

# Development

## of social enterprises

- Potential for job creation  
for disadvantaged  
groups



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## GLOSSARY OF ACRONYMS

<b>CAE</b>	French Cooperative d'Activites et d'Emploi
<b>CECOP</b>	European Confederation of Workers' Cooperatives, Social Cooperatives and Social and Participative Enterprises
<b>CSO</b>	Civil Society Organization
<b>DCM</b>	Decision of the Council of Ministers
<b>EU</b>	European Union
<b>ILM</b>	Intermediate labor markets
<b>MSWY</b>	Ministry of Social Welfare and Youth
<b>NES</b>	National Employment Service
<b>NPO</b>	Non for profit organization
<b>PA</b>	Partners Albania, Center for Change and Conflict Management
<b>PSB</b>	Promotion of Social Business
<b>RPDVE</b>	Regional Public Directorates for Vocational Education
<b>SE</b>	Social Enterprise
<b>SME</b>	Small Medium Enterprise
<b>SSS</b>	State Social Services
<b>TACSO</b>	Technical Assistance for Civil Society Organizations
<b>UK</b>	United Kingdom
<b>UN Women</b>	United Nations Entity for Gender Equality and the Empowerment of Women
<b>USA</b>	United States of America
<b>WEETU</b>	Women's Employment, Enterprise and Training Unit



# 1. INTRODUCTION

During the recent decades, social enterprises (SE) have grown rapidly being considered very important forms of organization that are efficient and that provide contributions to economic and social development, in order to have a more fair society, that offers opportunities for all individuals, communities and groups regardless of their abilities and needs.

Although there is no widely accepted definition, social enterprises are “enterprises that combine social purpose with entrepreneurial spirit”. They are companies that provide profit, but the profit is re-invested in providing products and services to reach a wider social impact in the communities they serve and operate (European Commission, 2013).

Their activities are diverse and efficient, contributing to social inclusion of marginalized groups in particular, for employment and income growth.

In Albania, the development of social enterprises is still in its initial stages of development. The first social enterprises have started their activities before year 2000. Social enterprises that operate nowadays, have mainly a non-profit status, and are less profitable. Although there is a legal framework for their operation, in recent years there have been several initiatives to promote and encourage the development of social enterprises. Among these initiatives are: the establishment of a “Promotion of Social Business (SBP)” JSC, a state-owned joint stock company, which aims for sustainable economic and social development through the support and promotion of social business; the Law “For companies of agricultural cooperation”, which establishes rules, criteria and conditions for the establishment and management of agricultural cooperative companies, and the initiative undertaken by the Ministry of Social Welfare and Youth, for the preparation of a draft law on social enterprises.

Considering the importance of social enterprises, the impact they have on the social and economic field and the challenges they face in exercising their activity in some key sectors of the economy, Partners Albania, the Center for Change and Conflict Management with the support of the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in Albania, in cooperation with the Ministry of

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Social Welfare and Youth, State Social Services and the National Employment Service, conducted from May 2013 to January 2014 a study that was focused on the assessment of local social enterprises capacities, and their development in order to improve the situation of unemployment, in particular for girls and women, in the district of Tirana, Durrësi and Elbasani.

## 2. SUMMARY

The social economy, and especially social enterprises as part of it, has an important function as suppliers in the market. They contribute to the reallocation of resources and favorable transformation of the social welfare system. Furthermore, social enterprises help to combat social exclusion and support local economic development. This sector is known in Europe as one of the most important sectors that provide employment. In Europe, there are over 160,000 social cooperatives with about 5.4 million employees (European Commission, 2013). The creation of new jobs by social enterprises, contributes to the integration of different groups of society in labor market in first place, and secondly diversified services.

The study “Development of social enterprises - Potential for job creation for disadvantaged groups” provides an overview of the development of social enterprises in Albania. Its purpose is to identify the characteristics of social enterprises and their potential for development, to assess capacities of unemployed girls and women, and the role of state institutions, local businesses and civil society organizations (CSOs) in support of employment. The study focused on the regions of Tirana, Durrësi and Elbasani.

The study presents the situation of social enterprises in the country, including legal status, activities, number of beneficiaries, groups of beneficiaries, types of social services that these SEs offer, the impact of their activities on disadvantaged groups (particularly among women and girls), their development challenges and needs for support services.

In the absence of a standard definition not only in Albania but around the world, the study presents some of the main features of social enterprises that differ from traditional private enterprises, to highlight and better understand the role of their mode of operation, the reasons why they are a rapidly growing movement, and the impact of social enterprises in the social and economic development mainly in Europe and beyond.

As part of this study, is presented the information on the role that play the key state institutions of employment, vocational training and social care in the country, such as the State Social Service (SSS), the National Employment Service (NES), and the Regional

Public Directorates for Vocational Education (RPDVE). The study includes an analysis of the data of these institutions to assess the situation of the target group, girls and women, in order to identify the need for employment and training, their current capacities and their potential for employment.

The study also brings an overview on the role of local businesses in the three districts and employment intermediaries/headhunting companies, in particular those with major focus on girls and women employment, play on this regard. The information provided may serve to identify opportunities for the further development of social enterprises and spread in growing sectors, as well as enriching this study with data and recommendations on new vocational courses that will help girls and women in their employment, and greater consistency of supply and demand for work.

The study provides experiences of social enterprises in EU and beyond, as referral models for social enterprises development in Albania.

The findings and recommendations of this study aim to promote reforms at central and local level in supporting of employment of disadvantaged groups, in particular girls and women, through development of social entrepreneurship in the country.

The study can also serve as a good basis for the revision of the legal framework, which regulates and promotes the development of social enterprises in Albania. Furthermore, these findings encourage further reforms of employment services and vocational education training, as very important elements, not only in employment growth in the private sector but also as a key element for the development of social enterprises.

### 3. AN OVERVIEW OF SOCIAL ENTERPRISE CONCEPT, AND THEIR DEVELOPMENT IN EUROPE AND IN ALBANIA

#### 3.1. The definition of “Social enterprise”

The notion of social enterprises in Europe first appeared in Italy in late 1990s, represented by the cooperatives and about at the same time in US (Defourny & Nyssens, 2008; Dees, 1998a; Dees, 1998b) and UK (Leadbeater, 1997). The emergence of social enterprises was encouraged by the increasing gap between the business sector accumulated wealth and shortages in social sector productivity, income and reputation (Drayton, 2002). Today no country holds the domain of social enterprises as they are spread all around the globe (Mair & Marti, 2006).

Social enterprises are seen as hybrid entities bringing together nonprofit focus on social values and business practices with regard to management and usage of economic resources (Austin et al., 2006). This duality is coined by Dees (1998a) as “double bottom-line”. They appear in two types of organizational forms, the nonprofit and for-profit. These forms are conditioned by the social entrepreneur motivation and institutional ambiguity on what constitute the appropriate organizational form (Townsend & Hart, 2008).

There are two schools of thought regarding the concept of social enterprises, refined also along geographical borders. The European school defines social enterprises as hybrid type, combining own earned income from services related to mission with philanthropic donations and volunteering (Defourny & Nyssens, 2008). The American school sees social enterprises as exclusively nonprofits that in the

conditions of limited financial resources become innovative in their fundraising effort by engaging in own income generating strategies.

As a conclusion, the legal form of the social enterprise may vary and is not important in its activity. As found by Townsend and Hart (2008) social enterprises organized as for-profits performed the same type of activities as the nonprofits. The legal form is just a decision of the social entrepreneur based on the convenience that the given institutional form provides in fulfilling the social purpose.

In the midst of the academic and practitioners discussions about what social enterprises constitute, the European Commission (2011) provides a description which is based on principals rather than a one-fit –all definition. According to this description social enterprises are:

- “those for which the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation,
- those where profits are mainly reinvested with a view to achieving this social objective,
- and where the method of organization or ownership system reflects their mission, using democratic or participatory principals or focusing on social justice.” (pg.2)

Within this framework of principals, the European Commission (2011) considers social enterprises “businesses providing social services and/or goods and services to vulnerable groups... and/or ...businesses with a method of production of goods and services with a special objective...but whose activity may be outside the realm of the provision of social goods or services” (pg.2).

### 3.2. Legal framework defining social enterprises

As mentioned in the previous section of this study, there are different positions and approaches towards framing the social enterprise as a form of organization. An overview of some of the most spread functioning models of SEs is presented below.

In Europe social enterprises are located along the wide spectrum of third sector (associations, foundations) or social economy, as organizations working on nonprofit

principals and cooperatives as private not-for – profit forms of enterprise (Defourny & Nyssens, 2008). Their main recognized characteristics and legal requirement is stakeholder democracy, where one member is one vote or at least the voting power is not distributed according to capital shares (Bull, 2008). In their analysis Defourny and Nyssens (2008) provide an overview of legal framework with regard to social enterprises in some European countries where the trend is stronger.

So, in Italy we have “social co-operatives” that are different from traditional cooperatives who serve members interest and are single-stakeholders organizations. The social cooperatives in Italy serve broader community, have a general interest and combine different stakeholders in their membership. In 2005, Italy adopt a wider legal framework for social enterprises including not only cooperatives and nonprofit organization, but also investor –owned organizations as long as they met the non-distribution criteria and inclusive representation (workers and beneficiaries.) The Italian “model” puts a stronger emphasis on the governance model requiring the stakeholders’ participation.

Other new legal forms have been introduced in Europe in the last 20 years, from “social solidarity cooperatives” in Portugal, “limited liability social cooperatives” in Greece, and “social purpose company” in France and Belgium. It is important to highlight that despite their single stakeholder character and governance structure, these forms still can and do pursue multi-stakeholders interest (Campi et al. 2006).

In USA the focus is more on the entrepreneurship culture than the community at large (Bull, 2008; Boschee, 2001). The social enterprise is considered “an organization or venture that advances its social mission through entrepreneurial earned income strategies” (Bull, 2008, pg. 270).

In UK the treatment of social enterprises is somewhere in the middle of the European and USA model. The definition of social enterprises evolved in early 2000 by qualifying any “business with primary 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, pg.7). The UK “model” puts the emphasis on business character of social enterprises by conditioning its income to be market-based at least 50% and higher (Defourny and Nyssens, 2008).

### 3.3. The growing movement of social enterprises in Europe

During the recent decades, the development of social enterprises is considered as a key factor in response to the social, economical, cultural and environmental needs all over the world. They are effective and innovative models to the challenges faced by the society nowadays. Serving public interest, SE-s create jobs, offer innovative products and services and promote social inclusion and local economic development.

In June 2013, the EU Commission reported that social enterprise now exists in all European Union (EU) states. Because it is a very broad social and business movement, that has no respect for conventional sector boundaries or national definitions, it is very difficult to precisely quantify the growth of social enterprise: but every country in the EU is currently remarking on social enterprise growth (Karat Coalition, 2013).

In recent years, of course, this has been in the face of financial crisis and deep recession, but there is plentiful evidence (in addition to its continued growth) that social enterprise is more robust than conventional business in these circumstances.

For example, despite Spain's double dip recession, fierce austerity and 26% unemployment, the Mondragon Cooperative Group has not shed many jobs, with the workforce remaining steady at around 84,000 people worldwide – about a sixth of them outside Spain (The Guardian, 2013).

There have been similar reports from the worst affected countries such as Greece (Euronews, 2013).

The International Labor Organization reported in 2009 that all over the world mutuals were surviving the recession better than conventional business, and again in 2013 that financial mutuals have proved to be more resilient than other banks (The International Labour Organization, 2009, 2013).

In 2012, CECOP research reached the same conclusions:

“Quantitative analysis focusing on France and Spain (the two European countries where statistics on cooperatives offer the highest level of reliability) suggests that, although these enterprises have not been spared by the crisis, they have been able to limit enterprise closures and job losses better than the average business, in some cases even to recover their status of net job creators, and that they also tend to delay the impact of the crisis (CECOP, 2012).”

The UK has indeed recently started including selfemployed people working for social purposes in its counting of social enterprise “organizations”, leading to the calculation that there are now 688,000 ‘social enterprises’ in the UK, employing over 2 million people (including around 1/2 million selfemployed), and that social enterprise in the UK has an estimated annual income of £163 billion or nearly € 200 billion (UK Cabinet, 2013).

Even more striking is the enormous potential future growth of social enterprise: there are a number of research findings over the last decade indicating that about 1 in 3 of all businesses in development now want to be social enterprises (Hardings, 2008).

Nor is this growth limited to the conventional business sector: over half of the income of UK NGOs (over 3/4 in some regions) is now earned income, rather than grants or donations (NCVO, 2012); 45% of UK registered charities currently identify themselves as social enterprises, and 92% want to increase earned income.

UK research also confirms the positive social impact of social enterprise: it is growing faster than any other type of business despite being concentrated in the most disadvantaged communities.

33% of UK social enterprises are operating in the 20% most disadvantaged areas (as opposed to 12% of all businesses); social enterprises are also more likely to be led by women (38% of social enterprises have women leaders, compared with 19% of all SMEs, and only 3% of FTSE companies). They also have a higher number of leaders from the black and ethnic minority communities (15%), and 28% of all social enterprise board members are black or from an ethnic minority, compared to only 11% of board members of all SMEs (SEUK, 2011).

The growth in social enterprise seems indeed to be driven by the real and perceived failures of other systems: the collapse of planned economy models in Eastern Europe in the 1990s led many to look for market based methods for delivering social benefits, while the financial crisis of 2008 and subsequent recession/austerity has led to disenchantment with ‘capitalist’ market models, and a search for ethical and sustainable alternatives.

Environmental concerns and the emergence of online ‘collaborative communities’ have reinforced these perceptions.

*The linked development of online networking and renewed belief in community, along with environmental concerns and questioning of an economy based on buying*

*and selling, are moving us away from the top-heavy, command-and-control forms of consumerism and towards decentralized ideas based on openness, sharing and peer to peer collaboration (Botsman and Rogers, 2011).*

Thus the perceived shortcomings of both public and private sector models are currently moving thought leadership decisively towards the social and environmental responsibility and accountability of social enterprise.

### Reasons for the success and sustainability of social enterprises

The main reason for the robustness of social enterprise lies in the values that drive it, even in a global recession, and despite often choosing to operate in places, and with people, private enterprise tends to shun:

- **Reinvestment of profits:** Even if they take a 'for profit' legal structure, social enterprises tend to invest most of their profits back into the business. This gives them an advantage over companies that have to pay dividends to shareholders.
- **Motivated workforce:** Because of the priority given to social objectives, and because of the prevailing values of equality and fairness, workers and volunteers of social enterprises are more motivated and loyal.
- **Loyal customers:** Because of the social objectives and added value attached to the goods and services produced by social enterprises they build up a loyal customer base who will be less sensitive to competition based on price.
- **Added resources:** Because social enterprises also deliver benefits these can be "sold" as added value to funders and grant giving organizations. More recently this has opened up new avenues of favorable finance through social investors. The social objectives also attract a large body of volunteers willing to donate their time and skills as a contribution to a cause including providing free governance through volunteer Boards of Directors.

Communities and agencies also buying into the social objectives will be happy to donate resources such as free equipment or premises as well as a willingness to fund raise for the social enterprise.

- **Supportive networks and cooperation:** Because they contribute to the solution of larger problems, social enterprises often operate in a less competitive environment, where other social enterprises operating in the same market are open to collaboration and cooperation.

Social enterprises can also take advantage of the powerful regional and global networks supporting third sector organizations:

## Job Creation

A key achievement of social enterprise has been the creation of paid employment especially for those normally excluded from enterprise and employment.

As the previous section outlined, this is due partly to the focus of all social enterprise on social responsibility, which includes social inclusion and justice, but also to the specific focus of much social enterprise on the creation of employment for people that would otherwise be excluded from the labor market.

Over the last 20 years, national governments in Europe have recognized the importance and value of social firms and cooperatives, and established legal frameworks to support the model.

Today, Italy, Greece, Poland and other countries have well developed legal frameworks that support and regulate social cooperatives. Germany and Finland have specific laws that define social firms and regulate government support.

At the same time, social firms and cooperatives have established their own regional and national support structures that fulfill important roles in lobbying and representing their members towards national and regional partners. They also provide specific support, such as business advice, training and networking to individual social firms and cooperatives.

There is a wide variety of social firm models across Europe – with different approaches to income generation, to the integration and vocational training of the disadvantaged workforce, to utilizing public support and government funding, and with different models of ownership, decision making and management.

It should also be noted though that social firms and social cooperatives are examples of social enterprises that have as their main social purpose the quality employment of those normally excluded from such benefits but there is also strong evidence that social

enterprises with other main purposes, for example community regeneration, tackling environmental issues, or promoting fair trade or ethically valued goods and services, also reach out to a higher proportion of people from disadvantaged backgrounds, ethnic minorities, disabled people and women, than mainstream private sector companies.

### Routes to work

Social enterprise uses a wide range of business and organizational models, and it is important to understand that it therefore can develop a number of routes into work, often uniquely for large groups of otherwise excluded individuals. These routes into work fall into 3 main categories:

- Enterprises like social firms and social cooperatives that employ a target group directly
- Organizations that support and help people find their own employment through direct support and training or by providing volunteer opportunities
- Supporting disadvantaged people into self-employment and enterprise.

Social firms and cooperatives provide very powerful models for job creation, empowerment and social inclusion, but other models, such as 'intermediate labor market' initiatives, and more especially now supported self-employment are also emerging strongly.

### 3.4. Social Enterprise Development in Albania

In Albania, the development of social enterprises is still at its initial stages of development. The first social enterprises have started their activities before the year 2000, as part of the activity of non-profit projects and programs supported by foreign donors. The social enterprises operational today have mainly a non for profit and only few profitable status.

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.

One of these initiatives is the creation of the company "Promotion of Social Business"

JSC in February 2011 (Official Journal of the Republic of Albania, No. 146, 2011). PSB is a state-owned joint stock company. The representative of state shareholders is the Minister of Finances. The establishment, organization and functioning of the PSB JSC company is subject to the provisions of the legislation on commercial companies. The object of the company is to develop sustainable economic and social development, by promoting national development in a sustainable, balanced and cohesive social business. "Social business" is defined by the law, as the business that addresses a social and environmental problem, where the obtained profit is not distributed but reinvested for improvement of business activity within the social or other social businesses. In fulfillment of purpose provided herein, the PSB conducts social and environmental objectives through the support and the promotion of social business and microfinance, and creates particular opportunities for stable income for poor people in Albania.

Some of the principles that should meet social businesses in order to provide support from the Company are as follows:

1. The objective of business is not profit maximization, but addressing a social and environmental problem.
2. The social business is characterized by financial and economic stability.
3. The investors receive no dividend, but only the amount of their investment in social business.
4. The gains provided by social business remain for the expansion and the improvement of activity within the business or in other social businesses.

In April 2011, was promoted the Yunuss Social Business in Albania, which functions as a social business, creating incubation funds and providing consultancy services to companies, governments, foundations and non-profit organizations. During 2012, Yunuss Social Business and PSB JSC company, with the support of the Albanian government and various national and international organizations established the Social Business Movement, to promote and support the development of social businesses, by addressing key social and environmental problems of the most marginalized groups of society.

Another legislative initiative taken in recent years is the adoption of the law "On Joint Agricultural Cooperation", which establishes rules, criteria and conditions for the establishment and management of agricultural cooperative companies, the rights and

obligations of the founders and their members, reorganization and their dissolution, and regulate the establishment of criteria for certain aspects of their operations (Official Journal of the Republic of Albania, No.38, 2012). According to its Article 3, *“The company of agricultural cooperation is a voluntary organization between physical or legal subjects, in order to meet their needs or interests in the field of production, processing and marketing of agricultural products and livestock, mainly but not limited, through bilateral agreements or cooperation between them and the company for services, goods or agricultural products or livestock sector, as well as through the promotion of their economic activities”*. The law recognizes to Agricultural Cooperative Societies fiscal incentives and support schemes.

This law is based on a broader legal framework for “On Reciprocal Cooperation Companies”, which defines those companies as voluntary unions of individuals or legal entities for carrying out economic activities in various fields (Official Journal of the Republic of Albania, 1996). The object of the activities of the mutual cooperation is the realization of economic activity jointly by its members. According to the law, economic activities can be different, as in the field of production, sale of goods, area of services, etc. The members of the company are physical or legal persons, who wish to jointly realize the economic actions within the society. They have equal rights and duties, make decisions together and each member has one vote. The purpose of the company’s mutual cooperation is mutual assistance of members that take part in them.

Along with the initiatives and legislation mentioned above, in recent years efforts have been made to design a specific legal framework for social enterprises. Thus, in 2010 the Ministry of Labor, Social Affairs and Equal Opportunities (now the Ministry of Social Welfare and Youth) in cooperation and with the support of experts from the region of Emilia Romagna, took the initiative to draft a law for social enterprises.

According to this draft law, the social enterprise is organized under the form of an enterprise that manages to combine the benefit / economic purpose with collective interests to favor local development, through direct or indirect involvement of stakeholders of a community or territory. Social enterprises are exempted from duties / contributions for social insurance and assistance regarding those payments for people in difficult circumstances, and take advantage of a VAT discount up to 4%. The draft law is still a working document at technical level.

Civil society organizations have played an important role in promoting and educating the public about social enterprises.

Thus, in 2012, a group of civil society organizations and social enterprises created

the Albanian Forum of Social Enterprises. The forum declares that supports the creation of social economy through the promotion of development, mutual aid, community networking, the right of vulnerable people to work, and quality in the provision of services to citizens and communities. Despite the creation of the Forum, public information for the membership, number, and other information about its activities, is missing.

In October 2012, Partners Albania launched for the first time in the country a public debate on social enterprises, through the organization of the international conference “Social Enterprises, Response to the Economic Crisis?”. The public debate was oriented towards trends of social enterprise development in Europe and Albania, principles and values, policies and regulations, as well as ways of encouraging the development of the SEs.

Meanwhile, these years two Balkan regional initiatives have been taken, aiming to promote local and regional social enterprises, such as the creation of the Social Innovation Laboratory (SIL), a network where Partners Albania is a member and part of the directing board; and the Belgrade Declaration for the Development of Social Entrepreneurship in the Western Balkans and Turkey, where the PA again as part of the initiator group of the Declaration, played an active role in promoting it. PA along with other partners in the region will continue their commitment in this regard, working with EU institutions and local government, to engage actively in the development of social entrepreneurship.

At the same time, Albania and the development of social enterprises and social innovation is constantly promoted as part of the Social Innovation Europe (SIE), a platform for networking and exchanging opportunities between entrepreneurs, civil society organizations, policy makers, academics and innovators in Europe. The platform also serves as an information source for new developments in relation to social innovation, including social enterprises, and brings to the attention of European institutions the need to promote and support social enterprises, as part of the European strategy in 2020.

### **Understanding social enterprises in Albania**

Albania lacks of an open national debate among all stakeholders for social enterprises. Despite that SE definition remains controversial even in countries in which this sector is highly developed, in Albania is missing even the crystallization of the ideas on the matter.

The European Union Project, Technical Assistance for Civil Society Organizations (TACSO) in Albania, which aims at supporting civil society organizations and contribute to an enabling environment for the development of the sector in the country, including social enterprises, in 2013 in collaboration with the Social Enterprise Forum, published a survey report on social economy in the country (TACSO, 2013). The definition of social enterprises given in this report and that fits the definition that has given the Social Business Initiative (European Commission, 2011) defines SEs as:

- Businesses providing social services and/or goods and services to vulnerable persons (access to housing, health care, assistance for elderly or disabled persons, inclusion of vulnerable groups, child care, access to employment and training, dependency management, etc.); and/or
- Businesses with a method of production of goods or services with a social objective (social and professional integration via access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to exclusion and marginalization) but whose activity may be outside the realm of the provision of social goods or services.

Based on this study, about 80 civil society organizations part of its sample, have the above characteristics.

## 4. LOCAL CAPACITIES ASSESSMENT FOR SOCIAL ENTERPRISES DEVELOPMENT AND EMPLOYMENT SITUATION IMPROVEMENT IN TIRANA, DURRËSI AND ELBASANI REGIONS

This study was conducted from May 2013 to January 2014. The information and data used in this study refer to 2013.

### 4.1. Methodology

Partners Albania developed and used a set of methodological tools for the purposes of this study.

The following sections present an overview of the methodological approach.

#### 4.1.1. Literature Review

The following literature review was undertaken considering the specific nature of the study. There was a review of the Albanian employment legislation (including legal and sub-legal acts, and the relevant regulatory framework for employment and social care), regulatory decisions and the legislation of several EU countries on social enterprise functioning; international and local organizations' reports focusing on women and girls; international organizations' reports on social enterprises, needs assessment of target groups, and documents addressing other issues, but including employment and social enterprises as part of their subject matter.

#### 4.1.2. Data analysis of state institutions database

Partners Albania cooperated with the main state employment, vocational education, and social care institutions in the country such as the State Social Service, National Employment Service, and Regional Public Directorates for Vocational Education, and at the same time analyzed and assessed the data gathered from the databases of these institutions, in order to identify the situation of the target group, women and girls, the need for employment and capacities' increase, and the potential for future employment. As part of this analysis:

- Information was gathered from SSS database, and the number of unemployed women and girls that benefited economic assistance in 2013 was assessed;
- Information was gathered from NES database, and the number of job-seeking women and girls for the three regions in 2013 was assessed, in addition to their ability and potential to be employed;
- Information was gathered from RPDVE databases on vocational training courses provided in 2013 in the three regions (4 Vocational Training Centers), the number of participants in these courses, course development methodology, and identification of employed jobseekers for each position/profession after course completion.

#### 4.1.3. Sampling

The sampling was undertaken based on three main pillars, specifically focusing on the categories below:

- a) **Social Enterprises in Albania.** The study sample was comprised of 25 social enterprises that exercise their activity in four regions: Tirana, Durrësi, Elbasani and Shkodra. Even though, the study was focused in only three regions, in order to engage as many social enterprises as possible, Partners Albania contacted additional social enterprises in the country as well. The main instrument was the administration of a standard questionnaire, with direct interviews with social enterprise representatives. The study aimed at assessing the current social enterprise situation, the services provided by them and the impact of their activity on disadvantaged groups. The identification of challenges and

needs for support services was also in focus, with the purpose of further developing these enterprises in Albania.

- b) Economic operators in Tirana, Durrësi and Elbasani regions.** The study sample was comprised of 160 economic operators active in the three regions of Tirana, Durrësi and Elbasani. In every region, the sample included businesses with large employment capacities, especially regarding women and girls. Taking this fact into account, Fassion production businesses make up a considerable proportion of the sample (50 companies involved in the study), followed by other companies in the processing industry, trade, tourism and hotel facilities and services etc. The main study instrument was the administration of a questionnaire with direct interviews with the representatives of the businesses in the regions. The study aimed to collect general data on local businesses with considerable employment capacities and to assess their needs, specific requirements for employees, the level of their qualification, skills and qualifications needed for employment, employment recruitment methods, preferences for positions and professions, and relations with state institutions responsible for employment, in order to identify issues according to fields, categories, and professions with large employment potential in the market.
- c) Employment mediators.** The sample was composed of 29 mediators among which, 6 specialized recruitment companies (headhunting) and 23 local civil society organizations. The methodology had determined a total number of 40 mediators to participate in the study, however, even though they were identified and contacted numerous times - recruitment companies especially - were not willing to be part of the sample and disclose their activities. CSOs, part of the sample, as part of their work they do provide services and represent the interests of groups of interests, marginalized groups, etc. (such as persons with special needs, Roma Community, women and girls victims of trafficking and violence, individuals/families/communities in economic difficulty). It should be emphasized that they are involved in mediation for employment of these categories, but this is in addition to other activities/services they provide, and not exclusively for mediation for employment. The main study instrument was the administration of the standard questionnaire with direct interviews with mediators. The study aimed to gather general data on the activities of

employment mediators, the identification of individuals and companies they work with, the extent of their activity, the methods used for attracting interested jobseekers and employers, fees charged, procedures and standards regulating their activity, relations with public and private institutions active at the local level, and the most sought after professions and skills by employers and those provided/possessed by jobseekers generally, in order to identify potential for employment and the level of interrelation between demand and supply in the market.

## 4.2 Target group problematic (women and girls)

The problematic of the target group have been analyzed in accordance with the information gathered in three key state institutions that address employment, vocational training and education, and social care issues. Partners Albania cooperated with these institutions, analyzed and assessed data from these institutions' databases to identify the situation of the target group at the focus of this study – women and girls – their needs for employment and training, their current capacities and their potential for employment.

### 4.2.1. National Employment Service

The National Employment Service is the public institution responsible for assuring the right of all citizens to be provided with services and to be financially supported in their efforts to find payable and adequate employment based on their individual abilities and professional skills. It operates through the regional and local employment offices and through the RPDVEs.

The Regional Employment Offices are public institutions, which provide employment services, which on the one hand assist jobseekers to find the best possible opportunity for employment, and on the other assist employers find the best candidate for the position in question.

Employment services, in accordance with the current legal framework (Official Journal of the Republic of Albania, No.22, 1995), include the following activities:

- a) Information on job vacancies,
- b) Employment mediation; and
- c) Counseling and orientation for employment and professions.

Regional offices gather data on the number of unemployed and the unemployed who receive unemployment payment. Their registration is regulated by a Decision of the Council of Ministers (DCM, Nr. 70, 1999), which provides that these offices can register as unemployed all individuals that are at least 16 years of age and have not yet reached the retirement age.

According to data from administrative sources, at the end of 2013, in the Employment Offices were registered 144,427 unemployed jobseekers.

As mentioned in the National Employment Service's Labor Market Bulletin for 2013, the number of unemployed individuals could be higher than the number of jobseekers registered with employment offices, because the majority of the unemployed refer to relatives or friends to look for a job (88.6% of unemployed) and/or apply directly to an employer (63.3%) thus avoiding registration at employment offices. Another source of employment information is also adverts for vacancies published in the media.

In 2013, the number of unemployed individuals has increased by 2,600 persons compared to the previous year, bringing the number to a total of 144,427 unemployed jobseekers. As regards gender, the unemployment rate is estimated at 19.3% for men and 13.7% for women. At the end of 2013, according to the data, 73,000 unemployed jobseekers registered, or 51% of the total number of registered unemployed jobseekers, were women.

More specifically the data analysis in the framework of this study is focused on the three regions of Tirana, Durrësi and Elbasani. Tirana Region has the highest jobseeker number with a total of 11,852 jobseekers, followed by the Region of Elbasani with a total of 7,855 jobseekers and the Region of Durrësi with 4,732 jobseekers. This same trend is noticed at city level as well (Table 1).

**Table 1.** Number of jobseekers in the three cities (up to 27 January 2014)

Region	Jobseekers / region (total)	District	Jobseekers / district
Tirana	11.851	Tirana	9.039
		Kavaja	2.812
Durrësi	4.732	Durrës	3.323
		Kruja	1.409
Elbasan	7.855	Elbasan	5.636
		Librazhd	725
		Peqin	573
		Gramsh	921

The analysis of the information shows that one of the challenges of the target group is the education level of the jobseekers. Most unemployed jobseekers have a secondary school level of education, which makes their employment very difficult (Table 2).

In addition, the analysis found that vocational schools play an important role in employment. Individuals who have a general, high school diploma have a higher chance of being vulnerable to unemployment (approx. 50%), compared to individuals that graduate from a vocational high school.

**Table 2.** Education level of unemployed individuals (data updated up to November 2013)

DISTRICTS	Less than primary	Primary	Secondary	General High School	Vocational High School	University
DURRËSI	28	165	2.574	1.248	479	189
DURRËSI	9	127	1.775	837	361	162
KRUJA	19	38	799	411	118	27
ELBASANI	543	873	2.894	2.434	972	88
ELBASANI	374	630	2.122	1.882	586	30
GRAMSHI	5	12	331	258	297	24
LIBRAZHDI	0	75	300	209	60	34
PEQINI	164	156	141	85	29	0
TIRANA	667	2.113	4.073	2.552	1.294	748
TIRANA	551	1.959	2.656	1.504	1.223	736
KAVAJA	116	154	1.417	1.048	71	12

As regards qualifications, at registration time most jobseekers have low-level qualifications that include: service and support services, agriculture, forestry and fisheries, mining, construction, industry and transport, food preparation assistance, retail and ambulatory services, garbage collection, and other low-level service work. The highest number of this category is located in Tirana with a total of 7,247 jobseekers, followed by Elbasani with 5,864 jobseekers and Durrësi with 2,838 (Table 3).

**Table 3.** Jobseekers' qualifications at registration time to employment offices  
(data updated up to January 2014)

Background	Durrësi	Elbasani	Tirana
1. Managers	0	0	17
2. Specialists with university degrees	253	109	480
- physics, mathematics and engineering	21	10	54
- health care	29	13	81
- teaching	104	49	140
- business and administration	3	23	87
- information technology and communications	0	4	45
- law, social and cultural fields	96	10	73
3. Technicians and specialists with high school degrees	66	187	533
- professional collaborators in engineering and science	6	8	47
- health care specialized assistants	14	33	125
- business and administration assistants	30	44	140
- legal, social, cultural and law enforcement specialists	10	20	131
- information technology and communications technicians	6	82	90
4. Clerks	164	62	240
- office clerks	64	43	111
- customer service representatives	100	19	129
5. Retail and services employees	674	477	778
- personal and protection services	232	181	90
- retail employees	442	296	688

6. Qualified agriculture, forestry and fishery employees	4	156	224
7. Professional smiths and professions related to them	663	952	1,993
- construction	45	78	141
- metal work and machinery installation	32	154	113
- artisanal production employees and typewriters, etc.	165	93	347
- electro-technology employees	15	52	284
- food, wood and textile processing employees, etc.	406	575	1,108
8. Industry employees	66	48	313
- mining and metal processing employees	49	20	33
- installation employees	0	0	197
- drivers and industrial machinery employees	17	28	83
9. Low-level professions	2,838	5,864	7,247
- service and support employees	502	326	847
- agricultural, forestry and fishery employees	669	1,291	3,230
- mining, construction, industry and transport workers	1,453	2,528	260
- food preparation assistants	66	66	545
- retail and other ambulatory service workers	38	541	924
- garbage collectors and other low-level service workers	110	1,112	1,441
10. Armed Forces	4	0	26
- armed Forces officer	2	0	23
- low ranking officers and others in the armed forces	2	0	3
<b>Total</b>	<b>4,732</b>	<b>7,855</b>	<b>11,851</b>

Another challenge is related to the current lack of proactivity by employment offices in establishing contacts and cooperation with employers.

Regional employment offices are not very much in contact with employers and jobseekers alike with regard to the services they provide. They do not have the adequate capacities for outreach with the interested parties and as a result there is a gap between demand and supply in the labor market.

#### 4.2.2. Regional Public Directorates for Vocational Education

The Regional Public Directorates for Vocational Education, as part of the National Employment Service, provides training courses through 10 RPDVEs. The ten centers are located in the cities of Durrësi, Elbasani, Fieri, Gjirokastra, Korça, Shkodra, Tirana (2 centers), Vlora and there is also a mobile center. The courses provided by the RPDVEs are divided in two categories: vocational courses including tailoring, hairdressing, secretary work, etc. and also supplementary courses (including foreign languages, computer skills, etc.).

RPDVEs provide vocational courses for both individuals who have signed up as jobseekers with the Regional Employment Offices, and for individuals who are currently employed. Up until the end of 2013, these courses were provided upon a fee, even though for unemployed individuals and groups in need, the fee was reduced. From January 2014, an Order of the Minister of Social Welfare and Youth, determined that vocational training courses provided by the RPDVEs for unemployed jobseekers registered with employment offices and individuals from groups in need, shall be free of charge. Groups in need include the following:

- Roma Community members;
- Trafficked women and girls;
- Former convicted persons;
- Orphans (in accordance with status);
- People with special needs; and
- Returned emigrants due to economic difficulties.

Other individuals, able to work, that would like to attend vocational training courses provided by the RPDVEs, shall be subject of the registration fee and other service fees determined by the Board of Directors of each RPDVEs.

Being the district with the largest population, Tirana has two RPDVEs. The courses provided are determined based on market demand, which is identified by employment offices in accordance with the needs expressed by jobseekers. Courses are provided according to a predetermined daily schedule and jobseekers sign up by presenting the relevant documentation from the regional employment offices. Courses and relevant information are published on the National Employment Service website.

Data gathered for 2013 show a relatively low number of women and girls unemployed jobseekers participating in employment stimulation programs. The number of women unemployed jobseekers that participated in these programs is higher in Durres Region with 362 female jobseekers, followed by Elbasani with 206 and Tirana with 194 female jobseekers.

It should be noted that, with the exception of Durrësi where all jobseekers that receive professional qualifications are unemployed women and girls, courses are also attended by other women and girls that have not signed up for unemployment.

Professional courses with the highest number of women attending are as follows: tailoring, hairdressing, and secretary and assistant courses. In addition a large number of women and girls attend supplementary foreign language courses.

Data received from employment offices show that a large number of women that attend these courses have secondary or high school education. The following Table shows the list of courses provided by the centers in 2013, the number of women participating and the number of employed women after course completion (Table 4). As it can be noted, there is a very large gap between the number of unemployed women that participate in courses and the number of women that become employed after receiving the qualification. This, once again, shows the clear lack of correlation between qualification courses and the specific need for workforce in the relevant professions.

**Table 4.** List of courses provided by RPDVEs in Tirana, Durrësi and Elbasani in 2013

Course	Tirana			Elbasani			Durrësi		
	Female total	Unemployed	After training	Female total	Unemployed	After training	Female total	Unemployed	After training
Office cashier			3						
Art Design	13								
Assistant, social work specialist	78	33	2	8	8				
Bar tender	3	2							
Vehicle electric system specialist									
Esthetician	7								
Plumber for toiletries									
Plumber									2
Electric network installer and repair			2						3
Heating and cooling system installer and repair			6						
Solar panel installer									
Waitress									
Gardner	15								
Receptionist	3								
Babysitter	29		1	14	14		22	22	
Cook	5			81	43		19	17	18
Vehicle body work									
Vehicle mechanic									
Touristic operator									
Hairdresser	99	30	6	16			10	10	3
Bee-grower									

Call center sales person									
Aluminum worker									
Construction worker									
Shoe machine sawing worker									
Enterprise management	7		2						
Wood worker									
Carpentry									
Embroidery									
Radio and television repair									
Textile machinery repair									
House and other appliances repair			10					8	
Computer hardware repair									
Upholsterer									
Vehicle repair and maintenance			10						1
Tailoring	82	50	7	147	129		32	32	1
Welding									
Secretary	73	40		13	12		23	22	2
Tile layer									
Plasterer									1
Engine repair									
Foreign language 1	406	4		85			199		
Foreign language 2	240	35	6	11			35		
Foreign language 3	22								
Foreign language 4	6								
Foreign language 5	10								
Computer use	43			12			22		
<b>Total</b>	<b>1141</b>	<b>194</b>	<b>60</b>	<b>387</b>	<b>206</b>	<b>0</b>	<b>362</b>	<b>362</b>	<b>111</b>

### 4.2.3. State Social Service

The State Social Service is the public institution responsible for the implementation of Ministry of Social Welfare and Youth policies in the field of social assistance and social care services. It has the mission to implement policy, the economic assistance legislation, disability pension, and to provide social services in the entire country. One of the main services of the SSS is the provision of economic assistance to individuals and groups in need that are eligible for this assistance in accordance with the legislation in force.

In accordance with the law on social services and assistance, economic assistance beneficiaries include the following categories:

1. Families without incomes or inadequate incomes;
2. Unemployed orphans over 25 years of age not living in institutions or under custody;
3. Parents of more than 2 children born at the same time that are part of families in need.

Economic assistance is provided in the form of a monthly cash payment and the monthly amount of the economic assistance is determined by Decision of the Council of Ministers (DCM, Nr.113, 2002). The payment is provided in full or partially. The amount of the economic assistance is determined based on the baseline level of unemployment payments. The highest level of the full economic assistance benefited monthly by the household, cannot be higher than 250 percent of the baseline unemployment payment (6.850 ALL monthly). In addition to this, some subsidies are provided for food, utilities, and additional allowances for each child until the age of 18 and 25, when children attend high schools and higher education.

Full economic assistance is paid to households or individuals that generate no income from the following activities:

- a) economic activity;
- b) social services and assistance programs, or any other social protection system;
- c) capital;
- d) family members in emigration.

Partial economic assistance is paid when the claimant household generates inadequate income from the following activities:

- a) land;
- b) cattle, poultry, bees, grapes and gardening;
- c) pension and other revenues.

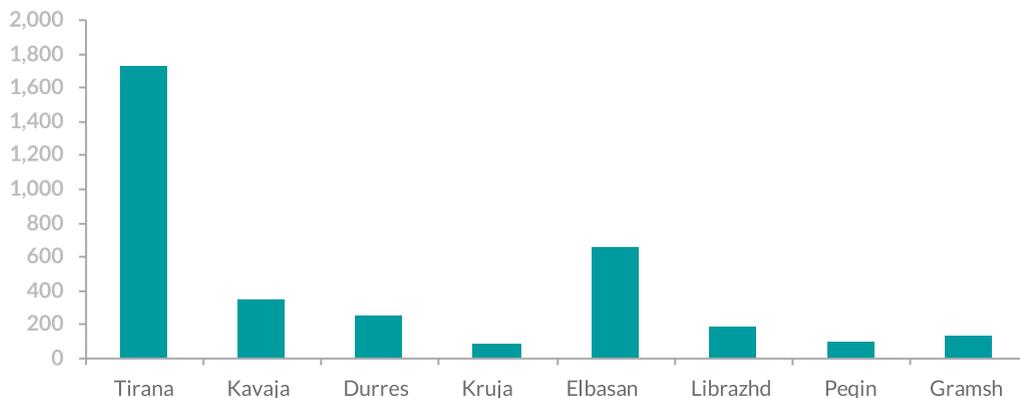
According to data from the SSS, the number of families with disabled persons, Roma community, single mother, and those with individuals in need (orphans and trafficking victims) is 7.193 in total for the three regions. The region of Tirana has the highest number of these families with a total of 3.905 families, followed by Elbasani with 2,704 families and Durrësi with 584 families.

The number of families that benefit economic assistance and that have persons with disabilities is highest in the region of Elbasani with 1.354 families, followed by the region of Tirana with 1.231 and that of Durrësi with 167 families.

Roma community families that benefit from economic assistance are 713 in total and the region of Tirana has the highest number with 400 Roma families.

The number of families with single mothers in the three regions where the study was conducted is 3.505 and the region of Tirana has the highest number of these families with a total of 2.084. At the district level, Tirana again has the highest number of single mother families, followed by Elbasani, Kavaja and Durrësi (Graphic 1).

**Graphic 1.** *Number of single mother families according to districts*



### 4.3. Data Analysis

#### 4.3.1. Social enterprises in Albania and their development

In the framework of the study, Partners Albania interviewed 25 active social enterprises in four regions (Tirana, Durrësi, Elbasani and Shkodra). Even though the study was focused only in three regions, Partners Albanian contacted other enterprises in the country as well, with the aim to include the more possible social enterprises in the study. The main study instrument was the administration of a standard questionnaire with direct interviews with representatives from the social enterprises. The study aimed at assessing the current situation, legal status, activities, number of beneficiaries, beneficiary groups, types of services provided by social enterprises and the impact of their activity on disadvantaged groups. The study also focused on the identification of challenges and needs for support services, in order to further develop these enterprises in Albania.

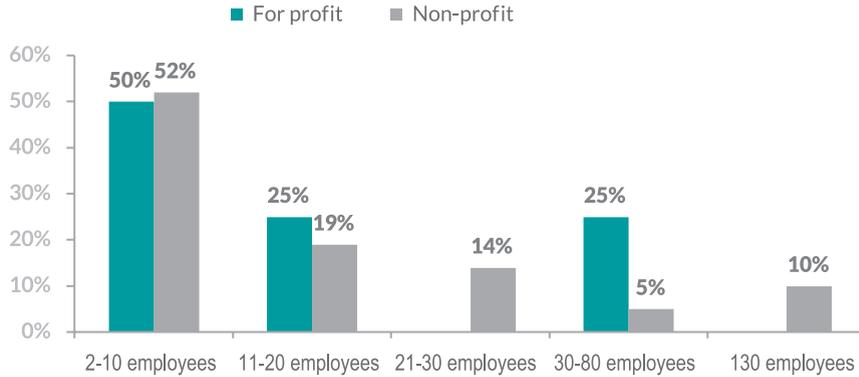
#### General data

Graphic 2. Year of establishment



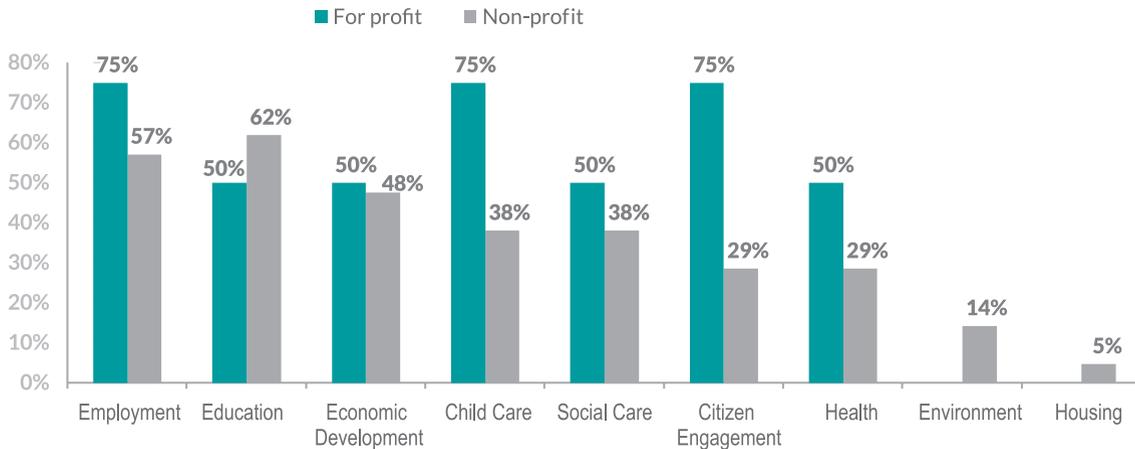
Data gathered during the study show that some social enterprises have started their activity some years ago (1996-2000) and the increase in their number has somewhat uniform, regardless of their registration status (Graphic 2).

**Graphic 3. Number of employees**



As regards their number of employees, social enterprises that have been active for a number of years, from 1996 to 2002, declare a higher number of employees, ranging between 30 and 130. It should be noted that the legal status of social enterprises (SE) is not indicative for the cases of SEs with large employee number. Thus two SEs with a non-profit status have 130 employees (Graphic 3).

**Graphic 4. Field of activity**

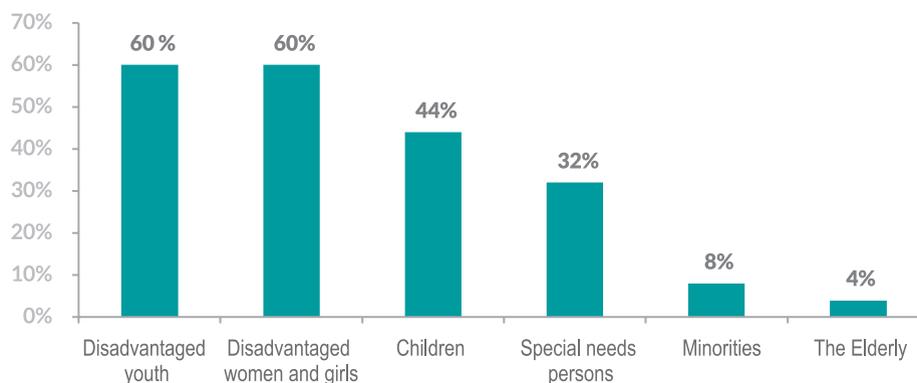


Some of the main activity fields of the interviewed SEs are: employment (60%), education (60%), economic development (48%), and social and child care (44% and 40% respectively). Graphic 4 shows a cross analysis of the SE activity fields and their legal status.

Another field mentioned by the respondents was also promotion of culture and tradition.

The main services provided by SEs are: social services for children with special needs, kindergartens, health and community services (22 SEs); vocational and artisanal training (8 SEs); agricultural training (8 SEs); hostel services and catering (6 SEs); and import-export of artisanal products (6 SEs).

**Graphic 5.** *Beneficiary categories*



Most of the SEs, 60% of the sample, serve disadvantaged youth, women, and girls, while the two other main beneficiary categories of SEs services are children and people with special needs (Graphic 5).

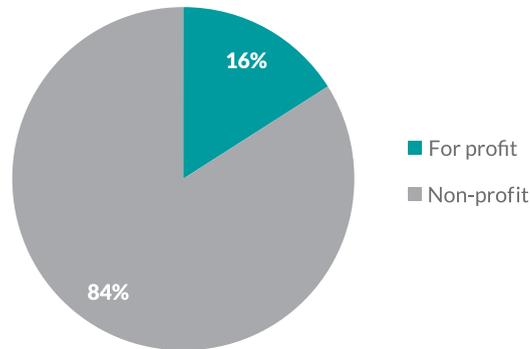
When asked about the “impact of their services on these beneficiary categories”, SEs provided as examples the following impacts:

- Enabling of 941 women and girls through training;
- Employment of 391 women and girls;
- Psychological and social support for 150 women and 220 children;
- Support to 837 children in their families of origin;
- Improvement of conditions and opportunities for livelihood and education of youth and children;

- Integration of special needs persons through engagement and support for employment, in order to establish independent living; and
- Employment of 24 disabled persons.

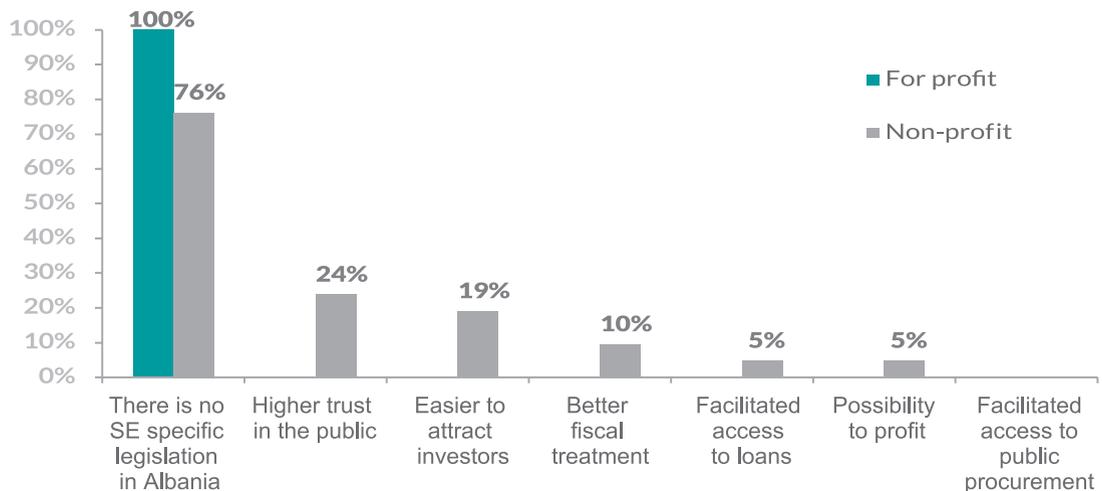
## Legal and regulatory framework for social enterprises

Graphic 6. Legal status of social enterprises



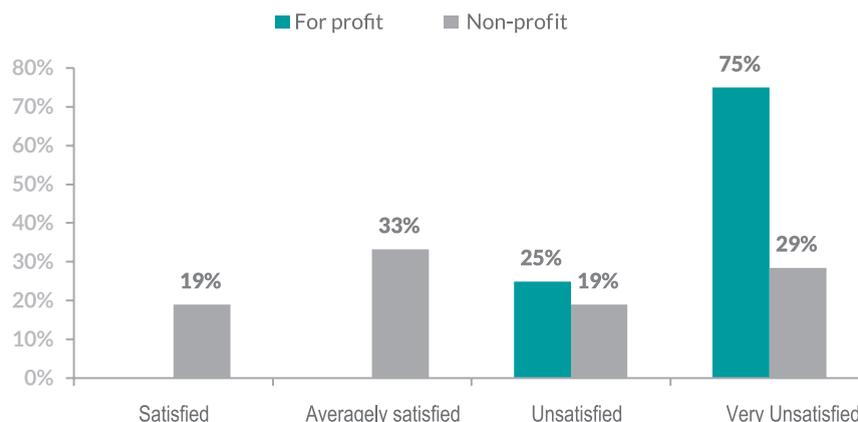
As shown in Graphic 6, only a small number of social enterprises have a for profit status. The majority of them are registered as non for profit organizations.

Graphic 7. Reasons for registration under this status



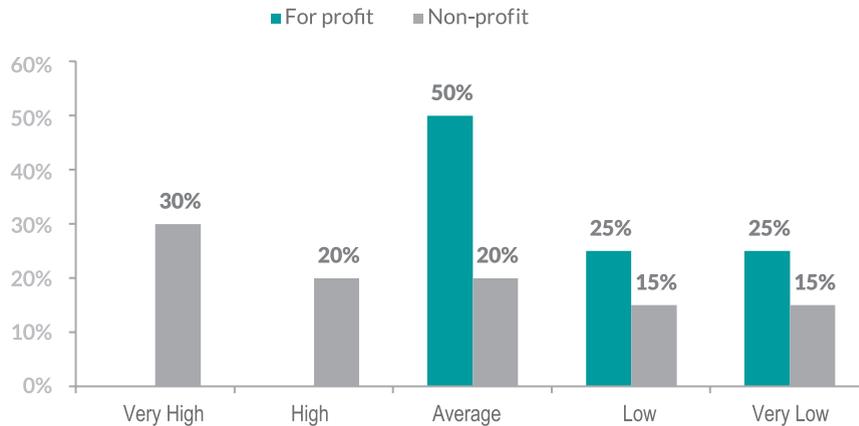
In light of lacking specific legislation on the establishment and functioning of SEs, at the beginning of their activity social enterprises were not clear on whether they could exercise their activity as NGOs, or as businesses. The main reason for registration under either status seems to be the lack of specific legislation. In the meantime, both SE categories do not consider the facilitated access to public procurement procedures as one of the determining reasons for selecting their legal status (Graphic 7).

**Graphic 8.** *Level of satisfaction regarding functioning under this status and in compliance with the legal framework regulating it*



SEs registered as for profit, are generally unsatisfied when operating under this status. However, even other SEs have not indicated a high level of satisfaction (Graphic 8).

The lack of incentives and the undifferentiated treatment compared to other businesses regardless of the social mission of these enterprises, are some of the main reasons that determine this lack of satisfaction.

**Graphic 9.** Knowledge of legal framework regulating the functioning of Social Enterprises

Responses from the sample show that knowledge of the legal framework regulating their activity, is average (especially for SEs registered as for profit), which identifies the need for further capacity development in this respect (Graphic 9). The lack of clarity in the legislation regulating their activity, and the continuous amendments proposed during the years for the original legislation, impact the level of SE knowledge and leave room for interpretation of the legal framework.

Unanimously, the interviewed SEs recognize the need for a specific legal framework for the establishment and functioning of social enterprises in Albania.

Some of the main issues raised by the SEs engaged in the study regarding the enabling environment for the functioning and further development of social enterprises in Albania are listed below according to their priority:

- The lack of the legal framework for SEs (19 SEs)
- The unfavorable fiscal framework (12 SEs)
- The lack of understanding value and lack of trust among all the stakeholders in the society (3 SEs)
- Lack of funds for establishing and supporting SEs (2 SEs)
- Lack of programs to develop capacities/training of SE staff (2 SEs)

## Financial development of social enterprises

### Main capital sources

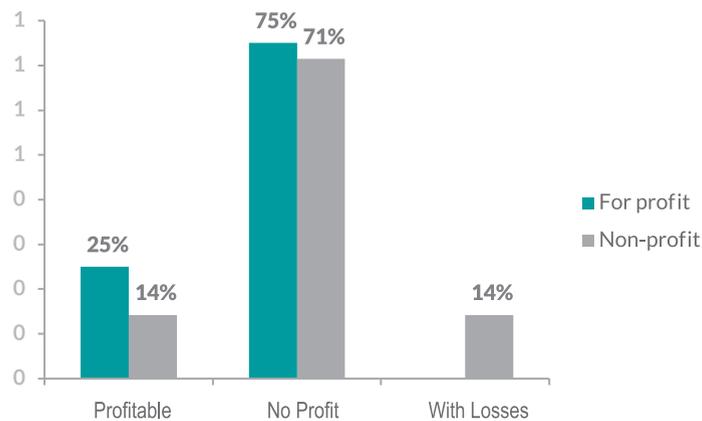
Since the majority of social enterprises are registered and operate as non for profit organizations, their main financial sources remain international institution grants. The second most important source, but greatly differing in terms of importance, is the revenue from service fees, the initial capital, and the profit investment. Other sources such as government grants, subsidies, loans, philanthropy, and public procurement revenue provide inconsiderable financial resources.

### Financial Situation

16% of the enterprises, or 4 SEs from the total sample, have reported profits. These are mainly SEs established years ago and that operate in the economic development, employment and child care fields.

On the other hand, data shows that SEs registered as NPOs and those established after 2010 and that are relatively new, are losing money. These data are reflected in more detail in Graphic 10, 11, and 12.

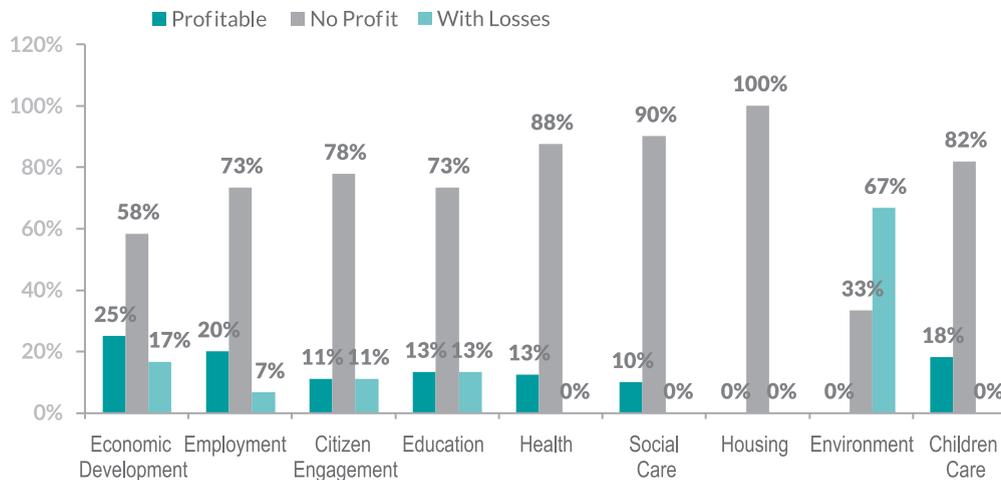
**Graphic 10.** *Financial situation according to legal status*



**Graphic 11.** Financial situation according to legal status and longevity



**Graphic 12.** Financial situation according to field of activity (measured within the group)



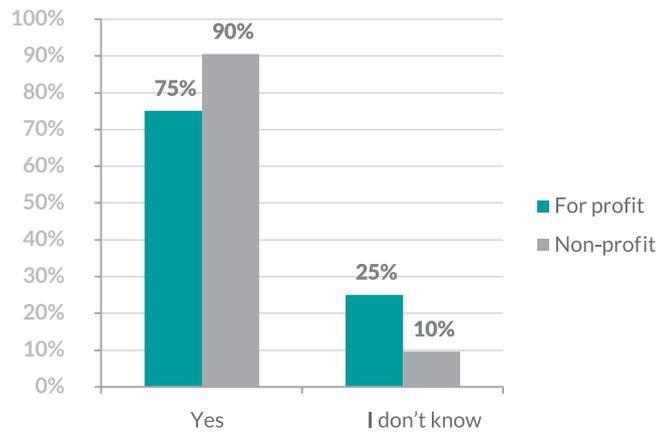
88% of interviewed SEs are planning an expansion of their business, while 12% of them are still unclear on whether they will be taking this step.

Graphic 13 and 14 show data related to business growth compared to both status and longevity of status. Relatively new SEs plan to expand their business, while SEs

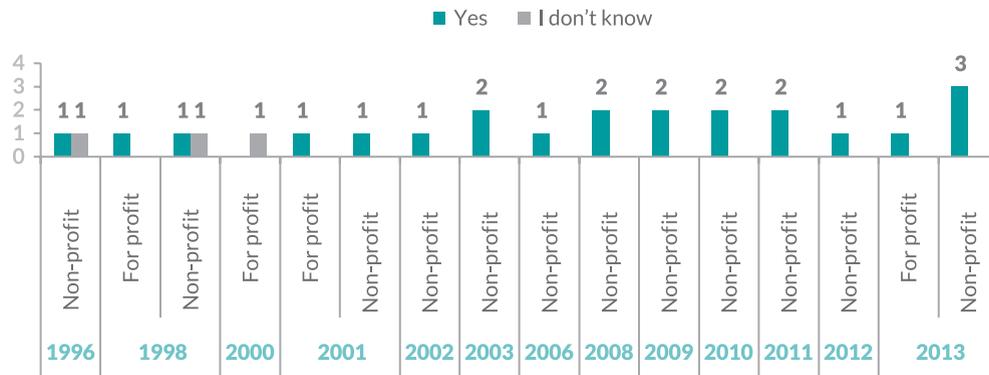
registered prior to 2000 are uncertain.

As regards SEs registered as businesses, 3 of them are planning an expansion of 30-40%, while one is still uncertain and did not confirm an expansion. More than half of interviewed SEs are expecting an increase of 15-60% in their activity in the next 5 years, while 4 SEs foresee a considerable increase of 100-300 percent.

**Graphic 13.** Activity growth forecast in the next 5 years according to legal status



**Graphic 14.** Activity increase forecast for the next 5 years according to legal status and longevity

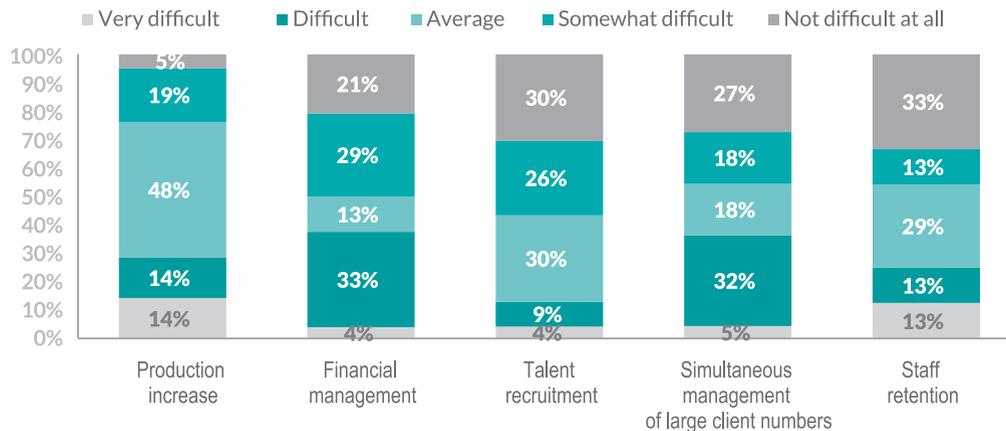


SEs list the following as some of the main factors that could impact the development of new SEs and the growth of existing ones in the coming years:

1. Implementation of state financial facilitations and loaning opportunities (23 SEs);
2. Drafting of the legal framework (7 SEs);
3. Promotion of SEs in order to recognize them and the activity they exercise (4 SEs)
4. Professional enhancement of human resources (2 SEs); and
5. Correct enforcement of the existing legislation (2 SEs)

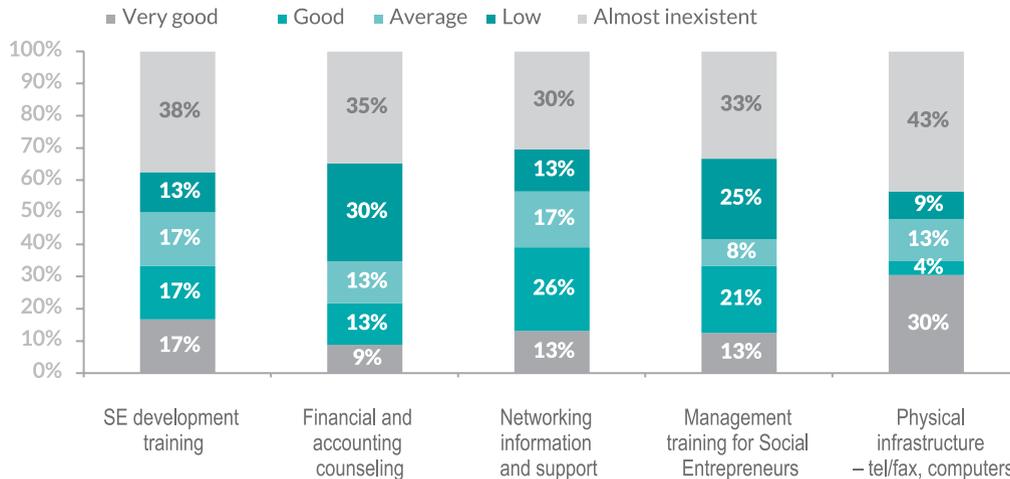
### Human resources and support services

**Graphic 15.** Challenges encountered by SEs in relation to human resources



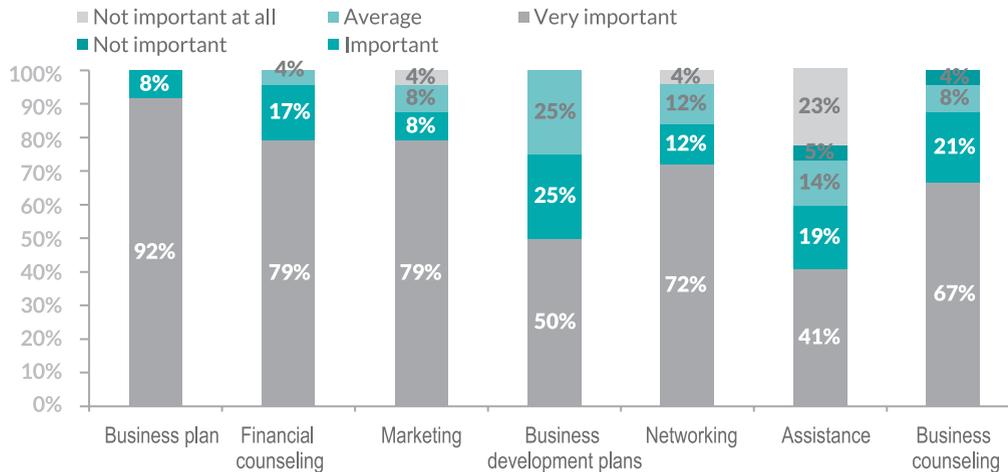
One of the main challenges faced by SEs in their activity is human resources management, where one of the main issues was reported to be the lack of capacity for increasing production, due to low capacities in human resources and the inability to meet the demand of multiple clients simultaneously and in a timely manner. The inability to retain staff is another challenge mentioned by more than half of the sample (Graphic 15).

**Graphic 16.** Level of support services for the development of SEs in the country



With central and local government institutions, other social stakeholders and the community at large being very little aware of social enterprises and their activity, the level of existing support services is very poorly developed. Financial and accounting counseling, training for SE management development, and support through infrastructure for these types of enterprises is at even lower development levels (Graphic 16).

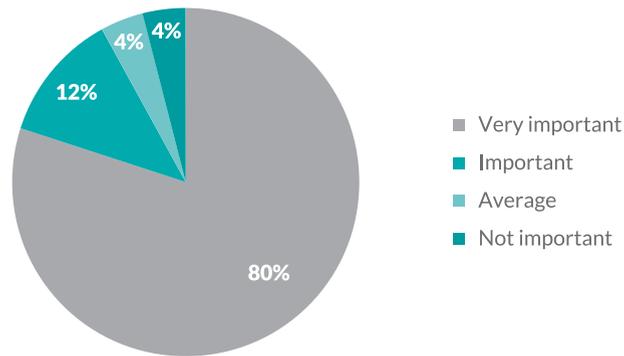
Loaning, as one support format for further development of social enterprises, has been considered by almost all respondents as inexistent.

**Graphic 17.** Importance of main support services for the development of SEs

As shown in Graphic 17, assistance for business plan development, financial counseling, support for promotion and networking have been listed as some of the most important services at a time when there is great need for support services in order to enable more opportunities for the development of SEs. In the meantime, information on business development models, especially through success practices of social enterprises at the local and international levels, would serve as a model for the development of SEs and the establishment of an enabling environment.

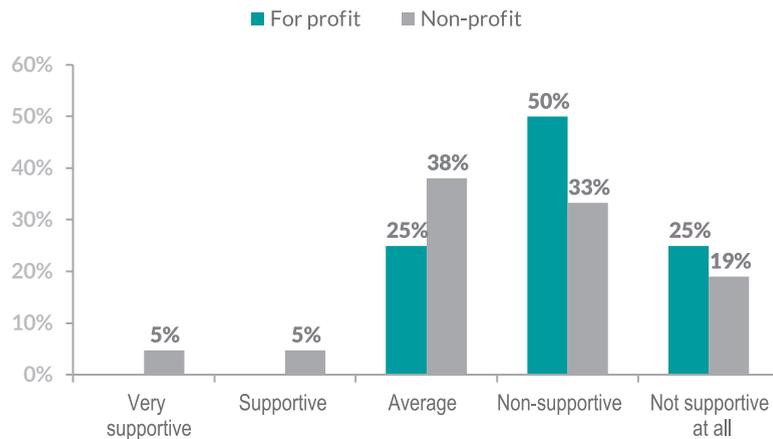
## General considerations for the development of social enterprises

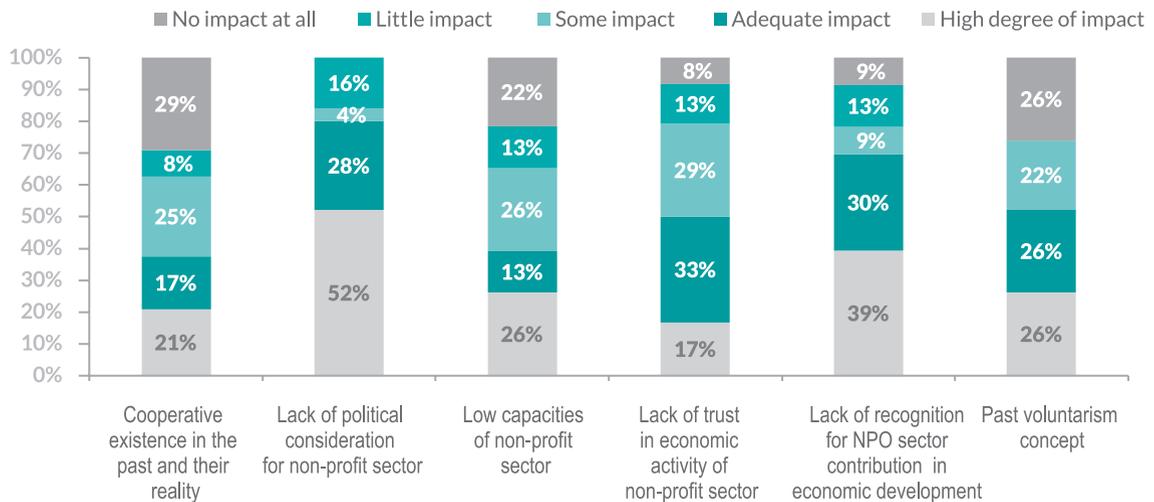
**Graphic 18.** Importance of SEs for economic and social development



92% of interviewed SEs consider the role that they could have in the economic and social development of the country as important or very important (Graphic 18). Currently, this potential is limited by a “non-enabling environment”, as noted by 56% of the sample and “on-average-enabling” as noted by 36% of the interviewed SEs (Graphic 19).

**Graphic 19.** Enabling environment for SEs in the country (according to legal status)



**Graphic 20.** *Impact of heritage in SEs development*

Despite the diverse activity and social and economic impact of non for profit organizations in the country after the 90s, there is still a considerable lack of information regarding their role, and as a result there is no acknowledgement by all social and institutional stakeholders and the society in general. It is clear, as illustrated in Graphic 20, that this situation is also true for SEs. The promotion of their role is necessary in order to increase their recognition and trustworthiness among the public.

Generally, upon assessment of the current conditions in which social enterprises operate and their further development, interviewed SEs have listed the following as priorities:

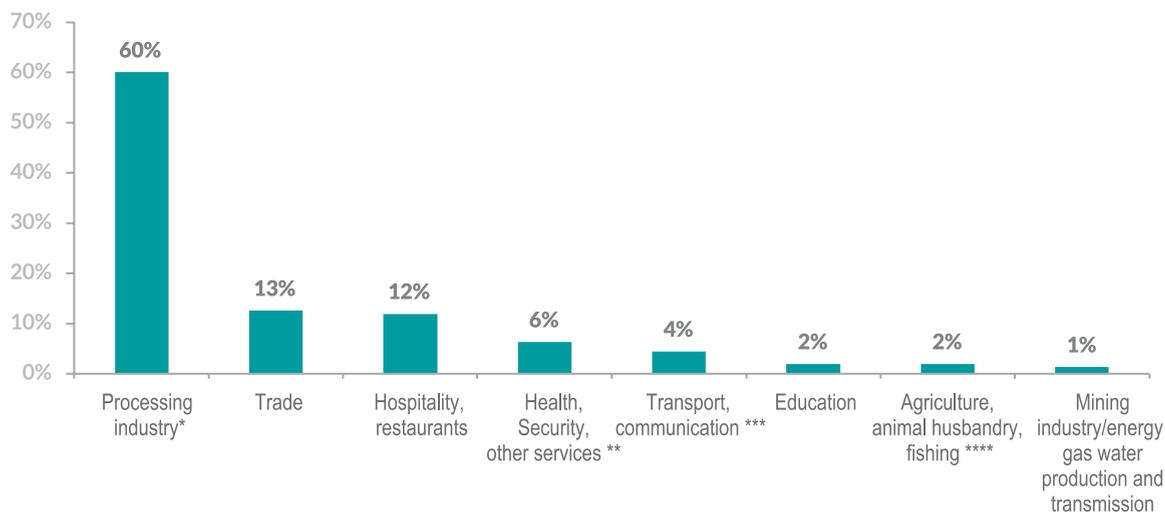
1. Development and approval of a legal and regulatory framework for SEs (especially regarding fiscal treatment) (18 SEs);
2. Assistance for SE capacity building (7 SEs); and
3. Financial state/soft loans assistance (6 SEs).

### 4.3.2. Analysis of business field employment situation

As part of the study sample, Partners Albania identified and interviewed 160 economic operators active in Tirana, Durres and Elbasan. The sample selection was intentional, targeting businesses with high employment capabilities, specifically with regard to women and girls. Taking this fact under consideration, Fason companies comprise a considerable part of the sample (50 companies), followed by other companies in the processing industry, trade, tourism and hotel facilities and services etc. The main instrument of the study was the administration of a standard questionnaire with direct interviews with business representatives in the three regions. The study aimed at gathering general information on local businesses with high employment capabilities and to assess their needs, specific employee requirements, recruitment methods, preferences for positions and professions, and relations with state institutions responsible for employment, in order to identify the challenges and the fields, categories, and professions with the highest potential for employment in the market.

#### General data

**Graphic 21.** *Economic activity of the company*

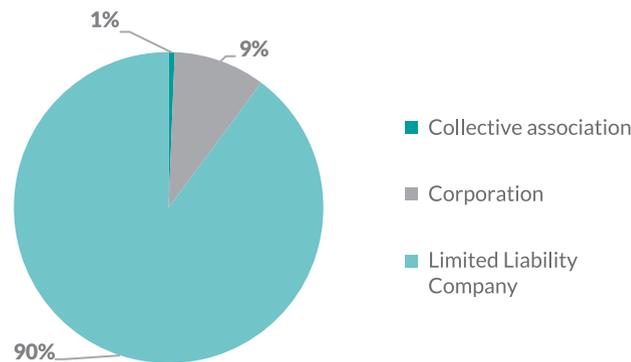


Since the targeted sample for the study was to include businesses with relatively high employment capabilities, especially for the women and girls category, there was an intentional selection in the sample of businesses that met these predetermined criteria. The majority of them, 60% as Graphic 21 shows, are active in the processing industry, where Fasson companies that are active in the three regions in the focus of the study (Tirana, Durres and Elbasan) make up the lion share of the processing industry category.

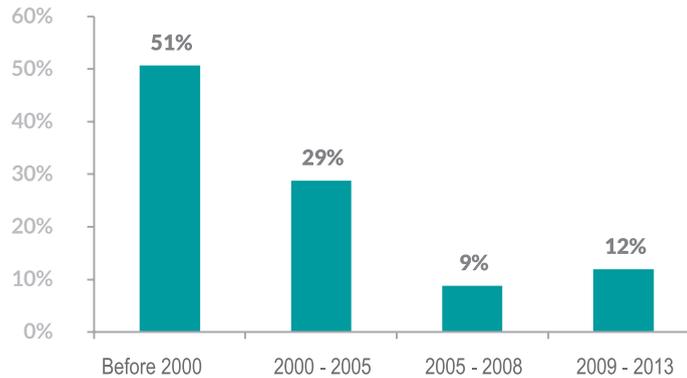
Other sub categories for other categories are given in more detail below:

- \* Businesses from this category of the industry include mainly the textile industry (63 businesses involved in Fasson – apparel and shoe manufacturing); wood processing for carpentry, metal working, plastics, canopy production (16 businesses); food processing and packaging (11 businesses); paper processing industry for publications and printing (2 businesses);
- \*\* Businesses, part of this category (9 businesses), include studies and counseling, cleaning /laundry services, event organization, health services, funeral homes.
- \*\*\* Businesses, part of this category (7 businesses), include telecommunication companies, ISPs, goods and person transport, telemarketing, tourism agencies.
- \*\*\*\* Businesses, part of this category (3 businesses), are those in the poultry cultivation and fish processing fields.

**Graphic 22.** *Company form of organization*



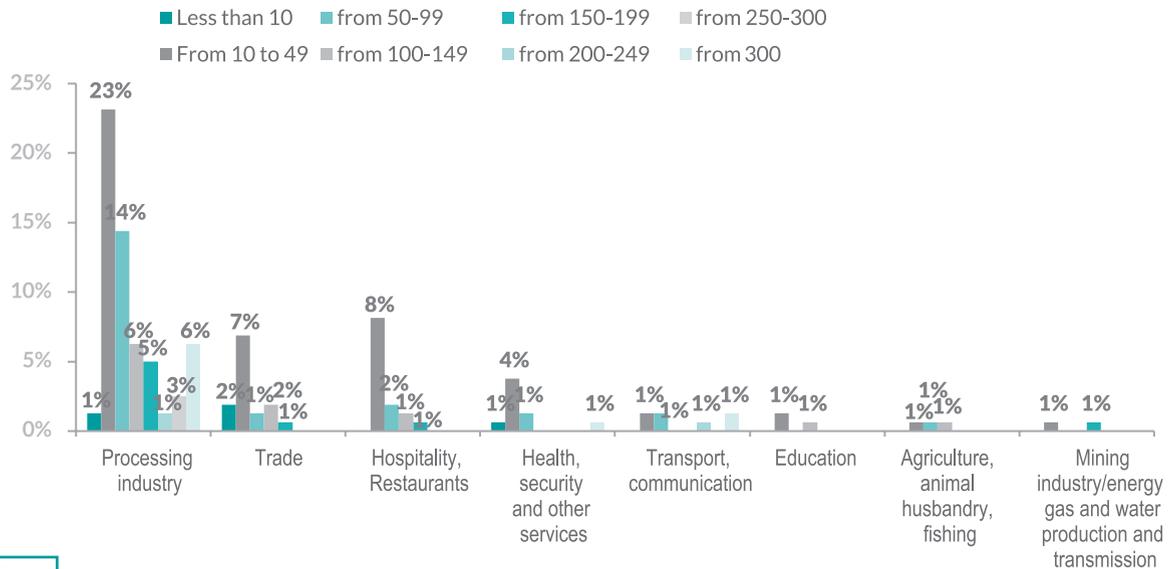
**Graphic 23.** Year of establishment



The overwhelming part of businesses in the sample, are limited liability companies (Graphic 22). The majority of them have been active in the market for more than 10 years (Graphic 23).

Taking under consideration the year of establishment, the fact that these are businesses that have employment capabilities, shows that they have reached a considerable level of sustainability in the regions where they are active.

**Graphic 24.** Full time staff (according to economic activity)



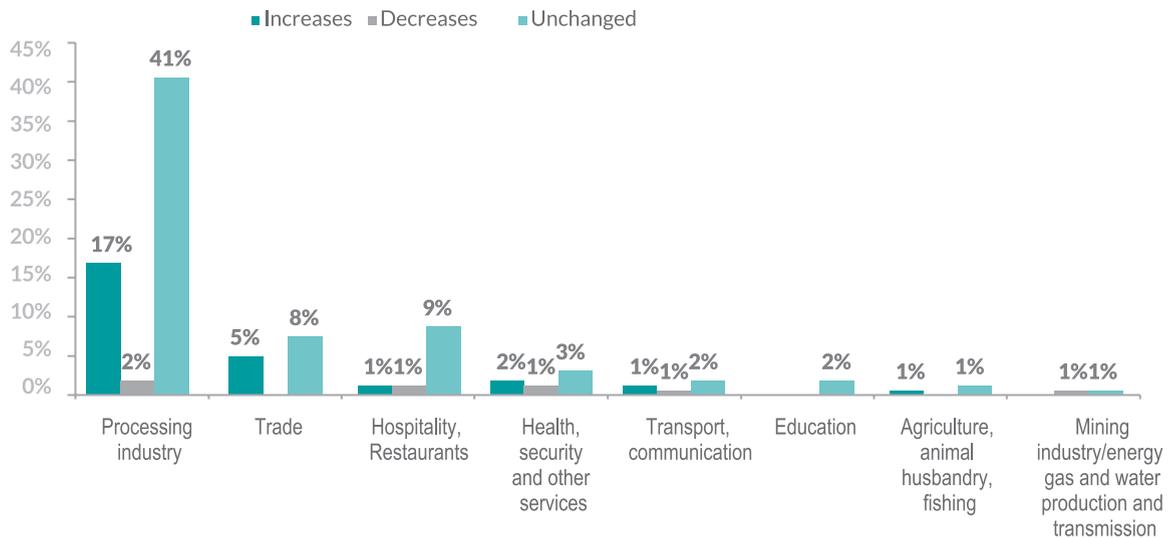
The majority of interviewed businesses, 67%, have a total of 10 to 100 employees. A small number of businesses - only 6 - have less than 10 employees, however, 5 of them foresee staff increases.

The majority of businesses do not foresee a staff increase in the coming 12 months (67%), while 6% of them foresee a reduction of staff numbers. In the meantime, 27% of the businesses foresee an increase in staff numbers.

Among the businesses that have responded positively to the “increased staff numbers” question, only 10 have determined the number of new employees to be hired, however, the data is insufficient to develop an opinion on the amount of new job positions to be created.

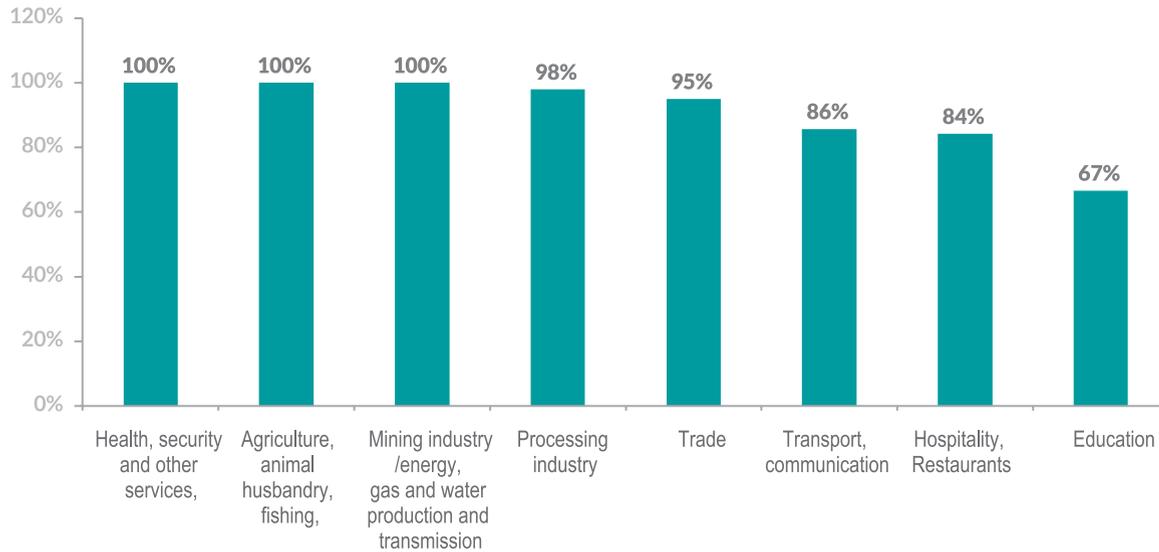
Among the 9 businesses that have foreseen staff reductions, the majority has a total number of employees between 10 and 100. The companies are: 2 textile companies, one internet service provider, 1 carpentry company, 1 hotel. (Graphic 25).

**Graphic 25.** Changes in employee numbers for the coming 12 months (according to economic activity)



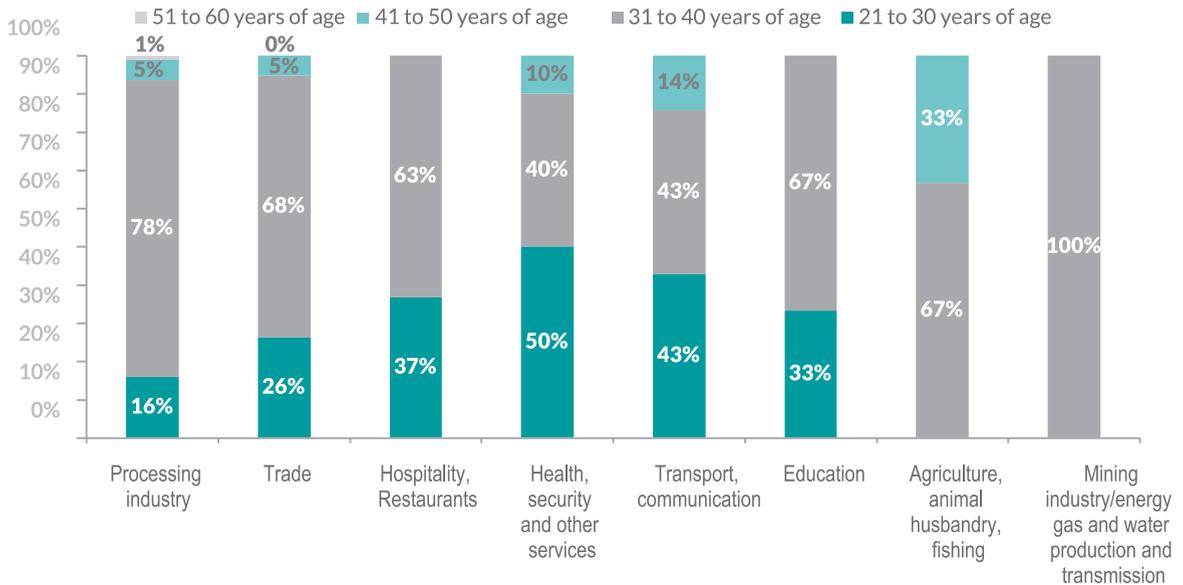
## Data regarding staff employment

**Graphic 26.** Full time employees in the company (according to economic activity)



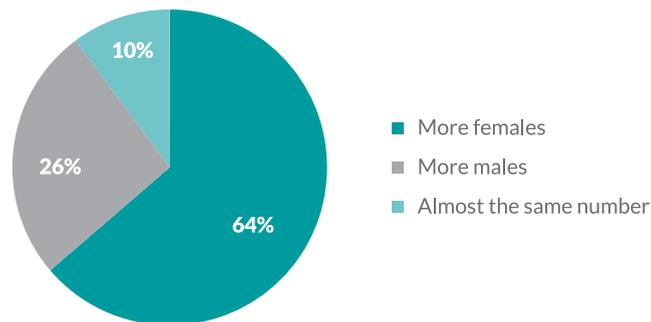
96% of interviewed companies employ full time staff, 2% employ seasonal staff and 2% employ part time staff. Only one out of three businesses active in the education field and one out of seven active in the transport/communication field employ part time staff. Seasonal workers are mainly employed in tourism and hotel facility businesses, which predominantly employ between 10 and 100 staff (Graphic 26).

**Graphic 27. Staff age**

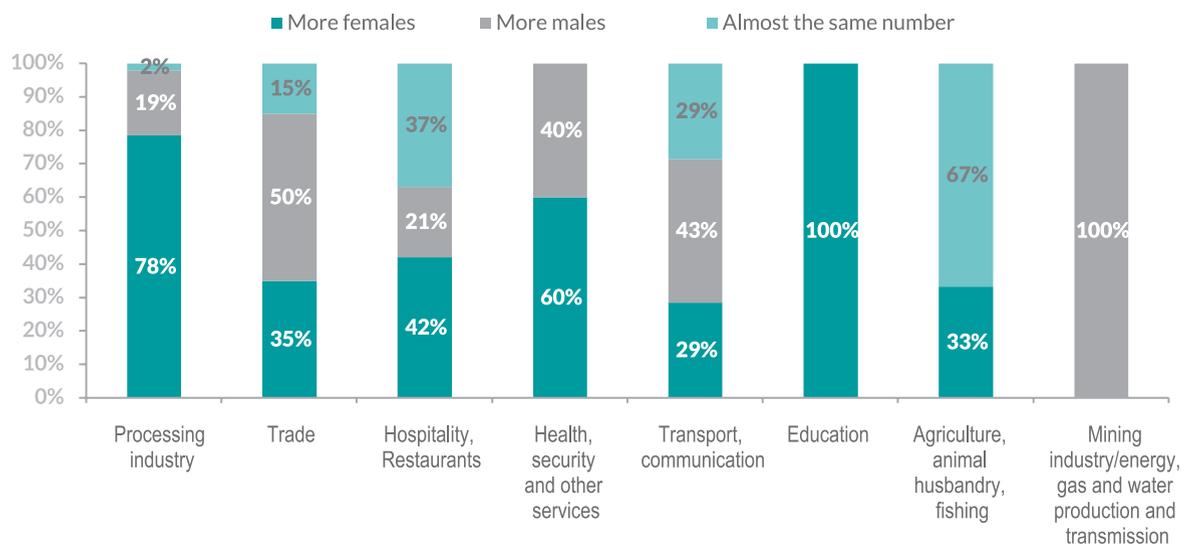


The predominant age of employees in all categories is 31 to 40 age group followed by the 21 to 30 age group (Graphic 27).

**Graphic 28. Women - men ratio in the company**



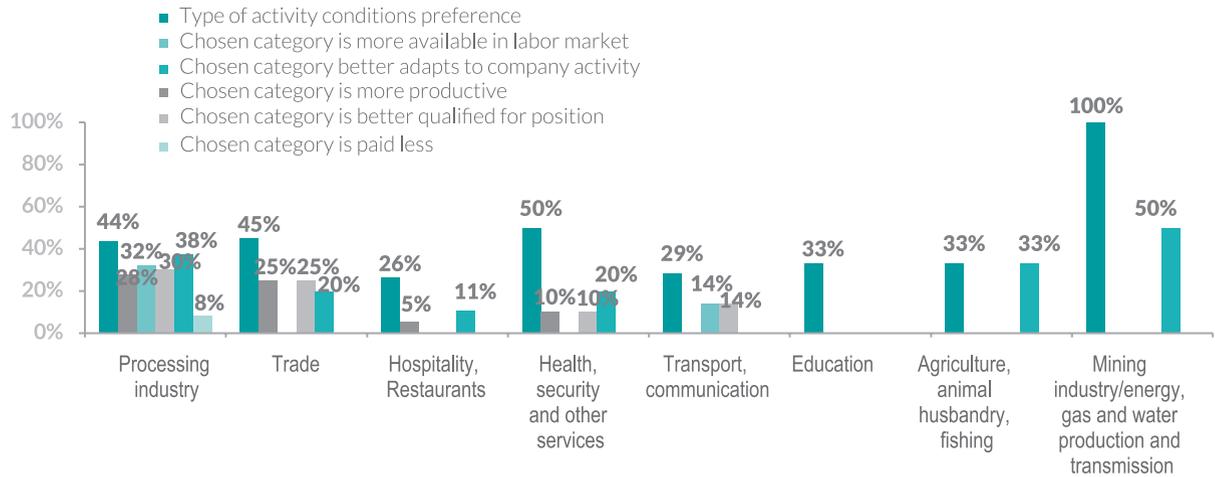
**Graphic 29.** Women - men ratio in the company (according to economic activity)



In light of the fact that in accordance with a part of the study methodology, the sample was intentionally selected based on a criterion of businesses having a high employment capability, especially with regard to women and girls, it is understandable that among the companies interviewed, 64% of them responded that they have employed a larger number of women than men (Graphic 28).

The comparison among economic activity shows that more women and girls are employed in the processing industry, education, and tourism and hotels facilities and services. These businesses seem to also make up the higher potential for the employment of women and girls in the three regions (Graphic 29).

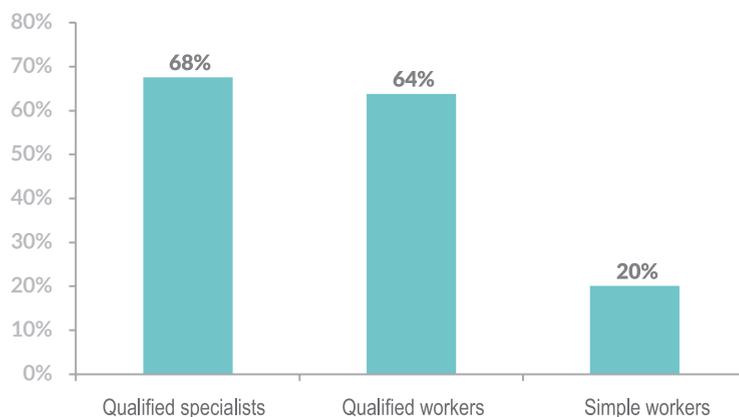
**Graphic 30.** Gender preferences in recruiting and reasons for preference (according to fields)



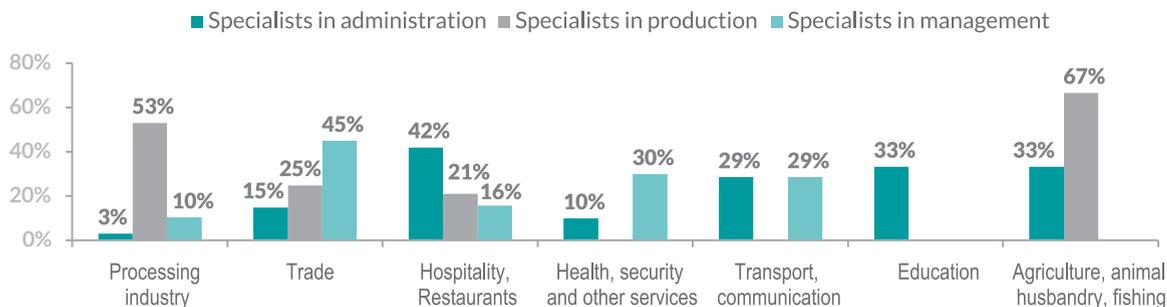
Approximately 72% of employers have a gender preference in their work force recruitment activities, and there is predominance for hiring women (77%). In this case, we should again bear in mind the intentional sample selection, because if the company selection for the sample had been casual, and not focused on companies with more capabilities for employing women and girls, the situation would have certainly been much different.

The three main reasons businesses mention in favor of their gender preference when recruiting are: the type of activity that conditions the preference (59%); the category better adapts to the activity of the company (41%); and the category selected is better qualified for the position (32%). One of the other reasons mentioned by one of the companies is also the fact that women are more communicative. The recruitment reasons according to economic activity have been reflected in more details in Graphic 30.

**Graphic 31.** *The most sought after job categories*



**Graphic 32.** *Preference for specialists according to economic activit*



When asked on the category of human resources mostly preferred for employment in their companies – as shown in Graphic 31 – employers have declared that specialists (higher education level) and qualified employees (vocational education) are more preferred. Even among companies that prefer recruiting specialists, a small percentage of approximately 17% prefer to employ specialists in the administration and some 24% do the same with regard to management. The majority of respondents (59%) prefer to recruit specialists of production, and here the largest proportion is again that of the processing industry (Graphic 32).

In more detail, job categories requested by companies are as follows:

**Qualified Specialist:**

1. Production technician (18)
2. Economist (12)
3. Marketing manager (8)
4. Production and packaging workers (confections) (7)
5. Production quality manager (5)
6. Professional staff (teachers, physicians) 8

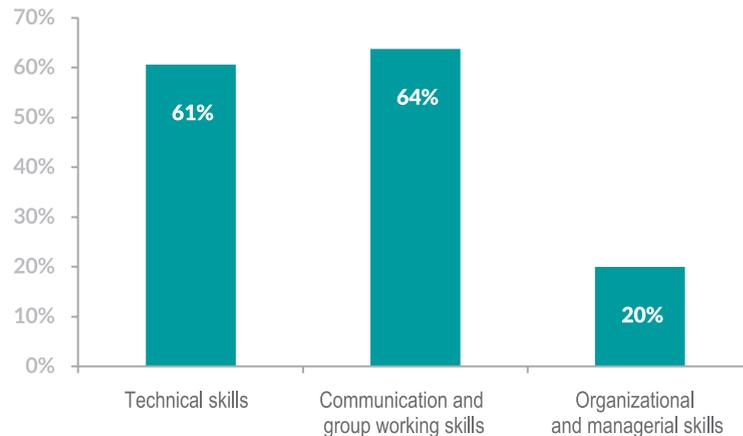
**Qualified workers**

1. Tailoring (46);
2. Machinery/electrical repairs (22)
3. Service workers (waiter, receptionist) (18)
4. Call center operators (9)

**Unqualified workers**

1. Cleaning staff (22)
2. Laborer workers (18)

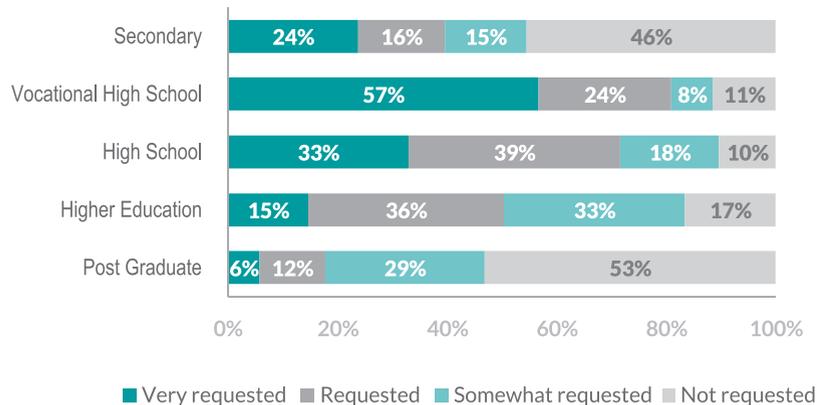
**Graphic 33.** *Level of qualification and skills requested to the employees*



Approximately 80% of employers have responded they are happy with the qualification level of their employees.

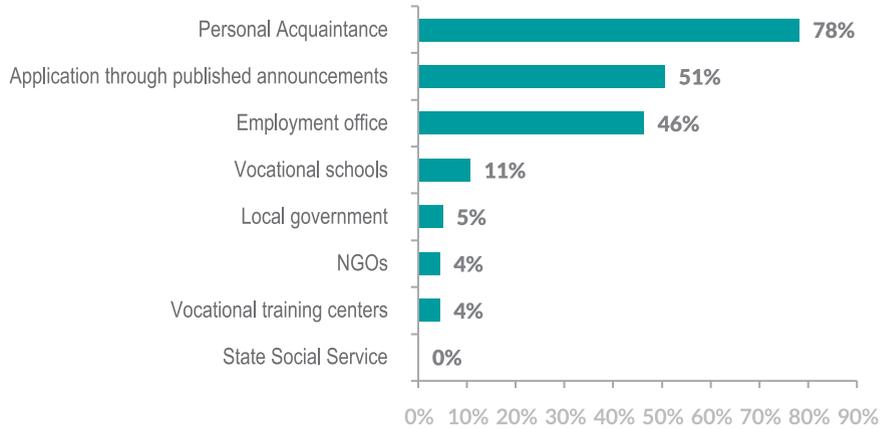
However, when further asked about “other skills” they would like their employees to possess, the majority of employers (64%) responded that they would appreciate improved communication and group working skills, while on the other hand - as also shown in Graphic 33 - management skills are requested less. Among technical skills requested, 13 employers (61% of the sample) have noted training for sewing machines operation. This is also in line with the fact that a considerable part of the sample is involved in economic activities requiring this type of skill.

**Graphic 34.** Educational level requested for employees

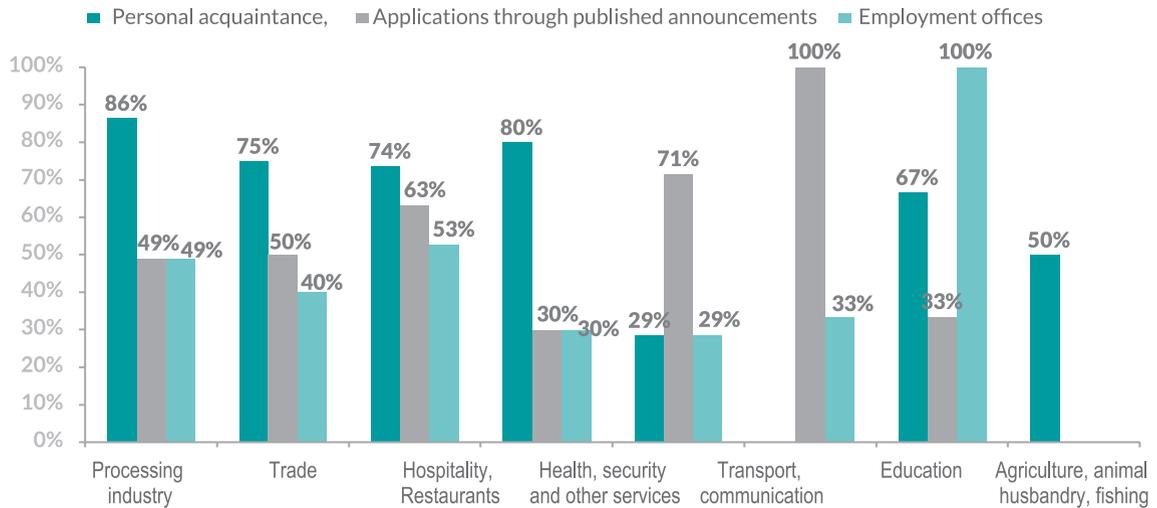


High school level vocational education is the most sought after type of education by 81% of the companies interviewed as part of this study. It is followed by general high school education, while higher education is less requested (Graphic 34).

**Graphic 35.** *Work force recruitment methods*



**Graphic 36.** *The three most frequent work force recruitment methods according to category*

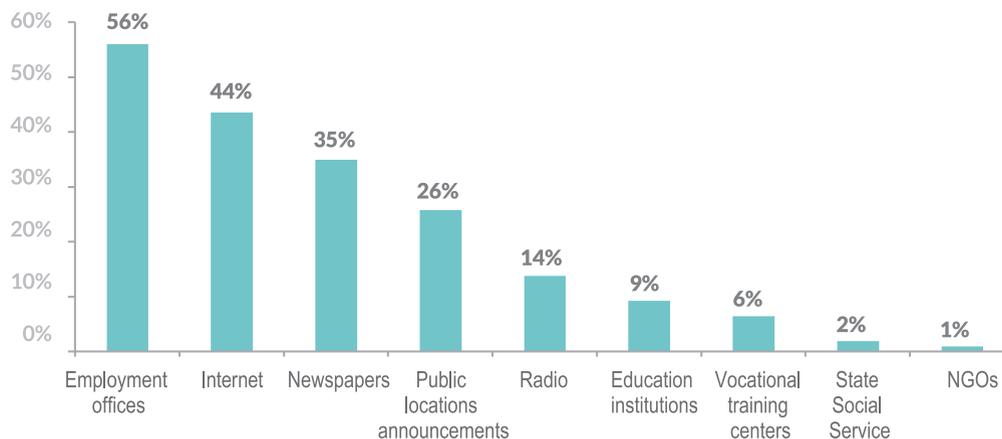


Work force recruitment for companies is done, for the most part, informally based on acquaintances and references from acquaintances. In this framework, companies have very little and almost inconsiderable cooperation with vocational schools, regional vocational training centers, local NGOs and local government. In the meantime, 46% of the sample responded that they do take under consideration the information of the regional employment offices when recruiting (Graphic 35). When considering the specific importance of sample categories, the majority of notifications to employment offices, are submitted by companies are part of the processing industry category, followed by hospitality and trade (Graphic 36).

Other, but not very frequent recruitment methods are direct requests sent to the company and information services at universities. Companies still do not have the mentality of recruiting work force through professional employment mediators. Only one company accepted that it is cooperating with a mediation company.

In Albania, employment mediation companies are mainly located in Tirana. They cooperate with a limited number of mainly large businesses and with regard to a specific category of job positions, mainly in management.

**Graphic 37.** *Vacancy advertisement methods*



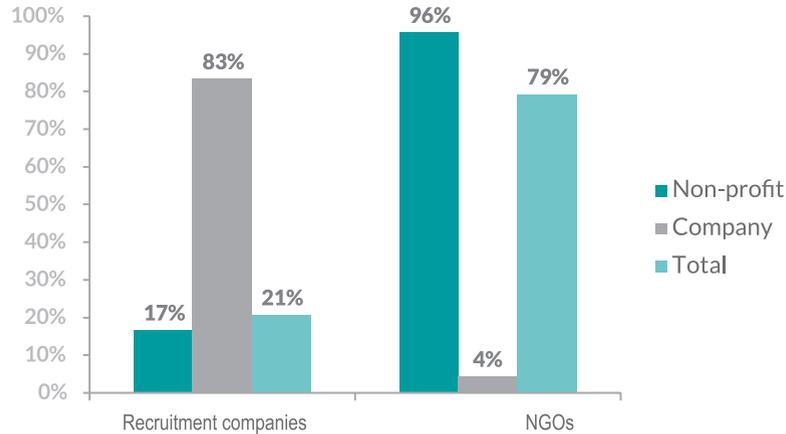
Even though, as explained above, work force recruitment is mainly done through personal connections, companies have responded that as regards “job vacancy advertisement”, even when purely for formality, they notify employment offices on their vacancies and they also make these positions public through online advertising, public notifications, local radio and television advertisements, etc. (Graphic 37).

#### **4.3.3. Analysis of employment situation from the labor market mediators point of view**

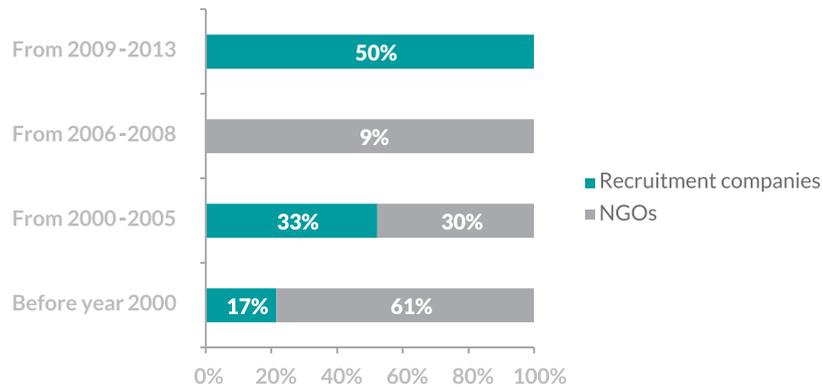
Partners Albania interviewed 29 mediators, among which 6 full-fledged recruitment companies and 23 local civil society organizations. As part of the methodology, 40 mediators had been preliminarily selected to participate in the study, but even though identified and contacted a number of times, recruitment companies especially, were not willing to be part of the sample and provide information on their activities. As regards civil society organizations, since as part of their activities they provide services and represent the interests of various stakeholders, marginalized groups, etc. (special needs persons, Roma community, women and girls victims of trafficking and violence, individuals/households/communities in economic difficulty), it should be stressed that they provide employment mediation for these categories as part of and to complete other activities/services they provide and not exclusively as if having an employment mediation focus. The main instrument of the study was the administration of a standard questionnaire with interviews with mediators. The study aimed to gather general data on the operation of mediators in the labor market, identification of companies and individuals with whom they work, the map of their activities, methods used to attract interested jobseekers and employers, relations with public and private institutions working at the local level, professions and skills in highest demand by employers and what skills jobseekers provide/have generally, in order to identify potential for employment and the level of compatibility between demand and supply in the market, etc.

## Operation

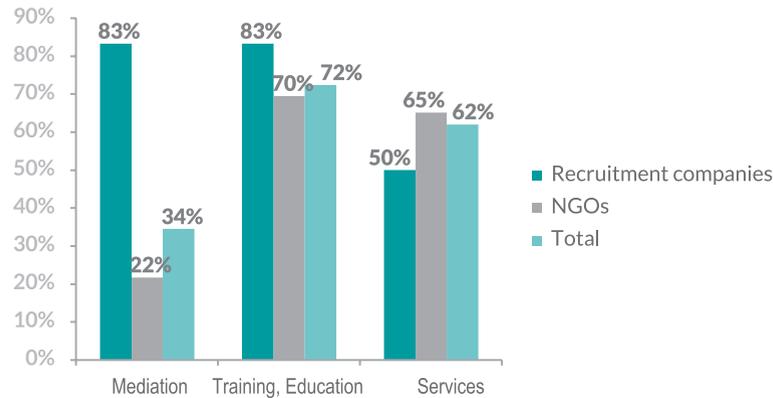
**Graphic 38.** Mediators organizational format



**Graphic 39.** Sample division according to year of establishment and organizational format



Full-fledged recruitment companies have developed more intensively after the 2000s, while a growing trend is noted in the last five years, impacted also by the labor market necessity for professional mediators to identify and recruit human resources (Graphic 39).

**Graphic 40.** Sample work focus according to organizational format

Mediators (such as recruitment companies and NGOs) in addition to this role, provide capacity building through training and other services (Graphic 40). There is a clear difference between the training provided by NGOs, which are mostly in line with their mission and support for the groups they serve, and those provided by recruitment companies that are involved in recruitment and employment as their main field of activity.

Thus, topics and beneficiaries in the majority of sample NGO provided trainings are as follows:

- Training and education with women, victims of abuse and trafficking and youth in need (6)
- Economic and political empowerment of women (tailoring, computer and foreign language skills) (3)
- Education on human rights (3); and
- Vocational training (electrician, plumber, computer skills, tailoring, cooking, artisanal work) (2)

On the other hand, services mainly consist of the following:

- Social support – psychological – legal services (11)
- Referral/mediation services (4)
- Needs identification and assessment (2)
- Cleaning, maintenance, child day care services, etc.

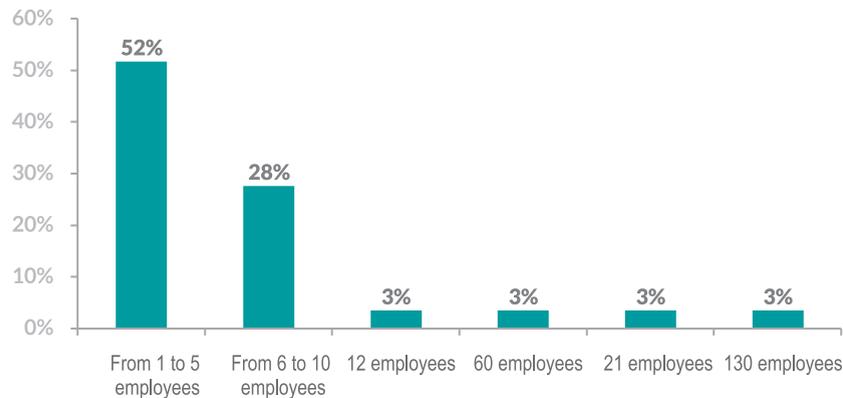
Recruitment companies provide training in communication, management, retail and customer service, financial management, tourism skills, etc. In the meantime as part of the services they provide, the most important to note would be career counseling, business development/management counseling, performance evaluation, internship provision, etc.

### Online system for job vacancy and application registration

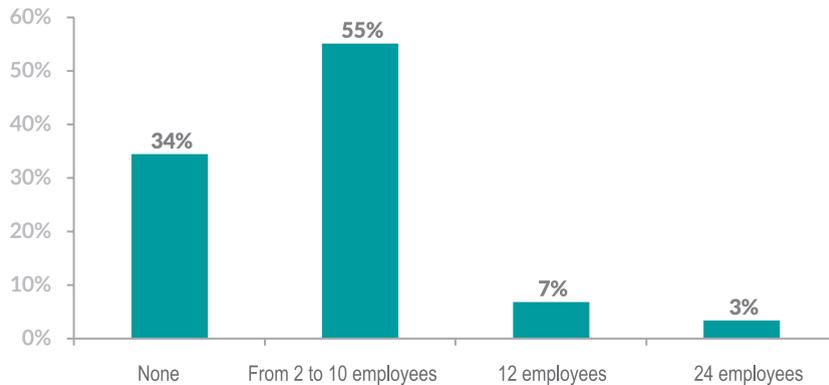
50% of recruitment companies have online systems for jobseeker sign up and job vacancy announcements. However, only 9% of NGOs admit that they operate based on this type of system. The argument in this case is related to the fact that mediation for employment is not their main activity, but merely a way to assist beneficiaries of their services or the groups they represent.

### Human resources

Graphic 41. Full time employees



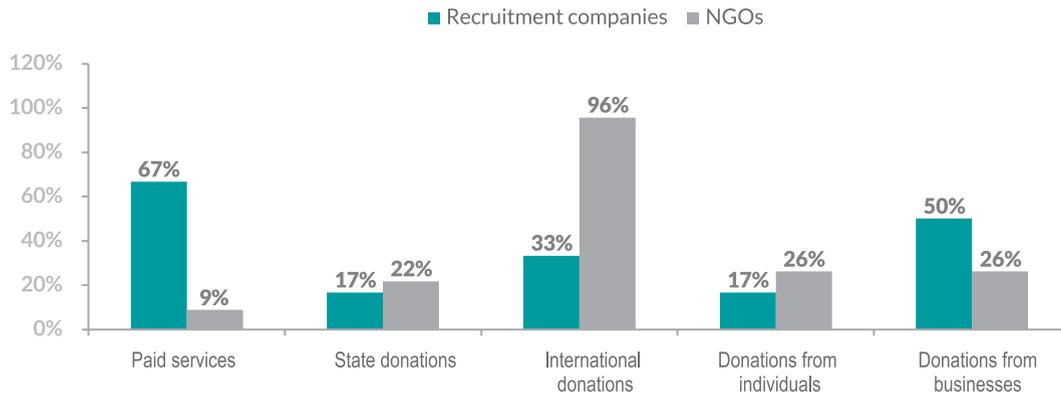
**Graphic 42.** *Part time employees*



The majority of employment mediation institutions, employ 1 to 5 full time employees and 2 to 10 part time employees. The latter can also be employed on the basis of service contracts for various services (Graphic 41, 42).

On the other hand, it has been found that, especially NGOs that have an employment mediation role, in addition to the employed staff, have also engaged volunteers in their organizations (48% have 1-10 volunteers and 21% have 20-50 volunteers).

**Graphic 43.** *Main revenue sources for the Institution/Organization*



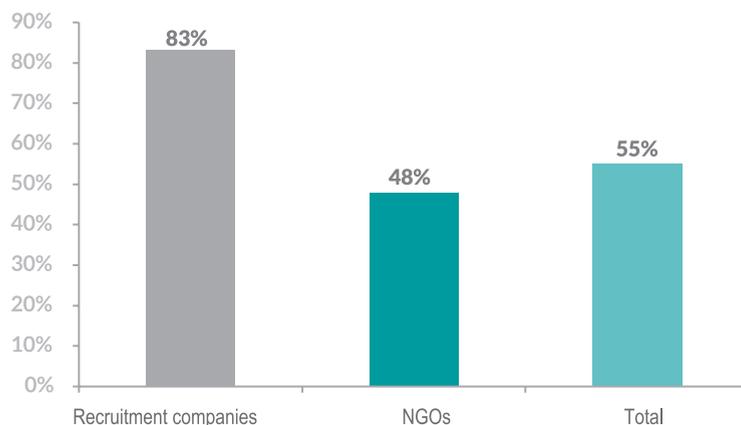
In addition to the sources shown in Graphic 43, there are also other revenue sources such as the generation of revenue from social events. This is mainly attributed to the NGO operations, while company capital is another source for recruitment companies.

### Average annual turnover

Only half of the sample have declared their average annual turnover/budget, which varies from 15,000 to 50,000 Euro for approximately 47% of the respondents, 70,000 to 125,000 Euro for approximately 33% of the respondents and 200,000 to 500,000 Euro for approximately 20% of the respondents.

### Data on jobseeker and employer identification

**Graphic 44.** *Standard procedure/protocol for jobseeker identification*



Recruitment companies, for the most part, have standard procedures in place for the identification of jobseekers, while NGOs employ very few of these procedures (Graphic 44).

### Standard procedure/protocol for employer identification

83% of recruitment companies have standard procedures and protocols in place for the identification of employers. On the other hand, only 39% of NGOs have such

procedures in place. The higher level of jobseeker and employer identification structuring in recruitment companies is a result of recruitment being their main activity and at the same time the main revenue source. This has thus resulted in the development of standard procedures for this identification. On the other hand, NGOs are not primarily involved with recruitment as part of their operations, but do this sporadically and more for the benefit of beneficiary groups or stakeholders they serve.

**Graphic 45.** *Jobseeker identification methods*



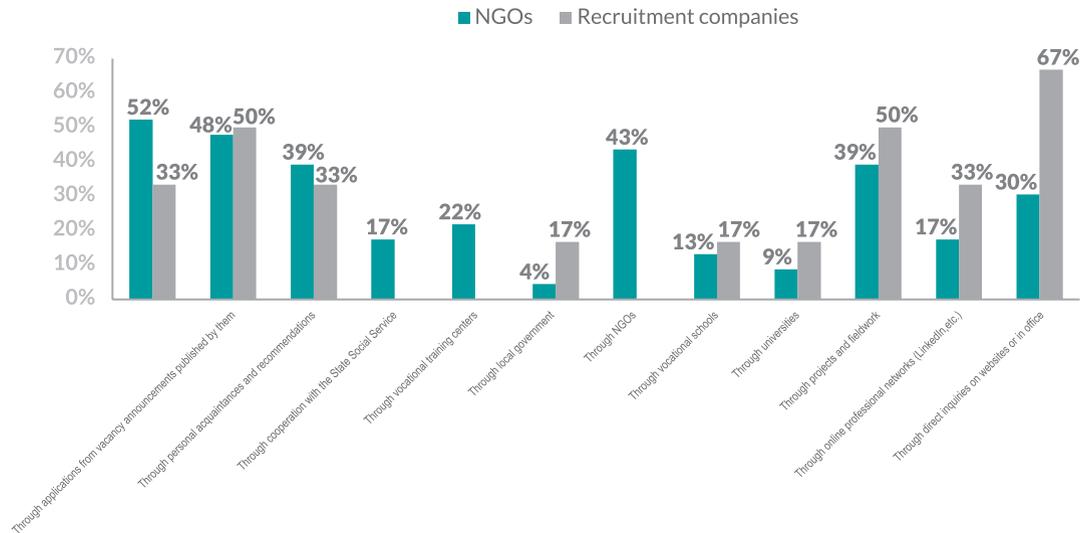
Unlike business companies, employment mediators are more proactive in identifying jobseekers, by using all of the sources available at a higher rate and by working more in the field. Compared to businesses, mediators use universities and vocational schools, NGOs, regional vocational training centers and State Social Services (the latter is especially used by NGOs involved in mediations) more. Two important jobseeker identification methods by recruitment companies are direct requests they receive and online professional networks, such as LinkedIn, which is related to the fact that these companies are mostly working with a more elite jobseeker category (Graphic 45).

In addition to the above-mentioned jobseeker identification methods, another method used by NGOs is also professional trainings/courses, and volunteer work in the organization.

Graphic 46 below also shows identification methods for companies with which mediators cooperate.

Chambers of Commerce have been identified as another information source and connection creating hub between employer businesses and recruitment companies.

**Graphic 46.** Selection of companies with which mediators cooperate



### Fees for employment mediation services

Out of all respondents, only 1 recruitment company and 5 NGOs apply standard fees for jobseekers, while 3 recruitment companies and 2 NGOs apply standard fees for employers. In general NGOs do not apply fees because employment mediation is an activity undertaken in the framework of donor funded project implementation, to serve groups in need.

Practice in determining service fees is different. One of the NGOs that using this procedure applies fees varying from ALL 500 to 1,500 per jobseeker, or up to a fourth of the fist paycheck. The same fee is also applied for the employer. On the other hand, the only two recruitment companies that accepted to respond to this question reported

that they apply a fee varying between 150 and 350 Euro for the jobseeker and at least one or two gross monthly salaries for the employer.

Employers pay an offer declaration fee based on job categories. For third category jobs (cleaning, service, bartending, etc.) bidders pay an ALL 2,500 fee. The fee is increased to ALL 7,500 for first category jobs (economist, management, etc.).

### **Criteria for jobseekers and employers**

67% of recruitment companies and 57% of NGOs admitted they have predetermined criteria for jobseekers and employers.

Some of the criteria listed by NGOs and recruitment companies for jobseekers include: level of vocational education/training, work experience and references, command of a foreign language, and other general criteria related to the degree of motivation, adequate behavior in the work place and engagement of the jobseeker in the work place setting.

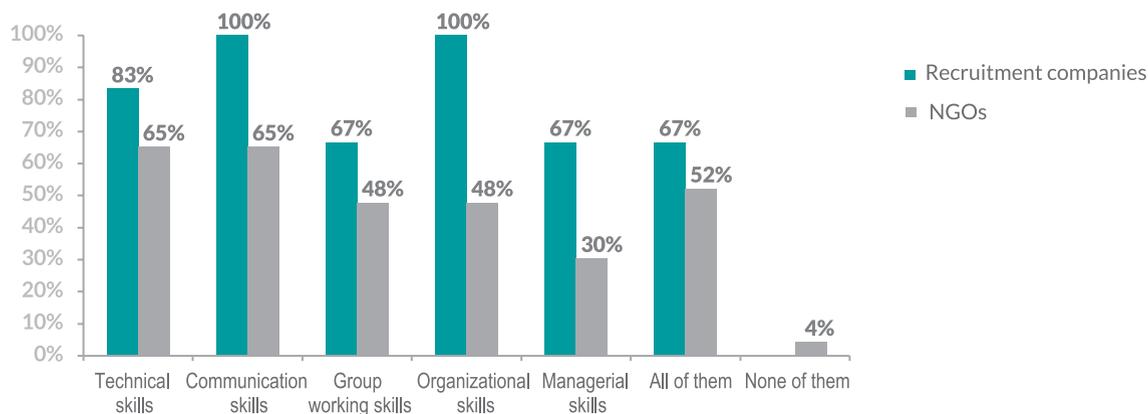
It is to be noted that NGOs pay attention to some criteria that are closely correlated with groups in need (unemployment status, special needs, ability for artisanal work, etc.) and state institutions (employment offices, civil registry offices, etc.), which provide the necessary information and documentation required for their employment.

On the other hand, recruitment companies are the only ones that have noted the development of criteria for employers, which include: ensuring adequate employment contracts, good working conditions, adequate employment documentation, etc.

### **Specific employer requests to recruit more men or women**

Both recruitment companies and NGOs serving as employment mediators, have declared cases when employers have preferred to recruit more women and girls (17% of recruitment companies and 30% of NGOs have confirmed this fact). The higher percentage in NGOs is related to the fact that the majority of them are focused on services targeting women and as part of their activity they intentionally aim at identifying businesses that would rather employ women than men.

**Graphic 47.** *Jobseeker skills requiring further development*



Jobseeker communication skills are considered by both mediators and employers, as previously mentioned in this chapter, as requiring further development. Other skills and the opinions of mediators (recruitment companies and NGOs) are reflected in detail in Graphic 47.

### Jobseeker sign-ups in 2013

The number of jobseeker sign-ups in 2013 with mediation companies varies from 250 to 3,000. On the other hand, figures are much more diverse and much lower for NGOs. The demand level is lower (on average between 10 and 1,000). This is also confirmed by other study data that reinforce the fact that NGOs are not considered as primary entities in employment mediation, from both the jobseekers who do not sign up with them, and also by employers who do not share their vacancies with NGOs.

### Number of employers with which there was cooperation in 2013

NGOs cooperate with a relatively small number of employers annually, varying from 1 to 15. It was found that this is based on the field and location of their activity as well. There is an exception for some NGOs, which have a considerable level of activity and represent the interest of special needs groups, women and youngsters in need, etc. For example, ADRF has cooperated with 50 employers, thus undertaking the role

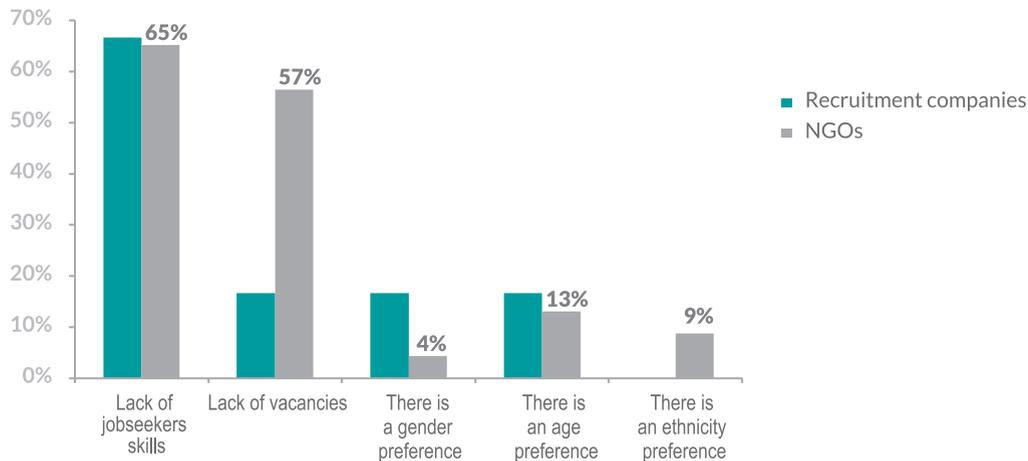
of the jobseeker on behalf of the special needs persons, since they do not have other possibilities and alternatives to be represented and integrated in the labor market.

The majority of the interviewees have cooperated relatively rarely with a few employees. However, recruitment companies have higher cooperation indicators, cooperating with between 15 and 50 companies. Only one mediation company has disclosed the highest number of employers with which it has cooperated (147).

### Cooperation with employers (individuals, institutions and companies)

Recruitment companies cooperate mainly with large and consolidated companies, foreign and domestic businesses and especially in the telecommunications field (call centers), as well as other companies. On the other hand it was found that NGOs mainly cooperate with small and medium local enterprises such as hotels, cleaning businesses, apparel companies, etc. This is closely related to the identification they undertake as part of their fieldwork and the nature of requests they get from the jobseekers signing up with them.

**Graphic 48.** *Reasons for lack of correlation between demand and supply*



The majority of the sample - 83% - of recruitment companies and 91% of NGOs, declared that they have difficulties in matching demand and supply. In general this difficulty is related to the lack of jobseeker skills, lack of vacancies, gender and age requirements, etc. 9% of mediators and all NGOs mentioned ethnic requirements as a difficulty in this respect. This is related to the fact that they work with minorities and address their employment issues (Graphic 48).

Other difficulties declared by mediators are related to the lack of jobseeker technical skills, discrimination because of disability, lack of additional services (lack of transport, compliance, support facilities, lack of sign language translators), lack of legislation implementation for disabled persons, fictitious recruitment procedures, unclear employer requirements, and lack of organization and strategies for job positions.

An analysis of the responses related to “job positions most sought after by jobseekers and employers in recruitment companies”, found that the number of jobseeker requests is higher than the supply provided by the employers.

Employers contacting recruitment companies, in many cases seek applicants for management or retail, information technology, legal positions, etc. On the other hand, NGOs that are involved in mediation mentioned other offers for job positions by employers including home cleaning maids, tailors, receptionists, day care teachers, waiting staff, psychologists, social workers, etc. With regard to the two last positions, it was found that the demand is much higher than the supply of vacant job positions. In more detail, the requests of jobseekers and employers in general, and in detail for women and girls, are reflected in Table 5.

**Table 5.** Professions/positions requested by jobseekers and provided by employers in general and in detail for women and girls

Requested in general by jobseekers	Provided in general by employers	Requested by women jobseekers	Provided by employers for women
Maid (7)	Maid	Economist (6)	Economist
Economist (6)	Economist (4)	Tailor (6)	Tailor (2)
Social Worker (6)	Social Worker (2)	Social Worker (5)	
Tailor (6)	Tailor (3)	Maid (5)	Maid
Lawyer (5)	Lawyer	Babysitter (4)	
Cook (5)	Cook (4)	Day care teacher (3)	
Cleaning staff (5)	Cleaning staff (2)	Cleaning staff (3)	Cleaning staff (3)
Day care teacher (4)	Day care teacher (3)	Cook (2)	Cook (3)
Psychologist (4)	Psychologist	Lawyer (2)	
Babysitter (3)	Babysitter (2)	Hairdresser (2)	
Call Center operator (3)	Call Center operator (5)	Secretary (2)	Secretary
Physician (2)		Office assistant	
Customer Service (2)		Reporter	
Hairdresser (2)		Call Center operator	Call Center operator
Marketing (2)	Marketing (3)	Office position	
Receptionist (2)	Receptionist (2)	Product showcasing	
Retail (2)		Psychologist	
Banker		Artisanal worker	
Reporter		Receptionist	

Plumber		Cleaning service	
Waiter	Waiter	Retail	
Project coordinator	Project coordinator (2)	Sociologist	
Gardner			Manager
Carpenter			Service positions (2)
Postman			
Guard			
Secretary			
Driver			
Sociologist			
Social Administrator			
Office administrator			
Assistant to elderly			
	Communication		
	Manager		
	Staff		
	Information technician		

### Recognition of social enterprises and assessment of their activity by mediators in the labor market

50% of recruitment companies and 74% of NGOs admitted that they have knowledge of the existence of social enterprises in the respective regions. At the same time 50% of recruitment companies and 65% of NGOs also have information on the activity of these social enterprises.

NGOs which work in the mediation field and that are aware of social enterprises and their activity have assessed their role as contributing, positive and important to increased employment. However, they noted that SEs need support and funding in order to expand their activity and impact further.

On the other hand, recruitment companies are more skeptical of the role and impact of SEs. They responded that even though they have information on SE activities, they have no information on any success cases. SEs need to further strengthen their expertise in order to increase their impact on employment.

## 5. CONCLUSIONS

The development of social enterprises in the past 20 years is considered one of the key factors in response to social, economic, cultural and environmental needs anywhere in the world. They are effective and innovative models to the challenges facing societies today. Acting in the public interest, social enterprises create employment opportunities, provide innovative products and services, and promote social inclusion and economic development.

In recent years the development of social enterprises is viewed with much interest in our country. Recognizing the role of social enterprises in employment and economic development of many countries, undertaking this study aims to shed light on the potential of social enterprise development in Albania, and in particular among the three largest districts (Tirana, Durrës and Elbasan), to increase employment opportunities for disadvantaged groups especially among those of girls and women.

The study was based on a set of relevant methods and instruments to collect as much data not only from social enterprises, but also by institutions and private companies, for analysis of the role of each of these institutions in employment.

From several sources of information and analysis results clearly that there is a high level of discrepancy between supply and demand for labor, and a lack of coordination between social and institutional actors at central and local levels.

Regional employment offices do not have much visibility in subjects such as business companies, employment intermediaries etc., and to job seekers for the services they provide. However, as was pointed out above in this study, these data were obtained during 2013 and reflect the situation up to this time. In January 2014, the Ministry of Social Welfare and Youth has paid special attention to the opening of offices employing modern standards and promoting their role in the employment of citizens.

From the study results that the regional employment offices do not have sufficient capacity to reach out to stakeholders, and as a result lack in matching supply and demand in the labor market. The dominant education of unemployed jobseekers registered at employment offices is of only 9 years, which makes it very difficult for their employment.

Also, it turns out that there is a very large difference between the number of unemployed workers, who participate in courses, and the number of those employed after the training. The same situation applies in particular for girls and women. This again clearly shows the mismatch of training courses with specific needs for manpower in the respective professions.

Vocational schools play an important role in the level of employment. People who have general secondary education have a higher probability of being vulnerable to unemployment (about 50%), compared to those who complete a vocational high school. The National Strategy for Employment and Training 2014-2020, for providing quality education and vocational training for youth and adults is one of the strategic priorities of work for the coming years. According to the strategy, education and training will be subject to a series of reforms to increase the efficiency and the creation of employment opportunities.

From the information received from businesses and employment intermediaries, part of this study, it seems clear that specialists and skilled workers (of vocational education) are the most required categories in the labor market.

The dominant age group of employees in all categories and in all sectors there is a preference for the age group of 31-40 years followed by 21-30 years. The comparison within sectors, noted that more girls and women are employed in the manufacturing industry (mainly sewing), education, and tourism and hospitality. These businesses also seem to pose the greatest potential for employment of girls and women in the three districts.

Employers and intermediaries unanimously expressed the importance of training of job seekers and existing staff to companies in communication and teamwork.

Meanwhile, the recruitment of manpower from companies, for the most part remains problematic because it is still conducted based on informal standards, through personal recommendations of acquaintances. Very few companies have contacts of almost inconsiderable cooperation in this regard with vocational schools, regional vocational training centers, NGOs and local governments. Companies

are still far from the mentality of recruitment of manpower through vocational intermediary employment.

Employment intermediary companies are concentrated in Tirana, together with a limited number of mostly large businesses and for mainly high categories of certain positions.

In contrast to business companies, employment intermediaries are more proactive in identifying job seekers, using more all available resources and working more on the field. Compared to businesses, intermediaries use more resources like universities and vocational schools, NGOs, regional vocational training centers and state social service offices (the latter use especially NGOs that make mediation). Two important ways to identify jobseekers by recruitment companies are, direct requests they receive as well as online networks of professionals such as LinkedIn, which once again confirms the fact that these companies work with an elite category of jobseekers.

A good part of employment intermediaries (recruitment companies and NGOs) are aware of the existence of social enterprises but superficially recognize their activity. While NGOs estimate as contributing, positive and important their role in increasing employment, recruitment companies are skeptical about the impact of SE's.

However, in order to develop further, they say that SE's need support and funding, as well as strengthening their expertise in order to increase the impact on employment.

From the study it appears that some social enterprises have started their activities more than 15 years ago, as part of the activities of non-profit organizations in the context of support for programs and projects from foreign donors. Among the main areas of their activity are employment, education, economic development, child care, and social care. Most of these SE's serve the youth, disadvantaged girls and women, as well as children and persons with special needs.

In the absence of specific legislation on the functioning of the SE's, at the beginning of their activity, social enterprises have not been clear whether could exercise their activities as NGOs or as business. The predominant reason for registration with each of the selected statuses seems to be the lack of specific legislation.

SE's are generally dissatisfied with their status. The lack of incentives and the undifferentiated treatment with other businesses, regardless of the social mission that these businesses have, are the main reasons that determine dissatisfaction. All SE's included in the study unanimously declare the need for a separate legislation for them.

Given the European experience and beyond, the law could be an incentive for the development of SE's but their development is not associated with SE-specific legislation, but mostly with the lack of knowledge on how they are organized and function, legally and practically, from both SE's and social and institutional actors.

Social enterprises and their activities are very little known to institutions of central and local government, to other social actors and the community in general. Consequently, there is a lack in the level of existing support services.

Since SE's are created by individuals without the appropriate training, they face many problems during their development, especially in relation to other parties (such as, making contracts, used formats, deadlines, payment procedures, penalties, etc.). In this regard, there should further investments with more support and consultancy services.

The lack of legal framework, non-favorable fiscal framework, understanding of values, and of trust among all stakeholders of the society as a whole, together with the lack of funds for establishment and support for SE's and the capacity strengthening programs / training for their staff, are some of the main concerns to be addressed in order to create a more enabling environment for the development of social enterprises in Albania.

The draft law has not been subjected to an extensive debate with stakeholders and interest groups, and this acquires great importance given the lack of agreement and confusion about the term itself, and the activities of social enterprises in the country. It is necessary that this debate is reopened, in order to advance further in this direction, driven also by the concern that the government has expressed and the strategy of the Ministry for public consultations with stakeholders on various issues including social enterprises. The VAT issue is not viewed as positive and the global practice is not practiced and promoted.

Despite the diverse activities for many years of economic and social impact of non-profit organizations and NGOs, as part of the sector, there is still a lack of information about their evaluation and consequently, of all social and institutional actors, and the society as a whole. It is necessary to promote their role, in order to recognize and increase their trust in the eyes of the public.

This study was conducted in 2013. Considering the promotion, investment and attention it has given to the government and the Ministry the situation is expected to change.

## 6. RECOMMENDATIONS

The following recommendations are based on the findings of the study. They aim to provide ideas and suggestions for further interventions, in order to create a supportive environment for the development of social enterprises in Albania, as well as improving the employment situation, particularly for girls, women, and other disadvantaged groups.

- Reforming of national employment service and the service provided by it, and the office of regional centers of employment and vocational training. In this regard more efforts should be made to: increase of the visibility of these structures; increase of their capacity and efficiency; increase of the level of cooperation and proactive identification of employment opportunities; increase of the confidence of employer and employee subjects; design of software and delivery of training / vocational courses in accordance with market demand and concrete potential for development; creation of systems that enable data analysis and generation of the number and characteristics of jobseekers, requests, offers, and identification of the number of employees after receiving services from the NES.
- Reforming education and vocational training, in order to increase efficiency and create employment opportunities. Based also on the data generated by the study, it is clearly identified that the market needs employment opportunities in different sectors, for people who have pursued vocational education and have a profession.
- Opening a wide debate and consultations with stakeholders and interest groups, aiming to further advance the concept and the regulatory and legal framework for the SE's activity in the country.
- Providing support services from the government, including the establishment of financial support schemes and soft loans, creating financial incentives considering the social purpose of the SE's activity, financial counseling,

strengthening the capacity of SE's, and assistance for the development of business plans, as well as support for the promotion and networking within the country, the region, in EU and beyond.

- Promoting social enterprise activity and increased knowledge of state institutions, business, CSOs, the public in general, on the role and SE's activity, in order to recognize them, increased confidence and interaction with them.
- Developing programs from the government, international institutions, donors and civil society organizations to strengthen the capacity of SEs, as well as creating 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.

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miEnterprise: <http://dev.mienterprise.org.uk/>

Ministry of Social Welfare and Youth: [www.sociale.gov.al](http://www.sociale.gov.al)

CAPMarkt Model: <http://www.capmarkt.de>

Party Plan: <http://partyplanunited.com/>

National Employment Service : <http://www.kerkojpune.gov.al/>

State Social Service: [www.sherbimisocial.gov.al](http://www.sherbimisocial.gov.al)

*Le Mat* Hotels: <http://www.lemat.coop>; <http://www.lemat.se>

## 8. APENDICES

### Annex 1.

#### Intermediate labor markets – Some models and practices in UK

Most intermediate labour market (ILM) models provide paid work on a temporary contract, together with training, personal development and job search activities with the aim of enabling people to eventually move into employment elsewhere. They are generally targeted at longterm unemployed people, but not those facing additional significant barriers, such as disabilities.

One survey carried out in the UK suggested that up to 14,000 people per year are supported by ILM organisations, and that over 40% of these people eventually go on to gain permanent employment elsewhere (Finn & Dave Simmonds, 2003). In terms of gross cost per participant, however, one study found that ILMs are relatively expensive compared to other schemes that are targeted at the longterm unemployed.

Other methodologies use volunteering as a progression route into social and economic inclusion.

Many social enterprises in the UK such as Anglian Community Enterprise have a mix (400 volunteers and 1,000 paid staff). Volunteering can offer a safe and protected route into employment whereby individuals can build on their skills and confidence before moving on to find paid employment, which can include being offered work within the social enterprise they are involved in, or, through social enterprise networks, work in another social enterprise, or help in setting their own business.

Many social enterprises also replace initial investment with the 'sweat equity' of volunteering to start their business.

## Supported selfemployment

Supported selfemployment models usually work on developments of the 'Grameen Bank' microfinance development methodology, though not always including a finance facility. They usually feature a mutually supportive 'enterprise circle' of new microentrepreneurs, though again this is not always a 'lending circle'.

An example of a supported selfemployment model currently being rolled out on a national basis (in Scotland) is the 'miEnterprise' project. This is a mutual model, but argues that although social firms and cooperatives are indeed an excellent solution for some disabled and disadvantaged people, they do not work so well for those furthest from the labour market, such as learning disabled people in the state care system or institutions.

Here, the problem with employment models such as social firms is that in the regulatory frameworks of many countries they require a sudden change from residential care or attending a day centre and getting welfare benefits, to work and wages.

This is because the operation of minimum wage, benefits and other regulations make it very hard to build up work and productivity slowly: you have to be either out of work or very much in work regularly, productively and earning over the minimum wage. These regulations,

David is 41. After an employment-focused review, he decided to start his own microbusiness. He chose to stop some leisure and training activity and instead he used the money to buy membership of miEnterprise (a social enterprise that supports people with learning disabilities to start small businesses) and to use his PA to help him run his market stall. David has surprised people who know him well with his newfound confidence to make decisions. His business is developing each week and he now travels independently by bus. His mother feels people are finally listening to what David has to say.

David is thinking of growing his business into a door to door service serving the local community. It is important to him to take small steps and build his business up at a pace he controls. He is now applying for Access to Work to use alongside his social care budget, so he can engage more support from miEnterprise to take his business to the next stage.

David goes swimming in the evening now and pays for it out of his earnings and not his personal budget.

*Text taken from the UK Department of Health  
Valuing People Now Summary  
Report*

however, generally do not apply to selfemployment.

What *miEnterprise* aims to do therefore is lower the threshold for selfemployment – to do the paperwork, accounts, selling, and so on so that ‘earning disabled’ people can make the products or provide the services they like and get paid for them – whether they work 4 or 40 hours, and whether they get £10 or £100 per week.

The idea is that disabled people will then be able to make a slow, lowstress and flexible transition from care to employment. Once they are comfortable with working and earning, it is argued, *miEnterprise* can assist with further business development, perhaps bringing together a group with complementary selfemployment, to develop them into a fully fledged social firm or cooperative.

*miEnterprise* is not therefore an ‘either/or’ alternative to social firms and cooperatives, but a response to the perceived problem that for most learning disabled people in state care systems social firms are – in the current legal/ financial environments like the UK simply too difficult.

*miEnterprise is a groundbreaking social enterprise working directly with socially disadvantaged unemployed people, particularly those with learning disabilities, to help them establish and develop micro businesses. Developed in close partnership with Herefordshire Council, Jobcentre Plus and HMRC, miEnterprise offers a membership scheme which provides comprehensive business support tailored to overcome disadvantages faced in gaining employment. Individuals use personal budgets to purchase scheme membership. This provides personalised support geared to developing a range of entrepreneurial skills and competencies in a real life work environment, mostly in their own community.*

*This kind of supported self employment offers a real option for many disadvantaged people to work towards becoming less dependent on traditional and often costly social care services.*

*This is what the UK Government Department for Business Innovation & Skills said about miEnterprise in their strategy document Skills for Sustainable Growth.*

The ability of miEnterprise to lower the threshold for self employment depends in part on utilising the power of the internet to provide business services such as accounting and marketing very cost effectively, and to bring people together to ‘bulkbuy’ other services such as insurance at reduced cost, and also to enable mutual support among all miEnterprisers and their supporters.

The introduction of individualized budgets in many EU countries, including the UK, is also seen as favouring more individual solutions such as selfemployment.

Perhaps both individualised budgets and supported selfemployment reflect broader social changes it has been argued by some economists that the transition we are currently experiencing in Europe to universally networked knowledgebased economies will mean the decline of the firm itself – that firms were in fact a utility produced by transactional costs in the age of industry, rendered unnecessary in the age of the internet (Benkler, 2002).

The inclusion of selfemployed people in the counting of social enterprise organisations in the UK was indeed determined in part by the increasing preponderance of this form of employment in the economy as a whole: 3.5 million (74%) of UK businesses now have no employees at all, and a further million

#### The *miE* web platform has 5 main aspects:

1. Full web-based Enterprise Resource Management (ERM) capability including accounts packages.
2. Integrated support materials – training and guidance on each stage of the miEnterprise pathway to self employment, model forms, etc.
3. A library of member businesses including, in some cases, detailed product breakdowns, costings, etc.
4. Intertrading and social/business networking.
5. Full e-commerce capability – a “virtual high street” of miEnterpriser products and services.

or so (21%) have less than 10 employees; these microenterprises therefore constitute 95% of business organisations, and account for about a third of all employment. Moreover, the number of businesses without employees is rising rapidly up by 18% in the last 5 years, while the number of large businesses (more than 250 employees) is on a steep downward trend – down 35% from 7,200 in 2000 to 6,000 in 2012.

Most interestingly, perhaps, these recent trends are NOT down to the recession they can in fact be dated in all developed economies from the dates the internet became widely available.

*The major business trend of the last few years is the regeneration of the cottage industry economic model<sup>1</sup>.*

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1 Industri e vogël që mbahet nga anëtarët e një familjeje duke përdorur mjetet e tyre.

## Annex 2.

### Examples of good practices in EU – Replication in Albania

There are a number of social enterprise models creating employment for target groups that are already geared up for international replication. These include:

- **Its relative proximity** (in Trieste) and the historic links between Albania and Italy will make cultural differences more manageable;
- **Le Mat** is very experienced in accessing EU and other funding for replication, and could work with Partners Albania and/or other partners on funded replications
- Among other sectors, **the hotel business** works within tourism, likely to be a source of longterm growth for Albania, and possibly expansion through the Albanian diaspora
- Many of the jobs created by hotels are **suited to women**, and for technical reasons can also be attractive to people unable to work fulltime
- **Other technical characteristics**, such as the relative distance between direct costs and prices, can also make hotels particularly suited to social enterprise
- And finally, **hotels offer great potential for networking and intertrading** with other social enterprise – for example with local growers or craft makers (eg. souvenir sales from the hotel foyer)

The CAPMarkt model would require more careful adaption, because its business model is closely shaped around the German commercial property and urban retail markets<sup>2</sup>.

2 CAP-eve vendosen kryesisht në zona periurbane, në ambiente të braktisura nga rrjete të tjera supermarketesh për shkak të marzhit të ulët të fitimit, por që në bazë të modelit CAP-Markt sjellin fitime nga të njëjtët konsumatorë.

miEnterprise is similarly shaped around the legal/financial environment for social care in the UK and similar relatively wealthy economies; however, there might be possibilities for a research/information exchange project (of the *Leonardo* type) that could develop the basis for replication in the Albanian context.

*Alternatively, thinking more about the 'WEETU' example, elements of the miEnterprise development methodology and web infrastructure could be adapted to women microentrepreneurs in Albania.*

The French Cooperative d'Activites et d'Emploi (CAEs) Business & Employment Cooperatives might also provide a model for Albania in this area. Currently, there are 42 CAEs in France, providing services to unemployed people, many of whom are women, to establish their own economic activity without having to bear the usual risks involved in business creation<sup>3</sup>.

CAEs work within the particular welfare benefits and employment status regulations in France (and Belgium), but in this context allow people to engage in business creation endeavours, while still maintaining their social security entitlements. Once the business is established the entrepreneur is not forced to leave and set up independently, but can stay and become a full member of the cooperative.

The microenterprises thus combine to form one multiactivity enterprise whose members provide a mutually supportive environment for each other, and the CAE thus provides budding business women with an easy transition from inactivity to selfemployment, but in a collective framework.

In addition, we feel the following offer particularly strong models capable of thriving in the Albanian situation:

- *Global Seesaw* is a UK based social enterprise that aims to create sustainable employment for women who have been trafficked into prostitution. The products are sold through 'party plan' networks in the UK, but made in many other countries; all profits from are reinvested into the business to create more employment and freedom from trafficking/prostitution worldwide.

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3 Shiko rastin studimor Coopaname , p.19.

- *Agrotourist cooperatives*, increasingly being set up in remote areas in Slovenia, Spain and Sweden, mostly by women developing farm diversification, offering services such as accommodation, restaurants and craftwork.
- The UK *Development Trust* model; a type of social enterprise designed to economically regenerate a local area. It is actually a combination of an organisational model and a business model.
- *The organisational model* aims to bring together the key players in local economic development in a multistakeholder organisation. Usually this means a membership structure and board composition bringing together the local authority, representatives of local businesses and NGOs. Sometimes other important local organisations or groups are involved, such as local residents, community groups, the church, police, health services, young people, and so on.
- *The business model* is particularly elegant: the Development Trust is given a redundant building, usually by its local authority partner; it raises grant and/or loan finance to redevelop the building as business units, and on completion rents these units, either to inward investors or to local newstart businesses – to which it usually also offers startup advice and other support. This has a threefold regeneration impact: the physical redevelopment of the building, the attraction or development of new businesses, and the ongoing wealth generation of these businesses some of which is returned to the Development Trust, in the form of rents, to continue its regeneration work.

Some Development Trusts also start trading subsidiaries themselves, following the well-established NGO Trading Subsidiary model. It has been found that the Development Trust model represents more than the sum of its parts. Because it brings together all of the key players in local economic development it combines their different knowledge, skills, contacts, etc. The fact that a Development Trust is a genuine local partnership tends to generate a great deal of goodwill and enthusiasm – it creates a focus for voluntary as well as paid public and private sector work. Finally, Development Trusts can often access funds from a wider variety of sources than any of their partners – this is of course why local authorities donate redundant buildings to Development Trusts which they cannot afford to redevelop using only their own resources.



### Application of supported selfemployment model in Albania

Although the social firms/cooperatives models are more familiar and well proven in many countries, we feel the supported selfemployment concept needs to be thoroughly examined in the Albanian national context.

One factor to note here is that in the countries with the largest numbers of social firms and cooperatives, such as Italy and Germany, there tend to be favourable characteristics inherent in the national welfare benefits and care infrastructures.

In Italy, for example, both the welfare benefits and care systems work through local government, so by supporting people into paid work local authorities stand to make direct savings, whereas in other countries like the UK welfare benefits are paid through a national government agency, but care through local government, so a local authority does not necessarily benefit itself financially at all by investing in employment.

In Germany, there are established national wage subsidies for employing disabled people that make social firms more competitive: in most other countries, like the UK again, there are no such permanent subsidies, so viability is more elusive for firmbased employment models.

Moreover, the supported selfemployment concept might have particular relevance to the employment situation in countries like Albania, because it has symmetries with:

- **Underdeveloped or transitional economies** - where the priority is to enable any kind of entrepreneurship among disadvantaged groups, or provide modern technological, networking, distribution and marketing services, as in 'fairtrade' social enterprise models.
- **Rural development** - where products and services already serve local markets, but need collaborative organisation to scale and break into city or export markets, and thus really break out of subsistence farming.

- **Women** – who because of home responsibilities or other practical or cultural constraints need networked support to start trading in their own right.

Indeed, miEnterprise explicitly acknowledges that it is building on the experience of WEETU a women's training, employment and enterprise project based in Norwich, in the rural Eastern Region of the UK, focussed on women in rural areas of Norfolk<sup>4</sup>.

WEETU successfully adapted the peer group microfinance model developed by the Grameen bank in Bangladesh, and made it work in a Western setting. Women are recruited to the programme, go through a short enterprise training course, and towards the end of this are invited to form into groups of five – the peer group. This group then meets autonomously and reviews the business plans of each of the members. When they are happy with a proposal they put it forward to WEETU for a loan – but in fact research into WEETU carried out by SEE director Geof Cox a few years ago suggested that it was not the finance element, but the peer support group, that was the crucial factor in enabling entrepreneurialism among the women.

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4 Women's Employment, Enterprise and Training Unit - Njësia për Sipërmarrjen, Trajnimin dhe Punësimin e Grave. Fatkeqësisht pas shumë vitesh të suksesshme ËEETU u mbyll në 2013 (ishte themeluar në 1987) – edhe pse nuk mund të konsiderohet i pasuksesshëm në terma të rezultateve që solli.

## Annex 3.

### Examples of good practices of Social Enterprise functioning

#### 3.1. Case studies of social firms that have created employment for disadvantaged groups

##### Rags2riches: Women into social enterprise in the Philippines

Rags2Riches is a social enterprise based in Manila in the Philippines taking hundreds of women out of poverty who used to eke out a living from the dumpsites around the city.

The Social enterprise was started in 2007 with the women from the Payatas, one the Philippines' largest dump sites and home to 12,000 families.

The rug weavers are women who scavenge the site for rags which they turn into simple rugs. The industry is controlled by middlemen who control both the supply and the access to the market leaving the women surviving on an income of a few dollars a week.

The social enterprise was started by Reese Fernandez – Ruiz who is still the CEO. It empowered the women to collectively start controlling their business, gain access to training and get a better return for their products. By securing the support of top Filipino designers such as Rajo Laurel they were able to turn their products into high quality handbags which could be sold in Filipino, UK and international markets. It also secured backing from organisations such as LGT Venture Philanthropy.

In four years 450 women have now had their lives changed dramatically through this social enterprise from 21 communities.

### Lessons:

- That social enterprise can be a powerful and effective way of getting women out of poverty
- That even the most disadvantaged can make use of global resources and markets
- That collective action can over power exploitation
- That often aiming for the highest quality is the best policy.

### PackIT Case Study: Transformation of a public service to social enterprise

PackIT is one of the few established UK social firms that have so far come out of a local authority externalisation process.

PackIT started as a Cardiff Social Services project in 1988, first with 2 users and 2 staff based in a day centre, but with the idea of building up a contract packaging, warehousing and distribution (mailouts) business.

It was slow to develop at first. When John Bennett, the current manager, was asked to get involved to sort out some trading problems in 1993 it still had only the same 4 workers, and the 2 service users were still only paid a £20 'attendance allowance'. However, turnover had been built up to about £70,000 per year and it had moved out of the day centre into an industrial unit. Also, an independent company had been formed and the staff transferred to it.

Although it was intended only as a temporary intervention, John Bennett stayed on to manage the business, and eventually built it into an outstanding Social Firm winners of the 2003 Enterprising Solutions award and the 2005 European Social Firm of the Year Award.

PackIT now employs 16 fulltime staff, half of whom are disabled. All staff earn over the minimum wage. They have a wide range of disabilities, including profound deafness, 'mild' learning disabilities such as dyslexia and dyspraxia, and more severe disabilities such as Downs Syndrome.

Some of the disabled workers are the main breadwinners for their families. The 2 service users originally involved in 1988 still work there, now on full

wages, and are among a number of workers formerly in receipt of fulltime day care.

In 2005 the New Economics Foundation analysed PackIT's 'social return on investment', and revealed a return ratio of 1.9 to 1 – thus for every £1 invested, social value of £1.90 is created through reduced welfare costs and increased local purchasing. PackIT, indeed, is now a net contributor to Cardiff City Council it's business rent and rates payments to the City alone amount to more than twice its remaining social services funding.

#### Lessons:

- PackIT demonstrates very clearly that many former care service users are capable of employment, and that the consequent potential for cost savings is enormous. This is also the experience of more recent and therefore less tried and tested – externalisations.
- John Bennett drove PackIT forward for over a decade from virtual closure in 1993 he is a social entrepreneur from a private sector background indeed nobody now working at PackIT is from a careworker background (although a number of course were care service users or have had care responsibilities at home).
- Although PackIT does demonstrate that health and social services transformations to social firms can work, therefore, it also indicates some of the significant issues that need to be dealt with.

### **Suma: Building on small beginnings**

Suma is the UK's largest independent wholefood wholesaler/distributor, specialising in vegetarian, fairly traded, organic, ethical and natural products. They are a workers' cooperative committed to ethical business with 120 workers based near Halifax in the north of England.

Its is a £ multimillion business delivering to customers worldwide.

Unlike most UK companies, Suma operates a thoroughly democratic system of management that isn't bound by the conventional notions of hierarchy. As a workers' cooperative the business is jointly owned and managed by all of its worker/members.

Everyone is paid the same and they collectively do all the jobs that need doing, whatever they happen to be. Work is divided out on a rota system and each worker has three very different jobs which they do each week. There are no managers or CEOs. Decisions are made in teams of workers and policy is worked out at general meetings.

Suma reports a very high level of work satisfaction and sickness rates are very low. The health record of past workers is also exceptionally good and there is a 600+ waiting list of people wanting to join the cooperative.

It is a company that operates within its own strict ethical values, the products are ethically sourced and there is a fierce support for fair trade. Care for the environment is translated into a 100% renewable energy use and a hybrid car for those on representative duty, recycling is taken seriously and food waste is composted.

#### **Lessons:**

- Suma is proof that a highly democratic social enterprise can not only work effectively but also create internal benefits of contentment among the workforce.
- Its long history starting from a very modest beginning shows that tiny social enterprises can grow into international businesses and still retain their original values and ethics.

### **Boa Lam Fertiliser Company: Clear pollution, create jobs**

The Boa Lam Fertiliser Company was set up by Mr Luu, who returned from the war in Vietnam to his village just outside Hanoi to find that the small river that flowed through his community was blocked and polluted. The cause of the pollution was the dumping of waste from the rice noodle making businesses in the village; a common problem in Vietnam.

Mr Luu developed an organic process that would change the waste into a high quality fertiliser. With a modest investment Mr Luu and his wife Danh Thi Tram built a small works and created employment for half a dozen young people from the village, giving them work and stopping them leaving their community. The Boa Lam Company was able to buy the waste from the noodle makers giving them an extra income and discouraging them from dumping the waste into the river. The high quality and organic fertiliser was sold to the poor farmers on the hillsides, improving their crops and their livelihoods.

When visited by Social Enterprise Europe in 2011 Mr Luu and his wife had not seen themselves as social entrepreneurs but now recognised that through their values and desire to help their community had set up what we would recognise as an excellent social enterprise. The visit was part of a survey of social enterprise activity in the country and one of its key findings was that there were hundreds of family based or community based enterprises in Vietnam that had been set up to solve social problems but had not connected with each other or identified themselves as social enterprises.

The Boa Lam company was also suffering from lack of investment and more funds would be able to buy better equipment making it more efficient and increasing the social impact. It was hoped that the results of the survey would lead to better organised support for such ventures.

### Lessons:

- That with a small investment and innovation a social enterprise can make a significant impact on the lives of people at a community level.
- That often such activities can be found to be already existing, especially in poor economies without the benefit of any organised support but like the Boa Lam company could also suffer from under investment if they remain isolated.

### Speed Sisters: Driving social enterprise in Palestine

Speed Sisters is a social enterprise whose members are Christian and Muslim women who, believing that a larger and wider future is possible for them both as women and Palestinians, have set up their own team to race street cars on the West Bank Circuit.

Formed in 2009 and sponsored by the British Consulate, the team carries the flags of both Britain and Palestine. Despite being funded and relying on rented cars, they manage to compete successfully with their all male rival team, with one of their team members being ranked in the top ten of Palestinian racing drivers.

The social enterprise has helped change the image of women in the Middle East, facing some criticism from Clerics calling it frivolous and unIslamic or even haram (forbidden). Many of the women said that they were not supported or encouraged by their families.

However, Khaled Khadoura, the head of the Palestinian Motorsport Federation says that “the women are serious competitors” and that “he is very proud to see our young women today taking an interest in race car driving on the Palestinian circuit.”

Although the ambitions of the Speed Sisters is to move up to the International circuits they face another barrier in representing a country that is not recognised.

A film based on the Speed Sisters is being made and will be released shortly and is likely to raise their profile even more.

**Lessons:**

- That social enterprise can be used to dramatically challenge prejudices and change perceptions
- The social benefits created keep the social enterprise viable, attracting sponsorship from the British Consulate and donations of cars and helmets
- Often the greater the barriers the more likely are we to find a small group of motivated people willing to try to change the world.

### **3.2. Case studies of social enterprise development methodologies that create selfemployment for disadvantaged groups**

#### **Coopaname: Women microentrepreneurs in France**

Coopaname is a business and employment cooperative, affiliated to a network of similar cooperatives in France and Belgium, which offer services to unemployed people, many of whom are women.<sup>28</sup> It provides participants with opportunities to test and realise business projects while at the same time maintaining their social security entitlements.

Individuals who express an interest are invited to an information meeting, and they can then decide whether they want to become a member of the company. In order to be accepted on the scheme, they have to present a project, but do not need to devise an actual business plan.

The company will support the individual in developing the project's details and in securing the means to achieve it, particularly finding potential customers and defining a commercial strategy. On this basis, the workers can commence their business activity. Relationships between the worker and Coopaname are governed by the network's charter. The company will support the worker by managing all of the administrative, social, accounting and tax formalities.

As soon as the business activity begins to generate profits – when enough money is generated to finance employment – the worker must conclude an employment contract with Coopaname.

Initially, this is a part time but openended contract. Through this means, a worker, who would have been employed in the past, can in accordance with French law continue to receive unemployment benefits. The amount of the employee's wage strictly depends on the profits generated by the business activity. Accordingly, Coopaname receives the profits of the activity and then pays the employee. In total, 10% of the activity's profits are devoted to financing Coopaname. The employment contract (wages, working time) will be amended in line with the development of the activity. As employer, Coopaname has to comply with the provisions of French labour law and, generally speaking, is legally responsible for the activity. The workers are free to manage their business activity as they so wish; nevertheless, although they do not have an office within the company, they are legally employees of Coopaname. Therefore, the individuals are entitled to benefit from labour law and social security law provisions covering employees,

particularly in the event of the failure of their activities, in which case they would be allowed to receive unemployment benefits. Each worker is entitled to engage in several activities.

People involved in the scheme can benefit from the support of others at monthly meetings. These meetings allow participants to share experiences and, in some cases, set up a common activity.

When the activity becomes economically viable, the workers can leave Coopaname and finance their own company; alternatively, they can opt to become shareholders. If the latter, the workers are fully involved in the company's development, and participate in management, thus monitoring the use of funds received by Coopaname. As long as they remain with the company, the workers benefit from training – particularly management training – enabling them to acquire skills that they did not have before joining. Generally, the support given to a salaried business member is provided by other members, but also by the permanent employees and managers.

## “The Big Issue”

The Big Issue is a social enterprise that was launched in 1991 in response to the growing number of rough sleepers on the streets of London. The founders set out to address the problem of homelessness by offering homeless people the opportunity to earn a legitimate income; to ‘help them to help themselves’. They did this by producing a magazine that would be sold on the streets by the homeless people themselves.

Twenty years on the organisation has helped thousands of vulnerable people to take control of their lives, and currently works with around 2,000 homeless and vulnerably housed people across the UK.

In order to become a Big Issue vendor an individual must prove they are homeless or at risk of homelessness, and must undergo an induction process and sign up to a code of conduct. Once they have done so they are allocated a fixed pitch and issued with a number of free copies of the magazine. Once they have sold these magazines they can purchase further copies, which they buy for £1.25 and sell for £2.50, thereby making £1.25 per copy.

Last year alone they put more than £5million in the pockets of their vendors, releasing them from a dependence on handouts and providing an alternative to begging.

Supporting the social enterprise is The Big Issue Foundation, a charity, which links vendors with vital support and services. The organisation offers advice and referrals in four key areas; housing, health, financial independence and aspirations, and relies almost entirely on voluntary donations.

Over the past two decades the magazine has become synonymous with challenging, independent journalism, and renowned for securing exclusive interviews with the most elusive of superstars. It currently circulates over 105,000 copies every week.

Created as a business solution to a social problem, The Big Issue has become one of the most instantly recognisable brands in the UK, and a powerful blueprint for social change which has inspired hundreds of imitations, from Johannesburg to Tokyo, Sydney to Addis Ababa, Perth to Sao Paulo, Seoul to Nairobi.

### Lessons:

- Social enterprise can be an effective method of using self help to raise people out of poverty and distress with dignity.
- Products like The Big Issue magazine sell because of the quality of the journalism and the added value represented by the direct benefit to the vendor.
- The Big Issue positively changes the relationship between those giving money and the beneficiaries. Not only is the contact one to one, but is based on a purchase rather than a donation.

### 3.3. Case studies of infrastructure developments that have worked

#### The Key Fund

The Key Fund was set up in 1999 as a social enterprise to help other social enterprises. Its main purpose is to support social enterprise in the north of England with mixed and flexible packages of loans, grants, equity and advice.

To date the fund has invested over £26 million in over 2,000 social enterprises, being directly responsible for creating 130 new social enterprises, creating 780 new jobs and safeguarding another 622.

The problem that many social enterprises faced before the Key Fund was that of raising finances from institutions such as banks who did not understand their needs or their uniqueness.

The Key Fund has been set up by other social enterprises, is governed by people with social enterprise experience, have values and social objectives compatible with their clients and are part of the social enterprise movement in the north of England. As such their packages are tailored to the needs of social enterprises, designed with their needs uppermost and with their full participation.

### Lessons:

- Social enterprises need not rely on the other sectors for the support they need they can cooperate together to find their own solutions, fitted to their needs.

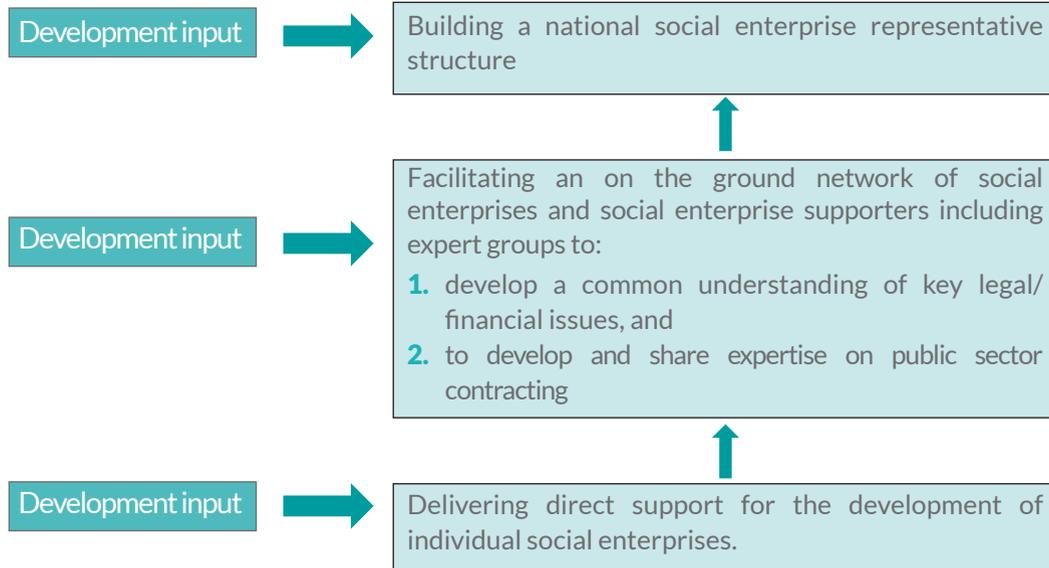
### Geof Cox's work with Oxfam in Russia from 2008

In 2008 SEE Director Geof Cox was asked by the international NGO Oxfam whether social enterprise could play a role in their antipoverty programme in Russia. Out of this work a broad framework for social enterprise development that worked simultaneously on 'topdown' and 'bottomup' interventions was developed: both supporting individual social enterprises and building a national representative structure; and linking the two approaches by facilitating an ontheground network of social enterprises and social enterprises supporters.

Geof Cox had been involved in the developed of the UK umbrella body for social firms and cooperatives, *Social Firms UK*, and the framework for Russia was based on the insight that the development of a national representative body does not need to be a long or costly undertaking. Social Firms UK was developed from scratch into a major national body out of a European Social Fund project, over just a few years, by a very small staff team typically just 23 people in the early years.<sup>29</sup>

The most important growth strategy adopted by Social Firms UK in fact was the deliberate utilisation of existing expertise and networks. Rather than developing its own regional branches, for example, Social Firms UK sought to add a Social Firms specialism to existing organisations and freelance business advisers, thus effectively both incorporating them into the Social Firms movement, gaining regional and local ambassadors, and bringing their general development experience to Social Firms.

The following diagram was used to initiate and explain the required process in Russia.



The development inputs were coordinated by a *Development Partnership* of Oxfam and other key NGOs, which followed a programme a regular monthly meetings to coordinate planning around the following key tasks:

1. An October 2008 Workshop within the existing AntiPoverty Programme – planning input but also evaluation and followup.
2. Based on the experience and materials of this Workshop, planning a future training programme on social enterprise development for wider advertisement and takeup by NGOs and other interested organisations. This training programme also made contacts with more key individuals and organizations with strong interest/expertise in social enterprise, and contributed to the necessary networking that will ultimately build a selfconscious social enterprise movement in Russia.

3. Kickstarting the proposed ontheground network of social enterprises and social enterprise supporters by bringing together two 'expert groups':
  - to develop a common understanding of key legal/financial issues affecting social enterprise development
  - to develop and share expertise on public sector contracting.
4. Coordinating and monitoring the practical business planning and other individual social enterprise development inputs recommended in the 5 pilot towns in the *AntiPoverty Programme*.
5. Developing an application for a follow on project specifically on social enterprise development to set all of this initial work on a firm and funded basis over a number of forthcoming years.





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