



Challenges and Opportunities for Employment of Marginalized Groups by Social Enterprises

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Challenges and Opportunities for Employment of Marginalized Groups by Social Enterprises

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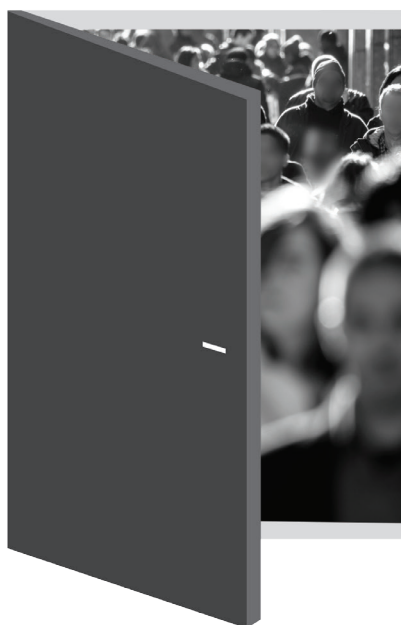
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I INTRODUCTION

1.1 Brief introduction on social entrepreneurship in Macedonia and the existing legal framework

Social entrepreneurship is largely considered a new development in Macedonia. However, the concept of social economy has roots and historical legacy in the country. In recent years, civil society and non-profit organizations have been the main actors and promoters in the development of social economy in Macedonia. Civil Society Organizations (CSOs) have been mostly considering social entrepreneurship in light of financial sustainability of their organizations and have been motivated to utilize opportunities in this regard. However, other organizational entities such as “sheltered enterprises” and cooperatives are also considered to be important actors in the future development of social economy in the country. This analysis shows that there is growing capacity for development of a diverse and vibrant social economy and that existing models of social enterprises have the potential for integration of marginalized groups. Additionally, finding alternative models for economic growth and inclusion is even more important for the countries in the South-Eastern Europe (SEE). With the transition in 1990s and high unemployment rates, SEE countries have been faced with great social and economic costs and growing social disparities (European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunity, 2008).

Social enterprise legislation is currently underway in Macedonia and this report is a contribution towards an adequate policy and legal framework that will enable development of social economy in the country. The exist-

ing legal framework (Law on Associations and Foundations, Law on Employment of Persons with Disabilities, Law on Cooperatives etc.) provides opportunities for operation of social economy entities under the existing forms of organizations. However, this framework does not provide an adequate support and enabling environment for development of the social enterprises, thus the key stakeholders have been advocating for targeted policy in this area. There was an initial draft Law on Social Entrepreneurship focused on social enterprises as entities that can employ people from marginalized groups. This report reviews the draft law and outlines several policy options (see page. 61 - 69).

1.2 Main purpose of the National report

Social enterprises (SEs) offer an opportunity for employing vulnerable and marginalized groups. High unemployment rates and increasing social disparities are evident in Macedonia and in the region. Legislation concerning social enterprises is currently underway in Macedonia and Albania. In this context, the research project “The Challenges and Opportunities for Employment of Marginalized Groups by Social Enterprises” implemented in the framework of the Regional Research Promotion Program in the Western Balkans (RRPP) aimed to understand the perceived challenges and opportunities for employment of marginalized groups by social enterprises in Macedonia, Albania and Kosovo. This report presents the findings from the research conducted in Macedonia and outlines the following: a) mapping of social enterprises (SE) in

Macedonia; b) analysis of the challenges and opportunities for employment of marginalized and vulnerable groups by SEs and c) exploration of various policy options for development of SEs and to achieve their full potential to employ people from marginalized groups.

1.3 Brief overview of the methodology

Research team has conducted both desk-top and field research, in order to understand the current state of social entrepreneurship in Macedonia, and to explore its potentials for employment of marginalized groups in the future. The desktop research included: 1) identifying and analyzing relevant publications on the explored subjects, from academic, civil sector and international organizations; 2) analyzing current and past relevant legal documents and state mechanisms; 3) identifying and analyzing relevant media reports. Desktop research was conducted in the first phase of the project, in the period of winter 2014 – spring 2015.

Field research was organized in two phases, during the spring and summer of 2015, and included interviews with social enterprises and their potential beneficiaries (in terms of employment). *During the first phase of the field research*, as a preparation, the team mapped all potential social enterprises and scheduled interview meetings with them. The main methodology instrument was structured direct interviews designed by the International Comparative Social Enterprise Models (ICSEM) Project¹. The ICSEM Project involves around 50 countries in the world and aims to build knowledge about emerging or already well-established social enterprise models across the world, following common guidelines so as to foster international comparative analysis. Direct interviews were conducted with 24 top management representatives of social enter-

prises in the country. One of the interviews lacked financial data, thus it is not included in the analyzed sample. Interviews lasted for approximately 90 min, and were conducted in the Macedonian language. Questionnaire used for the interviews was the International Comparative Social Enterprise Models (ICSEM) project's questionnaire professionally translated to Macedonian. This questionnaire serves as a model to map and portray social enterprises, but also offers the opportunity to engage with the larger network, and to incorporate information on interviewed social enterprises in a unique global database of enterprises. Consequently, with data received through this questionnaire the research team was able not just to map and profile social enterprises, but to compare them as well. For the purpose of processing and analyzing data, an online platform Lime Survey² was used.

The second phase of the field research was focused on interviews with potential beneficiaries of the social enterprises, in terms of employment. Beneficiaries are considered those coming from vulnerable groups based on several criteria: unemployment rate, socio-economic status, educational background and their official/unofficial classification. Based on these criteria the research team outlined the following vulnerable groups: women (eligible: unemployed and economically inactive because of discouragement), youth (eligible: unemployed, not in education and between the age of 16 and 29), Roma (eligible: unemployed and individuals who identify themselves as Roma, Egyptians, Sinti, Travelers, etc.), uneducated (eligible: unemployed and people with primary or no education), people with disabilities (eligible: unemployed and people that have been classified or classify themselves with some degree of physical disability), addicts (eligible: unemployed and drug and alcohol addicts) and

¹For more on ICSEM project please visit: <http://www.iap-socent.be/content>

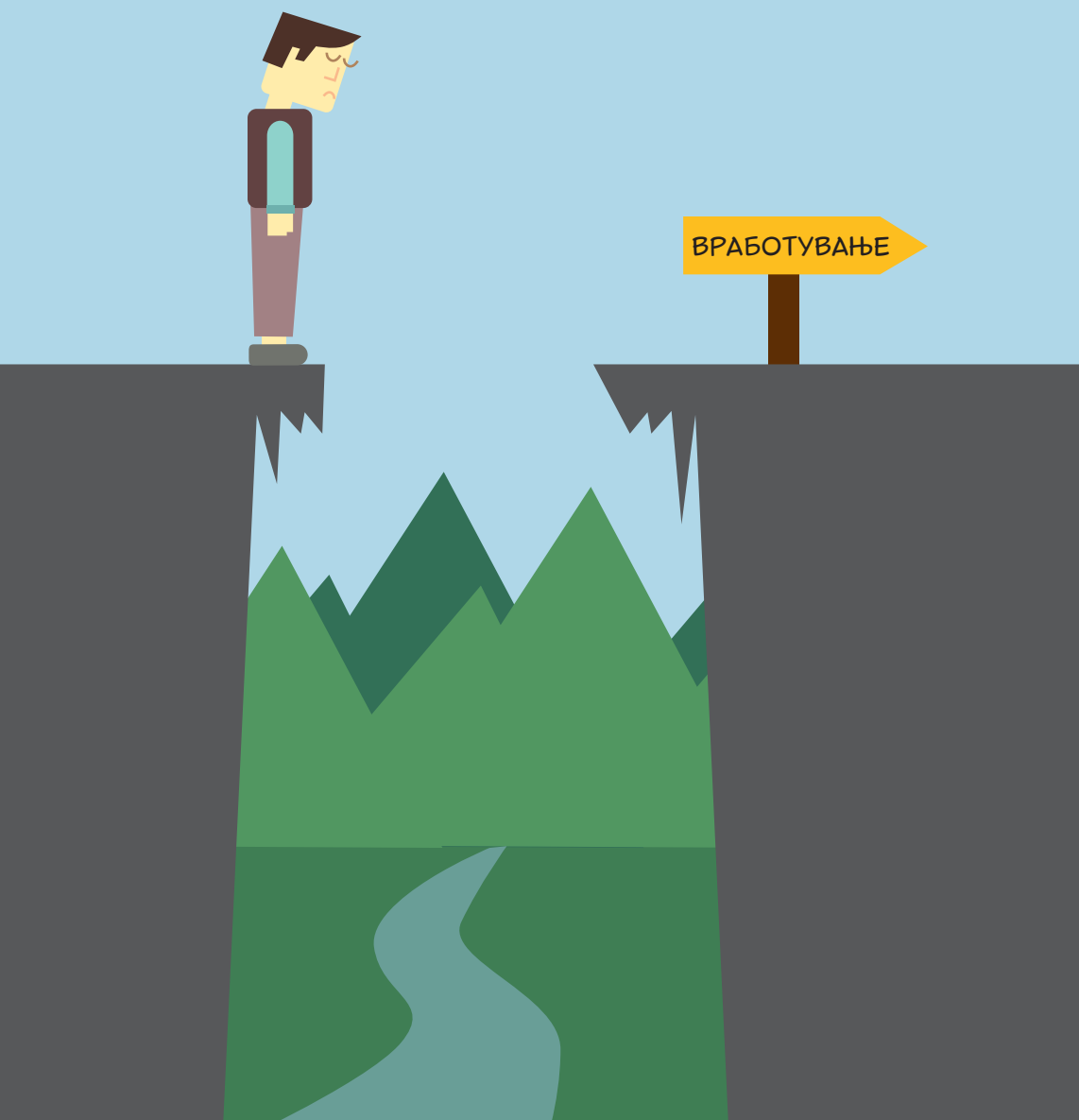
²For more on LimeSurvey, please visit: <https://www.limesurvey.org>

homeless (eligible: unemployed and people who live on the street and perceive themselves as homeless, regardless whether they own property – which they may or may not be able to access).

The total number of interviews conducted is 81, with relatively similar number of responders for each of the categories. Interviews lasted from 20 to 50 minutes, depending on various circumstances. The questionnaire used for the interviews was created by a partner organization, Reactor- research in action from Macedonia with slight adaptation to potential re-

spondents. Questions were open, allowing for the responders to provide their thoughts and experiences, in order to fully grasp their potential for becoming future employees of social enterprises. One set of questions was focused on unemployment and work integration for the purpose of noting the status in the labour market of each target group including, challenges and potential discrimination, while another set of questions was focused on social benefits and their impact on those receiving it, in terms of future employment, but also in terms of overall satisfaction of receivers.

II PROBLEM DESCRIPTION





2.1 Position of marginalized groups on the labor market

As a country with an economy in transition, Macedonia is facing serious economic and social difficulties, at the same time creating a growing number of social groups exposed to risk of becoming excluded. High unemployment and underemployment have been and remain among the most difficult economic and social problems in the Republic of Macedonia. The labour market situation in the country is unfavorable and is characterized by a relatively low participation rate of 57.3% and high unemployment rate of 28% of the entire population, out of which 27.6% are male and 28.6% female (State Statistical Office, 2015). The major characteristics of the unemployment in Macedonia are its consistency and high intensity. The highest unemployment rate is for people from 15-24 years of age, which is 53.1. The number of inactive persons in 2014 was 714 497, of which 36.0% were men and 64.0% women. Most jobs in the country are low-earning and there has not been structural change towards higher productivity jobs. The long-term unemployment rate is also presently high, 23.9% in 2013 and 23.4% in 2014 (State Statistical Office, 2014).

2.1.1 Women

The gender dimension is one of the most prominent dimensions of inequality in the labour market in Macedonia. The population in the Republic of Macedonia over 15 years of age was 1,673,494 persons, of which 837,232 are

men and 836,263 are women. The employment rate among men is much higher than among women, with 50.1% of men employed versus 32.4% of women. The unemployment rate is slightly higher for men than for women, at 19.1% and 13.0% respectively. Despite the fact that only 13.0% of women are registered as unemployed, the percentage of inactive workers is very high, at 54.7%. On the urban-rural divide, the group that has particularly low participation rates is women in rural areas, especially women of Albanian origin. In the country, it is much more likely that men are owners of a private company (38.2% are women and 61.8% are men). Also, women compared to men are less likely to be self-employed (12.1% of women and 64.0% of men were self-employed and more likely to be unpaid family workers (28.4% of women compared to 16.2% of men). Women constitute the highest number of unemployed persons in the formal sector, while those employed are concentrated in low-paying positions. Only 29% of the managers are women. Most women are working in the informal sector ((State Statistical Office, 2015). Thus, women face obstacles in their active participation in the formal segment of the economy.

2.1.2 Homeless

In Macedonia, the issue of homelessness is an area where gradual policy development is needed. There is no legal definition of home-

lessness available, while public institutions and the general public show a very narrow understanding of the issue. On a systemic level, a protocol for constant monitoring of homelessness is missing. Moreover, there is a need for systematic coherence between existing public policies, and the roles of different social factors (including the civil society sector and the business sector) in the creation of strategies and policies to tackle this increasing social problem (Ilijevski, Donevska, Mojanchevska, Iloska, and Nedelkovska, 2016). Public-association for research, communications and development is the first research organization that has implemented in-depth research on homelessness and housing deprivation in Macedonia, following the European ETHOS³ typology. "Public also developed the first online database on this subject which will ensure the constant generation of new knowledge and insight into the trend in homelessness in Macedonia; the first step in creating an evidence-based policy response⁴. Homeless people are not incorporated as a separate vulnerable group in the available governmental strategies for social inclusion and for fighting poverty. Neither is a protocol for their inclusion developed. A structural multi-ministerial approach is missing in the provision of protection and help to this target group. As stipulated in the Law on social protection, there is only non-institutional social protection for homeless people available. There is one Center for Homeless in Cicino selo and one day care center for children from the street in Shuto Orizari available. The street paper "Lice v Lice⁵" is also operating in the form of non-institutional protection, offering work engagement and economic empowerment of this vulnerable group. Additionally, there are

two programs for assistance to the homeless, functioning within the programs of the Red Cross-Skopje: social service patrol and a shelter where they can receive hygiene and health services.

According to the data of the Ministry of Labour and Social Policies, in Macedonia there are registered only 100 homeless persons. According to the State Statistical Office in 2013 in total 106 homeless persons used social services. Most of them were on the age between 26-45 years (44 persons) and 22-25 years (29 persons). According to Red Cross of the city of Skopje, in Skopje alone there are in total 318 officially registered homeless persons, of whom 170 use the services of the shelter for homeless persons in Momin Potok. This is the only public center for homeless persons in Macedonia, with a capacity to accommodate 70 persons in total. Taking into consideration the persistently high levels of poverty, high unemployment rates, aging of the population, domestic violence and increasing divorce rates, increasing trends in this vulnerable group can be expected.

2.1.3.3 Roma

According to the 2002 census, the Republic of Macedonia has 2,022,547 inhabitants, of whom 53,879 (2.66%) declared themselves Roma. However, other relevant sources and research, suggest numbers that are much higher, between 150,000 and 260,000, while the most recent available unofficial estimate for Roma is 135,490 (6.77%) (Macedonia: country profile 2011-2012, 2013).

According to recent surveys in Macedonia, the unemployment rate among the Roma population is 53%. Roma women are particularly

³ The ETHOS typology is available on: <http://bezdomnistvo.mk/definicija/%D0%B5%D1%82%D1%85%D0%BE%D1%81-%D1%82%D0%B8%D0%BF%D0%BE%D0%BB%D0%BE%D0%B3%D0%B8%D1%98%D0%B0/>

⁴ More information can be found on the following link: <http://bezdomnistvo.mk/>

⁵ "Lice v Lice" is a street paper published by the association for research, communication and development "Public". More info on www.licevlice.mk

vulnerable, with an unemployment rate of 70%, double the rate of that for non-Roma women. The unemployment rate among Roma youth between 15 and 24 years old was measured at 63% for males and 83% for females, and for the general Roma population the measured unemployment rate is 61%. The informal employment incidence among Roma in Macedonia is 64% compared to 25% measured among non-Roma population ("Roma data", n.d.). On the other hand, according to the latest data provided by the Employment Service Agency of the Republic of Macedonia, there are 6047 unemployed Roma, 2178 of whom are women.

2.1.4 People with disabilities

In Macedonia, persons with disabilities are still largely seen as objects of charity rather than citizens with the same human rights as other individuals. Most can only find jobs in segregated, protected workplaces that do not contribute to their social integration. To date, little effort has been made to identify and develop the real capacities of persons with disabilities to work in the open market, rather than in sheltered companies (Рамадани и Маџова, 2013). According to the data from 2011, in Macedonia there are 411 sheltered companies with 3,541 employed persons with disabilities. Of these, 3,350 are persons with disabilities of all categories, while 191 are occupationally disabled workers; 406 are sole proprietors or work together with other proprietors; 971 person with disabilities work in trade companies; 15 are employed in the public sector; for a total of 5,339 employed persons with disabilities (Станојковска-Трајковска и Петров, 2012).

In 2000, a new law for employment of persons with disabilities was enacted in Macedonia. The law created a series of incentives in order to encourage the employment of this vulnerable group. Incentives were applicable to the civil society sector as well as to businesses. This kind of positive regulatory framework is imposed only in a small number of European countries. However, these reforms didn't result

as expected. A number of employers were attracted by the non-repayable funds allocated from the special fund managed by the national agency for employment. In many cases, finances were abused, persons with disabilities were employed only fictively and the companies were liquidated after the funds were spent (Grujevski, n.d.).

Based to the official data from the Employment Service Agency of the Republic of Macedonia, the total number of registered unemployed disabled people is as follows:

Year	Unemployed PWD	Women
2014	1.443	488
2013	1.208	438
2012	2.034	753

Table 1: Number of unemployed persons with disabilities in Macedonia

2.1.5 Addicts

In Macedonia, to date, no specific survey has been conducted on drug use among the general population according to EU standards, due to a lack of funds. For 2012, out of 582 registered drug users, 48 are employed, 70 are part-time employed and 25 receive honoraria, which is an indicator that this group faces discrimination in the labour market (United Nations office on drugs and crime, 2013). In 2014 there were 133 alcohol users and 283 drug users who were recipients of social welfare in the country (State Statistical Office, 2015). There are no any data available on the employment status of alcohol addicts.

2.1.6 Youth

The total population in Macedonia age 15-24 years old is 292,517, of whom 44,517 are employed, 50,397 are unemployed and 197,603 are considered as inactive (State Statistical Office, 2015). The youth (15-24) unemployment rate in Macedonia in 2014 was 53.1%, which was an increase of 1.2% compared to 2013. The youth

unemployment rate in the country is nearly twice that of adults. As a result, in the past few years more than 230,000 young people have left the country in search of a better future and a job, while as many as 75% of the young people have confessed they envisage their future in another country (Spirovska, 2014).

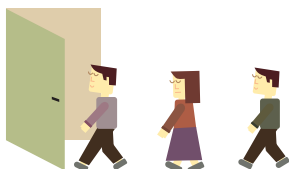
2.1.7 Undereducated

In 2014, there are in total 29,064 persons without education, out of which 8,229 are men and 20,835 are women. Moreover, there are in total 104,694 persons with incomplete

primary and lower secondary education, out of which 34,539 are men and 70,155 are women. Next to this, in the country there are in total 517,580 persons with primary education of whom 234,875 are men and 282,704 are women (State Statistical Office, 2015). By comparison, according to the latest data provided by the Employment Service Agency of the Republic of Macedonia, there are in total 46,213 registered persons without education or with primary education of whom 15,533 are women (Агенција за вработување на Република Македонија, 2015).

Table 3: Working age population by economic activity, gender and educational attainment, 2014

Education attainment	Вработени		Unemployed		Inactive population	
	Men	Women	Men	Women	Men	Women
Without education	3.314	2.833	1.718	1.629	4.915	18.002
Incomplete primary and lower secondary education	14.979	10.946	5.637	2.818	19.561	59.208
Primary education	137.538	67.036	43.744	20.533	97.337	215.669



2.2 Available active measures for work integration

Being perceived as the most pressing problem in Macedonia gives unemployment political significance. In recent years, the Government of the Republic of Macedonia has made the reduction of unemployment a priority of its economic policy. As one component of this policy it has introduced a number of Active Labor Market Measures (ALMP), as a modern system of active labor market services and programs. The first operative plans for active measures were introduced in 2007 by the Ministry of Labor and Social Policies. The implementation of ALMPs is managed through Annual Operational Plans that determine yearly the range, scope and financial allocation of the employment services and programs to be offered.

The following programs are included in the operational plan for 2015:

- Employment services (job search assistance; motivational training; job intermediation services, services for employers; employment and Work Preparation; career counseling and professional orientation);
- Developing entrepreneurship
- Subsidized employment (support the development of micro and small businesses in creation of new job positions; Program for conditional monetary support for employment of individuals at risk of social exclusion; Subsidized employment of young people by exempting contributions; Subsidized jobs for persons with disabilities),

- 4. Training (Trainings for known employers accompanied by subsidized employment; Training at work place with subsidized employment; Trainings in professions in short supply ; Training to meet labor market demand by private training providers; Training in advanced IT skills; Internship; Survey to address the needs of skills in the labor market; and training in general skills-language and computer skills);

- 5. Program for municipal useful work and other pilot programs (Program for establishing businesses in multi-ethnic communities; Training for skills in building energy efficient buildings; Training in the field of security; Incubator for crafts; and Training in life skills).

In the annual report of the National employment agency, there is a general overview on the number of participants in each active program and allocated budget. However in the country there is no evaluation planned to access the long term effects of the active measures for employment and how these measures contribute to reducing unemployment. There is lack of information about these measures among the vulnerable groups, especially among those with lower level of education. Additionally, in the process of application they are confronted with extensive and confusing documentation requirements, and sometimes with insensitivity on the part of public administration officials. Potential beneficiaries of passive measures for poverty reduction are not using the active measures, mostly because they are uninformed (70%) or because they don't fulfill the criteria (21%). Among all, they have been very rarely or not at all informed about the existing measures for employment by the Employment Agency (Петрески, Петреска, и Костадинов, 2014).

In 2015, the government of the Republic of Macedonia allocated 0.18% of the total budget expenditures for active measures for poverty reduction, which is a growth of 0.05% com-

pared to 2013 when only 0.13% of the total budget were ensured. There is also an upward trend in the country with much higher budgets for payment of social transfers compared to previous years. In 2010 there were 40.34% paid off of the total budget allocated for this purpose; in 2011 this was 42.12% and in 2015, 45.46%⁶ (Ministry of Finance, 2015).

Social entrepreneurship in Macedonia is not a new phenomenon, and this form of organization is very evident among the civil society organizations (CSOs). The number of registered non-profit organizations (associations and foundations) according to the data of the Central Registry of Macedonia (CRM) as of December 2014 totaled 13,656. Out of this number, 4,156 have re-registered under the Law on Associations and Foundations adopted in 2010. The total income of CSOs in Macedonia comprised 0.96% of the national GDP for 2014, while 0.38% of the employees in the country work in this sector . However, the active measures for employment are mostly concentrated around the private sector. The measures for increasing the employment in Macedonia planned within the frames of "Macedonia employs" are also applicable to CSOs and foundations but in the definition of the operating plan of active programs and measures for employment and services for the labour market for 2016, only the term "employer in the private sector" is used. In practice, these measures are used by CSOs and AVRМ evaluates their requests as eligible. CSOs are both interested and concerned about fulfilling the conditions of the measures (Кусиникова и Мирчевски, 2015). In 2014 the total income of the non-government sector was 81,516,765 EU with 68% being funded by donations and grants while only 6% of the income came from the sale of products and services of the organizations (Velat and Hafner Ademi, 2015).

⁶ Budget of Republic of Macedonia for the years 2013-2015



2.3 Legal framework for social entrepreneurship and related challenges of the SEs in Macedonia

2.3.1. Targeted legislation on social enterprises

The national strategic documents envisage adoption of targeted legislation in this field. Namely, in the Strategy for Cooperation of the Government with the Civil Society Sector (2012-2017) the development of social economy is one of the aims under the strategic priority: “Economic development and social cohesion”. The measures defined under “promotion and awareness raising about the concept of social entrepreneurship”, envisage establishment of enabling legal environment for social entrepreneurship and adopting a Law on Social Entrepreneurship (Government of the Republic of Macedonia, 2012). According to the Strategy for Cooperation of the Government with the Civil Society Sector (2012-2017) the Law on social entrepreneurship was planned to be adopted in the 2014-2016 period. The National Action Plan for Employment of the Republic of Macedonia (2014-2015) also defines preparation of a Law of Social Entrepreneurship as a measure related to the action direction: Advancement of social inclusion and fight against poverty (Ministry of Labour and Social Policies, 2013). The timeframe for the implementation of measure was 2014. The Program of the Government of the Republic of Macedonia (2014-2018) also defines the adoption of the Law on Social Enterprises as one of the measures in the field of social security and protection. The timeframe for adoption of the law is from 2014 to 2018 (Government of the Republic of Mace-

donia, 2013).

The Law on Social Entrepreneurship is in a draft phase in Macedonia. In 2012 the designated Ministry of Labor and Social Policy established a working group in order to analyze the need for introducing separate legislation on social entrepreneurship. The working group included representatives from civil society organizations (Ogdenovska, 2015). An initial draft law was produced by the working group and finalized within the Ministry of Labor and Social Policy. Within the project “Supporting the Development of Legal Framework for Social Entrepreneurship in Macedonia”, analysis of the state of social enterprises and the possibilities for legal regulation was carried out. Additionally, several CSOs including Konekt have organized events (information sessions, workshops, debates and conferences) with the purpose of awareness raising and capacity building for social entrepreneurship in Macedonia.

The Official Draft Law on Social Entrepreneurship (Ministry of Labour and Social Policies, 2015), was released on 28.07.2015 via the National Electronic Registry of legal acts in Macedonia (ENER) which enables public comments. Beforehand, there was no organized public debate to enable wider stakeholder engagement regarding the draft. Several comments were posted on ENER by relevant stakeholders. The draft regulates the principles, forms and activities of social entrepreneurship, the criteria for setting up and running a social enterprise, and the recording, reporting and supervising

of the social enterprises. The draft law also regulates an organized system for stakeholder representation in the processes of creation of policy for development of social entrepreneurship and outlines measures for encouragement of social entrepreneurship. Konekt, Public and Reactor as partners in the RRPP project “The Challenges and Opportunities for Employment of Marginalized Groups by Social Enterprises” analysed the draft law and publicly provided the following comments:

- Wider scope of the draft law defining and recognizing social entrepreneurship, especially in the field of providing goods and services to vulnerable groups, is needed. The draft law is concentrated exclusively on the capacities of social enterprises for employment of marginalized groups.

- This report and the preceding research conducted identify several types of existing social enterprises models. The draft law does not recognize the historic continuity and legacy regarding social enterprises and is predominantly focused on the work integration model of social entrepreneurship.

- The draft law defines a limited and closed list of groups of beneficiaries. Condition for obtaining social enterprise status is permanent employment of at least 1 employee who belongs to the limited list of beneficiaries within the first year and at least 1 more by the end of the second year. For the majority of existing SE entities this obligation is not compatible with the overall concept and goal of the SE. Additionally, the limited list does not include some marginalized groups, such as homeless people, already targeted by current social enterprises. The future law should be based on the needs of existing and potential SEs and not to be limited only on their possible beneficiaries.

- The draft law is unclear in the determination whether the existing entities will get social enterprise status or new legal form will be introduced for which re-registration is required.

- The provisions in the draft regarding reporting will create an administrative burden. This obligation should correspond to the size

and the capacity of the particular SE.

- The draft law obliges the SEs to be associated in a chamber. Association or union are identified as more appropriate forms that correspond to non-profit characteristics.

- It is provided that the Council for social entrepreneurship is composed of members appointed by the Government. This approach does not adequately enable inclusiveness and participation of relevant stakeholders.

- The defined measures for support are limited, and it is recommended that they be made available for all SEs for the purposes of development of social economy in the country.

- The provisions for violations and misdemeanors are rigorous and may cause demotivation for registration of SEs.

This draft version of the law has not been submitted as an official bill in parliamentary procedure. An EU funded Technical Assistance Project to the Ministry of Labor and Social Policy is underway. The TA project aims to improve the inclusiveness of the labour market by creating new jobs opportunities through stimulation of social economic initiatives. It is expected that the law and the bylaws on social entrepreneurship will be finalized within the mandate of the project.

2.3.2. Existing legislation that enables functioning of the SEs

Most of the current social enterprises are functioning as entities registered under the Law on Associations and Foundations, Law on Cooperatives and the Law on Employment of Persons with Disabilities.

The Law on Associations and Foundations is the basic law that regulates the establishment and modes of operation of the non-profit organisations such as the associations, foundations, coalitions etc. The law provides the general framework for the governance of the associations and foundations as well as the financing of the CSOs. The existing Law on Associations and Foundations allows mission-related economic activities as long as the gained income is used in the established non-profit

purposes of the organizations registered under this law. Also the Law on Social Protection, the Law on Free Legal Assistance and the Law on Public Procurement provide opportunity for the civil society sector to provide services. Having in mind the governance principles under the law, the not-for-profit nature of the activities and the legally established asset lock, the legal framework sets the basis for the associations and foundations to develop as social enterprises.

In 2000 the Law on Employment of Persons with Disabilities was introduced, which was then subjected to revisions in subsequent years. This law offers valuable support for establishing and functioning of sheltered companies which employ persons with disabilities (more than 40% of their workforce). According to available data, there are 291 sheltered companies in Macedonia. In relation to the employment of persons with disabilities in private companies and other employers, the Law on Employment of Persons with Disabilities provides financial and other benefits to encourage the employers (as well as the employees). Research shows that the measures provided by the law are mostly used by the sheltered companies, while the rest of the business community lacks appropriate information (Konekt, 2014). Sensitization and education of employers is needed so that they recognize the potential for employment of people with disabilities; and the need for further efforts for informing

the employers about the benefits provided by the law is stressed by relevant research in the field (Konekt, 2014).

Historically in Macedonia, the first cooperative was established in the village Robovo in the form of a consumer cooperative, and the second cooperative was established in 1914 in the form of fishing cooperative in Dojran (Sivcev and Randelovic, 1966). These achieved their expansion immediately after the Second World War, with the establishment of Yugoslavia and the formation of agricultural cooperatives that even today are the most common form of labour association (Borzaga, Defourny and Nogales, 2008). Cooperatives in former Yugoslavia were established by state initiative. Cooperatives that are promoted in the light of social entrepreneurship are now initiated by members themselves, the same as traditional businesses, without state involvement.

Cooperatives are regulated with the Law on Cooperatives as associations established by at least 3 individuals and legal persons with an aim to improve or to protect a determined number of defined economic interests in all business areas except in the banking sector and other business activities where they are forbidden by the Law. Cooperatives can make profits which can be shared among members after investing a minimum 5% of the profit in a reserve fund for 20 years. They can also establish additional funds which could be used for the cooperative's objectives or in financial crisis.



2.4. Historical legacy

Legal, social, economic and political context for SE development in the past, and its impact on the current developments

The development of social enterprises is largely influenced by the legal framework and the institutional support that civil society and other legal forms that drive the social economy

gained within different historical periods. The following part of this report reviews the historical context in which forms of social economy developed in Macedonia.

The period during the SFRJ

It is sometimes difficult to elaborate on civ-

il society within Socialist Federal Republic of Yugoslavia (hereafter SFRJ), but this report focuses on the organizational forms that existed during this era and are recognized as “predecessors” of the civil society organizations of today. The activities and the features of these organizational forms are analyzed in light of the characteristics of the social enterprises as currently defined. The legal framework analysis and the experiences from this period of SFRJ show that social organizations and the association of citizens that functioned in this period embodied principles of social entrepreneurship as we know it today.

The sources of funding of the association of citizens were defined in their internal acts as provided by the Law on Association of Citizens from 1972. This law did not explicitly regulate the possibility of conducting economic activities which during this period did occur in practice. The Law on social organizations and association of citizens from 1983 provided that social organizations could establish “working organizations” for conducting economic activities which would serve the purposes and the activities of the social organization as defined in its Statute. This is a clear indication of the asset lock principle of the social economy. Article 15 of this act affirmed that Social organizations could directly perform economic activities if there were not enough conditions for establishing a separate organization. However, a more restricted approach was applied for Associations of citizens which could not directly perform economic activities. The Law on Social Organizations and Associations of Citizens from 1990 retained this approach and in Article 34 permitted performing of economic activities by these entities if the legal requirements for the conduct of the particular business activity were fulfilled. The system of self-governing and the legal provisions for governing structure of this type of organizations is

in line with the criteria for democratic governance which in today’s context is related to the concept of social enterprises (Articles 6,7 and 8 from the Law of 1973; Articles 10 and 11 from the Law of 1983; and Article 10 from the Law of 2010). The consultations and semi-structured interviews conducted within the current project showed that providing services to targeted groups (eg. youth) was a source of income for these organizations in addition to funds from the state budget. Typical examples for this type of organizations are youth and cultural centers which provided educational courses as well as discounted travel and accommodation services. These organizations and many others (such as the scout organizations) managed property of significant value and maintained financial sustainability in this period. The political setting and the systematic support that these organizations enjoyed created a favorable environment for their development as a type of social enterprise.

The models of social organizations during the Socialist Federative Republic of Yugoslavia (SFRJ) represent a type of social enterprise. Even though their mission and profile did not necessarily derive from the socialist ideology (such as for example “Sojuz na izvidnici”⁸), they were established and thrived during this historic period. They were part of the larger structure of umbrella organizations and councils (such as the “Sojuz na socijalisticka mladina na Makedonija”⁹) where the state played a dominant role. Nevertheless, numerous socialist organizations embodied the principles attributed to social enterprises in the recent academic and policy discourse such as:

- Explicit aim of benefitting the communities or particular community groups
- Providing goods and services to specific target groups
- Using entrepreneurial principles to achieve their goals

⁸ Scouts Union

⁹ Union of Socialist Youth of Macedonia

- Any generated income surplus is re-invested in the organization and in serving the target groups
- Participatory governance structures

In this regard, the model of social organizations is of particular importance for the development of social entrepreneurship in Macedonia. It demonstrates that there was a tradition of social entrepreneurship despite the general opinion that this is a recent trend influenced by the EU's increased interest in the concept. In former Yugoslavia, the employment of disabled persons was regulated by the Law for Employment, which anticipated the existence of protective workshops for training and employing people with disabilities. These protective workshops had certain state financial exemptions. There was also employment in the "open economy". In the "open economy", persons with disabilities, i.e., the organizations that employed persons with disabilities had no special privileges. Although the workshops in the open economy in that period were not the best organized, they were a significant factor in the process of employment and rehabilitation of persons with disabilities (Grujevski, 2004). In the former Yugoslavia, protective companies (sometimes called sheltered workshops, or by other names) were directly dependent on other companies. For example, if a company was producing medications, packing might be supplied by a protective company. Protective companies have existed in Macedonia since 1970 (Dodevski, 2015).

There was significant emphasis on youth rights, priorities and interests in Macedonia following the Second World War with the establishment of youth cooperatives, youth councils, student unions, workers' universities and youth sectors within the ruling party. Also in the former Yugoslavia, high school students were organized into students' cooperatives that mainly were active in organized food harvesting. The income earned was used to cover excursion costs of the poorest classmates, for new books and joint celebrations. Cooperatives of

college students in the former Yugoslavia cooperated with companies that subcontracted with them as workers on temporary basis. For their work students received reimbursement of paid stay in student dormitories. Other types of youth cooperatives have existed in the former Yugoslav republics since 1938. Their main purpose was to familiarize young, unemployed people with the world of work by finding them short-term job opportunities. The law on Youth Cooperatives (Official Gazette of the Republic of Macedonia, from 18 July 1988) regulated the establishment, membership, self-management, rights and responsibilities of youth cooperatives. Each youth and student cooperative as prescribed by Law had to have a minimum of 30 members (Article 30). This law was perceived as restrictive, because it allowed employment only of young people in age of 15-27 (Article 12) once per year (Article 9). As stipulated in Article 13, the cooperative was managed by its members in a manner prescribed in the self-governing agreement, the Statute and as prescribed in this law. The amount of remuneration (Article 20) together with selection criteria for employment (Article 24) were clearly defined in the self-governing agreement of the cooperative.

In the former Yugoslavia, youth cooperatives very often have been engaged in building capital facilities. Their organization was based on clearly defined systems with clearly established vision. The cooperative itself was organized in hierarchy, providing youth workers a worth opportunities to stand out as leaders. In this way, future managerial staff of the State and companies have been identified. Additionally, youth cooperatives guided the youth towards better organization of their free time. At that time, each republic had its own organization, but also each municipality had its own youth organization. Labor actions were quickly recognized by official bodies as an established, useful platform of mobilizing increasingly desirable support among Yugoslav youth (Vežgajik, 2013).

The changed context

After the independence of the Republic of Macedonia (1991) and in particular with the adoption of the new legislation from 1998, the socialist organizations had to transform. This significantly influenced their future functioning and the social enterprise model as such. The number of civil society organizations grew after 1990. The political transition from socialist to democratic political system is often connected to the emergence of civil society as we know it today. Within this transitional period many civil society organizations were established to address the current needs of the social context. A process of diversification of interests and trends in development of the civil society followed. In the beginning of the 1990s, following the breakdown of Yugoslavia, there was a trend toward establishing new humanitarian, charitable and youth organizations (Government of the Republic of Macedonia, 2006). The independence of the Republic of Macedonia in 1991 brought different structures to the civil society sector and its separation from the state system, which for civil society organizations meant financial independence. In the beginning of 1990 foreign donors started to be active, which influenced the range of interests of the organizations (Klekovski, Stojanova, Jakovleevska, and Nuredinoska, 2011) and their sources of funding. In this period the organizations were restructuring their characteristics as “non-governmental” entities that are fully separated from the state actors and serve as their corrective. Consequently, following the foreign donors values and new political development, the mid 1990s are known for the establishment of civil society organizations focusing on human rights (Government of the Republic of Macedonia, 2006).

The Law on Associations of Citizens and Foundations from 1998 restricted the possibilities for economic activities of CSOs. Article 7 of this law states that the associations of citizens and the foundations cannot perform economic activities, unless they establish separate

legal entities (trading company or Joint Stock Company). As with previous legal approaches, this law also envisages democratic governance of the entities and use of the gained incomes for the purposes defined by the entity within its Statute. Furthermore, according to article 82 and 83 of the law, the property and assets allocated to social organizations and associations of citizens acquired under the former political system are considered state owned. The usage of this property (in many cases offices) could continue only if the organization which is legal successor agrees to pay rental fees to the state. These legal circumstances created a great challenge for maintaining continuity of the organizations established in the previous system, which functioned as a form of social enterprise (Social organizations model).

The social organizations undertook different paths of transformation and development. Numerous SOs including “Ferijalen Sojuz na Makedonija” and “Sojuz na izvidnici” legally re-registered as independent associations of citizens. They maintained their large membership base. However, in terms of their services and sustainability they faced numerous challenges. Firstly, most of the youth serving SOs in the period of 1996/1997 ceased to receive direct state subsidies including the Lottery funds. Secondly, the new law from 1998 restricted direct engagement in market-based activities. Associations that were looking into undertaking economic activities were obliged to establish trade companies. Thirdly, the new legislation had an impact on the immovable property assigned to the social organizations. The immovable property was considered as state property and the SOs were allowed to utilize it for their statutory activities only with a written contract and payment of rent to the state. In practice, the state took over the property (such as the Youth and Scouts camp in Ohrid) and re-purposed it or in many cases privatized it for commercial purposes. The social organizations were not allowed to utilize it even though they directly contributed with own resources in the building of the infrastructure. These circumstances

understandably influenced the entrepreneurial spirit and the defining of the civil sector as one that does not directly perform economic activities. These developments influenced not only the financial viability of the organizations themselves, but more importantly it impacted the social services they provided. Some of the services, especially those tied to the use of the immovable property, fully ceased to exist. Other services are still provided but with a limited scope. Additionally, the socialist/communist missions of some organization became obsolete.

After 1998 most civil society organizations and social enterprises became dependent on foreign funding for maintaining their services. Some ceased to function because they could not cover their operational costs.

Civil society organizations in Macedonia have diverse sources of financing. Research focused on the situation in 2009 showed that it is rare for one source to comprise more than 80% of the total budget of an organization. International and foreign donors, including the European Union, are the main source of financing for the majority of CSOs in Macedonia, but membership fees are also a source of financing for the majority of CSOs (51.2%) (Klekovski, Stojanova, Jakovlevska, and Nuredinoska, 2011). From another side, data on the structure of the revenue in the civil sector showed that 17% of revenue in 2008 and 13% in 2009 was from sales of products, goods and services (Smilevski, 2011). This is a clear indication of the existence of significant economic activity despite the restrictive legal framework.

During the transition process, protective workshops in Macedonia went through numerous changes. Following the positive examples of EU countries, in 2000 Macedonia enacted the Law on employment of people with disabilities (Official Gazette No.44/2000, from 02/06/2000), with its main purpose to encourage businesses to establish protective companies and stimulate the employment of disabled persons. When in 2005 the Law on privatization of land in public ownership was adopted (Offi-

cial Gazette No. 4/2005), protective companies lost state support, and some were liquidated, bankrupted or privatized.

Before starting with its work, employers must obtain a Decision from the relevant institutions, such as the Labor inspection and other institutions relevant to their work, to confirm that the working space fulfills the minimal technical conditions and standards for accomplishing specific business activities. For the purpose of improving the conditions for employment of disabled persons, work place adaptation and supply of equipment, the protective company receives financial support from a Special Fund. An amendment to the Law on Employment of Disabled Persons (Official Gazette of RM No. 161, from 24/12/2008) stipulates that a Protective company can receive for adaptation of the working place up to 20 times the average salary paid in the Republic of Macedonia in the month prior to submission of the request for purchase of equipment. Work training and employment of persons with disabilities are regulated by policy and by the Law on Employment of Disabled Persons, and amendments to this law. .

In 2006, the Law on Agencies for Temporary Employment was adopted. The main purpose of this law was to establish a baseline for promoting services in the process of mediation for work placement and to regulate the status of people temporarily engaged with employers through youth cooperatives or by employers themselves, without a signed contract. As stipulated in Article 22 of the Law on Agencies for Temporary Employments (Official Gazette of the Republic of Macedonia, Nr. 49 from 14 April 2006) all existing youth cooperatives were obliged to conform their practices to the new law within a period of three months, or be deleted from the official register. Today, According to the register of the National Employment Agency there are in total 21 officially registered agencies for temporary employment (15 in Skopje, 1 in Gostivar, 1 in Kocani, 1 in Bitola, 2 in Prilep and 1 in Strumica; 18 agencies with A license and 3 agencies with B license). An agency for temporary employment has to

be registered with the Ministry of Labor and Social Policy. As stipulated in Article 6, the employment agency must provide a bank guarantee of 10,000 EUR for up to 100 employment contracts (Licence C), 20,000 EUR for up to 250 contracts (License B) and 30,000 EUR for more than 250 contracts per year (Licence A). This bank guarantee will be activated in a case when the employee doesn't receive salary within a period of 3 months.

After 2010:

The possibility for economic activities to be performed by CSOs was reopened with the Law on Association(s?) of Citizens and Foundations of 2010. The Law requires that profit should not be the purpose of such organizations, and must be reinvested/ used for financing the defined purposes of the civil society organization (as well as regular expenses including honoraria) (Miov, 2013). Also, when direct economic activity is performed, the activity itself must be related to the objectives of the organization. The law also embodies characteristics of social entrepreneurship such as asset lock and democratic governance. This law opens the possibility for direct government funding of CSOs. Transfer of authority from the central and local governments to civil society organizations is made possible in line with a program

and procedures defined by the institutions and other laws (Miov, 2013). Additionally, the 2004 Law on Social Protection provides the opportunity funding contracts between civil society organizations and the Ministry for Labour and Social Policy. In circumstances in which financial sustainability is a great challenge for the civil society organizations the opportunity for conducting economic activities is of a great importance. The possibility for social contracting provides additional possibility for development of social economy in Macedonia. This framework has been utilized by CSOs in the field of services and de-institutionalization of marginalized groups such as "Poraka Negotino" and "Pokrov". These activities are also supported by available funds within the Instrument for Pre-accession Assistance (IPA) of the EU and the European Instrument for Democracy and Human Rights (EIDHR) under employment and social cohesion priorities.

It is very important for civil society organizations to ensure their financial sustainability in anticipation of the expected future withdrawal of (currently major) foreign sources of funding (Klekovski, Stojanova, Jakovlevski, and Nuredinoska, 2011). This concern has raised interest among CSOs in developing plans for social entrepreneurship. Successful examples of social enterprise models are elaborated in this report.

III FINDINGS FROM OUR RESEARCH





3.1. Results of the analysis on SE beneficiaries data

For the purpose of the research 7 groups were targeted as marginalized ones: women [unemployed and economically inactive because of discouragement], youth [unemployed, not in education and between 16 and 29 years old], Roma [unemployed and individuals who identify themselves as Roma, Egyptians, Sinti, Travelers, etc], uneducated/undereducated [unemployed and people with primary or no education], people with disabilities [unemployed and people that have been classified or classify themselves with some degree of physical disability], addicts [unemployed drug/alcohol addicts] and homeless [unemployed people who live on the street and perceive themselves as homeless, regardless whether they own a property].

The research team of Public- association for research, communication and development conducted the field research and interviewed 7-14 persons per category, trying to understand their current positions, problems they are facing with, and the possibility of their accessing the labor market through social enterprises. Additionally, Public researched the influence of social benefits and the role they have with respect to the labor market. This research was conducted in the period between July and November 2015.

3.1.1. Youth

Over the last several years, growing political attention has been given to youth employment in Macedonia, where the difficulties young people face in entering in the labor market are compounded by the additional burden of large numbers of young people who are engaged in precarious work, often in the informal economy (Action plan on youth employment, 2012). The youth (15-24) unemployment rate in Mace-

donia in 2014 was 53.1%, an increase of 1.2% compared to 2013. The youth unemployment rate in the country is nearly twice that of adults (State Statistical Office, 2015). Although unemployment is high among all individuals, the less educated population and young people are particularly prone to unemployment. The National Youth Strategy (2005-2025) aims to improve the position of young people (15-29 years) by: increasing the quality of formal and informal education; promoting entrepreneurship; and improving youth participation in public life and in decision-making. The employment of young people and their exposure to social inclusion is emphasized in the National Employment Strategy 2015 accompanied with an action plan. However, the practical effects of these strategic documents are yet to be seen

DESCRIPTION OF SAMPLE

The sample is consisted of 7 individuals of whom 4 are female and 3 male. All of them lived in urban areas. Three respondents are from Ohrid and the other four are from Skopje. The youngest respondent is age 20 and the oldest is 27 years old. All respondents are single and live with their parents. Only one of them has been married and has a child, but he also lives with his parents since getting divorced. Six are university graduates and one is a high school graduate. Most of the respondents live in small households. Three respondents live in a household with 3 people, two respondents live in household with four people and two other respondents live in household with five people. With regard to the average monthly income, three respondents didn't provided an answer to this question, one respondent reported an average monthly income of 53 euros, another

reported income of 200 euros, and two reported average family income above 700 euros per month.

All respondents from the group “unemployed youth” declare themselves as active job seekers and all share the same opinion that there are very limited opportunities for employment in Macedonia. This group of respondents saw obstacles in their political neutrality and non-membership in political parties and activities, which is currently seen as an important prerequisite for employment. They also agree that the education system in the country is another major problem, as it is seen as disorganized and provides training for occupations which are not required in the current labour market. *“Universities should accept students according to the needs of the labor market by detecting the deficit of occupations. Otherwise many young people will get a university diploma but won't have an opportunity to get a job appropriate to their occupation”* (25 year old female respondent). One of the respondents accentuated that employers abuse this situation on the job market and do not appreciate the qualities of employees, who generally get much lower salaries than they deserve.

All respondents have job experience but mostly in areas that are not related to their preferred occupation and interests. Except for one respondent who had been employed for over a year, all have worked only seasonally or in job positions with part-time working hours, and without a contract. Two of the respondents work as freelancers on the internet and another two others have job engagements in companies and receive lower than average salaries.

All respondents said that they are willing to work, and five of them said that they are ready to start right away. One respondents said that she wants to become self-employed and start her own business as an artist while another said that she is afraid of getting employed because her parents will lose their social benefits. *“I work in different shops but I try not to stay in one*

for too long because if I do my employer would have to employ me and in this way my parents would lose their social benefits. I would stop this practice of mine only if I find stable employment where I won't be easy target for getting fired” (24 year old female respondent). All respondents expressed dissatisfaction because of their inability to live independently without a financial support from their parents.

When respondents were asked what needs to change for them to start working, all of them gave different but at the same time uncertain answers. Most see the main problem in much broader social issues, rather than the labor market itself. One respondent believes that for the job market to function better, reforms in the educational system should be taken first. Related to this is the opinion given by another respondent who believes that if there was a better quality of education, students would feel much more prepared and self-confident about their skills. *“With this educational system everyone can gain university diploma in a certain area and afterwards all that he needs is acquaintances, relations or party membership to get employed”* (26 year old male respondent). Three respondents believe that things might get better if employers start looking for more qualified individuals with a proper education and at the same time show greater appreciation for their work. One suggested that the whole society requires reforms, not only the labor market.

The job positions that youth are interested in are those for which they are qualified. Except for one, all respondents would like to work a job related to their studies. Their opinion is that a proper education deserves a proper job and they believe that they are qualified enough for certain job positions. Only one of the respondents expressed discomfort in their field of study and prefers to create hand-made jewelry. Another respondent would like to work as a dental technician but due to the poverty in which the whole family lives, the respondent will accept any job as long as it provides secure employment and insurance. Five respondents answered that they only want to work jobs re-

lated to their university diplomas. Only three respondents think that additional job training is needed and are willing to invest available resources such as time, money and, if needed, travel in training participation. The other four respondents think that no training or further career development is necessary for them and they can start working their preferred job positions immediately. In regard to the work positions they would refuse, one of the male and three of the female respondents said that they would never accept to work as waiters because in Macedonian society this is considered an undesirable job position and those who work in it are considered failures. Other respondents wouldn't accept jobs in administration, as clerks, in sanitation or heavy physical work. When respondents in this group were asked about the minimum salary below which they would not accept a job, answers varied from 100 euros to 280 euros per month. Interestingly, respondents whose parents have higher incomes would accept working for lower salary, while respondents who have experienced living on their own at some point and whose parents have lower incomes, would not accept being paid less than 150 euros per month.

Taking into consideration the pre-conditions for social benefits stipulated in the Law on Social Protection¹⁰, none of the respondents reported to be a user of the social benefits. The unemployment benefit system hardly reaches young people due to absence of coverage for first time job seekers. Only the parents of one respondent receive social benefits of 55 euros while the parents of the rest have never received social benefits.

All respondents agree that the social benefits in Macedonia are too low and insufficient for paying rent, bills, food and other household expenses. Another thing that they all agreed upon is that the conditions for getting social benefits are too strict and the procedure is too

complicated. Most of the respondents agree that urgent reforms are needed and that the system for social benefits requires strong interventions and improvements, especially in the area of ensuring social protection of young, unemployed persons. *"As in any other country, the state should provide social benefits for the youths who graduated and can't find a job. And also, the state should provide the integration of people who live on social benefits in the social processes because integration is the most important process for these people and can be achieved only through their employment"* (25 year old female respondent).

When it comes to life circumstances, all respondents live with their parents, which means that expenses which cover basic needs as bills, food and all sorts of household expenses are covered by their parents. None of them contributes to the household incomes. All the interviewed youths are earning money with seasonal and part-time jobs or as freelancers, but the money they earn is insignificant compared to household expenses. When respondents were asked how the government or other people can help them to overcome those difficulties they all agreed that the government should enlarge the chances of employment by opening new positions, by finding them jobs and by caring for their individual employment. Three respondents see the problem from different points of view and analyze it in depth. All respondents agreed that the Government should enhance the possibilities for employment by opening new job positions. *"Macedonia is a centralized country and places outside of Skopje stay undeveloped, while Skopje remains as the only place where employment of educated people is possible"* (27 year old male respondent). Another two of the respondents believe that the core of the problem is rooted much deeper in the political and economic life in the country and that the quality of life won't get any bet-

¹⁰ According to the Law on social protection, Official Gazette No. 79 from 24.06.2009, Article 44 social benefits can only be paid to children without parents or parental care till the age of 18.

ter if the government implements reforms in the employment policy as a separate part of the whole system. They also believe that if the government is not able to provide appropriate jobs for everyone then it should provide financial support for every citizen.

3.1.2 Persons with disabilities

Persons with disabilities in Macedonia still face barriers to full realization of their potential. They are socially excluded and marginalized. Social benefit packages they receive are more symbolic than useful in making a dignified living. Following the positive examples of EU countries, in 2000 Macedonia enacted the Law on Employment of People with Disabilities (Official Gazette No.44/2000, from 02/06/2000), with its main purpose to encourage businesses to establish sheltered companies and to stimulate the employment of disabled persons. In 2005, when the Law on Privatization of Land in Public Ownership was adopted (Official Gazette No. 4/2005), many protective companies lost state support, and some were liquidated, bankrupted or privatized. The Law on Employment of Persons with Disabilities provides opportunities, but in practice more often there is abuse of employment contracts and subsidies than alleviation of poverty and social inclusion among this group.

DESCRIPTION OF SAMPLE

In the group of people with disabilities, we interviewed unemployed people that have been classified or classify themselves with some degree of physical or mental disability. In this group we interviewed twelve respondents, but one person with moderate mental disability claimed a lack of interest in work at present or at any time in the future, and therefore the responses were not further analyzed. The resulting study sample consisted of eleven persons, 6 women and 5 men. At the time when the research was conducted, two respondents lived in rural areas and the other nine in urban areas. Eight respondents have moderate mental disability and three respondents have

a physical disability. The youngest respondent is age 20 and the oldest respondent is 39 years old. Only two respondents are married, and one of them has a child, while all other respondents are single. Only one respondent, who comes from a rural area, has no education. Three respondents have primary education, five respondents have finished secondary school, and one respondent has unfinished secondary school. Only one respondent has finished tertiary education. Three respondents live in households with more than five people, three others live in households with three members, one respondent lives in household with five people, two live in households of two people, one respondent lives in a household of four people, and one lives in a housing community for people with mental disabilities. Two respondents declared an average household income between 100 euros and 160 euros per month, one respondent lives in a family with income of approximately 325 euros per month, and another declared a monthly income of 500 euros. Only one respondent lives in a family that has an above average income (over 2000 euros) as one parent worked in Germany during their whole lifetime, and now receives a German pension.

Most of the respondents in the sample find the reasons for their employment status in their disability rather than in labour market. Only four out of ten respondents believe that the main reason is that there are no jobs available. Other issues indicated by respondents were firstly, the lack of awareness of people with disabilities among employers. *"Employers are not aware that we all need to have equal opportunities"* (35 year old female respondent). Secondly, people with disabilities rarely apply for jobs because they rarely recognize their abilities and may underestimate employment possibilities without support and encouragement. And finally, a huge problem is the accessibility of facilities. One respondent stated that by giving social benefits to people with disabilities, the state is not resolving their issues, but should instead encourage employ-

ment of these people. The same respondent reports receiving social assistance as a person with disability before being employed. After the respondent was dismissed and applied for social benefits again, the request was rejected and this time the same respondent was evaluated as capable to work.

Seven out of eleven respondents have never been employed. The youngest respondent is still in the education process, but is active as a volunteer in a few civil society organizations. All five respondents with work experience have worked low-skills jobs, such as packing in a flower shop, packing on a machine in a factory, receptionist or as textile workers. The duration of their working experience varies from four to nineteen years. The respondents report the reasons behind their job loss are either mental problems or inadequate working positions which don't accommodate their disability, while two respondents were fired for other reasons.

Despite the problems they are facing, ten out of eleven respondents reported they are willing to work¹¹. Eight respondents showed strong willingness to work and would unconditionally start to work immediately. The youngest respondent stated that he would accept a working position which did not interfere with his classes at the university and that his motivation for work is financial. Another respondent is not able to work all positions due to the disability and wished to think about it.

Preference regarding work positions varied. Half of the respondents preferred low skilled jobs such as cleaning, washing dishes, assistant in a store, putting labels on products; general worker in a factory and office administration. The other five, would like to work highly skilled jobs such as speech therapist, public relation in regards to people with disabilities, actor or director of drama, web designer, poster designer, TV host and work with children. Six out of ten respondents stated they do not need an

additional job training. Only two respondents are willing to go through a training unconditionally, and two others would not go through a training if they needed to go to another city or if the training is at night. Considering their choices about what jobs they would not like to do, the respondents answered that it would be job positions which are not suitable for them because of their disabilities or job positions for which they have no knowledge and experience. Two respondents stated that there are no jobs that they would not do and that they would accept any offer. The minimum salary under which this group of respondents would not accept a job varies between 150 euros and 450 euros per month. In this sample, people with mental disabilities tended to expect lower salaries, than people with physical disability.

When asked about disability benefits, nine out of ten respondents were not receiving a disability benefits at the time the research was conducted. One respondent lives in a community for joint living of persons with disabilities and all expenses there are covered by the state. Another respondent, a student, has benefits in the form of university studies free of charge, accommodation in student housing and transportation, all free of charge, but does not receive any direct monetary benefits. When it comes to social benefits, only one respondent received social benefits in the amount of 62 euros per month, while another respondent used to receive state benefits which were stopped four years ago, but was not able to explain the reasons for this loss. The person that receives social benefits thinks that the amount is too low to obtain a person to assist the respondent in everyday activities and improve respondent's mobility. However, social benefits for the respondent are still very important because they cover some costs for which the respondent could not otherwise pay. No other respondents have received any form of state benefits in the last five years. Moreover, all respondents

¹¹One respondent that wouldn't like to work under any condition in future is not further analyzed

are very dependent on the income of their parents or family. Respondents say they are not afraid of losing their social benefits if they get employed because they are aware that employment has much more benefits, income and stability. Considering the procedure for getting social benefits all respondents agree that it is a very complicated and expensive process. All of those who are mentally disabled are willing to receive social benefits while the ones with physical disabilities said that they do not want social benefits, but rather jobs.

3.1.3. Women

There is a high percentage – 55 percent - of women in this country who are engaged exclusively in household activities and this is mostly evident among women with a lower level of education and among those who live in rural areas (World Bank, 2008).

DESCRIPTION OF SAMPLE

In the group of women, we interviewed unemployed women who support themselves on social benefits or another family member's incomes. The sample is consisted of 14 women. The youngest respondent is age 20 while the oldest is 58 years old. Four of them are in their mid-thirties, three in their mid-forties, three in their mid-fifties and two are in their late fifties. Out of 14 women, 8 are married, of whom 7 live with their husbands and one is separated; 4 are divorced and 2 are single. Five of the women have one child; two of them have three children and the rest of the women each have two children. Eight of the respondents are mothers of minors. At the time when the research was conducted only one of the respondents lived in a rural area, while all others lived in urban areas. Except for one of the respondents who has no formal education at all, the rest have been in the educational system to some degree. Eight of the women have graduated from high school, four have finished only primary school and one is a university graduate. The incomes of respondents vary from 0 to 500 euros per month. Five respondents live in households where the monthly incomes are higher than 325 euros; three of the respondents live on incomes

between 200 and 325 euros; four live on social benefits which vary from 30 to 105 euros, one respondent lives with parents and doesn't know the income of the household, while another one has zero incomes and lives with her two children. Four respondents live in households with two people, four other live in household with three people, 3 respondents live in household with four people, and one respondent lives in household with 5 people and two respondents live in household with more than 5 people.

All interviewed women find their situation frustrating and their visions about the future seemingly vary in accordance with their age. The frustration comes out of the discouragement they face when it comes to finding a decent job. They identify obstacles related to their age, gender, education, the lack of relations and acquaintances, the lack of political party membership and often experience discouragement from their families. Most report being used to their situation and only three of the respondents hope or plan to improve the quality of their lives.

Most of our respondents from this group gave similar reasons for unemployment, their motherhood and age, and most of them find the reason of their unemployment in themselves as it was their decision, while other are feeling discouraged by different social factors. Three of the respondents answered that for them it is impossible to work because they have little children and no one else to take care of them. The fact that there are women who can't even consider working because of motherhood highlights the gender discrimination in the employment policies. Two respondents highlighted their age as main reason for their unemployment. They feel discouraged to even search for a job because according to them, it is impossible for older persons to find jobs, especially if women with no working experience. One of the women has no formal education and believes there are so many people who have graduated from universities that it is impossible for someone who is not educated to find a job. One of the women explained that at the time of her marriage, her ex-husband didn't

let her work nor to leave the house without him. She had to dedicate herself to household activities and the care of her children. Since she got divorced she feels discouraged in any way to find a job. *"As a woman without working experience it is impossible to find a job"*. (43 year old respondent).

Thirteen out of fourteen respondents have been employed for periods of time ranging from one year to twenty eight years. Five of the respondents who have been out of the labor market for more than eight years are the ones with the longest working experience and are already in their middle age. All of these five women feel discouraged about finding a new job, so they have stayed in their homes since losing their jobs. One of them lives on social benefits while the other 4 depend on their husbands' incomes. Five of the women have worked as sellers in markets, boutiques, bakeries or other kinds of shops. Other professions in which the respondents have experience are in sales in a private company, hairdresser, sewer in a fashion confection, owner of a bar and informatics teacher. Five of the respondents who have worked in the past, as a reason for their job loss indicate the collapse of companies in the transition period that resulted in a surplus of workers or closing of companies itself. Two respondents with work experience had to give up their jobs because they gave birth and there was nobody else to take care of their children.

Nine of the respondents answered that they would like to start working immediately or at any time in the future, while the other five believe that they are not ready to start working soon but rather in the future. Three are unable to start working now because they have little children to take care of.

None of these respondents can afford babysitting or find a job position with flexible working hours. *"I have a baby, I'm divorced and financially I'm completely dependent on my parents. I applied for social benefits while I can't consider finding a job because I have to take care of my baby. I don't get alimony from my ex-husband"* (20 year old respondent). Even though all of the respondents have been unemployed for significant periods of time, eleven said that they

don't need training to start working. Three respondents stated that they need training, but two of them won't be able to attend it if they need to pay for it or travel to another city. The majority of the respondents tend to expect low skilled job positions, except for one respondent who has university diploma and who desires job positions of the same profile. Even though some of them mentioned before that there should be jobs which are suitable for their age, abilities and interests, when asked what work they wished to do, their answers reflected low-skilled profiles of workers and discouraged women who wouldn't ask for very much if they were given the opportunity to work. Generally there is a tendency of expecting low profile jobs among most of the respondents except for one of them who has university diploma and wants job which is adequate to her qualifications. The most mentioned jobs positions that these respondents would accept are seller in a market, bakery or any other kind of a shop. Even though most of them enumerated more than one job they would like to work, 'seller' was the answer among seven of the respondents. Another common job position, mentioned by four of the interviewees is cleaning. Some of the other jobs that the interviewed women would like to work are hairdresser, baby-sitter, coffee-maker, seamstress in a fashion collection, maid for old people, in a photocopying office and in a kitchen or a restaurant. Unlike those four women who would like to work as cleaners, three other women listed this job as one they would never do because they see it as degrading or inadequate for them. Other respondents choose positions which could be challenging or uncomfortable to them, either due to their perceptions, or lack of knowledge/experience. The answers about the amount of a salary worth working for varies between 32 euros and 250 euros per month.

When asked about social benefits, all five respondents who are currently on social benefits share the opinion that the amount they receive is too low and is not enough to cover even a single expense – a bill, food, rent, clothes, etc.. They all believe that the state should provide them with additional incomes or at least in-

crease the social assistance to an amount sufficient to support a decent life. Regarding the procedure for social benefits, most of the respondents stated that they find it complicated, and too much documentation is required. The respondents that do not receive social benefits were indifferent, and short saying only that it is too low, thought that the amounts should be higher and that more people should receive them. Four out of nine respondents that are not users of social benefits answered that that they would like to receive social benefits, as they think that it is better to receive something than nothing at all.

When it comes to life circumstances half of the respondents live on their husband's incomes. Two of them live comfortably and claim that their husbands' salaries are sufficient for their households while the other five complained that their partners' incomes are not enough. Few of them are getting additional financial help from their parents (the women's parents or their husbands' parents), and some barely make ends meet each month. Only one of the married women receives social benefits and by that means contributes to the household expenses. Four of the women who are separated, divorced or single are living on social benefits but they find it hard to survive each month. All of the women agreed that the biggest difficulties that they have to overcome every month are their finances. For some of them the lack of finances involves not having money for bills and food, while for the others it means calculating the money for all expenses each month and not having enough for spending on things like clothes, cultural events, social gatherings and personal interests. They all feel that life in Macedonia is unfairly expensive within their incomes.

3.1.4 Homeless

As stipulated in the Law on Social Protection, there is only non-institutional social protection for homeless people available in Macedonia.

Therefore, there is one state-owned Center for homeless persons in Cicino Selo and one day care center for street children in Shuto Orizari. The street paper "Lice v Lice"¹² also operates in the form of non-institutional protection, offering work engagement and economic empowerment of this vulnerable group. Additionally, there are two programs for assistance to the homeless, functional within the programs of the Red Cross-Skopje: social service patrol and a shelter where they can receive hygiene and health services. Taking into consideration the persistently high levels of poverty, high unemployment rates, aging of the population, domestic violence and increasing divorce rates, increasing trends in this vulnerable group can be expected.

DESCRIPTION OF SAMPLE

In the group of homeless persons, we interviewed unemployed persons who live on the street and perceive themselves as homeless, regardless whether they own property. The sample is consisted of 14 persons, 11 men and 3 women. At the time when the research was conducted all of them lived in Skopje or in the surrounding area. Twelve respondents live in urban areas and two in rural areas. Eleven respondents are users of the services provided by the Red Cross of the city of Skopje in the shelter center for homeless in Momin Potok, and two persons are accommodated in the center for homeless people in Cicino Selo. The youngest respondent is age 20, and the oldest is 61 years old. Eight of the respondents were in their middle age, two of them were in their early seventies and three were in their late forties. Nine respondents are single, four are divorced and one lives with a partner. The majority of respondents have been in the education system to some extent and only two have no education. Six respondents have secondary education, four have finished primary education and two have tertiary education.

¹² "Lice v Lice" is a street paper published by the association for research, communication and development "Public". More info on www.licevlice.mk

Two of fourteen respondents in this group have been homeless for more than twenty years. These two respondents are in a situation of very deep homelessness that started in their youth due to violent family relations or unsolved asylum seeker status from the war in Bosnia and Hercegovina. Four of the homeless persons have lived on the street from six to ten years, while the other seven have been homeless for one to five years. Only one of the respondents was homeless for less than a year and at the time when the interview was conducted, and he was looking for a room to rent. Divorce, unsolved property rights, damaged family relations and molestation are the main reasons for which these respondents are homeless. All respondents evaluate their situation as very difficult. Eight of the respondents live on the street and sleep under bridges and benches; one of them is living in a paper cabin and another next to a landfill.

Half of the respondents attributed their inability to find a decent job to the lack of job opportunities, the high number of people looking for a job and the inability of the State to deal with the issue of unemployment. The responses of this group leads to a conclusion that the labor market in Macedonia is not sufficiently inclusive for aged and low skilled job seekers, as well as for job seekers that face health issues or have a criminal record. Other reasons for unemployment included the following: lack of housing, lack of resources to meet basic human needs, lack of education and limited job qualifications. All respondents are long term unemployed, being outside the labor market for 3-15 years. Nine out of fourteen respondents have been employed at certain period of their lifetime, for periods ranging from 3 months to 25 years. The majority of the respondents with work experience worked only low skill positions such as on a machine for production of plastic bottles, in a knitwear factory, general work in a factories, warehouses and restaurants. Two respondents have work experience in marketing and sales. Job losses among interviewed homeless people are caused by different rea-

sons, mainly related with ownership changes in the companies where they used to work, imprisonment of the owner, or declared bankruptcy. One respondent was dismissed after he was arrested for falsification of documents. Two homeless persons were laid off due to a lack of work and two others lost their jobs due to health issues such as severe depression and lung cancer.

Despite their difficult life circumstances thirteen out of fourteen respondents remain willing to work now or anytime in future. Only one respondent, a woman, claimed that is not able to work under any circumstances due to her severe depression and mental health problems and this respondent was not interviewed further¹³. One respondent will accept only unreported work for fear of losing the pension of a deceased spouse. One respondent who was working an unreported job as guard in a factory would be able to start to regular work in a month. This respondent works third shift and uses the worksite as a place of accommodation. *"I prefer work in public administration because that is the only secure place for employment. In the private sector it is very easy to get fired"*, (53 year old male respondent).

All homeless people who participated in this research prefer job positions where they would feel most comfortable as for example a plaster maker, care for elder, waiter, barmen, warehouse, driver and barber. Half of the respondents, both women and men, listed cleaning houses, flats and parks as a job they are willing to work. Four homeless men listed building maintenance as their preferred work position. The two homeless men with work experience in sales and marketing wished to return to this type of work. Most of the respondents do not recognize the need for training or prequalification in order to be more competitive on the labor market. Eight respondents stated that they don't need additional training in order to be able to perform their former jobs or to prequalify for others. Only four respondents were willing to go through a training program under any circumstances, and one person was

¹³ This respondent is not further analyzed

willing to go through training only if it is free of charge. Three homeless men who are willing to go through training prefer work in security of facilities. Jobs that respondents are able to start right away without prior training include the following: locksmith, cleaner, physical work and work in warehouse.

Most respondents claim that they would accept any job that they feel capable of working. Usually they wouldn't accept a job if they don't have the knowledge or capacity to perform it or if the position involves activities which conflict with their ethical values. Three respondents that are facing numerous health issues are not able to work heavy physical work or work long hours, suggesting their employment potential is dependent on employers who have no understanding and tolerance for workers with health issues. One respondent would not accept a job in the private sector of being subjected to exploitation and not being reimbursed for work in a previous job. The minimal expected salary among the homeless is between 80 and 200 euros per month. Both women respondents were willing to accept jobs for nearly half the salary expected by the homeless men.

Five out of thirteen respondents reported they were recipients of social benefits while eight of the respondents have never received social assistance despite being in one of the most vulnerable groups. The amount received in social benefits varies from 35 euros to 100 euros per month. Those receiving benefits explained that they are grateful for them, but also noted that the amount is insufficient for them to cover all their monthly expenses. All recipients of social benefits perceive this income as extremely important, as this is their only secure source of support. Five out of nine respondents that are not receiving social assistance would choose to receive it. These respondents are unable to access social assistance for the following reasons: lack of a permanent address, legal issues with previous ownership of motor vehicle and not having personal documents for identification¹⁴. Four respondents said that they would not like

to receive social benefits because they prefer jobs where their social and health insurance would be covered so that they can receive pension in the future.

When it comes to the life circumstances, all respondents survive by helping other people for which they receive minimal compensation or are paid with food. One homeless woman goes to the green market and helps the people who work there. Three of the men usually engage in informal work at low pay through friends that want to help them.. Three homeless persons (one women included) collect plastic bottles and sell them in order to be able to buy food for the day. Two beg in order to survive. One homeless man works undeclared works as a security guard in a factory where he also lives and sleeps. The majority of the interviewed homeless people receive help such as food, clothes and money from ordinary people and friends. Four persons mentioned the Red Cross of the city of Skopje as a source of support. One homeless woman claims that she doesn't receive any assistance or feels comfortable receiving it. Another homeless man receives assistance from Red Cross and a small amount of help from his parents. When respondents were asked about the biggest difficulties they are facing, half of them stated that the biggest difficulty is not having roof over their heads, *"It is hard to work when you live on the street, when you have no home. You can't get proper rest, you don't have healthy food, you have nothing...How should you prepare for work from this position?"* (51 year old male respondent) One respondent claimed that not having a job is the biggest difficulty while another respondent thinks that social isolation is the biggest challenge. When asked how other people or the Government could help them overcome the difficulties they are face on a daily basis, the majority of them had a pessimistic attitude. They think that their problems are not a priority on the Government's agenda, have few expectations for the future, claim that even public officers responsible for their well-being don't do their jobs and that there are so many people in the

¹⁴ One respondent as a daughter of refugee from Kosovo can't find legal procedure to get personal documents. Another one a refugee from the war in Bosnia and Hercegovina, has memory issues and doesn't have any documents neither from Bosnia or Macedonia.

same situation that the Government can't manage to support all of them. *"The hardest thing is to find a solution in a period of crisis, in the first few days when you are left on the street, without a home. In that hardest period you can't use any social protection because the procedure takes a minimum two weeks"*, (61 year male respondent). Some of them proposed the following solutions: reconstruct the abandoned buildings so they can be used as homes; provide social assistance for every person faced with homelessness: to give them place to stay, to give them food till the moment they find a job.

3.1.5 Undereducated Persons

According to the results of the Labor Force Survey for 2014, there are in total 29,064 persons without education, out of which 8,229 are men and 20,835 are women. According to the same survey, there are in total 104,694 persons with incomplete primary and lower secondary education, out of which 34,539 are men and 70,155 are women. Moreover, in the country there are in total 517,580 persons with primary education of whom 234,875 are men and 282,704 are women.

DESCRIPTION OF SAMPLE

In the group of /uneducated/undereducated persons, we interviewed unemployed people with only primary or no education. The sample is consisted of eleven persons, 7 are women and 4 are men. At the time the research was conducted all respondents lived in urban areas. The youngest respondent is age 18 and the oldest is 55 years old. Two respondents are single, six are married, two are divorced and one is separated. All respondents except two have children. Most of them have 2 children, one respondent has four children, and two respondents have three children. Five respondents have finished primary school, three have no education and three respondents have unfinished primary education. The majority live in households with 5 or more members, and the rest live in smaller households with two or three members. Four respondents live in households with more than five people, three respondents live

in households with five people, and two respondents live in households with three people and two other respondents live in households with two people. At the time when the research was conducted, three out of eleven respondents, two men and one woman, didn't have any income. Two respondents had monthly incomes between 30 and -35 euros. Another didn't have information on household income because her husband manages finances and another said that the income varies on daily basis and depends on how much plastic and cardboards they collect. One respondent has income of 100 euros per month as a volunteer in the center for homeless people owned by Red Cross of city of Skopje. Only two respondents have higher monthly incomes (of 400 euros and 500 euros) but this income is insignificant considering household size, in both cases seven members.

All respondents in the sample are long term unemployed, eight of them have never been employed, while the three respondents have work experience from one month to four years. At the time when the research was conducted most of the respondents worked in the informal economy. They are engaged in low skill work engagements such as cleaning houses and apartments, packing, construction work and agriculture.

Along with the lack of job opportunities, which was noted as a contributing factor to their unemployment by eight of the respondents, a lack of education was also noted by two respondents. Other factors that contribute to the unemployment status of this category include: participation in political parties and not having good connections. Despite the fact that most of them are constantly looking for a job through the employment agency, none have been offered a job. As noted by one respondent: *"At first I thought that I am not employed because I am not educated, but then, my daughter who is young and educated is also unemployed. She finished high school for graphic design. There are no jobs"* (52 years old female respondent). Not surprisingly, most of the re-

spondents would like to obtain job positions which are in line with their abilities. Therefore, nine respondents, both female and male, listed cleaning as a first or second position they are willing to work. Other jobs that respondents in this group would like to obtain are the following: electrician, civil engineering and digging for male respondents, and while dishwashing, secretary, hairdresser, printing shop, clothes confection and restaurant for female respondents.

Despite limited education, seven out of eleven respondents stated that they don't need any job training. Four respondents stated that they need training, only one of whom would be willing to invest time and money in training participation. Most of the respondents were not able to identify a job position they believe they could start immediately without training. For the question on the jobs they would never do – most of the answers were more in line with their working capacities and ethical values, while two respondents stated that they will accept any kind of job. The minimum salary expectation set by respondents varied from 100 euros to 250 euros per month.

When asked about the social benefits they receive, all five respondents agreed that the amount they receive as social benefits it is not enough even to cover basic needs, however it is very important for them to continue to receive them. The amount they receive varies from 30 euros to 68 euros per month. All five respondents claimed that they are not afraid to lose their social assistance because of employment as the amount they receive is too low. They all agree that the procedure behind getting social benefits it is not hard or complicated, while two respondents find it a burden that they need to check in the employment agency and the center for social work every fifteen days. Four out of five respondent's users of social assistance think that what needs to be changed in the current system for social benefits is that the amount should be increased. One of them suggests that the minimum social

benefit should be at least 150 euros per month. One respondent suggested that institutions need to undertake greater control mechanisms when making decision who is receiving social benefits. Most of the respondents that are not users of social benefits share the opinion that ideally people that are able to work should work, as social benefits are too low in the country. However, five out of the six respondents were not current users of social benefits would like to receive them. Though, two of them are worried that there is so much paperwork for the procedure. Another respondent was not applying for social benefits as she was involved as a volunteer and would lose income that is higher than the amount that would be paid in benefits. One single mother is not able to get social benefits due to mistaken documentation of her youngest child.

When it comes to the circumstances in which respondents in this group live, all of them stated that they live in absolute poverty and are facing an everyday challenge to make ends meet. Most of them don't have the necessary income to pay for utilities, and two respondents don't have access to water or electricity. Two respondents report that they re-sell scrap iron and in this way cover their monthly expenses. Two other respondents receive financial support from siblings. One respondent, a volunteer with a monthly income of 6.000 MKD, supports a family with seven members. The family is facing an everyday challenge to survive, as they have to pay for 3 garnishments from the bank because of unpaid bills for the water. Another respondent asks friends and ordinary people for money in order to cover daily expenses. A third respondent works as a vendor of the street paper "Lice v lice" and with the income he earns supports an entire family. One respondent in the past two months was having difficulties paying the rent, and lives in a fear of becoming homeless. Ten out of eleven respondents think that they need additional support to have decent life, and only one respondent claims it is not needed.

3.1.6. Roma

According to recent surveys on Roma in Macedonia, the unemployment rate among Roma population is 53%. Roma women are particularly vulnerable, with an unemployment rate of 70%, double the rate of that for non-Roma women. The unemployment rate among young Roma between 15 and 24 years old is 63% for male and 83% for female. Informal employment among Roma in Macedonia is 64% compared to 25 percent among non-Roma working people (UNDP, 2011).

DESCRIPTION OF THE SAMPLE

In the group of Roma, we interviewed unemployed individuals who identify themselves as Roma, Egyptians, Sinti, Travelers, etc. The sample is consisted of 14 persons, 8 women and 6 men. All respondents live in urban areas. Eight of them are from the municipality of Shuto Orizari, five are from the city of Kochani and one from city of Kumanovo. The youngest is age 23, and the oldest is 57 years. Most of the respondents are in their thirties or early forties. Twelve respondents are married, one lives with a partner and one is divorced. Thirteen respondents have children, except one woman who lives with a partner. Three respondents have five children, two have four children, four of them have three children, two interviewees have two children, and two young interviewees each have one child. When it comes to education, the majority of interviewed Roma people (8,) have no formal education at all. This is especially evident among women. Out of eight women, six are without any formal education. Only one respondent, a man of 26 from Kochani, has finished secondary school. Another finished primary school and four are with unfinished primary school education. Half of the respondents live in big families with five or more people, which is typical for all Roma people from Shuto Orizari. Some respondents claimed that they lived in households with ten to fifteen people. The respondent from Kumanovo also lives in family with more than 5. Participants

from Kochani live in smaller families with four, three or two people in a household.

Half of the respondents in this group identified their limited education as a main reason for unemployment, while the other half identified the lack of job opportunities. The eight female respondents have never been employed, except for one that was engaged as a seasonal worker more than five years ago. The situation among Roma men differs slightly. Two men have never been employed and other four have at least some employment history. The duration of their work engagement varies from few months to nineteen years. They have work experience in low skilled jobs such as cleaning and packing in factories and plastering. The reasons for losing their work include dismissed for being late at work, enterprise declared bankruptcy, one was employed prior to elections and dismissed after few months, and one lost his job because of the reduced amount of work in the company.

All respondents from this group, except one, stated that they are willing to start working immediately. One woman who stated that she couldn't start working immediately explained that she is not able to do so because she has five children. When asked about the work positions they would prefer, most of the respondents would like to obtain a job position which is in line with their capacities. In this direction, all women, except one, are willing to work as cleaners, while men are willing to work as drivers, assistants in construction work, cleaning, plastering, park maintenance or collecting surplus metal. The majority claim they don't need training for the jobs they are willing to work. Five respondents are willing to go through a training program and invest the necessary resources to go through it. In general, there are no jobs that respondents wouldn't consider doing, unless they are outside of their capabilities. One woman stated that her decision to work depends on her husband. The minimum salary expected by respondents varies from 50 euros to 500 euros per month, however most of the respondents expected salaries that are

lower than the minimal salary stipulated by law. For this group of respondents twelve out of fourteen have received state benefits during the last five years. The amount received varies between 23 euros and 50 euros per month. All respondents that are users of social assistance share the same opinion that the income they receive as social benefits is not enough, but on the other hand they have positive attitude towards it is an income they can rely upon. *"The amount I receive as a user of social assistance is too low. We receive only 32 euros and we are a family with 14 people. How to survive? On the other hand, social benefits are more secure income than the monthly salary"* (34 years female respondent). For all of them, except for one respondent it is very important to continue to receive social benefits, because in this way they can cover some monthly needs. Five respondents are not afraid to lose their benefits in case of employment, and two are afraid because of the uncertainties of the labor market. Most of the respondents that were not users of social benefits at the time the research was conducted share the opinion that social assistance is needed for everyone, especially for those unemployed. Four respondents have never used social benefits, but all respondents that are not users at the moment are willing to receive them. All respondents are in process of collecting the necessary documentation for social benefits and all of them have difficulties with this.

The biggest difficulties that unemployed Roma are facing every month is the lack of food, hygiene products, access to water and electricity..*"Sometimes we eat, sometimes no. I collect plastic bottles and then I re-sell them. I work every day to 3-4 PM. Till then my family is waiting for me to bring money for food"* (57 years male respondent). Only one respondent claimed that unemployment is the hardest thing. All respondents that live in Shuto Orizari receive support and donations from the "Day

Care Center for children from the street". From this civil society organization they receive clothes, food and day care for their children. One respondent claimed that they received home repair service with the support of the street paper "Lice v lice" and the organization "Habitat Macedonia", as their son was awarded for best vendor of the year. Interviewed respondents from other cities (Kumanovo and Kochani) were not receiving any support from people and organizations.

3.1.7. Addicts

In Macedonia, to date, no specific survey has been conducted on drug use among the general population according to EU standards, due to a lack of funds. For 2012, out of 582 registered drug users, 48 are employed, 70 are part-time employed and 25 receive honoraria, which is an indicator that this group faces discrimination in the labour market (United Nations office on drugs and crime, 2013). In 2014 there were 133 alcohol users and 283 drug users who were recipients of social welfare in the country (State Statistical Office, 2015). There are no any data available on the employment status of alcohol addicts.

DESCRIPTION OF SAMPLE

In the group of people with addictions we interviewed unemployed individuals who live with addictions or who are getting a treatment for it. Six respondents are former heroin addicts. Five of these respondents use the services of HOPS-Healthy Options Project¹⁵. Four respondents are current or former alcohol addicts. Three of them are members of the Club of Treated Alcoholics in Skopje, while one respondent was cared for in the psychiatric hospital "Bardovci" in Skopje. The sample consisted of ten persons, of whom six are men and four are women. At the time when the research was conducted, nine respondents lived in urban areas and one respondent lived in a

¹⁵ <http://www.hops.org.mk/>

rural area. One respondent is from Ohrid, while all other are from Skopje. The two youngest persons in the sample are 30 years old, while the oldest one is age 61. Another two respondents are e age of 31 and the remaining three are in their mid-forties. Six of the addicts are single, one is separated and expects an official divorce, while one is married and lives with her husband and her son. Three respondents have minor children, two of them are taking care of their children, while the third is only covering some expenses, without paying official child support for his son who lives with his mother. Except for one who lives by herself and the one who is married, all the others live with a family member. Four respondents have high school diplomas; five are university graduates and one has finished only primary education. Six out of ten respondents live in households with three people, three respondents live in a household with 2 people and one respondent lives alone. None of the respondents have personal incomes and only one of them receives social benefits. Except for one who lives on her own and who has no financial support from anyone, all the others live with family members who help and support them. The incomes of their family members vary from social benefits in the amount of 60 euros per month to combined salaries of both parents in the amount of 1,130 euros. Two respondents are supported by one of their parents' pensions which are approximately 200 euros per month. The families of another two have incomes of 325 euros and 500 euros per month, respectively; two of them live in household where the incomes are 715 euros and 1130 euros; and one lives on his mother's social benefits which amount is 60 euros per month.

All respondents in the sample have been living with addictions for over 10 years. Four of them have been addicted to alcohol, and the remaining six to heroin. All eight respondents stated that the society treats them as unsuccessful and incompetent. Except for one re-

spondent who believes that he never needed treatment for his addiction, all the others have asked for assistance in order to quit heroin or stop drinking alcohol. Five of the respondents that are addicted to heroin have been enrolled in methadone therapy programs for various lengths of time. Three of them are paying for individual methadone therapy, while the others are getting this treatment in the State hospital and it is covered with their health insurance.

When asked about the reasons of their unemployment, all ten respondents stated personal problems. One respondent claims that there is significant discrimination against drug addicts or ex-drug addicts. *"If the employer is familiar with your past, you have small or no chances for employment"*. All respondents feel demotivated to look for a job and are discouraged by the society in general because, as they state, it treats them as sick people. At the same time, they feel isolated. All respondents in this group are willing to start working immediately. Only three of them are prevented from starting immediately to work due to health issues. Eight out of ten respondents, have work experience which varies in duration from one to 21 years. Their unemployment period varies from one to 24 years. Three of the respondents identified their addiction as a reason for losing their jobs.

When asked if they can start working immediately or if they need training for the jobs they would like to work, seven of the respondents stated that they can start working those jobs immediately without additional training, while the other three respondents are willing to invest their time and resources to attend the training so they could be better prepared for specific positions. In regard to the positions they would refuse, in some cases respondents mentioned jobs below their educational background, while three respondents couldn't think of any job that they wouldn't accept. The minimal acceptable salary was set between 165 euros and 325 euros per month, while one respondent answered that there no minimum amount of salary below which he wouldn't accept work.

At the moment when the interviews were conducted, only one of the respondents was receiving social benefits in the amount of 78 euros per month. Regardless if they receive it, used to receive it or never did, all respondents agree that the amount of money given as social benefits from the state is too low. *"The amount of benefits that we receive from the state is not enough to do anything, but it is very important because it is the only income that I have"* (male respondent, 39 years old). The only respondent who is currently on social benefits stated that she is not afraid to lose the social benefits in case of employment.

Seven respondents said that the biggest difficulty for them is the lack of finances. Five of them have actual financial problems and difficulties covering their expenses for necessities. Another two respondents expressed feelings of worthlessness, loneliness and fear as the biggest difficulties in their life. Only one respon-

dent said that she has no difficulties at all. She stated that the most important thing for her is the methadone therapy which she regularly gets.

When respondents were asked how they could overcome their difficulties, they gave the following suggestions: serious reforms in the system of social policies that will target not only one social group, but all groups; provide employment opportunities for all and ensure appreciation of the labor force etc. Two respondents said that they don't believe that anything will be changed. *"Nothing will be changed, we are unawakened as a nation. As long as I feel like trash whenever I knock on the doors of the center for social work, there can't be expected any changes to happen"* (female respondent, 33 years old). Most often the respondents with addiction are supported by a family member through their salary, pension or social benefits.



3.2. Opportunities for employment of marginalized groups by Social Enterprises

Seventy three out of 81 respondents (90%), from 7 marginalized groups¹⁶ in our field research demonstrated strong willingness for immediate engagement in the labor market. However, half of them (41 respondents) don't recognize the need for job training and pre-qualification. Respondents from five vulnerable groups (homeless, undereducated people, women, Roma and people with physical and mental disabilities) prefer low level work positions. Respondents from the other two groups, youth and drug and alcohol addicts prefer work positions in accordance with their education and qualifications. Seventy percent of the respondents (57 respondents) don't receive social benefits, but almost 60% (48 respondents) would like to receive social benefits, or are currently preparing the required documentation for becoming a user due to their unfavorable situation. The existing system for social benefits in Macedonia is not designed to meet the specific needs of marginalized groups. There is an insufficiency of transitional models and programs that will lead marginalized groups from social exclusion into the labor market, while ensuring development of new skills which are crucial for labor market integration. Additionally, unstructured lifestyles and lost life habits are major obstacles for labor market integration among the majority of respondents, while the functional communities lead to passivity and isolation.

Limited opportunities for employment, a highly politicized labor market, discrimination

based on nationality, gender, age and discouragement coming from various social factors (lack of inclusive job opportunities, underdeveloped awareness of social exclusion among general population) are the reasons which the majority of the respondents identify as major obstacles.

This situation imposes a need for fostering and development of social enterprises as independent economic entities whose main objective is the professional integration of people experiencing serious difficulties in the labor market, through productive activity and tailored follow-up, or through training to qualify marginalized workers. Social enterprises can significantly influence the reduction of economic disparities in the long term as well as the process of transition of youth from the educational system to the labor market. Existing initiatives for fostering development of social entrepreneurship in Macedonia could make substantial contributions through the provision of mentorship, support in development of ideas and provision of financial assistance for young people in the development of startups. In the process of transition, social enterprises may provide short-term employment opportunities for young people and could increase the capacities of the labor force through individual mentorship, training and volunteerism in synergy with other social enterprises, civil society and the business sector.

Social enterprises can significantly impact the provision of employment opportunities for

¹⁶ Women, homeless, Roma, drug and alcohol addicts, people with disabilities, unqualified and uneducated, and young people

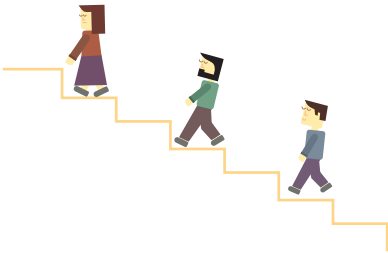
persons with disabilities, as well as in the promotion of inclusive labor market. Traditional employment models do not accommodate the specialized needs of many people facing barriers, and therefore eliminate the opportunity for these individuals to participate in the workforce. In this direction, social enterprises can become a positive model that will: 1). Open job positions in line with the capacities and possibilities of persons with disabilities, especially for the ones that face multiple employment barriers, thereby ensuring their social and financial inclusion; 2). Create more flexible work-week and job positions that accommodate different disabilities and 3). Create support programs that will assist persons with disabilities to retain their job position and integrate in the society.

Social enterprises could make significant impact in providing job opportunities for women, by 1.) Assisting the employment of women and increasing workforce capacities; 2). Opening job positions in line with the capacities and possibilities of women, especially for victims of domestic violence, single mothers and aging women; 2). Creating more flexible workweeks 3). Creating support programs that will assist women to increase their self-esteem, provide psychosocial work and integrate them in the society.

As one of the most vulnerable group, homeless persons require different approach for ensuring their work and social integration as not all homeless persons are ready to enter the labor market. In this direction, social enterprises in close cooperation with centers for social work and the Red Cross (which works very closely with this target group) would assist the assessment of homeless persons in terms of their readiness to enter the labor market and live independently and propose measures

that will ensure their social integration. In this case a close inter-sectoral cooperation is crucial in order to ensure additional services that will accelerate the social integration of this groups. During the process of work integration, temporary support in the provision of housing should be ensured as well. Inter-sectoral cooperation is crucial in the early detection of homelessness as it will establish appropriate support at this early stage. Early detection and early prevention of homelessness are pivotal in the process of homelessness. The street paper movement (active in Macedonia through the magazine *Lice v lice*) is a great tool for social and economic empowerment of homeless people. Street papers are a great method for re-integration of homeless people to secure equal participation on the labor market, in accordance with good examples from Europe.

Among the respondents from the group of undereducated persons/persons with limited formal education, Roma and addicts there is long term unemployment is commonplace, despite high interest in participation in the labor market, no matter the individual's social or economic background. Social enterprises can make significant impact in the transition of these groups from long-term unemployment to the labour market. In line with the transition process, social enterprises would 1.) Assist the employment of these groups, increase workforce capacities and job retention 2) build their capacities through individual support programs 3). Assist their professional orientation for positions which are deficient in the labour market and 4). Open job positions in line with the capacities and possibilities of these groups, especially for the ones that face multiple employment barriers, thereby ensuring their social and financial inclusion.



3.3. Social Enterprises in Macedonia

For the purposes of mapping the existing Social Enterprise milieu in Macedonia, Association Konekt with support from Public conducted a survey in the second half of 2015 with 24 top management representatives of social enterprises in the country. One of the interviews lacked financial data thus it is not included in the analysed sample. The main methodology instrument was structured direct interviews designed by the International Comparative Social Enterprise Models (ICSEM) Project. The ICSEM Project involves 50 countries in the world and aims to build knowledge about emerging or already well-established social enterprise models across the world, following common guidelines so as to foster international comparative analysis.

Following the ICSEM methodology, the field of analysis is “made of organisations that combine an entrepreneurial dynamics to provide services or goods with the primacy of their social aims”. The data presented in the analysis refers to the institutional unit i.e. the organization as a whole while several configurations are possible: a) one single organization which develops an economic activity; b) the SE is controlled/operated by a parent organisation but is structured as a separate legal entity and c) the SE is operated as a programme/department within the parent organisation in which case the data applies to the whole parent organisation.

The analysis explores four key dimensions of the Social enterprises: 1) the general identity of social enterprises, 2) type of production and

mission i.e. the nature of the social mission, 3) the governance and ownership structure and 4) the financial structure. The reference year used in the survey is 2014.

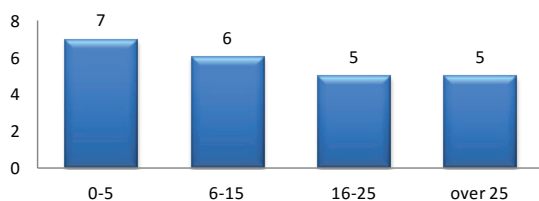
In terms of geographic distribution, the majority (70%) of the surveyed social enterprises are from Skopje, 17% are from the western part of Macedonia and the remaining 13% are from the eastern part of the country.

3.3.1. General identity of the social enterprises

This segment of the analysis addresses the general profile of the surveyed social enterprises. It explores the type of social enterprises, their legal forms, the age of the SE, the structure of the human resources and volunteer base etc.

LEGAL FORMS AND INSTITUTIONAL SETTING

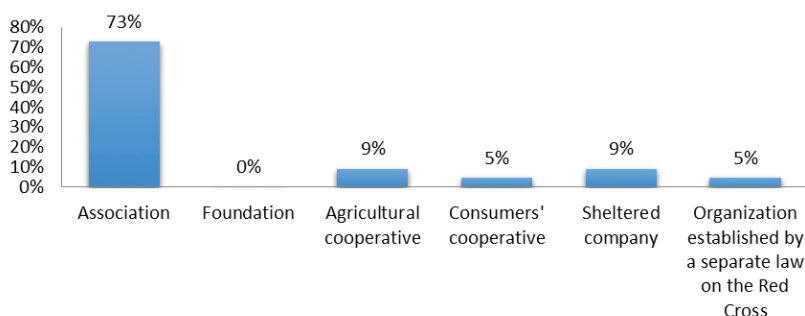
The social enterprises covered by the survey are quite diverse in terms of their maturity (Graphic 1). While 7 (30%) of the SEs were established in the last 5 years, 5 of them (22%) have existed for over 25 years i.e. were established in the socialist period of SFRJ. This indicates that social entrepreneurship activity existed regardless of the legal framework and political system at the time. It also shows that organizational forms similar to what we recognize today as social enterprises existed in Macedonia years ago and that the traditions established over quarter century ago have continued (as a whole or modified to adapt to the change in the system).

GRAPHIC 1: THE AGE OF SOCIAL ENTERPRISES

The most frequent initiator for the establishment of the surveyed SEs was either a group of citizens or a non-profit association (Graphic 2). Three of the SEs were established by two initiator groups working together (such as a governmental agency and a cooperative, a group of workers and an association, a group of workers and a cooperative).

GRAPHIC 2: INITIATORS OF SOCIAL ENTERPRISES

Twenty-two (22) out of the 23 surveyed social enterprises are legal entities while only one (1) is informal (and was later formalised in 2015). Association is the predominant legal form of the surveyed social enterprises (16 SEs i.e. 73%). Two each of the surveyed SEs are registered as agriculture cooperatives or sheltered companies, while one surveyed SE is registered as a consumers' cooperative and under a separate law. This is in line with the previous analysis that associations are the most interested in the concept of social entrepreneurship and are the most vocal advocates for adopting targeted policies in this area.

**GRAPHIC 3: LEGAL FORMS OF SOCIAL ENTERPRISES**

The majority of the surveyed social enterprises are institutional units without decentralized establishments i.e. branch offices, field offices etc. Seventeen percent (i.e. 4 SEs) do have multiple establishments (Graphic 4). Three of those organisations were established in the socialist period.

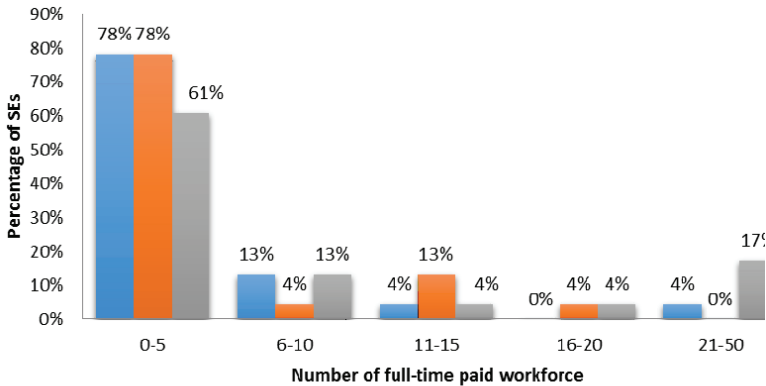
Human resources

In terms of the human resources, the surveyed SEs have small operations as indicated in the Graphic 4. The Majority of the surveyed SEs (14 i.e. 61%) have fewer than 5 full-time paid workers. Three employ up to 10 people, another 1 have between 11-15 and 16-20 full-time paid workers each. Four SEs employ 21-50 full-time paid staff. None of the SEs engages more than 50 full-time workers. Four of the SEs have no full-time paid workforce with two of them not engaging part-time paid workers either. In terms of gender diversity, the full-

marginalized groups, 7 out of the 23 surveyed SEs (around 30%) do not employ people from any marginalized group. From those that do employ people from these categories (Graphic 5), most frequently they employ people from different ethnic groups, people living with employment barriers and people living with disabilities (mostly with physical or intellectual disabilities). Almost half of the surveyed SEs in their employment policies and practices give priority to the people from the marginalized groups.

The main reason for many of the SEs to pri-

GRAPHIC 4: NUMBER OF FULL-TIME PAID WORKFORCE



time workforce in the SEs is equally distributed between men and women. Collectively, the surveyed SEs employ 210 full-time workers.

It appears the surveyed SEs are more inclined to engage full-time rather than part-time workers. Overall, all surveyed SEs collectively engage 70 part-time workers with a significant majority (87%) engaging fewer than 5 people on part-time basis. Thirteen of the surveyed SEs don't employ any part-time paid workforce.

The total Full-time Equivalent (FTE) size of the workforce engaged in the surveyed SEs is 243. None of the SEs has a seconded staff and this method of human resource management is not usually generally practiced in Macedonia.

Regarding the employment of people from

oritize employing people from marginalized groups is that it is connected to the social purpose of the SE. Some have noted the purpose of achieving civil awareness through joint action as well as for the personal experience of the people from marginalized groups and their access to the SE's key target groups. For the sheltered companies the reason for employing people with disabilities is connected to the legal status requirements.

Most of the SEs that don't prioritize the employment of people from marginalized groups are aware of the value it can bring in achieving the social mission, however these SEs have very small numbers of employees and have limited absorption capacity to employ people from

marginalized groups. Several SEs have pointed out that their mission is not related to work integration models and that their employment policies are based on technical expertise and qualifications.

The surveyed SEs that employ people from marginalized groups usually provide training in several key areas: technical training and mentorship related to the job requirements consisting of combination of theory and practice; orientation and work integration; soft skills; training on workplace hygiene, health and safety and some specific training (for ex. Re-socialization and freedom from addictions, basic literacy etc.).

- Subsidies for the salaries and the fringe benefits and in general subsidies for the SEs

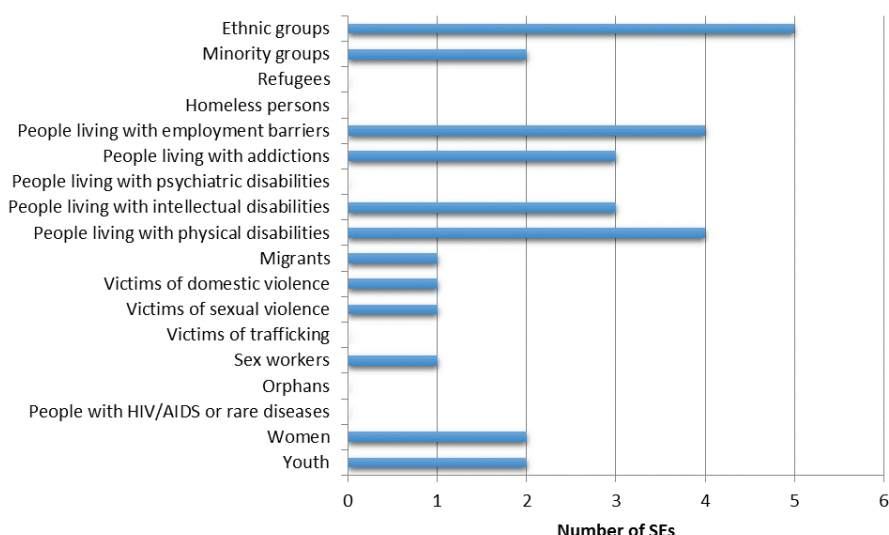
- Advantage i.e. preferential treatment when applying for some calls for proposals and public procurement

- Subsidized training and workshops

- Funds that will enable SEs to grow as well as grants for programmes of the SEs.

The trend in the engagement of volunteers is similar to those involving paid workers with equal gender distribution. Namely, as indicated in Graphic 6, a significant majority of the surveyed SEs (20 or 87%) engage up to 5 volunteers on steady basis (working 10 or more hours per month) while 9 of them don't engage any

GRAPHIC 5: EMPLOYMENT OF PEOPLE FROM MARGINALIZED GROUPS



The stimulus measures that could encourage the SEs to employ more people from marginalized groups can be grouped in several categories:

- Tax benefits/exemptions for those SEs that employ people from marginalized groups

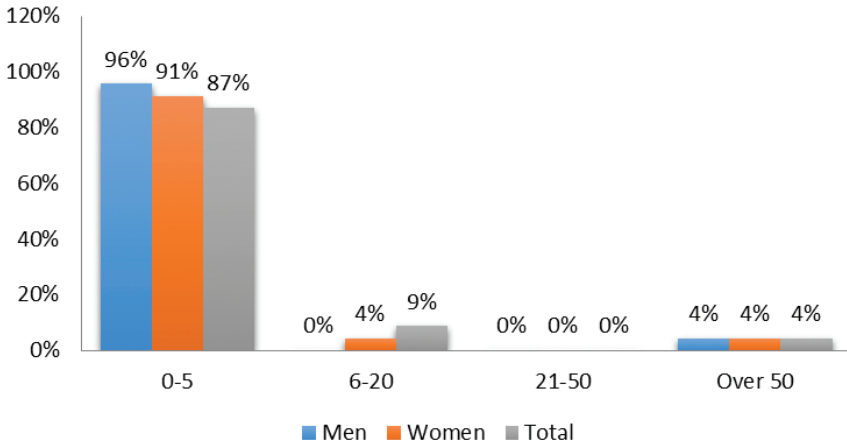
volunteers on steady basis. Two SEs engage up to 20 volunteers while only 1 SE engages over 50 volunteers working 10 or more hours per month. Collectively, the surveyed SEs engage 255 volunteers. With respect to volunteers working less than 10 hours per month, collec-

tively the surveyed SEs engage 451 volunteers on part-time basis.

The Total Full-Time Equivalents (FTEs) of the

volunteer effort in the surveyed SEs is 139 i.e. the volunteers complete the work of 139 full-time staff.

GRAPHIC 6: VOLUNTEERS WORKING 10 OR MORE HOURS/MONTH

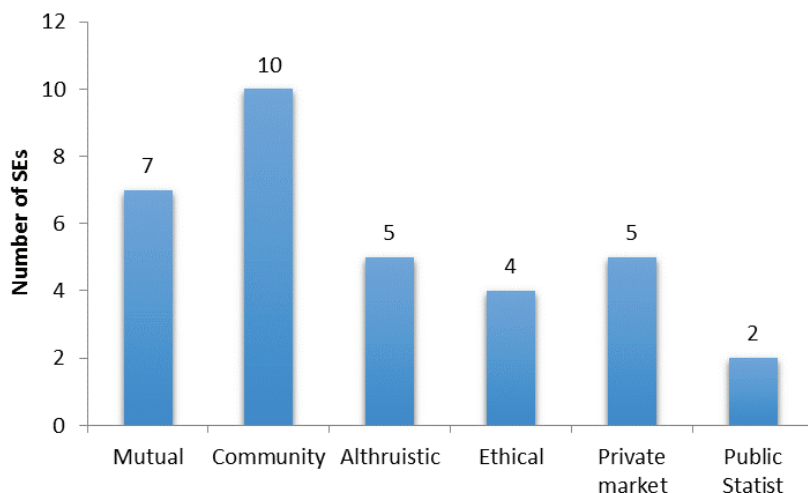


3.3.2 Type of production and mission

The second dimension covered in the survey provides us with an insight into the core of what the social enterprises do and how they contribute to the society in terms of social and market value. This section explores the missions of the SEs, their ideological background and priority areas of work. It also looks into the target groups they serve and the types of products and services they offer. Finally, it explores whether the SEs innovate i.e. bring added value in terms of new products, services, production, organization etc.

The missions of the SEs are diverse in the logic of action/purpose i.e. “tradition” they represent. Within the ICSEM Project, 6 historical “traditions” have been proposed by Mike Gordon (2014). According to them, the most represented tradition among the Macedonian SEs is Community i.e. for 10 SEs the

primary mission is connected to community development in a particular geographical location based on involving collective and co-operative organisation and control (Graphic 7). Seven SEs are organised around the principles of co-operation and mutuality i.e. arise from voluntary action for the mutual interest, benefit and support of a particular group (often poor and working classes). The same number of SEs (5) are associated to the altruistic traditions and the private market traditions; 4 with the ethical purpose i.e. based on ethical values and more radical societal change; 2 are associated with public purposes i.e. “externalization” of public services in social enterprise organizational form. Approximately 43% of the surveyed SEs are associated with not only one, but have missions that are based on two historical traditions.

GRAPHIC 7: TRADITIONS ASSOCIATED WITH THE MISSION OF SES

The traditions related to the missions of the surveyed SEs are also reflected in the priority categories of work of the social enterprises. The priority areas of work for the surveyed SEs are: capacity building, access to information, employment generation, human rights protection or expansion, access to education and community development.

Overall, the missions stated by the surveyed social enterprises predominantly address the following goals: a) advancing the human rights and social integration of a particular vulnerable group; b) education and various forms of social innovation; c) economic empowerment of members and/or target groups; d) providing services to a particular, most often vulnerable target group.

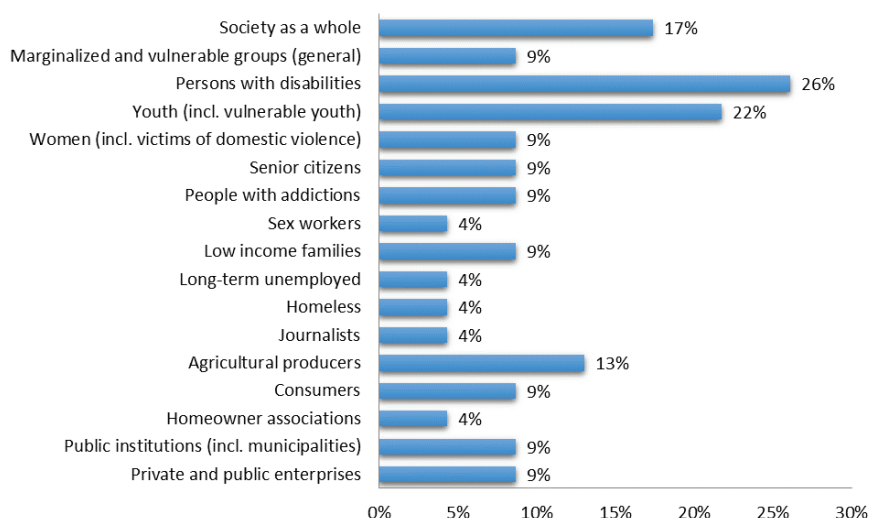
Target groups

The Macedonian SEs covered in this research serve diverse target groups (Graphic 8). The most frequent target groups served by the surveyed SEs are: persons with disabilities (6 of the surveyed SEs), youth (5 of the SEs) and agricultural producers (3 of the SEs). These groups are also among the key identified vulnerable groups in national policies on social inclusion.

Four of the surveyed SEs serve the society as a whole even though in most cases they also provide goods and services for another particular group/s. Eleven of the surveyed SEs serve more than one target group while 4 of them each serve 3 different target groups.

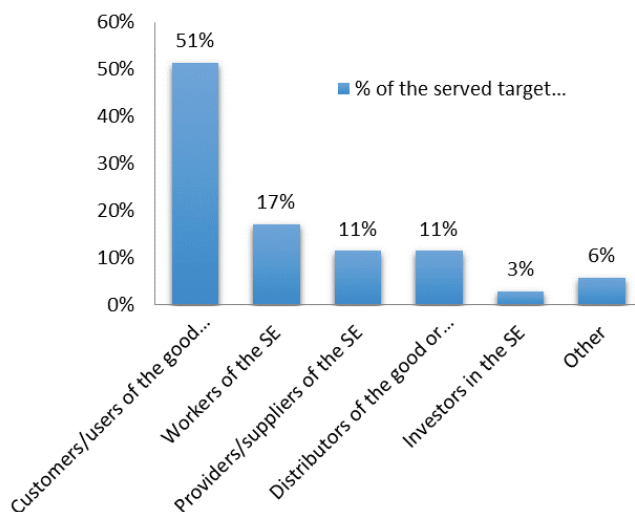
The majority of the served target groups (51%) represent customers/users of the goods and services provided by the surveyed SEs (Graphic 9). The surveyed SEs mostly serve individuals (over half of the target groups) and families (20% of the served target groups) as indicated in Graphic 10. They equally serve men and women. Regarding the age of the target groups, 35% of the target groups served are adults (25-65 years), another 23% are young adults (18-25 years) thus representing over half of the served target groups (Graphic 11). Twelve percent of the target groups served are youth, 11% senior citizens and 5% are children. Fourteen percent of the target populations served belong to all age groups.

Over half of the target groups served (58%) belong to all socio-economic groups (Graphic 12). Twenty six percent of the target groups are from low-income socio-economic levels while

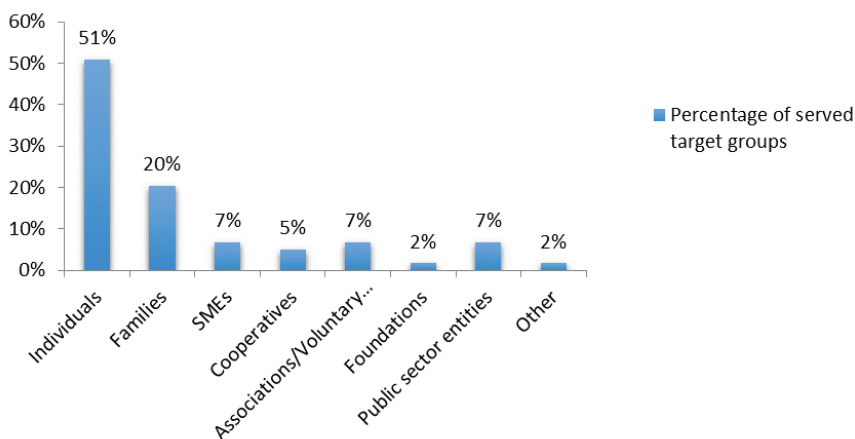
GRAPHIC 8: TARGET GROUPS OF SES

the remaining 16% are poor. This indicates that the social needs identified by the Macedonian SEs covered by the research go beyond serving

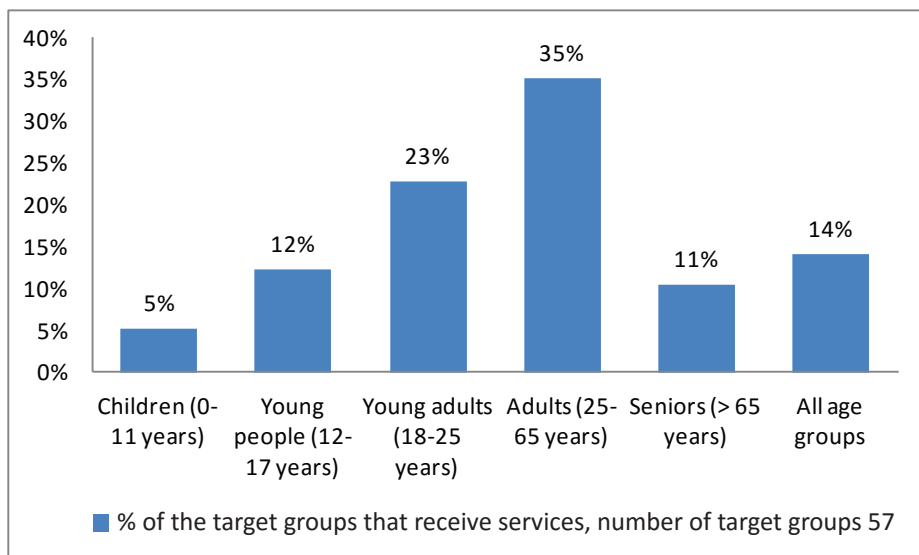
only the poor and low-income population but are quite broader in terms of scope and outreach.

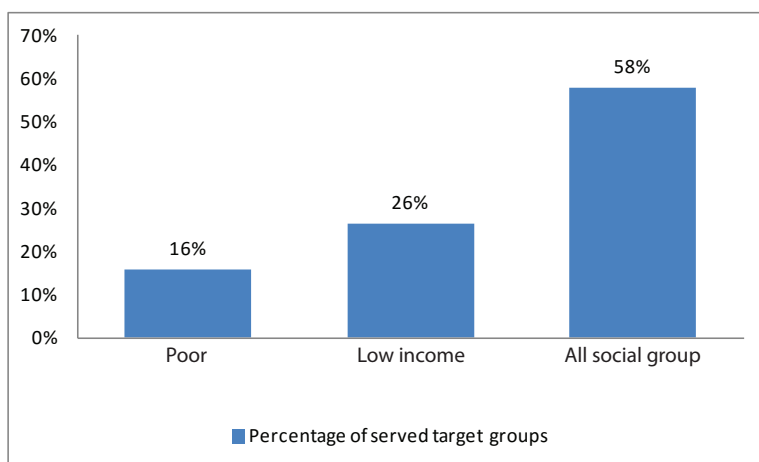
GRAPHIC 9: ROLE OF THE TARGET GROUPS WITH RESPECT TO THE ACTIVITY OF THE SES

GRAPHIC 10: TYPES OF THE TARGET GROUPS



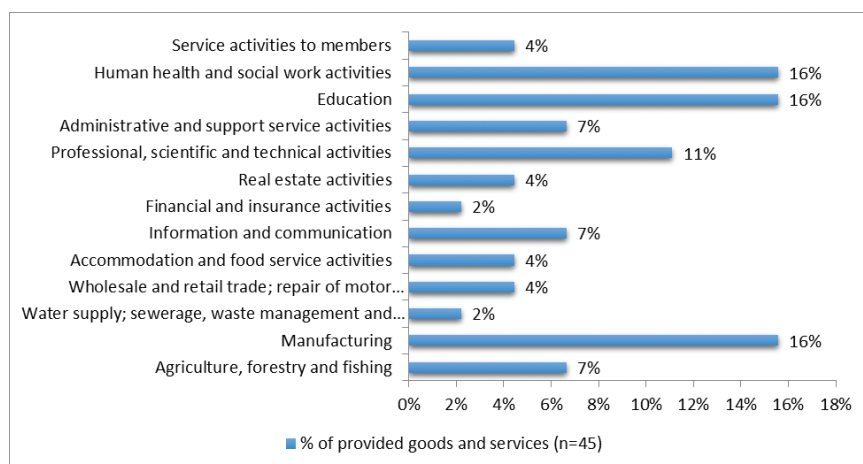
GRAPHIC 11: AGE OF THE TARGET GROUPS



GRAPHIC 12: SOCIO-ECONOMIC LEVEL OF THE TARGET GROUPS***Types of products and services***

The social enterprises covered by this survey provide a wide range of products and services. Around 65% (i.e. 15) of the surveyed SEs provide more than one product or service, while 7 of them provide three products or services. Almost half of the products and services are manufactured goods and social services in the area of

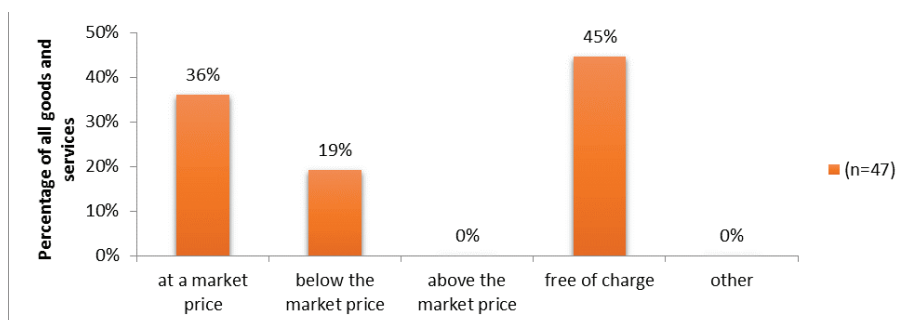
education, health and social work as indicated Graphic 13 (16% manufacturing, 16% education and 16% human health and social work activities). Eleven percent are professional, scientific and technical services. Seven percent are related to administrative and support services, 7% are information and communication services and another 7% involve agriculture.

GRAPHIC 13: TYPES OF PRODUCTS AND SERVICES

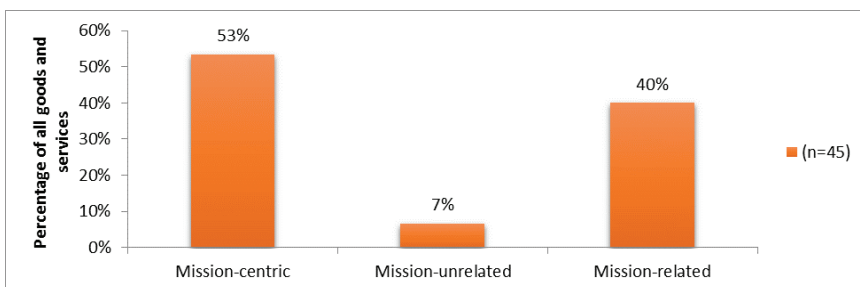
The majority of the goods and services of the surveyed SEs in Macedonia are provided free of charge (45%) or below the market value even when they serve all socio-economic target groups (Graphic 14). This is largely due to their primary focus on their social mission. A bit over one third of the provided goods and services (36%) are provided at the market value while none of the SEs provides any services above the market price. This is fully in line with

The social enterprises from this research make an effort to innovate in the context where they operate; a little over half of the surveyed SEs stated that they implement some form of innovation. The innovation is mostly implemented at the level of the product, i.e. SEs introduce new or significantly improved products or services to their target groups in relation to their characteristics or intended uses. This is in particular the case with the ser-

GRAPHIC 14: PRICING OF THE GOODS AND SERVICES PROVIDED BY THE SES



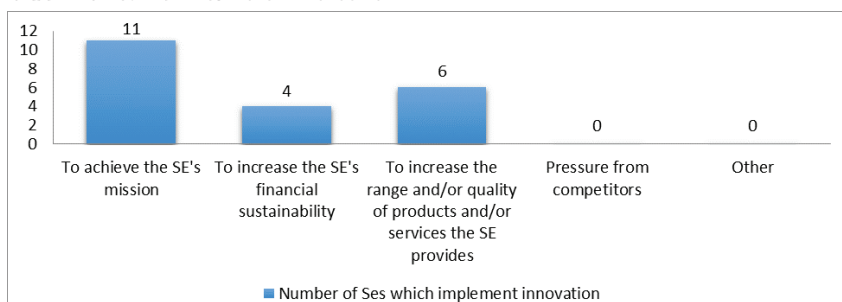
GRAPHIC 15: RELATION TO THE SE MISSION



the fact that more than half (53%) of the provided goods and services are central to the social/environmental mission of the organization (Graphic 15). Another 40% are mission-related, i.e. the goods and services are both connected to the mission but at the same time are set up to generate financial income for the organisation's mission. Only 7% of the provided goods and services are not related to the core mission of the SE.

vices provided to the vulnerable groups.

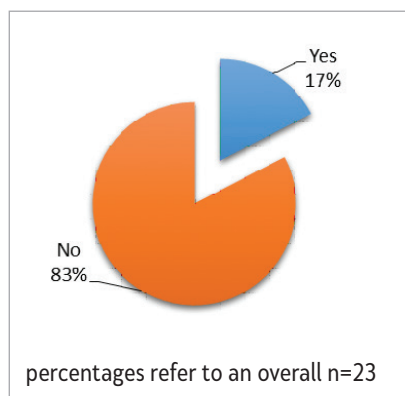
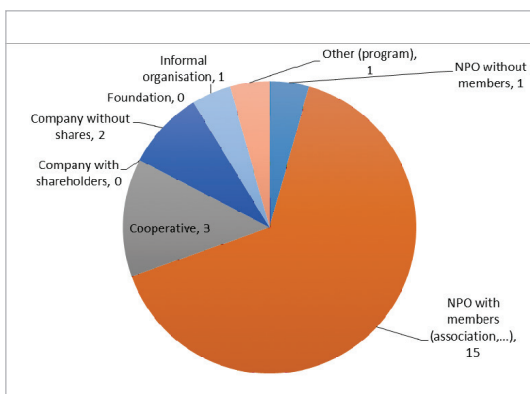
For almost all of the surveyed SEs which implement innovation, the primary driver is to achieve the SE's mission (Graphic 16). Half of them also implement innovation in order to increase the range and/or quality of the services they provide. These tendencies re-confirm the strong social focus of their mission in the operations of the social enterprises in Macedonia covered by this survey.

GRAPHIC 16: DRIVERS FOR INNOVATION

3.3.3 Governance and ownership structure

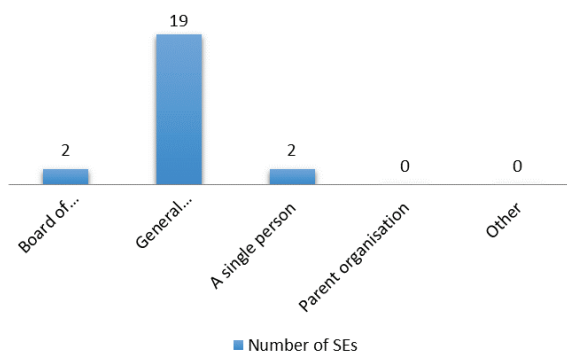
The third dimension analysed within the research is the governance and ownership structure of the social enterprises. This section looks into the legal and organisational setting of the SEs, the ultimate decision-making bodies and their composition, the decision-making principles, participation at national, regional and international networks etc. A significant majority (19 i.e. 83% out of 23) of the surveyed social enterprises in Macedonia are independent and do not belong to a group (Graphic 17). Out of the 4 SEs that belong to a group, 2 are institutional units which are the only one or part of many subsidiaries of the parent organisation while the other 2 belong to more complex structures.

As shown in the Graphic 18, 15 of the surveyed SEs are non-profit organisations (NPO) with members (such as associations for example). Three are cooperatives and another 2 are companies without shares. One SE is an NPO without members and one is an informal organization. Following the organizational form, for 19 out of 23 surveyed SEs (82%), the ultimate decision-making power is with the General assembly/meeting (of members, shareholders etc). Sixty percent of the surveyed SEs have Board of directors/trustees. In two of these the boards of trustees/directors is the ultimate decision – maker. Finally, as indicated in the Graphic 19, 2 of the SEs have a single owner who makes the decisions and in the case of these SEs it is the owner (of the sheltered company).

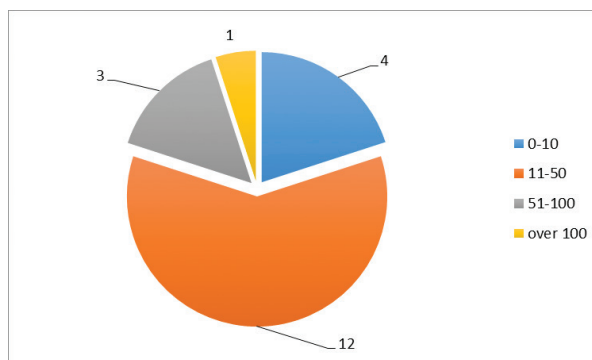
GRAPHIC 17: SE PART OF A GROUP**GRAPHIC 18: THE ORGANIZATIONAL FORM OF THE SES**

GRAPHIC 19: BODY WHICH HOLDS THE ULTIMATE DECISION-MAKING POWER

20 out of the 23 surveyed SEs have a General assembly (GA) but without shares. As shown in the Graphic 20, 12 of those SEs have between 11 and 50 individual members in the GA. Another 4 have up to 10 individual members. Three have 51-100 individual members while only 1 SE has over 100 members in the General assembly.

**GRAPHIC 20: NUMBER OF INDIVIDUAL MEMBERS IN THE GA**

Analyzing the three most represented groups in the GA of every surveyed SE it can be concluded that the most represented groups are the citizens, the volunteers and the users/customers. In this question, the surveyed social enterprises stated the top three priority groups represented in the GA based on the number of GA members coming from the particular group. The least represented



groups are the donors which are not in the three priority groups for any of the SEs and the investors. Nineteen out of the 20 SEs have a "one person, one vote" policy. Only 1 SE has observers without voting power. Representation in the General assembly and the voting powers indicate that the surveyed SEs have participatory decision-making and have constituencies based closely connected to their primary social mission and active citizenship rather than the financial aspect of the organization.

Regarding the structure of the Boards, the number of board members range from 3 up to 15. Unlike the representation in the General assembly, the most represented groups in the boards are experts, followed by the managers and then the volunteers and the users/custom-

ers. The donors are again the least represented group in the boards. Such a board structure shows that at the level of direct leadership of the organization, the surveyed SEs put emphasis on the mission-related technical expertise and management skills. From the available information, the board members mostly belong to governmental/public agencies. Nine social enterprises reported other governance bodies. In most cases it is a Supervisory Board which has a role in oversight, especially regarding the financial management and policies of the SE. The remaining 3 SEs that do not have General assembly, have boards of directors/trustees as the main decision making body. The board usually consists of 3-5 individual members representing the managers or the investors.

Networking

Almost two thirds of the surveyed SEs participate in networks on national, regional or international level. Six SEs participate in 2 networks, while additional 3 SEs are members of 3 or more networks. The networks mostly serve for information sharing, then for advocacy and to some extent for providing services. In the case of four networks, they also provide and support the financing of the SE. Most of the identified challenges related to the governance of the SEs are connected to a) the lack of adequate legal framework which recognizes and supports SEs and similar hybrid structures, and b) financial sustainability, which is inter-related to nurturing the membership (esp. the key target groups) and advancing the governance and management of the SE.

3.3.4. Financial structure

This section of the research looks into the economic model of the social enterprises, outlines their structure of funding and identifies the potential and challenges for achieving sustainability of the SEs. The financial structure presented is based on the financial statements of the surveyed SEs for the fiscal year of 2014 (01.01.2014 - 31.12.2014) and refers to the

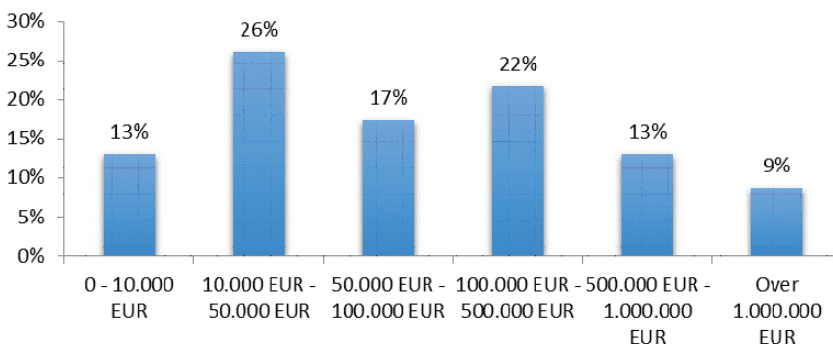
finances of the whole organization. The data were collected in the local currency (Macedonian denar) and converted to Euro for the purposes of this report using the exchange rate of 1 EUR = 61,696 MKD.

General overview

The surveyed SEs have diverse financial structures. In terms of their total assets, over half of the SEs have total assets below 100,000 Euro (Graphic 21). A bit over a quarter of the surveyed SEs have total assets between 10,000 and 50,000 Euro. Another 5 SEs have assets between 100,000 and 500,000 Euro, and 4 between 50,000 and 100,000 EUR. Three SEs have total assets below 10,000 EUR and another 3 between half a million and million Euro. Two SEs have total assets of over one million Euro.

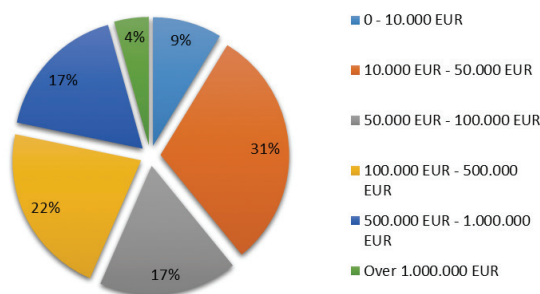
In terms of the revenues, over half of the surveyed SEs (57%) had annual revenues below 100,000 Euro with 7 SEs having annual revenues between 10,000 and 50,000 Euro. Five SEs had annual revenue between 100,000 and 500,000 Euro, and another 4 SEs between half a million and million Euro. Only 1 SE had annual revenues of over one million Euro.

GRAPHIC 21: TOTAL ASSETS OF THE SES



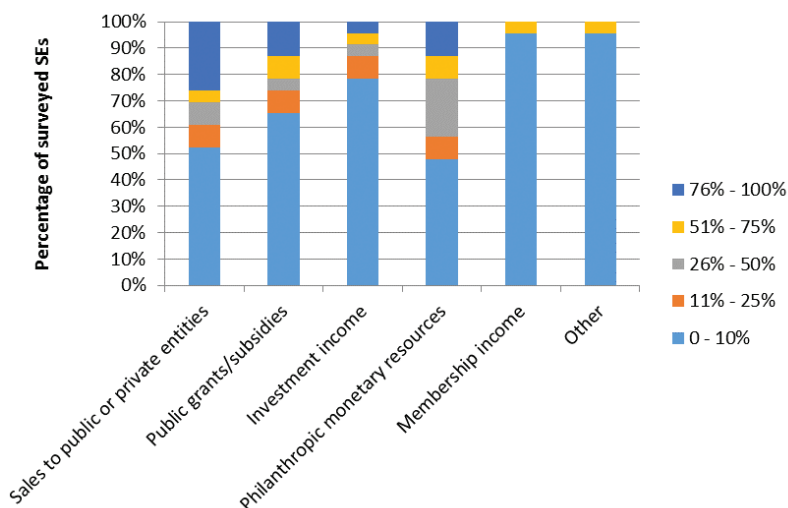
GRAPHIC 22: TOTAL REVENUES OF THE SES IN 2014

For 7 (30%) of the surveyed SEs, over half of their revenue comes from sales to private or public customers (Graphic 23). Five of the SEs have reported that over half of their revenue comes from philanthropic resources and another 5 of the SEs from public subsidies/grants. For 2 of the SEs, over half of the revenue comes from investment income. For 2 SEs the predominant source of revenue is membership fees. In general, membership fees and investment income are small part of the total annual revenues of the surveyed SEs. Sales to private or public entities as well as the philanthropic monetary resources are revenue source for largest percentage of the surveyed SEs i.e. each of them is present in the revenue mix of



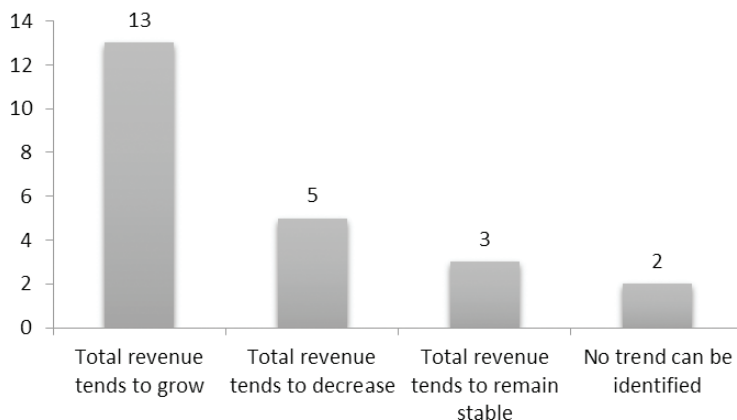
come is present in the revenue mix of 5 of the surveyed SEs.

For the majority of the surveyed SEs (13 i.e. 57%), the total revenues have grown over the previous 5 years and for another 3 SEs the revenues remain stable (Graphic 24). For 5 SEs total revenues decreased during this period. In addition, from the 17 SEs that have provided

GRAPHIC 23: TYPES OF REVENUES

15 (65%) of the surveyed SEs. Public grants/subsidies are present in the revenue mix of 13 of the SEs while the membership fees in the revenue mix of 10 of the SEs. Investment in-

formation on their net income/loss, the vast majority (16 SEs) have reported net income. Only 1 SE has reported a net loss for the year 2014.

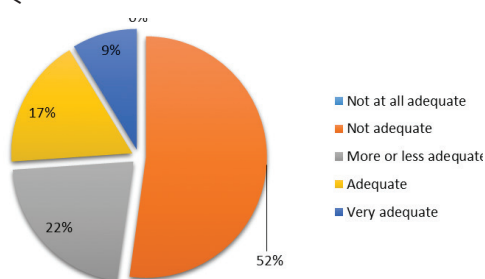
GRAPHIC 24. TREND IN THE EVOLUTION OF THE TOTAL REVENUE

From those SEs that have reported revenues from public entities, for the vast majority (11 out of 13 SEs) the most important type of public revenue comes from International public entities (e.g. EU, World Bank etc.). These are followed by national public entities while the least important public sources of revenues are those coming from the local public entities.

Related to the types of philanthropic monetary resources, for 6 out of 15 SEs that have reported philanthropic resources most of the funding (over 50% of their philanthropic funds) comes from international foundations. For 3 of the SEs, the predominant philanthropic source is direct philanthropy from citizens and companies as well as international NGOs. For 2 of the SEs, national foundations raising funds locally are the predominant philanthropic resource. The majority (16 out of 23) surveyed SEs do not benefit from any fiscal exemption. Five have stated that they use tax exemption, which is mostly related to the VAT exemption on projects funded by foreign development aid. Two SEs (sheltered companies) use exemptions from payroll contributions which they are entitled to use according to the legislation on the sheltered companies.

Financial sustainability

For the majority of the surveyed SEs (12 i.e. 52%), the existing revenue mix is not adequate and does not ensure financial sustainability of the social enterprise (Graphic 25). For 2 SEs it is not at all adequate. An additional 5 SEs consider the revenue mix more or less adequate. For less than one fifth of the SEs (4 SEs) the resource mix is adequate. These data show the challenges faced by the surveyed SEs in achieving the financial ability to sustain their missions.

GRAPHIC 25: EXTENT TO WHICH THE FINANCIAL RESOURCE MIX REACHED ADEQUATE LEVEL OF SUSTAINABILITY

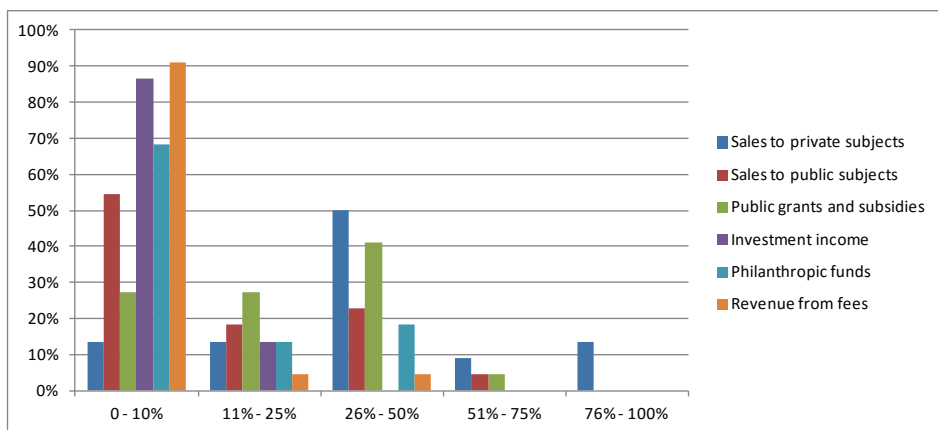
As indicated in Graphic 26, the optimal mix for the surveyed SEs in Macedonia would not rely on a single source of funding. Sales to private entities is the most desired source of revenue to bring a sustainable mix of funding. Three of the SEs would prefer that 76%-100% of their revenues come from sales to private entities. Another 2 would prefer that half to 2/3 of their revenue come from sales to private entities. Half of the surveyed SEs would prefer that a quarter to half of their budget to come from sales to private entities. Nine of the SEs would

stacles are related to the external environment and legislation, while some relate to the internal capacities and management of the SEs. In general, the identified obstacles that need to be removed are as follows:

a) External factors

- Lack of enabling legal environment that includes: recognition of the SEs, tax incentives, subsidies and other financial support
- Lack of support infrastructure for the SEs such as accelerators: access to capital etc.
- Lack of interest and economic stability of

GRAPHIC 26: OPTIMAL MIX OF REVENUE REQUIRED TO SUSTAIN THE ORGANISATION



prefer that a quarter to half of their revenue come from public grants and subsidies, while almost a quarter of the SEs would prefer sales to public entities to cover quarter to half of their budget. Membership income and investment income are mainly seen as small portion of the revenue mix (up to 10% of the annual revenues) for the vast majority of the surveyed SEs (91% and 86% respectively).

The SEs have pointed out various obstacles that need to be removed in order for their economic models to be feasible. Some of the ob-

stacles are related to the external environment and legislation, while some relate to the internal capacities and management of the SEs.

- Lack of adequate state governance principles and lack of adequate system for financing social and other services provided by the SEs and non-profit organizations in general
- Difficulties in accessing a qualified workforce

b) Internal factors

- Limited capacity and resources of the SE to grow and provide higher professional services

- Lack of an effective and efficient system for sales and distribution
- Low level of solidarity among the constituencies

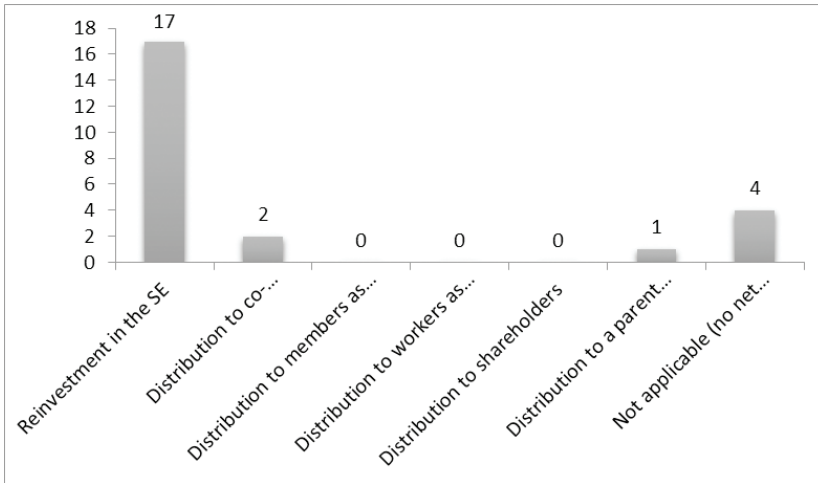
Distribution of net income/profits

Almost two thirds of the surveyed SEs are reinvesting their net income back to the social enterprise (Graphic 27). Two SEs are distributing the net income to the co-owners/associates of cooperatives to remunerate their shares while 1 SE is distributing the net income to their parent organization.

tion since they do not have shares or privately owned capital. Three of the SEs reimburse the capital shares at nominal value while another 2 have not developed any rule in this regard.

In case the SE decides to liquidate its activities or to exit, 39% of the SEs would allocate the residual assets to another SE or non-profit organization with similar mission (Graphic 28). Six SEs would allocate the net assets among the members as co-owners, 3 would transfer them to the community while 2 have not determined how they would allocate residual net assets

GRAPHIC 27: ALLOCATION OF NET INCOME/PROFIT



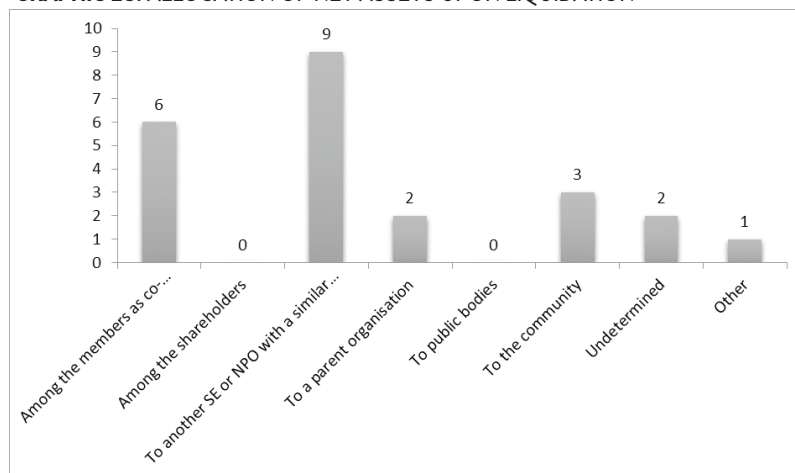
More than half of the surveyed SEs have adopted rules on the distribution of net income. From those SEs that have adopted rules, in vast majority (10 out of 12 SEs), the rule prohibits distribution of profits. In 2 of the SEs (cooperatives) the rule envisages that the net income is equally shared among the SE's members.

For most of the SEs, it is not possible or not applicable to reimburse the capital shares of the SEs in case a member leaves the organisa-

Non-monetary resources and in-kind support

The majority of the surveyed SEs receive various types of in-kind support. Five SEs do not receive any in-kind support. None of the SEs has reported to have received buildings as in-kind support.

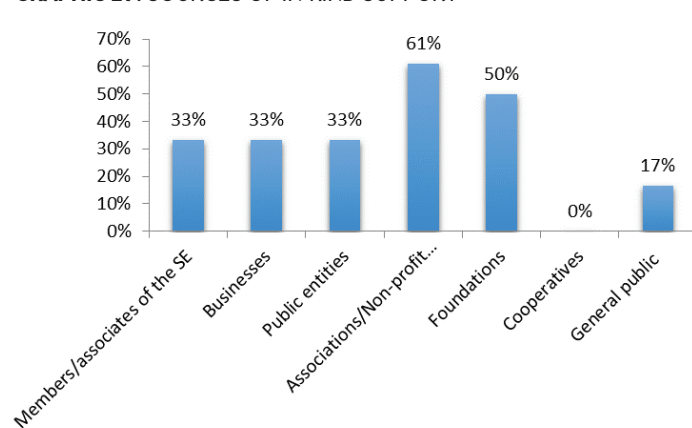
In-kind support mostly comes from other non-profit entities such as associations and foundations (Graphic 29). In multiple-choice answers, none of the SEs has reported receiving

GRAPHIC 28: ALLOCATION OF NET ASSETS UPON LIQUIDATION

in-kind support from cooperatives. Six of the SEs reported that they receive in-kind support from their members, from businesses and from public entities. Three of the SEs also receive support from the general public. Ten SEs (55% of those that receive in-kind support) receive it from more than one source.

In a synthetic perspective, looking at the pri-

vate entities as source of support, the surveyed SEs predominantly receive support from foundations. This support is mostly for trainings and other technical support. Five of the SEs received grants/donations from corporations and 2 from the state budget. Corporations have also provided other technical support to 4 of the SEs.

GRAPHIC 29: SOURCES OF IN-KIND SUPPORT

IV

POLICY OPTIONS /ALTERNATIVES



The mapping of social enterprises in Europe has identified that the spectrum of SEs is quite diverse in terms of legal form and status including: various legal forms (associations, co-operative etc), new legal forms of SEs deriving from the existing legal forms (such as the social cooperatives in Italy and the Community Interest Companies in the UK), separate legal status based on legally defined criteria as well as new legal forms that enable economic activities of the non-profit organisations (Wilkinson and Medhurst, 2014). In terms of legislation, the mapping has shown that in general there are three policy approaches: 1) adaptation of existing legal forms to take account of specific features of social enterprise; 2) creation of a social enterprise legal status and 3) recognition of specific types of non-profit organizations (allowed to conduct economic activities) (Wilkinson и Medhurst, 2014). These approaches are not exclusive of each other; for example Italy has adapted the cooperative legal form to recognise social cooperatives but has also introduced a separate law on social enterprise to allow a wider range of organizations to receive this classification (Galera and Borzaga, 2012)

The research findings presented in this report provide an adequate base for creating a policy framework that would contribute toward the development of social entrepreneurship in the country capable of providing sustainable opportunities for integration of marginalized groups. Taking into account the existing country context, historical legacy, findings from the analysis and the surveys and European practices in the field of social economy, the following policy options / scenarios are presented and elaborated, after which the best alternative is recommended:

- Policy option
/ Scenario 1: Status quo;
- Policy option
/ Scenario 2: Draft Law on Social Entrepreneurship adopted as it is;
- Policy option
/ Scenario 3: General and broad regulation of social entrepreneurship and social

enterprises;

■ Policy option / Scenario 4: Amendments in the existing legal framework.

Policy option 1: Status quo

The research presented in this report shows that social enterprises exist and operate within the current legal framework. Social enterprises are established as legal bodies under the current laws (Law on Associations and Foundations, Law on Cooperatives and the Law on Employment of Persons with Disabilities). The existing legal framework is presented in section 2.2. of this report. In this environment social enterprises can formally and de-facto operate, however in terms of recognition and development of social entrepreneurship the status quo will result in: 1) absence of a legal definition of the overall concept of social entrepreneurship and social economy; 2) absence of official data for following the progress of social entrepreneurship; 3) lack of recognition of the specific contribution of social enterprises to social justice and equitable development; 4) existing legal obstacles will remain and 5) a continued lack of legally secured state support for development of social entrepreneurship and social economy. Regarding labor integration of marginalized groups, the SE model of work integration operating under the existing Law on Employment of Persons with Disabilities will continue to dominate, as the legal framework in which it operates provides support adequate for the concept. Existing state subsidies for employers of people with disabilities can be used by all legal entities, not only the sheltered companies. The SEs that are based on preparation of the marginalized groups to be integrated in the labor market will continue to operate as civil society organizations. Nevertheless, the current employment and social security policies and procedures will not provide sufficient flexibility and mechanisms to stimulate other forms of work engagement beyond formal employment. Choosing this option will leave the work integration models implemented by the SEs in the “grey” zone and subject

to case-by-case agreements with the relevant public institutions instead of creating systematic solutions.

Policy option 2: Draft Law on Social Entrepreneurship adopted as it is

The draft law¹⁷ defines and regulates principles, forms and activities of social entrepreneurship; the criteria for setting up and running a social enterprise; and the recording, reporting and supervising of the social enterprises. The definition of social entrepreneurship is quite wide and allows for wide array of activities within the definition. However, it has a strong inclination towards employment of certain vulnerable groups which is pointed out as a primary reason for introducing the law. The definition is explicitly stressing that „profits are used for employment of certain socially excluded or vulnerable social groups “even though it does recognise that profits can be also used for solving community problems and needs¹⁸. The beneficiaries of the social entrepreneurship and social enterprises are strictly defined by the law in 14 categories of unemployed persons who need *„special support and special conditions for employment because of overcoming of material, social and life difficulties“*¹⁹. According to the draft, the status of social enterprises can be obtained by wide range of legal bodies which entails the current legal statuses under which the SEs operate and additional economic entities. One of the key conditions for obtaining social enterprise status is permanent employment of

at least 1 employee who belongs to the limited list of beneficiaries within the first year and at least 1 more by the end of the second year²⁰. The administrative procedure for obtaining of the SE status is defined in the draft and limitations are prescribed for profit entities. The draft law defines rules for property management; non-profit clause and limitation of distributing profits are described.

The draft law regulates an organized system that aims to enable stakeholder representation in the processes of creation of policy for development of social entrepreneurship. The measures are defined on broad a basis. The measures that entail state budgetary resources are available only for SE in which 40% of the workforce is part of the vulnerable groups listed as beneficiaries of the draft law²¹. The draft law also defines the authorized institutions for supervision. Penalties for different kinds of offences and misdemeanours rang from 500 to 10,000 euro.

If the draft law is adopted in the current form without any further amendments, several positive effects would be expected, such as:

- The legal recognition of social enterprises which was requested by many of the SEs covered with our survey. The definition of the social enterprise integrates the key dimensions of the Social Business Initiative of the European Commission, which entail entrepreneurial, social and governance dimensions (European Commission, 2014).

¹⁷ Official Draft Law on Social Entrepreneurship was released on 28.07.2015 via the National Electronic Registry of legal acts in Macedonia (ENER). See: Ministry of Labor and Social Policy, Draft Law on Social Entrepreneurship, Skopje, July 2015, Available at: https://ener.gov.mk/default.aspx?item=pub_regulation&subitem=view_reg_detail&itemid=cnPYla8CJEtMQ5uvaMsdg%3d%3d (Retrieved on 13.08.2015).

¹⁸ Ibid. Article 3.

¹⁹ Ibid. Article 6.

²⁰ Ibid. Article 12

²¹ Ibid. Article 26

■ The types of economic activities that can be conducted by SE are not limited.

■ Work integration types of SEs will receive state support for development. This is a general statement and it is not clear whether it will be implemented since the draft law stipulates that there will be no financial implications for the implementation of the law.

■ A system for state support is envisioned. Measures for support of SEs will be developed and established. Many of the measures will be focused solely on employment of marginalized groups.

■ Employment of marginalized groups of people defined by the law will be stimulated.

■ A cross-sector Council will be established to coordinate the policies for promotion of social entrepreneurship. The Council will consist of representatives of the social enterprises.

■ Adequate data on the SEs will be available.

Limitations of the current draft law may result in the following undesirable effects:

■ Overall, beyond the formal definitions, the spirit of the law is such that the social enterprises will be defined as entities that employ marginalized groups of people. The legal recognition of social enterprise will offer restricted conceptual classification of the concept. The state definition of social enterprises will be limited to the work integration type, thus not recognizing other forms of SEs and the historic legacy of the social economy in the country described in this report. Currently, around 30% of the surveyed SEs do not employ any people from a marginalized group, and fewer than half of the surveyed SEs prioritize the employment of marginalized groups. Additionally, several SE respondents have pointed out that their mission is not related to work integration models and that their employment policies are

(necessarily) based on technical expertise and qualifications.

■ The beneficiaries are defined only as different categories of unemployed persons. The law doesn't recognize that the beneficiaries of social enterprises can be whole communities, deprived areas, etc. depending on their mission. Even in defining the unemployed beneficiaries, the law provides a limited scope of beneficiaries that doesn't fully correspond to the needs of the established SEs. Although, the list in the draft law contains several broad categories based on age and employment status, it does not include several identified categories of marginalized groups that are already employed/ work integrated by SEs such as: homeless persons and street youth. The limitations of the list do not allow adequate space for different approaches and integration of other target groups.

■ The measures provided by the law will not be opened for all existing and potential SEs. Moreover, there is a possibility that no tax benefits and measures will be introduced, which would leave the law with too many obligations and too few benefits.

■ Legal entities may not be motivated to register their status of SE because of several reasons: 1) the law will not correspond to their concept of operating (except for the work integration model) 2) potential SEs will not be able to fulfil criteria for obtaining SE status (permanent employment of at least 1 employee and at least 1 more in the second year). Our research shows that the majority of the surveyed SEs (61%) have fewer than 5 full-time paid workers, regardless of whether they belong to marginalised groups. Four of the SEs have no full-time paid workforce, with two of them not engaging part-time paid workers either. This indicates that many of the existing SEs will not meet the requirements to be registered as social enterprise under the law; 3) administrative burden and unclear registration procedure; 4) the pro-

visions regulating misdemeanours include high penalties.

- The Council of Social Entrepreneurship may not ensure adequate inclusiveness and participation of relevant stakeholders since its members are appointed by the Government.

Policy option 3: Broad general regulation of social entrepreneurship and social enterprises

This scenario considers the possibility of social entrepreneurship to be regulated in broader terms with a goal to promote and stimulate it, but not over-regulating it. Introduction of new regulation in this option would aim to:

- *Define and recognize a broader concept of social entrepreneurship and social enterprise.*

The definition of the social enterprises would be based on broader aspects of social entrepreneurship and would not have a predominant focus on the work integration model. The definition should provide more guidance in terms of the main features of social enterprises, and thereby provide a basis for clarifying the concept and educating stakeholders. The formalization of social enterprises will at the same time will open space for new and different social business concepts, thus stimulating innovation. The definition should establish basic criteria of the social enterprises such as: social mission; entrepreneurial activity, asset lock and limitation of distributing profits; ownership rights and participatory governance. It should also be inclusive of all legal forms that social enterprises can take. The law would recognize the contribution that social entrepreneurship makes to social justice, entrepreneurship and equitable development. The definition of social entrepreneurship would emphasize the identified commonalities of this approach, such as the focus on solving identified problems of a particular group or community and “the aim to create and sustain social value” (Galera and Borzagga, 2014). In addition, it would also recognise that the social entrepreneurship is based on the entrepreneurial idea and not nec-

essarily in an institution (separate legal form) but that it can also exist as a programme/project within a larger organization as it is the case with 10 surveyed SEs within this research.

- *Recognize SE status in line with historic legacy and the existing models of SEs*

By regulating a status of social enterprise the law can recognize all existing models of social enterprises. The broad definition of social enterprise and social entrepreneurship would define soft criteria for obtaining status of SE. This option includes several possibilities: 1) grouping of different legal entities for managing a social enterprise; 2) SE status to be obtained by existing organizations that fulfil basic criteria; 3) project and programs to obtain the status (or similar form of recognition); 4) new legal entities to obtain the status in the process of registration under current legal framework.

- *Introduce general scope of the beneficiaries, production of goods and services*

In order to enable diversified social economic models and not to restrain the entrepreneurial spirit, this option can integrate general defining of SEs. Open space for production of goods and services and generally defined beneficiaries (not limited to marginalized groups, but limited to a social mission) will enable development of diversified concepts of social enterprises.

In terms of the work integration models of social enterprises (WISE), the law would not limit only to providing formal employment but would also include SEs that provide temporary work engagement of vulnerable groups and supports their inclusion into the mainstream labour market. This is in line with the findings of this study which has identified that the full employment of persons from marginalised groups often requires a transition period from social exclusion to the labour market and that this is where the SEs can make the most significant impact.

■ *Define support measures available on equal terms and across the policies*

This option provides for the possibility of support measures to be defined in the Law. Precisely defined measures would contribute to the development of the existing SEs and the emergence of new ones. It is necessary the measures be available to all models of SEs (not exclusively the work integration model). The measures would include: 1) flexible approach regarding work integration of marginalized groups and the possibility of combining small honoraria income and social welfare at the same time; 2) tax incentives and financial benefits; 3) capacity building defined on the basis of SE's needs; 4) various forms of financial support. The measures of financial support need to make clear distinction between: a) financial support to cover the costs of the operation of the SEs (through outsourcing of social services from the public institutions to the SEs, subsidies for employment, project grants, preferential treatment on public tenders etc.) and b) financial support to start-up, scaling-up and stabilization of the SEs which includes loans, start-up grants, social impact bonds etc.

It is of outmost importance that the benefits and support to SEs be clearly outlined and integrated across the relevant legislation and strategies. This is particularly the case with tax benefits, financial subsidies, outsourcing of services etc. If the benefits and support measures are not clearly defined, it could lead to a situation where the status of SE would create more burden and requirements for the organizations and would discourage them from applying for the status of SE (such is the case with the status of Public Benefit Organization under the Law on associations and foundations). While the law would commit to specific incentives and support measures, their details would be elaborated in a separate strategic document i.e. a national strategy for development of social entrepreneurship.

■ *Create administrative burden and requirements proportional to the size of the SEs and the*

benefits the State is providing

Taking into consideration the existing size of the SEs and the challenges they face to achieve institutional and financial sustainability, the administrative requirements in terms of registration, reporting, documentation, etc. need to be reasonable and aiming to encourage transparency and accountability without creating unnecessary burden. The level of non-profit distribution constraint would also depend on the tax incentives and other benefits and support the State provides. The criteria and the requirements for the SEs would also take careful consideration not to limit in any way the autonomy of the governance and management of the organisation.

Policy option 4: Amendments in the existing legal framework

This scenario offers an option within the existing legal framework accompanied with support measures defined in a separate policy document i.e. strategy. The scenario includes:

■ *Definition of social entrepreneurship in the existing regulation*

This report elaborates the existing legal framework in which social enterprises currently operate. Amendments to the Law on Associations and Foundations, Law on Employment of Persons with Disabilities and Law on Cooperatives would be made. A special chapter on social entrepreneurship in these laws will be introduced, having in mind the existing special features of the legal entity (SE model) that the particular law regulates. In order to define themselves as SE, the legal entities would be required to introduce statutory changes. Additionally, possibilities for adopting the concept of SE by a legal entity that operates under other company laws would be made possible by amendments of the registration forms allowing existing companies to adopt this concept by integrating rules on profit distributions, governance, social values etc.

■ *Measures defined in policy*

Policies containing active measures for development of SEs would be developed, such as adoption of a national strategy on social entrepreneurship which would include support measures for development of SEs. Measures would be diversified and could be custom-made for each SE model having in mind their needs, constraints and specifics. The measures would be revised in order to follow the dynamics of development of social enterprises in the country. The existing tax laws would be amended to provide tax benefits and incentives for the SEs. Support measures including financial support could also be envisioned, however this would require specifically defined eligibility criteria (to ensure that the policies will target the SEs).

This scenario requires a careful legal approach to amendment of the existing laws under which SEs are already registered and operate. Similarly, the changes in each law should adequately correspond to the legal entity and the field of regulation (CSOs, cooperatives, sheltered companies etc.). The possibility for other business entities to register and adopt the concept of social enterprises would open the opportunity for emergence of new entities. This scenario recognizes all existing legal entities that operate as SEs by offering intervention in the existing regulation. This option opens opportunity for internalization of standards of social entrepreneurship in the internal acts of the organizations. The statutory changes would be adequately reflected in the Central registry documents of the organizations and in this way an adequate data base of SEs would be created.

Having a policy document for active measures for support of SEs provides the opportunity for following the needs of the sector and the dynamic of its development. Tax deductions may require amendments of the tax laws.

ПРЕПОРАЧАНА ОПЦИЈА ЗА ПОЛИТИКА

Strategic state support for the development of the social entrepreneurship is essential for its further development. Without this the SEs

will remain dependent mainly on foreign donations and aid, and will not adequately integrate in the market, limiting their potential to grow and provide meaningful solutions to existing social challenges.

The absence of a law governing this specific subject matter ("lex specialis") or other options for regulation of social entrepreneurship results in several unmet current needs: 1) definition of the concept of social enterprises on state level (i.e. in policy documents, strategies etc. 2) removing of all legal obstacles for functioning of the SEs 3) programs and active measures for state support to SEs; 4) fiscal and tax incentives; 5) local support based on community needs provided on municipality level; 6) capacity building and education regarding social entrepreneurship; 7) adequate official data base of SEs. For this reasons the status quo scenario (policy option 1) does not offer an adequate environment for strategic development of social entrepreneurship in the county.

In the EU, several countries such as Belgium, Denmark, Finland, Lithuania, Slovakia and Slovenia have defined the legal status of social enterprise (Wilkinson and Medhurst, 2014). Legal definition and recognition of social enterprise contributes to conceptual clarification. A similarly adequate structure that will not limit the future development of the social entrepreneurship is needed in Macedonia.

According to the elaborated challenges, the existing initial draft law should be thoroughly revised as it does not correspond to the existing needs and research findings elaborated in this report. The scope of the current draft is to a large extent limited to the work integration types of SEs. If adopted, this would result in the narrow definition of the social entrepreneurship exclusively as an alternative for employment of marginalized groups. The regulation of the SE status on a broader basis would more adequately reflect the existing context of social entrepreneurship in the country. Policy options 3 and 4 recognize all existing forms of SE and offer broad framing of social entrepreneurship; adequately embody the historic leg-

acy and the current context; do not constrain the models of the SEs in terms of beneficiaries, and offer support measures on equal and specific grounds. However, policy option 4 as a legal approach is not used in Macedonian legal praxis except for systemic laws that require legal approximation and internalization of amendments in a broader scope of laws. Moreover, the definition of social entrepreneurship that this option offers would remain in a complex framework of different laws and policy documents. This could create confusion among stakeholders and would not contribute to common understanding of the concept of social enterprise. In addition, measures defined in policy documents in the Macedonian context do not have the same strong binding effect as when regulated in law.

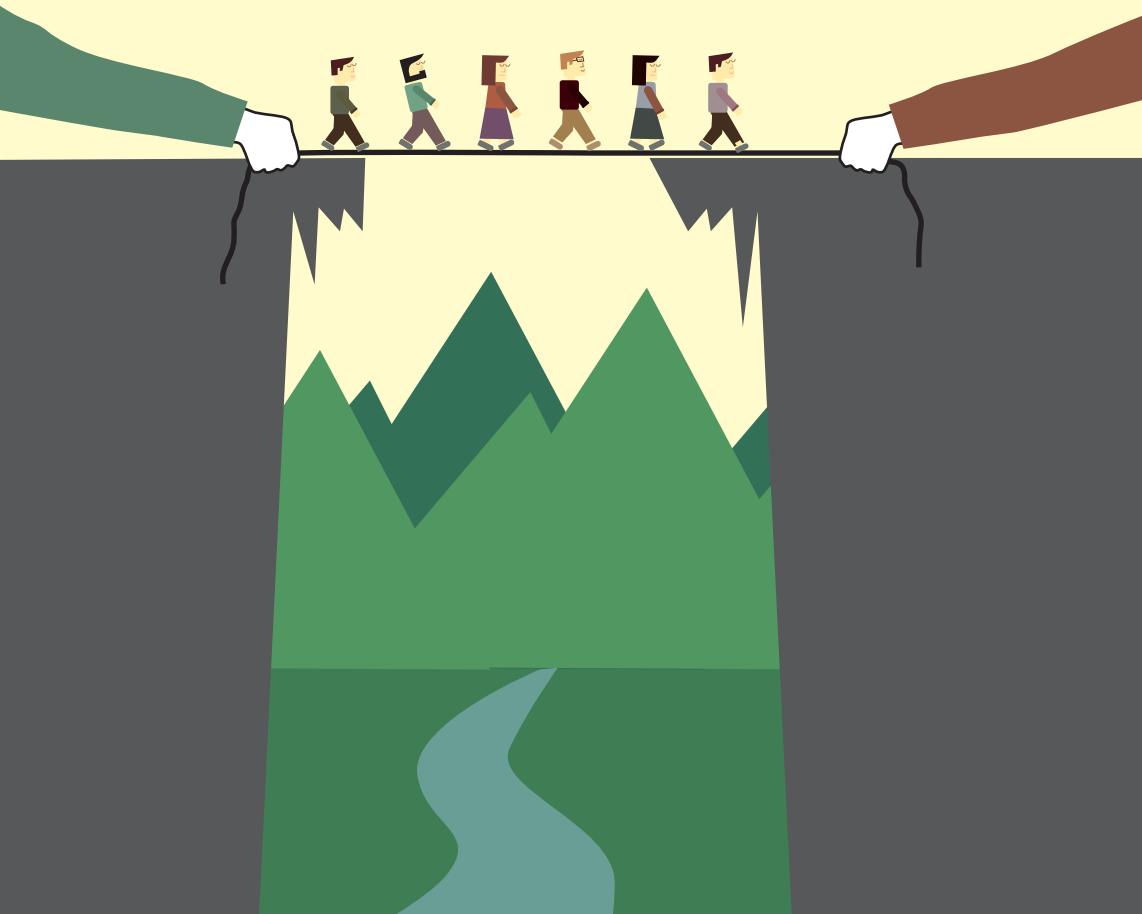
For all of the above reasoning, the policy option 3 is preferable and most adequate for implementation. The regulation of SE status on broad premises adequately reflects the existing context of social entrepreneurship in the country. This status would correlate to the existing typology of SEs in Macedonia elaborated in this report (non-profit entities registered as associations and foundations, sheltered companies and cooperatives). The SEs would be defined by their key characteristics, but at the same time the specifics of the existing entities would be recognized. The social values and the entrepreneurial activity of the SE should be integrated in the core of their concept and the status regulation should provide directions

for multi-stakeholder governance structure. The possibility for obtaining SE status would be opened to: existing and new organizations; projects and programs; and structures that include more than one legal entity. This would motivate development of entrepreneurial spirit in terms of social enterprise. Since 10 of 23 SEs covered by the research are projects/programs, this type of policy scenario would fit their needs for support. Within the implementation of this scenario special emphasis should be given to the administrative procedures for obtaining the SE status. Minimizing of the administrative burden in this regard is of immense importance for motivating utilization of the status. There are different options for organizing the process for obtaining the SE status (for example the status can be confirmed by a relevant ministry/ special authorized state agency or other body).

Since the measures in this scenario would be provided by special law, special attention should be given to their strategic development. The measures should provide adequate infrastructure to support and accelerate SE development. At the same time, the measures should not motivate emergence of new legal entities that will be established strictly because of available financial support. In this line it is important that the available financial support (including EU funding) corresponds to the absorption capacity of the existing social enterprises. This approach will limit the possibility for emergence of quasi SEs.

V

CONCLUSIONS AND RECOMMENDATIONS



CONCLUSIONS

SOCIAL ENTERPRISES

Organizational forms similar to what we recognize as social enterprises today have existed in Macedonia for many years, and the traditions established over a quarter century ago have been sustained. The research undertaken for this project identified a stream of historic development and tracked its legacy in the forms of social entrepreneurship. From this perspective, the legal framework in different historical periods created different conditions for development of social entrepreneurship, with some periods being more enabling than others. In some cases the legal framework created obstacles and barriers which influenced the continuity of existing of SEs. However, this research also confirmed that social entrepreneurship activity existed regardless of the legal framework and political system at the time. Many SEs established over a quarter century ago remained continuously active providing services to different extends.

The concept of social entrepreneurship still means different things to different people. (Galera and Borzaga, 2009). The analysis conducted for this project showed that this also applies to Macedonia. Social enterprises and other stakeholders involved in the study had different point of views of what constitutes a social enterprise and some of them did not identify themselves as social enterprises. In several countries, the legal recognition of social enterprises has contributed to clarification of the concept (Galera and Borzaga, 2009). It is expected that a suitable legal framework in Macedonia that would similarly recognize and define social enterprises in accordance with

the European tradition would make similar contributions and would facilitate the identification of all actors in the field of social entrepreneurship.

Through analysis of the legal environment, historical legacy and surveys of existing SEs, this research has identified the following SE typology:

- ◆ Social organizations embodying historical legacy and continuity;
- ◆ Non-profit entities registered as associations and foundations performing mission related or non-mission related economic activities i.e. providing goods and services;
- ◆ Sheltered companies as work integration type of SEs;
- ◆ Cooperatives (mainly agricultural);
- ◆ Social entrepreneurship activity (informal and formal within the existing associations)

The survey sample of this research is limited, thus the quantitative data cannot be interpreted as representative of the whole sector of social enterprises. However, considering that the surveyed SEs are typical representatives of the various typologies of SEs in Macedonia, the results indicate the dominant trends and models of social entrepreneurship in Macedonia.

The analysis shows that dominant portion of social enterprises in Macedonia follow the European tradition and the concept of social enterprise developed by EMES²² according to which “social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dy-

²² EMES is a research network of established university research centers and individual researchers whose goal has been so far to gradually build up an international corpus of theoretical and empirical knowledge, pluralistic in disciplines and methodologies, around our “SE” concepts: social enterprise, social entrepreneurship, social economy, solidarity economy and social innovation.

namics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity "(Defourny and Nyssens, 2008).

There is a strong link between civil society and social entrepreneurship. Civil society organizations are interested in the concept and the survey shows that the most common initiators for establishment of SE are groups of citizens or non-profit associations. Association is the dominant legal form of the surveyed social enterprises. From a historical and socio-economic perspective, Macedonian CSOs play a key role in the development of social entrepreneurship due to two primary factors. The first factor is connected to the period of gaining independence of the country and transition towards a market economy, which has resulted in a high unemployment rate, decline in the government provision of services, increased social disparities and a decrease in the standard of living (Blair, Blue, Popovski and Trajkovski, 2003). These social changes led to marginalization of many social groups. There was a gap in the provision of public services in many areas such as social care, education, health, culture, etc. The new wave of civil society organizations were established in order to bridge this gap, and today they play a key role in providing services particularly to vulnerable groups. The second factor is the prevailing dependency of these services on foreign funding. They are predominately funded through grants from foreign donors (bilateral donors, EU, etc.) usually with limited duration and scope. Faced with the need to ensure long-term sustainability of their services and their missions, a significant number of civil society organizations are beginning to explore ways of generating revenue from economic activities. Therefore, part of the social entrepreneurship discourse can be related to the first school of thought regarding SE i.e. the "earned income" school of thought (Defourny and Nyssens, 2010).

Social mission.

Missions of the surveyed social enterprises refer to the following aspects: a) promotion of human rights and social integration of certain vulnerable groups; b) education and different forms of social innovation; c) economic strengthening of the members and/or target groups; d) providing services to specific, often vulnerable, target groups. For the majority of the surveyed social enterprises, the mission is focused on creating a public good for the community and not on distribution of profits (nearly two thirds, i.e 17 of the surveyed SEs reinvest their net income in the social enterprise).

Providing goods and services in relation to the social mission.

Surveyed social enterprises provide a wide range of products and services. About 65% of surveyed SE (the percentage refers to the total no = 23) provide more than one product or service. Almost half of the products and services are manufactured goods, along with social services in the field of education, health and social work. The majority of the goods and services of the surveyed SEs in Macedonia are provided free of charge or below the market price. This is mainly due to their primary focus on their social mission. Ninety three percent of the goods and services (the percentage refers to the total no. = 45) have a central place in or are related to a social/environmental mission. Surveyed SEs serve different target groups. The most common target groups served by the SEs are persons with disabilities, young people and agricultural producers. These groups are also among the key vulnerable groups identified in the national policies on social inclusion. More than half of served target groups belong to all socio-economic groups.

Just over half of the surveyed SE state that they implement some form of innovation. Innovation is usually implemented at the product level, i.e. SEs introduce new or significantly

improved products or services to their target groups.

Ownership structure and governance.

Regarding the governance and the ownership structure, a significant majority (83%, the percentage refers to the total $n = 23$) of the surveyed social enterprises in Macedonia are independent and do not belong to a group. Twenty out of the 23 surveyed SEs have a General assembly (GA), but without shares. In 82% this body has ultimate decision-making power. The most represented groups in the GAs are citizens, volunteers and e users/customers. Nineteen out of the 20 SEs have a “one person, one vote” policy. More than half of the surveyed SEs have boards of directors/trustees (as the executive body). Surveyed SEs in Macedonia have participatory decision-making and have constituency bases closely connected to their primary social mission and to active citizenship, rather than the financial aspect of the organization.

Financial structure.

The surveyed SEs have diverse financial structures. In terms of their total assets, over half of the SEs have total assets below 100.000 Euro. In terms of the revenues, over half of the surveyed SEs had annual revenues below 100,000 Euro. Sales to private or public entities and philanthropic contributions are revenue source for largest percentage of the surveyed SEs, i.e. each of them is present in the revenue mix of 65% (percentage refers to the total $n = 23$) of the surveyed SEs. With the majority of the surveyed SEs, total revenues have tended to increase over the last 5 years. The largest part of the funding from philanthropic funds comes from international organizations.

For the majority of surveyed SEs, the existing structure of income is not adequate and does not provide financial sustainability of the social enterprise. According to the opinions of the SEs, sales to private entities are the most

desirable source of revenue that lead to a sustainable financing structure. SEs mostly receive in-kind support from foundations, mainly for training and other technical support. Almost two thirds of surveyed SEs reinvest their net profits in the social enterprise.

Identified challenges of social enterprises

¶ In general, the identified obstacles identified by the SEs that need to be removed are as follows:

A) External factors

- ◆ Lack of enabling legal environment that includes recognition of the SEs, tax incentives, subsidies and other financial support.
- ◆ Lack of support infrastructure for SEs such as accelerators, access to capital etc.
- ◆ Lack of interest and economic stability of the potential customers for buying the products/services the SE offers.
- ◆ Lack of adequate state governance principles and lack of adequate system for financing social and other services provided by the SEs and non-profit organizations in general.
- ◆ Difficulties to access a qualified workforce.
- ◆ Lack of flexible labor market policies to allow innovative approaches to work engagement of marginalized groups.

B) Internal factors

- ◆ Limited capacity and resources of the SEs to grow and provide higher professional services.
- ◆ Lack of effective and efficient systems for sales and distribution.
- ◆ Low level of solidarity among the constituencies.

MARGINALIZED GROUPS

Most often stated reason for unemployment by representatives of marginalized groups are: 1) limited opportunities for employment, politicized labour market; 2) discrimination and 3) discouragement by different social factors. Despite these challenges, most of the respondents expressed strong willingness and readiness to enter the labour market and most of them noted that they would be satisfied with salaries in line with the average salary in Macedonia, or even lesser. Job preferences for all target groups, except for the youth and addicts are mostly low-skilled jobs, while youth and addicts listed positions which are in line with their education and qualifications. Surprisingly, if required to participate in additional training almost half of the respondents (41 in total) do not recognize the need for training and job pre-qualifications. Approximately 30% of the respondents declared themselves as users of social benefits. For most of them the amount varied from 23 euros to 100 euros per month, and all of them declared that the amount they receive was not enough for basic expenses such as food, utilities or clothing. Additionally, all respondent recipients of social assistance declared that it is very important to continue to receive social benefits, because in this way they can cover at least some of their monthly needs. On the other hand, most of the respondents that are not users of social assistance are willing to receive them or are already in the process. However, most of the respondents stated that they would prefer to have a long-term job than to receive benefits/ social welfare, despite expressing fears of the instability and insecurity of the labor market. Overall, individuals from marginalized groups are willing to work, but need preparation and individual support to enter the labor market.

IDENTIFIED CHALLENGES OF MARGINALIZED GROUPS

Through the conducted interviews with representatives of marginalized groups (youth, persons with disabilities, women, homeless, undereducated, Roma and addicts) the following challenges were identified:

- ◆ Limited opportunities for employment.
- ◆ Lost living habits create barriers to entering the labor market.
- ◆ Lack of transitional employment models and programs.
- ◆ Closed communities (persons with disabilities, women, homeless, Roma and addicts) results in passiveness and exclusion.
- ◆ Social welfare system is not in line with specific needs.

EMPLOYMENT OF PERSONS FROM VULNERABLE GROUPS IN SOCIAL ENTERPRISES

In terms of human resources, the surveyed SEs have small operations. The majority of the surveyed SEs (61% percent of the total no = 23) have fewer than 5 full-time paid workers. SEs are more inclined to engage full-time than part-time workers. Collectively, the surveyed SEs employ 210 full-time workers equally distributed between men and women. Regarding the employment of people from marginalized groups, 7 out of the 23 surveyed SEs (around 30%) do not employ people from any marginalized group. Among those that do employ people from these categories, most frequently they employ people from different ethnic

²² Овие испитаници се анализирали само во прашањата за работна интеграција

²³ Заедници на определени маргинализирани групи што имаат свои специфични потреби

groups, people living with employment barriers and people living with disabilities (mostly with physical or intellectual disabilities). Almost half of the surveyed SEs give priority in their employment policies and practices to people from marginalized groups. The trend in the engagement of volunteers is similar to those in the paid workers with equal gender distribution. Namely, a significant majority of the surveyed SEs (87%, percentage of total no = 23) engage up to 5 volunteers on steady basis.

Based on the analysis of the context and the survey, in relation to opportunities for employment of marginalized groups, the existing SEs have modest capacity for absorption of full time employment. Nevertheless, the SEs provide significant support in the transition of persons from marginalized groups from passive recipients of social welfare to active actors in the labor market through various models of temporary and/or part-time work, training, developing soft skills, and networking. They address the particular challenges identified by the marginalized groups such as the loss of life and professional habits, social isolation and the need for an individualized approach to their social rehabilitation.

However, the experience of the SEs indicates that the existing labor and social welfare legislation is inflexible towards innovative forms of work engagement and does not allow full utilization of the potential of the social enterprises. In addition, the work integration SEs do not enjoy benefits in their access to the market such as preferential treatment in public procurement etc. In this line, public policy is needed which will address these issues and will boost the development and growth of social enterprises and will enable increased potential for employment of marginalized groups.

RECOMMENDATIONS

In order to accelerate the development and broaden the potential of SEs, proactive measures for support are needed. These recommendations are defined on the basis of the re-

search and analyses supported by this project and aim to contribute toward the development of enabling policy and active support measures. Operational recommendations for different stakeholders are also defined, recognizing the role of the various actors in the development of the SEs.

POLICY RECOMMENDATIONS

The policy framework on social entrepreneurship and social enterprise should recognize, define and promote the concept of social entrepreneurship more broadly, adequately reflecting the diverse typologies and characteristics of SEs displayed in this report.

The definition of social entrepreneurship in the country should include the following broad elements: 1) social mission 2) entrepreneurial/economic activity 3) democratic governance 4) asset lock and limitations on distributions of profits. The definition of social entrepreneurship in Macedonia should not be limited (or predominantly focused) on the work integration model of SEs. If needed, distinction can be made between the models of SE whose primary goal is work integration of persons from marginalized groups and the other models of SE, such as in the policies of some EU countries (for example Italy).

The policy should take into consideration all current legal forms in which the SEs operate. Listing of all legal entities that can operate as SEs and opening opportunities for other legal entities to incline towards social entrepreneurship concept is recommended. This legal approach will contribute toward the recognition of all existing forms of SEs and will motivate emergence of new ones.

The introduction of broad and general regulation of social entrepreneurship and social enterprises should aim to:

- Define and recognise broader concepts of social entrepreneurship and social enterprise;
- Recognize SE status in line with historic

legacy and the existing models of SEs;

- Introduce a general scope of the beneficiaries;

- Define support measures available on equal terms for all models and across the policies;

- Create administrative burden and requirements proportional to the size of the SEs and the benefits the state is providing.

For detailed elaboration on policy options and argumentation on best alternatives please see Chapter IV.

For broadening the capacity of SEs to employ, activate and build the capacity of marginalized groups to participate on the labor market, policy review and revision is recommended. Namely, more flexible labor and social welfare regulation is needed in order to mainstream the work integration of marginalized groups through social enterprises. This should be based on a further analysis of the obstacles that regulation creates, for example, when a user of social welfare receives short-term work engagement by a SE.

OPERATIONAL RECOMMENDATIONS

Recommendations for the institutions:

- Develop SE policy in line with the recommendations through participatory policy-making process via dialogue and stakeholder engagement;

- Raise awareness of different relevant institutions about the importance of social entrepreneurship and enable cooperation and coordination in the policy defining process;

- In accordance with the enabling regulation (law), define a national strategy for social entrepreneurship which will precisely define measures for support of SEs. Local level strategies will enable incorporation of local needs and

involvement of local self-government;

- Establish Protocol on how to assess the readiness of socially excluded person to enter the labor market based on successful practices of SEs that work in the field of work integration of marginalized groups;

- Create financial support measures that will enable development of all types of SEs. These measures should be defined on the basis of: current capacity; needs of SEs such as micro-financing; utilization and giving priority to SEs in existing state support mechanisms such as public procurement;

- Actively assess the effects of the implementation of regulation and measures and when necessary refine them.

- Revise labor policies to enable flexible working engagements for marginalized groups.

Recommendations for the donors and supporters:

- Define donor support for social entrepreneurship in line with the increased absorption capacity of existing and potential social enterprises;

- Provide capacity building and exchange of knowledge and best practices;

- Correlate the potential support to the existing state mechanisms for support and avoid overlapping;

- Establish a solid base of supporters with high awareness about the benefits of social entrepreneurship;

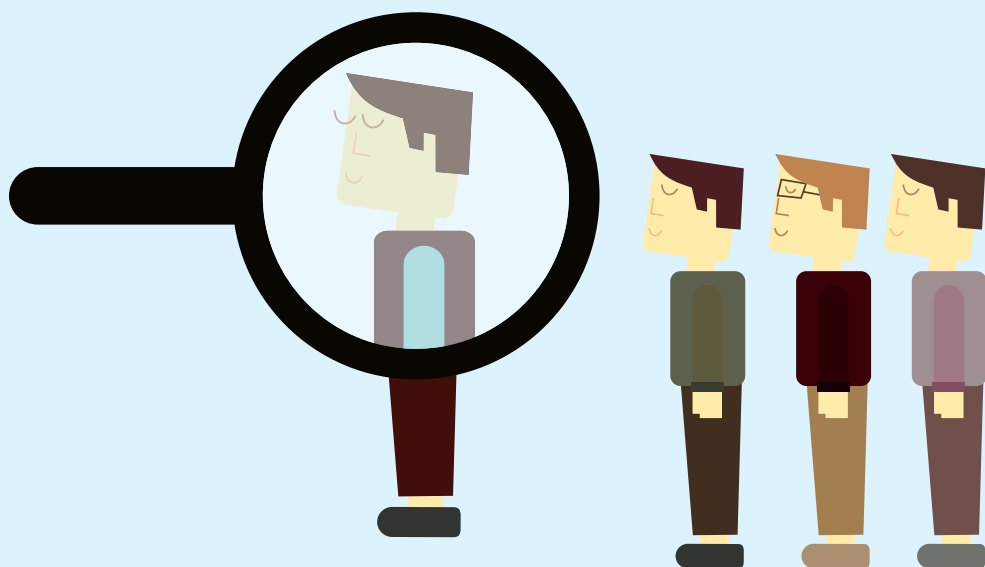
- Build the demand side for SEs comprised of consumers of goods and services provided by SEs (including the public institutions).

Recommendations for the social enterprises:

- Active advocacy of the SEs during future legislation and policy development aimed at integration of the needs of the SEs;
- Mutual activities for successful integration in the existing market of goods and services;
- Educate the existing and potential demand side (consumers and users of goods and services) about the benefits of social economy;
- Professionalize and standardize services;
- Network and knowledge sharing based on best practices;
- Coordinate efforts in mutual mission-based fields of work.

VI

METHODOLOGICAL ANNEX



SHORT DESCRIPTION OF THE METHODOLOGY

The research team has conducted both desktop and field research, in order to understand the current state of social entrepreneurship in Macedonia, and to explore its potentials for employment of marginalized groups in the future.

The desktop research included: 1) identifying and analyzing relevant publications on the explored subjects from academic, civil sector and international organizations; 2) analyzing current and past relevant legal documents and state mechanisms; 3) identifying and analyzing relevant media reports.

During the first phase of the field research mapping of all potential social enterprises was conducted. For this purpose initial consultations with those SEs were executed. The main methodology instrument was structured direct interviews designed by the International Comparative Social Enterprise Models (ICSEM) Project. The ICSEM Project involves approximately 50 countries and aims to build knowledge about emerging or already well-established social enterprise models across the world, following common guidelines so as to foster international comparative analysis. Direct interviews were conducted with 24 top management representatives of social enterprises in the country. One of the interviews lacked financial data and is not included in the analysed sample. Interviews lasted for approximately 90 min, and were conducted in the Macedonian language. The questionnaire used for the interviews was the International Comparative Social Enterprise Models (ICSEM) project's questionnaire, professionally translated to Macedonian. This questionnaire serves as a model to map and portray social enterprises, but also offers the option to become a part of the larger network, and to incorporate information on interviewed social enterprises in a unique global database of enterprises. Additionally, with data received through this questionnaire the research team was able not just to map and profile social en-

terprises, but to compare them as well. For the purpose of processing and analyzing data, an online platform LimeSurvey was used.

Desktop research was conducted in the first phase of the project, in the period of Winter 2014 – Spring 2015. Field research was organized in two phases, during the Spring and Summer of 2015, and included interviews with social enterprises and their potential beneficiaries (in terms of employment).

The total number of interviews conducted with representatives of marginalized groups is 81, with relatively similar number of responders of each category: youth, persons with disabilities, women, homeless, undereducated, Roma and addicts. Face-to-face interviews lasted from 20 to 50 minutes, depending on various circumstances. The questionnaire used for the interviews was created by a partner organization Reactor - Research in Action from Macedonia with slight adaptation to potential responders. Questions were open, allowing for the respondents to provide their thoughts and experiences, in order to fully grasp their potential for becoming future employees of a social enterprises. One set of questions was focused on unemployment and work integration for the purpose of determining the status in the labor market of each target group including challenges and potential discrimination, while another set of questions was focused on social benefits and their impact on those receiving them in terms of future employment, but also in terms of overall satisfaction of the recipients.

DESCRIPTION OF THE SAMPLES

In the absence of an official number of SEs in the country, the sampling of SEs was based on representation of different SEs models. Following ICSEM recommendations the sample of SEs included proportional representation of SEs of each type defined in the typology. Moreover, diversity in services and target group inclusion were taken into consideration in defining the sample.

Regarding the sampling of marginalized

groups, the majority of the respondents were users of services offered by some of the interviewed SEs. Precise description of the samples for each marginalized groups follows.

Women

In the group of women, we interviewed unemployed woman who support themselves on social benefits or another family member's incomes. The sample is consisted of 14 women.

Age: The youngest respondent is age 20 while the oldest is 58 years old. Four are in their mid-thirties, three in their mid-forties, three in their mid-fifties and beside the oldest one, one more interviewee is in her late fifties

Marital status and children: Out of 14 women, 8 are married, of whom 7 live with their husbands and one is separated; 4 women are divorced and 2 are single. Five of the women have one child; two of them have three children and the rest have two children. Eight of the respondents are mothers of minors. At the time when the research was conducted only one of the respondents lived in a rural area, while all others lived in urban areas.

Education: Except for one of the respondents who has no formal education at all, the rest have been in the educational system to some degree. Eight of the women have graduated from high school, four have finished only primary school and one is a university graduate.

Income and household: The incomes of respondents vary from 0 to 500 euros per month. Five respondents live in households where the incomes are higher than 325 euros; three live on incomes between 200 and 325 euros; four live on social benefits which vary between 30 euros and 105 euros per month, one lives with the parents and doesn't know the income of the household, and another has zero income and lives with her two children.

Four respondents live in household with two people, four other live in households with three people, 3 respondents live in households with four people, one respondent lives in a household with 5 people and two respondents live in

households with more than 5 people.

Homeless

In the group of homeless persons, we interviewed unemployed persons who live on the street and perceive themselves as homeless, regardless whether they own property (to which they may or may not have access).

Gender: The sample consisted of 14 persons, 11 are men and only 3 were women.

Place of residence: At the time when the research was conducted all of them lived in Skopje or in the surrounding area. Twelve respondents lived in urban areas and two in rural areas.

Eleven respondents are users of the services provided by the Red Cross of the city of Skopje in the shelter center for homeless in Momin Potok, and two persons are accommodated in the state-owned center for homeless people in Cicino Selo.

Age: The youngest respondent is age 20, and the oldest is 61 years old. Eight of the respondents were in their middle age, two of them were in their early seventies and three were in their late forties.

Marital status and children: Nine respondents are single, four are divorced and one lives with a partner.

Education: The majority of respondents have been in the education system to some extent and only two of them have no formal education. Six respondents have secondary education, four have finished primary education and two have tertiary education.

Roma

In the group of Roma, we interviewed unemployed individuals who identify themselves as Roma, Egyptians, Sinti, Travelers, etc.

Gender: The sample consisted of 14 persons, 8 women and 6 men.

Place of residence: All respondents live in urban areas, eight of them are from the municipality of Shuto Orizari, five are from the city of Kochani and one from city of Kumanovo.

Age: The youngest is age 23, and the oldest

is 57 years old. Most of the respondents are in their thirties or early forties.

Marital status and children: Twelve respondents are married, one lives with a partner and one is divorced. Thirteen respondents have children, except one woman who lives with a partner. Three respondents have five children, two have four children, four of them have three children, two have two children, and two young interviewees each have one child.

Education: When it comes to education, the majority of interviewed Roma people (8) have no formal education. This is especially evident among women, where out of eight women, six are without any formal education. Only one respondent, a man age 26 from Kochani, has finished secondary school. Another finished primary school and four have not finished primary school.

Income and household: Half of the respondents live in families with 5 or more people, which is typical of Roma people from Shuto Orizari. Some respondents reported that they lived in households with ten to fifteen people. The respondent from Kumanovo also lives in a family with more than 5 people. Unlike the others, participants from Kochani live in smaller families with four, three or two people in a household.

Reported monthly income among Roma respondents differs significantly between participants from Shuto Orizari and participants from the city of Kochani. Most of the participants from Shuto Orizari survive by collecting and reselling plastic bottles, earning approximately 305 euros monthly. One respondent, a vendor of the street paper "Lice v lice" has monthly income of 400 euros per month. All respondents from Kochani are users of social benefits. They receive between 21 and 45 euros per month. Only one woman from Kumanovo, receives monthly income from the state as a benefit for having third child, in amount of 130 euros.

Addicts

In the group of people with addictions we interviewed unemployed individuals who live with addictions or who are getting treatment for it. Six respondents are former heroin addicts. Five of these respondents use the services of HOPS²³-Healthy Options Project. Four respondents are current or former alcohol addicts. Three of them are members of the Club of Treated Alcoholics in Skopje, while one respondent was cared for in the psychiatric hospital "Bardovci" in Skopje.

Gender: The sample consisted of ten persons, of whom six are men and four are women.

Place of residence: At the time when the research was conducted, nine respondents lived in urban areas and only one respondent lived in a rural area. One respondent is from Ohrid, while all others are from Skopje.

Age: The two youngest persons in the sample are 30 years old, while the oldest one is at the age of 61. Another two respondents are the age 31 and the remaining three are in their mid-forties.

Marital status and children: Six of the addicts are single, one is separated and is awaiting an official divorce while one is married and lives with her husband and son. Three respondents have minor children, two of them are taking care of their children, while the third is only covering some expenses, without paying official child support for his son, who lives with his mother. Except for one who lives by herself and the one who is married, all the others live with a family member.

Education: Four respondents have high school diplomas; five are university graduates and one has finished only primary education.

Monthly income and household: Six respondents live in households with three people, three respondents live in households with 2 people and one respondent lives alone. None of the respondents has personal income and only one of them receives social benefits. Except

²³ <http://www.hops.org.mk/>

for one who lives on her own and who has no financial support from anyone, all the others live with family members who help and support them. The incomes of their family members vary from social benefits in the amount of 60 euros per month to combined salary of both parents in the amount of 1130 euros. Two respondents are supported by one of their parents' pensions which is approximately 200 euros per month; the families of another two have incomes of 325 euros and 500 euros; two of them live in household where the incomes are 715 euros and 1130 euros; and one lives on his mother's social benefits which amount to 60 euros per month.

Youth

Gender: The sample consisted of 7 individuals of whom 4 are female and 3 male.

Place of residence: All of the respondents live in urban areas. Three are from Ohrid and the other four are from Skopje.

Age: The youngest respondent is age 20 and the oldest is 27 years old.

Marital status and children: All respondents are single and live with their parents. Only one of them has been married and has a child, but he also lives with his parents since he got divorced. Six are university graduates and one is a high school graduate.

Monthly income and household: Most of the respondents live in small households. Three respondents live in households with 3 people, two respondents live household with four people and two other respondents live in households with five people. With regard to the average monthly income, three respondents didn't provide an answer to the question, one respondent reported average income of 53 euros per month, another respondent reported income of 200 euros, and two respondents reported average family income above 700 euros per month.

Undereducated

In the group of undereducated persons, we interviewed unemployed people with only pri-

mary or no formal education.

Gender: The sample consisted of eleven persons; 7 are women and 4 are men.

Place of residence: At the time when the research was conducted all respondents lived in urban areas. Ten respondents are from Skopje and one respondent is from Ohrid. Two of the respondents from Skopje live in the municipality of Shuto Orizari. Another respondent who declared Skopje as the place or residence has origins in Strumica. The respondent is a child without living parents, and due to the inability to find a permanent home, frequently moves between relatives in Skopje and Strumica. The respondent from Ohrid lives in a public building owned by the municipality.

Age: The youngest respondent is age 18 and the oldest is 55 years old.

Marital status and children: Two respondents are single, six are married, two are divorced and one is separated. All respondents except for two have children. Most have 2 children, one respondent has four children, and two respondents each have three children.

Education: Five respondents have finished primary school, three have no formal education and three respondents have unfinished primary education.

Average income and households: The majority live in households with 5 or more members, and the rest live in smaller households with two or three members. Four respondents live in households with more than five people, three respondents live in households with five people, two respondents live in households with three people and two others live in households with two people.

At the time when the research was conducted, three out of eleven respondents didn't have any income, two men and one woman. Two respondents have income between 30 and 35 euros per month. One didn't have information on household income because her husband manages their finances, and another respondent reported income on daily basis and depends on how much plastic and cardboard they collect. One respondent receives income of 100

euros per month as a volunteer in the center for homeless people owned by Red Cross of the city of Skopje. Only two respondents have higher incomes of 400 euros and 500 euros per month but this amount is insignificant taking into consideration the number in the households, in both cases seven members.

People with disabilities

In the group of people with disabilities, we interviewed unemployed people that have been classified or classify themselves with some degree of physical or mental disability. Two respondents are clients of Poraka Nova-Struga, two others are clients of Poraka Nova-Kumanovo and five respondents are clients of Solem-Skopje. One respondent is from Bogdanci and another is from Gevgelija. Both of them are physically disabled and members of the National Association of Persons with Disabilities in Macedonia.

Gender: The sample consisted of eleven persons, six women and five men. In this group we interviewed twelve respondents, but one respondent with moderate mental disability reported no interest in work now or in anytime in future, and was therefore not further analyzed.

Place of residence: At the time when the research was conducted, two respondents lived in rural areas and the other nine in urban areas. Three respondents are from Struga and its surroundings, two respondents are from Kumanovo, two respondents are from Gevgelija and its surroundings and the others are from Skopje.

Disability: Eight respondents have moderate mental disabilities and respondents have physical disabilities.

Age: The youngest respondent is age 20 and the oldest is 39 years old. Most of the respondents are in their late forties.

Marital status and children: Two respondents are married, and one of them has a child, while all other respondents are single.

Education: One respondent comes from a rural area has no formal education, three respondents have primary education, five respondents have finished secondary school, and one

respondent has unfinished secondary school. Only one respondent has completed tertiary education.

Average income and households: Three respondents live in households with more than five people, three others live in households with three members, one lives in a household with five people, two live in households of two people, one lives in a household of four people, and one person lives in a housing community for people with mental disabilities. Five out of 11 respondents from this category do not have insight into family finances and one respondent didn't feel comfortable providing an answer.

Two respondents declared a monthly household income between 100 and 160 euros, one respondent lives in a family with income of approximately 325 euros per month and one declared a monthly income of 500 euros. Only one respondent lives in a family that has an above average income of over 2000 euros per month, as one of the parents worked in Germany during their whole lifetime and now receives German pension.

Disability: All respondents, except two have lived with their disability since birth. The respondents that were not disabled since birth both were in car accidents, and suffered severe damage to the brain and body. Two respondents with physical disability have difficulty walking, and one respondent with severe strabismus and damaged eye nerves is unable to read.

INSTRUMENTS USED FOR SES TYPOLOGY AND MAPPING (ICSEM)

In depth historical review and analysis of the legal framework has contributed towards building an adequate typology. The ICSEM questionnaire relies on the hypothesis that data on three major dimensions would particularly inform the diversity of SE models: the nature of the social mission or social aims, the type of economic model and the governance structure. The ICSEM methodology also embodies the hypothesis that these three dimensions are deeply interdepen-

dent: the kind of social mission is likely to shape the type of business model and governance structure; conversely, a specific economic model can only support some kinds of social missions, and the primacy of the latter may be better insured by some forms of governance²⁴.

For the interviews with representatives of marginalized groups, the instrument used was a semi-structured questionnaire based mainly on open-ended questions to understand the inside situation of marginalized groups, their welfare, how this has changed and what kind of support they need to be better off. Moreover, we wanted to understand the possibilities of these groups to integrate into the labor market, as well as the challenges and possible discrimination they face

with in the labor market.

The first group of question requests demographic data about respondents such as gender, age, education, marital status, average income and number of people in the household. The second group of question is related to their employment and integration into the labor market such as: years of work experience, profession, willingness to work, reasons for unemployment, and their need for training and prequalification. The third group of question is focused on welfare benefits?, how this has changed and how social benefits influence respondents' decisions to integrate into the labor market. The last section refers to the life circumstances of respondents in order to assess their need for additional support.

²⁴ ICSEM, Guidelines for the ICSEM International Survey On Social Enterprise Models Interview and Coding Guide, EMES Network: February 2015

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