

Šempeter pri Gorici, August 10, 2011

To Council of Goriška statistical region (members of Council are mayors of 13 communities of Northern Primorska region: Ajdovščina, Bovec, Brda, Cerklje ob Soči, Kanal ob Soči, Kobarid, Miren – Kostanjevica, Nova Gorica, Renče – Vogrsko, Šempeter – Vrtojba, Tolmin, Vipava) (ICRA d.o.o. Idrija, Mestni trg 1, 5280 Idrija; Ms. Andreja Trojar Lapanja)

## **INITIATIVE TO LOCAL AUTHORITIES ON ESTABLISHMENT OF CONDITIONS FOR SOCIAL ENTERPRISE TYPE C – LEARNING/TRAINING COMPANY.**

### **EVALUATION OF SITUATION AND REASONS FOR INITIATIVE**

Company SPIN Engineering of informatics Ltd. and Technical School Center Nova Gorica are partners in international project Leonardo da Vinci Transfer of Innovation since June 2010. Project title is »Student Company«, quite self-speaking. It is about transfer of good practise of learning (student) company from Norway to partner countries Italy, Romania, Lithuania and Slovenia. At the end of last year also Secondary School of Economics and Trade Nova Gorica joined the project.

Slovenia has a "special organization" called Slovene Centre for Training Companies ([www.cups.si](http://www.cups.si)) that established an "official" system of practice firms (student companies), connects all practice firms in Slovenia and offers them professional support and services, which are necessary for continuous operation. The CUPS is managed by teachers. It started operating under superintendence of Ministry of Education and Sport on September 1, 2003 at Secondary school of Economics in Celje. This organization is member of EUROPEN - PEN INTERNATIONAL (<http://cms.peninternational.info/>), the worldwide practice firms network with over 7500 practice firms in 42 countries. A practice firm is a virtual company and a centre of vocational learning that runs practice firm does this like a "real" business silhouetting a "real" firm's business procedures, products and services. Each practice firm trades with other practice firms, it doesn't practice on real market, what indeed is possible in Norway with some limitations. The ambition of transfer of innovation is to make this possible also in Slovenia. This project is not the first attempt to make it happen. Many efforts, knowledge, time and money was invested by Technical School Center Nova Gorica. Result, we are looking for, is missing. Major obstacle is Tax Administration of Republic of Slovenia. It demands that student/learning/practice company acts according to legislation valid for normal company including VAT Act. Another obstacle concerns the age of responsible person of learning/practice company who must be adult. This circumstances are reasons that our project's student company called UP Cave canum Ltd. was registered at CUPS and not at Slovene Business Register. This was the only way to do our project "homework". However, it is expected that we search and think about solutions to make Slovene student/learning/practice companies operate as real companies. We found some of possibilities in new Social Entrepreneurship Act as the right opportunity to make student/learning/practise company operate in a new, innovative way.

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We did the Proposal of Act on supplement of Social entrepreneurship Act as evident from attached document. The heart of above mentioned Proposal is the introduction of social enterprise type C – learning company. **Specifics of social enterprise type C – learning/training/practice company are:**

- **the founder of the learning company is local community (or more local communities) which guarantees funds for foundation, for costs of operation and for covering of possible loss of learning company, if learning company does not create income from operation,**
- **all persons, except the responsible one, act as volunteers,**
- **it doesn't have employees based on contracts of employment,**
- **volunteers are operating under the control of mentor(s) named from the founder,**
- **the responsible person is an employee of local community and receives salary according to legislation for public employees,**
- **the income of learning company does not exceed 25.000,00 EUR in one calendar year,**
- **volunteers who operate with learning company get knowledge and skills of “social entrepreneur” (new state professional qualification)**

Social entrepreneurship is an ambitious program considering target groups that addresses. Capitalism is a “cruel” environment, where even “trained” and experienced entrepreneurs don't succeed always. When it is about members and participants of social enterprise coming from vulnerable groups, as a matter of fact, it is necessary to be very prudent. A possibility of qualification for new type of entrepreneurship, social entrepreneurship, can essentially reduce the risk of society and the risk of negative – instead of positive – impact on vulnerable groups, that could again (in the role of unsuccessful social entrepreneurs) face disappointment, financial ruin, worse self-esteem, etc.. Comprehensive approach to solving the problem is possible only when future social entrepreneurs, members of social enterprise or its participants, have the possibility to learn about social entrepreneurship.

### **WHY WOULD COUNCIL OF GORIŠKA STATISTICAL REGION OR MAYORS/COMMUNITIES SUPPORT THE INITIATIVE AND ACCEPT IT?**

1. Communities did and probably will found non-profit legal persons/corporate bodies, including those ones that operate in sector of social entrepreneurship, and will fulfil conditions to acquire the status of social enterprise on the date when Social Entrepreneurship Act applies (January 1, 2012). In case the supplementation of article 8 and connected changes of second paragraph of article 9 do not pass the procedure in National Assembly, social enterprise of type C will not be possible. Maybe there are other solutions.
2. Communities are the ones that (from their budget) pay social and education activities for different target groups and vulnerable ones are in majority. Lots of these funds are used only for maintenance or to soothe sensitive situations, indeed these funds do not solve problems and needs in a manner that problems and needs are reduced or eliminated and that vulnerable groups that are still able to learn and work would be empowered to become independent from social help, autonomous and active.
3. Citizens expect a lot from communities. Especially in these times of crisis expectations that community becomes the stimulator of development and creator of new places of employment, both to decrease social discrepancy also because the state doesn't play

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more determined role, are legitimate. Not famous transitional stories are too often the reason that people do not decide to become entrepreneurs. There are too many reasons contra instead of pro entrepreneurship “adventure”. Why not would communities take the initiative, ventilate priorities of development, create positive atmosphere and stimulate those human potentials that, for example, become a success story in the neighbour Italy in the case of “cooperativa sociale”? We confess that in our young country entrepreneurship and connected knowledge still do not take part of the culture and values. But solutions can not be expected from outside. We have to find them among ourselves, and one of ways to revive local entrepreneur life can be social enterprises type C – learning/practice companies.

4. “Think globally, act locally” is a warning that can’t be omitted. We are not alone and in the same time we are alone. When it is about our home, our place, our community, in general we are alone. Only we are guilty and/or only we have merit if young people in Goriška region as volunteers operate in NGOs and help vulnerable groups in reciprocal satisfaction. And only we are guilty and/or only we have merit if young people in Goriška region fall under negative impact of society and, for example, due to addiction from illegal substances take to the edge of survival themselves, their relatives, families... Not lot of things are necessary to make changes happen. Even if society gave up efforts for one of vulnerable groups, youngsters are the one that our future depends on. Let them be the “pilot” vulnerable target group, stimulate and motivate them when they look for their “place under the sun”. Young people need positive examples of successful enterprises in local and wider territory that are based on essential values of entrepreneurship – honesty, constancy, cooperativeness, professionalism and expertise, etc. They need the confirmation that honest and effect orientated work is recompensed and one of the basic values of society. We can render possible to young people the integration into the world of adults; give them the possibility of development and flowering of their innovativeness, creativity and hyper activeness indeed to become benefit of all. Let the social enterprise type C – learning/practice company be this opportunity.

## HOW TO PROCEED?

1. Our proposal is: Council of Goriška statistical region shall put its determination for social entrepreneurship, especially for social enterprise type C – learning/practice company as one of priorities of Regional development program and Action plan of Regional development program of Northern Primorska (Goriška statistical region) for next period.
2. We ask the Council of Goriška statistical region to second the Proposal of Act on supplement of Social entrepreneurship Act as it is prepared (and eventually corrected and supplemented) for discussion at Committee on Labour, the Family, Social Policy and Disability at National Assembly of Republic of Slovenia.
3. Independently of the outcome of the Proposal of Act on supplement of Social entrepreneurship Act at National Assembly we propose to Council of Goriška statistical region or/and mayors to include “pilot” social enterprise of type C – learning/practice company in community development programs Action plan and stimulate local partners to join such an “experiment” (without fear to stay alone – here are partners that lived and experienced a good practice of learning/practice company and will contribute knowledge, skills and other possible resources). FOR EXAMPLE: At least two

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communities (Nova Gorica, Ajdovščina) and Ministry of Education and Sport are contributing to MIC (training center for companies) at Technical School Center Nova Gorica. MIC intends to become a sustainable environment that enables cooperation between education system and workplaces. Council of Goriška statistical region shall make good use of existent infrastructure and shall within existent mechanisms provide a realisation of above proposed "pilot" social enterprise type C - learning company inside MIC (possibly also like a continuation of project LDV TOI "Student Company" but based on new law framework, not virtually, but as real learning company registered at official registrar and operating according to Slovene legislation).

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SOURCES:

- Documents dated 20. 3. 2011, prepared by: Primož Štekar

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