

National Report SLOVENIA

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PART 1: COOPERATIVES ECOSYSTEM

1.1 General statistics

Number of cooperatives: 407 (in 2016).

Industries- repartition of the number of cooperatives by industry:

Table 7
Registered cooperatives, commercial companies and individual entrepreneurs in Slovenia as of 31 December 2014.

Sector of activity	Coope-ratives	Commer-cial companies
A – Agriculture, forestry and fishing	85	464
B – Mining and quarrying	2	77
C – Manufacturing	34	8254
D – Electricity, gas, steam and air conditioning supply	2	725
E – Water supply; sewerage; waste management and remediation activities	12	370
F – Construction	20	9453
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	100	16,499
H – Transport and storage	7	3369
I – Accommodation and food service activities	3	3462
J – Information and communication	5	3624
K – Financial and insurance activities	2	1387
L – Real estate activities	49	2210
M – Professional, scientific and technical activities	29	14,086
N – Administrative and support service activities	6	2241
O – Public administration and defence; compulsory social security	4	10
P – Education	2	743
Q – Human health and social work activities	7	1124
R – Arts, entertainment and recreation	2	714
S – Other service activities	6	1007
Total	377	69,819

Employment (full time equivalents)- total and by industry: 2999 (in 2016)

Some financial indicators from the annual reports of all cooperatives in Slovenia for the financial year 2013.

Sector of activity	Number	Average number of employees
A – Agriculture, forestry and fishing	76	411
C – Manufacturing	27	236
D – Electricity, gas, steam and air conditioning supply	2	0
E – Water supply; sewerage; waste management and remediation activities	10	0
F – Construction	13	15
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	92	2428
H – Transport and storage	4	12
I – Accommodation and food service activities	4	0
J – Information and communication	5	0
K – Financial and insurance activities	2	0
L – Real estate activities	34	56
M – Professional, scientific and technical activities	25	40
N – Administrative and support service activities	6	1
O – Public administration and defence; compulsory social security	3	0
P – Education	1	0
Q – Human health and social work activities	3	1
S – Other service activities	4	3
Total	311	3203

Existing federation/network:



- Cooperative Union of Slovenia that unites 71 agricultural, forestry and fishery cooperatives. Cooperatives, members of the Cooperative Union of Slovenia;
- NGOs working with networks of cooperatives and social enterprises like: Slovenian social economy association (no formal cooperative union except Cooperative Union of Slovenia that agricultural, forestry and fishery cooperatives)

1.2 Historical background and recent evolutions

Cooperatives in Slovenia have a long history, stretching back to the 19th century and marked by several ups and downs, interruptions and discontinuities, mostly due to changes of socioeconomic systems and the changing political demarcation of the territory during the last century and a half. Following this criterium, the historical development of cooperatives on the territory of what is now Slovenia could be roughly divided into four periods.

The first period starts in the middle of the 19th century, when credit and later also other cooperatives (like supply and marketing cooperatives of farmers and artisans, consumer cooperatives of workers and civil servants, productive and housing cooperatives of workers) emerged. In its first years, the movement had a strong national character, as cooperatives were considered by the patriotic intelligentsia, like brothers Josip (1834–1914) and Mihael Vošnjak (1837–1920), an appropriate institutional form for gradual economic emancipation of the Slovenian nation. In 1873, Austria legislatively regulated cooperatives as a special type of legal person with the Act on Cooperatives. This act (still valid in Austria with several subsequent amendments) is based on a liberal conception of cooperatives. Thirty years later, in 1903, it was complemented by another Act prescribing the obligatory audit of all cooperatives, in principle by their unions. At the initiative of Mihael Vošnjak, the first Slovenian cooperative union was founded in Celje on 18 January 1883. The union promoted the establishment of new credit cooperatives and also helped affiliated cooperatives with voluntary auditing (twenty years before the obligatory auditing of cooperatives was introduced by the Act from 1903). In the period from 1884 to 1894, the number of credit cooperatives affiliated to the union more than tripled, while their membership base and volume of activity expanded even more, as shown in Table 1.

Table 1

The development of credit cooperatives affiliated to the first Slovenian cooperative union from 1884 to 1894.

Year	Credit cooperatives	Members	Shares ^a	Savings collected ^a	Volume of credits ^a
1884	21	7536	197,160	1,365,747	1,591,746
1894	72	36,403	618,055	8,536,131	8,565,292

In the second phase of this period, under the influence of the Christian social movement led by Dr. Janez Ev. Krek (1865–1917), smaller but more numerous credit cooperatives according to the Raiffeisen model became a mass movement. Krek planned the development of cooperatives in three stages. The first stage was the establishment of credit cooperatives that were really successful in providing members with access to credit due to their small, easily surveyable business territory, where members knew each other and were therefore willing to be jointly and severally liable for the cooperative. Business was done in the domestic Slovene language and the work of functionaries was unpaid. The second stage in this plan was the development of other types of cooperatives, especially marketing and supply cooperatives that would protect farmers from the market unbalances. These cooperatives emerged later, being less numerous and less successful than those in the credit sector, as they required market oriented production and more skilful management. The final stage in Krek’s vision of cooperative development involved cooperatives as self-managed professional organisations of peasantry, but this stage presupposed political reforms and never became a reality. Nevertheless, the cooperative movement developed at astonishing speed: the Cooperative union in Ljubljana, where Krek was first a member and later the president of the board, increased its membership from 90 cooperatives to 575 twelve years later, as shown in Table 2.

Table 2
Cooperatives affiliated with Cooperative union in Ljubljana, in 1900, 1901 and 1912.

Year	Credit cooperatives		All cooperatives	
	Number	Membership	Number	Membership
1900	58	n.a.	90	n.a.
1901	104	27,309	157	38,685
1912	405	115,114	575	137,444

The second period began in 1918 with the emergence of the State of Slovenes, Croats and Serbs, which was united with the Kingdom of Serbia and became the Kingdom of Serbs, Croats and Slovenes in the same year. It was later (in 1929) renamed the Kingdom of Yugoslavia. This period lasted from the end of the First until the end of the Second World War. The first years of this period saw the consolidation of the cooperative movement with the newly established cooperative banks and apex organisations on the state level. Cooperative law in the entire state was unified in 1937 by the Act on Economic Cooperatives, which introduced a more socially oriented concept of cooperatives with indivisible reserves, limited remuneration on shares and prevalent, if not exclusive, business with members. The economic crisis in 1930 seriously affected farmers. Therefore, the government provided for reduction of farmers’ debts to financial institutions, including credit cooperatives, which transferred a part of their corresponding claims to the Privileged Agrarian Bank, while the rest of the claim had to be written off. During the whole period between the world wars, the number of cooperatives increased and cooperatives also emerged in new sectors (for instance, electricity and water-supply cooperatives) (Table 3).

Table 3
 Number of cooperatives on Slovenian territory (within the Yugoslav state) at the end of 1918, 1930 and 1937.

Year	1918	1930	1937
Credit cooperatives	416	507	539
All cooperatives	730	1209	1677

After the Second World War and the radical change of the socioeconomic system in the Federal People’s Republic of Yugoslavia, a collectivistic conception of cooperatives as “organisations of the working people” was enforced. Credit cooperatives in Slovenia, as the backbone of the former system, were wound up and their property was nationalised. In the first years after the war, newly established cooperatives played a large role in the renovation of the country and providing supplies for it. However, the policy soon focused on cooperatives as a tool for socialisation of small producers in agriculture and craft. The political campaign for setting up so called agricultural working cooperatives (1948–1953) according to the Soviet example and according to a special Act failed; these cooperatives were wound up, while the land and other assets were returned to farmers. Thus, the major part of agricultural land and forests remained in private ownership. However, the administrative pressure brought a long lasting, bad image of cooperatives among the rural population. This failure was one of the main political motives for the replacement of state and cooperative ownership with social ownership and the selfmanagement system in 1953 through the Federal Constitutional Act. The selfmanagement system improved the autonomy of economic organisations, widened the participation of employees, farmers and other working people on the decision making process and gradually introduced several elements of a market economy. The Regulation regarding agricultural cooperatives from 1954 defined the property of a cooperative as “social ownership” that “should not in any case be taken from the cooperative”, while the idea of self-management was close to traditional governance of cooperatives. These steps towards economic liberalisation enabled rather strong development of multipurpose agricultural cooperatives that provided farmer members with various services: inputs supply, marketing of agricultural products and rendering other services (for instance, with agricultural machinery, etc.). Towards the end of the 1950s, economic policy began to prefer big agricultural enterprises over agricultural cooperatives. Frequent amendments of cooperative legislation prompted the gradual equalisation of cooperatives with social enterprises and the predominating governance role of employees over members. The general meeting of members was gradually losing its central position in the governance of a cooperative, and the main issues were decided by cooperative councils consisting of the elected representatives of members and workers. The number of agricultural cooperatives fell drastically at the beginning of the 1960s due to massive mergers of cooperatives among themselves and even with social enterprises, while the cooperative unions had to cease their activities as independent legal entities for a decade (1962–1972). Since cooperatives in many cases merged with agricultural enterprises, farmers began to cooperate with these enterprises as external suppliers termed “co-operators”. Parallel with the conceptual development towards

social ownership as “non-ownership”, cooperatives lost their governance and property rights to processing and other enterprises founded by them (Table 4).

Table 4
 Agricultural cooperatives and their members in Slovenia in 1955, 1960, 1965 and 1970.

Year	1955	1960	1965	1970
Agricultural cooperatives	714	421	82	63
Members	n. a.	125,328	48,713	38,461

The last subperiod was the time of the so called system of associated labour, when state policy took a more favourable attitude towards private farmers and their cooperatives. According to the first Slovenian Act that regulated cooperatives and other associations of farmers, the Cooperative Union of Slovenia was re-established in 1972. Complex organisational solutions tried to balance the interests of members and employees of cooperatives within the social ownership model. Thus, for instance, the basic organisations were organised within the enterprises as well as cooperatives to guarantee more direct influence of “associated workers” and/or “associated farmers” on the decision-making process. The new provisions laid down the principle of equal governance rights of associated farmers and workers and gave associated farmers a decisive role if their investments in the social assets were at issue. The position of farmers cooperating with enterprises was also improved, since they could, alone or together with workers of the corresponding part of the enterprise, organise a so called basic organisation of co-operators, which resembled a cooperative with the only difference being that it existed within an enterprise. Basic organisations of co-operators were organised mostly by farmers within agricultural and forestry enterprises, and, in much smaller numbers, by craftsmen or trades-persons as ‘co-operators’ of industrial enterprises. The business between the associated farmers and their organisations was stimulated by a wide range of subsidies and tax alleviations. The agricultural policy also subsidised the advisory service in agricultural cooperatives. All these measures supported a fast process of modernisation of private farms with farm machinery and new or adapted objects for basic or complementary activities, although the constitutional limitation for private ownership of the land (land maximum) was not abolished until 1991. The economic policy also supported craft and housing cooperatives, so their number increased during this period (Table 5).

Table 5

Cooperatives and organisations of co-operators within the period of the so called “associated labour” in Slovenia.

Institutional form/Year	1975	1980	1985	1990
Agricultural cooperatives (AC)	54	42	41	46
Craft cooperatives	n. a.	35	45	100
Other (e.g., housing) cooperatives	n. a.	61	94	111
Basic organisations of co-operators (BOC)	n.a.	86	87	70
Associated farmers in AC and BOC	n.a.	45,407	69,009	n.a.

Throughout this period, farmers’ supply and marketing cooperatives gradually achieved major economic importance, while cooperatives in other sectors, except in craft and housing, almost vanished. Towards the end of the 1980s, when Yugoslavia found itself in a deep economic and political crisis, discussions about the necessary economic changes also addressed the issue of plurality of ownership forms with a wider space for development of cooperatives and private enterprises. The Federal Act on Enterprises abandoned the institutional system of associated labour with basic organisations, emphasizing enterprises as profit oriented economic units in a market environment. Two years later, the Federal Act on Cooperatives was passed. According to these acts, an enterprise or a cooperative might use assets in social, cooperative and/or private ownership. Many organisations of co-operators transformed themselves into agricultural or craft cooperatives due to the legislative changes. After the first steps towards privatization had already been made by the Yugoslavian legislation, the final decision about the transformation of social enterprises either into joint-stock or limited liability companies and their privatization by a combination of gratuitous and onerous methods was adopted through the Slovenian Act on Ownership Transformation of Enterprises.



Table 6
The historical periodisation of the cooperative movement in Slovenia.

Time period	Political system	Main legislation	Conception and role of cooperatives	Foreign examples
1856 (the first Slovenian cooperative in Ljubljana is founded) -1918	Austrian Empire, Austro-Hungarian Monarchy (from 27 December 1867)	(Austrian) Act on Cooperatives (1873), Act on Auditing of Cooperatives (1903) Hungarian Commercial Code (1875) for the northeastern part of the Slovenian territory – Prekmurje	Liberal conception of cooperatives as a tool for economic emancipation of the nation (patriotic intelligentsia, Josip and Mihael Vošnjak), later, a more socially oriented cooperative movement (e.g. J. Ev. Krek).	Ideas of Hermann Schulze Delitzsch and Friedrich W Raiffeisen, indirectly (via examples) and directly
1918–1945	State of Slovenes, Croats and Serbs (29 October 1918) Kingdom of Serbs, Croats and Slovenes (1 December 1918) Kingdom Yugoslavia (3 October 1929)	Act on Economic Cooperatives (1937)	Consolidation of the movement (cooperative banks as apex financial institutions of credit cooperatives). Legislative unification emphasised a more socially oriented cooperative model with, in principle, indivisible reserves.	Cooperative movements a legislation in Austria, Germany and France (indivisible re
1945–1991	Democratic Federal Yugoslavia (10 August 1944), Federal People's Republic of Yugoslavia (29 November 1946) Socialist Federal Republic of Yugoslavia (7 April 1963)	(Federal) General Act on Cooperatives (1946) (Federal) Basic Act on Agricultural Cooperatives (1948) (Federal) Regulation regarding Agricultural Cooperatives (1954) (Federal) Basic Act on Agricultural Cooperatives (1965) (Slovenian) Act on Associating of Farmers (1972) (Federal) Basic Act on Associated Labour (1976) (Slovenian) Act on Associating of Farmers (1979) (Federal) Act on Cooperatives (1990)	(1) Subperiod of administrative socialism (1945–1953): renovation and supply cooperatives, failing campaign for agricultural working cooperatives. (2) First subperiod of self-management system (1953–1962): liberalisation of the cooperative movement. (3) Second subperiod of the self-management system (1962–1969): equalising of cooperatives with social enterprises. (4) Third subperiod of the self-management system: (1969–1990).	Soviet Union examples ur 1948, later no explicit for influence until 1990 when cooperative ownership is reintroduced
1991-	Republic Slovenia after independence (25 June 1991)	Act on Cooperatives (1992), Regulation 1435/2003/EC for a Statute of European Cooperative Society (2003) with corresponding amendments of the Act on Cooperatives (2009)	Cooperatives as organisations of members as users or workers, transition to the market economy with privatisation and restitution of nationalised property with special provisions for cooperatives, social entrepreneurship, new cooperative initiatives	German and Austrian legi (served as a model for legi regarding commercial companies as well), International Cooperative Alliance (definition, value principles of cooperatives, European Union (Regulati 1435/2003/EC on SCE), Mondragon cooperative s; (from the Basque country Spain), social, worker and consumer cooperatives fr Italy, etc.

1.3 Legal context

Slovenia gained its independence in 1991. The Constitution defines the republic as a social state based on the rule of law, guaranteeing political, economic and social rights and emphasising the economic, social and ecological function of property. But it does not expressly mention cooperatives, speaking about economic organisations only generally. The Act on Cooperatives of 1992 defines a cooperative as an organisation of an unlimited number of members that has a specific purpose to promote the economic interests and economic or social activities of the members through business transactions between members and the cooperative. The Act is conceived as general legislation referring to all cooperatives regardless of their activity and the status of their members (producers or consumers), leaving a lot of room for internal autonomy of a cooperative. The Denationalisation Act of 1991 provided for the restitution of property that had been nationalised to individuals and religious communities. The Act on Economic Cooperatives from 1937 provided that if a cooperative was wound up, after the creditors had been paid and the nominal amount of members' shares had been

repaid, the remaining surplus was to be transferred to the cooperative union, which was obliged to assign such funds to another cooperative in the same sector and territory or, otherwise, to use the funds for the promotion of cooperatives. The Act on Cooperatives from 1992 extended the entitlement to restitution for nationalised property to cooperatives and their unions as well (the latter being entitled also in cases where the cooperative, the property of which had been nationalised, no longer existed and had no legal successor). In addition, the Act on Cooperatives provided that at most 45% of the social capital in 45 enterprises listed in the Annex to the Act and active in the food processing industry was to be assigned to cooperatives that collaborated with these enterprises. Although the Act allowed enterprises not mentioned in the Annex to opt for such a method of ownership transformation as well, no enterprise voluntarily chose this privatisation method so that the measure concerned only the already established farmers' cooperatives and did not incite cooperatives in other sectors. From a general point of view, cooperatives present a minority in the Slovenian entrepreneurial landscape, as they are far less numerous and generally have less economic weight than other economic players, among which commercial companies and individual entrepreneurs prevail. The total number of cooperatives represents only 0.5% of the total number of commercial companies, as shown in Table 7.

Table 7
 Registered cooperatives, commercial companies and individual entrepreneurs in Slovenia as of 31 December 2014.

Sector of activity	Cooperatives	Commercial companies	Individual entrepreneurs
A – Agriculture, forestry and fishing	85	464	829
B – Mining and quarrying	2	77	30
C – Manufacturing	34	8254	9299
D – Electricity, gas, steam and air conditioning supply	2	725	398
E – Water supply; sewerage; waste management and remediation activities	12	370	120
F – Construction	20	9453	11,363
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	100	16,499	11,289
H – Transport and storage	7	3369	5350
I – Accommodation and food service activities	3	3462	5569
J – Information and communication	5	3624	4021
K – Financial and insurance activities	2	1387	1026
L – Real estate activities	49	2210	712
M – Professional, scientific and technical activities	29	14,086	13,632
N – Administrative and support service activities	6	2241	3623
O – Public administration and defence; compulsory social security	4	10	38
P – Education	2	743	2552
Q – Human health and social work activities	7	1124	1508
R – Arts, entertainment and recreation	2	714	2572
S – Other service activities	6	1007	5787
Total	377	69,819	79,718

1.4 Public policy

The statistics in the latest annual reports submitted for 2013 by commercial companies and cooperatives reveal that cooperatives, if classified by their main activity, are most important in trade, agriculture and real estate (housing). In 2013, farmers' cooperatives, which are voluntary members of the Cooperative Union of Slovenia, accounted for approximately 84% of the total turnover and 82% of the total number of employees in all cooperatives in Slovenia. On the other hand, cooperatives are gradually being established in sectors where they have not been present for a long time. For instance, active cooperatives that submitted annual accounts for 2008 were registered in 17 and five years later (submitting annual reports for 2013) already in 19 sectors of activity.

During the transition to a market economy, cooperatives were not privatised in the same manner as enterprises with 'social capital'. The transitional and final provisions of



the Act on Cooperatives defined the property that had social ownership in existing cooperatives at the time of enactment as well as the property cooperatives acquired through denationalisation and through ownership transformation of certain enterprises as indivisible cooperative capital with substantially the same status as was provided for indivisible reserves by the Act on Economic Cooperatives from 1937. This means, practically speaking, that only cooperatives existing at the time of the enactment of the cooperative legislation in 1992 have such indivisible capital. The property acquired by cooperatives thereafter is not indivisible by the act itself. From the surplus realised after the enactment of cooperative legislation in 1992, at least 5% has to be allocated for obligatory reserves, while the remaining part is freely distributable among members. The property corresponding to obligatory reserves may be distributed among members after the dissolution of a cooperative, while in the case of exit, a member is entitled to the amount of her share and, if so provided by the statute, also to a part of voluntary reserves. The mainstream of system changes – privatisation of enterprises with partly free voucher distribution among all citizens, new entrepreneurial models of (reintroduced) commercial companies and individual entrepreneurs – attracted great attention from the public. In spite of the general character of the new cooperative legislation, cooperatives could not gain an image as being a universally acceptable business model, because they did not expand in various activities like commercial companies and retained their greatest importance as associations of farmers. One of the reasons for such a development was also public policy, which preferred the newly introduced commercial companies and individual entrepreneurs over cooperatives in some areas. Some signals in this direction were already made by sectorial legislation. Thus, for instance, the legislation continued to exclude cooperatives as a legal form for banking activities or even introduced new limitations. The first Act on Investment Funds and Management Companies did not allow cooperatives to hold shares directly or indirectly (except through banks) in the management companies of investment funds (while individuals and joint stock companies were allowed). An amendment to the Construction Act from 1996 allowed only commercial companies and individual entrepreneurs (but not cooperatives at that point) to directly perform construction and design activities. In proceedings before the Constitutional Court, the last two limitations were defended by the legislator and by the government as being founded within the “public interest”. It is interesting that the Constitutional Court did not find the provisions restricting shareholding of cooperatives in management companies and provisions excluding cooperatives from construction activities to be in conflict with the Constitution. However, both limitations were removed by subsequent legislation some years later. Cooperatives were not as interesting as privatised enterprises, because they did not offer so much room for individual appropriation of the existing ‘social capital’. As individualistic values are deemed to have strong roots in present Slovenian society, the attitude of the public towards the intergenerational, indivisible capital of cooperatives seems to be at least reserved.

After special sales tax exemptions and subventions for contractual production of farmer members for their cooperatives had been abolished in the early 1990s and the state began to stimulate family farms, artisans and later individual entrepreneurs directly, some cooperatives, above all in housing, ceased their activities, while other cooperatives of farmers, artisans and individual entrepreneurs faced fierce competition. From 1991



to 2004, the main legislative basis for general measures to promote entrepreneurship was the Small Business Development Act, which applied only to craft cooperatives, individual entrepreneurs and enterprises in non-agricultural activities with up to 125 employees (thus excluding farmers' cooperatives). The Act Governing the Rescue and Restructuring Aid for Companies in Difficulty made the aid available only to commercial companies but not to cooperatives having their registered office in Slovenia (Art. 2 of the Act). The first Supportive Environment for Entrepreneurship Act of 2004 included cooperatives into the scheme of supportive measures, but only for three years. The second Act with the same name, adopted in 2007, explicitly stated that only commercial companies and individual entrepreneurs should be considered as enterprises, and cooperatives were implicitly excluded from the promotional, educational and consulting measures and financial incentives foreseen by this Act.

The Republic of Slovenia Guarantee Scheme Act in its original version provided guarantee for commercial companies and not for cooperatives. For this reason, the act had been vetoed by the State Council, but it was enacted with an absolute majority in the State Assembly thereafter. It was soon amended so that cooperatives were entitled to the support as well. The economic crisis caused the failure of numerous companies causing the high rate of unemployment that incited search for alternative entrepreneurial models. The revived interest in cooperatives is to a great extent attributable to the Social Entrepreneurship Act, which was passed by the Slovenian Parliament in 2011. It is interesting that the draft bill was not introduced by the government as usual but by a group of members of the Parliament. The Act on Social Entrepreneurship laid down the conditions under which non-profit legal entities may acquire the status of a so called social enterprise and the measures to promote social entrepreneurship. A social enterprise is not a special organizational form and may adopt the legal form of a society, institute, foundation, company, cooperative society, European cooperative society or other legal entity governed by private law. The organisational requirements for social enterprises are to a great extent the same or at least similar to those internationally accepted for cooperatives: autonomous initiative, voluntariness, independence, market orientation, equality of members, stakeholder participation in management, non-profit purpose of operation and democratic governance. The Act especially emphasises that social enterprise operates not only for the benefit of its members but also for the public benefit. The property and surplus of such an enterprise are indivisible (with some strictly defined exemptions). In addition, the Act widely enumerates the social entrepreneurship activities, which range from producing certain goods (e.g. organic foods) to performing various social, cultural, educational, tourist and similar services.

An enterprise may acquire the status of a social enterprise regarding its activity (if it performs social entrepreneurship activities and employs at least one worker in the first year of its operation and at least two workers in subsequent years; social enterprise of type A); or regardless of its activity, if it employs at least one third of total staff from the most vulnerable groups (social enterprise of type B). According to the evidence accessible at the website of the Ministry of Economic Development and Technology, there were 57 active social enterprises registered as of 18 December 2014. The most numerous social enterprises are established as associations (20) and institutes (19), followed by cooperatives (9), companies limited by shares (8) and foundations (1) – the



choice of legal form seems to be influenced by the degree of founders' autonomy to shape the inner structure and legal position of a social enterprise .

1.5 Mechanisms

The government of Slovenia seemingly has a strong interest in developing cooperatives, as reflected in the nomination of a dedicated Secretary of State. Genuine interested could also be perceived from members of parliament from the two relevant parliamentary commissions (economy and labour/social affairs) during a dedicated hearing. Civil society seems to have considerably reinforced itself over the last 15 years in Slovenia, and this reflects itself in the capacity of citizens to mobilize around projects involving cooperatives or other types of social economy enterprises. There are approximately 25,000 NGOs in Slovenia and, apparently, several among the cooperatives recently created have a strong connection with this segment of civil society. In particular, there seems to be an increasing interest towards the cooperative model among the youth, and this new wave seems to be particularly strong in certain ranges of activities, such as creative arts, professional high skilled jobs (designers, translators, architects, etc.), organic food supply, and tourism.

The Maribor CAAP centre appears to be central in this evolution, Maribor being reportedly a traditionally strong civil society place. Furthermore, the Podravska region, where Maribor is situated, is the Slovenian region which is most badly hit by poverty and long-term unemployment and the need for change is strongly advocated there. The conversion of former industrial and mining activities into new ones, mainly in the services sector, seems to be considered as a priority strategy both by civil society stakeholders and policy makers. However, young people often lack proper knowledge, both in terms of how cooperatives function and in terms of business management, which are the prior requirements to establish a cooperative business which is profitable and viable in the long term.

On the one hand, the initial requirements to establish a cooperative are quite encouraging, both in terms of capital and minimum number of founding members, and an important obstacle preventing cooperatives from taking off during the start-up phase and from being totally viable in the market, is the access to loans. This context could be a fertile one for supporting the empowerment of cooperatives and facilitate their organisation into one or several sectoral federations representing worker cooperatives, social cooperatives and non-agricultural producers' cooperatives, alongside the already existing organization representing agricultural cooperatives. The failure to establish a sustainable federation of worker cooperatives in 2005-2006 was mentioned at a meeting of the cooperative working group coordinated by the government. This experience has its positive side because it has taught a number of lessons on what should be avoided (both organizationally and in terms of legislation, given that at that time a number of auditing provisions in the cooperative law existed, now deleted), because the persons concerned are now able to take stock of that experience. Persons involved in the development of cooperatives, both in civil society and in government, seem to start taking ownership of the long history of cooperatives in Slovenia, a phenomenon which is still sketchy in many other European countries which experienced state-led economies in their recent history

Worker buyouts are high on the government's agenda, and a number of reasons may explain it, beyond the keen interest for developing cooperatives mentioned above. First of all, the government is pursuing a large privatization drive, including sale to foreign capital. Secondly, some of the enterprises for sale are not sufficiently attractive to foreign investors, and business transfer to employees may be seen as a solution, especially in the case of companies that are known to most citizens. During the meeting of the cooperative working group, we had an interview with the trade union of Adria Technica, the plane repair company which belonged to Adria, the national carrier. The meeting highlighted that the workers had already managed to collect around 15% of the sum necessary to purchase the enterprise. Discussions were taking place on a law which would allow the state to provide loan guarantees. It will be important that Slovenia gradually take ownership of the necessary technology to operate worker buyouts and avoid risky operations, which, in other countries, have proved to be very costly politically for the development of this modality of establishing cooperatives.

1.6 Public awareness

Since the history of the cooperative development in Slovenia goes back to the second half of the nineteenth century. More recently, the failure of numerous companies as well as the adoption of the Social Entrepreneurship Act in 2011 by the National Assembly of the Republic of Slovenia, contributed to reviving a certain interest towards the cooperative entrepreneurial model in Slovenia. When it comes to responding to increasing socio-economic needs and challenges, it now appears to be the right time to think about the most appropriate strategy to boost worker and social cooperatives and cooperatives of self-employed producers' in Slovenia. Guided by another mission than profit per se, cooperatives, particularly those in industry and services, have proven in many countries to have the capacity to stabilize and develop local economies and make local communities more prosperous even in times of crisis, ensure decent and stable jobs to worker-members, mitigate market failures and volatility, create social efficiency via positive social and economic externalities, keep economic activities and local competences where investors would not do so, and generate trust and include the most vulnerable groups in society. The development of cooperatives, which should always be a bottom-up process because of the very nature of cooperatives, can only be fully effective if accompanied by adequate public policies and support. Moreover, the connection with the wider cooperative movement at the European and global levels represents a precious added value in terms of transfer of knowledge and guarantee that the internationally-recognised cooperative standards (definition, operational principles and underlying values), which provide cooperatives with part of their economic sustainability potential, are fully abided by. Indeed, to bring into full play their development potential, cooperatives need a broader vision and a systemic approach based on mutual help.

1.7 Public knowledge

Like in other countries, in Slovenia the economic crisis increased interest in cooperatives as an alternative business and organisational model. This trend is probably



more obvious since it coincides with the change of generations (the generation born after the independence of Slovenia has now reached more than twenty years of age) and may be traced to public opinion – from the media, general and sectorial development strategies and programmes of political parties. On a practical level, there are already existing cooperatives among which those for marketing the supply of farmers have the longest, although not a continuous tradition. In other sectors, where cooperatives have not been present for many years, new cooperative initiatives began almost from scratch. The successful operation and growth of an alternative business model is a demanding, although not impossible task that requires not only financial but also social capital. The risks of this task may be managed in a better manner by supporting networks, the outlines of which are gradually drawn by the new and existing cooperatives, their associations and other supporting institutions through exchange of information and best practice, education and training and activities aimed at the public and policy makers. As cooperatives typically grow organically, through admission of new members and reinvesting their surplus, their development will probably require time, perseverance and patience. Like investor-owned firms, cooperatives may merge but may not be taken over. The organic growth, including intergenerational funds of cooperatives, may be more sustainable and resilient against threats from the environment. Not only financial but also cultural and other factors may be a serious obstacle to the transformation of existing non-cooperative enterprises into a cooperative. In this regard, it may be symptomatic that no existing enterprise has acquired the status of social enterprise since the Act of Social Entrepreneurship has been applied. For future policy, three brief recommendations could be formulated in conclusion. First, the development of cooperatives will require a more coherent and systematic economic policy, where actual measures are brought in line with the declared support and cooperatives are not treated less favourably than other economic actors. Second, the movement can go further only from its current place; it cannot skip the critical points in its life cycle. It seems that co-ops will emerge from local paths of development, but can learn about risk management from others. Third: for co-ops to become a viable business alternative, they should not be given the last chance after all other options have been exhausted and have failed.

1.8 Media

Cooperative development in Slovenia has been gaining in support, especially after the United Nations International Year of Cooperatives 2012. But cooperatives are still viewed as a bit alternative and not a mainstream way of doing business.

1.9 Role models

There are sadly no large traditional worked or consumer cooperatives with a long history that could be used as role models in Slovenia. There are however some interesting agricultural cooperatives that show cooperative have a place in the Slovenian economy. However after 2011 (Social enterprise Act) and the 2012 UN International Years of Cooperatives, cooperatives have been gaining traction in Slovenia with the number of cooperatives raising as well as cooperatives diversifying by sectors.



1.10 National publications

- https://www.ajpes.si/doc/LP/Informacije/Informacija_LP_GD_zadruga_2016.pdf
- <https://www.program-podezelja.si/sl/knjiznica/100-zadruznistvo-ucinkovit-model-poslovnega-organiziranja/file>
- <http://www.ozs.si/Portals/0/Media/Dokumenti/OZS/Sekcije%20in%20odbori/Iris/Zadruga/Zgodovinski%20pregled%20obrtnega%20zadru%C5%BEi%C5%A1tva%20v%20Sloveniji.pdf>
- <http://www.delavska-participacija.com/priloge/2522-1.pdf>
- http://www.mddsz.gov.si/fileadmin/mddsz.gov.si/pageuploads/dokumenti_pdf/seminar_soc_podjet_oecd_porocilo.pdf

1.11 National web sites

- www.zadruzna-zveza.si
- www.socialnaekonomija.si
- www.tkalka.si

PART 2: COOPERATIVE/ENTREPRENEURSHIP EDUCATION

Part 2.1: Cooperative Education

Name	CAAP/TKALKA
Providers	NGO
Target	- young people - Maribor city
Content	incubator
Learning practices	Worksops, seminars, lectures etc.
Indicate if those programs include specific action supporting entrepreneurship	yes
Indicate if those programs include specific action towards young people	yes

Name	Zadruzna zveza Slovenije
Providers	Cooperative union
Target	Coop members
Content	Services for coop members
Learning practices	Services for coop members: networking etc.
Indicate if those programs include specific action supporting entrepreneurship	yes
Indicate if those programs include specific action towards young people	no

2.1.2 Needs of cooperative actors to develop entrepreneurship

- Project management
- Business plan preparations
- Due diligence
- Finance knowledge

2.1.3 Needs of cooperative actors to reach young people

- Marketing



COOPilot

- Informing
- Funding opportunities

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Industry, Entrepreneurship and SMEs of the
European Commission



Part 2.2 : Entrepreneurship Education

There are no formal (university) cooperatives entrepreneurship education programs. The programs and/or projects that involve entrepreneurship education for cooperatives are based on NGOs of project based funding.

2.2.2 Needs of entrepreneurship educative actors to cover cooperative entrepreneurship

- Motivation to look out of the mainstream box
- Financial incentives for cooperative education
- Legal framework that would promote cooperative development and education

2.2.3 Needs of entrepreneurship educative actors to reach young people

- Information channels
- Funding opportunities

Part 2.3: Learning Coop Entrepreneurship Education Practices

2.3.1 Are there, in your country, any existing practices, potentially inspiring for other countries?

Maybe only the growing potential (popularization) of cooperatives in Slovenia and on paper support by the current government.

PART 3: OPPORTUNITIES

3.1. Youth

- In terms of poverty, young Slovenians are in a relatively good position compared to their European peers. However, this favorable position, which is not objectively detected by youth, cannot be attributed to the heavily segmented labor market. Instead, it is a function of both an informal support network, which allows young adults to extend their time in the parental home, and the relatively successful functioning of the social protection system.
- Eurostat data and the results from different studies indicate that disposable income of young Slovenians is noticeably lower than the EU-15 average, and that this gap, which had been closing until 2009, is once again expanding. In other words, if the disposable income of young people (aged 16-24) was growing in real terms (and, after compensating for price differences, even approaching that of young people in economically more advanced EU countries), the trend has since reversed (figures from 2009-2010).



- Analysis of the estimated total monthly disposable income of young people (aged 16-25) in Slovenia reveals a significantly lower figure than is depicted by Eurostat data. Moreover, these figures have been stagnant (in real terms) over the previous 13 years. This is perhaps a consequence of the reduction in the number of young people with steady employment (who are on average higher earners), and an increase in the proportion of contract workers (whose incomes are falling because of increased numbers). Further, detailed analysis indicates that after 2010, the situation has deteriorated for all occupational groups except for the economically weakest group (composed of those with no steady employment or the unemployed).
- Official Eurostat data and the current study indicate that economic inequality in Slovenia is on the rise.
- Results from a mean analysis indicate that Slovenian youth (aged 16-25) are significantly ($p < 0.001$) more pessimistic about the future economic situation of their country when compared to their peers in Croatia and Kosovo (although in both these countries, the youth are socially and economically worse off). Almost 44 percent of Slovenian youth expect that the economic situation in Slovenia over the next ten years will be much or somewhat worse than it is today (compared to Croatia (13 percent) and Kosovo (8%)). Consequently, a longitudinal analysis of subjective well-being indicates a negative trend.
- Although young men earn more than young women irrespective of employment status, the differences continue to fall, putting Slovenia at the bottom of the gender pay gap among countries with the lowest gender pay gap.
- Slovenian youth live in relatively small, materially well-equipped households (almost all households have a car, personal computer, access to the Internet, and a mobile phone, etc.). Moreover, parents tend to be better-educated. On the other hand, the results indicate that “the Mediterranean” pattern continues in terms of the share of youth that still live in the parental home (Slovenians are far above the European average). Yet the results from this study indicate a break in the trend, i.e., that the share has begun to decrease. This finding is supported by Eurostat data, which indicate that Slovenia fell from second to fifth place in the EU-27.

3.2. Youth unemployment

- Since 2007, the youth unemployment rate has risen dramatically, and Slovenian youth have lost their favorable position within the EU-27.
- High rates of enrollment in education during the past decade have prevented the youth unemployment rate from increasing even more.



- Both the age and gender gap amongst the unemployment have substantially increased during the past ten years.
- Whereas in 2000 labor force participation of men almost equaled that of women, the difference has sharply increased by 2013.
- According to the methodological approach of self-perceived unemployment, 36.1 percent of young people were unemployed as of June 2013, compared to only 24.1 percent as reported by Eurostat.
- The inter-group differences in unemployment rates are the sharpest in terms of achieved educational level, e.g., 50 percent of the unemployed have attained a primary level education; and an additional 13 percent have received a tertiary level degree.
- Student work is by far the most important form of youth participation in the labor market, representing more than half of all the (taxed) working hours done by youth in Slovenia.
- While only one in four working young women holds a full-time regular job, nearly half of young working men do so. The major reason for this difference can be attributed to the larger share of women working as students.
- The majority of employed young people in Slovenia work outside the professional boundaries of their education.
- The declared willingness of young people to take various actions in order to reduce the risk of unemployment has been increasing since at least 2005.
- The relative majority (45 percent) of young people in Slovenia prefer employment in the private sector. This is considerably high when compared to previous surveys conducted in Slovenia, Kosovo, and Croatia.
- The relatively low emphasis on job security, particularly where it concerns accepting or declining a job, is one of the several indicators pointing to the high levels of flexibility amongst young people in the Slovenian labor market.

3.3. Youth **intentions** towards entrepreneurship

N/A

3.4. **Uncovered social needs**

- Full time non-precarious employment.



3.5. Youth **sensibility** to uncovered social needs

It is a growing problem, since the negative effects of non-precarious employment are showing over time.

3.6. Industries or social needs with high potential for cooperative entrepreneurship

- Worker buyouts in established businesses,
- Cooperatives connecting precarious workers.

3.7. Do you think those are suitable for youth entrepreneurship?

Yes. They offer sustainable employment.

3.8. Industries or social needs with high potential for youth entrepreneurship

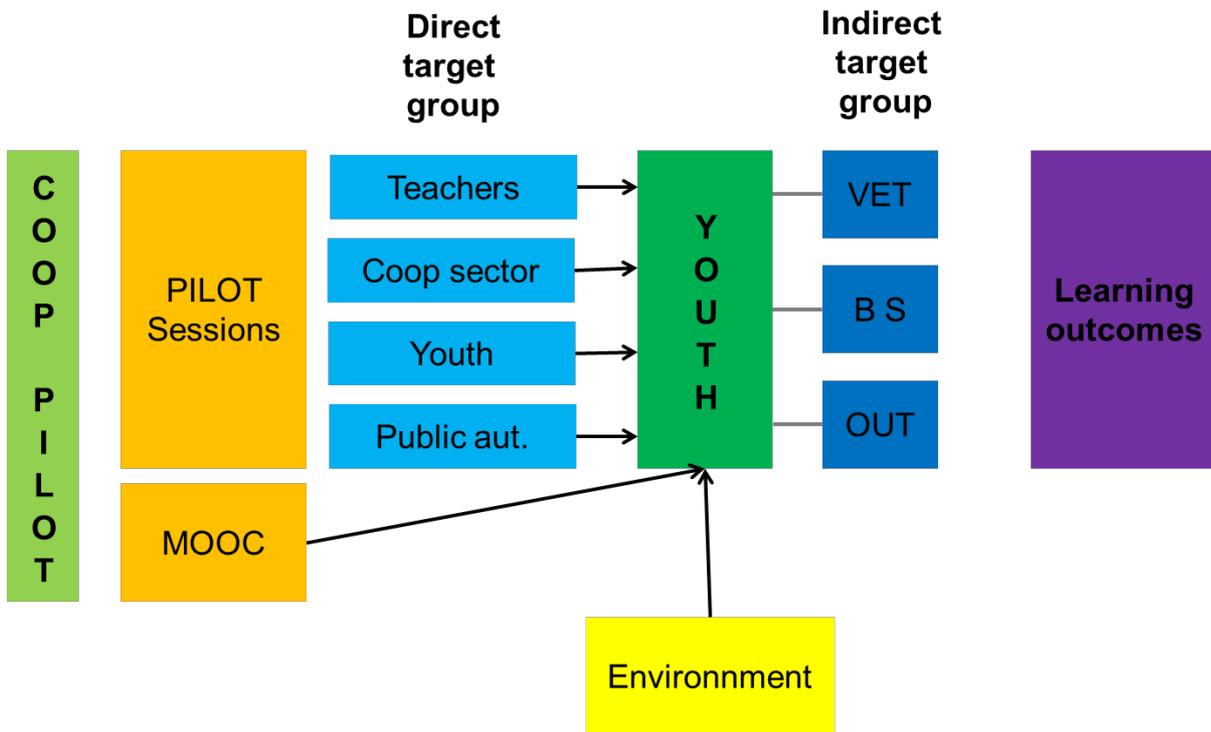
- “start-up” companies (sustainable development),
- cooperatives of precarious workers (mutual interest and wellbeing).

3.9. Do you think those are suitable for coop entrepreneurship?

Yes, since the cooperative model is highly applicable in a wide variety of economic sectors.



PART 4: NEEDS



4.1 Needs in terms of expected learning outcomes

4.1.2 VET students

Learning outcomes	Entrepreneurship	Cooperative
ATTITUDE Examples: self-confidence, sense of initiative, problem solving mind, cooperation ability, listening capacity, empathy...	4	6
SKILLS Examples: creativity, planning, financial literacy, managing resources, managing uncertainty, and risk, teamwork, co-construction, communication, decision making...	5	4
KNOWLEDGE Examples: assessment of opportunities, role of entrepreneurs in society,	3	6

entrepreneurial career options, legal framework of coop, coop ecosystem, funding sources for coop...		
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4.1.2 Universities scholars and business management students

Learning outcomes	Entrepreneurship	Cooperative
ATTITUDE Self-confidence, sense of initiative, problem solving mind, cooperation ability, listening capacity, empathy...	2	5
SKILLS Creativity, planning, financial literacy, managing resources, managing uncertainty, and risk, teamwork, co-construction, communication, decision making...	2	5
KNOWLEDGE Assessment of opportunities, role of entrepreneurs in society, entrepreneurial career options, legal framework of coop, coop ecosystem, funding sources for coop...	2	6

4.1.3 Young people out of education

Learning outcomes	Entrepreneurship	Cooperative
ATTITUDE Examples: self-confidence, sense of initiative, problem solving mind, cooperation ability, listening capacity, empathy...	3	6
SKILLS Examples: creativity, planning, financial literacy, managing resources, managing uncertainty, and risk, teamwork, co-construction, communication, decision making...	4	5

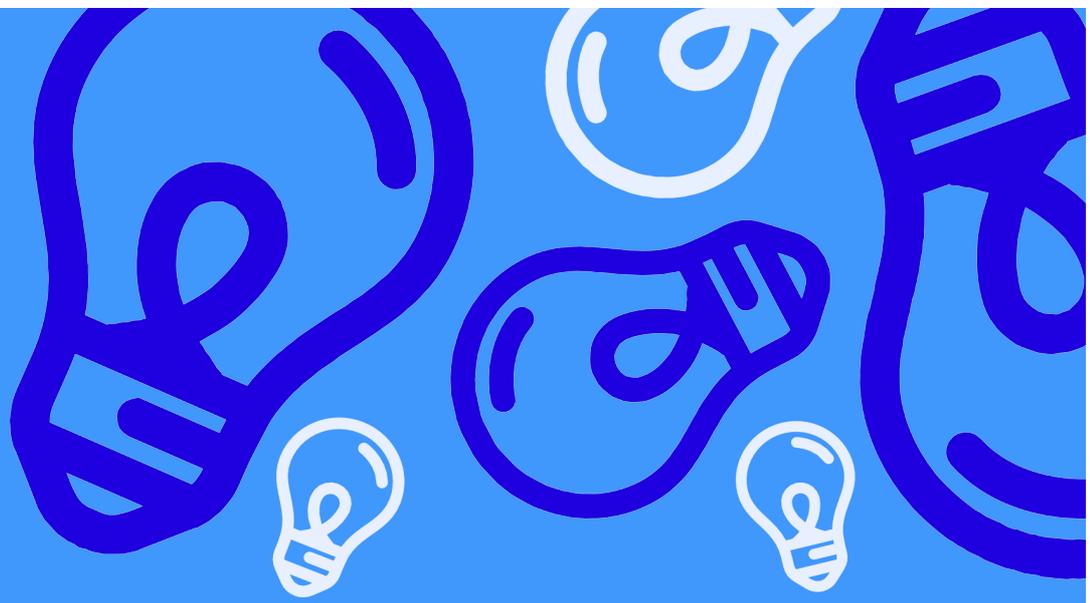
KNOWLEDGE Examples: assessment of opportunities, role of entrepreneurs in society, entrepreneurial career options, legal framework of coop, coop ecosystem, funding sources for coop...	4	5
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4.2 Target audience that will attend the pilot session

- Teachers: 5%
- Coop sector: 20%
- Youth: 50%
- Public authorities: 25%

4.3 Expected learning outcomes that need to be supported by the pilot session

	VET student	Universities scholars and business management students	Young people out of education
Entrepreneurship ATTITUDES	1	4	2
Entrepreneurship SKILLS	6	2	1
Entrepreneurship KNOWLEDGE	4	1	5
Cooperative ATTITUDES	2	6	6
Cooperative SKILLS	3	3	3
Cooperative KNOWLEDGE	5	5	4



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National school of political studies and public administration - Romania (<http://www.snsparo>)

Federazione trentina della cooperazione - Italy (<http://www.cooperazionetrentina.it>)

Fundacion Escuela Andaluza de Economia Social - Spain (<http://escueladeeconomiasocial.es>)

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Scuola Nazionale Servizi Foundation - Italy (<http://www.scuolanazionale.servizi.it>)

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