

UNIVERSITEIT TWENTE.

Master programme in Public Administration

SCHOOL OF
MANAGEMENT AND
GOVERNANCE

Master Thesis

*SOCIAL ENTREPRENEURSHIP IN SERBIA AS A NEW
MODEL FOR EMPLOYMENT GENERATION OF REFUGEES
AND INTERNALLY DISPLACED PERSONS (IDPs)*

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Enschede, 2010

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LIST OF ABBREVIATIONS

CEE – Central East European Countries
EMES – European Research Network
IAN – International Aid Network
IDC – Initiative for Development and Cooperation
IDPs – Internally Displaced Persons
NAE – National Employment Agency
NGO – Non-Governmental Organizations
OECD – Organization for European Cooperation and Development
SEC – Social Economy
SIEPA – Serbia Investment and Export Promotion Agency
UNDP – United Nations Development Program
WISE – Work Integration Social Enterprises

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FORWARD

RESEARCH AREA AND RESEARCH TOPIC

In this Master Thesis I will examine social entrepreneurship as a new model for employment generation of refugees and IDPs (Internally Displaced Persons), as two of the most vulnerable groups in Serbia. Basically, I want to check if the theoretical assumption which I am going to study in the next, theoretical chapter, that social enterprises can generate employment is correct and valid in the context of integration of refugees and IDPs in the Serbian labour market. The reasons for deciding to conduct a research in this field, and moreover, the answers to the question why is this relevant for the context of Serbia, are rather numerous. However, the most relevant issues are the facts that unemployment in Serbia is an acute problem and the disadvantaged position of the quite high number of refugees and IDPs on the labor market and in the Serbian society in general is alarming.

Exactly these kinds of conditions, as we shall see, lead to the development of theory of *social economy* and its practical embodiments in practice – *social enterprises*, in most of the countries of the developed West Europe. Considering this and taking into account the slow transitional processes in Serbia that generate only poverty, unemployment and a further decay of the welfare system, as well as more fundamental economical/political/historical set of arguments, the relevance and the importance of our topic in the Serbian context is emphasized even more. Moreover, we also need to highlight the economy in Serbia and former Yugoslavia as a whole, which was rather very different from the other socialist countries in Europe. Although it was basically a command economy, *socialist enterprises* had free access to internal quasi-market and external markets; also, these enterprises were internally organized on the principle of self management (Borzaga, Galera, Nogales, 2008, pg. 104). In this manner, by using actual existing statistics, documents, data and by developing a multiple case study on particular social enterprises, I will analyze the present social entrepreneurship in Serbia, its activities, goals and objectives regarding the work integration of refugees and IDPs.

Social entrepreneurship entails identification and resolution of social problems on a large scale. As we shall see, in circumstances of the dynamic modern societies, social entrepreneurship emerges as significant driver of social innovation and transformation of the various fields (environment, health, education, enterprise development), thus seizing opportunities other miss in order to improve systems, invent and disseminate new approaches and advance sustainable solutions that create social value.¹ One of the most basic impersonations of social values created this way is the social and professional integration of disadvantaged workers and other most vulnerable groups.

In literature and practice the term “social entrepreneurship” is not completely a new one, it occurs at the end of the 1980’s in Italy, but also in other European countries. Its purpose was to denominate great variety of productive-business organizations, which

¹ See: <http://www.pbs.org/opb/thenewheroes/whatis/>. Web site visited - May, 2010.

establishment, in the years of growing crisis of theory and praxis of “welfare state”, was based not on profit, but on social motivation. This is a part of a wider context of Social Economy (SEC)². SEC is a **research area** in which different cross-cutting issues can be explored through developmental scope, with emphasis on social inclusion, welfare, social care and social capital (Anheier, 2005; Defourny and Develtere, 1999; Nicholls, 2006). This means implementation of the principle of social responsibility, combining economic sustainability and social inclusion of vulnerable groups of citizens.

In other words social enterprises are defined as non-profit ventures designed to achieve both social and commercial objectives; although trading for a social purpose is hardly a new phenomenon, the growth of social enterprise has been a key feature of economic activity in both developed and developing countries (Moizer, Tracey, 2010; see Hill, 1987). Generally defined in this manner, social enterprises are quite easily attachable with the local community context, and as we shall see in the following chapters, with the explicit aim to benefit those communities. In this way, social enterprises are providing a multi-amplifier effect: *a) providing work integration of hard-to-employ; b) providing social inclusion of the vulnerable groups c) easing the burden on the national budget for the welfare system.* Exactly here we find the conceptual linkage between the theory and relevant body of literature on social entrepreneurship and social enterprises and our specific research topic. Main focus behind these efforts is to put the biggest emphasis on social values, social capital and not on profit.

Furthermore, considering the present social/economical/political situation in Serbia, its recent history (civil war in Bosnia, NATO bombing) and complex transitional processes, persons with disabilities, *internally displaced persons (IDPs)*, *refugees*, Roma people and impoverished domiciled population, drew the biggest attention in the context and area of social economy. Through our analysis of the historical, conceptual and even ideological background of social economy in the next chapter, we will gain deeper insight into the present logic and philosophy of this field, which will help us to understand how social economy can be observed as very handy, helpful tool for multidimensional unemployment problems – as for the most of the developed countries, as well as for the developing countries. In the context of modern Europe and further deepening of the European Union, Serbia can be definitely perceived as a developing, transitional country. In this Master Thesis, the term transition countries will be referring to the group of countries which had experienced socialist planned economies.

RESEARCH QUESTIONS

With the identification and the brief elaboration of the research area, and then the topic within it, we gave the first focus to the research. Also, the very process of identification of the research area and the topic enabled us to identify the specific body of literature which is of deepest relevance for our research. In order to focus the research further on and to bring the

² The social economy “gathers enterprises of the co-operative movements, mutual benefit and insurance societies, foundations and all other types of non-profit organizations which all share some principles making them correspond to the third sector of modern economies” - European research network, at: <http://www.emes.net/index.php?id=234> . Web site visited – March, 2010.

presented concepts to the next level of specificity we have to develop research questions – main or general research question and more detailed and concrete specific questions or sub questions.

The main research question: *To what extent do social enterprises in Serbia accomplish their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market?* **The sub research questions:** *1) What are the main characteristics of social enterprises that endeavour to integrate different vulnerable groups, such as refugees and IDPs, on a labour market? 2) Are the goals and the objectives of social enterprises in Serbia which would employ refugees and IDPs the same as elsewhere? 3) Which kind of barriers are there for providing income and work integration specifically among refugees and IDPs in Serbia? 4) What is the influence (if any) of these social enterprises noted on the Serbian labour market?*

The concepts which are embedded in the research questions are linked directly to different data indicators that reflect the empirical criterion of this research. In order to provide the constitutive elements for determining the main characteristics of social enterprises that endeavour to integrate different vulnerable groups on a labour market I will use four economic and five social criteria needed for constructing the ideal type of social enterprises in general.³ The key concepts here will be autonomy of social enterprises, possible economic risk, benefit for a community and participatory nature of social enterprises. Once when the key characteristics are determined, I am going to identify the basic types of social enterprises that are engaged in helping and supporting different vulnerable groups in various ways. Considering our topic and the main research question, the biggest focus here will be on Work Integration Social Enterprises (WISE), on its constitutive elements, variables and models.

Furthermore, with the developed and explained characteristics of social enterprises in general and more specific of WISE, we will gain an insight into the primary and secondary goals and objectives of social enterprises that endeavour to integrate different vulnerable groups on a labour market, such as refugees and IDPs. Taking this into account, and in order to answer the second sub research question, concepts essential for social economy, but for existence and everyday functioning of specific social enterprises as well, as work integration, social responsibility, social capital, opportunity recognition, social inclusion, social care, welfare, philanthropy and solidarity are going to be utilized. However, by answering this sub question I will strive to give not just a pure description of the studied phenomenon but broader explanation of it, which would entail further generation of the theory that is going to be examined in the relevant literature.

The first two questions are going to be grasped by providing an answer to the question regarding the actual barriers for providing income and work integration specifically among refugees and IDPs in Serbia. Due to this fact, in my research I am going to use data and general statistics regarding refugees and IDPs in Serbia, I will use data of the Serbian National Employment Service regarding the general rates of unemployment and rates of unemployment

³ These criteria are developed by the EMES. It is about projects of studying and promoting of social enterprises, which are financed by the European Commission Research Directorate, and the researches are conducted by EMES (*Emergence of social enterprises in Europe*). EMES is a research network of established university research centres and individual researchers which was established at 1996.

of refugees and IDPs. Also, by analyzing the official documents of the National Employment service and the corresponding Ministry of Economy and Regional Development, I will present the relevant data and existing employment programs about professional and educational structure of the refugees and IDPs and actual jobs that this vulnerable groups are offered (if any) and in which areas of the labour market they are most included and in which most excluded. Labour market segmentation approach and its theories – internal and dual labour market theory – are going to be utilized here. Some of the indicators that are going to be used here can be summarized as follows: economic inactivity, exclusion due to discrimination, exclusion due to a low level of education and professional experience and so on. As we can see some of the indicators are quantitative some are qualitative which will shape our research methods – as we shall see in the next part of the introduction.

This kind of research will lead us to the analysis of desired, declared and real outcomes of the activities of social enterprises in Serbia that endeavour to integrate refugees and IDPs on the Serbian labour market. These outcomes will be measured with qualitative indicators like labour status, employment security, income security, job quality. Formulated like this, the indicators will allow us to answer the fourth sub research question regarding the influence (if any) of social enterprises on the Serbian labour market. Moreover, in this part of the research we are going to explore the relationship between social capital, as one of the most important goals and desired outcomes of social enterprises, and human capital. We will indicate the possible terminological and conceptual confusion in the aforementioned relationship, which is of essential importance for our research. Consequently, the data and the theory will provide us with an answer which will enable us to understand one side of the relationship between the theoretical and practical concept of social enterprises and the generation of employment of refugees and IDPs in Serbia.

What's more, it is of great importance for our research to have in mind the consequences of the planned socialism legacy for social enterprise initiatives in Serbia, although that is not in the focus of our research. In this manner, I will take in consideration the processes of transfer of socialist enterprises into the actual transitional Serbian context, with parallel brief analysis of the Yugoslavian and actual Serbian legal framework in this field. By conducting brief analysis on the consequences and the inheritance of the communist period I will strive to construct even clearer picture of the basic characteristics, goals and objectives of Serbian social enterprises in general. Closely intertwined with the efforts to grasp this relationship is the connection with the new policy recommendations of the EU to address problems of social exclusion and unemployment (e.g. National Action Plan, Local Employment Development, Structural Funds, and Lisbon Strategy) by presenting and developing different social entrepreneurship models and activities in this field.

Additionally, it should not be forgotten that the essential part of the theory chapter (Chapter I) is the explanation and definition of the other two elements beside social enterprises that constitute the main research question – refugees and IDPs and labour market and labour market integration. Who is actually perceived as a refugee and as an internally displaced person in the Serbian legal framework? Are these two categories essentially different, are they just synonyms, or do they just flow float in the vacuum of Serbian legal system? In my efforts to give an answer to this question I will most definitely offer theoretical explanation of the terms in question, and I will use the literature on international Law (UN

Conventions) to provide the necessary general definitions of refugees and IDPs. In order to grasp the term labour market integration, firstly I am going to offer the main theories and definition of labour market in general. Neo-classical labour market theory will be shortly elaborated, as well as the labour market segmentation approach along with its internal and dual labour market theory. Conclusively, I am going to connect these theories with labour market integration of vulnerable groups with special emphasis on refugees and IDPs.

RESEARCH METHODOLOGY

This Master Thesis is focused on studying the main research question in detail, holistically and in context, on interpretations and/or processes (Punch, 2006, pg. 46). These imply *qualitative research methods* and data. Qualitative research is a holistic approach that involves discovery. Qualitative research is also described as an unfolding model that occurs in a natural setting that enables the researcher to develop a level of detail from high involvement in the actual experiences (Creswell, 1994). The paradigm within which qualitative research is conducted is a poststructuralist paradigm. Most commonly used strategy in the qualitative research is a *case study* that involves a strategy for setting up certain comparisons.

Furthermore, this qualitative research strategy is going to be linked with the *unobtrusive research methods* utilized in order to collect data. Babbie (2007, pg. 345) formulated this methods as follows: (1) *analyzing existing statistics* and, to some extent, (2) *comparative and historical research*. Analyzing existing statistics means using the data analysis that others have already done – existing statistics should always be considered as at least a supplemental source of data. Comparative historical research involves the use of historical methods by sociologists, political scientists, and other social scientists to examine societies (or other social units) over time and in comparison with another (Babbie, 2007, pg. 351). This process of conceptual and factual sublimation will imply utilization of *secondary analysis* as well, referring to social entrepreneurship sector in Serbia and involvement of refugees and internally displaced persons. This is a form of research in which data collected and processed by one researcher are reanalyzed – often for a different purpose – by another (Babbie, 2007, pg. 288).

By employing these research and data collection methods I will strive not to confuse the descriptive with the empirical which is one of the biggest dangers in academy in the field of social entrepreneurship (Nicholls, 2006) - because, every serious empirical research is required to test and refine a new theory. If that theory is not developed yet, danger of confusing descriptive with empirical is evident and the breakdown on the theoretical-empirical continuum is inevitable. Moreover, I should point out here on the beginning of this study, that different definitions and legal solutions of social enterprises in different countries are making statistic monitoring and comparative research quite difficult – which is actually a common thing when the comparative analysis is employed. Also, we have to take in consideration the fact that Serbia, considering its recent history (Bosnian conflicts and NATO bombing) is more or less unique country in Europe regarding the refugees and IDPs, their

position in a society in general (especially in the system of legal solutions) and their opportunities on the labour market.

After elaborating the theoretical, methodological and the analytical part of my study I am going to focus on **discussion and conclusions**. I will discuss the previous theoretical and operative components of the study and present my observations regarding the conceptual linkage between those components. With the conclusions, I will draw a sketch of the actual relationship between social enterprises in Serbia and the generation of employment of refugees and IDPs by relating it with the proposals for future institutional settings and possible prospects for future development, exploration and utilization of this relationship.

II

LITERATURE

In this chapter, I will strive to give an adjustable review of the past and current relevant literature on *social enterprises*. However, as we shall see through this chapter, exploring and understanding the emergence and development of social enterprises requires rather broad theoretical insights from literature on social economy in general, as well as from literature on non-profit sector, NGO (Non Governmental Organizations) and third sector. Roots of this different, but deeply interconnected and intertwined concepts, are to be found in literature, academic work and socio-economical and political reality of the oldest member countries of the European Union (EU 15). Moreover, for the sake of more profound understanding of the overall concept of social enterprises, but for the sake of chronological consistency as well, firstly we need to propose a *historical background and the overview and evolution of social enterprise* in the developed countries of Western Europe.

Although numerous explanatory factors of this phenomenon are located in the area of classical and neo-classical economics, I will use the theoretical and empirical corpus of political sciences and observe social enterprises through a lance of political sociology, political economy and public administration. After providing a wide picture of the historical and evolutionary framework of social enterprises, I will locate and analyze the definition of *new social enterprises and process of its emergence from the third sector*. In order to do that, I will have to identify and explain the *economic and social criteria* which are reflecting economic, entrepreneurial and social dimensions of social enterprise initiatives.

Main focus of the economic criteria here is on the activities in producing goods or selling services, on the degree of autonomy of the social enterprises, on the possible level of economic risks and on the minimum amount of paid work. On the other hand, social criteria are emphasizing the importance of the citizen initiatives, the aims to benefit the communities, on the decision-making power that is not based on capital ownership, on the participatory nature of the social enterprises and on the limited profit distribution. Consequently, our literature review will bring us to the concept of *Work Integration Social Enterprises (WISE)*, where I am going to examine its constitutive elements, variables and basic models.

At the very end of this chapter I am going to offer basic and general definitions of other two elements which constitute our main research question: refugees and IDPs and theoretical understanding labour market and labour market integration. For the purpose of this study, these elements will be explained in short lines so they can be easily connected with our main research area – social entrepreneurship.

Although different kinds of corporations and collective relief funds already existed in the old Egypt, with its later “surrogates” in Greece (*religious brotherhoods*), Roman Empire (*sodalitia* – craft guilds), German and Anglo-Saxon countries of 11th and 12th century (*guilds*) (Defourny, Develtere, 1999, pg. 4), for the purpose of our study I will focus on processes related to social economy and, more specific – social entrepreneurship, which took place in the modern states of Europe. In order to explain the origin and the evolution of the concept of social enterprises more illustrative, I am going to use exactly the term *social enterprise*, even though this term was actually unknown all the way to 1980's.

Occurrence of the idea and the practice of social enterprises are related with the development of capitalism in 18th and 19th century, when groups for self-help and other associations managed on the principles of philanthropy and charity were established. With rapid impoverishment of the working class in the period of industrial revolution in Europe, new initiatives were encouraged. These initiatives were most visible in France and Italy in which the industrialization process was slower and where workers' production cooperatives got engrained (Anheir, 2005). Working classes were spontaneously expressing the need for overcoming the difficult conditions they lived in, as well as for finding an alternative for the market economy which would be based on the principals of solidarity. This implied establishment of hospitals for poor and encouragement of many other activities which were not included in the social policy (Kolin, Petrusic, 2008). This kind of situational development led to the foundation of first functional cooperatives, as the most widely spread form of social enterprises, in UK, at the end of 18th and the beginning of the 19th century. Explanation for the fact that this emergence took place precisely in UK can be found most definitely in the strong and influential socialist ideas of Robert Owen and William King.

Concept of social enterprises developed in this context implied limited distribution of profits, creation of financial funds which would function on the principles of mutual help and democratic structure of the decision making – in other words, this organizational forms were rambling away from the concepts and principles of capitalistic enterprises. Since then, by crossing the ideological borders, cooperative movement is attracting attention of different doctrines, so it can be found in utopist ideas, in socialist learning, Christianity, social liberalism, Marxism and in the learning of neo- classic economists (Borzaga, Spear, 2004). Developments and historical dimensions of emerging range of mentioned organizational types were reflected and altered in the idea of *social economy*.

The idea of *social economy* seeks to capture both the social elements as well as the economic element, inherent in those organizations which inhabit the space between the market and the state (Noya, Clarence, 2007, pg. 10). In this sense, modern concept of social economy is inspired by the values of democratic association and by the principles of mutuality, solidarity and primacy of individuals and communities over profit. However, defining social economy implies diverse interpretations being utilized in different parts of the world. Thus, in the United States' literature the ideas and institutional forms of social economy are recognized in the “non-profit sector”, while in the European literature social economy is symbolizing the “third system” (Bornstein, 2007). These interpretations gave birth to three theoretical approaches – *the 'non-profit' approach*, *the 'social economy'*

approach, the 'third sector' approach - constructed for studying the institutional forms and organizational dimensions which appear in the described context. |

Since its development in the second part of the 1970's and primarily in USA, *the 'non-profit' approach* emphasizes the non-distribution of profits. According to this approach, non-profit organizations⁴ fulfill a broad spectrum of societal and political tasks, including lobbying and interest representation and, in some cases, redistribution and service provision (Borzaga, Galera, Nogales, 2008, pg. 17). *The 'social economy' approach*, with its organizational forms such as cooperatives, associations and mutual societies, is stressing the significance of organization's mission and their aim to benefit either their members or a larger collective, rather than to generate profits for investors (Ibid.). Moreover, this approach emphasizes the democratic processes of decision-making in the organizations. *The 'third sector' approach* is actually symbolizing the very thin dividing line between this and the other two sectors. In fact, it is really hard to distinguish the main features and functions of the so called third sector from the essential characteristics of the non-profit sector and social economy in general. So, it is more than reasonable to claim that the concept of the third sector has established itself as a synonym for the terms 'non-profit sector' and 'social economy'. Therefore, the third sector is value-driven and its imminent activities are based not only on financial, but also on social, cultural and environmental goals.⁵

The origin of these institutionalized entities can be found in a civil society. When we are talking about CEE countries, we have to say that the institutionalized organizations of the third sector are called Non Governmental Organizations (NGOs). This is due to their efforts and aspiring to highlight their independent nature, as compared to the 'social organizations' that were under strict governmental control under the previous regime (Borzaga, Galera, Nogales, 2008, pg. 18). Anyhow, the use of the term 'third sector' in theory and in practice is helping us to overcome the terminological confusion which is evident in the context of numerous different national models related to the activities of new social enterprises.

NEW CONCEPT OF SOCIAL ENTERPRISES – EMERGENCE FROM THE THIRD SECTOR

Severe crises of capitalist states, especially in the 1970's, produced more than evident lack of social and community services and the welfare state could not ensure new employments, especially of increasing number of hard-to-employ. As unemployment rate grew, governments of Western Europe started losing the essential support of the civil society and their employment programs became more and more ineffective. Reforms were necessary. Retrenchment of the welfare states began and reforms were characterized by decentralization, privatization, and a reduction in services (Kerlin, 2010, pg. 6). It was evident that traditional private sector or the state, were unable to provide a satisfactory solution (Borzaga, Defourny, 2001, pg. 11). In this context, social enterprise movement emerged as one of the responses of the civil society to the unemployment problem.

⁴ In United Kingdom recognized as *voluntary sector*.

⁵ This explains the nature of structure of organizations existing in this sector – *social enterprises, cooperatives, voluntary and community organization*, etc. (Defourny, Develtere, 1999).

Traditional associations and foundations, as an integral part of the civil society, started being engaged in line of activities which were significantly different from the traditional activities and role that actors of the civil society played in the welfare state – mainly advocacy activities (Bacchiaga, Borzaga, 2003, pg. 5). The need for production of social and welfare services shifted these organizations to a more productive and entrepreneurial stance (Borzaga, Galera, Nogales, 2008). Now, they were production-oriented and they were placing higher value on economic risk. The traditional ‘mutual-interest’ goal of serving just their own members, gradually was transformed into general interest which entailed activities oriented towards the whole community with vigorous involvement of different types of stakeholders.⁶

Here, we encounter difficulties in finding and defining the functional role of social enterprises in a wider institutional and societal context. In some cases social enterprises can be perceived as a brand new type of organizations, as a new constitutional element of the ‘third sector’, and in other cases, they are symbolizing just another evolutionary step in the various work experiences within the ‘third sector’. “In other words, it can be said that the generic term ‘social enterprise’ does not represent a conceptual break with the existing institutions of the ‘third sector’ but, rather, a new dynamic within it – encompassing both newly created organizations and older ones which have undergone an evolution.”⁷ Furthermore, this different perceptions and interpretations of the concept of new social enterprises, entailed broad academic and empiric efforts to locate the specific place of development and functioning of social enterprises within the wider structural and legal context. Considering the fact that the legal forms of social enterprises were primarily depended on legal mechanisms of different national legislations, in order to give a comprehensive but general definition of social enterprises, diverse criteria, as constitutive defining factors, had to be constructed and examined.

Taking into consideration the nature of the structural organization, the theoretical and empirical work of *EMES - European research Network*, I will focus on its criteria, theoretical and working definitions of social enterprises. In purpose of constructing an ‘ideal type’ of social enterprises, academic researchers at EMES identified four economic and five social criteria which are reflecting economic, entrepreneurial and social dimensions of social enterprise initiatives.

Four ***economic criteria*** are as follows (Borzaga, Defourny, 2001):

1) *A continuous activity in producing goods and/or selling services* - the main focus here is on the distinguishing difference between social enterprises and traditional non-profit organizations, reflected in aberrance of social enterprises from the advocacy activities or the redistribution of financial flows (grant-giving foundations, for example), which are crucial features of the non-profit organizations. Social enterprises are oriented towards the production of goods or the provision of services to people; 2) *high degrees of autonomy* - social enterprises *are* independent from the public sector, as well as from private companies. 3) *a significant level of economic risk* - unlike most public institutions and organizations, the members of social enterprises are taking over the risk of their initiative, because the financial viability of the enterprise entirely depends on the efforts and the abilities of its members to

⁶ Study on Promoting the Role of Social Enterprises in CEE and CIS – UNDP, EMES – European Research Network, 2006.

⁷ Ibid., pg. 10

secure adequate resources; 4) *a minimum amount of paid work* - like the traditional non-profit organizations, social enterprises are performing their activities by engaging voluntary and a minimum level of paid workers, as well.

Considering *social dimension*, five *criteria* were developed (Ibid.):

1) *An explicit aim to benefit the community* - primary features and endeavors of social enterprises are to serve and help the community or specific vulnerable groups, as well as to promote the sense of social responsibility on local level; 2) *an initiative launched by the group of citizens* - social enterprises are created thanks to a collective philosophy around which people from a same community or group are gathered, with their shared values and beliefs and well defined need or aim for certain social enterprise. Of course, this does not mean that the role of leaders in this context should be neglected - 3) *a decision-making power not based on capital ownership* - this criterion is quite good explaining itself – every member, every stakeholder must be included in the decision-making process; 4) *a participatory nature, which involves the various parties affected by the activity* - all the previous criterions are sublimated in this one – general participation, influence of stakeholders on decision-making, participative management and strengthening of democratic capacities through economic activities; 5) *A limited profit distribution* - this means that social enterprises are distributing profit to a limited extent, which is reflecting their efforts to avoid the behavior leading to the maximization of profits.

As we said, these criteria are representing an ideal type of social enterprise, and as such, they are helping diverse researchers to locate borders of differentiation in the wide ‘universe’ of different organizational and legal forms of social enterprises. For the sake of terminological clarity in constructing criteria and definition of phenomenon in question, we have to emphasize the fact that in fast growing literature of this filed, definitions of *social enterprises* are to some extent separated from the definitions of *social entrepreneurship* and *social entrepreneur*. However, analysis of these definitional and conceptual differences is beyond the range of our research, so we can perceive these three concepts as a continuum - social entrepreneurship could be seen as the process through which social entrepreneurs created social enterprises (Borzaga, Depedri, 2004).

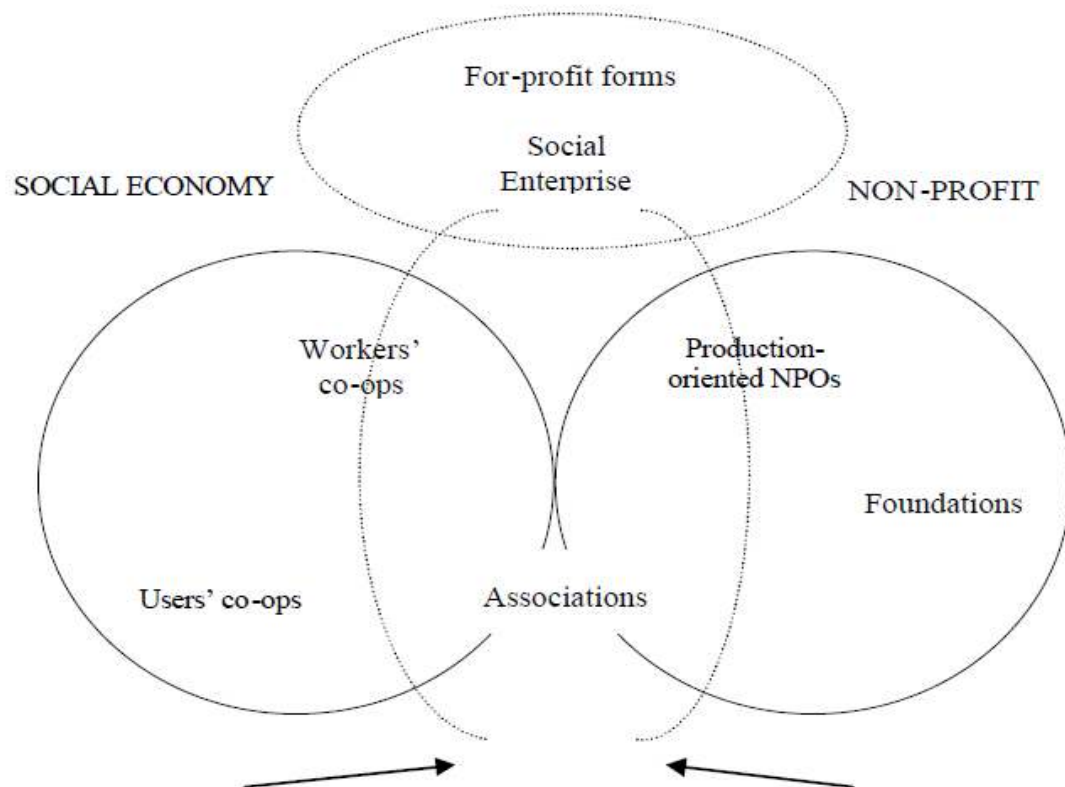
The elaborated criteria and the additional explanations and clarifications of the terms and concepts in question, bring us to the possible definition of social enterprise. Nicholls (2006, pg. 102) is borrowing the definition of social enterprises from Alter (2000: 1), who defines social enterprise as “a generic term for non-profit enterprise, social-purpose business or revenue-generating venture founded to support or create economic opportunities for poor and disadvantages population while simultaneously operating with reference to the financial bottom line.” Similarly, Moizer and Tracey (2010, pg. 1) argue that, because of their social and commercial objectives, social enterprises have to generate sufficient revenue to re-invest in their business operations but, to maintain investment in social projects in their community, as well.

From more broad/societal point of view, I find useful definition of Abrahamson (1996) given in the article of Dart (2004, pg. 412) – social enterprises can be framed as a “faddish” response to changes in the sociopolitical environment as a rational adaptation that produces valued results. Although, there are many less and more explanatory definitions, I am going to focus on the definition developed by, and used in the work of EMES research

network. I consider that this definition is most suitable for this study because it is primarily developed in the context of the European Union, by academic researchers from numerous European countries, and because of the fact that EMES is an integral part of the official institutions of EU, which imply considerable impact of EMES on EU legislation in the field of social economy and social enterprises.

I am borrowing the EMES definition from the article of Defourny and Nyssens (2008, pg. 5) who are longtime researchers in EMES: “*Social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity.*” With the given definition and its constitutive and essential elements reflected in the economical and social criteria, we explored and explained, quite comprehensive, the functional role of social enterprises in the spectrum of the ‘third sector’ and the place which they are taking in the, rather, complex context of non-profit and social economy sector. More illustrative explanation is given in the Figure 1.

Figure 1. - *Social Enterprises, at the Crossroads of the Social Economy and the Non-Profit Sectors*



Taken from: Borzaga, Defourny, 2001

After identifying central criteria and offering few definitions of social enterprises, here we need to give and explain different legal forms of social enterprises which are prevalent in some of the biggest and the most developed countries of EU. Consequently, exploration of these various forms is going to lead us to the identification and necessary analysis of few existing types of social enterprises in the EU.

First social enterprises were introduced in Italy, 1991 by the law 381/1991, in the cooperative legal form, called ‘social cooperatives’ (*cooperative sociale*). In accordance with the cooperative philosophy and with the earlier outlined principles of social enterprises, new social cooperatives covered either *caring activities* (management of social-health care and educational services, provision of home and residential care to people at risk, babysitting/child minding, cultural activities, and initiatives for environmental protection) or *training activities* (introduction of disadvantaged people, who are unable to enter “normal” productive circuits, to business activities and employment opportunities) (Thomas, 2004, pg. 248). Since then, and until 2003, 6.500-7.000 social cooperatives were established in Italy, employing around 200.000 workers and benefiting 1, 5 million people (Borzaga, Galera, Nogales, 2008, pg. 22). Very fast after this ‘innovations’ many other countries started following the Italian example.⁸

Similar, but then again, different legal forms have been established since the beginning of 1990’s until now. There is a rich diversity of production and service provision areas in which these forms of social enterprises are engaged. Nonetheless, considering the general purpose of the social enterprises and their main characteristics, in literature are identified two key types of social enterprises (Borzaga, Defourny, 2001; Bornstein, 2007; Dees, 1998; Defourny and Nyssens, 2008; Marhuenda, 2009). The first type is generally conceptualizing the area of provision of social services to the most disadvantaged and vulnerable groups, while the second type means, in few words, work integration of the excluded groups in a society. For purpose of this study, I am going to focus on the main features and models of the second type of social enterprises – **Work Integration Social Enterprises (WISE)**.

With the significant rise of unemployment in Europe during the 1970’s (Siebert, 1997), new interventions were introduced in the European labor market and in the national welfare systems. These changes opened the rigid labor market to new groups of people, social care itself was de-institutionalized and moved towards the community level and most of social and employment policies were focused on bringing more disabled and disadvantaged people into the labor market. In explaining problems of unemployment, rich literature at that time suggested and confirmed serious psychological impacts of the loss of status and identity (Taylor, Saunders, 2002; see Jahoda, 1979).

Consequently, paid labor was perceived as a crucial mean in combating exclusions - it serves functions beyond income and material benefits: structuring an individual’s time, is a

⁸ In Portugal, for example, ‘social solidarity cooperatives’ (*cooperativas de solidariedade social*) were created. In France was introduced ‘cooperative society of collective interest’ (*societe cooperative d’interet collectif – SCIC*), and 2005 new legal form was enforced in England – ‘community interest company’, which is providing services mostly on local level in areas such as community transport, social housing, childcare provision and so on (Sienicka, Van den Bogaert, 2007).

source of social experience, links to goals beyond personal, provides status and identity, and helps develop skills (Spear, Bidet, 2005). In this context, most of the relevant policies recognized a need to connect training and employment in the existing labor market programmes, which turned out to be the main feature of WISE initiatives.⁹ WISEs started providing resources of access into the labor market, as well as ‘getting together’ resources – mutual and self-help organizations (Schneider, 2009; see Pelikan, 2003) – and by doing that they were providing help to the marginalized groups in their efforts to find their place in the labor market and in the society in general.

WISEs understood in this conceptual context implied the next **constitutive elements** (Spear, Bidet, pg. 206):

- *Integration objectives* – in the meaning of integration of training and employment, in which the training may be concerned with social integration and/or work professionalization, while employment may be oriented to transitional vs. permanent employment;
- *Training and job contracts* – here, the emphasis is on the formal and informal job trainings which have a significant effect on types of contracts offered to participants of the work integration process: trainees, short term, temporary or permanent contracts;
- *Target groups* – although some social enterprises are concerned with specific target groups, while others are quite generalist, the common debate is developed on the axis of differentiation between disabled and disadvantaged in the labor market. For the purpose of our study, in the further chapters my analysis will be focused on the disadvantaged groups, more specifically, on *refugees*.

Furthermore, in order to fully grasp and analytically introduce the basic models of WISEs, besides the above presented elements we have to offer the most important variables which are giving us the possibility to differ among various activities of WISES. These **variables** are reflected in goals, governance, resources and relation to environment (Spear, Bidet, 2005):

- *goals*: this means the orientation of the goals and the general ideology – some goals are commercial while the others are more social, which strongly connect them with promotion of specific target group (emigrants, for example) and directs their activities towards the advocacy field;
- *structure*: WISE can be simple and complex; simple WISEs are not linked with other social enterprises, in word, they are atomistic; opposite from this, there are WISEs with more or less complex relations with other organizations and social enterprises;
- *resources*: in the academic work of EMES research network (Spear, Defourny, Favreau, Laville, 2001), four different sorts of resources were developed – market resources, non-market resources (redistributive subsidies) and resources arising from reciprocity (volunteer work, donations, social capital);
- *environmental relations*: in this context, WISE’s relations with social and economic environment, as well as nature of its goals and resources, are reflected in a deep inveteracy of WISEs in community structures, or in their strong correlation with a market.

⁹ CIRIEC - International Centre of Research and Information on the Collective Economy; <http://www.ciriec.ulg.ac.be>. Web site visited – March, 2010.

After identifying and exploring the fundamental elements and variables of WISE, we can categorize the wide universe of social enterprises in **four basic models**, by using the classification of the pioneers in this field of studies, Borzaga and Defourny (2001): *a)* enterprises which offer transitional employment to workers who need additional support or training. In fact, these are centers for trainings and acquisition of skills, which are offering different types of qualifications needed for jobs that are required on the market, prequalification and other types of trainings for finding a job. This model of enterprises can be economically viable, thus, its economic and social goals can be harmonized and their primer task is generation of employment by acquisition of skills; *b)* unlike the first one, this model is focused on creation of conditions for independent work of unemployed persons, which would generate economically viable jobs. Here is about enterprises which employ hard-to-employ social groups, mostly marginalized people, users of social care (**refugees** among many others) – this model of WISEs is going to be in the focus of our following chapters; *c)* in this model, we identify WISEs which are providing permanent financial support - most often from state institutions - in order to employ handicapped (mentally and physically ill), to whom a rehabilitation and employment in accordance with their remaining abilities, is necessary; *d)* re-socialization model of WISE.¹⁰

An impact of WISEs on social care and the whole welfare system in general, their impacts on economies and their potential to generate employment, to include marginalized, disabled and disadvantaged groups and to integrate them in a society, has been studied and examined in literature quite comprehensively. Opposite of this ‘collective’ perception of WISE, in this part of our study it would be useful to say few words about impact of WISE upon individuals. In this context, few ‘improvements of individuals’ in areas related to social competences (Lindgren & Heikkinen, 2004) had been noted in literature - such as the following: occupational skills, relational skills with colleagues, relational skills with managers, socio-cultural skills, the ability to fully accomplish the tasks allocated, the ability to work in an autonomous manner, knowledge of professional tasks and improvement of the personal overall situation (Marhuenda, 2009; see Borzaga & Loos, 2006; Vidal & Claver, 2004).

Finally, in order to collate all the pieces of the social enterprise puzzle which are needed for composing the big picture, we have to briefly look at the concept of social capital. One of the most influential authors in the field of social capital, Putnam, defines social capital as “social networks, norms of reciprocity, mutual assistance and trustworthiness” (Putnam, Fieldstein, 2003, pg. 2). In the article of Schneider (2009) social capital is defined as relationships based in patterns of reciprocal, enforceable trust that enable people and institutions to gain access to resources like social services, volunteers, or funding. While the key component in the Putnam’s definition is trust, the emphasis in the Schneider’s definition is more on organizations or communities which are supporting a particular non-profit (Schneider, 2009, pg. 5). ‘Non-profit’ in our study context is social enterprise. We can conclude from these definitions that social enterprises are quite of essential importance in fostering the accumulation of social capital, which is entrenched in a community. This crucial

¹⁰ Enterprises which provide possibility of re-socialization of people with serious adjusting-to-environment problems. We are talking here about alcoholics, drug addicts, ex convicts or about people with severe mental or physical disorders.

quality of social enterprises cannot be measured using quantitative methods, because, as we can see, social capital is a qualitative concept.

REFUGEES AND IDPs

Conclusive, in order to be completely able to grasp the socio-political reality of Serbia, I have to offer the basic UN definition of refugees and IDP's, who are a big part of the mentioned reality and who are of greatest importance for our research topic. In the Article 1 of the 1951 UN Convention Relating to the status of Refugees, a refugee is defined as a person who "owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion, is outside the country of his nationality, and is unable to or, owing to such fear, is unwilling to avail himself of the protection of that country..."¹¹ The 1967 Protocol removed geographical and temporal restrictions from the convention. However, many States party to the 1951 Convention have their own refugee status determination procedures, to determine the person's status in accordance with the domestic legal system. Also, it should be said here that the term 'refugee' is often misused. The term has slipped into common usage to cover a range of people (economic refugee, economic migrant, illegal migrant, asylum seekers) including those displaced by natural disaster or environmental change. Refugees are often confused with other migrants; in international law, the term 'refugee' has a specific meaning and is *NOT* to be confused with '*economic refugee*'.¹²

"Internally displaced persons are persons or groups of persons who have been forced or obliged to flee or leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized state border".¹³

The definition of internally displaced persons is not a legal definition but simply a descriptive one. It does not confer a legal status in the same sense that recognition as a "refugee" does. This is not necessary because, unlike refugees who have lost the protection of their own country and therefore need substitute international protection and require a special status to access this protection, the rights and guarantees to which internally displaced persons are entitled stem from the fact that they are human being.¹⁴ Internally displaced persons often are uprooted for the same reasons as refugees. However, because they remain within their own countries and under the jurisdiction of their governments, they are excluded from the international protection afforded to refugees. Had these persons, having been uprooted for the same reasons as refugees, crossed a border, they would have a well established international system of protection and assistance to turn to under the United Nations High Commissioner

¹¹ Taken from: <http://www.unhcr.org.au/basicdef.shtml>. Web site visited - April, 2010.

¹² Ibid.

¹³ Taken for: <http://www.undp.org/cpr/documents/recovery/DefinitionIDPs.pdf>. Web site visited - April, 2010.

¹⁴ Taken from: [http://www.iom.int/jahia/Jahia/about-migration/developing-migration-policy/migration-displacement/internally-displaced persons/cache/offonce;jsessionid=3F458F1C41AAE7B3AC7C750C3F9CBF01.worker02](http://www.iom.int/jahia/Jahia/about-migration/developing-migration-policy/migration-displacement/internally-displaced%20persons/cache/offonce;jsessionid=3F458F1C41AAE7B3AC7C750C3F9CBF01.worker02). Web site visited - April, 2010.

for Refugees (UNHCR). Primary responsibility for assisting and protecting internally displaced persons rests with their own governments.¹⁵

Further in this study, we will see who are the people in Serbia who have the status of refugees and IDPs, we will elaborate where they are in the Serbian legal framework, what rights they have and what possibilities to participate in the labour market and what are the potentials for generation of their employment.

LABOUR MARKET AND LABOUR MARKET INTEGRATION

The two remaining constitutive elements of our main research question which have to be elaborated are - labour market, labour market integration in general and, more specific, labour market integration of vulnerable groups. For the purpose of this paper we will take in consideration integration of migrants and refugees on a labour market. However, before doing that I have to gain an insight into the theoretical background and relevant theories of labour market. Labour market has two sides: on one hand there is the *demand side*, made up of producers of goods and services as employers and purchasers of labour services, while on the other there is the *supply side*, composed of individuals and households as sellers or suppliers of labour services (Sapsford, 1981, pg. 3). From an economical point of view and considering the two sides of labour market formulated this way, market for labour can be understood as a special case of the general theory of prices with the price (wage or salaries) being determined by supply and demand (Marshall, 1998). In other words, labour market is a mechanism which matches potential employers of people – the demand for labour – with people who are available for work – the labour supply.¹⁶

In the post-war literature on labour market theory, the most significant influence came from the structuralists and the segmentation theorists (Dunlop, 1964; Piore, 1971). On the structuralists line the neo-classical theory of labour market was developed. Generally, this theory sees the individual as the primary object of analysis. The labour market is assumed to operate in a fluid and competitive manner and individuals behave rationally; therefore it is left to individuals to improve their welfare, which means that the distribution of income is not seen as a structural phenomenon since it is assumed that the institutions of society have the same effect on different individuals (Cassim, 1982, pg. 240). In this analytical framework poverty, discrimination and disadvantaged position of certain vulnerable groups on a labour market is a “result of some individual failure which can be corrected by individual adoption” (Wachtel, 1972, pg. 193), so the poor remain poor because they don’t have enough marketable skills, or because they didn’t succeed to invest in themselves. The best possible way to eliminate poverty and to integrate people on a labour market, according to the neo-classical theory of labour market, is to invest in human capital.

Close over, human capital theory of labour market strives to explain differences in wages on a labour market as a consequence of non-consistent differentiation of human capital stocks which is determining productivity of an individual. Human capital stock is defined as

¹⁵ Ibid.

¹⁶ *Understanding the labour market*, Department for Education and Skills and the Learning and Skills Council, Cambridge Training and Development Ltd., 2005.

“the stock of knowledge, skills, aptitudes, education, and training that an individual or a group of individuals process” (Hyclak, Johnes, Thorton, 2005). When we take in consideration the fact that many major factors are beyond the control of an individual (such as, social class, legal status, gender, race, age), the logical outcome of the process is an amount of human capital diversely embodied in different groups of workers. Bowler and Gintis (1975, pg. 78) emphasize that the process of individual choice aggregation, even it is relevant to educational change, works within economic constraints determined almost entirely outside both the consumers’ and citizens’ arena of choice. Thus, disadvantaged position of certain groups of workers on a labour market, as well as economic inequality in general, does not simply commence from diversity in individual skills, preferences and abilities, but they are in fact a structural aspect of the existing society.

The failure of the neo-classical theory to grasp the diligence of poverty, economic inequality, and all kinds of discrimination on a labour market, stipulated the emergence of labour market segmentation approach that gave birth to the internal and dual labour market theory. The segmentation approach disputed that the factors that are determining job opportunities and rates of wage, are much more institutional structures than marginal productivity of workers. The first element in this new, segmentation strategy, involved the internal relations of the firm (Reich, Gordon, Edwards, 1973, pg. 361). In this context, internal labour market theory started focusing on long-term relationships of employers and employees and on the benefits they can accomplish by continuing their collaboration. This led to the restructuring of the internal relations of the firm, which furthered labour market segmentation through the creation of segmented “internal labour markets” (Ibid, pg. 362). Speaking in terms of expenses, internal labour markets significantly reduced their constant supervision, training, matching, recruitment and many bureaucratic costs. However, constructed with this purpose, internal model of labour market eradicated itself notably from the neo-classical model which assumed perfect competition on a labour market.

The other theory developed within the labour market segmentation approach, dual labour market theory, is dealing with lack of mobility of workers between two sectors of the labour market – primary and secondary. Dual (or multiple) labour market theory holds that the market is divided into distinct sectors and that education alone is unlikely to bring about significant intersectoral mobility between its two sectors (Cassim, 1982, pg. 242). In this manner, the emphasis considering the supply and demand on a labour market should be shifted from the supply to the demand. Dual labour market theory thus rejects the notion of a homogeneous labour market (Ibid.). The primary sector implies security of employment, higher salaries, better organized unionization, solid working conditions, better chances of advancement and so on. Opposite from that, the secondary sector is able to offer unstable employment, low wages, poor working conditions and quite weak unions. By constructing these sectors of a labour market, dual labour theory paints the development of internal or “balkanized” labour markets under modern capitalism.¹⁷

¹⁷ Kerr, who put forward the idea of the “balkanization” of the work force suggests that the labour market does not operate in a fluid and competitive manner since workers face a number of formal barriers in a structured labour market which impede mobility. Kerr adopts the two-way classification of the “structureless” and “structured” types of labour market. Open markets are basically unstructured and subject to competitive forces, and are characterized by an absence of firm-specific training. The structured labour market consists of an internal and external market. The two markets are, however, linked at various job

Outside of these internal (“balkanized”) markets there are the external markets which accommodate all the workers that cannot find their way into the internal ones. Speaking in terms of labour market integration and for the purpose of our research, we find the external labour markets as a space of possibilities, opportunities and mobility of different vulnerable groups. Exactly in this space the labour market integration is becoming a real prospect for immigrants, refugees and IDPs. In this paper, we will utilize the OECD’s interpretation of the labour market integration of these groups, which implies that gradually, over time, immigrants and refugees will tend to show some range of labour market outcomes as the native population.¹⁸ In other words, integration in terms of employment is technically defined to be achieved when the employment levels of third country nationals including refugees are similar to those of nationals.¹⁹

However, we have to bear in mind that the main problems that immigrants and refugees in Europe are facing in the process of labour market integration (language barriers, non-recognition of qualifications, lack of understanding of norms of the domestic labour market, of values and workplace culture), are not the main issues and the typical problems in the context of Serbia and its labour market. This is because of the fact that most of the refugees in Serbia are from ex Yugoslavian republics (officially same language, same norms, values and culture) and the IDPs are just displaced within their own country. We will reflect more on this in the third chapter of this Master Thesis.

Nonetheless, viewed from a functionalist approach, the integration of refugees and IDPs is important because disintegration causes disturbance in the societal order, whereby the functioning of the society is affected negatively; when the inhabitants do not understand and follow the general rules of society, social cohesion and the achievement of a common good is hindered (Durkheim, 1984; see Husted, Heinesen, Hald Andersen, 2008, pg. 910). Because, if these vulnerable groups become economically integrated, they will have an easier access to their ‘host society’, they will become integrated at the other levels, so in this context labour market integration can be perceived as essential for social integration in general. Once when vulnerable groups, as refugees and IDPs are integrated into the labour market of the host country, basic conditions for their further social integration and increased mobility through labour market sectors will be created. One more important condition which will encourage this process is already mentioned shift from a supply to a demand side on a labour market. In this research, social enterprises are phenomenon on the side of a demand that can influence the processes of labour market and social integration of vulnerable groups.

levels which constitute ports of entry and exit to and from the internal market, while other jobs are reached by transfer and promotion from within (Kerr, 1980; see Cassim, 1982).

¹⁸ Lemaitre, G. (2007), *The Integration of Immigrants into the Labour Market: the Case of Sweden*, OECD Social, Employment and Migration Working Papers, no. 48.

¹⁹ *Towards the Integration of Refugees in Europe*, European Council on Refugees and Exiles, 2005. However, over the last decade, the unemployment rate for third country nationals (therefore including refugees who have not naturalised) in the EU has remained more than twice as high as that of EU nationals in a majority of Member States. This is despite the fact that they have, on average, more often completed secondary or higher education in their countries of origin; see European Commission, *First Annual Report on Immigration and Integration*, COM(2004) 508 final, p. 14.

The main purpose of this Master Thesis is to describe and explain to what extent social enterprises in Serbia accomplish their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market. Considering the formulation of the main research question, in this literature/theoretical chapter I offered and explained adjustable definitions of all the key elements of the question: social enterprises – their main characteristics, goals and objectives, their position between the three sectors, and their relevant types (WISE); refugees and IDPs – legal definitions of these groups and their status in the International Law; labour market and labour market integration – relevant theories of labour market and their conceptual linkage with the integration of vulnerable groups into the labour market. Once we have all the needed elements, elaborated theories and constructed definitions, in order to provide answers to the sub question and by that to the main research question, we have to be careful on how we use these elements, how we connect them.

The social economy theory that I discussed on the beginning of this chapter is a solid base for building all the other theoretical concepts that have been reviewed and a very important connective tissue between them as well. As we could see, different interpretations of social economy gave birth to the three theoretical approaches ('non-profit', 'social economy' and the 'third sector approach') which are constructed like that to study the institutional forms and organizational dimensions of social economy. This was the first theoretical linkage with the phenomenon of social enterprises as one of the organisational dimensions of social economy. However, these three approaches could not really help us to identify the location of social enterprises in the institutional, legal and societal context. In order to find that location in the empirical world, theory and definition of social enterprises had to be developed. For that purpose, the approaches that emerged from the social economy theory had to be related with the economic and social criteria in order to construct constitutive defining factors of social enterprises.

Following the main principles of the social economy (the principles of mutuality, solidarity and primacy of individuals and communities over profit, values of democratic association), the 'non-profit' approach was conceptually connected with the economic criteria (a continuous activity in producing goods and/or selling services, high degrees of autonomy, a significant level of economic risk, a minimum amount of paid work); while the 'social economy' and the 'third sector' approach were utilized as a base elements for the construction of the social criteria (an explicit aim to benefit the community, an initiative launched by the group of citizens, a decision-making power not based on capital ownership, a participatory nature - which involves the various parties affected by the activity, a limited profit distribution). With this linkage between the theoretical framework and the developed criteria we provided all the elements necessary for defining the ideal type of social enterprises, for finding their place in the institutional, societal and structural context, and for identifying their two key types (*provision of social services to the most disadvantaged and vulnerable groups; work integration of the excluded groups in a society*).

In order to provide the complete frame for my central question, furthermore I had to describe the constitutive elements, variables and models of the former identified type of social enterprises – Work Integration Social Enterprises (WISE). In this manner, one of the

constitutive elements of WISE – *target groups* - is connecting the social economy theory and the working definition of social enterprises with a specific vulnerable group. To be more precise, it's connecting them with the refugees and IDPs, vulnerable groups that are in the focus of our research. Considering, this, I have offered the International Law (UN Convention and Protocols) definitions of refugees and IDPs which would enable us to identify those groups in the Serbian legal system and in the Serbian society in general.

Furthermore, the variables (*goals, resources*) that are giving us the possibility to differ among various activities of WISEs are deeply intertwined with the previous concepts and theories. Both the goals and the resources are reflecting the basic principles of social economy and by that functional logic they are locating social enterprises in the third and non-profit sector. This connection is going to be utilized in order to describe the nature of organizations inhabiting the third and non-profit sector in Serbia (NGOs), organizations that are recognized as social enterprises, their possible activities towards vulnerable groups (refugees and IDPs) grounded in the principles of social economy and their main goals and objectives. This will enable us to answer the sub research question - are the goals and the objectives of social enterprises in Serbia which would employ refugees and IDPs the same as elsewhere? It should be noted here that the biggest danger in answering these question by using the elaborated theoretical concepts, is not to mix the descriptive with the empirical, which is, as we already said in the introduction, quite real and serious danger in academy in the field of social entrepreneurship. Additionally, by using these variables and aforementioned elements, we identified the exact model of WISE which is going to be utilized in our research (model focused on creation of conditions for independent work of unemployed persons, which would generate economically viable jobs).

Namely, exactly with this model of WISE we are going to connect the adjustable and relevant theories of labour market presented earlier. In this manner, I am going to examine the Serbian labour market – relationship between the demand and supply side, distribution of income, apprehension of poverty, discrimination, vulnerable groups and consequently human capital and its stocks. Furthermore, by utilizing the labour market segmentation approach and its theories (internal and dual labour market theory) I am going to analyze what is determining the job opportunities on the Serbian labour market – institutional structures or marginal productivity of the workers. Also, we will check the assumption that the refugees and IDPs in Serbia are accommodated by external labour market and utilize the fact that they are not equal members of the Serbian society. Together with concrete empirical data (unemployment rates, educational and professional structure of refugees and IDPs, their average income and amount of social help they receive), these theories will offer us an information needed to identify some of the barriers for providing income and labour market integration of refugees and IDPs in Serbia.

Although in answering the sub questions we will need some statistical data, most of our research and analysis will be based on interpretative analysis of qualitative data. In this manner, maybe of the biggest importance in the process of connecting the concepts and the data, is the elaborated concept of social capital. This concept is fundamentally connected with the factors that shape possible decisions to establish social enterprises in Serbia which would employ refugees and IDP's; it's the constitutive element and determinant of the goals and objectives of social enterprises regarding the inclusivity of refugees and IDP's on the Serbian

labor market. Moreover, we have to be aware that social capital, along with social cohesion and economic achievements, is also one of the main purposes and one of the most desired outcomes of the activities of social enterprises. So, perceived as an indicator from one, and as an outcome on the other side, the concept of social capital is a quite useful link between the theoretical concepts of social economy, and more precise, social enterprises, and the other qualitative and empirical data needed for our research.

For our research here is also important the relationship of social capital and its functions with the concept of human capital which is essential for the implementation of labour market theory. The key point here for our research is not to mix social and human capital. Human capital as “the knowledge, skills, competences and other attributes embodied in individuals that are relevant to economic activity”²⁰ is focused on individual agents, while the social capital is focused on relationships between them and the networks they form. Considering this, human capital and its outcomes are quite easily measurable (by levels of qualifications achieved, enhanced income or productivity), but this is not the main purpose of our research. In the centre of our attention will be social capital which is directly linked to economic performance on different levels (ex., on a level of refugee and IDPs community), as well as its widest outcomes reflected in generation of further social capital.

More over, once when we have the clear picture of the relationship between the two capitals, we will analyze how the development of social capital in the refugee/IDP community can enhance the development of human capital among the same communities. Because, this kind of enhancement has rather a big role in the process of integration of refugees into the Serbian labour market. Also, their intersectoral mobility can be increased and expanded. If we bare this in mind throughout our research, we are going to stay in the field of social enterprises, and we are not going to make a mistake regarding their goals, objectives and outcomes which are not oriented only towards an economic gain. In the same time, this is a solid base for constructing an answer for the sub research question regarding the possible influence of social enterprises on the Serbian labour market.

²⁰ OECD (1998), *Human Capital Investment: An International Comparison*, Paris, Organisation for Economic Cooperation and Development

III

RESEARCH METHODOLOGY

The main aim of this chapter is to present and discuss the strategy of our research, to offer a description and explanation of the research methods, and connect them with the formulated sub research questions. This way, we will identify the procedures, instruments and tools that will be used in order to answer the sub questions. Furthermore, I will refer to the type of the research and explain how the data are going to be collected and from which sources. Here is important to emphasize that the theory and the theoretical concepts developed and analyzed in the previous chapter are going to be employed, utilized and by that operationalized. Operationalization involves the translation of a theoretical construct into observable variables by specifying empirical indicators for the concept and its sub domains (Hox, 1997, pg. 53). In other words, it is simply measurement of abstract concepts. To bridge this gap between theory and measurement, two distinct research strategies are advocated: a theory driven or “top-down” strategy, which starts with constructs and works towards observable variables, and data driven or “bottom-up” strategy, which starts with observations and work towards theoretical construct (Hox, De Jong-Gierveld, 1990). As we shall see further, in this research, the primer “top-down” strategy will be utilized and employed.

Moreover, I am going to make a brief distinction between qualitative and quantitative research methods. I will explain why the qualitative method is more appropriate for my research topic and how does this method shape the design of the research strategy and the process of engagement of particular methods, tools and instrument needed for answering the sub research questions. However, as noted earlier, data collection mechanisms are going to be explained and all the data sources and relevant documents will be taxatively stated. Consequently, once we have an identified type of a study, an elaborated research strategy and research methods that are going to be used along with the data collection mechanism and by operationalizing the theoretical concepts from the previous chapter, the process of data analysis will be presented correspondingly.

RESEARCH STRATEGY

Before introducing the type of this study, its research strategy and the research methods, I am going to offer one general definition of methodology and methods respectively. Methodology is a way of thinking about and studying social reality, while the methods are set of procedures and techniques for gathering and analyzing data (Strauss, Corbin, 1998). These are constitutive elements of a research which is defined as the process of collecting, analyzing, and interpreting data in order to understand a phenomenon (Leedy, Ormrod, 2001). The two common approaches for conducting a research are qualitative and quantitative. Quantitative research involves the collection of data so that information can be quantified and subjected to statistical treatment in order to support or refute “alternate knowledge claims” (Creswell, 2003, pg. 153). Data collection in quantitative research is mostly numeric and mathematical models are used as the methodology of data analysis. On the other hand,

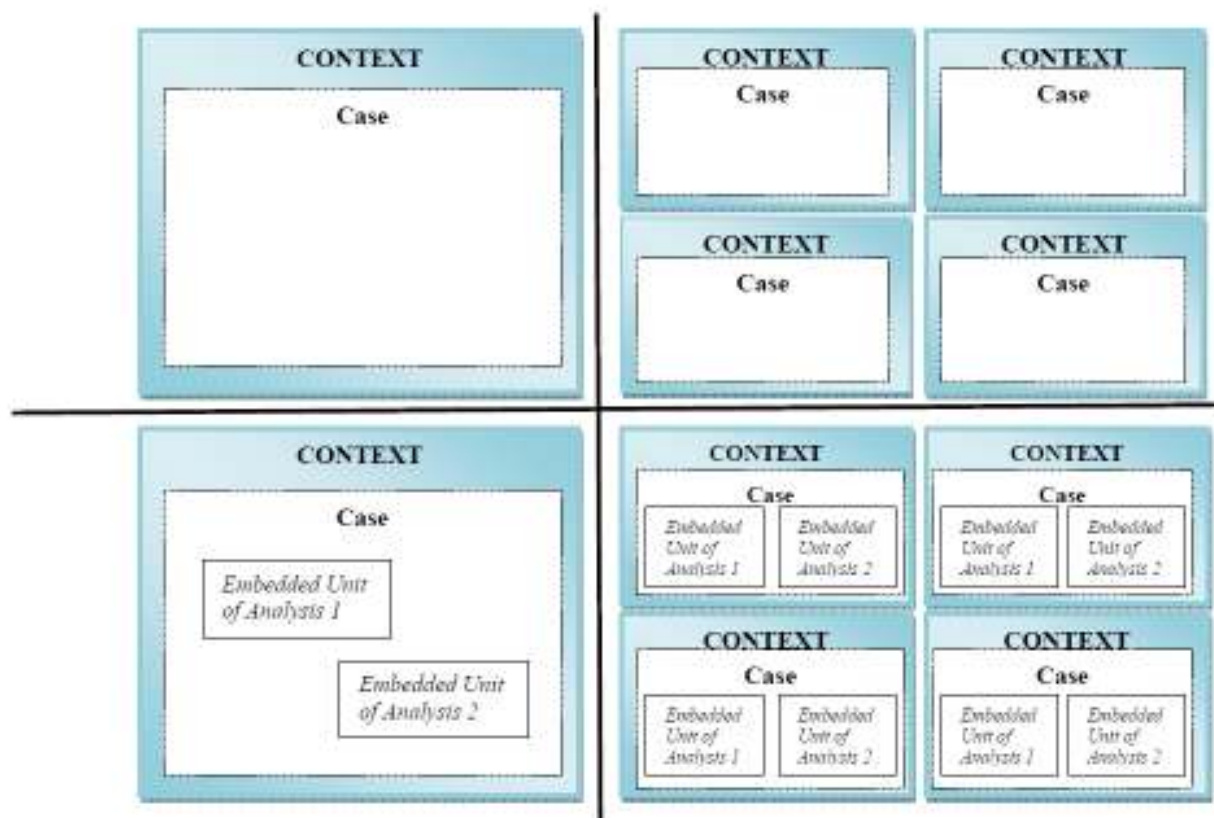
qualitative type of research is not implying utilization of different means of quantification and statistical procedures. One of the basic identifiers of a qualitative research is the social phenomenon being investigated from the participant's viewpoint (Williams, 2007, pg. 67). In this manner, what constitutes qualitative research involves purposeful use for describing, explaining, and interpreting collected data (Ibid.).

From these definitions and statements we can briefly conclude that qualitative type of a research is a holistic approach that involves discovery (Creswell, 1994). Taking this into account, and considering the fact that this master thesis is focused on studying the main research question in detail, holistically and in context on interpretation and/or processes (Punch, 2006, pg. 46), it is more than clear that this research is one of qualitative type that utilize qualitative methods. Most commonly used strategy in the qualitative research is a case study. Yin (1984. Pg.) defines case study "as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used." In other words, a case study is a unique way of observing any natural phenomenon which exists in a set of data (Ibid.).

It is an imperative right here to elaborate briefly the existing categories and the main types of case studies. There are exploratory, descriptive and explanatory categories of case studies (Ibid.). In *exploratory* case studies, fieldwork, and data collection may be undertaken prior to definition of the research questions and hypotheses; this type of study has been considered as a prelude to some social research (Tellis, 1997). *Descriptive* cases require that the investigator begin with a descriptive theory which implies the formation of hypotheses of cause-effect relationships. Hence, the descriptive theory must cover the depth and scope of the case under study (Ibid.). *Explanatory* case studies examine the data closely both at a surface and deep level in order to explain the phenomena in data, and they are also deployed for causal studies where pattern-matching can be used to investigate certain phenomena in very complex and multivariate cases (Zaidah, 2007, pg. 3).

The types of case studies are single case studies and multiple case studies. Within the single case study there is a holistic approach which implies one single unit of analysis, and single case design embedded – one single unit with more than one sub unit of analysis (Yin, 1984). Correspondingly, within the multiple case studies there is a holistic approach (more than one single unit of analysis; each unit is a holistic single case), and multiple case design embedded (more than one single unit of analysis; each unit divided in sub units) (Ibid.). These basic strategies are presented in the Figure 2. given below, which is going to help us to explain which type of design is going to be utilized in our research and why.

Figure 2. – *Basic Types of Designs for Case Studies*²¹



Source: Yin, 2009

The main task and purpose of this research is to investigate the phenomenon of social enterprises in Serbia and provide an answer to the question to what extent these enterprises accomplish their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market. This investigation is conducted from a participants' point of view, without utilizing different means of quantification and statistical and mathematical procedures. The data on social enterprises collected by using methods that are going to be presented in the following lines, will be described, explained and interpreted in a manner which will allow us to answer the main research question comprehensively. Considering these facts and the holist approach to the research topic, it is clear that our research by its nature and purpose is a qualitative one.

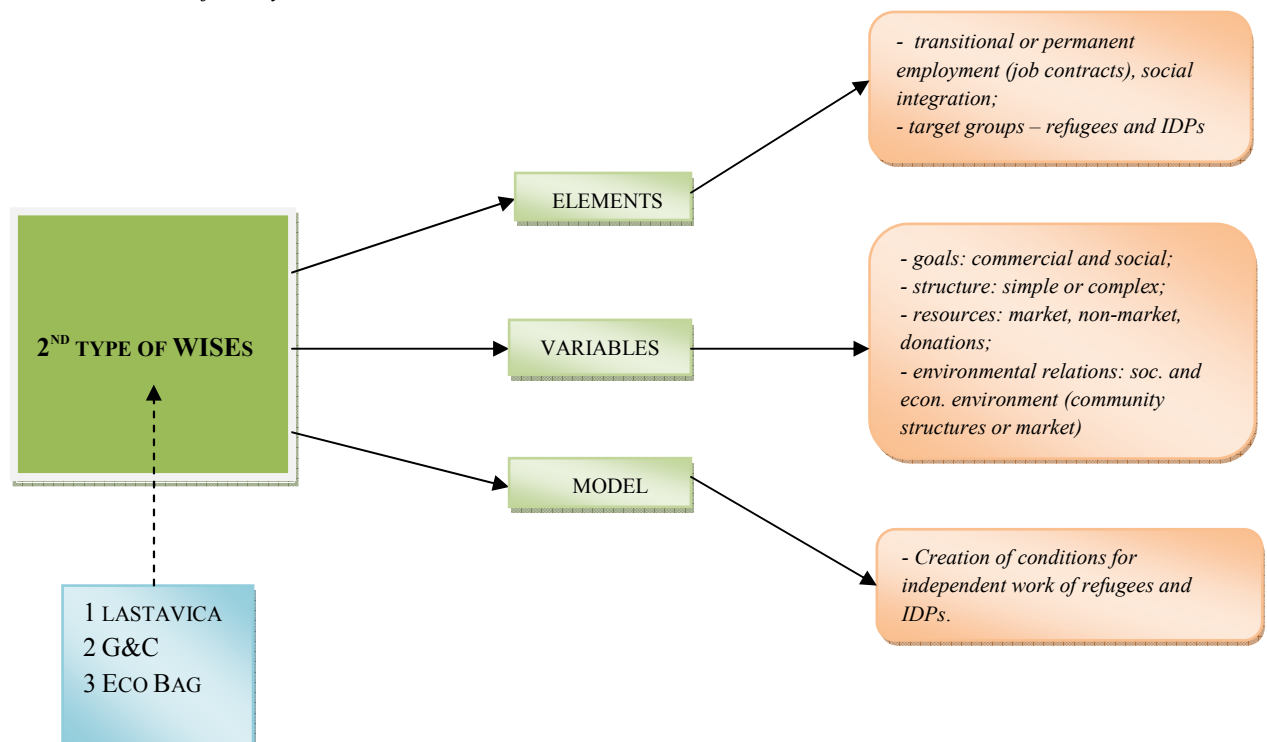
As we already suggested, the most common strategy in a qualitative type of research is a case study. This is exactly the research strategy of this master thesis. In this manner, the case study strategy will investigate social enterprises as a contemporary phenomenon within the context of Serbia. Multiple sources of evidence and data will be used, and the social enterprises in Serbia that integrate refugees and IDPs in the Serbian labour market will be observed in this set of data. In other words, by using the case study strategy we will examine the data relevant for social enterprises in Serbia that endeavour to integrate refugees and IDPs

²¹ The matrix shows that every type of design will include the desire to analyse contextual conditions in relation to the case. The dotted line between the two indicates that the boundaries between the context and the case are not sharp (Brilhante, 2009, *Case Studies at IHS – PP Presentation*).

on the labour market, and investigate this phenomenon in three different cases (sub units of analysis). Moreover, a descriptive theory is going to be used in order to identify the cause-effect relationships between the overall context of Serbia and the sub units of analysis. In other words, this theory will be utilized to grasp if social enterprises actually exists in the present Serbian context. Conclusively, the current study is a qualitative research, with descriptive and explanatory single case design embedded strategy (as it's shown in the Figure 2.).

The three sub units of analysis in this study are the next organizations: *Lastavica Catering* (location: Belgrade), *Green and Clean* (location: Belgrade), *Eco Bag* (location: Belgrade). These organizations are chosen for several reasons and by employing few different criteria. Most definitely, the criterion of essential importance here is the work integration of refugees and IDPs. In order to explain how is this criterion important for the selection of the above mentioned organizations we have to utilize previously developed theoretical concept of Work Integration Social Enterprises. To be more precise, the elements, the variables and the models of the *second identified type of WISEs – work integration of the excluded groups in the society* – are going to be exploited. These parts constitute a conceptual framework in which the three sub units of analysis have to fit to the extent which would provide a consistent, dependable and applicable qualitative research (Golafshani, 2003, pg. 601). More illustrative explanation is offered in the Figure 3. below.

Figure 3. – Elements, variables and model of second type of WISEs as a conceptual framework for the three sub units of analysis



Are the organizations in question meeting the work integration (of refugees and IDPs) criterion, do they match the elements, the variables and the model given in the Figure 3., is going to be explored through the analysis of their main characteristics, goals and specific

objectives. This is because the entire constitutional parts of the Figure 3. derive from the social and economic criteria which reflect economic, entrepreneurial and social dimensions of social enterprise initiatives, and from their general goals and objectives.

Beside the work integration (of refugees and IDPs) criterion, another important criterion for selecting the three listed organizations, is a geographical one. Each of the organizations is located in the capital city of Serbia, Belgrade. This fact implies geographical accessibility, and indirectly, willingness to cooperate. I say indirectly because of pure technological and logistic reason. The infrastructure in Serbia regarding internet is quite poor, so it is rather hard to find some information and to establish some contact with the representatives of certain enterprises that are located in a smaller cities. Considering the fact that Lastavica Catering, Green and Clean, and Eco Bag are located in Belgrade, it was much easier to get to the basic data and information relating them.

The main possible consequence of these limitations for my research that can appear is the real difference between the possibilities and opportunities for successful entrepreneurial (economic) performance of the social enterprises located in the capital region, and the ones located in smaller cities, especially in the south of Serbia.²² This assertion can be supported by the fact that the city of Belgrade participates with more than 35% in the GDP of Republic of Serbia and with more than 30% in the general employment. It will be also quite illustrative if we mention that the budget of Republic of Serbia amounts less than 7 billion Euros, while the budget of the city of Belgrade is around 650 million Euros. So, the results of this research can hardly be representative of social enterprises in all the territory of Serbia, which is reflecting the generalizability of case studies (Merriam, 1988).

Along with the geographical criterion and the criterion regarding work integration, I have to mention that the number of organizations under study is both intentionally and contextually limited. Intentionally, because is quite impossible for an individual researcher to conduct comprehensive analysis for larger number of organizations. Contextually because, as we shall see, the Serbian case is a rather specific one in the field of social economy and social entrepreneurship. In this manner, it was hard to find particular organizations in Serbia which would more or less fit in the conceptual framework constructed in this study.

RESEARCH METHODS

Taking into account the fact that the data in a qualitative research are most commonly collected using interviews, observation, and by reading documents (or some combination of these three activities), the main method for collecting data in this study is going to be *documentary analysis* (reading and analyzing documents). This type of a method is implying an unobtrusive research, or in other words, a method of studying social behaviour without affecting it (Babbie, 2007). In this context, the unobtrusive methods that are going to be used in this study are: *analyzing existing statistics*, and, to some extent, *comparative and historical research*. Analyzing existing statistics means using the data analysis that others have already

²² The municipalities and the regions in Southern Serbia are much less developed than the municipalities and the regions on the North (Autonomous Province of Vojvodina)

done – existing statistics should always be considered as at least a supplemental source of data; comparative historical research involves the use of historical methods by sociologists, political scientists, and other social scientists to examine societies (or other social units) over time and in comparison with another (Babbie, 2007, pg. 351).

In order to avoid the enormous expenditure of time – and money even, as well as the complex methodological procedures that follow surveys and interviews as methods for data collection, I decided to utilize a *secondary analysis*. This is a form of a research in which data collected and processed by one researcher are reanalyzed – often for a different purpose – by another (Babbie, 2007, pg. 288). In the secondary analysis of qualitative data, good documentation cannot be underestimated as it provides necessary background and much needed context both of which make re-use a more worthwhile and systematic endeavour (Bishop, 2007). As a matter of fact, one could go as far as the claim that qualitative secondary data analysis “can be understood, not so much as the analysis of pre-existing data; rather as involving a process of re-contextualising, and re-constructing, data (Moore, 2006).

The documents, statistics, and already conducted surveys and researches on social enterprises in Serbia, that are going to be used in this study, will be listed in the following sections of this chapter. Also, the key concepts developed in the theoretical chapter will be operationalized, and by that they will facilitate the selection process of the relevant documents and the search for specific data in them.

DATA COLLECTION AND OPERATIONALIZATION OF THE CONCEPTS

In order to get to the answer to the main research question we have to construct a solid ground by answering the sub research questions. Due to this research logic, we have to say which documents exactly we are going to use to answer each of the questions, which of the developed theoretical concepts are going to be used in this purpose, and how are they going to be connected with the empirical data so they can match each other. The first sub research question is:

1 What are the main characteristics of the social enterprises that endeavour to integrate different vulnerable groups, such as refugees and IDPs, on a labour market?

Answering this question requires operationalization of the four economic and five social criteria which reflect the economic, entrepreneurial and social dimensions of social enterprise initiatives. The criteria derive from the ‘non-profit approach’, the ‘social economy’, and the ‘third sector’ approach. The criteria will be applied to the three organizations (Lastavica Catering, Green & Clean, and Eco Bag) that represent the sub units of analysis in our study. We will strive to find out how much the organizations in question fulfill the criteria. In the sake of better visibility, the criteria are presented in the rows of the table below, while the organizations are in the table columns. By operationalizing the nine criteria and by connecting them with the empirical data that will be provided with the explained methods (documentary analysis, analyzing existing statistics, comparative and historical research, secondary analysis) the intention is to research which criteria each of organizations

fulfills. The results will be inserted in the matching fields of the table in a form of **YES/NO** answers (**YES** – the organizations fulfills a certain criterion; **NO** – the organization does not fulfill certain criterion).

Table 1. – *Social and economic criteria in relation with the sub units of analysis*

SUB UNITS CRITERIA	<i>LASTAVICA</i>	<i>GREEN&CLEAN</i>	<i>ECO BAG</i>
<i>Economic</i>			
1 – A continuous activity, producing and selling goods and/or services			
2 – A high degree of autonomy			
3 – A significant level of economic risk			
4 – A minimum amount of paid work			
<i>Social</i>			
1 – An explicit aim to benefit the community			
2 – An initiative launched by a group of citizens			
3 – Decision-making power not based on capital ownership			
4 – A participatory nature – involves the various parties affected by the activity			
5 – Limited profit distribution			

Most of the criteria presented in the Table 1. have different definitions in different context. They can be differently interpreted in a purely political context, and correspondingly, quite different in a typically economical context. This is why we are obliged to examine and analyze the nine criteria through the lance of social economy approach, elaborated in the theoretical chapter. For the purpose of this study and in order to be able to match these concepts with the empirical data on the sub units of analysis, I am offering the next descriptions and explanations of each of the criterions separately.

The first economic criterion - *a continuous activity, producing and selling goods and/or services* – is quite clear by itself. It basically refers to the continuous productive activity and provision of services to people as one of the main reasons for the existence of a social enterprise. So, in order to fulfil this criterion, the organizations in question have to be directly involved in the production of goods, or the provision of services, and not to deal with

advocacy and fund (grants) raising activities. *A high degree of autonomy* is implying that social enterprises are created and governed on the basis of autonomous project by groups of people. It is important to say that these enterprises may be dependent on public subsidies, but they cannot be managed (directly or indirectly) by any other organizations or public authorities. They have the right to take up their own position ('voice') as well as to terminate their activity ('exit') (Defourny, Nyssens, 2006). *A significant level of economic risk* is connected with the fact that financial viability of social enterprises depends of the efforts of their members and workers to secure adequate resources (Ibid.). Regarding the criterion of *minimum amount of paid work*, the most important to suggest is that every activity carried out in a social enterprise requires a minimum amount of paid work. Although social enterprises can combine volunteering and paid workers (monetary and non-monetary resources), in the analysis of our sub units we will endeavor to focus on the paid workers, which is going to be sufficient to fulfill this economic criterion.

The first social criterion – *an explicit aim to benefit the community* – is interpreted as an aim of the enterprises to serve a specific (target) group of people, or the community. It is also connected with the intention and desire to promote and establish social responsibility. The target groups in this study are of course, refugees and IDPs. The second criterion, *an initiative launched by a group of citizens*, pretty much talks for itself and its reflecting the collective dynamics of social enterprises. However, this does not mean that a leadership of an enterprise cannot be individual or embodied in a small group of leaders (Defourny, Nyssens, 2006). By exploring the managerial (leadership) structure of our sub units, we will find out if they are fulfilling this criterion. *Decision-making power not based on capital ownership* refers to the principle of 'one member, one vote' or at least to a decision-making process in which the voting power in the governing body with the ultimate decision-making rights is not distributed according to capital shares (Defourny, Nyssens, 2006). Closely correlated with the previous two is the criterion – *a participatory nature, which involves the various parties, affected by the activity*. The focus here is on the stakeholder influence on the participative management and the decision-making process. The stakeholders in this context are the workers of a social enterprise, the members, volunteers, participants, managerial structure.

The final social criterion is a *limited profit distribution*, which refers to a total non-distribution and limited profit distribution that reflects the characteristic of social enterprises to avoid profit maximization behavior. The way our three organizations distribute their profit will indicate fulfillment or non-fulfillment of this criterion. Once when we have the described and the explained criteria, through mostly documentary analysis, we are going to see which organization fulfills which criteria. In this purpose, I will use few documents and researches: internal documents of Green & Clean and Eco Bag – because these two organizations still do not have internet presentations, I had to send them e-mails requiring all the relevant information from them. It turned out that both of them already had prepared materials for web sites, conferences, for news papers and on line magazines. By analyzing the materials and the internal documents that the representatives from Green & Clean and Eco Bag sent to me, I managed to find all the necessary data and information needed for this research. For the sake of terminological clarity and better visibility of this study, from now on the documents will be named *Green & Clean Statement* and *Eco Bag Statement*.

With regard to the organization Lastavica, other, already conducted researches that are going to be analyzed, are: Cvejic, Babovic, Vukovic, (2008), *Mapping Social Enterprises*, UNDP, Belgrade, 2008; *Role of Social Enterprises in Employment Generation in CEE and CIS – National Study in Serbia*, SeConS, UNDP, Belgrade, 2006; *Social Enterprises and Role of Alternative Economy in the European Integration Processes*, European Movement in Serbia, Belgrade, 2008. These studies will provide us with a relevant information on social enterprises in Serbia in general, and on our sub unit of analysis in particular. We will use the researches for the analysis of the existing statistics, for the comparative and the historical research, as well as for the secondary analysis. It has to be said here that I am not using the same source of data for Lastavica Catering as for Green & Clean and Eco Bag, because it was just impossible to reach their PR manager. I have sent couple of e-mails to Lastavica, I received only one answer – that the PR manager is the only person that can help me, and that she is not going to be available for at least two months. Fortunately, I was able to find most of the relevant data and information in the above listed documents

Once we conduct the analysis we will manage to match each of the sub units with the social and the economic criteria, and by that, to determine their main characteristics. Furthermore, the determination of the characteristics will enable us to find out how the three organizations fit in the Serbian legal system, what are exactly their legal embodiments and to which existing model of social enterprise in Serbia they belong. For this purpose, once more we will use the above mentioned studies and relevant laws. In order to connect the legal forms of organizations and the relevant laws with the concept of social entrepreneurship in the context of Serbia, I will utilize the next table:

Table 2. - Review of different legal forms of organizations in social entrepreneurship in the context of Serbia

Legal Form	Relevant Laws	Profit Orientation	Ownership	Types
	- The Law on Social Organisations and Associations of Citizens, 2009 - The Law on Churches and Religious Communities, 2006			
	- The Law on Cooperative, 1989 (second Law adopted in 1996; draft Law in the Ministry for economy and regional development, expected to be adopted by the end of 2010)			
	- The Company Law, 2004			
	- The Law on Professional			

	Rehabilitation and Employment of People with Disabilities, May, 2009			
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Source: SeConS, UNDP, 2006

The laws inserted in the Table 2. are the key laws that can be seen as an impetus for the future development of social entrepreneurship in Serbia. Only these laws are mentioning and somehow integrating the term ‘social enterprise’ in the Serbian legal system. **Profit orientation** is assessed with the categories ‘*for profit*’ and ‘*non-profit*’, while the **ownership** will be analyzed through the prism of *private* and *collective ownership*.

Conclusively, the documents listed above, and the relevant laws, crossed with the theoretical concepts implicated in the economic and the social criteria, will generate the determination of the main characteristics of our sub units of analysis. They will also provide us with an adjustable overview of the Serbian legal context regarding social entrepreneurship. Correspondingly, once when we have all the results and classifications considering the characteristics of the organizations, it is going to be possible to locate them in the Figure 1., given in the previous chapter, which illustrates social enterprises at the crossroads of the social economy and the non-profit sector. We will observe to which sector Lastavica, Green & Clean, and Eco Bag belong to: social economy, non-profit, or third sector.

2 Are the goals and the objectives of the social enterprise in Serbia which would employ refugees and IDPs the same as elsewhere?

As noted in the theoretical chapter regarding social enterprises in general, and more specific WISEs, the main goals are social, economic and socio-political. This fact implies that social enterprises can be perceived as multiple-goals enterprises. However, they usually have a complex mixture of goals (Evers, 2001). Social goals are connected to the particular mission of social enterprises to benefit the community; economic goals are related to the entrepreneurial nature of social enterprises; and socio-political goals are referring to the fact that social enterprises are often rooted in a ‘sector’ traditionally involved in socio-political action (Defourny, Nyssens, 2006). In order to operationalize these goals and to be able to examine them empirically, to check if the goals of the three sub units of analysis are the same as elsewhere, we are going to *conduct a comparative historical research and documentary analysis* using the EMES study – *Work Integration Social Enterprises in the European Union: An Overview of Existing Models* (Davister, Defourny, Gregoire, 2004), Green & Clean, Eco Bag statements, and the previously listed studies - *Mapping Social Enterprises*, UNDP, Belgrade, 2008; *Role of Social Enterprises in Employment Generation in CEE and CIS – National Study in Serbia*, SeConS, UNDP, Belgrade, 2006; *Social Enterprises and Role of Alternative Economy in the European Integration Processes*, European Movement in Serbia, Belgrade, 2008.

The mixture of the overall social and economic goals is reflected in the work integration objectives and functions of social enterprises, which was exactly the criterion for selection of our sub units of analysis. To be completely clear, we are talking here about work integration of excluded groups in the society. In the above mentioned EMES study (2004), in

the countries of EU two categories of these groups are identified: *handicapped people* and *able-bodied jobseekers with serious integration problems*. In the second category, various sub groups are distinguished, among which, we are going to locate refugees and IDPs. These sub groups are²³: (1) job seekers with serious social problems; (2) “hard to place” and/or long term job seekers; (3) young long-qualified job seekers; (4) job seekers belonging to disadvantaged categories.

In this context, work integration of these groups, as a mixture of general social and economic goals, has its empirical embodiment in the form of four specific objectives that are going to be listed and explained in order to find out which of them (if any) are matching with the goals and objectives of Lastavica, Green & Clean and Eco Bag. The four specific objectives are: *transitional occupation*, *creation of permanent-self-financed jobs*, *professional integration with permanent subsidies*, and *socialization through productive activity*.²⁴

a) Transitional occupation – the aim is to give the target group work experience or on-the-job training, with a view to achieving the integration of these disadvantaged workers in the open labour market (Borzaga, Defourny, 2001). It is important to point out here that the term ‘occupation’ in this study is used in order to emphasize the difference with a traditional employment contract that is often present. This is referring to both for people employed under fixed-terms contracts and persons under traineeship; **b) creation of permanent self-financed jobs** – the aim here is to create stable and economically sustainable jobs, mostly in some medium term and for people that are disadvantaged in the labour market. The lack of productivity of the target group in the initial stage is compensated by public subsidies in different forms;²⁵ **c) professional integration with permanent subsidies** – for the most disadvantaged groups, for whom integration in the open labour market would be difficult in the medium term, stable jobs, permanently subsidised by public authorities, are offered, including some in enterprises that are “sheltered” from the open market (Borzaga, Defourny, 2001); **d) socialization through productive activity** - the main aim and focus here is on the re-socialization of the target groups through social contact, and not that much on professional integration in the labour market. Re-socialization implies a more ‘structured’ lifestyle and respect for rules as well; “the activity is thus “semi-formal” in the sense that it is not regulated by a real legal status or work contract; these WISEs mainly work with people with serious social problems (alcoholics, drug-addicts, former convicts etc.) and people with a severe physical or mental handicap” (Davister, Defourny, Gregoire, 2004).

In the illustrative purpose and with the intention to facilitate further our analytical process regarding the question about the goals and the objectives, I am proposing a table here on concrete examples and qualifications of work integration objectives of social enterprises in a several countries of EU.

²³ Davister, Defourny, Gregoire, (2004), *Work Integration Social Enterprises in the European Union: An Overview of Existing Models*, EMES

²⁴ Ibid. pg. 5

²⁵ These subsidies are often temporary, and they taper off until the workers become competitive in the mainstream labour market. After this subsidised stage, these WISEs must pay the workers in integration from their own resources (mainly market resources) (see, Davister, Defourny, Gregoire, 2004)

Table 3. – *Examples and qualifications of work integration objectives of social enterprises in some EU countries*

Transitional Occupation	Portugal and Belgium: enterprises for on-job training provide possibilities for improvement of personal, social and professional abilities of the workers; Italy: social cooperatives of type B are active in the field of work integration of persons in a difficult position (legal framework from 1991).
Creation of Permanent Self-financed Jobs	France: enterprises for long-term integration offer permanent employment to the workers in order to enable them to achieve social and professional autonomy, and be successful as 'economic actors' in the participative managerial structure.
Professional Integration with Permanent Subsidies	Portugal, Sweden and Ireland: provided workshops; Belgium: enterprises for adapted work offer various production activities for persons with physical and mental disabilities.
Socialization through Productive Activity	France: the aim of centres for adaptation is not achieving the certain level of productivity, but "re-socialization through work" for persons with psychological and social problems; Belgium: social enterprises for work integration engage persons with serious social problems, in order to provide them with certain level of social and professional autonomy. One of the areas of their action is assortment and recycling of waste. Spain: centres for work therapy offer therapy for persons with severe difficulties, who, because of those difficulties, are not in possibility to find employment on the open labour market.

Source: UNDP, 2008

The last goal, socio-political one, is going to be analyzed in the wider perspective of 'producing social capital'. Social capital is understood as referring to "features of social organizations such as networks, norms and trust that facilitate co-ordination and co-operation with mutual benefit" (Putnam, 1993). Concretely, the pursuit of a 'social capital goal' by social enterprises may translate into a will to cooperate with economic, social and political actors through the development of various networks, or in the promotion of volunteering (Davister, 2004, see Defourny, Nyssens, 2006, pg. 10). Here, we have to be aware of the possible conceptual and terminological confusion, because, as we could see in the theory chapter, social capital is recognized mostly as a tool/instrument for achieving other objectives of social enterprise. Correspondingly, it is analyzed as equal goal of social enterprises, along with social and economic ones. For purpose of this study, the existence of social capital in the sub units of analysis will imply that the social capital is a tool/instrument for achieving other objectives and further generation of itself, while its absence will imply that it is an objective for itself.

In order to identify social capital in our sub units of analysis, as a tool or as a goal, we are going to examine the absence or presence of *networks* and *relations with public authorities and political parties* in our sub units of analysis, by conducting documentary analysis of their statements and afore listed documents and studies. **Networks** refer to the involvement of large number of local organizations and institutions in the work of the enterprise (Hulgard, Bisballe, 2008, pg. 34). This implies the existence of information channels that would refer to business opportunities and the knowledge about the needs of specific vulnerable group in the community, and about the local community in general. **Relations with public authorities and political parties** (Ibid.) are reflected in the connections of the boards of organizations (usually) with local politicians, administrators and other powerful actors.

The presence/absence of networks and relations with public authorities and political parties will indicate not only the existence/non-existence of social capital in the enterprises and its location on the goal – tool/instrument axes, but it will also indicate what kind of resources the enterprises strive to mobilise to finance their operations. In the EMES study - *Work Integration Social Enterprises in the European Union: An Overview of Existing Models*, (Davister, Defourny, Gregoire, 2004), the following main types of resources used by European WISEs are given: *monetary and non-monetary resources*. Taking into account that social capital mainly purports cooperation with public institutions and local administrators and politicians, it is more than clear that it is an important engine for mobilization of non-monetary resources (sympathetic capital of the general public, for example).

3 Which kind of barriers are there for providing income and work integration specifically among the refugees and IDPs in Serbia?

This question is a bit more general than the previous two, and it refers more to the Serbian context and the status of refugees and IDPs on the Serbian labour market. It is also closely related with the elaborated labour market theories and the labour market integration approaches. In this context, firstly, I am going to present and analyze the basic characteristics of the Serbian labour market – general employment/unemployment trends, disadvantaged position of specific groups, and rates of employment within public, private and informal sector. In order to gain an introspect into the position of refugees and IDPs in the actual labour market described this way, primarily I have to determine who are the people in Serbia that have the status of a refugee or an IDP, and what is their exact present number.

For this reason, I will use the explained UN definitions of refugees and IDPs and connect them with the relevant laws and legal acts from this field. Important document that is going to be analyzed in this context is the *Serbian National Strategy to address the issue of refugees and IDPs* (2002). Furthermore, I will connect the concepts constituting the labour market theories with more statistics and empirical findings relating to the overall position and the status of refugees and IDPs in the Serbian labour market. This will enable us to identify the main existing barriers for providing income and work integration among the refugees and the IDPs. Once again, the main method for collecting data here is the *documentary/secondary analysis*, and the unobtrusive research methods – *analyzing existing statistics, and comparative and historical research*.

Neo-classical theory – the human capital stocks

The main concept of the neo-classical theory of labour market is a *human capital* - “the stock of knowledge, skills, aptitudes, education, and training that an individual or a group of individuals process” (Hyclak, Johnes, Thorton, 2005). Considering the fact that the neo-classical theory interprets the absence of human capital as the biggest barrier for the integration in a labour market, we will utilize the statistics on *educational structure, years of experience* and *long term unemployment* of refugees and IDPs in Serbia. For this purpose, I will use the next documents: *Serbian Statistical Yearbook*, Serbian Statistical Office, Belgrade, 2005; *Work Force Survey*, Serbia Statistical office 2009; web site of the National

Employment Agency²⁶; *Position of Refugees in the Labour Market and their Inclusion in Active Labour Market Policies*, Group 484, (Babovic, Cvejic, Rakic, 2007), Belgrade; Research of Strategic Marketing²⁷ and Group 484 on Labour Market Status of Refugees and IDPs, Unpublished Results, Belgrade, 2010. The assumption is that, the specific data regarding education, years of work experience, long term unemployment, will indicate the lack of human capital stocks among the refugees and the IDPs and by that posit themselves as one of the barriers for their integration in the labour market.

Close over, we will present the general unemployment rates by education, which will inform us how the work integration is dependent on the education level of the population. For that purpose, the next table will be used:

Table 4. – *Unemployment rates by education*

Education	Domiciled population	Refugees	IDPs
None			
Incomplete elementary school			
Elementary school			
Secondary school and high school			
Faculty			
University/college			
<i>Total</i>			

This table which is reflecting the situation on the Serbian labour market regarding education will be cross-examined. The results from the table 4. will show us the direct connection between the rates of unemployment and the specific educational levels in the domiciled, refugee and IDP population and enable us to compare them. Thus, a lower rate of unemployment among the population with high school and university/college degree will indicate that people with those educational levels are more easily integrated in the Serbian labour market. Correspondingly, if the data on the educational structure of the refugees and IDPs show that the percentage of this population with high school and university/college education is low, we will be able to conclude that the lack of education as one of the human capital ‘stocks’ is definitely a barrier for the integration of refugees and IDPs in the Serbian labour market. Any other results, like high unemployment rates among the highly educated population, will indicate serious deformities of the Serbian labour market, which is more in the domain of economics.

The other two indicators mentioned earlier – years of work experience and long term unemployment – are rather interdependent. Long term unemployment is implying poor working experience, which is causing further passivity and inactivity of the unemployed population. The criterion that is going to be used in order to determine who is a long term unemployed person, is the criteria of the EUROSTAT – Statistical office of the European Commission. According to this criterion long term unemployment means that a person did not

²⁶ See at: <http://www.nsz.gov.rs/>

²⁷ Public opinion research agency

have any employment in the last 12 month or more.²⁸ The potential high rates of the long term unemployment among the refugees and the IDPs in Serbia will indicate that these target groups are experiencing severe lack of skills and recent work experience in the labour market which is one of the main prerequisites for finding an employment. If this is the actual situation, the long term unemployment will be definitely perceived as one of the barriers for the integration of refugees and IDPs on the Serbian labour market.

Another theory and its concept that we have developed in the theoretical chapter is a *dual labour market theory* developed within the *labour market segmentation approach*. Dual (or multiple) labour market theory holds that the market is divided into distinct sectors and that education alone is unlikely to bring about significant intersectoral mobility between its two sectors (Cassim, 1982, pg. 242) – *primary and secondary*²⁹. Thus, this theory is considering and examining the mobility of already employed workers from unstable jobs with low wages towards better, stable and well paid jobs. Considering the fact that this sub research question is addressing barriers for providing income and work integration among the unemployed refugees and the IDPs in Serbia, the dual labour market theory is not applicable and it cannot help us answer this question. Moreover, these theoretical concepts can be used to explore and describe the possible opportunities that vulnerable (unemployed) groups have in the different segments of a labour market (secondary and primary).

Social capital – social networks

From the other side, the developed theoretical concept of *social capital* will be utilized in order to explain some of the barriers for work integration of refugees and IDPs, which derive exactly from the refugee and the IDP community in Serbia. For this purpose, the concept of social capital is operationalized through examination of social networks within the refugee and the IDP community. Primarily, I will present and analyze the main characteristics of the social networks involving both the refugees/IDPs and the domiciled population. More precisely, I will use data from a several studies (Opacic, 2007; Group 484, 2007) to construct the picture of the relations between the refugees/IDPs and the domiciled population. The exact figures will reflect the level of reliance of the refugees/IDPs on their own communities and on the local population. It will be examined to what extent the refugees and the IDPs use different social networks (friends, acquaintances, relatives, neighbours) in dealing with different problems, with special emphasis on the problems related to the search of employment. Namely, the next form of table will be used:

Table 5. – Relying on social networks in dealing with different problems and life's challenges

Social networks	Friend	Acquaintance	Relative	Neighbour	Nobody	Other	Total
Type of support							
Finding (extra, better) job							
Access to healthcare							

²⁸ EUROSTAT: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/une_esms.htm . Web site visited – July, 2010.

²⁹ The primary sector implies security of employment, higher salaries, better organized unionization, solid working conditions, better chances of advancement and so on. Opposite from that, the secondary sector is able to offer unstable employment, low wages, poor working conditions and quite weak unions.

Enrolment of children in schools							
Housing problems							
Administrative jobs							
Money lending							
Advice and emotional support							

The same table form will be used to present the data on the domiciled population. Once we have both the tables and the results, we will be able to compare the percentages of refugees and IDPs that relay on social networks for finding a job, with the corresponding data on the domiciled population. The comparative analysis will show us if the refugees and the IDPs as communities for themselves within the Serbian society, relay more/less on their social networks than the domiciled population, thus, own greater/lesser social capital.

Furthermore, in order to connect the social capital (the level of relaying on social networks) with work integration, I will examine to what extent the social capital participate in the job-searching processes and efforts of the refugees and IDPs in Serbia to find an employment. We can see the most common job-searching methods of the unemployed refugees and IDPs in the table below:

Table 6. – Job searching method of unemployed refugees and IDPs.

JOB-SEARCHING METHOD	Unemployed refugees /IDPs (%)
Through NEA	
By applying for a job directly with employer	
Through friends, acquaintances, relatives	
Through youth/student employment agencies	
By placing ads in newspapers	
By visiting Career Fairs	
Through domestic NGOs	

Strong reliance on the social networks in the table 5. should shape the results also in the table 6. in way that the most used job-searching methods would be the ones through friends and other social networks. It is implied that the low reliance on the social networks would implicate different job-searching methods. However, if the results show that the refugees and the IDPs use significant amount of social capital in order to find a job and integrate themselves in the labour market, we will interpret that reliance on social capital as a barrier for work integration of the target groups. In other words, the social capital will be perceived as an obstacle for the refugees and the IDPs to engage themselves in more formal relations with the state and the relevant institutions (National Employment Agency). Simultaneously, this situation will imply passivity and absence of desire within the target groups to attend job-seeking trainings, language courses, trainings for writing CVs, and so on. In this manner, the data which indicates to what extent the refugees and IDPs are interested in the programmes of active labour market measures, will be presented and interpreted. In order to conduct this kind of analysis and to examine the data by the categories presented in the tables I will use the empirical findings on the issue presented in the study - *Position of*

4 What is the influence (if any) of these social enterprises noted on the Serbian labour market?

The nature of social enterprises as organizations inhabiting the space between the social economy and the non-profit sector, conditions a dual influence on a society, but more important, on a labour market. We are talking about *social* and *economic influence/impact*. The main question here is how can we assess these impacts of social enterprises – both on the Serbian labour market and in achieving wider social change. In order to answer this question, the economic influence will be assessed with the indicator such as *job creation*. The total number of jobs created by the social enterprises will be cross-examined with the data related to the general employment rates in Serbia. This will provide us with the exact figures on the participation of social enterprises in the number of employed people in the Serbian labour market. Methodologically, it is hard to determine what level of employment within the social entrepreneurship sector would indicate influence on the labour market. Considering this, and taking into account the unemployment rates in Serbia which are among the highest in Europe, any level of participation in the total number of existing jobs in Serbia will indicate the existence of economic influence on the labour market. For this purpose, I will use the empirical findings presented in the UNDP study - *Mapping Social Enterprises in Serbia*, Belgrade, 2008. Unfortunately, this is one of the rare, up-to date studies that have examined the activities and the potential of the social enterprises in Serbia for generation of new jobs, so our analysis have to be rather limited.

Furthermore, by using the same study (UNDP, 2008), we will examine how many of the created jobs within the social entrepreneurship sector are occupied by persons belonging to the most endangered groups in Serbia. Considering the main goals of the WISEs related to the excluded groups of a society – *providing transitional occupation and creating permanent jobs* – as employees of a social enterprise in our analysis will be considered both the workers with contract for indefinite period of time, and the ones working under contract for a definite period of time. The results, which are going to be presented illustratively, will show us what number of refugees, IDPs, Roma, poor, women, persons with disabilities, is employed in the social enterprises in Serbia. These figures will indicate if the social enterprises are participating in the process of achieving wider social change in the Serbian society, and through these activities, indirectly exercise influence on the labour market in general.

However, one of the most valid ways here to measure the possible economic impact of social enterprises on the Serbian labour market would be to measure the financial gains achieved by social enterprises in moving people off welfare. These kinds of figures would give us concrete indications regarding the existing impact. On the other hand, there are no existing studies, researches, or any kind of data that can help us to perceive and analyze the economic influence of social enterprises from this perspective. In this context, we have to rely more on interpretative analysis of the more general data we've provided. Interpretation is a defining element of every qualitative research. "Qualitative researchers are quick to acknowledge that as they design studies, consider theoretical bases, collect data, do analysis,

and write up findings, they are constantly making interpretative judgments” (Hatch, 2002, pg. 179). The emphasis here is on the fact that individual qualitative researchers transform data in different manners. Some of them accentuate description, other analysis, while some emphasize interpretation. In order to examine the social impact of social enterprises on the Serbian labour market, we will rely mostly on interpretation.

Shortly, interpretation is about giving meaning to data, which positions the individual researcher as an active player in the overall research process. The interpretative analysis model provides a process for constructing meaning from data that goes beyond the analytic emphasis of the research models and methods described so far – secondary analysis, unobtrusive research methods - analyzing existing statistics, and comparative and historical research (Hatch, 2002, pg. 180). However, whatever impressions are formed throughout the analytic process, are considered within the context of the overall quantitative and qualitative data set (Ibid.). In this manner, our interpretation of the social impact of social enterprises on the labour market, is going to be considered within the set of qualitative data presented in the UNDP study (2008), in a form of social functions that social enterprises perform in Serbia. It is important to underline that the social functions are examined through the noted activities of the existing social enterprises, not through their formal goals and missions.

Activities directed towards the performance of social functions, are basic activities in the labour market and a purpose of every social policy. In this manner, depending on the range of social functions (that are going to be presented and analyzed) performed by the social enterprises, these organizations can play an important role in helping deliver many key labour market and social policy objectives. In order to check if they actually provide this kind of help in the Serbian context, as an indicator, we will use the *cooperation between social enterprises, local centres for social work, and local branches (offices) of the National Employment Agency*. For this purpose, and in order to provide the relevant data I am going to read and analyze (form of documentary analysis) the internet presentations of the National Employment Agency, local offices for employment and the social work centres of four the biggest cities in Serbia – Belgrade, Nis, Novi Sad, Kragujevac. This will help me to find out if there are any documents or projects that establish cooperation between these bodies and some social enterprises in their localities.

The existence of formal, mutual cooperation between the listed actors would show us that the social enterprises in Serbia are a relevant stakeholder in the overall process of solving numerous social problems, and thus, that they perform social impact on the Serbian labour market. From the other side, if there are no information and data that indicate the existence of cooperation between the actors, it will be clear that there is no recognizable or in any way measurable social influence/impact of the social enterprises on the Serbian labour market.

In this chapter of our research we presented and explained our research strategy, we offered a description of the research methods, and we linked them with our sub research questions. The **research strategy** which we chose and which is most appropriate for this master thesis is a **case study**. Before we decided to implement this research strategy we had to explore and explain which kind of research this thesis is – qualitative or quantitative. The fact that our research does not imply utilization of different means of quantification and statistical procedures, but investigation of the social enterprise phenomenon from participant's point of view (a holistic approach), determined the **qualitative nature of our study**. Furthermore, the case study research strategy (*explanatory study*) as one of the basic strategies of a qualitative research was differentiated on two types – single case and multiple case studies. Considering the fact that we have to identify and analyze the cause-effect relationship between the overall context of Serbia and our sub units of analysis, we chose and explained the **single case design embedded** – one single unit with more than one sub unit of analysis (Yin, 1984).

The next step was to present and explain the reasons and criteria for choosing exactly Green & Clean, Eco Bag and Lastavica Catering as our sub units of analysis. In this manner the work integration (of refugees and IDPs) and geographical criterion were elaborated. The primer criterion was linked with the theoretical concept of WISE, more precisely, with its second identified type – work integration of the excluded groups in the society. This way we provided a conceptual framework for the examination and analysis of our sub units.

In the sub-section 'research methods', considering previously determined qualitative nature of the research, we introduced and described the main methods we are going to use for collecting data we need. As a main method we recognized **documentary analysis** (reading and analyzing documents), which further on implied the use of unobtrusive methods - *analyzing existing statistics*, and, to some extent, *comparative and historical research*. In addition, in order to avoid the enormous expenditure of time – and money even, as well as the complex methodological procedures that follow surveys and interviews as methods for data collection, I decided to use *secondary analysis*.

Once we introduced the type of the research, the research strategy, when we chose the sub units of analysis and the research and collecting data methods, we presented in detail, for each of the sub research questions separately, how we are going to connect the theoretical concepts, the methods and the data to answer them. So, in order to answer the first sub research question regarding the main characteristics of the social enterprises that endeavour to integrate different vulnerable groups on a labour market, we had to operationalize the economic and the social criteria and connect them with the empirical data. The idea is to examine which criteria our sub units of analysis fulfil and which not, thus, to analyze if these sub units can be determined as social enterprises. After that I gave an overview of the existing laws relevant for the social entrepreneurship sector in Serbia, which is going to be used in the analysis to find out what are the existing legal forms and types of social enterprises, and where do our sub units of analysis fit among them. Also, I listed all the sources of data and the Green & Clean and Eco Bag statements that I am going to use for answering this question.

In constructing the methodology for answering the second sub research question – are the goals and the objectives of the social enterprises in Serbia which would employ refugees and IDPs the same as elsewhere – I used the EMES study - *Work Integration Social Enterprises in the European Union: An Overview of Existing Models* (Davister, Defourny, Gregoire, 2004) which is going to be analyzed by conducting a comparative historical research and a documentary analysis. Four main specific objectives for achieving the overall goal of work integration of excluded groups were listed and operationalized. These objectives are going to be connected with data from the presented statements and the other studies, in order to see if the objectives of our sub units of analysis match the objectives of social enterprise in the countries of the EU.

Another goal offered in the methodology for this sub question which is going to be examined, is a social capital. Social capital was recognized here as a goal and as a tool/instrument for achieving other goals. In order to be able to identify it as a goal or a tool within the sub units of analysis, we concluded that the presence of the next indicators within the sub units of analysis will imply that the social capital is a tool. The indicators are: *networks and relations with public authorities and political parties*. Their absence will imply that the social capital is just a goal of the enterprises.

The answer to the third sub question regarding the barriers for work integration among the refugees and IDPs is methodologically constructed in the next way. The concept of the neo-classical theory, human capital stocks, has been introduced, operationalized and connected with the empirical indicators regarding the educational structure of the refugees and the IDPs, as well as the unemployment rates by education. Also, another concept of the neo-classical theory - *long term unemployment* - is connected with the EUROSTAT criteria and the relevant empirical data on the years of unemployment of refugees and IDPs on the Serbian labour market. Furthermore, the concept of social capital is utilized once again and posited as possible barrier for work integration of refugees and IDPs. It is operationalized through examination of social networks within the refugee and the IDP community. Finally, the intention is to analyze to what extent these communities rely on their social networks in finding an employment. If it turns up that they rely more on the social networks than on the state and various employment programmes and strategies, the social capital will be perceived as an obstacle for the work integration of refugees and IDP, emerging from within the same communities.

Finally, the examination of the possible noted influence of the social enterprises on the Serbian labour market is planned in two directions – economic and social influence. These are the main theoretical concepts regarding the activities, goals and missions of social enterprises. The empirical indicator identified as a solid one to assess the economic influence, is a ***job creation***. From the other side, we have determined the existence or non-existence of *cooperation between social enterprises, local centres for social work, and local branches (offices) of the National Employment Agency*, as an indicator the social influence should be assessed with.

Conclusively, in this chapter we have constructed a skeleton for this research which explains how are we going to conduct the analysis, how to collect the data, how to connect the theoretical concepts with the empirical findings, and which research methods to use. Additionally, it is important to emphasize that considering the qualitative nature of our

research, interpretation of the quantitative and the qualitative data will be a significant part of our analytical process.

III

ANALYSIS

THE SOCIO-ECONOMIC BACKGROUND OF SOCIAL ENTERPRISES IN SERBIA

The main characteristics of the socio-economic situation in Serbia are reflected in the combination of the usual transitional problems and the dependence on the inherited problems. Comparing to the other post-socialist countries, the process of the post-socialist transformation in Serbia is marked by various aspects. The last decade of the 20th century in Serbia showed the serious impediments for any kind of reform processes, and the chaotic state of the institutional framework as well. Beside this, the extremely severe economic crises and the devastating civil (1991-1995) war in Bosnia&Hercegovina, and the NATO bombing (1999) of Serbia caused the general breakdown of the Serbian society, which lead to a dramatic worsening of the position of numerous social groups. These kinds of war conditions, economic crisis and institutional chaos made it impossible to begin any reform processes and to engage the Serbian society into a post-socialist transformation. Namely, the true transformation process did not begin until 2000. In order to understand that process and to capture its effects on the field of social economy in Serbia, firstly, we have to give a brief overview of the features of the economy in former Yugoslavia.

Several features of the economy in Serbia and former Yugoslavia as a whole, made it significantly different from other communist/socialist countries in Europe. Even though the economy was ‘commanded’, the (socialist) enterprises had free access both to the internal (quasi-markets) and the external markets. The internal organization of these enterprises was based on the principle of self-management as well. Collective ownership over enterprise assets defined as ‘social ownership’, as well as autonomy of employees in decision-making related to business, profit distribution and selection of management, made the whole economy of former Yugoslavia look very much like ‘social economy’ (Borzaga, Galera, Nogales, 2008, pg. 104). However, the reality of the socialist enterprises was significantly different – they had inefficient internal organization, rather low productivity and definite lack of investments in new, more efficient technologies. This mixture of inefficiency and un-creativity produced huge losses and showed that, in order to endure, social economy that is functioning by these principles had to be seriously protected from the market risks and quite limited in its size. Consequently, during the 1980s the Yugoslavian/Serbian economy and the political system in general fell into yawning crises.

In this context, the main characteristics of the conditions for the development of social economy in Serbia can be found in the specific, delayed process of the post-socialist transformation that is usually named ‘blocked transformation’. ‘Blocked transformation’ was a process in which the former Communist Alliances’ “societal *monopoly* was replaced by interlocked positions of economic and political dominance in order to postpone the development of a market economy and political competition” (Lazic, in Higley & Lengyel, 2000). The term ‘block transformation’ is referring to the period from 1990 to 2000 – the period of Milošević regime. Even though the multiparty political system and the market

economy were introduced on the very beginning of this period, the well entrenched centralized power of the Socialist party intertwined with the economic elites, did not allow the most essential changes and reforms. This situation enhanced the regulatory role of the state in the economy, and the further delay of the extensive privatization process. Moreover, the major features of the blocked transformation period could be summed up as follows.³⁰

- quasi-democratic political system;
- lack of adequate restructuring and privatization of the economy;
- marked expansion of the informal economy;
- hindrance of civil society development;
- isolation by the international community.

The listed conditions led to a dramatic weakening of the state in general, but more crucially, to the weakening of its social functions. The major part of the population experienced fast and sudden impoverishment, and the socially endangered and disadvantaged categories of the population, beside the traditionally marginalized groups in Serbia (persons with disabilities, Roma and so on), started to include quite noticeably refugees and IDPs (from Kosovo and Metohija), but the impoverished domiciled population as well. Simultaneously, the political reforms and democratization were carried out much slower than in the other transitional countries. The results of these tendencies were, among other, hold-up of the justice system reform and the third sector development in a most unusual way (undefined legal status, distorted image of the nongovernmental sector in the public, insufficient experience in production activities, etc.). These circumstances to a large extent led to the present socio-economic situation, which is mainly characterized by poverty, high unemployment rates, weak entrepreneurial inclinations, inadequate legal frame, and so on.

After the fall of the Milošević regime, the democratic parties that took over the political power began the real post-socialist transformation in Serbia. The macro-economic stability was established, as well as a relatively satisfactory rate of economic growth³¹, and key systemic reforms initiated; by the 2004 the reform of the major financial institutions was accomplished, and a whole range of laws improving the business climate were introduced (Borzaga, Galera, Nogales, 2008, pg. 105). Furthermore, what is important for the development of different organizational forms of social enterprises in Serbia, was the adoption of the three general strategies, which contained measures for improving the overall position of all vulnerable groups – *National Strategy for Employment* (for the period from 2005 to 2010), *Strategy for Poverty Reduction* (2003), *Social Protection Development Strategy* (2005) – and other strategies among which, for the purpose of this study, is important the *National Strategy for Solving Problems of Refugees and Internally Displaced Persons* (2002).

However, in the same time the privatization (downsizing, restructuring) of socially owned enterprises³² was undertaken, which caused a considerable level of unemployment, and

³⁰ *Role of Social Enterprises in Employment Generation in CEE and the CIS* – SeConS, UNDP, Belgrade, 2006

³¹ During the first two years, the growth rate was over 5 percent (Strategy for Poverty Reduction, Government of the Republic of Serbia).

³² This was one of the most crucial differences between the Yugoslavian and other socialist systems at the time – in other countries state ownership was the main form of ownership, while in Serbia the prevailing form was ‘social ownership’. This implied that the owner were neither the state, nor individual (non legal) or even legal persons, but the society itself.

by that, relatively slowly economic growth. Along with the 'immature' and the undeveloped markets for goods and services, as well with the low level of purchasing power of the major population (the middle class disappears), the unsuccessful privatisation significantly reduced the possible range for the promotion and the development of the economic activities performed by social enterprises. Correspondingly, in order to understand the existence and the activities of the possible social enterprises in Serbia, beside these more economic factors (although all the types of factors can be perceived as 'systemic'), we have to offer rather brief overview of the third (nongovernmental) sector in Serbia. This sector is inhabited by NGOs, voluntary and charity organizations. The main source of finance of these organizations is mostly external aid and donations.³³ Partly because of this fact, and partly because of the non-existence of a relevant legal framework, since the 2001 the third sector in Serbia is showing quite poor employment potential: 77,3% of NGOs in the year 2001 did not have a single employee; 16,9% employed 1-5 people, and 2,3% 11 or more.³⁴

Nevertheless, the NGOs, together with the voluntary and charity organizations, started to develop another type of NGO, type that is coming closer to the social economy by drawing together the members of disadvantaged groups (refugees, IDPs, unemployed, Roma, women, war wounded). The development of these organizations stimulated the awareness of marginalized groups and disintegration processes, as well as the scope and quality of the solutions offered for their integration (SeConS, UNDP, 2006).

Perceived in this context, social entrepreneurship in Serbia momentarily exists in the form of individual initiatives that solve the problems of unemployment and social isolation of vulnerable groups in sporadic cases. Having in mind socio-economic conditions in the country, possibilities for new forms of support in all the areas of social protection in Serbia are opening. The labour market is still under-developed and too weak to take over the role of a key actor of social integration. The consequence of the uneven transformation of the economy and the society is also a larger and larger seclusion of few disadvantaged groups of the population. Considering the fact, that the economic transition is still not completed, and the fact that there are a high number of marginalized people, social entrepreneurship could have, by a long chalk, more important role in the development of the communities, as well as in the creation of new jobs. However, before that happens, the profile of social entrepreneurship in Serbia has to become more recognizable and its organizational form has to be better defined.

³³ 84.4 percent of NGOs were using foreign funds (mostly foreign foundations and international NGOs), 21 percent local private ones, 10.4 percent local public ones, 7.6 percent the national budget, and 15 percent were charging membership fees – NGO Policy Group: *Third Sector in Serbia*, Belgrade, 2001

³⁴ NGO Policy Group: *Third Sector in Serbia*, Belgrade, 2001

THE CHARACTERISTICS OF SOCIAL ENTERPRISES IN SERBIA THAT ENDEAVOUR TO INTEGRATE REFUGEES AND IDPS IN THE LABOUR MARKET

In the previous, methodology chapter, we suggested how are we going to determine the main characteristics of our three sub unit of analysis (enterprises). For that purpose, we have operationalized the four economic and the five social criteria that are going to be crossed here with the relevant data on the enterprises. Sources of those data are *Green & Clean* and *Eco Bag Statements*, and already listed documents, in the form of studies (UNDP, 2008, SeConS, UNDP, 2006, European Movement in Serbia, 2008).

1 EC³⁵ - a continuous activity, producing and selling goods and/or services –implies a direct involvement of enterprises in the production of goods, or the provision of services, so our three sub units of analysis can be described as follows: **Green & Clean** – the main activity of this enterprise is based on the *provision of services*. It provides cleaning services – mostly cleaning business premises (Green & Clean Statement, 2010). The British Council and the Spanish Cultural Centre ‘Cervantes’ in Belgrade are some of the first institutions/organizations that are using the services of Green & Clean. **Eco Bag** – the *producing activity* of this enterprise is reflected in the production of several types of products – different type of bags, folder, wallets, pencil cases and similar products (Eco Bag Statement, 2010). The products are produced by recycling a specific material called **PVC canvas**, which is increasable being used in advertisement of companies, political parties, festivals etc., in the form of billboards and banners (Ibid.). **Lastavica Catering** – provides catering services to legal entities and natural persons. It is specialized in preparing, distributing, and arranging food for cocktails, receptions, banquets, birthdays and other celebrations; its specialties are home-made cakes, various pies, strudel and other home made products (SeConS, UNDP, 2006).

2 EC – a high degree of autonomy. This means that the enterprises cannot be managed (directly or indirectly) by any other organizations or public authorities, and that they have the right to take up their own position (‘voice’) as well as to terminate their activity (‘exit’) (Defourny, Nyssens, 2006). **Green & Clean** – it is an initiative within the company Bizian group, established by two NGOs – IAN³⁶ and Group 484 (Green & Clean Statement, 2010). It is managed by the personnel from the IAN and the Group 484, and considering this, the enterprise cannot take up its own position, nor terminate its activity. **Eco Bag** – the founder of this enterprise is NGO IDC³⁷. However, “the enterprise is autonomous, and the founder has just 1/3 of the votes” (Eco Bag Statement, 2010), which basically means that Eco Bag can take up its own position, and terminate its activity on its own. There are five people in the managerial board – the executive director, two employees, and two persons from outside the enterprise. **Lastavica Catering** – the NGO Lastavica is the founder of the Lastavica Catering, it nominates the management board, which elects the director (European Movement in Serbia, 2008). Even though the catering Lastavica works today quite independently, its managerial structure is precluding its autonomy.

³⁵ For the sake of better visibility, the economic criteria will be marked with EC (and number in front), and the social criteria with SC.

³⁶ International Aid Network. <http://www.ian.org.rs/>. Web site visited – July, 2010

³⁷ Initiative for Development and Cooperation. <http://www.idcserbia.org/>. Web site visited – July, 2010

3 EC – a significant level of economic risk. Taking in consideration the fact that each of the three enterprises are established by some NGO, by their financial and human resources, it is more than transparent that the enterprises themselves do not take significant economic risks. Even though, after some time, the service provision and the production activities of the enterprises should become the main source of income, this cannot be enough to fulfil this criterion. Another important thing here is the fact that the enterprises use the social capital of their NGO founders in order to find their place on the market. Without that, the workers and the members of the enterprises would not be able to secure adequate resources (Defourny, Nyssens, 2006).

4 EC – minimum amount of paid work. In the Statements (2010) of *Green & Clean* and *Eco Bag* is precisely said that they are employing paid workers, not volunteers. The workers have guaranteed minimum salary, which in Serbia amounts 10,414 RSD³⁸ (a bit more than 100 EUR/per month). The same status of the workers is in the enterprise *Lastavica Catering* (see more in: EMES, UNDP, 2008).

1 SC - an explicit aim to benefit the community. *Green & Clean* is employing four cleaning ladies and one gardener, and all of them are refugees; the women are also single mothers with elementary and high school education (Green & Clean Statement, 2010). *Eco Bag* is employing 9 refugee women over 45 years old (Eco Bag Statement, 2010). In *Lastavica Catering*, 9 women are employed; primarily, the employees came from the refugee population, but in time, women from other vulnerable groups started to be included as well (9 single mothers, financially vulnerable women) (SeConS, UNDP, 2006). Considering this data, we can say with certainty that each of the organizations is promoting social responsibility, and thus, fulfils this criterion.

2 SC – an initiative launched by a group of citizens. The fact that the three enterprises are founded by NGOs (as suggested in the previous, economic criteria) reflects their collective dynamics. Managerial boards of the enterprises are constituted by the personnel from the founding NGOs and from their workers (Green & Clean Statement, 2010; Eco Bag Statement, 2010; European Movement in Serbia, 2008). Having in mind that the enterprises generally employ persons with low education, it is reasonable to claim that the most of the decisions are made by their general managers (with higher level of education). However, this does not deny the fact that each of the enterprises is launched as initiative by a group of citizens. In other words, they fulfil this social criterion.

3 SC - decision-making power not based on capital ownership. In the *Green & Clean* enterprise, decision-making power is in the hands of the executive director, who is from one of the founding NGOs – IAN; there is also a five-member managerial board, but all the members are from the founding NGOs as well (Green & Clean Statement, 2010). Correspondingly, the functioning of the enterprise is not based on the principle of ‘one member, one vote’, and the governing body is distributed among the holders of the capital shares. Perceived like this, *Green & Clean* does not fulfil the third social criterion. As we already noted, *Eco Bag* has also a five-members managerial board – one of them is the executive manager, two are employees of the enterprise, and two are people from outside.

Although these formal structure goes in favour of the criterion in question, the real

³⁸ Work Force Survey, Serbian Statistical office 2009

situation in Eco Bag, gives us a different picture. “Considering the decision-making process, it is intended the votes to be distributed among the founding NGO (IDC – 1/3 of the votes) and the members of the enterprise (the other 2/3). However, all the decisions in this moment are made by me, in some cooperation with the IDC” (Eco Bag Statement - assertion of the executive director of Eco Bag; 06.07.2010). This kind of statement is automatically classifying Eco Bag as an enterprise that does not fulfil this social criterion. The NGO Lastavica, as a founder of **Lastavica Catering**, nominates its management board, which elects the executive director; most of the decision-making power is in the hands of the board and the director (SeConS, UNDP, 2006). However, *two women, with the financial and educational support of the NGO Lastavica, completed training to use computers, followed by a series of training courses in management, preparing business plans and public relations; they began to work on organizing the operations of the enterprise (a system of internet ordering was also introduced), and developing business plans* (EMES, UNDP, 2008). If we observe Lastavica through this lance, we can freely say that it fulfils the third social criterion.

4 SC – a participatory nature, which involves the various parties, affected by the activity. This criterion is actually sublimating the previous two and it focus on a stakeholder influence on participative management and the decision-making process. The relevant stakeholders that can be identified in **Green & Clean, Eco Bag and Lastavica** are: primarily, their founding NGOs, the workers (employees), and the managerial structures between them. As we could see in the second and third social criterion, not all the stakeholders in the first two enterprises, have the same, or remotely the similar influence on a decision-making process. To some extent the workers are formally included in the ‘participative management’, but all the decisions are brought by the executive director (Green & Clean, Eco Bag). In the case of Lastavica, engagement of women workers (with mostly low level of education) in the top managerial activities and in the creation of business strategies is a sufficient reason to claim that Lastavica Catering fulfils the fourth social criterion.

5 SC – a limited profit distribution. **Green and Clean** returns its profit back to the enterprise in three ways: social programme for the workers, investments, support to establishment of new social enterprises. As we can see from this, and also from the Green & Clean mission statement – “our mission and goal is not on maximization of profit, but on maximization of social impact” (Green & Clean Statement, 2010) – this enterprise is generally fulfilling the limited profit distribution criterion. **Eco Bag** uses 20% of its profit for the IDC fund (founding NGO), and the rest of the profit is distributed for salaries and further development of the enterprise. Considering there is no exact limitation presented with exact figures, which relates to this criterion, it is completely our estimation if Eco Bag fulfils or not the criterion. In this manner, I consider that 20% of the profit that is distributed to the founding NGO is in the borders of limited distribution, so Eco Bag can be classified as a social enterprise that fulfils this social criterion.

In the initial period of **Lastavica Catering**, the NGO Lastavica offered significant financial, administrative, and educational support to the enterprise (UNDP, 2008). It was agreed that after these three years, the social enterprise should start transfer part of its profit to the NGO (Ibid.). Unfortunately, this part of the profit that should be transferred is still not defined and also, question arose as to the form in which the NGO is able to accept this money (European movement in Serbia, 2008). Considering this, and taking into account the fact that

big part of Lastavicas' profit was engaged in purpose of training women to prepare foods, as well as to standardize recipes and the preparation procedures, we can positively conclude that the behaviour of Lastavica is not oriented towards the maximization of profits. Namely, it fulfils the fifth social criterion.

In the sake of better illustration of the explained relationship between the sub units of analysis and the economic and the social criteria, we will insert the data for each of the enterprises in the model of table sketched and developed for this purpose in the research methodology chapter. The results will be inserted in the matching fields of the table in form of **YES/NO** answers (**YES** – the organizations fulfil a certain criterion; **NO** – the organization does not fulfil certain criterion).

Table 7. – *Social and economic criteria in relation with the sub units of analysis*

SUB UNITS CRITERIA	<i>GREEN&CLEAN</i>	<i>ECO BAG</i>	<i>LASTAVICA</i>
<i>Economic</i>			
1 – A continuous activity, producing and selling goods and/or services	YES	YES	YES
2 – A high degree of autonomy	NO	NO	NO
3 – A significant level of economic risk	NO	NO	NO
4 – A minimum amount of paid work	YES	YES	YES
<i>Social</i>			
1 – An explicit aim to benefit the community	YES	YES	YES
2 – An initiative launched by a group of citizens	YES	YES	YES
3 – Decision-making power not based on capital ownership	NO	NO	YES
4 – A participatory nature – involves the various parties affected by the activity	NO	NO	YES
5 – Limited profit distribution	YES	YES	YES

It has to be emphasized here that, rather than composing prescriptive criteria, the indicators given in the Table 7. describe an 'ideal-type' of social enterprises. This 'ideal type' allows and enables researchers to find the way and orient themselves within the complex galaxy of social enterprises. *Without any normative perspective, they constitute a tool, somewhat analogous to a compass, which can help the researchers locate the position of*

certain entities relative to one another, and which may enable researchers to establish the boundaries of the set of organization that they will consider as that of social enterprises (Defourny, Nyssens, 2006). In other words, the lesser or greater fulfilment of the criteria for each of the sub units, cannot communicate to us to what extent these enterprises are social enterprises (lesser or grater). They can just help us to locate them in the variety of organizational and legal forms of entities that are close to the model of social enterprises.

Having in mind that the legal framework of Republic of Serbia does not recognize or define well enough social enterprises as organizations, every research in this sector is based on a conceptual development of the nine criteria, and on the adaptation of EMES definition of social enterprises, which is given in the theoretical chapter. However, in the studies – *Role of Social Enterprises in Employment Generation in CEE and the CIS* – National Study in Serbia, SeConS, UNDP, Belgrade, 2006; *Mapping Social Enterprises*, UNDP, Belgrade, 2008 – the afore mentioned ‘tool’ is “adjusted to the conditions of the societies existing in Central and Eastern Europe and slightly differ from the initial criteria the EMES defined for EU” (SeConS, UNDP, 2006). In the following lines we will present these adjusted criteria and the results of their conceptualization and operationalization in the listed studies, and regarding the forms of organizations that have been identified as to entirely correspond to the concept of social enterprise. We will undertake this in order to check if our sub units of analysis match any of the organizations, and by that meet the requirements needed for their determination as social enterprises in Serbia. In this manner, the adjusted economic and social criteria are:³⁹

- 1) Activity producing goods and/or selling services;
- 2) A degree of autonomy;
- 3) A trend toward paid work;
- 4) An explicit aim to benefit the community or a specific group of people;
- 5) A decision-making power not based on capital ownership;
- 6) Exclusion of profit-maximizing organizations.

As we can from the Table 7., **Green & Clean** and **Eco Bag** have identical results regarding the fulfilment of the criteria. So, these two enterprises fulfil the criterion no. (1), (3), (4), (6), within the ‘adjusted’ criteria. The results for enterprise **Lastavica** are slightly different: beside the criteria (1), (3), (4), (6), this enterprise fulfils the criterion (5) as well. By using these results and the legal form of the sub units we will locate them in the following forms of organizations that almost entirely correspond to the concept of social enterprise, or are very close to that model:⁴⁰

- Voluntary organizations in two forms: self-help organizations and socially oriented organizations;
- Cooperatives;
- Social cooperatives;
- Vocational enterprises for handicapped;
- Spin-off enterprises in the forms of Ltd. and joint stock companies
- Business incubators;

³⁹ *Role of Social Enterprises in Employment Generation in CEE and the CIS* – National Study in Serbia, SeConS, UNDP, Belgrade, 2006; *Mapping Social Enterprises*, UNDP, Belgrade, 2008

⁴⁰ Ibid.

- Agencies for SME development.

Green & Clean, Eco Bag and **Lastavica Catering** are registered as *limited liability companies/enterprises*. However, considering that each of them has one or several founders (NGOs in this case), they are identified as *spin-off enterprises*. Taking this fact into account and considering the purpose of our research, we are going to analyze only this organizational and legal form of social enterprise in the Serbian context, and the other forms will be left aside for some future, more detailed and comprehensive, studies of the social entrepreneurship sector in Serbia.

The spin-off enterprises are characterized by a close association with the mother NGO, as well by a subordination of business goals of the enterprise to the mission and the goals of the NGO (SeConS, UNDP, 2006). This statement can be confirmed by briefly presenting the main mission and the goals of the mother NGOs of our sub units of analysis. Group 484 and IAN as mother NGOs of Green & Clean, state their missions and visions as follows (the mother NGOs of Eco Bag and Lastavica Catering are given in the same mode below):

- Group 484⁴¹ – *provision of informative, legal and psycho-social help to most endangered refugees and IDPs in Serbia. The main directions of activities are: support to forced migrants, work with youth, and regional cooperation in the field of migration;*
 - IAN⁴² - *Vision: Ian wants the region of South East Europe to be healed from the consequences of war and political violence and to become a civil society where human rights and well being of all are respected; Mission: supporting the human rights violation survivors and other marginalized groups in development of their own potential for decent life in peace.*

- IDC⁴³ – *safe youthfulness, support of unemployed persons and human resource development, creation of a sustainable and effective system for providing free legal aid in Serbia.*

- Lastavica Catering⁴⁴ – *empowerment of vulnerable groups (refugees, IDPs, children, old people, unemployed, socially endangered...) through programs of education, income generation activities, psycho-social help, and exchange of information. Provision of services to refugees and IDPs in the local community, to old people, socially endangered and other marginalized groups.*

With these statements we have confirmed that the main objectives and activities of our three sub units of analysis are subordinated to the missions and the goals of their mother NGOs. Also, this is indicating the fulfillment of the criteria regarding the minimum amount of paid work (income-generating activities), the explicit aim to benefit the community (employment generation of refugees and IDPs), and the exclusion of the profit maximization principle. Furthermore, as we already noted, the enterprises are also characterized by a personnel cross from the mother NGOs – mostly executive directors, and project managers. Sometimes, like in the case of Lastavica Catering, the spin-off enterprises even keep the name of their founder NGO (NGO Lastavica). Speaking in terms of the fulfillment of the economic and social criteria, the fact that the enterprises are founded by other legal entities and the

⁴¹ <http://www.grupa484.org.rs> . Web site visited – July, 2010

⁴² <http://www.ian.org.rs/vision/index.htm> . Web site visited – July, 2010

⁴³ <http://www.idcserbia.org/vesti.php?id=27&lang=english> . Web site visited – July, 2010

⁴⁴ *Social Enterprises and the Role of Alternative Economy in the Process of European Integration*, European Movement in Serbia, Belgrade, 2008, pg. 91

application of the subordination principle, are implying that spin-off enterprises in general have relatively limited autonomy. This is exactly the economic criterion that neither of the sub units of analysis is fulfilling. Nonetheless, formally, and perceived through the lance of the Serbian legal framework, Green & Clean, Eco Bag and Lastavica Catering, are profit-oriented enterprises founded for couple of *reasons* (Borzaga, Galera, Nogales, 2008, pg. 128):

- 1) As a consequence of the need for voluntary organizations (associations of citizens – NGOs) to perform manufacturing/service activities, for which they employ representatives of vulnerable target groups;
- 2) As a consequence of the effort of voluntary organizations (association of citizens – NGOs) to use proceeds from market operations to ensure the sustainability of the organization and/or the better realization of its goals.

It has to be underlined here that this exact form of advancement of social entrepreneurship and social enterprises in Serbia is still in its primary phase, and that this situation is reflecting the efforts of the NGOs that express interest in social entrepreneurship, to engage their experience, resources, social capital, goals and needs, in the best possible way. The main problem that is emphasized this way is “precisely that of defining the relationship between the ‘social’ and the ‘entrepreneurial’, i.e. between a NGOs’ wider social goals (supporting vulnerable groups, etc.) and the vital need of daughter enterprises to operate efficiently as an income/employment-generating entity (preventing losses produced by unrealistic expenditures on the social programmes of the founding NGO)” (Borzaga, Galera, Nogales, 2008, pg. 129).

Conclusively, the results from the Table 7. are connected with the economic and the social criteria adjusted for the context of CEE and CIS countries (naturally Serbia as well), and applied in the case of the appropriate legal and organizational form (*limited liability enterprise* → *spin-off*) identified among the seven types of organizations in Serbia that correspond to the concept of social enterprise. We explained what are the reasons for founding spin-off enterprises, what are the relations between the mother NGOs and the enterprises, and how those relations shape the goals, the activities, as well as the very nature of the daughter companies, which further influence if they are going to fulfil certain economic/social criterion or not. From the data presented in the next table (Table 8.), we will see how Green & Clean, Eco Bag and Lastavica Catering fit in the Serbian legal system and which are the laws that are giving an outline of their activities:

Table 8. - Review of different legal forms of organizations in social entrepreneurship in the context of Serbia (with inserted sub units of analysis)

Legal Form	Relevant Laws	Profit Orientation	Ownership	Types
Association of citizens	- The Law on Social Organisations and Associations of Citizens, 2009 - The Law on Churches and Religious Communities, 2006	Non profit	Collective	- voluntary organizations; - self-help organizations; - religious organizations; - microfinance organizations

Cooperative	- The Law on Cooperative, 1989 (second Law adopted in 1996; draft Law in the Ministry for economy and regional development, expected to be adopted by the end of 2010)	For profit	Collective	- agricultural cooperatives; - women's cooperatives; - social cooperative
Limited liability company	- The Company Law, 2004	For profit	Private	- SME Agency; - incubator; - <i>spin-off enterprises</i> → <i>Green & Clean, Eco Bag, Lastavica Catering</i>
Joint stock company	- The Company Law, 2004	For profit	Private	Spin off enterprises
Vocational enterprises for handicapped	- The Law on Professional Rehabilitation and Employment of People with Disabilities, May, 2009	For profit	State, private	Vocational enterprises for handicapped

Source: SeConS, UNDP, 2006 (note: the laws from the original table are updated)

As we can see from the table above, Green & Clean, Eco Bag, and Lastavica Catering are functioning under ***The Company Law from 2004***⁴⁵, which defines Limited Liability Company as “a company founded by one or several legal or natural persons, who are members of the company, in order to perform determined activities under the same business name”. Determined by the same law, they are for profit companies, with a private ownership. As we already described and explained, and as we can see from the table, the enterprises in question belong to the *spin-off type of the limited liability companies*. Considering that nowhere in The Law on Companies (2004) the term social enterprise, social entrepreneurship, or similar can be found, we can conclude that Green & Clean, Eco Bag, and Lastavica Catering are functioning as regular spin-off type of limited liability companies.

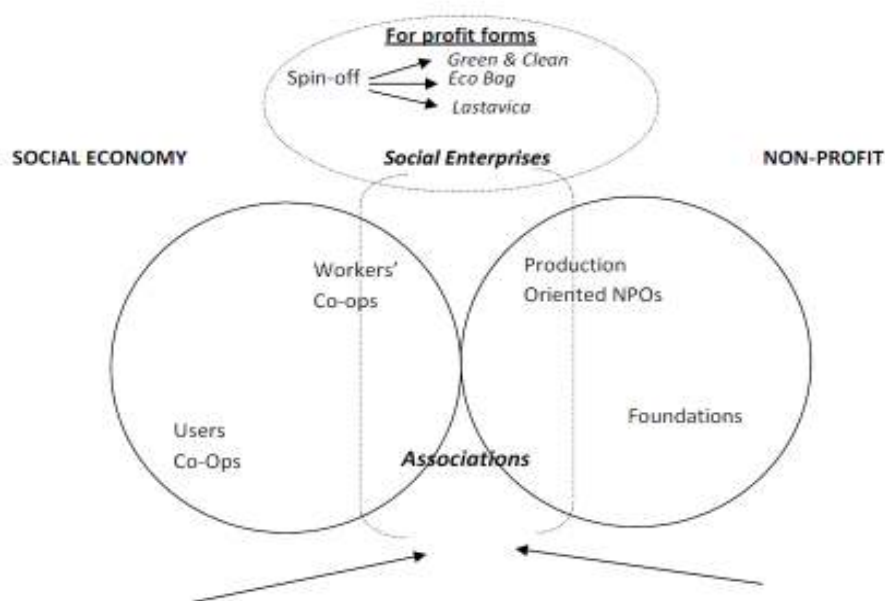
Actually, the term “social enterprise” in the Serbian legislative system is for the first time mentioned in the Law on Professional Rehabilitation and Employment of People with Disabilities, in the article 45⁴⁶, which was passed on May 13th 2009. Under this law, “social enterprise is a business association established for providing services directed towards fulfilling the needs of people with disabilities, and which employ at least one person with disability; social enterprises are required to direct a part of their profit to improvement of work conditions, working skills, social integration, living standard and fulfilling needs of people with disabilities”, but it is registered as “normal” enterprise, under the afore mentioned Company Law (2004).

⁴⁵ Official Gazette of Republic of Serbia, No. 125/04.

⁴⁶ Official Gazette of Republic of Serbia, No. 36/09

The fact is that there are no laws in the Serbian legal framework that can regulate the social entrepreneurship sector more precisely and concretely, and that the existing ones put all the organizations with social aims under the umbrella of ‘normal’ for profit companies. This situation, along with the data we have (on the legislative solutions, enterprises’ fulfilment of the economic/social criteria, on the mission and goals of the mother NGOs), can be utilized in order to locate Green & Clean, Eco Bag and Lastavica Catering in the rather complex crossroads of the social economy and the non-profit sector. For that purpose, I am going to use the Figure 2. (here Figure. 4) from the theoretical chapter, and by inserting the names of the three enterprises, I will illustratively show their location between the two sectors.

Figure 4. – Location of the sub units of analysis, at the Crossroads of the Social Economy and the Non-Profit Sectors



As we can see from the Figure 4., Green & Clean, Eco Bag, and Lastavica Catering are located in the area inhabited by purely for profit forms of social enterprises, exactly between the social economy and non-profit sector. However, while observing this figure, we have to be aware of the positioning of the enterprises’ mother NGOs in the non-profit and social economy sector. Perceived in this context, and also taking in consideration elaborated legal limitations, the mission and the main goals of our three enterprises can be interpreted outside of the for profit frame (based not just on making profit), as well.

1) What are the main characteristics of the social enterprises that endeavour to integrate different vulnerable groups, such as refugees and IDPs, on a labour market?

Green & Clean, Eco Bag, and Lastavica Catering are enterprises involved in (characterized by) the production of goods, or in the provision of services. In order to carry out their activities, they are employing paid workers not volunteers, which is distinguishing them as a second type of social enterprises – Work Integration Social Enterprises. Another common characteristic of our sub units of analysis is engagement and employment of most disadvantaged people from the refugee and the IDP population in Serbia. Exactly this characteristic reflects the social component and dimensions of the enterprises, and posits them as promoters of social responsibility within the entrepreneurial initiatives in the actual Serbian context. Furthermore, the fact

that each of the three enterprises was established by one or several NGOs, pointed out to us at their collective dynamics and initiative different from the entrepreneurial one – initiative launched by a group of citizens. Along with the promotion of social responsibility this initiative implied that Green & Clean, Eco Bag, and Lastavica Catering based their missions not on profit-maximization behaviour but on a limited profit distribution. However, the analysis showed that Lastavica Catering is slightly distinguishing itself from the other two cases by its next characteristics: the decision-making power within this enterprise is not based on a capital ownership, and all its relevant stakeholders have some influence on the participative management and the decision-making process.

Green & Clean, Eco Bag, and Lastavica Catering are established and registered as **limited liability companies**. Cross-examination of their characteristics and legal form with the adjusted economic and social criteria for the CEE and CIS countries, as well as with the identified forms of organizations in Serbia that almost entirely correspond to the concept of social enterprises, showed us that Green & Clean, Eco Bag, and Lastavica Catering belong to the **spin-off type of social enterprises** in Serbia. As spin-off enterprises they are characterized by a close association with the mother NGOs as well by subordination of business goals of the enterprise to the mission and the goals of the NGO (SeConS, UNDP, 2006). This is why our sub units of analysis in general have relatively limited autonomy, and why there is a constant tension between the 'social' and the 'entrepreneurial' component on the relation spin-off enterprise-mother NGO. Shortly, our sub units of analysis are determined by law as 'normal' for profit, limited liability companies/enterprises, that have inherited the social mission and the goals of their mother NGOs. This situation, as we could see, is shaping Green & Cleans', Eco Bags', and Lastavicas' Catering general and more specific characteristics in the present Serbian socio-economical context and the (none)existing legal frame.

The Socio-economic goals and objectives

Social enterprises are multiple-goals enterprises. In the majority of cases the goals are reflected in the form of social and economic ones. We saw in the previous section that there is a constant tension in the relationship between the ‘social and entrepreneurial’, in all the forms and types of social enterprises. In the non profit organizations (production oriented NPOs, foundations) and the ones from the social economy sector (workers’ and users’ co-ops), the real challenge and formal obstacle is the realization of profits through productive or service provision activities; but their ‘social’ mission and program is developed and implemented in a different directions (*ex. NGO, Group 484* – legal and psycho-social help to most endangered refugees and IDPs, regional cooperation in the field of migration). From the other side, all the forms of for profit organizations are faced with the opposite dilemma and barriers – how to operate efficiently as an income-generating entity, how to be competitive on the market and in the same time implement social missions (support vulnerable groups). The problem of the later form of social enterprises is even bigger, because, as we could see, there are no laws in the Serbian legal system that differentiate ‘normal’ for profit companies and for profit companies with a strong social component. In this context, for profit social enterprises are left to themselves, and they have to find their own way and position on the market, while competing with ‘normal’ profit maximization oriented companies.

However, the main social and economic goals of Green & Clean, Eco Bag, and Lastavica Catering, are integrated in the form of overall work integration objectives, which immediately determines them as belonging to the Work Integration type of social enterprises. These goals and objectives are closely correlated with the economic criteria related with *a continuous activity, producing and selling goods/or services*, and with *a minimum amount of paid work*, as well as with the social criterion which is referring to *the explicit aim to benefit the community* (support of vulnerable groups – refugees and IDPs). Each of the three sub units is fulfilling these criteria, which is opening the door towards the general identification and determination of their main goals and objectives.

Firstly, it has to be noted once again that the work integration objective of the social enterprise is inextricably connected with the integration of the excluded groups in a society. In our case, the excluded groups which are covered by the activities of the three enterprises are the refugees and the IDPs. Analyzing the EMES study – *Work Integration Social Enterprises in the European Union: An Overview of Existing Models* (Davister, Defourny, Gregoire, 2004), presented in the methodology chapter, we found *able-bodied jobseekers with serious integration problems*, as one of the identified excluded groups in the countries of EU. Among its four sub groups listed previously in the research methodology section, we are distinguishing two of them, in which the refugees and the IDPs by their socio-economic position in the Serbian society can fit: (1) job seekers with serious social problems; (2) “hard to place” and/or long term job seekers.

The refugees and the IDPs in Serbia are most definitely *job seekers with serious social problems*. These problems are in different areas and various by their nature, although all of

them are included under the term social. For example, there are still 86.000 of refugees without Serbian citizenship or Serbian ID.⁴⁷ This is one of the most serious obstacles for finding employment in a modern society. Furthermore, 62% of the refugees and IDPs do not have a resolved housing problem – 42% of them live as sub-tenants, and 21% live at their friend or cousins apartments.⁴⁸ These figures are giving us one, rather gloomy picture of the position of the refugees and the IDPs in the Serbian society, and their possibilities to find an employment. From the next table (**Table 9.**) we can see which social problems among the target groups themselves are experienced as the most serious – this is examined through the question - *which types of help are most necessary for you at this moment* (February, 2010):

Table 9. – *Types of help refugees and IDPs recognize as most important*

Types of Help	% of the general Refugee and IDP population
Resolving housing problem	79.0
With the unemployment	7.9
Humanitarian	4.6
Medical	2.8
Social care	2.1
For return in the mother country ⁴⁹	0.7
Legal help	0.5
Psychological	0.2
In connection with education	0.2
Refuses to answer/Don't know	2.1

Source: *Strategic Marketing, Group 484, 2010*

The percentage of refugees and IDPs, which are unemployed more than one year, is 83,5⁵⁰. We don't need to say nor conclude that this percentage is just enormous – the figures speak for themselves. However, in the same moment we should not be welded by them, and perceive the refugees and the IDPs, as most endangered and the only categories of the overall Serbian population, that are almost entirely unemployed in a long term. Because, this way of thinking can lead us to the categories like discrimination, prejudice, intolerance, etc., perceived as general reasons for the high rate of long term unemployment among the refugees and IDPs. Namely, that would ramble us from the main research topic of this thesis. Due to this fact, I have to offer data on the long term unemployment of the general Serbian

⁴⁷ Group 484; see at: http://www.grupa484.org.rs/index.php?option=com_content&task=view&id=397&lang=srpski . Web site visited – July, 2010

⁴⁸ Research of Strategic Marketing and Group 484 on Labour Market Status of Refugees and IDPs, Unpublished Results, Belgrade, 2010.

⁴⁹ In the case of IDPs is – return to Kosovo and Metohija.

⁵⁰ Group 484; see at: http://www.grupa484.org.rs/index.php?option=com_content&task=view&id=397&lang=srpski . Web site visited – July, 2010

population (without refugees and IDPs) – 75% of the domiciled population is unemployed more than one year⁵¹. Conclusively, we can say that both the entire domicile and the refugee/IDP population belong to the group of “hard to place” and/or long term job seekers. However, the very nature of social enterprises and the general purpose of this study do not allow us to include the entire domiciled population as one vulnerable group in our analysis.

Once we have proved that the refugees and the IDPs in the actual Serbian context, belong to two of the identified excluded groups in the countries of EU, we will analyze if the mixture of the general economic and social goals of Green & Clean, Eco Bag, and Lastavica Catering is implying some of the four identified specific objectives of Work Integration Social Enterprises in the countries of EU, examined in the EMES study (Davister, Defourny, Gregoire, 2004). The four specific objectives are: *transitional occupation*, *creation of permanent-self-financed jobs*, *professional integration with permanent subsidies*, and *socialization through productive activity*.

Transitional occupation is implying an objective for integration of disadvantaged workers in the open labour market by providing them with work experience and on-the-job training. The very term ‘transitional’ is informing us that the employment contracts of the workers can be traditional ones, but fixed-term contracts as well. All the workers in Green & Clean, Eco Bag, and Lastavica Catering are employed under the traditional, full employment contracts (Green & Clean Statement, 2010; Eco Bag Statement, 2010; European Movement in Serbia, 2008). Besides just employing them, **Lastavica Catering** also engaged the refugee and IDP women in training to prepare foods as well as to standardize recipes and preparation procedures (EMES, UNDP, 2008). In this way, Lastavica Catering is providing both the work experience and the on-the-job-training.

The activities of **Eco Bag** actually started with the implementation of the project and the workshops “*Support in access to employment and creation of cooperative by organizing ecological workshop involving the use of specific waste material*”, that was organized by its’ mother NGO – IDC; aim of the project was to provide a vocational training for 15 unemployed vulnerable (refugee) women in the textile sector in a line with world market tendencies, highlighting recycling and environmental protection (Eco Bag Statement, 2010). Nine of these fifteen women were employed in Eco Bag after the project and the workshops were finished. Conclusively, the main objective of Eco Bag is to provide the target group with work experience in the specific sector of recycling of waste material. In the **Green & Clean** Statement there is no mentioning of on-the-job trainings, just the mission and the goal to employ as many as possible refugee and IDP women and provide them with regular income (Green & Clean Statement).

Having these facts in mind, it is more than clear that Green & Clean, Eco Bag and Lastavica Catering share the common, the overall goal of integrating refugees and IDPs in the labour market, and the specific objective of providing a transitional occupation – through enrichment of work experience and on-the-job trainings. The goal and the objective perceived like this imply that the enterprises endeavour to employ people from the target groups, to provide them with necessary experience and skills, and by that to create a possibility for them to find a more stable and a better paid job in a medium term. However, in the actual Serbian

⁵¹ Ibid.

socio-economic context, which implies high rates of unemployment⁵², and more important, of long term unemployment of the domiciled population⁵³, an employment of particular vulnerable groups for a transitional period, can be interpreted as a long term solution. The access to the labour market is limited, the competition is enormous, and the opportunities to be integrated on the labour market are minimal. So the specific objective of providing transitional occupation is inevitably moving on towards the objective which implies long term employment. Exactly here, the first, of the four identified specific objectives, overlaps with the second one – *creation of permanent self-financed jobs*.

Creation of permanent self-financed jobs, or in other words, of stable and economically sustainable jobs – for job seekers with serious social problems and “hard to place” and/or long term job seekers. Most often, although that is not a rule, in their initial phases, social enterprises are helped by a different forms of public subsidies in order to achieve this objective. *Eco Bag* has received help from the city of Belgrade municipality Vracar, where this enterprise is located, in form of very beneficial use of business premises (Eco Bag Statement, 2010). Other form that, Eco Bag normally performs its activities on the open market as a limited liability company. The other two enterprises, *Green & Clean* and *Lastavica Catering*, do not receive any form of public subsidies and they conduct their business activities as any other ‘normal’ for profit company/enterprise (Green & Clean Statement, 2010; SeConS, UNDP, 2006). Correspondingly, each of the enterprises is relying on its own capacities, activities and business performance in the open market in order to accomplish the objective of creation of permanent self-financed jobs.

While the first objective (providing transitional occupation) reflects more the social dimension of social enterprises, the later one reflects more the entrepreneurial dimension. In this context, the very legal form of our enterprises confirm that one of their main objectives is to create stable and economically sustainable enterprises, that would be able to offer stable, long term jobs/employment to the target groups, and to integrate them in the labour market. In this manner, Green & Clean, Eco Bag and Lastavica Catering have the help of their mother NGOs in the form of financial, administrative, and educational support. Thus, the objective in question is actually constructed and inherited from the mother NGOs, whose legal form does not allow commercial (producing, selling services) activities. In other words, by establishing their spin-off enterprises, the mothers NGOs have expressed the intention of developing further their social missions in the direction of commercial, profitable actions.

The analytical overview of the first two identified specific objectives of Work Integration Social Enterprises in the countries of EU (Davister, Defourny, Gregoire, 2004), in relation with the overall goals of Green & Clean, Eco Bag, and Lastavica Catering, shows that they correspond each other. Also, taking in consideration the Serbian socio-economic context, we concluded that the objective of providing transitional occupation for the refugees and the IDPs, and the creation of permanent self-financed jobs are in an obvious overlapping.

⁵² The average rate of unemployment in the Republic of Serbia for the year 2009 was, 25,80%. Source: Serbia Investment and Export Promotion Agency, www.siepa.gov.rs/files/pdf/Stope_nezaposlenosti_u_2009_godini.pdf. Web site visited – July, 2010

⁵³ The average rate of long term unemployment of the domiciled population in Republic of Serbia, for the year 2009 was 75%. Source, NGO Group 484, http://www.grupa484.org.rs/index.php?option=com_content&task=view&id=397&lang=srpski. Web site visited – July, 2010

That is a reflection of still not well defined position of social enterprises in the Serbian legal system and the pursuit for the appropriate balance between the social and the entrepreneurial dimension of the social enterprises in the overall Serbian context. Furthermore, we can see that Green & Clean, Eco Bag, and Lastavica Catering are not relying on a permanent public subsidies in order to achieve their goals, neither they are ‘sheltered’ from the open market in any way. Taking this into account, it is clear enough that the third objective – ***of professional integration with permanent subsidies*** – is not among the objectives that determine the main actions of the sub units of analysis. Their aim is not to attract and use the public subsidies which would help them to integrate refugees and IDPs professionally in the Serbian labour market.

The fourth specific objective examined in the EMES study (2004), is the objective of ***socialization through productive activity***. This refers to the aim of social enterprises to achieve re-socialization of the target groups through social contact, while the professional/work integration is not that much in the focus. The target groups which ‘needs’ re-socialization are usually determined as groups with serious social problems (alcoholics, drug-addicts, former convicts etc.) and people with a severe physical or mental handicap“ (Davister, Deforny, Gregoire, 2004). Refugees and IDPs are mostly not among these target groups. This is especially the situation with the refugees in Serbia, because, unlike refugees in other European countries, they are coming from the ex Yugoslavia republics, thus they speak the same language, share the same traditions and culture with the domiciled population. In other words, they do not ‘need’ socialization and re-socialization that much as integration in the labour market. And here, the overall main goal here is not the integration in the labour market, but rather the re-socialization, which is not regulated by a real legal status or work contract. The goals and the objectives of Green & Clean, Eco Bag, and Lastavica Catering definitely do not match this, fourth specific objective. They endeavour to employ exactly refugees and IDPs, under traditional or fixed-term employment contracts, and to create economically sustainable jobs, which would contribute to their gradual integration in the Serbian labour market.

Once we have examined all the four objectives of WISE identified by EMES (2004), and crossed them with the goals, missions and the activities of Green & Clean, Eco Bag, and Lastavica Catering and their mother NGOs, we will use the model of table 3. given in the methodology chapter referring to the examples and qualifications of work integration objectives of social enterprises in some EU countries to insert the results regarding the main goals and objectives of the three sub units of analysis.

Table 10. - Examples and qualifications of work integration objectives of social enterprises in some EU countries (including Green & Clean, Eco Bag, and Lastavica Catering)

Transitional Occupation	Portugal and Belgium: enterprises for on-job training provide possibilities for improvement of personal, social and professional abilities of the workers; Italy: social cooperatives of type B are active in the field of work integration of persons in a difficult position (legal framework from 1991).	<table><tr><td>Serbia - Spin-off enterprises -</td></tr><tr><td>1) Lastavica Catering</td></tr><tr><td>2) Eco Bag</td></tr><tr><td>3) Green & Clean</td></tr></table>	Serbia - Spin-off enterprises -	1) Lastavica Catering	2) Eco Bag	3) Green & Clean
Serbia - Spin-off enterprises -						
1) Lastavica Catering						
2) Eco Bag						
3) Green & Clean						
Creation of Permanent Self-financed Jobs	France: enterprises for long-term integration offer permanent employment to the workers in order to enable them to achieve social and professional autonomy, and be successful as 'economic actors' in the participative managerial structure.					
Professional Integration with Permanent Subsidies	Portugal, Sweden and Ireland: provided workshops; Belgium: enterprises for adapted work offer various production activities for persons with physical and mental disabilities.					
Socialization through Productive Activity	France: the aim of centres for adaptation is not achieving the certain level of productivity, but "re-socialization through work" for persons with psychological and social problems; Belgium: social enterprises for work integration engage persons with serious social problems, in order to provide them with certain level of social and professional autonomy. One of the areas of their action is assortment and recycling of waste. Spain: centres for work therapy offer therapy for persons with severe difficulties, who, because of those difficulties, are not in possibility to find employment on the open labour market.					

Source: UNDP, 2008

Besides the goals connected with the work integration of refugees and IDPs, we have to mention briefly, that there is one more objective that separates Eco Bag from the other two enterprises. This objective is connected with the one of the pillars of Eco Bag – *promotion of ecology and environmental protection* (Eco Bag Statement, 2010), which is implying a "contribution to environmental protection by making use of recycled material" (Ibid.). The production activities of Eco Bag are definitely determined by its environmental goals, which are basically positioning this enterprise as a "first ecological-social enterprise in Serbia" (Ibid.). This way, Eco Bag combines social functions, by employing refugee women, and ecological ones, by promotion production activities that contribute to the preservation of the environment.

The Socio-political goal – 'producing social capital'

One of the prerequisites of social entrepreneurship development is the development of modern social capital. It is based on a generalised relations of trust and solidarity between people that share the same social space; only if modern forms of solidarity and trust are already established, it becomes possible to develop organisations that use the economic aspect of doing business in the aim of attaining social goals (primarily those of the disadvantaged groups), as well as to merge socially integrated with socially non-integrated, in the aim of fulfilling these goals (SeConS, UNDP, 2006). More concretely, speaking in terms more practical than the mentioned moral values (solidarity, honesty, trust), thus more easily measurable and examinable, the pursuit of a 'social capital goal' by social enterprises may

translate into a will to cooperate with economic, social and political actors through the development of various networks, or in the promotion of volunteering (Davister, 2004, see Defourny, Nyssens, 2006, pg. 10).

Taking this in consideration, Hulgard and Bisballe (2008) has identified *networks and relations with public authorities and political parties* as a solid indicator for determining the presence of social capital in a certain social enterprise. However, in relation with these indicators, social capital has double determination – as a *goal*, and as a *tool/instrument* for achieving other objectives of a social enterprise. If a certain social enterprise poses social capital, this capital is not a goal any more – it's becoming a tool for achieving other goals and objectives. Correspondingly, the absence of social capital within a social enterprise has the opposite effect – social capital is perceived as a goal itself. In other words, if some of the three enterprises we analyze, has already established networks with the local organizations and institutions, and relations with public authorities and political parties, the social capital will be observed as a tool, and as such, it won't be analyzed here. From the other side, if our sub units of analysis do not have any 'stocks' of social capital, we will be able to conclude that it is another goal of theirs, besides the identified socio-economic specific objectives.

Green & Clean and **Eco Bag** are spin-off enterprises established in approximately the same period – the end of the year 2009. Actually, the both of them started their activities only few months ago due to the wide-ranging support of their mother NGOs (Green & Clean Statement 2010; Eco Bag Statement, 2010). Having this in mind, it is reasonable to claim that the enterprises in question did not have much time until now to develop real networks and to establish relations with different powerful actors. This claim is becoming even more valid if we take in consideration the fact that neither Green & Clean, nor Eco Bag do not fulfil the economic criterion regarding the degree of autonomy. The enterprises do not have the possibility to design their activities by themselves, nor to get involved in any kind of relationship with a local organizations and politicians. All this activities are led by the managerial board of the enterprises, which are appointed by the mother NGOs. Conclusively, the only social capital that the enterprises can possess is the social capital of their NGO founders. However, the networks and the partnership developed by the founding NGOs are including mostly foreign donors, international organizations and NGOs, as well as the funding institutions, programmes and bodies of the EU. This cannot contribute dramatically to the constitution of networks and partnership relations on a local level, with the local institutions and organizations.

In the Green & Clean Statement (2010) I could not find any data that would inform us on the existence of the particular networks or relations with the public authorities. As a matter of fact, support to the establishment of new social enterprises in Serbia is listed as one of the main goals of the enterprise (Green & Clean Statement, 2010). This is reflecting the goal of the enterprise to get involved in relations with other social enterprises, local organizations and institutions that work in the field of social economy (for example, City of Belgrade, Sector of economy). The situation is slightly different with the **Eco Bag**. As we could see, Eco Bag has accomplished a certain relationship with the city of Belgrade municipality Vracar, were this enterprise is located (Eco Bag Statement, 2010). So, there is a relationship with some politicians and administrators from the municipality of Vracar. However, even though this relation shows a possession of a certain level of social capital, the narrow range of the

cooperation and the absence of any other form of networks, communicate to us the fact that the social capital within Eco Bag is perceived as one of the main goals, not as a tool for achieving them. Close over, one of the stated goals of Eco Bag – *promotion of the concept of social entrepreneurship in Serbia* (Eco Bag Statement, 2010) – is exactly expressing the Eco Bag's orientation towards the processes of social capital accumulation (through cooperation with other social enterprises, relevant institutions and political actors).

Lastavica Catering is established at 2000. Thus, this enterprise exists full ten years and it is employing eleven refugee and IDP women. Nowhere in the relevant documents that have analyzed Lastavica Catering (SeConS, UNDP, 2006; EMES, UNDP, 2008; European Movement in Serbia, 2008), I could not find any data or information that confirms the existence of connections, in the form of networks and relations with public authorities and politicians that involve Lastavica. In other words, the documentary analysis tells us that Lastavica does not possess any 'stocks' of social capital, and correspondingly, that social capital has to be perceived as a goal itself of the enterprise. Nevertheless, the years of existence of the enterprise, tell us rather a different story, and bring us to a different conclusion. Lastavica managed to accomplish and to keep its economic sustainability for ten years, without any help and support from the relevant local organizations and institutions working in the field of social economy, nor from the local politicians and powerful actors. This situation implies that Lastavica Catering was directing all its activities towards the comprehensive development of its entrepreneurial dimension, which gradually secured a place in the open, competitive market. Shortly, the existence of the socio-political goal ('producing social capital') is negligible, while the importance of the strictly entrepreneurial goal is emphasised.

In this context, social capital as a goal can be perceived through the lance of types of recourses that social enterprises endeavour to mobilise in order to finance their operations. The basic types of resources recognized in the EMES study (Davister, Defourny, Gregoire, 2004) are **monetary** and **non-monetary resources**. Monetary resources are: *market resources*, *non-market resources* and *donations*, while under non-monetary resources we usually have *volunteering* and *social capital*. Namely, the social enterprises that have production of social capital as one of their main goals, strive to mobilise mainly non-monetary resources, on a long run. Once when the social capital as a goal is achieved, through established networks and partnerships, it is becoming a tool, or in this context, a non-monetary type of resource itself, used to finance the other (socio-economic) goals of the enterprise.

From the previous lines we saw that Green & Clean and Eco Bag do not have established networks, connections and relations with important actors, which implicate that their activities rely on the monetary resources. Correspondingly, by emphasizing the entrepreneurial dimension of its activities, Lastavica Catering has clearly oriented its goals towards the mobilisation of monetary resources. We can read these observations more clearly and more in dept, from the table below:

Table 11. – Types of resources mobilized

Monetary resources	Non-monetary resources
<p>Market resources These resources come from the sale of goods and/or services in the market (<i>Green & Clean, Eco Bag, Lastavica Catering</i>) or under contract to public authorities.</p> <p>Non-market resources These are derived from various public policies (in the form of subsidies or indirect support –<i>Eco Bag</i>), at the European, national, regional, municipal or other levels. The volume of these resources and the criteria for granting of public subsidies vary greatly from one country to another and from one type of WISE to another.</p> <p>Donations Some WISEs receive donations from their members, other citizens or legal persons (such as foundations).</p>	<p>Volunteering Some WISEs receive support from people who offer their services without being remunerated. This volunteer work can be found at various levels: among board members (nearly always), among trainers and guidance staff (less often), or through more specific contributions of professional skills, etc.</p> <p>Social capital* Many WISEs also mobilise other non-monetary resources: local networks and partnerships, trust relations with other operators, sympathetic capital from the general public etc. This “social capital” can be used in many different ways and can have a direct or indirect impact on the enterprise. It often contributes to reducing costs, in particular what economists call “transaction costs”.⁵⁴</p>

Source: Davister, Defourny, Gregoire, 2004

Within the column ‘monetary resources’, more precisely in the section ‘market resources’, we have included our sub units of analysis. Mobilizing market resources through the sale of goods and/or services in the market, complies with the first economic criterion fulfilled by each of the three enterprises. In addition, if we consider the legal form (Limited Liability Company), the type (spin-off) of our enterprises, and the absence of the social capital indicators (networks and partnerships) we can conclude that market resources are primary resources of Green & Clean, Eco Bag and Lastavica Catering. Because of the support that it has received from the municipality of Vracar, regarding the beneficial use business premises, Eco Bag is also located within the section ‘non-market resources’. This support is definitely one form of indirect support, which can promote and stimulate the main, production activities of the enterprise.

We can briefly conclude that the ‘production of social capital’ as a socio-political goal can be identified in the case of Green & Clean and Eco Bag, but not in the case of Lastavica Catering. Furthermore, by taking in consideration the obvious orientation of the enterprises towards mobilization of the monetary resources, it is clear that the production of social capital is a sporadic goal when compared to the work integration goal and its specific objectives. In other words, the enterprises’ activities are focused on the development and the improvement of their production and service provision performances, which can secure them a place on the open market, between all the other ‘normal’ for profit companies. Ultimately, Green & Clean, Eco Bag, and Lastavica Catering, as spin-off enterprises, are located in the for profit area, between the not-profit and social economy sector.

⁵⁴ Laville and Nyssens (2001), pp. 317-318.

2) Are the goals and the objectives of the social enterprise in Serbia which would employ refugees and IDPs the same as elsewhere?

The main goals and objectives of Green & Clean, Eco Bag, and Lastavica Catering are social and economic ones. These goals and objectives are integrated in the form of overall work integration objectives, which immediately determines them as belonging to the Work Integration type of social enterprises. They are closely correlated with the economic criteria related with a continuous activity, producing and selling goods/or services, and with a minimum amount of paid work, as well as with the social criterion which is referring to the explicit aim to benefit the community (support of vulnerable groups – refugees and IDPs). In this context, it was noted that the work integration objective of social enterprises in the EU countries is connected with the integration of the excluded groups in a society, identified as able-bodied jobseekers with serious integration problems. We have proved that the refugees and the IDPs in Serbia belong to the identified group.

*Analyzing the EMES study - Work Integration Social Enterprises in the European Union: An Overview of Existing Models (Davister, Defourny, Gregoire, 2004) – four specific objectives of social enterprises in the EU countries, related to the general work integration goal, were identified and analyzed. By comparing them with the specific objectives of Green & Clean, Eco Bag, and Lastavica Catering, we showed that these enterprises have the same goals and objectives as social enterprises in the EU countries. Considering their legal form, and the for profit position – between the social economy and the non-profit sector – our sub units of analysis are focused on two specific work integration objectives: **transitional occupation** and **creation of permanent self-financed jobs**. Their work on integration of refugees and IDPs in the open labour market by providing them with work experience and on the-job training, as well as their activities directed towards the creation of permanent employment, position them as a Serbian work integration social enterprises with the same, goals and objectives as the corresponding enterprises in the EU countries. Close over, Green & Clean, Eco Bag, and Lastavica Catering, according to their general goals and specific objectives can be classified into a group of Portuguese, Belgium (enterprises for on-job training provide possibilities for improvement of personal, social and professional abilities of the workers) and Italian work integration social enterprises (social cooperatives of type B are active in the field of work integration of persons in a difficult position).*

*In addition, we showed that Green & Clean and Eco Bag have another goal which is also recognized among the social enterprises in the EU countries – **the socio-political goal** (**‘producing social capital’**). Their mission directed towards the promotion of the concept of social entrepreneurship in Serbia, along with the absence of networks and relations with public authorities and political parties, pointed out to us that the production of social capital is a real and present goal of Green & Clean and Eco Bag. Correspondingly, by considering the legal form (Limited Liability Company), the type (spin-off) of our enterprise, and once again the absence of the social capital indicators (networks and partnerships), we have observed the obvious orientation of the enterprises towards mobilization of the monetary resources. Such orientation could be also seen in the social enterprises with a similar legal form and mission, located in the developed EU countries.*

Because we are primarily interested in the position of refugees and IDPs on the Serbian labour market, before describing its main characteristics, we have to determine who are exactly the people in Serbia that have the status of a refugee or an IDP. Republic of Serbia has adopted the UN Convention (1951) and Protocol (1967) relating to the status of refugees. In the theoretical chapter we offered the legal definition of refugees from the Article 1 of the UN Convention (1951), so we will not repeat it again here. It is more important to emphasize the fact that Republic of Serbia has determined the status of refugees in accordance with its legal system, as well. The Law on Refugees is from 2002, but the Bill on Amendments to the Law on Refugees is adopted in May this year (2010). In the Article 1 of the bill is said: "Individuals who due to the events from 1991 to 1998, and their consequences exiled from the ex Yugoslavia republics on the territory of Republic of Serbia, and cannot, or as they are afraid of persecution or discrimination, they do not want to go back to the territory they fled."⁵⁵

Regarding the determination of IDPs, we said in the theory that the existing (UNHCR) definition of IDPs is not a legal one. This is because of the fact that the IDP persons are displaced within their home country, so even after their displacement they still have the same rights as the rest of the population. Considering this fact, it is easier to understand that there are no separate laws or bills on IDPs in Serbia. The only relevant, government documents that include IDPs are: *Serbian National Strategy to address the issue of refugees and IDPs* (2002) and the *Strategy for sustainable return to Kosovo i Metohija* (2010). As we can notice, the strategy which is addressing only IDPs is just from this year, while the primer document includes both the refugees and the IDPs. This tells us that the problems and the issues of the IDPs, together with the concrete measures for their solving, are integrated with the strategies and the programmes for the refugees. This is mainly the reason why most of the studies of these two target groups, include the information and data of both of them together.

For the sake of creating a clearer picture of the position of the refugees and the IDPs in the Serbian labour market, I will offer a historical overview on the number of refugees and IDPs, presented in the form of table below.

Table 12. – Number of refugees and IDPs by years

Year	Refugees	IDPs	Total
1996	524.000		524.000
1997	508.000		508.000
1998	473.000		473.000
1999	471.000	176.014	647.014
2000	456.000	197.500	653.500
2001	374.000	201.700	575.700
2002	332.000	206.000	538.000
2003	275.000	205.000	480.000

⁵⁵ "Official Gazette of RS, no. 18/92," Official. FRY, no. 42/2002 - decision SUS and Official Gazette RS, no. 30/2010

2004	261.000	208.135	469.135
2005	138.936	207.448	346.384
2006	98.296	206.859	305.155
Now	86.000	206.798	292.798

Source: Human Centre of Novi Sad, 2007 (note: data in the column "now" updated⁵⁶)

Until 2004 we can see a growth of the total figures and after that year there is a slight decline of the total number of refugees and IDPs. This trend has emerged due to the couple of reasons – voluntary returns to the home countries, displacement by the UNHCR, receiving Serbian citizenship, and the fact that many persons from the target groups were not registered before the researches.

THE CHARACTERISTICS OF THE SERBIAN LABOUR MARKET

Since 2000, the Serbian labour market has been characterized by an upward trend in unemployment, a large share of long term unemployment, high youth unemployment rate, high unemployment rate among people with secondary education and below, prominent regional differences with respect to the situation in the labour market, and the persistently large share of informal employment (Group 484, 2007). The present rate of unemployment in Serbia is 19,2%, while in 2003 the rate was 14,6%.⁵⁷ The increase of unemployment is obvious. This situation can be perceived as a consequence of the transition that Serbia is going through. As one of the most important processes in the transitional period, privatization led to the weakening of the state/socially owned companies and the development of the private companies and the private sector in general. This caused a significant transfer of employees from the state to the private companies. For example, in 2002, 21% of the employed population used to work in the private sector – in 2005 the number of employees in this sector rose to 60%⁵⁸.

Speaking in terms of marginalized social groups (refugees, IDPs, persons with disabilities, Roma, special categories of women – single mothers, unemployed women older than fifty, victims of a domestic violence, etc.) in the labour market, there is no accurate official data, but various studies of international organizations and domestic NGOs have showed that the listed groups are quite disadvantaged in the labour market. According to a 2004 research conducted by UNDP, unemployment rates among marginalized groups were much higher than the national unemployment rate in Serbia (Group, 484). We saw that the present national unemployment rate is around 19%; it is estimated that this rate is around 32% among the refugees and IDPs, and 39% among the Roma population in Serbia.⁵⁹ The differences in the unemployment rates are more than visible. However, beside the unemployment, the position of the mentioned groups is characterized as well by employment

⁵⁶ Serbian statistical office, *Statistical Yearbook*, 2009

⁵⁷ Serbian statistical office: <http://webzrs.stat.gov.rs/axd/index.php> . Web site visited – July, 2010.

⁵⁸ Statistical Yearbook for 2003, Work Force Survey 2005

⁵⁹ Serbian statistical office: <http://webzrs.stat.gov.rs/axd/index.php> . Web site visited – July, 2010.

in the informal sector ('black market'). Of course, it is quite hard to come to the exact figures of people working in the informal sector.

Measures that are undertaken in order to improve the situation on the labour market are reflected in a couple of documents and strategies which are addressing the total population, and different disadvantaged groups. The principles of equal access, equal treatment and non-discrimination in the field of employment are set of in the Serbian Law on Employment and Unemployment Insurance⁶⁰. The National Strategy for Integration of Refugees attaches key importance to employment as one of the mechanisms for integration of refugees (Group 484, 2007). The other strategies that should be mentioned here are the National Poverty Reduction Strategy and the National Employment Strategy for the period from 2005-2010). For the integration of refugees and IDPs, it is especially important the first one, which place special emphasis on the programmes of job-seeking and educational workshops. Consequently, changes in the unemployment rates of the specifically affected groups will reflect the success and the effectiveness of the various employment programmes and strategies. It will also show us the level of their actual inclusion in the active labour market policies. What are the main barriers for the full inclusion and integration of refugees and IDPs in the Serbian labour market, we are going to analyze in the following section of this chapter.

THE BARRIERS FOR WORK INTEGRATION OF REFUGEES AND IDPs ON THE SERBIAN LABOUR MARKET

Neo-classical theory – the human capital stocks

According to the neo-classical theory, one of the biggest barriers for the integration in a labour market is the absence of human capital 'stocks'. Human capital embedded in education, skills, training etc., is a main prerequisite for securing an employment. In this context, the main indicators that can help us examine and analyze this assumption are ***unemployment rates by education*** and ***long term unemployment rates***.

Before we present the data on **unemployment rates by education**, firstly we have to offer a general overview of the educational structure of the refugees and the refugees and the IDPs in Serbia. For the comparative-analytical purposes I will give also data regarding the educational structure of the domiciled Serbian population.

Table 13. – Educational structure of refugees, IDPs and domiciled population

	Refugees (%)	IDPs (%)	Domiciled population (%)
None/ Incomplete elementary school	17,6	10,6	16,1
Elementary school	20,0	20,3	23,9
Secondary school and high school	51,0	55,1	48,2
Faculty	6,7	6,7	5,2
University/college	4,7	7,4	6,7
<i>Total</i>	100,0	100,0	100,0

Source: Work force survey – Statistical office of Serbia, 2006

⁶⁰ Official Gazette of the Republic of Serbia, No. 71/2003

As we can see from the table, the educational structure of the three categories is rather similar. Nonetheless, it is noticeable that the educational structure of the IDP population is slightly better from the other two categories. The refugees and the domiciled population have almost the same educational structure, but taking into account that there is a larger percentage of people with high school and faculty among the refugees. From the other side the percentage of people with university and college degrees is in favour of the domiciled population. Namely, there are no significant differences between the groups which would distinguish the refugees and the IDPs as less favourable categories in the labour market, in relation with education.

These data and the conclusion they impose are going to be cross-examined with the data on unemployment rates by education, which will show us if the rates of unemployment in the Serbian labour market are lower within the categories with a higher level of education.

Table 14. – *Unemployment rates by education*

Education	Domiciled population (%)	Refugees (%)	IDPs (%)
None	4,2	1,4	6,0
Incomplete elementary school	3,4	1,6	4,6
Elementary school	20,4	18,8	21,5
Secondary school and high school	61,6	67,6	57,5
Faculty	6,2	7,0	5,7
University/college	4,2	3,5	4,7
<i>Total</i>	100%	100,0%	100,0%

Source: *Work force survey – Statistical office of Serbia, 2006*

Definitely the highest unemployment rate, in each of the groups, is among the population with secondary school and high school. This reflects the figures from the previous table where we can see that around 50% of the refugees, IDPs and the domiciled population have exactly that educational level – secondary and high school. It is just impossible for any labour market to absorb and to integrate that high percentage of people with the same educational level. The situation is similar with the groups with elementary school. Furthermore, the results show that the lowest unemployment rates, when comparing with the educational structure, are among people with none education whatsoever, or with incomplete elementary school. That is mainly because of the fact that many people from this population are not registered in any way in the National Employment Service, or in its local branches, and also, because majority of them is informally employed. On the other side of the table, we have the low percentage of unemployment among the highly educated population – 3,5% among refugees, 4,7% IDPs, and 4,2% among the domiciled population.

These results are constructing one rather interesting picture. The percentage of unemployed refugees with high education is even smaller then the percentage of the corresponding groups among the domiciled population. That indicates that highly educated refugees can find job and be integrated in the Serbian labour market equally as the domiciled population (the same conclusion is valid for the IDPs). Moreover, there is no dramatic

difference between the educational structures of the refugees, the IDPs and the domiciled population, as well as between the unemployment rates by education.

The analysis of these results brings us to the conclusion that the overall percentage of the population in Serbia, including refugees and IDPs, has elementary and high school education, which further is causing high rates of unemployment among them. Although indirectly, this tells us that the level of education is a big and serious barrier for employment of refugees and IDPs and their integration in the labour market. But, we have to be aware that this is a problem of the general domiciled population of Serbia as well. Only a change in the educational structure, in favour of the higher education levels, can create conditions for the decrease of the unemployment rates and for the integration in the Serbian labour market.

Long term unemployment

The rates on the existing educational structure and on the unemployment by education, also indicate that 67,6% of refugees and 57,5% of IDPs with secondary and high school education cannot find employment. The probability of finding a long term unemployed people is the highest exactly among these groups. This claim is supported by the next data: among the unemployed persons with university education there are 40% short-term unemployed, whereas the share of short-term unemployed persons in the group with secondary education is merely 15% (Group 484, 2007). By employing the EUROSTAT criteria regarding the determination of long term unemployment we have come to the following data. 83,5% of the refugee and IDP population in Serbia have been without work for 12 months or longer; this figure is becoming even more stunning when we say that even 68% of the mentioned 83,5% have been unemployed for more than five years (Ibid.).

The figures indicate that the great majority of the refugee and the IDP population in Serbia is excluded from the labour market for years. Correspondingly, they do not have enough skills, on-the-job trainings and recent work experience, which together with the education level, make one work-able individual competitive on the labour market, and thus increase his chances to find an employment. In other words, the long term unemployment is definitely a barrier for work integration of the refugees and IDPs in Serbia, when perceived through the lance of human capital and the neo-classical theory of the labour market. However, it is important to say here that the long term unemployment is not only a problem which the refugees and the IDPs are facing with. It is also one of the most alarming problems of the general Serbian population. According to the Work Force Survey of 2005, 39,2% of the unemployed in the general population had never worked before and are looking for their first job, while 29,89% become unemployed due to lay-offs or because the company they worked for went bankrupt (Ibid.). By observing this data, we can say with certainty that the situation on the Serbian labour market is dramatically bad, and that it is exquisitely hard for anybody to find and keep an employment.

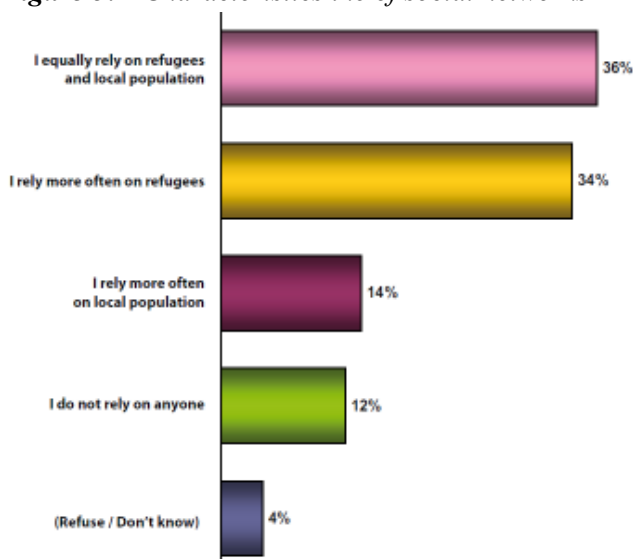
Social capital – social networks

After their arrival on the territory of Serbia, especially during the war and the adaptation period, the refugees were pretty much referred to themselves. The complete isolation of Serbia during the all-inclusive sanctions period (1993-1996), made it impossible

for the authorities in Serbia to deal with the most urgent problems of the refugees, so they had to find a way to survive outside of their mother country. Rather similar situation happened after the NATO bombing of Serbia (March, 1999 – Jun, 1999). Although the people from Kosovo and Metohija were only internally displaced, within the borders of their home country, they were burdened by numerous social problems as well (lost their houses, their jobs, did not have appropriate health and social care, poverty was striking hard), which, as it turned out, the Republic of Serbia cannot resolve, even ten years later. Exactly the same as the refugees from Bosnia and Croatia before them, the members of the IDP population started to rely only on each other, and on their relatives, in order to solve some of the numerous problems that were troubling them.

After 1999, there were around 700.000 displaced people in Serbia (both refugees and IDPs). Today, it is registered 86.000 refugees and around 200.000 IDPs.⁶¹ From the figures we see a drastic reduction of the number of refugees. As we already noted, there were couple of reasons for that: displacement by the UNHCR, voluntary returns to the home countries, receiving Serbian citizenship, problems with registering everybody. However, it is a matter of fact that the refugees and the IPDs are still not socially integrated in the Serbian society, so they are forced to rely mostly on each other – on their social networks. This kind of situation shaped the characteristics of their social networks, as we can see from the figure below:

Figure 5. – Characteristics the of social networks



Source: Group 484, 2007

The data on the IDP population are not included in this figure, but some relevant empirical findings related to this group, are going to be presented in the following tables. We can see in the Figure 5. that the percentage of refugees who rely mainly on their own community is quite high – 34%. On the other side, a bit over 1/3 of the refugee population relays equally on the local and on the refugee community. But there are just 14% of the examinees who claim that they rely more often on the local population. These results indicate stronger connection within the refugee community, than outside of it. Also, the weak links

⁶¹ Serbian National Strategy to address the issue of refugees and IDPs (2002)

between the local and the displaced population are implying lack of trust, understanding, support and solidarity between them. From the refugees' standpoint, the lack of trust in the local people automatically means the lack of trust in the state and the official governing bodies and the institutions of Republic of Serbia.

In order to put these interpretations of the social networks characteristics in the frame of everyday problems and challenges that the refugees and the IDPs are facing, we are going to analyze and interpret which social network the refugees/IDPs use the most in dealing with different problems. The relevant data considering this are inserted in the table below (model of table given in the methodology chapter):

Table 15. – *Relying on social networks in dealing with different problems and life's challenges – the refugee and IDP sample*

Social networks Type of support	Friend (%)	Acquaintance (%)	Relative (%)	Neighbour (%)	Nobody (%)	Other (%)	Total (%)
Finding (extra, better) job	42,2	4,0	22,4	2,6	27,6	1,2	100
Access to healthcare	37,8	4,4	16,4	3,6	37,0	0,8	100
Enrolment of children in schools	28,0	2,4	10,6	2,4	54,8	1,8	100
Housing problems	27,4	2,6	17,8	2,2	49,0	1,0	100
Administrative jobs	30,4	5,2	15,2	2,6	45,4	1,2	100
Money lending	32,6	1,0	28,2	2,4	34,6	1,2	100
Advice and emotional support	40,0	1,0	27,4	2,8	27,6	1,2	100

Source: Babovic, Cvejic, Rakic, 2007

Even 64,6% of the refugee/IDP population relies on their friends and relatives for finding (extra, better) job. If we pay attention on the 'housing problems' and 'administrative jobs', we can notice that around 50% of the examinees do not rely on anybody. Together with the support for finding job, these two categories are telling us that the examined refugees and IDPs do not consider that the state and its institutions can provide a helpful support to them – to help them solving the problem of unemployment, to solve their housing problem, or just to create a conditions in which the target groups would not have to ask for help from their friends and relatives to carry out basic administrative and bureaucratic procedures. These figures confirm the previous analysis and claims regarding the characteristics of the social networks. It is clear that both the refugees and the IDPs were forced to create, maintain and rely on different social networks. In other words, they have created a significant amount of social capital within their communities, which, according to the opinion of the examinees, in more than 65% of the cases, is the only thing they can rely on in finding an employment. In order to check if the situation is similar within the domiciled population, we will insert the data relating it in the same model of table:

Table 16. – *Relying on social networks in dealing with different problems and life's challenges – general population sample*

Social networks	Friend (%)	Acquaintance (%)	Relative (%)	Neighbour (%)	Nobody (%)	Total (%)
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Type of support						
Finding (extra, better) job	28,0	1,7	12,2	4,3	53,7	100
Access to healthcare	22,0	3,9	19,1	4,4	50,6	100
Enrolment of children in schools	8,1	1,4	4,0	1,3	85,2	100
Housing problems	9,5	2,3	10,3	1,6	76,4	100
Administrative jobs	16,1	4,0	11,8	2,5	65,5	100
Money lending	22,5	0,9	32,3	5,1	39,3	100
Advice and emotional support	30,3	0,5	31,9	6,1	31,2	100

Source: Babovic, Cvejic, Rakic, 2007

The percentage of domiciled people (28%), who rely on their friends and relatives in their search for a job, is significantly lower than the one in the target groups. It is also noticeable that the percentage for all the types of support is the highest in the column 'nobody', which remarkably differentiate the domiciled from the refugee and the IDP population. In other words, the figures show us that the members of the general population rely to a smaller extent on the various social networks; they do not have the same amount of social capital. *The discrepancy between the results on the target groups and the general population, and regarding the use of social networks, can be explained concisely as follows: this discrepancy is indicative because of the fact that refugees, being uprooted people driven out of their own social networks, and faced with lack of other forms of capital (economic capital in particular), during the difficult transition in 1990s and due to inefficient institutional mechanisms for integration (devastated institutions and organizations in economy, education, finance, health care and social welfare) were compelled to create informal social networks to help them integrate in the society and access the important social sector and resources* (Babovic, Cvejic, Rakic, pg. 33, 2007).

This conclusion brings us to the potential connection between the social capital (social networks) and work integration. The connection is explored through the job-searching methods of unemployed refugees and IDPs. Let's take a look on the table below:

Table 17. – Job searching method of unemployed refugees and IDPs.

JOB-SEARCHING METHOD	Unemployed refugees/IDPs (%)
Through NEA	47,7
By applying for a job directly with employer	24,3
Through friends, acquaintances, relatives	63,6
Through youth/student employment agencies	6,5
By placing ads in newspapers	7,5
By visiting Career Fairs	1,9
Through domestic NGOs	6,5

Source: Opacic, 2007

The results from the table show that the target groups are less inclined to rely on the National Employment Agency for finding a job, than on their social networks. Also, a quite small percentage (24,3%) of the refugee and the IDP examinees is applying for a job directly with the employer. This means that the members of the target groups prefer to look for an employment, more through informal than through formal channels. Of course, this situation is reflecting the inefficiency of the relevant institutions, critical state of the labour market, and

devastated local organizations. Thus, the tough conditions are an essential cause for the development of the social networks among the target groups in these forms. However, the data and the indicators we have presented in this section are not only a consequence; they are also affecting the process of labour market integration. By time, the refugees and the IDPs started to rely on their social networks for finding a job to that extent, that they stopped perceiving the formal channels of employment as a real possibility for finding an employment. They simply lost the interest in various programmes of active labour market measures, which is imposing as a barrier for the overall process of work integration. The results from the table below confirm our claims.

Table 18. – *Interest in programs of active labour market measures (1-not interested, 5 – very much interested) – average rates:*

Programs of active employment measures	Average rates for the sample of unemployed refugees and IDPs
Trainee employment program	1,9
Cash assistance to volunteer internship	1,8
Job training (skills needed for a particular position)	2,6
Basic computer training	2,3
Specialized computer training	2,0
Foreign language courses	2,2
Other sources (additional knowledge and skills)	2,4
Vocational re-training and additional training (acquiring new qualifications)	2,6
Elementary education for adults	1,6
Financial support for persons who enrolled in graduate studies	1,5
Training on how to run a company through a roll-play on how to set up and run a company (“virtual companies”)	1,6
Training in active job-searching (writing a CV, preparing for a job interview, individual job-searching and the like)	2,0
Encouragement of and training in self-employment	2,4
Active job-searching clubs	2,2
Career Fairs	2,2

Source: Group 484, 2007

We see that the average rates for all the programs are slightly below, or slightly above 2, which indicates that the examinees are interested very little in the programs of active labour market measures. Maybe it would be too much to say that they are not interested at all in these programs, but the generally low values are telling us that the refugees and the IDPs simply do not express any interest towards the formal measures that can help integrate them in the labour market. In other words, only constant efforts directed towards improvement of their various skills (as listed in the table), can help the refugees and the IDPs to become more competitive in the labour market and to increase their chances of being integrated in the same. Conclusively, the reliance of the target groups on their social capital, on their informal social networks can definitely be observed as a serious obstacle for their work integration.

3) Which kind of barriers are there for providing income and work integration specifically among the refugees and IDPs in Serbia?

The answer to this question was constructed thorough analysis of the next theoretical concepts and categories: **the human capital stocks (neo-classical labour market theory)**, and **social capital – social networks**. The human capital stocks concept was assessed with the indicators such as – unemployment rates by education and long term unemployment rates. The analysis showed that the educational structure of the refugee and the IDP population in Serbia (in this context education is perceived as the most essential human capital stock) is a real and rather serious barrier for their integration in the labour market. The main issue here is the fact that around 50 % of the refugees and the IDPs, but of the domiciled population as well, have secondary and high school education, which makes it hard to the already fragile Serbian labour market to integrate that many people with the same educational level. On the other hand, we showed that there is a low percentage of unemployment among highly educated population (both the refugee/IDP and the domiciled population) - 3,5% among refugees, 4,7% IDPs, and 4,2% among the domiciled population.

Examination of the long term unemployment rates on the Serbian labour market (by employing the EUROSTAT criteria), showed us that 83,5% of the refugee and IDP population in Serbia have been without work for 12 months or longer; this figure become even more stunning when we said that even 68% of the 83,5% have been unemployed more than five years (Group 484, 2007). These facts implicated that the refugees and the IDPs in Serbia do not have enough skills, on-the-job trainings and recent work experience (important human capital stocks), all of them necessary to find an employment (to be more competitive on the labour market). Thus, the long term unemployment, observed through the lance of neo-classical labour market theory, was perceived as a huge barrier for work integration of refugees and IDPs in Serbia.

Our research showed that, considering the common recent historical background and the shared social problems, the refugees and the IDPs have formed strong **social networks**. Their **social capital**, embodied in these social networks, has become so strong that the members of the refugee/IDP population started to relay on them in all aspects of their lives. Even, 64,6% of the refugee/IDP population relies on their friends and relatives for finding a (extra, better) job. In other words, they are more keen to look for an employment through informal than through formal channels, which is by itself quite serious barrier for their integration on the 'formal' labour market. This claim and a conclusion was confirmed with the data regarding the level of reliance of the refugees/IDPs on the various programmes of active labour market measures, which showed us that they have almost no interests in any of the listed 'formal' measures, programmes, trainings and specializations. Namely, the entrenchment of social networks among the refugee/IDP population, the high level of their reliance on these networks, is most definitely a severe barrier for providing income and work integration of the target groups.

WHAT IS THE INFLUENCE (IF ANY) OF THESE SOCIAL ENTERPRISES NOTED ON THE SERBIAN LABOUR MARKET?

Economic Impact

In order to gain a better overview of the social entrepreneurship sector in Serbia and its possible influence on the labour market, primarily, I am going to give the data regarding the number of existing enterprises in Serbia. This data will include all the organizations in Serbia that almost entirely correspond to the concept of social enterprise, or are very close to that model, and which were introduced in the part of analysis regarding the main characteristics of social enterprise in Serbia. However, within these different types of organizations, not all of them are identified as social enterprises, as we can see from the following table.

Table 19. – *Number of organizations in Serbia that correspond to the concept of social enterprise*

<i>Type of organization</i>	<i>Number of identified social enterprises</i>
<i>Citizens Associations/voluntary organizations</i>	162
<i>Cooperatives</i>	898
<i>Vocational enterprises for handicapped</i>	55
<i>Dependent spin-off enterprises</i>	24
<i>Agencies for SME development</i>	13
<i>Business incubators</i>	6
<i>Other social enterprises</i>	2
Total	1.160

Source: UNDP, 2008

It has to be noted that this is the number of social enterprises that the research of UNDP – *Mapping Social Enterprises in Serbia*, Belgrade, 2008 – managed to identify. Most probably the real number of social enterprise is different, but considering the fact that in the UNDP study were used the same, slightly adjusted social and economic criteria that we used in our research as well, we can say that the data from the table is valid and relevant.

The number of the identified social enterprises among the different types of organizations tells us that there is a real possibility for these enterprises to influence the Serbian labour market. Their impact can be economic and social. The ***economic influence/impact*** is assessed here through the *job creation* indicator. In this context, firstly, we will present the data on the number of employed people within the 1.160 identified social enterprises, to see if any jobs are created.

Table 20. – *Number of employees within the sector of social enterprises*

<i>Type of social enterprise</i>	<i>Number of employees</i>
<i>Citizens Associations/voluntary organizations</i>	1.490
<i>Cooperatives</i>	7.838
<i>Vocational enterprises for handicapped</i>	2.422
<i>Dependent spin-off enterprises</i>	188
<i>Agencies for SME development</i>	64
<i>Business incubators</i>	20
<i>Other forms of social enterprises</i>	37
Total	12.059

Source: UNDP, 2008

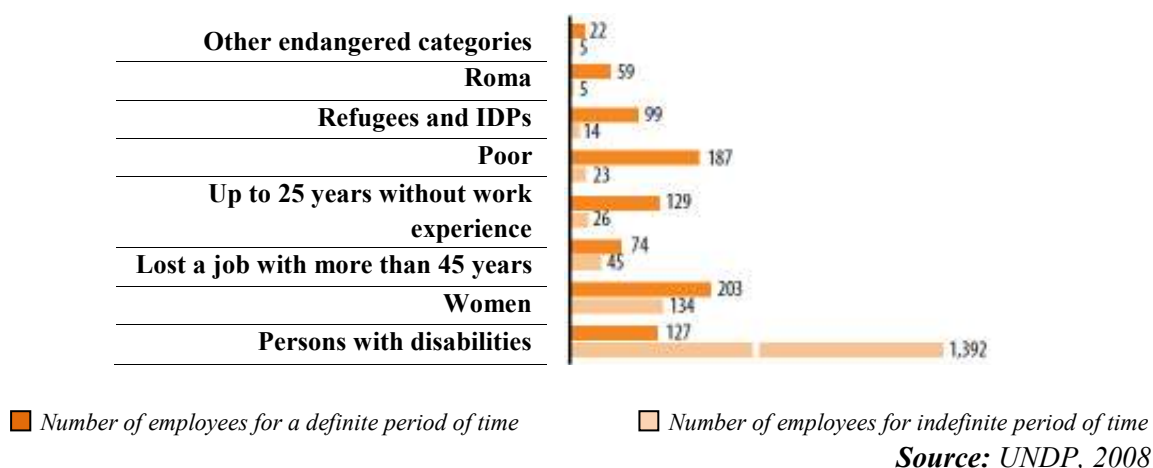
In the analysis of these figures, we should pay attention on the difference between the *cooperatives* and the others types of social enterprises. Besides the fact that the cooperatives employ around 8.000 people, perception of the cooperatives' capacity for employment should not be reduced only to common forms of employment. Except the youth cooperatives, all the other types of cooperatives represent specific sort of collective self-employment. Having this in mind, besides the formally employed, in the assessment of the number of employees in the sector of social enterprises we should consider the members of the cooperatives as well. If youth cooperatives are excluded, the total number of members of the cooperatives in the social enterprises sector amounts 28.394 (UNDP, 2008). Together with the number of employees in all the other types of social enterprises, social entrepreneurship sector created 32.615 jobs. According to the Serbian Statistical Office⁶², general number of employed people in Serbia in October 2009 was 1.824.797. So, the percentage of people in Serbia employed within the social enterprise sector is 1,79%. This fact shows us that the economic impact of the social enterprise, reflected in the job creation, is most definitely noted in the Serbian labour market.

It has to be underlined here that, considering the period when the UNDP study was conducted, the given data do not reflect completely the present situation in Serbia. There is a big possibility that since 2008 until now, certain number of new social enterprise had been established, and thus, more people employed. For example, it is clear that two sub units of our analysis (Green & Clean, Eco Bag) are not included in these results, because they were established at the end of 2009. If we add the number of employed persons in these two enterprises the number of employees in the dependent spin-offs will reach 200. Also, not all the enterprises identified in the study had been contacted by the researchers, which leaves room for additional researches.

Furthermore, more important for our study is to examine how many jobs within the social enterprises are created for specific excluded groups in the Serbian society and the labour market. Considering the two main identified goals - *providing transitional occupation and creating permanent jobs* - of the social enterprise that we have analyzed, the data is including both the workers with contract for indefinite period of time, and the ones working under contract for a definite period of time. The results are presented in a form of graph given below. Because of the emphasized difference between the cooperatives and the other types of social enterprises, data on the number of persons from the endangered categories that are members of the cooperatives will be presented in a separate graph.

⁶²<http://webzrs.stat.gov.rs/axd/pretraga.html?cx=001653397932037670713%3Aljsdjvwnmgy&cof=FORID%3A11&q=broj+zaposlenih&sa=%D2%F0%E0%E6%E8&ie=windows-1251&oe=windows-1251#1046> . Web site visited – July, 2010.

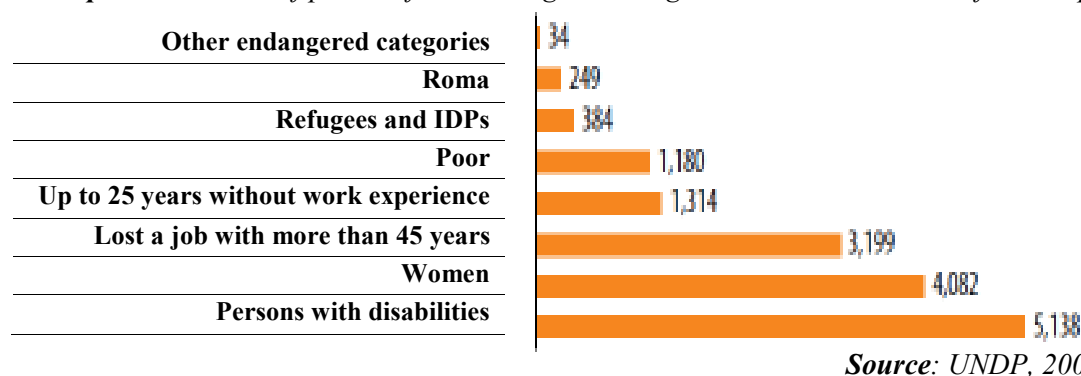
Graph 1. – Number of persons from the endangered categories employed in social enterprises



A total sum cannot be calculated here, because some persons are in the same time included in more than one endangered category. Definition of poverty is problematic as well, so these results are not the most precise ones. But, as we suggested in the methodology chapter, this is the only research addressed to the issue of employed people within the social entrepreneurship sector, so we have to rely on the given data by approaching them with a reserve. In the category “other endangered categories” are included: victims of violence, ex convicts, drug addicts, persons infected with AIDS virus (UNDP, 2008).

It is noticeable that the number of employed persons from the endangered categories within the social enterprises is rather low. However, if we exclude the 8.000 people employed in the cooperatives (4221 employed persons left), and interpret the data from the Graph 1. more freely, we can see that approximately 40-45% of the employed are persons belonging to some of the listed endangered categories. This is reflecting the basic, social mission of social enterprises in Serbia. In addition, considering the ‘collective self-employment’ nature of the cooperatives, I am offering the next results regarding the membership of the persons from the endangered categories in the cooperatives.

Graph 2. – Number of persons from endangered categories who are members of the cooperatives



The figures from both the graphs show us that the overall number of persons employed by social enterprises is quite low. This imposes the question if these results can be interpreted as economic impact which is noticeable on the labour market. It would be clearer if we can measure the financial gains achieved by social enterprises in moving people off the Serbian

welfare system. Unfortunately, that kind of measurements has not been conducted in any existing study or a research. However, if we take in consideration the fact that Serbia is a transitional country, and that the rates of unemployment of the general population, but especially of the endangered groups, are much higher than in the Western European countries, we can perceive the above presented results from a different perspective. For example, the rate of unemployment of the refugee and the IDP population in Serbia is around 32%; around 40% of Roma people are unemployed.⁶³ The situation is seriously dramatic with the persons with disabilities – even around 75-80% of persons with disabilities in Serbia are unemployed⁶⁴. So, of approximately 700.000 persons with disabilities living in Serbia, around 500.000 of them is unemployed, living on a social care. The valid assumption that there are categories of invalids within this group who are not able to perform any kind of work, does not change the fact the rate of unemployment is just alarming.

In this context, every newly opened working position, both in profit, non-profit or social economy sector, can and should be perceived and interpreted as a precious help and positive economic influence on the Serbian labour market. Decision of the Serbian government to distribute subsidies through the *Serbian Investment and Export Promotion Agency* (SIEPA), to the companies for each newly opened working position, confirm that the labour market policies place a high value on single new job. For example, to the Swedish company ‘Sivius’ located in Nis, Serbia, in the year 2009 has been granted 6.000 Euros per working position.⁶⁵ Conclusively, even though we cannot measure it completely and put it in a mathematical/statistical form, the economic impact of social enterprises on the Serbian labour market is definitely noticeable, and it shows the wide potentials of the social entrepreneurship sector to become a valuable actor in the labour market.

Social impact

The existing types of social enterprises perform various social functions. In the UNDP study (2008), through direct interviews with the representatives of the social enterprises, it has been identified six common social functions:

- (1) potential for the creation of new jobs, either through a direct employment or through provision of services that increase the potentials for (self) employment of their target groups;
- (2) work on the economic integration of endangered groups through their employment or connection with the other participants, facilitation of information access, and similar;
- (3) work on the social integration of the marginalized categories of the society through economic or strictly social integration (day care centres for persons with disabilities, inclusion of refugees in the organizations with dominating domiciled population among the employees, etc.);
- (4) satisfying the needs of the endangered categories, including the basic needs as are health care, economic, social, and cultural needs;

⁶³ *At risk: Social Vulnerability of Roma, Refugees and IDP in Serbia*, UNDP, Belgrade, 2007

⁶⁴ Serbian statistical Office: <http://webzrzs.stat.gov.rs> . Web site visited – July, 2010. Data are for the year 2009.

⁶⁵ <http://www.siepa.gov.rs/site/en/home/> . Web site visited – July, 2010.

(5) improvement of standard and living conditions of the target groups, directly (through donations, material support, service provision) or indirectly, through different forms of integration;

(6) supporting the local development, primarily in the areas that are behind the national average (rural areas, undeveloped regions), which is promoting the conditions for the integration of the marginalized categories of the society.

These social functions reflect the social component of social enterprises in Serbia. They are performed in order to solve some of the most urgent problems that any endangered group in Serbia is facing with. Considering the fact that the most of the labour market and social policies in Serbia (but elsewhere as well) are directed towards the performance of the same social functions (among the others), and solving the same urgent social problems, the social enterprises can play an important role in helping deliver many key labour market and social policy objectives. This would definitely mean that the social enterprises in Serbia accomplish social impact on the labour market and its social policies.

However, in order to establish this kind of influence, the social enterprises and their social functions have to be connected with the relevant, official policy actors and bodies on a local level. They have to establish relationships with the local centres for social work, and the local branches (offices) of the National Employment Agency. In this way, the flow of information on the specific needs and actual situation of the endangered groups, between the social enterprises and the official institutions and policy-makers is facilitated. Also, the exchange of ideas for solving different social problems is encouraged, as well as the exchange of technical, financial and human resources needed for implementing specific policies on the labour market and for more comprehensive performance of the social enterprises' social functions. In this context, and in order to find out if there is a social impact of the social enterprises on the labour market and its policies, we have read and analyzed the internet presentations of the National Employment Agency and the employment and social work offices of four the biggest cities in Serbia – Belgrade, Nis, Novi Sad, Kragujevac – to find if there are any documents or projects that are promoting or establishing the cooperation with some of the existing social enterprises. The results of the web presentations analysis are presented in the next table – *NONE* means that there are no documents or projects connecting the local employment offices and the social work centres with any social enterprise:

Table 21. - Visited web presentations and the existing documents/projects

Web presentation ⁶⁶	Document/projects
National Employment Agency ⁶⁷ (NEA)	Development of innovative social enterprises network Project (ISEDE-NET)
City of Belgrade ⁶⁸	<i>NONE</i>
City of Nis ⁶⁹	<i>NONE</i>
City of Novi Sad ⁷⁰	<i>NONE</i>
City of Kragujevac ⁷¹	Memorandum on cooperation with the social cooperative "Vivere"

⁶⁶ Note: all web sites visited – July, 2010.

⁶⁷ http://www.nsz.gov.rs/page/about/sr/aktprojekti/isede_net.html

⁶⁸ <http://www.nsz.gov.rs/>

⁶⁹ <http://www.nsz.gov.rs/page/contact/sr/centralnasrbija/nis.html>

⁷⁰ <http://www.psrzrp.vojvodina.gov.rs/pages/PokrajinskaSluzbaZaposljavanja.php>

⁷¹ http://solidarnost.org.rs/index.php?option=com_docman&task=search_result&Itemid=47

We can see from the table that on the internet presentations in question there are no documents or projects connecting the local employment and social work offices of Belgrade, Novi Sad and Nis, with any social enterprise or social entrepreneurship initiative. There is just one memorandum on cooperation between the centre for social work in Kragujevac and the social cooperative “Vivere”. Area of activities of “Vivere” is provision of social services and social care for adults with special needs. In this line of activities, social cooperative as Vivere was able to establish cooperation with the local Centre for social work. The cooperation was established at 2008 and it resulted with a set up of a day care centre for persons with disabilities. Besides the professional medical personnel (provided by the centre for social work), in the cooperative work paid nurses and volunteers.

On the national level, by analyzing the internet presentation of the NEA, we found only one relevant project – Development of Innovative Social Enterprises Network (ISEDE-NET). This project is implemented since July, 2009 in Italy, Austria, Bulgaria, Greece, Hungary, Slovenia, Ukraine, and Serbia. It is financed by EU within the Programme of Transnational cooperation in South-East Europe, and realized by Province of Brescia, Italy, and national partners.⁷² The period of implementation of the project is July, 2009- March, 2013, and it should provide establishment of transnational network of partners from private and public sector with an aim of development of social entrepreneurship sector and increased exchange of information and good practice (plus benchmarking) (Ibid.).

Even though the ISEDE-NET and the cooperation of Vivere with the centre for social work, Kragujevac, represent good examples, good practices and initiatives in the Serbian social entrepreneurship sector, the fact that we could find just two of them is not encoring. The other three, actually much bigger cities than the city Kragujevac, do not have any noted cooperation or initiatives related to the social functions performed by the social enterprises. This fact tells us that the possible social impact of the local social enterprises which perform social functions is not recognized and acknowledged by the local employment offices and the centres for social work. In other words, there cannot be any noted social influence of social enterprises on the Serbian labour market, if their activities and efforts are not supported and approved by the local institutions, policy-makers and stakeholders.

Along with the analyzed Serbian legal system regarding the social entrepreneurship sector which is perceived as a huge impediment for its development, this situation is also giving us a solid base for building rational and valid recommendations for further directions and possibilities of social enterprise development in Serbia. Discussion on this is following in the conclusion of this master thesis.

4) What is the influence (if any) of these social enterprises noted on the Serbian labour market?

*The influence of social enterprises on a labour market is reflected in their **economic and social impact**. The **economic impact** of the Serbian social enterprises has been assessed with the job creation indicator. Conducted in this context, our analysis showed that the percentage of people in Serbia employed within the social entrepreneurship sector is 1,79%, which was interpreted as an undisputed influence noted on the Serbian labour market. It is important to emphasize here that our analysis included all the types of social enterprises existing in the actual Serbian context. Also, the*

⁷² http://www.nsz.gov.rs/page/about/sr/aktprojekti/isede_net.html

data on the rates of employment in this sector, which were complied with the two main identified goals (providing transitional employment and creating permanent jobs), included both the workers with contract for indefinite period of time, and the ones working under contract for a definite period of time. In addition, we pointed out that around 40-45% of the people employed in the social entrepreneurship sector are belonging to some of the numerous endangered groups, which indicated the strong presence of the social mission within the organizations in Serbia recognized as social enterprises.

*In order to find out if there is some **social impact** of the social enterprises on the Serbian labour market, we have conducted a documentary analysis of the internet presentations of the National Employment Agency and the employment and social work offices of four the biggest cities in Serbia – Belgrade, Nis, Novi Sad, Kragujevac. We were looking for any documents or projects that are establishing the cooperation between the social enterprises (regarding their wide social functions), the local branches of the NEA, and the local social work offices, which would indicate the existence of more comprehensive institutional frame necessary for accomplishing social impact on the labour market. Documents of this nature were not found, which communicated to us the fact that there is no noted social impact/influence of the existing social enterprises on the Serbian labour market. Namely, the social enterprises in Serbia do not have much needed support and an approval by the relevant local institutions, policy makers and stakeholders, so they cannot accomplish and achieve any social impact that can be noted and measured.*

IV

CONCLUSION

“An attempt of analysis often fails to include the subject under analysis”

- Pjotr Ravich -

The institutional and the legal framework regarding social economy, and more specific social enterprises, is not constructed, determined nor defined in the Republic of Serbia. There is no definition of social enterprises, and none of the existing laws is defining their main characteristics. In this manner, and in order to answer our main research question - *To what extent do social enterprises in Serbia accomplish their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market?* – we had to use the EMES working definition of social enterprises and its elaborated economic and social criteria. The EMES definition and its criteria were interpreted and analyzed in the context of the substantial structural characteristics of the Serbian society in general, and the nature of its past socialist (ex Yugoslavian) and the present transitional economy.

These structural characterises that are relevant for understanding of the social economy sector in Serbia, and for the possible development of social enterprises, can be summarized as follows: *features of the third sector, labour market characteristics, social capital, position of refugees and IDPs, and legal framework*. Consequently, the characteristics, the goals and the objectives of social enterprises in Serbia, the barriers for work integration of refugees and IDPs and the possible influence of social enterprises on the Serbian labour market, shortly, the sub research questions of this master thesis, were examined and analyzed within this structural frame. The analysis provided us with the answers to the sub research questions, and with a possibility to circle the holistic approach of this research by answering the main research question. The holist nature of the research is especially emphasized with the decision and the adoption of a case study research strategy (*single case design embedded*).

Green & Clean, Eco Bag and Lastavica Catering as sub units of our analysis, were chosen according to the work integration criterion, geographical criterion, and taking in consideration the inclusion and involvement of particularly refugees and IDPs. The data obtained on these enterprises, along with the operationalized theoretical concepts constructing the economic and social criteria, allowed us to illustrate the following picture: Green & Clean, Eco Bag, and Lastavica Catering are enterprises characterized by the continuous production of goods, or the provision of services; they are employing paid workers from the endangered categories of refugees and IDPs (minimum amount of paid work), which has distinguished them as a second (B) type of social enterprises – WISE; they are established by one or several NGOs which endow them with a collective dynamics (initiative launched by a group of citizens) and determines their missions – based not on profit-maximization behaviour but on a limited profit distribution. Furthermore, our sub units of analysis were identified in the Serbian legal system as *limited liability companies*, belonging to the ***spin-off type of social enterprises*** in Serbia. This type of social enterprise is one of the seven identified types of

enterprises in Serbia that almost entirely correspond to the concept of social enterprise, and its legal and organizational nature implied that our sub units of analysis do not have economic and entrepreneurial (managerial) autonomy, which is one of the main characteristics of an 'ideal type' of social enterprise.

The analysis of the goals and the objectives of Green & Clean, Eco Bag, and Lastavica Catering showed that they are the same as the goals and objectives of WISE in the EU countries. In this manner, the social and the economic goals are sublimated into one 'work integration' goal and its specific objectives – *transitional occupation* and *creation of permanent self-financed jobs*. Namely, the work of our 'case' enterprises on integration of refugees and IDPs in the open labour market by providing them with work experience and on the-job training, as well as their activities directed towards the creation of permanent employment (general aim to benefit the community), position them as a Serbian work integration social enterprises with the same goals and objectives as the corresponding enterprises in the EU countries. In addition, we recognized the *socio-political goal (producing social capital)*, with the Green & Clean and Eco Bag, but not within Lastavica Catering. This goal is indicating that the primer social enterprises endeavour to establish networks and partnership with public authorities, relevant local institutions, administrators, political parties and politicians, and to extend their missions directed towards the promotion of the concept of social entrepreneurship in Serbia.

The barriers for providing income and work integration among refugees and IDPs in Serbia were identified through operationalization of the following theoretical concepts and categories: *the human capital stocks (neo-classical labour market theory)*, and *social capital (social networks)*. The analysis showed that the educational structure of the refugees and IDPs in Serbia is one of the biggest barriers for their work integration. In this context, education itself is perceived as the most essential human capital. The second identified barrier with the neo-classical labour market theory was long term unemployment. Huge percentage of refugees and IDPs unemployed for more than 12 months (or even more than five years), indicated that they do not have enough skills, on the job trainings and recent work experience (important human capital stocks), all of them necessary to find an employment (to be more competitive on the labour market). Also, the linkage of the empirical data on *social networks* with the theoretical concept of *social capital*, pointed out that the refugees/IDPs in Serbia relay on those networks in all aspects of their lives. In most of the cases, they are even looking for new (or better) jobs just through friends and relatives, through the informal channels, which impose itself as a serious obstacle for their integration on the labour market.

Finally, the last sub research question, regarding the possible influence of social enterprises on a labour market, was examined through their *economic and social impact*. The indicator of the economic impact showed that the percentage of people in Serbia employed within the social entrepreneurship sector is 1,79%, which was interpreted as an undisputed economic influence noted on the Serbian labour market. From the other side, the explored lack (none-existence) of cooperation between the social enterprises (regarding their social functions), the local branches of the NEA, and the local social work office, was understood as an obvious absence of social influence of social enterprises on the Serbian labour market. Namely, the social enterprises in Serbia do not have much needed support and an approval by

the relevant local institutions, policy makers and stakeholders, so they cannot accomplish and achieve any social impact that can be noted and measured.

Considering that each of the sub research question is one element (part) of the main research question, the answers to those questions are giving us the big picture and the possibility to grasp the central question - *to what extent do social enterprises in Serbia accomplish their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market?* The analysis of the three sub units in the context of Serbia lead us to the identification of their main characteristics, goals and objectives. We have elaborated their producing goods, or selling services activities, we have recognized them within the B type of social enterprises – WISE, and emphasized their mission to benefit the community, by employing refugees and IDPs. Furthermore, it was established that the work integration goal (of our sub units of analysis) and its specific objectives – *transitional occupation and creation of self financed jobs* – are the same as elsewhere. More precise, Green & Clean, Eco Bag, and Lastavica Catering as WISEs, are generally accomplishing their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market.

To what extent are these goals and objectives accomplished is the complex part of the central research question which cannot be answered (measured) that simple. First, we have to take in consideration the legal form and nature of our sub units of analysis. As *limited liability companies*, or *spin-off type of social enterprises in Serbia*, their goals and objectives, as well as the activities on their accomplishment, are quite dependant on the missions, goals, interests and actual managerial engagement of their mother NGOs. In other words, the sub units of analysis are not autonomous in any of their activities and decision-making processes, which are naturally shaping their final results and outcomes. However, they are employing refugees and IDPs; they are providing them with transitional occupation, trainings and permanent self financed jobs. Also, the fact that all the types of social enterprises in Serbia employ 1,79% of the general working population, and the fact that 40-45% of employees in the social entrepreneurship sector are persons belonging to different endangered categories, communicate to us that the social mission of the social enterprises in Serbia is well established, and that they accomplish certain economic influence on the Serbian labour market.

Furthermore, taking in consideration the qualitative nature of this research, the data obtained from secondary sources and the general qualitative research, our prospects to measure the exact extent to which social enterprises in Serbia accomplish their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market, and to arrive to general conclusions are rather limited. Qualitative analysis provides an insight into the structure of the sector, its internal organization, the way individuals organize themselves, and the way organizations function in the given institutional and legal environment; in order to define precise measures and actions for increasing the employment potential of each form of social enterprise, and to measure the accomplishment of their goals and objectives, it is necessary to carry out quantitative research (Borzaga, Galera, Nogales, 2008).

Another serious obstacle and a challenge that I had to face in this research is the fact that there is a reach variety of organizations that are generally recognized as social enterprises, which made it quite difficult to establish and develop any kind of generalizations. This is corresponding to the rooted limitation of the chosen and implemented case study

strategy, reflected in its generalizability. In this context, the results regarding our sub units of analysis can hardly be representative of WISEs in the territory of Serbia. This is another reason why we cannot measure, nor claim with certainty that the social enterprises in Serbia accomplish completely or partially their goals and objectives regarding the integration of refugees and IDPs on the Serbian labour market. Namely, we have to emphasize that the readers of this thesis, as well as possible future researchers in this field, should not confuse the descriptive with the empirical. In other words, we have to be aware that this study is one of the pioneer academic studies regarding the social entrepreneurship sector in Serbia, so it is essentially descriptive and explanatory, not empirical.

Moreover, I should point out here that different definitions and legal solutions of social enterprises in different countries are making statistic monitoring and comparative research quite difficult, so it was genuinely hard to check the theoretical assumption that social enterprises can generate employment in the Serbian context. This is especially valid for our sub units of analysis, which by their legal form (limited liability companies) function as every other 'normal' for profit enterprise. In addition, when we take in consideration that spin-off enterprises have just begun to develop in Serbia (SeConS, UNDP, 2006), and that the previous pre-dominant form was 'socialist-enterprise', the theoretical assumption of employment generation that is valid for the old EU member states (Italy, Spain, France, Belgium), cannot be fully examined in this kind of qualitative, descriptive, non-empirical study. However, the absence of cooperation between the organizations in Serbia recognized as social enterprises with the NEA and its local branches, as well as with local offices for social work, tells us that even the possible potential of social enterprises in Serbia to generate employment of any disadvantaged group, is not institutionally recognized. This fact pretty much excludes social enterprises as possible direction for creation of social policies, or as feasible labour market measures. Consequently, the social enterprises in Serbia are not included in any official socio-economical statistics and empirical findings which can help us confirm the initial assumption.

In the developed Western EU countries significant progress has been made in providing the social economy with relevant economic statistics (Defourny, 2004), while in the transitional countries like Serbia only socio-political analysis of the social economy has been conducted. In this context, and considering that the theoretical concept of social enterprises is emerging from their studies, western analytics must guard against taking the easy approach of applying established analytical models to circumstances that have been influenced by a totally different socio-economic and political history (Defourny, 2004). Correspondingly, this master thesis has applied mostly EMES analytical models, criteria and definitions in the actual Serbian context, taking in consideration its socialist in heritage, the present transitional challenges and dilemmas, as well as the relevant (none)existing legal frame. In this sense, we have described and explained the social economy and non-profit sector in Serbia and the positioning of our sub units of analysis between them (in the for profit area). We have explained the difference between the traditional third-sector present in the Western countries, and the NGO sector emerged in the post communist countries.

Consequently, we have discovered that the NGOs in the actual socio/political/economic and legal context of Serbia are the main actors and the engines for development of the social entrepreneurship sector. They are transferring their entrepreneurial

and productive activities, which do not fit their legal frame, on the enterprises which main purpose is to establish and implement a social mission, and which are principally focused on stimulating mostly local opportunities for economic and social participation (Barraket, 2007). Shortly, this study showed that the social enterprises in Serbia are more focused on betterment of local conditions (for employment, or training) than on the wider political and social conditions that can influence and inform labour market segmentation. Close over, it is clear that the social economy in Serbia is dominated by NGOs (charities, self-help organizations and non-profit ones). As we could see, there are significantly less examples of profit organisations which, for the sake of general social goals, leave profit for non-profit sector (SeConS, UNDP, 2006). In this manner, important question that imposes itself for future researches is the question of the capacity of the existing NGOs in Serbia (non-profit sector) to get involved and active in the market, as well as the question of needed and substantial motivations of the profit sector to engage in the social economy – new ‘entrepreneurial dynamics’⁷³ in the social economy sector.

Close over, there are already various private initiatives in some European countries (Italy, France, Belgium) that promote development of social enterprises both on the national and international level. This is a curious situational development in the social entrepreneurship sector which can be inspirational for some future researches which can include these initiatives and measures undertaken by private networks, partnerships and organizations. This can be also perceived through a construction of a robust interrelation between A and B type of social enterprises (e.g. cooperatives in Italy). The synergy between the two paths, one dealing with social and health care aspects (A-type), the other with professional and economic aspect (B-type) should allow to create a network of social protection for disadvantaged people (Borzaga, Loss, 2002). In this manner, the possible social, psychological, and monetary benefits of social enterprises can be more easily examinable, as well as the increase of the human capital for the disadvantaged persons.

In this master thesis, the lack of the essential human capital – education, among the refugees and the IDPs was interpreted as a most serious barrier for their work integration. However, it has to be emphasized here that the educational structure of the domiciled Serbian population and the refugee/IDP population is almost the same, as well as the rates of unemployment by educational levels. Shortly, the percentage of employed highly educated refugees/IDPs is the same as the percentage of the highly educated and employed domiciled population. This is due to the fact that Serbia is unique country regarding the position and the historical background of the refugees. Considering that the refugees came to Serbia from the ex Yugoslavian republics (Bosnia & Hercegovina, Croatia) they share the same language, history, traditions and culture with the domiciled Serbian population. That is why is easy for the highly educated refugees to be integrated in the labour market. By that logic, it should be generally easier for the social enterprises in Serbia to integrate its refugees, because their level of disadvantage is rather low. However, there is no corresponding example in Europe that can be examined and compared with the Serbian context.

Finally, it has to be said that this research was also limited by the fact that a significant part of previous researches and academic writings about social economy and social

⁷³ Defourny, J. (2004)

entrepreneurship sector, important for our study, could be found only in the original languages, not translated on English. I have found a great number of documents, articles, empirical studies and books on Italian and French, which unfortunately I could not use. Another obstacle in the linguistic context was the fact that some words, concepts and terms that derive from English have a different meaning, or even do not exist in the Serbia language. For example, there is an always present terminological confusion that has to be clarified every time, regarding the 'socially' owned enterprises in the socialist Yugoslavia. In this context, by its 'social ownership' Yugoslavia was a unique example in the world, which caused constant confusion and commutation of the terms social and socialist. Also, it was necessary to explain that the third sector and non-profit organizations in CEE and CIS countries are called non-governmental organizations (NGOs), which reflected their efforts to emphasize their independent nature, as compared to the 'social organizations' that were under the previous regime; so the use of the term 'third sector' helps to overcome the differences between the many national models (Borzaga, Galera, Nogales, 2008).

At last, taking in consideration this 'linguistic context', I have to underline that this master thesis as an academic study of the social entrepreneurship sector in Serbia, has to be translated on Serbian, and the controversial terms and concepts have to be explained and adjusted to the Serbian academic language.

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