that in obtaining Registered Social Enterprise Status, the conditions are set in the current way mainly for the sake of transparency and verification of the sustainability and credibility of the business plan on the part of the applicant, the verification is necessary mainly to avoid misuse of the public support for which a registered social enterprise can apply for in the integrative type of social enterprise.

In the case of the application for the Registered Social Enterprise Status, the Regional Social Economy Centres also substitute many business-advisory centres, which help in the entrepreneurial beginnings, especially in the preparation of the Basic Document and the Business Plan. These form the backbone of the social enterprise itself and are part of the application for Registered Social Enterprise Status to ensure that social enterprises are sustainable and contribute to regional development. Therefore, their preparation is the most time-consuming. Thus, the article provides a detailed description and illustration of the steps through the Registered Social Enterprise Status Application Process Model.

The Model of the process of applying for the Registered Social Enterprise Status brings simplification, better understanding of the process, and the importance of the steps or entities that are part of the process, leads to efficiency of the activity, to knowledge of the timetable which allows for more efficient use of the time fund of the entrepreneur and coordination of individual activities. The Model, together with the legislation and the interpretation of the law itself, forms a basic knowledge and methodological platform for understanding the principles of social entrepreneurship, the establishment of social enterprises themselves, and obtaining the Registered Social Enterprise Status in Slovakia.

The Model is not just for potential social entrepreneurs. It also enables the methodological Regional Social Economy Centres to better understand the steps of the process, it is an aid to the governmental bodies that are part of the process, or it can serve other entities that are entering the process to understand the process itself. Within the framework of theory, the Model of the Process of Application for the Registered Social Enterprise Status is an effective and plastic representation of the different activities, the relationships between the actors and the meaning of the different activities. As the social economy mainly provides local solutions,

we believe that this Model will contribute to a better application of the social economy in practice in the establishment of social enterprises and the overall contribution to regional development in Slovakia. It can also serve as the example of modelling process of gaining the Registered Social Enterprise Status for the processes of establishing social enterprises in other countries. Besides this, modelling of the presented legal process in Slovakia can lead to the other research work with aim on the analysis and comparison of legal process steps in other countries.

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