

Research Report n. 029 | 23  
Annex I

# Examples of collaboration between work integration social enterprises (WISEs) and conventional enterprises in Croatia

Study conducted with the financial  
support of:



Report delivered in the framework of the  
project "Production and employment chains:  
new concrete opportunities for social  
cooperatives in Trentino".

## Annex I:

### Examples of collaboration between work integration social enterprises (WISEs) and conventional enterprises in Croatia

This report was drafted by Danijel Baturina<sup>1</sup> and Iva Mrdeža Bajs<sup>2</sup> in the framework of the project "Production and employment chains: new concrete opportunities for social cooperatives in Trentino" carried out by EURICSE with the financial support of Fondazione Cassa di Risparmio di Trento e Rovereto (Caritro).

The main report (in Italian) is available at <https://euricse.eu/wp-content/uploads/2023/03/Research-Report-INTERN-editato-finale-fs.pdf>

### Table of contents

1. Preliminary analysis of the main challenges of labour policies vis-a-vis WISEs.....	3
1.1 Social entrepreneurship in Croatia.....	3
1.2 WISE and framework of development.....	3
1.3 Main challenges of labour and social policies.....	4
2. Case studies.....	7
2.1 Case study 1: Humana Nova & Regeneracija (1a) and Humana Nova & Decathlon Croatia (1b).....	7
2.2 Case study 2: Hedona & partners.....	14
3. The prospects of development of this kind of agreements: lessons from the Croatian context....	23
List of references .....	30

---

<sup>1</sup> Assistant professor, Department of social policy, Faculty of Law Zagreb (Croatia). Corresponding author. Email: danijel.baturina@pravo.hr

<sup>2</sup> Master of Social Policy, Department of social policy, Faculty of Law Zagreb (Croatia).

# 1. PRELIMINARY ANALYSIS OF THE MAIN CHALLENGES OF LABOUR POLICIES VIS-A-VIS WISEs

## 1.1 Social entrepreneurship in Croatia

The terms “social entrepreneurship” and “social enterprise” emerged rather late in the Croatian discourse — around 2005. The concept was “imported” from abroad, introduced by international organisations and donors (Vidović, 2012). The field is still not broadly recognised or accepted, but there is a certain increase in public interest in these concepts after the Croatian accession to the European Union in 2013, when several EU funding schemes became available for Croatian social entrepreneurs (Vidović and Baturina, 2021). Strategy for development of social entrepreneurship (2015-2020) provided definition and criteria for being social enterprises. It is the main document of policy recognition and heavily counts on the EU funds. But - partly due to limited implementation of the Strategy - social entrepreneurship is far from the horizon in which it would have been recognized as an ecosystem that would support its development (Baturina, 2018; Vidović, 2019).

## 1.2 WISE and framework of development

The tradition of Work Integration Social Enterprises (WISEs) is practised in Croatia in a limited fashion. Marginalized persons are mainly supported by State measures (Marković et al., 2017). In Croatia, several legal forms can operate as WISEs: (i) associations; (ii) cooperatives (in the form of Social cooperatives or Veterans social working cooperatives); (iii) conventional companies; (iv) foundations; (v) public benefit organisations; (vi) sheltered workshops and (vii) integrative workshops.

Vidović and Baturina (2021) gave an initial typology of models of Croatian social enterprise. Social Enterprises Driven by Employment Purposes (“People-driven” social enterprises) was one of the three. The main driving force for the creation of “people-driven” social enterprises is the intention to create jobs and to ensure employment for vulnerable people who have only limited access to the labour market. Those include - *inter alia* - persons with disabilities (PWDs), (older) women, ethnic minority groups, long-term unemployed persons and young and under-experienced workers. Šimleša (2018) in his research found that most WISEs surveyed in the year before worked with PWDs, long-term unemployed and persons over 55 years old and very few with Roma people, homeless people, refugees and minors without primary or basic vocational education.

The economic activity in WISEs is often chosen to suit the human and technical capacities of the vulnerable group(s). WISEs operate in various industries; in Croatia, they are involved in the wood industry, textile industry, food processing and catering. Other companies pursuing explicit social aims that operate as not-for-profits are identified in the Information Technology (IT) industry, namely hi-tech assistive technology for PWDs, sustainable tourism of local communities, and the metal industry (Šimleša et al., 2015; Vidović and Baturina, 2021).

WISEs are of course developed in the field of employment of marginalised social groups. However, there is a concern in the policy environment that this field is seen as the main activity and feature of social enterprises in general in Croatia<sup>3</sup>.

*“The problem is that the Croatian state and the authorities have turned social entrepreneurship into something that is exclusively intended for the work integration of vulnerable groups. Which of course I do not want to say is not important, but I think that the space for the operation of social enterprises should be much more widely observed and planned. Tenders in the field of social entrepreneurship are exclusively aimed at recruiting vulnerable groups, so if someone is planning to deal with this, I think it has a good perspective”* [Expert interviewed for the purpose of this study].

This tendency of narrowing the meaning of social enterprise is particularly coming from governmental agencies and threatens to shape the public understanding of social enterprises (Vidović, 2019). This could be potentially beneficial for WISEs (highlighting more their perspective and supporting their work), but unfavourable for the overall development of social entrepreneurship.

Public grants in the form of the possibility of applying at European (EU) funds for different WISEs exist to some extent (mostly related to the organizational form of association, social cooperative and veteran’s socio-work cooperative)<sup>4</sup>.

WISEs, such as sheltered and integrative workshops or some types of cooperatives and companies that employ PWDs, are eligible for several incentives (Baturina et al., 2021). Article 51 of the Public procurement Act<sup>5</sup> regulates “reserved contracts” for companies and organisations wishing to give a priority to particular types of entities, namely WISEs. However, apart from sheltered workshops, which have regular contracts (particularly with local government and other entities), it is not very common that WISEs are included in public procurements reserved contracts. Recently, in 2018, social cooperative Humana Nova Čakovec<sup>6</sup> won a reserved contract with the City of Zagreb, thus hopefully indicating that this market is becoming more accessible to other social enterprises (Vidović, 2019).

### 1.3 Main challenges of labour and social policies

Looking at the specificity of the labour market and policies, we can state several characteristics of Croatia. In a meta-analysis of disadvantaged workers, Matković (2019) identifies as difficult-to-employ the following categories: PWDs; national minorities (especially Roma people); youth from alternative care; women (especially those with

<sup>3</sup> One of the “heaviest” measures of the Strategy for the development of social entrepreneurship (2015-2020) (around 15% of the total strategy amount) states grants to social entrepreneurs for employment of hard-to-employ groups, development and improvement of social services, investment in social innovation, co-management of public goods in the local community and the development of solidarity exchange (which is partly related to WISEs work).

<sup>4</sup> Most of the public grants come from the European Social Fund (hereafter, ESF) under the ESF Operational Programme Efficient Human Resources (which most often includes the possibility or even explicit criteria of using the funds for the employment of disadvantaged persons).

<sup>5</sup> Official Gazette (OG) 120/2016.

<sup>6</sup> For a description of Humana Nova Čakovec, see case study No. 1 below.

dependent children); older workers; immigrants from neighbouring countries; returnees<sup>7</sup>. Matković (2008) pointed at the dual character of the Croatian labour market, i.e., a division into “losers” (i.e., long-term unemployed, inactive, employed in low-skilled or low-quality jobs) and “winners” (i.e., those employed in stable jobs, more prestigious jobs and professions), which is still the case (Bežovan, 2019). Relevant authors (Matković 2019), as well as recent evaluation of Active Labour Market Policies (ALMP) (Bejaković et al, 2016), give a notion of some negative sides of ALMP such as bad targeting, deadweight effect and lack of efficiency.

Croatia has invested relatively little in training and educating professionals to build efficient and effective institutions and implement reforms towards welfare state modernization (Bežovan, 2019). The monopolistic position of Croatian Employment services and their centralistic governance structure are partly obstacles for experimentation in ALMP. ALMP are opening some space for the civil society organisations and social enterprises to develop projects financed through the ESF. Although WISEs are not an integral part of ALMP, there is an opportunity for the development of this kind of initiatives for groups that have difficulties integrating into the labour market. Božac Žalac et al. (2019) state that the model of supported employment in the Republic of Croatia is accompanied by some practical application, but it was never legally regulated.

There is only minor recognition of WISEs as in the overall welfare state, although the welfare state is still not orientated towards activating functions or social investment perspectives. WISEs could be an integral part of the welfare mix in the development of new ways of social and work integration (some of them show characteristics of social innovations) but for now, there is only a minor number of them, mostly in the form of the social cooperative. We can notice some examples of good practices, like the ones identified in our case studies.

The employment of PWDs is supported by the existing quota system, which is regulated by the Act on vocational rehabilitation and employment of PWDs<sup>8</sup>. The Act states that all private employers employing at least 20 workers are required to employ, in an appropriate workplace and by ensuring adequate working conditions, a given number of PWDs. The number of PWDs depends on both the total number of employees and the activity they perform; the quota to be complied with varies between 2% and 6% of the total number of employees.

---

<sup>7</sup> The employment and work integration of specific vulnerable groups were promoted in several strategies: the Strategy for combating poverty and social exclusion in Croatia 2014–2020 (Government of Republic of Croatia, 2014.a); the Entrepreneurship development strategy 2013–2020 (Government of Republic of Croatia, 2013); the Strategy for women’s entrepreneurship in Croatia 2014–2020 (Government of Republic of Croatia, 2014.c); and the Strategy for social entrepreneurship development (Government of Republic of Croatia, 2015). The Act on the Vocational rehabilitation and employment of PWDs (OG 157/2013, 152/2014, 39/2018, 32/2020) regulates specific forms of social enterprise, such as sheltered and integration workshops, specifically designed to employ PWDs (Vidović and Baturina, 2021).

<sup>8</sup> OG 157/2013, 152/2014, 39/18, 32/2020.

The employer may also meet and/or replace the obligation to quota employment of PWDs in several different ways<sup>9</sup>. Alternative measure 3.b (see footnote 9) stimulates collaboration between WISEs and for-profit companies. Some WISEs – in the form of social cooperatives – have recently begun to use this measure (Vidović, 2019) and some other aspects of employment of PWDs in conventional companies are highlighted such as model of employment with support is developed for working inclusion of people with intellectual disabilities in Calzedonia Group (Božac Žalac et al., 2019).

If the employers do not meet the quota requirement, either by hiring PWDs or through the above-mentioned alternative measures, they are obliged to pay a fine in cash<sup>10</sup>. The Act also provides for a reward system for employers employing more PWDs than the prescribed quota. Moreover, art. 10 of the Act on vocational rehabilitation and employment of PWDs states that funds collected thanks to financial compensations must be used to pay incentives and rewards for the employment of PWDs and the implementation of projects and employment programs for PWDs, which could also be potential to create incentives for WISEs. The same Act defines sheltered workshop and integrative workshop as a specific status given to Institutions, conventional companies or cooperatives established by public bodies, local authorities or private persons or entities, which employs a majority of PWDs<sup>11</sup>. At the beginning of the 90s, sheltered workshops had much more persons employed than today, as they had a have a long history of development in the former Yugoslavia (Human Dynamics, 2010)<sup>12</sup>.

---

<sup>9</sup> 1. by accepting students with disabilities to the internship, determined by the curriculum, provided that one person admitted to the internship is recognized as one employed person with a disability,

2. by accepting rehabilitators for internships as part of professional rehabilitation conducted by the professional rehabilitation centre, provided that one person admitted for internships is recognized as one employed person with a disability,

3.a. by concluding one or more temporary service contracts with a student with a disability who has the status of a full-time student according to which the total recognized labour costs are at least 30% of the minimum monthly salary of each person with a disability that the employer should employ within the prescribed quota, b. by concluding a contract on business cooperation with sheltered and integrative workshops, as well as with companies, cooperatives and associations in which more than half of the workers are people with disabilities and by scholarships regular schooling of persons with disabilities

c. admitting a person with a disability to workplace training without employment, provided that one person admitted to vocational training is recognized as one employed person with a disability,

d. admitting PWDs to vocational training for work without employment,

e. by signing a contract of business cooperation with a PWDs who is self-employed,

f. by concluding a contract of business cooperation with sheltered and integrative workshops, as well as with companies, cooperatives, and associations in which more than half of the workers are PWDs,

g. by establishing a scholarship for regular education of PWDs.

<sup>10</sup> 30% of the minimum wage per month, for each PWD that the employer was obliged to hire.

<sup>11</sup> Sheltered workshops must have at least five workers, and at least 51% of workers must be PWDs. Compared to the sheltered workshop, the integrative workshop is aimed at PWDs who need less support, or who are moderately disabled. The main condition for integrative workshops is to employ at least 40% of PWDs. The Act also proposes the possibility of establishing a work unit for the employment of PWDs, not as a separate legal entity, but as a unit in an existing company.

As Vidović (2019) describes, sheltered and integrative workshops have characteristics of WISEs. These are not legal forms *per se*, but statuses that may be given to companies, cooperatives or welfare institutions that fulfil certain criteria on employment of persons with disabilities.

<sup>12</sup> Study stated 39 sheltered workshops with 3500 employed persons (but it did not give a source or reason why the number has dropped. We can guess that it was one of the consequences of the system changes in the early 90s).



## 2. CASE STUDIES<sup>13</sup>

### 2.1 Case study 1: Humana Nova & Regeneracija (1a) and Humana Nova & Decathlon Croatia (1b)

- *Short introduction of the selected WISE*

**Humana Nova**<sup>14</sup> is a WISE operating in 3 areas: environmental, social and economic. Today, it has 45 employees, including 25 PWDs and some other socially marginalized groups. It is the leading example of work integration in Croatia and have more than 15 partnerships with conventional companies. Humana Nova is already recognized as an impactful social enterprise in Croatia (Baturina, 2016; Vidović, 2019).

- *Contextualization of the factors driving the selected cooperative agreement/partnership*

#### Case study 1a: Humana Nova & Regeneracija

The social enterprise Humana Nova has been successfully cooperating with the conventional company Regeneracija since its establishment in 2011. The core business of is recycling, which consists of collecting waste textiles from industry and households and its transformation into a raw material for the production of nonwovens for the needs of various industries. Many years of experience and tradition in this area have existed since 1954 when the company started collecting and sorting textile waste from nearby factories.

At the beginning, the relationship between this social and conventional enterprise had a buyer-supplier relationship, until the moment they realized that sustainable textile waste management represents a common vision and a win-win situation for both parties.

Humana Nova collects textiles that citizens bring directly to them, leave in one of the tanks or in the recycling yards of local utility companies with which Humana Nova cooperates. Humana Nova puts the usable or wearable part of the collected clothing textiles on sale in its second-hand shop (RE-USE), where their lifespan is extended. From unusable textiles, they extract cotton, which they cut into industrial clothes and single out raw materials for the production of recycled products. The textiles that remain after this separation are processed in cooperation with Regeneracija, where they go through the process of grinding, i.e., recycling. With such processing, the discarded textile becomes a valuable raw material: felt or non-woven textile is created, which Humana Nova packs, and Regeneracija exports in other countries of the EU. In this way, they use all the

---

<sup>13</sup> Important methodological note: In this chapter, we present the collaboration between Humana Nova and the conventional company Regeneracija, in English Regeneration (and Decathlon Croatia). An interview was conducted with a representative of Humana Nova. In the interview, great focus was placed on the partnership with Regeneracija, but unfortunately, the Regeneracija representative was unavailable for the interview. Since Decathlon was also highlighted as an example of good practice in an interview by the representative of Human Nova, the second interview was conducted with a representative of Decathlon Croatia.

<sup>14</sup> For more details, see: <https://humananova.org/>

collected textiles and complete the process in which the discarded textiles get a new function, and people the opportunity for a dignified life.

Humana Nova points out that owes a great deal of gratitude to the conventional company Regeneracija for giving them confidence at a time when they were an unknown actor on the business map, which very often evokes distrust on the other side. Since the establishment of their cooperation, which lasts for over 9 years, they testify that the relationship in textile waste management has changed significantly. The quality of textiles has played a significant role in this with the appearance of fast fashion. Humana Nova's persistence and faith that they can create a sustainable textile management system have contributed to building a partnership with Regeneracija. The part that is not used, which makes up almost 90% of the total amount of collected textiles, Humana Nova gives to Regeneracija for which it pays an entrance fee. This fee is a symbolic amount they pay per kilogram for processing the remaining material. Regeneracija has a partner in Humana Nova who does service packaging of felt, especially those rolls that cannot be automatically packed.

Except for the common vision for the sustainable management of textiles, Humana Nova recognizes the reason for connecting with Regeneracija also in the emigration of labour abroad, whereby the labour force working on assistant jobs also participated significantly. This led to a shortage of labour force in Regeneracija, while Humana Nova used this situation for the labour integration of marginalized groups. Today, Regeneracija is, per Humana Nova representative interview, responsible for the fact that nine people are employed in the process of service packaging in Humana Nova.

The future of cooperation between Regeneracija and Humana Nova will largely depend on the success of the development of the system of collection and separation of textile waste in Croatia, as Humana Nova and Regeneracija both hope. For the full economic viability of a such business, it is necessary to involve and cooperate with all entities at all levels. Through their cooperation, Regeneracija and Humana Nova have shown a good example of joint work on achieving important sustainability goals. Their joint action in this case means a multiple contribution to the goals of environmental protection, social entrepreneurship, solidarity and tolerance.

During the interview, Humana Nova representative pointed out as the main factor that encouraged them to cooperate with Regeneracija the possibility to be integrated into a complete chain of textile waste management. Furthermore, Regeneracija offers them security of product placement on the market. For Regeneracija, on the other hand, it is crucial to ensure the quantity it has agreed for marketing and that the agreed product they place on the market is properly packaged. In short, Regeneracija has production security, which they cannot ensure on their own, and Humana Nova, on the other hand, has job security for its employees.

In the case of this particular partnership, there are no incentives that have encouraged or enabled it. It is a classic business cooperation in which Humana Nova and Regeneracija



do not enjoy any privileges or reliefs due to the nature of their partnership. Also, public bodies at national or local level have no role in this particular partnership.

Humana Nova representative: *"We have a total of over 100 signed business contracts today, most of which are contracts on quota employment, i.e., exemption from penalties, which is not the case with Regeneracija, because Regeneracija as part of the textile industry is exempt from penalties. Because of this it could be called a 'finger-licking' partnership".*

### Case study 1b: Humana Nova & Decathlon Croatia

Decathlon Croatia<sup>15</sup> and Humana Nova have been collaborating for the past three years. The collaboration took place at the initiative of the Decathlon. Decathlon wanted to find a sustainable solution for the disposal of textile waste, and at the same time connect with the local community through this model. The motivation and previous volunteer experience of the Decathlon team with sustainable businesses were the main drivers of cooperation with Humana Nova. Representative of Decathlon in the interview acknowledged the fact that such initiatives of cooperation between the business sector and the civil sector are not particularly close to people in the business sector and her personal values and knowledge of civil society fostered the collaboration.

Decathlon representative: *"I have been volunteering all my life and when I took this position in Decathlon it was natural for me to connect with non-governmental organisations, in a way to give something back to the community. The whole team lives that belief, it's your job even outside of working hours, but when we know for what purpose... nothing is difficult. I realized that there is a lot of textile waste that has the potential to come back to life, and then I researched whether some associations bring together PWDs that do something like that, and so I came to Human Nova".*

Through a project called "New product-shopping bags" Decathlon managed with Humana Nova (using the circular economy) to bring to market a unique product made from scrapped textiles produced by PWDs.

Humana Nova take over to their plant in the city of Čakovec the damaged and written-off textiles from the Decathlon branches. From the dismissed goods, they sew new shopping bags that are sold in Decathlon stores, and all the proceeds from the sale of these bags are used by Decathlon for humanitarian purposes. The shopping bags that Humana Nova makes for Decathlon Croatia have been declared the best practice of Decathlon in the competition of all their subsidiaries on a global level in the field of Socially responsible business for 2020.

Decathlon, in collaboration with Humana Nova, works to connect with the community. They state that their cooperation through projects with Humana Nova led them to learn about the replacement quota. Previously, they entered into cooperation with Humana

---

<sup>15</sup> Decathlon Croatia is a global brand of sports equipment and clothing that also operates in Croatia. In this case study, the emphasis is on their Sustainability team with which Humana Nova collaborates.

Nova and decided to support their work through the project, and then the management of Humana Nova introduced them to the possibility of using a replacement quota. After that, they signed a business cooperation agreement with Humana Nova for the purpose of fulfilling the replacement quota.

In addition to this formal form of cooperation, the Decathlon team Croatia also provides informal support to Humana Nova employees through its initiative "SPORT FOR THE MANY!". It is an initiative through which Decathlon provides equipment, pays the gym or a personal trainer to Humana Nova employees for the sport of their choice.

- *Analysis of how the partnership is structured and how it has evolved over time*

### Case study 1a: Humana Nova and Regeneracija

The two organizations have concluded a business cooperation agreement. It is a contract that has a wide scope of application and is generally applied in situations when the law does not prescribe a certain legal form for a certain legal transaction. This agreement defines the subject of cooperation between the two contracting parties. In addition to the subject of cooperation, this contract also defines the manner of cooperation and/or fulfilment of obligations of the contracting parties, deadlines in which the assumed obligations will be fulfilled, as well as compensation for the work performed.

As for the structure of cooperation, as already mentioned, it is related to the unusable textiles (usable or wearable part of the collected clothing textiles are on sale in Humana Nova second-hand shop RE-USE). The textiles that remain after separation process in Humana Nova are processed in cooperation with Regeneracija where they go through the process of grinding, where textile becomes a valuable raw material, which Humana Nova packs, and Regeneracija exports in the EU.

According to the Humana Nova representative, cooperation on a daily practical level mostly includes communication on shipment and delivery, fulfilment of contractual obligations, further distribution and removal. The parties involved in this business cooperation emphasize the high degree of satisfaction with the opportunities this cooperation has opened up for them. Also, it is planned to expand cooperation in the coming period and the growth and expansion of production and marketing of products.

In addition to the dominant advantages that this business cooperation offers, Humana Nova representative observes today's market uncertainty as the biggest challenge in its management. They also recognize a challenge in a certain inability to access investments, thinking of investing in technologies that would help them improve cooperation and raise it to a higher level. They observe the same as a potential advantage for the future where they estimate that they could open space for access to these investments and the possible strengthening of investment capacity, which is ultimately conceived as a strategic goal of Humana Nova in the next three years.

Furthermore, the “unregulated” legal status of social enterprises is assessed as a significant aggravating factor for the cooperation of traditional and social enterprises in the Croatian context. Social enterprises are in the Croatian context still partly self-recognized in Croatia and the Strategy for development of social entrepreneurship (2015-2020) did not succeed in establishing the registry of social enterprises. They can have a variety of legal forms and are still not properly recognized in the relevant policies and in the public which, of course, could be a limiting factor in establishing trust and cooperation between social and traditional enterprises (Vidović, 2019; Baturina and Babić, 2021).

The fact that social responsibility has recently gained significant value in the private sector has positively contributed to their cooperation with conventional companies, where they have established cooperation with global brands, including Decathlon.

### Case study 1b. Humana Nova & Decathlon Croatia

Decathlon and Humana Nova have concluded a business cooperation agreement to fulfil the replacement quota.

The damaged and dismissed textiles from the Decathlon branches are taken over by Humana Nova to their plant in Čakovec. From the written-off goods, they sew new bags, raincoats and similar products, which Decathlon then puts back into production. In addition to this formal form of cooperation, the Decathlon team Croatia also provides informal support to Humana Nova employees through its already mentioned initiative “*SPORT FOR THE MANY!*”.

Decathlon emphasizes its exceptional satisfaction with the cooperation with Humana Nova. The biggest advantage of this cooperation for Decathlon is the connection with the community and the possibility of reinvesting in the community through a sustainable model of textile waste disposal.

Great interest of other non-profit organizations to cooperate with them is the main challenge. Given the visibility of the good partnership between Decathlon and Humana Nova, other civil society organizations have started contacting Decathlon for cooperation. This is challenging for them because the interest of civil society organisations (CSOs) is high, and Decathlon, for example, does not currently have the opportunity to work with all of them. But they currently recognize Humana Nova as a reliable partner with whom they plan to continue and expand cooperation. Apart from the numerous advantages they see in the cooperation with Humana Nova, they do not point out the special challenges of this cooperation. They state that the idea of cooperation came spontaneously, driven primarily by the intriguing motivation of the Decathlon Croatia team, and everything that developed after that was an upgrade.

In the beginning of this cooperation, it was necessary to make significant efforts to inform the wider team with the idea of reallocating funds for projects that supported the work of Humana Nova. Over time, the higher purpose of this collaboration has been

accepted and understood so that the funding planning process today is easier and simpler, although this can be highlighted as the possibly biggest challenge (when it comes to Humana Nova project financing, the same does not apply to the replacement quota agreement).

The representative of Decathlon believes that there should be more examples of such cooperation. According to the Decathlon representative, the lack of cooperation between conventional and social enterprises is primarily due to the ignorance and lack of interest of conventional enterprises.

- *Analysis of the impact of the cooperative agreement/partnership upon welfare, development and employment*


The Humana Nova team consists of 45 people, of whom 25 are PWDs, and 13 are members of other marginalized groups whose jobs at Humana Nova are life changing. Partnership with the private sector contributed to that. For example, Humana Nova representative states that only partnership with Regeneracija is responsible for the fact that nine people are employed in the process of service packaging in Humana Nova.

In the structure of employees, Humana Nova singles out people with intellectual disabilities, visually impaired people, deafblind people, people with physical disabilities, people with cerebral palsy and multiple sclerosis. They also employ people from other marginalized groups such as national minorities, the long-term unemployed, the elderly, people without qualifications, first job employees and single mothers. There have also been attempts to employ people with autism spectrum disorders, but due to the nature of the job and work environment, this has not materialized, although they hope to find a model for employing these people in the future. They also plan to hire a person with Down syndrome next year.

Humana Nova's disadvantaged employees are placed in diverse positions, ranging from support jobs to management positions in the organization. Employees are involved in every process of Humana Nova's work, from assisting, sorting and sewing preparation jobs to management positions. Humana Nova also employs a social worker who is also an occupational therapist and the main support for employees.

Humana Nova representative states that they are not a conventional company, and that they are creating their own world, which is also emphasized by their partner companies. The organization of work is guided by the principle that everyone can give their maximum in something. They do not insist on training with their employees when they believe that it could be counterproductive.

They point out the example of their salesman who lost his job at the end of his working life in a failed textile farm, in which he built his working career and was recognized as an excellent expert. Contrary to the excellent skills that marked his work experience, the problem of insufficient digital skills posed a major obstacle to his reintegration into the labour market. Prior to joining Humana Nova, he thought intensely about moving abroad



in search of work. At Humana Nova, they recognized his potential and decided to upgrade his skills through a process of peer-learning involving a young person with cerebral palsy who possesses more advanced digital skill. In this way, they got the win-win situation. They emphasize the importance of working on the self-confidence of employees as the key factor boosting their activation and motivation for work. The Humana Nova representative states: *"We try to feed the self-confidence of the people because if you do that, anything is possible"*.

As for the impact of employment, they highlight the strong life turns of their employees. Resocialization and inclusion in social life with a significant improvement in living standards are the main benefits of employment they recognize. They point to examples of people who were so marginalized and unsocialized that they rarely left the house. Today, the same people, for example, obtained a driving license, bought a car, went on social gatherings and trips, and had other similar forms of socialization. In short, they state that their employees have been brought back to the community where they belong and have now their place.

Today, when the local community recognizes the benefits that employment at Humana Nova has brought to employees, more and more PWDs are contacting Humana Nova with an employment application. There are numerous examples of parents who came to them with a plea for help for their children, mostly PWDs. Humana Nova representative states that their workspace is employees' home and that is the key to their success. So far, over 60 people have been reintegrated through employment in Humana Nova.

As for the economic impact of their work, they point out, first of all, the cost that the State would have had if their employees were not currently employed by them but at the expense of the State. They estimated that the State "saves" around HRK 100,000.00 per month (approx. EUR 13,275), given that they had hired those people.

Humana Nova representative: *"Well, for a start, these 45 people who work for us today, if they were not employed by Humana Nova, at least 35 of them would not work and they would be at the expense of the Employment office and some other institutions. We calculated that the cost for one person is at least HRK 3,000 per month [approx. EUR 400] for the Croatia Employment office. The cost is even higher, but we calculated an even smaller figure like this. It means that a person exercises his rights, that he has a mentor who receives a salary for that, etc. It means 35x HRK 3,000, which is a more than HRK 100,000 [approx. EUR 13,275] per month."*

The other side of the economic impact is the payment of taxes and contributions to the State budget. Last year, they calculated that they had paid over one million HRK (approx. EUR 132,750) into the State budget.

Besides efficiency of this form of business, Humana Nova testifies the cases of people who do their jobs highly productively in Humana Nova. This is a different experience from the ones they had in conventional companies. A good part of Humana Nova employees has previously worked for some time in conventional companies. Their experience



indicates that such a work environment is not particularly favourable for PWDs. It is a work environment that is determined by different norms that need to be achieved, without too much flexibility. In conventional companies, they failed to realize their work potential, while in Humana Nova, for example, their potential is fully used. Here again, they emphasize the importance of the self-confidence they believe their employees have gained through their employment with them.

Humana Nova representative: *"The work environment is also very important for self-confidence and contribution at work in which we communicate that everyone has the right to have a bad day [...]. Basically, these are all things we need to tolerate and communicate, until of course there is some exploitation. There is a difference, of course, compared with the environment where profit comes first, and of course everything will be done to make it happen. On the contrary, in our work environment the social and environmental impact is more primary."*

Working with partners brings not only profits but also costs, but the costs incurred in this process are also analysed when Humana Nova does its part in the partnership. For Humana Nova, the biggest costs are related to waste disposal and transportation. They certainly see the benefits in being in this kind of partnership. The costs of partnerships are covered by the work and income that they get from the partnership in the end which is key to their sustainability.

Different partnerships with the private sector, two of them described more in detail here, gives Humana Nova the opportunity to employ new people and to continue and to widen their work on the welfare and the quality of life of the vulnerable groups. It also provides an opportunity for cooperation between two sectors in the developing work around ecological sustainability or for the conventional companies - as in the case of Decathlon - to exercise their social reasonability and contribute to the local community.

## 2.2 Case study 2: Hedona & partners

- *Short introduction of the selected WISE*

**Social enterprise Hedona**<sup>16</sup> (Limited Liability Company – LLC) was founded in 2013 in Križevci, as part of the project "Chocolateria Chris – Krizevci chocolateria", by the Association of PWDs Krizevci. In December 2018, the Ministry of labour and pension system issued a decision establishing the Hedona integrative workshop, the only one in Croatia in which a PWD participates in the complete production process. They have numerous employees from vulnerable groups (mostly PWDs) and contracts with the conventional enterprises (mainly about compliance with quota system), but cooperation goes much wider.

---

<sup>16</sup> For more details, see: <https://hedona.hr/en/about-us-en/>



- Contextualization of the factors driving the selected cooperative agreement/partnership

Hedona was founded in 2013, as part of the project “Chocolateria Chris” – Krizevci chocolateria, by the enthusiastic Association of PWDs Krizevci.

In December 2018, the Ministry of Labour and pension system issued a decision establishing the Hedona integrative workshop, the only one in which a PWD participates in the complete production process. This means that a PWD can do everything, not just assisting jobs as in other integrative workshops, respecting the high technological, technical and hygienic conditions associated with this activity.

Based on the announced and conducted public tender for the allocation of special funds for the development of new technologies and business processes in order to hire and maintain employment in protective workshops<sup>17</sup>, Hedona Llc. funds were allocated in the total amount of co-financing of HRK 3,250,000.00 (about 430,000 EUR) for the construction and expansion of the space of the integrative workshop and installation of equipment and new technologies, in order to employ and maintain the employment of persons with disabilities.

With its unique approach to business models and the concept of company development with its employees, Hedona Llc. stands out on the market and is rightly called a human and social enterprise.

Hedona's most important partners are singled out below. The focus is on business cooperation agreements for the purpose of meeting the replacement quotas that make up almost 90% of Hedona's business in general.

Cooperation between Hedona and the car dealership Auto Zubak<sup>18</sup> happened on Hedona's initiative. The partnership is being held for the second year in a row now. Hedona points to the mutual benefit of this partnership, emphasizing that they were in need of a car, while Auto Zubak paid for its replacement quota through this partnership.

Hedona representative: *“Hedona initiated the partnership. We found understanding because when people realize that they have a concrete benefit from working with you, then working together is not difficult. They usually invest a lot in marketing. We had not collaborated (or had contacts with Auto Zubak) before this”.*

---

<sup>17</sup> ZOSI. For more details, see: <https://www.zosi.hr/>

<sup>18</sup> Zubak Auto Group was formed by combining the unique AutoZubak forty years of experience in the sale and maintenance of vehicles of the Volkswagen Group and ORYX Group, which with its long-term activities in road, sea and home assistance, car rental and insurance and vehicle inspection stations provides its customers with exceptional safety experience, freedom and entertainment respecting above all the requirements of its customers and service users. For more details, see: <https://www.autozubak.hr/>

Hedona has been in partnership with DM drugstores<sup>19</sup> for two years. This partnership took place at the initiative of DM. Before the formal conclusion of this partnership, Hedona and DM made attempts to make contacts for the production of healthy food products for DM branches, but negotiations failed and the commercial collaboration was not realised. Subsequently, DM contacted Hedona with a proposal to produce small promotional packages of chocolate that DM used for marketing purposes. At the moment, they no longer have a contract with them, which they estimate is the result of a new marketing leadership that has some new ideas and visions, but they do not exclude the possibility that it will be possible to cooperate again in the future.

In addition, Hedona cooperates with Konzum<sup>20</sup> (the largest Croatian retail chain with a share of about 30% in the Croatian market). The cooperation took place on Hedona's initiative and with previous negotiations, since Konzum did not initially see the profitability of placing Hedona's products on its shelves due to their price. However, in 2020, they concluded an agreement for the production of special premium products that Konzum places in its selected centres. This year, this cooperation has expanded through the contracting of special products for the tourist season, which Hedona produced, and Konzum placed in its centres along the coast.

Hedona also cooperates with Erste Bank – Office for Responsible Banking. The cooperation took place at the initiative of Erste Bank, which recognized the potential of Hedona as its client. Initially, this cooperation was based on providing financial benefits for Hedona's activities, and all the while it expanded through a business cooperation agreement for the purpose of fulfilling the replacement quota. The starting point of Erste Bank's cooperation is based on understanding Hedona's financial needs. In addition to formal cooperation, Erste Bank provides informal support to Hedona through the opening of channels to promote their products.

For Hedona, the goal of all partnerships is the expansion of the network of market channels. Through this form of cooperation, Hedona gets the opportunity to place its products on the shelves of leading stores in Croatia. Regardless of the fact that the estimated price of their products is high for the average Croatian purchasing power, they believe that this cooperation still opens channels for reaching the general public interested in their products.

Their business partners are mostly resolving the issue of satisfying the replacement quota by cooperating with Hedona. In doing so, they see a win-win situation on both sides, given that this kind of cooperation offers Hedona the opportunity to place products on the market while the other party involved does not pay penalties but buys products that can be resold or used for marketing purposes.

---

<sup>19</sup> DM are drugstores whose range includes more than 17,000 products from the fields of beauty, health, babies, photo and household accessories. For more details, see: <https://www.dm.hr/>

<sup>20</sup> Konzum is the leading retail chain in Croatia. With more than 11,000 employees, it is one of the largest employers in the country. It is present in 114 cities and 211 places, which includes most of the Croatian islands. For more details, see: <https://www.konzum.hr/>

Regarding various political or legal incentives for the partnership, Hedona asserts the Ordinance on Incentives for the employment of PWDs<sup>21</sup>, which is provided and paid by the Institute for expertise, vocational rehabilitation and employment of PWDs.

This Ordinance prescribes the conditions for receiving incentives and stipulates that an employer who employs a PWD in the open labour market may receive several incentives<sup>22</sup>. They also point out the Ordinance on the establishment of a quota for the employment of PWDs, which, with its amendments, has simplified and facilitated the process of concluding a contract on a replacement quota in recent years. This Ordinance prescribes clear procedures in the contracting process, as well as guidelines for submitting the necessary documentation through an application managed by the Institute.

Hedona recognizes the significant role of the Institute for expertise, professional rehabilitation and employment of PWDs, given that this Institute is the regulatory body that manages and supervises all processes of contracting a replacement quota in Croatia. Hedona does not recognize the particular role of public bodies. But the city of Križevci generally recognizes the field of social entrepreneurship in some manner and also has a contract with Hedona regarding the replacement quota.

Hedona representative: *"The City of Križevci has programs to encourage social entrepreneurship, and the City itself is a user of this replacement quota - we have a contract with them. As for the program of encouraging social entrepreneurship that the City organized - it is about financing projects of some average value per project of about 100,000 kn<sup>23</sup>".*

- *Analysis of how the partnership is structured and how it has evolved over time*

Hedona has concluded a business cooperation agreement with all the aforementioned partners for the purpose of meeting the replacement quotas. In the interview, the representative of Hedona generally refers to this form of partnership (compliance of quota agreement), since it is the legal form of all partnerships that Hedona presented.

Hedona's employees represent a very heterogeneous group. They first hired people and then found partners. Before Hedona became an integrative workshop that could enter into replacement quota contracts, it had existed for six years. They worked in the free market where it was extremely difficult to find buyers. They testify that they put a lot of effort into finding buyers. Hedona was founded from the beginning as a social

---

<sup>21</sup> OG. 157/2013, 152/2014, 39/2018 I 32/2020.

<sup>22</sup> A wage subsidy for a person with a disability; co-financing the costs of education of a person with a disability; co-financing the costs of adjusting the workplace of a person with a disability; co-financing the costs of adjusting working conditions for a person with a disability; a subsidy in the amount of the paid contribution for compulsory health insurance; financing the costs of professional support; special funds for the development of new technologies and business processes in order to employ and maintain the employment of persons with disabilities with employers in the open labour market, i.e., with persons with disabilities who are self-employed; support for the sustainability of self-employment of people with disabilities; co-financing the costs of transporting people with disabilities.

<sup>23</sup> Authors' note: about 13,000 EUR.

enterprise and as a company that is not exclusively but mainly focused on the employment of people with disabilities.

According to the business cooperation agreement to fulfil the replacement quota, the partner organization can procure goods/services from the product range of Hedona instead of fulfilling the quota employment obligation. In short, the contract regulates the goods to be purchased, the value of the goods and the terms and obligations of the parties involved.

Hedona representative: *"The most important thing is that we sign a contract, and that company submits the form to the application together with the contract announcing the fulfilment of the replacement quota - they have to buy from us during the contract period what they have already said they will buy and submit proof that they paid. This is a very important thing because, well today a little less, but a few years ago it was a big problem to charge for your product and service and it is a guarantee for us in this case because if they do not pay the Institute will come and charge them. The Legal Service of the Institute monitors all this<sup>24</sup>. This offers us a guarantee of sustainability, so we have almost no unpaid debts. 90% of our turnover goes over the replacement quota".*

Hedona is satisfied with the quality of cooperation with mentioned partners. The main challenge for Hedona's partners is that they have to precisely define the goods and services to be purchased in the partnership contract one year in advance. Due to the very dynamic market and attempts to adapt to it, the conventional companies with which Hedona cooperates very often change the requirements towards Hedona in the delivery of agreed products. Due to these dynamic processes and the sequence of trends dictated by the market, the marketing departments of conventional companies are adapting to them, which is a special challenge for Hedona in production. Hedona's representative gave examples where Hedona agreed on the delivery of a certain product when concluding a contract with a conventional company, and after they start to prepare that product, marketing representatives of those conventional companies contacted them with an idea for a completely different product. Such requirements that do not correspond to the initial agreement greatly complicate production, as the production process requires a certain type of raw material that costs differently and whose delivery process is not easy.

The Institute for expertise, vocational rehabilitation and employment of PWDs has recently requested that the business cooperation agreement for the purpose of meeting replacement quotas must be precisely defined and that all precisely defined provisions should be complied, which Hedona welcomes, as this facilitates their cooperation with conventional companies. But on the other hand, lack of flexibility can be an obstacle for conventional companies in limiting possibilities for adapting to the changing markets or marketing trends.

---

<sup>24</sup> Authors' note: Institute controls the fulfilment of all obligations under the contract.

Regarding the challenges from the partner organization, the representative of Erste Bank emphasizes the willingness of other departments to reorganize funds so that Erste Bank can support the work of Hedona (which is another form of support from the replacement quota) and similar social enterprises. There are now certain instruments of financial support to social enterprises that were not initially planned, but the bank monitored the operations of social enterprises and detected them as needed and decided to offer them.

No challenges were highlighted for the replacement quota. The reason is that Hedona is a highly regulated company that has to obtain numerous approvals to take such initiatives and support, which can present a challenge. A representative of Erste Bank stated that other members of their banking group have also concluded replacement quota agreements.

Talking about the quality of goods and services of social enterprises, Hedona noticed the prejudices present in society, which they see as a barrier to cooperation between conventional and social enterprises. For this reason, they have made additional efforts to raise public awareness of the quality of production and work processes in their company.

Hedona representative: *"On the one hand, there is a prejudice from the side of some - not all - potential partners that, given the composition of our workforce, the product or quality is not good enough; but this barrier is usually removed at the first delivery, of course for those who dare, I would say, "take a risk" - given the prejudices that exist as I mentioned. That is why many of us try to deliver the best possible product to eliminate this prejudice. We have also recorded videos for that purpose".*

Also, beside the generally positive regulatory role of the Institute for expertise, professional rehabilitation and employment of PWDs, they also point out the difficulties in cooperation with the same. Since Hedona employs PWDs, it is entitled to receive a subsidy for their salary. The subsidy is provided after the person passes the assessment of working ability. The expertise procedure is initiated after the employment of a person by submitting a request in the application of the Institute. Initially, a deadline of 60 days was set for the expertise procedure of the person for whom the request was submitted, but in practice this period is significantly extended. Thus, Hedona witnesses situations in which some of their employees have been employed for 6 to 7 months, within which the expert procedure has not yet been completed, thus preventing them from exercising their right to receive the salary subsidy.

- *Analysis of the impact of the cooperative agreement/partnership upon welfare, development and employment*

In the last two years, five PWDs have been employed. Some employees work for Hedona since its foundation and they are constantly growing and expanding their production. Just as in the case of Humana Nova, the representative of Hedona testified that on a daily basis they receive phone calls, people come to the door, write emails where they look for work. They heard mostly about Hedona on the radio or television.



Hedona representative: *"They call on the phone, knock on door, and send emails ... We are like a bright spot for them, someone who deals with their issue".*

In Hedona, disadvantaged workers have a professional associate, i.e., a person who can talk to employees about their problems. They can also rely upon work instructors, i.e., those who teach employees the job and work with them on training. The people employed at Hedona are individuals, each with different characteristics and therefore Hedona does not apply the same approach to all of them. What most people have in common is that they went to school for auxiliary occupations - mostly assistant chefs and confectioners, but not all of them were trained in that profession. This summer, Hedona expanded its fields of activity with the service of printing and sewing canvas bags, so they open a new area of work for those who do not have an educational background in the culinary industry.

Hedona employs people with intellectual disabilities, deaf people, people with cardiac problems, multiple sclerosis, and people suffering from epilepsy and Crohn's disease. When thinking about disabilities, public opinion still thinks of people in wheelchairs and they know little about other difficulties. PWDs are actually a very heterogeneous group, and the only thing they have in common is that they are mostly young people (mostly between 20-30 years of age).

In 2013, Hedona started its business on 60 square meters, with six employees, four of whom were PWDs. Hedona representative emphasizes the development potentials of their employees and the fact that Hedona profits are reinvested for the benefit of its employees, through education, development and growth.

Today, Hedona Chocolateria has 18 employees, nine of whom are PWDs. Some of the new job positions and the rise in salaries experienced by Hedona employees are the results of the cooperation the social enterprise has with conventional companies.

Hedona representative: *"We currently have 26 contracts with various companies. Let's say we hired some 30% of employees afterwards because we broke through that network of partnerships. But their salaries also increased by 30%".*

Thanks to the already mentioned public tender ZOZI, which aimed at the allocation of special funds for the development of new technologies and business processes in order to hire and maintain employment in protective workshops, HRK 3,250,000.00 (432.039,36 EUR) in the total amount of co-financing were allocated to Hedona. Hedona used these funds for the construction and expansion of the space of the integrative workshop and the installation of equipment and new technologies so as to employ and maintain the employment of PWDs.

With its unique approach to business models and the concept of company development with its employees, Hedona LLC. stands out on the market and is rightly called human and a social enterprise.



Like Humana Nova, they point out the numerous benefits that employment has brought to the people they have hired.

Hedona representative: *"Their quality of life has improved significantly with work integration, and we plan to continue our expansion, so I believe that this will further affect the improvement of quality of their life - especially if we place into the foreign market. Some of them took out loans, bought vehicles, houses, everything they couldn't before - that's the economic impact because they used to ask for help from the State budget before".*

They believe this type of entrepreneurship responds much more effectively to the need of vulnerable groups for integration into the labour market than conventional entrepreneurship. Still, they point out that no matter if this is social entrepreneurship, the classic business setups apply also to them.

Hedona representative: *"I look at [Hedona] as a typical entrepreneurial activity. Social entrepreneurship is still entrepreneurship. There is no way to continue working if you are not able to create some capital and grow in a way that you produce it by your own and do not live off subsidies".*

According to Hedona experience, the model is more efficient due to the fact many employers are "impatient".

Hedona representative: *"When you hire a PWD you have to work with that person. You must immediately calculate that this person is somewhat slower, that he is less productive than a person without difficulties. Many [employees of conventional companies] do not want a PWD as a colleague, because they think it is complicated, and then it is a big problem if you are the only PWD in your team: they often feel isolated, while they understand each other very well in our team. They know that someone can or can't, everyone has their own pace, how and how much they work. After all, such a person will certainly be paid much less in the "classic" market, such a person will generally be allowed to do some auxiliary work. There is a lack of education - I don't think they all have to work in laundries, they also have to have good jobs".*

Different partnerships of Hedona had with conventional enterprises, some of them described above, were mostly based on the business cooperation agreement related to the purpose of meeting the legal requirement of replacement quotas. The crucial impact of those partnerships on Hedona was related to economic performance (hiring more employees and increasing salaries) but also social impact (better quality of life of the employees). Conventional companies have recognised Hedona as a reliable partner in the aspect of the meeting requirement of replacement quotas and indirectly contributing to the common good.

TABLE 1 SUMMARY OF THE KEY INSIGHT FROM THE EXPLORATORY CASE STUDIES OF WISE AND CONVENTIONAL ENTERPRISES PARTNERSHIPS

Dimensions	Humana Nova – Decathlon & Regeneracija	Hedona – Erste Bank
Motivations for partnership: WISE	Initial trust of the conventional company	Mix incentives (quota requirement, widening the market channels)
Motivations for partnership: conventional enterprise	Joint business interests	Legal requirements; Strategic orientation towards supporting social entrepreneurship
Structure of the partnership	Contract of business cooperation;	Meeting the replacement quota by contracting business cooperation with WISE
Evolution of the partnership	Long term partnerships, highlighted satisfaction, plans for widening the partnership	Different partnerships built up through years
Main impact of the partnership: WISE	Sustainable business and employment and quality of life of PWDs	Economic impact (employment and higher salaries), quality of life of PWDs
Main impact of the partnership: conventional enterprise	Sustainable business; Development of corporate social responsibility practices	Development of corporate social responsibility practices; Widening their impact on the community

### 3. THE PROSPECTS OF DEVELOPMENT OF THIS KIND OF AGREEMENTS: LESSONS FROM THE CROATIAN CONTEXT

As a first analysis of the WISE-conventional enterprises cooperation, our exploratory case studies provide a preliminary assessment of the main barriers and driver factors for the development of these partnerships. Firstly, we discuss the barriers - including legal/cultural/institutional - that represent obstacles to the cooperation between WISEs and conventional enterprises.

Partnerships between social enterprises for work integration and conventional enterprises are in their infancy in Croatia. There are several reasons. A small number of social enterprises for work integration (supply side) is one of the key ones. Social entrepreneurship is a new phenomenon and is still at a relatively initial stage of development. The Strategy for the development of social entrepreneurship (2015-2020), which was supposed to improve the social enterprise ecosystem, did not make major progress in the development of the sector. There is also an issue of lack of recognition and understanding of social entrepreneurship in the general population, there is no coordinated promotion in the media (Baturina and Babić, 2021). Even civil society organizations working with vulnerable groups, rarely recognize available opportunities for starting a WISE as means of achieving their social mission.

Expert 1: *"From my research experience, organizations dealing with groups in need of work integration are not yet aware of the potential that social entrepreneurship can provide. There would still need a lot of education, empowerment and of course the institutional framework"*

There are no tailored policies or instruments for WISEs or for promoting partnerships with the private sector. Majetić et al. (2019) state that the WISE sector in Slovenia and Croatia mostly consists of organizations with various performance-related shortages, the organizations were marked as deprived of the real entrepreneurial spirit, and there is a lack of professional network with enough capacity for wider and deeper support for the development of WISEs. The private sector only rarely recognizes and participates in collaborations with WISE.

Distrust and inexperience in this form of action can also be a reason why it is difficult for WISEs to cooperate with the private sector. Also, limitation of this analysis was the reluctance of conventional companies to talk about their experiences (some of the reasons which were cited in initial contacts are mistrust, lack of desire to participate in research, the novelty of the topic, negative previous experiences). We have conducted interviews with those conventional companies that agreed to interview with us, which may have narrowed sampling options.

Therefore, we also tried to show the perspective of WISEs in two selected cases, perspectives not about only one but several examples of partnerships they have.

Cultural factors such as the low levels of trust and social capital<sup>25</sup> in the Croatian society still represent the main barriers towards greater cooperation among stakeholders, especially within new sectors (as social entrepreneurship still is in Croatia). The underdevelopment of innovation and social innovation culture in Croatia can be an additional reason why there are only a few good examples of partnerships between conventional and social enterprises for work integration. Innovation capacity and a culture of mistrust leave little room for action and partnership development. The Strategy for innovation encouragement of the Republic of Croatia 2014-2020 (Government of Republic of Croatia, 2014.b) enhanced by the Government of the Republic of Croatia in 2014 points out as a crucial problem the nonexistence of a systemic innovation policy, which is more than relevant for the social innovation field<sup>26</sup>.

The legacy of the paternalistic social policy is still visible, with low degrees of openness to change and innovations. Welfare institutions and centres for social care do not show capacity for cooperation and for developing of new solutions (Bežovan, et al. 2016; Baturina, 2016). As this analysis show, the same partly applies to conventional companies: conventional companies engage in a limited manner (with some noticeable good examples) in social innovations, social entrepreneurship or partnership with WISEs. Thus, there is still a long way for the greater involvement of the private sector in the field of social and work integration of vulnerable groups.

In conclusion, this analysis recognizes that cooperation between WISEs and conventional enterprises is primarily related to two factors (which often overlaps, or play a role at the same time):

**a) Legal and policy tools:**

Fulfilment of legal obligations - for example, a key aspect: the obligation of quota employment for PWDs. This aspect is clearly highlighted in Hedona case, but it is also present in several partnerships Humana Nova has, including the one with Decathlon.

Apart from that, other policies, such as ALMP or the Social entrepreneurship strategy, did not succeed in fostering greater cooperation between WISEs and conventional enterprises. Experts from the field and practitioners interviewed for the realisations of these two case studies highlighted the need for legal regulation of social enterprises and new policies specifically aimed at facilitating collaborations between conventional companies and WISEs.

---

<sup>25</sup> Croatia is a society with low levels of trust (Šalaj, 2011; Rimac, 2014), which contributes to the low level of active citizenship (Bežovan and Zrinščak, 2007; Matančević and Bežovan, 2013). The culture of social dialogue (Stubbs and Zrinščak, 2005; Stubbs and Zrinščak 2012) in Croatia is still not developed.

<sup>26</sup> There are other strategies e.g., the Croatian Smart specialization strategy 2016-2020 (Government of Republic of Croatia, 2016), but in general innovation policy has the status of "unwanted child" among policymakers, which means that was poorly understood, not a priority and mainly discussed within a narrow circle of experts (Švarc and Lažnjak, 2017).

## b) CSR and previous cooperation:

Promotion of corporate social responsibility or responsibility towards the local community (for example, in Decathlon). Larger or smaller conventional companies in the local community can be prone to cooperate, especially where there is already a certain link with a WISE or if the WISE is relatively well recognized and trust has been built in the local and wider community. Regarding our cases, Humana Nova is a great (and rare) example of how conventional enterprises recognized and developed cooperation with WISEs and develop it through the years.

We must note that both examples are among the more developed social enterprises for work integration in Croatia and that it is much more difficult for smaller and new WISEs to establish partnerships with conventional companies.

## 4. RECOMMENDATIONS: PROSPECTS FOR DEVELOPMENT OF COLLABORATION/PARTNERSHIP BETWEEN TRADITIONAL COMPANIES AND WISES

There are some final recommendations for strengthening the partnership of conventional and social enterprises for work integration on several levels. Here we list them per specific cases but also on a more general level.

- **Humana Nova**

Humana Nova is a WISE that, considering the status of development of social entrepreneurship in Croatia, has a long tradition and great recognisability. It is therefore a desirable partner for the private sector to meet its quota recruitment obligations, but - as the analysis shows - there are also other explaining factors. Humana Nova can also influence local policies through good practice examples and advocacy. Therefore, it has the opportunity to take advantage of opportunities to disseminate its good practice, connect with the local community and showcase other new WISEs how to do so.

Humana nova representative: *"There are some developments, I will say, but the situation is not ok, there a lot grey-zone, a lot of exploitation... and there are not a lot of good examples. Many [WISEs] boast that they are good, and they are not. There is anything and everything. I see it all as an opportunity to improve the system, but the question is whether we want it or not, whether we have the capacity, knowledge and will, but my way in Humana Nova taught me one thing and that is patience and turning trouble into opportunity".*

- **Hedona**

Hedona has its own niche and geographical location (in which there are not too many social enterprises) and is involved in a number of partnerships with conventional companies regarding the fulfilment of quota obligations. It can be a resource centre in transferring know-how so that other WISEs can replicate collaborations. It has the potential to widen numerous partnerships as it is a reliable and established partner. Concerning the need for further capacity building, Hedona's interviewee states the following:

Hedona representative: *"I would like there to be programs and education in Croatia for those who are ready. There are programs to encourage social entrepreneurship - so many organizations come to visit us because best practice study visit is a default activity in projects they have, but I still think that these are people who have not yet get their hands dirty in the management, or production or sales... It's all wonderful, wonderful, but you need to sell the product in the end".*



- *General recommendations: systemic aspects of opening space for more collaboration/partnership between traditional companies and WISEs*

a) **Welfare mix**; further development of opening space to other social service providers and recognizing hybridity as a form of work of social entrepreneurship and social service providers. Development of welfare mix would open up opportunities for the development and replication of partnership of social and conventional enterprises. For now, there is an overall and systemic barrier in terms of a lack of strategic orientation towards the development of the model based on the welfare mix and the pluralism of service providers (Bežovan, 2010; Baturina et al., 2019). Also, some specific new social problems are quicker addressed by civil society initiatives (for example homelessness or youth unemployment) and could be institutionalized in social policy partly by the development of the social entrepreneurship (and WISEs) sector (Babić and Baturina, 2020).

*Expert 2: "WISEs in Croatia have a great potential that political responsibility holders should recognize and, in that sense, create a favourable environment in the form of incentives and promotion of this way of working and socially integrating disadvantaged persons. For sure, the risks are to continue working in this area with an outdated 'paternalistic' approach that in some way prevents a person with low employability or a person with partial or limited working capacity from truly and fully becoming an active and productive member of the community".*

b) **Active employment policies** and giving space to social entrepreneurship. The current situation is that ALMP do not target well some of the vulnerable groups and they partly lack effectiveness (Bejaković et al., 2016; Matković, 2019). WISEs could be a part of the rethinking of some measures and aspects of ALMP.

*Expert 1: "I think [WISEs] are more part of the labour market than they are part of some social economy of a wider sector. The problem is that these companies [WISEs] are viewed in a way that they will solve a social problem, and no one sees the wider story or that they are part of a broader system that deals with a whole range of topics".*

*Expert 2: "I think that WISEs are not systematically involved in labour market policies at the national level while, on the other hand, there are bright examples of certain initiatives at the local level".*

c) **Promoting WISEs as desirable partners to meet quota replacement obligations.** One of the more obvious possibilities is the further development of WISE and partnership with the private sector. Both of the case studies that were analysed are examples of the good practices but there are opportunities to develop much more of them. Some aspects in achieving this relate to the wider recognition of the social entrepreneurship, proactive social policies (in part of PDWs as vulnerable groups), and easier administrative procedures.

d) The **new strategic documents** that will be developed need to be fully implemented and **institutional framework** developed further. The first Strategy for the development of social entrepreneurship (2015-2020) was a solid document and it was not implemented (Baturina, 2018; Vidović, 2019; Baturina and Babić, 2021). Interviewers also noticed some aspects of the legal and strategic framework.

Humana nova representative: *"In our country, social enterprises do not have a legal status yet. The strategy [for the development of social entrepreneurship 2015-2020] has not brought any benefits, we do not have a registry or a label that certifies that we are social enterprises. We can call ourselves whatever we want, and that is how it is on today, whether you are a legitimate and verified social enterprise or not".*

Expert 1: *"Further general developments are difficult to achieve for [WISEs]. The access to public procurement, which is a large part of their funding opportunities in Croatia, [is still limited], so this should be improved. For example, in the EU, many tenders foresee that social enterprises - meaning those enterprises that return profits to the community - have an advantage. In our country [...] I don't know if and where it is recognized or practised".*

Expert 2: *"There are positive developments in recent years that are more the result of the enthusiasm of individuals and certain associations than of a positive policy framework or a systematic set of measures produced with the intention of stimulating the development of this sector".*

e) **Innovative cooperation projects fostered by new forms of financing** – tailored and innovative financing measures aimed at promoting cooperation between conventional enterprises and WISEs within the framework of the next programming period (2021-2027) is needed. That could be in a form of specific tenders or small-scale grants for innovating partnerships. So far, we do not have developed practices of innovative financial instruments moderate to social entrepreneurship (Vidović, 2019). Very little publicly funded support is specifically tailored to social enterprises (Baturina, 2018). (Social) public procurement is still not implemented in a proper way and WISEs usually are not part of public procurement contracting. Although it is not forbidden to do so, potential obstacles could be the lack of policy awareness about WISEs as potential producers of goods and services (also because they actually develop limited products and services). On the other hand, the main reason could be a public procurement tradition in Croatia which is still not too "open" (although there are some good practices) to include social or green clauses in tenders. Also, public procurement is often criticised by public authorities due to the lack of transparency and suspicions of corruption and nepotism.

f) **Further research and education** in this area as well as promotion of examples of good practice. There are only a few researchers doing research on social entrepreneurship, even fewer of them on WISE (for example, one of the relevant ones is Majetić et al., 2019). This would contribute to a better understanding of WISEs and visibility first at the policy level, which would influence their further development

Expert 1: *"It is not known [...] what social enterprises are, who deals with it or what WISEs are. In the end, it turns out that the entire civilian scene is dealing with this area (work integration), which is far from the truth"*

g) **Measuring impact**, in order to show the benefit (if any) of social enterprises in the work integration of vulnerable groups, which would then be a pledge for their further development and recognition as a desirable form of working with vulnerable groups. This would also contribute to the visibility and attractiveness of WISEs as partners for conventional enterprises. For now, systems for measuring the effects of social enterprises, but also more generally of third sector organisations, have not been developed (Baturina, 2016; Baturina and Babić, 2021).

Expert 1: *"To begin with, it is necessary to regulate what exactly belongs to the category of social enterprises. It is certainly necessary to arrange their financing then - to know what is being financed and why. I believe that it is necessary for these organizations to measure their impact - as, for example, the ACT group does - and for society to know why these organisations are funded through special tenders".*

## LIST OF REFERENCES

- Babić, Z. & Baturina, D. (2020). Current Challenges and Future Potentials of Social Economy in Croatia. *Calitatea Vietii*, 23(1): 5-23.
- Baturina, D. (2016). *Utjecaj trećeg sektora na socio-ekonomski razvoj Republike Hrvatske*. Doktorska disertacija. Zagreb: Filozofski fakultet, Sveučilište u Zagrebu.
- Baturina, D. (2018). First Strategy for the development of Social Entrepreneurship in the Republic of Croatia and potentials for the development of the sector. *Croatian and Comparative Public Administration*, 18(2): 11-39.
- Baturina, D., Matančević, J., Anđelić, J. Ciglar, D. & Bežovan, G. (2021). *B-WISE – WP1 – RESEARCH. Country reporty. Croatia*. [Unpublished].
- Baturina, D. & Babić, Z. (2021). *Social economy and Social entrepreneurship*. University textbook. Zagreb. University of Zagreb.
- Baturina, D., Bežovan, G. & Matančević, J. (2019). Challenges of third sector development in Croatia. In: Auferbauer, M., Berc, G., Heimgartner, A., Rihter, Lj & Sundbay, R. (Eds), *Social Development Today: Ways of Understanding & Practices*. Zurich: LIT Verlag GmbH & Co. KG Wien, pp.69-87.
- Bejaković, P., Dedić, D., Desović, P., Ivišić, J., Mikić, I., Penezić, L. & Šeparović, M. (2016). *Vanjska evaluacija mjera aktivne politike tržišta rada 2010-2013*. Zagreb: Hrvatski zavod za zapošljavanje.
- Bežovan, G. (2010). *Postignuća i izazovi razvoja kombinirane socijalne politike u Hrvatskoj* (research report). Zagreb: CERANEO.
- Bežovan, G., Matančević, J. Baturina, D. (2016). Socijalne inovacije kao doprinos jačanju socijalne kohezije i ublažavanju socijalne krize u europskim urbanim socijalnim programima. *Revija za socijalnu politiku*. 23,1, 61-80.
- Bežovan, G. (2019). Hrvatska socijalna politika u vremenu globalizacije i europeizacije, *Socijalna politika Hrvatske*. Zagreb: Pravni fakultet Sveučilišta u Zagrebu.
- Bežovan, G. & Zrinščak, S. (2007). *Civilno društvo u Hrvatskoj*. Zagreb: Hrvatsko sociološko društvo
- Božac Žalac, T., Bratković, D. Cvitković, D., Gruičić, L., Kiš Glavaš, L. & Lisak, N. (2019). *Izvešće o provedbi projekta Društveno-ekonomska dobrobit zapošljavanja osoba s invaliditetom u trgovačkim društvima grupe Calzedonia u Hrvatskoj*. Zagreb: Sveučilište u Zagrebu, Edukacijsko-rehabilitacijski fakultet.
- Government of Republic of Croatia (2013). *Entrepreneurship Development Strategy 2013–2020*. Zagreb: Government of Republic of Croatia.
- Government of Republic of Croatia (2014.a). *Strategy against Poverty and Social Exclusions in the Republic Croatia (2014 - 2020)*. Zagreb: Government of Republic of Croatia.

- Government of Republic of Croatia (2014.b). *The Strategy for Innovation Encouragement of the Republic of Croatia 2014-2020*. Zagreb: Government of Republic of Croatia.
- Government of Republic of Croatia (2014.c). *Strategy for Women's Entrepreneurship in Croatia 2014-2020*. Zagreb: Government of Republic of Croatia.
- Government of Republic of Croatia (2015). *Strategy for development of social entrepreneurship (2015-2020)*. Zagreb: Government of Republic of Croatia.
- Government of Republic of Croatia (2016). *Croatian Smart Specialisation Strategy 2016-2020*. Zagreb: Government of Republic of Croatia.
- Human Dynamics (2010). *Poticanje intenzivnijeg uključivanja osoba s invaliditetom na tržište rada - studija*. Zagreb: Konzorcij Human Dynamics.
- Majetić, F., Makarović, M., Šimleša, D., & Golob, T. (2019). Performance of work integration social enterprises in Croatia, Slovenia, and Italian regions of Lombardy and Trentino. *Economics and Sociology*, 12(1): 286-301.
- Marković, L., Baturina, D. & Babić, Z. (2017). Socijalna poduzeća za radnu integraciju u postsocijalističkim zemljama, *Hrvatska revija za rehabilitacijska istraživanja*, 53(1): 129-148.
- Matančević, J. & Bežovan, G. (2013). Dometi i ključni čimbenici razvoja civilnog društva u Hrvatskoj temeljem tri vala istraživanja. *Revija za Socijalnu Politiku*, 20(1): 21-41.
- Matković (2019). Politika zapošljavanja i nezaposlenost. In: Bežovan, G. (Eds.). *Socijalna politika Hrvatske*. Zagreb: Pravni fakultet Sveučilišta u Zagrebu.
- Matković, T. (2008). *Politika zapošljavanja i nezaposlenost* U: Puljiz, V. Bežovan, G., Matković, T., Šućur, Z., Zrinščak, S. (Eds.) *Socijalna politika Hrvatske*. Zagreb: Pravni fakultet Sveučilišta u Zagrebu
- Rimac, I. (2014). Komparativni pregled odgovora u anketi Europska studija vrijednosti 1999. i 2008. In: Balaban, J., Nikodem, K. & Zrinščak, S. (Eds.), *Vrednote u Hrvatskoj i u Europi: Komparativna analiza*. Zagreb. Kršćanska sadašnjost. Katoličko bogoslovni fakultet Sveučilišta u Zagrebu.
- Šalaj B. (2011). Civilno društvo i demokracija: što bi Tocqueville i Putnam vidjeli u Hrvatskoj? *Analiza Hrvatskog Politološkog Društva*, 8 (1): 49-71.
- Šimleša, D., Bušljeta Tonković, A. & Puđak, J. (2015). Mapiranje novih obzora. *Izvještaj o stanju društvenog poduzetništva u Hrvatskoj*. Zagreb. Institut društvenih znanosti Ivo Pilar.
- Šimleša, D., Bušljeta Tonković, A., & Puđak, J. (2018). Društveno poduzetništvo u Hrvatskoj: od prepoznavanja do primjene. *Revija za sociologiju*. 4(3): 271-295.
- Stubbs, P. & Zrinščak, S. (2012). Europeizacija i socijalna politika: između retorike i stvarnosti. In: Puljiz, V., Ravlić, S. & Visković, V. (Eds.) *Hrvatska u Europskoj uniji: kako dalje?* Zagreb: Centar za demokraciju i pravo Miko Tripalo.
- Stubbs, P. & Zrinščak, S. (2005). Proširena socijalna Europa? Socijalna politika, socijalna uključenost i socijalni dijalog u Hrvatskoj i Europskoj uniji. In: Ott, K. (Eds.) *Pridruživanje Hrvatske Europskoj uniji: Ususret izazovima pregovora*. Zagreb: Institut za javne financije: Zaklada Friedrich Ebert.

Švarc. J. Lažnjak J. (2017). *Innovation Culture in Crony Capitalism. Does Hofstede's Model Matter?* Zagreb: Institut društvenih znanosti Ivo Pilar.

Vidović D. (2012). *Socijalno poduzetništvo u Hrvatskoj*. Doktorska disertacija. Zagreb: Filozofski fakultet, Sveučilište u Zagrebu.

Vidović, D. (2019). *Social enterprises and their ecosystems in Europe: Country report – Croatia*. Luxembourg, Publications Office of European Union: European Union.

Vidović, D. & Baturina, D. (2021). Social Enterprise in Croatia: Charting New Territories, in: Defourny J. & Nyssens, M. (Eds.) *Social enterprise in Central and Easter Europe*, London.