



Challenges and Opportunities **for Employment** of Marginalized Groups by SOCIAL ENTERPRISES



2016

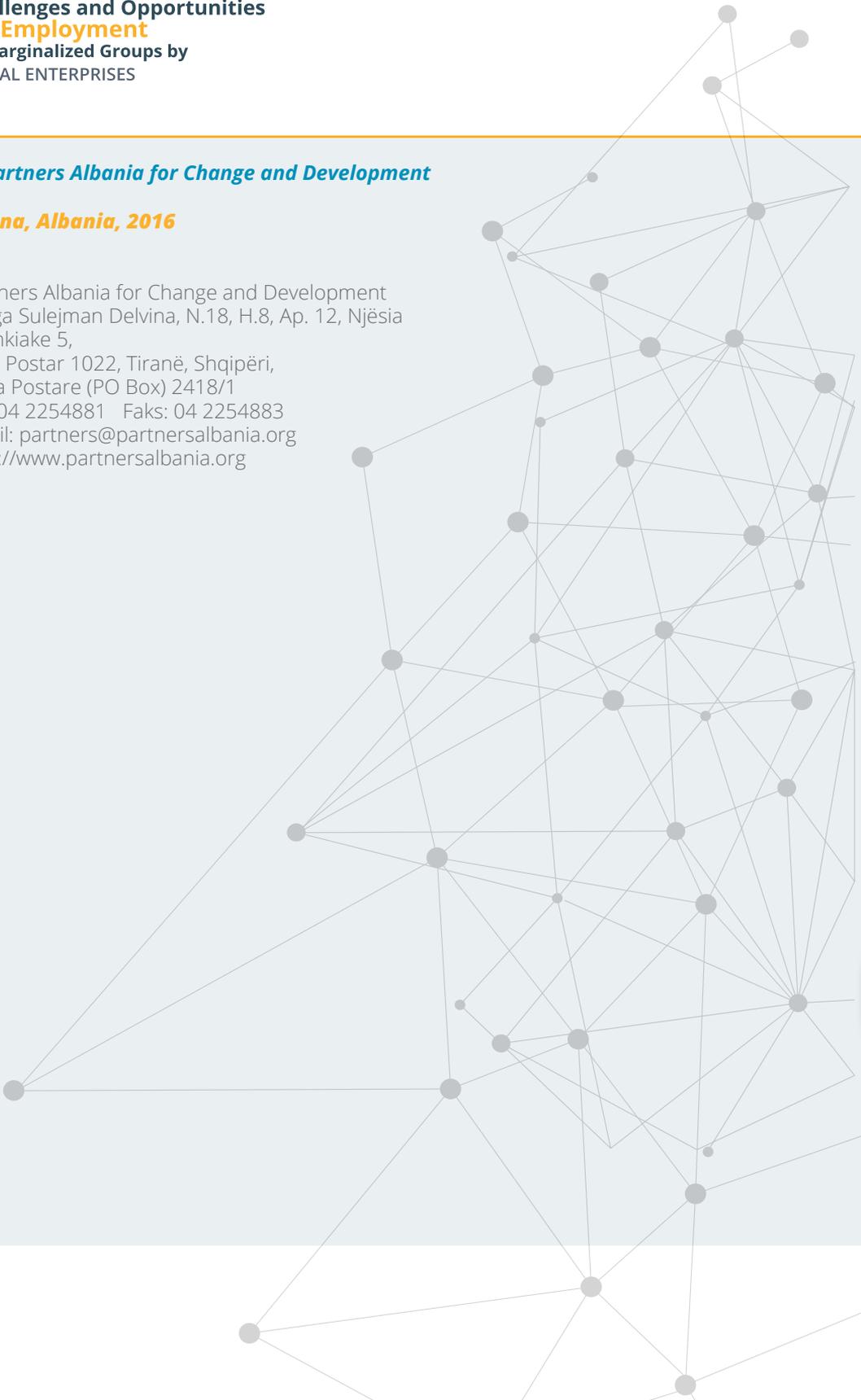


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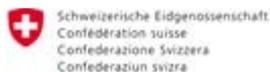
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Challenges and Opportunities for Employment of Marginalized Groups by SOCIAL ENTERPRISES


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Disclaimer

The RRPP promotes social science research in the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia). Social science research aids in the understanding of the specific reform needs of countries in the region and in identifying the long-term implications of policy choices. Researchers receive support through research grants, methodological and thematic trainings as well as opportunities for regional and international networking and mentoring. The RRPP is coordinated and operated by the Interfaculty Institute for Central and Eastern Europe (IICEE) at the University of Fribourg (Switzerland). The programme is fully funded by the Swiss Agency for Development and Cooperation (SDC), Federal Department of Foreign Affairs. The views expressed in this publication are those of the authors and do not necessarily represent opinions of the SDC and the University of Fribourg.

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of ABBREVIATIONS

- AFSE** - Albanian Forum on Social Enterprises
- ASC Union** - Credit Savings Association Union
- AVSI** - Association of Volunteers in International Service
- BI** - Business Incubators
- BKTF** - United for Child Care and Protection
- COSPE** - Cooperation for the Development of Emerging Countries
- CSO** - Civil Society Organization
- ICSEM** - International Comparative Social Enterprise Models
- IPARD** - EU Instrument for Pre-Accession Assistance in Rural Development
- NPO** - Non Profit Organization
- P2P** - People to People
- SCA** - Credit Savings Association
- SE** - Social Enterprise
- SIL** - Social Innovation Laboratory
- VET** - Vocational Education and Training
- WISE** - Work Integration Social Enterprise



Executive Summary

Social economy, and in particular social enterprises, have an important impact as suppliers in the market. There are 2 million social economy enterprises in Europe, comprising 10% of all EU businesses. More than 11 million people, or approximately 6% of employees in the EU, work for social economy enterprises (European Commission, 2016). Indeed, the severity of structural unemployment among some groups, the limits of traditional active labor market policies and the need for more active and innovative integration policies, have raised questions regarding the role social enterprises might play in reducing unemployment and boosting employment growth. The creation of new jobs by social enterprises contributes to the integration of different groups in the labor market, particularly socially excluded groups. Various vulnerable groups are left in the margins of the labor market and heavily dependent on social welfare. Social enterprises are seen as a model to reduce poverty and generate employment (UNDP, 2008). Even though in the Western Balkans region the development of social enterprises is in the first stages, social enterprises are considered as potentially effective models to solve social issues impacting marginalized groups in the society (Varga & Villanyi, 2011).

The *“The challenges and opportunities for the employment of marginalized groups by social enterprises”* study, provides a descriptive and exploratory approach of the typology and models of social enterprises while aiming to better comprehend whether the work integration model can provide results in Albania. The study was conducted in three phases: phase one - desk research of relevant reports on marginalized groups and social enterprises; phase two - face to face interviews with representatives from 30 social enterprises using ICSEM questionnaire; and phase three - face to face interviews with 74 unemployed persons from marginalized groups, using a semi-structured questionnaire.

The SE profile is based on 4 dimensions: 1) general identity; 2) the nature of social mission; 3) ownership structure and governance; and 4) financial structure. Social enterprises are a new phenomenon in the Albanian market and are currently still growing from the organizational life cycle perspective. Several SEs have been established in Albania operating in various sectors with a variety of legal statuses. However, the main legal statuses of the identified SEs are: *NPOs, sole proprietorship, savings credit associations and mutual*. The findings show a low level of capacity and sustainability with regard to the social enterprises financial and workforce capacities, but with a growing potential in the upcoming years.

The findings from the interviews with unemployed persons from marginalized groups identified an immediate need for employment, and a concrete willingness to become employed. The majority of unemployed persons are unqualified, and also fail to understand the training process and its benefits prior to entering the



labor market. Despite some facts showing a growing social enterprises potential to employ marginalized groups, obstacles and challenges hindering this process are still present.

The Government of Albania has recently taken a number of steps regarding the social enterprises legal framework. According to the draft-law, social enterprises can *only be nonprofit organizations*. At the same time the draft-law excludes, to some extent, other forms of social enterprises currently established in Albania and focuses only on the work integration model, in order to provide inclusion for marginalized groups. Therefore, referring mainly to the legal framework experience and practice of other countries, but also based on the study findings, this report will provide some recommendations on the matter.

First, considering that social enterprises are at an early development stage, Albania may want to consider an open legislative model, rather than a specific law on social enterprises. The framework regulation should address the nature of the organizations goals and activities, rather than the institutional formats under which they operate. This would enable social enterprise organizations to select the best model or legal status suiting their needs when pursuing their social mission. The development and role of the SE should not be strictly considered along the lines of social inclusion and work integration. SEs should be considered in a wider services and trade spectrum, as a way to encourage social innovation. This is supported by the study's results, which show there are different SE models, based on legal status as well as ownership and governance structure.

Second, civil society organizations, social enterprises, experts, and the government should have a more active role in promoting social enterprises and their contribution to the economy.

Third, civil society organizations, international institutions, donors and the government should establish development programs to strengthen the SE capacities, to create opportunities to learn about business development models, and especially success practices of local and international SEs. On the other hand, the government and civil society organizations should develop adequate training programs for marginalized groups, aiming at their integration in the labor market and their social inclusion. Training programs should be tailored to their specific needs, and should take into consideration the long unemployment periods.

Fourth, the government should allocate special financial grants and develop soft loan schemes, taking into consideration SE statuses and beneficiary groups. This should be coupled with relevant fiscal incentives and subsidies for the respective statuses. The public procurement law should be reviewed, amending general public procurement requirements to enable SEs to be awarded public contracts for the provision of services and goods.



Introduction

After the 2008 financial crisis, scientific literature focused on researching new innovative economic activity alternatives that go beyond “usual business companies”, in an attempt to propose recovery models. Identifying alternative models for economic growth and inclusion is that much more important for countries in Southeastern Europe that have incurred considerable social and economic costs and high unemployment rates (especially among vulnerable groups that have been relegated to the margins of the labor markets and have come to rely heavily on social welfare) since the beginning of the transition period in the 90s. Social enterprises are seen as a model to reduce poverty and to generate employment (UNDP, 2008).

In particular, social enterprises are defined as an adequate model to integrate marginalized groups in the labor market (Nyssens & Defourny, 2013). Even though in the Western Balkans social enterprises development is in the first stages, social enterprises are considered potential effective models in solving social issues impacting marginalized groups in the society (Varga & Villanyi, 2011).

In Albania several active measures have been taken by the government or various international actors in cooperation with the government, to improve the social environment for marginalized groups and to motivate businesses to employ individuals from these categories. Until present these measures have mostly only been planned with very few being implemented. In this context, the research study aims at exploring whether the work integration model can be effective in Albania, considering the opportunities that social enterprises provide to marginalized groups and the challenges they face during their activities.

PURPOSE OF THE STUDY

This research aims to better understand the perceived challenges and opportunities for employment of marginalized groups by social enterprises in Albania.

Firstly, to achieve its aim, a mapping of social enterprise models in Albania was undertaken, by identifying and classifying them, in addition to analyzing the institutional processes that underlie them using the ICSEM methodology¹.

Secondly, a group of unemployed persons were selected and analyzed as a sample to enquire into the daily life challenges, needs, and especially into the issue of marginalized groups unemployment in Albania.

1 The International Comparative Social Enterprise Models (ICSEM) Project (2013-2017) aims to build knowledge about emerging or already well-established social enterprise models across the world, following common guidelines to foster international comparative analyses. The objectives of the ICSEM Project are: 1) Identifying and characterizing major social enterprise models; 2) analyzing relations between these models and major external driving or supporting forces; 3) examining the specific roles and contributions.

For more on the ICSEM project please visit: <http://www.iapsoцент.be/content>



In the overall purpose of the research context, it aims to better understand whether social enterprises can serve as a model for inclusion of particularly vulnerable groups, by analyzing both the challenges they face and the opportunities that social enterprises can provide in the labor market.

RATIONALE FOR THE RESEARCH

This research has a practical contribution on further exploring a new evolving field such as “social entrepreneurship”. The first contribution is the mapping of social enterprises that operate in Albania, analyzing their identity, their governance models and financial structure.

In addition, the study provides a framework of marginalized groups in Albania. The unemployment rates in the Western Balkans remain staggering, and in particular Albania has an overall unemployment rate of approximately 17.9%, thus consequently the labor market is not adequately inclusive with regard to some groups (in particular women, youth, ethnic minorities and individuals from rural areas) with disproportionately high unemployment rates, low participation rates, and high participation in the informal sector. Recognizing this situation, the research contributes by providing further analysis. With official data on marginalized groups at a scarce level, the findings of this research provide valuable qualitative information for all stakeholders and the general public.

In particular, this research provides further information on how to engage vulnerable groups in social enterprises as a potential model of work integration. This helps to transition marginalized groups from “welfare recipients” to “active participants” of the labor market, by taking into consideration the barriers that they face.

From another point of view, regional policies on social integration are based (and often copied) on the EU models creating a further need for analysis of the local stakeholder perspective and needs. Moreover, the findings of this study will serve to advocate and to contribute toward the development of public policies in the fields of social enterprises development and employment, and marginalized groups social integration.

PROBLEM STATEMENT

Unemployment

Workforce numbers have decreased over the years, with an unemployment rate climbing from 13.0% in 2008 to 17.9% in 2014, and a falling youth participation in the labor force (INSTAT, 2008; INSTAT, 2015). Unemployment is higher compared to the historical average, reflecting a discrepancy between supply and demand in the labor market. In 2014, 219,797 individuals were unemployed in Albania (INSTAT, 2015). The unemployment rate for the 15 to 64 year old age group is 17.9%.



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Youth unemployment in 2014 was 32.5% (35.6% males; 27.4% females). Compared to the previous year, youth unemployment rose by 5.3 percentage points, and demographically, young women in particular are being impacted more. When interrelated with education, the unemployment rate is higher among individuals with high school education (21.3%) followed by undergraduates (17.2%) (INSTAT, 2015).

The predominating sectors for employment are agriculture, trade and public administration. Despite the fact that there is a very large portion of self-employed individuals in agriculture, which are considered to be employed, rural areas still remain the poorest areas of the country (UNDP, 2013). The labor market in rural areas is to some extent an unknown territory facing significant challenges compared to urban areas. Rural areas have mainly been characterized by a lower-skilled workforce, limited opportunities, heavy reliance on subsistence agriculture, higher poverty levels, etc.

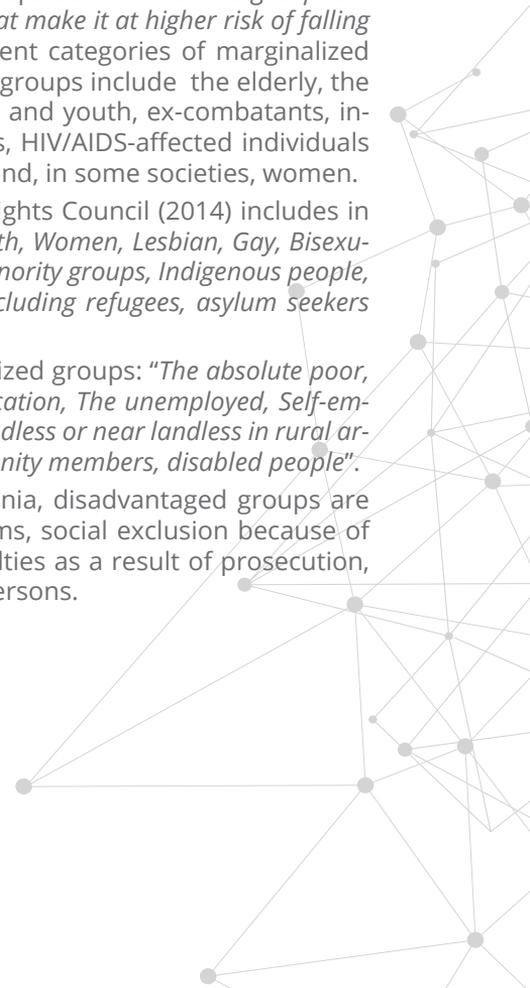
Marginalized groups

The World Bank (2013) defines marginalized groups as *“a vulnerable group is a population that has some specific characteristics that make it at higher risk of falling into poverty”*. Different organizations have different categories of marginalized groups. According to the World Bank, vulnerable groups include the elderly, the mentally and physically disabled, at-risk children and youth, ex-combatants, internally displaced people and returning refugees, HIV/AIDS-affected individuals and households, religious and ethnic minorities and, in some societies, women.

On the other hand, United Nations Human Rights Council (2014) includes in marginalized groups: *“People with disabilities, Youth, Women, Lesbian, Gay, Bisexual, Transgender and Intersex people, Members of minority groups, Indigenous people, Internally displaced persons, and Non-national, including refugees, asylum seekers and migrant workers”*.

In addition, UNDP (2011) includes in marginalized groups: *“The absolute poor, Individuals with no education or with primary education, The unemployed, Self-employed or family farm workers in agriculture, The landless or near landless in rural areas, Vulnerable women, Roma and Egyptian community members, disabled people”*.

In the draft-law on Social Enterprises in Albania, disadvantaged groups are defined as groups with extreme poverty problems, social exclusion because of discrimination, long-term unemployment, difficulties as a result of prosecution, addiction from drugs or alcohol, and displaced persons.



Marginalized groups and their position in the labor market

In 2008, the Council of Ministers adopted the Decision No. 48, which established an active labor market measure targeting socially excluded and marginalized groups (Council of Ministers, 2008). According to this classification, “Disadvantaged unemployed groups” include: *“long term unemployed; individuals receiving economic aid; individuals receiving unemployment benefits; first entrants in the labor market, aged 18-25 years old; people over 45 years of age, who do not have any education above secondary education or its equivalent; people with disabilities; individuals from Roma and Egyptian communities; returned immigrants with economic problems; victims of trafficking.”*

Despite the many improvements made throughout the economy and poverty levels being reduced significantly, the vulnerability of some groups still remains a critical issue (UNDP, 2011). Vulnerability associated with economic and social indicators, and lack of access to services hinders vulnerable groups from being equal to the other groups of the society. The position of vulnerable groups in the labor market is especially relevant.

Vulnerable women: defined as those women living in absolute poverty households - are a specific vulnerable group. In addition to consumption and income constraints, they face additional constraints in the labor market due to child caring and motherhood responsibilities, as well as other household responsibilities typical of women (UNDP, 2011). Other than the overall lower education level in the household, early marriage could also explain the lower education level of vulnerable women, which is directly related to their participation and place in the labor market. Not surprisingly, vulnerable women are mainly employed in low-skill lower paid jobs. Vulnerable women, in similarity with the poor, reside widely in rural areas (60%) and in mountainous areas (19.75%). On average, 30% of vulnerable women are employed in farms owned by a household member. Vulnerable women are mainly employed in agriculture and fishery, as plant and machinery operators, and also menial occupations.

Roma and Egyptian communities: are among the poorest in the population, still living in dwellings that lack basic necessities, basic education and with the highest illiteracy rates among the population. The 2011 census counted 11,669 Roma and Egyptians (8,301 Roma and 3,668 Egyptians) in Albania. On average, Roma men have attended 3.8 years of education, whereas women have attended 3.1 years of education (UNDP, 2011). Most of the Roma communities live in harsh conditions and often lack basic necessities. As a result of harsh living and economic conditions, Roma children often enter the informal labor market to generate income for their families. There is a lack of employment opportunities for this community, making low-skill jobs and the informal sector the main income generating opportunities available. The members of this community are mainly



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engaged in activities such as collecting of scrap metal, urban sanitation, seasonal work in the agricultural sector, and second hand clothing sales.

Persons with disabilities: 6.2% of the adult population in Albania has declared to have at least one disability (Ferré, et al., 2015). Adults with disabilities of working age are two times more likely to not be included in the labor force than those without disabilities. The prevalence of disability is related to age. Individuals at an older age are more prone to disabilities. The difference gap men and women widens with age, especially in “movement difficulties”. Disability is closely related to chronic or professional diseases, which can impact disability with age. Most individuals with disabilities live in large households. More than two-thirds of children with visual, communication, memory, or self-care disabilities are enrolled in school. On the other hand, only half of the children with movement difficulties or hearing impairment are enrolled in school. Persons with disabilities have a lower level of education.

Young people: (15-29 years) constitute 22.55% of the population (45.95% females and 54.05% males) (INSTAT, 2016). The largest over representation of males is among 20-24 years old (55.6% against 44.4% females). The urban youth population comprises 62.77% and rural youth population comprises 37.23% of the total (INSTAT, 2015). The age structure of the population has become distorted due to youth migration and emigration. From a policy perspective this is a concern, as it reflects the poor employment and general living conditions in these areas, but at the same time the small share of the population that is economically more productive and able to support the older population of the communities. The education level of the Albanian youth is increasing rapidly. Enrolment of youth in higher education has increased from 122 thousand for the 2009-2010 academic year to 174 thousand in the 2013-14 academic year. In recent years, the number of female students in universities has surpassed that of males, and amounted to 57 per cent for the 2013-14 academic year (INSTAT, 2015). The 2011 census recorded 8.6 thousand youth aged 15-29 unable to read and write.

The percentage of unemployed youth was 32.5% in 2014. The percentage of long-term unemployed among the total number of unemployed youth was 63.1 percent in 2011.

Active measures for work integration

There are some measures, or initiatives, of the government to integrate some of the marginalized groups in the labor market. They are listed below:

The National Employment Service

Several employment promotion programs (EPPs) have been implemented in Albania since 1999, aimed at reducing unemployment and informal employ-

ment, increase jobseeker employability, and transition employees into regular non-subsidized employment. By the time of the 2011 census, four main employment promotion programs and consequently three additional programs were implemented by the National Employment Service (INSTAT, 2015):

1. Program for encouraging employment of unemployed jobseekers in difficulty, including long-term unemployed jobseekers receiving economic assistance, individuals receiving unemployment benefits, newcomers to the labor market, persons aged 18 to 25, persons aged over 45 with secondary education or lower, persons with disabilities, Roma people, and returning migrants facing economic challenges.
2. Program for encouraging employment through job training.
3. Program for encouraging employment of unemployed jobseekers graduated from Albanian and international higher education institutions.
4. Program for encouraging employment through institutional training.
5. Program for encouraging employment of unemployed female jobseekers from special groups.
6. Program for encouraging employment of unemployed youth aged 16 to 25 entering the labor market for the first time (later extended to youth up to age 30).
7. Program for encouraging employment of persons with disabilities.

National Youth Action Plan

The *National Youth Action Plan* (2015-2020), as a strategy developed by the Ministry of Social Welfare and Youth, rose as a necessity in the current conditions, not only because the previous youth strategy expired, but also in light of the need to comply with the objectives of the new government and social, economic and cultural changes in the country in recent years.

The aim of this plan is to develop and coordinate cross-sectorial youth policies in education, employment, health, culture, and youth participation enhancement in social life and decision-making processes (Ministry of Social Welfare and Youth, 2015).

Among the main objectives of this strategy, an important is *youth employment promotion through effective labor market policy*. This is an initiative that promotes youth work integration.

VET Programs

The “*Addressing social inclusion through vocational education and training*” (VET) project was designed to facilitate access to vocational education and training by both promoting participation in VET and building institutional capacities to support the inclusion of marginalized and socially excluded groups in the VET system. It was a joint ILO/UNDP project that lasted two years from 2011 to 2013.



Another program that consists in vocational education and training is jointly implemented by the Ministry of Social Welfare and Youth and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Ministry for Economic Cooperation and Development. The overarching objective of the VET Program is to reduce unemployment, especially among young people.

GIZ provides support to develop capacities in order to improve vocational qualifications from health and social care to information technology, adapting education to the needs of the labor market. Skilled youngsters and adults able to respond to the ever changing demands of the labor market are the target of the VET Program.

A role for WISE in Albania

All the measures undertaken by the government in cooperation with international actors for the inclusion of marginalized groups in the labor market have shown that the situation still has not changed. Marginalized groups remain one of the categories, which are socially excluded and in critical need for employment. In 2008 the Council of Ministers adopted some incentives for employers that would recruit people from marginalized groups. The incentives consisted in the payment of the social insurance contributions for the potential employees from disadvantaged groups (Council of Ministers, 2008). Despite these incentives and recognizing the limited capacity of the business after the crisis, the number of employees has not increased and in particular the number of employees from marginalized groups. In this context, the government drafted a draft-law on social enterprises, which aims to promote the work integration model, considered as a tool to resolve this issue. By way of this model, marginalized groups can be transitioned from passive economic aid recipients to active participants in the labor market. In exact terms, the main purpose of WISE is to help unqualified unemployed individuals, who are excluded from the labor market.

The draft-law on social enterprises

Since 2010, the Ministry of Social Welfare and Youth has initiated the development process of the Law on Social Enterprises. In 2015, an inter-ministerial working group of the Ministry of Social Welfare and Youth and the Ministry of Economic Development, Trade, Tourism and Entrepreneurship developed a draft-law on Social Enterprises. According to the draft-law, there are several criteria that a legal entity should meet in order to be granted the status of a social enterprise. Social enterprises can *only be nonprofit organizations* providing goods and/or services in the sectors of social services; marginalized groups employment; youth employment; health services; education services; environmental protection; tourism promotion, culture and cultural heritage; sport activities, local community development promotion. According to the law, at least 30% of the employees should be employed from marginalized groups.

Research Questions

In line with the purpose of the study, three questions have been raised, aimed at exploring and describing the abovementioned issues, in order for WISE to play a significant role in Albania. The first question aims at identifying the social enterprise models typologies in Albania based on some features such as the type of mission, ownership structure and governance, and the financial structure, using the ICSEM tool. The second research question aims at not only exploring the daily situation of marginalized groups, but in particular their will and need for employment. It is also necessary to understand whether these unemployed individuals receiving economic aid are willing to withdraw from the social benefits scheme and find a job. The last research question aims at understanding and highlighting the opportunities provided by social enterprises in the labor market, and also the challenges they face, hindering the employment of marginalized groups.

- What type of social enterprise models exist in Albania?
- How do marginalized groups perceive employment and the training process prior to entering the labor market?
- What role and impact can SEs have on the labor market for marginalized groups?

Structure of the study

This section provides a roadmap of the study and how it is organized.

The first chapter provides an overview of social enterprise models around the world, focusing on the work integration model and the legal framework in different countries, based on literature review.

Subsequently, *the second chapter* provides a brief overview of the political and economic context in Albania, in order to better understand the legacy of social enterprises and the SE models currently prevailing. Within this chapter, the support mechanisms in place and the financial incentives that facilitate SE activity are also described.

The third chapter explains the research methodology, tools used, data collection phases, sample selection, and characteristics of each sample.

The fourth chapter describes the findings, which have been divided into two sections; the findings on social enterprises, and the findings on marginalized groups.

The fifth chapter provides the discussion and a grounding and analysis of all the findings by answering the research questions raised in this study and the limitations of the study.

The sixth chapter provides the recommendations arising from the results identified by this study, mainly directed to the government and policy makers.



Chapter 1

Literature Review

The concept of social entrepreneurship continues to imply different things for different people; it is not yet a common and a defined concept around the world. The same can be said for the term social enterprise, which is either used to refer to an activity carried out by particular organizations and institutions (Borzaga & Galera, 2009).

In Europe, the concept of social enterprise first appeared in the very early 1990s, at the heart of the third sector. According to a European tradition (Evers & Laville, 2004), the third sector brings together cooperatives, associations, mutual societies and foundations - or, in other words, all not-for-profit private organizations; such a third sector is labeled the “social economy” in some European countries. More precisely, the first initiative arose in Italy and was closely related with the cooperative movement. In 1991, the Italian Parliament passed a law creating a specific legal form for “social cooperatives” and the latter went on to experience extraordinary growth.

THREE STREAMS OF SOCIAL ENTERPRISE

There are three main schools of thought that have been generated in this field. First, ***the earned income school of thought*** refers to the use of commercial activities by nonprofit organizations in support of their mission (Defourny & Nyssens, 2010). Within this school of thought, a distinction is made between an earlier version, focusing on nonprofits, called the ‘commercial nonprofit approach’ on the one hand, and a broader version embracing all forms of business initiatives, called the ‘mission-driven business approach’ on the other hand (Defourny & Nyssens, 2012). The concept of social business as promoted by Yunus (2010) could also be mentioned within this large approach, although it involves stricter conditions, such as “*a social business is a non-loss, non-dividend company designed to address a social objective*” (Yunus, 2010). This concept was mainly developed to describe a business model that focuses on providing goods or services to poor customers mainly in developing countries. Such a social business is supposed to cover all its costs through market resources. This is a typical form, which is owned by investors who, at least in Yunus’s version, do not receive any dividend and all

the profits are being fully reinvested to support the social mission (Defourny & Nyssens, 2012).

Organizations like Ashoka developed **a second major school**, called the “social innovation” school of thought. Dees (1998) has proposed the best known definition of the social entrepreneur in this school of thought. He considers social enterprises as “agents of change in the social sector by adopting a mission to create and sustain social value, committed to pursue new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, and finally exhibiting a sense of accountability to the constituencies served and for the outcomes created”.

Borzaga & Galera (2009) explain that the distinction between social and commercial entrepreneurship is not strictly dichotomous, but it should be understood as a continuum, that ranges from purely social to purely economic with elements of both still to be found at the extremes. However, any entrepreneurial enterprise needs to meet two conditions. The first one is the social relevance of its activity and the second condition is economic sustainability.

The third is the **EMES² approach** which derives from extensive dialogue among several disciplines (economics, sociology, political science, and management) as well as among the various national traditions and sensitivities present in the European Union.

Defourny & Nyssens (2008) define social enterprises as: “not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. Relying on collective dynamics involving various types of stakeholders in their governing bodies, they place high value on their autonomy and bear economic risks linked to their activity”.

The indicators presented by EMES were never intended to represent the set of conditions that an organization should meet in order to qualify as a social enterprise. Rather than constituting prescriptive criteria, they describe an “ideal-type” in Weber’s terms, i.e. an abstract construction that enables researchers to position themselves within the “galaxy” of social enterprises (Defourny & Nyssens, 2012): Three elements that this model should have are as follows:

An economic project

- continuous production,
- some paid work,
- an economic risk.

2 EMES is a research network of established university research centers and individual researchers whose goal so far has been to gradually build up an international corpus of theoretical and empirical knowledge, pluralistic in disciplines and methodologies, around our “SE” concepts: social enterprise, social entrepreneurship, social economy, solidarity economy and social innovation.



A social mission

- an explicit social aim,
- limited profit distribution, reflecting the primacy of social aim,
- an initiative launched by a group of citizens or third sector organizations.

Participatory governance

- a high degree of autonomy,
- a participatory nature, which involves various parties affected by the activity,
- a decision-making power not based on capital ownership.

LEGAL FRAMEWORK OF SOCIAL ENTERPRISES IN VARIOUS COUNTRIES

In 1991, the Italian Parliament adopted a law creating a specific legal form called “social cooperatives”. The law recognized two different types of social cooperative, those providing social, health and education services, called “A-type social cooperatives”, and those providing work integration for disadvantaged people, referred to as “B-type social cooperatives”. More than a decade after Italy, the government of the UK took their step in this direction. They defined social enterprises as *“businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners”* (DTI, 2002, p. 7).

Moreover, a new legal form, the “Community Interest Company” (CIC), was approved by the British Parliament in 2004. This new legal form ensures that social enterprises are committed to the community purposes (Defourny & Nyssens, 2008). Social enterprises might take different forms such as: social businesses, co-operatives, employee owned businesses, credit unions, community businesses, development trusts, social firms, intermediate labor market companies (SEL, 2001).

In France, Portugal, Spain, and Greece, the cooperative legal form has been adopted. The Portuguese “social solidarity cooperative” legal form consists in providing services with an objective to foster the integration of vulnerable groups, such as children, persons with disabilities and socially disadvantaged households and communities. Portuguese social solidarity cooperatives bring together some stakeholders like users of the services, workers, and volunteers. They are prohibited to distribute any profit to their members. As for Spain, a national law created the label of “social initiative cooperative”; any type of cooperative providing social services or developing an economic activity aimed at the work integration of socially excluded persons can use this label. The legal Spanish form for social enterprises is very similar to their Portuguese counterparts because even Spanish social initiative cooperatives cannot distribute any profit. The difference between the legal forms of the two countries is that the organizational form in Spain is usually less oriented towards a multi-stakeholder structure than that of Portugal.



On the other hand, the German socio-economic model is based on a wide social partnership agreement around the concept of “social market economy”, perceived as a specific conjunction between the market and the state to foster socio-economic development. In such a model, it is difficult to distinguish the specific roles of the social enterprise (Defourny & Nyssens, 2008).

As a matter of fact, the concept of social enterprise in the United States is generally much broader and more focused on revenue generation and the commercial activity enterprise. In US academic circles, a social enterprise is understood as an extension of profit-oriented businesses engaged in socially beneficial activities (corporate social responsibility), to dual-purpose businesses that associate profit goals with social objectives (hybrids), to nonprofit organizations engaged in mission-supporting commercial activity (social purpose organizations) (Kerlin, 2006). In the United States social enterprises can take various legal forms, including sole proprietorship, corporation, partnerships, limited liability company, nonprofit and for profit organization (Borzaga & Galera, 2009).



WORK INTEGRATION AS AN IMPORTANT FIELD OF ACTIVITY FOR SOCIAL ENTERPRISES

Social enterprises may operate in a wide spectrum of activities, because the “social purpose” may refer to many different fields. Nevertheless, one major type of social enterprise is clearly dominant across Europe, namely “work integration social enterprises” (WISEs) (Nyssens, 2006). Indeed, the severity of structural unemployment among some groups, the limits of traditional active labor market policies and the need for more active and innovative integration policies have raised questions regarding the role that social enterprises could play in reducing unemployment and boosting employment growth. In exact terms, the main purpose of WISE is to help unqualified unemployed persons, who are excluded from the labor market (Defourny & Nyssens, 2008). Most of these initiatives in various countries were undertaken by a group of persons, the purpose of whom was general interest. But, in some countries with a strong cooperative tradition, the first initiatives were run by workers themselves, by excluded persons.

As it has been mentioned above, in Italy the “B-type” of social cooperatives was created, which had the purpose to respond to unmet needs, especially in the field of work integration. Although these initiatives were serving a broader community and were enhancing the dimension of general interest, the reality showed that, Italian “A-type” social cooperatives were dominating and jobs created by them in such services have always been much larger than in “B-type” (work integration) social cooperatives.



Challenges and Opportunities for Employment of Marginalized Groups by SOCIAL ENTERPRISES

In a number of European countries, the development of specific public schemes targeted this type of social enterprise. The Finnish Act on Social Enterprise³ is emblematic of such trend, as it reserves this term to the field of work integration. According to this Act, a social enterprise, whatever its legal status, is a market-oriented enterprise created for employing people with disabilities or long-term unemployed persons. In addition, Poland passed an Act on Social Cooperatives, specifically dedicated to the work integration of particular needy groups (such as ex-convicts, long-term unemployed, disabled persons and alcohol or narcotics addicts). It should be emphasized that these different pieces of legislation do not define any new legal forms; they rather create a tool like an official record for social enterprises.

In Sweden, the term “social cooperative” has become synonymous with “work integration social enterprise”, even though the Swedish landscape is also characterized by the development of social entrepreneurial dynamics in the field of personal services, for example under the form of parent or worker cooperatives and voluntary (commonly multi-stakeholder) associations. In France, childcare services are clearly a major field of activity for social enterprises, which are often set up and managed by parents and professionals as a response to a public provision shortage (Fraisie, et al., 2007). A similar trend may be observed in Greece, where agro-tourist cooperatives are being set up in remote areas, mostly by women.

However, when looking carefully at the new legal frameworks, it appears clearly that the French “collective interest cooperative society”, the Portuguese “social solidarity cooperative”, the Belgian “social purpose company” and the Spanish “social initiative cooperative” are not especially designed as work integration enterprises, and the main focus is the provision of social services. Even in countries such as Finland and Poland, where current legislation on social enterprises is only concerned with work integration, new fields of activity, such as social and community services, are emerging (Defourny & Nyssens, 2008).

3 Finnish Act on Social Enterprises (1351/2003) was finally adopted at the end of 2003, after a very rapid development procedure, and came into force on January 1, 2004.

Chapter 2

Albanian Context

Albania with a population of 2,886,026 inhabitants (INSTAT, 2016), is a middle-income country and one of the growing economies in Europe.

POLITICAL TRANSFORMATION

Albania experienced widespread social, economic and political transformations after the communist era. In 1991, the Socialist Republic was dissolved and the Republic of Albania was established. It is often treated as the “most difficult case” of regime change, or an outlier when compared with other post-communist countries in Central and Eastern Europe. The long and difficult, at times, chaotic path to democracy and market economy have consistently put the country at the tail end of regional post-communist ratings in democratic and economic progress (BTI, 2014).

The post-communist constitution ensures that the Albanian state maintains a monopoly on the use of force, when charging it with the duty to protect “the independence of the state and the integrity of its territory.” While in practice the state’s capacity to control its territory was shaken after the 1997 crisis, assistance has also been forthcoming from Albania’s European neighbors, as the threat of mass emigration, illegal trafficking, and organized crime at EU borders has encouraged activities to supervise and strengthen the fragile state. Foreign assistance has poured in, especially in security sectors such as policing and border control. The country’s NATO membership from 2009 has also helped to restructure the outdated armed forces (BTI, 2014).

The European Union has been playing an important role in recent years in the Albanian economic and political contexts. Along with other Western Balkans countries, Albania was recognized as a potential country for EU membership in 2003. The Stabilization and Association Agreement (SAA) with the country was signed on 12 June 2006 and entered into force on 1 April 2009. The EU-Albania visa facilitation agreement entered into force in January 2008. In June 2014, the EU decided to grant the *candidate status* to Albania (European Union External Action, 2009). The integration in the European Union will have its social, political, and economic impact in the Albanian society.



ECONOMIC PERFORMANCE

Albania is considered a growing economy mainly due to structural transformations caused by migration and urbanization, which supported movements in the labor market from agriculture to services (i.e. banking, telecommunications, and tourism), construction, and at a smaller scale, to production. Agriculture remains one of the largest and most important sectors in the country, with predominantly small private farms representing 21% of the GDP and accounting for about half of the total employment. According to the economic model, Albania has pursued an extremely open model of economic development that has resulted in limited barriers to factor movements (BTI, 2014). The country has benefitted from a privileged trade agreement with the European Union in 2009, which has allowed it to export freely to European Union countries.

Until 2008, before the global financial crisis, Albania had fast growth rates of up to 6% and rapid reductions in poverty from 25% in 2002 to 12% in 2008 (World Bank, 2008). However after 2008, the country started experiencing the first effects of the global crisis, showing a reduction in economic growth going from 7.5% in 2008 to an estimated +2.02% in 2014 (INSTAT, 2014). Public debt has continued to increase since 2008 from 54.7% to 72.1% of GDP by the end of 2014 (World Bank, 2015).

The workforce marked a decrease over the years, with an unemployment rate climbing from 13.0% in 2008 to 17.9% in 2014, with a decreasing participation of youth in the labor force (INSTAT, 2008; INSTAT, 2015). The participation of youth (15 - 29) in the labor force decreased from 54.8% in 2011 to 41.9% in 2014 (INSTAT, 2011; INSTAT, 2015). From a gender viewpoint, there is a decrease in young women participation in the labor force with 32% compared to man with 51.2% in the end of 2014. The same alarming difference of performance in labor market is seen between women with 51.3% and men with 72.2% (15-64 years) (INSTAT, 2015).

Albania has made improvements in the business investment climate in recent years improving its ranking in the Global Competitiveness Index (from 108th place in 2008-09 to 97th place in 2014-2015 (World Economic Forum, 2015). In 2007, Albania adopted a strategic framework for small and medium size enterprises (SMEs) development, adopted the Business and Investment Development Strategy (2007-2013), and a medium-term program for SME development. Several reforms were introduced, including simplification of procedures for establishing a business and registering land; a new procurement law including e-procurement, bankruptcy and company laws; the modernization of the customs system and the establishment of a public credit registry (Ministry of Social Welfare and Youth, 2014).

Despite reforms, the level of female entrepreneurship and new start-ups is very low, hindered by land registration and access to credit. The most concerning factors in doing business remain corruption, despite the decrease in 2012-2013 compared to previous years; tax regulations and access to funding.

UNDERSTANDING THE SE CONTEXT AND CONCEPTS

The development of social enterprises, as a new form of economic activity, is still at its initial stages of development in Albania. Although there is not a legal framework that specifically regulates the establishment and functioning of social enterprises, in recent years there have been several initiatives to promote and foster their development.

Even though there is no widely accepted definition, social enterprises are understood and operate under the common accepted definition of being “enterprises that combine social purpose with entrepreneurial spirit”. They are companies that generate profit, but the profit is re-invested in providing products and services to achieve a wider social impact in the communities they serve and operate in (European Commission, 2014). However, regardless of the definition, and the existence or lack of a legal framework defining their activities, SEs are a promising economic reality in Albania as well.

Their activities are diverse and efficient, from contributing to social inclusion of marginalized groups, to employment and income generation in Albania, but the development of social enterprises is still at its initial stages.

SE historical background

In the case of Albania, it should be emphasized that similarities between cooperatives and the respective legal framework before and after the 90s are hard to draw. This, due to the fact that the cooperatives established under the communist regime, were forced, state owned and managed forms of collaboration, and no principle of any kind of member ownership, sharing, etc., were applied. The effects of expropriation of the rural and urban population during the process of establishing cooperatives and the forced process of creating this form of agricultural production, excluding trade ones, still deforms and hinders a sane process of creating cooperatives of agricultural, livestock, or any kind of other production union. Another damage deriving from this practice that still persists in the Albanian mentality is the complete orientation of cooperatives towards the rural landscape and agricultural production. This fact has “killed” the entrepreneurial spirit of some generations both in rural and urban areas.

The cooperatives before the 90s had no democratic elements in their entities. From the social point of view, they were not based on and oriented towards the principals of freedom of choice. From the economic and all related points of view, the members of those cooperatives owned nothing in terms of capital, production tools and machineries, not even their products. All they owned was the workforce, and it was poorly paid. When analyzing social benefits of cooperatives before the 90, they were quite insignificant compared to the infringements of the human rights principles, economic rights and entrepreneurial spirit of rural and urban generations of Albanians.



Thus, it is obvious that the notion of the cooperative under these two completely different political systems is as different as the systems themselves.

Even though, during the last 10 to 15 years, attempts and developments have been made in this regard, different types and models of social enterprises have emerged and are providing results and best practices in this regard.

SE legal and institutional framework

The concept of social enterprise is still unclear and debatable in Albania, despite some attempts in recent years to introduce or frame the concept, and support its development although in a fragmented way.

In 2011 the government established the “Agency for Social Business Promotion in Albania” with the scope to support sustainable economic and social development through the promotion of social, sustainable, balanced and cohesive business at the national level (Official Gazzete, 2011). The Agency is a state-owned corporation. The initial capital of the Agency is provided by the state budget and revenue is generated from funds received from the state budget, donor financing, co-beneficiaries, local government units, and other sources.

Since 2010, the Ministry of Social Welfare and Youth has started the development of the Law on Social Enterprises. In 2015, an inter-ministerial working group of the Ministry of Social Welfare and Youth and the Ministry of the Economic Development, Trade, Tourism and Entrepreneurship worked on the draft-law. According to the draft-law, the social enterprise is a status granted by the minister of social welfare. Only nonprofit organizations are eligible to apply for the status. Furthermore, there are several criteria that NPOs must fulfill to be granted the social enterprise status. NPOs must offer goods and services in the sectors of social services; employment of marginalized groups; youth employment; health services; education services; environmental protection; tourism promotion, culture and cultural heritage; sport activities, and promotion of local community development.

In addition, the National Strategy for Employment and Skills (NSED) foresees in its objectives a focus on social inclusiveness, social and territorial cohesion, with a special focus on the development of and support for social enterprises, and attention to gender equity and women’s access to the labor market. However, a detailed action plan for the NSED has yet to be made public.

The dialogue and partnership with business actors to boost the country’s development and expand the forms of doing business, is in special focus and is manifested through the Investment and Business Strategy 2020 (Ministry of Economic Development, Trade and Entrepreneurship, 2014) of the Republic of Albania and its action plan.



This strategy drives the Albanian economy toward a smart, sustainable, and inclusive economic model, aiming at a considerable employment growth that will improve conditions related to the labor market and will improve living standards for Albanian citizens.

SE models

The first social enterprises in Albania started their activities before 2000 as part of the activity of nonprofit projects and programs supported by foreign donors. The social enterprises currently operating in the market mainly have a non for profit status with only few being for profit businesses. The non for profit sector was the first social enterprise generator in the country (Partners Albania, 2013). The legal framework that regulates the sector, and the variety of donors and funding, has created the background for these forms of economic entities.

Recent research studies show that the majority of nonprofits offer more than one kind of service and target different groups and categories. Their mission can be social services and/or goods, and also social and work integration (TACSO Project & ASE Forum, 2013). The highest concentration of these organizations is observed in Tirana and the largest cities in the country.

The nonprofit sector in Albania consists of three legal statuses: *associations* (membership organizations, primarily serving their members), *centers and foundations* (non-membership, serving public interest) as set forth in the Law on Nonprofit Organizations (NPO) (Official Gazzete, 2001) and two additional amendments (Official Gazzete, 2007; Official Gazzete, 2013) and the Law on the Registration of NPOs (Official Gazzete, 2001). The registration of NPOs is centralized in the Tirana District Court. The framework allows for a relatively straightforward process of registration and operation, in line with international standards. Foundations are the only entity required to have capital prior to registration, the amount of which is not stipulated in the law. A non for profit organization may conduct economic activity without having to establish a separate entity for this reason, provided that the activity is in compliance with its purposes, is declared as one of the sources of income, and is not the primary purpose of its activity. The profits from the economic activity shall be used to accomplish the purposes specified in the charter and the establishment act.

Another prominent SE model are *Cooperatives*, which as legal status is regulated by the Law "On Agricultural Cooperation Companies", No. 38 (Official Gazzete, 2012). The law is based on a broader legal framework for "*Reciprocal Cooperation Companies*", No. 8088 (Official Gazzete, 1996), amendments to Law No. 9039 (Official Gazzete, 2003) and Law No. 9747, (Official Gazzete, 2007). The object of the mutual cooperation activities is the realization of joint economic activity by its members. They can join and create federations to protect and promote their broader interests. According to the law, economic activities may be different, including production, sale of goods, services, etc. The members of the company are natural or legal persons, who wish to jointly realize their economic activities



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within the society. They have equal rights and duties, make decisions together and each member is entitled to one vote. The purpose of the company's mutual cooperation is mutual assistance between members in them. Companies of reciprocal cooperation are similar to agricultural cooperatives, but considered more suitable as a legal form for the crediting, insurance, and construction sectors. These entities should register with the National Registration Center in order to obtain their legal status.

Under the law "On Agricultural Cooperation Companies", new cooperatives have been registered for the production of oil, cereals, and vegetables. Data is not available to the public, but according to the Ministry of Agriculture there are 37 agricultural cooperatives are registered with the National Registration Center. Based on the data, the smallest agriculture mutual company has 7 members, while the largest has 61 members. The development of a functioning electronic agricultural information system (farm register, animal register, etc.) is considered by the EU to be crucial for the establishment of a baseline for sound financial management of national and EU assistance funds (European Commission, 2014).

Another typology of SEs in Albania is *Savings and Credit Associations*, which emerged in the market with the approval of the Law No. 8782/2001 "On Savings and Credit Associations" (Official Gazzete, 2001), and created the Albanian Union of Savings and Credit Associations (AUSCA) based on the same law. The AUSCA is a voluntary federation of SCAs, *created and managed by its members and under the administration of its member-elected Board of Directors. Activities began in 1992 when the Project for Rural Credit financed by the WB started.*

The mission of the ASC Union is to provide financial services to SCA members and rural inhabitants with the aim of promoting production activities, improving living standards, and continuously developing rural areas. As of 2013, the ASC Union had 97 SCA members with a total credit portfolio of over 40 million EUR. The impact of the ASC Union consists in the support it provides to the progressive development of Albanian farming. It achieves this by increasingly funding investments and structure development in rural areas, which have the capacity to manage the credit system and other development projects. This has led to economic development with a significant impact on the improvement of living standards, increased employment opportunities and the reduction of migration. The ASC Union has been classified as the world's 15th best micro finance institution by the MIX Market (World Bank, 2013).

Financial incentives and support mechanisms

Social Enterprises in Albania operate in these main activity sectors: employment of disadvantaged groups of citizens, education (formal and vocational education for individuals outside the public and private education system), economic development, social and child care (Partners Albania, 2013).



In close collaboration with banking and telecommunication companies, and the support of international donors, support to establish and develop social enterprises has been provided through initial funding, soft loans, and donations for these enterprises in addition to support through employment facilitation and coaching in relation to their target groups, which mainly cover individuals in disadvantaged social and economic situations.

There are several EU programs in Albania targeting social and economic development with potential funding for SEs, as: IPA CSF which supports the promotion of social and economic inclusion of the Roma and Egyptian community; IPA CBC Programs focused on economic development, social inclusion, etc.; the People 2 People (P2P) Program organising visits to EU institutions and entities for experience, know-how, and good practices exchange between CSOs in beneficiary countries and EU Member States (Babovic, et al., 2014, p. 38).

Regarding the support to agricultural cooperation companies, the EU Instrument for Pre-Accession Assistance in Rural Development (IPARD) is an important supporting mechanism. The first call for proposals under an IPARD - like scheme took place from December 2012 to February 2013, followed by two other calls in April 2013 and March 2014. The overall indicative budget of the Grant Scheme is 8,270,000 EUR of which 6,200,000 EUR is EU and 2,070,000 EUR is national contribution (EU, 2014).

At the government level, the biggest national free information, economic and technical knowledge provider supporting production and income growth for various farmer categories, is the Advisory Service of Extension Service. The advisory service has a key role in providing assistance in completing applications, project design, and assisting farmers who receive grants in the implementation process.

Business incubators (BI) and laboratories are an important institutional infrastructure element for the development of a social economy. In Albania, the first attempts started in 1998 with the establishment of two BIs in Tirana and Shkodra, which did not prove very successful. They were set up by the Ministry of Labor and Social Affairs at the time (now Ministry of Social Welfare and Youth) with World Bank (WB) assistance (Training, Enterprise and Employment Fund). The BIs received subsidies in their first three years of operation and then switched over to self-financing, but they failed to become self-sustainable. Over the past eighteen years, the Tirana BI has established 19 businesses and employed only 52 people, whereas the Shkodra BI is operating mostly as a rental space (AIDA, 2011). The Strategic Program for the Development of Innovation and Technology for SMEs 2011-2016, introduced a new Business Incubator Program. The Program supported by IPA III fund will pilot one such incubator in Tirana, followed by two more business incubators in other locations of the country (Babovic, et al., 2014, pp. 40-41).

Networking among SE actors at the local and regional level, is still in the infancy phase, and has yet to be developed and consolidated. Nevertheless, there are some existing efforts that have established a good baseline for promising future regional cooperation. Some of these efforts includes (Babovic, et al., 2014, pp. 43-45):



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- The Euclid Network (EN), a pan-European network of 300 members from 31 countries across Europe, which for the fourth time is managing the ERASMUS program open as well to non-member states in the Western Balkans such as Montenegro, Serbia, Albania, Turkey and Macedonia
- Social Innovation Europe (SIE), an online hub that serves as a meeting place, where innovative thinkers from all 27 member states and Western Balkan Countries, can come together to create a streamlined, vigorous social innovation field in Europe. The platform serves to raise a shared voice and to propel Europe to lead the practice of social innovation globally.
- The Social Innovation Laboratory (SIL), a regional hybrid organization working in the area of social innovation in the Western Balkans.
- Social Enterprise Forum, a network of SEs and social entrepreneurship supporting organizations aimed at encouraging innovation development in the Western Balkans. The initiative was launched on March 14, 2014 with the Declaration of Western Balkans countries and Turkey for the Development of Social Entrepreneurship (Partners Albania, 2014).

Financial incentives for SEs are almost non-existent. There are a few legal provisions and regulations, but they are not applicable, or are subject to misinterpretation.

- The amended Law on NPOs foresees exemption from income tax for incomes generated through donations, grants, bank interests and membership fees.
- SCAs are exempted from taxes on income and surpluses earned in consistence with the conditions set by the Law on SCAs and their Union (Official Gazzete, 2001).
- Reciprocal Cooperation Companies, which focus on Agriculture and Livestock are also eligible for fiscal incentives and other state aid according to the Law No.9039, from 2003 and are exempted from taxes for the first five years of operation (Official Gazzete, 2003).

In the final draft-law on Social Enterprises in Albania there are no incentives foreseen for social enterprises, and in general term is stipulated that “the other forms of support and incentives are regulated by the respective legislation on the state support, on taxes, and on NPOs”. The draft-law also refers to “supporting measures which includes financial support and other measures” but is not clear what support, who will provide this support, the terms etc.

Chapter 3

Methodology

This study has a descriptive and exploratory approach on social enterprises, marginalized groups and their opportunities for employment in social enterprises. The study was conducted in three stages.

First, PA conducted a desk research, through which secondary data on social enterprises, their legal framework, and official data on marginalized groups were collected. The desk research was conducted in the period between April 2015 and June 2015, and during the research the information was updated with the most recent information.

Second, PA conducted face-to-face interviews with 30 representatives from social enterprises. The questionnaire used for the interviews was the International Comparative Social Enterprise Models (ICSEM) project questionnaire⁴. The interviews were conducted in the period between June 2015 and July 2015.

Third, PA conducted face-to-face interviews with 74 unemployed individuals from various marginalized groups. The instrument used was a semi-structured questionnaire designed by the project research team. In order to have a broader frame of the situation and accurate data, since there is lack of published official data, PA also conducted an interview with the specialist of the National Employment Service. The interviews were conducted in the period between October 2015 and November 2015.

For the purposes of processing and analysing data, the Lime Survey⁵ online platform was used.

DESK RESEARCH

Through its desk research, PA collected information and data on social enterprises throughout the world and their particular legal framework. In addition, the desk research focused on gathering information on social enterprise models

⁴ For more on the ICSEM project, please visit: <http://www.iap-socent.be/content>

⁵ For more on LimeSurvey, please visit: <https://www.limesurvey.org>



since communist era, legislative initiatives, and financial incentives developed during the years in Albania. Official data was also gathered on marginalized groups, and the active measures undertaken to support vulnerable groups and integrate them into the labor market. One of the difficulties encountered during the desk research was the lack of official data, especially for marginalized groups, so some of the qualitative findings in this research on marginalized groups provide valuable information for all the interested stakeholders and the general public.

INSTRUMENTS USED

As was mentioned above, in the first phase face-to-face interviews were conducted with social enterprise representatives. The instrument used was the International Comparative Social Enterprise Models (ICSEM) project questionnaire. The ICSEM project aims at building knowledge about emerging or already well-established social enterprise models across the world, following common guidelines so as to foster international comparative analysis. One of the research questions was mapping and identifying the social enterprise models in Albania, therefore this questionnaire was used and the data collected from social enterprises in Albania are also part of the ICSEM project database.

The questionnaire was divided in four major parts: 1) *the general identity of social enterprises*, 2) *the nature of the social mission*, 3) *the governance and ownership structure*, and 4) *the financial structure*. In order to fulfill the main purpose of the study another section was added to the questionnaire related to *the SE employment of marginalized groups*. The questionnaire was translated from English to Albanian, in order to be understood by the interviewees. The face-to-face interviews were conducted by the research team over the arch of approximately 90 minutes. The interviews were conducted in various locations; however, it was always at a location and time that best suited the respondents. These locations ranged from their work place, a public area, and offices of Partners Albania.

Some of the obstacles encountered during these interviews were difficulties in understanding how a credit and savings association functions, since a considerable part of the SE sample was made up of this type of business. Once this difficulty was observed, the research team widened the interviews with SCAs to clear all uncertainties encountered. Another limitation of the interview was the lack of comprehensive financial data on total revenues and total assets. This occurred due to their lack of information and their lack of willingness to provide the information.

During the second stage of the research, face-to-face interviews were conducted with individuals from marginalized groups. The instrument used was a semi-structured questionnaire, designed by the research team, mainly based on open-ended questions aimed at gathering information on both perception and experience of the respondents on their daily life and their perceived challenges for employment. The questionnaire was divided into four main sections: 1)

demographic data, 2) employment, 3) life circumstances, and 4) social benefits. The interview lasted for approximately one hour. After selecting the sample (individuals belonging to marginalized groups), the schedule and the location that were convenient for the interviewees was also determined. After piloting the questionnaire, PA noticed that the questions had to be reworded in a simpler form to adapt to the background of the marginalized groups. To be able to gather a broader frame of the situation and accurate data, PA conducted a detailed interview with the specialist from the Legal Department of the National Employment Service, the questions for whom mainly consisted of social benefits and economic assistance that some individuals from marginalized groups are receiving.

SAMPLE SELECTION

A snowball sample was used to select the relevant sample, because it was difficult to stipulate the population of social enterprises and the same was true for the unemployed individuals' sample.

The research team was able to include only 30 social enterprises⁶ in the study, out of 35 identified, because these enterprises were available and willing to participate. Partners Albania conducted interviews with representatives of social enterprises ranging from executive directors, administrators, and project managers. Social enterprises included in the sample were dispersed in 8 regions across the country, in Tirana (37%), Shkodra (17%), Elbasan (17%), Berat (13%), Lushnje (7%), Lezhe (3%), Pogradec (3%), and Gjirokastra (3%) respectively.

With regard to the sample of unemployed individuals from marginalized groups, PA conducted 74 interviews with unemployed individuals from marginalized groups. The categories included in the sample were women (22%); persons with disabilities (15%); youth (13.5%); Roma and Egyptian (13.5%); the homeless (12%); persons suffering from addiction (12%); and unqualified persons (12%). In terms of gender, the sample was composed by 53% females and 47% males. 95% of them resided in urban areas, while the rest resided in rural areas.

LIMITATIONS OF THE STUDY

The study was conducted with various limitations, listed below in this section. The study relied largely on a descriptive and exploratory research design; therefore it was challenging to provide explanations on certain issues without further investigating them. Therefore, more quantitative data collection methodologies should be applied in the future, to provide a wider perspective for the present study. For instance, the research design can employ case study methodologies or content analysis for both social enterprises and marginalized groups to provide a holistic overview to the subject at hand.

⁶ Social enterprises are considered all entities that name themselves social enterprise and had the set of characteristics of SEs



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The questionnaires used to gather data and information in both the cases for social enterprises and marginalized groups were too complex and long, resulting in longer interviews and seeking more specific information than the respondents could provide.

Defining the categories of marginalized groups was also challenging with different categories being present in different countries. In addition, the sampling particularly for marginalized groups, only included a small portion of the entire population. Therefore, research studies with much larger sample sizes would be required to ensure appropriate generalization of the study findings.



Chapter 4

Findings

This chapter presents the results reached divided in two subchapters. The first subchapter provides an overview of social enterprise models in Albania, their characteristics, and opportunities to employ marginalized groups. The second subchapter analyzes data on marginalized groups, examining their daily life challenges, and their need and willingness for employment.

FINDINGS ON SOCIAL ENTERPRISES

One of the research questions consisted in gathering sufficient information to adequately document the distinctive features of SE models in Albania. There are four major dimensions that might contribute to the understanding and analysis of the diversity of social enterprise models. These four dimensions are: **1) the general identity of social enterprises, 2) the nature of the social mission, 3) the governance and ownership structure, and 4) the financial structure.** Considering the research questions and the main purpose of the research, another section was added to the questionnaire by the research team, related to **the employment of marginalized groups by SEs.**

General identity of the social enterprises (SEs)

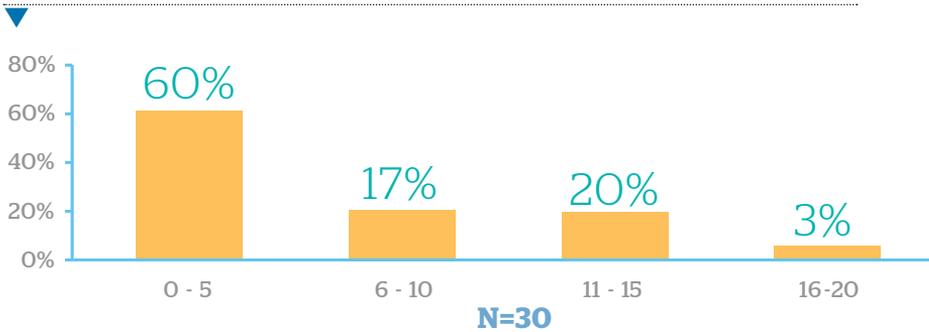
In this section, we collected data on the name of social enterprises, the year of establishment, the initiators and founders of the SE, the legal status, the type of institutional unit, their accreditations/certificates, the number and the composition of the full time and part time workforce, and the number of volunteers working in social enterprises.

Data show that the majority of SEs (60%) were established during the last 5 years (2009-2014). This indicates that SEs are a new phenomenon in the Albanian market and they are still in the growth stage (**Chart 1**). However, there is a significant number of SEs (23%), which have a long experience in the market (between 11 and 20 years).



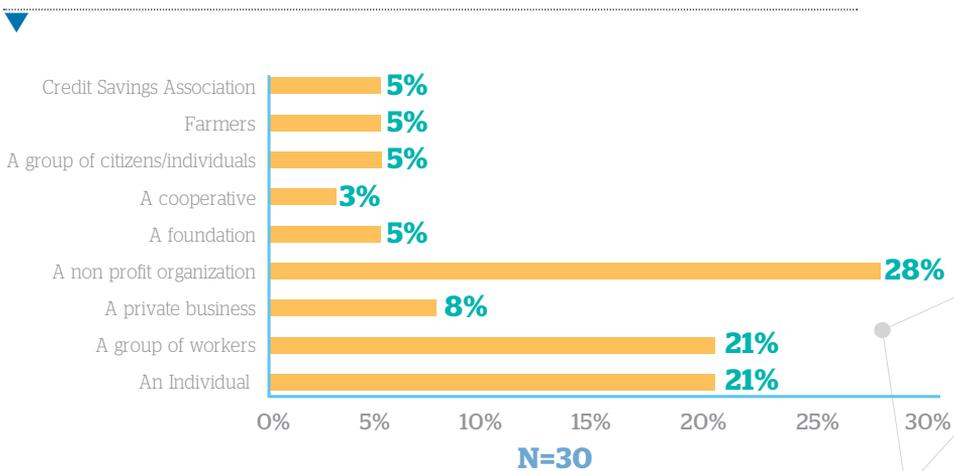
Challenges and Opportunities for Employment of Marginalized Groups by SOCIAL ENTERPRISES

Chart 1: The Age of Social Enterprises



The main founders or initiators of SEs are nonprofit organizations (28%). A significant part of SEs has been established through personal initiative (21%) or a group of workers (21%) (**Chart 2**).

Chart 2: The founders/Initiators of Social Enterprises



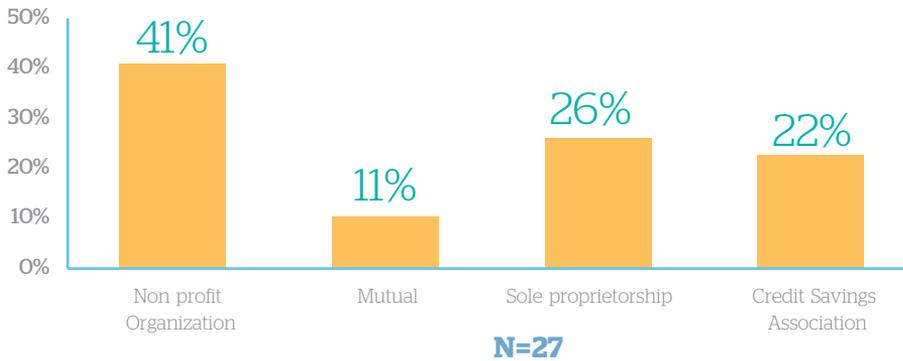
90% of SEs are formally registered and have a particular legal status. There is a limited number of SEs (3 out of 30), which formalized their activities later in 2015.

For the 27 SEs with a legal status, the data show that the majority of SEs are registered as non for profit organizations/associations (41%), which is the traditional form for SEs, while 26% of SEs are registered as sole proprietorship companies, which is the simplest and more fiscally incentivized form of business. It was noticed that a significant part of the sample (22%) has been registered as Savings and Credit Associations⁷, and as reciprocal cooperation companies (11%). Apparently, in the sample there is a lack of registration as limited liability companies.

⁷ Law No. 8782, dated 05/03/2001 Savings and credit associations, (hereon referred to as SCA) are legal persons composed of volunteer unions of individuals, natural or legal persons that deposit their money with the association to be used for loans to other members of the association.

Even though a clear legal framework on social enterprises has not been adopted, the legal forms that dominate in Albania are NPOs and sole proprietorship companies (**Chart 3**).

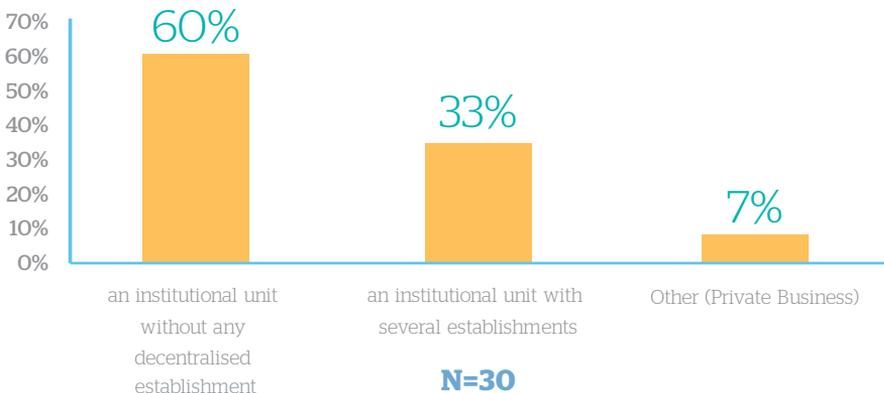
Chart 3: The type of legal form of SEs



One finding suggested that almost none of the SEs have accreditations or certifications. Only one social enterprise has a public certification (Certificate Eur 1 used for international goods transport).

Data showed that generally SEs function as a single institutional unit without any decentralized branches (60%) (**Chart 4**).

Chart 4: Decentralization of SEs

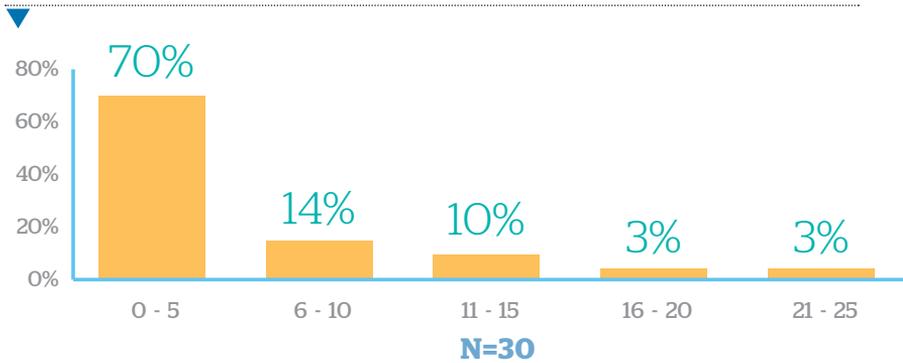


The finding on the number of full time and part-time, paid workforce helps understand the potential for employment in SEs operating in Albania. The majority of the SEs (70%) declare few fulltime employees ranging between 0 and 5 (**Chart 5**). Overall, 60% of full-time social enterprise employees are females.



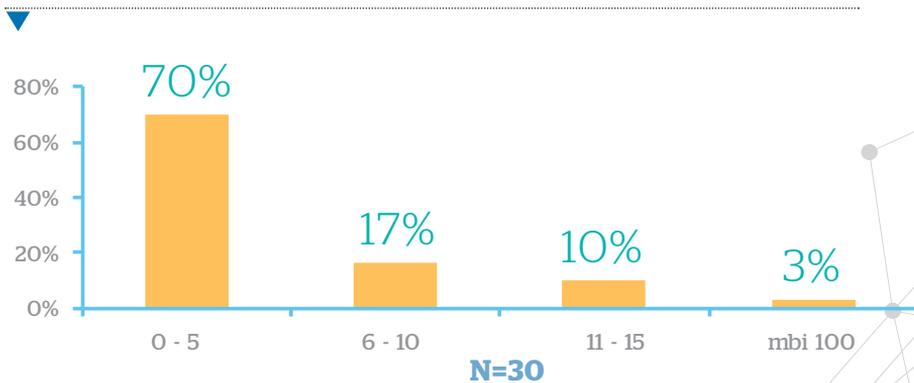
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Chart 5: Full time paid Workforce



Data show that the majority of SEs (70%) have 0-5 part-time workers (**Chart 6**). Only the “Rozafa” Foundation has 108 part-time workers. This organization has an experience in the operation and promotion of women led micro enterprises in Albania in favor of improving the living conditions of marginalized women from rural and suburban areas, mainly in the north of the country. Based on its activity, they employ 98 females as part-time employees. With regards gender, part time employees are divided into 78% females and 22% males.

Chart 6: Part-time paid Workforce



The number of volunteers is another component determining the composition and the direction of SEs. Mainly, social enterprises do not have volunteers (47%). 37% of social enterprises have 1 to 10 volunteers working 10 or more hours per month. As regards gender distribution, there is a slightly higher percentage of women volunteers (56%) compared to men (44%).

Taking into account the low number of employees, especially full time employees, a conclusion can be reached that SEs in Albania are small enterprises. On the other hand, women constitute the highest number of employees (full time and part time) and volunteers in SEs.

Type of activity and mission

The type of SE activity and mission is the second dimension, which is fundamental to researching and identifying the types of social enterprises. For this section we collected information on the mission, traditions of mission, target groups and the products/services that SEs provide. An important component in the questionnaire was related to innovation, whether SEs have introduced any innovation in the market and what are the features of this innovation.

Social enterprises did not appear suddenly and were not established out of nowhere. They evolved from the intertwining of several broader traditions, each of which can be classified according to a different fundamental purpose. The 6 historical “traditions” proposed by Mike Gordon (2015) represent distinct purposes and key values related to SEs, as follows:

Mutual Purpose: *Co-operation and mutuality* — earlier forms of social economy enterprises arising from voluntary association action of working classes to promote alternative economic institutions, controlled by themselves, for their mutual interest, benefit and support.

Community Purpose: *Community and voluntary association* — community development in a particular geographical location, communitarianism and association, based on organizing the conduct of society more generally, and involving collective and co-operative organization and control.

Altruistic Purpose: *Charity and philanthropy*—the charitable, philanthropic, voluntary, or “nonprofit” sector, concerned with the improvement of one or more of the following: individual or group health, education, welfare, or the alleviation of poverty.

Ethical Purpose: *Alterity and radicalism*—social radicalism and alternative ecological and “new age” movements, based on ethical values and more radical societal change.

Private Market Purpose: *Business and enterprise*—primarily viewed as the province of the private sector, serving individual or group needs or wants through markets and for private profit.

Public State Purpose: *Public social enterprise*—reconfiguration or “externalization” of public services in social enterprise organizational form, with the expressed aims of improving and innovating the provision and delivery of services, but potentially also to limit the size of the state administration and to reduce public expenditures.

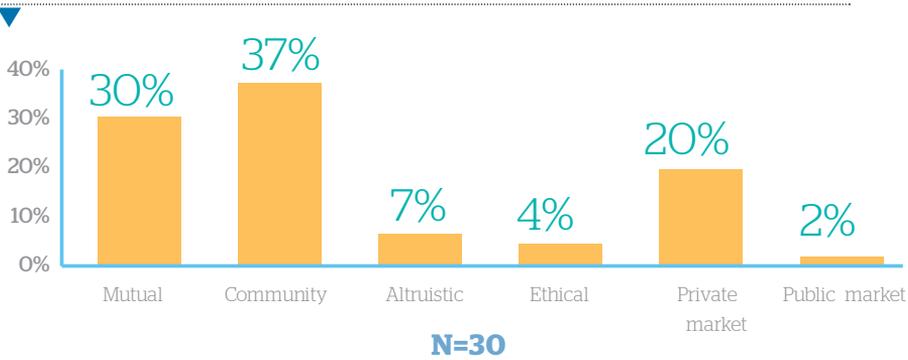
This research study shows that the most significant traditions are: community and voluntary purpose, mutual purpose and also private market purpose (**Chart 7**).

The most prevalent traditions associated with the mission of SEs are related to the initiators and founders of social enterprises. According to the results, typical founders were groups of workers, farmers, savings and credit associations, that have the aim of collaborating and providing goods or services with social focus, targeting a community, or working towards a mutual purpose.



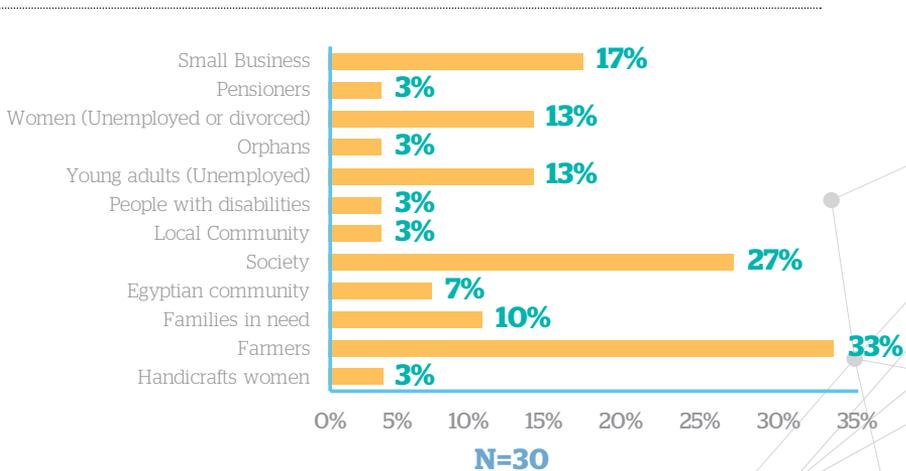
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Chart 7: Traditions associated with the mission of SEs



Data gathered from the sample show specifically the groups targeted by SEs. A portion of the sample targets the society as a whole (27%), without particularly focusing on a target group. On the other hand, in compliance with their registration form and mission, social enterprises target farmers (33%), small business (17%), unemployed women and youngsters (26%) (**Chart 8**). In general, the groups targeted by the mission of SEs are customers or employees of SEs.

Chart 8: Groups Targeted by the SE through its mission



Considering further the composition of SE target groups, we collected information on their age, profile, and socio-economic level. The age profile of target groups mainly consists of adults (25-65 years of age) at 47% respectively and young adults (18-25 years of age) at 30% respectively. Since the main target groups are farmers, unemployed women and youth, this is also the most prevalent age profile.

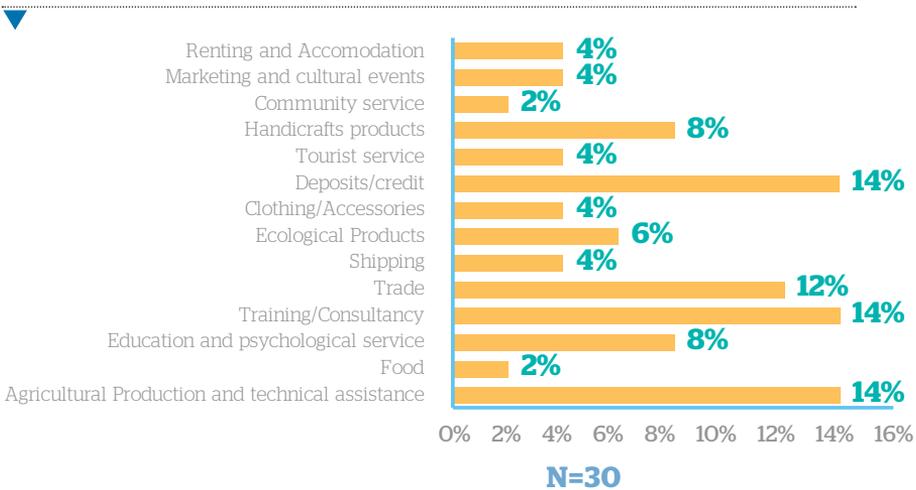
From the target groups socio-economic point of view, SEs primarily target groups at the lower end of the socio-economic level and low income individuals

(63%). To generate profits, 37% of SEs are obliged to provide goods and services to other target groups at various socio-economic levels.

When compiling an in-depth SE target groups description, we noticed that the most relevant group typology in this respect are farmers (33%), minorities (30%), individuals living with employment barriers (18%), and local economic actors (16%).

The main activity fields of the interviewed SEs are agricultural production (14%), training and consultancy (14%), especially from the social perspective. In addition, depositing/crediting (14%) are the main services provided by Savings and Credit Associations (**Chart 9**).

Chart 9: Type of goods/services provided by SEs



To fulfill their social purpose, SEs provide goods and services free of charge or below market prices (58%). On the other hand, 17% of SEs, mainly Savings and Credit Associations provide their goods above market prices. This happens because SCA operations are completely different from other SE types. They are granted low-interest loans and in turn provide them at a higher interest rate to their customers. The interest rate is higher, because the risk of SCAs is higher than that of other financial institutions. Thus, SCAs set high enough interest rates to ensure that income from this interest covers at least, all the financial expenses of the association.

Kim Alter (2007) proposed these typologies of SEs: mission-centric⁸; mission-related⁹; and mission-unrelated¹⁰. SE activity is generally mission centric and

- 8** *Mission-centric:* The activity is central to the organization's social mission. The activity is developed for the express purpose of advancing the mission.
- 9** *Mission-related:* The activity is related to the organization's mission. Mission-related activities have synergistic properties, creating both social value for programs and generating profit to subsidize the organization's social mission.
- 10** *Mission-unrelated:* The activity is not related to the organization's mission, nor intended to advance the mission in other ways than by generating income for its social programs and operating costs.

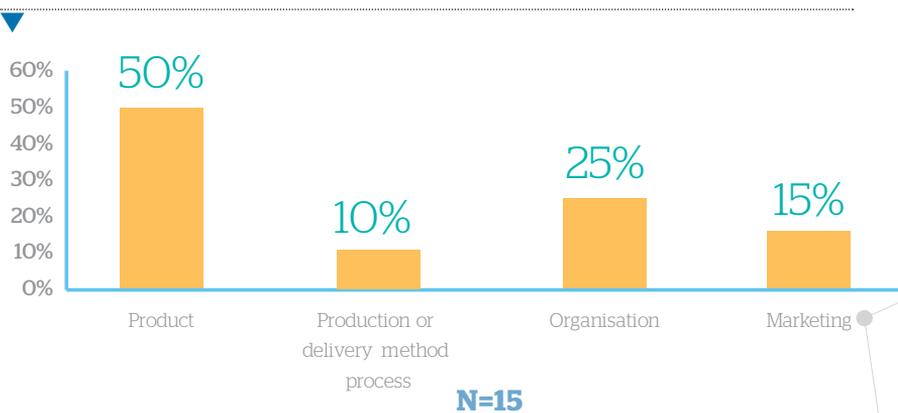


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mission related (80%). 20% of the interviewed SEs are mission unrelated, meaning that the activity is not related to the organization's mission, and its only purpose is generating income for its social programs and to cover operating costs. Social enterprises often deviate from their focus, because of their inability to generate income by only fulfilling their mission. This is not associated to a specific form of organization (20% of the SEs which are mission unrelated vary from SCA, NPOs, to regular business companies).

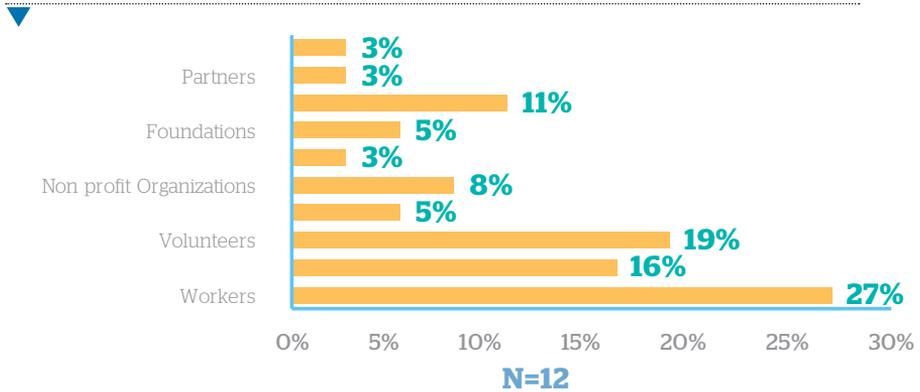
One of the key points of SE's identity is the integration of innovation, which might be of different types. Findings show that only 50% of SEs integrate innovation. As regards SEs that integrate innovation, this is executed at the product level (products or services, that are provided for the first time in the Albanian market, recycled products, a new design) followed by the innovation integrated at the organization level (for example, the use of social media, as a way to communicate with staff is recognized as innovation). **Chart 10** shows this further indicating that innovation is mostly integrated at the product and organization level.

Chart 10: The level to which innovation is integrated



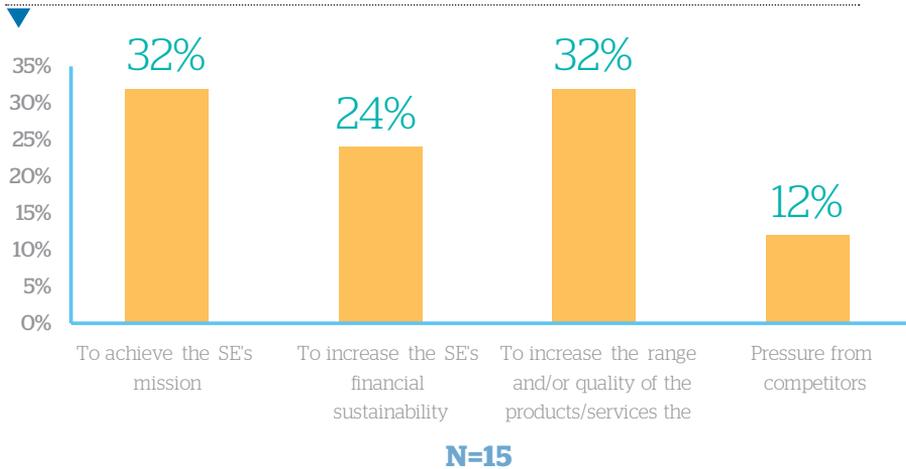
SEs integrating organization innovation include a range of stakeholders in this process. In this case, the main stakeholders involved are employees (27%), followed by volunteers (19%) and users/customers (16%) (**Chart 11**).

Chart 11: The stakeholders involved in organization innovation



As shown in **Chart 12**, SEs main integrate innovation to achieve their mission and to increase the range and the quality of their products/services (64%). This is related to the statement mentioned above, that social enterprises mainly integrate innovation at the product level.

Chart 12: The drivers of this innovation



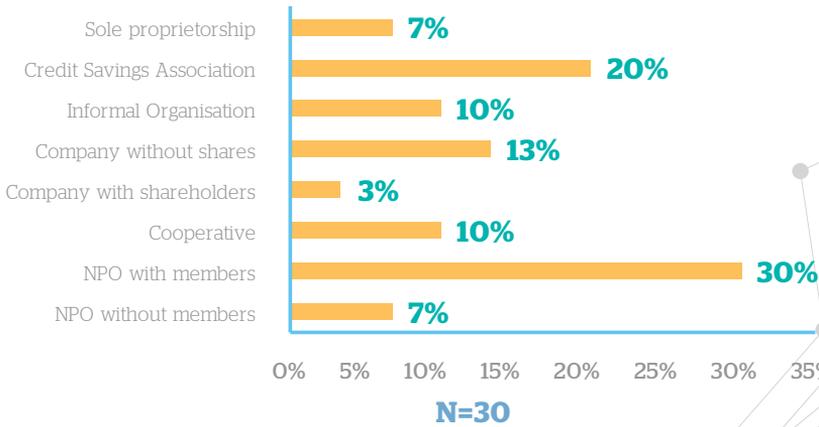


Governance and Ownership structure

The third dimension that should be taken into consideration is how these enterprises are governed and what the ownership structure is. Thus we gathered data, on whether SEs are part of a group or various networks and whether they are subsidiaries of any organization. Furthermore, SEs were asked about boards of directors or general assemblies and what entity within their organizations holds the ultimate decision-making power. Social enterprises were also asked about their opinions on the biggest challenges they currently face in terms of governance.

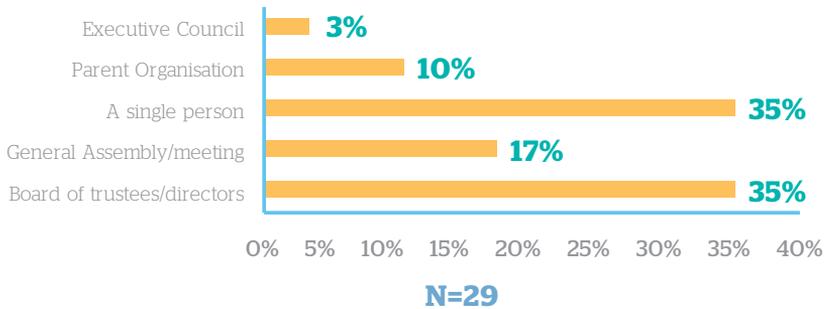
60% of the interviewed SEs are part of a group, from which 47% are nonprofit organizations and 24% are savings and credit associations. The results show that the majority of SEs that are subsidiaries of a parent organization are Savings and Credit Associations (50%). All SCAs are part of a Credit Union serving as a parent organization. With regard to the governance form of SEs, the majority are associations (NPOs with members) (30%) and a significant part is qualified as Savings and Credit Associations (20%) (**Chart 13**).

Chart 13: Governance form of SEs



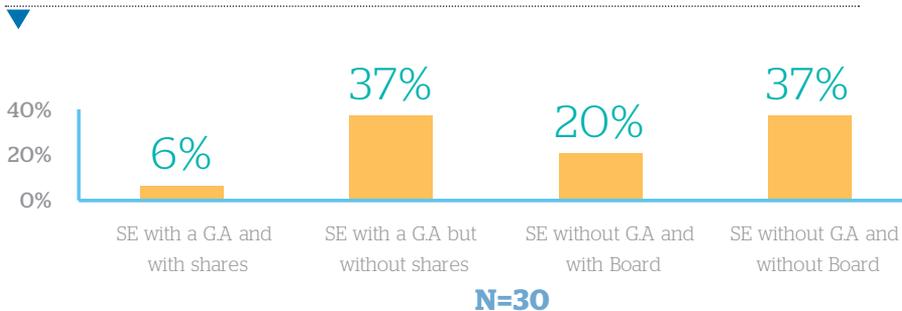
As shown in **Chart 14**, in most of the cases, the entity holding the decision-making power in social enterprises is the board of trustees/directors, or a single person (35%). This indicates that the decision-making power is concentrated in a few individuals.

Chart 14: The entity holding the ultimate decision-making power



As shown in Chart 15, out of 29 enterprises, 37% of SEs have no general assembly and no board of directors. This indicates that in social enterprises simple and less consolidated ownership structures predominate. The same number of SEs (37%) has a general assembly without shareholding. With regard to social enterprises that have a general assembly, the most influential groups are volunteers and employees. Meanwhile, SEs with shareholders (that are mainly cooperatives), place importance on individual shareholders and decision making is achieved through the “one member, one vote” principle.

Chart 15: The type of ownership structure and governance



The study shows that only 11 social enterprises out of 30 are part of formal networks. The small number of SEs participating in networks demonstrate the small capacity and the limited support that social enterprises enjoy. Of 10 identified networks, 4 are national, such as the ASC Union, Handicrafts network, Albanian Coalition for Children, BKTF, while the rest are international, such as Microfinance Center, European Culture Parliament, New Generation, COSPE, AVSI, and Circle Alex Langer.



SE financial structure

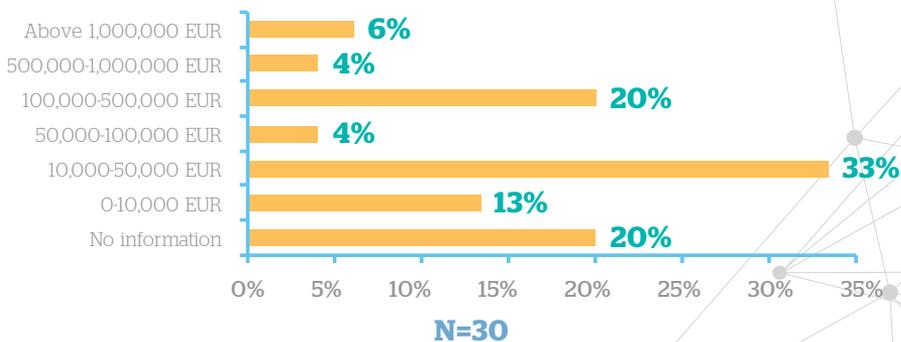
The financial structure clearly shows the current capacity and the future potential of SEs. To illustrate this dimension, we gathered data on social enterprise total assets, total revenues, and sources of income, the trend of recent total revenue, and whether they have incurred losses or profits in the past 3 years. Data was also collected on whether SEs benefit from financial incentives, philanthropic resources, types of in kind support, practices used for income distribution, and assets allocation in case of a liquidation. The financial data was gathered for the 2014 fiscal year. The financial data was collected in local currency and then converted to Euro for the purposes of this report.

In terms of total SE assets, there is lack of information from 20% of interviews. Interviewed SEs stressed two main reasons for not providing this information:

- SEs do not wish to disclose the information;
- The interviewed SE representatives did not have information on such financial data and could not disclose it.

The distribution of the total assets varies, but it was noticed that the majority of SEs (33%) declare total assets ranging between 10,000 to 50,000 EUR, followed by 20% that declare total assets ranging between 100,000 to 500,000 EUR. 13% of SEs have total assets ranging from 0 to 10,000 EUR (**Chart 16**). The limited data somehow highlights the low capacity of SEs. Since there is a significant lack of information (20%) a clear argument on this issue is not possible.

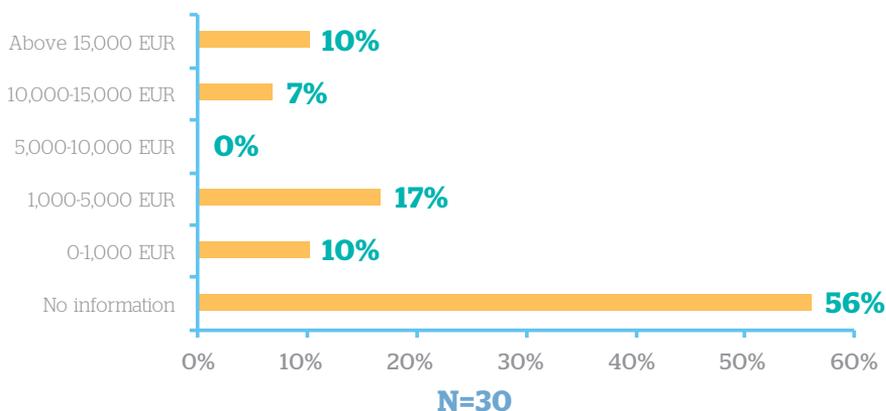
Chart 16: Total Assets



More than half of the surveyed SEs (56%) did not provide information on total revenues. 17% had total revenues between 1,000 and 5,000 EUR, followed by 10% that had annual revenues ranging between 0 to 1,000 EUR and the same

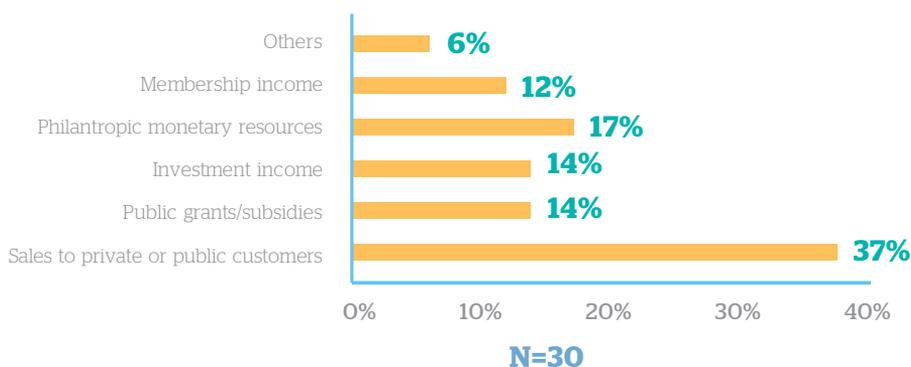
percentage (10%) had annual revenues over 15,000 EUR. As shown in **Chart 17**, total revenues provide quite a diverse overview at least regard the SEs that provided information.

Chart 17: Total revenues in 2014



Sales to private or public customers make up the main revenue type (37%), followed by revenues from philanthropic activity (17%) (**Chart 18**).

Chart 18: Type of revenues



Since the philanthropic monetary resources are a substantial part of the social enterprises income, this is an important component in the study. It resulted that the main sources of philanthropy for SEs include philanthropy directly from local citizens, NPOs and private enterprises (28%), and international foundations (24%). Despite the lack of promotion and incentives for philanthropic activity, philanthropy appears to be a present phenomenon in Albania. A research

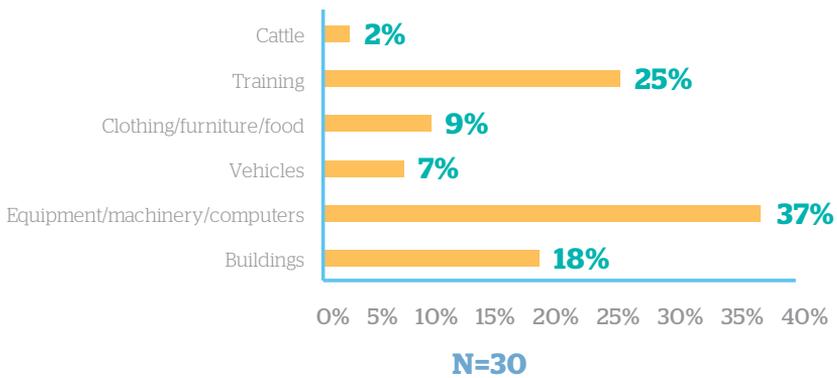


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study comprising the historical perspective of philanthropy in Albania reports the vague philanthropic activity during these past 20 years, and emphasizes that there is lack of documentation on this activity by individuals as well as the state (Partners Albania, 2011)¹¹.

The majority of SEs (63%) benefit in kind support. The types of in kind support are varied, but the interviewed SEs mainly benefit equipment/machinery/computers (37%). They also benefit cost-free training (25%), which are varied and assist in managing the social enterprise. Another type of in kind support that social enterprises benefit is buildings, which can reduce SE fixed costs (**Chart 19**).

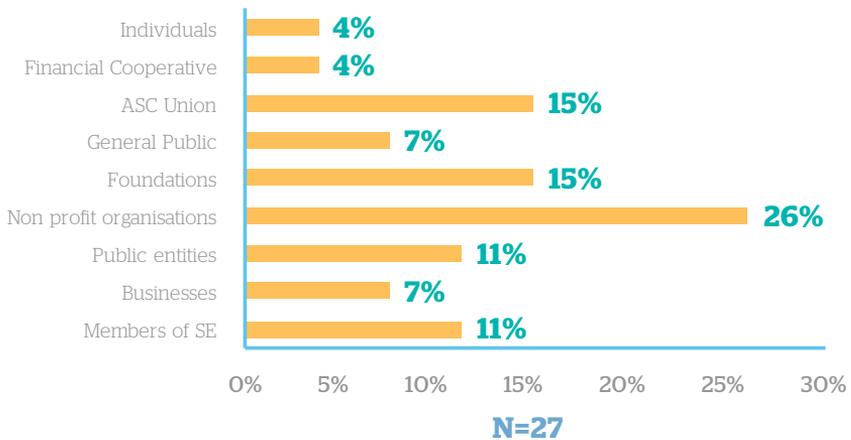
Chart 19: Types of in kind support



As regards sources of in kind support, the main contributors are NPOs (26%), foundations (15%), and ASC Union (15%). ASC Union is one of the most significant resources of in kind support, because it supports all SCAs, which make up a considerable part of the sample (**Chart 20**).

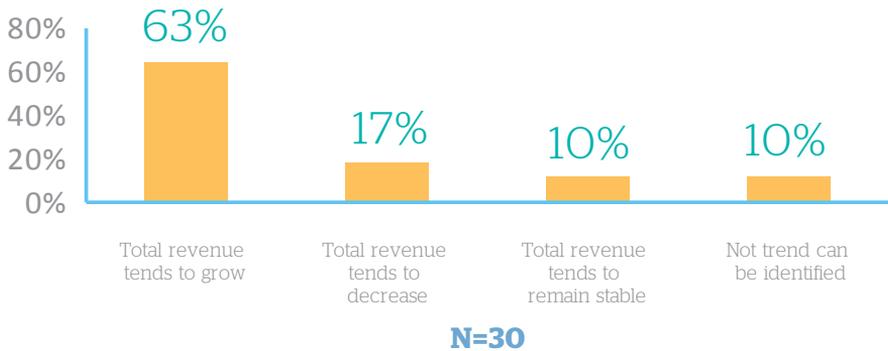
11 Partners Albania works to promote the development of philanthropy in Albania since 2011 and monitors the philanthropic activity in Albania through on daily monitoring and monthly public reporting. To promote and support the development of this old and valuable tradition, Partners Albania is organizing for its fifth consecutive year the "*Philanthropy Award*" ceremony, expressing appreciation and gratitude for individuals, families and entities that contribute to the improvement of the quality of life in our society.

Chart 20: The sources of in kind support



If we observe the trend in the evolution of total revenues over the last 5 years, we recognize the potential of SEs from the financial point of view. The majority of SEs in **Chart 21** responded positively, which means that total revenue has a growth tendency (63%). This shows a better financial potential for SEs in the future.

Chart 21: The trend of total revenue over the last 5 years



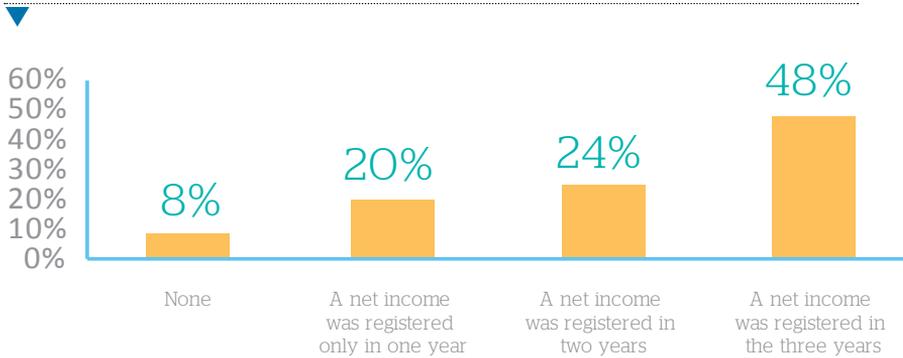
The majority of SEs (77%) do not benefit from any fiscal deductions or exemptions. This indicates that legal hurdles and lack of fiscal incentives are the main obstacles faced by SEs.



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Of 25 enterprises, about 48% of the respondents have recorded net incomes over the past 3 years. This is a good signal supporting the previous analysis showing the growing potential of SEs (**Chart 22**). Also, 88% of SEs state that they have not experienced net losses over the past 3 years.

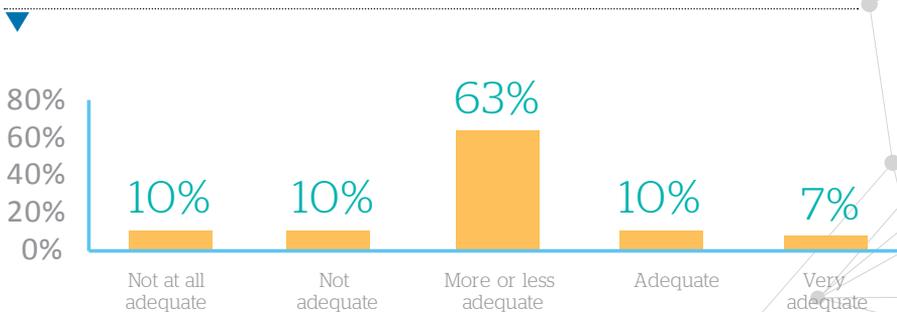
Chart 22: Net income over past 3 years



N=25

According to the interviewed SEs, they consider to have reached more or less an adequate level of financial sustainability in line with their mission (**Chart 23**). This shows that there is still much to be done to reach an optimal level of financial stability.

Chart 23: Adequate level of financial sustainability based on their mission



N=30

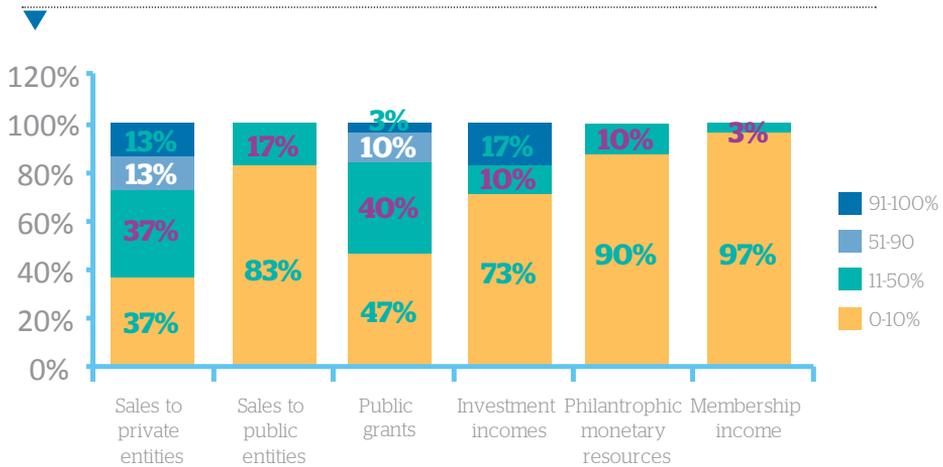
Social enterprises are facing many obstacles in their activity. The main obstacle identified by SEs affecting their financial sustainability is lack of support from the state (grants) and lack of fiscal incentives.

In terms of the optimal mix of income that social enterprises would like to have in order to achieve financial sustainability, it was found they do not prefer to rely on only one source of funding. Sales to private entities is the most sought after source of revenue, which would bring a sustainable funding mix. 13% of the surveyed SEs would prefer that 91%-100% of funding came from sales to private entities. Another 13% would prefer that 51%-90% came from sales to private entities, followed by 37% of SEs that would like 11%-50% of their budget to come from private entity sales (**Chart 24**).

40% of SEs would like 11%-50% to come from public grants; 10% of surveyed SEs would prefer 51%-90% of their budget to come from public grants, followed by 3% that would like 91%-100% to come from public grants. In addition, 17% would like 91%-100% to come from investment incomes.

Philanthropic monetary resources and membership fees are mainly seen as small portions of the revenue mix (up to 10% of annual revenues) for the vast majority of SEs (90% and 97% respectively).

Chart 24: The optimal mix of revenue required to sustain the organization

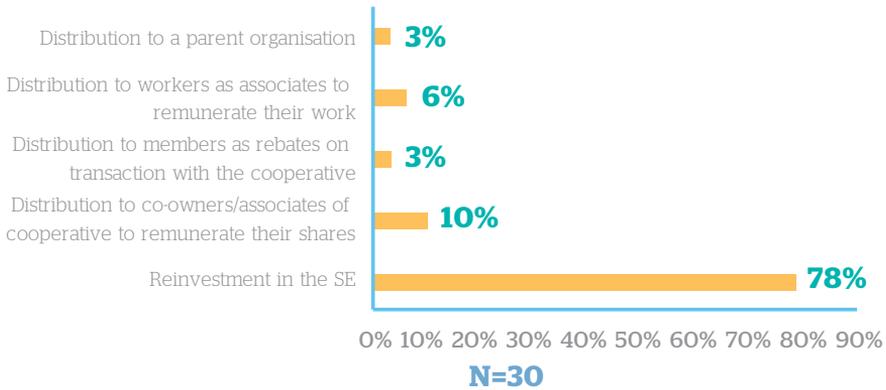


N=30

One of the main characteristics of SEs is the practice of distributing incomes. As shown in **Chart 25** it was found that 78% of SEs in Albania are loyal to the traditional form of income distribution, which is reinvesting in the enterprise.



Chart 25: Practices for distribution of net income in SEs



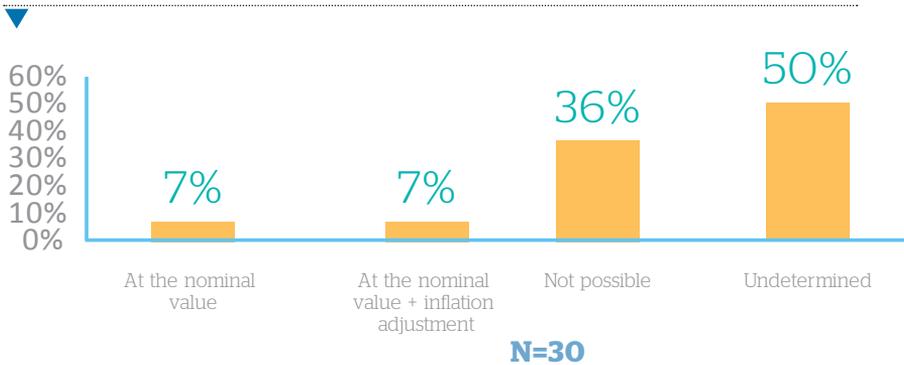
In light of lacking specific legislation on the establishment and functioning of SEs, 50% of them have no rules on the distribution of income. These practices are consequently informal and practice are decided social enterprise managers. However, half of SEs have rules for the distribution of total incomes. The results show that all Savings and Credit Associations have rules on the distribution of incomes. The reason why SCAs have more rules is because all SCAs are under the supervision of the Bank of Albania according to the Supervisory Council of the Bank of Albania (2005). All SCAs and their unions are licensed by the Bank of Albania.

The following list provides a ranking of income distribution practices employed by SE without formal income distribution rules:

- The distribution is completely prohibited (35%)
- Reinvestment of the total income (23%)
- Net income is equally shared among SE's members (12%)
- Only distribution to a nonprofit parent organization is allowed (12%)
- Capital growth (6%)
- Per share remuneration allocated is subject to a cap (6%)
- 90% in deposits; 10% in emergency savings (6%)

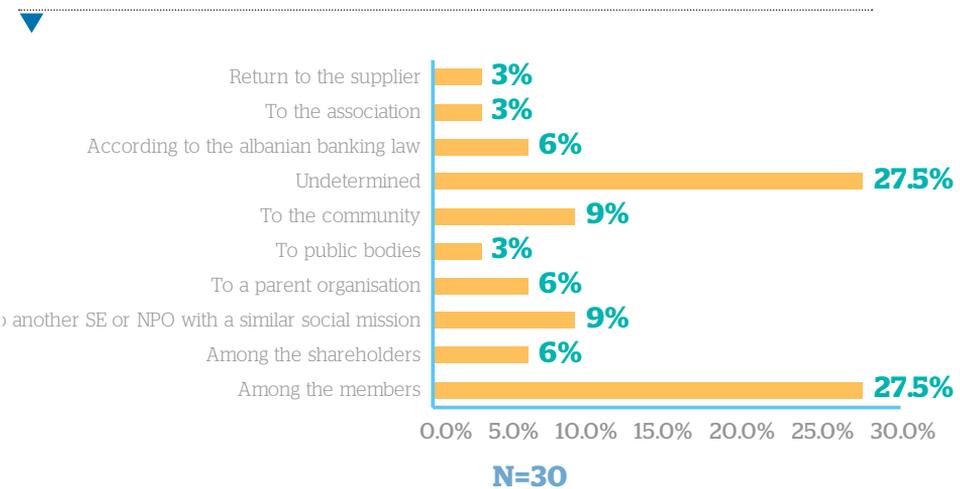
Because of the lack of a legal framework, the majority of SEs (50%) have an undetermined reimbursement practice should a shareholder resign (**Chart 26**).

Chart 26: Reimbursement of capital shares should a shareholder resign



In case of a liquidation, asset allocation in most of the interviewed SEs is not determined (27, 5%), and the same number of SEs allocate assets among members (**Chart 27**).

Chart 27: Asset allocation should the SE decide to liquidate



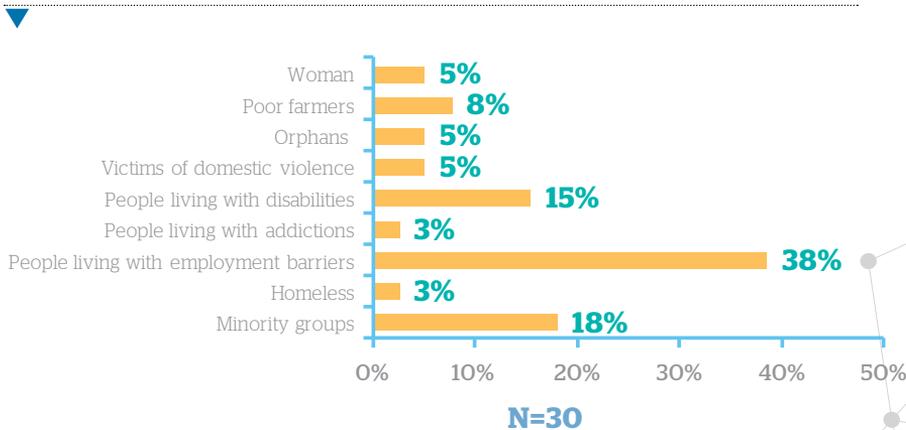


Employment of marginalized groups by SEs

A section of the questionnaire for social enterprises consisted in addressing questions to understand the approach social enterprises have on the integration and employment of marginalized groups.

Social enterprises provided information on their employees from vulnerable groups. The categories declared by social enterprises are included in **Chart 28**. It was noted that the most integrated categories by social enterprises were unemployed individuals with economic difficulties (38%), followed by minority groups (18%), and persons living with disabilities (15%). Social enterprises that employ unemployed persons declared that the number varies from 1 to 90 employees, while for minority groups, the number of employees varies from 1 to 15. According to SEs that employ persons with disabilities, the number is low and varies from 1 to 2 employees. Data analysis showed that migrants, refugees, victims of traffic and sexual violence, and also persons with rare diseases were not listed in the employee structure of social enterprises.

Chart 28: Employees from marginalized groups



53% of the interviewed SEs stated that the employment of marginalized groups, mainly unemployed individuals and in particular women¹², was a priority for them. The main reason for this priority according to SEs was that marginalized groups have a necessity to be employed more than anyone. They explained that since these people want to work and are active, someone should provide an opportunity for them. The executive directors of SEs believed that they can help these people, and as a consequence this would trigger a larger impact, in the form of poverty reduction in the country.

12 Even though, the category “women” is not classified as a marginalized group in the questionnaire, during the interviews is identified as a new category by the respondents.



However, a significant portion, 47% of interviewed SEs, confirmed that the employment of these groups is not a priority, mainly because the job positions they provide, require staff fully able mentally and physically and they do not have sufficient financial resources to employ additional staff. One of the reasons provided was that the employment of these groups is simply not in the focus of these enterprises.

Enquiring into the SE approach towards employment of marginalized groups, questions were asked on the factors that motivate social enterprises to employ these groups. The survey found that the driving factors for employing vulnerable groups can be divided in two categories:

- *The first category* includes all the driving factors related to SE interests, such as fiscal incentives provided by the government for the employment of marginalized groups, and the advantage in gaining grants from various donors.
- *The second category* includes all the driving factors related to SE social responsibility, such as the willingness to reduce discrimination against these groups, to strive for equality and empowerment of women, social integration, and economic development. Only three organizations: “ASC Gjergjan”, “Casa nel Cuore” and “Center for technical assistance in agriculture”, stated that they are motivated to employ people belonging to marginalized groups because of their qualification, professionalism, and skills. An interesting driving factor was emphasized from the National Association of Education for Life focusing on education and particularly “peer education”, where all can learn from each-other.



One of the important issues on which data was collected was whether marginalized groups are trained prior to starting work, a common human resources process for every newly recruited employee. From the data it resulted that half of the interviewed enterprises train new recruitments from marginalized categories and the other half do not provide training. Organizations, that provide training declare that the most used training method is “on the job training”, which means training of the employee through practice and in line with their job responsibilities. Depending on the type of SEs, marginalized groups are trained in agriculture, production of organic products, crafts, machinery operation, etc. However, some of the organizations not only provide training on job position responsibilities, but also on sales, marketing, the structure of the organization, internal procedures, and the functioning of the organization. Thus, they provide training on general knowledge about the organization and other departments.

The other half of SEs cannot financially afford training provision and this is why they do not provide training for vulnerable groups.

Likewise, social enterprises suggest that, the training that should be provided to marginalized groups should not only include vocational training, but also capacity development in general for these groups. SEs emphasize the fact that



when they are unable to provide the training, they delegate it to vocational training centers, which generally provide training free of charge or at a reduced price.

FINDINGS RELATED TO UNEMPLOYED INDIVIDUALS FROM MARGINALIZED GROUPS

The main purpose of this analysis was to investigate the willingness, motivation, and opportunity of these groups to integrate in the labor market.

Firstly, we gathered demographic data on the respondents, such as gender, age, marital status, average income, and family composition.

The second part of the analysis consists of data on their employment. In this section, information was collected on the length of unemployment periods, profession of the respondents, whether they were willing to work in the future, reasons for unemployment, jobs they are able to perform and whether they need training on these jobs.

The third part of the analysis provides an overview on the life conditions, challenges they face, whether they receive economic assistance, or any kind of support and from whom, and also their opinions on how the government could assist in overcoming these obstacles.

The fourth and last part handles questions on issues of social benefits, i.e. whether the respondents and their families are receiving economic assistance, their opinion on economic assistance, how they assess the procedures for receiving this assistance and the wish to receive the economic assistance.

Demographic Data

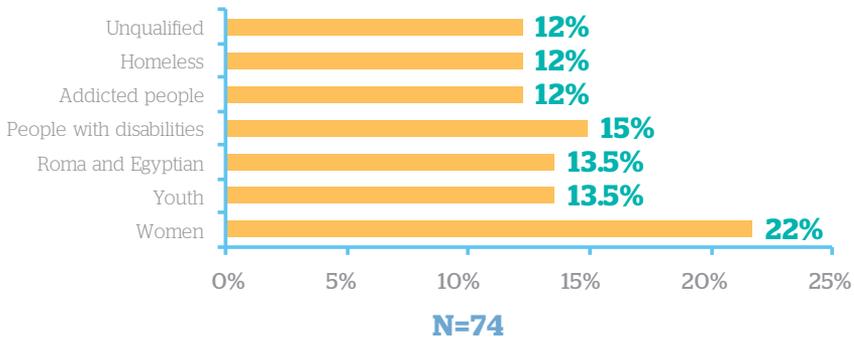
Gender wise, the sample was composed of 53% women¹³ and 47% men. 95% of them were located in urban areas and 5% in rural areas.

As regards categories of unemployed individuals, as shown in Chart 29, unemployed women and persons with disabilities, respectively 22% and 15%, dominated the sample. Persons with disabilities were also asked how long they had been living with their disabilities, which varies from 12 years to persons born with disabilities. The types of disabilities among the interviewees were blindness, quadriplegic and paraplegic disabilities.

The age of the sample varies from 18 to 66 years of age, however the majority, respectively 61% were youth and adults ranging from 20 to 39 years of age.

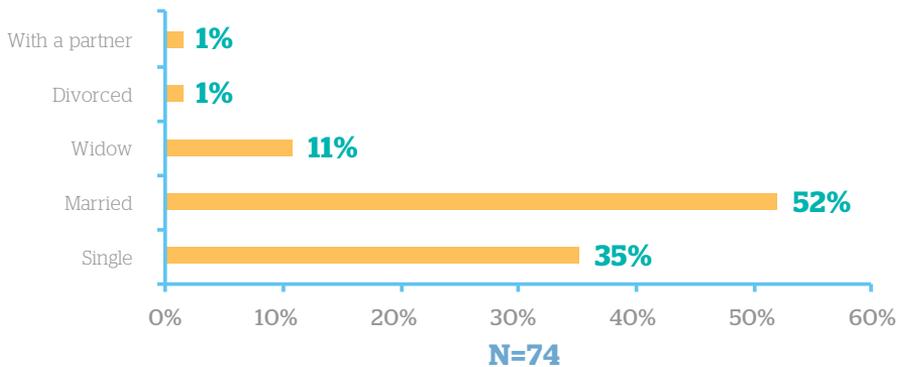
13 Even though women are a separate category, the sample was comprised overall by 53% women and 47% men. Thus, even other categories are composed by both genders.

Chart 29: Marginalized groups categories



As **Chart 30** clearly shows, the majority of the sample was composed of married persons, comprising 52% of the sample, while singles comprised 35% of the sample, mainly part of the youth age group.

Chart 30: Marital Status



The research found that 65% of the interviewees have a family of 2 to 4 persons. 26% are part of a household with more than 5 members, mainly belonging to the Roma and Egyptian community. 59% of the sample have children and the majority (86%) have 1 to 3 children.

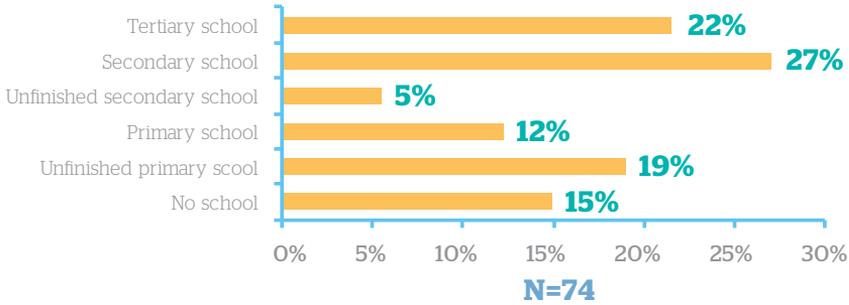
As shown in **Chart 31**, a considerable percentage of the sample is composed of marginalized groups that have completed secondary education (27%) followed by those with higher education (22%). It was found that vulnerable group members enrolled in higher education are mainly part of the youth category. A concern was the significant number of persons without any education, or that have not completed primary education (34%), which are mainly part of the unqual-



Challenges and Opportunities for Employment of Marginalized Groups by SOCIAL ENTERPRISES

ified category. It is noticed that unemployment among marginalized groups is dispersed despite the education level.

Chart 31: Education level



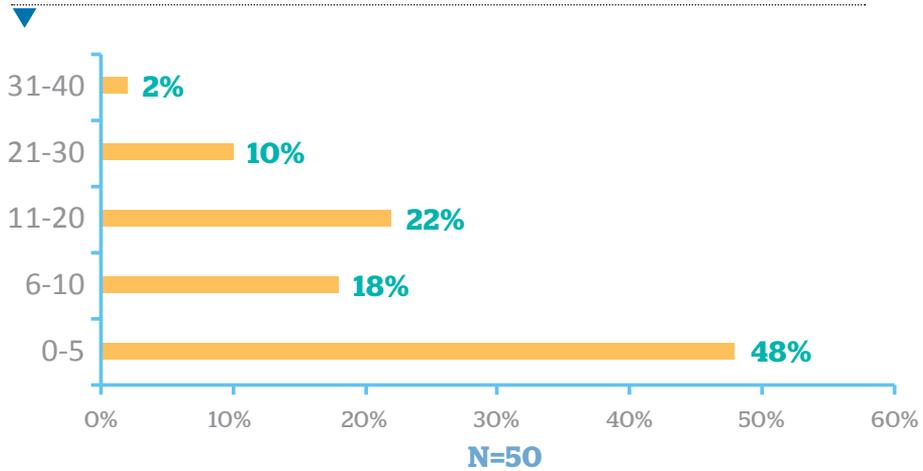
Minimum wage according to the Albanian legislation is 22,000 ALL (Council of Ministers, 2015, p. 7) approximately 160 Euro per month. In terms of monthly household income, 47% of the marginalized groups in the sample have monthly incomes below the minimum wage a person should receive, which reveals that the poverty of these households remains a serious issue. While 38% have a monthly income between 160 and 300 EUR, only 3% have a monthly income ranging between 500 to 600 EUR.

Employment

The data analysis showed that 32% of the interviewed persons had never worked before, while 58% are considered long-term unemployed persons because they have been unemployed from 1 up to 26 years. The data shed light on a problem, since this long-term unemployment discourages these individuals from seeking employment and leads to structural unemployment, which is a long-term inconsistency between supply and demand in the labor market.

The majority of the respondents (48%) had relatively short work experiences, from a few months to 5 years (**Chart 32**).

Chart 32: The number of work years



The respondents, who had a previous work experience, were asked about the jobs they held in the past. Most of the jobs they held did not require many qualifications or higher education. Some examples of these jobs include construction work, nanny, cleaner, sales clerk, fisherman, dishwasher, waiter, and call center operator. Meanwhile, some of the respondents were employed in vocational jobs such including mechanic, electrician, hairdresser, shoemaker, handicraftsman, and photographer. Few respondents had experience as cashiers, designers, of- fice assistants, economists, and managers.

Some of the reported reasons for losing their job have been listed below:

- 51% of the respondents lost their jobs as a result of staff reduction and company closure;
- 15% of the respondents lost their jobs because of health reasons and this reason was mainly valid for persons with disabilities;
- 13% of the persons that had unemployed for 20 years attributed the reason of losing their jobs to the transition from communism to democracy. These individuals have not adjusted to capitalism and its features;
- 6% of self-employed persons faced challenges with the municipality regarding construction permits, and Roma and Egyptian community members involved in second-hand clothes sales were not allowed to operate;
- 15% of the respondents mentioned some other reasons including conflicts with staff, leaving of their own will, family reasons, addiction to drugs, and temporary employment.



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A valuable finding was their willingness and availability to become employed. Almost the entire sample (94%) is willing to start working immediately. This finding is valid for both categories, persons that had previous work experience and those who have not been employed before. According to them, this finding prevails due to the serious economic problems they face in their daily lives and because finding a job is the best way to meet their basic needs. The respondents who are not ready to start a job immediately explained that their health conditions make it impossible for them to work.

All the marginalized groups were asked about the reasons why they were unemployed according to their opinion. Considering the reasons and comments provided by the respondents, the following is a list of their opinions:

- 40% of respondents responded that *the lack of job vacancies* was the main reason for their unemployment. According to them, this is a consequence of inadequate employment policies or economic collapse.
- Lack of qualification of the unemployed persons leads to a gap between the supply and demand in the labor market. This reason was provided by 16% of the sample.
- One of the concerns reported by 15% of the respondents was *discrimination* on the part of employers based on ethnicity, disability, drug addiction, and age.
- 11% of the respondents blame the government for the corruption, bureaucracies and job placement based on interests and political affiliation.
- 11% of the respondents have health issues (heart problems, disabilities) that prevent them from working.
- A small percentage (7%) is still enrolled in university and must complete their studies before finding a job.

Considering their willingness to work is very high, to further explore their potential for employment in the future, the respondents were asked about the jobs they can do. It resulted that in general the individuals with previous work experience prefer to work in the same jobs they used to previously have. Meanwhile, a significant part of the youngsters, persons with disabilities and women, preferred jobs directly related to their education or to professions they think they are able to do. The most sought after jobs are *tailoring, cleaning, security, landscaping, construction and bartending*.

The preference to work in the job they have experience in can be considered an employment barrier. In terms of change resistance, there are different reasons that explain this finding (Schuler, 2003; Forbes, 2012). The most common reasons for resistance are fear from the unknown and routine changes. The fear of the unknown makes them skeptic, hesitant for the future. Instead, routine is related to comfort zones. Most people want to be safe and stay in their comfort zone. Thus, they feel comfortable if they work in the field they are familiar with. Another reason mentioned by the respondents is lack of competences. A different job requires other skills, and some people feel they will not be able to make the transition very well.



In terms of their need for training, 75% of the respondents think that training is not relevant or necessary for the jobs they chose. They justify this statement with the fact that they have experience and the appropriate education for these jobs. The lack of willingness to benefit from training is a barrier to their employment. This is a result of their lack of knowledge and being unexposed to such a process. Some of them do not know what training means and how it can be implemented.

On the other hand, 25% of the respondents (youth and women) have expressed the need and the willingness for training. The reason is that youngsters need more orientation, because they lack experience regardless of their education and academic background, and women because they prefer jobs that need some qualification. They are not inclined to pay for training, because they cannot afford it. Also, people with disabilities that are willing to receive training argue that they cannot travel to another city for training because of their specific disability conditions.

To learn more about their availability to be employed or their preferences, the respondents were asked whether they do want to be employed in any specific positions and what is the minimum wage below which they would not be able to work. 88% were willing to work below the minimum wage set forth in the legislation. This reinforces the conclusion above, that they have an immense need to work in order to afford basic expenses. This is also supported by the fact that 60% responded that they can do any kind of job offered.

Persons who reported they do not prefer some types of jobs provided the reasons below as to why they did not prefer them:

- They cannot do jobs that require complete physical ability (this was reported by the persons with disabilities community);
- The least preferred jobs are waiting and bartending, mainly supported by the responses of women, who accept that the traditional mentality regarding these jobs is a burden for them. The statement of a Roma woman was “My husband does not allow me to leave the house and work”. This reveals the power of mentality, which is still a big obstacle for women integration. Another reason the contact with various types of customers who may be difficult to deal with.





Living Conditions

The respondents stated that stress, emotional load and in some cases, depression are part of their daily life, because they face many economic and social difficulties including:

- Raising children and difficulties in meeting their family needs
- Impossibility to pay off debt
- Impossibility to pay for basic expenses such as power, rent, etc.
- The fact they cannot find a job
- Financial dependence from their parents
- Prejudice when they apply for a job (persons with disabilities)

The sample from marginalized groups stated they cover their expenses with debt and social benefits and since the majority of them live with their parents, they explained that their parents cover their expenses. A part of them noted that expenses are also covered by remittances or with their savings from when they were migrants.

The household decision maker for the allocation of income varies with household composition and is also related to the person securing the income. The survey found that the parents (22%) are those who decide. But the same percentage of responders noted that the decision is collectively taken by the entire household.

Some of the questions addressed additional support received to meet their needs. 82% of the respondents believe they need additional support, however only 15% receive support from centers, NPOs such as (SFINX, Red Cross), the church, and the mosque. The kind of support they receive consists of food and clothing. There are very few cases where relatives provide support.

66% respond that it is convenient for them to receive donations. These individuals would appreciate the support from everyone that is able to, such as individuals, businesses, and NPOs. However, these respondents primarily believe that the state should support them, because it has the responsibility to. On the other hand, some of the respondents don't like to receive support from others, because they are able to work and they can accept only the support of the government in providing job vacancies.

When asked about some suggestions on how the government can help them, the main request from unemployed persons was the provision of job vacancies, so that they can easily integrate in the society. Some of the specific requests included jobs in manufacturing and tailoring companies where these people can be employed. The category of homeless persons suggested that the government should provide them with shelter and food. Another alternative is for the state to provide all the marginalized households with a food package every month. The Roma and Egyptian community requested a market from the state, where they can sell second-hand clothes and where they

have the opportunity to profit from this activity. Medicaments should be provided at a reduced price for vulnerable groups to assist with their living conditions. Discrimination against these groups and lack of interest are some of the reasons these groups believe continue to hamper the support that should be provided to them by the government.

Economic assistance

There is insufficient and clear official data on economic assistance. Consequently, a detailed interview was conducted with the Legal Department of the State Social Service specialist. In addition to the interview, the data on economic assistance collected from the surveyed sample provided a broader research frame. According to the legislation (Council of Ministers, 2005) the categories entitled to economic assistance,¹⁴ are as follows:

- Women victims of violence and trafficking, who in addition to the services provided, receive approximately 22 EUR per month;
- Orphans, who receive about 22 EUR per month;
- Persons with disabilities, who receive between 50 to 153 EURO per month (Council of Ministers, 2006);
- Parents with two or more children at the same time;
- Poor households, where all the members able to work are unemployed. The economic assistance varies from 5 to 58 EUR. This depends on household composition and income. If any member of the family is employed and his/her wages are above 58 EUR, the responsible authority has the right to revoke economic assistance.

The types of assistance the authority provides for these groups are partial assistance (economic assistance is partial when individuals own agricultural land or livestock, but income is less than 58 EUR) and full assistance, when the family has no sources of income. Victims of violence and orphans also receive social services in addition to financial support.

Information collected during the interview with the representative of the State Social Service showed they have correspondence with all local offices and public authorities responsible for each criterion that individuals should meet in order to receive economic assistance. Regarding the procedures, the representative explained that the period for completing the procedures could extend to one month, because the assessment council meets once a month. According to the interviewee the reason why many believe this procedure is marred by red tape is the fact that one of the most difficult documents to obtain is the property certificate. The institution is designing a pilot automatic system that will use integrated data and allow for the submission procedure to be system based. When an individual is no longer part of the scheme and

14 Economic assistance is the amount of cash paid to persons in need (categories listed above) according to Decision No. 787/2005 "On Determining the Criteria and Procedures for Economic Assistance Levels".



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he/she decides they need economic assistance again, the procedures will be the same without any additional obstacles.

In addition to the information collected from the State Social Service, initial data was also gathered from marginalized groups, on whether they receive economic assistance, what amount of economic assistance they receive, their opinion on the scheme, how they evaluate the procedures of receiving economic assistance, and the reasons why they believe they are entitled to benefit from the scheme.

Survey results found that only 16% of the sample is currently receiving economic assistance, while a high percentage (24%) have received economic assistance at least once. In addition, 8% of the respondents have not received economic assistance in the last 5 years. The reason is failure to meet legislation requirements for economic assistance, such as they became employed, migrated abroad or purchased a vehicle.

84% of the persons that are currently not receiving the economic assistance declare that it would be better if they did, because however small in amount it is support nonetheless. In addition, they admitted that finding employment would be better than receiving economic assistance. Meanwhile, the category of persons expressing a lack of willingness to benefit from the economic assistance, argue that they want to feel responsible and the economic assistance does not provide that. 67% of the respondents are paid a very small amount between 22 to 66 EURO, which makes their daily life challenging.

The opinion on economic assistance of those who are currently receiving and those not receiving it converges on the same point, *that the economic assistance is insufficient and fails to cover the needs of a household*. Respondents noted the delays in economic assistance payout, as another issue constituting a major problem for these households. In addition, they emphasized the fact that economic assistance should be paid only to households in need, because there are some abusive cases within the scheme.

About 67% of unemployed persons declared that they are not afraid of the economic assistance cut-off, even if they find a job, because economic assistance is a very small amount and insignificant compared to the salary they would get. But there are people who are afraid, mostly persons with disabilities, because they consider economic assistance as the only sure source of income. If it were interrupted, it would create a considerable economic and social problem, which consequently would be reflected in the society. Persons with disabilities are more afraid, maybe because they are one of the most disadvantaged groups, with fewer opportunities for employment. Despite all the opportunities they may have, they recognized their disabilities do not allow them to work.

When asked about the procedures for obtaining economic assistance, most of the sample (58%) stated that there are bureaucratic procedures and many documents required, which means increased cost for them. The rest said that procedures are fair and necessary to verify the relevant status and whether the economic assistance entitlement is adequate. Respondents noted that it took up



to one month for procedures to be completed, as was also noted in the interview conducted with the State Social Service representatives.

To better explore the willingness of marginalized groups to work, or continue receiving economic assistance, the respondents were asked whether they agree with the statement that people, who receive economic assistance, do not like to work. 99% of them did not agree with this statement and they stressed it was prejudice, because people do not have the right perception about vulnerable groups. They justified their disagreement with the confirmation that economic assistance is very low and only work can help meet all the needs of a human being, both financially and intellectually. In addition, work helps to integrate people in the society.

They were asked how they could improve the economic assistance system. One common recommendation was to increase the economic assistance amount, so that people can afford the minimum monthly expenses and the increasing price of goods and services in the market. In addition, they emphasize the establishment of a fair economic assistance system, which means distributing economic assistance only to persons in need, as prescribed by the legislation.





Chapter 5

Discussion and Conclusions

In order to understand the perceived opportunities for the employment of marginalized groups by social enterprises, a complete SE profile analysis was developed relying on several dimensions, in order to unravel their potential and stability, which in turn would create employment opportunities. Secondly, we undertook a deeper research on the situation of marginalized groups, to explore and understand their socio-economic development situation, whether they are willing to be employed, and what are some of the barriers they face. At the end a summary of the opportunities that exist for the employment of these people by SEs as well as challenges that hinder them has been provided.

SOCIAL ENTERPRISES PROFILE

After the research was completed, a mapping and general profile of SEs operating in Albania has been made possible, based on four major dimensions such as *the general identity, the nature of the social mission or social aims, the type of economic model, and the governance structure.*

It is noted that in terms of their overall identity most SEs in the sample have been established recently and only 3 of them were not yet legally formal at interview time. Thus, in general SEs are a new phenomenon in the market and they are in the growth phase in terms of the organizational life cycle. It was observed that almost all SEs do not have accreditations and certifications. The lack of legislation on SEs and the fact that SEs are a new phenomenon in the market explain the lack of certification and accreditation mechanisms or bodies, which would recognize and assess the products and services quality or the sustainability of these social enterprises. Most of the SE founders are registered as nonprofit organizations, since the law on "Non Profit Organizations" (Official Gazzete, 2001) allows NPOs to conduct economic activity. However, 42% of SEs have been established by personal initiatives and employee groups.

The most typical form of the registered SEs is NPO, which is the traditional form of SEs; followed by sole proprietorship, (one of the legal forms that brings more advantages in terms of fiscal treatment) and Savings and Credit Associa-

tions, whose definition is given above based on the law “On Savings and Credit Association” (Official Gazzete, 2001) and mutual cooperation (companies of reciprocal cooperation).

The number of full time and part time employees is low and varies from 0-5 in 70% of SEs. Women dominate the full time and part time workforce in SEs. Most social enterprises have no volunteers.

These SEs usually function as a single entity, without subsidiaries. More than half are part of a group or umbrella entity, generally NPOs or SCAs. In addition, the governance type varies from NPOs with membership (associations), to SCAs, and non-shareholding companies. The body holding the decision-making power in social enterprises is the board of trustees/directors or a single person with the same function. This shows authority concentrated in a few people. The two main ownership forms for SEs non shareholding companies and no board companies, and SEs with a non-shareholding general assembly.

Most SEs target farmers, unemployed women, youth, and society in general (some SEs have a mission to impact a very wide target group such as the society). As a consequence, with regards to age, SEs target youth and adults and in terms of socio-economic level they target poor and low income people. Nevertheless, there is a number of SEs that target all socio-economic levels, so they have a wider range of targets in order to generate enough income. The groups targeted through the mission are mainly clients and employees.

The fields of activity where SEs operate are very diverse, however the majority operate in agricultural production, training and consultancy (mainly provided by NPOs), and deposits/loans (saving and credit associations). Other fields of activity are trade, crafts production, education services, ecological products, tourism services, clothing/accessories, cultural events, renting, freight handling, and food and community services. 80% of their activity is closely related to their mission. However, 20% of the interviewed SEs have an unrelated mission. SEs are often out of mission focus, because of their inability to generate or increase their income when strictly operating within their mission statement.

In general, the majority of products or services provided by SEs are offered free of charge, or below market prices. Exceptions to this are some Savings and Credit Associations, which provide their services above market price. This happens because the financial risk of SCAs is higher than their competitors. Only half of SEs integrate innovation. Mainly the innovation is integrated at the product level. These SEs integrate innovation to achieve their mission and to increase the range and the quality of the products/services they provide.

As regards the financial structure, a considerable number of SEs did not provide information when asked about the total assets and about total income. Nevertheless, the collected financial data show that SEs have few capacities; 46% of SEs declare assets from 0 to 50,000 EUR. In terms of income, 34% declare income from 0 to 15,000 EUR. However, these SEs have the potential to grow since most of them declare that the total income reflects a growing trend during the last 5 years, and at the same time the majority of SEs have not experienced any net losses in the past years.



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In terms of the income sources, sales to private or public customers are the main type of revenue for SEs. In addition, income from philanthropy comprises a significant contribution to the financial structure. The main sources of philanthropy are directly from local citizens, NPOs, and private entities. Most SEs declared they receive in kind support, which consists in space, equipment/machinery/computers (which mitigate SE fixed costs).

As regards their financial situation, most SEs emphasize the lack of financial grant support from the state and the lack of fiscal incentives.

Referring to the practices of income distribution, one of the main SE features is the practice of distributing income remaining loyal to this traditional form. Half of the SEs state they have rules for income distribution. In particular, all Savings and Credit Associations have rules on income distribution. The reason why SCAs have more rules is because they are under the supervision of the Bank of Albania Supervisory Council (2005). Due to the lack of a legal framework and relevant regulations, the majority of SEs have an undetermined reimbursement method should a shareholder resign, and undetermined method on asset distribution in case of closure.

In terms of marginalized groups employment, it was noted that the most integrated categories by SEs are unemployed persons, followed by minorities and persons with disabilities. More than half of the SEs admit that the employment of marginalized groups, especially unemployed women, is a priority. The reasons for this priority are diverse. There are pragmatic reasons, such as benefiting from fiscal incentives and advantages in receiving grants from various donors, but there are also some SEs that consider these employees as an asset to their enterprise. On the other hand, there are SEs that do not consider the employment of marginalized groups as a priority, since the jobs they offer require full mental and physical abilities to perform. Another reason for not employing additional staff (in general, not only from marginalized groups) is the low financial capacities of SEs.

A conclusion can be made that a variety of SEs have been established in Albania. The main legal forms identified are NPOs, SCAs, mutual cooperation (companies of reciprocal cooperation) and sole proprietorship companies. Social enterprises in Albania comply with one of the main features that characterize a typical SE, which is reinvestment of revenues back into the organization. Another characteristic of SEs in Albania is that half of them mainly integrate innovation at the product level.

Another feature in line with the definition for SEs, is that the vast majority of them are driven by mission and their activity is related to the mission. In general, there are some facts such as: the SE target groups, their socio-economic level, and the price at which SEs provide their product/service, which enhance the evidence that SEs in Albania have a primarily social purpose. However, there is also another group of SEs that is more oriented towards the commercial activity model. This model of SEs has been identified, because these enterprises serve a wider target group with products/services, the price of their products/services is above market price, the field of their activity is not necessarily related to their mission and they do not have a priority of employing marginalized groups.

THE SITUATION OF MARGINALIZED GROUPS

The research sample of marginalized groups is dominated by the categories of women and persons with disabilities. The prevailing group ages are youth and adults. With regards to the marital status, the sample shows a prevalence of the married parents. There is a significant number of people with no education and incomplete primary education (34%), followed by those who completed tertiary education (27%). More than half of the respondents are long-term unemployed (1-26 years), and 32% have never been employed. This sheds light on an issue, since that long-term unemployment individuals being discouraged from seeking employment and leads to structural unemployment, which is a long-term inconsistency between supply and demand in the labor market. Another fact noticed is that even the individuals that have been employed before, in general had relatively short employments (few months up to 5 years). In order to be considered as potential employees, the marginalized groups have to be trained before they enter the labor market. Household income for 47% of the respondents below the minimum wage set forth by the government that an employer is obligated to pay to the employee.

Marginalized groups reported that some of the reasons for losing their jobs were staff reduction, health issues, closure of factories from the communist era, and consequently the lack of integration in the labor market with the advent of democracy and the free market economy.

Marginalized groups attribute the reasons for unemployment to the inadequate policies of the state, which have resulted in lack of job vacancies; discrimination due to ethnicity, disability, and age by employers; their lack of qualification; health issues and political affiliations necessary to penetrate the market or to find a job in the public administration.

Concerning daily life challenges, marginalized groups claim that stress, emotional loads, and in some cases depression, are part of their life. Social and economic difficulties range from the inability to raise the children, pay off debt, and cover basic expenses such as power, water, and rent.

Young persons do not like their financial dependence on parents, because they cannot find a job. The ways expenses are covered is through debt, the salary of a sole person in the household, remittances, savings from previous migration work. Almost all marginalized groups would prefer in kind support, but few of them receive such support. In kind support comes from churches, mosques, NPOs, and less from relatives.

Only 16% of the surveyed marginalized groups are currently receiving economic assistance, but everyone agrees that the support they receive is not sufficient to meet their needs. Most of them complain about the bureaucratic documents and the delays in monthly economic assistance payments, which represent a very problematic issue for these people, who do not have other income.



All the surveyed marginalized groups, regardless of whether they receive economic assistance or not, unanimously agree they would like to work rather than receive economic assistance. They justify their statement with the fact that work will not only provide better income than economic assistance but will also give them the opportunity to integrate in the society.

In order to have an insight of the potential jobs for this category, marginalized groups were asked about the jobs they prefer. It was noted that individuals with previous job experience wanted to do the same jobs, and similarly individuals with an education background wanted to only work in their field. The willingness to work only in their field and do the same job is justified with the fear of the unknown and lack of competencies to work in new fields. The most sought jobs were tailoring, cleaning, guarding, gardening, construction work, and bartending.

A valuable finding was the willingness and their availability for employment. A very high percentage of the sample (94%) wanted to start working immediately. Their willingness to work goes even further, because they claim to want a job regardless of wage level. With regard to the jobs they do not prefer, persons with disabilities claim that there are jobs that require skills they do not have and therefore they cannot do. It resulted that waiting or bartending are not preferable for women because of the existing traditional mentality, which prevents them from working in such jobs.

The interviewed people were asked whether they need training and 75% of them think that it is not relevant or necessary for their chosen jobs. They justify this statement with the fact that they have experience and the appropriate education to do these jobs. The lack of willingness to benefit from training is a barrier to their employing. This comes from their lack of knowledge and being unexposed to such a process. Some of them do not know what training means, how it is organized and how it can be helpful to them. A part of the surveyed sample (25%) is ready to participate in training, except the cases they have to pay for it, or to travel to another city (this last condition is particularly true for persons with disabilities). The 25% of the sample that have expressed the need and the willingness for training belong to the youth and women categories. The reason of this result is that youngsters need more direction, since they lack experience regardless of education, and women prefer jobs that need some qualification before engaging in the job. However, they are not willing to pay for training, because they cannot afford it.

OPPORTUNITIES FOR EMPLOYMENT OF MARGINALIZED GROUPS BY SEs

One of the research questions was to identify the role and impact that SEs have on the labor market for marginalized groups, analyzing and exploring the opportunities provided by SEs in the labor market and the challenges they have to face.



The primary data obtained show that marginalized groups are not integrated in the society and even less in the labor market. As observed in the two categories of marginalized groups such as youth and women (for which there are more statistics available), participation in the labor force is decreasing. There are many difficulties concerning the socio-economic conditions of all vulnerable groups in the study and only 16% of them are receiving economic assistance. It turns out that they have a great desire and willingness to immediately find a job, even though they have to give up being paid economic assistance. Although some measures have been taken by the state, there is still much to do in order to further implement the above mentioned, and create an enabling environment for the social economic inclusion of the marginalized groups. Some of the measures taken by the state include VET programs consisting in providing the youth with the opportunity of vocational education, to fulfill labor market demand; programs of the National Employment Service targeting the unemployed, young people, Roma & Egyptian community, and persons with disabilities; the National Youth Strategy developed by the Ministry of Social Welfare and Youth targeting young people.

Recently, boosting of SEs is seen, particularly by the state, as a possible solution and a good mechanism for the employment of these groups. However, this must be seen as a good opportunity at present and not as the solution that enables the state to strip all responsibilities for the employment and the general integration of marginalized groups from itself. The reality showed that even in other countries other SE models provided more jobs than the WISE models, for example Italian “A-type” social cooperatives were dominating and jobs created by them in such services have always been much higher in number than by “B-type” (work integration) social cooperatives.

There are several findings in the study, showing that SEs may provide opportunities to integrate marginalized groups. Firstly, the climate of doing business in Albania has improved (World Economic Forum, 2015) and this is a chance for SEs, which exercise their activity in the market. It is obvious that SEs are a new phenomenon in the market and they are in the growth phase, so their development in the future represents great potential for reducing the unemployment rate in Albania.

SEs target through their mission some of the categories of marginalized groups such as women, youth, Roma & Egyptian community, and persons with disabilities. Also the same categories are the most integrated groups in the labor force of social enterprises. This shows that these SEs have an orientation towards their employment. In addition, referring to the socio-economic level, SEs are targeting mainly low income and poor individuals, showing a broader SE approach toward marginalized groups.

The fields where SEs exercise their activity are diverse, which increases the range of opportunities to work in various positions and professions.

Since the activities of the majority of SEs are closely related to the mission (and the mission targets marginalized groups), this provides chances for business sustainability and opportunities for the employment of marginalized groups. Even



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though, only half of SEs integrate innovation, the majority integrate innovation in order to enhance the range and quality of their products/services, reflecting their vision of sustainable growth in the market.

The result that 60% of social enterprises are part of a group, which creates a financial support for them, enhances the potential for sustainable development. Referring total assets and income, it can be said that the financial capacity is low, but what increases the potential in the future is that most social enterprises have not registered losses in recent years and income has been increasing. Also the fact that the revenue bulk comes from sales to private and public entities, and is not only donor dependent makes a considerable difference between social enterprises and NPOs in terms of the financial structure. The majority of SEs benefit from in kind support, which is of different forms. In kind support is essential, especially for SEs that are in the beginnings of their activity, because it drives and boosts business growth.

CHALLENGES TO THE EMPLOYMENT OF MARGINALIZED GROUPS BY SEs

Social enterprises face huge challenges in their activity, which consequently complicate the financial sustainability and reduce the possibilities to employ marginalized groups.

The development of SE is hindered by gaps in the regulatory framework. SEs noted that there is lack of fiscal incentives and there is confusion in the interaction with tax authorities. In addition, the fact that SEs are a new phenomenon in the market imposes an opportunity, but also a challenge due to lack of knowledge and experience.

Social enterprises have internal capacity deficiencies. They face a challenge from high staff turnover. Social enterprise managers largely lack technical and management skills required to run an enterprise. This impacts the ability to increase the production and to timely react to multiple clients. The challenges especially multiply when supporting infrastructure such as business incubators or specialized assistance, is not developed. Accounting and financial advice, networking, information and support, marketing, business plan development, business advice and business models are very scarce. Also, SEs face high turnover rates of volunteers, which constitutes an additional cost for them.

One of the most present issues is networking. Lack of cooperation and participation in national and international networks is a weakness and do not affect positively the advocacy and lobbying for a more enabling environment in terms of legislation, conducive fiscal regime, supporting mechanisms and institutions, etc.

As argued above, a considerable number of marginalized individuals do not have an appropriate education and many years of employment, which hinders their employment and deepens the mismatch of their qualification and the labor



market. At this point, the training process becomes essential. The study shows that only half of SEs train marginalized groups, and this is due to the low financial capacity and not lack of willingness. Organizations, that provide training for them, declare that the most used training method is “on the job training”, which means training of the employee through practice and for their job. However, the training process focuses more on the functioning of the organization, marketing, sales, organizational structure, policies and procedures, etc. Some SEs admit they have outsourced this service at no cost. The discrepancy arises because the majority of surveyed marginalized groups believed no training was necessary before engaging in the labor market. The result is related to their lack of knowledge on training processes and benefits.

Thus it is necessary to increase the awareness of the unemployed persons (marginalized groups) on the importance of training before integrating them into work. In addition, SEs should invest more in funding for training. Another way is finding support from NPOs that are specialized in training services and can provide it free of charge or at least at lower costs. Public policies and centers of vocational training would mitigate this burden for SEs if they undertook the responsibility to provide training to marginalized groups, which would boost employment and these people would be seen by SEs as potential qualified employees.





Chapter 6

Recommendations

The following recommendations are based on the findings of the study. They aim to provide suggestions for government, policymakers and other stakeholders to prepare policies and strategies that would create an enabling environment for the development of social enterprises in Albania, and increase in employment opportunities for marginalized groups.

- Albania needs to have a framework regulation in place on SEs. The framework should provide support measures and policies necessary for SE development. It should define its features, guiding principles, and the field of activities as a contribution towards the clarification of the concept. Representative structures of the SE enabling a structured dialogue with the government should be envisaged based on the business sector dialogue model.
- Considering that social enterprises are at early stage of development, Albania may consider an open legislative model rather than a specific law on social enterprises. The framework regulation should address the nature of organizational goals and activities, rather than the institutional forms in which they operate. This will enable SE organizations to choose the best model or legal form to suit their needs in pursuing their social mission. Principles on what constitutes a social enterprise may be introduced as a way to distinguish it from other forms.
- The development and role of the SE should not be seen strictly along the lines of social inclusion and work integration. The SE should be seen in a wider spectrum of services and trade as a way to encourage social innovation. Also this aligns with the study results, which show that there are different SE models, based on the legal form as well as on the ownership and governance structure. Even in countries such as Finland and Poland, where current legislation on social enterprises is only concerned

with work integration, new fields of activity, such as social and community services, are emerging.

- Civil society organizations, social enterprises, experts, and the government should have a more active role in promoting social enterprises and contribution to the economy. Better cooperation with the media, and networking nationally and internationally would contribute in this regard.
- The government should establish an institutional body/department in charge of the development and monitoring of the SE sector in Albania. CSOs and the SE should be periodically informed and invited to consultations regarding policy development and implementation.
- Civil society organizations, international institutions, donors and the government should create development programs to strengthen SE capacities, as well as to create opportunities to learn about business development models, and especially success practices of local and international SEs. This will serve as a model for the development of SEs, and also to advocate for an enabling environment for them.
- The government and civil society organizations should create adequate training programs for marginalized groups, aiming at their integration in the labor market and social inclusion. The training programs should be tailored to their specific needs and take into consideration long term unemployment.
- The government should establish special financial grants and soft loan schemes, taking into consideration the forms of the SEs and beneficiary groups. This should be coupled with meaningful fiscal incentives and subsidies for the respective forms.
- The government should be active in ensuring assistance with regard to networking, transfer of technology and services. Besides the direct benefits for SE development this will help foster cooperation with and trust in public institutions, an important ingredient of democracy.
- The public procurement law, based on the general rules of public procurement, should be reviewed to facilitate awarding of public contracts for the provision of services and goods to SEs.
- Government and donor programs should provide funding and assistance to support young entrepreneurs. In addition, a pro-active approach and constructive dialogue through sharing information, knowledge, skills, and regional best practices is recommended.



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