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SOCIAL ENTERPRISES THROUGH THE PRISM OF CROSS-BORDER COOPERATION BETWEEN REPUBLIC OF NORTH MACEDONIA AND REPUBLIC OF ALBANIA

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1 INTRODUCTION

Activities for integration of the vulnerable population and the stimulation of the development of border regions are among the priorities of the European Union. In this direction, they are aimed at encouraging the development of enterprises in the border regions, and thus ensuring socio-economic integration of the communities in the long run.

Cross-border cooperation is defined as one of the forms of territorial co-operation of different types of factors in the cross-border region, which also implies the development of entrepreneurship (European Charter for border and cross-border cooperation, 1981). The principles of stimulation the development of cross-border partnerships are also prescribed by the Council of the European Commission no. 1083/2006. Each country, according to its needs and in line with the existing legislation, develops partnerships with public authorities at many levels, or with other entities, including civilian organizations that are active as economic and social partners.

The development of entrepreneurship can be one of the indicators for cross-border cooperation, which can lead to the advancement of the socio-economic situation in the marginalized areas. Activities such as joint plans and strategies for the development of border regions, joint events, education and investments in the infrastructure can be crucial for the development of the regions. Significant factors in the process of development of entrepreneurship are education, the quality of the intellectual capital, the intensity and diversity of support for business development, the activities of local and regional authorities in creating an environment that enables economic growth and local development.

Restructuring the local economy is one of the biggest challenges at the level of Europe, and the need is prompted by the ongoing segregation processes and the emergence of social exclusion. As a result, a new vision for local development is imposed, which is primarily based on a bottom-up approach to development policy from a local to national level (Pike, 2006: 17).

On the other hand, social enterprises represent a model for social innovation in providing welfare for vulnerable groups of citizens, excluded and underdeveloped territories and communities (Spear and Hulgard, 2007). Social enterprises are considered a crossroad between the market, public policy and civil society (Nyssens, 2006) because they use different resources, income from economic activities, public funds or grants, private donations and volunteering (Defourny and Nyssens, 2008).

The effect of social enterprises on local development is due to their characteristics, which in fact give them an advantage over other actors:

- 1) Defined social mission: their main goal is to serve local communities or a certain group of people. Ensuring community well-being is one of their main goals.

- 2) Limited distribution of profits - organizations do not distribute or distribute only part of the profit as a dividend.
- 3) Democratic governance - different factors are involved in the governance process, depending on their interests. A multi-stakeholder approach enables identification of the needs of local resources as well as providing an optimal solution to local problems. Process of decision-making is democratic, each member has the right to vote, and this right does not depend on participation in capital.
- 4) Autonomy - they are independent entities that are not guided by public institutions or the business sector.

2

DEVELOPMENT OF SOCIAL ENTERPRISES IN THE REPUBLIC OF NORTH MACEDONIA AND IN THE REPUBLIC OF ALBANIA



2.1 CURRENT SITUATION: SOCIAL ENTERPRISES IN THE REPUBLIC OF NORTH MACEDONIA

There is no comprehensive research for the social enterprises in the country. So far, two surveys have been conducted with primary focus being civil society organizations with economic activities, while limiting access to knowledge for cooperatives, agricultural cooperatives, crafts, social and health care providers, as well as the entities involved in waste management that can be developed as social enterprises.

Existing legislation in the Republic of Northern Macedonia does not recognize and regulate social enterprises and social entrepreneurship because there is no common understanding of the concepts.

Both concepts emerged in the discourse of the third sector and, in general, there is a conceptual confusion when discussed publicly on them.

The development of social enterprises in the Republic of North Macedonia is associated with the latest developments in the third sector, such as limited financial support for services provided by civil society organizations, the decentralization of the social protection system and the increased impact and the financial support that is available from the donor community. Entities making up the spectrum of social enterprises in the country are diverse. Despite the absence of specific institutional forms for social enterprises, part of the existing legal acts provide for the establishment and functioning of entities that can be partly or fully recognized as social enterprises, such as civil society organizations and foundations, cooperatives, protective associations, craftsmen, agricultural cooperatives, and the informal waste collection sector has the potential to be transformed through social entrepreneurship.

At present, the following legal acts enable the establishment and functioning of the social enterprises in the country: Law on Associations and Foundations (Official Gazette No. 52/10 and 135/11); Law on Employment of Disabled Persons (Official Gazette No. 87/2005); Law on Cooperatives (Official Gazette No. 51/02); Law on Agricultural Cooperatives (Official Gazette No. 23/2013); Law on craftsmanship (Official Gazette No. 215/15); and the Law on Social Protection (Official Gazette No. 79/09).

In the official government strategies, the concept of social enterprise was first introduced in the broader strategies for cooperation with the civil society sector (2012-2017), where a more general measure for developing a wider concept is foreseen, i.e. the social economy. The measure envisages activities that explicitly target CSOs with economic activities, leaving aside other models that form the spectrum of social enterprises.

Another document that provides a strategic direction for the development of the sector is the affirmation of the South East Europe Strategy 2020, which emphasizes the social economy as a separate area. However, there has been no progress in any of the strategies regarding the achievement of the defined goals for the development of the social economy. Furthermore, at the last government program (2017-2020), social enterprises are identified as facilitators of the transition of vulnerable categories of citizens from social exclusion to the open labour market.

In order to promote the ecosystem for social enterprises, the Ministry of Labour and Social Policy announced on 28.07.2015 the first draft of the Law on Social Entrepreneurship, which is expected to regulate the principles, forms and activities in the area of social entrepreneurship, the criteria for the establishment and management of social enterprises, as well as the mechanisms for monitoring and evaluation of social enterprises. The legal framework defines the social enterprise as a legal entity whose primary aim is to achieve social influence and community/ socially targeted goals, and whose realized profit is reinvested for achieving the goals through working and investing in the society, a place to achieve maximum profit for the shareholders and for the founders. So far, a total of six versions of the draft have been prepared and in accordance with them it can be concluded that the envisaged benefits for the social enterprises are incomparably smaller in relation to the benefits provided for the protective companies in the existing Law on Employment of Persons with Disabilities. From this we can conclude that the public policy that has been implemented so far is aimed at partially overcoming the internal weaknesses and barriers of the existing social enterprises, and not towards the development of an ecosystem that will encourage their growth and development.

2.2 CURRENT SITUATION: SOCIAL ENTERPRISES IN THE REPUBLIC OF ALBANIA

Current literature suggests that social enterprises in the Republic of Albania appeared around the year 2000, within the civil sector, through projects supported by foreign donors (Partners Albania, 2015). As in most countries in the Western Balkans, the civil sector is a leading factor in the development of the sector.

In the Republic of Albania, existing social enterprises are registered as: 1) non-profit organizations (associations, centres and foundations), 2) sole proprietors or limited liability companies; 3) companies for reciprocal cooperation and cooperatives.

In general, in the public debate, the concept of social enterprise and social entrepreneurship is still insufficiently clear and debatable.

In 2010, the Ministry of Social Work and Youth initiated the preparation of the Law on Social Enterprises. The implementation of the Law is in the competence of the Ministry of Social Protection and Youth, which is also responsible for granting the status of social enterprise. However, there is still no official database of social enterprises at the national level. The legal framework recognizes them through their primary objective, to promote social inclusion and to be non-profit organizations that provide goods and services. Among other things, the law explicitly defines the areas of activity of social enterprises: social services, employment of vulnerable categories of citizens, youth employment, health, education, environment, promotion of tourism, culture and heritage, sports activities and promotion of development of local communities.

The legal framework defines criteria for identifying social enterprises: 1) There must be at least three employees, of whom at least one belonging to vulnerable categories of citizens; 2) 20 % to 30 % of revenue during the second and third year of operation are generated from economic activity; 3) The realized profit, directly or indirectly, must not be distributed and must be used to increase the operations of social enterprises; 4) The enterprise must make participatory decisions and

involve employees in strategic decision-making.

In accordance with the adopted legal framework, so far no entity has received a status social enterprise. The new reorganization of the Government of the Republic of Albania foresees the closure of the Ministry of Social Protection and Youth, and the competencies of this Ministry are handed over to the Ministry of Health and Social Welfare (where a department is in charge of implementing the Law on Social Enterprises), while issues related to labour are under the competence of the Ministry of Finance and Economy.

Legislation also provides for penalties of EUR 290 for entities that declare themselves as a social enterprise, and, in essence, they have not been granted status by the Ministry of Health and Social Welfare. On the other hand, the legal framework, in fact, does not provide support for social enterprises, except in cases when employing vulnerable categories of citizens. Among other things, it does not provide for provisions ensuring social benefits for social enterprises when applying for tenders for public procurement or specific tax benefits (Rosandic, 2018).

3

ANALYSIS OF THE CAPACITIES OF SOCIAL ENTERPRISES FROM THE SOUTH-EASTERN, POLOG AND PELAGONIA REGIONS



3.1 SAMPLE DESCRIPTION

The survey for the assessment of the capacities of social enterprises in the southwest Pelagonia and Polog planning regions is aimed at identifying the potentials and obstacles for the development of these entities.

The survey was conducted in the period from November 2017 to May 2018. Initially, the focus should have been only on entities from the southwest region of the Republic of North Macedonia, but given the small number of social enterprises operating in the south-western part of the Republic of North Macedonia, expansion was directed to two neighbouring planning regions in the country, where there is also an insignificant number of social enterprises. Analysed were SEs registered in the database of the Association for Research, Communications and Development «Public», which monitors the situation in this field, and follows and records the social enterprises created by associations of citizens, but also by enterprises, whose way of functioning is based on the criteria for social enterprises. The association «Public» registers the official enterprises in accordance with the EMES criteria (more details in Annex 1). For the purpose of this research, in-depth interviews were conducted with representatives of twenty-five social enterprises (10 from the Republic of North Macedonia and 15 from the Republic of Albania), through qualitative research in order to look into the deeper development of their social and economic dimension, as well as their management structure, and to identify the environment that enables development in the country. The interviews lasted from 40 to 60 minutes, they were filmed and transcribed.

3.2 SOCIAL ENTERPRISES THROUGH THE PRISM OF THE SOCIAL MISSION, THE GOOD MANAGEMENT AND THE ECONOMIC ACTIVITY

Civic organizations are one of the dominant legal forms in which the social enterprises operate in the Republic of North Macedonia (Ilievski and Iloska, 2016: 33; Ilievski, Iloska and Mojancevska, 2018: 2). All entities within the framework of this research from the Republic of North Macedonia are associations of citizens who develop their economic activity in accordance with the Law on Citizens' Associations and Foundations, and one is registered in accordance with the special Law on the Red Cross.

Figure 1: Overview of social enterprises in the border region in the Republic of North Macedonia

Social Mission	Good Management	Economic Activity
<p>Empowering women at the local level; care and support for people with special needs; support in the education of children from the Roma population; activism through culture and art;</p>	<p>Assembly, Board of Directors, president of the association and /or CEO, and part of the SEs also have supervisory boards;</p>	<p>Activity: tourism, domestic food, handicrafts, recycling, organization of festivals.</p> <p>Hybrid financing model: economic activities (5-20 percent), grants, donations from local self-government and the business sector</p>

3.2.1 MANAGEMENT STRUCTURE

Since all social enterprises from the surveyed sample are created by associations of citizens, the management structure, in accordance with their statute, is mainly composed of an assembly, a board of directors, a president of the association and/or an executive director, and some organizations they also have a supervisory board. However, half of them stressed that these bodies exist formally and that they do not function in practice. In general, social enterprises promote diversity within the existing human resources. One half of the social enterprises that were the focus of this research have one or more employees from the vulnerable categories - persons with mental and physical disabilities, members of the LGBT community, Roma, and their salary is from a minimum of 17.000 MKD.

“Among the employees we have a single mother with three children, a mother of a drug addict, AIDS-infected, two transgender people who have been rejected by the community, members of socially endangered families who have no income and everyone is without education. They mostly work as kitchen assistants, such as dishwashers, chefs' assistants. Their wages are minimal, as legally prescribed, but it is important that they are insured for full time and the goal is achieved. Employees are also activated.

(Representative of the SE from the south-west planning region)

Seventy percent of the SEs in the sample are social enterprises for labour integration. Only one half of them have their own programs for integration or direct work with vulnerable individuals, thus facilitating their integration process, developing their skills through training.

“One needs a lot of patience with these people; they have no education, no skills, whatsoever. But here I am, here are the other colleagues who help them fit in. Each year we also have teambuilding, which helps us a lot. Psychologists work with people with psychological problems, we follow them, intervene. Sometimes they even receive compensation to go on vacation when I feel they are exhausted. They are modest humans, I sometimes pack food for them, and that means a lot to them.

(Representative of the SE from the south-west planning region)

Although working with different vulnerable groups implies a specific approach and the development of programs for their proper integration, none of the social enterprises provides guidelines that would be needed for people to be more successfully integrated into the labour market. Some of them show no awareness that they need such an upgrade. Half of the surveyed entities (including one SE which is not for work integration) have emphasized the need for additional knowledge regarding the integration of marginalized persons.

“To manage a social enterprise, above all, you need to be a person, to be sensible for the needs of people. And this is not learned by training. At the moment we can work with this capacity, we are facing the vulnerabilities of vulnerable groups. However, in the long run, we will certainly need support in this direction, especially if we employ new people.

(Representative of the SE from the Southwest region)

Most of the research social enterprises do not have a defined organizational structure, systematization of jobs, nor measurement of the performance of the employees. Three entities, however, measure the performance in the framework of the implemented projects, but the problem is their measurement of the economic activities they carry out.

3.2.2 SOCIAL DIMENSION

The social mission of the social enterprises in Macedonia with which an interview is made is explicitly defined in their statute as the main founding act. Accordingly, the organizations act as humanitarian organizations, organizations that work on women's empowerment, care for people with special needs and their support, support in the education of children from the Roma population, activism through culture and art, business support. In general, social enterprise missions are in the direction of social change and equal opportunities for their target groups. Specifically for social enterprises from the Polog region, they also address the multicultural aspect in their work, so they emphasize that they are working towards the building of a multicultural society.

The significance and recognition of social influence is not high in these entities, and the measurement of the impact is almost an unfamiliar concept for social enterprises. Part of them, in the long run, expect to have an impact on reducing unemployment in the country, others in the development of the regions. Cooperation with other SEs is at the initial level, i.e. they are recognized and know each other, know the activities / services and participate in joint activities. The mutual support is incidental. For example, one SE clarifies that it receives support from another SE in the area of free promotion, communications and public relations. Three organizations from the sample emphasize that they do not recognize themselves as factors in the development of the social economy and they see their economic activities as products or services that are part of projects that are mainly developed only during the course of the project activity.

From the aspect of cooperation and inclusion of all stakeholders in the work, the majority of the SEs cooperate with donors and thus carry out some of their activities, and emphasize that the cooperation with the business sector is very weak because they are not recognized and that there is no business awareness about the importance of developing the social economy entities. Local self-government is most often involved with symbolic financial support or support in allocating space.

There are cases of active cooperation with the local self-government where the municipality appears as a partner of the SE, including with financial support, but also with human resources support in order to achieve better results. The central government is rarely involved in the support of these entities in the surveyed regions. And even in such instances the support from the Ministry of Economy and the Ministry of Culture is incidental. Donors, however, are referred to as supporters in most of the SEs, but support from them, without exception, is in the direction of project activities.

3.2.3 ECONOMIC ACTIVITIES OF SEs

The motives for the development of social enterprises in the Republic of North Macedonia are different, but are mainly related to their social mission. In half of them, they come from the need to reinforce economically inactive citizens, mostly women who produce homemade products or handicrafts. For others, the motive for the development of economic activities is the withdrawal of donors from the country and an attempt to achieve financial sustainability, and some of them relate the motive to their mission - working integration of their target group, cultural flow in the city and the demetropolisation of culture. Macedonian social enterprises from the regions that are processed are active in activities ranging from hotel and rooms rental to making handicrafts and home-produced food, recycling wood and plastic, organizing festivals and offering services for creative campaign development, as well as space rentals and translation services.

The survey shows that, in general, social enterprises from the Republic of North Macedonia have a hybrid financing model, that is, in addition to economic ones, they have other activities that are project-oriented and implemented through grants. Some of them, however, receive minimum donations from the local government and/or business sector. In only one of the social enterprises, 100 percent of the income is from economic activities, in one half of the sample the income from economic activity ranges from five to twenty percent, while other entities could not give a precise answer to this question because they have no continuity in economic activities and their products are mainly sold to bazaars, fairs that include more of their producers, and the funds, which are always very modest, are paid in cash directly to the manufacturer.

The surveyed social enterprises have limited access to the available human resources. Half of the surveyed organizations have their own employees, with the number ranging from one to three, and in one social enterprise the number of employees reaches 16. One organization has only freelance persons, and others, mainly, receive the proceeds from the sale of their products and services in cash, and these are organizations that unite long-term unemployed persons, among whom there are people with physical disabilities who produce homemade food products, handicrafts or offer services like room rentals. Social enterprises do not use the employment measures that are available. Only two of the social enterprises used active measures for employment, for internship and for employment of a person younger than 29 years of age. One of the social enterprises motivated its member - a person with disabilities, to be activated and get a measure of self-employment, but the move did not prove successful in the long run. Two of the social enterprises, however, had a desire to use measures, but failed because one of the conditions of the measure was to have at least one employee, and at that moment both social enterprises were without one employee.

“Our association has never had employees, but it is trying to empower women to open their own business. But there is something problematic with the active measures; my impression is that they are often abused and that it is agreed where they will be applied. Women have ideas and want to work, but nobody gives them a chance to prove themselves. We need little support from the business sector and from the local self-government.

(Representative of the SE from the southwest region)

A representative of one of the social enterprises points out that they are familiar with the active measures, but they have already been staffed and do not need new people, but also stresses that for some of the vulnerable people they need continuous support.

“Most of the employees have been here for more than 10 years, when there were no active measures in place. It is very difficult to even acquire habits, the road is not easy. For some of them, the integration process still takes place. Some of them know how to get out of the track, but we try to get them back. And they do not have a proper contribution to the workplace.

(Representative of the SE from the southwest region)

More than half of the social enterprises in the sample have developed business plans that they have created alone or within projects supporting social entrepreneurship in the country, and only a small part of them have done market research. Half of the organizations have development strategies, which mainly refer to the entire organization, which includes the segment of economic activities and are for a period of one to five years. Other organizations do not have such strategies.

Seventy per cent of social enterprises use their personal contacts to sell their products and services by using their contacts and state that placement is their biggest problem. Some of them, who prepare domestic food products and make handicrafts, sell at fairs and bazaars. Most of them do not clearly define their target group and state that everyone is their client, and part of them emphasize that their buyers are tourists, women, foundations and associations ... Two of them spread their scope of work to neighbouring countries such as Kosovo and the Republic of Albania, with one already having established relations and offering services, and another planning its extension in the near future.

Forty percent of the samples say they have the capacity to increase production and sales or service delivery, but decide to stay at the same level of production and service delivery due to poor placement. As problems that prevent more production, the SEs from the surveyed regions have pointed out the lack of machines, the lack of finance for better materials for work, and the lack of space where they can sell their products, and which they consider they can receive from the municipality. One of the organizations, however, states that in terms of the capacities and the equipment they offer, they are one of the best in the country, but marketing is a problem and the fact that they are not well known, as well as the inability to meet the criteria set by tenders, and they are not adapted to social enterprises.

“There are government events, we go to the call they announce for the service we offer. But the call is made in a way that, realistically, you cannot pass it.”
(Representative of the SE from the Polog region)

More than half of the social enterprises in the sample do not pay attention to the improvement of their product and service, citing reasons that they cannot dedicate to the quality of the product, that is, the service, or they do not show the awareness that what they offer should have significant quality.

“It is difficult. Whether working with users, with parents, whether to dedicate to employees, whether to seek finance, to develop a product and a brand. Simply, it is not easy.”

(Representative of the SE from the Southwest region)

Thirty percent of the sample state that their products and services developed through training, working with mentors and organizations that helped them to improve, but most organizations do not recognize the importance of brand building for their social enterprise or explain that they do not have time for such activity, in addition to other activities they are engaged in. None of the organizations have a marketing strategy and in terms of advertising their products and services, they mainly operate spontaneously. Most of them are advertising on social media, and they also emphasize that the number of customers increases with the transmission of information about what they offer from person to person.

Most organizations lack vision. The majority of them say they need money to better develop their business, but they cannot explain strategically to the end how they will maintain their business.

3.3 EFFECTS FROM PREVIOUSLY ATTENDED TRAINING, ECOSYSTEM, VISION

Social enterprises from the three regions have seen the need to build their capacities and most of them attend training sessions. Eighty percent of the surveyed sample recognize the weaknesses they face and have projections in which the segment they should be upgraded.

SEs in which women are mainly employed, as useful things, they point out the shared knowledge of organizations similar to them. In this way, besides developing co-operation, they learn and gain new skills in an immediate way. Social enterprises share that they need additional knowledge about communications, marketing, women entrepreneurship, making a business plan, maintaining a website, but also that they need more information on legislation, legal forms and possibilities for functioning of the SEs in the country.

As the main obstacles to functioning, social enterprises cite the lack of investment, the lack of recognition of these entities, the lack of human resources, the absence of legislation on social enterprises, greater awareness among people about the value of the products / services of the SEs, and as suggestions for better development, they point out the increased access to finance and state inclusion with development support of these entities and the relevant legal and regulatory framework.

“To hire a person with a primary education, you have to spend huge resources to educate that person. The state should provide us with something, whether through contributions, or the provision of training ... We need training on work with fiscal cash registers, kitchen training, HASAP, food management, food storage, we pay for all these trainings ourselves, and the state should be interested because we employ vulnerable groups and train them ourselves.

(Representative of the SE from the southwest region)

CONCLUSION

The number of social enterprises in the southwest, Polog and Pelagonia regions is insignificant, while their income comes exclusively from their economic activities. All surveyed entities are associations of citizens; half of them have their own employees, with the number ranging from one to three, and only in one social enterprise, the number of employees reaches sixteen. The largest numbers of entities are social enterprises for labour integration, but some of them, even though they do not have appropriate integration programs, do not recognize the need for the same. The cooperation of these entities with the business sector and with the institutions is insignificant and for the time being external donors are their biggest supporters, whose support is mainly for implementing project activities, and less for the development of the economic activity. The economic activities of the analysed SEs range from making home-made food and other products, making handicrafts, hotel services and renting rooms, to pellet production and packaging plastic in bales. Other SEs, whose focus is not on working integration, are working on organizing festivals, offering creative solutions or training and translation, rental of equipment for translation, developing and maintaining websites, renting space. One of the biggest problems in the development of the economic activity is the placement of its products and services, but it can be concluded that most of them do not pay attention to the improvement of their products and services, they do not recognize the importance of building a recognizable name for their social enterprise, and in terms of advertising their products and services, they mainly operate spontaneously. In most organizations, the lack of vision is more than obvious. Most of them say they need money to better develop their business, but they cannot explain strategically to the end how they will maintain their business. As main obstacles to functioning, social enterprises point out the lack of investment, the lack of recognition of these entities, the lack of human resources, the lack of legislation for social enterprises, greater awareness among people about the value of products / services of the SEs, and as suggestions for a better development they indicate the increased access to funds and the availability of the state support in the development of these entities as well as an appropriate legal and regulatory framework.

4

ANALYSIS OF CAPACITIES OF SOCIAL ENTERPRISES FROM THE REGION OF DIBER, REPUBLIC OF ALBANIA



4.1 SAMPLE DESCRIPTION

The assessment of existing capacities of social enterprises in the Republic of Albania is aimed at identifying the potentials and obstacles to development, as well as providing insight into the existing ecosystem for the development of social enterprises. The survey was conducted in the period from November 2017 to May 2018, and covered the region of Diber. A total of 15 entities have been analysed, nine of which are registered as citizens' associations, and five are cooperatives, while one entity is registered as a trading company - a private business. In-depth interviews were conducted to see the development of their social and economic dimension, as well as their management structure, and to identify an environment that is favourable for their development in the country. The interviews lasted from 40 to 60 minutes, they were recorded and transcribed.

4.2 SOCIAL ENTERPRISES THROUGH THE SOCIAL PRISM MISSION, GOOD MANAGEMENT AND ECONOMIC ACTIVITY

Figure 2: Overview of Social Enterprises in the Border Region in the Republic of Albania

Social Mission	Good Management	Economic Activity
Reduction of unemployment in the rural parts of the eastern part of Albania, development of rural parts through tourism, organic production of food and herbs.	Absence of a defined organizational structure and a defined decision-making process	<p>Legal form: association of citizens, cooperatives, trade company;</p> <p>Activity: domestic production of food, production of juices, hand-made craftwork, rural tourism</p> <p>Hybrid financing model</p>

4.2.1 MANAGEMENT STRUCTURE

Four entities from the surveyed sample are managed by women who, despite the many stereotypes they face, have managed to prove to families that they believe in their ideas and managerial abilities. Two of them employ only women, while two are targeting young people, in general.

Many of the social enterprises see themselves as entities that offer a chance to include marginalized people on the labour market.

“Most of the workers we engage in seasonally are unemployed and my business is a chance for them.

(Representative of a social enterprise in the area of Peshkopi)

“For most of them, it is important that a person knows how to do the job or wants to learn, not just having formal qualifications. It is very important for me to do the job. If the production is fine, I do not care if I have a qualification or diploma.

(Representative of the SE from the village of Tomin)

They point out that the more experienced workers, but also the managers, transfer the knowledge to the new workers. Only three suggest that because they are a family business, they do not have the opportunity to employ people with marginalized social status.

Most entities in the Diber area provide inclusion of persons with marginalized social status, such as women from rural areas, and people with special needs.

“All of these 60 freelancers are from marginalized groups who do not have state support, people who do not have any pay in their family. It is very important for me that all these people have this opportunity.

(Representative of the SE from the village of Tomin)

An entity indicates that it provides technical assistance to persons from marginalized groups, such as trainings.

Merging entities that could assist in the production cycle or service delivery is an important segment of support for social enterprises in the Republic of Albania.

“At the beginning of this business, we had cooperation with all the guest houses around the villages and we talked about buying the products of the people from the marginalised groups.

(Representative of the SE from the Peshkopi area)

“In our village there are many vulnerable groups. There are old women and women who do not have any help but produce natural products. I give them the opportunity to earn something.

(Representative of the SE from the area Peshkopi - Aras)

Entities do not point to the existence of a defined organizational structure, systematization of jobs, or measurement of performance of employees. Especially in the family units, the division of management and logistics matters is spontaneously developed. Experience has taught them to be able to assess the characteristics of the worker, especially through the results of their work (like, satisfied customers). They point out that they need additional knowledge about the concept of social enterprises for labour integration.

4.2.2 SOCIAL DIMENSION

The motives for the development of social enterprises are purely financial; from securing living conditions for the family to helping certain target groups, such as young people, the elderly or women who do not have much employment opportunities in this region.

“It motivates me because it brings me revenue. With this work, I also help my family. I want to be a successful and independent woman and I want to have a career. I also want to help those in need but have no economic opportunities.

(Representative of the SE from the Diber area)

They point out that the region offers a lot of potential for development which is not used, especially in the direction of generating profit in a sustainable way. Entities also say that agribusiness is traditional in this area, while the development of rural tourism and hotel industry, which unites local business, small producers and vulnerable categories, is on the rise.

An important value orientation of the analysed entities is helping. Regardless of whether it is a family entity or association of citizens and cooperatives, the representatives indicate that helping “the weakest” is a moral responsibility.

“It is a moral duty for me to employ the marginalized people. If no one cares for these people, who will take care of them. I’ve had a hard life myself and I know how it feels to be in such a state.

(Representative of the SE from Peshkopi)

The entities analysed connect the wider social mission with the reduction of unemployment in rural parts of the eastern part of the Republic of Albania, and the development of rural areas through tourism, organic food production and herbs.

“With this initiative I managed to connect the traditions of our region, the passion for work and profit from this company.

(Representative of the SE from the Diber area)

Some of the social enterprises are targeting women from rural areas and the elderly, and there are entities that focus on young people, who help them through technical assistance, training, and consulting. Showing a positive example is an important element of the actions of social enterprises.

“We teach our children and those around us that something can be done from nothing.

(Representative of the SE from the area of Peshkopi - Aras)

“Let’s be leaders and a model for other women.

(Representative of the SE from the area of Peshkopi - Staravec)

The entities surveyed cannot clearly identify the accomplishment of their mission in clear steps and recognize the value of engaging other civil society organizations with which they can act together. They operationalize their own social influence as:

“The more demand we have from the market, the more the labour is increasing, the more women are involved.

(Representative of the SE from the Diber area)

“We want to have a profit, but we also want to make a difference in society through our business because we involve many families in need.

(Representative of the SE from Peshkopi - Melan)

“Well, in our village there are many women who have begun to work. Women from other villages heard about our business and they are now doing something not to sit at home.

(Representative of the SE from the area Peshkopi - Deshat)

Forty percent of the entities indicate that they have no cooperation with the local government or the state in terms of achieving their goals. Only 13 per cent of them are partners of the municipality or cooperate with the state, and one of the entities uses office space in the municipality.

Most organizations indicate that they cooperate with other civil society organizations, and some of them also cooperate with the church “Alpha Omega”, which helps them with clothing or other assistance, in addition to financial help. They are critical of the state’s attitude towards social enterprises, that is, they think that the ratio of obligations is not proportional. The social business pays taxes, and does not get benefits in return.

“*The state should help me help others.*

(Representative of the SE from the Peshkopi area)

Almost half of the social enterprises had donor support, such as the European Commission and the pre-accession funds of the IPARD Program, the German Association for International Cooperation, the CNVP grants, others used opportunities through the IPARD program to buy equipment with 50 percent participation or donation in hazelnuts, and received expert assistance, counselling and training from foreign foundations and civil society organizations from Republic of Albania.

CSOs support project activities while others have only limited cooperation within their networks. In practice, cooperation is not at an enviable level. All entities are closed in their existential circle or, as stated by the representative of a social enterprise in the Peshkopi district - Vakuf:

“*We have, and we do not have cooperation with other organizations because they all mind their own business.*

The fairs where they represent their products are seen as a good place for networking and cooperation.

4.2.3 ECONOMIC DIMENSION

The most common economic activities of these entities are domestic food production (jufka, cheese, sweets, hazelnuts, herbs for medicines), juice production, handicraft production, rural hotel tourism, rural tourism. The entities often do not know the percentage of economic activities in the total budget. One indicated that they had a turnover of \$ 45,000 a year. Two CSOs have project-based grant funding, albeit small, in the amount of 28,000 euros per year.

In the region subject to this analysis, small social enterprises are most often active, with three to six employees, including family entities. A small number of organizations have more than eight employees, and seasonal engagement of people dominates the workforce of entities (sometimes up to 60 people). One of the social enterprises unites women working from their home and then selling their products together at fairs or restaurants.

Only 26 percent of the entities surveyed have a developed business plan, and the others manage the entities in a spontaneous and experiential way.

“*I have it all in my head. I have some vision and I follow it.*

(Representative of the SE from the Peshkopi area)

For some of these entities, there is awareness of the need for structural management of entities, or the development of a business plan or model for their social enterprise.

Most of the surveyed entities in the Republic of Albania (87 percent) state that they are doing market research on the need for their products. The most common indicator of this is the increased need for their products or the increased number of customers. Some did that spontaneously as well.

“*With both mind and vision and based on what I have heard about the needs.*

(Representative of the SE from the Peshkopi area)

No entity has a development strategy although a single social enterprise has a range of 100 products. All share what their strategic goals and values are, but they have not put it on paper and do not follow their fulfilment or adjustment.

“*Every season we know how to work and how many products to have.*

(Representative of the SE from the area of Peshkopi - Deshat)

In the process of work, they are guided by the quality goal and the increases in the product assortment. A social enterprise cooperates with a marketing agency in terms of creating a recognizable name.

“*Our strategy is clear, to be a model and a market leader on labour.*

(Representative from the SE of Peshkopi - Aras area)

They point out that unfair competition and insufficient branding of the region reduces the attractiveness of their organic products.

“*And not only do we have an economic goal but also a social goal to develop the place.*

(Representative of the SE from the area of Peshkopi - Vakuf)

The most used forms for advertising are the fairs and “Facebook”. The number of social enterprises that have their own websites is insignificant. Those offering hotel services are part of the Airbnb and Booking networks.

Some of them purchase their products from larger companies, sell them to a local network of markets and stores, most of them participate in fairs, and only a small percentage of the SEs aim for a foreign market. Nobody uses electronic sales, and only one SE has stated that internet sales would ease their work because they do not have their own store.

With the improvement of the tourist offer and the business climate in the country, they will also see their market survival. They also say that they need money and activities to expand the customer’s network of their products / services. A small proportion of enterprises are in the phase of expansion on the product range, and others point to obstacles such as: the need for materials and machines, certificates, financial investment, property relations, and branding.

They developed products / services through consultations with civil society

organizations or experts or received financial assistance for the start (grant or private loan). Others were guided by family business, traditional involvement in agribusiness. The number of social enterprises that have an appropriate ISO standard is insignificant, while others recognize the need for standardization and branding, however for them this is a long and expensive process. Only one social enterprise from the investigated sample has worked with foreign experts for product branding. They consider that good quality is the best advertisement. If they have additional resources, enterprises would direct them towards marketing and advertising, buying new machines, expertise, but for most of them there is no clear picture of the necessary interventions for improving the work of social enterprises. They point out that they expect financial assistance and support from the state.

4.2.4 EFFECTS FROM PREVIOUSLY ATTENDED TRAININGS, ECOSYSTEM, VISION

Social enterprises from the Republic of Albania often attend trainings and are not critical towards the usefulness of the trainings, i.e. they have all been useful to their work so far.

They lack knowledge about the legal framework for the functioning of social enterprises, the existence of tax incentives for this type of entity, or the employment of persons with marginalized social status. They also need grants and donations for increase and/or promotion of production, they need knowledge about marketing and sales management, grants for visiting fairs and exchange of experiences, branding knowledge.

The main obstacles in their day-to-day functioning are the finances, the lack of state aid instruments, the disloyal competition, precarious working conditions without social rights, property and legal relations, the way of “managing business”, the lack of political will at the local and national levels to help this type of economy.

“My product is certified, but I have seen other products with my name. The state does not do anything about this. The whole thing about the certificate is hopeless.”
(Representative of the SE from the area of Peshkopi - Vakuf)

“Mentality is a very big problem. It's very difficult to work in our place. You have no help from anyone. You're left on your own.”
(Representative of the SE from the area of Peshkopi–Staravec)

In order to create a better climate for the development of social enterprises in the Republic of Albania, the companies interviewed believe that there should be better cooperation with local and national authorities, favourable financial instruments for development and promotion, rule of law, better cooperation and partnership with other organizations, the promotion of road infrastructure and connectivity.

CONCLUSION

The most common form of organization of social enterprises in this region of the Republic of Albania are associations of citizens and cooperatives, while only one entity is registered as a commercial company - a private business. Most often there are three to six employees, including family entities. The most frequent economic activities of these entities are domestic food production (jufka, cheese, sweets, hazelnuts, herbs for medicine), production of juices, handicraft production, hotel business in rural areas, rural tourism. In this region, most common is the seasonal engagement of persons (sometimes up to 60 people).

An important value orientation of the surveyed entities is helping others. Regardless of whether it is a family entity or association of citizens and a cooperative, the constituents point out that providing help for «the weakest» is a moral responsibility. The surveyed entities connect the wider social mission with the reduction of unemployment in rural parts of eastern Albania, developing rural areas through tourism, organic production of food and herbs. A small proportion of social enterprises have a developed business plan and the management of the entity is done in a spontaneous and experiential way. There is a lack of cooperation with the local self-government or the state in relation to achieving the objectives of the social enterprises. More often they cooperate with other civil society organizations with which they share knowledge and advice. One entity cooperates with a church.

Social enterprises believe that improving their tourist offer and the business climate in the country will improve their market presence. Social enterprises from the Republic of Albania often attend trainings and are not critical of the usefulness of the trainings, i.e. they have all been useful to their work so far. They lack knowledge about the legal framework for the functioning of social enterprises, the existence of tax incentives for this type of entity or the employment of people with marginalized social status. They also need grants and donations for increasing and/or improving production, they need knowledge on marketing and sales management, grants for visiting fairs and sharing experiences, and branding knowledge. The main obstacles in day-to-day functioning are the finances, the lack of state aid instruments, unfair competition, precarious operating conditions, social rights, property relations, the way of doing business, the lack of political will at local and national level to help this type of economy. In order to create a better climate for the development of social enterprises in Albania, the companies interviewed believe that there should be better cooperation with the local and national government, favourable financial instruments for development and promotion, rule of law, better cooperation and partnership with other organizations, promotion of road infrastructure and connectivity. Merging entities that could assist in the production cycle or service is an important segment of the support for social enterprises in the Republic of Albania.



5 **COMPARATIVE REVIEW: SOCIAL ENTERPRISES IN THE BORDER REGION NORTH MACEDONIA - ALBANIA**

As in most countries in the western Balkans, the civil society sector is a leading factor in the development of social entrepreneurship in the Republic of North Macedonia and the Republic of Albania. In the Republic of North Macedonia, the following legal acts allow the establishment and functioning of social enterprises: Law on Associations and Foundations (Official Gazette No. 52/10 and 135/11); Law on Employment of Disabled Persons (Official Gazette No. 87/2005); Law on Cooperatives (Official Gazette No. 51/02); Law on Agricultural Cooperatives (Official Gazette No. 23/2013); Law on craftsmanship (Official Gazette No. 215/15); and the Law on Social Protection (Official Gazette No. 79/09). On the other hand, in the Republic of Albania existing social enterprises are registered as: 1) non-profit organizations (associations, centres and foundations), 2) individual tradesmen or companies with limited liability; 3) companies for reciprocal cooperation and cooperatives.

The two countries have a different approach in creating a public policy for social enterprises. In the Republic of North Macedonia there is still no law on social enterprises, but the current focus is on developing a strategy that will provide a developed ecosystem, which in the long run will encourage growth and development of social enterprises. In the Republic of Albania, however, in 2016, a Law on Social Enterprises was adopted, the implementation of which has been postponed. The legal framework is assessed by the expert public as limited since it does not provide for provisions to ensure benefits for social enterprises when applying for tenders for public procurement or for specific tax benefits (Rosandic, 2018).

Figure 3: Comparative Overview of Social Enterprises in the Republic of North Macedonia and the Republic of Albania

DIMENSION	BORDER REGION - REPUBLIC OF NORTH MACEDONIA	BORDER REGION - REPUBLIC OF ALBANIA
ECONOMIC	<ol style="list-style-type: none"> 1. The economic activity is not continuous and the annual income from economic activities is from 5 to 20%; 2. Small entities with or without a small number of employees (2-6 people) 	<ol style="list-style-type: none"> 1. Continuous economic activity; 2. Family business with a small number of employees (2 - 6), with distinct seasonal character
SOCIAL	Explicitly defined social missions in statutory documents which provide advancement of the welfare of the smaller communities that live in less developed regions.	Social missions that are not explicitly defined in statutory documents and spontaneously arise from the needs of communities at the local level.
INCLUSIVE MANAGEMENT	<ol style="list-style-type: none"> 1. In the founding acts defined are the basic elements of good management, but they are not applied in practice. 2. There is no practice of inclusion of all stakeholders in business processes 	<ol style="list-style-type: none"> 1. Absence of developed awareness for the need and meaning of good management. 2. There is no practice of inclusion of all stakeholders in business processes

In terms of the activities, in general, the majority of the activities in which the social enterprises are engaged in the border region are domestic food production, handicraft production, hotel and rural tourism, which, on the other hand, offers opportunities for networking and enhancement of cooperation between them. The range of activities of social enterprises from the border region in the Republic of North Macedonia is wider and it includes organizing festivals, services for creative campaign development, as well as renting space and conducting translation services.

From the point of view of the existing capacity to create jobs, in general, the SEs in both countries are small entities, with few or no employees. The latter case is characteristic for some of the social enterprises in the Republic of North Macedonia. The number of entities with more than 10 employees is extremely small. Characteristic for the social enterprises of the border region in the Republic of Albania is that they are mainly family businesses, and for some of them seasonal work is their characteristic, and when additional work force is engaged, in some cases it reaches up to 60 people.

The social mission of social enterprises in the border regions of both countries is clearly visible through their actions and through the values they share, although some of them (especially those from the Albanian side) do not manage to clearly define it. In the Albanian entities, the tendency to promote the well-being of smaller communities living in the less developed regions is particularly pronounced, while those on the other side of the border focus on the development of social enterprises for labour integration, which most often integrate women, but also other vulnerable persons, but also present are SEs, whose mission is the protection of the environment or the development of culture and art in the region. And the motives for the development of social enterprises are mostly related to the defined social mission, that is, in the border region of the Republic of North Macedonia they originate from the need to strengthen economically inactive citizens, but also in the direction of achieving financial sustainability of the civil sector through economic activities. In the Republic of Albania the most common motives are financial, and the goal is to provide living conditions for the family, to help target groups such as young, elderly or women who do not have many employment opportunities in this region.

All social enterprises in the border region have the challenges of achieving good management. For Macedonian social enterprises, it is characteristic that the founding acts define the basic elements of good management, but they are not applied in practice, and for Albanian social enterprises it is characteristic that there is an insufficiently developed awareness about the need and importance of good management.

In general, the social enterprises in the border region promote diversity in their operations. One half of the entities interviewed in the Republic of North Macedonia have one or more employees from vulnerable categories - persons with mental and physical disabilities, members of the LGBT community, and Roma. In the border region of the Republic of Albania, however, most of the entities are focused on long-term unemployed people from rural areas. It is obvious that social enterprises from the Republic of North Macedonia cover a wider range of vulnerable people in their work.

A joint challenge for all social enterprises from the border region is the promotion of cooperation with the business sector, the local self-government and the state. The most developed cooperation is that with the donor community, but the support that comes from it is mainly a project oriented one and is aimed at implementing project activities in line with the donor program. Hence, all entities face the challenge of obtaining an investment or infrastructure grant.

In general, the entities lack vision. Most of them say they need money to better develop their business, but they cannot explain strategically to the end how they will maintain their business. Numerous initiatives to support the development of social enterprises in the Republic of North Macedonia have enabled them participation in programs that will improve their work (business plans, market research, development strategies, marketing strategies), but what is evident is that most of them were not adapted to social entrepreneurs. On the other hand, the underdeveloped ecosystem was not taken into account, and the implemented initiatives did not produce significant results. Characteristic of the entities with which an interview was conducted in the Republic of Albania is that almost all state that they do market research about the need for their products, most often unplanned and without a defined methodology. Most of the entities on both sides of the border conduct their marketing spontaneously and without a plan. Some of them use social media and web platforms to sell products and services, and for a fraction of them the fairs, bazaars and person-to-person recommendations still remain as main channels for sale.

As obstacles in their functioning, the social enterprises from the border region identify the lack of investments, their lack of recognition in the community, the lack of interest of the state and the lack of benefits for the work of these entities, the underdeveloped business capacities of social enterprises and the underdeveloped ecosystem for their functioning.

6

CONCLUSION AND RECOMMENDATIONS



Appropriately, to develop the capacities of social enterprises to respond to the challenges of labour integration and unemployment, especially of socially vulnerable people, it is necessary:

The public policy to:

- 1) Recognize the legal forms of the SEs in terms of tax policy, financing, public procurement;
- 2) Create financial instruments to support the SEs in the direction of the recognized forms of reserved funds of public institutions or active employment measures that are adapted to the conditions in which the SEs operate;
- 3) Omit the criterion «lowest price» that limits the SEs to participate in public procurement;
- 4) Develop credit lines for the SEs, which will encourage them to take steps towards financial sustainability (low interest rate, grace period of two to five years);
- 5) Encourage partnership and networking at the local level, municipality and SE in a particular region;
- 6) Strive for the highest level of public transparency in public policy, including active SE measures.
- 7) Restructure the way of developing a development policy with a new vision, which is primarily based on a bottom-up approach to development policy from a local to national level.

The local self-government from the border region to:

- 1) Strive for setting joint plans and strategies for the development of border regions, organization of joint events, education, and investment in infrastructure.

The traditional business to:

- 1) Include the SEs in its own procurement system of raw materials, parts processing, outsourcing, transportation, etc.;
- 2) Encourage the exchange of experience with the SEs in terms of business planning, branding, conquering markets, building products and services;
- 3) Encourage mutual partnership of SEs and traditional business in the development of innovation.

The social enterprises to:

- 1) Associate themselves in networks in the border region depending on the area of activity and jointly enter the market;
- 2) Develop services in social spheres where there is a necessity and space for private operators;
- 3) Be encouraged to use financial instruments (active measures, credits) that are adapted to the conditions of work of the SEs in the country.

7 LITERATURE



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