

## **WAR VETERAN ENTREPRENEURSHIP: VETERANS' COOPERATIVES IN CROATIA**

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### **Abstract:**

*War veterans constitute a marginalized group that is affected by both civilization and war aspects. This paper intends to research and describe Croatian defenders from the Homeland War - war veteran population in Croatia, as a special social group entering for various reasons the world of entrepreneurship. So the paper contains the content analysis of primary and secondary sources and defines the terms “social entrepreneurship”, “social entrepreneur” and “social enterprise”, as well as the term “war veteran”, “cooperatives” and “veterans’ cooperatives”. It also presents the basic features of war veteran entrepreneurship in general, government support programs and examples of good practice both in Croatia and worldwide. Empirical research of 20 war veteran cooperatives, as the most developed form of entrepreneurship among Croatian war veterans, provides an insight into the structure of the war veterans who joined the cooperatives and their needs, the cooperatives as beneficiary of the Croatian war veteran incentive program and the supporting institutions at their disposal. According to the results of the research, Croatia has a sound care and incentive scheme for war veteran entrepreneurship, which needs to be redirected from predominantly non-recurring financial incentives towards the development of different profiled programs of entrepreneurial education, training, advisory and mentorship.*

**Keywords:** social entrepreneurship, veterans, veteran entrepreneurship, cooperatives, self-employment

**JEL code:** L26 - Entrepreneurship

## Introduction

This paper intends to research and describe social entrepreneurship of the war veterans as a specific marginalized group of people and their association into cooperatives. Comparing the supporting infrastructure for the promotion of the war veterans' entrepreneurship in the Republic of Croatia and foreign countries' models of good practice and based on our own empirical research of veterans' cooperatives it is possible to make suggestions for a further development and encouragement of veterans' entrepreneurship as of the special social group.

So from the secondary sources the three key areas were investigating and describing: social entrepreneurship, war veterans as potential entrepreneurs and veterans' cooperatives as the most developed form of entrepreneurship among Croatian war veterans- defenders from the Homeland War.

A quantitative survey was applied to investigate the profile of war veterans who entered the world of social entrepreneurship: their demographic features such as age, education, motivation, working and military experience before joining the cooperative association and their entrepreneurial education. Furthermore to investigate the profile of veterans cooperative: choice of industry, average number and profile of the members, use of resources, use of government support measures and their needs for further development.

## Social entrepreneurship

The term 'social entrepreneurship' was defined by Bill Drayton, a founder of the first organization. It was intended to promote the concept of social entrepreneurship under the name Ashoka: Innovators for the Public.<sup>1</sup> The organization was established on the assumption that it is the most effective way of promoting positive social change investment in social enterprises with innovative solutions that are viable at the national and global levels. Social entrepreneurs are the engines of social change and role models for the social sector in order to achieve maximum impact on society (Škrtić, Mikić, 2007).

*Social entrepreneurship* is engaged in solving social problems such as education, environmental pollution, social inequality, inaccessibility of new technology. The guiding principle of social entrepreneurship is the responsibility towards the environment and the community in which it operates, primarily with social and environmental goals.

*Social entrepreneur* is an individual who uses a profitable strategy to achieve social objectives, while seeking financial and social returns to investment. *Social enterprise* is an enterprise with primarily social and socially-oriented objectives, whose profits are reinvested to achieve these goals through a business or investing in the community.

There are several organizations worldwide which are encouraging social entrepreneurship, such as *Ashoka*, *The Skoll Centre*, *CAN*, *NESsT*. Each of these organizations emphasizes as a primary goal the importance of change in today's society; the main tasks are the development, promotion and encouragement of social entrepreneurs and enterprises. Their mission is to shape global, entrepreneurial, competitive sector undertaking major changes and investment along with linking and networking social entrepreneurs and innovators.

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<sup>1</sup> Ashoka: Innovators for the Public, <http://www.ashoka.org/about>, (29.10.2011.)

Development of social economy and non-profit entrepreneurship is a vital part of the Croatian National strategy meant to create supportive environment for a development of Civil Society (*Nacionalne strategije stvaranja poticajnog okruženja za razvoj civilnoga društva (2006.-2011.)*).<sup>2</sup> Some of the goals are: to encourage social entrepreneurship programs, to develop measures for systematic monitoring of the effects and evaluation of investment performance in a non-profit business, to develop centres of support for social entrepreneurship, to encourage networking with similar organizations in Europe and worldwide.

In February 2011, there was an incentive in Croatia for the creation of *Social Entrepreneurs Forum (SEFOR)* as a network that should work on creating a better framework for the development of social entrepreneurship in Croatia, in the form of the following activities: organization of the network, monitoring and promoting social entrepreneurship, business infrastructure construction, marketing services, and the contest for social entrepreneurs and a social enterprise of the year. Within the Forum there are three action groups: the first is responsible for making proposals on education in the field of social entrepreneurship, the other works on the legislative framework, and the third on the strategy and the delimitation of the concepts (Vekić, 2011).

## War veterans

*Under the marginalized groups we mean those social groups which have a much smaller amount of political, social and economic power in the community, compared to the average, or to the majority of the population. Marginalization is a product of social structure that is visible in the rooted prejudices and social relation to certain groups, which occurs due to some of its features that most people consider socially undesirable for various reasons, starting from the moral condemnation, fear, ignorance and discomfort to non-compliance (Škrabalo, 2006).*

The term *veteran*<sup>3</sup> comes from a Latin term. An adjective *veteranus*, from *vetus* – old, experienced, tested, alone or with a substantive *miles* – soldier, meant in the old Rome an old, retired and experienced soldier who spent in the legion/military service the required number of years. The term veteran is inseparable from the term of a former warrior due to frequent self-identification of a veteran as a warrior, much more than with retired soldiers, and that uniqueness comes from the experience of war and its incomparability with anything in the civilian sphere (Žunec, 2006).

For the participants of the Homeland War in Croatia - members of the military and police, the term '*branitelj*' (*defender*) has become a common term, which also became the legal term, and the full term is – *hrvatski branitelji iz Domovinskoga rata* (*Croatian defenders from the Homeland War*). Croatian defender (war veteran) is a person who as a volunteer and a member of the Croatian Armed Forces participated in the organized Croatian defense at any time during the war, starting from 5 August 1990 to 30 June 1996 the (*NN 174/04*). There are also in use phrases like *veterani Domovinskog rata i dragovoljci* (war veterans of the

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<sup>2</sup> Vlada RH, Ured za udruge (2006) (Croatian Government, Office for Associations), Nacionalna strategija stvaranja poticajnog okruženja za razvoj civilnog društva od 2006. do 2011., (National Strategy for creation of supportive environment for a development of civil society from 2006 to 2011) [http://www.uzuvrh.hr/UserFiles/NacionalnaStrategija\(1\).pdf](http://www.uzuvrh.hr/UserFiles/NacionalnaStrategija(1).pdf) (6.11.2011.)

<sup>3</sup> Hrvatski jezični portal, (Croatian language portal) <http://hjp.srce.hr/index.php?show=search>, (29.10.2011.)

Homeland War and volunteers) and the phrase means persons who joined the armed defense of the Croatia on their own initiative. To achieve veteran status, five months of participation in the Homeland war was required, however, if the person joined the War in its earliest stage, just 100, or 30 days of participation was required.

The Croatian practice is similar to that in other countries where also a short time of service is required and not necessarily the service in the war. E.g. in the United Kingdom, veteran status is acquired by the person who spent at least one day in military service, at any time irrespective of seniority (years of service). In the U.S., one need to be two years in the service to acquire veteran status, and provided there is no dishonourable discharge.

In Croatia, if we consider their current number in the registry, the defenders/war veterans make up about 11% of total population.<sup>4</sup> The level of education structure among the Croatian war veterans is unfavourable, dominated by people with secondary education and almost one fifth defenders have a lower degree. According to the Croatian Employment Service, in early 2011, the number of unemployed stood at 8.5% of total unemployment in Croatia and the largest number of unemployed Croatian veterans is over 50 years.

The protection system for the Croatian war veterans is arranged by the Law. The Act on the Rights of Croatian Homeland War Veterans and their families (*Zakonom o pravima hrvatskih branitelja iz Domovinskog rata i članova njihove obitelji (NN 174/04, 92/05)*) primarily refers to the rights within pension and healthcare system, then there are also employment rights, housing rights, the rights on the basis of body damage and other rights. These rights are mainly related to cash benefits and compensation, and to a lesser extent to the development of quality programs for their reintegration into society.

Position of the Croatian Homeland War Veterans is quite specific because parallel with the war there was also the process of social, political and economic changes going on that should have transformed the Croatian society from a socialist - communist organization into the capitalist and liberal - democratic system. Privatization - the introduction of strict market logic led to the disappearance of jobs, so that the average Croatian soldier who went to War in 1991 and returned from the war in 1995 found significantly different general conditions: unemployment, loss of material existence, he was left to himself and to rather indifferent milieu.

Unlike the Republican Rome, but also unlike majority of today's Western countries that participated or have been participating in the war, when the army served the citizens who voluntarily chose military service as a profession, in Croatia a conscription was in force. Due to the national feelings of vulnerability as well as extremely high national consensus of armed resistance to the enemy there were also many volunteers in the war, which has significantly increased the moral obligation of the state and the nation towards the veteran population as a whole (Begić, Sanader, Žunec, 2007).

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<sup>4</sup> Authors' calculations based on data from the Registry of Veterans Affairs and the Census in 2011 of the Central Bureau of Statistics.

## War Veterans' Entrepreneurship

Entrepreneurship is certainly a form of self-actualization and social integration that veterans should take into account. After serving in the army, the entrepreneurial mind-set was naturally imposed on them; therefore they become proactive, oriented to the goals and effective performance of tasks. They are ready to deal with crisis situations and make decisions rapidly. They are very much aware of the importance of alternative solutions they can effectively adapt and implement. Generally, these features, together with the characteristics of successful entrepreneurs, can contribute to creation of a stable company, an independent contractor and a small businessman who is often driving the development of his local community.

Why veterans start their own business? Here are some possible explanations: military service provides useful education which encourages them to self-employment or the self-employment seems more attractive to them after spending some time in a strict hierarchical structure in the army; also, self-employment is less risky in the veteran population since they are entitled to various compensations and benefits which in turn reduce the risk of self-employment or the military service is simply attractive to certain individuals who are predisposed to become entrepreneurs (Hope, Mackin, 2011).

Numerous examples of successful entrepreneurs show that their military service was extremely useful as preparation for effective implementation of entrepreneurial ventures. Let us mention only some of the most notable entrepreneurs, such as the founder of *FedEx*, Frederick W. Smith and Ewing M. Kauffman, the founder of *Marion Merill Dow Inc.* and *Kauffman Foundation*, intended for the research of entrepreneurship (Hisrich, Peters, Shepherd, 2008).

Special training programs, teaching of SMEs are intended to bridge the gap between military and entrepreneurial ways of thinking. Offering veterans the opportunity to exploit their own leadership skills and organize team-building, they are also given the opportunity to choose their own direction and mode of action and thus entering the labour market. As entrepreneurs, the veterans have a range of options: choose the type of work, confront challenges, improve their strength and skills to achieve financial goals, build a career.

Generally speaking, entrepreneurial supporting institutions back up the launch of a new business venture in the form of advice, training and assistance by finding funds. But war veterans need to be offered such programs that will identify their innate talents and acquired skills derived from military training, and create a supportive environment which will consequently result in the development of veterans' entrepreneurship. Such programs should help build up a network of veterans who see their future in self-employment and provide them with support during the *start-up* period that is also the most vulnerable phase of the business venture.

As a security that veterans might live on their work, there are two main types of subsidies: as a priority employment in wage labour and as loans to develop their own economic projects and activities. Veterans Entrepreneurship programs are supported by the Ministry through vocational training and employment of unemployed Croatian veterans, through measures to encourage self-employment, cooperatives and cooperative projects through the support of Croatian war veterans.

As the highest form of the Croatian war veterans' entrepreneurship there are cooperatives, or a cooperative association. Primarily because of the programs and incentive measures aimed at encouraging the establishment and development of cooperatives, but also due to the type of association that can bring the most benefit to small family farms, small traders - generally small businesses. The pooling of small producers is important primarily because of the organized and easier performance and selling products on the market.

Ministry of Family, Veterans and Intergenerational Solidarity registered the veterans' product label at the Croatian State Intellectual Property Office as a way to support the veterans' entrepreneurship. The label's name is *BRAN'D*, after *BRANitelji Domovine*, (*Homeland Defenders*) and it will be placed on all veterans' products that by their quality and manufacture meet the requirements needed to obtain the label (brand). The products shall conform to the provisions defined by the Act on Food (*Zakona o hrani (NN 46/07, 155/08)*) and all applicable regulations issued thereunder, as well as the product specification of the cooperative.

*Figure 1:* The sticker for visual labeling of Croatian veterans' cooperative products



Source: Ministry of Family, Veterans and Intergenerational Solidarity, <http://www.mobms.hr/razno/brand.aspx>, (9.11.2011.)

### ***Examples of Good Practice***

As examples of good practice worldwide, we have sorted out the following projects and programs from the U.S.A., United Kingdom and Israel and an example of the Veterans' association from Croatia.

The Entrepreneurship Bootcamp Program for Veterans with Disabilities in the U.S.A.<sup>5</sup>

*Entrepreneurship Bootcamp Program for Veterans with Disabilities (EBV)* was started in 2007 by *Whitman School of Management*, one of the world's best entrepreneurial schools, at the Syracuse University, in the U.S.A. The program was conceived from the very beginning as a social venture that will provide training in entrepreneurship for veterans with disabilities, at no charge. EBV consortium was established in 2008 as a national educational initiative, designed to help war veterans and veterans with disabilities in self-employment, development of business network and to start and grow sustainable businesses. The Consortium consists of seven business schools in the U.S.: *The Whitman School of Management, UCLA Anderson School of Management, Florida State University's College of Business, Mays Business School at Texas A&M, The Krannert School of Management at Purdue University, The University of*

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<sup>5</sup> Entrepreneurship Bootcamp for Veterans with Disabilities, <http://whitman.syr.edu/ebv/>, (8.11.2011.)

*Connecticut School of Business, E. J. Ourso College of Business at Louisiana State University.*

### The *Be The Boss* Program in United Kingdom<sup>6</sup>

The *Be The Boss (BTB)* program was opened for those who are out of active military service in the United Kingdom and wish to start or develop small businesses. The program was started by *UK Department for Business, Innovation and Skills (BIS)* in 2010, in Great Britain. The program offers training for starting SMEs, help in working out of the business operation plan and financing projections, seeking funds to start and grow businesses and mentoring throughout the program. It consists of three main components that are identified as critical to the success of small businesses. The first consists of information, advice and guidance relevant to running a business and self employment. The second consists in financial support to start their own business ventures and support for business development and growth. The third provides mentoring and business checks in order to allow successful company growth.

### Technological Incubators Program in Israel<sup>7</sup>

Technological incubators in Israel are supporting organizations which provide Israel veterans with an opportunity to develop their own innovative technological idea and to start their own business. The program has been implemented since 1991; it was backed up and guided by the *Ministry of Industry and Trade* and *Office of the Chief Scientist (OCS)*. Technological incubators provide the entrepreneurs with space, finances, professional guidance and administrative help, by taking over the major risk so that during their stay at the incubator entrepreneurs may turn their ideas into products of proven feasibility, which are new, of competitive edge and are highly demanded at the global market. Activities within the incubator increase the chances of finding the financial resources needed for development and strategic partners, and also an exit from the incubator with businesses that are stable and independent, "standing on their own feet." In the area of Israel, there are 27 technological incubators with more than 200 projects in the field of electronics and communications software, biotechnology, new materials and more than 70 new companies have been established each year.

### The *Warriors in peace* Project in Croatia<sup>8</sup>

The Association of Croatian War Veterans in the Bjelovar–Bilogora County started early 2011, as a project intended for the Defenders and veterans' population who were developing their own business activities. This project is intended to represent the war veterans who after the war started their own business or are successful leaders working with other employers. By this project the Association of Croatian war veterans is trying to connect veterans and

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<sup>6</sup> Be the Boss, <https://www.civvystreet.org/tabid/5880/Default.aspx>, (18.11.2011.)

<sup>7</sup> Center of incubators for Technological Initiative, <http://www.moital.gov.il/NR/exeres/2E873A83-AEF5-4B38-8DCF-2CD9687E6958.htm>, (15.11.2011.)

<sup>8</sup> Udruga hrvatski ratni veterani, (Association of Croatian War Veterans) [http://www.ratni-veterani-bbz.hr/index.php?option=com\\_content&view=article&id=49:qratnici-umiruj&catid=35:projekti&Itemid=54#comments](http://www.ratni-veterani-bbz.hr/index.php?option=com_content&view=article&id=49:qratnici-umiruj&catid=35:projekti&Itemid=54#comments), (15.11.2011.)

veterans' families who are engaged in economic activities with special emphasis on helping the beginners in business entrepreneurship.

The guiding principle is that the Association is organized through volunteer work of its members and presentations of veterans' economy to a wider audience. The association has incalculable benefits of this project since in this way its members are actively engaged in social events, and they normally lack such engagement, considering that most of them are suffering from symptoms of a *Post-traumatic stress disorder (PTSP)* and similar disorders; therefore, it is very important for them to be actively involved in the community as to raise self-esteem. Besides, there is a possibility that certain number of veterans re-engage in their business activities, either through their own ideas or to be employed in already proven and successful businesses.

## **The War Veterans' Cooperatives in the Republic of Croatia**

*A cooperative is a voluntary association of cooperative' members in which each member participates directly or by joint operations based on the principle of mutual assistance to promote and protect their economic and other professional interests, in order to achieve their personal and shared profits or other interests of its members in accordance with the law and its rules (NN 34/11).* The Decision on the establishment of the cooperative association statute sets forth the conditions for the establishment, operations, governance, rights and obligations, the manner and conditions of withdrawal or exclusion of members and other provisions in accordance with the law.

A cooperative is a society of persons governed by all its members. Until 2011 it could be founded by three cooperative members, at least and now by seven. They participate equally in the cooperative' business operations, decide on all important matters of business and profit sharing. In accordance with its rules, part of the profit is retained and invested into the cooperative, but it does not exist for its own benefit; it exists to meet the needs of its members, and the main goal of the cooperative is to achieve greater benefit for its members. By business operation through a cooperative, a connection between "small" businesses is established, thus strengthening their market position.

Cooperatives are a special form of entrepreneurship that provides organized and professionally-guided operations and a joint approach to the market. The fundamental principles of the cooperative are voluntary and open membership, democratic member control, member economic cooperation between the members of the cooperative, which implies a fair distribution, then the autonomy and independence, education, intra-cooperative cooperation and concern about the fellowship.

By supporting the establishment, growth and development of cooperatives and cooperative alliances, the rapid development of small and medium enterprises and the total economic and social development is enabled, since they are the enterprises of a larger number of small business entrepreneurs. Cooperative alliance can successfully encourage the development of agriculture, trades and SMEs, because a "small" entrepreneur as an individual is not so competitive in the market as if he were a part of the cooperative.

Cooperatives are mostly developed in the northern European countries, in Austria, Switzerland and Italy. The most common are the production and service cooperatives, as well



as agricultural cooperatives with a significant percentage in the total economy (15% in Italy). In the European Union there are about 300,000 cooperatives that provide 4.8 million jobs, while in Croatia the number of cooperatives is around 1,900, and they employ about 3,813 people, mostly in the agricultural cooperatives.<sup>9</sup>

Croatian Cooperative Federation is a professional business organization of cooperatives and cooperative federations. It was founded by the *Law on Cooperatives* for promoting, coordinating and representing the interests of its members, cooperatives and cooperative federations. It represents the interests of cooperatives and cooperative associations before state and other authorities, in the country and abroad. Members of the Croatian Cooperative Federation are: cooperatives, cooperative vocational and territorial federations. Within the Croatian Cooperative Federation there is a Cooperative Union of Veterans, Association for the coordination, advocacy and promotion of economic, business and other interests of veteran cooperatives.<sup>10</sup>

In the Republic of Croatia, it may be also worth to mention the “*Veteran association*” or cooperatives whose founders and members are persons with the status of Croatian Homeland War Defenders; this is a specific form of cooperative association. In the Republic of Croatia there are about 315 veterans' cooperatives, and most of them were founded and are the beneficiaries of the supporting program developed by the Ministry of Family, Croatian War Veterans and Intergenerational Solidarity.

### ***Empirical Research***

The purpose of empirical research was to provide a better insight into the profile of war veterans who joining the cooperatives and the profile of veterans' cooperatives, their usage of government support programs and measures as well as their needs for further development.

#### Research Methodology

Since there are 315 registered veterans' cooperatives in Croatia, a questionnaire was sent to 100 addresses, taking into account equitable representation of all counties. The final sample consisted of 20 cooperatives; whereof 10 answered by e-mail and 10 responded to the questionnaire by telephone. The study was conducted in the period between 18 and 28 November 2011.

#### Research Results

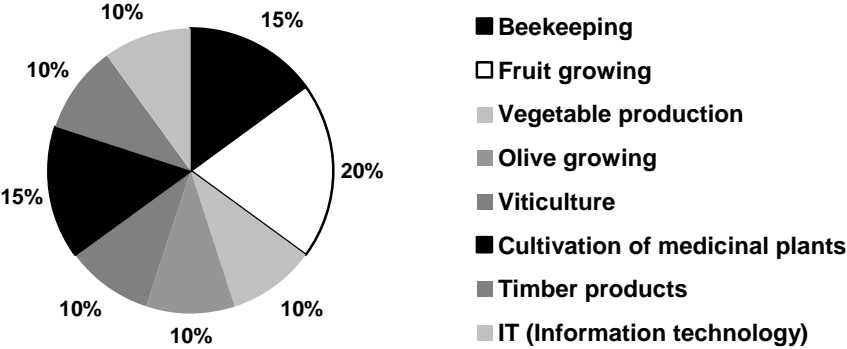
The results of empirical studies of war veterans' entrepreneurship related to the war veterans' cooperatives are as follows. From a total of 20 surveyed cooperatives, most of them i.e. 20% are engaged in the fruit growing activities - growing of berries, nuts, stone fruit and other fruits; 30% of its members are equally engaged in honeybees and cultivation of medicinal plants, and the remaining 50% are engaged in growing vegetables, wine, olive oil, production of timber products and information technology (Figure 2).

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<sup>9</sup> Cooperatives Europe, [http://www.coopseurope.coop/spip.php?rubrique18,\(12.11.2011.\)](http://www.coopseurope.coop/spip.php?rubrique18,(12.11.2011.))

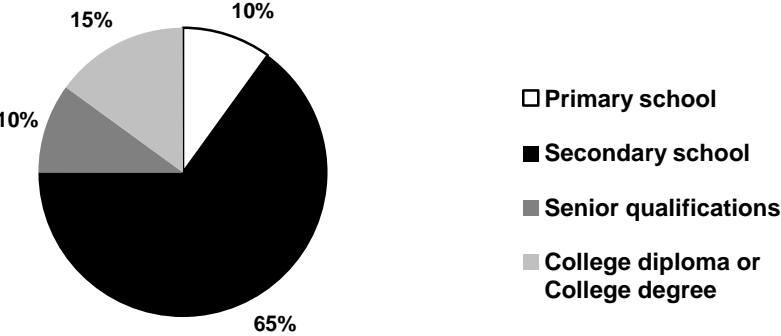
<sup>10</sup> Hrvatski savez zadruga, (Croatian Cooperative Federation)  
[http://www.zadruga.hr/index.php?option=com\\_content&view=article&id=59&Itemid=78,\(7.11.2011.\)](http://www.zadruga.hr/index.php?option=com_content&view=article&id=59&Itemid=78,(7.11.2011.))

Figure 2: Activities of Cooperatives covered by the Survey



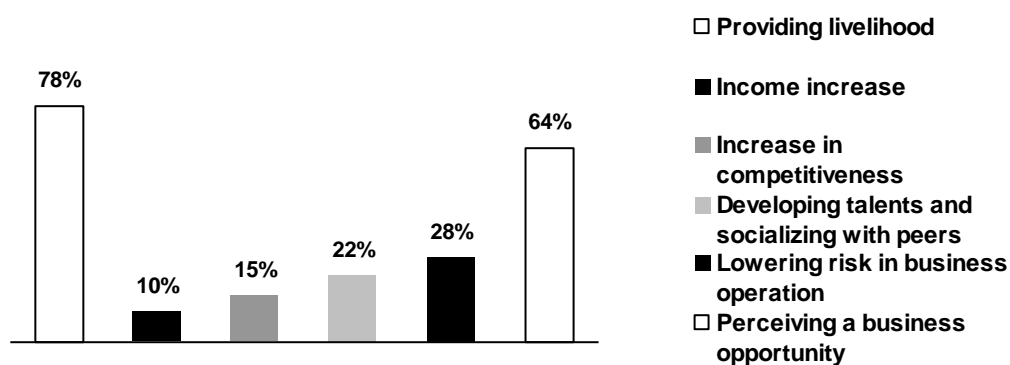
Majority of surveyed cooperatives, 65% have an average of 6-10 members, 20% have 11-15 members and only 15% of the cooperative have more than 15 members. The oldest cooperative member is on average 52 years old, while the youngest member is 37 years old. The average age of all surveyed members of the veterans’ cooperatives is 46 years. Figure 3 shows that more than half the members of cooperatives have completed secondary school; they are followed by veterans with senior qualifications and college degree or college diploma. Even 10% of veterans in cooperatives have only primary school. Before going into the army most of the respondents had a pre-Civil, work experience, on average - 6 years, while even a third of respondents had no previous work experience. Two thirds of respondents spent more than three years in military service, or the Homeland War, 25% of them between one and two years, while 13% participated in the war more than a year. Not a single respondent was in the military service less than 1 year.

Figure 3: Cooperative members' qualifications (number of persons for each category)



As motives for joining the cooperative association the majority of respondents indicated the provision of livelihoods and business opportunities in the first place. In addition to this, 28% of respondents recognized the reduction of business risk as a secondary motive, and 22% indicated as a motive socialize with peers and developing their talents. Finally, the least important motive was an increase in profit (Figure 4).

Figure 4: Motives for joining the cooperatives (ranking by priority, 1-key importance)



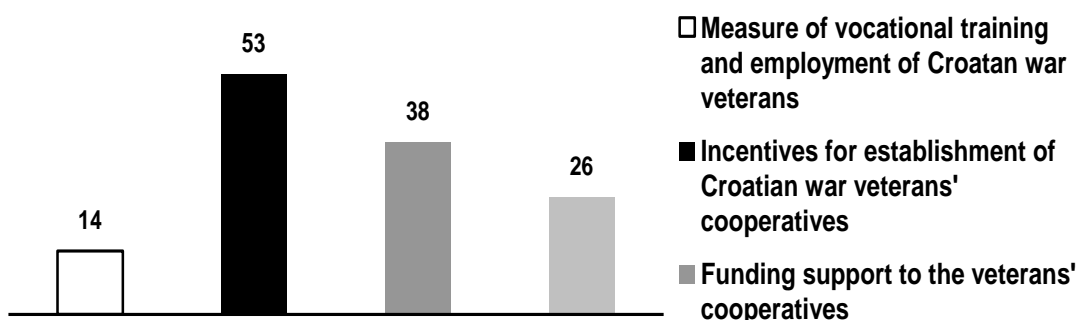
Respondents were asked (through an open question) about positive and negative sides of the cooperative association. Two thirds of respondents indicated as an advantage easier and faster selling of products on the market, followed by lower business operation risk and increase competitiveness. As the main disadvantage respondents indicated low profit and lack good will regarding the growth and development of cooperatives (Table 1).

Table 1: Advantages and Disadvantages of cooperatives

ADVANTAGES		DISADVANTAGES	
Easier and faster sale of products	66%	Low profit	47%
Self-employment	28%	Disinterest in development of a cooperative	25%
Low business operation risk	28%		
Higher competitiveness	6%		

According to the survey 70% of the surveyed cooperatives are beneficiaries of one or more support programs, while 30% of them do not use any form of support for war veterans' population, whereof the largest number of the programs, is meant to encourage the establishment of veterans' cooperatives. Funding support from the projects of Croatian soldiers was used by 38% of cooperatives, and 26% of the cooperatives are beneficiaries of the incentives for expansion of current businesses. Only 14% cooperatives used a measure of vocational training and employment of Croatian war veterans (Figure 5).

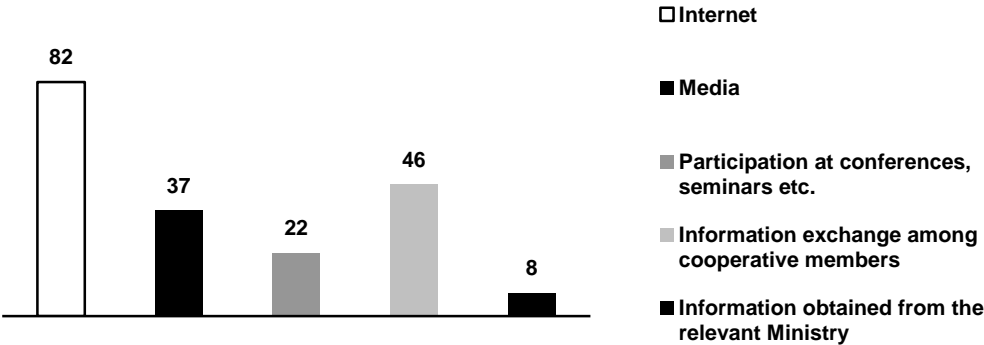
Figure 5: Support Measures



The quality of support used by cooperatives was rated by nearly three quarters of respondents as good, 28% of respondents felt that the support is very good, and only 2% of respondents gave the support a passing grade.

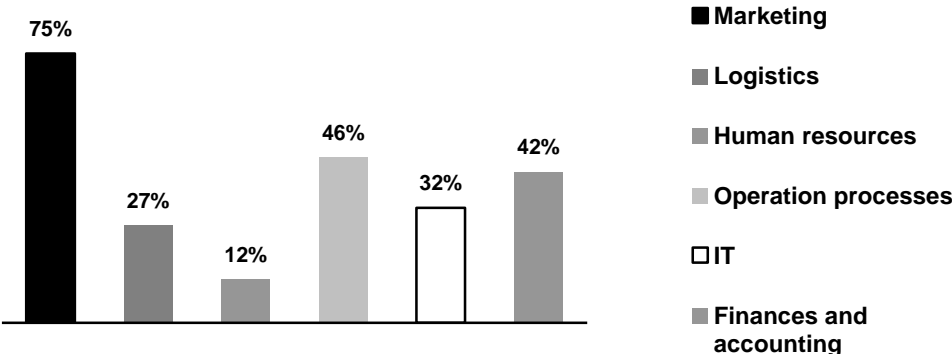
Information on tenders for obtaining funds from the Veterans Entrepreneurship Program is obtained mostly through the Internet and through the exchange of information among cooperative members. Beside the media, they also obtain information through professional conferences, seminars and training, while only 8% of them were informed by the relevant ministry (Figure 6).

Figure 6: Informing about Tenders (Public Bids)



Speaking about education of cooperatives’ members even 75% of respondents attended a seminar on the harmonization of cooperatives with the new law, 38% attended lectures on European projects and funds, and 26% of them passed the workshop on cooperative accounting. The need for further professional and business improvement was noted in 75% of respondents, while 25% think that it is not necessary. In the first place most of the cooperative respondents have quoted marketing as the most important area for commercial development, followed by operational processes, finance and accounting, information technology and logistics. The minimum requirements for training are in human resources management (Figure 7).

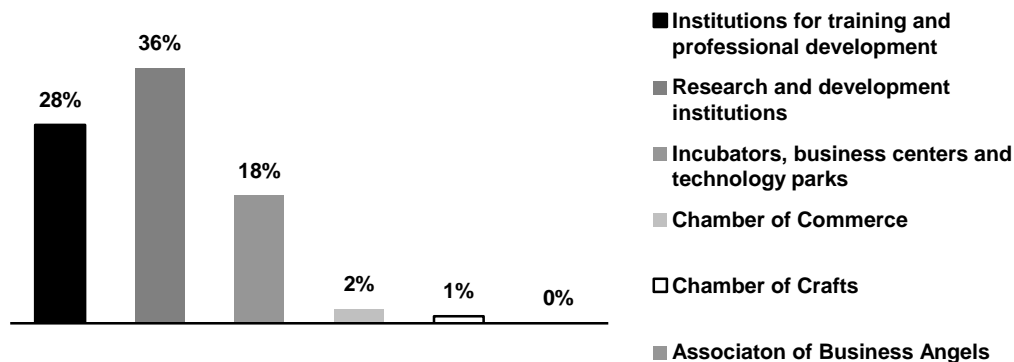
Figure 7: Areas for Business Development



About one third of respondents believe that institutions for training and professional development as well as research and development institutions are important to their business (Figure 8). Incubators, business centres and technology parks are relevant for 18% of respondents, while only 2% recognizes the Chamber of Commerce or 1% the Chamber of

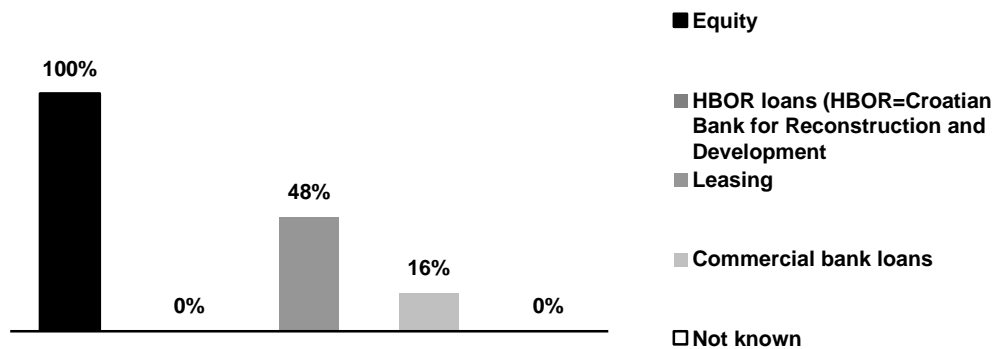
Crafts, important for the development of their activity. Association of Business Angels is not recognized as relevant to the activity of the cooperative.

Figure 8: Relevant organizations for cooperative activities



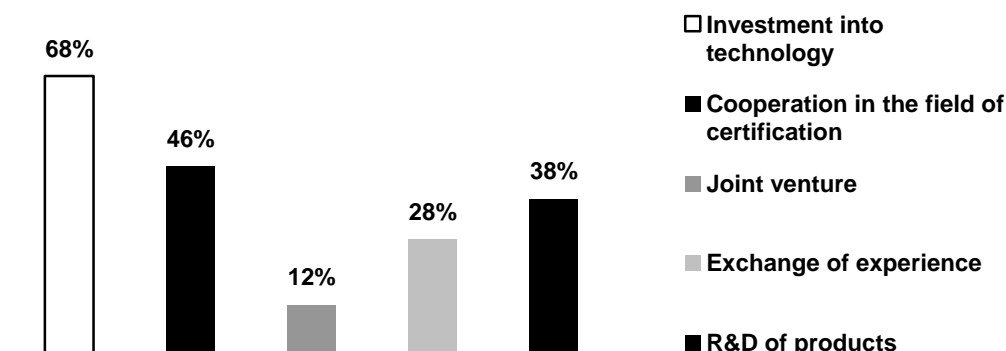
As the main source of funding there is private equity in the first place, used by all respondents, then comes leasing and commercial bank loans (Figure 9).

Figure 9: Cooperative Financing Sources



Thinking about business cooperation with other business subjects the largest number of respondents, are interested in investing in technology, in cooperation in the field of certification, in research and product development, in exchange of experiences, and in joint venture.

Figure 10: Forms of Business Cooperation



Although we deal here with a rather small sample of 20 veterans' cooperatives in Croatia, the results of empirical research can be a reliable basis for identifying major problems and

development opportunities of veterans or veterans' cooperatives entrepreneurship. Based on the results of this study it can be concluded that the relatively large number of veterans recognized the importance of involvement in civic life through entrepreneurship and self – employment by establishing of veterans' cooperatives using different government support programs.

But the organizations involved in encouraging Croatian veterans' entrepreneurship do not offer any profiled range of support services, as well as there is no profiled demand by the war veterans. So it is very important to define their entrepreneurial problems and needs. It is also necessary to define demand and shape the bid in order to develop stimulating and relevant programs of support.

## **Recommendations**

In the current system of support the recommendations do not require a large allocation of resources and changes, but are focused on the efficient operation of these programs.

- To expand business education and training programs by special programs intended for war veterans
- To develop a mentoring program for veteran entrepreneurs
- To develop advisory programs intended to assist veterans in developing new products, finding funds and in the conclusion of new contracts
- To link veteran organizations with Social Entrepreneurs Forum and Croatian Agency for SMEs
- To organize special support institutions for veterans' entrepreneurship

## **Conclusion**

The war veterans entrepreneurship, as a special type of social entrepreneurship, in Croatia shows similarities with situation abroad, arising from equal position of the veterans in the system of social values. But it also shows the differences that result from the transformation of social values caused by political and economic transition during and after the Homeland War. So the Republic of Croatia has a special protection system for war veterans – *Croatian defenders form Homeland War*. Those rights are mainly related to cash benefits and compensation, but there are also programs of education, retraining and encouraging of veteran employment and self-employment. Examples of good practice from the United States, Great Britain and Israel presented in this paper point to three factors that affect the success of war veterans' entrepreneurship, such as: military training, entrepreneurship training and mentoring.

Veterans' cooperatives in Croatia are social enterprises with primarily social oriented objectives achieved by profitable strategy. The research results of the 20 veteran cooperatives showed that majority are in the traditional plant and food production, having 6-10 members of average age 46 years and more than half of them have completed secondary school. Before joining the cooperative they mostly have on average 6 years of work experience and three years in military service. The main motives for joining the cooperative are to provide livelihood, to develop their talents and to socialize with peers. They think that cooperatives have better competitiveness and lower business risk than individual entrepreneurs. The

cooperatives use different government support programs and measures but they think it is not enough. So they need more profiled entrepreneurship education, training and mentoring. As the main source of funding they use private equity and commercial loans. They need also advisory for research and product developing, investing in new technologies, joint venture, certification of their products as well as for conclusion of good domestic and international business contracts.

This study is limited in its research because it deals only with veterans' cooperatives and not with the entire veteran entrepreneurship phenomenon in the Republic of Croatia. However, further research could focus on the current war veterans - independent entrepreneurs and areas in which they specialized, which would not only confirm the need for their social inclusion and thus their rehabilitation and reintegration into society, but also investigate their contribution to the Croatian economy. Highlighting good practices in this area and their effective media coverage can contribute to the successful promotion of veterans' entrepreneurship as an engine of economic growth and development in their local community, and therefore of socially responsible economy.

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