SOCIAL ENTREPRENEURSHIP AS AN ALTERNATIVE FOR YOUNG UNEMPLOYED

PROJECT TITLE:
So Vet – Social Entrepreneurship As An Alternative For Young Unemployed
2016 - 2018

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Social innovation and social entrepreneurship is a global trend which has arisen for several reasons, but first and foremost out of the great need for social innovations within the community. How social entrepreneurship is shaped depends on how the community system is set up, but there is a broad consensus in the world, that society’s traditional institutions are unable to solve all the challenges the world is facing right now. It’s about climate challenges, demographic challenges, urbanization, aging population, segregation, unemployment and depopulation of rural areas and more.

Both the term “social economy” and “social entrepreneurship” are relatively new terms in the socio-economic landscape of our world. Nevertheless, they carry a great deal of weight and are of large import in current times. There are many definitions as to what either of these two terms is. According to Swedberg (2006) it can be said the initial concept for both was mentioned by Joseph Schumpeter ascribed a social or a non-economic aspect to entrepreneurship in the early 1900s. From there on in there have been many scholars that have addressed the topic. Some of which are:

“A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners ... Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. (in Darby & Jenkins, 2006).

Social entrepreneurship is defined as the economic activity of creating new models for the provision of products and services to serve the basic human needs of the poorest social strata that remain unsatisfied by current economic or social institutions. (Seelos & Mair, 2005).

“A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities. (European Commission)
In essence however, the social economy encompasses economic activities that at heart hold a social dimension as a priority or key component. It includes organizations such as cooperatives, non-profit organizations, social enterprises, and foundations. It is a recent theory which tries to put these organizations into a broader economic context. In particular, it investigates the economic viability and the value of these organizations in traditional economic theory.

In turn this means that a social entrepreneur or enterprise carry out a social mission and search for solutions to social problems. Therefore, a loose and suitable definition for this project would be:

“A social enterprise undertakes activities with an entrepreneurial spirit for the purpose of affecting positive social change (SO-VET, 2017)"

As such a social enterprise operates somewhere between the boundaries of the state and the private business sector, by trying to fill societal needs where the state does not. And it does so, by challenging our traditional view of who is supposed to do what in our communities by combining different logic and methods previously reserved to a particular social structure. Most notably by transferring a more business perspective, previously reserved for the private sector, to the non-profit sector.

In doing so social enterprises can take a variety of legal forms, which according to Abdou, Fahmy, Greenwald and Nelson (2010) fall into four categories based on their legal form and revenue sources: leveraged nonprofits, enterprising nonprofits, hybrid enterprises and social businesses. These four types of social enterprises can be placed on a spectrum in relation to traditional nonprofit or philanthropic organizations at one end and commercial businesses at the other end, as demonstrated in Figure1.

Figure 1: The Spectrum of Social Enterprises (Arranged by Legal Form and Revenue Source)
CHAPTER II
Policy and practices of career services

Official policy and public documents regulating social economy & entrepreneurship

Social enterprises and the social economy are unevenly developed across the globe, the same is the case with the partner countries in the SO-VET project. This is due to many factors, ranging from the degree of socio-economic development in each individual country in general terms, up to the specific age of the very concept of a social economy within the given countries. For instance, in Macedonia and Turkey social entrepreneurship is a rather young concept that has entered public life debates in the past several years. While in countries like Italy, and the UK social entrepreneurship is a concept that has existed for longer periods of time, but is regulated in different aspects. And finally, Greece is somewhere in the middle and notably different from the countries. In order to outline how social entrepreneurship exists and operates within a country’s formal and informal system we take a look at two particular aspects. One being the level of institutional and public recognition that social entrepreneurship has in the country, and the other the depth and extent of legal framework afforded a social enterprise within each country.

Level of institutional and public recognition

The level of institutional and public recognition that is received by a social enterprise within a country varies based predominantly on its age. In some countries, this concept has existed for nearly half a century while in others it has only just recently become a part of the public discourse, let alone its socio-economic make-up. Depending on these elements and others we can come up with three categories/degrees:

- **Extensive institutional and public recognition** - exists in countries where social entrepreneurship has high level of institutional recognition at the level of the state. Additionally in these countries social entrepreneurship is not only an innovative alternative to traditionally philanthropic organisations, but it is widely distinguished from them and considered a sustainable and pragmatic approach.

- **Significant institutional and public recognition** - exists mainly in countries where social entrepreneurship is not considered a novel concept, but it is yet to gain wide public recognition. Furthermore, in these countries social enterprises are more widely spread, and are recognized to an extent where they are commonly considered as an alternative to traditional non-profits, when both individuals and philanthropic organisations aim to address socio-economics issues from a wide variety of aspects. More often than not in these countries social enterprises take the form of cooperatives. The most significant distinction in this level is that even if the concept of social enterprise does not have wide public recognition it is distinguished and addressed to varying degrees by the state and its institutions.

- **Low institutional and public recognition** - exists mainly in countries where the concept of a social economy has only just recently started to gain recognition in the public eye. As such social enterprises are still deemed as a novel concept that has yet to pick up momentum. In these countries, there are examples of social enterprises, mainly in the form of non-profits and foundations. And more often than not social enterprises tend to have financial instability and can be dependent on philanthropy, or even when they don’t they are in danger of doings. And are most commonly perceived as such.
It is important to note that the level of public and institutional recognition and the degree of integration within the socio-economic make up of a country is independent of the legal framework that exists within the country. For there are cases when social enterprises are quite well established in the country and are recognized or institutionally supported even though there is no specific legal framework that defines them specifically.

**Depth and extent of legal framework**

Looking in at the second aspect of policy, and that is the extent and depth of the legal frameworks that regulate social entrepreneurship. In terms of legal frameworks there are countries where social enterprises are regulated by separate laws and legal definitions, whereas in some by and large it exists as a concept, both practical and theoretical but is not legally distinguishable. On the other hand there are cases where social enterprises exist in large numbers in the country and regulated institutional and are a part of state policies despite not being legally distinguished as a specific type of entities known as “social enterprises”.

- **In depth and complex** - is where specific legislation exists that governs and defines the concept of a social enterprise. Additionally, this also includes cases where there is specific regulation that distinguishes between a variety of activities and legal entities that can be defined as social enterprises, but under the state’s regulations are seen as legally distinguishable and are subject to varying regulations.

- **Direct and specific** - is where specific legislation exists that governs and defines the concept of a social enterprise. Even though the exact same terminology may not exist, nevertheless there are specifically regulated legal entities and activities which fall under the general and specific definitions and scopes of social economy.

- **Indirectly defined** - are countries where social enterprises are not regulated by targeted and specific legislation but are part of national policies and strategies to varying degrees. This includes countries where there are national institutions or state departments that address and work with social enterprises despite there not being a law which strictly defines. Also, this includes countries where social enterprises are part of important national strategic policy documents, where in some cases there are proposals for the establishment of legal regulation for the same.

- **No legislation (direct or indirect)** - countries in which social entrepreneurship and the concept of social enterprise is not legally defined, nor is it a part of national and state policy documents or strategies. However, in these countries the lack of legislation does not preclude the existence and operations of social enterprises, it merely means that they function within the norms of more traditional legal entities.

In many cases the significance of the extent to which the state recognizes social enterprises can play a significant role. Particularly where it comes to the available support by national and state instruments aimed at social enterprises. Summarily out of the partner organizations participating in the “SO VET - SOCIAL ENTREPRENEURSHIP AS AN ALTERNATIVE FOR YOUNG UNEMPLOYED” project these specific attributions are quite notably different. And speak to the targeted needs of each individual country as to the potential for the future development of social entrepreneurship and in the country. For this need in Figure 2. a graphic representation for the countries is presented.
<table>
<thead>
<tr>
<th>Indirectly defined</th>
<th>Macedonia</th>
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<tr>
<td>No legislation (direct or indirect)</td>
<td>Turkey &amp; Sweden</td>
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<tr>
<td>Direct and specific</td>
<td>Greece</td>
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<tr>
<td>In depth and complex</td>
<td>Italy</td>
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<tr>
<td><strong>LOW</strong> institutional &amp; public recognition</td>
<td><strong>SIGNIFICANT</strong> institutional &amp; public recognition</td>
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*Figure 2: Matrix of legislation and institutional recognition among the participant countries in SO-VET*
The legal framework in Greece consists of government policies and the existing legislative framework for the social economy. The first category includes programs designed with EU assistance, such as the implementation of EQUAL program, aiming to increase the employment rate of vulnerable groups and develop the appropriate conditions for equal opportunities in labour market. Main objectives are the integration of social groups that are discriminated in employment sector, the enhancement of entrepreneur spirit in social entrepreneurship issues, the continuous adaption of workers and enterprises to different challenges but also the avoidance of discrimination on the basis of gender in employment.

Moreover, the Greek state has established a number of insurance and tax measures in order to conserve the benefits and social rights of employees belonging to vulnerable groups and working on social enterprises. In addition, Greece provides financial tools and tax exemptions for the amount of profits that social enterprises make, intended to create reserves.

Until 2011, there was no recognition of the sector of social economy and social entrepreneurship in the national legal framework. Social Economy in Greece legally recognized by the Law 2716/1999 in which Social Cooperatives of Limited Responsibility (SCLR) have been defined, with a key role to integrate people with psychosocial problems into labor market. However, SCLR can provide productive, consumer, commercial, credit, education and civil services. Legislation concerning Social Economy and Social Entrepreneurship updated with Law 4019/2011 from which a new social enterprise form arises, the so-called Social Cooperative Enterprise (SCE). In particular, this type of social enterprise can take the form of civil partnership with a social mission and has commercial status. Members of a SCE can be either natural persons or legal entities.

According to Law 4019/2011, Social Economy is: “all economic, business, productive and social activities which are undertaken by legal entities or associations, whose statutory purpose is the pursuit of collective benefit and to serve broader social interests”. As the operational body of Social Economy, Social Cooperative Enterprise (SCE) is established. Depending on their specific purpose, can be created three types of SCE:

- **SCE of Integration** - Concerning the integration in economic and social life of persons belonging to Vulnerable Population Groups. A percentage of 40% at least of the workers in these enterprises should belong necessarily to Vulnerable Population Groups. Social Cooperatives of Limited Responsibility (SCLR) are automatically considered as SCE of Integration and are falling at the provisions of Law 4019/2011.

- **SCE of Social Care** - Main concern is the production and provision of products and services regarding their social-welfare nature to specific population groups, such as the elderly, infants, children, disabled people and people with chronic diseases.

- **SCE of Collective and Productive Purposes** - They are dealing with the production of goods and services for the satisfaction of collective needs (culture, environment, ecology, education, utilities, utilization of local products, maintaining traditional activities and occupations etc.) that promote local and collective interest, promote employment, strengthening social cohesion and the strengthening of local or regional development.

In the above context, it has been established the General Register of Social Economy, which is a public register kept in electronic form and mandatory entered by the SCE. The register is kept by the Registry Department of Social Economy of the Directorate of Social Protection Ministry of Labor and Social Security.
Access to it is free from any party and consists of the following sub-registers:

- **Social Entrepreneurship Registry**: necessarily entered by SCE, which are established according to Law 4019/2011 and SCLR according to Law 2716/1999.

- **Special register of other Bodies of Social Economy**: optionally registered by existing legal forms, which cumulatively meet the following criteria:
  
  - Whose sole statutory objective is social benefits through the production of goods or the provision of services with collective and social nature,
  - Give priority to persons and work over capital,
  - Implement a democratic decision-making system,
  - Have autonomy in the administration and management of their activities,
  - Provide the use of their profits for their statutory purposes and secondarily for limited distribution of those profits,
  - They operate on the principle of sustainable development,
  - Their activities fall exclusively into one of three categories SCE, which are Integration, Social Care or Collection and Production Purpose,
  - Develop their activities for at least three years before the submission of the registration application to the Registry.

The Social Economy Entities registered in the Special Register, may be financed by the National Fund of Entrepreneurship and Development and have been established according to Law 3908/2001 concerning the ‘Reinforcement of Private Investments for Economic Development, Entrepreneurship and Regional Cohesion’.

The SCE and the SCLR access the Social Economy Fund and the National Fund of Entrepreneurship and Development. They also can be integrated into Law 3908/2011.

In 2012-2013 was proposed the Strategic Plan for the Development of the Department of Social Entrepreneurship concerning 3 axes (i- Support for the Social Economy sector, ii- Financial support for the entry Activity of SCE, iii- Financial tools for the enhancement of SCE) and 11 actions of implementation regarding those 3 axes. Now, for the period of 2014-2020, is running the project called “Operation for Regional Mechanisms Supporting the development and promotion of SCE and broader initiatives of Social Economy” regarding the following aspects:

1. Support the establishment, operation of Social Enterprise development at local level
2. The diffusion of the idea of Social Economy
3. Its consolidation through permanent networks of cooperation and local agreements.

It is expected that 12,489 beneficiaries will benefit, belonging amongst others to vulnerable and special population groups (Law 4019/2011), of which: 6,489 will be candidates / potential social entrepreneurs 6,000 are existing social entrepreneurs The action is implemented by the Special Office for Social Inclusion and Social Economy and funded by the Operational Programme “Human Resources Development - EDUCATION AND LIFELONG LEARNING 2014-2020”.
Italy

At the moment, out of all the participating countries Italy has the most fragmented and complicated legal framework within which social enterprises operate. This framework is described by a long history and an inherently complex structure of laws and legal rulings starting from the late 1980’s.

**Constitutional Court ruling 396 of 1988.** The first key action creating conditions for the progressive emergence and widespread development of social enterprises in Italy. This ruling established the unconstitutionality of the Crispi Law (Law 6972/1890), providing that welfare activities had to be organized exclusively by public entities.

**Law 381/1991 on social cooperatives.** After more than 10 years of unregulated development, this law introduced a new type of enterprise with an explicit social aim. According to Law 381, the purpose of social cooperatives is to ‘pursue the general interest of the community in the human promotion and social integration of citizens’.

In fact, Law 381 recognizes two types of social cooperative, according to whether they manage social-welfare or educational services (A-type social cooperatives) or undertake other agricultural, manufacturing or commercial activities or deliver services (other than social) for the work integration of disadvantaged persons (B-type social cooperatives). Both types are entrepreneurial in nature and perform productive activities. Moreover, the prevalence of the non-profit aim depends not only on the decision of the founding members but is enforced by law through the partial profit distribution constraint and the prohibition on changing legal form (i.e. social cooperatives cannot demutualize and become for-profit enterprises nor can they adopt a different cooperative form).

While Law 381 had a role in both clarifying the identity of social cooperatives and simplifying their establishment, other acts progressively contributing to creating a public demand for the services provided by social cooperatives are also noteworthy in that the permitted local administrations to outsource the production of services to private organizations.

**Law 142 and Law 241 of 1990.** Two acts that had a role in clarifying the modalities whereby local administrations can provide new social services including the possibility to entrust the delivery of services to private providers.

Following these policy improvements, the process of contracting out the production of social services to social cooperatives increased substantially. By contributing to the creation of new markets for social services and recognizing the entrepreneurial character of the new initiatives, public contracting was a key element that stimulated the dramatic growth in the number and size of social cooperatives.

The impressive development of social cooperatives has not prevented the emergence of other types of non-profit body, such as operating foundations, or the transformation of pre-existing organizations into social enterprises.

Law 118/2005 and Legislative Decree 155/2006: The new legal framework on social enterprise introduces the principle of pluralism of organizational forms and does not consider legal form as a condition for eligibility as a social enterprise. The law introduces a legal category of ‘social enterprise’ and a more diverse range of activity sectors. Thus, the Law allows an organization to be legally recognized as a social enterprise regardless of its legal form, provided it complies with the following criteria:

- It is a private legal entity;
- It engages in the regular production and exchange of goods and services having ‘social utility’ and seeking to achieve a public benefit purpose, rather than to generate a profit. An organization is considered a social enterprise if it generates at least 70 % of its income from entrepreneurial activities (i.e. production and exchange of goods and services having social utility);
- The enterprise can make profit but cannot distribute it to its members or owners (non-distribution constraint). Profits have to be reinvested to further its main statutory (public benefit) goal, or to increase its assets.
In addition, ex lege social enterprises need to comply with a number of good governance principles such as transparency, openness and participatory decision-making.

The innovative character of the law consists of the opening up towards new sectors of activity other than welfare, and the variety of the types of enterprises eligible to become social enterprises. As compared to the social cooperative legal form, the social enterprise legal category covers a wider range of activities, namely: (i) welfare; (ii) health; (iii) social care; (iv) education, instruction and professional training; (v) environmental and eco-system protection; (vi) development of cultural heritage; (vii) social tourism; (viii) academic and post-academic education; (ix) research and delivery of cultural services; (x) extra-curricular training; and (xi) support for social enterprises.

Nevertheless, the law seems to have met with some resistance from eligible organizations, due to prevailing cultural prejudices, the increased costs faced by associations willing to register as social enterprise and the lack of fiscal advantages, including those already awarded to social cooperatives. As a consequence, social cooperatives, associations and foundations that are de facto social enterprises have, on the one hand, kept on growing in terms of numbers, turnover, and people employed. On the other hand, the number of organizations qualified by law as social enterprises has remained rather low when compared to the number of organizations that could potentially qualify as social enterprise.

Legislative Decree 179/2012. It is also important to mention the case of mutual aid societies. These organizations were one of the pillars of the health sector until the 1978 reform that introduced a universal public health system. Following this reform, most of the health services delivered, premises owned and workers employed by mutual aid societies were taken on by government authorities as part of the process of constructing the Italian public health system. Only a few mutuals managed to survive providing integrative insurance services to their members, while continuing to be regulated under Law 3818/1886. Over the last decades, following a progressive contraction in the coverage of demand for health services by the public system, the interest in these institutions has re-emerged and new mutual health societies have been established. As a result of this renewed interest, mutual aid societies were recently taken into consideration by the Government which required them to register in the social enterprise section at the Companies Register under Legislative Decree 179/2012 and the Decree of the Ministry of Economic Development dated 6 March 2013.

Law 208/2015 created the qualification of ‘benefit corporation’ (società benefit). According to this law, the qualification of ‘benefit corporation’ may be assigned to all enterprises that jointly pursue a profit aim and one or more common benefit. However, since their main aim is to pursue the interest of investors, they do not comply with the non-profit distribution constraint and they are not required to have inclusive governance, they cannot be included in the social enterprise universe. Given their regulation by law, they can be regarded as a form of institutionalized corporate social responsibility.

Law 106/2016 reforming the ‘Third Sector’. This law provides a common framework for the sector with a view to overcoming its fragmentation from different perspectives, including fiscal ones. By safeguarding the non-lucrative mission of social enterprise, recognizing “ope legis” the qualification for social cooperatives and their consortia and rendering the social enterprise qualification more attractive to potential investors. Article 6 of the new law is expected to make a more significant contribution towards supporting social enterprise development.

According to the social enterprise qualification introduced by Law 106/2016, which is in line with the Social Business Initiative definition, a social enterprise is defined as a ‘private organization that runs entrepreneurial activities for civic, solidarity and social utility purposes and allocates profits principally to achieve its corporate purpose by adopting responsible and transparent management modalities and favoring the largest possible participation of employees, users, and other stakeholders interested in its activities’.
The law replaces the total distribution constraint with the remuneration caps foreseen for social cooperatives: while allowing investors to be remunerated, the law ensures that the profits generated are mainly reinvested to achieve general interest aims. The law also redefines and enlarges the fields of engagement and the categories of disadvantaged workers integrated and it provides for the recognition of benefits based on the degree of disadvantage such workers face.

Another important change aimed at encouraging the adoption of more inclusive governance models is the possibility that private enterprise and public authority representatives are appointed to the board of social enterprises without directing or chairing them. Finally, the law supports the introduction of targeted measures aimed at attracting investments.

That said, the impact of the reform on both the ‘Third Sector’ and the social enterprise field will depend upon the implementation of subsequent decrees which will be adopted over the 2017. Implementation decrees are also expected to improve the fiscal framework, which is currently extremely fragmented. Indeed, depending on the legal form covered, social enterprises enjoy different tax regimes.
Macedonia

Social economy and social entrepreneurship are new emerging concepts in the world, and are even newer for the Western Balkans and the Republic of Macedonia. Social entrepreneurship has only recently come in to the foreground, in the form of public debate on social entrepreneurship legislation which began in 2013. Following this debate in 2015th the Ministry of Labour and Social Affairs (MLSA) produced a draft law for social entrepreneurship which has yet to be entered as part of the parliament’s agenda. Until such time as this draft law or similar regulations are formalized or introduced in the country, social entrepreneurs continue to operate under existing legislation for legal entities which includes:

- **Trading companies**: represent for profit private entities that can be either publicly or privately managed and funded. These organisations are mainly classified as public trade companies, unlimited companies and limited companies the latter two of which can be with or without shares (stocks)

- **Associations and foundations**: are the two main not for profit formats of private entities which can include citizen and professional associations and endowment funded foundations.

- **Agricultural cooperatives**: are a specific format of for profit private entities that exist to help small agricultural producer to operate collectively in order to increase efficiency and share risk.

Out of the three aforementioned groups of legal entities that exist in Macedonia the one most commonly associated with social entrepreneurship is that of ‘Associations and foundations’. Meaning that legal entities that fulfil the greatest number of criteria under the common definitions of a ‘social enterprise’ are the not for profit organizations. This has been confirmed in existing research such as that published by “Reactor-Research in Action” (2016).

Excluding the aforementioned legislation currently applicable, there is yet to be formal legal framework of social economy & entrepreneurship in Macedonia until the adoption of the proposed draft law on Draft Law on Social entrepreneurship which as it stands defines social entrepreneurship in the following manner:

"Social Entrepreneurship, represents an organized activity with a goal of creating opportunities, forms, organizations and measures that result in sustainable social values and benefits, the employment of persons in the production and sale of products or services where profit is not the sole or main purpose of activity i.e. profits are used for employment of certain socially excluded or vulnerable social groups and to address needs and concerns in the community.

This definition even though not yet applicable, provides us with how the public institutions in particular the government and the ministry view social entrepreneurship. Applying an approach which in turn represents the ministry’s scope of work and interest, without taking into account broader implication such as innovation and economic growth. Furthermore, the proposed law would allow for legal entities of different forms including for profit companies to restructure themselves into social enterprises. This however under the proposed regulation would turn them effectively into not-for profit entities that could distribute profits as rewards for employees and management instead of dividends.

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In Sweden on the whole, the level of institutionalization of the different existing forms of social enterprises remains extremely low, almost none existing. As a result there are no real support structures. However, when it comes to legal frameworks, two Swedish laws have come to influence the sector - The Public Procurement Act (Lagen Om Offentlig Upphandling, LOU) and The Law on Freedom of Choice (Lagen Om Valfrihet, LOV). The latter ensures the right of citizens to choose their own welfare service provider amongst the possible actors from the public, the private and the not-for-profit sector. The Public Procurement Act (LOU) governs purchases made by government agencies and other organizations that are publically funded. The law came into effect in 2008, but has had a negative impact on the country’s social enterprises’ ability to compete with the larger firms.

Social enterprises, out of which the majority are small businesses, are without the financial muscles and lack access to the legal expertise needed to interpret the law correctly to compete with larger companies. There is little if any legal and administrative assistance needed for realising many of the social entrepreneurial ideas. Moreover, because the ‘Swedish model’, where all public services have been carried out by the public sector, lack the tradition to organise services together with social enterprises, it is often taken for granted that new actors establishing themselves in the sector will either be new public initiatives or private business initiatives. As a result, the questions become one of price over quality. If a social enterprise offers its services to the public sector, the law forces the public sector to choose option, only based on price. As a result there is no legal and administrative assistance for the realization of many social entrepreneurial ideas. If a social enterprise offers its services to the public sector the law (i.e. The Public Procurement Act) forces the public sector to choose the cheapest option.

Unfortunately, this has resulted in a situation where price has become more important than quality. However, with the recent amendment on public procurement there may be improvement in the offing.
Turkey

The Five-year Development Plans of Turkey are the highest Policy Documents of the country which details the overall strategy of the government for economic and social development. Development plans are prepared using a holistic and participatory planning approach that is consistent with long-term targets and takes into consideration inter-sectoral balance. The tenth five-year development plan which covers the years of 2014-2018 is the recent development plan in force.

As the ninth development plan, which covers the period of 2009-2013, the tenth development plan has given special emphasis to the development of Entrepreneurship. However, in this time, the plan emphasizes “social entrepreneurship” as well.

To increase competitiveness of SMEs and consequently increase their contribution to economic growth and support high growth or high potential enterprises and those that have innovative products, services or business models is the primary objective of the Plan in the field of Entrepreneurship and SMEs (Paragraph 689).

Providing state support for entrepreneurship and SMEs on the basis of innovation, productivity and employment, growth and collaboration, as well as giving priority to women, youth and social entrepreneurship is determined one of the policies in the Plan. (Paragraph 693)

By taking into consideration of the objectives and main strategies in the Plan, the relevant ministries prepare long-term individual sector strategies and action plans for some selected high priority sectors. Entrepreneurship is one of those which receives high priority and considered as one of the most sensitive sectors in the economy which requires development in itself.

The Turkish Entrepreneurship Strategy and Action Plan (GISEP) which covers the period of 2015-2018 is prepared by the Ministry of Science, Technology and Industry after the launch of the Tenth Five Year Plan and issued after the approval of the Council of Ministers.

The major aim of GISEP is to “develop entrepreneurship by broadening the concept of entrepreneurship over the country and establishing a strong ecosystem”. GISEP includes strategic goals in six intervention areas which are defined to achieve overall goals and covers actions and projects that should be executed by relevant institutions and organizations in the 2015-2018 periods.

In this strategy document, GISEP, it is acknowledged that the new concepts of entrepreneurship such as social entrepreneurship should be transferred to the Turkish system to enhance and support the development of entrepreneurship in overall. In Turkey, there is no separate legislation identifying social entrepreneurship. This lack constitutes a barrier for social entrepreneurs getting benefit from the government supports.

Thus, GISEP determined “Developing and applying sustainable support system for women and young entrepreneurship, eco-entrepreneurship, social entrepreneurship and global entrepreneurship” as one of the six strategic intervention areas.

GISEP determined 3 actions for the development of social entrepreneurship. Those are:

- Perform studies and actions toward putting the definition and scope of the social entrepreneurship into the legislation and put into force before the end of 2017.
- Organizing project contests at universities to develop social entrepreneurship activities, therefore, broaden the concept of social entrepreneurship starting from the young educated groups.
- Qualifying the incubator centers as social enterprises which are recently established as non-profit companies in line with the current legislation.
**United Kingdom**

In the UK, there are no general public policies on which social enterprise can draw exclusively for their activities; for example, work integration subsidies are linked to disadvantaged individuals, rather than the enterprises supporting them. However, there have been some (temporary) specific measures to support the development of the sector, such as finance for the Social Enterprise Unit, and a new programmer for emerging health social enterprise. Two major political changes occurred recently which affect the field of social enterprise. First, previous government minister Patricia Hewitt, who was the minister of the Department of Trade and Industry, which had set up the Social Enterprise Unit, has moved to the Department of Health, and set up a new Social Enterprise Unit there, leading to the creation of specific support to social enterprises in this field. Secondly, the original Social Enterprise Unit has been transferred to the Office of the Third Sector (OTS), where it will link up with government responsibilities for the voluntary sector. This could be a major challenge for the social enterprise sector, since so far it has seemed that the large and medium-sized voluntary organizations have not always seen the virtue of subscribing to the social enterprise label, but this governmental transfer also allows the possibility for substantial coalition building with the voluntary sector.

Social enterprises can currently operate under a variety of legal entities; the most common forms are listed below:

- **Community interest company (CIC)** - A CIC is a legal form created specifically for social enterprises. It has a social objective that is “regulated”, ensuring that the organization cannot deviate from its social mission and that its assets are protected from being sold privately. Legislation caps the level of dividends payable at 35% of profits and returns to individuals are capped at 4% above the bank base rate. CICs can be limited by shares, or by guarantee, and will have a statutory “asset lock” to prevent the assets and profits being distributed, except as permitted by legislation. This ensures the assets and profits are retained within the CIC for community purposes, or transferred to another asset-locked organization, such as another CIC or charity. A CIC cannot be formed to support political activities and a company that is a charity cannot be a CIC, unless it gives up its charitable status. However, a charity may apply to register a CIC as a subsidiary company.

- **Industrial and provident society (IPS)** - This is the usual form for co-operatives and community benefit societies, and is democratically controlled by its members in order to ensure their involvement in the decisions of the business.

- **Companies limited by guarantee or shares** - The most common legal structure for standard businesses. Many social enterprises also choose these legal forms because they are very flexible when it comes to governance, and when it comes to getting investment. To ensure a standard company is a true social enterprise it will need to ensure it has a social mission written into its Memorandum and Articles of Association and is clear about reinvesting its profits.

- **Group structures with charitable status** - This is a very common legal form for social enterprises. In part, it is common as increasing numbers of charities are moving away from traditional models of fundraising and becoming more business-like in order to ensure their sustainability. Partly it is a result of the fact that tax is an important consideration for some organizations where the retention of surpluses is essential. In these cases, the tax breaks associated with charitable status can be an important factor and mean that having a charitable structure as part of the group is worthwhile.
The development of social entrepreneurship in any country, at national regional and local level is varies, but not substantially. The majority of the countries that are included in this project had relatively smaller variance in this aspect, considering the legal disparity on the topic. When viewing the existing national instruments available in the six countries, we can group the type of support into two major categories. One being direct support, which comes either through specific targeted instruments implemented by state agencies and institutions and the other being indirect support. Where direct support refers to any instruments or policies that target elements of the social economy or social entrepreneurship directly, while indirect support is represented by cases where a social enterprise can benefit from instruments that not necessarily aim to support it, but can be utilized nevertheless. Both of these types of support are characterized by having two different aspect.

The first aspect is the applicative one that comes through the existence of programs or instruments that provide technical or financial support. These supports include measures such as the Fertilita project in Italy which directly subsidizes the establishment of social cooperatives. In Macedonia the Ministry of Labour and Social Affairs (MLSA) provides employments subsidies that can be utilized by any entity. In Turkey there are a number of programs that provide a variety of practical support, ranging from finance to technical assistance. Whereas in Sweden these activities are undertaken mainly by placing focus on social work-integration enterprises and are quite actively implemented by municipal authorities (Marked with green in Figure 3.).

The other aspect of these types of support be they direct or indirect is represented namely by policies or particular legislation which affords certain benefits that promote the development of social entrepreneurship. Such is the case in Greece where there is legislation aimed at allowing social enterprises to participate in public works contracting, which something that other countries such as Macedonia do not allow for organisations such as non-profits. This legislation is also present in Italy which has the most complex and extensive forms of legislation (Marked with blue in Figure 3.).

PUBLIC POLICIES AND INSTRUMENTS SUPPORTING THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP AT NATIONAL, REGIONAL AND LOCAL LEVEL

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Finally, development support does not come from the state. In the case of the United Kingdom that has a well-developed social economy the support comes mainly private funds and initiatives such as NGOs, funds etc. This distribution among the six countries is presented in Figure 3.

![Figure 3: Policies and instruments providing development support to social entrepreneurship.](image)

<table>
<thead>
<tr>
<th><strong>Greece</strong></th>
<th><strong>Indirect State Instruments</strong></th>
<th><strong>Direct State Instruments</strong></th>
<th><strong>Private Funds and Initiatives</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Law 3852/2010, article 100: Allows for entities such as social enterprises to take part in public service contracting.</td>
<td>Law 4019/2011, article 12: Specifically allows social enterprises to take part in state or regional contracting</td>
<td>- Fertilità project&lt;br&gt;- Preferential purchasing from work integration social cooperatives&lt;br&gt;- Support measures for innovative social start-ups</td>
<td></td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>Guarantee Fund for SMEs: Helps social enterprises to access financial instruments (loans)</td>
<td></td>
<td>- Fertilità project&lt;br&gt;- Preferential purchasing from work integration social cooperatives&lt;br&gt;- Support measures for innovative social start-ups</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td>- Fund for innovations and technology development⁵&lt;br&gt;- MLSA⁶ employment support</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sweden</strong></td>
<td>National and regional instruments to support social work integration enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Turkey</strong></td>
<td>- Social Support Programme&lt;br&gt;- SODES&lt;br&gt;- Social Solidarity Fund&lt;br&gt;- Regional Development Agencies&lt;br&gt;- KOSCEB</td>
<td>- TUBITAK – The Scientific and Technological Research Council of Turkey⁷&lt;br&gt;- Ministry of Interior, Department of Associations ⁸</td>
<td>- Ashoka&lt;br&gt;- Skoll foundation&lt;br&gt;- Schwab Foundation&lt;br&gt;- E-tohum&lt;br&gt;- Galata Business Angels-GBA</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td></td>
<td></td>
<td>- MyBnk.org&lt;br&gt;- Young Enterprise&lt;br&gt;- The National Enterprise Challenge&lt;br&gt;- Universities UK etc...</td>
</tr>
</tbody>
</table>

⁵ [http://www.fitr.mk/?lang=en](http://www.fitr.mk/?lang=en)
CHAPTER III

Overview of the national context related to social economy & entrepreneurship

STATE OF SOCIAL ENTREPRENEURSHIP

The state of social economy and entrepreneurship is at different stages of development across the globe. This variety can even be seen indicatively by the policies and legislative frameworks as they vary across countries. Without a doubt the most developed social economy out of all the partner countries is the one of the United Kingdom, and is followed by that of Italy. These two countries can be described as having a well-developed social economy, which is continuously on the rise. In these two countries, the social economy has both a wide ranging and highly effective impact in the socio-economic makeup of the countries. While Greece and Sweden have a social economy, which can be described as a developing one.

They are representative of countries that have an established and recognizable social economy, however it is either of a narrow scope such as the case of Sweden where most social enterprises operate as work-integration social enterprises. And is considered to be a small portion of the active economic operators in the country which is not the case with the well-developed ones.

Finally, Turkey and Macedonia are countries where we can consider the social economy to be still a novel concept. This is due to the fact that it is yet to become legally and institutionally recognized, even though in Turkey this is expected to happen in the coming years. Furthermore as of now, there are a small number of social enterprises in both countries despite their current established success.
<table>
<thead>
<tr>
<th>Social Economy</th>
<th>COUNTRY</th>
<th>SIZE</th>
<th>IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well developed</td>
<td>United Kingdom</td>
<td>- Over 200,00 social enterprises&lt;br&gt;- Growth of turnover larger than traditional SMEs</td>
<td>The social economy in the UK is gauged to contribute approximately 18 billion GBP to the UK economy. As such it is evident that this sector is of large import both to employment and economic growth.</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>- Nearly 100,000 social enterprises&lt;br&gt;- Employing nearly 850,000 people</td>
<td>The social economy in Italy despite having a notable size, it has a recognized impact in gender empowerment and provides a source of stable employment (more full time employees in % than standard enterprises. It also promotes volunteering (0.8 Million volunteers). And they are a major source of employment for immigrants.</td>
</tr>
<tr>
<td>Developing</td>
<td>Sweden</td>
<td>- 350 registered work-integration social enterprises</td>
<td>The work-integration social enterprises are considered to provide a notable support to local business and are considered to provide vital community services in cases where the state is lacking. However there is a need for growth in other forms of social enterprises which are not yet well established in the general economy.</td>
</tr>
<tr>
<td></td>
<td>Greece</td>
<td>- Over 550 registered social enterprises&lt;br&gt;- 10,000 active organisations in the social economy with varied forms</td>
<td>The impact of the social economy in Greece is yet hard to gauge, but is sizeable enough to have a visible impact in providing vital social services.</td>
</tr>
<tr>
<td>Novel concept</td>
<td>Turkey</td>
<td>- A number of successful social enterprises&lt;br&gt;- Large number of cooperatives that have similar characteristics to SE</td>
<td>The social economy is still being established, but there are existing examples of successful social enterprises even if they are few when compared to other countries.</td>
</tr>
<tr>
<td></td>
<td>Macedonia</td>
<td>- A small number of social enterprises (less than 20)&lt;br&gt;- A small number of organisations that support/promote social entrepreneurship (Approximately 50)</td>
<td>The social economy is still being established, but there are existing examples of successful social enterprises even if they are few when compared to other countries.</td>
</tr>
</tbody>
</table>

*Figure 4: State of social entrepreneurship.*
Youth unemployment in partner countries

Youth unemployment – Greece

Greece Greece is in the first position of youth unemployment, and according to data from April 2016, 47.4% of young people under 25 are unemployed.

Though the current youth unemployment crisis was not caused by the financial crisis alone, the recession just made existing problems in labour markets, education systems and other structures worse. Greece and Spain, for example, were experiencing high youth unemployment years before the financial downturn, and a sudden surging of economies wouldn’t be enough to put the 74 million unemployed young people to work. Furthermore, the youth unemployment rate is two to three times higher than the adult rate no matter the economic climate. The recession did, however, affect the quality and security of jobs available to young people. Temporary positions, part-time work, zero-hour contracts and other precarious job paths are often the only way young people can earn money or gain experience these days.

The skills mismatch is a youth unemployment cause that affects young people everywhere. There are millions of young people out of school and ready to work, but businesses needs skills these young people never got. Young people end up experiencing a difficult school-to-work transition, and businesses are unable to find suitable candidates for their positions. Similarly, young people who have advanced degrees find themselves overqualified for their jobs, and many young people are also underemployed, meaning they work fewer hours than they would prefer. There is an economic as well as a personal cost here: young people are not being allowed to work to their full potential.

While the exact cause of the skills mismatch is difficult to pin down, it’s a combination of school curriculums neglecting vocational, entrepreneurial and employability training in favour of more traditional academics, poor connections between the private sector and schools to promote training and work experience and a lack of instruction in how to harness life skills most students already have. Young people who want to make their own jobs by starting businesses often struggle to find access to affordable loans, or loans in general. This is partially due to a lack of collateral. High interest rates also make it difficult for young people to repay their loans on time. The World Bank notes that <1% of loan portfolios of loan providers are directed at those under the age of 30.

In some low-income countries, the skills mismatch is compounded by a lack of access to technology or the internet. If schools are unable to afford the tools to educate young people in the digital sector, these young people are at a disadvantage in the job market. The Greek society seems that has not realized the importance of using youth potential. Programs supporting new companies do exist and are funded or co-funded by the European Union within the framework of the development and exploitation policies of new businesses in EU members. However, the disadvantage lies in the lack of an official and united sector providing such information, while related websites often present information in a complicated form. Thus, it is left to the potential entrepreneur to collect and decode information needed.

Youth unemployment – Italy

Italy has one of the “worst” labour markets in Europe. This statement is often made by analysts and labour experts. Italy shares with some other southern European countries a series of negative records, such as the highest rate of long-term unemployment, the highest youth unemployment rate, the lowest participation rate of women and older workers, and, lastly, the lowest employment rate, which is very far from the Europe 2020 targets.
Employment Rate in Italy increased to 57.26 percent in November from 57.20 percent in October of 2016. Employment Rate in Italy averaged 57.14 percent from 2004 until 2016, reaching an all-time high of 58.90 percent in April of 2008 and a record low of 55.30 percent in September of 2013. Youth Unemployment Rate in Italy increased to 39.40 percent in November from 37.60 percent in October of 2016. Youth Unemployment Rate in Italy averaged 28.57 percent from 1983 until 2016, reaching an all time high of 43.50 percent in August of 2014 and a record low of 18.30 percent in March of 2007.

Italy has the second-highest difference between male and female employment rates (18.3%) in all of Europe—only Malta has a greater difference (25.2%) – “First Report on Job Market Dynamics in Large Italian Cities and Provinces” by the Statistical Observatory of Labor Consultants.

So what's going on with Italy’s young people? A recent publication (2015) by Centre for Economic Policy Research (CEPR) suggests a number of critical causes.

The sort of contracts young people work with: Part of the problem is the country's dual labour market, something that's not unique to Italy. Young workers tend to get temporary contracts and veteran company insiders get the more rigid, long-term deals. When it's time to let some workers go (in a recession), you can guess who's first out of the door.

The lack of professional experience is a big obstacle that prevents young people from getting a job. Having less job-related experience than adult workers makes youngsters more vulnerable when there are lay-offs and decreases their chances to be employed for newly opened positions. As a result, young people are most likely to be the last to be employed and in the same time the first to be laid off. This makes the transition from school to the labour market almost impossible.

Moreover, there is a growing mismatch between the skills that young people have and the positions that are offered on the job market. The low quality of education and the continuous expansion of the skill pool required for a job, leaves young people underqualified and without any work offerings. On the other hand, it is often the case that young people with higher education find it hard to find positions that suit their qualifications and skills, accepting work for which they are overqualified. The skill mismatch affects the job satisfactions and wages of workers and in the same time distresses the productivity of firms, while the qualification mismatch prevents countries from realizing the full potential of their labour force.

Youth unemployment – Macedonia

As it stands now Macedonia numbers a work capable population of more than 1,6 million people, this includes all individuals aged from 15-79 active persons capable eligible for employment. According to the latest labour Survey of the State Statistical Office (2015) 42% of these are employed, 15% unemployed and the rest 43% are considered to be inactive. The inactive population includes unemployed individuals who are students, retirees, homemakers, wards of the state and every other person not engaged in direct employment that has not pursued employment through the state employment agency.

Out of the entire employed population 88% belong to the age group of 29-65 or adults while the young persons aged between 15-29 numbers only 11% of the population. However, when we look at the numbers of unemployed we see that 23% of those identified as young persons who are actively seeking work are unemployed. When looking at persons in the age group of 15-29 in Macedonia 21% are employed, 16% unemployed and 63% are considered inactive. The number of inactive youths as defined by the state statistical office represented by 63% in the chart numbers 443 454, out of which only 59 865 are students enrolled in tertiary education. Which leads us to believe that on top of the 218 108 unemployed youths aged 15-29, there is a large number of NEETs exist in the country which remain unidentified by the national instruments in the country. Past these numbers existing reports place the number of NEETs in the country at 25% up to 30% depending on the source.

9 http://www.tradingeconomics.com/italy/youth-unemployment-rate
The reasons for youth unemployment in the country are complex however they can be broken down to several elements which are most visible in the country.

**Job market discrepancy** is a big challenge in the Republic of Macedonia, where the current needs of the market are not commensurate to the offer. Meaning that at the moment the highest job demand is for qualified technical workers which are lacking in the country. This is the greatest challenge because the largest percent of unemployed youth is that with completed secondary education. However high school graduates are not in demand, while vocational training school graduates (mainly from technical schools) are in greater demand.

**Vocational training** is lacking in the country, since there is only a limited number of technical vocational schools both for youth and adults, which are needed to correct the job market discrepancy.

**Education level** is another component of unemployment, youth that has completed tertiary education has a significantly higher chance of finding employment, yet the majority of the youth in the country, more than 50% have only secondary education. Meaning that at the moment higher education is underutilized by youths.

**Wage and underemployment** is another reason for youth unemployment, where a large number of young people do not work due to low wages, poor work conditions, lack of jobs, and the persons being overqualified. This is mentioned in ILO’s report of 2013 which stated that due to these and other factors about 54.2% of youth can be classified are dis-encouraged to seek employment.

### Youth unemployment – Sweden

Almost 100 000 young people neither work nor study, and nearly one in four of them lack any income. Compared with others of the same age, there are few who have secondary education or higher. One in eight 20-25 year old not studying or have an income above the base amount of SEK 44,000, according to figures from 2012. In total there are about 99,300 people, as many women as men. By identifying who they are and how they make their living, increases the possibilities to provide the right support to facilitate their entry into the labour market.

In addition, there is a common misconception about how the unemployment figures should be interpreted; a youth unemployment rate of 25 percent means that one in four young people are unemployed. That is not true. The correct interpretation is rather that one-quarter of the labour force (which includes employed and unemployed) are unemployed. 2011 to a little over half of young people in Sweden workforce, the rest were, for example, students who have not sought work. If we count the unemployed youth share of the youth population in Sweden was approximately 12 percent in 2011, i.e. just over one in ten young people unemployed.

### Youth unemployment – Turkey

The young unemployment rate of Turkey is lower than EU28 average with 8.1 percent versus 9.1 percent\(^\text{10}\). However, it has been on an upward trend since 2012, while the EU 28 average has started to fall gradually starting from 2013.

In Turkey, young represent a vulnerable group with lower participation chance to the labour market, lower rates of employment and higher rates of unemployment. Approximately 40 percent of the population between the age group of 15-24 participate in the labour force, while this ratio is over 60 for 15-64 groups. The total population of aged between 15 and 24 is 11,880 thousand, where 4,657 thousand of it in the labour force and 4,039 thousand are employed in 2015. The number of unemployed individuals in the same age group is 919 thousand in the same year.

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\(^{10}\) Source: EuroStat
The population who does not participate in the labour force is 6.843 thousand. The main reason of not participating in the labour force is to continue to education or training with 63 percent (4.333 thousand). The second important reason for not participating in the labour force is dealing with housework with 15 percent (1.036 thousand). Not looking for a job but ready to work constitutes the 6 percent (427 thousand) of the population not in the labour force. The other reasons such as disability, unwillingness, being hopeless, working seasonal and family reasons constitute the rest 15 percent (1.050) in 2015.

There are many reasons of unemployment; some of the reasons for youth unemployment are determined by Oren in his study on active employment policies for reducing youth unemployment as follows:

- The gap between the young population increase and job creation;
- Structural failure of education system, inability of the education system to give adequate skills which are required by the labour market, inability to establish enough vocational training schools, instead directed the majority of young individuals to universities;
- Being unaware of young individuals from the vocational training courses offered by government agencies to the unemployed individuals;
- High expectation of wages by young unemployed individuals where this is not relevant in the real market;

Social entrepreneurship may help to increase job creation, thus would definitely have a positive effect on decreasing youth unemployment. Especially it may have more influence on the university graduates.

**Youth unemployment – United Kingdom**

In the United Kingdom 554,000 young people aged 16-24 were unemployed in November 2016-January 2017, down 33,000 from the previous quarter and down 78,000 compared to the previous year. The unemployment rate (the proportion of the economically active population who are unemployed) for 16-24 year old’s was 12.3%, down from 13.7% a year ago. Excluding young people in full-time education, 365,000 people aged 16-24 were unemployed in November 2016-January 2017, down 38,000 from the previous quarter and down 48,000 from the previous year. The unemployment rate for 16-24 year old’s not in full-time education was 10.8%, compared to 12.1% 2016.

**Main needs and challenges faced by young potential social entrepreneurs**

With social economy in its infancy the challenges faced in the sector, and by its current and future practitioners is plentiful. This notwithstanding, these challenges with which potential young social entrepreneurs will have to deal with can be narrowed down to the following.

**Access to finance/capital** remains a great challenge. Social enterprises can be run as for-profit or non-profit and sit somewhere in the middle of the traditional corporation and a purely charitable organization. Some organizations are able to generate sufficient income through the sale of socially beneficial goods or services, but many are not. Other funding opportunities include corporate investment, donations and government funding. Approaching investors may not be easy, however, if the organization is perceived as more non-profit than profit-oriented and not likely to make a reasonable return for investors. On the other hand, many donors are distrustful of a social enterprise being run as a for-profit company where too much focus may be placed on wealth generation and too little on social value.
Internal knowledge and access to education remains a big challenge. There is a lack of entrepreneurial skills required to develop a sustainable business model. Particularly when operating as a social enterprise which represent a new and innovative form of business. While the exact cause of the skills mismatch is difficult to pin down, it's a combination of school curriculums neglecting vocational, entrepreneurial and employability training in favour of more traditional academics, poor connections between the private sector and schools to promote training and work experience and a lack of instruction in how to harness life skills most students already have. This challenge is further exasperated if social entrepreneurship is to be a driver for reducing unemployment, where in most cases the unemployed cannot afford access to higher education for the purposes of building social entrepreneurship skills.

Challenges for early development in Turkey and Macedonia

The Lack of legal framework and policy which has been mentioned several times in the research. This issue is entwined with all others in the sense that without having some more formal recognition of the social economy, it is difficult to expect growth. As any and all activities ranging from seeking finance to training, will be burned by the need to raise awareness first.

Lack of understanding of the concept of social entrepreneurship of the key stakeholders in the countries engaged in the “social economy”. This is a challenge that comes naturally considering that the sector can still be described as young, and would be easily overcome with additional training and education.

Formal and non-formal education and training in social economy

Social entrepreneurs are somehow able to integrate into a vision a social problem, which is characterized by large complexity, but has the ability to reconfigure public stops when implemented. They are considered to be persons with significant personal reliability, which in fact are using to find critical resources. Moreover, they manage to create the commitment of the supporters in the program based on major social values, rather than on purely economic terms, leading to a sense of collective purpose. Up till now there has been a lack of social entrepreneurship specific education in most countries.

Weak social enterprise-specific management has several negative consequences: it encourages social enterprises to mimic the practices of investor-owned enterprises, and it hinders social enterprises from exploiting their key advantages, especially those resulting from the strong and active engagement of the community. Against this background, alternative models of management skills education are strongly needed to help social enterprises to develop their potential as a true alternative to current unsustainable mainstream economic practices.

* Technical Skills - which are those skills necessary to produce the business’s product or service;
* Managerial Skills, which are essential to the day-to-day management and administration of the company;
* Entrepreneurial Skills - which involve recognizing economic opportunities and acting effectively on them;
* Personal Maturity Skills - which include self-awareness, accountability, emotional skills, and creative skills.

Furthermore, what is necessary for social entrepreneurship education, there is a need to foster specific personal and psychological characteristics that are considered useful for social entrepreneurs:

* Innovativeness: Since entrepreneurship usually involves innovations should not be surprising that entrepreneurs tend to be innovative people, thus it is possible to develop new concepts aiming to respond to these challenges.
• **Orientation achievements:** It is a fact that entrepreneurs rely heavily on their strengths and many prefer to work alone in order to achieve their goals.

• **Little risk aversion:** Generally, it is supposed that entrepreneurs are tolerant to risk and more creative to invent ways of risk mitigation.

• **Tolerance to ambiguity:** Entrepreneurs generally feel comfortable in situations which are dynamic and not very clear.

• **Sense of control of their own destiny:** It is considered that entrepreneurs control themselves their destiny, which may be due to their tendency to see negative situations as opportunities rather than as threats.

• **Social awareness and social reflection:** The social entrepreneurs realize the value of social benefits and they are willing to dedicate themselves to this accumulation.

When looking at education and social entrepreneurship at the moment only the United Kingdom and Italy have formal higher education available for the social economy.

**In Italy:**

• **The Bocconi University of Milan (SDA Bocconi School of Management)** in 1993 became the first Italian university to offer a bachelor’s degree in Economics for non-profit, cooperative and social organizations. A few years later, it established a Master’s in the management of social, cooperative, and non-profit organizations, now the Master’s in the management of social enterprises, not-for-profit organizations and cooperatives.

• **The University of Trento and Euricse** have, for 20 years, run a Master’s programme in the management of social enterprise. The GIS Master’s programme has so far helped to train around 300 students, out of whom 87.17 % have found employment in a social enterprise within one year of obtaining their Master’s degree.

• **The University of Bologna** offers a Master’s degree in social economy, a Master’s degree in economics and the management of non-profit organizations and cooperative enterprises and a Master’s degree on fundraising for non-profit organizations and public bodies, now in its fifteenth edition.

• **The Catholic University of the Sacred Heart of Milan** offers an executive Master’s in social Entrepreneurship that is now in its third edition.

And in the **United Kingdom** the Plymouth University with Truro and Penwith College partnership offers a BSc (Hons) in Community, Social Enterprise and Management. Furthermore, in the UK there are a variety of other formal educational courses that do not offer university level education, and in some cases semi-formal courses. Some of the more notable institutions that offer such courses are:

1. **Social Enterprise Academy**

2. **Forth Valley College**

3. **Ruskin College – Open University Approved Foundation Degree in Business Social Enterprise**
Within the framework of the Needs Analysis and in order to determine the particular needs of the project’s target group (NEETs) and analyze the skills gap that exists in the field of social entrepreneurship, the project partners conducted a survey in each partner country.

The target group for the survey was NEETs, young people, aged between 15-29 years old that are not in education, employment or training. In the sections below, the summary results from the survey are imprinted and analyzed.

The questionnaire is composed of 5 parts. In the first part the demographic features of the group are identified and presented. The survey conducted included 336 from the six partner countries where a range of 50 - 67 individual NEETs from every country took part in the survey.

The questionnaire is composed of 5 parts. In the first part the demographic features of the group are identified and presented. The survey conducted included 336 from the six partner countries where a range of 50 - 67 individual NEETs from every country took part in the survey.

Excluding Italy the majority of the survey participants were predominantly male, especially in Turkey, Sweden and the UK. Even though the age group of NEETs for the SO-VET project was defined as 15-29, the majority of the participants excluding the UK were distributed in the age group of 19-29 years of age. This is mostly due to the fact that in most of the partner countries high school education is common or mandatory and therefore participants from that age group 15-18 are mainly excluded.

<table>
<thead>
<tr>
<th>Country</th>
<th>Male (%)</th>
<th>Female (%)</th>
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<tbody>
<tr>
<td>Greece</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>Italy</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>Macedonia</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Sweden</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Turkey</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>63%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Table 1: Gender of NEETs by country
One main purpose of the survey was to determine the level of familiarity of the participants with the term and context of Social Economy and Entrepreneurship.

As shown in the table below, the vast majority of the participants from 53% (Macedonia) up to 73% (Greece) stated they are familiar with the term, but, there is also a significant percentage declaring that they are not familiar with this field. This was exceptionally pronounced in the case of the United Kingdom, which may be due to the lower age average of the surveyed participants.

<table>
<thead>
<tr>
<th>AGE</th>
<th>GREECE</th>
<th>ITALY</th>
<th>MACEDONIA</th>
<th>SWEDEN</th>
<th>TURKEY</th>
<th>UNITED KINGDOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-18</td>
<td>4%</td>
<td>0%</td>
<td>3%</td>
<td>4%</td>
<td>2%</td>
<td>73%</td>
</tr>
<tr>
<td>19-22</td>
<td>6%</td>
<td>16%</td>
<td>30%</td>
<td>29%</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td>23-26</td>
<td>63%</td>
<td>30%</td>
<td>32%</td>
<td>24%</td>
<td>24%</td>
<td>0%</td>
</tr>
<tr>
<td>27-29</td>
<td>27%</td>
<td>54%</td>
<td>35%</td>
<td>43%</td>
<td>49%</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Table 2: Age of NEETs*

According to the survey the largest number of NEETs that are looking for employment are university graduates or post-secondary school graduate. However, the sample is too small in order to make a generalization for the entire population of the countries.

**Introduction to Social Entrepreneurship**

One main purpose of the survey was to determine the level of familiarity of the participants with the term and context of Social Economy and Entrepreneurship.

As shown in the table below, the vast majority of the participants from 53% (Macedonia) up to 73% (Greece) stated they are familiar with the term, but, there is also a significant percentage declaring that they are not familiar with this field. This was exceptionally pronounced in the case of the United Kingdom, which may be due to the lower age average of the surveyed participants.

Furthermore there was a discrepancy (no positive relationship) to the level of education of the respondents to their familiarity with social entrepreneurship in countries such as Greece and Macedonia. Showing that despite the common belief that a person’s knowledge in different fields such as entrepreneurship and social entrepreneurship is connected with his/her level of education, confirms the need of developing a specialized training course and material in the field of Social Economy and Entrepreneurship. Additionally, within the survey the participants were asked for their opinion regarding how important it is for potential entrepreneurs to be aware of some general aspects of entrepreneurship and social entrepreneurship (results are shown in the chart below).

| ARE YOU FAMILIAR WITH THE TERMS SOCIAL ECONOMY & SOCIAL ENTREPRENEURSHIP |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
|                            | Greece         | Italy          | Macedonia      | Sweden         | Turkey         | United Kingdom |
| YES                        | 73%            | 75%            | 56%            | 60%            | 57%            | 10%            |
| NO                         | 27%            | 25%            | 44%            | 40%            | 43%            | 90%            |

Furthermore there was a discrepancy (no positive relationship) to the level of education of the respondents to their familiarity with social entrepreneurship in countries such as Greece and Macedonia. Showing that despite the common belief that a person’s knowledge in different fields such as entrepreneurship and social entrepreneurship is connected with his/her level of education, confirms the need of developing a specialized training course and material in the field of Social Economy and Entrepreneurship. Additionally, within the survey the participants were asked for their opinion regarding how important it is for potential entrepreneurs to be aware of some general aspects of entrepreneurship and social entrepreneurship (results are shown in the chart below).
The findings from this portion of the survey indicate that the participants found most portions and aspects of social entrepreneurship important or very important on a scale of 0 (I don’t know) to 5 (Very important). Nevertheless the most emphasis was placed on three particular elements and those were “the ability to think critically”, “know how to identify and develop an idea” and “knowledge of the business environment”.

### Starting a Business

Starting a business is a procedure that acquires a particular set of skills and knowledge in a variety of fields (basic economics, basic management skills, etc.). When asked about this aspect across the board the most emphasis was placed on “understanding how to set clear goals”, “Knowing how to organize a business” and “being able to recognize an opportunity”. What is interesting that least emphasis on importance was placed on “Understanding the factors affecting the form/type of business” which is a significant matter for social entrepreneurship. Considering that a social enterprise tends to exhibit more specificity in both financial and legal aspects when compared to traditional forms of business.

This is visible on the table below in the form of number of responses and percent for the same.
Table 3: Starting a business

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>1</th>
<th>%</th>
<th>2</th>
<th>%</th>
<th>3</th>
<th>%</th>
<th>4</th>
<th>%</th>
<th>5</th>
<th>%</th>
<th>0</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand How to set clear goals</td>
<td>6</td>
<td>2%</td>
<td>3</td>
<td>1%</td>
<td>7</td>
<td>3%</td>
<td>23</td>
<td>7%</td>
<td>82</td>
<td>25%</td>
<td>162</td>
<td>50%</td>
<td>48</td>
</tr>
<tr>
<td>Know how to organise the business</td>
<td>2</td>
<td>1%</td>
<td>7</td>
<td>2%</td>
<td>23</td>
<td>7%</td>
<td>76</td>
<td>23%</td>
<td>164</td>
<td>51%</td>
<td>52</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Know how to summarize a business idea</td>
<td>16</td>
<td>5%</td>
<td>13</td>
<td>4%</td>
<td>38</td>
<td>12%</td>
<td>102</td>
<td>31%</td>
<td>133</td>
<td>41%</td>
<td>22</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Understand The need for creativity and independence</td>
<td>11</td>
<td>3%</td>
<td>7</td>
<td>2%</td>
<td>45</td>
<td>14%</td>
<td>103</td>
<td>32%</td>
<td>141</td>
<td>44%</td>
<td>17</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Know basic principles of startup capital and financing a new business</td>
<td>7</td>
<td>2%</td>
<td>12</td>
<td>4%</td>
<td>38</td>
<td>12%</td>
<td>92</td>
<td>28%</td>
<td>144</td>
<td>44%</td>
<td>29</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Understand factors affecting the form/type of a business</td>
<td>13</td>
<td>4%</td>
<td>23</td>
<td>7%</td>
<td>67</td>
<td>21%</td>
<td>122</td>
<td>38%</td>
<td>93</td>
<td>29%</td>
<td>7</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Be able to recognize a business opportunity</td>
<td>4</td>
<td>1%</td>
<td>4</td>
<td>1%</td>
<td>30</td>
<td>9%</td>
<td>83</td>
<td>26%</td>
<td>161</td>
<td>50%</td>
<td>42</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

In order to see the results in a more analytical way on the following page we can view a graphic representation for the same table.

**Risk Management and Business Law**

What is interesting that for most aspects of this segment the final three questions were emphasized as more important by the respondents and those are the ones that are connected to the specificities of social enterprises as a particular and different economic operator from legal and business aspects.

![Risk Management and Business Law](image_url)

*Figure 7: Risk management and business law*

(0 - I don’t know, 1 - not important, 2 - slightly important, 3 - moderately important, 4 - quite important, 5 - Very important)
The importance of marketing skills is undisputed, as the entrepreneur has to sell his/her products/services in order to have profits. Different aspects of marketing skills and fields were also explored within this survey and in the chart below the answers from the participants are being imprinted. For this portion of the text the responses where highly varied. This indicates that there is a need to help potential social entrepreneurs define and understand the specific components and roles of marketing in the social economy and operation of any new venture.

**Marketing**

In the chart below the ratings from the participants in the survey regarding how important is for an entrepreneur to have knowledge in various business finance and economics aspects are being imprinted. When compared the other portions of the survey, the participants place the least importance on finance excluding the elements that mentioned profits and profitability. This is an important point to emphasize considering that desk research often shows that financial instability is the main cause of failure for most new business ventures, including social enterprises.

**BUSINESS FINANCE AND ECONOMICS**

In the chart below the ratings from the participants in the survey regarding how important is for an entrepreneur to have knowledge in various business finance and economics aspects are being imprinted. When compared the other portions of the survey, the participants place the least importance on finance excluding the elements that mentioned profits and profitability. This is an important point to emphasize considering that desk research often shows that financial instability is the main cause of failure for most new business ventures, including social enterprises.
**Tools and methods**

Apart from the specific training needs of the project’s target group in Social Economy & Entrepreneurship, another field that was explored through this survey was the exact training tools and methods that can be used in order to ensure better learning outcomes. The results from this survey indicate that most participants favor the use of E-learning greatly, which is in favor of the SO-VET concept to establish an e-learning platform. Furthermore significant emphasis was placed on case studies and audio-visual presentations versus books and reading materials, pointing to the need to use example and showcase reasons for success and failure in the learning process.

(0- I don’t know, 1-not important, 2- slightly important, 3-moderately important, 4- quite important, 5- Very important)

<table>
<thead>
<tr>
<th>Tools and methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Studies, assignments and projects</td>
</tr>
<tr>
<td>Videos, presentations</td>
</tr>
<tr>
<td>Books and reading materials</td>
</tr>
<tr>
<td>E-learning</td>
</tr>
<tr>
<td>Other activities</td>
</tr>
</tbody>
</table>

![Bar chart showing the tools and methods](image)

**Interviews with NEETs**

Complementary to the survey, personal interviews with 60 participants were conducted in the partner countries. The interviews gave practical insight into several aspects regarding social entrepreneurship and employment challenges of NEETs. First of as evident from the table the majority of interviewees were familiar with social entrepreneurship and saw social enterprises as an opportunity for employment.

<table>
<thead>
<tr>
<th>FAMILIARITY WITH SE</th>
<th>EMPLOYMENT/ENTREPRENEURIAL OPPORTUNITIES IN SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Turkey</td>
<td>9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>15</td>
</tr>
<tr>
<td>Greece</td>
<td>7</td>
</tr>
<tr>
<td>Italy</td>
<td>10</td>
</tr>
<tr>
<td>Macedonia</td>
<td>8</td>
</tr>
</tbody>
</table>
Furthermore when asked about the core values of social entrepreneurship the results were the following:

<table>
<thead>
<tr>
<th>Country</th>
<th>Econ. Value</th>
<th>Environ. Value</th>
<th>Social Value</th>
<th>Employment opportunity</th>
<th>Social Value creation main aim</th>
<th>Social Value creation as one of the aims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>8</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>15</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Greece</td>
<td>7</td>
<td>0</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Italy</td>
<td>10</td>
<td>0</td>
<td>9</td>
<td>12</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Macedonia</td>
<td>5</td>
<td>5</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>15</td>
<td>33</td>
<td>46</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

The results varied by country, even though at an overall level they were more or less evenly distributed. With the exception that environmental value scored the lowest from all the categories.

Another aspect that the survey attempted to look into is represented in the following question:

What are the main challenges and problems whilst searching for a job/employment opportunity?

From which the interview process relieved several major challenges that NEETs are facing in their search for

- Lack of jobs suited to the NEETs education and training (labor supply & demand discrepancies) or underemployment.
- Very few job opportunities in the current market, higher supply compared to the demand
- Very high demand for experienced workers, and little opportunity to gain job experience as a young person

Other than that the interviewees were asked to rate several aspects of the social enterprises in relation to the social needs, and what they should fulfil from them. In particular when asked how important is the economic value a social enterprise provides the answers were the following.
Visibly most NEETs understand that social enterprises are not something that should only fulfil social needs and create social value, but social enterprises should also contribute to the economic growth of a country.

Additionally the NEETs that were surveyed were asked as to the importance of the use of marketing and technology in social entrepreneurship and social enterprises. For which the answers of the respondents can be seen in the following table.
HOW IMPORTANT IS TECHNOLOGY

<table>
<thead>
<tr>
<th></th>
<th>Not important at all</th>
<th>Not that important</th>
<th>Moderately important</th>
<th>Quite important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Greece</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Italy</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Macedonia</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>13</td>
<td>33</td>
</tr>
</tbody>
</table>

Without a doubt most NEETs both in the survey showed a preference for the use of modern technologies, and rate as very important the need for marketing. Finally the interviewees where asked two questions regarding the type and form of a social enterprise and risk management which led to a number of conclusions and key points.

The first question that was ask was:

*Social Entrepreneurship is considered to be modeled in three types (Leveraged non-profit, Hybrid non-profit, Social business venture). Which type do you think best describes what social entrepreneurship is about and why?*

This led to the following conclusions:

- Most participants do not fully comprehend the particular form of a social enterprise as something outside the scope of traditional business forms. However those that do understand and those to whom the concept was explained mainly believe that a social enterprise should either be a hybrid-nonprofit or a Social business venture.

- Also this question revealed that most NEETs feel that the model of a traditional non-profit is not fully sustainable since it relies to greatly on philanthropy, and should be replaced with financially independent enterprises and organizations that would further social goals.

The last question of the interview was the following:

“What does risk management mean to you? How prepared are you to face risks through different strategies, always taking into consideration the nature of social entrepreneurship?”

This question led us to understand that most NEETs view risk management as financial or economic management of an enterprise. The conclusions from these responses were mixed. However most respondents concluded that they are willing to take risks if they were to have a stable economic background to fall upon. Furthermore, a good deal of the respondents stated that they associate risk management with financial planning and strategy, and would like to gain more experience and knowledge in terms of risk management.
The needs analysis reports led to a number of conclusions in several aspects. The first aspect was that there is a great need to integrate more educational programs that would offer practical examples and hands-on programs that would help NEETs to become actively engaged in social entrepreneurship. And the focus of these programs can be drawn from the research presented above and split into several elements:

- **Access to finance** - A huge challenge for entrepreneurs is to access startup capital, this requires to embolden youth with networking skills as well as with basic financial and business practices that involve items such as business plans and financing strategies.

- **Legal knowledge** - This is of particular importance because students and youth don’t understand the specifics, complexities and differences that are entailed by social enterprises. This is particularly challenging in countries such as Macedonia and Turkey where there is no specific legal form for SEs.

- **Integrate marketing and financial management** - Though the survey showed that NEETs value these two elements, they need support and knowledge in technical aspects as to the planning, managing and strategizing in these two fields in order to insure stable operations of an organization that goes beyond the scope of simply being profitable.

As far as tools and methods are concerned, this report concludes that most NEETs are greatly in favor of using e-learning platforms and tools over traditional learning methods.

Furthermore, there is greater need for overall awareness of social entrepreneurship as a potential tool for economic progress of NEETs. And a notable need to create and integrate more educational programs that offer expertise and knowledge specific for application in social enterprise operations and the establishment of the same. Particularly for NEETs that cannot afford to pay for expensive higher education programs, or are unable to take full-time educational courses.
CHAPTER VI

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SOCIAL ENTREPRENEURSHIP AS AN ALTERNATIVE FOR YOUNG UNEMPLOYED

PROJECT TITLE:
So Vet – Social Entrepreneurship As An Alternative For Young Unemployed
2016 - 1018

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