

INNOVATIVE YOUTH SOCIAL ENTREPRENEURSHIP DEVELOPMENT

ON THE EXAMPLE OF POLAND, ITALY,
NORTH MACEDONIA AND JORDAN

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CONTENTS

Introduction 5

PART I

Youth Social Entrepreneurship model 8

Chapter 1. Identifying problems 9

Chapter 2. Social entrepreneurship as a way to solve social problems through market mechanisms 11

Chapter 3. Good practices in social entrepreneurship around the world 14

Chapter 4. Social business ideas generation 16

Chapter 5. Designing a social enterprise 21

Chapter 6. Testing and proof of concept 28

Chapter 7. Social enterprise stakeholders analysis 31

Chapter 8. Development of the social enterprise 36

PART II

Social enterprises and their ecosystems in Poland, Italy, North Macedonia and Jordan 42

Chapter 1. Social enterprises and their ecosystems in Poland 43

1.1. Social enterprise – legal status in Poland 43

1.2. Access to resources 44

1.3. Examples of institutions/instruments providing non-repayable and repayable resources for social enterprises 45

1.4. Training and mentoring opportunities and tools at local and national level 46

Chapter 2. Social enterprises and their ecosystems in Italy 47

2.1. Social enterprise - legal status in Italy 47

2.2. Access to resources 48

2.3. Examples of institutions/instruments providing non-repayable and repayable resources for social enterprises 49

2.4. Training and mentoring opportunities and tools at local and national level 51

CONTENTS

Chapter 3. Social enterprises and their ecosystems in North Macedonia	52
3.1. Social enterprise – legal status in North Macedonia	52
3.2. Access to resources	54
3.3. Examples of institutions/instruments providing non-repayable and repayable resources for social enterprises	55
3.4. Training and mentoring opportunities and tools at local and national level	57
 Chapter 4. Social enterprises and their ecosystems in Jordan	 61
4.1. Social enterprise – legal status in Jordan	61
4.2. Access to resources	63
4.3. Examples of institutions and instruments providing non-repayable and repayable resources for social enterprises	67
4.4. Training and mentoring opportunities and tools at local and national level	72
 Conclusion and Recommendations	 77
References	78

INTRODUCTION

Social entrepreneurship (SE) is an element of socio-economic practice that has been developing in various parts of the world for more than thirty years. The heart of the concept of social entrepreneurship is a social enterprise. Social enterprises (SEs) are unique entities - they combine business with mission. Social enterprises have a great ability to innovatively respond to the current economic, social and environmental challenges and problems by creating sustainable jobs, promoting social inclusion, and improving local social services. Therefore, SE can be very important for socio-economic development.

The aim of this book is to establish a theoretical and methodological basis for a structured and strategic intervention to support youth social entrepreneurship. The publication is particularly addressed to young people (especially running/involved in social enterprises or with an interest in doing so) and youth workers, trainers, teachers, business coaches and other professionals (and related organizations) supporting and promoting entrepreneurship among young people. In order to facilitate the access of youth and youth staff to information on opportunities and tools for grants, training and mentoring, the focus was on the example of four countries: Poland, Italy, North Macedonia and Jordan. The methodology was based on a holistic, user-centered and cross-sectoral approach to create, test and excel a model solution that is to facilitate the processes of young SEs creation and development. The book may also be of interest to academics and students of economic sciences, as well as anyone wishing to learn more about and understand the process of developing social entrepreneurship.



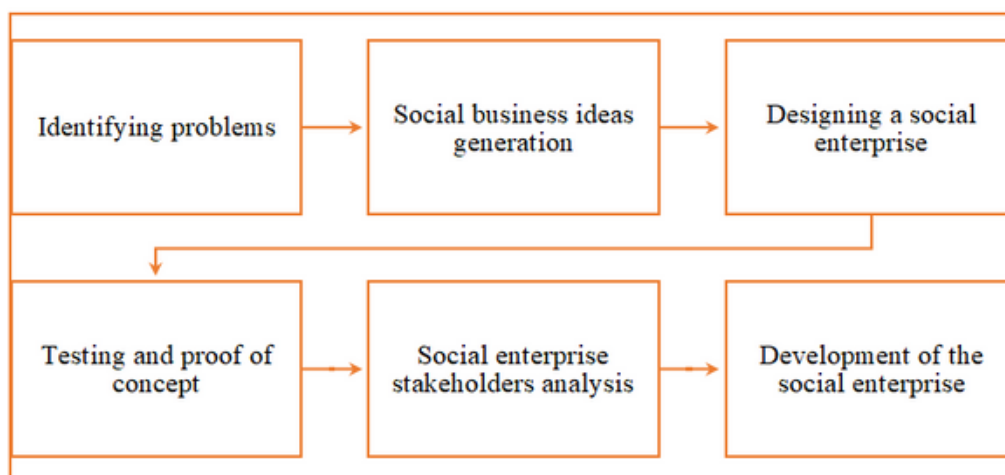
INTRODUCTION

The book is divided into two parts. The first part (Part I) develops a model approach to create social enterprises based on the implementation of social innovations in the formula of open innovations (Youth Social Entrepreneurship model). Processes and tools are proposed to support young people and youth workers involved in solving social problems within existing or new social enterprises. The idea is that it is always important to start by identifying the problem first (whether it is a social problem that needs to be solved or a "market problem" that requires the delivery of new services or products). Then, through a process of social business idea generation, an answer (in the form of an appropriately profiled social enterprise concept) to the identified problem can be found. In the search for solutions to social problems it may be helpful to learn from others (good practices) and use the methodology of open innovation, and/or design thinking, when applicable. The idea of solving a social problem with business tools must then be transformed into an appropriate business model. In turn, such a model and concept should be tested and proven with involvement of the users/beneficiaries/stakeholders, as proposed with the open innovation methodology. In the process of generating solutions to social problems and creating a social enterprise one cannot forget the different stakeholders and their influence on the enterprise. Finally, to ensure the sustainability of the proposed solutions, it is important to plan how the social business will be developed in the future. A scheme of the model is presented in figure 1.



INTRODUCTION

Figure 1. Youth Social Entrepreneurship model



Source: own elaboration.

The second part (Part II) of the book presents the environment for the development of social entrepreneurship in Poland, Italy, North Macedonia and Jordan. Social enterprises are unevenly developed around the world, and so are in these countries. This is due to many factors, ranging from the degree of socio-economic development in each individual country in general terms, up to the age of the very concept of a social economy in the given countries. For instance, in North Macedonia and Jordan social entrepreneurship is a rather young concept that has entered public life debates in the past several years. In Italy social entrepreneurship is a concept that has existed for a longer period of time, but is regulated in different aspects. And finally, Poland is somewhere in the middle and notably different from the other countries. The following chapters contain information on SE ecosystems in those countries and a rich collection of initiatives aimed at boosting social enterprise development. Social enterprises can only meet their full potential if the right enabling environment is in place to allow them to start-up, scale-up and develop.

A conceptual image of a lightbulb with a green plant growing inside. The image is split vertically: the left half is green and the right half is white. The lightbulb is shown from the top down to the base, with its reflection visible below. The plant inside has several green leaves.

PART I

YOUTH SOCIAL ENTREPRENEURSHIP MODEL

CHAPTER 1.

IDENTIFYING PROBLEMS

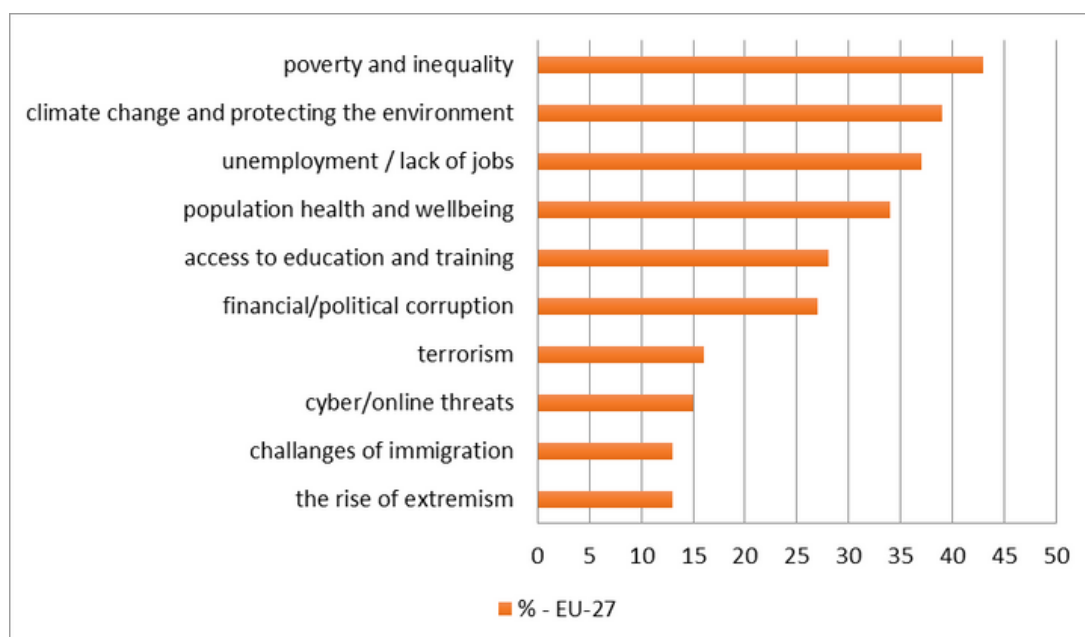
We are confronted with different problems every day. Some of them are our personal problems, while others concern society as a whole. One factor that makes a difference to whether things are seen as private or public problems is the scale or size. If only a few people are experiencing some form of trouble, it is likely to remain a private matter and not attract public interest. However, if a large number of people begin to experience the same problems, or fear that they may occur, it may become a public interest, anxiety or concern.

Social problems are any conditions or behaviours that have negative consequences for large numbers of people and that are generally reco-

gnized as conditions or behaviours that need to be addressed (Saylor Foundation 2016, p. 6).

They refer to social processes, arrangements or attitudes that are widely perceived as undesirable, negative, threatening certain values or interests, such as social cohesion, maintenance of law and order, moral norms, stability of social institutions or economic prosperity. All social problems contain a threat, either potential or direct, to the dominant social order in society. The issue of social order is of fundamental concern to society, as the maintenance of social order is essential to society's functioning as a social, political and economic unit (Jamrozik & Nocella 1998).

Figure 2. Priority issues according to young people (age 16-30) in the European Union, 2021



Source: European Parliament Youth Survey – September 2021, Flash Eurobarometer Report, European Union 2021..

The list of current social problems is long and may include, for example, problems such as: poverty, social exclusion, disability, societal aging, homelessness, unemployment, employment discrimination, lone parenting, child abuse and more. Social problems change, and also what is perceived as a social problem may change. Other societies may be preoccupied with other problems - what attracts public attention in Poland, Italy or North Macedonia is likely to be different in at least some respects from what is a current social problem in African countries or China. It is also true that if we looked back to earlier historical periods, only some of the list of current social problems would have been visible then. The social constructionist view emphasizes that a condition or behaviour does not become a social problem unless there is a perception that it should be considered a social problem (Rubington & Weinberg 2010).

Social problems are the issue within the society that makes it difficult for people to achieve their full potential. Not only do social problems affect many people directly, but they also affect all of us indirectly. Social problems represent conditions that should not continue because they are seen as problems for society, requiring society to respond to them and find remedies. The range of possible public responses is very wide, including through social entrepreneurship. Moreover, social challenges are also opportunities. Social enterprises can therefore respond to market gaps and provide products and services that were previously unavailable and for which there is a growing demand.



CHAPTER 2.

SOCIAL ENTREPRENEURSHIP

AS A WAY TO SOLVE SOCIAL PROBLEMS THROUGH MARKET MECHANISMS

Social entrepreneurship is an element of socio-economic practice that has been developing in various parts of the world for more than thirty years (Defourny et al. 2021). It is, at its most basic level, doing business for a social cause. In this way, social entrepreneurship combines the passion of a social mission with the discipline and determination of a business venture. While business entrepreneurship aims at taking a lead to open a new business in order to create economic wealth, social entrepreneurship focuses on setting up a business venture with the intent to create social capital and make a

profit that will be used primarily to achieve social objectives.

Therefore, the concept of "social entrepreneurship" combines two attributes: "entrepreneurship" (carries out activities that involve economic risk and economic verification of the effects of this activity) and "social" (its operation is aimed at achieving social goals) (Hausner & Laurisz 2008).

There are two schools of thought that give rise to markedly different views of social entrepreneurship: Social Enterprise school and Social Innovation school (Table 1).

Table 1. Two schools of thought regarding social entrepreneurship

School of thought	Authors / Representatives	Definition of social entrepreneurship
Social Enterprise school	J. Boschee E. Skloot R. Steckel J. Emerson B. Shore	An economic activity that uses earned income strategies to pursue a social objective. Social entrepreneurship entails self-sufficiency from earned income.
Social Innovation school	B. Drayton Ch. Leadbeater J. G. Dees D. Bornstein	An innovative, social value-creating activity that can occur within or across the non-profit, business, or government sector. The focus is on establishing new and better ways to address social problems or meet social needs.

Source: own elaboration based on: Dees & Battle Anderson 2006.

It is worth taking a look at the concept of "social innovation" first. This concept is becoming a synonym of a positively assessed novelty, focused on micro- and macro-social effects. Social innovation can be understood as the phenomenon of the emergence of new solutions (procedures, products, ideas) to social issues / needs, accompanied by social exchange and cooperation, taking institutionalised forms (e.g. social enterprises) (Kasprowicz & Murzyn 2014). Social innovation refers to the design and implementation of new solutions that imply conceptual, process, product, or organisational change, which ultimately aim to improve the welfare and wellbeing of individuals and communities (BEPA 2011). Many initiatives undertaken by the social economy and by the civil society have proven to be innovative in dealing with socio-economic and environmental problems, while contributing to economic development.

Social innovation is the embodiment of the idea of social interaction. For the development of social innovation, social interaction is particularly important. In this context, the concept of open innovation, which implies an open and collaborative approach to the innovation process, is of particular importance. Open innovation is a concept based on the idea that the development of a company is not based solely on its own research, but is possible when the company acquires patents, licences or other innovative solutions from other entities (Chesbrough 2003). The model of open approach in innovation processes differs from the closed one in that it uses both internal and external sources of ideas. The main principle, which is followed by companies following the open innovation model is to look for opportunities to gain competitive advantage wherever it is possible. The formal framework of the company is therefore only a contractual boundary in

the flow of information and knowledge between the company and the entities (or stakeholders) belonging to its environment. This idea seems to fit very well with social enterprises.

Sometimes, social entrepreneurship is also 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). In this way social entrepreneurship plays a critical role in meeting the needs of vulnerable groups in a society. Initially, the majority of social enterprises were designed to create jobs for certain groups such as people with disabilities or long-term unemployed. However, over the last thirty years, the understanding of SE has been developed – now, the number of social enterprises in Europe has reached several hundred thousand. They not only create jobs for certain groups, but also produce goods and services, thus addressing a variety of issues important to the public. The heart of the concept of social entrepreneurship is a social enterprise. Social enterprise is a business that solves social problems with the business tools - the company produces goods or services with the aim to tackle social problems, rather than for the purpose of financial gain for business owners. These enterprises use entrepreneurial spirit, innovation, and market mechanisms to operate and generate social value. Consequently, sustainable business practices and serving society become complementary goals.

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. It creates social change at a community level. Social entrepreneurs create innovative solutions to address important and neglected societal problems, mobilising the ideas, capacities, resources, and social arrangements requi-

red for sustainable social transformations (Bornstein 2004). They are reformers and revolutionaries, as described by Schumpeter, but with a social mission (Dees 2001). In turn this means that a social entrepreneur or enterprise carries out a social mission and searches for solutions to social problems.

Social enterprise is a business, market oriented and usually associated with the local community, addressing important and neglected societal problems or/and making clear social impact by innovative approach (Murzyn et al., 2020).

Depending on the legal system and the national context, social enterprises in Europe take a variety of legal and organisational forms (Borzaga et al. 2020). They create benefits for communities regardless of ownership or legal

structure and with varying degrees of financial self-sufficiency, innovation and social transformation (Brouard & Larivet 2010).



CHAPTER 3. GOOD PRACTICES IN SOCIAL ENTREPRENEURSHIP AROUND THE WORLD

There are many examples of social enterprises in the world that address important societal problems and make a clear social impact in their (local) community. They often improve the quality of life of people, communities and nations. They can be considered as examples of good practice and used by those looking for inspiration and guidance.

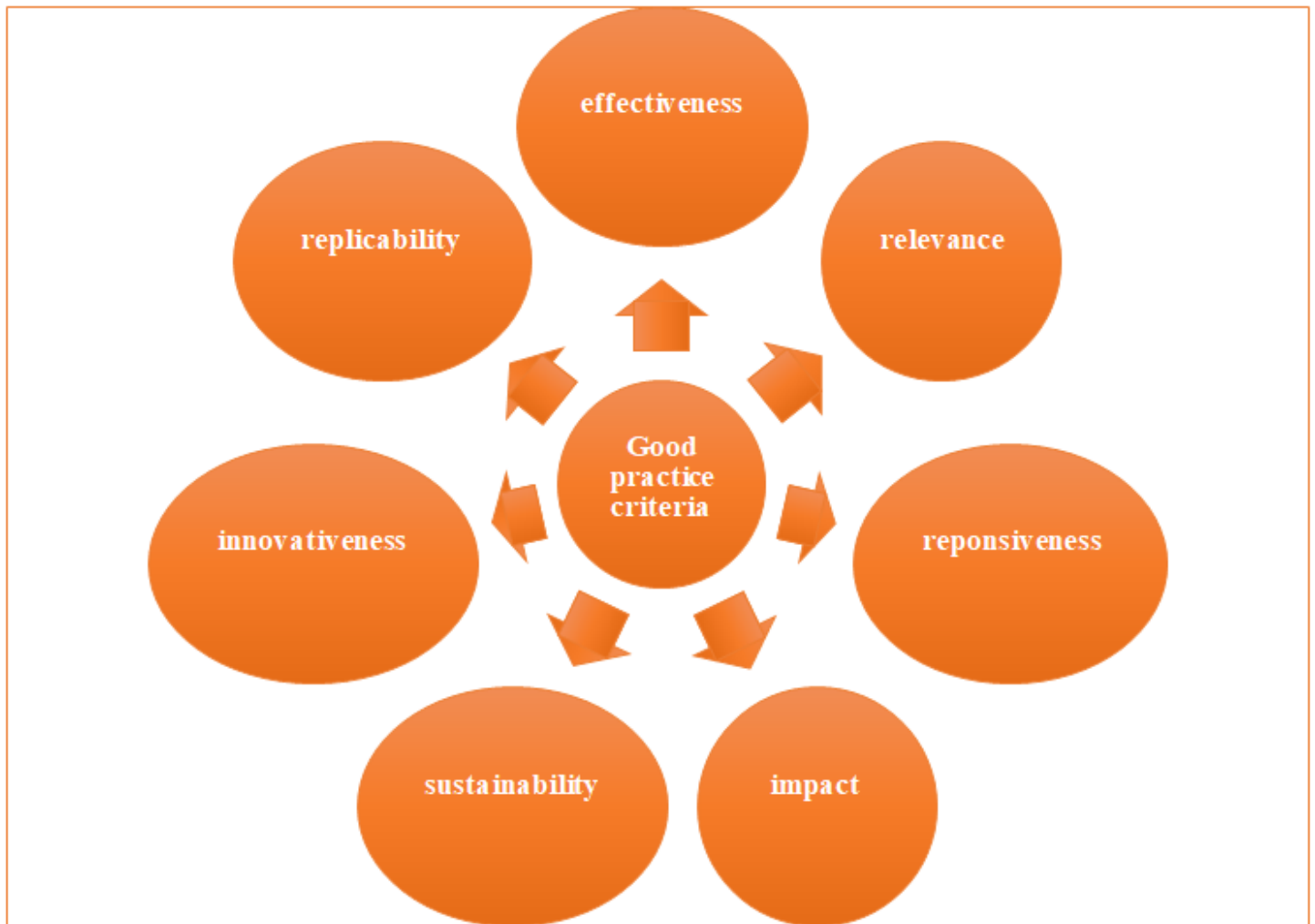
A good practice is not only a practice that is good, but also one that has proven to be effective and has produced good results, and is therefore recommended as a model. It is a successful experience, which has been tested and validated, and which can be repeated and deserves to be shared so that a greater number of people can adopt it.

It is important to define the key criteria that a social enterprise (SE) must meet to be considered a good practice. These criteria may include:

- **Effectiveness** – SE should be successfully adopted and produce the intended or desired result;
- **Relevance** – SE should prove its strategic relevance as the most effective way in achieving a specific objective and to contribute, directly or indirectly, to solve social problems;

- **Responsiveness** – the practice should be consistent with the needs, involve a consensus-building approach, be respectful of the interests and desires of the participants and others, be consistent with principles of social and professional conduct;
- **Impact** – SE should have a positive impact on individuals and/or communities;
- **Sustainability** – the practice and/or its benefits should be likely to continue in some way and still be effective in the medium to long term; it would be good if it were economically, socially and environmentally sustainable, i.e. it should meet current needs, in particular the essential needs of people at risk of social exclusion, without compromising the ability to address future needs;
- **Innovativeness** – SE should solve social problems or respond to market needs in an innovative and creative way;
- **Replicability** – the practice should have the potential for replication and therefore be adaptable to similar objectives in varying situations.

Figure 3. Social enterprise good practice criteria



Source: own elaboration.

As part of the project “INN@SE - Innovative Social Entrepreneurship with Youth Engagement” good examples of social innovation have been explored as solutions to solve social problems and improve the quality of life of people, communities and nations. A diagnosis of best practices was made, practices existing in Europe and globally regarding SEs development which address societal challenges and environmental needs[1]. Many of the social enterprises included in the database have been founded by young people under 30. It can be a source of inspiration and a useful tool for young people considering creating social enter-

prises, but also for those who want to know examples of such enterprises from different parts of the world. The key aspect is that good practice should be something that has actually been tried and proven to be effective, i.e. as opposed to something that could potentially be a good idea but has not actually been tested. In this way, those interested in social entrepreneurship can learn from others' experience.

[1] The good practice database is available via the project website: <https://innose.up.krakow.pl/social-enterprises-in-the-world-good-practices/>

CHAPTER 4. SOCIAL BUSINESS IDEAS GENERATION

Social business often needs creative solutions to various problems it encounters on the path of development. According to Peterson & Snyder (1998) social problems are complex social phenomena that involve many causes and consequences which makes it quite challenging. Therefore there are many idea generation techniques that can be used to solve social business problems. These include, among others:

- Theory of Change,
- The Mind Map,
- Brainwriting,
- Open Innovation.

These techniques are described below.

Theory of Change

Weiss (1995) defines a Theory of Change as a theory of how and why an initiative works. It is a purposeful model of how an initiative, such as a policy, a strategy, a program or a project, contributes through a chain of planned interventions to the intended result. Theory of Change defines long-term goals and then maps backward to identify necessary preconditions (Taplin & Clark 2012).

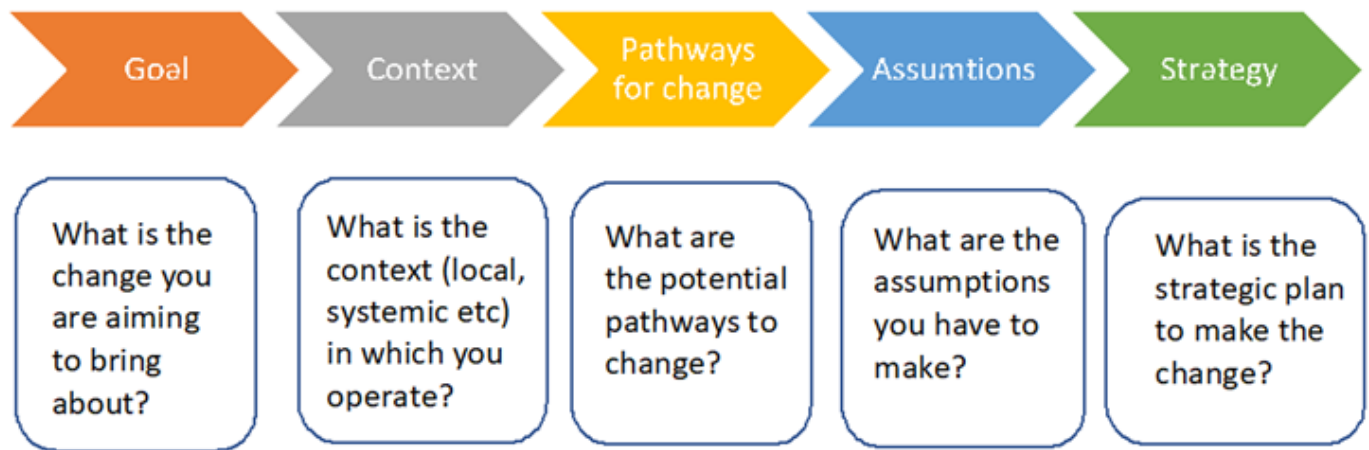
Theories of change help navigate the complexity of social change. According to Randles (2014) it is based on two things.

First, the belief that by occupying a certain place, we seek to navigate the space that surrounds us, to the benefit of the communities in which we find ourselves. Second, this navigation is itself a creative process.

A theory of change is essentially a comprehensive description and illustration of how and why a desired change is to occur in a particular context (Center for Theory of Change 2022). It focuses specifically on mapping or 'filling in' what has been described as the 'missing middle' between what a change programme or initiative does (its activities or interventions) and how they lead to the desired goals. Understanding of what Theory of Change approach involves conceptually and what is needed to support its successful implementation varies widely. It is worth mentioning the Centre for Theory of Change, which is an organisation that works to promote quality standards and best practice in the development and implementation of Theory of Change[2].

[2] <https://www.theoryofchange.org> (accessed 1.03.2022)

Figure 4. Theory of change - the steps



Source: own elaboration.

The Mind Map

The second method which can be used to solve social problems is a Mind Map. Originally it was invented by Tony Buzan in the 1970s and nowadays is used for brainstorming, note taking, project planning, decision making, and document drafting (Beel et al. 2009). According to Buzan (2006, p. 6) it is “a dynamic and exciting tool to help all thinking and planning become a smarter and faster activity. The creation of a Mind Map is a revolutionary way to tap into the infinite resources in your brain, to make appropriate decisions, and to understand your feelings”. One can also say it is “a diagram designed to organise information in a visual hierarchy. It’s often used to see connections between concepts or ideas” (Mind Map Template 2022). A mind map allows one to come up with ideas in a non-linear way, start to make connections between different concepts, and then add structure to ideas to make a hierarchical map (Ramzipoor 2022).

In figure 5 one can find an example of using a mind map to solve a problem: “How to focus in the age of distraction?”.

Mind mapping is a process of the following steps (Ibidem):

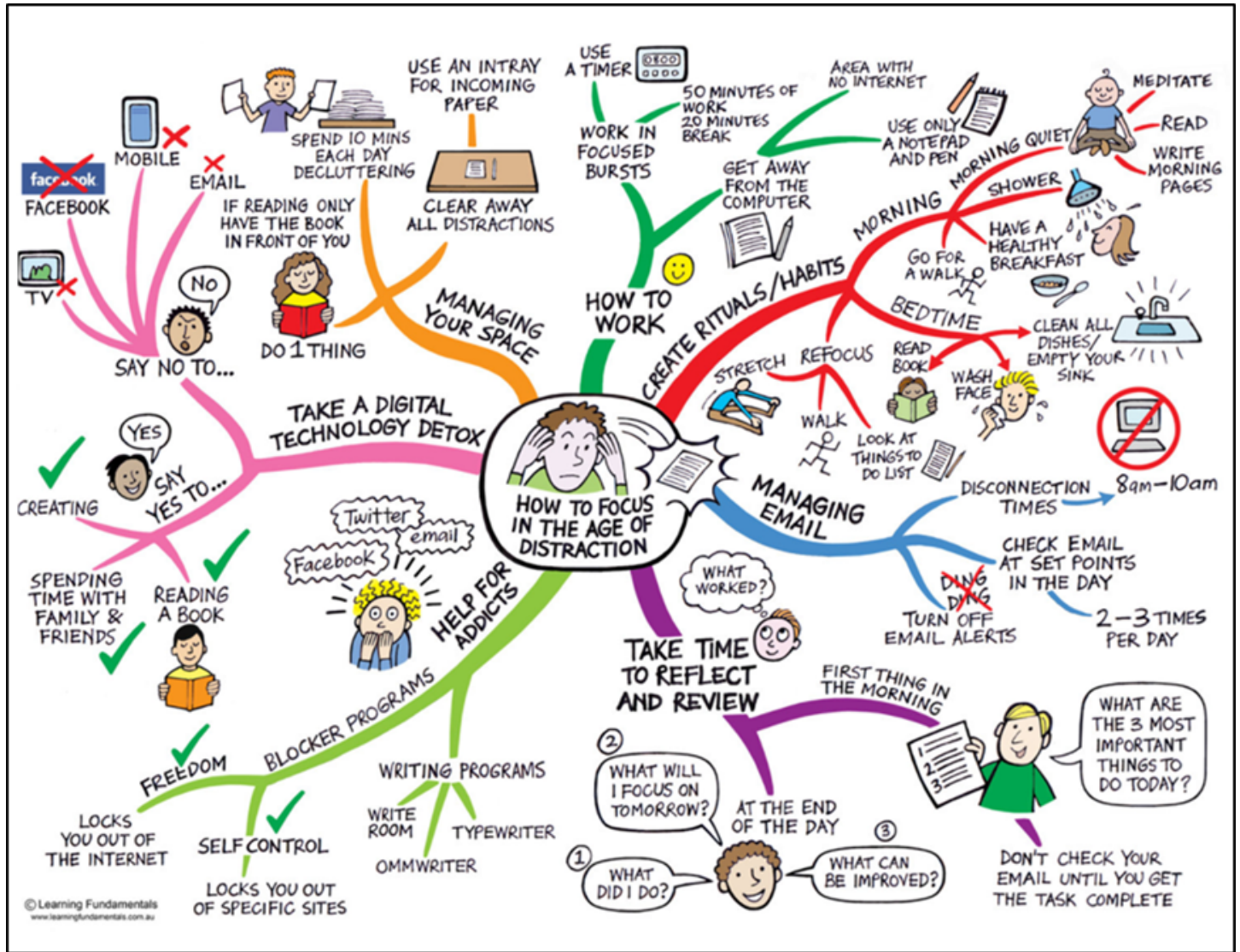
1. Start with a concept or central idea.
2. Add related ideas.
3. Repeat the process for more subtopics.
4. Highlight the best ideas.
5. Get creative with it.

It is worth remembering about all stages, which will allow us to obtain the most interesting solutions to social problems.

Brainwriting

Another method of creative problem solving is Brainwriting. It is a brainstorming technique (Barker 1997) that is used to generate creative ideas. Alone or in a group, people are encouraged to think outside the box and solve problems. Nothing is off-limits in a brainstorming session. Ideas are free from assumptions, judgments or criticism. According to Latour (2022) “This free-thinking environment empowers everyone to bring their creativity to bear against a challenge”.

Figure 5. An example of using a mind map to solve problems: “How to focus in the age of distraction?”



Source: (Inspiration for... 2022).

The use of the brainwriting technique can be presented as in Figure 6. On cards of specific colours, marked with a given name in a specific column in the second row, we write down our ideas for solving a given social problem.

In the next line, everyone writes down an idea on a piece of their colour, which is an improvement on the above idea. The process continues until ideas run out. Then, e.g. by voting, the group chooses the best idea.

The most popular form of brainwriting is 6-3-5. During this session brainwriting exercises are split into several rounds. In each round, 6 people write down 3 ideas each within 5 minutes.

After the first round, everyone swaps their piece of paper with someone else and then writes down three more ideas. After six rounds all collected ideas are discussed and the group chooses the best one.

Open innovation

An open innovation approach can also be used in problem solving. Open innovation is based on the belief that knowledgeable and creative individuals outside a social enterprise can also support problem solving processes.

Figure 6. An example of using brainwriting to solve a problem: “How to get a contact?”



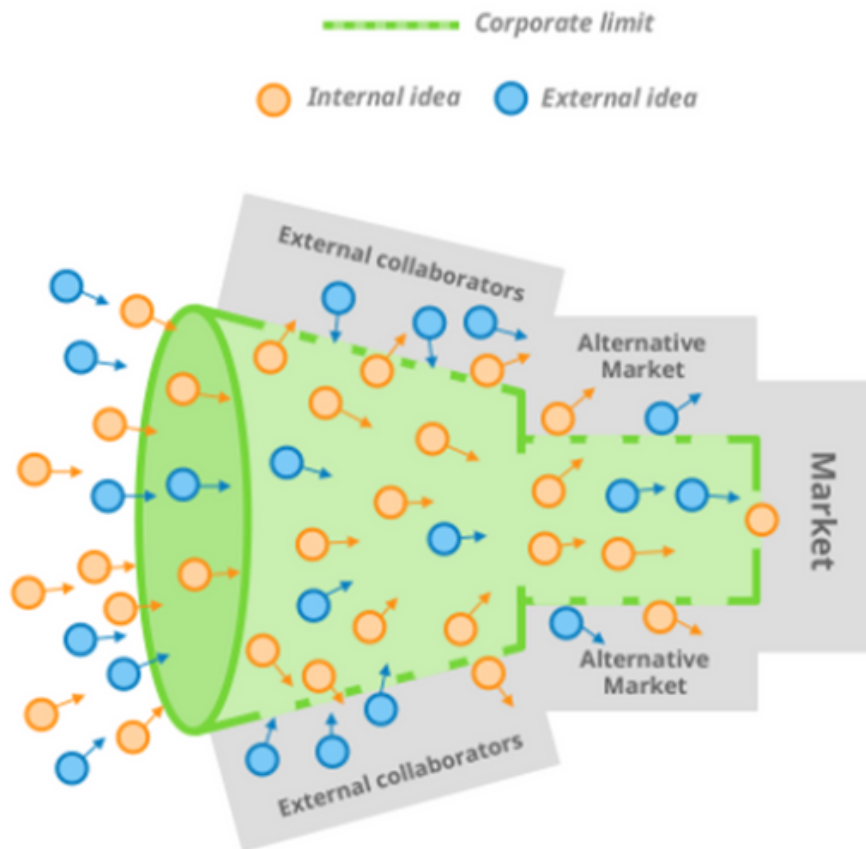
Source: (Inspiration for... 2022).

The more information is gained, the more educated the solutions ultimately are. Internal ideas can be enriched and developed by the ideas of different stakeholders groups of the social enterprise (Figure 7).

In the technique of open innovation, the generation of new ideas is not limited to employees of the enterprise and can be enriched with the creativity of partners interested externally (individuals, companies, non-profit institutions, etc.).

Social enterprise can benefit from open innovation not only by the possibility to engage a larger and relevant audience, but also by improving cost-efficiency and the level of ideation itself. It also enables the social enterprise to find new talents and strengthen valuable partnerships.

Figure 7. Open innovation approach in generating ideas to solve a problem



Source: Isomäki, A., *Open Innovation – What It Is and How to Do It*, <https://www.viima.com/blog/open-innovation>, Nov 29, 2018 (accessed 12.04.2022)



CHAPTER 5. DESIGNING A SOCIAL ENTERPRISE

The generated ideas for social enterprises should be analysed and further selected. For the chosen idea, before starting to develop a business plan which is a document describing the planned project in detail, it is worth developing a preliminary concept draft in the form of a business model canvas. The most popular business model canvas is elaborated by 470 practitioners from 45 countries and described in “Business Model Generation” by Alexander Osterwalder and Yves Pigneur. It is a tool widely popularised and introduced by leading consultants and companies worldwide, including 3M, Ericsson, Capgemini, Deloitte, and others.

The business model canvas enables to describe how a business creates, delivers, and captures value. It makes a business model concept understandable for everyone.

The business model canvas can be applied for start-ups, as well as for large corporations, traditional businesses. It was also adjusted to enable elaborating a concept or developing an existing social enterprise.

The business model canvas can be described through nine building blocks showing the logic of how a company intends to make (or makes) money.

The blocks cover the main areas of the business: customers, offer, infrastructure and financial viability.

The blocks are as follows (Osterwalder & Pigneur 2010; www.strategyzer.com):

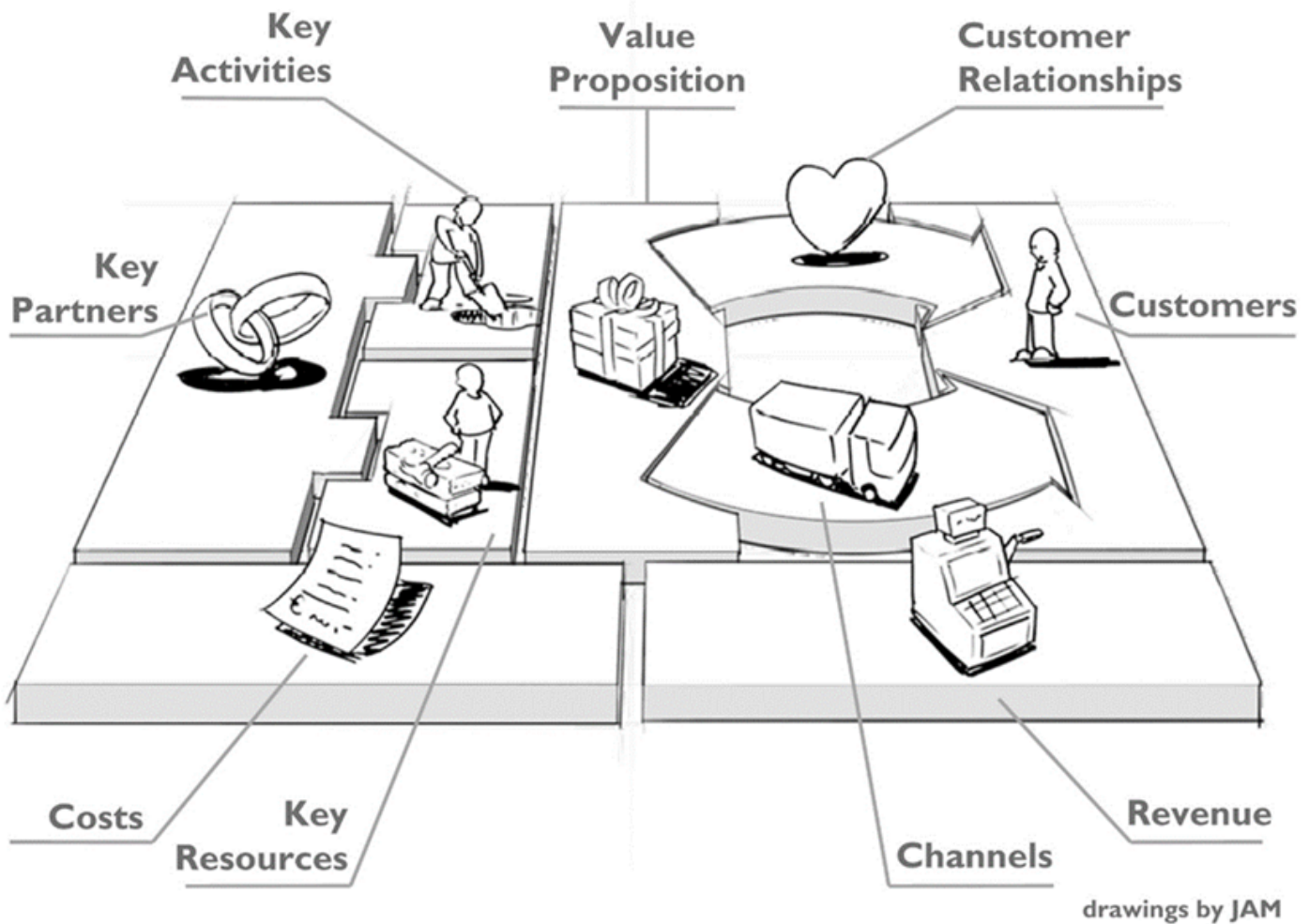
1. value proposition – creates value for a customer segment through a distinctive mix of elements. It can be e.g. price, speed of service, design, customer experience,
2. customer segments – an organisation serves one or several customer segments (e.g. pizzeria addresses its offer to families with children, employees of companies ordering pizzas for lunch),
3. channels – ways of delivering the value proposition to each customer segment (e.g. direct delivery of pizzas to workplaces, direct customer service on site),
4. customer relationship – the type of relationships a company establishes with specific customer segment (e.g. personal service, loyalty and long term customers),
5. revenue streams – the cash inflows generated from each customer segment,
6. key activities – the most important processes, activities that are needed to make the business works (e.g. production, customer service, marketing),

7. key partnership – the network of material suppliers, subcontractors that cooperate with the company),
8. key resources – the most important assets and resources (e.g. physical, financial, human, intellectual assets),

9. cost structures (all the costs incurred to operate the enterprise, e.g. rent, wages, promotional expenses).

The business model canvas is presented at Figure 8.

Figure 8. Business model canvas



Source: *The Business Model Canvas*, <https://www.projectwizards.net/en/blog/2019/09/business-model-canvas> (accessed 1.03.2022)

The preparation of this nine-field matrix for a chosen business requires answering a number of questions. They are presented in Table 2.

Table 2. Structure of business model canvas – questions supporting business model canvas preparation

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS: Optimization and economy, Reduction of risk and uncertainty, Acquisition of particular resources and activities</p>	<p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES: Production, Problem Solving, Platform/Network</p>	<p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS: Newness, Performance, Customization, "Getting the Job Done", Design, Brand/Status, Price, Cost Reduction, Risk Reduction, Accessibility, Convenience/Usability</p>	<p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p>	<p>For whom are we creating value? Who are our most important customers? Is our customer base a Mass Market, Niche Market, Segmented, Diversified, Multi-sided Platform</p>

Table 2. (continued)

	Key Resources		Channels	
	<p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships Revenue Streams?</p> <p>TYPES OF RESOURCES: Physical, Intellectual (brand patents, copyrights, data), Human, Financial</p>		<p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p>	
Cost Structure		Revenue Streams		
<p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MORE: Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing), Value Driven (focused on value creation, premium value proposition).</p> <p>SAMPLE CHARACTERISTICS: Fixed Costs (salaries, rents, utilities), Variable costs, Economies of scale, Economies of scope</p>		<p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p>TYPES: Asset sale, Usage fee, Subscription Fees, Lending/Renting/Leasing, Licensing, Brokerage fees, Advertising</p> <p>FIXED PRICING: List Price, Product feature dependent, Customer segment dependent, Volume dependent</p> <p>DYNAMIC PRICING: Negotiation (bargaining), Yield Management, Real-time-Market</p>		

Source: Designed by: The Business Model Foundry (www.businessmodelgeneration.com/canvas).

Word implementation by: Neos Chronos Limited (<https://neoschronos.com>). License: CC BY-SA 3.0, (accessed 1.03.2022)

The business model canvas was also adjusted to the specificity of a social enterprise. In order to apply the business model canvas for a social enterprise one should focus on commercial sustainability as well as on social impact. Thus, the canvas can be adjusted to social enterprises design by outlining commercial and social (impact) aspects of the business.

Developing the concept of a social enterprise one should start with a value proposition. The following questions should be answered in the process of designing a social enterprise (Burkett 2017, p.13):

- 1.What value do you provide your customers? Why would they keep coming back?
- 2.What is the relationship between your commercial value proposition and your impact value proposition?
- 3.How visible or prominent is your impact value proposition? Who values and would pay for your impact value proposition? Who understands it?
- 4.How do you account for/measure your value proposition (both commercial and impact)?

The table 3 shows examples of commercial value propositions and impact value propositions of exemplary social enterprises.

Table 3. Examples of commercial value propositions and impact value propositions

Example of an enterprises	Commercial value proposition	Impact value proposition
Restaurant	High-quality meals prepared using local products	Sustainable and meaningful jobs for people with disabilities or/and sharing food with those in need
Garden maintenance	Careful, chemical free and knowledgeable garden maintenance just the way you want it	Revitalising the local economy of this rural town and/or giving jobs to the excluded.
A clothing store	Clothing that is always fashionable and comfortable for everyone	Giving clothes a second life in line with the zero waste concept; “One for one” - one product sold, the other given to the needy

Source: Own elaboration on the basis: Burkett 2017.

The business model canvas can be adjusted to the specificity of social enterprises as it is presented in Table 4.

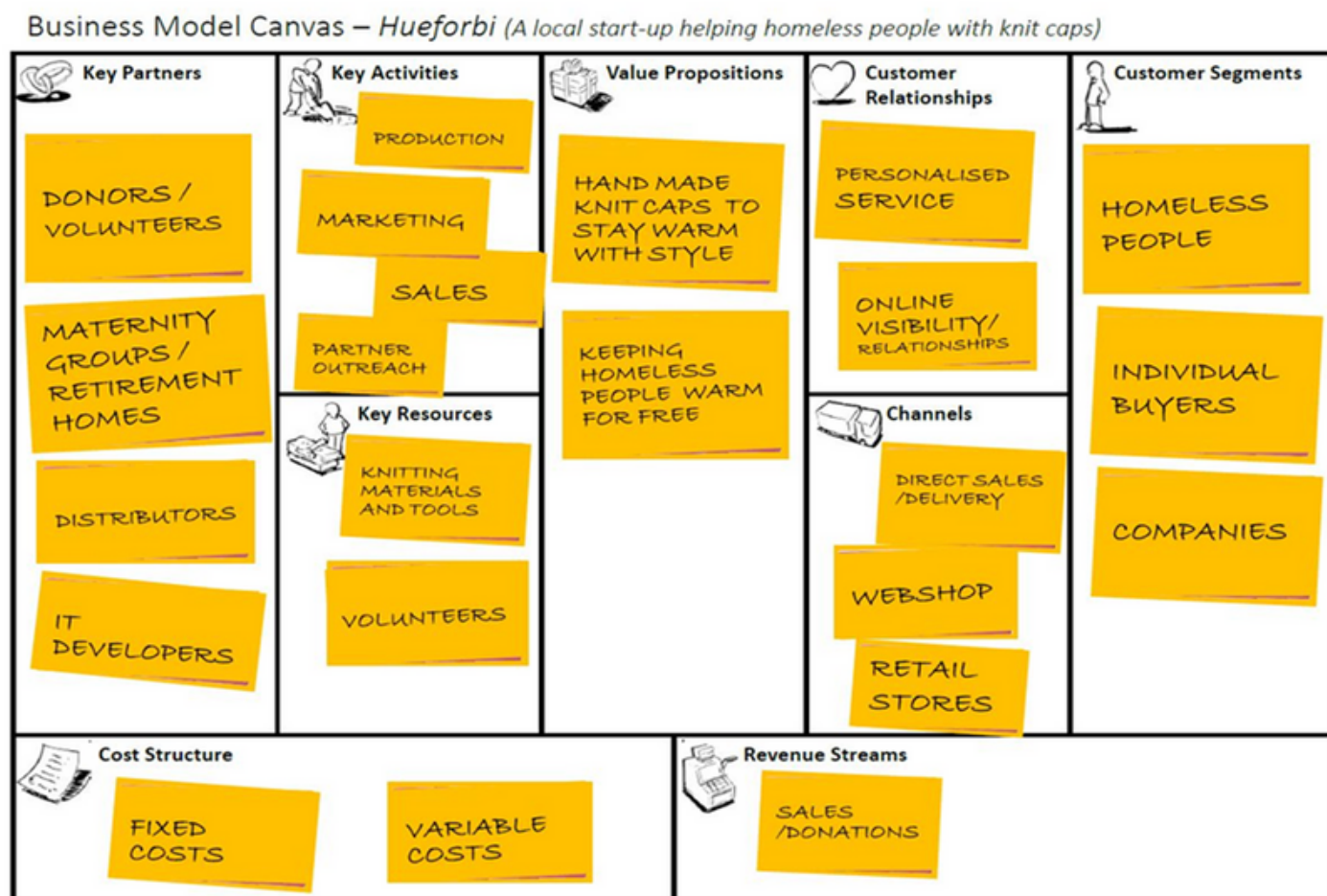
Table 3. Examples of commercial value propositions and impact value propositions

Key partners	Key activities	Value proposition (commercial and social)	Customer relationships	Customer segments
	Key resources		Channels	
Cost structure			Revenue streams	
Social and environmental costs			Social and environmental benefits	

Source: Wronka- Pośpiech 2017

In the process of preparing a business model canvas for a social enterprise one can have a look at the example of a business model canvas for a social enterprise – Huerforbi – a local start-up helping homeless people with knit caps (Figure 9).

Figure 9. Business model canvas of Hueforbi



Source: Sabit 2017; www.coursera.org (accessed 1.03.2022)

The assumptions of the created business model canvas needs to be further discussed and verified before its implementation.



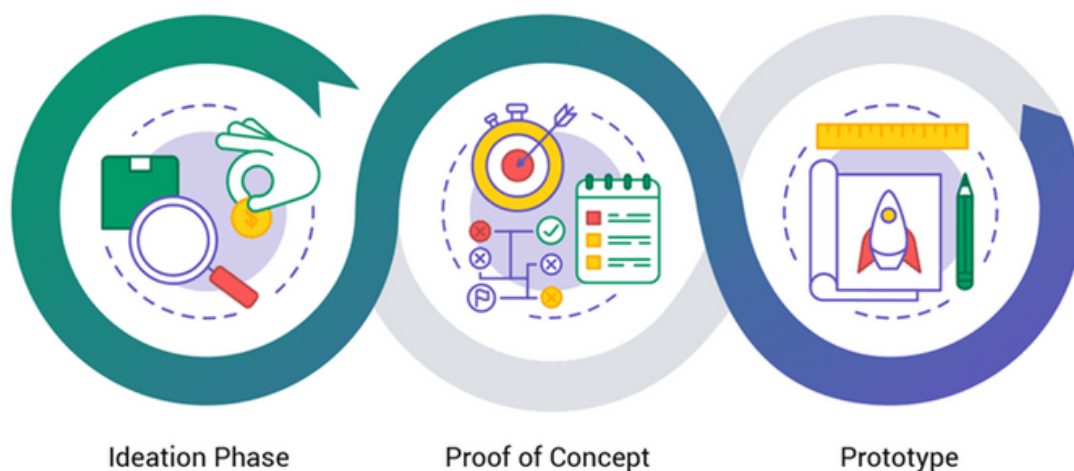
CHAPTER 6. TESTING AND PROOF OF CONCEPT

Validating a business idea out in the market is an important phase after ideation phase in which new ideas and solutions are generated (Figure 10). Having already developed the business model canvas for the best idea chosen, in the next step it is good to test the developed idea before the project is finally implemented. Especially, in case of innovative projects, where it is necessary to spend significant investment outlays, testing of the planned solution, the so-called Proof of Concept (PoC) is especially important.

Proof of Concept is a quick experiment to show whether a given business idea will work in a real business environment, and it will bring the expected results. It may turn out that customer expectations differ from the pre-designed solution.

After that, a prototype can be prepared to test the viability of a business concept. A prototype addresses the question of how a product can be delivered and its purpose is to transform a complex idea into a product by allowing users to interact with it (Mykhaylovych 2021).

Figure 10. Ideation phase, Proof of Concept and Prototyping



Source: <https://softjournal.com/insights/difference-poc-prototype-mvp>(accessed 1.03.2022)

It is important to show how the process of The Proof of Concept can be realised in practice. It requires the following steps (Formlabs):

1. **Understand your audience's pain points.** Study what solutions your customer base is looking for through conversations with potential users, surveys, and market research. Use your research to create a specific list of pain points that your product or service should solve.
 2. **Evaluate possible solutions.** Use your list to map out potential solutions to the pain points it contains. Compare the different solutions for feasibility, cost, timeline, and other factors. Take your top solutions back to potential users to consult with them.
 3. **Create a proof of concept.** Armed with feedback from potential users, create a proof of concept of the solution that addresses pain points and provides solutions. Have the representatives from your customer base test the POC and provide input.
 4. **Refine the product idea according to feedback.** Use the feedback from your potential users to fine-tune the solution idea. Identify what works about the solution, as well as areas of improvement based on customer reactions to and experiences with the POC.
 5. **Finalise your proof of concept.** Create a finalised proof-of-concept proposal that presents the functionalities, features, and benefits of the product. The proposal should also include details like timeline, cost, success criteria, and resources needed. The completed proof of concept can be presented to stakeholders, who can approve the product for development.
- The earlier the idea is verified and tested among potential clients, the more costs and time can be saved.

A proposed solution should be tested at the earliest possible stage of designing and implementing a given solution. Initial verification of the concept will allow to refine it and reduce the risk of project failure. Showing and discussing the initial version of the planned solution to potential customers will allow the initiators of a social enterprise to gather opinions of the future clients in order to refine their offer. Before engaging financial resources and valuable time, it is worth making sure that the planned solution has a chance to bring the expected results.

Referring to the design of social enterprises, testing the proposed solutions is important in the context of the possibility of duplicating the developed solutions and transforming them to local conditions, problems, needs and opportunities of a given local community and territory. It is about testing a given solution, i.e. verifying the business model of a social enterprise developed in a given place as a model solution, ensuring sustainable financing, making the entity independent from philanthropic or governmental support as it grows (See: Osberg & Martin 2015).

The concept of a social enterprise should be tested not only by confronting it with the clients of the enterprise, but also with its beneficiaries - the people obtaining support from the social enterprise. An important question to ask is whether beneficiaries identify themselves with the company's mission and are ready to communicate the mission statement, whether they agree with and support it.

In the process of prototyping and testing, an open innovation approach is useful.

An open innovation approach may improve the efficiency of the process of prototyping and testing business concepts, especially ideas for social enterprises. By engaging the external organisations and stakeholders to the processes, open innovation enables to reduce the cost of design, prototyping, production and distribution. It also shortens the time to market and increases differentiation, opening up new outlets and creates new sources of revenue for businesses (<https://www.consultingmix.it/>).

Also, when social entrepreneurs present their ideas to impact investors, funders, they need to answer many questions about the sustainability power of the organisation. Social entrepreneurs need to prove out that their organisation can deliver a social impact and sell a product or service.

They must also prove:

1. product validity,
2. market of customers, and
3. organisational model.

The process can be eased by preparation of materials describing the business (organisational) model of the social enterprise and presenting its business offer to potential customers but also addressing it to the needy. It is important to analyse financial and legal aspects and at the same time to examine the scope of social impact - it is worth discussing these issues with team members and experts in these fields.

If the initiators of the social enterprise are considering obtaining capital from impact investors, they should acquire knowledge of finance and investing, which is a key condition to convince the investors to invest in the project.



CHAPTER 7. SOCIAL ENTERPRISE STAKEHOLDERS ANALYSIS

Each enterprise exists in space with other entities. Among them, there are those whose operations do not affect a business. There are also those who can influence functioning entities to a greater or lesser extent. We can define them as stakeholders. For the purposes of this case study, let's adopt the following definition:

A stakeholder is a party that has an interest in a company and can either affect or be affected by the business.

Almost every entity and an individual can be a stakeholder of a social enterprise, in order to organise and better understand their meaning, the stakeholders were divided as an internal and external.

The internal stakeholders include (Stoner, Freeman, & Gilbert 1999):

- employees - they are responsible for the performance of commissioned tasks or projects, as well as for their implementation. Their impact on organisations is very large, so you should ensure that they are properly motivated,
- shareholders can influence the organisation and have the right to decide on the directions of development of the social enterprise,

- supervisory boards, decide on the functioning of the social enterprise by voting rights.

The external stakeholder include:

- customers who are recipients of goods and services produced by a social enterprise. These can be institutions and organisations, e.g. individuals, other companies, schools, distributors, hospitals,
- suppliers, ensure the supply of the enterprise with the necessary materials, raw materials and other services,
- competitors, fair competition has a beneficial effect on the development of a social enterprise through the motivation to develop and improve the quality of goods and services, as well as to obtain better results, and to expand into new markets,
- state authorities can influence the functioning of the enterprise by adopting a new law, controlling the activities of the organisation in order to protect the public interest,
- groups of special interests, difficult to define the group of influence, e.g. non-governmental organisations pursuing their goals and influencing the functioning of a social enterprise,

- financial institutions, these may be insurance companies, banks or other financial institutions from which a social enterprise may obtain funds for the development of the company, project implementation, etc.
- media are organisations that support contact between external and internal market entities, which may prove helpful in providing information about the functioning of a social enterprise, as well as about project implementation,
- trade unions carry out activities in the interest of the company's employees,
- other stakeholder groups, other undiagnosed groups of people or entities interested in the activities of a social enterprise.

M. A. Rodriguez, J. E. Ricart, P. Sanchez proposed the division of the organisation's stakeholders according to their values. As a result of the adopted principles of the division, three groups of stakeholders are distinguished: (Ricart, Rodriguez & Sanchez 2005):

- substance stakeholders - the company is unable to function without them. They are mainly employees and owners,
- contract stakeholders - strongly connected with the company on the basis of a formal or informal agreement. They mainly include: customers, suppliers, competitors and financial institutions,
- contextual stakeholders - these are entities that play a fundamental role in achieving reputation and social recognition for its activities by the organisation. An example of this category of stakeholders can be: local, regional, national administration and media.

Stakeholders' actions focus on various goals (not always related to the goals of a specific company). It is therefore important to verify their needs, as well as their influence on actions undertaken by the entity. Managing relations with stakeholders should be taken into consideration at the stage of the mission defining, a project strategy formulating, and then rely on the ongoing management of these relationships. This is important because the influence of stakeholders is constantly changing and it may turn out that the same stakeholders may have (in a certain situation) a negative impact on the enterprise.

Creating a broader list of stakeholders requires experience and specific knowledge about the entity's environment. Fortunately, there are many tools to help you compile such a list. The most popular is a Brainstorm[3]. It can be applied to identify stakeholders of any entity.

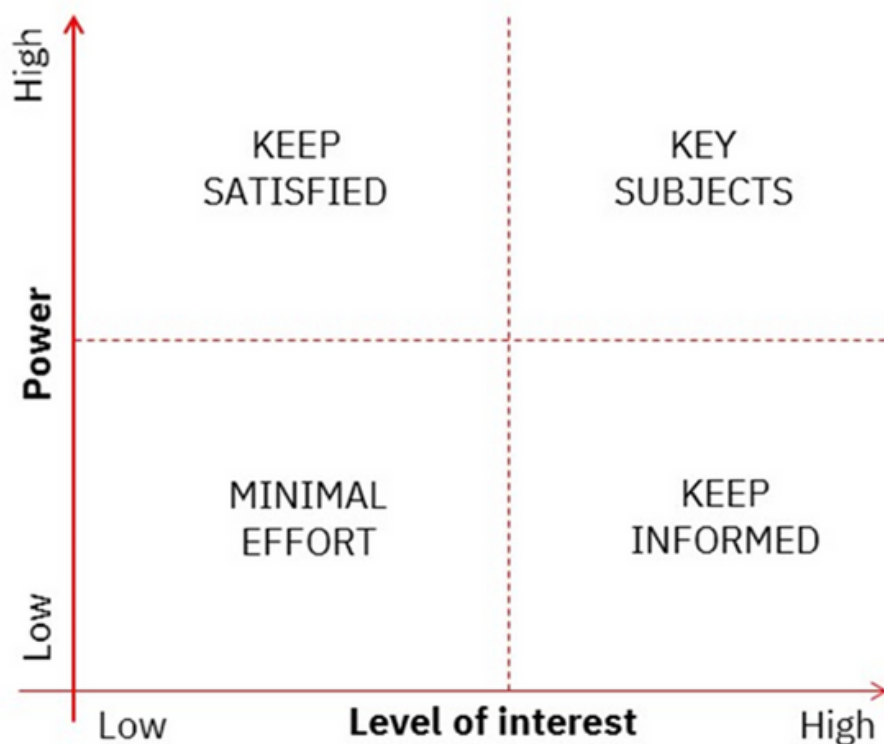
To deal with stakeholders more effectively, it is necessary to determine the level of their impact and their interest in the project. Then it should be specified what actions can be taken against them.

The tool that facilitates stakeholders' management is The Power Interest Matrix. By dividing the chart into four sectors, one can categorise the stakeholders and consider how to deal with them.

The vertical axis shows the power level, which determines the impact on the organisation, e.g. legal, financial, opinion-forming. The stakeholder with a high power level can support as well as block our activities.

[3] Other sources and tools of stakeholders' identification: mind mapping, media information, organisation itself, benchmarking, organisation report, own and others experience

Figure 11. The Power Interest Matrix



Source: Eden C., Ackermann F. (1998), *Making strategy: The journey of strategic management*, Sage Publication, London, p. 349.

The vertical axis shows the power level, which determines the impact on the organisation, e.g. legal, financial, opinion-forming. The stakeholder with a high power level can support as well as block our activities.

On the horizontal axis the level of interest is placed, where we define how the stakeholders may be interested in our actions. It is worth mentioning that among them, there may be those who can gain great power over the entity.

Depending on the level of impact and level of interest, stakeholders are divided into four sectors:

KEY SUBJECTS - stakeholders who can be decision makers and have a huge impact on a business. It is important to keep close relations with them and manage their expectations,

KEEP SATISFIED – stakeholders to whom we need to send our actions. They are not always interested in our outcomes but they may use their power negatively if they feel unsatisfied,

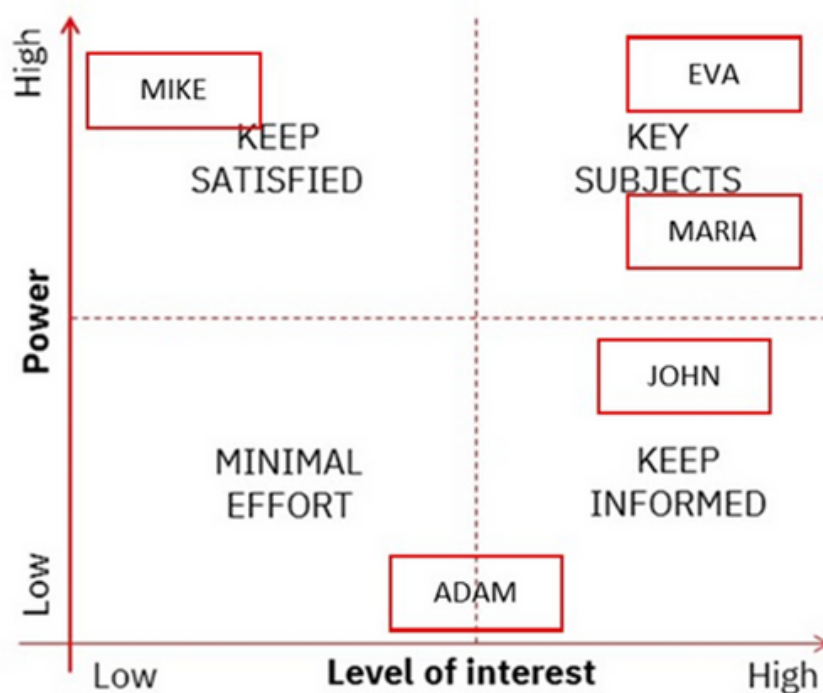
KEEP INFORMED – stakeholders who would like to be informed can be very helpful and can advise us if needed,
MINIMAL EFFORT – stakeholders who are not very interested in the activities of the enterprise, they also do not have a large impact on its functioning. Do not require specific actions on the part of the organisation.

In order to better understand the role and importance of stakeholders, we can use a simple example of a group of friends whose aim is to organise a trip. The tour organiser is Anna, who is interested in the best possible preparation of the tour. For the purpose of the example we can assume that she has sufficient competences, but she is dependent on the other tour participants. Their competencies and potential influence are briefly described below:

Adam – usually agrees with all, has no time to organise, but would like to know where to go,
 Eva – willing to cooperate, has a lot of knowledge about various destinations, has lots of friends and can organise many discounts,
 Mike – has a big influence on the rest of the group, but he does not want to do much himself, he has strong preferences for the destination,

John – is very excited about the trip together, he would like to know everything, he travelled a lot, but he does not want to forcefully indicate where to go,
 Maria - has the knowledge and skills to find cheap offers on the Internet, appreciates good information flow, wants to know as much as possible before making a decision.

Figure 12: The Power interest matrix with Anna`s stakeholders



Source: Based on: Eden C., Ackermann F. (1998), *Making strategy: The journey of strategic management*, Sage Publication, London, p. 349.

As we can see in the Figure 12, the stakeholders Anna will work with are of different importance to her project. Adam should be informed in most activities, but Anna doesn't need to spend too much time on this, she should give rather relevant news. Mike needs virtually no information, but we need to please him because he has a lot of influence on the group, and this can make a big difference in achieving our goal. John does not have too much influence on the group, but he

is an experienced traveller and it is worth using his help. We must also remember to communicate regularly, because he shows great interest in our activities. Maria and Eva are the main people with whom Anna works closely. Both have valuable competences, but Ewa has a greater influence than Maria due to the ability to arrange discounts and expressed willingness to cooperate.

Stakeholder Analysis is an ongoing adaptive process. Ideally, we do stakeholder analysis at the beginning of a venture and continue amending and improving our list of stakeholders over the life of a business. Stakeholders will come and go, and people's opinions, needs and expectations may change. Each analysis is a snapshot of a certain point in the business timeline. Repeating your analysis on a regular basis will show you how your stakeholders are evolving over time.

Proper management of stakeholders in an organisation certainly contributes to its more effective functioning. Cooperation and good relations with the internal and external environment is also one of the elements of building a positive image of the company and social trust. Therefore, for this reason, among others, it is worth considering the above-mentioned tool when creating and running a social enterprise.



CHAPTER 8. DEVELOPMENT OF THE SOCIAL ENTERPRISE

The development of social entrepreneurship is visible in the share of this sector in the economy of the European Union. There are 2.8 million social economy entities registered in the EU. Social economy entities have a 10% share among all enterprises. The third sector employs almost 13.6 million people, which is 6.2% of all employees in the European Union (Social economy in the EU, accessed on 20/02/2022). Creating conditions for development is also the subject of activities of the European Commission, which has developed a proposal of activities in three areas: (The Commission presents an Action Plan for the development of the social economy and job creation, accessed on 20/02/2022)

1. Creating the right conditions for the social economy to thrive,
2. Opening opportunities for social economy organisations to start up and scale up,
3. Making sure the social economy and its potential are recognised.

These activities, apart from the legislative proposals, also include financial support, which in the 2021-2027 perspective provides a higher amount than in the previous period in 2014-2020.

An important element of the activities will also be the promotion of social entrepreneurship, thanks to which this sector of the economy should be better understood by the society and encourage activity in this area.

Creating a favourable environment for the development of social entrepreneurship should make it easier for individuals to start and operate in this sector, using their full potential and achieving their goals. The very creation of an enterprise, including a social enterprise, is the stage of creating foundations and ideas for its functioning. Then, after establishing the strategy, mission, vision and goals to be achieved by enterprises, it is necessary to take actions aimed at stable functioning and creating the potential for its development.

There are many concepts and categories related to the development of an enterprise, for some it is an increase in the value of the enterprise, an increase in market value or profit (Gold 1999), according to another approach it is an increase in terms of dimensions and number (Ackoff 1993). The well-known magazine Forbes uses such values as: sales ratios and values, quantitative change in sales, earnings

per share ratio or employment volume to assess the company's development (The best small companies in America in 2010, 2010). Finally, as the development of an enterprise, we can understand it as deliberate, effective and coordinated changes in the company's systems, thanks to which new elements are introduced or the improvement of existing ones, but also as the quantitative growth of the enterprise and changes in the environment, which in the long term affect the achievement of a competitive advantage (Ring, 1996).

Understanding the development of a social enterprise may be easier thanks to L. Greiner's five-phase organisational model. The most characteristic element of this model are the transitions between the individual phases. These transformations are characterised by crisis moments during which radical action is required, sometimes also called revolutionary changes.

When undertaking activities aimed at the development of a social enterprise, one should take into account the necessity to make such decisions.

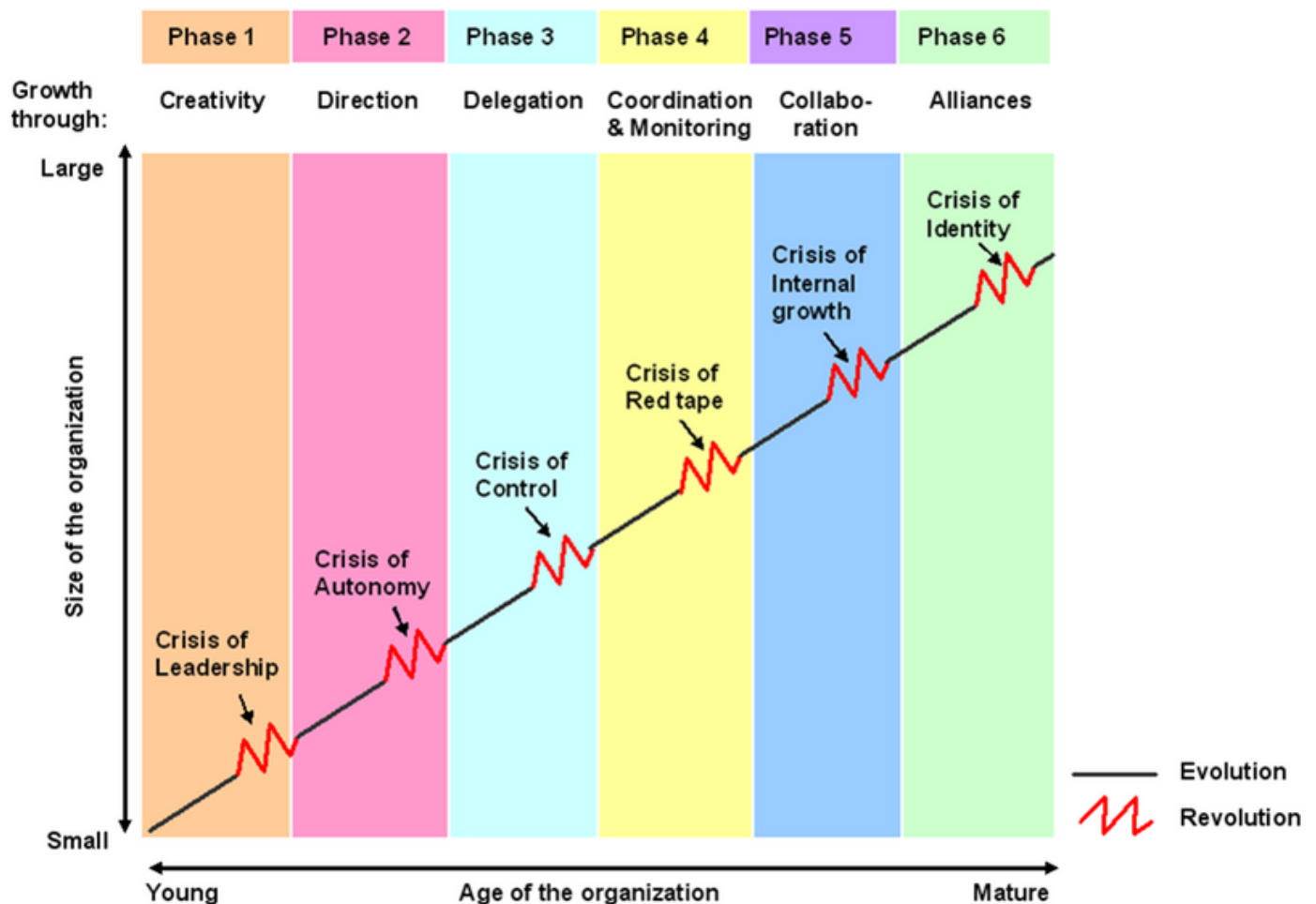
In the first phase, development is the result of creative activity, the founder must be inventive and enterprising. These are the key first years of operation of any enterprise. After achieving stability, the first leadership crisis occurs, this is the time when a leader should emerge who will be able to make further decisions related to development. Of course, efficiency and commitment to development should be expected from the leader.

With proper management of the organisation and increasing the size of the company, responsibilities begin to increase, which naturally leads to the transition to the next, third phase.

An autonomy crisis occurs when there are too many responsibilities in running a business for a leader to perform them. At this point, some decision-making should be delegated to middle-level employees, thanks to which subsequent decisions will be faster and more effective. Going through the delegation phase leads to the problem of a lack of information among senior managers who feel that they lack adequate supervision over their organizational departments. Overcoming the control crisis leads to Stage Four, where there is an increase in bureaucracy and sometimes over-reporting of actions taken at lower levels to obtain information by supervisors. This, in turn, leads the company to a crisis of bureaucracy. Overcoming this stage introduces companies to the fifth stage of cooperation. In this phase, greater emphasis is placed on teamwork and better coordination of activities, which, according to L. Greiner, also improves the morale of employees (Greiner 1998). The model is created in the sixth phase, in which the company, after overcoming the internal development crisis, takes steps to conclude alliances, including merger or creation of holding companies that can transfer part of the activity to a separate enterprise.

The described model shows how many difficulties may arise on the way of an enterprise, including a social enterprise.

Figure 13. L. Greiner Organisation growth model with additional phase



Source: <https://www.startup-book.com/2011/05/18/the-challenge-of-growth-23-google/> (access: 22.02.22)

Development is equated with change, and each change requires adjustment processes, and sometimes there may be resistance to their introduction. However, it is worth being aware that without courageous and sometimes difficult decisions, we cannot talk about development.

When undertaking development activities in an enterprise, one should consider the direction in which we intend to go. There are various action strategies that allow us to better define the path of our activities (Glinka and Pasieczny 2015):

Diversification strategy - consists in expanding operations in new areas in which the company has not operated so far. There are four types of diversification strategies:

- vertical, in which we expand our business by taking over activities previously commissioned to other contractors,
- concentric, applies to minor changes in the offer or the method of its creation and offering products and services to other buyers,
- horizontal, it consists in presenting a new offer to existing buyers,
- a conglomerate is a strategy in which we start producing completely new products and offering them to completely new buyers.

Strategy of specialisation - focuses on a specific field of activity and shapes a competitive advantage in it.

Three forms of specialisation can be distinguished:

- Extensive specialisation, which involves increasing the scope of activity in a selected field.
- Passive specialisation, consisting in maintaining the scale of activity in a specific field.
- Specialisations through diversification aimed at the development of technology, which results in the possibility of choosing a new specialisation.

Niche strategy - tries to find a fairly narrow segment of the market, but with special requirements and a fairly well-defined group of recipients. Specialisation in a given area is important in this strategy, helping to gain a competitive advantage.

Blue ocean strategy - consists in looking for a completely new market and new customers, where there will be no competition, and the conditions can be defined by the bidder.

Confrontation strategy - assumes taking up competition with existing companies with a similar offer, in this strategy the ability to stand out and gain a strong competitive advantage is important.

Cooperation strategy - a strategy that assumes cooperation between enterprises, may consist in combining certain activities, such as joint purchasing, sharing research and development costs.

Choosing the right strategy is not only a vision of a social entrepreneur, it is primarily a decision that requires many analyses, such as the assessment of internal and external resources, conditions and opportunities that the company has. One of the commonly used tools for assessing the company's capabilities, including decisions on its development, is the SWOT analysis.

Carrying out such an analysis allows for the evaluation of a social enterprise in four categories:

- possibilities,
- threats,
- strengths,
- weaknesses.

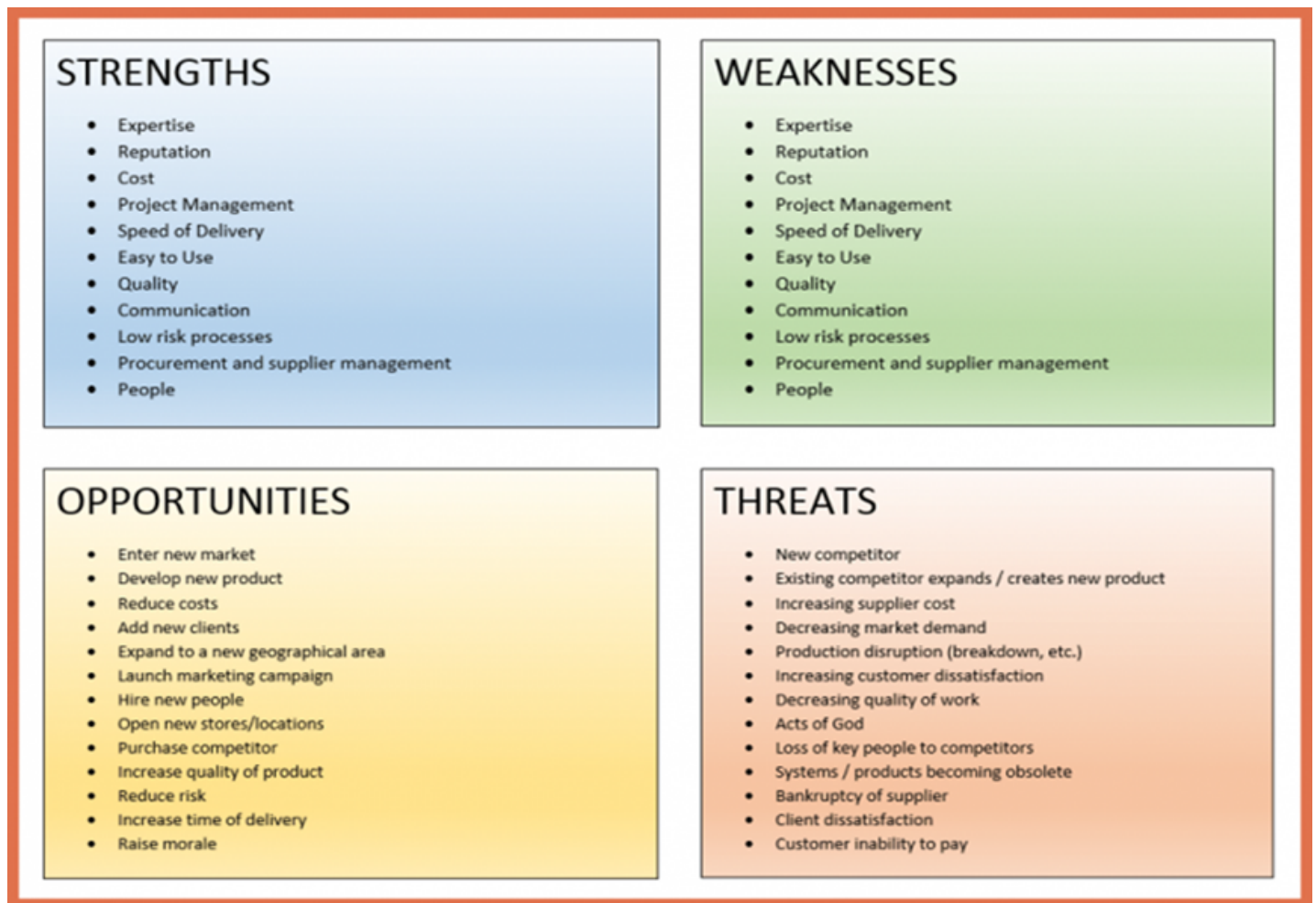
The first two categories relate to external factors, and the next two to the internal factors of the enterprise.

Assessment in each of the categories requires careful analysis, and it can be outsourced if we are committed to full objectivity. Oftentimes, the owners and employees of a given enterprise may not keep an appropriate distance in their assessment. A correctly conducted analysis consists of five points (Watking 2007):

1. Defining the purpose and subject of the analysis, is it the entire company or just a specific department? Also, do not forget to provide employees with information about the purpose of the analysis.
2. Handing over the test procedure in order to standardise the approach to the test.
3. Individual development of a list of factors from each category
4. Development of a common list, standardisation of nomenclature, selection of less important factors.
5. Discussion and dialogue as well as formulation of conclusions and different views about the company.
6. Development of plans and presentation of initial action strategies. Providing information to management.

Thanks to the correct execution of the SWOT analysis, a social enterprise can more effectively undertake development activities, minimising the risk of failure and selecting directions of activity in which it can potentially be most successful.

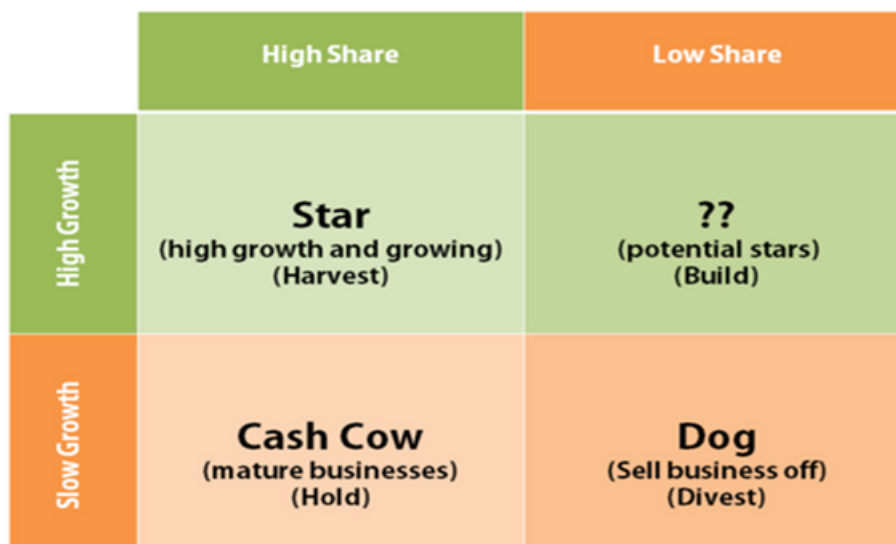
Figure 14. SWOT analysis scheme



Source: <https://academicwritingforstudents.com/swot-analysis-of-current-ict-service-by-infosys-india/> (access: 22.02.22)

Another interesting tool to help a social enterprise develop is the evaluation of its products and services. It enables the evaluation of individual products offered by a social enterprise. The company can evaluate the production in terms of market share and sales growth rate.

Figure 15. Boston Consulting Group matrix



Source: Gierszewska & Romanowska 1997.

To prepare the assessment, you will need information about changes in the sales volume, sales value taking into account price changes, sales forecasts, market share for individual products. Then, the products and services you offer should be placed in the appropriate place in the matrix, depending on their market share and sales growth. The products are divided into four categories:

- stars - these are products with high growth potential and market share, sometimes they require large financial outlays due to the growth rate and competition,
- cash cow - products that are the main source of the company's income do not require large expenditure on promotion, as they usually have a strong market position,

- question marks - products losing money, but with great potential, this part of the offer can become a whistle with appropriate financial outlays,
- dogs - products at the end of the product life cycle, with little chance of survival in the offer.

The use of the above tool allows for a more accurate determination of the company's development path, taking into account the needs of the market and consumers. In order to obtain stable revenues and develop market share, such or similar analyses should be carried out regularly, especially as the needs and tastes of buyers are changing faster and faster.



PART II

SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN POLAND, ITALY, NORTH MACEDONIA AND JORDAN



CHAPTER 1. SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN POLAND

1.1. Social enterprise – legal status in Poland

The term “social enterprise” (SE) has not yet been defined in Polish law. Currently, there is also no single regulation in Polish law that grants the status of a "social enterprise", but there are legal provisions that allow the creation of entities that have the characteristics of a social enterprise. That means social enterprises in Poland are regulated by specific legal frameworks for each type (eg. social cooperatives, work integration social cooperative, social integration centres etc.).

Some steps toward the legal recognition of social enterprises have been made in the National Programme for Social Economy Development, which was accepted by the Council of Ministers in 2014 and extended in 2019 till 2023. It recognizes social enterprises as various legal types demonstrating particular features. It is a comprehensive document which outlines the specific directions of state policy on social economy.

Currently in Poland, work is underway to define in Polish law what a social enterprise is. In April 2021, the Ministry of Family and Social Policy presented a draft law on social economy.

It introduces a social enterprise status that could be obtained by organisations regardless of their legal types if they fulfil certain conditions. These conditions have been defined on the basis of solutions functioning in already existing entities. Therefore, the status of a social enterprise may be obtained by a social economy entity conducting paid public benefit activity or economic activity, after meeting the conditions enumerated in the draft law (Social Economy Act 2021):

- serving local development and operating for the purpose of professional and social reintegration of persons at risk of social exclusion or implementation of social services,
- employing at least three employees on the basis of an employment contract; or at least 30% are employed from a group of persons at risk of social exclusion (in the case of a reintegration goal of activity),
- all profits are assigned to social or reintegration objectives,
- involving employees in decision-making processes (participatory management).

1.2. Access to resources

In Poland, the National Programme for Social Economy Development sets the direction and instruments for policy schemes for the social economy and SEs at the national level and identifies the specific tasks regions are expected to realise. Major support measures for starting up social enterprises and their development are **grants and subsidies from public authorities and European funds**. Additional support measures include loans and loan agreements for social economy organisations, a tax assignment system addressing these entities and co-financing of salaries of workers employed by particular legal types.

The development of the social economy in Poland in recent years has been largely determined by the availability of funds from the EU budget (Murzyn 2018). The most important programs co-financed by the EU are those which underline the importance of the integration and reintegration processes as well as human potential. These funds (mainly European Social Fund) are primarily distributed in the form of grants. Moreover, Polish authorities have been using them to set-up **financial instruments for social enterprises**. National Fund for Social Entrepreneurship was created, which is a preferential repayable financial instrument dedicated to social economy entities implemented by Bank Gospodarstwa Krajowego. It is supplemented by other sorts of public assistance, such as liquidity loans funded from the reflows from the ESF

pilot programme, grants from the Polish Development Fund, and special additional orders to SEs commissioned by the Social Economy Support Centres.

The **tax assignment system** mechanism - addressed to non-profit organisations, including social enterprises - enables taxpayers to allocate a percentage of their taxes to a non-profit organisation of their choice. All legal types that can be adopted by social enterprises in Poland also enjoy other tax privileges. Social enterprises which employ workers with disabilities or persons from disadvantaged groups who have problems with integration into the labour market can benefit from public grants and **co-financing of salaries of workers**. Employers are allowed to apply for subsidies for the remuneration of disabled workers and are provided with grants for the adaptation and equipping of the workplace for them. These grants are provided by the Labour Fund and by the State Fund for Rehabilitation of Disabled Persons (PFRON).

Moreover, **public procurement law** favours enterprises fulfilling particular criteria (e.g. employing particular employers and taking into consideration particular social aspects). Social clauses are considered to be a part of social public procurements. Social clauses enable public procurements to be limited to those entities which have over 50% of employees with disabilities.

1.3. Examples of institutions/instruments providing non-repayable and repayable resources (public funds, private funds) for social enterprises

The major financial intermediaries, which provide financial support secured for social enterprises by the European funds, consist of public institutions such as the Ministry of Family and Social Policy and Bank Gospodarstwa Krajowego (BGK, state development bank). In the distribution of funds, they are assisted by Towarzystwo Inwestycji Społeczno-Ekonomicznych (TISE; eng. Social and Economic Investment Company). Other non-profit organisations, such as in particular the Polish-American Community Assistance Fund and NESsT provide micro loans supplementing the Polish system of financial intermediaries.

More information can be found on the websites of those institutions:

- **Ministry of Family and Social Policy** – creates conditions for the development of a social and solidarity economy, including social entrepreneurship and social cooperatives.

www:

<https://www.ekonomiaspoleczna.gov.pl/Strona,glowna,1.html>

- **National Freedom Institute (Narodowy Instytut Wolności)** – Centre for Civil Society Development - manages the funds for organisations with the status of public benefit, eg. funds from the Civil Initiatives Fund (Fundusz Inicjatyw Obywatelskich – FIO).

www: <https://niw.gov.pl/nasze-programy/fio/>

- **Bank Gospodarstwa Krajowego** - acts as manager of the National Social Entrepreneurship Fund, it offers preferential loans to social economy entities with the possibility of obtaining partial interest rate subsidy.

www: <https://www.bgk.pl/programy-i-fundusze/programy/wsparcie-podmiotow-ekonomii-spolecznej-w-latach-2014-2020/>

- **Towarzystwo Inwestycji Społeczno-Ekonomicznych (TISE)** – provides loans, microloans and other repayable financial instruments combined with advisory services dedicated to social enterprises in Poland. It also manages social venture capital (SVC) which utilises the venture capital model and financial instruments existing in the capital market to provide financial support to social enterprises, non-governmental organisations and various activities with a clearly defined social mission.

www: <https://tise.pl/>

- **Polish-American Community Assistance Fund (PAFPIO)** - offers loans and warranties, as well as financial training and consulting to non-profit organisations and other social economy entities, as well as social enterprises in implementing initiatives bringing positive changes to society.

www: <https://pafpio.pl/>

- **NESsT** - leverages donations and patient capital from supporters into investments in social enterprises that generate dignified jobs for people most in need. It offers tailored advisory services and management support together with financial support to social enterprises in the early stages of their development.

www: <https://www.nesst.org/polska>

Moreover, on the level of regions grants are provided by **Social Economy Support Centres** (**Ośrodki Wsparcia Ekonomii Społecznej – OWESs**), which have funds from the European Social Fund (under Regional Operational Programmes). These funds are intended for creating new jobs in existing or newly created social enterprises.

Social Economy Support Centres are basic instruments supporting the establishment and existence of social enterprises. According to the database provided by the Ministry of Family and Social Affairs, 55 OWES were registered in Poland, as of October 6, 2021.

There are also other grants and subsidies available on the regional level managed by a variety of actors. Most information can be obtained through the **Regional Centres for Social Policy**. These are organisational units of social assistance at the level of voivodeship government, which perform coordinating functions in the field of social economy development in the regions.

1.4. Training and mentoring opportunities and tools at local and national level

Training and mentoring opportunities and tools are available mainly on a regional and local level. **Social Economy Support Centres** (**OWESs**) have adequate facilities and personnel adequately trained for providing comprehensive support for social economy entities. The services provided by them include local animation, incubation for social business start-ups and providing business advice to help persons at risk of social exclusion find work in new or existing social businesses. In addition, Social Economy Support Centres often acts as a spokesperson for social economy entities, allowing to enhance the cooperation between social economy entities and local government units.

OWES are expected to provide a wide range of tailored support for existing social enterprises as well as organisations or groups of persons that are interested in establishing a social enterprise. OWES also provide support for associations and foundations that are interested in launching economic activity. Social economy support centres provide in particular legal, fiscal and marketing advisory services for their clients.

Moreover, universities have started to conceive degree courses on social economy, with a strong focus on managerial and entrepreneurial aspects. Full-time studies in social economy (bachelor's and master's degree) are conducted by the Pedagogical University of Cracow.

CHAPTER 2. SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN ITALY

2.1. Social enterprise - legal status in Italy

Italy is characterised by long-standing civic engagement and voluntary work: this attitude dates back to the pre-war period and presents a boost in the 1960 and 1970. Partly linked to strong Catholic roots, partly due to the new necessities of a society coming out of a world conflict, bottom-up initiatives were fundamental to contribute to its welfare system. Since then, this sector has been growing and adapting to the needs of communities: it all began (and continues) providing voluntary support to the disadvantaged; today it reaches unthought-of domains. In the last couple of years, for instance, Cultural Welfare has become a buzzword: arts forms have been recognized by the OMS as instruments to promote well-being, social-cohesion, active ageing (Treccani 2020).

In Italy, legal forms to pursue social aims could be found in the Civil Code (the main law regulating the life of citizens and their institutions): Section 1 described specific forms of organisations designed for this aim: Associations and Foundations, whose main characteristics was that of not being organised in an entrepreneurial way although conducting economic activities.

Citizens came together to encourage social actions organised in an entrepreneurial way before the development of a specific legal framework, through social solidarity organisations with different legal forms. But only in 1991 the law officially recognized a novel form of cooperative: the social cooperative, i.e. an organisation “pursuing the general interest of the community in the human promotion and social integration of citizens”. Since then, other legal entities kept emerging, leading to the development of a new, broader legal status in 2006 (by the law n.155): the social enterprise. From that moment onwards, more types of organisations could qualify as an enterprise with specific social aims and working under specific conditions and in specific sectors. However, this did not lead to an increase in people employed in such a kind of organisation, and this was due to different limitations set by the new social enterprise law. A stark increase was observed in the numbers of associations and foundations, probably due the fact that these categories had more fiscal advantages and less costs compared to social enterprises (Borzaga et al. 2020).

In June 2016, the Italian legislator issued Law no.106/2016 delegating to the Government the reform of Third Sector and social enterprise and the discipline of universal civil service. By the beginning of August 2017, most of the subsequent implementing decrees were published in the Italian Official Journal and what used to be considered a missed opportunity, is now a genuine, binding attempt at harmonising, simplifying and incentivising the Italian Third sector. Another important implementing decree, which generates great expectations in the sector, is one intervening on the discipline of social enterprise (Legislative Decree no. 112/2017).

2.2. Access to resources

Law 106/2016 reforming the third sector has led to several changes. As far as resources dedicated to this domain are concerned, the main transformations can be summed up as follows:

- incentives for third-sector organisations: tax breaks, access to finance, use of public buildings;
- reorganisation of funding schemes,
- new financial tools.

With the new reform, social enterprises are subjected to a special taxation regime: net profits are not subjected to any taxation given that they are saved to an indivisible reserve in the balance sheet liability part. Furthermore, they can distribute limited profits as long as they respect some specific rules. Social enterprises working on work integration of disadvantaged people are not paying social costs for those workers which

New social enterprises will enjoy greater flexibility compared to those, which were set and incorporated under Legislative Decree 155/06 (abolished by the reform) (ESELA 2017). At this moment, this legal reform has not been yet fully implemented since the last implementing decrees are still under discussion in the Italian Parliament.

In addition to the so called “social economy” legal forms, other legal status to establish a company with social aims are:

- Innovative Startup with social aim (Law 221/2012),
- Benefit Corporation (Law 2018/2015).

are recognised under the specific status.

In this framework, the Ministry of Labour and Social Policies has put in place a new funding channel (i.e. Fondo per il finanziamento di progetti e attività di interesse generale nel terzo settore) to support activities promoted by voluntary organisations, social promotion associations and foundations that have subscribed to the third sector registry (Runts). At the same time, it is the Ministry itself that defines, on a yearly basis, the sector priority areas so as to better identify the initiatives that can be supported by public funding.

Moreover, in 2017, the National Fund for Social Policies was moved to a specific cost item of the programme “Third sector and corporate social responsibility”. These resources aim at supporting voluntary organisations to

develop experimental projects tackling new social problems; at helping associations in investing in training activities; at improving managerial aspects and increasing transparency; at contributing to the expenses for the acquisition of ambulances and other instrumental goods.

Other public support consists of: the use of European Social Funds at regional level, the establishment of a National Fund (Fun) supported by bank foundations, the National Social Innovation Fund, new rules intended to facilitate access to finance, the provision of unused public spaces to these entities, fiscal breaks for third sector-organisations and tax-payers supporting them (Cantiere Terzo Settore 2020).

Training, mentorship, acceleration programmes, infodesk, networking, administrative advice, advocacy initiatives: they represent all types of non-financial support, which is also essential to allow for this sector to grow.

Italian social enterprises or aspiring entrepreneurs can count on representative bodies, consortia, networks and incubators. Incubators have been more and more present on the territory (particularly in the Northern part of the country), sustaining the creation and growth of new organisations willing to make an impact:

- Impact Hub: it started as a coworking space and community building environment for social innovators, and added more actions throughout the years, such as incubation and impact investing activities

www: <https://milan.impacthub.net/>

- A|Cube: an incubator supporting organisations aspiring at having an impact in society through specific tools, i.e. design thinking, the theory of change, lean startup

www: <https://acube.avanzi.org/>

- SocialFare: a centre dedicated to social innovation, made by social innovators, from designers, to analysts, to business experts

www: <https://socialfare.org/>

2.3. Examples of institutions/instruments providing non-repayable and repayable resources (public funds, private funds) for social enterprises

Players from both the private and public sphere are engaged in providing support to the Third Sector. At a national level there are, in particular, two ministries involved, that of Labour and Social Policies and that of Economic Development. Some policy instruments are conceived for economic growth in generale, others tackle social economy and social enterprises more specifically.

Among the main and latest measures there are:

The Guarantee Fund for SMEs (Law 662/96). It uses both European and national funding sources and is dedicated to enterprises operating in all economic sectors. Its mission is to support access to credit by SMEs through direct guarantees to banks or counter-guarantees.

- The guarantee can cover up to 80% of the loan and allows banks to improve the financial conditions applied to the borrowers (e.g. in terms of loan amount, required collateral, interest rate levels). It is managed by Cassa Depositi e Prestiti.

www:

https://www.cdp.it/sitointernet/page/en/guarantee_fund_for_smes_law_66296?contentId=PRD22484

- Marcora Fund, managed by Cooperazione Finanza Impresa. It supports cooperatives through either the participation in the share capital of an enterprise or debt capital.

www: <https://www.cfi.it/legge-marcora.php>

- National programme to support social economy organisations through dedicated financial instruments set up in 2017: “Italia Economia Sociale”. It consists of a total amount of more than 200 million euros in loans and financial services for the development of social enterprises and social cooperatives. The programme is implemented through national and local affiliated banks and thanks to the support of the national investment fund Cassa Depositi e Prestiti (CDP).

www: <https://www.invitalia.it/cosa-facciamo/rafforziamo-le-imprese/italia-economia-sociale>

These three, together with the aforementioned measures and other types of support, make up the commitment of the public sector to strengthen the Social Economy, which is further sustained by regional governments through specific policy

instruments and by private players, such as bank foundations and banks.

Bank foundations (around 90 in Italy) support the local development of specific territories by providing grants to initiatives linked to the social and cultural realms. For instance, in Emilia-Romagna, among the most renowned, there is Fondazione del Monte which provides non-repayable resources to cooperatives, associations, social enterprises, NGOs that want to develop specific projects in specific areas. Its priorities fall under culture, society, territory and scientific research.

www:

<https://www.fondazionedelmonte.it/>

At the same time, traditional banks have set up programmes to satisfy the needs of organisations operating in the Third Sector, for instance:

- Social Impact Banking, designed by Unicredit, has included in its due diligence parameters “social impact” which now accompanies the economic evaluations carried out before providing a loan.

www: <https://www.unicredit.it/it/chiamo/noi-e-il-sociale/social-impact-banking.html>

- UBI Banca has always cared for and sustained this domain. Among its activities there is the cooperation with AICCON to detect the financial needs of these enterprises through the “Osservatorio UBI Banca su Finanza e Terzo Settore”.
- Banca Etica finances organisations operating in four fields: social cooperation, international cooperation, culture and environment. It has also put in place collaborations to support other types of innovative financing, namely crowdfunding in

- all of its forms, i.e. reward-base, equity and civic.

www: <https://www.bancaetica.it/chiamo>

Last but not least, there are also other private initiatives supporting the startup and scale up of projects with social aims through venture capital. A|Impact by Avanzi, Social Fare Seed, Oltre Impact, Fondazione Giordano dell'Amore are impact investing funds which invest in equity or quasi-equity. They support startups and enterprises

ranging from urban regeneration, to sustainable housing, to employment, to social and finance and agriculture.

In order to further support the impact investing sector in Italy, the initiative Social Impact Italia has been set up by Cassa Depositi e Prestiti with the support of the European Investment Fund (EIF).

www:

https://www.cdp.it/sitointernet/page/it/social_impact_italia?contentId=PRD11476

2.4. Training and mentoring opportunities and tools at local and national level

Representative institutions and networks have been offering training for social enterprises for around three decades. Due to the boost in Social Economy, universities have started to conceive degree courses on this matter, with a strong focus on managerial and entrepreneurial aspects.

The long-standing courses are (Borzaga et al. 2020):

- Bocconi University in Milan (SDA Bocconi School of Management) with a bachelor's degree in economics for non-profit, cooperative and social organisations and a master's in the Management of Social Enterprises, Not-for-Profit Organisations and Cooperatives.

- The University of Trento and Euricse offer a master's programme in the management of social enterprise.
- The University of Bologna presents 3 masters' in social economy; economics and the management of NPOs and cooperative enterprises; and fundraising for NPOs and public bodies.
- The Catholic University of the Sacred Heart in Milan has an executive master's in social entrepreneurship.

CHAPTER 3. SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN NORTH MACEDONIA

3.1. Social enterprise – legal status in North Macedonia

The existing legal system does not recognize or regulate social enterprises, but several laws and policies are in development to define and support the future development of social entrepreneurship.

In October 2021 the National Strategy for Development of Social Enterprises in the Republic of North Macedonia (2021-2027) was adopted by the government. The Strategy defines the basic goals and activities for the period 2021-2027, in order to create a legal, financial and institutional framework for the development of social enterprises in the Republic of North Macedonia. The goal of the strategy is to develop a sustainable ecosystem that will be encouraging and enabling for social enterprises in the country. It envisages measures and activities that are grouped in four strategic priorities:

- 1) Creating a culture of social entrepreneurship;
- 2) Capacity development of social enterprises and actors in the ecosystem;
- 3) Development of markets for social enterprises and
- 4) Building a financial eco-system for social enterprises.

It's important to mention the ongoing project "Support to Social Enterprises"[4] funded by the European Union under the Contracting Authority „Delegation of the European Union to the Republic of North Macedonia". The Project beneficiary is the Ministry of Labour and Social Policy (MLSP). The project is implemented by EPTISA in consortium with BARKA (Poland) and ECORYS (Italy). The project time frame is: September 2020 – September 2022. Overall objective of the project is to support long-term and sustainable employment and business opportunities for vulnerable and marginalised groups, while working in 4 components. Key activities and project components relate to:

- **Creation of favourable and coherent legal, regulatory, financial support and monitoring framework for social enterprises;**
- **Establishment, organisation, management and operation of support structure for social enterprises with local support contact points;**

[4] <https://www.eptisasee.com/north-macedonia-support-to-social-enterprises/>

- Capacity building of local self - government staff, public operators and local CSOs;
- Increased awareness and visibility of social enterprises.

Among the project expected results are: **the further improvement of the policy and legal framework regarding social entrepreneurship, through development of bylaws, standards, rulebooks and procedures for regulating the establishment and operation of the social enterprises;** established system for monitoring and evaluation of policy measures and designing new financial instruments for social enterprises; establishment of a Centre for support of social enterprises, and ensuring sustainable functioning of the team for support of social enterprises; establishment of competent local contact points for providing operational support to social entrepreneurs, with a defined business model for the services they will offer; developed quality support services and training programs tailored to the needs of the social enterprises, as well as increased organisational, managerial and technical capacities, in order for them to become more professional and sustainable; **improved knowledge of the provisions and application of the Laws on Social Protection and Public Procurement, in order to more actively involve social enterprises in the field of service provision;** increased visibility of social enterprises and raising awareness about the need for their existence.

To provide a bigger overview of the concept and its legal understanding it is important to note that there are a variety of entities in North Macedonia that can be mapped under the social enterprise diapason.

This is due to the fact that social enterprises have no unique institutional form. Within the Macedonian regulatory framework, there is a diverse range of legal forms, (all governed by specific legislation) such as: associations, sheltered workspaces/protective companies and cooperatives.

Previous research and mapping efforts confirm the relevance of these legal forms. Up to today, the predominant legal form of existing social enterprises is the association which refers to non-profit organisations and foundations that provide goods and services.

A 2017 study (Varga 2017) applying the SBI definition, confirms the findings on this categorization. Moreover, it concludes that “social enterprises seek to serve the community’s interest (social, societal, environmental objectives) rather than profit maximisation. They often have an innovative nature, through the goods or services they offer, and through the organisation or production methods they resort to. They often employ society’s most fragile members (socially-excluded people). They thus contribute to social cohesion, employment and the reduction of inequalities” (European Commission 2018).

3.2. Access to resources

Firstly, it is important to highlight the latest developments - that on 19th of October 2021, the first National Center for Support of Social Enterprises was opened[5]. The Ministry of Labor and Social Policy, with the support of the Government, provided the space, which with EU funds (The Support to Social Enterprises project) was arranged in a place that supports social inclusion, integration, development of the social economy and social entrepreneurship in the country. The Centre is established under the EU funded project "Support to Social Enterprises" that aims to provide support of social enterprises through the Centre; but also through establishment of competent local contact points for providing operational support to social entrepreneurs, with a defined business model for the services they will offer. One of the project results is focused to ensuring developed quality support services and training programs tailored to the needs of the social enterprises, as well as increased organisational, managerial and technical capacities, in order for them to become more professional and sustainable.

The existing Law on Public Procurement (in force since April 2019) regulates the possibility of introducing reserved procurement, which provides an opportunity for a competitive advantage of social enterprises.

This is considered as a benefit as „...it enables the state body to reserve the right to participate in the public procurement procedures for economic operators, whose main goal is social and professional integration of persons with disabilities or persons from the socially vulnerable groups who reinvest the profits to meet that purpose.” (Ilijevski & Iloska, 2019, p.7). Another law that provides benefits/access to resources, is the Law on Social Protection that envisages the development of social services to be provided in the home of the beneficiary, in the community and the family, including the creation of innovative and intervention social services. Individuals, associations, and the private sector also play an essential role in providing and receiving social services, in addition to the services offered by the local government. All of these services provide a chance to create social enterprises that would meet local needs. The Ministry of Labor and Social Policy highlighted that “ Public policy reforms are expected to have an effect on the ecosystem in which social enterprises operate in the country.” (Ministry of Labor and Social Policy 2021).

[5] <https://vlada.mk/node/27029>

3.3. Examples of institutions/instruments providing non-repayable and repayable resources (public funds, private funds) for social enterprises

The ecosystem in which the social enterprises operate in the Republic of North Macedonia is underdeveloped. Numerous mechanisms and actors that will enable recognition and continuous development of social enterprises are missing. There is no clear overview of the actors active in the ecosystem, the type of services and the support they offer. So far, no clear mapping and analysis of the actors has been conducted, which identifies their needs and challenges. Existing support is uncoordinated and limited, and is mostly implemented within the projects funded by foreign donors. Hence, the sustainability of the available support for SE remains one of the key challenges. The actors in the eco-system do not have clearly defined programs for working with the different models of SEs, which are adapted to their level of development and long-term plans (Ministry of Labor and Social Policy 2021).

Regardless of their stage of development, social enterprises in the Republic of North Macedonia have relatively limited access to finance and financing opportunities. So far, the largest sources of funding for social enterprises are foreign donors such as the European Union, the USAID Assistance Program, and the Swiss Agency for Development and Cooperation. The support is mostly aimed at building the capacity of existing social enterprises or encouraging the establishment of new entities, but in rare cases financial re-

sources are provided to support their operations. Even in cases where there are funds, they usually range from 3,000 to 5,000 euros (Ministry of Labor and Social Policy 2021).

What is noted in the National Strategy for Development of Social Enterprises in North Macedonia is that “...In general, in recent years in the country access to business support and services has had a positive, upward trend. A growing number of entities providing services and support to the start-up community can be identified. However, these entities still do not recognize social enterprises in their service portfolio. On the other hand, insignificant steps have been taken in relation to the financial market intermediaries working to improve access to finance for social enterprises. In general, the market in the country lacks innovative financial instruments. Among other things, co-financing schemes with public financial resources cannot be identified and intermediaries can be supported who can help develop the link between finance providers and social enterprises while building their capacity.” (Ministry of Labor and Social Policy 2021).

The grant schemes are the most dominant support, and according to the RISE study the most desired form of support. “Existing Financial Support Programs Grants are a predominant and most desired model among social and young entrepreneurs.

Beside grants, some entrepreneurs are seeking loans. Since the majority of the identified social enterprises are associations, most of them initiated their social enterprise activities with grant support from foreign donors and philanthropists. Therefore, grant funding remained the dominant source of income for social enterprises... Incomes generated from their economic activity represented a small percentage in their overall budget” (Andjelic & Petricevic, 2020, p.58).

In addition to existing Calls, there are also regional initiatives that represent regional investments to the field of social entrepreneurship.

- The EaSI Program- Progress and Microfinance and Social Entrepreneurship Axes of the Employment and Social Innovation Programme (EaSI), provides access to finance, with focus on micro-finance for vulnerable individuals that are potential founders.
- FITD (The Fund for Innovation and Technological Development-state body) in partnership with various other state entities and donors such as the Ministry of Labour and Social Policy, Ministry of Environment and Physical Planning, UNICEF, UNDP, USAID runs different projects that support the development of social entrepreneurship.

- Social Impact Award (SIA) has a mission to offer to young people and students entrepreneurial journeys that make a social difference. SIA was established by the Erste Foundation, Impact Hub Vienna and Vienna University of Economic and business in 2009, while in North Macedonia it is implemented by the Business Impact Lab since 2015. The total prize fund in North Macedonia yearly is 6000 euros, a trip to the international SIA Summit for the best teams, mentoring, incubation period and many other opportunities.
- Green Ideas Competition- ARNO has run the National Competition for “Green ideas” since 2015. The competition works through a structured and verified criteria, including a process that ensures transparent selection of the winning ideas. This initiative[6] has the goal to support green ideas nationally and aims to reach out to the most marginalised rural areas. This is guided by the goal to inspire and encourage more communities, groups and/or individuals that have original and innovative ideas to start small, green and social businesses. In total, with everything up to date (2021-Latest Edition of the Regional Competition), 75 000 USD has been invested for the establishment and support of green and social businesses in North Macedonia through the management and successful running of the project.

[6] Green Ideas - ARNO

All awarded entities are monitored and evaluated by ARNO and further exposed to capacity building, tailored consultancy and participation in programs for networking, matching and additional market exposure. The competition is part of a regional project- Balkan Green Ideas (BGI)[7], that runs as a program that supports the development of local and sustainable small green ideas in the Balkans. BGI aims to stimulate and encourage innovation for green ideas while engaging local communities to generate green businesses that utilise local resources and community-based markets. By supporting innovative, local sustainable economic development initiatives, Green Ideas aims to substantially contribute to building a peaceful, competitive, resilient, and prosperous Balkans. The program is providing financial support and targeted assistance to selected ideas and businesses that are providing innovative solutions and contribute to the achievement of seven Sustainable Development Goals in the region of Western Balkans and Greece.

- RISE (Regional Incubator for Social Entrepreneurs)[8] The RISE project supports young entrepreneurs from Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia to develop their social business ideas. Through a series of workshops, mobility programs and financial support, young people have a chance to learn, grow, develop their businesses and at the same time help solve problems within their local communities. The project objectives are to enrich the capacity of the social entrepreneurship ecosystem in the Western Balkans region and to encourage reconciliation through social entrepreneurship.

3.4. Training and mentoring opportunities and tools at local and national level

The opportunities for training and mentoring are recognized as needed intervention to support the development of social entrepreneurship. This is recognized in the adopted

Strategy, and this is widely reflected through the biggest ongoing project “Support to Social Enterprises” where one of the components is focused on capacity building.

[7] About (balkangreenideas.org)

[8] <https://www.risewb.org/>

Some of the offered programs are embedded in wider programs for general support of entrepreneurship, while some explicitly are addressed to social entrepreneurs, or impact entrepreneurs.

Existing entities that offer programs and support to entrepreneurs (not exclusively social) are:

- The Agency for Promotion of Entrepreneurship (APERM),
- The FITD (Fund for Innovation and Technology Development),
- The Employment Agency.

The listed entities offer different set of measures: trainings for development of knowledge, support in writing business plans, support in preparing applications, consultancy in the area of business planning, finances, marketing, business modelling etc

The recent Call of the Fund for Innovation and Technology Development was opened in September 2021 and it had sole focus on providing grants and further mentoring support to Social Enterprises. “Through this public call[9], the Fund for Innovation and Technological Development is trying to offer solutions to some of the key challenges faced by social entrepreneurship in the country:

- Lack of support for funding. Access to appropriate financial instruments is the biggest challenge for social entrepreneurs. The existing supply of financial instruments does not correspond to the needs and capacities of social entrepreneurs and is insufficient compared to the supply that exists for commercial enterprises.

- **Scalability or ability to increase the capacity for growth and development.** The primary problem faced by many social entrepreneurs is the lack of opportunity to take their business to the next, higher level.
- **Duality of mission.** Social entrepreneurs strive to create social value by solving various social problems that burden us. **Through this challenge, by creating the right business model and strategy, we help social entrepreneurs create a model that is both impactful and financially sustainable.**

This challenge of the Fund is realised in partnership with the Association for Research, Communications and Development „Public” and the Business Impact Lab. **The partner organisations will provide individual mentoring support to selected competitors in the field of impact communication, and will provide access to national and global scaling programs for their businesses.**

This was the first call designed only for development of Social Entrepreneurship and it reflected the strong determination of the Institution to invest in that field both through financing and mentoring support.

Another recognized nationwide initiative is the UPSHIFT program which was piloted by UNICEF and the Fund for Innovation and Technological Development in June 2018, with support from the Ministry of Education and Science.

[9] <https://fitr.mk/en/encouraging-social-entrepreneurship/>

The UPSHIFT program is focused on high school students that participate at various workshops for developing ideas for social business, aside from the workshops each team receives mentorship and initial funding if the team wins at country level. The program enables: 1) learning through a human-centred design methodology; 2) mentoring opportunities to develop ideas to their full creative potential, and 3) initial funding to support and engage young people. These interventions are implemented in each cycle, which consists of:

- 3 published calls per annual cycle,
- three-day workshops for developing ideas after each of the published calls,
- Mentoring period of three months and initial funding with a grant of € 2000 for the most successful ("Upshift – Фитр" 2021).

It's important to mention that following the EU commitment to fostering social entrepreneurship, many local CSOs are applying to the Erasmus plus program. The strong EU focus in the field of youth is reflected in the notion that "priority will be given to actions that contribute to the core areas of the EU Youth Strategy 2019-2027: engage, connect and empower young people" (European Commission, Erasmus+, www.erasmus-plus.eu). Specific priorities for the youth field include: **promoting active citizenship, young people's sense of initiative and youth entrepreneurship including social entrepreneurship. Projects under this priority could also promote entrepreneurship, creative learning and social entrepreneurship among youth.**

Since 2016, through the E+ Programme ARNO works intensively with high schools at EU level in developing programs for teachers and students that improve their theoretical understanding of the concept, but also build skills through different creative initiatives.

- **STRET project** focuses on delivering tailored programs for the promotion of Social Entrepreneurship and Corporate Social Responsibility to high school students that are enrolled in the school subject "Entrepreneurship" in the three respective countries: North Macedonia, Croatia and Lithuania. The project modules are designed by a lead of the recognized NGOs from North Macedonia and Belgium that offer full expertise in the design of modules and programs, aiming to improve the theoretical knowledge and skills of the students for becoming future "Responsible Entrepreneurs". Students and teachers are involved fully in all project stages and use creative tools to share the message of the project (Online Campaigns, Photo Competition, Gala Fundraising Events). Private sector companies are also mobilised to share stories and provide the students with on-site learning and exposure to real business environments.
- **The STRET Teacher's Toolkit** project (hereinafter referred to as STRET TT) is built on the premise and experience of the already-built KA2 partnership between 4 countries: Lithuania, Croatia, North Macedonia, and Belgium.

STRET TT extends beyond teaching only about entrepreneurship by adding new concepts, Corporate Social Responsibility (CSR) and Social Entrepreneurship (SE), to the preexisting knowledge and practice. The project has a strong European dimension because it provides recommendations of improving entrepreneurial education across 4 different countries, and bringing recommendations at the EU level by reflecting needs and highlighting success stories from the field. The main objectives of the project are: providing teacher training, educating communities on the topic, and further inspiration to the educational communities. Other objectives include: advocacy, gaining momentum on the embedding of CSR and SE modules in entrepreneurship education; as well as bringing attention to stakeholders, so they will not oversee an opportunity in the already-hot discussion about school education.

- The main goal of the **SEED project** is to bring entrepreneurship education even closer to the students through teaching the new business model of Social Entrepreneurship as part of the school subject “Entrepreneurship”, which is taught in the 3 schools (Croatia, Lithuania, North Macedonia), and exposing students to business communities. The SEED project is designed to enable students to become future Social Entrepreneurs. It is also designed for society to recognize the importance and role of communities (even the small ones can do a lot), as well as new, sustainable approaches in business and education. Through the SEED project, young people will be learning essential skills for running a business while also learning about philanthropy, creativity, leadership and teamwork. This will also include a focus on community outreach and reconnecting with their alumni students from their school.



CHAPTER 4. SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN JORDAN

4.1. Social enterprise – legal status in Jordan

Despite the good positioning of certain sectors according to the World Bank's 2020 Doing Business Ranking, Jordan has not performed well in creating a regulatory environment that promotes entrepreneurship, and in particular the social enterprise sector. Social enterprises still do not have specific legal forms and there are no specific, separate and clear laws that regulate them. The vagueness in laws governing social enterprises leaves them stranded between the social development and business world. This has slowed down the progress of the social enterprise sector in Jordan. However, operating under a weak regulatory framework creates opportunities for social enterprises to workaroud to achieve their social and economic goals. Apart from that, there is no reference entity in the government to deal with policies related to social enterprises and startups facilitating the interaction between entrepreneurs, related government agencies and support organisations. Also, there is no non-governmental central entity to act as an advocate for the social enterprise sector and to contribute to the development of the social enterprise ecosystem in Jordan.

There are two types of legal entities that can be registered in Jordan under two registrars:

- **Companies:** Under the Corporates Control Department at the Ministry of Industry, Trade and Supply in Amman, and its representative offices in other governorates. Companies can be classified into two categories:
 1. Unlimited company where owners/shareholders are responsible for all business debts and liabilities, even those that the company cannot pay. Such companies are subjected to minimal regulatory supervision, which focuses mostly on taxation. Also, they are not required to appoint legal counsel, auditors or submit annual reports to the Ministry.
 2. Limited companies where debt and liabilities are limited to the company's assets. Such limited liability companies are more heavily regulated by the Ministry and the Companies Control Department (CCD), and are required to set and submit articles of association at establishment, officially appoint a legal representative and a government

registered auditor, as well as submit an annual report of company finances. Companies are designated depending on their objectives as for-profits or non-profits (non-profit limited liability companies or non-profit private shareholding companies). Noting that non-profit companies are allowed to operate within a limited number of sectors or purposes. These are: health, education, vocational training and microfinancing.

- **Societies** (or cooperatives / associations including closed societies 'foundations') under the Ministry of Social Development, governed by the Ministry related to its purposes. Societies focus entirely on philanthropic and social work. Since they are established for the public benefit, they are considered owned by the public, hence -unlike non-profit companies- society company founders do not own any part of the company and thus cannot buy or sell any part of it. Societies are generally, and by default, not allowed to generate any income. In special cases, exceptions are made and approved by the Ministry of Social Development. However, much like non-profits, their income cannot be distributed among founders or members as dividends and must be reinvested into the society's mission. Unlike non-profits, societies are allowed to operate for any purpose or sector and can define multiple purposes. As such, societies are the de-facto entity type used for social work. By September 2019, according to the societies' registrar, there were 6,185 registered societies in Jordan across a very broad range of purposes.

Accordingly, social enterprises must decide between registering as a society (or a cooperative) with the Ministry of Social Development or as a Non-Profit company with the Ministry of Industry, Trade and Supply. Both options have their own challenges, and social entrepreneurs report difficulty in registering due to high levels of government bureaucracy and interference. On the other hand, if a social enterprise chooses to register as a For-Profit company, it will be subject to unfavourable tax laws. However, the requirements of registering a non-profit are more flexible compared with Society, hence it is currently the best option for social entrepreneurs. Many social entrepreneurs operate in a mismatched legal and regulatory framework which does not suit their business models. This has encouraged a small, but growing number of social entrepreneurs to register two entities; a for-profit for business dealings, and a non-profit or society. This enables them to fundraise through grants and donations through their non-profit/ society, and generates income from implementing activities under the grants by their for-profit. However, social enterprises that adopt this workaround exist in a legal vacuum and are at risk of being penalised and shut down by the government arbitrarily and at any moment.

It is worth mentioning that social enterprises are prohibited from pursuing any political agendas. In theory, they face no legal barriers to speech and/or advocacy, but in practice, vocal human rights organisations encounter government repression.

Also, societies struggle when it comes to receiving foreign funding and collecting public donations.

Fortunately, a growing number of civil society organisations are acting as advocates for introducing a new label/legal form for social enterprises to operate in the ecosystem with legal autonomy and limited liability, without the risk of operating in a legal grey area. The new form should allow social enterprises the flexibility to benefit from limited liability privileges and philanthropic fundraising of charities.

Finally, in 2021 the Ministry of Digital Economy and Entrepreneurship in

Jordan supported by the UNDP program and Impact Hub gathered to advance policy development work in support of social entrepreneurs in Jordan. The initiative includes a series of policy dialogue workshops, and is led by the Ministry, in collaboration with UNDP and Impact Hub, key policy makers, funders, academia, business development experts, impact measurement related stakeholders, social enterprises and civil society collaborate to develop social entrepreneurship policy and enable a social economy environment in Jordan. However the results have not yet been published.

4.2. Access to resources

Jordan still lacks essential support and proper guidance to help social enterprises develop throughout their life cycles from seed and development stage (ideation and incubation) through start-up stage to growth and establishment stage, and then to expansion and maturity stages.

Most social enterprises struggle to access capital (funding), markets, knowledge and experience coupled with regulatory challenges. This coupled with absence of legal instruments and protections. There is no dedicated legal form for social enterprise; no specific tax, investment or market incentives; significant bureaucracy involved in registration and compliance; and endemic corruption.

Social enterprises do not benefit from tax breaks (Tax holiday, allowance, exemption, deduction exemption or incentives, or benefits in the form of payable tax credits) (Halabi, Kheir, & Cochrane 2017).

In addition, the governmental funding available to start-ups is limited and the government does not guarantee lenders to encourage them to finance social enterprises.

Almost two decades ago, most social enterprises were registered as non-profits to benefit from funding opportunities and zero taxation. Now, with an unfavourable environment for social enterprises, many have changed or are considering changing to for-profits. They were not really set up right from the beginning. Also, they are not fully aware of the consequences of moving from zero taxation and expense driven setups to for profit, taxable organisations. Considering that for-profit registration is complex and expensive. Moreover, most social enterprises lack legal knowledge, particularly outside Amman (JOinUP-Jordan, 2019).

Furthermore, social enterprises and MSMEs (micro, small and medium enterprises) are treated the same as large corporations, therefore they do not benefit from tax breaks or fiscal incentives. Even societies and non-profits are subject to the general sales tax. The heavy taxation encourages some startups to reallocate their businesses outside of Jordan or register offshore companies. Also, some startups register outside of Jordan (mainly in UAE and Egypt) based on their investors request to avoid taxation.

According to the Social Enterprise Development Report in the Middle East & North Africa 2017, enterprises in Jordan face major challenges in accessing credit, protecting minority investors, trading across borders and resolving insolvency. This forces them to reduce their initial plan dramatically and cause delays in launching their business.

To a large extent, the corporate sector in Jordan does not provide any support to scaling-up social enterprises and granting financing opportunities. Also, the incentives for partnerships between the corporate sector and social enterprises are largely absent; commercial companies do not include them as suppliers in their value chain.

Despite the fact that most social entrepreneurs in Jordan are highly educated holding undergraduate or graduate degrees, they face multiple challenges related to resources, including:

1) Limited access to funding. There are not enough social enterprise loan guarantee funds and social impact bonds to plug huge gaps in the existing capital market.

Banks and financial institutions (debt financing) and capital markets financial instruments (equity financing) usually do not accommodate social enterprises' financing needs. Particularly, those who have high social value-add offset by lower-than-market rates of return. Thus they are not attractive to creditors nor traditional investors. Accordingly, a few funding sources are usually viable for social enterprises including:

- individual funding - most social entrepreneurs create and finance their social enterprises with family or friends,
- crowdfunding,
- incubator and/or accelerator funding,
- impact investing and venture philanthropy,
- government funding,
- local NGOs
- international NGOs and institutional donors
- corporate social responsibility (CSR Programs),
- community development institutional funding (e.g. microfinance)
- program related investments (such as impact / equity investment funds).

2) Limited access to legal and technical assistance as well as informational resources. This coupled with weak understanding of social entrepreneurship tools. Given their social work and non-profit backgrounds, many entrepreneurs lack the experience of establishing a company and/or raising funding. They are not able to deal with the complex procedure of obtaining external funding.

3) Difficulties in attracting and maintaining donors. Given the complicated requirements of donors, societies and non-profits are struggling to attract constant donations. Also, for-profits social enterprises cannot raise philanthropic funding. Additionally, donors may force social enterprise to change focus and philanthropic funding cycles are usually slower than social enterprise business cycles leading to cash flow shortages. Finally, foreign funding approval is a daunting process and may take months.

It is worth mentioning that a number of for-profit entities that identify as social businesses have received grants from local and international donor organisations in Jordan. Some donors show flexibility and are open to funding for-profits including USAID and the EU (for example the LENS program by USAID and the JOinUP! and MedUP programs by the EU). For-profit entities can also apply for financing from SME and startup funds that are funded by NGOs. In these cases, the grants are recorded as income in the for-profits social enterprise's financial statements.

4) Bureaucratic complexity of setting up a company is another challenge faced by social entrepreneurs in Jordan. Jordan has a difficult, but improving, doing business environment. Regulations are not friendly towards social enterprises and startups, social entrepreneurs must struggle with outdated regulations and a convoluted bureaucracy. The World Bank's 'Ease of Doing Business' ranking in 2020 positioned Jordan's global ranking of Ease of Doing Busi-

ness at 75 out of 190 countries. Noting that ranking improved significantly by moving 43 spots from 2017 to 2020. The ranking measures different indicators. However, Jordan needs to work on improving many aspects as it lags behind its peers in many indicators, particularly, starting a business and dealing with construction permits.

5) Poor general awareness about social entrepreneurship. People equate social entrepreneurship with social work (non-profit activity with no economic purpose). This is so common in the region with limited access to the entrepreneurial ecosystem, education and foreign influence (e.g., almost every region out of Amman). Lack of horizontal or vertical cooperation between government entities on one hand and civil society organisations as well as private sector on the other hand can, and often does, create inefficiencies, such as overlapping or counteracting policies, thus slowing down progress (UNESCO 2017). There is a strong need to create a coordinating body to convene all relevant entrepreneurial groups to address institutions and financial actors with a common voice.

Jordan's entrepreneurship ecosystem is in a developing stage, with most resources focused on short-term funding and training and capacity building. Social Enterprises Support Organizations (SESOs) are relatively new to the Jordan entrepreneurship support ecosystem. Few organisations exist to help nurture, develop and scale social enterprises.

The nascent ecosystem of social enterprise support organisations is currently piecemeal, fragmented and facing huge gaps in respect of the social entrepreneurs journey path and support needs (International Labour Organization 2021). Support offered to Social Enterprises by SESOs focuses on the Start-up phase and there is lack of support for the funding phase. A recent study by Amani Jarrar (Jarrar, 2022) shows that (57.89%) of the SESOs in Jordan have dedicated programs that focus on women's inclusion and (59.65%) of them do not have dedicated programs for people with disabilities. The results also indicate that (73.68%) of SESOs have dedicated programs for youth with different age groups and (77.19%) of them have attempted to identify, understand, and actively remove barriers that exist for certain groups of young people in society. Moreover, results show that (38.60%) of the SESOs had dedicated programs for refugees. On the other hand, the study indicates that the SESOs are mainly financed by donors, 33.75%, private sector (CSR), 28.22% and Bank loans (24.55%), 21.70 % Crowdfunding, 20.25% self-funding (by owners or/and founders), 18.34% Government funding and 16.58 % Revenue making.

Typically, researchers categorised the services offered to social entrepreneurs in Jordan within three loose phases:

- First phase: **start-up** support: helps new social enterprises develop their business models and prototype (include, coaching and education services, offered by about 40% of SESOs and consultancy, mentorship and legal services, offered by about 21% of SESOs).

- Second phase: **incubation and acceleration** support: to transform prototypes and business models into minimum viable products (about 14% of SESOs)
- Third Phase: **growth** support, mainly providing funding support: either directly or indirectly facilitates access to funding or financing networks (about 18% of SESOs).

Financial sustainability is one of the most important goals for social enterprises, but many Social Enterprises struggle with it. Support programs currently offered by the United States and European Union focus on short-term funding periods with smaller amounts given to a multitude of Social Enterprises. These programs emphasise the creation of a large number of enterprises, but many of these enterprises fail after a year or two because small, short-term investments make social enterprises dependent on the changing needs of a variety of donors while requiring them to frequently reapply for funding and denying them the ability to implement long-term projects as they struggle to cover basic operating expenses. Recently, The United States is rethinking its aid investing in sustainability to solve this challenge. It is planning to increase funds and provide multi-year mentorship and capacity building for new and existing social enterprises to enable them to become powerful forces for positive change and civic engagement in their communities (Medup! Jordan Social Enterprise Study, 2018).

4.3. Examples of institutions and instruments providing non-repayable and repayable resources for social enterprises

These social entrepreneurship programs vary from government programmes, corporate sector, investors, international organisations and education institutions. They provide various types of assistance such as financing, technical training, and feasibility studies for start-ups (UNESCO, 2017). Below are examples of the most active institutions/instruments providing non-repayable and repayable resources for social enterprises categorised according to their offered services.

Institutions focused on offering funding:

- **Oasis 500:** a seed funding and venture capitalist organisation looking to invest in profitable business ideas in their early stages from the Tech and Creative Industries. Oasis 500 identifies an idea, funding, accelerating, and then connecting it with a business network.
- **Dash Ventures:** a venture capitalist organisation that integrates startups into a global network of industries. It is a private partnership of entrepreneurs and business experts who provide free services to start-ups (mentorship and consultation services).
- **MENA Apps:** connect young entrepreneurs with innovations and creativity to the resources they need to reach consumers.
- **Abd Al-Hameed Shoman Foundation,** a local NGOs donor.
- **King Abdullah II Fund for Development (KAFD):** it runs Youth Empowerment Window, a project aimed at providing financial, technical and logistical support to the youth to help turn their ideas into startups or to expand already existing projects implemented by civil society organisations at the national level.
- **USAID, International Development Agency.** The USAID Jordan Local Enterprise Support Project (LENS) is encouraging the long-term economic growth and development potential of underserved communities by combining local economic development efforts with private sector initiatives. LENS applies this approach through Strengthening local economic networks, building stakeholder capacity and improving the enabling environment. The project dedicated \$10 million grants program to support Micro and Small Enterprises
- **European Union.** EU is funding Mubaderoon project which aims at enhancing the contribution of individuals and social institutions in supporting their communities through the provision of social solutions and services implemented through community-based poverty reduction initiatives and enterprises. It support the establishment and development of community-based entrepreneurial initiatives that foster community innovation.

The project invites social entrepreneurs to apply for grants for Seed & Development (Idea) Stage, Startup Stage and Growth Stage.

- **Private sector through Corporate Social Responsibility (CSR)** Programs, provide small amounts of funding, such as most banks and other large corporations such as Orange Jordan, Manaseer GROUP, The Talal Abu-Ghazaleh Organization, etc.
- **The MENA 100 Business Plan Competition:** is a regional initiative involving OECD and MENA partners engaged to support and inspire innovative entrepreneurship in the MENA region.
- **Development and Employment Fund:** a government entity that finances Small and Medium Enterprises for poor, low income and unemployed individuals.
- **Jordanian Hashemite Fund for Human Development (JOHUD):** established the Islamic Namouthajeye (Ideal) for Microfinance.
- **Private sector microfinance** institutions that provide a range of financial services to economically active poor and low-income people, otherwise excluded from the formal financial sector, to enable them to contribute to their own economic well being. These services include safe savings and appropriately designed credit, insurance and payment systems that help them build assets, manage risk and increase their standards of living. Examples of Microfinance institutions/ initiatives:

- **AMIR program** (Achievement of MarketFriendly Initiatives & Results): provides financial support fostering a sustainable microfinance sector.
- **Tamweelcom**, The Jordan Micro Credit Company: established by the Noor Al-Hussein Foundation as a non-profit limited liability company that finances projects at very low costs.
- **Ethmar for Islamic Microfinance:** offers innovative Sharia-compliant financial solutions to promote entrepreneurship and enhance socio-economic development throughout Jordan and the region.
- **Liwwa:** a peer-to-peer lending network, which connects borrowers to investors by creating an online credit marketplace.
- **Commercial Banks' Microfinance subsidiary companies.**

Non-monetary service grants:

Accelerators and incubators

- **Queen Rania Center for Entrepreneurship:** Their focuses include networking, recognition and awareness, capacity building and support, and funding.
- **Business Development Center Jordan:** extensive solutions for the needs of Jordanian SMEs, women, youth, entrepreneurs, and local economic development.
- **King Abdullah II Fund for Development (KAJD):** KAJD is a private institution which seeks to fairly distribute development gains among governorates through supporting the efforts of increasing productivity, establishing pioneering productive projects for citizens and supporting the efforts of raising community awareness.

They have dedicated programs for entrepreneurship.

- **The Inhad (“We Rise”):** a programme links Jordan’s youth with extensive training in social innovation, entrepreneurship, business planning, financial management, and access to finance. Following their training, budding young entrepreneurs conduct a feasibility of their project to ensure its viability and sustainability in the long-term. After the successful results of the feasibility study, a participant is eligible to receive a loan between 5,000 and 250,000 JOD to launch their social enterprise.
- **The Business Development Center (BDC):** is a Jordanian non-profit organisation dedicated to fostering a sustainable socio-economic development through employ-ability and entrepreneurship training programs, social enter-prises support hand-in-hand with a strong team of experts and pool of trainers
- **ZINC – Zain Innovation Campus:** provides Jordanian entrepreneurs and startups with the resources they need to amp their businesses to the next levels. ZINC has expanded to include branches in the University of Jordan, Yarmouk University – Irbid, and ShamalStart Initiative – Luminus.
- **Spark:** alleviates the unemployment issue in Jordan by building entrepreneurs’ capacities. Spark has partnered with the University of Petra (UoP) to introduce entrepreneurship to the youth of Jordan. They youth are taught with interactive lessons, guest speakers, field visits, and one

on one coaching for successful results.

- **iPark – Jordan’s Technology Incubator:** offers incubator services such as logistical, operational, strategic support, interaction and networking, monitoring and evaluation, and educational programs/seminars.
- **Shamal Start:** is the leading business accelerator and seed investor in the North of Jordan.providing support, mentorship, workspace, networking, seed funding, and access to a digital fabrication facility in Jordan.
- **Jordan Enterprise Development Corporation (JEDCO):** the government arm to support the private sector in Jordan to become competitive in the global markets. It has may programs that Support MSMEs to enhance their productivity, marketing & raise competitiveness locally and internationally.
- **Jordan River Foundation (JRF):** offers a wide variety of training & capacity building as well as advisory and consultation services pertaining to business and entrepreneurship through the following programs (1) Saving and Credit Groups (2) Handicrafts Entrepreneurship and Marketing (3) Monitoring and Counselling for SMEs (4) Revolving Loans Management (5) Green Business Entrepreneurship
- **NJAZ:** Supports Environmental and EdTech Entrepreneurs
- **IRADA:** provides advisory support to community projects “to spread a culture of entrepreneurship”.

- **The National Incubation Program:** the Ministry of Digital Economy and Entrepreneurship has transformed 40 knowledge stations into incubators in all governorates across Jordan, where there are currently about 3-4 incubators in each governorate, in order to make it possible for creative entrepreneurial youth to benefit from incubation services and develop their creative ideas wherever they are.
- **The MedUp! Project:** is funded by the European Commission and aims to enhance social entrepreneurship and increase economic inclusiveness and employment. It promotes country and cross-country policy and advocacy initiatives and public-private dialogue to create an enabling regulatory and policy environment on a macro level. Additionally, it plans to reinforce 60 entrepreneurship support organisations through capacity building and networking activities on the meso-level. The project will provide financial and technical support for 100 social enterprises at micro level. The project runs from 2018 -2022 with a budget of Euro 5.46 million.

A. Policy Development

- **The Heart of Amman initiative:** a United Nations Development Programme flagship initiative aims at advancing the development of the social entrepreneurship ecosystem and the promotion of policy dialogue to implement solutions to commonly faced challenges amongst social enterprises. It launched Jordan's first Social Entrepreneurship Centre to help develop a conducive social entrepreneurship framework and eco-system. Also, it will provide technical advisory and financial support to a select cohort of innovative social entrepreneurs.
- **The "Facilitating Entrepreneurial and Startup Businesses" initiative** of the Ministry of Digital Economy & Entrepreneurship is working with other government institutions and the private sector to overcome the challenges faced by entrepreneurs including, access to markets, access to funding, regulatory challenges and access to talents.

B. Technological Development

- **Youth Technology & Jobs Project,** a project launched by the Ministry of Digital Economy & Entrepreneurship 2020 include a combination of incentive packages, partnerships, and capacity building programs, supports in producing a highly enabled, competitive, and skilled ICT sector and workforce that will meet the needs of major regional and global ICT markets and enterprises.
- **SAP Refugee Code Week Refugee Code Week:** SAP has teamed up with the Cameron Education Trust to enlighten young refugees with software coding skills. SAP helps facilitate and transit the integration of coding education into school curriculum.

In the 2017 edition, celebrating the training of over 15,000 youth and Syrian refugees in the region in digital literacy and coding skills. SAP enjoys partnership with the UN Refugee Agency (UNHCR), the Galway Education Centre and ReBootKamp (RBK).

- **Reboot Kamp (RBK):** a coding bootcamp in the Middle East which provides a 16 week program to turn students into software engineers in the programming language.

C. Events and communities

- **The MakerSpace:** is the place for visitors to explore and interact with modern digital fabrication tools and innovative technologies. Some of these innovations include 3d printers, audio visual devices, and advanced robotics. It is a community environment where people gather to build and make, while sharing knowledge, techniques, and skills in the process. The setting facilitates self-directed learning, while still having plenty of room for collaboration. They have the tools and materials to support invention, making it the workshop for tech-enthusiasts, crafters, students, tinkerers, engineers, scientists, and designers. The MakerSpace showcases new technologies in sectors of renewable energy, healthcare, architecture, engineering, and products and services. Some of the partners for making this dream a reality include Eureka Tech Academy, Third Reality, and Mixed Dimensions.

- **Dakwak:** a website translation and localization software service that specialises in making a local website available to a global audience. They increase search engine visibility, allow seamless integration to new domains of the owner's choice, and full customization. This is all done without needing new code, since it works on top of the current website, in minutes. Features of this service include the content management platform which allows management of translated content, allowing control of styling of websites and managing multimedia files, and Dakwak analytics which shows audience engagement.
- **Startup Grind Amman:** an online community of startups, founders, innovators, and creators. The Jordanian chapter brings like-minded yet diverse individuals together to connect, learn, teach, help, build, and belong through our local events, flagship conferences, startup program, partnerships, and online media + content – collectively reaching over 3.5 million individuals worldwide.
- **King Hussein Business Park:** a complex in Amman which hosts 75 global and local companies. It offers 120,000 square meters of ready-to-use office space in a central, easy to access location. The business center plans to accommodate more businesses, attract investors, and add recreational components to its space. Created to facilitate gatherings, the park has an auditorium with a capacity of 500 people, ideal for workshops, conferences, lectures, showings,

and presentations. They currently have constructed a five phase development plan to expand their efforts.

4.4. Training and mentoring opportunities and tools at local and national level

These social entrepreneurship programs vary from government programmes, corporate sector, investors, international organisations and education institutions. They provide various types of assistance such as monetary, technical training, and feasibility studies for start-ups (UNESCO 2017). In line with the Government of Jordan's priorities on entrepreneurship development to empower youth, there are programmatic trends for youth-led social entrepreneurship targeting 10-29 year old individuals through innovation labs and training (UNESCO 2017). These innovation labs and training include teaching of entrepreneurship skills to foster social entrepreneurial mindset in young people, as well as some technical assistance, mentoring and networking for the selected teams of entrepreneurs.

There are tens of incubation and acceleration platforms in Jordan who offer training & mentoring services to social entrepreneurs among other services, such as:

- **FasterCapital** is an online incubator which helps accelerate/incubate startups in Jordan. It usually helps by providing work per equity. This is done by two programs (1) Technical development per equity;

provide technical skills needed to build tech products (web, app, desktop, others). It covers 50% of the costs needed for that and get equity in exchange (2) Business development per equity; help startups grow and expand through providing them with full sales, marketing, and growth services, resources, and network needed. FasterCapital also covers 50% of the costs needed for the growth project. It helps find sales reps, increase profit margins, enter new global markets, and explore partnerships, among many other services. On the other hand, it help startups Raise Capital or find funding for startups from Jordan or any country in the world. This includes angel investors, Venture capitals, other accelerators/incubators, small business loans, grants, crowdfunding, government funds, and other funding sources.

- **Oasis 500:** extends a six-month, hands-on acceleration program that caters to the specific and wide-ranging needs of emerging companies. In addition to providing funding, technical supervision, mentorship and networking opportunities, Oasis 500 delivers managerial services - including office space; -accounting, auditing and legal support; and discounted services from its partners.

- **Luminus ShamalStart:** supports entrepreneurs with promising ideas in the fields of manufacturing and services on transforming their prototypes into successful businesses. It provides institutional support to entrepreneurs and equip them with the necessary skills, knowledge, resources, training, funding, and connections that empower them to devise grassroots solutions and establish successful businesses that effectively propel them and their respective communities forward.
 - **HASSAD AGRITECH:** HASSAD incubator is one of a kind incubator. It is the first incubator in Jordan with a focus on agritech (a combination of agriculture and technology). HASSAD works with start-ups focused on smart farming, waste technology, biotech for genetics, and breeding just to name a few. HASSAD offers three programs a year, one in summer, one in spring, and one in winter. Each program follows the same pattern; online application, validation Bootcamp, acceleration program, and post acceleration capital raising.
 - **iPARK:** supports entrepreneurs through matchmaking, advisory, legal support, and capacity building through multiple incubators across Jordan. Monitoring and evaluation services are provided as an ongoing process, which includes:
 - Evaluating the business plans and model of member companies.
 - Identifying areas of need.
 - Developing a work plan to address those needs.
 - Identifying expertise and services needed to move the business forward with key tasks timeframes.
- Ipark educational programs and on-site seminars include:
- Hot topic seminars – those seminars emphasise on topics of special interest to technology-based businesses. iPARK continuously identifies topics based on an understanding of the needs and invite guest speakers with expertise in the topic area.
 - Business training – iPARK works with trainers to provide access to a range of general business-related topics that are applicable to any startup operation including financial, legal, organisational, marketing, etc.
- **Microsoft for Startups Founders Hub:** helps remove traditional barriers to building a company with free access to the technology, coaching, and support you need to hit your next milestone.
 - Personalised technical guidance from experts at every development stage.
 - 1:1 mentorship on a variety of business topics from hiring to go-to-market strategy.
 - Self-led learning to give you the knowledge you need to overcome your next hurdle.

There are many government related initiatives that provide excellent free training opportunities, including:

- **Center for Innovation and Entrepreneurial Excellence** of the Al-Hussein Technical University aims at creating novel & scalable models of incubation & acceleration the provides a world class provider and diffuser of innovation & entrepreneurial mindset & skillset. It focuses on Implementation-based learning, Value & Investability Focused, Software & Hardware, Customised Support. Create novel & scalable models of incubation & acceleration. The center is planning to provide free training courses for more than 1000 fresh university graduates in business management skills during the first half of 2022.
- **The National for Employment and Training Company (NET)** and currently, it is owned by both the Army and VTC. NET implements its training programs in training institutes and in workplaces. When established, NET was aiming at training unemployed Jordanians in construction occupations as well as mechanical maintenance, furniture carpenter, solar energy, auto electrician and training programs for females such as hairdressers and beatification and dressmaking. In addition to private sector enterprises, VTC implements apprenticeship training programs with public sector institutions such as the Amman municipality and the water authority. Work-based training programs for different occupations occur in equipped training centers/institutes and in the related enterprises.
- **The Graduates Internship Program - GIP** launched by the Ministry of Digital Economy & Entrepreneurship in May 2009 and the program supports 50% of the incentives of trainees for a period of 12 months. Training is carried out on the job sites as follow:
 - **Training at private sector companies:** The program works to provide incentives and government support for recruitment in the private sector, where the government pays 50% of the trainee's incentives for the duration of the training (12 months). Training is carried out on the workplaces of companies according to signed agreements showing their commitment to implementing the program. The company shall pay 50% of the incentives of the trainees only.
 - **Training in public universities:** In order to provide more job opportunities for the inhabitants of the governorates, the program works to provide incentives and government support for training in public universities where the government pays 100% of the trainee reward for the duration of the training period (12 months), and training and employment in the workplaces of universities is carried out according to signed agreements that demonstrate their commitment to implementing the program.

- **The Resilient Youth-Socially and Economically Empowered (RYSE)** programme is developing a flagship model in which the youth, the Jordanian government, private sector companies, investors and civil society organisations educate and empower youth to become positive change agents and leaders within their communities.

NGOs' training and mentoring programs:

- **TTi** is a non-profit Jordanian organisation, founded in 2010 with the mission of spreading Entrepreneurship and Innovation culture among youth and women living in disadvantaged communities. Since 2010, more than 6000 direct beneficiaries have been served through +50 projects implemented all over Jordan, including awareness, training-camps, mentoring, consultation, matchmaking and early-stage incubation.

MicroMentor is a free online business mentoring platform that enables the world's largest community of purpose-driven entrepreneurs and business mentors to create powerful connections, solve problems, and build successful businesses together. The MicroMentor platform was officially launched in Jordan in April 2019 in partnership with relevant stakeholders across the Kingdom to reach more entrepreneurs and mentors through their networks, integrate MicroMentor into their suite of services as well as utilise their expertise to provide training for entrepreneurs and mentors.

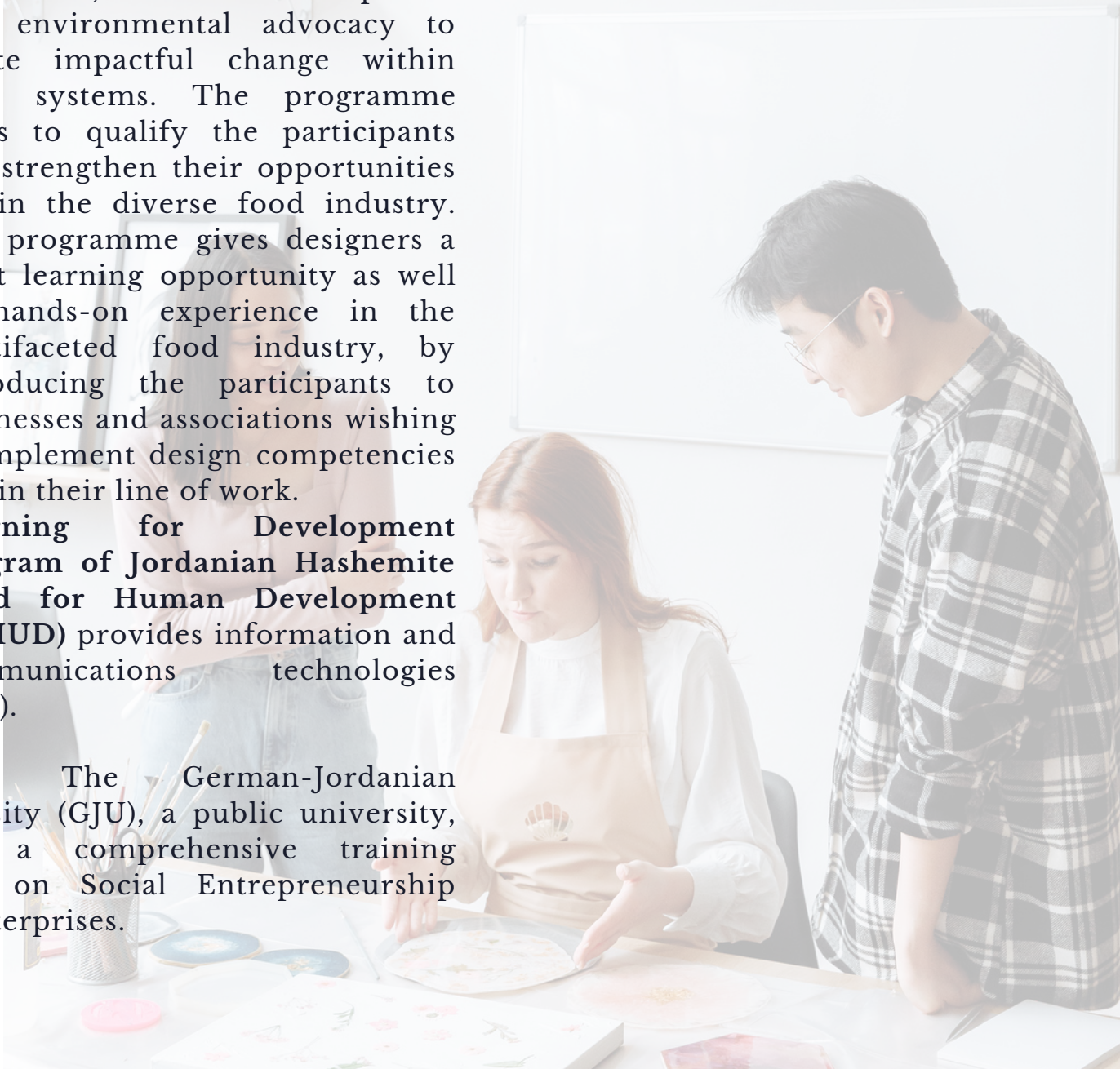
MicroMentor Jordan conducts presentations, orientation sessions and training courses for key partners and potential users. The Arabic version of the MicroMentor platform, a free social network that connects entrepreneurs to volunteer business mentors, was launched in Feb. 2020.

- **Heart of Amman (HoA)** programme launched by UNDP and funded by the People of Japan aims to support employment generation among youth and marginalised communities, promote social cohesion as well as to support the Government of Jordan in developing a vibrant social entrepreneurship ecosystem. The program successfully contributed to providing entrepreneurship opportunities to more than 200 vulnerable community members and entrepreneurs with social impact. To build on the achieved progress, UNDP designed an upscaled and expanded program, "Heart of Amman II", in partnership with the Japanese government. This program aims at advancing the development of the social entrepreneurship ecosystem and the promotion of policy dialogue to implement solutions to commonly faced development challenges, through the establishment of social enterprises. In its second phase, the program includes technical assistance for social enterprise policy development, including policy dialogue workshops with key stakeholders, social enterprises and civil society, in support to the Social Entrepreneurship Advisory Committee, as they develop the social entrepreneurship policy and

enable a social economy environment in Jordan.

- **FABRAKAT** is a new training programme on food design that was launched in November 2021 by Goethe-Institut Jordan in partnership with design studio Namliyah. It targets young creative minds, who are active within a variety of industries that food is an integral part of, including but not limited to: tourism, urban planning, education, agriculture and hospitality. With a focus on food design, this transdisciplinary programme combines social innovation, business development and environmental advocacy to create impactful change within food systems. The programme seeks to qualify the participants and strengthen their opportunities within the diverse food industry. The programme gives designers a great learning opportunity as well as hands-on experience in the multifaceted food industry, by introducing the participants to businesses and associations wishing to implement design competencies within their line of work.
- **Learning for Development Program of Jordanian Hashemite Fund for Human Development (JOHUD)** provides information and communications technologies (ICT).

Finally, The German-Jordanian University (GJU), a public university, offers a comprehensive training course on Social Entrepreneurship and Enterprises.



CONCLUSIONS AND RECOMMENDATIONS

The model for supporting the creation and development of young people's social entrepreneurship, presented in this book, provides the theoretical framework for the approach that formed the basis of the project “INN@SE - Innovative Social Entrepreneurship with Youth Engagement”. The implementation of the project was aimed at contributing to strengthening the offer to enhance entrepreneurial skills of young people and to promote effectiveness and innovation in social entrepreneurship development.

As part of the project, innovative educational tools have been developed to not only raise awareness of social entrepreneurship, but also to be of practical help to those young people who are interested in creating and developing SEs. Prototypes of services supporting the development of social entrepreneurship at the local level (in the project partner countries) and recommendations for policy makers were also created. All these materials are available through the project website (<https://innose.up.krakow.pl>). These materials are based on previously conducted research on the determinants of social entrepreneurship development among young people (Murzyn et al., 2020).

The development of a strategy for the development of innovative and sustainable social enterprises, including methodology, tools, recommendations, an approach based on mutual exchange of good practice between partners from countries with different levels of know-how is expected to raise awareness of social entrepreneurship and its further development in the project partner countries and globally.



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