



SLOVENIA

COUNTRY SCENARIO

1. Main definitions and concepts used

As taken from Slovene legislation:

Social economy (SE) - is the economy, consisting of social enterprises, cooperatives, companies for disabled, employment centers, non-governmental organizations (associations, institutes and foundations), which have not been established solely for the purpose of profit, acting on behalf of its members, users or the wider community and produce market or non-market goods and services; .

Therefore: professional and common use of the concept of SE is including: NGOs, social enterprises (so.p.), companies for disabled (IP – invalidska podjetja), employment centres (ZC – zaposlitveni centri), cooperatives (zadruga – with or without so.p. status), mutuals (only one in Slovenia founded by a special Law – Vzajemna zdravstvena zavarovalnica, d.v.z.).

Social Enterprise- social enterprise is a non-profit legal entity that acquires the status of a social enterprise; it can be an association, institution, foundation, company, cooperative, European cooperative or other legal entity of private law, which is nor founded solely for the purpose of making profit and it doesn't share property and also does not share the surplus of revenue over expenditure;

Members of the social enterprise are people in social enterprise who have management rights, such as the founders of the social enterprise or owners of a social enterprise where the legislation allows owner shares in social enterprise, and persons who are members of a social enterprise when social enterprise is membership organization;

The activities of social entrepreneurship activities, providing services and products, which can be used to achieve one or more objectives referred to in paragraph 3 of this Act (ZSocP-A), with the encouragement and facilitation of public funds for social enterprises that carry out activities of social entrepreneurship, but this public funds must not constitute a distortion of competition;

The stakeholders include people working in social enterprise, volunteers in social enterprise engaged in volunteer work, and persons who are users of the products or services of social enterprise on the basis of a contract or other legal arrangement for at least one year;

The most vulnerable groups in the labor market are



all disadvantaged workers, severely disadvantaged workers and disabled by Commission Regulation (EU) No. 651/2014 of 17 June 2014.)

Cooperative is defined in Art. 1 of the Law in Cooperatives as: “A cooperative is an organization associating an initially undetermined number of members with the purpose of enhancing the economic interests of its members and based on voluntary entry, free withdrawal and the equal rights of members to participate in the operation and management of the cooperative”. The definition does not really reflect the international definition of cooperatives as per the ICA Statement on the Cooperative Identity of the International Cooperative Alliance.

2. Short history of the sector and its developments

After the change of the economic system in Slovenia in the late 80ies and the loss of Yugoslav markets after Slovenia becoming an independent state in 1991, unemployment increased substantially. Because employment did not increase with the economic prosperity in the late 90ies or in the beginning of the 21st century, Slovenia is still faced with huge problems with structural unemployment. Structural unemployment became even more severe problem with economic recession in 2009.

The concept of social enterprises is very new to Slovenia; it was used for the first time in the context of ESF-funded pilot projects launched in 2009 to support the development of social enterprises. Since then, interest and activity in the social enterprise ‘space’ has grown. The impetus for this interest is in part driven by the economic crisis and connected disappointment of the masses with capitalism, resulting in the emergence of movements advocating new ways of organising the economy. At the same time, the Government is increasingly interested in using work integration social enterprises (WISE) as a tool for tackling high levels of structural unemployment.

Term “social enterprise” (socialno podjetje – so.p.) was first implemented in Slovenian legislation in 2011 with the Law on social entrepreneurship (ZsocP), which

was amended in 2018. With the amendment of Law on social entrepreneurship in 2018 also the term “social economy” (socialna ekonomija - SE) as a wider concept was introduced into Slovenian legislation for the first time.

But Slovenia has a very vivid history of cooperative development, which could be found as a basis for better development of SE sector in the future. As far as cooperatives as an important part of SE sector are concerned:

- Slovenia is found as one of the oldest cooperative countries: first cooperative in Slovenia in 1856 (credit cooperative)
- Slovenia had three strong periods of development of cooperatives in 150 years of history (very different socio-political-economical environment each time)
- three times total destruction of cooperative sector and new arising of coop sector in history
- last 10 years – the cooperative movement is starting all over again for the fourth time in the history of cooperative development in Slovenia



3. Data and figures

According to the study Recent evolutions of the Social Economy in the European Union (by CIRIEC –International for European Economic and Social Committee) Slovenia belongs in the group of countries in which the concept of the social economy enjoys a moderate level of recognition. This study moreover puts Slovenia into a group of countries where social economy remains a small emergent sector, employing under 2% of the working population, if we considered only the employment in the NGOs, COOPs and so.p.

But, we consider as part of this sector also the IP companies (companies for disabled “invalidska podjetja”) and the ZC (employment centres “zaposlitveni centri”), so we found that 2,7 % of the total employment are in Social Economy, divided into:

IP & ZC 1,4 %, NGOs 0,82 %, COOPs 0,32 %, so.p.0,09 %, d.v.z. 0,04 %

% of employed	2012	2012 (%)	2015	2015 (%)	2017	2017 (%)
Number of active population in Slovenia	810.001	100 %	804.637	100 %	861.009	100 %
Social enterprises (including cooperatives with status of social enterprise)	10	0.001	276	0.034	815	0.095
Cooperatives (without status of social enterprise)	3.235	0.4	2.998	0.37	2.769	0.32
IP – companies for disabled	11.320	1.4	10.707	1.33	11.567	1.34
ZC – employment centres	421	0.05	594	0.07	849	0.1
NGOs (associations, foundations, institutes)	6.230	0.77	7.082	0.88	7.072	0.82
Mutuals (only on mutual in Slovenia)	282	0.03	319	0.04	328	0.04
Together	21.498	2.65 %	21.976	2.724 %	23.400	2.715 %

Specific data on cooperatives (31.12.2017)

- **420 cooperatives** (73 have a status of social enterprise - since 2012)
- 2.842 employees in cooperatives
- 0,3 % of all employees
- last 10 years: number of cooperatives growing again (+ 10 %), number of employees in cooperatives is unfortunately still dropping (- 20 %)
- added value per employee is in cooperatives for more than 1/3 lower than average in Slovenian companies
- yearly turnover in cooperatives after many years of dropping is growing again (+ 8 % in 2017). Yearly turnover in cooperatives in 2017 was approx.. 773 mio. EUR.

Specific data on Non-Governmental Organizations – NGO:

By the info of CNVOS there was 26.481 NGOs (23.258 associations, 2.991 institutes, 232 foundations) active in 2016. In the last years the number of NGO is growing by 620 per year. The number of employees in NGO (7.569) represent 0,82 % of active population and is growing. Also growing the yearly turnover, in 2016 801.936.978 EUR representing 1,98% BDP. Average turnover of an NGO entity on 2015 was 30.283 EUR. In 2016 all the NGOs together gained 289.999.074 of public funds. Public funds represent 36 % of incomes of NGO sector in Slovenia. In 2016 the state distributed 0,72 % of national BDP to NGO sector.

Specific data on social enterprises – so.p.

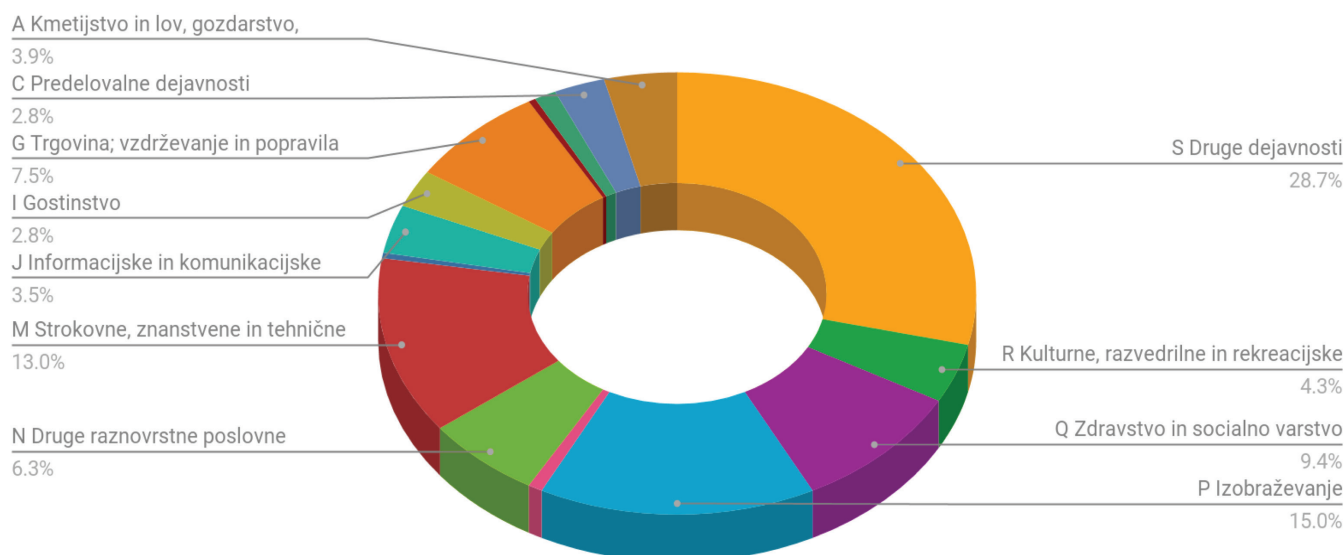
The number of social enterprises – so.p. since the Law on social entrepreneurship in 2011

Number of so.p. in 2017: **254**

	2012	2013	2014	2015	2016	2017
Number of registated so.p.	7	23	57	115	242	254

Field of activity of social enterprises by SKD – Standard Classification of Activities (2017):

Področje dejavnosti



Translation of tags:

- A – AGRICULTURE, FORESTRY AND FISHING
- C – MANUFACTURING
- G – WHOLESALE AND RETAIL TRADE, REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
- I – ACCOMMODATION AND FOOD SERVICE ACTIVITIES
- J – INFORMATION AND COMMUNICATION
- M – PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES
- N – ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES
- P – EDUCATION
- Q – HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
- R – ARTS, ENTERTAINMENT AND RECREATION
- S – OTHER SERVICE ACTIVITIES

Yearly turnover in social enterprises:

- we don't have data on turnover in social enterprises since statistical office is not yet following this data on national level. We are only assuming that most of so.p. has between 30.000 and 150.000 yearly turnover, so, they are really small companies, mostly employing between 1 to 3 people.

Specific data on IP – companies for disabled and ZC – employment centers

IP and ZC are set by the Law on Vocational Rehabilitation and Employment of Persons with Disabilities.

By this law so called *Invalidska podjetja* - IP (company for people with disabilities) are co-funded or accredited by the state. Status of IP- Companies for employment with

disabilities is given to a private company if there are at least 40 % of disabled people employed in this company, status given by Ministry of labour. These employments are meant for the people who have between 70 – 90 % work capacity/ability. In these cases a company has a full exemption from payment of contributions for pension and disability insurance for all the employees in the company, if there is at least 50 % of disabled in the company (this goes for all salaries up to triple minimum wage for nondisabled employees). The company can also get a subsidy for the workers wage (between 10 – 30 % of minimum wage depending on assessment of the work capacity of the disabled, issued by the Employment Service. By this law also the status of *Zaposlitveni center* - ZC – (Employment centre) is given by Ministry of labor if there is at least 5 disabled employees and 1 expert in an organization. Employments in ZCs are meant for disabled who have 30



-70 % of work capacity. In this cases a company has a full exemption from payment of contributions for pension and disability insurance for all the employees in the company and a subsidy for the workers wage (between 30 – 70 % of minimum wage depending on assessment of the work capacity of the disabled, issued by the Employment Service (Zavod za zaposlovanje RS). And a company gets financed expert workers/advisers/counsellors.

IPs and ZCs also have tax reliefs on behalf of employing disabled on the profit taxes (on income taxes).

Note: funds for this subsidies comes from the Fund of the Republic of Slovenia for the Promotion of Employment of Disabled Persons which is not a state-budged but is a special public found organized separately and the money is paid into the found by those companies that do not employ the number of disabled by the quota as set by the Law on Vocational Rehabilitation and Employment of Disabled Persons.

There is approx. 150 IPs and 60 ZCs in 2017 in Slovenia, employing 1,4 % of all active population.

About the WISE concept:

IPs and ZCs are in Slovenia at this point closer to the WISE concept that social enterprises, but some actions were taken by the Ministry of labour to also treat so.p. in the concept of WISE (one public call in 2018 was including also so.p. in financing inclusion of vulnerable people in employment-workshops).

4. Legal framework and legal forms of social enterprises

Legal setup for SE and worker participation in Slovenia is based on this laws:

- special Law on Cooperatives (since 1992)
- Worker Participation in Management Law - for all companies including cooperatives (since 1993)
- Law on Social Entrepreneurship - different types of organizations like associations, limited liability companies, cooperatives and others can get the status of social enterprise (since 2012, amended in 2018)

- Companies Law (first Companies Law 1993, new Companies Law 2006)
- special laws for: associations, institutes, foundations, mutual
- a general NGO law (since 2018)

Key definitions set in the Act on Social Entrepreneurship (2011, amended 2018)

Article 3: Definition of social entrepreneurship

“Social entrepreneurship shall represent the permanent performance of social entrepreneurship activities or other activities in the manufacture and sales of products or the provision of services on the market, for which the generation of profit is neither an exclusive nor a main objective”

(2) Social entrepreneurship shall strengthen social solidarity and cohesion, promote the participation of the people, support voluntary work, improve society’s capacity for innovation in addressing social, economic, environmental and other issues, ensure the additional supply of products and services in the public interest, develop new employment possibilities, provide additional jobs and enable social integration and vocational reintegration of the most disadvantaged groups in the labour market (social entrepreneurship objectives).

Article 4: Social entrepreneurship principles and requirements

A non-profit legal entity may engage in social entrepreneurship provided that it is established and operates pursuant to the following principles and requirements (hereinafter: the principles), which indicate its public benefit nature and social character:

- it is established by the voluntary decision of its founders (autonomous initiative);
- its sole purpose is not to generate profit (non-profit purpose of establishment);
- it is established with the main purpose of continuously engaging in social entrepreneurship or other activities with a view to employing the most disadvantaged groups in the labour market and thus serving the public interest (performance of activities in the public interest);
- its members work voluntarily (voluntariness);



- it is managed independently (independence);
- the manufacture and sale of its products or the provision of its services in the market are largely organised according to market principles (market orientation);
- it typically involves voluntary work (voluntary work participation);
- individual founders or owners do not exercise dominant influence over decision-making; decisions are adopted by all members according to the principle one member-one vote, and irrespective of the capital share (equality of members);
- the stakeholders are involved in decision making (stakeholder participation in management);
- assets, profit and excesses revenue over expenditure are used for the purposes of social entrepreneurship or other non-profit purposes, profit or excesses revenue distribution is not allowed or is limited in accordance with this Act (non-profit operation);
- it provides for the transparency of its financial operation and for internal control over its inventory management and financial operations (operations transparency);
- it permanently performs its activities for the benefit of its members, users and the wider community (operating for the public benefit).

Art. 12, paragraph 2 of the law is setting, that a social enterprise must in its rules (basic Act) set the principles of including stakeholders into the management of the enterprise. In practice most of social enterprises set in the basic rules a provision stating that they will prepare a special internal Act on the principles of including stakeholders, but unfortunately most of them doesn't bring that provision to life in practice.

Membership structure of social enterprises

There are two legal forms of social enterprises that are already by the legal structure inclined toward ICP rights, since they have equal participation in management and ownership already in the legal setup because they are membership organizations, this are cooperatives and associations. This two forms together represent more than half of all social enterprises (see the table):

Number of social enterprises (so.p.): 254 (31.12.2017)

	Number	% of all so.p .
Institute	90	35,4%
Cooperative (membership organization)	72	28,3%
Association (membership organization)	65	25,6%
Limited liability company	26	10,2%
Foundation	1	0,4%



5. Participative and/or democratic governance

Article 23 of ZSocP Rights of members

- (1) Notwithstanding the provisions of the special Acts regulating the legal status of particular types of non-profit legal entities, members of a social enterprise shall apply the principle of equality in decision making.
- (2) Each member shall have one vote.

Article 24 of ZsocP Workers, volunteers and users participation in management

- (1) The workers and volunteers who are not members of a social enterprise shall be given the possibility of participating in its management by at least influencing the decisions of importance to their work and the quality of products or services provided by the social enterprise. The users who are not members of a social enterprise shall be given the possibility of influencing the decisions referring to the quality of products or services provided by the social enterprise.
- (2) The issues decided on with the participation of persons referred to in the preceding paragraph, the right to be informed, the time limits, the method of informing and the detailed definition of the method of participation in decision making shall be regulated by a social enterprise according to its general act and with the prior consent of its representatives.
- (3) If the representatives referred to in the preceding paragraph are not trade union representatives, the workers shall adopt rules for appointing their representatives.

Besides the Law on Social Entrepreneurship there is also the Law on Cooperatives that is important for implementation of ICP in SE. Cooperatives may be set up by at least three founders, physical or moral persons (art. 4). One member can have one or more votes, but most of Slovenian cooperatives go for the principle of "one member one vote" even if legislation is allowing differently. General assembly is the highest decision making organ of the cooperative, so the member can (by the law) gain their ICP rights there. But, for the employees that are not the members of cooperative, only the same ICP rights are

guaranteed as for employee in other classical companies. The same membership issues go for the social enterprises that are by their primal legal status an association, which is a similar membership organization as cooperative.

In terms of employee participation there is the Law on the Participation of Workers in Management (Zakon o sodelovanju delavcev pri upravljanju), which guarantees employees the right to take part in the management of commercial companies, irrespective of the type of ownership, so also including cooperatives and all legal forms of social enterprises which are founded by the Companies Law. According to the Law on the Participation of Workers in Management, the works council can elect supervisory board members representing employees interests.

ICP rights are also connected to collective agreements in Slovenia:

By the Law on collective agreements (Zakon o kolektivnih pogodbah, 2006) there is a register of collective agreements at Ministry of Labor (MDDSZ). There is approx. 50 such agreements. But social enterprises and other subjects of social economy are very rarely submitted to those agreements.



6. Sources and bibliography

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