

THE EVOLUTION OF SOCIAL ENTREPRENEURSHIP IN ALBANIA

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The world of social enterprise has become a major influencing factor in supporting, aiding and giving attention to numerous and different societal problems, many of which have been neglected by governmental policies, institutions and by the market itself. Social enterprises answer to the most basic human needs, making this type of venture a great prospect for many entrepreneurs. Social enterprise combines the desire of generating profits and having the possibility to bring and make changes in our society for better, making it a unique type of enterprise.

Social enterprise among many other definitions can be conceptualized as a window to improve current systems, create solutions and cater efficiently for the basic human needs that many other existing organizations (private or public), institutions and governments have failed also struggled to achieve (Sekliuckiene & Kisielius, 2015). Social enterprises are organizations which, though are sustainable through a revenue generating model, are primarily focused on creating social impact and channelize most of their profits toward that (Seelos & Mair, 2005). They are considered as an instrument used to address serious obstacles such as social, cultural, economic and even political ones. Their activity is commonly been defined as “entrepreneurial activity with an embedded social purpose” (Austin, Stevenson, & Wei-Skillern, 2006) .

This spectrum of organization type shows the range of establishments working to create change and while they are many they are also very limiting. Meaning that the process of creating economic value is seen as a way to achieve self-sufficiency and continuity for the social enterprise because many customers that social enterprise serve are unable to pay for the products and services offered.

Social enterprise is positioned as a third sector in the economy, called also tertiary sector, which is an intermediary area between government and business, in which public good utilizes and takes advantage of the private energy.

A survey conducted by (OECD, 2017), to social enterprises located in nine different countries, concluded that this type of enterprise delivered the products and services to 871 million people, also a rise in job creation and job placement occurred, specifically for people of different migrant backgrounds, people with disabilities and woman, in comparison to the private sector companies.

The development of social enterprises in Albania is fledgling, positioning itself in the initial and start-up stages, even though the first social enterprises date back to early 2000, mostly supported by foreign donors or as part of the non-profit activities. Another drawback factor for social enterprises in Albania is that the current setting and climate of our country makes it harder for a social enterprise to thrive. This comes also because many are self-employed or working in their family business (Rosandic & Kusinikova, 2018), but for a social enterprise to develop and prosper even more solidarity and a great entrepreneurial drive should coexist. It can be concluded that in order for these social

enterprises to continue operating in Albania, further investments and long term support is more than necessary.

Over the last year different efforts have been made to plan a proper legal framework regarding social enterprises in Albania. The first draft legislation for social enterprises was made in 2010, by the cooperation of, then called, the Ministry of Labor, Social Affairs and Legal Opportunities and experts from Emilia Romagna (Hoxha, Agolli, & Keruti, 2013). This law became official on August 1st 2018 (Tosku, 2018). Among many reasons that have postponed the implementation of this law, the division of the Ministry of Social Welfare and Youth in 2017, is one. Because the process of dividing this ministry in two others was time consuming and the construction and implementation of the law was postponed. According to this law, for a social enterprise to be registered and known as one, it should have the status and operate as a non-profit organization (Rosandic & Kusinikova, 2018). In order for a specific subject to gain and maintain the status of a social enterprise, it should keep a balance between economic gain and social interests. Specifically social interests include favoring the local development, 30% of the employees in social enterprises should come from different disadvantages groups such as people living in extreme poverty conditions. There are also cases when actual social enterprises operating in Albania are against this law. For example, in an interview conducted on 2017 with Emanuela Pepkola Zaimi, who is the social entrepreneur behind “Flower by Down Syndrome Albania”, sees this law as a drawback (Torollari, 2017). This social enterprise is registered as a legal person. But the above mentioned law prohibits this social enterprise to be registered as a social enterprise because only a non-profit organization can operate and register as a social enterprise, also on the other hand fines are implemented which makes the process discouraging.

This paper focuses on the current situation, the evolution and the positioning of social enterprises in Albania. Firstly it concentrates in the literature regarding social enterprises, secondly on the reasons why any social enterprise can be successful and what advantages does it bring to the society it operates.

Regardless the fact that many social enterprises have been operating since the late 2000, the legal framework regarding this unique enterprise has been lately implemented. To better understand and illustrate the position of social entrepreneurship, a comparative case study is conducted, between Design by Pana and Senior’s House. This comparative case study shows the development and how well these two concepts are applied and understood in Albania. This type of case study allows the researcher to synthesize the differences and common characteristics between two or even more cases, in order to understand and get better insights regarding the situation (Goodrick, 2014).

Design by Pana is one of the first social enterprises in Albania, being a perfect example also a living proof that social enterprises can improve, help and aid our society. On the other hand Senior’s House has been helping and aiding the elderly to socialize and have better living conditions.

For social enterprises to prosper even more in Albania, a more collaborative climate should exist between the existing social enterprises and the government. Current social enterprises such as Design by Pana and Flower’s by Down Syndrome have expressed their dissatisfaction regarding the current legal framework that exist in Albania and the disadvantages that this law withholds. On-going communications between the above mentioned institutions would adjust the dissatisfactions that have been occurred.

The current legal framework does not give the opportunity to social enterprises and social businesses to be registered as one if they are not firstly operating as a non-profit organization. This is a major drawback for social enterprises that are currently operating or that are planning to operate as one.

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