

RESEARCH REPORT

FEMTERPRISE

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Project "FEMTERPRISE – Fostering the creation of social enterprises by strengthening the entrepreneurial potential of young women" financed by the Interreg-IPA "Bulgaria – the former Yugoslav Republic of Macedonia" cross-border programme 2014-2020

FEMTERPRISE FOCUS

FEMALE ENTREPRENEURSHIP

SOCIAL ENTREPRENEURSHIP

SOCIAL INNOVATIONS

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Research “Identification of the FEMTERPRISE Network founding members. Research on the existing and potential opportunities for establishment of social enterprises in the cross border region of republic of Bulgaria and FYR Macedonia”

1. Main objectives of the sociological research:

- To research and identify the most fitting members to put the foundations of the FEMTERPRISE network in the cross border region of Bulgaria and Macedonia.
- To research thoroughly the existing and potential opportunities for establishment of social enterprises in the cross border region.
- To research, analyse, and compare the challenges, needs, and opportunities for the development of the female social entrepreneurship in the region.

2. Target groups

- 1) Young women with entrepreneurial potential aged 18-29 from the cross-border region of Bulgaria and FYROM;
- 2) Successful social entrepreneurs from Bulgaria, FYROM and the other EU countries to act as voluntary mentors, female entrepreneurs, local and regional workforce, preferably from the cross-border region of Bulgaria and FYROM;
- 3) Local and regional stakeholders, businesspersons, investors, NGOs, policy makers, media preferably from the cross-border region of Bulgaria and FYROM.

3. Geographical scope – cross-border region Bulgaria Former Yugoslav Republic of Macedonia.

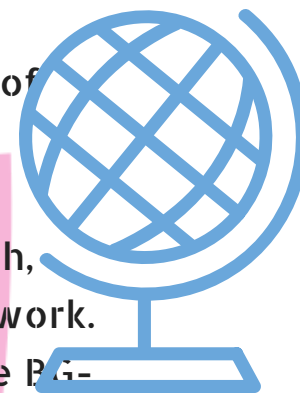
4. Research Methods applied and main outcomes:

4.1. Identification of the FEMTERPRISE Network founding members Goals: Research, identification and recruitment of the founding members of the FEMTERPRISE Network.

Outcomes: • 30 young women with entrepreneurial potential aged 18-29 from the BG-MK FYROM border area have been identified using a specially developed “Questionnaire for detection of entrepreneurial potential” and successfully involved in the project. Priority was given to unemployed, NEET, single mothers, etc. • 10 mentors: successful businesspersons/social entrepreneurs; • 20 stakeholders - potential investors, policy makers, business structures, NGO representatives, etc., distributed equally on the two sides of the border have been identified and successfully involved at the first stage of the project – the sociological interview.

4.2. Desk research: • Key definitions; • Analysis of relevant statistic, demographic and secondary data on social entrepreneurship and social innovation with a focus on the female entrepreneurship; • Identification and analysis of relevant political and strategic documents on a regional, national, and European level for the last five years – 2011-2016. • Identification and analysis of regional and national web pages on social entrepreneurship, female entrepreneurship, and social innovation.

4.3. Quality methods - in-depth sociological interview. Outcomes: • 30 in-depth interviews with the identified young women aged 18 to 29 from the cross border region were conducted. • 30 in-depth interviews with experts - 10 mentors and 20 stakeholders (distributed equally in Bulgaria and Macedonia) selected to participate as founding members of FEMTERPRISE network.



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5. Working Hypotheses:

- 1) Due to the specifics of the cross border region of Bulgaria and Macedonia, there are specific business opportunities for development of social enterprises;
- 2) Due to the specifics of the cross border region of Bulgaria and Macedonia, there are specific social/ecological problems which could be successfully solved by the means of development of social enterprises in the region;
- 3) Young women in the cross border region are in disadvantaged position compared to men/to people from more developed regions in both countries with regard to access to business opportunities for establishing their own business;
- 4) There is a need for strengthening the entrepreneurial potential and creating labour opportunities for women by development of female –run social enterprises in the cross border region;
- 5) Female creativity and entrepreneurial potential are an under-exploited source of economic growth and jobs that should be further developed and promoted among potential investors in the cross-border region through development of social enterprises;
- 6) Public support services are not of the necessary quality and do not address the needs of female start-up entrepreneurs;
- 7) Difficulties faced by Bulgarian and Macedonian female entrepreneurs are often related to lack of access to finance and information, including tools for networking and navigating entrepreneurship's legal and regulatory framework, deficit of management knowledge and skills and scarce or absent mentor support;

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6. Key definitions

The analysis departs from one of the most popular definition of “social enterprise” in the contemporary science given by J. Gr. Dees, combined with the institutional definition given by the European commission.

- 1) Social entrepreneurs are change agents in the social sector.
- 2) Adopting a mission to create and sustain social value: For a social entrepreneur, the social mission is fundamental.
- 3) Recognizing and relentlessly pursuing new opportunities: Where others see problems, entrepreneurs see opportunity.
- 4) Engaging in a process of continuous innovation, adaptation, and learning: Entrepreneurs are innovative.
- 5) Acting boldly without being limited by the available resources.
- 6) Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

The social entrepreneur is a person who undergoes the following stages:

1) The first step is to identify a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own;

2) The next step is to identify an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony;

3) The third stage is forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large. The proposed theoretical definition is upgraded with the more practical oriented European Union definition of social enterprises: “operators 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”.

The European Commission uses the term 'social enterprise' to cover the following types of business:

- Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation.
- Those where profits are mainly reinvested with a view to achieving this social objective.
- Those where the method of organisation or ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice.

In the European context, there is no single legal form for social enterprises.

According to the EU commission data, it could be concluded that social enterprises mainly operate in four fields:

- 1) Work integration - training and integration of people with disabilities and unemployed people.
- 2) Personal social services - health, well-being and medical care, professional training, education, health services, childcare services or services for elderly people.
- 3) Local development of disadvantaged areas - social enterprises in remote rural areas, neighbourhood development/rehabilitation schemes in urban areas, development aid and development cooperation with third countries.
- 4) Other - including recycling, environmental protection, sports, arts, culture or historical preservation, science, research and innovation, consumer protection and amateur sports.

- Analysis of the relevant statistic, demographic and secondary data on social entrepreneurship and social innovation with a focus on the female entrepreneurship Analysis of statistical, demography and secondary data for the cross-border region: - NUTS III districts - Blagoevgrad and Kyustendil in Bulgaria; - North-East, the East and the South-East NUTS III statistical regions in Macedonia; Goal: To figure out the general demographic and socio economic profile of the researched 5 regions with a focus to the situation of young women aged 18-29. Main indicators: Geography; Population; Education; Income; Employment; Living conditions and social inclusion; Foreign investments; Absorption under the EU operational Programs; local administration efficiency; transparency of local government authorities; leading economic sectors; existence of social enterprises in the region;
- Analysis of existing and potential opportunities for establishment of social enterprises in the cross border region of republic of Bulgaria and FYR Macedonia The analysis is based on the data collected by the mentioned above desk research and sociological in depth interviews with potential founders of the FEMTERPRISE network – 30 women aged 18-29, as well as 30 experts and voluntary mentors from the cross border region. Although the study does not pretend for representativeness, it gives very valuable results outlining the existing and possible opportunities for the progress of social entrepreneurship in the cross border area. It is based on comparative analysis, looking for parallels, and contrasts for the researched phenomenon on the two sides of the border. It is divided in subtopics which follow the logic of the submitted hypotheses.



- **Motivation**
- **Main outcomes:** Although there is a trend of increasing the share of the social and female led enterprises in the EU economy during the last five years, both Bulgaria and Macedonia still experience a process of a slow dynamic in that regard estimating from the official national level data. Possible reasons:
 - There are limitations of the legal definitions in the two countries, which reduce the allowable range of activity of the social enterprises, and what is more important, do not have a clear view of the primacy of social purpose over other objectives.
 - It is difficult to estimate the real number of the active social enterprises as there is neither official source of information, nor systematic and regular information provided.
- There are only few studies on social entrepreneurship in Bulgaria and Macedonia which at least highlight the phenomenon for a limited period even though they are not comparative as leaving from different basic definitions. Although, according to these studies, both countries have an increase of the number of established social enterprises during the last five years but still have a lot to be improved in order to reach the European levels. In contrast with the lower officially registered social enterprise activity in the cross-border region of Bulgaria and Serbia, there is a lot of personal motivation to engage with the problems of social entrepreneurship in the cross-border region. This motivation has been identified through an over-expected number of applicants willing to check and improve their entrepreneurial potential in the frame work of FEMTERPRISE project.

- The young women (aged 18-29) with the highest entrepreneurial potential in the cross-border region, identified by a specially developed within the project instrument, are very motivated mainly about:
- 1) the idea of acquiring new entrepreneurial knowledge thus improving their entrepreneurial potential, and some of them, even to start their own social enterprise aimed on solution of existing community problem;
- 2) the idea for establishment of social enterprise focused on solution of a certain social problem in the region.
- 3) the idea of involvement in the FEMTERPRISE network for social/women entrepreneurs, which would enable them with entrepreneurial know-how, communication with successful entrepreneurs, and support from professional mentors which seems to be a missing element in the region.
- The main reasons:
- 1) Willingness to contribute for the improvement of the existing conditions in the region in regard to the social entrepreneurship dynamic which would result in revising the conditions for socially/ economically disadvantaged groups, as well as bettering the ecological problems in the region.
- 2) for the chance of application of innovative approaches to booster the social economy.
- 3) to sharing their knowledge and expertise, even voluntary, with the young ambitious ladies willing to increase their potential in the field of social entrepreneurship.
- 4) to provide support and guidance to the young entrepreneurs at the beginning of their career: “I know how difficult the beginning is and how even minimal help can play a big role in the development of a business / idea.” (T.S., Bulgaria), “it is always difficult at the beginning, that is why it is important to have a proper support to overcome the difficulties” (R.S. Macedonia).
- 5) to be in touch with other professionals and sharing experiences as well as to upgrade their own experience and knowledge on social entrepreneurship issues.

Problems, requirements, and challenges for female social entrepreneurs.

The women from the cross-border region, both in Bulgaria and Macedonia, are in more disadvantaged position in regard to employment, wages, and social inclusion, comparing to men in the region. The women are in more deprived conditions in regard to opportunities for establishment of their own enterprise in comparison to men, and also in comparison to the population of the capital towns. The problems, and related with them challenges:

- 1) Lack of knowledge. The lack of entrepreneurial knowledge and experience is the main problem of women from the cross border region willing to start their own enterprise. The required knowledge could be addressed to the following: knowledge about the legal requirements for creating own enterprise; information about possible sources of finances; entrepreneurial and marketing knowledge; training and coaching to be successive; information about “other success stories”; information about accountancy and taxes; training in presentational skills;
- 2) Lack of information about the possible opportunities. The main source of information -Internet does not either provide systematic information for establishment of social entrepreneurship, or it is not well targeted to the population from the region. Municipalities have detailed visions for improvement of the social services and inclusion of disadvantaged groups in the region but there is almost nothing mentioned about the importance of social enterprises. Any information about possible business/ entrepreneurial opportunities could be limited to the Departments of labour only and thus they target only the group of registered unemployment but it is not accessible for all who are interested. NGO's in the region are not active enough in regard of provision of adequate and sufficient information regarding the progress of social/ female entrepreneurship in the region.



3) Lack of finances. The lack of finances is cited as one of prevailing factors limiting the opportunities for young ladies but referring to the up given definition of social entrepreneur as a person is “acting boldly without being limited by the available resources” this is not that bad. One of the experts summarized the importance of searching for funding: “Being one of the main problems facing the establishment of social enterprises, it is important for the young female social entrepreneurs to have a clear idea about their enterprise and the most important, to be able to present it in attractive way to the potential investors” (G.T., expert, Bulgaria). Also, it is considered that the progress of successful social enterprises would lead to increase of the investors’ interest: “There is almost no investor interest in social entrepreneurship, but it may well arise if successful social enterprises” (D.D. Expert, Bulgaria).



4) Lack of trust in female entrepreneurial potential or domination of stereotypes. Due to the specifics of the region and the fact that it is far from the capital, the entrepreneurial opportunities for women are lower, and especially those for the social enterprises. The young women are divided in their opinions regarding the stereotypes. Some of them consider the lack of trust in the female potential is crucial and it determines the opportunities for success of the female run enterprise, though they believe they should be changed “Still people think that women are weak and you cannot develop a business being a woman. There is disregard for women. Women still lack finances and have less contacts than men. There is disregard for women. Women and men should not be unequal. There must be no difference between men and women” (M.B., potential social entrepreneur, Bulgaria); The view that men are better entrepreneurs is typical for culture of the minorities in the region – the roma community in Bulgaria, and the Albanian minority in Macedonia. For that reason, the inclusion of women from these ethnic groups would be a challenge for increasing the trust of the women in their local communities. On the other side, some young women believe there is no difference in the business opportunities for men and women “Men and women are equal and both have equal opportunities for business, even women are more successful in business” (B.K. potential social entrepreneur, Bulgaria).

Social Enterprise target groups:

- 1) Elder people who live in social isolation; Some of them live in almost abandoned villages and are suffering from disability to take care of themselves. These people are generally with low income, unprotected and often become victims of robbers in their own homes. The main needs of this group are care, protection, and social inclusion.
- 2) Representatives of minority groups – romas from Bulgaria, and Albanians in Macedonia, and especially women from these groups; Representatives of the minorities are often low educated which exposes them to a higher risk of unemployment. For women from the minorities it is even more difficult to find a job in the cross border region, and if having a job it is most often unqualified and low paid.
- 3) NEET young people; The young people who are engaged neither in education, nor in training or employment is one of the most deprived groups which needs lots of external efforts to be done in terms of increasing their motivation for personal realisation, and in terms of creating attractive opportunities for them.
- 4) Single mothers; Single mothers from the cross border region are also cited as one of the deprived groups whose main struggle is the lack of well-paid (or any) job opportunities with flexible working hours allowing to take care of their kid. Failure to find a job puts them in a risk of poverty and social exclusion. A good opportunity for single moms is either to work part time or to work from home.

5) People with physical disabilities; Disabled people are traditionally related with labour cooperatives which are a type of social enterprises and most often the only job opportunity for representatives from this social group. The main problem for disabled people from the cross border region is the absence of appropriate infrastructure which is the main reason for their social inclusion.

6) Temporarily and/or permanently unemployed; The group of unemployed people from the cross-border region is also viewed as a vulnerable group as it consist of people who are living in poverty and usually in a social exclusion.

7) Children at risk: Children residing in social institutions, kids living with single parents, or raised up by grandparents, children exposed at a risk of physical abuse; children with physical diseases; Many of these children do not have an equal start in their life comparing with all the other children which exposes them to a higher risk of social exclusion. The same problem stands for the elder kids who leave social institutions and have troubles to find accommodation and job. Children at risk could be both beneficiaries and providers of goods in a social enterprise.

Specific Business Opportunities

1) Opportunities for establishment of social enterprise focused on provision of services.

1.1. Services related to beatifying – hairdressing, cosmetics,

1.2. Local touristic services – “Guest houses, partnerships with local producers. This will create employment, on the one hand, and local communities will live in a more cooperative way on the other” (D.D., expert, Bulgaria).The natural resources are quite similar on the two sides of the border and are very suitable for development of touristic products related to development of rural- eco - spa - tourism;

1.3. Health care services;

1.4. Creation of hospices for old people of people with physical/mental diseases;

1.5. Services related to conservation of authentic food, cultures, traditions and customs;

1.6. Voluntary services. "The social enterprise is involved in volunteering and mutual assistance.

Volunteers can be trained to help elderly people, people with disabilities. Create groups to help people from minorities - motivate young Roma to continue their education; To train low educated people in the skills needed to get started." (T.D, expert, Bulgaria)

2) Opportunities for establishment of social enterprise focused on production.

2.1. Production and processing of agricultural goods. There are many factors seen as advantages for the development of agricultural business in the cross – border region – good climate all year round, many fruitful fields, suitable for production of fruits and vegetables, as well as for livestock farming. Particularly the production and processing of ecological products – fruits, vegetables, and herbs is suggested as an important business niche.

2.2. Textile industry;

2.3. Processing of furs; Also, as the region is not overpopulated, there are many abandoned or unused buildings which could be used for developing production oriented enterprises.

3) Opportunities for establishment of social enterprise related to education – both formal and informal

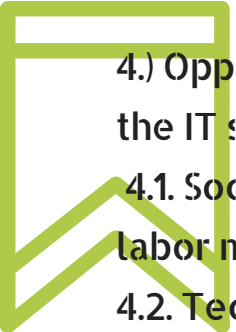
3.1. Special services focused on increasing the capacity of people, target on training groups on both sides of the region as main problems faced by vulnerable groups in the cross-border region are related to poor qualifications and poor language skills.

3.2. Educational services oriented on low educated population in order to support them to meet the requirements of the business for knowledge and skills.

3.3. Green education oriented on teaching the local to protect the natural resources and live in balance with the nature;

3.4. Preparation of students for universities in the region or their subsequent career development (creation of "academies", etc.).

3.5. Provision of trainings which are not popular in the region, lifelong learning, or vocational/craft training. 3.6. Organization of mass education – academies.



4.) Opportunities for establishment of social enterprise focused on innovation and development of the IT sector.

4.1. Socially-oriented IT enterprise focused on an educational platform to successfully reach the labor market.

4.2. Technology - process optimization, etc. “Technology and education provide great potential for developing business ideas. In this region, the two niches have remained comparatively backward with the rest of the world and can be improved in many ways” (G.T. Expert, Bulgaria).

4.3. Business targeting the environment – “for example, to recycle materials, or to enrich the (urban) environment, as well as the development of culture and art” (S.D., Expert, Bulgaria).

5) Others

5.1. Business in the sphere of the culture. “There are many opportunities to start a culture business in the region as we are very connected. We have a common culture, traditions, customs, and creativity. Creating social enterprises in the cultural sphere is a prerequisite for the occurrence of unique things. The biggest problem for all vulnerable groups is the relationship with other communities, contact with different people. Through activities related to the manifestation of talents and talents in the field of culture, this isolation can be overcome” (E.D. Expert, Bulgaria).

5.2. Organization of fairs for meeting people on both sides of the border. “This will create a market for small producers in the region and also help people get to know each other, get closer together and feel like a community. This will also give a rise to ideas addressing different social challenges and ways to overcome them” (S.B., expert, Bulgaria).

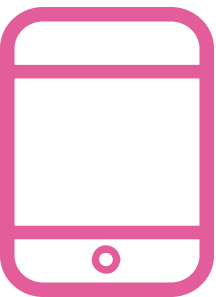
5.3. Creation of business incubators; 5.4. Joint social enterprises in the cross-border region Bulgaria-Macedonia. “We have similar social problems, good relationships between people and institutions in the region. No language barrier.”(T.D, expert, Bulgaria).

Among the main factors for success of any social entrepreneurship, the respondents consider the presence of the following circumstances:

1. A team of high motivated beginner social entrepreneurs possibly with complementary competences.
2. Support of professional mentors and/or supportive professional network.
3. Proper training and planning regarding goals, resources, research of the environment/market, and risk analysis.
4. Identification of an existing social problem and thorough research of all its aspects;
5. Finding a balance between the placed missions - the problem to be solved, and the business element - which provides sustainability.
6. Finding a solution of the problem that will be attractive, sought after and innovative. It is also necessary for the activity to have earnings to carry out the activity or invest it in a vulnerable group.
7. Developing a business plan. The social entrepreneurs need to be able to sell the cause or the value we generate and to know the effect / impact they create.
8. Good presentation of the idea. It is important that the entrepreneurs are able to pack it and present it to audiences, customers and investors in an attractive way.

Conclusion

Provision of a complex method for supporting the establishment of social enterprises, including entrepreneurial training, professional mentors' support, support from a network of succeeded entrepreneurs and experts with their good practices, provision of all the relevant legal, administrative, and financial information, as well as assuring support for the further development is foreseen to inspire an enlarging number of people for the causes of the social entrepreneurship



More information on the existing and potential opportunities for establishment of social enterprises in the cross border region of republic of Bulgaria and FYR Macedonia on www.fenterprise.com

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