

THE DIVERSITY OF THE FIELD OF SOCIAL ENTERPRISES – THE CASE OF THE CZECH REPUBLIC

DIVERZITA SOCIÁLNÍCH PODNIKŮ – PŘÍPAD ČESKÉ REPUBLIKY

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ABSTRACT

Social enterprises have been experiencing a worldwide boom in the last decades. The mix of aspects of the nonprofit and for-profit world that is essential to social enterprises creates a unique space for them to address the targeted social issues. However, their broad concept embraces a range of organizations that can fulfil diverse roles and operate in different fields. The Czech Republic is one of the countries where social enterprises have only recently started to develop. Moreover, there is still a lack of knowledge of what the field of Czech social enterprises encompasses. The aim of this article is, therefore, to shed light on the current state of the field. The description of the current social enterprise environment supplemented by the data of Czech social enterprises collected through the various databases will be put in the context to the findings of the relevant foreign literature and compared.

Keywords: social enterprises, Czech Republic, hybrid organizations, business organizations, nonprofit organizations

JEL Classification: JEL_L31, JEL_L38

INTRODUCTION

In recent years, social enterprises and the social economy have become an increasing phenomenon for tackling social issues across countries. Their position is also supported by the statistics. Currently, the social economy sector provides paid employment for 6.3% of the working population in the EU-28 (Monzon and Chaves, 2017). Their uniqueness lies in their hybrid form that combines aspects typical of different sectors. By combining the features of public, private and non-profit spheres, the premise of hybrids is to deliver better performance, leading to customer/stakeholder satisfaction (Brown et al., 2003) and achieving a goal that no actor could accomplish on his own (Hodge and Greve, 2005). Their essential attributes are recognized among authors - social enterprises are designed to pursue a social mission that is performed through business strategies that generate incomes (Defourny and Nyssens, 2010, Powell and Osborne 2018). The purpose of these organizations is to fulfil their social, community or environmental mission while doing business activities and generating revenues. The commercial activities enable them to gain new financial sources to sustain their goal in the long-term (Smith et al., 2013).

Social enterprises can take various forms and emerge to deal with specific social issues. Their diversity also across countries has its roots in the historical development each country undertook and in different social issues that countries had to face (Kerlin, 2010). The diversity makes it difficult to describe and conceptualize this phenomenon. The current state of research, therefore, justifies further focus on this field (Saebi et al., 2019). Additionally, though the issue has become a popular subject of research, there is still a lack of knowledge on how social enterprises operate in Eastern Europe. In the case of the Czech Republic, the social enterprises started to appear only recently. Their relatively short history is also linked with low public recognition. There is also no official database covering the list of social enterprises; it is, therefore, challenging to quantify the position of social enterprises in the Czech economy, not what role they play in the Czech society.

The objective of this paper is to fill the gap of lacking knowledge on social enterprise in the Czech environment. In order to do so, the roots of social enter-

prises in the Czech Republic will be described, and the collected data of social enterprise will be analyzed to map the field of social enterprises. Afterwards, the findings will be put in the context of the findings of the relevant foreign literature and compared.

The paper is organized as follows: At the beginning, the historical roots of social enterprises will be briefly described. Second, the background of social entrepreneurship in the Czech Republic will be introduced. Subsequently, the sample and method used will be described and applied to analyze the current state of Czech social enterprises. Finally, the findings will be put in the context of the research conducted in the Czech environment and compared to international practice.

1 CONCEPT OF SOCIAL ENTERPRISES

Nowadays, there is still no unified concept of social enterprises among researchers (Young and Lecy, 2014). Though it is recognized that social enterprises exist to pursue a social mission and for that purpose, they operate on the market. However, this definition is rather vague. As the authors point out, there is no agreement on how social purpose is defined and to what extent social enterprises should pursue it in order to be classified as social enterprise. On the other hand, there is also no agreement on how much they should be able to earn on the market to sustain their mission. The challenge of conceptualization lies further in a significant variety among social enterprises. They may operate in various forms; as nonprofit organizations, social businesses, social cooperatives, or intersectoral partnerships (Jenner, 2016). Moreover, the form may differ among countries. It is partially explained by the legal and institutional arrangements unique for each region, bearing the cultural, economic social and historic specifics (Matei and Matei, 2015).

Kerlin (2010) describes the reasons why the social economy and social enterprises emerged in the 1980s and 1990s around the world. Their appearance was caused by the withdrawing role of the state in public services and social issues. The magnitude and the process differed among countries. In the United States, increasing public debt resulted in the cut of public funding towards nonprofit organizations. The absence of resources motivated nonprofit organizations to seek ways to earn their incomes and be less dependent on public funding.

Moving from the dependence on public subsidies, the nonprofit was forced to secure financial sustainability through resource diversification (Makýšová and Vaceková, 2017). One of the ways was to adopt earned income approaches to deliver services for commercial revenues (Teasdale, 2012).

Western European countries were dealing with the pressure on reducing public costs due to the government deficits that resulted in decreasing volume of services provided by the welfare state. The policy strategies were ineffective in solving issues of persistent structural unemployment and increasing social exclusion of a specific group of people from the labour market and the society as well (Battilana et al., 2015). Mainly, they were low-qualified, long-term unemployed or dealt with other social problems that made them difficult to employ (Defourny and Nyssens, 2010). The question arose, whether nonprofit organizations could in their pure form, address these issues more effectively. Therefore, work integrational social enterprises focusing on employing disadvantaged people started to emerge. In Central and Eastern Europe, the state withdrawal was the reason for the transformation from the communist regime into the democratic regime. The return to the market economy was followed by high unemployment. The situation could not be relieved by civil society activities since their existence was minimal due to the totalitarian regime (Kerlin, 2010; Rakić et al., 2017).

The historical development is still reflected in the field of social enterprises. In the United States, social enterprises are established for various reasons and perform different activities (Kerlin, 2010). In the Southern and Western European countries, social enterprises are primarily linked to employing people who could not easily find a job on the market (Defourny and Nyssens 2010), since the market economy cannot secure employment for these people (Baglioni 2017). They focus on employing individuals from a diverse spectrum of disadvantaged populations, such as homeless people (Teasdale, 2012), long-term unemployed (Evers, 2005; Sanchis-Palacio et al., 2013; Battilana et al., 2015), individual suffering with health or mental disabilities, immigrants (Battilana et al., 2012), or prisoners. Also, a high share of social enterprises provides social services that have proved to be “beyond bureaucratic, ineffective and wasteful” government (Dees, 2007, p. 25). To do so, they often use new technologies or come up with an innovative way

of service provision (Zimmer and Obuch, 2017). However, that is mainly true in the US context (Defourny and Nyssens, 2010).

Though the social enterprises are seen as a hybrid between the nonprofit and for-profit world, the international experience shows that they can also emerge as the “public-sector spinoffs” (Defourny and Nyssens, 2017, p. 2474). With the introduction of new Public Management reform, it was attempted to reduce the costs of public service provision and (or) to achieve higher efficiency in public sectors by implementing the instruments associated with the private sector in the process by externalisation of the public service provision (Powell et al., 2019). It was assumed that those private and nonprofit organizations would be able to provide social services with higher quality and lower expenses. Therefore, contracting services out would lead to a decrease in public expenditures (Testi et al., 2017) and would create innovation in the provision and delivery of services. Some local public bodies took the lead by setting up and controlling their social enterprises seeking local development and answering local social needs. Since the organizations could produce their revenues, they were also linked with potential to reduce public expenditures (Defourny and Nyssens, 2017).

2 THE BACKGROUND OF SOCIAL ENTERPRISES IN THE CZECH REPUBLIC

The concept of social enterprises is a relatively new phenomenon in the Czech Republic as it entered the public sphere only after 2000, but it builds on a long tradition of solidarity within the community. The first co-operative was established at the end of the 19th century and based on mutual support among members. Afterwards, a number of co-operatives developed in various business fields, also in the period between the First and Second World War when they reached their peak. The tradition of the social economy was interrupted by totalitarian regimes in the country during WWII and after 1948, when the Communist regime took over. The situation changed after the country returned to the market economy and democratic regime in 1989. The new situation created a space for rebirth of the civil society that is currently one of the key actors in the social economy (Dohnalová et al., 2016).

Several events in the last decades influenced the rise of social enterprises in

the Czech Republic (Vaceková et al., 2015; Dohnalová et al., 2018). In 2002, the International Conference on Problems of Propagation of Social Economy took place in the Czech Republic. One of the outputs at the conference was the adoption of the “Prague Declaration”, which contained the summary of social economy features. Afterwards, the interest in the international experience with social enterprises began to spread and accelerated after the accession to the EU in 2004, primarily due to the newly established access to financial support from the EU grants. Since social enterprises lacked the initial capital, foreign funds were crucial in their development (Pelucha et al., 2017).

Besides the financial support for social enterprises, the financial contribution from the EU funds helped to establish the initiatives shielding the field of social enterprises at the national and regional levels. In 2009, the Thematic Network for the Development of Social Economy at (TESSEA) emerged connecting social entrepreneurs and creating space for discussions between the public representatives, social entrepreneurs and experts in the field (Dohnalová et al., 2018). TESSEA aimed to formulate principles and standards of social enterprises, because the concept was not defined then, nor any legislation regulating social enterprises existed. Two years after the establishment, TESSEA formulated the definition of the term social economy and social entrepreneurship and the principles of how social enterprise should be approached. The principles cover three dimensions of the social enterprise operation – social, economic and environmental covering also regional aspects (Table 1). The concept corresponds to the European Commission’s standards (Dohnalová and Průša, 2011). This classification was used by the Ministry of Labour and Social Affairs for the processing of calls for social economy and subsequently used by the bank in a pilot programme of microloans for social enterprises (Dohnalová et al., 2018).

Tab. 1 » Features of social enterprises and work integration social enterprises

1.Social benefit	2.Economic benefit	3.Environmental and local benefit
a) Performance of an activity benefiting society or a specific group of (disadvantaged) people. b) and members participate in the enterprise's strategic decision-making.	a) Any profits used preferentially to develop the social enterprise and/or to achieve publicly beneficial goals. b) Independence (autonomy) from external founders in decision-making and management. c) At least a minimum proportion of total revenues and growth thereof accounted for by revenues from sales of goods and services. d) Ability to manage economic risks. e) Asset lock. f) Performance of systematic economic activity. g) Trend towards paid work.	a) Preferential satisfaction of the local community's needs and local demand. b) Preferential use of local resources. c) Consideration for environmental aspects of both production and consumption. d) Social enterprise co-operates with local actors.

Source: OECD (2016)

**Characteristics that are highlighted are required.*

*** In case of WISE, social benefit principle (emphasis on the development of work competences of disadvantaged people) is added, while 2f and 2g principles are omitted.*

Currently, no legal framework regulating social enterprises exists. Although the draft has been in preparation for almost ten years, it is yet to be approved. Czech social enterprises operate as business companies or nonprofit organizations. In 2014, a new legal form was defined. A social cooperative is described as a subject that systematically performs publicly beneficial activities to support working and social integration of disadvantaged people into society, prioritising the local needs and the use of local resources based on the location and scope of the social cooperative. Up to the present time, this legal form is the only legally acknowledged form of social entrepreneurship.

3 SAMPLE AND METHODS

For the analysis purpose, the data of Czech social enterprises were collected. Since

no official register of social enterprises exists, several databases were searched to prepare the list. The directory of social enterprises operating under the Ministry of Labour and Social Affairs is currently the biggest database of social enterprises operating in the Czech Republic. The list was created based on the telephone survey in 2012 and is regularly updated. Currently, there are 240 social enterprises registered. However, the registration is optional and, therefore, it does not include all of the existing social enterprises in the Czech Republic. The list was further extended by social enterprises receiving a subsidy from the EU funds for the development of already existed social enterprises or for emerging new social enterprises. Organizations found through Bisnode MagnusWeb further enlarged the list. The database provides access to data on economic subjects operating in the Czech Republic. The sample includes social enterprises that are either members of the Chamber of Social Enterprises (Komora sociálních podniků) or SINEC (Klaster sociálních podniků a inovací). The first is an association of social enterprises in the South Moravian Region while the later unites social enterprises in the Moravian-Silesian Region. Finally, the list was enlarged by social enterprises found via Google. A total of 566 social enterprises were identified.

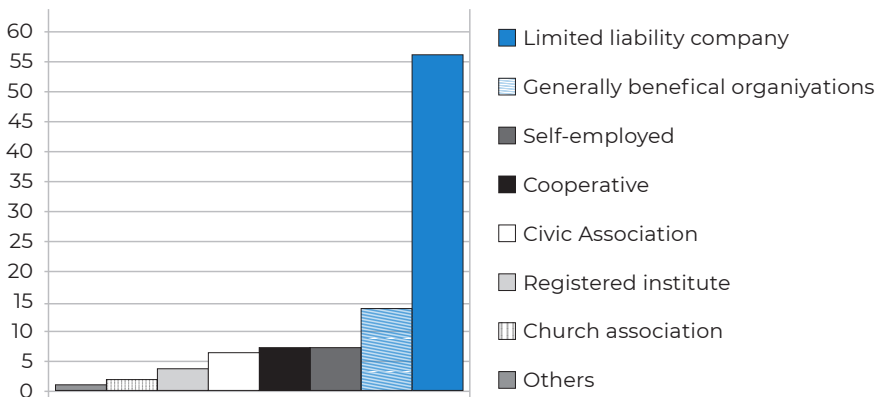
For each social enterprise, we looked up further data: the legal form; the geographic location; occupation and in case of WISE, the information about whom they employ. The information was obtained from the Business Register and its websites. However, through the process of data collection, no further information was found about 48 social enterprises due to their non-existent websites. Therefore, they were excluded from the sample. Moreover, fourteen social enterprises were no longer operating on the market and were also excluded. The final sample contains 504 social enterprises.

In order to identify the current state of social entrepreneurship in the Czech Republic, the description and statistical method were used to describe and explain the current state of the Czech social enterprises. The outcomes from the primary research were supplemented by the findings of previous analyses of Czech social entrepreneurship. Afterwards, the method of synthesis was applied. The findings were put in the context of the findings of international research.

4 RESULTS

The typology of social enterprises based on their legal form (Figure 1) indicates most of them operate as a business company (64%), rather than a nonprofit organization (28%). The nonprofit form limits the economic principle of social entrepreneurship, since the profit can be generated primarily through the secondary (supplementary) operations (Dohnalová et al., 2018). Therefore, some nonprofit organizations established a limited liability company (18% of all limited liability companies in the sample) to undertake commercial activities. Further, they also increase their chances for getting a loan from a bank when running a business company. The data also indicate that a pattern of extending the capacity of the third sector organizations exists, but it is a marginal issue. The remaining social enterprises operate under the status of as a self-employed individual (8%). The legal form is not recognized by the EU legislation as a form of social enterprise and can be classified as a grey zone in the field of social entrepreneurship (Fraňková, 2019). Nevertheless, it is recognized in the Czech context, as is evidenced by the number of social enterprises organized in this form that were supported through public funding.

Figure 1» The share of social enterprises based on their legal form.



Source: Author, based on the data retrieved from the Czech Statistical Office (<https://apl.czso.cz/irsw/>)

By observing the activities social enterprises pursue, it is evident that they operate in diverse fields (Table 2). Most of them operate in food production, cleaning services and catering or employing disadvantaged people in their restaurants. A large share of social enterprises (79.4 %) performs various types of economic activities in diverse industries (e.g. gardening services and catering). One of the possible explanations could be that they try to find the best suitable workplace for each individual with specific needs. Alternatively, they try to diversify their activities to be more sustainable. But in contrast to international practice, only a small proportion of them provides social services (5.6 %).

Tab. 2» The share of social enterprises based on their core activities.

Activities of Czech social enterprises	Number of SEs	Share
Food production and sales of food production	77	15.4%
Cleaning services	75	15.0%
Catering, jobs at cafés and restaurants	73	14.6%
Sales	67	13.4%
Maintenance, gardening	64	12.8%
Office work	38	7.6%
Education and retraining	36	7.2%
Others	33	6.6%
Production of decorative objects (glass, pottery...)	29	5.8%
Social services	28	5.6%
Woodwork	28	5.6%
Construction work	25	5.0%
Packaging production and services	25	5.0%
Small industrial production	25	5.0%
Textile production, shoes production	24	4.8%

Source: Author, based on the information retrieved from the social enterprises' websites

In the sample, seven existing social enterprises were identified that were established by one or more municipalities. Their main purpose is to provide jobs for long-term unemployed individuals. Their main field of the activity was providing maintenance and gardening services and disposal of waste.

The data confirm that the majority of social enterprises provide jobs for individuals that are somehow disadvantaged (95%). The state corresponds to the European practice. Most of them (Table 3) employ people with disabilities (67%). A relatively high share of WISEs also focus on long-term unemployed individuals (31.4 %). Other specific groups of people who either suffer from social exclusion or are threatened by social exclusion are hired by less than 10% of the social enterprises. The dominant focus of WISEs on these two groups is possibly linked to the systematic public support (Fraňková, 2019). By providing a job either for individuals with disabilities or for people who are long-term unemployed, an organization is eligible for receiving subsidy.

Tab. 3» The share of social enterprises employing the specific disadvantaged group.

Individuals with disabilities	66.9%	Homeless individuals	5.3%
Long-term unemployed	31.4%	50+	4.8%
Ethnical minorities	8.6%	Individuals with additional experience	4.2%
Individuals taking care of a person dependent on their care	7.4%	Individuals with a criminal record	7.2%
Youngsters in need	7.4%	Others	3.4%

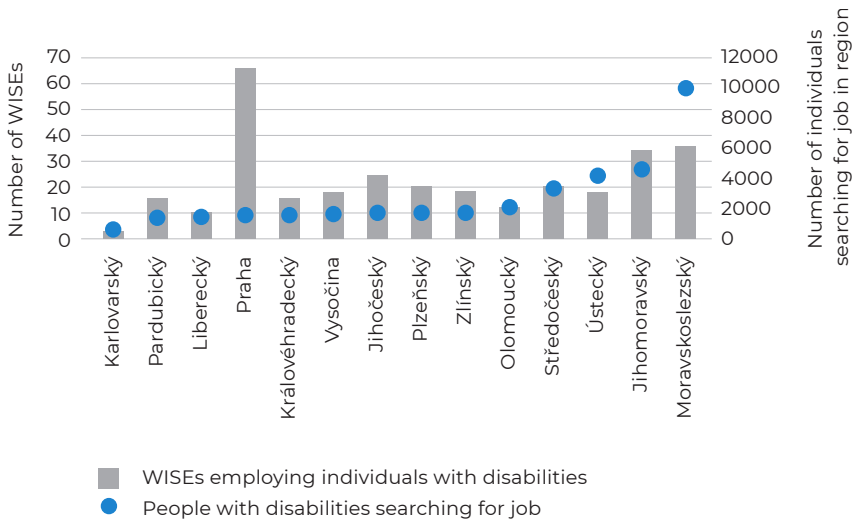
Source: Author, based on the information retrieved from the social enterprises' websites

A third of WISEs employ more than one targeted group. Fraňková (2019) explains that targeting various disadvantaged groups may increase chances for social enterprises to be applicable for multiple grant programme or subsidies from the state.

Figures 2 and 3 depict the number of social enterprises employing individuals with disabilities (Figure 2) and long-term unemployed individuals (Figure 3) and the number of individuals from these groups that are searching for a job. The

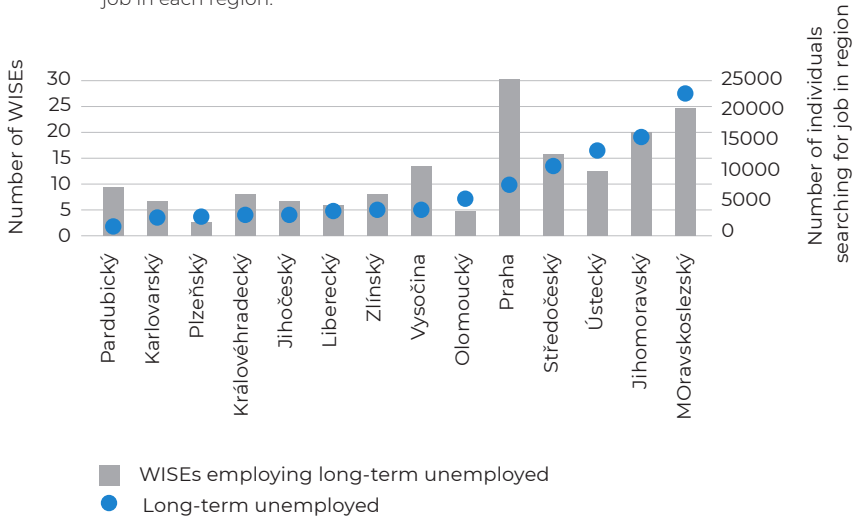
figures were constructed to monitor whether the existence of social enterprises reflects the unemployment situation of these two groups in each region. The data show that a stronger link can be detected between the number of existing social enterprises employing long-term unemployed and the number of long-term unemployed searching for a job. In case of the WISEs employing individuals with disabilities and the number of unemployed in this group, almost no relationship could be found. However, in both cases, the Prague region proves to be an outlier since a significantly higher number of WISEs are currently operating in this region compared to other regions. The highest number of WISEs can be linked to the funding programme towards supporting social enterprises in the Prague region. This additional source of finance could act as an incentive for their existence.

Figure 2» The number of social enterprises employing people with disabilities in each region and the number of unemployed suffering with health disabilities searching for a job.



Source: Author, based on the information retrieved from the social enterprises' websites and the Czech Statistical Office (https://vdb.czso.cz/vdbvo2/faces/cs/index.jspx?_afzpage=statistika&katalog=30853)

Figure 3» The number of social enterprises employing long-term unemployed individuals in each region and the number of long-term unemployed individuals searching for a job in each region.



Source: Author, based on the information retrieved from the social enterprises' websites and the Czech Statistical Office (<https://vdb.czso.cz/vdbvo2/faces/cs/index.jsf?page=statistiky&katalog=30853>)

DISCUSSION AND CONCLUSION

The description of the Czech practice towards social enterprises and the data show a certain resemblance to and differences from international practice. As the current state shows, the field of social enterprises is rather diverse (Jenner, 2016). They operate as different forms as business companies, nonprofit organization or as self-employed individuals. Besides, the blurring of sectoral boundaries (Billis, 2010) could be detected in the ownership structure, since some business companies were set up by nonprofit organizations and by municipalities (Defourny and Nyssens, 2017). The business activities enable nonprofit organizations to spread their revenue options and decrease their dependence on donations and public funding (Dohnalová et al., 2018).

Further, as in the case of Western and Southern European countries (Defourny and Nyssens 2010, Battilana et al., 2015), Czech social enterprises focus predominantly on employing individuals that are somehow disadvantaged. Most

of them, however, provide jobs primarily for individuals with disabilities and in some cases for long-term unemployed persons. The narrow focus could be linked to the systematic financial support from public funding directed towards contracting people with health issues. In that case, an employer is eligible to receive a direct financial contribution in the form of income tax reduction and in the form of contribution for creating a position for a person with disabilities and for covering costs related to providing the workplace (Tax Act 586/1992, Employment Act 435/2004). Further, the legislation orders an employer with more than 25 employees to hire at least 4% of individuals with health issues of the overall number of employees. If they do not employ them, they are obliged to buy products and services from disabled producers or from companies that provide jobs for individuals suffering from health disabilities. Those employees must comprise a minimum of 50% of all employees (Employment Act 435/2004). This obligation provides opportunities for WISEs that fulfil these criteria to have regular customers, and therefore, a regular revenue.

However, the current state shows that a part of social enterprises is not capable of generating enough own revenue to sustain their activities. Based on the survey of the Ministry of Labour and Social Affairs that mapped the state of social enterprises that received subsidies in one of the programmes, it was found that 41% of the respondents stopped operating after the grant programme ended (MLSA, 2018). They stated that the principal reason was their inability to be competitive on the market without public funds. The data from currently operating social enterprises indicate that the majority of them create jobs for the disadvantaged groups in the industries related to low production costs (cleaning services, gardening and maintenance) and the relative certainty of stable revenues. Since a large share of the existing social enterprises has been operating on the market for a few years already, it may indicate that it is a way for social enterprises to sustain their operations. The problem of sustaining the mission could be the reason why some social enterprises employ more than one disadvantaged group (to be eligible for various public subsidies and grant calls), or why they operate in various fields. However, it does not create a space for introducing innovation as is the case in Western countries (Phillips et al., 2015; Pelucha et al., 2017).

The prevailing high dependence on public grants could be the reason of the

current change in public support towards social enterprises. Instead of applying for financial subsidies, social enterprises can now apply for loans. The transformation of financial support could create a transitional period for them to obtain credit in the financial markets, which may not be available at an early stage of their existence since their business plan and lack of experience could be considered risky (Pelucha et al., 2017; Fraňková, 2019). Though some banks provide loans to social enterprises, this practice is still rather rare. The opportunity to obtain a financial credit could be an incentive for implementing new innovative business plans.

In addition to the transformation of public subsidies to loans, efforts to promote social entrepreneurship are still unsystematic on the part of the public sector. International practise shows that the emergence of social enterprises was accompanied by public support (Defourny and Nyssens, 2010; Testi et al., 2017). However, that is not evident in the Czech case. The situation indicates that the issue of social entrepreneurship is not a priority topic for public authorities. The lack of political interest could be the reason of the non-existent legal framework for social enterprises that has been in the preparation phase for a long time now.

The absence of the legislation, however, limits their development (Wildmannová, 2018) because it is expected that the framework will be used as a base for suggesting the plan for the systematic support for social enterprises. A further barrier is, according to Fraňková (2019), the current state of public procurement. In the process of selecting the candidates for service provision through a responsible public procurement process, social enterprises could be given advantage and be selected even if their service delivery would not be performed with the lowest costs. There is quite a share of social enterprises providing cleaning services, catering, gardening and maintenance services. These services are already contracted out by public institutions. Though there are some examples of public institutions that support social enterprises through responsible public procurement, these are still an exception. Fraňková (2019) points out that in the majority of the public procurement processes the criterion of the cost minimization still dominates.

CONCLUSIONS

Social enterprises emerged during a relatively short period to provide new ways of solving diverse issues. From the perspective of nonprofit organizations, social enterprises promise the chance of generating alternative revenues through providing services on the market and, consequently, to decrease their dependence on public funding. For the public entities, the appearance of social enterprises could create opportunities for outsourcing and contracting out specific services initially provided by the state. The premise was to make the public sector functioning more effective. For the individuals, social enterprises could broaden the options of the social service provision or could provide them with new job opportunities, especially for those who could not find a job in the labour market. Since the focus and the character of the subjects covered in the social enterprises' field is rather diverse, there is still a considerable potential and justification for further research. The paper focused on analysing the field of social entrepreneurship in the Czech Republic by describing the roots of the social entrepreneurship and the current practice on the dataset of 504 social enterprises.

Similarly to international practice, they started to emerge after the withdrawal of the state. Most of them focus primarily on providing jobs for individuals disadvantaged on the labour market due to their reduced productivity or due to specific requirements on the working environment or the need to adapt the working hours and the workload. The data show that Czech social enterprises are not currently active in introducing social innovations. In addition, they often do not provide social services. Therefore, they do not substitute the role of the state in the service provision.

It turns out that the majority of social enterprises provide the same operations as business organizations (e.g. cleaning facilities, catering or maintenance). However, they incorporate disadvantaged employees into their production process. The practice also indicates that the blurring of the sectoral boundaries appears in many forms. From one perspective, the transformation of pure nonprofit organizations to social enterprises can be detected. Some social enterprises also emerge as spinoffs of public entities.

The lack of a legal framework and public support is one of the most commonly

mentioned barriers to the development of social entrepreneurship (Pelucha et al., 2017; Wildmannová, 2018). Since no systematic national public support accompanied their emergence, it could be the reason behind the lacking innovation. The missing capital and the challenge of sustaining their operation may discourage individuals from coming with new social innovation ideas and from trying to transform them to a new social business. A diverse portfolio of financial support could create a space for social innovations.

The paper introduced the social enterprise field in the Czech environment. However, there is still an extensive gap in what needs to be known about social enterprises. The unique combination of both the nonprofit and for-profit world in social enterprises' operations can be accompanied with newly arising challenges. One of the critical issues linked to their hybrid nature is that while they create social value, there is a pressure on maintaining the financial health of the enterprise (Battilana et al., 2012). That may result in restricting how and to what extent the organization would focus on its social mission. Previous research suggests that to sustain the existence of a social enterprise, one of two rationalities tends to dominate their functioning. While concentrating on commercial activities to ensure financial sustainability, social enterprises can decrease the level of operations directed at solving the social issue. Gradually, it may result in a mission drift (Teasdale, 2012). On the other hand, focusing predominantly on a social mission, the organization may not have enough space to sustain itself financially, which may lead to bankruptcy (Scott and Teasdale, 2012; Bruneel et al., 2016). Since there is a relatively low support from the public authorities that would help them to handle the challenges of competing rationalities and since no legislation regulating social enterprises exists, this could be one of the reasons why the number of social enterprises in the Czech Republic remains low.

Even though the number of Czech social enterprises is still low, the data show that their emergence has an increasing trend. It proves that the issue should be further analyzed. Further analysis should focus on whether the public policy should pay attention to the support of social enterprises and if so, how to boost their development. In addition, research should seek answers to how social enterprises could themselves ensure long-term operation with or without the help of public institutions.

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