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# Social entrepreneurship – Commercialists' new competences

Teachers' book

*(VANJSKE KORICE)*

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The contents of this publication is the sole responsibility of the Commercial and Trade School Bjelovar.

Commercial and Trade School Bjelovar  
Bjelovar, 2016.

# **Social entrepreneurship – Commercialists' new competences**

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*Picture 1 Project participants*

# I. INTRODUCTION

Entrepreneurship is one of the key competences necessary for students to be able to successfully function in new, fluctuating market conditions. The National Curriculum Framework for preschool education, general compulsory and secondary school education (Ministry of Science, Education and Sports, 2010) places the entrepreneurial competence amongst the eight basic competences for lifelong education, which corresponds with the view of the European Council. The importance of education for entrepreneurship is also mentioned in the Strategies for Entrepreneurial Learning 2010 – 2014 (Government of the Republic of Croatia, 2010). The Strategy for developing social entrepreneurship in the Republic of Croatia from 2015 to 2020 pleads the promotion of importance and function of social entrepreneurship through all forms of educations, which our school, its partners and participants are contributing to through this project.

The aforementioned documents explain the entrepreneurial competence as the ability of the individual to convert ideas into actions, which involves creativity, innovation, willingness to take risks and the ability to plan and manage projects in order to achieve certain objectives. According to the National curriculum framework, the basic objective of developing the entrepreneurial competence in students is the development of personality traits, knowledge, skills and attitudes necessary for a successful business person to operate, training to be able to spot opportunities in which they can convert their ideas into activities or ventures in various situations: education, work and life in general. Students' competences, along with initiative, independence, creativity and willingness to accept change and take risks, also purport several psychological traits (abilities, personality traits, motives, values, attitudes) as well as general and specific entrepreneurial knowledge and skills. In order to achieve that, it is foremost necessary to achieve the corresponding level of teaching competences.

The development of entrepreneurship is always in accordance with the development of the society – that is the reason it is now facing complex economic and social challenges, loss of values and the battle for survival and the growing segment of the marginalized society caused by poverty, unemployment and inadequate social conditions. The Government and public institutions often lose the battle against various social problems due to bureaucracy, lack of speed and the inability to create an entrepreneurial environment which would encourage the improvement of the quality of

life for wider social groups. In such conditions arises the need for entrepreneurship and entrepreneurial conduct, which is not only innovative and creative, but also tries to diminish social inequalities, thus being social entrepreneurship.

Taking all this into consideration, we find it is crucial to enrich the existing curriculum of the subject of Entrepreneurship in the third and fourth grade of the commercialists' education with new contents of social entrepreneurship. That would absolutely be a significant leap in that area. The social entrepreneurship curriculum is focused on active students' participation. The aim is to enable students to independently recognize and initiate entrepreneurial ventures and handle tasks in the area of social entrepreneurship.

The purpose of this teachers' book is to help them in the creation and realization of the social entrepreneurship curriculum. The teachers' book contains basic information about the "Social entrepreneurship – commercialists' new competences" project, social entrepreneurship in Croatia and Europe and gives examples of social entrepreneurship in Croatia. The social entrepreneurship curriculum includes outcomes, didactical-methodical recommendations and explanations of suggested contents for the implementation of the teaching process. Suggested bibliography is at the end. The appendix (on DVD) includes video materials (five short videos which serve as the introduction to the subject, thinking encouragement and analysis and possible conclusions), business plan in e-format (Visual Basic application) and the instructions on how to use the business plan.

## **II. ABOUT THE PROJECT**

### **“SOCIAL ENTREPRENEURSHIP – COMMERCIALISTS' NEW COMPETENCES”**

Following educational and economic trends, we have realized the importance of teaching students who are studying to become commercialists about social entrepreneurship. Funds for this project have been provided by the European social fund with the aim of developing human potentials in the field of education, skills and lifelong learning. This project tried to influence the problems oriented towards unemployment, increased risk of poverty and the social disconnect of young commercialists who have the employment perspective in social entrepreneurship, which is one of the propulsive sectors in the European Union.

**Project value:** 849.073,11 HRK.

**Project aim** is to modernize the existing vocational curriculum for the occupation commercialist by implementing modern and innovative processes, contents, methods and activities connected to learning outcomes with the objective of students in vocational secondary schools gaining relevant competences and increasing their employment.

**Project objectives:**

1. To establish effective partnership among the participants of vocational education, labour market, local/regional self-government, civil and business sector with the aim of developing a modern curriculum for the occupation commercialist which includes topics on social entrepreneurship.
2. To develop the social entrepreneurship curriculum integrated in the existing programme for the subject Entrepreneurship with clearly stated learning outcomes and the application of new, modern scientific, technical and innovative achievements in the educational process with respect to the demands of the Primary and Secondary School Education Act, Vocational Education Act and the Croatian Qualification Framework Act.
3. To improve the competences of vocational teachers to be able to implement the modernized curriculum of the subject Entrepreneurship with the topics of social entrepreneurship by applying new and modern scientific, technical and innovative achievements in the educational process.

**Project activities:** educating teachers in the field of curriculum creation, social entrepreneurship and the labour market state, educating students, study tours (visiting social cooperatives) in Croatia and Italy, panel discussion on social entrepreneurship, working on the curriculum, teachers' book and the preparation of teaching materials (video exercises, computer software for creating business plans).

**Target groups:** teachers, headmasters, students from four vocational schools in four counties, social partners on regional and local levels.

Based on the conclusions and recommendations of the participants, the final proposal to curriculum changes has been passed by the School committees of the coordinating school and the partner schools in the project for the following school year.

Vocational education institutions – project partners – have delivered the decision to the Agency for Vocational Education and Training and the curriculum to all the schools educating commercialists.

### **III. SOCIAL ENTREPRENEURSHIP**

Social entrepreneurship is an economic concept founded on three basic principles: the balance of economic, environmental and social aims of an organization's activity. In accordance with these aims, constant economic activity and responsibility towards the community, autonomy of action, economic and participatory democracy within organizations, empowerment of the community with regard to self-sustainability and the respect of basic human values stand out as significant principles of action.

Since, at the moment, there is no universally accepted definition of social entrepreneurship within the European Union, where various concepts and participants of social entrepreneurship exist, the European Commission and the European Economic and Social Committee (EESC) have suggested the use of a broader definition of a social entrepreneur who should possess the following characteristics:

- a) social entrepreneur is defined as the coordinator of a business activity whose primary aim is to achieve a positive social change and not to gain profit for the owners or shareholders
- b) social entrepreneur acts in order to produce and sell goods or services on the market in an entrepreneurial and innovative way and uses his profit primarily to fulfil social goals
- c) management of a social-entrepreneurial organization is open and it includes the workers, customers/users and other participants influenced by the economic activity of the social entrepreneur.

The Strategy for Development of Social Entrepreneurship in the Republic of Croatia 2015 – 2020 was accepted in April 2015. It represents a concrete step in the process of improving social entrepreneurship in Croatia. The Strategy gives the definition of social entrepreneurship which is defined as “management based on the principles of social, environmental and economic sustainability, in which the gained profit/excess revenue is fully or mostly invested for the good of the community”. In line with European practice, the Strategy gives nine criteria for recognition of social entrepreneurs.

### **EXAMPLES OF SOCIAL ENTREPRENEURSHIP**

#### **Social cooperative “Humana Nova” Čakovec**

Social cooperative “Humana Nova” Čakovec collects, sorts and sells used textiles, clothing and footwear, redesigns clothes, sews recycled textile and other usable products and organizes and manages workshops for textile recycling, tailoring and sewing. It operates in North-West Croatia. It continuously employs fifteen or so

disadvantaged people and, as a non-profit social enterprise, it opens the doors to many rehabilitation and work-therapy processes for the cooperative members – local cooperatives for the disabled. In the last two years, in accordance with international, national and local organizations, it has been working intensely on developing a partner network to establish regional and local centres for re-use in Croatia.

[www.humananova.org](http://www.humananova.org)



*Picture 2 Social cooperative “Humana Nova” Čakovec*

### **Social cooperative “Pružimo ruke”**

Social cooperative “Pružimo ruke” has supported the development of social entrepreneurship since it was founded in 2012, first and foremost through female entrepreneurship, employment and self-employment and other forms of financially securing victims of domestic violence, unemployed women and women experiencing difficulty in gaining financial independence. It is focused on establishing a stable business and sustainable development by providing social service activities (education, professional training for socially excluded groups) and the activities of production, placement and development of products made of ecological materials – production of knitted bags made of corn husks, sewing, knitting and creation of handicraft, souvenirs and other objects (cultural heritage). Using old models, motifs, natural materials and the hand-made work process connects the traditional with the modern in an innovative way, giving the products the characteristics of originality, recognisability and the sense of belonging to a particular rural space and culture. Such product bares the story of a part of our country, the story of hard-working hands and the generations creating it and passing it to the present. So far they have trained and educated many groups of women to make special notebook computer bags “*cekeri*”, which is also the cooperative's basic product.



*Picture 3 Social cooperative "Pružimo ruke", Bjelovar*

## **Hedona Ltd.**

Social business Hedona Ltd. was established by The Association for the Disabled, Križevci in spring 2013 as a part of the "Chocolateria Cris" – the Križevci chocolatier project. Its basic activity is the production of chocolates and chocolate pralines. The Križevci chocolatier Hedona Ltd. produces chocolates and chocolate pralines following the highest standards and under supervision with established food safety system based on the HACCP standards. The mission of the organization is to produce quality products and by 2025 employ all unemployed disabled people in Križevci. Hedona Ltd. re-invests its profits into creating new work positions and permanent values – satisfied and motivated employees who work in a comfortable environment making the finest chocolate and pralines.

[www.hedona.hr](http://www.hedona.hr)



*Picture 4 Hedona Ltd., Križevci*

#### **IV. SOCIAL ENTREPRENEURSHIP CURRICULUM**

The main characteristic of the social entrepreneurship curriculum is the competence approach. The development of competences (competence based curriculum) is the starting point and the finish line of every programme. Educational outcomes (from Croatian Qualifications Framework) – everything that the students have to learn, what they have to know, which skill to acquire and which values to accept – comes into focus. The social entrepreneurship curriculum is a complete, holistic answer to the questions why learn, what to learn and how to learn a particular content. In a broader sense, the curriculum can be viewed as a catalogue of elaborate content transformed into teaching as an organized and active acquisition of competences (Marsh, C., 1994). Besides the content, the curriculum includes teaching techniques and methods, i.e. the activities directed towards achieving goals and learning outcomes, and suggestions for the materials to be used for learning and evaluating students' achievements.

**Purpose:** learning about social entrepreneurship will complete learning about entrepreneurship and also point out the specialities of acting within the social entrepreneurship area. This implies the encouragement of a divergent way of thinking and entrepreneurship within the students to develop their competences, which implies knowledge acquisition, skills development and attitudes and values' formation which enable successful problem solving in the sphere of social and environmental balance, accentuating the importance of developing the attitude that “opportunities aren't to be waited for, but created”.

**Aim:** encourage understanding of the importance and the role of social entrepreneurship.

**Milestones:**

- to combine the existing curriculum with the social entrepreneurship curriculum
- to combine analytical and critical thinking on social entrepreneurship
- to evaluate learning outcomes.

**Objectives:**

- to analyse the importance of developing social entrepreneurship, legal and institutional framework for social entrepreneurship activities in the European Union, Croatia and the rest of the region
- to question examples of social entrepreneurs in Croatia and abroad
- to encourage creativity and the development of social-entrepreneurial ideas and models.

**DIDACTICAL-METHODICAL RECCOMENDATIONS**

The recommendations refer to a two-year study course. In the first year (third grade) the total is 10 lessons (5 theoretical + 5 exercise), and in the second year (4th grade) 14 lessons (7 theoretical + 7 exercises). The programmes are connected, updated and are an integrative part of the curriculum of the subject Entrepreneurship. Using video materials showing relevant situations in the field of social entrepreneurship is planned for the third grade. They would follow the theoretical part of the teaching programme, and are recommended to be used as motivation for the practical part. The creation of a business plan is planned for the fourth grade.

**Possible recommendations for teaching techniques and methods:**

- frontal teaching, group/team work, pair work, individual and individualized (in case there are special needs students)
- presenting, describing, explaining, conversation, discussion, needs analysis, research work, SWOT/PESTLE analysis, BMC - Business Model Canvas, case study, problem tree method, reading and text analysis, demonstration, role play, making wall newspapers and posters, documenting, mind maps, pedagogical workshop, project lessons, cinquain, the six hats method.

**Recommended teaching aids and materials:**

Blackboard, flip chart, poster paper, post-its, coloured pencils, computer, pictures, LCD projector, video camera, video materials, students' books, handbooks, magazines, drawings, photographs, schemes, graphs, work lists, camera.

## **SOCIAL ENTREPRENEURSHIP CURRICULUM IN THE THIRD GRADE OF COMMERCIALISTS' EDUCATION**

### **1. Context and concept of social entrepreneurship**

Social entrepreneurship is entrepreneurship in service of the community. Social-entrepreneurial ventures are initiated by the community, managed by the community and with the community, all for the sole aim of satisfying the needs or problem solving within that community. Students should be taught why it is important and how it is possible to develop such business ventures which have a positive social effect and influence on the community, meaning not only for the good of the entrepreneurs, but also for the people involved in the business process and for the wider community.

Except in economic revitalization of the community, social entrepreneurship has been recognized as an important tool in the promotion of social cohesion and involvement of vulnerable groups into economic and social life of the community and is therefore significant especially for employment of vulnerable groups (disabled people, minorities etc.) and securing social cooperatives in the community.

The Strategy for developing social entrepreneurship in the Republic of Croatia from 2015 to 2020 gives the definition and nine criteria for recognizing social entrepreneurs. Besides the positive influence on the local community and the obligation to generate at least a quarter of his income from his own business activity, a social entrepreneur differs from the “traditional” one by also having a voluntary and open membership and a democratic principle of management and decision making within his organization. Therefore, social entrepreneurs differ from the “traditional” entrepreneurs and it is necessary to analyse and recognize knowledge, abilities and skills needed for social-entrepreneurial activity.

#### **Outcomes:**

1. Explain key principles of social entrepreneurship (according to the Strategy).

2. Interpret criteria for recognizing social entrepreneurs.
3. Assess the possibilities of employing vulnerable groups.
4. Explain social-entrepreneurial characteristics and skills.
5. Write an opinion on the topic of the concept of social entrepreneurship.

**Time:** 90 minutes

## **2. The practice of developing social entrepreneurship in the European Union and Croatia**

Social-entrepreneurial organizations (cooperatives, associations, interrelated societies, foundations and other entrepreneurs) employ more than 11 million people in the European Union, which makes up around 7% of the working-age population. This information tells us that social entrepreneurship is a considerable form of economic activity. Within the European Union there isn't a unique definition of social entrepreneurship, social enterprise and a social entrepreneur. Practice shows that each country adjusts the definitions to its realistic needs and situations, i.e. the context in which such organizations act and the problems they solve. There is definitely an accordance that it is an activity based on human, social and democratic values, responsibility towards the society and the environment, solidarity, sustainability, trust, credibility, consistency and mutual support.

The examples of good practice from European countries with long history and the most developed surroundings for social entrepreneurship to develop – Italy, the United Kingdom and France – give an insight into the broad spectre of possible activities of social entrepreneurs, while in the Republic of Croatia this is yet to come, which is visible from the few rare, but valuable examples from practice.

In way of further development of social entrepreneurship it is necessary to update the institutional (cross-sector planning and activity) and legal framework (creating a more favourable tax policy) as soon as possible, to establish technical support models, to sensitise relevant participants on the potentials of social entrepreneurship and conduct additional research (national quality research on the examples of good practice, problems, challenges, obstacles and possible solutions).

### **Outcomes:**

1. Compare the position, legal and institutional framework for developing social

- entrepreneurship in three (3) European countries and the Republic of Croatia.
2. Present around 10 examples of good practice of social entrepreneurship in the European Union and the Republic of Croatia.
  3. Form an argued opinion on the given examples of social entrepreneurship as examples of good practice.
  4. Critically assess perspectives for developing social entrepreneurship in the Republic of Croatia.

**Time:** 90 minutes

### **3. Local community and social entrepreneurship**

A social enterprise is the kind of enterprise which is in the ownership of its workers and/or members of the local community, led equally by social and economic goals and managed together on democratic principles. (Spreckley, F., 1981).

Direct influence of the business of social enterprises is recognized in economic development of a local community or region:

- their activity complements public interest services (e.g. social services) which public institutions or private profit enterprises are not able to perform well enough
- they contribute to a balanced use and distribution of available resources for the good of the local community
- they generate new work places in their fields, and some social enterprises are especially focused on integrating those who are long unemployed to the labour market
- they encourage social cohesion and contribute to the growth and development of social capital
- they provide support to institutionalization of informal entrepreneurial activities of the private profit sector, etc.

Every local community has limited resources at its disposal. Social-entrepreneurial approach to problem solving or meeting the needs of the local community is based on the most efficient, balanced and most sustained use of those resources. It is of utmost importance to address all three dimensions of meeting the needs or problem solving through the development of problem solving models.

#### **Outcomes:**

1. Identify economic/social/environmental problems in the community.

2. Study the possibilities for developing social entrepreneurship in your community.
3. Distinguish economic, social and environmental aims (the triple balance sheet model).
4. Create a model of problem solving through a social-entrepreneurial venture.
5. Determine possible challenges in the development of social entrepreneurship.

**Time:** 90 minutes

#### **4. Environmental dimension and sustainable development**

Economic growth has long been considered a primary goal of development. However, general capitalist progress and, especially, inappropriate changes in the environment influence re-orientation of the developmental paradigm towards sustainability which also includes both, the environmental and the social dimension. Social enterprises are associations of people and not capital, so they can be referred to as socially economic subjects which directly contribute to sustainable development of their surroundings and the local community. The responsibility of social enterprises is closely connected to the principles of sustainable development in that it is obligated to make decisions not only based on financial/economic factors, but also social and environmental consequences and effects of its activities.



*Picture 5 The three pillars of sustainable development (Adams, W. M., 2006.)*

Sustainable development as an economic model signifies meeting the needs of the modern generation without jeopardising the possibility of future generations in achieving the same goal. But the concept of sustainable development is slowly implemented in practice. Sustainable development represents a new economic paradigm

which has to be based on new social values and is therefore a fundamental prerequisite for the sustainable development model to be implemented (not just in its environmental, but also in its economic and social components) and the existence of a corresponding system of values within the society. The environmental dimension implies the aspects of material usage, water and energy in the process of production, as well as other behaviour towards the environment, like the amount of re-use and recycling. This aspect is extremely significant because the growth rate of product and raw material consumption and the economic growth effect the constant increase of waste and we are faced with the new problem of waste management. In the Republic of Croatia we thus create over 1, 3 million tons of waste, only 20% of which is recycled (the European average is over 50%).

### **Outcomes:**

1. Explain the significance of the environmental dimension and sustainable development on the examples of social cooperatives “Humana Nova” and “Pružimo ruke” and the company Hedona Ltd.
2. Analyse the examples of good practice with regard to resource use in the local community.
3. Write the elements of the environmental dimension for a suggested problem solving model from the previous chapter.

**Time:** 90 minutes

## **5. From an idea to a venture**

Each social-entrepreneurial venture starts with a big idea, but sometimes the transformation of the idea into a socially responsible business is not so simple. Passion, audacity and persistence are important elements for success and every social entrepreneur should begin with the problem he actually cares about solving. It is important because the process will demand a lot of dedication. Once the problem is determined, it is necessary to develop a business model for the social-entrepreneurial venture, or simpler steps and ways of problem solving. Social entrepreneurs direct their competences in order to help some of the most endangered social groups through their own business model which can succeed on the market. Instead of leaving problem solving to someone else, they proactively take responsibility and in those problems they see business opportunities. They solve social problems by changing the social system and create new, better solutions. Every social entrepreneur constantly presents his ideas

which are based on the value system and include different forms of strategic partnerships with various participants who overlap with their ideas. They are simply the coordinators of vital social changes. Therefore, the development of social-entrepreneurial model includes defining the venture's value base, customers and users, key entrepreneurial activities, resources and partners and the projections of business income and expenses.

**Outcomes:**

1. Compare business models on the examples of good practice (social cooperative “Humana Nova” Čakovec, social cooperative “Pružimo ruke”, Hedona Ltd.).
2. Develop a business model from an idea to realization on the solution model from the previous chapter.
3. Self-assess personal strengths and possible weaknesses.

**Time:** 90 minutes

## **SOCIAL ENTREPRENEURSHIP CURRICULUM IN THE FOURTH GRADE OF COMMERCIALISTS' EDUCATION**

Social entrepreneurship is based on developing creative and innovative ideas whose priority is not profit for the individual, owner, shareholders or investors but instead, for long-term sustainable development and prosperity of the local community. However, ideas in entrepreneurship are just the starting point of developing business models and business plans. Understanding and creating those is an integral part of every business strategy. A business plan is a guidepost to the future and no matter how accurate it is, its greatest strength lies in the attempt to predict future events and pondering on their possible consequences, and also the ways on how to maximize them (in case they are positive) or avoid them (if they are negative). A business plan is also indispensable to ensure financing of a social-entrepreneurial venture through non-refundable funds, credit funds or investments from private investors.

### **1. Topicality of an idea and a venture**

Every entrepreneurial initiative starts with a good idea, so social-entrepreneurial initiatives are no different. A good idea takes creativity and thinking outside the box, just as carefully tracking events in your environment. While preparing and pondering on an idea, it is important to think about its realization within the triple balance sheet –

financial profitability, creating social welfare, and responsibility towards the environment. This way it is possible to make the idea more appealing to potential investors and customers, but also design it in such a way to meet the needs and expectations of people involved in starting a social enterprise. But having a good idea is not enough – it is important to verify if it is possible to transform the idea into a business venture. A business model consists of key elements which define the framework of how an enterprise will act and behave on the market.

**Outcomes:**

1. Initially determine the level of acquisition of the contents from the previous year.
2. Assess your own entrepreneurial idea/business model.
3. Suggest new entrepreneurial ideas/business models.
4. Argue on behalf of your attitudes on current ideas and ventures.

**Time:** 45 minutes

**2. Presenting the steps in realizing an idea/action plan**

Participant analysis or stakeholders' analysis aims to identify and analyse important organizations, groups and/or individuals who have a significant influence on the business of an enterprise or whose interests are influenced by the enterprise through its business. It is important to have a well thought out plan on how to properly deal with each participant. A good knowledge of the participants will ease the planning of a social enterprise, as well as determining the best ways on including them into the process of doing business within the enterprise. It is also important to pay attention to the so-called action plan, i.e. the plan of activities which will be carried out and in which order so as to realize the steps in a business plan.

**Outcomes:**

1. Identify and analyse venture participants.
3. Set aside resources needed for a venture.
4. Explain the significance of setting resources needed for a venture aside.
5. Write up an action plan (define deadlines/quarterly review).

**Time:** 45 minutes

**3. Social enterprise business planning – introduction**

SWOT analysis (strengths – weaknesses – opportunities – threats) allows the enterprise to view its external and internal factors in order to realize the best way to achieve a set goal. This kind of situation analysis gives an insight into the possibilities of solving a social and/or ecological problem which the enterprise has put into the centre of its activity, which is then the basis for developing a business plan. A social entrepreneur's business mission is the reason for him doing business. He should state a social problem, the change he aims to accomplish, all through his own actions. Clearly stating the future he aims for is an important communication tool towards his participants, but it is also important to maintain his focus. Social enterprises can take different legal forms determined by legal framework, leaving enough space for a social enterprise to describe its organizational and value structure within its statute or another fundamental document.

**Outcomes:**

1. Identify criteria for a short market and surroundings analysis (SWOT analysis).
2. Complete a SWOT analysis form.
3. Self-assess SWOT analysis results.
4. Describe the social purpose and philosophy of a social enterprise.
5. Sketch a business vision and mission (including the desired social influence).
6. Define the legal form of an organization – present possible forms.

**Time:** 45 minutes

#### **4. Social enterprise business planning – human resources**

Since social enterprises are owned by its members/workers who also manage them, the organization has to meet their needs and expectations, which is not the case in other enterprises. It is necessary to think about the structure of a social enterprise, which includes the issues of membership, management, structure, team work and business organization. Besides the specificity in managing a social enterprise, the organization faces the challenge of employing marginalized groups. Those are groups of able-bodied people who have been excluded from the society for certain reasons and their access to the labour market has been made difficult and/or prevented. People from those groups can have special needs (e.g. work assistant, more frequent breaks, specially designed work stations, etc.), or it is possible to get financial support for their employment. It is necessary to approach them individually and put in effort for them to maximize their own work potential. It has been proven that people from marginalized groups approach very dedicatedly and responsibly towards their work obligations, despite the lack of specific

knowledge and abilities which haven't been developed due to long term absence from the labour market. Social enterprises are especially interesting to workers who have the role of owners, or co-owners and as such directly participate in the democratic business management. Finally, this means that the workers in social enterprises have a direct control and influence over the distribution of profit gained by their work. Social enterprises are often very attractive for volunteers who wish to contribute with their work and effort to making a change in the field the social enterprise stands for.

### **Outcomes:**

1. Compare or assess specific qualities of the human potential structure focusing on cooperating with marginalized groups.
2. Analyse the needs and qualities of human potential.
3. Assess the need for support (financing possibility).
4. Propose a management and communication method (focusing on participatory and democratic management models).
5. Estimate the cost of human potential in social entrepreneurship.

**Time:** 90 minutes

## **5. Social enterprise business planning – positioning and segmentation**

Every enterprise has to be able to identify market conditions. For planning to be as clear as possible, it is important to estimate the size of the market, the trends and market composition, i.e. what the competition is like on the market they are entering. It is necessary to think about the products/services offered on the market and the way they reach the customers/clients, because it is the customer/client who is in the centre of attention. Through certain common traits the customer/client makes the so-called market niche or target group (segmentation determines the common traits within a group). After meeting our customers/clients, it is necessary to determine a way of communication through marketing mix elements (what to offer, at what price, where and how).

Social enterprises are also interesting to the customers because they provide more than they pay for. The added value lies in the fact that when they purchase a product or service from a social enterprise, the customers know that a part of the profit

will be spent to achieve a social purpose.

**Outcomes:**

1. Analyse the market and competitive environment.
2. Create a portfolio of products/services and the market.
3. Develop the criterion for target group selection (segmentation).
4. Create a marketing plan (focusing on promotion and visibility).
5. Self-estimate the business of a social enterprise with regard to positioning and segmentation.

**Time:** 90 minutes

## **6. Social enterprise business planning – purchase and sales**

After setting a general marketing mix (4P), it is important that each of these components is designed and structured in such a way as to meet the needs of the target market. Each of the 4P components should be reviewed bearing in mind the value of the social enterprise and the desired positioning. Considering that customers/clients decide to purchase a product/service from a social enterprise often because they also help in solving a problem within the society and local community along with meeting their needs, it is necessary to determine which participants and partners fit into that value structure, and which should be replaced because they do not fit into the overall image of the social enterprise.

**Outcomes:**

1. Analyse possible channels for promotion, sales and distribution.
2. Establish price points.
3. Develop criteria for the selection of suppliers.
4. Recommend a value system towards customers.
5. Estimate possible risks in the area of procurement and sales.

**Time:** 90 minutes

## **7. Financial business planning**

Some financial resources should be procured at the start-up of a social enterprise, so it is necessary to identify them in advance (*start-up* expenses). It is also important to determine the *break-even point* when sales start to bring enough income to pay the enterprise's total expenses and after which the enterprise starts to make profit.

All enterprises have to have access to different forms of financing, regardless of whether it is a short period as with the bank overdraft or longer periods in the form of a bank loan. The financial planning depends on determining expected income and expenses, inflow and outflow, receipts and expenditures in accounting examinations, i.e. profit and loss account projections, balance sheet, economic and cash flow.

Social enterprises often depend on donations and financial support, since, because of their specificities, they are often not as equally productive and effective as traditional enterprises. Nevertheless, the aim of every social enterprise should be self-sustainability. It is important to recognize which sources of financing it can rely on in its path, which support can be expected and estimate when they will be needed.

#### **Outcomes:**

1. Explain the significance of financial business planning in social entrepreneurship.
2. Identify costs of a business venture (*start-up* costs) and the break-even point.
3. Explain the relevant financial elements of social entrepreneurship.
4. Present an income and expense plan.
5. Prepare a balance Sheet.
6. Determine the financial and economic flow.

**Time:** 90 minutes

### **8. Monitoring and evaluating social changes/influences**

The purpose of a social enterprise is to achieve triple balance (between economic, social and environmental goals) so it is necessary to establish a kind of measuring tool for this achievement. Social enterprises are often limited in describing their purpose, but also in planning their activities if they are using only financial accountancy and financial audit. That is why the concept of socially responsible accountancy and social audit was developed for social enterprises which is used in planning and measuring the influence of their total activities. Social audit enables organizations to explore and generate their own values which make the basis for developing criteria for measuring the activity influence.

**Outcomes:**

1. Explain the concepts of social revision.
2. Explain the significance of measuring social influence (setting the criteria for a given social-entrepreneurial idea).
3. Discuss possible ways of financing social entrepreneurship.
4. Create a chart of potential sources of financing (banks, foundation, funds, tender, *crowd funding*, ethical bank, etc.)
5. Prepare business plans for the final presentations – corrections, consultations, etc.

**Time:** 90 minutes.

**9. Presenting business plans**

One of the possible ways of presenting business plans is the so called *elevator pitch*, which signifies a concise, very clearly planned and well-rehearsed description of a social enterprise in several minutes. It is, therefore, necessary in a very short amount of time (1 – 5 minutes) to point out the most relevant factors from the business plan which are significant for differentiating and taking a unique market position. Simply put, it is necessary to answer the 4W and 2H questions (*who, why, what, when, how, how much*). So, the entire plan should be reviewed through simple, but key facts: who, what, why, when and where it is done, who is it done for and what is the use of such activity. This understanding and interaction is crucial in the communication of every social entrepreneur and is recommended to be trained, practiced and assessed.

**Outcomes:**

1. Explain the techniques and elements of *elevator pitch*.
2. Prepare presentations of business plans in the field of social entrepreneurship.
3. Compare presentations of business plans.
4. Apply the *pitch* technique to present business plans.
5. Assess presentations of business plans.

**Time:** 45 minutes



*Picture 6 Students creating business plans*

## **V. INSTEAD OF A CONCLUSION**

Implementation of the project “Social entrepreneurship – Commercialists' new competences” has enabled the introduction of modern contents in the area of social entrepreneurship into the subject Entrepreneurship. The application of modern and innovative processes, activities and methods enables students to gain relevant competences and increase their employability.

We believe that this teachers' book will help teachers to plan their teaching for the subject Entrepreneurship more easily and efficiently and encourage them to engage more systematically in the topic of social entrepreneurship, which will surely have a dominant role in the future.

## **Multimedia content (DVD)**

As part of the social entrepreneurship curriculum integrated into the existing programme for the subject Entrepreneurship, five multimedia contents in the form of three-minute videos following the suggested social entrepreneurship curriculum for the third grade have been prepared.

Recommendation: after watching the video, the students recognize the elements of social entrepreneurship, compare the specifics and analyse contents and create new ideas.

### **1. Who is engaged in social entrepreneurship?**

**Topic:** Context and concept of social entrepreneurship (basic concepts and points of reference of social entrepreneurship, criteria of social entrepreneurship, differences between social and traditional entrepreneurship, employment possibilities through social entrepreneurship, social-entrepreneurial skills).

**Students' task:** recognize which person is employed or a member of a social enterprise and why you think so.

### **2. Social entrepreneurship in Europe and Croatia**

**Topic:** The practice of developing social economics and social entrepreneurship in the European Union and in Croatia (legal and institutional framework for development and activity of social entrepreneurs in some European countries and Croatia, examples of good practice of social entrepreneurship in the European Union and Croatia, the prospects for developing social entrepreneurship in Croatia).

**Students' task:** recognize which person comes from which country and analyse the specificities of social entrepreneurship in European countries and Croatia.

### **3. Social entrepreneurship leading to changes**

**Topic:** Local community and social entrepreneurship (social/ecological problems and/or possibilities in the local communities, problem solving ideas, economic, social and environmental objectives (triple balance sheet model), challenges in developing social

entrepreneurship.

**Students' task:** identify the solution or suggestion which is the most sustainable and has the most prospects using the triple balance sheet model.

#### **4. Examples of good practice – socially responsible business managing in Croatia**

**Topic:** The environmental dimension and sustainable development: ecological dimension and sustainable development in social entrepreneurship, resources and their exploitation, social responsibility and socially responsible business managing.

**Students' task:** identify key elements of socially responsible business managing in all three dimensions (triple balance sheet model) and suggest further steps in developing business models and triple balance sheet models for all three social entrepreneurs.

#### **5. Get moving!**

**Topic:** From an idea to a venture: developing a business model from an idea to a venture, analysing examples of good practices, assessing suggested ideas/ventures.

**Students' task:** analyse existing examples in your surroundings, analyse options, suggest specific ideas, assess suggested ideas.

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*Study tour to Palermo, October 2015.*

*Panel discussion on social entrepreneurship,  
CCE, Bjelovar, October 2015.*

*Study tour to Čakovec, November 2015.*

*Study tour to Bjelovar, December 2015.*

*Meeting of the Partners council, Koprivnica,  
March 2016*

*Students' pilot training at St. Martin at Mura, April 2016*