

CHAPTER 7

CO-PRODUCTION OF PUBLIC GOODS IN SLOVAKIA

**Maria MURRAY SVIDROŇOVÁ,
Juraj NEMEC &
Gabriela VACEKOVÁ**

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Université de Liège - HEC

Bâtiment N3a

Rue Saint-Gilles, 199

BE-4000 Liège (Belgium)

ciriec@uliege.be; <https://www.ciriec.uliege.be>

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Co-production of public goods in Slovakia / Chapter 7

Maria MURRAY SVIDROŇOVÁ*, Juraj NEMEC**
and Gabriela VACEKOVÁ***

Abstract

The role played by public and social economy organisations/enterprises in the co-production of public goods and commons has increased, especially at the local level. This phenomenon is observed between various actors, not only officially registered social enterprises in Slovakia, but also organisations of various legal forms who by their activities fulfil the criteria of social enterprise definition. To map various organisations that participate in co-production and bring social innovations at the local level is the focus of this chapter. The chapter aims to contribute to the existing literature on social enterprises/social economy organisations in one of the post-communist countries (transforming the "socialist" social enterprise sector into social economy) and assessing the potential of social enterprises/social economy organisations in promoting innovations by partnerships (with the public sector, non-governmental organisations, citizens) in the form of co-production.

Keywords: social economy, social enterprises, co-production, NGOs, Slovakia

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*Associate Professor of Public Economy and Services, Faculty of Economics, Matej Bel University, Banská Bystrica (Slovakia) and Faculty of Economics and Administration, Masaryk University, Brno (Czech Republic) (maria.murraysvidronova@umb.sk).

** Professor of Public Finance and Public Management, Faculty of Economics and Administration, Masaryk University, Brno (Czech Republic) (juraj.nemec@umb.sk).

*** Associate Professor in Public Economics, Faculty of Social Studies, Masaryk University, Brno (Czech Republic) and Ambis College (Czech Republic) (gabriela.vacekova@econ.muni.cz).

Introduction

The social economy is considered to be an alternative to the public sector and the market. Its development is related to solving the problems of the welfare state, while sharing responsibility for the quality and range of services.

This responsibility should be shared within the public sector, private business sector, and non-governmental (NGO) sector. The social economy includes activities carried out by various kinds of hybrid organizations, such as cooperatives, associations, and mutually beneficial organisations, the purpose of which is to provide services to clients, but not to make a profit (Defourny, Hulgard & Pestoff, 2014).

Definitions of social enterprise tend to describe the functions of different types of social entrepreneurship. Complications in defining social enterprise also arise from the diverse national contexts as well as from the fact that they are found in many different sizes and legal forms. A social enterprise is mostly a small or medium company, including cooperatives. Innovativeness can be seen in the diversity of the goals in multisource financing, in a different approach to job creation, and also in a new type of entrepreneurship, which is a way of the risks being borne on the principles of stakeholders and supporters, including partnerships with the public sector (Borzaga & Defourny, 2001). Social enterprises are organisations that are driven by social tasks and apply marketing strategies to achieve social or environmental purposes. Social enterprises are required to achieve business success and to fulfil social objectives with democratic participation, while maintaining their stability over time and observing the boundaries when the company is a social enterprise and are able to remain on the market at the same time (Gidron & Hasenfeld, 2012).

In 2011, the European Commission (EC) launched the Social Business Initiative (SBI) with an aim to create a favourable legal, administrative and financial environment for social enterprises. According to the operational definition, these enterprises operate by providing goods and services for the market in an entrepreneurial and innovative fashion and use profits primarily to achieve social objectives. Specifically, the SBI stresses the fact that the main objective of social enterprises is 'to have a social impact rather than to make a profit for their owners or shareholders'. It is indeed argued that social enterprises are at the very heart of inclusive growth due to their emphasis on helping people (particularly disadvantaged groups of people and vulnerable individuals) and stimulating social cohesion.

In addition, the EC has identified four fields in which social enterprises operate:

- Work integration – these enterprises provide training and integration of people with disabilities or people that are unemployed;
- Personal social service – health, well-being and medical care, professional training, education, health service, childcare service, help for elderly people, aid for disadvantaged people;

- Local development in disadvantaged areas – social enterprises provide development aid and support to remote rural areas and poor urban areas;
- Other activities – including recycling, environmental protection, culture and preservation of historical heritage, research and innovation, consumer protection and amateur sports.

Following the OECD (1999) definition of social enterprise (any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment) it gives us a broad perspective. Thanks to this perspective, we can focus on the co-production between various actors, not only officially registered social enterprises in Slovakia, but also organisations of various legal forms who fulfil this definition by their activities. This task is very challenging - instead of focusing on the registered social enterprises, we included a much bigger sample into this research with a great limitation of weak data availability.

From the mapping of social enterprises in Slovakia, it will be clear that very often the non-governmental organisations take place as a legal form for social enterprises. Therefore, we briefly explain the context of government-NGO relationships. Different political regimes (e.g. monarchy in Austro-Hungarian Empire, communism in Czechoslovakia, building democracy in Slovakia) have affected the non-profit sector and its formation – discontinuity in the development NGOs. (Vaceková & Murray Svidroňová, 2016). This has had a profound impact on the nature of civil society and NGOs, including the government-NGO relationships. The most notable impact in this respect has been the influence of the communist regime, which lasted over 40 years and systematically destroyed the organically developed NGOs. The government allowed only "traditional" organizations like sport clubs, folklore ensembles and pioneer groups (socialist version of scouting), all strictly controlled. November 1989, along with political and economic changes, brought about an increase in NGOs' activities and their entry into the economy, yet it took another 19 years to official formation of social economy that would consist also of NGOs.

The period after the EU accession (2004) was accompanied by growth in the activities of NGOs and in their relationships with other partners (the government and business). NGOs were struggling to define their relationship with the state: firstly, to fuel the necessary reforms, secondly to provide constructive criticism, and thirdly to achieve an improved framework for civil society (EU-Russia Civil Society Forum, 2019).

It is important to note that in Slovakia, like in other countries these days, the extreme right is gaining power. As a result of the national elections of 2016, the extreme right party made it into the parliament. This has deepened the polarization of the civil society, which started in 2010 (Strečanský, 2017). These issues cause lower trust of NGOs in the leading political actors. The relationship between the leading political actors and the civil society is very formal, rather distant and reserved (USAID, 2018). Moreover, the government do not consider NGOs as partners, e.g. in providing public

services that are part of social economy sector. However, the government often takes advantage of CSOs' expertise, e.g. the experts are asked to provide their advice free of charge or for minimal fees.

On the other hand, several leaders from the NGOs have entered politics both at local (Marek Hattas, mayor of Nitra; Matúš Vallo, mayor of Bratislava) and national level (Viera Dubačová, MP). (EU-Russia Civil Society Forum, 2019). But not only the political conditions are changing, also the collaboration with local government is undergoing certain shifts. Nemec et al. (2015) stated that the role of local self-government in co-production in Slovakia was rather limited. In their opinion, the main problem and reason of this situation lied in the traditions and type of governance inherited from previous socialist history of Slovakia and cannot be treated immediately. One of the motivation for this paper was to challenge this statement and show the improvement on the way to co-production between local governments, NGOs and citizens.

The chapter is organised into three major sections: 1. definition and description of social economy in Slovakia, 2. methodology and 3. analysis of selected case studies of co-production.

1. Social economy in Slovakia

The emergence of the social economy and the blurring of the boundaries of the public, private and NGO sectors (Billis, 2010) has long been recognised in Western literature. Nevertheless, these processes are not any less significant in the post-transitional context – maybe they are even more important because of limited public sector resources and because of the fact that variations in socioeconomic contexts account for international differences in social enterprise. Despite this significance, the number of studies analysing the social economy in the region of Central and Eastern Europe (CEE) is rather limited (in the conditions of Slovakia only few studies exist – Korimová et al. (2007, 2011, 2014, 2017), Lubelcová (2007), Vaceková and Bolečeková (2015).

Co-operatives, that exist up to today, can be considered the forerunners of social enterprises. The first co-operative on the future territory of Slovakia was established on February 9, 1845 in Sobotišťe (Korimová, 2014), which was the first credit co-operative to fulfil the function of a savings bank. By founding this association, Slovaks had overtaken much more advanced countries, with the exception of England.

After 1918, when Czechoslovakia¹ declared its independence from the Austro-Hungarian Empire and was founded as a sovereign state, the so-called disabled production co-operatives (“výrobné družstvá invalidov”) became widespread in the first Czechoslovakia as a result of the initiative of war invalids who were seeking employment through self-help co-operatives and associations. These gradually became an integral part of the care system for disabled citizens in the country. After November 1989, the Czechoslovak co-operative sector has been gradually

¹ Czechoslovakia split in 1993 into two sovereign countries: the Czech Republic and the Slovak Republic.

transformed to a modern democratic system. Maintaining the employment of disabled employees in the disabled production co-operatives required a solution by the government which adopted measures on income tax, tax holidays for 1991 and 1992, and the processing of subsidy guidelines for these organisations. Measures taken and implemented helped these co-operatives and other organisations employing disabled people to overcome problems and to continue meeting employment targets in the first phase of post 1989 development.

Furthermore, the development of the social economy is unquestionably influenced by the development of the NGO sector that focuses on the provision of public benefit, including social services. NGOs earned their position in the economy of every developed country as social innovators and important actors in the social economy. Many social economy subjects take the legal form of civic associations or public benefit organisations. NGOs can be seen in a certain light as social economy organisations, especially when taking into account all the similarities between these two types of organisations based on legislative regulations in Slovakia.

This is in line with the "western" approaches. Defourny and Nyssens (2010) argue that "most social enterprises across Europe, even in countries where these new legal forms have emerged, still adopt legal forms that have existed for a long time" (p. 235).

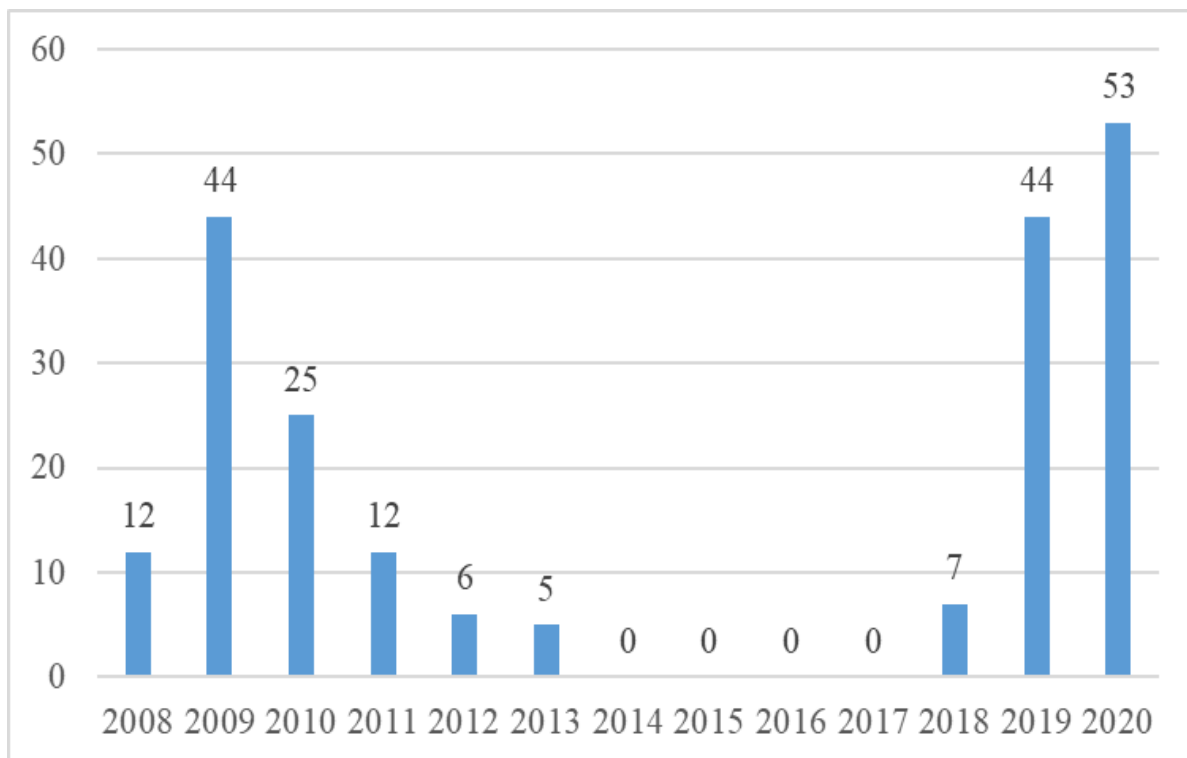
Moreover, social enterprises are much more diverse than NGOs. Indeed, they could be considered just one type of social enterprise (ibid, p. 1309). There are more studies confirming the close relation or even interconnection between the sectors (e.g. Matei and Matei, 2015; Kerlin, 2010; Jenner, 2016; Teasdale, 2012; etc.).

Firstly, we present the publicly available register of social enterprises administrated by the Central Office for Labour, Social Affairs and Family and secondly, we broaden the scope to other legal forms which can be considered social enterprises.

Registered social enterprises

The official register provides two types of data: exclusively the WISE type of social enterprises, which were the only recognised social enterprises before the new law in 2018 (up to June 2018) and the most recent data from April 2020 on newly registered social enterprises. The development of social enterprises registered in every year of the followed period is in Figure 1.

Figure 1: Number of registered social enterprises in Slovakia in years 2008-2020



Source: Register of social enterprises in Slovakia.

It must be noted that within those WISEs, only 13 are still active in 2018, 90 were cancelled and 2 are paused, and only 5 new WISEs were registered. In the years 2014-2017, there were no newly registered social enterprises. After 2018 there are new social enterprises which were founded after the adoption of Act no. 112/2018 Coll. on social economy and social enterprises.

This law is one of the first comprehensive legislative instruments for the construction of the social economy sector in the former transit economies and is a suitable example especially for the V4 countries (there is a law on social co-operatives in Poland, in the Czech Republic the Act on Social Economy is currently being prepared). This law defines a so-called subject of social economy which can be a civic association, foundation, non-investment fund, non-profit organisation, special-purpose church, commercial company, cooperative or natural person - entrepreneur which

- a) is not, for the most part, governed by a governmental authority, the governmental authority largely does not finance, appoint or elect a statutory body or more than half of its members and does not appoint or elect more than half the members of the management body or supervisory body,
- b) carries out an economic activity or a non - economic activity in the context of social economy activities; and

- c) if it is engaged in or pursues other gainful activity under special legislation, does not pursue them solely for the purpose of making a profit or uses more than 50% of the profit after tax to achieve the principal objective of achieving measurable positive social impact.

The Act also distinguishes between a social enterprise (the abovementioned) and a registered social enterprise, which is formed on the basis of an application. The status of a registered social enterprise can be granted to social economy entities in the following areas: WISE (integrated social enterprise), social housing enterprise and other registered social enterprise, if it achieves greater positive social impact than an entrepreneur who performs similar activity for profit.

It is clear from the above that the legislation defines social enterprises very broadly and therefore it is difficult to determine their number in the Slovak Republic. So far, there are 104 organisations that have been registered as social enterprises defined by the Act no. 112/2018 to receive financial state support,...

Activities of new social enterprises include construction, agriculture, forestry and fishing, gardening, human health and social work activities, education, wholesale and retail trade, accommodation services and laundry services.

Other legal forms

From the aforementioned it might seem that the social economy sector is relatively small in Slovakia. When we take a closer look at the NGO sector and other legal forms which are also defined in Act no. 112/2018 Coll., we can include the following organisations based on the authors' expert estimate.

A priori, a very significant number of non-governmental organisations operate to achieve mutually or socially beneficial goals and do not distribute profit among their members or founders. For instance, the law specifically defines the areas of activity for the public benefit organisations and these are potentially fertile territory for any socially beneficial activity. There may also be a considerable number of civic associations (most numerous NGOs) which have explicit social objectives. In principle, it is therefore plausible to assume most of non-governmental organisations would have considerably strong social orientation. In 2017, there were 64,136 NGOs in Slovakia, the authors assume that roughly 2/3 can be considered a social enterprise.

Much more ambiguous is the situation with cooperatives. The primary purpose of the cooperatives is the fulfilment of the collective interest of its members. However, this does not necessarily imply the social externalities. For instance, farmer cooperatives which operate as a platform for distribution of its members' agricultural products, may not differ significantly from for-profit companies operating in the food industry, with the exception to the different organisational structure. Here, it can be assumed that only a small number of cooperatives would have sufficiently strong social dimension although it is not unusual that some cooperatives employ disabled people. The most numerous ones are agricultural cooperatives that can counted as

social enterprises. Housing and consumer cooperatives are also common. There were 1,396 cooperatives in Slovakia in 2018. Nonetheless, most cooperatives would not meet the definition related to social dimension, therefore we estimate that only 1% of the cooperatives can be de facto considered social enterprises in Slovakia.

Sheltered workshops, by definition, deliver social benefits supporting the disabled people by providing them employment opportunities. In fact, many view sheltered workshops as an explicit public policy tool to support people with disabilities who often constitute more than 50 per cent of the total headcount. The social dimension is therefore very clear and not contested. In June 2019, out of a total number of 5,901 there were 5,560 active registered sheltered workshops and sheltered workplaces with more than 50% of employees with disabilities (Central Office for Labour, Social Affairs and Family, 2019). After the amendment of Employment Act in 2013, the majority of sheltered workshops in Slovakia could be considered de facto social enterprises.

A municipal company itself could be regarded as a social enterprise: its members are citizens (who took part in the funding community through taxes and fees), it has democratic decision-making, it manages its own property, participates on the market and earns resources for its core activities. They do this for the purpose of achieving the goals typical for a social enterprise such as employment of long-term unemployed, service delivery to vulnerable groups or communal service provision. Such companies already existed in Czechoslovakia before November 1989 in the form of the so-called 'Technical Services' and municipality associations. After the public administration reforms in both countries, the settlement structure was very fragmented: the size of municipalities in both countries varies in size a lot from the largest ones to those in the countryside with less than 100 inhabitants (Klimovsky et al., 2014). It is impossible at the moment to guess how many of them established municipal social enterprises.

The following table tries to summarise the size of the social economy sector in Slovakia.

Table 1: Social economy sector in Slovakia

	Registered (2017 or 2018, latest data available were used)	Estimated proportion meeting the OECD and EC definitions of social enterprise	Estimated number of active social enterprises*
Social Enterprises (Act 5/2004 amended in 2013)	115	100%	Only 13 active
Social Enterprises (Act 112/2018)	104	100%	104
Sheltered workshops (Act 5/2004 amended in 2013) – form of WISE	6,312	100%	Only 5,739 active
Non-Governmental Organisations	64,136**	10%	6,414
Municipal social enterprises	n/a***	n/a	n/a
Cooperatives	1,396	1%	14
Total	~ 71,585	-	~ 12,284

Source: own based on Directorate-General for Employment, Social Affairs and Inclusion (2016): Mapping study on Social Enterprise Eco-systems – Updated Country report on Slovakia, The registry of Social Enterprises in Slovakia, 2019.

*Note: the data should be treated as indicative range estimates are only estimated based on the authors' expert assumption.

**Note: the total number of non-governmental organisations indicated in the table does not include those registered as foundations and non-investment funds, as they, according to the legislation, are not allowed to engage in entrepreneurial activities.

***Note: because of the lack of statistical data it is impossible to identify the number of municipal social enterprises registered under different legal form (e.g. as Ltd. or public benefit organisation).

2. Methodology

The research is formulated and conducted in the conditions of the Slovak Republic, which has a mixture of corporatist and socio-democratic welfare model. Defined by Esping-Andersen (1990), the "corporatist" welfare state regime, heavily relies on the state in supplying welfare assistance, but preserves the status of many of the non-governmental institutions, especially organized religion. The socio-democratic model involves universalism and a separation of welfare provision from the market system. But Esping-Andersen does not apply his analysis to the question of the appearance and growth of the NGO sector. In the Social origins of civil society, Salamon and Anheier (1998) utilize some of Esping-Andersen's term to refer to different types of state-nonprofit relationships. As such, in the social democratic model, state-sponsored and state-delivered social welfare protections are quite extensive and the room left for service providing non-governmental organizations quite constrained. In the corporatist model, the state has either been forced or induced to make common cause with nonprofit institutions, so that nonprofit organizations function as one of the several "pre-modern" mechanisms that are deliberately preserved by the state

in its efforts to retain the support of key social elites while pre-empting more radical demands for social welfare protections (Salamon & Anheier, 1998). Under these conditions for NGOs as social economy organisations, the co-production possibilities might be limited. On the other hand, the public sector organisations are under pressure for delivering the public services in certain capacity and quality and in compliance with 3E (economy, efficiency, effectiveness). Therefore, in this research we set two research questions (RQ):

- RQ1: Assuming that public institutions are under economic pressure to deliver public goods, what motives do they have to collaborate with social economy organisations?
- RQ2: What are the drivers and barriers of co-production?

The research builds on international projects such as LIPSE (2014-2016, FP7, identification of drivers and barriers to successful social innovation in the public sector, including co-creation) and SOLIDUS (2015-2018, HORIZON 2020, among others it was focused on collaboration practices between public sector organisations, non-governmental organisation, social economy organisations and citizens).

From the methods we used case studies, interviews, focus group. The selection of case studies followed these criteria:

- There are cases with public organisations, social enterprises/social economy organisations and citizens involved.
- There is a balance among the different policy areas (i.e. housing, employment, health, education etc.).
- At least half of the case studies conducted are oriented to the fight against poverty and social exclusion.
- All of the case studies have been running for some time, so it is possible to map outcome/impact of these social innovations in co-production.

To answer the research questions, we applied content analysis of databases, webpages and other relevant documents to identify relevant case studies. From the list of 26 identified case studies we prepared a report which was sent to experts on public sector, non-governmental sector and social economy with an invitation to participate in a focus group discussing the relations between government and NGOs in Slovakia. This method represents a homogeneous composed group of 6 to 12 participants discussing in a well-prepared way their ideas, motives and interests about a clearly defined issue chaired by a discussion leader. Official invitations to participate in the focus group were addressed to 10 people. These included representatives of NGOs, public institutions and municipalities that are promoting social economy, as well as academic experts on social economy. Eight out of 10 people

agreed to participate in the focus group (we respect those, who wished to be fully anonymous):

- A university employee - academic expert, female.
- Municipality of Banska Bystrica representative, female.
- NGO 1 from Banska Bystrica – director, female.
- NGO 2 from Banska Bystrica – leader, male (The Civic Association for the Amphitheater).
- NGO 3 from Bratislava – project manager, female.
- NGO 4 from Zvolen – project manager, female (EPIC n.o.).
- Public institution employee, male.
- Participant of community education programme, male.

Based on the focus group, we selected the list of 8 case studies for in-depth analysis using a structured interview. We followed an interview protocol where all types of involved stakeholders were interviewed, i.e. representatives of non-governmental organisations, social enterprises and municipalities, as well as citizens as "recipients" of the services provided. In total, 28 interviews were conducted with respondents for every case. The interviewees were mostly project managers or leaders in the social economy organisations. For the municipalities it was the heads of the social services departments of participating municipalities or representatives of local Labour, Social affairs and Family offices. Due to the fact that all the cases also included citizens in the co-production, we interviewed at least two citizens for every case.

3. Findings: Slovak cases studies on co-production of public goods

The selection of cases was based on the focus group experts' judgment, which might be biased, however, the findings allows us to identify the characteristics of public – NGO relations in Slovakia. The analysed cases of co-production are summarised in table 2, including the role of the Slovak government actors involved. The role is characterised based on the definition by Voorberg et al., 2015: co-initiators (the public service was co-initiated by the government in cooperation with NGOs and/or citizens), co-designers (government is invited to co-design) or co-implementing subjects (the government's role is in the co-implementing the service).

Table 2: List of co-production practices

Field	Programmes and partners	Role of government	Overview
Employment 1	Youth Guarantee at local level Partners: <ul style="list-style-type: none"> •EPIC, non-profit organisation •Municipality of Zvolen (43,000 inhabitants) •Municipality of Turku •Network of local NGOs •Local secondary schools and university •Youth 	Municipality of Zvolen – co-designer	The aim is to pilot test the good practice of Youth Guarantee (YG) approach from Finland in the environment of one Slovak municipality. The realisation of this objective will be the starting point for the possible revision of the YG applications in Slovakia towards the local level. By creating a working group from one region, the EPIC organisation has empowered them to create a series of events for NEET (Not in Education, Employment or Training) and several initiatives have started to help NEET at local level.
Employment 2	DeafKebab Partners: <ul style="list-style-type: none"> •DeafKebab Ltd., social enterprise •Participating municipalities (10,000 – 50,000 inhabitants) •Citizens with hearing impairment 	Participating municipalities – co-implementers but very limited	The goal is to provide employment for people with hearing problems in kiosks selling fast food. The project already includes kiosks in 13 municipalities located mainly in central Slovakia. Fifteen people with hearing problems are employed in this type of “protected working place”. They not only sell fast food, but are also involved in the kiosk’s daily management and logistics. Customers can communicate with them via special sign language tables.
Education 1	School of Family Finance programme Partners: <ul style="list-style-type: none"> •Local NGOs •Universities •Citizens from various communities •the Ministry of Education, Science, Research and Sport of the Slovak Republic 	The Ministry of Education, Science, Research and Sport of the Slovak Republic – co-implementer but very limited	The School of Family Finance (SFF) is aimed at increasing financial literacy and thus improving the lives of the participants. After completion of the course the participants are more aware of their personal responsibility for their financial behaviour. Socially disadvantaged citizens, senior citizens, children from orphanages, clients of crisis centres and other groups of citizens have the opportunity to realise how their decisions affect their financial situation. The topics of the seminars are chosen based on the needs and interests of the participants; including topics such as looking for a job, labour issues, taxes, personal and family budget, loans, insurance, consumer protection, basics of investment etc.
Education 2	Teach for Slovakia Partners: <ul style="list-style-type: none"> •Managers, NGO •Participating schools •Companies •Young people willing to change their jobs and become teachers 	Participating schools – public institutions established by local governments – co-implementers, sometimes also co-designer	Teach for Slovakia is part of the international Teach for All programme that works successfully in more than 30 countries with a vision of improving the quality of education and reducing inequality in access to education so that once every child has been given quality education, they then have the chance to succeed in life. The programme seeks to attract the most talented university graduates. The selected graduates are provided with an intensive, full-time, two-year development programme with an inspirational community, and have the opportunity of having a real impact on Slovak education as a teacher at a primary school. The schools, where these teachers teach in an innovative way, are in those areas with high Roma population or in rural and/or poor regions.

Health 1	Non-governmental organisation helping people with autism – initiative in cooperation with the municipality of Banska Bystrica Partners: •Local NGO •Municipality of Banska Bystrica (78,000 inhabitants) •Disabled citizens and their families)	Municipality of Banska Bystrica – co-implementer	The nature of cooperation is a partnership based on the principle of subsidiarity. A local NGO is one of the key actors in the Community Social Services Plan process in the town for the target group of persons with disabilities as well as for the target group of families with children with disabilities. One result is, for example, education for parents who are at home long-term caring for children, and, whilst enabling parents to socialise again, helping to solve the problem of unproductive parents as well as autistic community problems.
Health 2	Cultural centre Partners: •Local NGOs •Municipality of Banska Bystrica (78,000 inhabitants) •Citizens	Municipality of Banska Bystrica – co-implementer	This case is a cooperation of two NGOs – a theatre with disabled people as actors and an NGO providing cultural services. Moreover, this case includes revitalisation of an abandoned property, the cultural centre was created by reconstructing an old building with adjacent garden, which creates new possibilities for the cultural programme (outside performances, engaging mentally challenged actors in the process of the creation of new productions/plays where they can present their own creations).
Housing 1	Savings and Micro-Loan Programme for housing Partners: •ETP Slovakia, NGO •Municipality of Rankovce (836 inhabitants) •Local association For a Better Life •Companies •Citizens	Municipality of Rankovce – co-implementer	The goal of self-help house construction to client ownership is not only to build homes but also to help individuals and families, and through them their communities, in their efforts to improve their life conditions. Many times, a new home is the most important thing that Roma citizens have achieved in their lives and managed by their own strength. This represents a great personality and attitude shift from passive waiting for assistance to being an active and motivated citizen.
Housing 2	Self-help houses construction Partners: •People in Need, NGO •Municipality of Kojatice (1,100 inhabitants) •Companies •Citizens	Municipality of Kojatice – co-implementer	Some volunteer members of the civic association People in Need studied architecture and they came up with the idea of building social houses for a marginalised group of citizens. These architecture students have the obligation to deliver practical work as a part of their final exams and they decided to go for the idea of helping to improve the poor living standard in the huts of Roma citizens. Volunteering architects in communication with Roma citizens created plans and technical documentation for the construction of houses based on the Roma requirements and ideas. Those Roma, who had decided to participate, were trained in construction work to be able to participate directly in the construction of their houses.

Source: authors' own and based on Murray Svidroňová, 2019.

Table 2 shows service providing networks in the co-production of public services. The roles of the participants in these co-production cases varies, yet in none of them the local self-government is initiator of the co-production. The initiators are either citizens or NGOs. This is in line with finding of Nemec et al. (2015) who stated that local governments usually do not initiate co-creation. However, our research challenges the second part of their statement that the local governments are not very active in design and implementation phase of co-production. In our analysis, the participating municipalities are rather active either in providing co-funding, premises, know-how or other assistance. E.g. in the case of employment 1, the initiator is the NGO EPIC and the main partner is the municipality of Zvolen (approx. 43,000 inhabitants). Other institutions involved in the project are schools, as entrepreneurs and companies – potential employers for young people, as well as other non-governmental organisations dealing with youth work. The programme has managed to form a working group composed of a wide range of actors that are essential in elaborating on or influencing the employment of youth in the region. In words of the project manager: “all partners are equal in this initiative”. The municipality provides premises for working group meeting and helped to establish a youth job centre, also by providing premises and know-how.

Only in two cases the government is not active or even is slowing down the process of co-production but this is happening at the national level, not at the local government level. In employment 2, the Deaf Kebab case, the founders think: “Our cooperation should be like equal partners, but it is hard to call it cooperation. Small business people with good ideas are like the Fellowship of the Ring and the Ministry of Labour, Social Affairs and Family is Mordor ... It’s a tool for funding political friends and politically related entrepreneurs.” In other words, their work is not recognized by the state as such. On the other, at a local level, in municipalities, where the Deaf Kebab franchises are, there is quite a good level of cooperation: support from towns in renting the premises for lower rents, financial support from the Local Labour Office, Social Affairs and Family (LLOSAF). “We share the goal, it is our common goal to decrease the unemployment and also to help disadvantaged people. This initiative brings a unique way of doing so. Moreover, they also achieve social inclusion naturally, in “non-violent way”. This is something which cannot be done from the public sector, top-down. It must come bottom up” (LLOSAF representative).

The second case, where the national level of government is not very cooperative, is the School of Family Finance programme. This programme is the first community project about financial literacy in Slovakia with accreditation from the Ministry of Education, Science, Research and Sport of the Slovak Republic. As the project manager of the programme put it: “Apart from the accreditation, it is hard to talk about any cooperation with the public sector. I tried to establish cooperation with several public institutions, including the Ministry of Labour, Social Affairs and Family, the Ministry of Education and the Office for Minorities, however, no one expressed the desire to enter into cooperation. I believe this is because they would not accept the methodology already developed by experts from the NGO sector. The unwillingness to cooperate on the programme was clear as they wanted to apply

their own methodology (and possibly apply for some EU funding for it)". Yet another problem perceived by the project manager is the unequal relationship between NGO sector and the government: "Equality in the sense they recognise our expertise and take us for partners would be nice. In these circumstances, the impact on changing public policies is difficult, or even impossible at this moment." Also in this case, the various communities adapting the School of Family Finance programme, who approached public institutions have positive experience. Whether it was public universities or municipalities of various sizes all around Slovakia, the effort was welcomed and the public institutions cooperated on implementing the education.

Since in RQ1 we were interested in motives of public institutions to collaborate with social economy organisations, we asked about the nature of the collaboration and why this collaboration started.

The motivation from the public institutions' side was mostly about increasing efficiency, providing public services in a better way or using the option that the public service is provided by the NGO (using the activity and willingness of the NGO as an alternative public service provider). The NGOs/ social economy organisations knew the situation of the citizens the best, they knew their needs and therefore they are seen as experts. Despite this fact, the municipalities usually feel the hierarchical relationship: "I would characterise the nature of our relationship as that of a common fulfilment of predetermined goals. There is a degree of commitment and responsibility towards citizens, to fulfil the roles and tasks. NGOs perform the tasks voluntarily and the degree of responsibility in relation to citizens is of a different nature. The NGOs may be at the top in terms of expertise, it is closer to the community, but in terms of accountability, the town plays a bigger role" (the municipality representative in health 1).

From the NGOs' point of view, the motivation guiding their choices for collaboration was: intersectoral cooperation and synergy, open communication and fulfilling the mission of the organisation.

To answer the second RQ "What are the drivers and barriers of co-production" we summarised the responses into table 3.

Table 3: Drivers and barriers identified by respondents

	Employment	Education	Health	Abandoned properties
Drivers	Connecting the sectors and better understanding between various institutions, companies and organisations	Impact on various communities in different life situations	Interest and commitment of the civic associations	Drive to revive the potential of the place
	Looking for solutions that do not require a change in legislation or high financial investment	Trends from abroad, e.g. European Money Quiz, Global Money Week	Constructive discussion and mutual respect	Self-realisation of several members of the NGO (artists interested in screenings)
	Common will to solve unemployment	Social need - public demand	Expertise	Lack of space for cultural activities – public demand

	Employment	Education	Health	Abandoned properties
Barriers	Legislation	Unwillingness of Ministries for deeper cooperation	Limited competences of officials	Mistrust of the municipality in the beginning
	Finance - lack of resources	Finance - lack of resources	Finance - lack of resources	Finance - lack of resources
	Bureaucracy	The time factor (setting the learning cycles from a time perspective)	Hidden prejudices in society towards the disabled	A lease contract for 30 years which can be cancelled any time by the municipality
	Individualism		Lack of a qualified workforce	

Source: Murray Svidroňová, 2019.

Some of the drivers and barriers are explained in depth, based on the interviewees' responses. Since lot of barriers are connected with legislation of funding (or both at the same time), respondents expressed a hope for solutions that do not require a change in legislation or high financial investment, such as the establishment of a commission whose members would be from different sectors and would plan the issue to be addressed within a set period - set priorities, plans and timetables for activities, allocate competencies and responsibilities between the individual organisations to avoid duplication and so on. This was seen as a possible driver.

Another driver is seen in innovations and comprehensive approach - implementing innovation in providing social services (comprehensive solutions to housing problems by combining education, employment, financial inclusion and housing construction itself). A spill over effect is acquiring working skills and habits: self-help house construction under the professional guidance of a construction teacher resulting in personal ownership of the house provides a unique opportunity for people without work experience to acquire more working skills and habits, which demonstrably increases their chances to succeed on the labour market.

An important driver was reported in increased sense of responsibility and ownership in the target group - the construction of a home into personal ownership leads people to accountability and supports merit, because the opportunity to build is received by those clients who, by their own efforts, try to change their living conditions. The success from their own endeavours motivates others in the community. During construction, the clients build a relationship with their own home and they take care of the maintenance. Houses which they built by themselves are not faced with the problems of "furnishings and equipment" and the owners take exemplary care of them.

Several respondents referred to "Playing in your own sandpit" as a barrier: a strong individualism that is rooted in the thinking NGOs and their leaders. If some areas / topics are dealt with by several institutions, they consider each other as competitors and do not want to cooperate for fear that their competitors will steal the know-how.

A serious barrier is that there are no construction plots available. No mayors, nor the majority of the population are willing to offer land for Roma so that they can build legal homes themselves.

As problematic is seen an interruption of work or absence of field social workers in direct contact with the client – without the field social workers the co-production is very difficult to maintain, in some municipalities with high share of Roma population it is even impossible to start a co-production process. This barrier is connected with the lack of qualified workforce (e.g., school assistants are missing). Formally, criteria are met, e.g. by creating positions of assistants in schools, but to what quality are these services implemented? Legislation is set well, but is not enforceable due to a lack of resources.

NGOs do not have capacity for advocacy function - interest and commitment of the civic associations in the creation of policies in relation to the citizens they represent is very low, most of the NGOs fulfil the service function.

Officials are willing and able to communicate only within the scope of their competence; however, within the scope of the laws that they use in their work and by which they are governed, they are unable to cooperate, i.e. the implementation of the law is at poor level.

Other barriers impeding the process of co-production are significant changes in the client's financial situation, e.g. death, poor client health, loss of employment, unexpected expenses so the citizens cannot continue in the co-production and the burden is put on the NGOs.

Discussion and Conclusion

Events in the European Union have shown that social economy and social entrepreneurship can unite seemingly contradictory motives, such as economic rationality and social objectives, providing opportunities for including socially disadvantaged citizens, respect for the local environment, and respect for different traditions, in order to meet the new challenges (Vaceková & Murray Svidroňová, 2016).

In this chapter we pointed out to various actors, not only officially registered social enterprises in Slovakia, but also organisations of several legal forms whose activities fulfil the criteria of social enterprise definition. From the mapping we can conclude that social economy organisations very often take the legal form of associations or public benefit organizations which belong to the non-profit non-governmental sector. This is in line with the “western” approaches which argues that the social enterprises across Europe usually adopt legal forms that have existed for a long time (Defourny and Nyssens, 2010).

When assessing the potential of social enterprises/social economy organisations in promoting social innovations by partnerships (with the public sector, NGOs, citizens) in the form of co-production, we challenged the previous research of Nemec et al. (2015) who stated that the role of local self-government in co-production in Slovakia was rather limited and the local governments are not very active in initiating, design and implementation of co-production. Our analysis has shown that the initiators

are still either citizens or NGOs, so the role of the local government prevails limited. But in the phases of design and implementation of co-produced services, the participating municipalities are rather active either in providing co-funding, premises, know-how or other assistance. Also Murray Svidroňová (2019) concludes the same for co-production, even in other areas such as public spaces and abandoned properties. After the fall of communism in 1989, many public administration reforms took place (Klimovsky et al., 2014). Amongst them new territorial structure was created and municipalities were allocated with many responsibilities (including tasks in the analysed areas of education, employment, health and housing) and they have full freedom to decide to what extent to involve non-governmental sector) and social economy organisations in the delivery of the abovementioned services as the scope and method of discharging those responsibilities are independently decided by municipalities.

The responsibilities were passed to the municipalities from the state, but the public budgets allocated from the state are not sufficient enough to fund all those responsibilities. The motives of municipalities for co-production lies mostly in increasing the 3E (economy, efficiency and effectiveness). Also Jurčík & Mravcová (2009) point out that the development of the social economy in Slovakia was primarily a result of inadequate funding and the necessity of meeting the growing needs of the population. So, the cooperation with NGOs naturally helps municipalities, mostly thanks to the amount of volunteer work from NGOs but also high level of innovations, the costs are reduced and the output (public goods produced) increased.

Under these conditions and in order to discharge their responsibilities, municipalities started to co-operate from the beginning with the NGOs and social economy organisations in many different ways – from simple non-monetary co-operation, via the provision of financial grants to the contracting and outsourcing of some services to NGOs. However, none of these forms of cooperation were undertaken in a fully systematic way and the concrete conditions differ between municipalities. Many municipalities invite non-governmental organisations to participate in the local policy making processes, accepting their expertise on local communities and thus positioning the NGOs as core local stakeholders. Such participatory processes deepen democracy and bring positive social impact.

Motives of NGOs and other social economy organizations for co-production are much simpler, mostly connected with a simple wish to fulfil their missions which are usually focused on innovative and sustainable solutions. As Gildron & Hasenfeld (2012) put it, the social entrepreneurship reinforces the importance of self-management with the purpose of creating resources that will subsequently be used for the implementation of a given mission. NGOs' missions often seek to solve many problems related to demographic changes, including an aging population and the impossibility of securing necessary care by family members. It is also necessary to pay attention to the quality of life of the population by means of the careful and renewable use of available resources. The area of social economy plays an important role in all these problems, because their solutions require specific innovations. NGOs create a collaborative space where stakeholders from different fields can engage with the complexity of

sustainable innovation (Tams & Wadhavan, 2012). Non-governmental organizations and social economy organizations can only fulfil their potential when embedded in supportive policy environment. As our study shows, this is complicated in Slovakia: at the national level, there is a low support for the co-production of public goods due to the lack of trust towards the NGOs and other social economy organisations. On the other hand, at the local level the municipalities really welcome the innovative initiatives of the social enterprises and NGOs. Policy implications from our research lead to the support of local self-government, strengthening their role in the co-production networks. Whether the support should be in increasing the organizational capacity by lowering the administrative burden or in providing specific funding for municipalities involved in co-production, that should be a focus of a further research. The presented research has its limits, especially the focus of the analysis on only one country, Slovakia. Nevertheless, we believe that the conditions for co-production will not be significantly different from similar post-socialist countries in the Central and Eastern Europe that have a similar history, degree of economic and political maturity and, in principle, face similar problems in the context of social economy.

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Mária Murray Svidroňová is Associate Professor of Public Economy and Services at Matej Bel University in Banská Bystrica, Slovakia. Her pedagogical and research activities are focused on the economics and management of public and private nonprofit organizations and civil society. She is particularly interested in social innovation issues in the area of public service provision, e.g. through co-creation, community building and participatory budgeting. She has been active in several international studies and research projects dealing with public service innovation and civic engagement. In cooperation with the Government Office of the Plenipotentiary for the Development of Civil Society, she participated in the preparation of legislative changes in the field of financing Slovak NGOs.

Juraj Nemec is Professor of Public Finance and Public Management at the Faculty of Economics and Administration, Masaryk University in Brno, Czech Republic and part time Professor at Matej Bel University in Banská Bystrica, Slovakia. He served and serves in different positions in international organisations in the public administration area (especially as Vice-President of IASIA, President of NISPAcee, Vice-President of IRSPM, member of the Committee of Experts on Public Administration at the United Nations). He published almost 500 scientific and professional articles, books and book chapters, including papers in most prestigious public administration journals.


Gabriela Vaceková is Associate Professor in Public Economics, AMBIS, Prague, Czech Republic. Her research focus is third sector studies and public policy. She published in, e.g., *Public Management Review*, *Waste Management*, *Utilities Policy*, *Local Government Studies*, and *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, among others. She conducted several national and international projects at various universities in the Czech Republic and abroad. Her outstanding research activities were awarded Dean's prize in 2015, 2016, 2017, and 2019.




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