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Be In

Be Entrepreneur - Be In

CENTRE FOR DEVELOPMENT OF THE SOUTH-EAST REGION

STUDY

for analysis of the entrepreneurial ecosystem in the South-East planning region

2023

The project is co-funded by the European Union and by National Funds of the participating countries

Study for analysis of the entrepreneurial ecosystem in the South-East planning region

Project:	***"Business Eco-system as an Integrated System - Be In"***
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LIST OF ABBREVIATIONS

B2B	Business-to-business
B2C	Business-to-consumer
BE	Business ecosystem
CBC	Cross Border Cooperation (Programme)
CDSEPR	Centre for development of the South-East planning region
COVID-19	Coronavirus disease 2019
CV	Curriculum Vitae
EC	European Commission
EU	European Union
EUR (€)	Official currency of the Eurozone
ESA	Employment Service Agency
ESG	Environmental, social and governance
GVC	Global value chains
ILO	International Labour Organization
IPA	Instrument for Pre-Accession Assistance
IT	Information technology
LED	Local Economic Development
LLC	Limited Liability Company
OECD	Organization for Economic Cooperation and Development
MCC	Chamber of Commerce of Republic of North Macedonia
MLS	Ministry for Local self-government
MNE	Multinational enterprise
MO	Ministry of Education
MSME	Micro, small and medium size enterprise
R&D	Research and Development
SEPR	South-East planning region
SME	Small and medium size enterprise
SSO	State Statistical Office
USA	United States of America
ULS	Unit of local self-government

SUMMARY

Creating a coherent, integrated and innovative business ecosystem that enables networking and strengthening of ideas, helping individuals to develop their skills and businesses to increase their capacity, is the main goal of the project Business Eco-system as an Integrated System. In order to contribute towards the achievement of the projects' main goal, Gestalt Solutions LLC, in cooperation with the Centre for development of the South-East planning region, implemented a series of researches that resulted in creation of the **Study for analysis of the entrepreneurial ecosystem in the South-East planning region**.

In the business ecosystem model, different participants, like private persons (employed and non-employed), clients and consumers, labour force, entrepreneurs, companies and organizations, create value for each other compared to the traditional business model, with one participant delivering value for the customer. In order to get clearer idea on the strengths and weaknesses of the labor force and the entrepreneurial capacities and skills of the current and potential entrepreneurs in the region, two surveys were conducted. Additionally, to get an insight for the position the regional MSME's have, In-depth interviews with managers and responsible persons from the MSME's from the South-East planning region were conducted.

The sample of the survey for determining the strengths and weaknesses of the labor force in the South-East planning region consisted of 150 unemployed people from the region; the sample of the exploring the entrepreneurial capacities and skills of the current and potential entrepreneurs consisted of 156 subjects. The in depth interviews were conducted with managers and/or responsible persons of 50 companies with a headquarters on the territory of the South-East planning region.

The most significant findings regarding the current situation with the labor force in the SEPR, pointed out the following:

In the context of the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region, 59% of the respondents that qualify as active job seekers stated that have responded to a job advertisement in the period of up to 4 weeks prior to the survey. In addition, 65% stated that are been registered as active job seekers in the Employment Agency of Republic of North Macedonia within the last 4 weeks, and only 41% of the respondents have been registered as job seekers on platforms/agencies for employment mediation.

Respondents representing the labour force showed low entrepreneurial behavior and significant aspiration to be an employee. Only 26% have undertaken steps to start a business in the timeframe of up to 4 weeks prior to the survey, while 41% stated that they can start to work as an employee within 1 week. This is supported by the following: 62% have previously prepared a job application, 75% have previously prepared both a Professional Biography (CV) and a Motivational Letter, and 58% have an updated Professional Biography (CV). In regards to general employability skills, 51% believe that have all the necessary organizational skills to work in their profession, 52% believe they have all the necessary communicational skills to work in their profession, 86% consider themselves as team players.

Regarding the work experience, 68% of the respondents have previously worked in a private company, and as main reasons for them leaving their last job (respectively) were: personal choice, Covid-19 pandemic, Lack of opportunity for advancement in the company they worked and Bad working conditions.

The respondents from the sample noted that they possess the following personal skills and abilities (presented in terms of repetition): Timely completion of tasks, Patience, Flexibility, Optimism, Confidence, Ability to change, unconventional thinking (also known as Thinking "outside the box"), Ability for taking risk.

The most significant findings regarding the entrepreneurial capacities and skills of the current and potential entrepreneurs are: 39% stated that they are thinking of starting their own business, while 28% already have their own business. In their opinion, lack of financial support, fear of failure, poor awareness of the possibilities for starting a business, lack of quality business idea and the lack of knowledge for running a business and lack of support from family and friends are reason why people from the South-East planning region would not establish own businesses. On the other hand, 70% of the respondents stated that have a close friend or a family member that manages a successful business.

The most significant findings from the in-depth interviews with managers and responsible persons from the MSME's from the South-East planning region are that 60% of the interviewed companies have the perception that their earnings are higher than their competitors; 48% have smaller number of employee in comparison to their competitors on the market, and half of them believe their number of clients is higher than their competitors. Only 18% of the interviewed companies think that their import activities (import quantity) are higher than their competitors and 14% of the interviewed companies think that their export activities (export quantity) are higher than their competitors. Most of the interviewed companies believe that management experience and skills are the most important aspects for the successful work of a company, followed by aspects such as: provision of finance, business skills, electricity and the economic environment. Most of the companies noted the operational problems as a result of the current energy crisis as the biggest problem in their everyday work, followed by lack of finances, operational problems as a result of the Covid-19 pandemic and employees. As way of coping with the ongoing world crises, responsible persons from the companies stated the following: 76% of the companies stated that they made efforts to maintain the quality of operations, products and services at pre-2020 levels to retain customers, 20% of the companies made changes in their work processes in order to respond adequately to the crises; 18% of the companies reduced the number of employees and introduced innovative technologies in their operations and 16% of the companies focused on online operations as a response. 14 of the companies stated that they started with online promotion in order to deal with the negative impact of the world crises; 7 of the companies introduced online work (work from home) for the employees, 6 introduced online sales, 5 of the companies attended online training to improve company's operations; 2 of the companies created company websites in order to deal with the negative impact of the world crises.

62% of the interviewed companies introduced new energy-efficient and more sophisticated machines and equipment that reduce electricity consumption; 8 of the companies acquired new machines and equipment in order to adequately respond to the negative impact of the world crises.

Topics for which companies needed advice or information in the last 24 months were: Financial consulting for accounting and general management of finances in the company; Financial counseling – where and how to get finance; Online promotion; E-commerce; IT (Information Technology), Export and Taxes/Insurance and Billing; Legal issues; Installation of photovoltaic power plants (photovoltaics) on the properties and roofs of the company's facilities; Employment / Firing Law and Law for Innovation activity; Health and safety at work and Specific regulations for business activity.

As channels for receiving information, responsible persons stated that most of the time, the necessary information are received through direct conversation in person and via telephone. They also stated the use of digital tools as mediums: web sites and portals, e-mail, TV, radio and social media as next channels for receiving information. The companies highlighted the need for information relating to: subsidies; available grants for financing their investment projects; information for networking for B2B meetings, tax incentives and tax relieves; loans and credit lines; consulting services and advices; increasement of online presence; possibilities for business cooperation, support in preparation of online promotion for the company (website, social media promotion); financial and advisory support in the preparation and opening of an e-store and in the area of E-commerce; financial support for implementation of IT activities; consulting / advisory / mentoring IT support.

Companies are always part of a more comprehensive system – a macroeconomic structure that, driven by innovation, is constantly developing and evolving. Business ecosystems enable SMEs to carefully approach the requirements of the digital economy and, in consultation with suitable partners, to adapt suitable structures, develop innovative business models, test them on the market, and gradually transform their value chain.
Forecasts show that the future belongs to those companies whose value creation strategies are embedded with ecosystem business models.

INTRODUCTION

I. The project

"Business eco-system as an integrated system" is a project implemented through the Interreg-IPA CBC Programme Greece – Republic of North Macedonia, 2014-2020, implemented in the region of Central Macedonia in Greece and the South-East planning region from Republic of North Macedonia, by the project partners: Region of Central Macedonia, Centre for development of the South-East planning region, University "Goce Delchev" and University of Macedonia Research Institute.

The idea behind this project lies on the impact that the acceleration activities have both on labor force and on business entities. On the one hand business entities that employ experts and invest on education and training activities could adapt faster to the challenges of the social, economic, technological and political environment. But this is by far not adequate. All new challenges require networking, synergies and optimization of the existing functions and innovative solutions. On the other hand, well trained individuals choose to leave the cross-border area, attempting to achieve the best offer for their qualifications in regions away from the cross-border area. This project creates an integrated ecosystem based on the following principles – knowledge, in the form of the identification of current needs, both on the demand and the supply side, and acceleration, in the terms of enhancing developmental actions by amplifying the desire to take risks from the business side, and strengthening the transformation of the ideas into actions, on individual level.

This project supports SMEs, enhances and promotes business ideas and mainly helps young people to transform ideas into activities, reducing in parallel the burden of the information and knowledge cost. One of the innovative actions of this project is that by boosting qualifications on individual level and the available tools -for enterprises- this project closes the gap between the misinformed and well-informed entities and professionals. This project defines the problems and the outputs on both short-term and long-term. On the one hand there are well-defined problems of the identification of needs and the optimization of available solutions and on the other the potential risks that could become important issues in the future. The approach of the project is innovative, as it by-passes the classic approach of boosting the development with endowments and it provides a framework of networking, and knowledge-based tools. This project aims at the core of the problem in the cross-border area through leaving opportunities for funding of innovative tools that could be of wide use in the near future. The project aims to create a stable synergy with long lasting effects among all the public entities, research institutions and local stakeholders through the joint actions to provide expertise, networking, knowledge and support.

The main objective of this project is to assist individuals to develop their skills, and business entities to increase their capacity by creating a coherent, integrated and innovative business ecosystem that allows networking and boosting ideas in order to reduce the gap between supply and demand on the market in cross-border region.

The projects' sub objectives include:

- Expansion of knowledge with cross-sectional and qualitative (in-depth interviews) surveys, which will illustrate observations and trends, and will reveal important weaknesses that the project will focus on.
- To Assist and boost ideas. Support and assistance to the operations of the existing SMEs, by developing a toolkit in order to strengthen current operational capacity (digital marketing tools, Ad-hoc business support, pool of experts, workshops and seminars for new developments and preparation for future needs).
- Openness and Promotion. Umbrella actions in two directions; joint efforts, for a harmonized presentation of the intervention and identity building, and promotion and dissemination events, for engaging stakeholders and community of the cross-border area.
- Creating employment opportunities for educated graduates, integrated framework of employment opportunities for qualified graduates.

Expected results from the project "Business eco-system as an integrated system" are as follows:

- Facilitation of matching supply and demand – Series of surveys implemented in the cross border region will map the current trends, strengths and weaknesses of the labor force and will provide information about the entrepreneurial capacities, skills and knowledge. The knowledge component of the project, will reveal, the degree of this miss-match, revealing also future trends.
- Boosting ideas – The outputs of the project, and especially those referring to the entrepreneurship and innovation Boot Camp and young leaders' summit, will reveal new ideas, but most importantly will amplify the process of transforming ideas into concrete actions.
- Developing capacity and networking – SMEs will benefit from this project directly by participating in its actions, attracting young professionals, graduates and qualified experts and indirectly by being a part of this ecosystem that will gradually adopt to the new paradigm of not avoiding risk and being a part of a knowledge environment.
- Stability in jobs creation, innovation and opportunities for educated graduates.

II. The Study

The Study for analysis of the entrepreneurial ecosystem in the South-East planning region is a document prepared as part of the project "Business eco-system as an integrated system" by combining the results of the implemented desk researches by the team of Gestalt Solutions Llc, as well as results of the field and online researches that included:

- Research for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs
- Research for determining the strengths and weaknesses of the labor force in the South-East planning region
- In-depth interviews with managers and responsible persons from the MSME's from the South-East planning region

The Study for analysis of the entrepreneurial ecosystem in the South-East planning region is created by analyzing the results from the desk researches on documents such as:

1. Programme for the development of the South-East planning region, 2021-2026
2. Strategy for the development of women entrepreneurship, 2019 - 2023
3. Strategy for women's entrepreneurship of the municipality of Strumica with action plan, 2019 - 2024
4. National strategy for the development of social enterprises in the Republic of North Macedonia
5. Action plan for the implementation of the National Strategy for the development of social enterprises in the Republic of North Macedonia
6. Strategy for Entrepreneurial Learning
7. National strategy for small and medium-sized enterprises, 2018-2023
8. Programme for Social entrepreneurship for the municipality of Strumica, 2019-2023
9. Study on the potential and use of renewable energy sources in the cross-border region
10. Guide for Investing in the South-East Planning Region
11. Strategy for local economic development of the Municipality of Strumica 2022-2026
12. Strategy for local economic development of the Municipality of Strumica 2016-2020
13. Plan for local economic development of the Municipality of Gevgelija 2023-2026
14. Strategy for SME support and employment of the Municipality of Radovish 2019-2025
15. Program for Local Economic Development of the Municipality of Valandovo for 2023
16. Strategy for local economic development of the Municipality of Bosilovo 2022-2027
17. Integrated plan for local development of the Municipality of Vasilevo (2021-2024).

as well as by analyzing the results from three direct researches conducted through surveys on research samples consisted of:

- 150 unemployed people from the 10 Municipalities from the South-East planning SEPR
- 156 current and potential entrepreneurs from the 10 Municipalities from the SEPR
- 50 managers and responsible persons from the MSME's from the 10 Municipalities from the SEPR

CURRENT SITUATION WITH ENTREPRENEURSHIP IN THE REPUBLIC OF NORTH MACEDONIA AND IN THE SOUTH-EAST PLANNING REGION

'Entrepreneurship is the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization'

Most authors agree that entrepreneurship is a phenomenon that is found across the entire economy, going beyond the confines of the market economy to include society as a whole; for example, encompassing organizations such as non-profit enterprises. Furthermore, entrepreneurship may be practiced in a range of different entities, from the self-employed individual, through small and medium-sized enterprises (SMEs) to large multi-national concerns. (OECD/Eurostat Entrepreneurship Indicators Programme).

Entrepreneurship is usually viewed as a process driven by individuals (or by key persons within firms), that involves some form of innovative behavior and/ or risk-taking that results in change. Spotting gaps in the market, suggesting ways to improve processes, or coming up with new ideas are all signs of an entrepreneurial approach. Most writers agree that entrepreneurship is also driven by a desire to generate profit or other types of rewards, be they linked to monetary gain, personal satisfaction, career-related status, a change in lifestyle, recognition, or other benefits. As such, entrepreneurship is a process that has the potential to lead to the creation and expansion of firms. In this respect, there is considerable policy interest in entrepreneurship, insofar as it has the potential to change macro-economic conditions through increasing employment opportunities and stimulating economic growth. Indeed, economists and policy-makers have long identified entrepreneurs as important drivers for employment, innovation and economic growth, although the links between entrepreneurship and the various facets of economic growth are less understood.

According to the data of the State Statistical Office of the Republic of North Macedonia for 2021 (the last year for which there are available data), there are a total of 5.813 private entities (companies) in the 10 Municipalities of the South-East planning region. The distribution of the companies, per Municipality and size, is given in the following table:

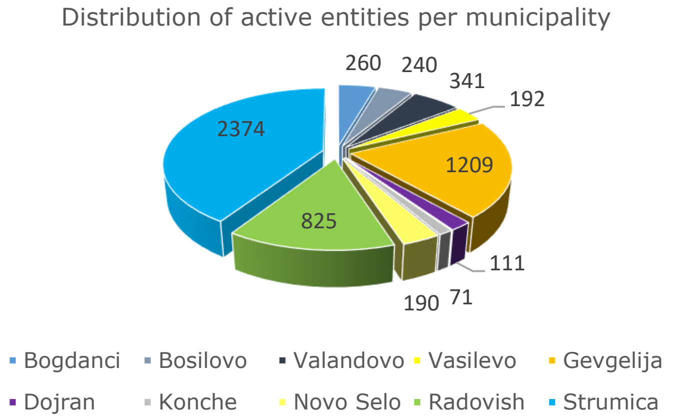
Municipality	Number of active* companies				
	micro**	small**	medium**	large**	TOTAL
Bogdanci	160	91	6	3	**260**
Bosilovo	142	93	4	1	**240**
Valandovo	216	116	9	0	**341**
Vasilevo	110	76	5	1	**192**
Gevgelija	723	453	20	13	**1209**
Dojran	65	43	2	1	**111**
Konche	54	16	1	0	**71**
Novo Selo	117	69	2	2	**190**
Radovish	547	269	6	3	**825**
Strumica	1493	822	36	23	**2374**
TOTAL	**3627**	**2048**	**91**	**47**	**5813**

t.1 – Active business entities by municipality for 2021 (source: SSO)

note: * Active business entities are all business entities that contribute to the gross domestic product, and the basic criterion for determining the activity of the entity is the data on income and/or employees.
** Micro enterprise: less than 10 employees, annual turnover less than 50.000 EUR; Small enterprise: from 11 to 50 employees, annual turnover of up to 2.000.000 EUR and asset value 2.000.000 EUR; Medium enterprise: from 51 to

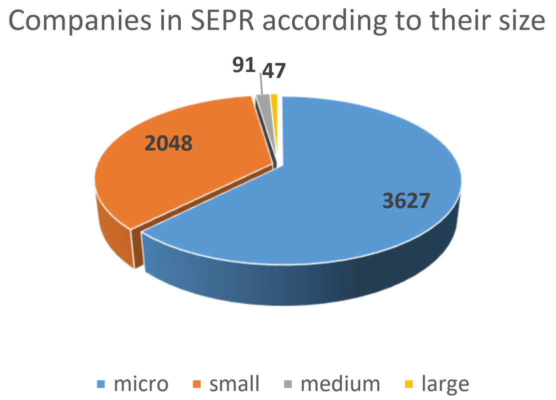
250 employees, annual turnover of up to 10.000.000 EUR and asset value 11.000.000 EUR; Large enterprise - more than 250 employees.

The Municipality of Strumica is the municipality with the highest number of active companies in the South-East planning region with a total of 2.374 micro, small, medium and large companies. Gevgelija has a total of 1.209 active entities that operate in this Municipality, while Radovish has a total of 825 private companies that currently operate on different markets. The distribution of active private entities in the South-East planning region per municipality is given on the following PIE diagram.



g.1 - Distribution of active entities per municipality (source: SSO)

The conducted desk researches showed that most of the companies in the South-East planning region are micro and small companies (97,6% of the total number of companies are either micro or small companies). There are a total of 3.627 micro companies in the region, 2.048 small companies, 91 medium size companies and only 47 large size companies. The distribution of the active private entities in the South-East planning region per size is given on the following PIE diagram.



g.2 - Companies in SEPR according to their size (source: SSO)

BUSINESS, COMMERICIAL i.e. SME ECOSYSTEM

Ecosystem is one of those terms that if we ask hundred people what it means, we'll probably get a hundred different answers, most of them with a similar explanation, but with some significant variations.

An ecosystem is a concept easily discernible in nature, as old as all living organisms are. Whenever we have a set of different individuals that work each for themselves, but at the same time working for themselves means supporting the other, we speak of an ecosystem. There is countless evidence in nature of how a balanced ecosystem benefits all participants - and how an imbalance is destructive to it.

When it comes to the business world, a "business ecosystem" is defined in the following ways:

In a broader sense, a business or commercial ecosystem is made of current and potential (skilled) workforce, secondary schools, higher education institutions, training centers, companies, local, national and international institutions and organizations, business associations, chambers of commerce, financial institutions that participate in the process of developing business relationships with new customers and creating new value by two or more business entities for a common set of customers.

Business ecosystems exist to collectively create a higher level of value than members can create individually, given time, capital, brand, market access, and other real-world constraints. Members of the business ecosystem sell together to common customers. They can trade with each other, but that activity is not part of the business ecosystem. In this sense, the business ecosystem is a networked but relatively free cooperation between several companies from one or more industries. The value chain of one company expands into a value network consisted of several partners. The company is always part of a more comprehensive system - a macroeconomic structure that, driven by innovation, is constantly developing and progressing.

Every business ecosystem is a whole. The driving force of the whole is innovation. It is innovation that encourages many companies to take the initiative and develop new applications and products.

The whole has participants, and at least one member acts as an orchestrator of the participants. All members in a business ecosystem, whether orchestrators or participants, contribute to the creation of collective value. They co-evolve by allowing each company to benefit from the existence and development of other members of the corporate network.

The most well-known ecosystems are virtual corporate networks such as Amazon, Apple, Facebook, Google, Airbnb and Uber, which are all based on digital platforms. According to Deloitte's study on "Digitale Strategien im Mittelstand" (Digital Strategies in Small and Medium-Sized Companies), more than half of German SMEs have already utilized the opportunities that an ecosystem-based business strategy has to offer.

The pandemic caused by the Covid-19 virus has accelerated the implementation and application of new technologies, even though technological advances have already been changing the world in the past two decades. The reduced cost of machines is slowly replacing the mass of people who performed routine or manual operations. It is estimated that there were 3 million industrial robots in operation in 2020, more than double compared to the 2014-2020 period. Traditional business models, products and business strategies must conform to these processes, regardless of the outcome. Small and medium-sized companies that are open-minded and proactively nurture their own business ecosystem, have a key advantage, simply because of the lethargy present in many of their competitors.

I. How does an SME benefit from a business ecosystem?

Business ecosystems enable SMEs to carefully approach the requirements of the digital economy and, in consultation with suitable partners, to adapt suitable structures, develop innovative business models, test them on the market, and gradually transform their value chain.

Establishing a new business ecosystem – or joining an existing one – is thus a strategic decision with long-term effects on the company's development and focus. Participating in a digital business ecosystem can quickly catapult innovation culture upwards and has huge potential for SMEs.

Relationships within a business ecosystem have various dimensions. These include:

- Crowd-sourcing
- Platform economy
- Gig economy and flexible access to employees and expert know-how
- Cooperation with startups

Crowd-sourcing

In crowd-sourcing, internal tasks are outsourced to a larger group of people. A prime example of the practical inclusion of "swarm intelligence" is customer involvement in the product development of a community project. Open innovation concepts or crowd-testing not only contribute to innovative and customer-focused product development, but also to improving the company's public image. Crowd-sourcing is a modern form of a division of labor in which the consumer, who is already part of the company's business ecosystem, is upgraded to an equal cooperation and communication partner.

Platform economy

Whether in the energy, telecommunications, transport, credit or automotive industries – the trend is moving away from selling individual products or services and heading towards multidimensional solutions for specific customer needs. These are digital platforms that create a virtual business economy within the framework of the platform economy, in which: manufacturers, product and service providers, and customers and consumers come together and interact in various ways. By cooperating with third-party providers, SMEs can transform their products into complex customer solutions and have a direct link to customers worldwide.

Gig economy and flexible access to employees and expert know-how

In addition to the challenges of digitalization, the lack of skilled workers in many trades is jeopardizing the existence of SMEs. Business ecosystems can also help in this aspect, because they give all parts of the ecosystem access to the know-how and digital expertise of specialists. Freelancing and other flexible employment models are about to replace permanent employees in many positions. There would then also largely eliminate the need to employ external service providers and consultants.

Cooperation with startups

Large companies know that in times of digital transformation, permanent disruptions can quickly strip even long-established success models of any foundation. The constant pressure to innovate is what drives established global players to bring the know-how of small startups on board and integrate it into their own economic ecosystem. Both sides benefit from the cooperation. Smaller players gain access to resources, capital goods and customers of larger companies. In turn, larger companies benefit from breaking down outdated structures and deadlocked industry logic and introducing agile development methods. They get a fresh boost of innovation from external sources and tap into new target groups through cooperation and innovation.

When creating a business ecosystem everyone involved should be clear about:

- the value proposition the network stands for;
- the solutions that need to be developed to achieve this proposition;
- how many partners are required to implement these solutions;
- whether the total margin from the value proposition justifies the costs and risks of all companies involved in the ecosystem.

Despite all the tempting advantages, being part of a business ecosystem always involves business risks, considerable coordination effort and, of course, mutual dependencies for all companies involved. One of the biggest obstacles preventing SMEs from forming corporate networks is the fear of having to disclose trade secrets and competition-related information. There are also concerns about liability and data security.

The most important things about creating a business ecosystem can be summed up into these four statements:

- Risk management is also highly recommended for SMEs. To this end, orchestrating and complementary positions should be filled.
- To measure and evaluate success, dynamic metrics as well as criteria adapted to the timeline of the innovation cycle in advance needs to be defined.
- It is advisable to be part of several ecosystems so that the company is not completely dependent on one network.
- To really expand the area of activity, ecosystem with a sufficient number of participants is needed. A cross-industry approach is recommended in this regard, which brings together specifically selected players from different sectors, industries, and organizational structures.

In order to get an idea about the current state of potential and existing business ecosystems in the South-East planning region of Republic of North Macedonia, an extensive research was conducted, research that included:

a. **desk research** - review and analysis of official strategic documents and data published by local, regional and national institutions and organizations

b. **field research** of the three, by number, most significant actors in a business ecosystem: the workforce, potential and current entrepreneurs, and established companies.

II. Methodology

The desk research included a review and analysis of data available on the internet. Only data published on authentic and reliable websites were considered to collect information, websites such as:

- Data of Government and non-government agencies
- Educational institutions
- Sources of commercial information: print media (daily newspapers, magazines, magazines) radio and TV stations.

The desk research included:

- Analysis of the situation in the private sector at the municipal and regional level in the South-East planning region;
- Provision of official data on the situation in the business (private) sector, the workforce and the labor market in the South-East planning region at municipalities level, and at regional level;
- Analysis of state official data for the business sector, the workforce and the labor market in the South-East planning region, at municipalities level, and at regional level.

Field research included implementation of surveys and qualitative interviews.

The survey was conducted in direct meetings between the interviewers and the surveyed persons and indirectly - by delivering the questionnaires to the potential respondents by e-mail and in the inboxes on their profiles on social networks. For the purposes of the Study, two surveys (researches) were conducted:

1. Research for determining the strengths and weaknesses of the labor force in the region

2. Research for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs.

In-depth interview, i.e. an interview with a semi-structured questionnaire as a method of qualitative collection of a large amount of information about the behavior, attitude and perception of the respondents, was conducted in Tête-à-tête conversations held in the premises of the companies or through Zoom and Viber platforms. The questions from the questionnaire are sublimated in

3. In depth interviews with managers and responsible persons from the SME's from the South-East planning region.

1. The Research for determining the strengths and weaknesses of the labor force in the region included desk research and online surveys and served as a basis for preparation of the analysis of the expectations of the unemployed and determining the strengths and weaknesses of the labor force in the region. The desk research within this research included an analysis of the current situation, that is, the number of unemployed people in the region by municipality. The research also included a review of existing documents, as well as online research of statistical information, reports from relevant institutions and relevant studies. The research for determining the strengths and weaknesses of the labor force in the region was conducted on a sample consisting of 150 unemployed persons from the 10 municipalities in the South-East region. The survey was administered online through cloud-based survey tool that helps create, send and analyze surveys (www.surveymonkey.com). Gestalt Solutions Llc emailed surveys to potential respondents and posted them on social media profiles to increase the number of responses. This survey is available on the following link: Questionnaire for determening strengths and weaknesses of the workforce in SEPR.

2. The Research for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs included desk research and surveying, and served as a basis for preparing the analysis of entrepreneurial capacities, skills and knowledge of current and potential entrepreneurs in the region. The desk research within this research included an analysis of the current situation with entrepreneurship in the South-East planning region. The research also included a review of existing documents, as well as online research of statistical information, reports from relevant institutions and relevant studies. The research for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs was conducted through an online survey and a telephone survey of a sample consisting of 156 current and potential entrepreneurs from the 10 municipalities of the South-East planning region and provided information on the actual situation with entrepreneurship in the region, the characteristics of entrepreneurs, their capacities, skills, knowledge and needs. The survey was administered online through cloud-based survey tool that helps create, send and analyze surveys (www.surveymonkey.com). Gestalt Solutions Llc emailed surveys to potential respondents and posted them on social media profiles to increase the number of responses. This survey is available on the following link: Questionnaire for determination of entrepreneurial capacities.

3. In depth interviews with managers and responsible persons from the SME's from the South-East planning region included conducting qualitative researches through personal interviews with managers or responsible persons from companies in the South-East planning region. The qualitative interviews complemented the information gathered from the conducted surveys in order to add specific data on the capacities of the companies and to provide information on the ways in which SEPR businesses respond to a crisis, using technology and innovation. The in-depth interviews with managers and responsible persons from SMEs from the South-East planning region were conducted on a representative sample of 50 companies from the 10 municipalities in the South-East region. This survey is available on the following link: Interview with managers and responsible persons of SMEs from SEPR.

The research results were processed cumulatively and were presented through descriptive statistical calculations supported by tables and graphs. Based on the collected data, Gestalt Solutions Llc. prepared Analyzes for each of the researches, and at the end of the whole process, a **Study for analysis of the entrepreneurial ecosystem in the South-East planning region**.

The researches were implemented in the period November 2022 – February 2023.

III. Sample structure

1. Sample of the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region

The labour force of the South-East planning region for the purpose of this Study was represented by 150 unemployed people from the region. The sample was carefully constructed, so it can present the real situation in the region.

In regards to the place of living, 56 of the 150 respondents were from Strumica, 33 of the respondents were from Radovish, 17 from Vasilevo, 13 from Valandovo, 11 from Gevgelija while the other municipalities were presented with lower number of respondents which correspondents with the number of unemployed people within them.

Regarding the gender distribution, 73 of the respondents were women (49%), while 77 (51%) were men. 48 from the respondents (32%) were young unemployed people up to 29 years of age, 39 were between 30 and 39 years of age (26%), 30 (20% of the total respondents) were unemployed people between 40 and 49 years of age, while 33 were above 50 years of age (22%).

From the distribution of the research sample, (unemployed people) in regards to education, we can note that more than half of the respondents (53% of them) were unemployed people with higher education, while 38% (57 of the total number of respondents) were unemployed people with completed only secondary education. Only 2% of the research sample were unemployed people with master's degree and / or doctorate, which is a good indicator that people with master's degree or doctorate can find job easier in the South-East planning region.

97 from the unemployed people that participated in the research, stated that are registered in the evidence of the Employment Service Agency (ESA) of Republic of North Macedonia. 76 of them (78%) in the moment of taking the survey stated that are registered as active job seekers, while 21 (22%) are registered as passive (other) job seekers.

Regarding the length of their registration in the evidence of the Employment Service Agency of Republic of North Macedonia, most of the respondents (total of 86 respondents) noted that they have been registered in the ESA for less than a year, 35 of them have been registered between one and three years, while 31 of them have been registered for more than 3 years.

2. Sample of the Survey for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs

The current and potential entrepreneurs of the South-East planning region, for the purpose of this Study, were represented by 156 people from the region. The sample was consisted of 32% unemployed persons, 28% self-employed persons (entrepreneurs), 25% students, while 15% were employed within someone else's companies. 51 of the 156 respondents were from Strumica, which is expected having into consideration that Strumica is the municipality with the biggest number of active private entities and municipality where most of the inhabitants in the South-East planning region live. 25 of the respondents were from Radovish, 23 from Gevgelija while the other municipalities were with lower number of respondents which correspondents with the number of inhabitants of these Municipalities and the number of private companies within them.

Regarding gender distribution, 79 of the respondents were women (51%), while 77 (49%) were men. This shows that gender balance was secured within the research sample. 76 from the respondents (49%) were young people up to 29 years of age, 44 were between 30 and 39 years of age, 25 (16% of the total respondents) were between 40 and 49 years of age, while 11 were above 50 years of age.

Regarding the distribution of the research sample in terms of education of the respondents, we can note that more than half of the respondents (51% of them) were with higher education, while 40% (62 of the total number of respondents) were with only completed secondary education. Only 9% of the research sample were with master's degree and / or doctorate. None of the respondents were with completed only primary education.

3. Sample of the conducted In-depth interviews with managers and responsible persons from the MSME's from the South-East planning region

The In-depth interviews were conducted on a sample consisted of 50 managers and/or responsible persons of the MSME with a headquarters in one of the 10 South-East planning region municipalities. Most of the companies included in the in-depth interviews were from the biggest municipality in the South-East planning region – Strumica. 24 of the 50 companies were companies registered in the Municipality of Strumica, which is expected having into consideration that Strumica is the municipality with the biggest number of active private entities in the South-East planning region; 9 of the companies were from Gevgelija, 5 from Radovish while the other municipalities were represented with lower number of companies included in the interviews, which correspondents with the number of registered companies within these municipalities.

Regarding the type of companies included in the in-depth interviews, 31 of the companies were micro companies (62%), 17 were small companies (34%) while 2 (4%) were medium size companies.

IV. Basic concepts and definitions used in the surveys and in-depth interviews

- Working age population comprises all persons aged between 15 and 79;
- Economically active population comprises all employed and unemployed persons (labour force).
- Following the recommendations of the ILO in the employed are included persons of 15 years of age and more who:
  - During the week in which the survey took place have worked for money (in cash or inkind) or for profit at least one hour;
  - During the week in which the survey took place were temporarily absent from work (because of illness; leaves; studies; break in the activity of the business entity, etc.), but were formally employed;
  - Were helping on the family estate or in the family enterprise without pay.
- The classification of the employed according to the economic status is based upon the International Classification of Status in Employment, as follows:
  - Employers - persons who run their own business entity or owners who work in their shops or owners of an agriculture estate, who employ other people;
  - Employees - persons who work in state institutions, business entities in public, mixed, collective and undefined ownership or for a private employer;
  - Self-employed - persons who work in their own business, professional practice or farm for the purpose of earning a profit and who do not employ any other person;
  - Unpaid family workers - persons who work without pay in a business entity or a farm (owned by a family member).

  The employed are classified by the activities, according to the National Classification of Activities, and also by the occupation that they practice as their activity, in accordance with the National Classification of Occupations.
- According to the Eurostat recommendations, as unemployed are considered the persons between 15 and 74 years of age who meet the following three conditions:
  - During the week in which the survey took place they did not work (according to the above-mentioned criteria);
  - Have searched actively for a job or have taken concrete activities to find a job;
  - Were prepared to accept work in the next weeks that followed the week in which the survey took place.
- The persons that are not included in any of the two categories make up the group of those that are not in labour force. In accordance with the survey, the economically inactive population includes all persons that did not work for even one hour in the reporting week, and these are:
  - Pupils and students
  - Pensioners
  - Housewives (who only perform activities in their household)
  - Persons who are supported by others or by the state or who supported themselves with a different kind of income (interests, rents).

For better understanding, in the following table illustrative set of economic and non-economic activities is presented.

Economic activities	Non-economic activities
• Working in wage jobs - Full time or part time - Permanent or temporary - Casual or piecework - Including paid child minding and other paid domestic work - Can be paid in cash or kind (e.g., food or accommodation) • Having business activities - Large or small, agricultural or nonagricultural - Small shop/kiosk/street stall - Preparation/selling of juice, soft drinks - Taxi operator - Shoe cleaning/sewing business • Any activities on own or family farms for the purpose of production for sale or for home consumption including the following: - Planting crops - Harvesting crops - Keeping birds and other pests off crops - Weeding • Transport of goods from the fields for storage or for sale • Fetching water and collecting firewood for domestic use • Fishing, collecting shells or seaweed for sale or home consumption • Processing goods for sale or home consumption mats, hats from natural or grown fibres - Furniture from natural timber - Butter/cheese and other products from milk - Oil from oil seeds/fruit - Preparation of charcoal - Dressmaking • House or farm building/construction - Fence/enclosure/storage construction - Road/irrigation construction - House construction/additions	• Studying full time • All types of housework, including the following: - Unpaid child minding own or other children - Education/training of own children at home - Housecleaning and decorating exclusively for own household - Cooking/preparing meals for own household - Caring for the sick and aged (unpaid) - Repairs (minor) to own dwelling, etc. - Repair of own dwelling equipment and vehicles • Begging • Persons doing no economic activity due to the following: - Retirement - Sickness - Disability - Living off investment, rental or pension income (no current activity to earn it)

t.2 Illustrative set of economic and non-economic activities

Source: International Labour Office; based on Commission of the European Communities and others, System of National Accounts, 1993 (United Nations publication, Sales No. E.94.XVIII.4).

FINDINGS OF THE IMPLEMENTED SURVEYS

on strengths and weaknesses of the labor force, entrepreneurial capacities and skills of the current and potential entrepreneurs and in-depth interviews with managers and responsible persons from the MSME's from the South-East planning region

CURRENT SITUATION WITH THE LABOR FORCE IN THE SOUTH-EAST PLANNING REGION

According to OECD, the labour force, or currently active population, comprises all persons who fulfil the requirements for inclusion among the employed (civilian employment plus the armed forces) or the unemployed. The employed are defined as those who work for pay or profit for at least one hour a week, or who have a job but are temporarily not at work due to illness, leave or industrial action. The unemployed are defined as people without work but actively seeking employment and currently available to start work.

According to the data of the Employment State Agency of Republic of North Macedonia for 31.12.2022, there are a total of 8.617 unemployed people in the 10 Municipalities of the South-East planning region. The distribution of unemployed people, per Municipality, is given in the following table:

Municipality	**Number of unemployed people** (31.12.2022)
Bogdanci	255
Bosilovo	467
Valandovo	803
Vasilevo	961
Gevgelija	635
Dojran	80
Konche	137
Novo Selo	223
Radovish	1898
Strumica	3158
TOTAL	**8617**

t.3 – Unemployed people by municipality for 2022 (source: ESA)

Findings from the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region - Skills, expectations, needs and characteristics of unemployed persons and potential entrepreneurs

According to the international standards, noted in the "United Nations systems of national accounts and balances", the "economically active population" comprises all persons of either sex who furnish the supply of labour for the production of goods and services, during a specified time reference period. According to these systems, the production of goods and services includes all production and processing of primary products, whether for the market, for barter or for own consumption, the production of all other goods and services for the market and, in the case of households which produce such goods and services for the market, the corresponding production for own consumption.

A family business is an organization in which one immediate or extended family runs or owns a majority of the company. Family businesses may also have one or more direct family members on the management team. For family members, those who own the business may find or create positions for a family member if s/he chooses to work there.

The international standards use the term "economically active population" as a generic term and identify, in particular, two useful measures of the economically active population without excluding other possibilities: the "usually active population" measured in relation to a long reference period such as a year; and the "currently active population" measured in relation to a short reference period such as one week or one day. An equivalent term for the latter is "labour force".

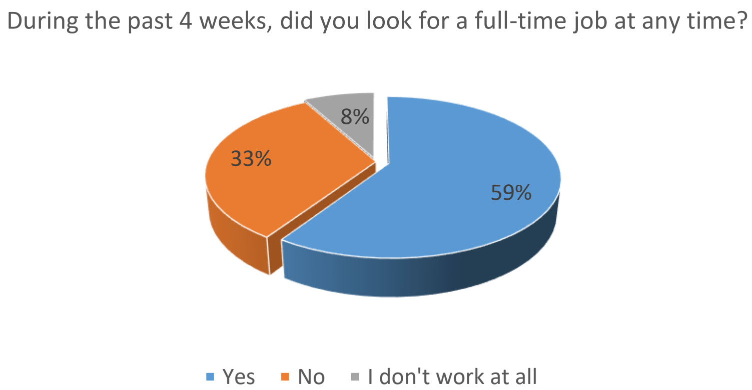
The results of the survey showed that 66% of the respondents did not help in a company or worked on a family property (farm or agricultural property), while 26% of the respondents helped in a company or worked on a family property in the week when the research was done.

In the conducted survey, only 11% of the respondents from the sample worked without being paid in a family business in the current week, while 81% stated that they didn't do any unpaid work in a family business in the current week.

From the perspective of a person who is in the process of searching for a reliable source of existence, working or helping in the family business enables cooperation with people whom the person trusts. The working environment is usually more relaxed, there is flexibility in terms of the time spent in performing work tasks and the degree of their complexity, there is usually a higher degree of mutual cooperation and support. This can give all involved family members more confidence, regardless of whether they see themselves as long-term employees of the family business, farm or estate, or plan to work for another company or organization.

I. Active job search

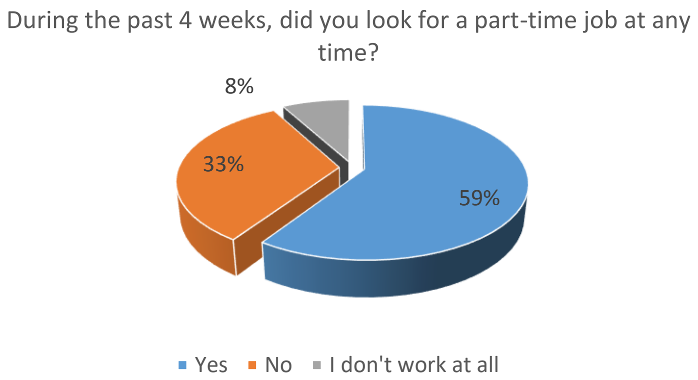
Job searching, job seeking, or job hunting is the act of looking for employment, due to unemployment, underemployment, discontent with a current position, or a desire for a better position. As far as the residents of the South-East planning region are concerned, the survey showed that 59% of the respondents (89 out of the 150 respondents in the research) stated that have searched for a full and / or part-time job at any time in the last month, 33% (49) haven't searched for any job in the last month, while 8% stated that they don't work at all.



note: N= 150

g.3 – Distribution of respondents regarding searching for a full and/or part-time job in the month prior to the survey

Having into consideration that the sample was consisted of unemployed residents of the region, 33% stated that haven't searched for any kind of job in the last 4 weeks which is a very high percentage, and a percentage that needs further analysis in order to see the reason for the presented high value of it, considering that these are individuals who are potential freelancers in the business ecosystem.



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g.4 – Distribution of respondents regarding searching for a part-time job in the month prior to the survey

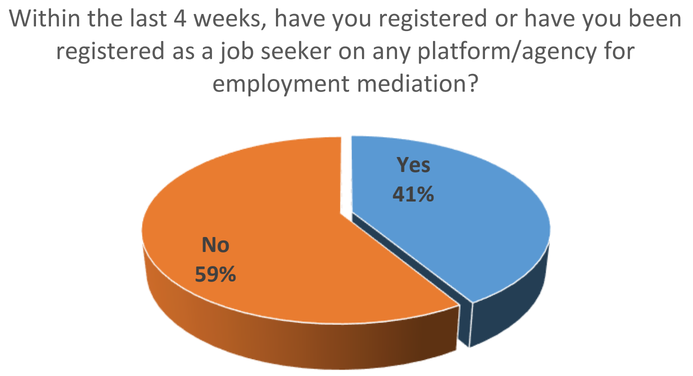
There are many different ways to find a job, from searching in industry publications and browsing the internet to subscribing to job search emails. In order to increase the chances for employment even more, the person looking for a job practices, so called "proactive job search", which means that in addition to sending resumes to companies that have job openings, the person calls a company, even if it doesn't have an opening, and introduce him/herself and inquire about future openings. The survey showed that only 57% of the respondents applied for a job and / or wrote message/e-mail and / or made phone call to an employer in the last 4 weeks. 35% of the respondents from the sample stated they haven't had any conversation / application for a job in the last 4 weeks, while 8% stated that they don't work at all.

Although 59% of the people included in the sample stated that they have responded on a job advertisement in the last 4 weeks, only 31% of the respondents have been on a job interview in the same period.

The active steps to seek work listed in the standard definition of unemployment include "registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building, machinery or equipment to establish own enterprise; arranging for financial resources; applying for permits and licenses, etc.". In general, to justify consideration as a person seeking work, it is sufficient to show that one active step has been taken. In the context of the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region, 59% of the respondents qualify as active job seekers as 59% stated that have responded to a job advertisement in the period of up to 4 weeks prior to the survey.

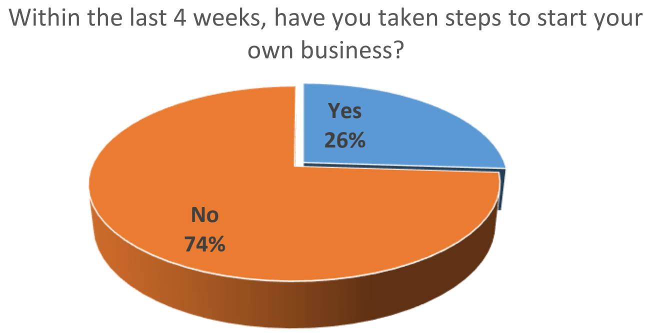
Traditionally, job postings are published in newspapers and other print media. Nowadays, job postings are more likely to be posted (and searched by job seekers) online. Companies, depending on the activity in which they operate, the adopted degree of digitization of the company as a whole and the individual job openings, advertise their vacant jobs: on their official websites and profiles on social media, and on web portals that are specialized in publishing job advertisements. The habit of visiting the websites of companies they want to work for and job postings is what separates people who find work quickly from those who are unemployed for a long time. In the survey, 58% of the respondents stated that have visited websites with / and job advertisements, while 42% of them stated that they haven't visited these kinds of websites in the month period prior to the survey.

In order to have access to the services for unemployed persons offered by the Employment Service Agency, one should be entered in the appropriate register in the Employment Center, based on completed and personally signed application form - Application for entry into records. Depending on each personal choice, a person can be registered as unemployed person actively seeking job opportunities – active jobseeker or other jobseeker – passive job seeker. The unemployed person actively seeking for a job makes a regular appearance on every 30 days in the local Center for Employment, while other jobseekers visits the local Center for employment on a 6 month period. In the sample, 65% of the respondents (97 people in total) stated that are been registered as active job seekers in the Employment Agency of Republic of North Macedonia within the last 4 weeks, and only 41% (62) of the respondents have been registered as a job seeker on any platform/agency for employment mediation.



note: N= 150
g.5 – Distribution of respondents entered into records of any platform/agency for employment mediation in order to have access to the services for unemployed persons in the month prior to the survey

There are a lot of different paths to economic independence. Starting an own business is one way to achieve it. Through establishing an own company, the person has the potential to choose the partners, associates, make as much money as she/he wants and be hers/his own boss. In the survey, decent 26% of the respondents (39 respondents in total) stated that have undertaken steps to start their own business in the last 4 weeks before the survey, while 74% of them had not undertaken steps to start their own business in the last 4 weeks.



note: N= 150

g.6 – Distribution of undertaking activities towards establishing business in the month prior to the survey

Although most of the respondents from the sample were registered as an active job seekers within the ESA of Republic of North Macedonia, only 41% of them stated that they would be able to start going to work right away if they found a job. This only confirms the view of employers that, although there is a base of unemployed persons, it is difficult to find competent, responsible workers willing to work in the local private sector.

Filling out a job application is often the first step in applying for a job. Employers use it to learn about job seeker's qualifications and compare them to other applicants. There are usually four parts of a job application: Personal information, Employment information (also called work history), Education and training and References (usually presented in a template, form or Cover/Motivational Letter and Curriculum Vitae). The capacity of a person to respond to a job opening/work position with quality prepared job application documents qualifies as prospect with well-developed general employability skills. The respondents of the survey showed possession of solid general employability skills. 62% of them responded that they have previously prepared a job application, which a solid percentage, having in mind the age distribution of the research sample. 38% of the respondents have never prepared a job application before.

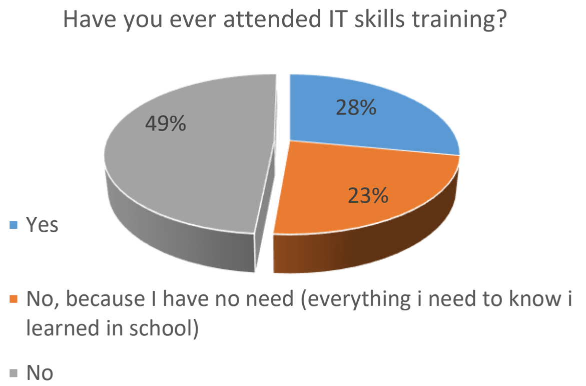
Most of the times, the first document a person responsible for hiring sees for the job applicants is their Cover letter, Motivational letter or Letter of intent. The difference between a motivation letter and a cover letter is that a cover letter gives specific examples of how person's job experience and skills match the opening she/he is applying for. A motivation letter, on the other hand, focuses more on prospect's personality, interests, and motives for applying. This letter is paired with a Professional Biography, Professional resume, Curriculum Vitae, or CV for short, a professional document that summarizes person's work history, education, and skills. The main purpose of a CV is to sell the candidate to prospective employers. 75% of the respondents stated that they have previously prepared both a Professional Biography (CV) and a Motivational Letter, while 58% of the respondents currently have an updated Professional Biography (CV).

II. Attitudes and practices of the local workforce towards lifelong learning

This part of the questionnaire gives us an insight into the attitudes and practices of the local workforce towards lifelong learning. In addition to formal education and acquired competences in the regular education system, it is imperative today to follow the trends in the industry and in general on the labor market through participation in various trainings, seminars and workshops, live or online. A person's willingness to invest in himself and upgrade himself is what sets him apart from other candidates for a job.

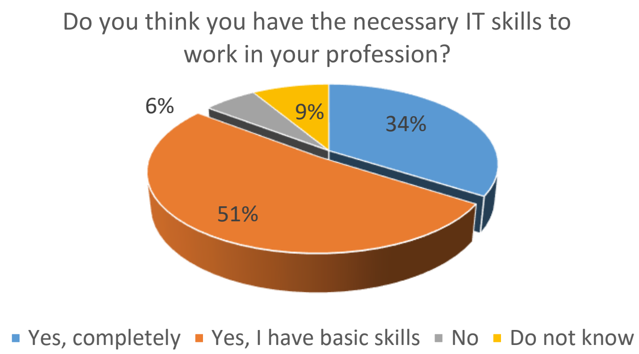
Employability skills are the core skills and traits needed in nearly every job. Employability skills include the soft skills that allow a person to work well with others, apply knowledge to solve problems, and to fit into any work environment. They also include the professional skills that enable a person to be successful in the workplace. These are also considered as transferable skills because can be applied to a job in any industry. The results of the research showed that 19% of the respondents have attended a general employability training.

Whether employed in customer service, manufacturing, food service or tech, employers use computer applications to automate certain tasks, streamline communication and more. Most jobs now require the use of computers, mobile devices or software applications in some capacity. Some employers will require prior knowledge or experience with specific applications, while others will offer on-the-job training. If the potential job applicant has a working knowledge of commonly used software, she/he may be able to more easily learn how to use new programs. Although only 28% of the respondents from the sample have attended IT skills training, 34% of them believe that they completely have all the necessary skills to work in their profession. Additional 51% of them believe that they possess basic IT skills necessary to work in their profession. 49% of the respondents have never attended IT skills training, while 23% stated that they have never attended IT skills training because they learned everything they need in school.



note: N= 150

g.7 – Distribution of respondents with attended IT skills training



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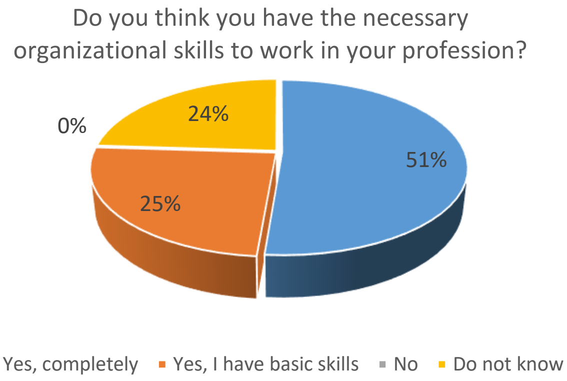
g.8 – Degree of possession of necessary IT skills to work in the profession – Self-assessment



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g.9 – Degree of possession of necessary organizational skills to work in the profession - Self-assessment

Organizational skills present the ability to be systematic and efficient. Strong organizational skills are demonstrated by planning the time and the workload effectively. These are non-technical abilities that help an individual work well with others, such as communication, teamwork, and leadership. Organizational skills are considered to be soft skills, are transferable and trainable skills. 51% of the respondents believe they completely have all the necessary organizational skills to work in their profession, although 91% of them have never attended an organizational skills training.

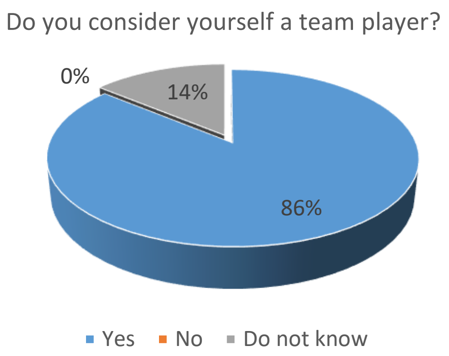
Successful communication helps us better understand people and situations. It helps to overcome diversities, build trust and respect, and create conditions for sharing creative ideas and solving problems. Developing communication skills can help us avoid conflicts compromise, and help in better decision making. Through communication skills training, effective speaking and listening techniques can be learnt. In the survey, 75% of the respondents have never attended communicational skills training, however 52% of them believe they completely have all the necessary communicational skills to work in their profession.

III. Personal characteristics and skills of the labor force in the region

Personal characteristics and personality traits are an important element in everyone's career. Depending on whether and to what extent the characteristics possessed by a person are suitable for the type of work tasks prescribed by the workplace, the person will be an example of an excellent professional or will be an average employee who will either "make peace with fate" and works despite the dissatisfaction he will feel, or will look for another job. Understanding these personal attributes is a key part of career development. Employers are interested in what kind of personality and what characteristics the potential candidate has in order to predict how the new candidate will fit into the environment and how his presence will affect the productivity and achievement of the set business goals of the organization.

When it comes to work organizations with a small number of employees, and according to the SSO, in SEPR 82.63% are organizations with up to 9 employees, an important characteristic is the ability to fit and adjust the team.

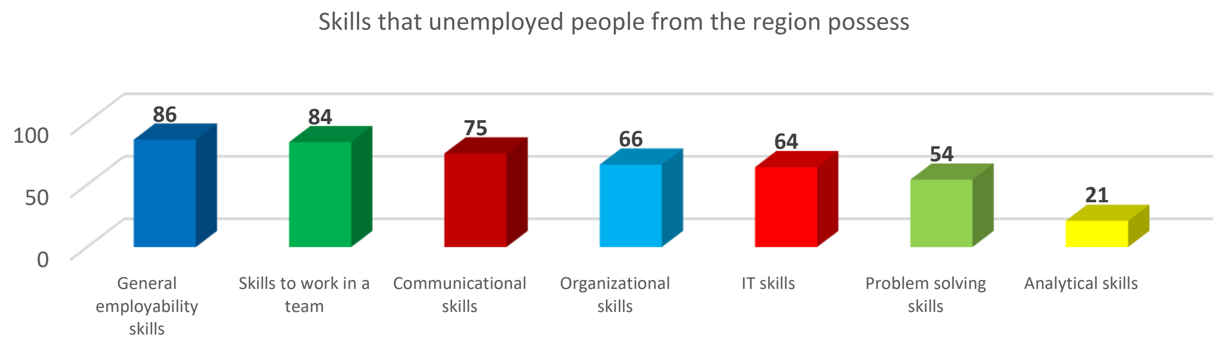
A team player is someone who actively contributes to his/hers group in order to complete tasks, meet goals or manage projects. Team players actively listen to their coworkers, respect ideas and aim to improve the product or process at hand. Team players understand that their team's success is their own success, and they share responsibility when their team experiences difficulties along the way. As a personality trait, a phrase 'team player' refers to those who enjoy collaboration and work most effectively with others. Someone with a team player personality would prefer to work with others on tasks and projects at work. The opposite of a team player personality is an independent worker. 129 out of the 150 unemployed people included in the research stated that they consider themselves as team players, which represents 86% of the research sample.



note: N= 150

g.10 – Willingness to help a team member or cooperate with others - Self-assessment

In regards to the skills unemployed people should possess, 62% of the respondents agree that General Employability skills are the most important skills that each unemployed person should have. 60% of them agree that Communicational skills are the second most important skills for an unemployed person to possess in order to get a job. Next on the list are the team-player skills for which 53% of the respondents noted that are skills that every unemployed person should possess. 46% of the respondents stated that organizational skills are very important skills that every unemployed person should possess, while 39% of the respondents noted the IT skills as one of the most important skills for unemployed people. When asked what skills they possess, respondents indicated the following:

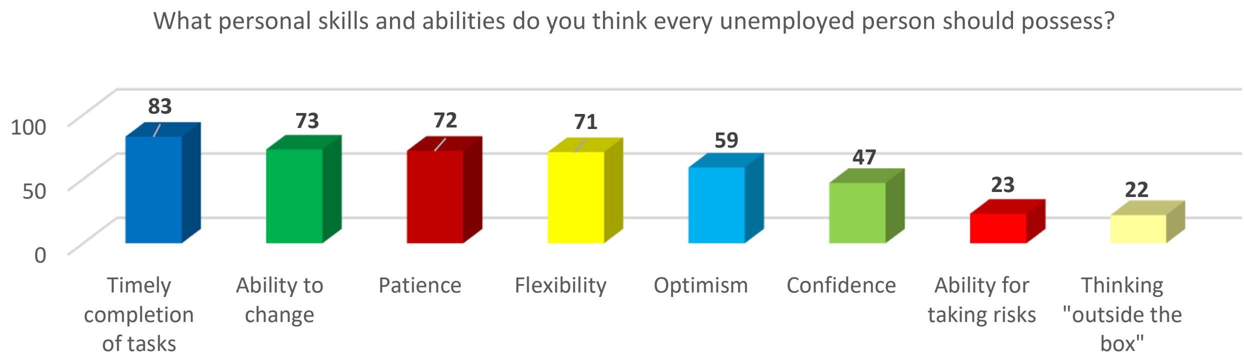


note: N= 150

g. 11 – Skills that unemployed persons from the sample possess – self-assessment

Asked Which of those skills do you currently possess? respondents indicated the following:

- 57% of the respondents stated that they possess general employability skills
- 56% of the respondents stated that they possess team-player skills
- 50% of the respondents stated that they possess communicational skills
- 44% of the respondents stated that they possess organizational skills
- 43% of the respondents stated that they possess IT skills
- 36% of the respondents stated that they possess problem solving skills
- 14% of the respondents stated that they possess analytical skills



note: N= 150

g. 12 – Personal skills and abilities that (un)employed persons should possess – ranked by importance

In regards to the personal skills and abilities unemployed people should possess, 55% of the respondents agree that the personal skill: Timely completion of tasks is the most important personal skill / ability that each unemployed person should have. 49% of them agree that Ability to change is the second most important personal skill for an unemployed person to possess in order to get a job. Next on the list are the personal skills and abilities for: Patience (48% of the respondents noted that this personal skill is very important for an unemployed person to possess); 47% of the respondents stated that Flexibility is a very important personal skill that every unemployed person should possess, while 39% of the respondents noted Optimism as one of the most important personal skills and abilities for unemployed people.

Asked Which of those skills do you currently possess?, respondents indicated the following:

- 54% consider that they Timely complete the tasks
- 49% consider themselves as Patient
- 47% consider themselves Flexible
- 45% consider themselves Optimistic
- 40% consider themselves Confident
- 30% stated that they possess Ability to change
- 18% stated that they possess the personal skill Thinking “outside the box”, that is unconventional thinking
- 17% stated that they possess the personal skill Ability for taking risk.

note: N= 150
g. 13 – Perception for personal skills and abilities that (un)employed persons from the region possess – self-assessment

IV. Work experience

There are two main types of sectors, the public and the private sector. The private sector is the segment of the economy that's under the control of individuals and organizations whose primary goal is to make a profit. Companies operating within this sector are usually free from national ownership, but they can work with government or municipal institutions in order to form private-public partnerships. Regarding the work experience, 68% of the respondents have previously worked in a private company.

Regarding the length on their last job place in the private sector 43% of them worked between 1 and 3 years on the last job, 28% worked for less than a year on their last job, 15% worked between 3 and 5 years, while only 14% worked for more than 5 years on their last job. As main reasons why they left their last job they noted:

- 36% left their workplace by choice
- 30% associate the cessation of work with the Covid-19 pandemic
- 22% perceived lack of opportunities for advancement in the company
- 12% left the company due to poor working conditions.

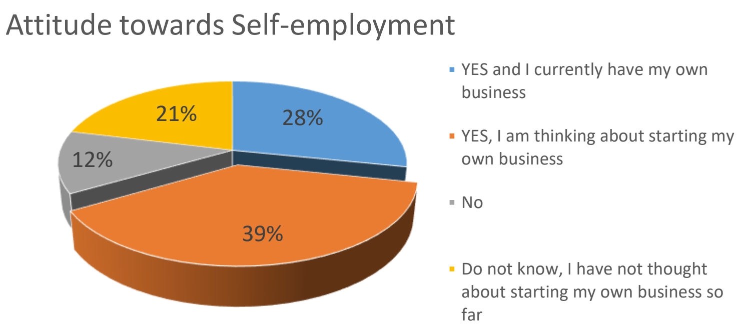
A detailed overview of the results of this research is presented in Annex 1: Analysis of the results of the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region, which is an integral part of this Study.

Findings from the Survey for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs

One definition for a business owner is that "business owners are people who build companies around a business idea that already works, such as starting a restaurant or jewelry brand". Entrepreneurs, on the other hand, tend to take on more risk and pursue innovative ideas that solve everyday problems, like Airbnb providing a way to book rooms with locals versus hotels. A person can own a business and be self-employed in it. Self-employed individuals earn income by contracting with a trade or business directly. A self-employed person does not work for a specific employer who pays them a consistent salary or wage.

Self-employed persons may be involved in a variety of occupations but generally are highly skilled at a particular kind of work. Writers, tradespeople, freelancers, traders/investors, lawyers, salespeople, and insurance agents all may be self-employed persons.

In the Survey, the response on the question – "Have you thought about starting your own business?" – indicated a relatively high entrepreneurial spirit among the respondents. A total of 67% of all respondents stated that they are thinking of starting their own business or already have their own business. 39% of the research sample stated that they are thinking of starting their own business, while 28% already have their own business.



note: N= 156

g.14 - Distribution regarding attitude towards self-employment

Starting a business is supposed to be highly rewarding, exciting, and challenging. A person gets to be own boss, sets own direction, and pursue the opportunities that interested him/her. Yet not everyone pursues the path of entrepreneurship. According to the respondents, these are the reasons why people in the South-East planning region of Republic of North Macedonia do not decide to start their own business:

- 28% of the respondents believe it is because of lack of financial support,
- 26% of the respondents think it is because of fear of failure.

- 19% of the respondents believe that the reason lies is their poor awareness of the possibilities for starting a business.

- 10% of the respondents believe that the main reasons for people not opening their own businesses are the lack of quality business idea and the lack of knowledge for running a business,

- only 7% believe that the lack of support from family and friends is the main reason why people from the South-East planning region don't establish their own businesses.

The above ranked reasons represent common reasons why people don't start their own businesses in most of the market oriented, capitalist economies.

In order to understand the influence on manners, mindset and behavior on entrepreneurs, we need to look back on the meaning of the words.

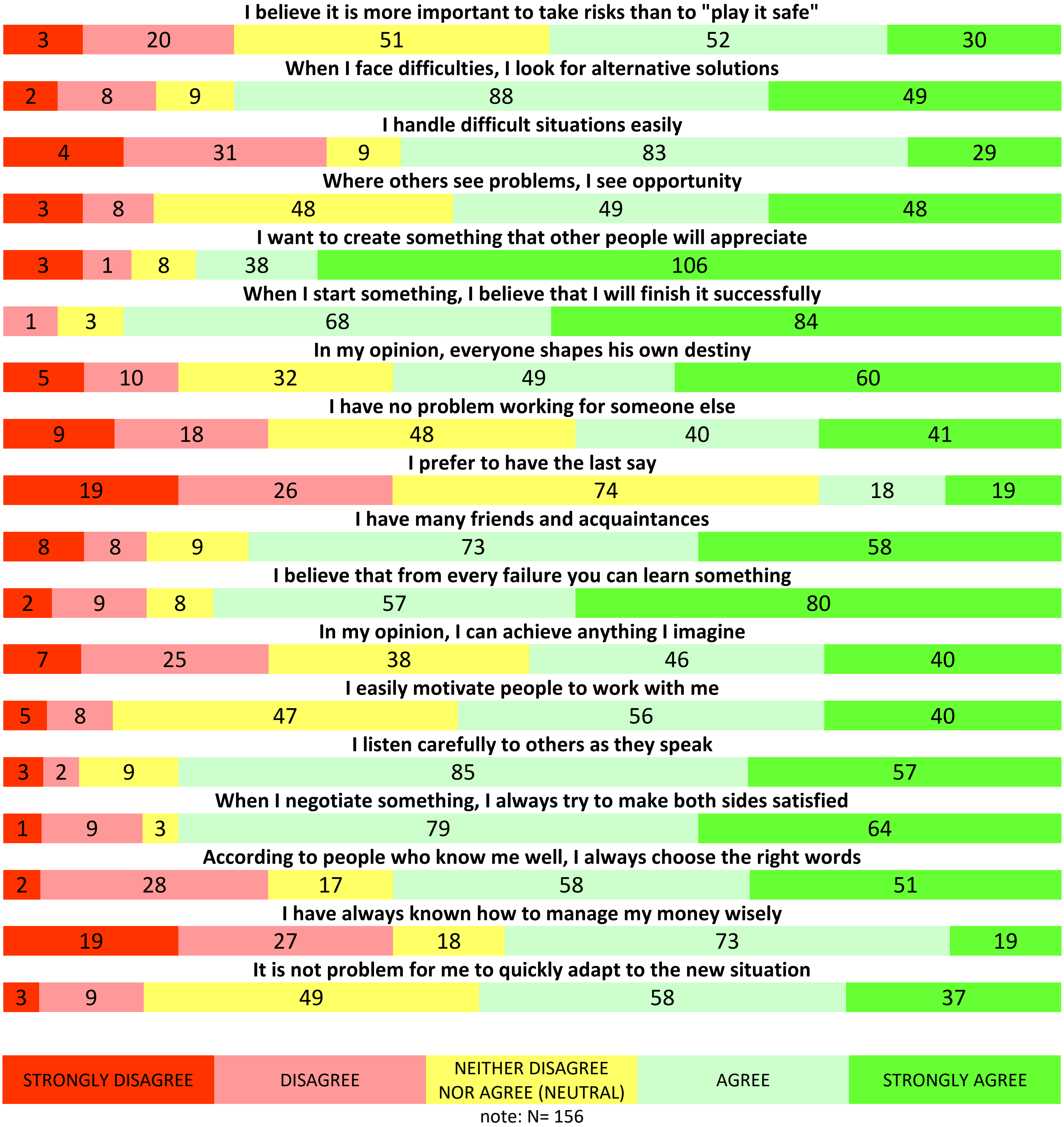
By definition, a behavior is a manifestation of what a person thinks, feels and acts.

Entrepreneurs are creative persons. Need for self-actualization as manifested in the need for achievement forces them to create something new, a new product, a new way of doing things, a new source of raw material, a new market etc. Behavior is always caused and is never spontaneous. Behavior is basically goal-oriented. Entrepreneurial Behavior includes the goal-oriented acts or decisions of an entrepreneur. The entrepreneurial behavior means the manners or way in which the entrepreneur deals with its total environment: internal and external. It is the way or approach to look at the physical and human resources and the society. The entrepreneurial behavior is a view of or orientation towards risk-bearing, innovation, achievement, goal-setting, ethics, social responsibility, motivation, challenges and values of human society, and other psychological elements.

An entrepreneurial mindset is a set of skills that enable people to identify and make the most of opportunities, overcome and learn from setbacks, and succeed in a variety of settings. Research shows that the entrepreneurial mindset is valued by employers, boosts educational attainment and performance, and is crucial for creating new businesses.

The presented distribution shows that the vast majority of the respondents - current and/or potential entrepreneurs from the South-East planning region, strongly want to create something that people will appreciate and when they start something, most of them, believe that they can finish it successfully. The positive attitude towards these two statements shows highly developed entrepreneurial characteristic: Orientation towards success. The respondents also show developed entrepreneurial characteristics for Striving towards continuous upgrading and learning (80 of the respondents strongly agree that from every failure they can learn something), Strong Negotiation skills (64 stated they strongly agree that when they negotiate something, they always try to make both sides satisfied) and Undertaking responsibility (60 of the respondents strongly agree that everyone shapes his own destiny).

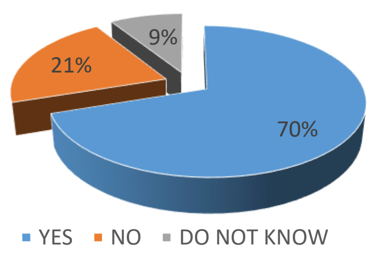
Regarding the entrepreneurial manners, the respondents from the research sample provided us with the following insight into their mindset and behaviors:



g.15 - Insight into perception of entrepreneurial manners, mindset and behaviors of the people from the South-East planning region

Social factors can go a long way in boosting entrepreneurship. Social networks facilitate access to information and influence the quality, quantity, and speed of information reception thus help identify opportunities. The 2021 Global Entrepreneurship Monitor revealed that over 60% of adults surveyed in the US know someone who started a business during the pandemic. In Central and East Asia, those personally knowing an entrepreneur ranged from 30% to over 80%. The Latin American and Caribbean region showed less variation, ranging between 50% and 75% of people knowing someone who started a business during 2020 and 2021.

The research in the South-East planning region of Republic of North Macedonia showed similar situation. 70% of the respondents included in the research have a close friend or a family member that manages a successful business which can be seen as a potential positive indicator for creating future entrepreneurs from the potential entrepreneurs included in the research.



note: N= 156
g.16 - Insight into perception of successful business owner from the surrounding

Entrepreneurs often struggle with access to funding, navigating complex regulations and acquiring the necessary skills and knowledge. This is where governments come in. Government has an important role to play in fostering entrepreneurship and creating an environment that supports and encourages it. The governments can promote entrepreneurship and make a positive impact on the entrepreneurial environment through: providing funding through grants, loans and other financial incentives; education and training programmes to help entrepreneurs acquire the knowledge they need; creating favorable legal environment for entrepreneurs by simplifying the business registration process, protecting intellectual property rights and enforcing contracts; foster networking and collaboration by creating opportunities for entrepreneurs to meet and exchange ideas. For example, accelerators and incubators are programmes that provide mentorship, training and resources to early-stage start-ups. They also provide a network of entrepreneurs, investors and experts that can help start-ups grow and succeed.

Regarding the business and entrepreneurship incentives from the Government of the Republic of North Macedonia, almost half of the respondents (43%) believe that there are incentives in the country that help during the process of establishing a business. Having into consideration that the desk research, that Gestalt Solutions Llc. conducted prior the implementation of this research, showed that there are several programmes that help potential entrepreneurs in establishing a company, but work needs to be done in order all potential entrepreneurs from the region are introduced with these programmes.

A detailed overview of the results of this research is presented in Annex 2: Analysis of the results of the Survey for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs, which is an integral part of this Study.

Findings from In-depth interviews with managers and responsible persons from the MSME's from the South-East planning region

The Organization for Economic Cooperation and Development (OECD) is an intergovernmental organization with 38 member countries (Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States), founded in 1961 to stimulate economic progress and world trade. In its SME and Entrepreneurship Outlook 2021, inter alia, notes the following:

"Restrictions to mobility, trade and activities taken to contain the COVID-19 pandemic triggered the most severe global recession in the post-war period. All firms and sectors were, directly or indirectly, affected, but small and medium-sized enterprises (SMEs) were hit particularly hard. Overrepresented in the most exposed sectors (e.g. food and accommodation services), they often had to close operations. Among those that were able to continue operations, many saw significant falls in revenue and faced severe liquidity shortages as a result. According to the Facebook/ OECD/ World Bank Future of Business Survey, among SMEs that remained open from May to December 2020, between 55-70% saw sales fall, with two thirds experiencing falls of more than 40%.

Government responses were quick, strong and effective in cushioning the first blow. The size of emergency packages has been unprecedented, typically mixing subsidies, deferrals of payments, loans and loan guarantees to help SMEs and entrepreneurs remain afloat. But SMEs have also been helping themselves, through adaptations to their business models and in particular through greater uptake of digital tools. In the face of containment measures, SMEs selling online did significantly better than their offline peers, with 50% of SMEs increasing digital up-take during the pandemic, thus helping to accelerate the digital transition. However, pre-existing risks and vulnerabilities remain, and new ones have emerged. In spite of its large scale, government support has been less effective at reaching the self-employed, smaller and younger firms, and women and minority entrepreneurs, thus widening pre-existing inequalities.

The pace of the recovery will also depend on SMEs' ability to access appropriate and diversified sources of financing. In this context, emerging global trends in sustainable finance, with the aim of incorporating environmental, social and governance (ESG) considerations in investment plans, are fast becoming mainstream. This raises new opportunities for SMEs able to demonstrate ESG performance, especially to investors, but also challenges for those firms not able to do so.

The pandemic may also result in a reconfiguration of international supply chains and investments. Even if not directly exporting, many SMEs are affected by changes in GVCs through their buyer-supplier networks. As a result of lockdowns that affected supply or demand upstream or downstream in their value chains, many small businesses suffered product shortages and price volatility. Those value chains where inputs were difficult to substitute were hit particularly hard, making specialization (previously an asset for many SMEs that had successfully integrated GVCs pre-crisis) a source of vulnerability.

Building resilience requires some diversification in sourcing and production locations, a strategy that is harder to adopt for smaller firms. This may also involve divestments by MNEs from some *locations, but expansions in others, creating both risks and opportunities for SMEs. In some countries and regions, the crisis has also re-ignited debates about industrial sovereignty, with some now developing restoration strategies, built around resilience of strategic SMEs and industries.*

Whilst the accelerated uptake of digital tools by SMEs is welcome and will help to close long-standing productivity gaps, its pace has also left many small firms vulnerable to cyber-attacks. Moreover, many continue to lag behind in the digital transformation, especially the self-employed and micro-firms (with around 60% citing adaptation costs as a barrier). In addition, gaps have widened further between SMEs in digitally-intensive sectors and those in low-digital sectors. Solutions and policies to address investment gaps and technological locks-in, as well as efforts to improve SME digital skills, data culture and digital security are all essential to fully leverage the transformative potential of digital tools for all firms.

As part of their recovery packages, governments have placed a high priority on digitalizing, reskilling and greening economies. Many are proactively strengthening the scope for e-commerce and e-government services, supporting teleworking and digital security in SMEs, and acting as facilitators in connecting SMEs with innovation and knowledge networks and digital solutions providers. In addition, in many countries, support to start-ups and scale ups has been extended, not only to help overcome liquidity constraints, but also to access innovation and growth capital. Governments are also using the crisis as an opportunity to accelerate the transition towards a greener and circular economy, with massive plans for the greening of SME activities, sometimes twinned with the digital agenda.

Within these strategies, there is also a much greater appreciation of the efficiency of SME and entrepreneurship recovery packages that have an explicit territorial (sub-national) dimension. Not only to account for the local nature and influence of SMEs and entrepreneurs, or to design and deliver public services in closer connection with their user bases, but also because of the high potential to capitalize on place-based policies with effective governance mechanisms to avoid inefficiencies in public action."

For the purpose of the Study for analysis of the entrepreneurial ecosystem in the South-East planning region, 50 representatives of the business sector – owners of the companies, managers and responsible persons were subject of an in-depth interview. The research enabled obtaining a picture about the problems that the owners and managers of the South-East planning region companies faced, the challenges businesses dealt as a result of the pandemic and crises that have occurred in the past period.

In the region, according to the data of the State Statistical Office of Republic of North Macedonia for 2021 (the last year for which there are available data), there were a total of 5.813 private entities (companies) in the 10 Municipalities, most of which were micro and small companies (97,6% of the total number of companies are either micro or small companies). There were a total of 3.627 micro companies in the region, 2.048 small companies, 91 medium size companies and only 47 large size companies. As far as the predominant business activity, most of the companies operate in the business area of Wholesale and retail trade, repair of motor vehicles and motorcycles; second by number are companies from the Manufacturing industry, and third by number are businesses in Transport and storage.

Given the official data, the sample was consisted of 31 micro companies (62%), 17 small companies (34%), while 2 (4%) were medium size companies. Here are the findings:

Regarding companies' perception for their business activities in comparison to their competitors on the market:

- 30 of the interviewed companies stated that their earnings are higher than their competitors, 14 stated that their earnings are on the same level as the competitors while only 6 of the interviewed companies think that their earnings (incomes) are smaller than the other companies in the South-East planning region, companies with the same or similar activity and size.
- 24 of the interviewed companies stated that they have smaller number of employees in comparison to their competitors on the market, 15 stated that their number of employees is about the same as their competitors while only 11 companies think that they employ more people than their competitors.
- 25 of the interviewed companies stated that their number of clients is higher than their competitors, 20 stated that the number of their clients is on the same level as the competitors while only 5 of the interviewed companies think that the number of their clients is smaller than the other companies in the South-East planning region, companies with the same or similar activity and size.

32 of the interviewed 50 companies from the region are import / export companies that have business activities in regards to exporting and importing products / goods / raw-materials, so their perception about their export / import activities in comparison to their competitors is as follows:

- only 9 of the interviewed companies think that their import activities (import quantity) are higher than their competitors, 8 companies think that the level of their import activities are about the same as their competitors, while 15 companies stated that their import activities are lower than their competitors.
- only 7 of the interviewed companies think that their export activities (export quantity) are higher than their competitors, 11 companies think that the level of their export activities are about the same as their competitors, while 14 companies stated that their export activities are lower than their competitors.

How would you rate the current situation of your company in relation to other companies in the South-East planning region, companies with the same or similar activity and size in terms of:			
	bigger	smaller	same
Total Earnings	30	6	14
Number of employees	11	24	15
Number of clients	25	5	20
Import quantity	9	15	8
Export quantity	7	14	11

note: N= 50

t.4 – Perception of the responsible persons of the companies regarding earnings, number of employees and clients and import and export quantity

Differentiation allows a business to provide superior value to customers at an affordable price, creating a win-win scenario that can boost the overall profitability and viability of it. Competitive differentiation can take many forms and involve multiple parts of a company's organization. There are two key elements to consider when defining a company's offer competitive advantage:

- How company's product or service helps customers.

- How company's product or service is unique from other offerings available on the market.

Most of the interviewed companies consider that management experience and skills is the most important aspect for the successful work of a company, followed by aspects such as: provision of finance; business skills; electricity; and the economic environment.

In any kind of business, operational issues are any kind of problem that arises which can render a business less profitable. There are many different categories which make up operational issues, each with their own undesirable results. Broadly speaking, they cause large drains on business energy and resources, can affect operational performance, cause problems with the execution of strategy, and stand in the way of a business' growth if they aren't dealt with properly.

Most of the companies noted the operational problems as a result of the current energy crisis as the biggest problem in their everyday work. 20% of the companies stated that the lack of finances are the biggest challenge they face, 18% noted the Operational problems as a result of the Covid-19 pandemic as a biggest everyday problem for them, while 17% of the companies stated the Problems with employees as their biggest challenge.

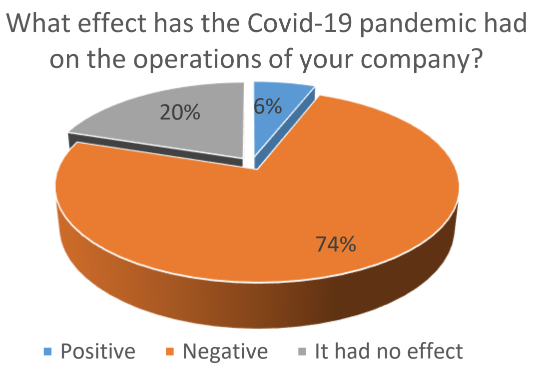
Each sector of the business world has its own set of demands and challenges. Some of these challenges span sectors and industries and are common among different companies and organizations. All businesses strive to maintain top-quality relationships with their customer base, to keep their brands relevant and to keep their employees happy. Facing and overcoming any obstacles that arise is what sets a good business apart from its competitors.

For the companies from the South-East planning region, the list of problems, ranked by frequency is:

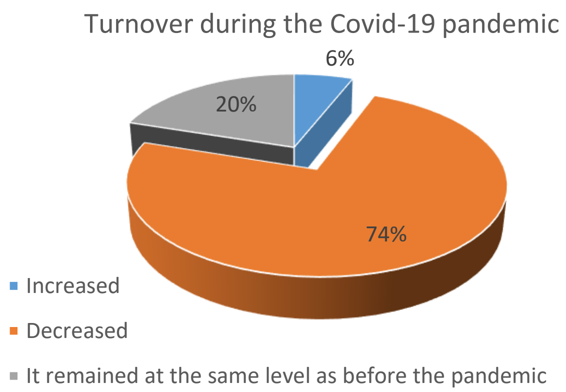
1. In the first place are Operational problems as a result of the current energy crisis in the world, as the most common problem (32%);
2. The second most common problem faced by companies is the lack of finance;
3. Operational problems as a result of the "Covid-19" pandemic are the third most common;
4. Problems with employees are fourth in representation; after which follows
5. Long administrative/bureaucratic procedures and
6. Problems with inspections and inspection supervision.

Bartik et al. (2020) were among the first to set up a specific survey to assess the financial situation of small businesses in the US and their need for policy support. Their sample included US-based firms that were surveyed from 26 March until 2 April 2020. At the time of the survey, close to 45% of all small businesses in the US had closed at least temporarily, compared to 36% of firms with between 20 and 99 employees and 26% of those with between 100 and 499 employees. The survey also confirmed concerns around the financial fragility of small businesses, showing that 25% of them had cash on hand totaling less than one month of expenses and half for between one and two months of expenses. Overall, econometric analysis conducted across all survey waves between May and December 2020 shows that the smaller the firms, the more likely they were to close operations. Other things being equal, SMEs with no employees were around 10 percentage points more likely to be closed than SMEs with 50 to 249 employees. This evidence is consistent with that reported by Bartik et al. (2020) for the US at the start of the pandemic. Similarly, SMEs in the sectors most exposed to lockdown measures were more likely to be closed. For example, and other things being equal, SMEs in the hotel, café and restaurant sectors were around 8 percentage points more likely to be closed than SMEs in the information and communication technology (ICT) sector. SMEs in the transportation and other services sectors were also significantly more likely to be closed than SMEs belonging to the ICT sector.

For comparison, in the in-depth interviews implemented in the SEPR, 74% of the interviewed companies stated that the Covid-19 pandemic had negative effect for their work and everyday operation, while 20% of the companies stated that this pandemic had no effect on their work. A positive fact is that 6% of the interviewed companies stated that the Covid-19 pandemic had positive effect in relation to increased incomes, sales and number of clients. Similar results were gathered in regards to the companies' turnover during the Covid-19 pandemic. 74% of the companies included in the in-depth interviews stated that their turnover decreased during and/or as a result of the Covid-19 pandemic, 20% stated that their turnover stayed at approximately same level as before the pandemic, while 6% of the companies had increased income during the Covid-19 pandemic.



note: N= 50
g.17 – Effect of Covid 19 pandemic on company's operations



note: N= 50
g.18 – Depiction of turnover during Covid-19 pandemic

Similar answers were given by the companies in regards to the current energy crisis. 86% of the interviewed companies stated that the energy crisis had negative effect fort their work and every-day operation, while 14% of the companies stated that this energy crisis had no effect on their work.

Similar results were gathered in regards to the companies' turnover during the energy crisis. 84% of the companies included in the in-depth interviews stated that their turnover decreased during and/or as a result of the energy crisis, while 16% stated that their turnover stayed at approximately same level as before the energy crisis. Not a single company stated that the energy crisis had a positive effect on their every-day work and / or their overall turnover.

When it comes to business, there are always going to be challenges, but how the management team approach them, work to overcome them and learns from them - that will ultimately define the company and its overall success. Regarding the ways the interviewed companies coped with the negative impacts of the Covid-19 pandemic and the energy crisis the following data can be stated:

- 38 of the companies stated that they made efforts to maintain the quality of operations, products and services at pre-2020 levels as a way of coping with the ongoing world crises;
- 10 of the companies made changes in their work processes in order to respond adequately to the mentioned world crises;
- 9 of the companies reduced the number of employees and introduced innovative technologies in their operations;
- 8 of the companies focused on online operations in order to adequately respond to the ongoing crises.

A positive data that was gathered during the in-depth interviews is that the companies had undertaken one or several IT measures in order to deal with the negative impacts of the current world crises (Covid-19 pandemic and energy crises).

- 14 of the companies stated that they started with online promotion in order to deal with the negative impact of the world crises;
- 7 of the companies Introduced online work (work from home) for the employees in order to respond adequately to the negative impact of the world crises;
- 6 of the companies stated that they introduced online sales in order to deal with the negative impact of the world crises;
- the employees of 5 of the companies attended online training to improve company's operations;
- 2 of the companies created company websites in order to deal with the negative impact of the world crises.

Another positive result from the in-depth interviews is that most of the companies had undertaken one or several technology innovations in order to deal with the negative impacts of the current world crises (Covid-19 pandemic and energy crises).

- 21 of the companies stated that they acquired new energy-efficient machines and equipment that reduced electricity consumption in order to deal with the negative impact of the world crises;
- 8 of the companies acquired new / more sophisticated machines and equipment in order to respond adequately to the negative impact of the world crises;
- 5 of the companies stated that they submitted innovative / technological project proposals for purchase of new energy-efficient machines and equipment;
- 3 of the companies started using raw-materials that do not pollute the environment in order to deal with the negative impact of the world crises.

Regarding the reasons why the companies did not introduce IT and technological innovations during the world crises, 59% of the companies that stated that they did not introduce any innovations, noted that they didn’t do that because of the lack of finances, 32% of those companies stated that they didn’t see the necessity of introducing innovation during the world crises, while 9% of the companies stated that they have already introduced all IT and technological innovations needed for their ever-day work.

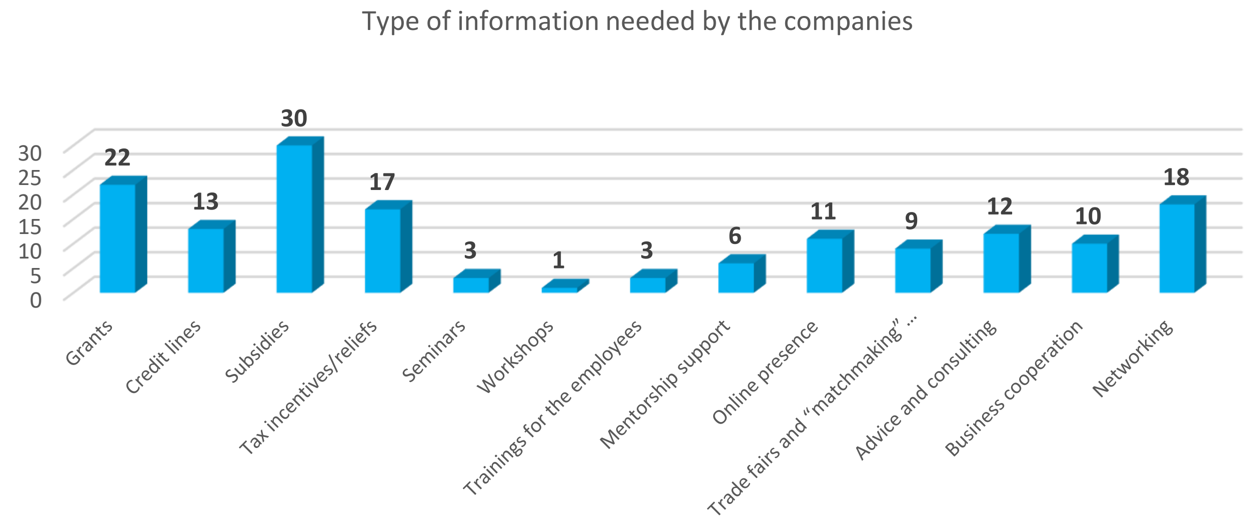
Industry executives, managers, business owners often need accurate, up-to-date information about a company for a variety of business and competitive intelligence goals, such as: Changes in legal regulations, Available finance, Understanding a company's financial health and key business segments, Identifying and qualifying potential customers, affiliates, and suppliers, Searching for investment and acquisition targets, Capitalizing on a competitor's weaknesses, Increasing sales by understanding a clients' businesses better, Tracking corporate news such as restructuring, business expansion, and contract wins, Accessing key employees to initiate business deals etc. Information can come from virtually anywhere — media, blogs, personal experiences, books, journal and magazine articles, expert opinions, web pages — and the type of source of information a person needs will change depending on the question she/he is trying to answer.

Considering that the last 24 months were months filled with challenges and obstacles for every company not only in Republic of North Macedonia, but also in the world, the high percentage of interviewed companies that did not ask for advice on topics that affect their operations is concerning. Those who proactively set themselves up, sought advice and help for the following:

- Financial consulting for accounting and general management of finances in the company;
- Financial counseling – where and how to get finance;
- Online promotion;
- E-commerce;
- IT (Information Technology), Export and Taxes/Insurance and Collections;
- Legal issues;
- Advice and information on the installation of photovoltaic power plants (photovoltaics) on the properties and roofs of the company's facilities;
- Advices and information from the areas: Law on employment/dismissal of workers and Innovations;
- Health and safety at work and Specific regulations for the business activities.

The companies included in the research had different needs in regards to the type of information they lack in their everyday operations. Most of the companies stated their need for financial information (information about grants, credit lines, subsidies and tax relieves / incentives), however there were companies that stated their need for non-financial information, information about: seminars, workshops, employee trainings, online promotion, mentorship support, trade fairs and "matchmaking" events, advices and consulting, business cooperation and networking. The order of the topics, according to the frequency of responses, starting with those topics for which there was the greatest interest, going to the topics for which a smaller number of companies were interested, is as follows:

- Information for subsidies;
- Available grants for financing their investment projects;
- Information for networking events where they can have B2B meetings with other companies from their area of operation;
- Financial information in regards to tax incentives and tax relieves;
- Information for loans and credit lines;
- Information for available consulting services and advices;
- Information in regards to increasing the online presence;
- Information in regards to possibilities for business cooperation.

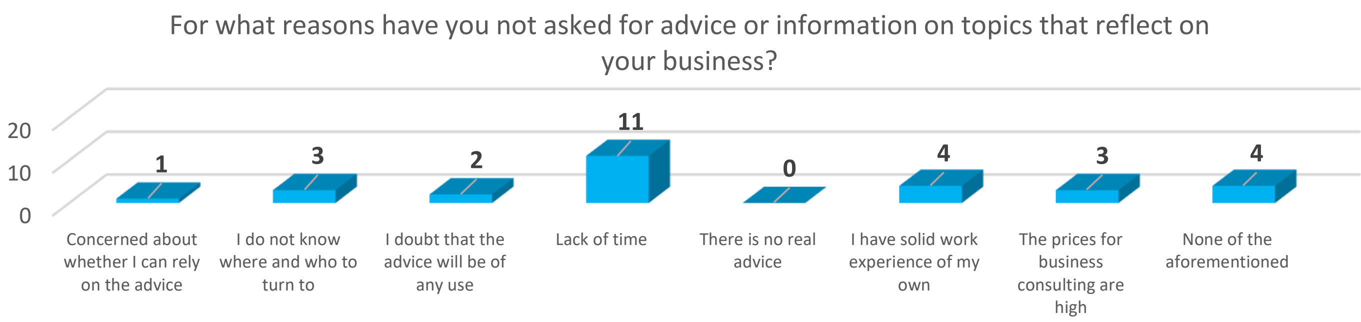


note: N= 50
g.19 – Type of information needed by companies from the SEPR

The companies included in the in-depth interviews also stated the need for information in regards to: trade fairs and "matchmaking" events (9 companies), mentorship support (6), trainings for employees (3), seminars (3) and workshops (1).

To the question, For what reasons have you not asked for advice or information on topics that reflect on your business?, the responsible persons gave the following answers and explanations, presented according to the frequency of the answers:

- due to lack of time;
- solid work experience;
- they don't know where and who to turn to in order to get the necessary advice and/or information;
- prices for business consulting are high;
- they doubted that the advice would be useful to them, that is, whether they could rely on the advice.

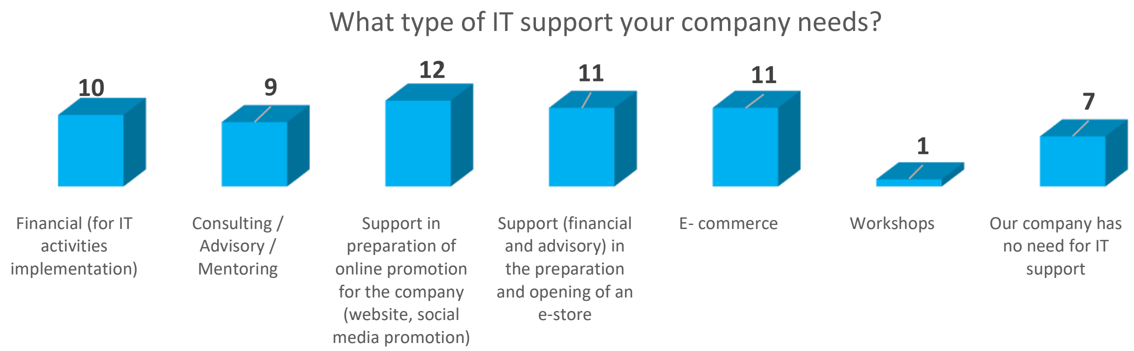


note: N= 25
g.20 – Rationales of the companies for not asking for advice and information

Regarding the source of information, we noted the following: 33 of the companies involved in the in-depth interviews stated that they usually receive the necessary information in a direct conversation, 26 of the companies stated that they receive the necessary information over the phone, 20 of the companies were informed from websites and portals, 18 from information sent by e-mail, 13 through TV, while 7 of the companies stated that they are mostly informed by radio and social media.

68% of the companies that asked for advices / information in the last 24 months are partially satisfied from the received information, 27% of the companies stated that they have not applied yet the received advices / information so they cannot be sure if they are satisfied or not, while only 5% of the companies are completely satisfied with the received information and / or advices in regards to their businesses. This last percentages can be a little concerning and additional researches need to be done in order to see the reason behind this, i.e. to see if the companies know where to turn for correct and quality information in regards to their everyday operations.

The occurrence of Covid-19 and the introduction of restrictions on movement caused an avalanche of changes in the way of thinking and acting at the global level. Changes in the way of working were inevitable for the business sector as well. Digitization of work processes in all aspects proved to be the most suitable response to the new way of living. Digital transformation is closely related to the introduction and use of information technology - processes, computer software, computer hardware, programming language and data constructors in their work. In order to know the direction of help and support in the years ahead, we asked managers and company owners what kind of IT support their business needs and got the following:



note: N= 50
g.21 – Forms of IT support needed by SEPR companies

Most of them expect support in preparing the company's online promotion, financial and advisory assistance for opening an e-store and e-sales, financial support for digital transformation, mentoring and consulting support in the digital transformation process itself.

SMEs selling online, even in sectors hit hard (by Covid-19 and energy crisis worldwide), did significantly better than their counterparts not selling through digital channels. Other things being equal, SMEs from developed countries selling a large share (more than 75%) of their products online were nearly 15 percentage points less likely to record a drop in sales than SMEs with limited (less than 25%) online sales. These findings regarding the mitigating potential of digital sales are consistent with SME testimonies that have been gathered through the OECD Digital for SMEs Global Initiative (OECD, 2020). For example:

• Wix (Israel), a software company providing cloud-based web development services, during the pandemic has seen a rapid increase in SMEs setting up websites with e-commerce capabilities. SMEs that previously did not have an online presence now relied more heavily, or solely, on digital sales. For example, Browniegod (UK), a food production and delivery business, and ReWax & Rewine (USA), an events and entertainment firm, launched their first website in response to the pandemic.

• Jeongyookgak (Korea), an online directly to consumer (D2C) fresh grocery marketplace, increased its "at home" delivery during the pandemic and leveraged online platforms in order to hire new riders to deliver their products.

• HolyBelly (France), a restaurant and café, transformed its business model in response to the COVID-19 restrictions by creating its own website with click and collect capabilities (a hybrid e-commerce model in which people buy or select items online and pick them up at a store or designated pickup location), as well as leveraging the local food delivery platforms to continue operations throughout the lockdown.

• Five Way Cellars (Australia), a wine and liquor retailer, was able to continue operations throughout the COVID-19 pandemic by increasing its online presence and launching an e-store. After restrictions in Australia eased, the focus still remains on the e-store to reach new customers in untapped markets.

• Quantum (Greece), a firm providing accounting services to SMEs, supporting them in digitalizing bookkeeping, budget management or tax compliance operations and proposing audit services, saw a sharp increase in demand for its services during the crisis. One of Quantum's clients, a family-run florist that risked closure after the first lockdown was able to transform its business model by increasing its online presence.

• Rose Bikes (Germany), a bicycle retail store and manufacturer, developed a streamlined e-commerce store that connects its offline and online retail channels. During the COVID-19 crisis, Rose Bikes was able to rely on its e-commerce capabilities to connect with suppliers as well as new and existing customers.

Digital transformation is inextricably linked with the introduction of new technologies and innovations in operations.

Most of the companies involved in the in-depth interviews expressed the need for support related to the introduction of new technologies and innovations during their daily work:

- support in the preparation of projects for obtaining financial resources for the introduction of innovative technologies in operations;
- financial support when introducing innovative technologies in its operations;
- expert / consulting / advisory / mentoring support in terms of technology/innovation.

Only 7 of the interviewed companies stated that they do not need technological/innovation support for their daily work.

A detailed overview of the results of this research is presented in Annex 3: Analysis of the results of the In-depth interviews with managers and responsible persons from the MSME's from the South-East planning region, which is an integral part of this Study.

EXAMPLES AND WAYS TO RESPOND TO CRISES BY BUSINESSES USING TECHNOLOGY AND INNOVATION

The last few years World economies and micro, small and medium enterprises faced number of health, energy and economy crises that have encouraged them to shift towards digital transformation or digitalization and increased usage of technology and innovation. The businesses were forced to adapt creative solutions so they could function remotely and keep pace with the consumer shift to digital channels. The last 3 years have allowed each business to learn a lot in regards to using technology and innovation to firstly keep the productivity and incomes and secondly to increase the overall work of the company.

I. What is digital transformation?

Digital transformation is a process of changing the way an organization works, using digital technologies. This kind of transformation allows businesses to stay competitive in a changing environment and lure new clients with better service and new experience. There are at least two ways to do this:

- The companies can keep the same processes but employ new, more efficient digital solutions to run the processes. For example, starting to selling products online. Or companies can decide to equip the employees with new digital tools that enhance their efficiency.
- The companies can create and implement new processes, new ways of delivering value to the customers that make use of digital solutions. This way a company usually introduces a completely new service and change the customer experience.

II. Why digital transformation is important?

The outbreak of COVID-19 proved that we live in turbulent times and an ever-changing environment. However today we do have tools to answer these changes, or even embrace them. One such tool is digital transformation. Apart from preparing the companies for the challenges of the new order, it will also give every business salient business advantages. Digital transformation will help a micro, small and/or medium size company to:

- create a more flexible supply chain
- produce goods and services cost-efficiently even in countries with higher labor costs
- create more agile and adaptable solutions.

III. How to benefit from digital transformation?

To succeed in digital transformation, every company should start with a flexible mindset. At the very beginning, the company's ownership should be aware what digital solutions will suit his/hers company. It can be more effective if the company finds a business partner who will support the transformation. Especially, a digital-native company experienced in introducing new technologies to the market. Finally, the company must educate both the employees and the customers. Employees need to know how to work in a new environment, and customers need to learn what has changed, and what’s in it for them.

These past years have given us very successful ways to respond to crises, implemented by micro, small and medium sized enterprises. Here are some of them:

1. Move online

Brands that have online stores and can meet the demand for rapid online adoption have the best chances of success as they recover from the crises. This is because many consumers recognize there won't be a quick and easy return to 'normal' life from a certain crises. A recent study from Forrester highlighted this, with just 16% of consumers believing they will revert to a pre-pandemic sense of normalcy after the pandemic is over. So, it's crucial for a company to transition to online or digital means if it haven't already. We've seen industries that typically require in-person contact thriving after making the move. Gyms and fitness companies are one example.

Example: *AARMY (https://www.aarmy.com/home), a fitness company, closed its fitness classes in New York and Los Angeles due to safety concerns, during the Covid-19 pandemic. Fortunately, they had already been planning to launch an online business and within 48 hours, the strategy had shifted online, starting with sessions being live streamed. As a result of their quick launch, within 24 hours, AARMY saw more than 18,000 attend their online classes. This is compared to just 300 attendees per trainer a day who could attend if the classes were in person.*

The media and entertainment industry is another successful example of moving online as a way to cope with crises. Most people are used to movie premiers being held in cinemas with snacks, soft drinks and the smell of popcorn. The health crisis made this impossible to be done safely, but Chinese media company Huanxi found a solution.

Example: *The media company Huanxi (https://www.huanximedia.com/en) is an innovative media company in China, focusing on investment and production of films, drama series, and operation of a subscription based OTT platform. Their movie "Lost in Russia" was due to premiere during the Chinese New Year festivities. As all the cinemas were closed, Huanxi approached IT company Bytedance (owners of TikTok) with a proposal to live stream the film across Bytedance's platform. A deal was done in less than 24 hours. Not only did the movie gain a massive following and receive overwhelming positive feedback from the people of China, it also racked up an astonishing 600 million views.*

Both of these examples are companies that have found new ways to serve and delight their customers, regardless of when they can reopen their physical doors again. In addition, it highlights the benefits of taking decisive action and remaining agile when faced with what appears to be an overwhelming challenge.

2. Strengthen the bridge between online and offline stores

If a company possess both, online and offline stores, it's not enough to only focus on the online aspect. For maximum impact, the company needs to be strengthening the bridge between the two channels.

Example: *Allbirds, a San Francisco-based company that sells eco-friendly footwear, had a seamless operational infrastructure as they'd integrated their online and offline channels before the pandemic. This turned out to be a lifeline during the crisis because they could use staff from their physical stores to help fulfill online orders. For example, if customers contacted the customer service team and asked questions such as "What can I pair these shoes with?", the service team would ask customers if they'd like to speak to one of the sales assistants via video* *chat. Customers could then see what the sales assistants were wearing their Allbirds shoes with, plus the different colors and models available. This meant Allbirds could satisfy their customers and maintain an excellent standard of service and experience while ensuring their in-store employees could support the customer service team as much as possible during this time.*

3. Use customer insights to make well-informed, timely changes

The crises have shown it's more important than ever for companies to know their customers. If the company knows what their customers want, it can make quick, informed changes to it's business model or offerings and stay afloat during unpredictable times. This is what floor care company Bissell (https://www.bissell.com/) did. They saw their Chinese consumers were looking for cleaning solutions and steam cleaners because they were seen as effective disinfecting tools. So, Bissell held online training sessions on how to use these products. The result? The sales of Bissell's top-selling steam mop increased by 500% in the first quarter of 2020 – all because they leveraged their customer insights.

4. Expand company's digital ordering channels by partnering with tech companies

If the company can increase the ways it's customers can purchase their products and services, the company is adapting to the crisis, satisfying it's customers and boosting commerce sales at the same time. Partnerships with tech companies can help.

Example: *US pizza franchise Papa John's (https://www.papajohns.com/international/) expanded their digital ordering capabilities in 2017 by launching Facebook Instant Ordering and later followed up with a custom-ordering app for Apple TV. Although neither of these were in response to the COVID-19 pandemic or the energy crisis afterwards, it has meant that Papa John's was well-prepared when the time came. Their digital ordering channels had been invested in for a while so this, in combination with new team member hires and contactless delivery, has allowed the pizza franchise to continue despite the crisis.*

5. Join forces and collaborate with other industries to offer unique experiences

The forced closures of events, pubs and bars inevitably resulted in the on-premise sales of alcoholic beverages to crash (for context, on-premise sales account for approximately 45% of total beverage alcohol sales).

To combat this, drinks brands Budweiser, Rémy Martin, Carlsberg and Pernod Ricard joined e-commerce platform JD.com and Taihe Music Group to create an online clubbing experience. Customers can live stream the events and buy drinks online which can be delivered to their home. The result of these events have been impressive, with imported liquor from a single partner brand increasing by 70% during one of the live shows.

6. Connect with customers via digital channels

We've seen many examples of businesses who have managed to tighten the relationship with their customers by connecting with them via digital means. At the end of April 2020, Michael Kors launched a new customization service for its handbag range, MK My Way. Debuting first in China before a global rollout later last year, the US fashion label's pop-up experience allowed users to take a personality quiz and receive a personalized message and product suggestions from the namesake founder. The experience then offered users the option of adding hand-painted customizations to the Michael Kors bags. In addition to live stream sessions and teaser videos, Michael Kors were able to keep consumers engaged and excited about their new handbag brand despite restrictions.

IV. Successful Digital Transformation

Examples from the international environment and ways to respond to crisis by businesses using technology and innovation as a way for companies to continue their operations and their cooperation with third parties:

1. Company: Canadian Home Leisure (https://canadianhomeleisure.ca/)

Industry: Outdoor Furniture

Canadian Home Leisure is a retail store providing all kinds of furniture for outdoor activities like hot tubs, barbecues, tables, etc. Before COVID-19 their strategy was based on the traditional brick-and-mortar store visited by customers. However, when people became limited in how and where they can move, it became difficult to show them CML's products. The company decided to offer virtual presentations to their customers. They can schedule detailed presentations of any product on stock. Moreover, the company now offers online payment and deliveries, so its customers don't need to appear in the store. A new stream of income helped Canadian Home Leisure stay in business and develop the new customer experience.

2. Company: Ping An Bank (https://bank.pingan.com/en/index.shtml)

Industry: Banking

Ping An Bank is a Chinese bank located in Shenzhen. Like many other businesses it too encountered the problem of delivering services and ensuring a delightful customer experience during the COVID-19 pandemic. Aiming at keeping the high level of growth, Ping An Bank focused on its technological advantages built before the outbreak. As the bank developed fully online access and contactless services, it increased the number of customers by almost 12% during the first half of 2020. The bank also widened its offer for small and medium enterprises, providing them with solutions for financial management within a mobile application.

3. Company: Compac (www.foodprocessing-technology.com)

Industry: Food sorting

Compac provides customers with machines for fruit sorting and maintenance. To fight the challenges of pandemic times they decided to provide customers with remote technical support. Clients received iPads with dedicated applications supporting them with instructions for repairing the machinery. Moreover, Compac delivered tailored checklists so their customers could solve common issues on their own. Thanks to that solution, technicians don't have to visit sites in-person risking virus exposure.

4. Company: Cheeky Food Events (https://www.cheekyfoodevents.com/)

Industry: Corporate events

This Australian company offers team-building events organized with cooking activities. In the new post-COVID situation they had to re-engineer their business model. The new model is adjusted to the remote work. Employees taking part in an event were delivered catering with ingredients needed for two-course meal preparation. Cheeky Food then uses streaming to ensure every employee with professional assistance. As a result, companies can still hire Cheeky Food Events to organize team-building events for their employees.

5. Companies: Budweiser, Carlsberg, Rémy Martin, Pernod Ricard, JD.com, Taihe Music Group

Industry: Drinks and Events

It was clear that the sales volume of beverages and liquors will drop as clubs and events were to be closed due to the COVID-19 pandemic. It was painful, especially in China. Facing this problem, beer, cognac, and drink brands connected their forces and started a collaboration with the Chinese e-commerce platform and with a music label to organize online clubbing events and provide participants with liquor delivered door-to-door. JD.com hosts weekly DJ performances with musicians from Taihe Music Group. Customers experience live-streaming and buy drinks online, to enjoy the party-from-home. Organizers claim that sales of some brands increased even by 70% day-to-day.

6. Company: King Arthur Flour (https://www.kingarthurbaking.com/)

Industry: Food Production

Flour milling may seem to be an incredibly traditional business. However, it doesn't mean such companies can't benefit from digital transformation of some kind. King Arthur Flour is the oldest flour producer in the United States. Yet they found a way to incorporate new digital solutions into their business, as the pandemic shot down many brick-and-mortar shops responsible for delivery and sales.

The company decided to create new demand online. They created and published high-quality content involving people in home-baking activities. People who want to take part can do nothing else than buy flour from their trusted supplier - King Arthur. Results showed that sales increase of 200% year-to-year.

7. Company: TOV (https://tovfurniture.com/)

Industry: Furniture

TOV is an American furniture manufacturer. Until recently they would sell all their products B2B. The final customer had to buy from furniture stores or online retailers. After the COVID-19 outbreak stores were closed and customers could only shop online. It was the impulse that prompted TOV's impulse toward e-commerce and B2C sales. People closed at homes by the pandemic started looking for furniture for their children (e.g. outdoor trampolines) and then for desks and facilities needed for remote work. Backed by a new e-commerce platform and digital marketing tools TOV is now building its new digital distribution channel.

The world was already fast-paced before the events of the past 36 months. Now it's even faster. Businesses that aren't taking steps to transform risk falling even further behind the competition. Businesses that usually rely on in-person contact have made significant strides since adopting digital solutions.

So, now is the time to be speeding up initiatives so they span across a matter of weeks or even days. The SME's from the South-East planning region need to keep evolving and adapting in response to any changes because if there's anything this health crisis has taught us, it's that unprecedented incidents are near-impossible to prepare for. Instead, it's about being able to adapt on the spot and having the right technology in place can help with that.

Examples from Republic of North Macedonia and ways to respond to crises by businesses through the use of technology and innovation as a way to continue their operations and cooperation with third parties:

1. Company: Gama Design (www.gamadizajn.com)

Industry: Production of wooden packaging (pallets and boxes)

In the period before the COVID-19 pandemic, the company had 9 employees and produced for the local needs of farmers and for large companies (FDI). The turnover was around 200,000 euros and mainly beech was processed.

During the pandemic, the company encountered challenges from several sides: the difficult procurement of raw materials, reduced demand, illiquidity, absences and difficult planning, ban on physical presence in the factory. In the following years, a series of changes took place, which created turbulence on several levels. The responsible persons in the company are aware that they cannot measure all the parameters and attribute them only to COVID-19, but the company faced a great lack of raw materials (wood) and labor, an increase in operating costs, but also demand. Because of all this, the company made a decision to focus on digitalization and devoted a lot of attention and time to social media and a website, and in the second phase of digitalization to the introduction of an online store. Investing in digital marketing has brought them enormous results, as most companies have reduced their investments in marketing (as a result of reduced workload), and Gama Design, unlike its competitors, has increased them. As a result of the online promotion, Gama Design improves its own image, credibility and reputation, and for the first time they encounter a moment when large companies are looking for their services and products. During the next year, the income increases, but the next step was crucial. As a result of all the changes, the company decides to rise to the next level and work mostly with companies looking for quality and credibility. The increase in the prices of raw-materials, salaries and energy contributed to the increase in the prices of their products. Although they keep the margin at the same level, it means more in absolute numbers, so the company manages to improve its operations and financial results.

In the following years, the number of employees grew almost twice, and so did the turnover. Gama Design also concludes agreements with new partners and finds new sources of pine and pine raw materials (imported). Even (as a result of the mentioned transformations) the company becomes a factor in the wood trading section.

Although the work was drastically more difficult and stressful, even in crisis conditions, Gama Design managed to achieve the set business goals.

2. Company: NoBull.. (www.justnobull.com)

Industry: Food

NoBull.. is a brand that is produced in Republic of North Macedonia and exported to North America. Before the crisis and the COVID-19 pandemic, the brand was positioned in several points of sale in Illinois with the potential to spread to other countries across America. But the crisis showed that it is necessary to adapt to the new situation very quickly because the sales started to decrease due to the closure of the points of sale and their reduced attendance. For this purpose, the brand opened its own web store (https://justnobull.shop/) through which independent sales began, in addition to selling the products in the already existing sales points. With this quick intervention and promotion of the products and the brand, sales returned to "normal" before the crisis, and even increased by 50%.

3. Company: ORGANAUTS (www.organauts.mk)

Industry: Food

ORGANAUTS is a young company that produces majoon (grape juice) and majoon-related products. Before the crisis, the company started negotiations for the distribution of its products on the Republic of North Macedonian’s market and their promotion. However, with the onset of the crisis and the COVID-19 pandemic, which imposed new ways of buying, in order to satisfy the needs of consumers, the company is diverted into online sales and the strengthened promotion of the healthy values of this product. For this purpose, an online store was opened on Facebook through which consumers could purchase the products, but the greatest focus was given to the health benefits that these products have. This not only increased the sales of the brand's products, but also influenced the increase in people's awareness of the consumption of healthy products that helped them overcome the problems that arose in people suffering from Covid-19.

CONCLUSIONS AND RECOMMENDATIONS

I. CONCLUSIONS

The results from the desk researches, online surveys and in-depth interviews that the team from Gestalt Solutions Llc. conducted, show that the micro, small and medium enterprises from the South-East planning region continued to adopt new technologies and practices, and to introduce new products and services during the global world crises from the previous few years. While remote working technologies were a prominent feature (particularly during the early days of the pandemic), there was also increased adoption of online marketing technologies, online sales technologies, data analytics and other IT instruments, often in combination. These activities were generally prompted or accelerated by the pandemic and the energy crisis, but some companies expect their innovations to persist beyond it, and plans for future innovation have also been accelerated. This suggests that the past global crises might be making some businesses more innovative.

However, the findings from the researches and interviews also suggest that gaps between more and less digitized companies from the region might widen in the future. The surveys show that smaller firms and those that were less digitized pre-crises tend to have adopted less and, along some dimensions, report differential impacts of technology adoption on the organization as a whole and their workers. For example, in the informal conversations with the managers of some companies that had adopted new digital technologies prior to the crises, they noted increased resilience and decreased worker productivity as a result of the new technologies, while smaller firms that hadn't adopted new technologies before the global crises reported less increase in resilience.

In terms of policy preferences, businesses continue to signal that grants and tax incentives, in particular, are welcome support for both process and product innovation, with micro and small companies tending to favor grants while medium and larger companies prefer tax incentives. There is little evidence that firms that accessed different Covid financial support schemes have seen differential innovation outcomes over the period covered.

The companies from the South-East planning region had to overcome hard and real obstacles during the 2 major crises that hit the world hard in the last few years. Vast majority of the companies stated that they had lower incomes and profits during the crises, however the financial stability they had before the crises helped them cope with all the obstacles and only a few of them had to lower the number of employees because of the Covid-19 pandemic and the world energy crisis. This speaks highly about the way the companies from the region are managed. Additionally, most of the companies during the in-depth interviews were represented by their Managers and Owners, which represents high awareness of the companies’ managerial structure about the economic researches done in the region. The companies from the region are highly aware that they need different help during this post crises period and they are prepared to receive different type of help, starting with financial, through advisory all the way to mentorship and consulting help, especially in the area of online promotion and sales.

The results of the conducted researches regarding entrepreneurship in the South-East planning region show that the current and potential entrepreneurs from the region have solidly developed entrepreneurial skills. The included entrepreneurs in the research showed developed entrepreneurial skills for: Orientation towards success, Striving towards continuous upgrading and learning, Negotiation skills and Undertaking responsibility, however they need improvements in regards to the entrepreneurial skills for: Decision making, Undertaking calculated risk and Financial skills.

The results of the conducted in-depth interviews show that the companies from the region are led by owners and general managers with solidly developed managerial skills, skills that helped them cope with all the difficulties that arouse during the above mentioned world crises. The biggest problems that the companies face during their everyday operations are: operational problems (problems with equipment (old) and technology, long administrative and bureaucratic procedures), high energy costs, lack of finances (lack of finances for financing their investment projects) and employee problems (lack of quality and qualified work force).

The in-depth interviews showed that the companies lack information and even more when they receive certain information they don't use them because they are not sure about the source of the information. The companies from the South-East planning region have different needs in regards to the type of information they need for their every-day operations. The information that the companies from the region need can be divided into two main groups: Financial information (information about available grants for financing their innovative and technological project; information about available credit lines that can help their everyday operation; information about subsidies and tax incentives / reliefs) and Nonfinancial information (information about available networking events where the companies can have B2B meetings with other companies from their area of operation; information about available consulting services and advices; information about online promotion and sales).

The unemployed people from the region have solidly developed general employability skills, but need to work on some of their personal skills and abilities in order to change their views in regards to employment, entrepreneurship and establishing their own businesses in order to shorten the time between two employments and instead of only customers and consumers, became active participants in the BE as freelancers or employees. The researches showed that the unemployed people from the region showed developed: General employability skills, Team player skills, Communicational skills and Personal skills and abilities for: Timely completion of tasks, Patience, Flexibility and Optimism, while need improvements in regards to: Entrepreneurial skills, Decision making, Undertaking calculated risk.

II. RECOMENDATIONS

The process of creation of this document allowed us to give the following recommendations that can be implemented in order to improve the overall condition of the micro, small and medium size enterprises from the South-East planning region and to start up the process of creating business ecosystems that will enable the companies from the region to "think big" and increase their overall incomes and profits.

- Bigger and better promotion of the available programmes and instruments for support of entrepreneurship, such as the Self-Employment programme of the Employment State Agency of Republic of North Macedonia and the instrument dedicated to start-up and spin-off businesses of the Fund for Innovation and Technological Development;
- Organizing and implementing trainings / workshops from the areas where the entrepreneurs from the region need improvements, especially the area of financial management of companies;
- The implemented desk researches show that there aren't any programmes and instruments regularly available for the entrepreneurs from the region. Ad-hoc programmes and instruments for support of entrepreneurs can be seen within some of the municipalities of the region (local programme for support of Youth Start-up businesses of the Municipality of Strumica), however there is a lack of local / regional programmes that can allow potential entrepreneurs to plan ahead and start their own businesses with municipal / regional support. Recommendation of the research team of Gestalt Solutions Llc. is for the Centre for development of the South-East planning region to analyze the possibilities for establishing regional entrepreneurial fund that will award financial support to potential entrepreneurs from the region on yearly basis;
- Establishing a system for regularly providing information to the companies from the region for available grants for installing photo-voltaic systems in order to lower the energy costs of the companies;
- Enhance access of rural and agricultural SMEs to bank and state finance by increasing awareness of SMEs on financial services, developing and piloting advisory packages for investment plans and loan applications;
- Implementation of a series of trainings for available financial sources for the companies from the region, including providing regular information about credit lines available in the commercial banks, information about active calls for innovative and technology investment projects;
- Support SMEs in increasing their financial literacy and management capacities by promoting strategies for SME management and developing advisory packages;
- Introducing of a Mentorship programme dedicated for start-up companies, with accent put on online promotion and online sales;
- Organization of B2B events with companies from the cross-border regions (Greece and Bulgaria);
- Implementation of students fairs in order to provide companies with information about the future work force available in the region;
- Engagement of innovation and technology international experts that will work with the companies from the South-East region in introducing innovative technologies in their everyday work and preparing and implementing innovative projects within the companies;
- Build capacities and/or create regional agencies, business associations and consultancies in regards to the needs of the SMEs from the region, as well as establishing communication mechanisms among key market players to support the further development of the SMEs from the South-East planning region.

The Centre for development of the South-East planning region should look at the possibilities for organizing and implementing trainings from the areas of entrepreneurship for unemployed people from the region. Additionally, the Centre should look at possibilities for organizing employability skills trainings from the area where unemployed people showed low skills, areas such as: Organizational skills, IT skills, Problem solving skills and Analytical skills. The unemployed people from the region showed low knowledge in the process of creating a complete job application, so recommendation can be given in direction of implementation of trainings for creation of full job applications.

The respondents showed only relative knowledge of the process of creating a complete job application, so as a recommendation it can be mentioned the need for creating a programme for career counseling for unemployment people. Job mentors have shown great results in developing countries in both increasing the employability skills of unemployment people and lowering the unemployment rates in countries such as Republic of North Macedonia. So, the Centre for development of the South-East planning region should look at the possibilities in creating a pool of mentors that will work with interested unemployed people from the region.

As a potential recommendation we can also mention organization of networking events (employment fairs, job fairs, career expos, etc.) since the unemployed people from the sample showed little activity towards joining online job advertisement web sites and portals.

III. Ecosystem for development of new businesses in the South-East planning region

Although the South-East planning region of the Republic of North Macedonia shows competitive advantages in the areas of agriculture, textile industry, hospitality and construction; the information from the Central Registry of Republic of North Macedonia show that the new businesses established in the region come from different areas and industries, and what is especially interesting is the fact that there are more and more IT companies established in last few years. That is why the process of unlocking a business ecosystem for development of new businesses in the South-East planning region in the areas where the region has competitive advantages must be done through a structured approach that not only helps with the design of a promising solution, but also with discovering potential stumbling blocks as early as possible and, at best, avoiding them. The development of a business ecosystem allows the opportunity to provide existing customers with integrated services through cooperation, in some cases across industries, and to gain access to new customer groups.

A business ecosystem cannot be designed exactly on the drawing board but requires several iterative development rounds. At the same time, the sooner all relevant partners for the business ecosystem are involved in the discussion, the more promising the result will be. Since building a business ecosystem is a resource-intensive process with an uncertain outcome, every relevant stakeholder that decides to undertake action of unlocking / establishing a business ecosystem in a certain area should consider the following steps / activities that are necessary to analyze and understand the strategic positioning in business ecosystems:

1. Analyzing the Future Development of Customer Needs

A trend analysis can help identify, analyze, and discuss changes in customer needs. Other possible instruments for finding out about customers' motives and problems include methods from design thinking or the jobs-to-be-done approach. However, a trend radar can also help sharpen the understanding of the impact of trends not only on the customer, but also on the business model, market, processes, systems, and service offerings.

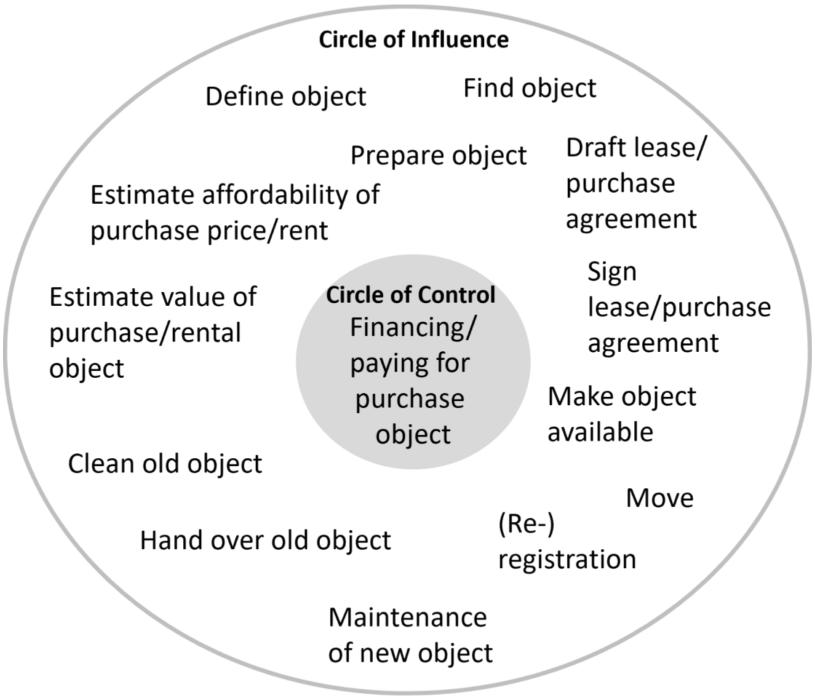
2. Specifying the Idea – Deriving the Core Value Proposition and Target Group

Business ecosystems develop as dynamic structures around a central core value proposition or common purpose. Eliciting the needs of the target audience is critical in this process. In order to understand the needs of the participants, a company can, for example, refer to needs overviews of corporate and private customers.

3. Specifying Services & Needs of the Participants in the Business Ecosystem

The aim of this step is to elicit certain services as core services and to identify possibly complementary services. What are services that can complement the company's initial offering (e.g., the newspaper or access to streaming services during the train ride)? Which services do customers need directly before or after the actual core service to meet their respective needs (e.g., ride to the station)?

Another tool for tapping into these services is the "circle of influence" model. Originating in psychology, it can help companies identify activities that they can either carry out themselves (circle of control) or influence in cooperation with third parties (circle of influence).



g.22 – Circle of influence

At the same time, this tool can also be used to understand which activities the customer has been performing up to now and where relief can be created for him in the sense of an integrated service.

4. Specifying Further Services & Needs of the Participants in the Business Ecosystem

The identified core and related services can be further refined by changing the perspective and asking in which situations customers have a need for such services and/or when they deal with the underlying challenges. For this, company or personal event maps can be used.

5. Determining the Companies participating in the Business Ecosystem and their activities (Target Situation)

In this step, the companies that will be participating in the Business Ecosystem need to be identified, the specific partners that will collaborate within the ecosystem, considering their offerings, resources and needs. Furthermore, a systematically evaluation of the potential participants should be done. Selection criteria could be, for example, market power, reputation, or scalability.

6. Aggregating the results

Subsequently, the results of the analyses can be aggregated through a Ecosystem Business Canvas. The Ecosystem Business Canvas visualizes which capabilities and individual value propositions in an ecosystem interlock to fulfill the core value proposition.

7. Indicative Revenue Mechanism

Every strategic initiative is expected to be able to make at least an initial statement about what the business case will look like. This is quite challenging, especially in the context of business ecosystems. But an initial indication of what indirect and direct costs and revenues are associated with building a business ecosystem is the basis for deciding on the next steps. It is also permissible to ask what the consequences will be if a business case that is not yet clearly discernible leads to the abandonment of interaction in the BE. Companies will have to operate in networks in the longer term if they want to be part of meeting the end customer's needs with integrated solutions.

8. Understanding the Existing Business Ecosystems

Often, an examination of the needs, associated services, and offerings of third parties reveals that these companies are also already active in business ecosystems. A systematic analysis of the environment of these companies can help determine whether the company can also provide its target services in it's "partners' ecosystems". A business ecosystem radar can serve as an aid here.

9. Settling on a Business Ecosystem Portfolio Strategy

Once a company has gained a basic understanding of what a possible new business ecosystem could look like and which business ecosystems already exist around that company's chosen core value proposition, the ownership of the company can now decide whether they want to pursue a "build" or an "integrate" strategy. If a company already participates in one or more business ecosystems, that company's strategic options of course also include "disintegrating".

Establishing a new business ecosystem - or joining an existing one - is a strategic decision with long-term effects on the company's development and focus. Participating in a digital business ecosystem can quickly catapult the innovation culture upwards and has huge potential for SMEs.

ANNEXES

ANNEX 1: Analysis of the results of the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region

I. Background

Gestalt Solutions Llc., Shtip, as part of the project "**Business eco-system as an integrated system**" implemented a research in order to determine the strengths and weaknesses of the labor force in the South-East planning region. This research was implemented according to the prepared Methodology and Questionnaire, prepared by Gestalt Solutions Llc., Shtip and approved by the Centre for development of the South-East planning region as a project partner of the Be In project. The implemented Survey (research) will serve as a background for the preparation of the analysis of the expectations of the unemployed people and determining the strength and weaknesses of the labour force in the region in regards to entrepreneurship and establishing their own businesses. The research was implemented online and by phone on a research sample consisted of 150 unemployed people from the 10 (ten) Municipalities from the South-East region and provided information about the unemployed people from the South-East planning region.

The Survey was implemented in the period November 2022 – January 2023 and as a result of it, this Analysis is created, Analysis that included detailed information about the topics included in the survey, as well as information about the current state of the labour force in the South-East planning region.

II. Overall current state of the labour force in the South-East planning region

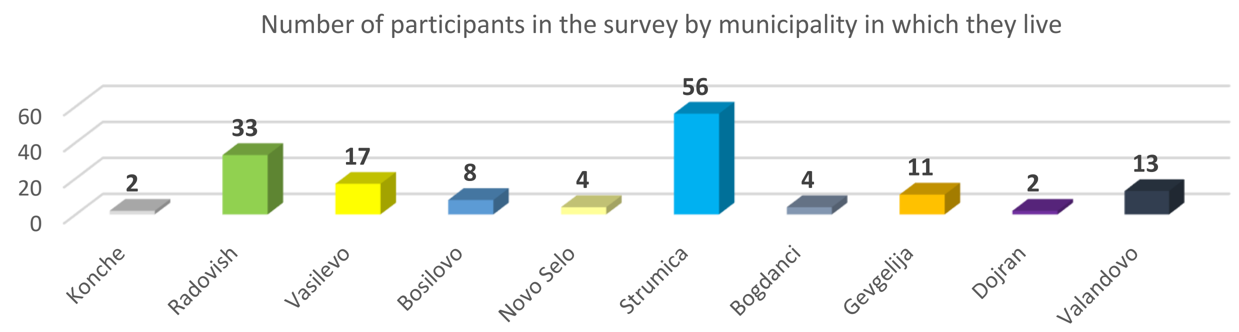
According to the data of the Employment State Agency of Republic of North Macedonia for 31.12.2022, there are a total of 8.617 unemployed people in the 10 Municipalities of the South East planning region. The distribution of unemployed people, per Municipality, is given in the following table:

Municipality	**Number of unemployed people** (31.12.2022)
Bogdanci	255
Bosilovo	467
Valandovo	803
Vasilevo	961
Gevgelija	635
Dojran	80
Konche	137
Novo Selo	223
Radovish	1898
Strumica	3158
TOTAL	**8617**

t.1 – Unemployed people by municipality for 2022 (source: Employment Service Agency)

III. Characteristics of unemployed people in the region, their skills, and qualities

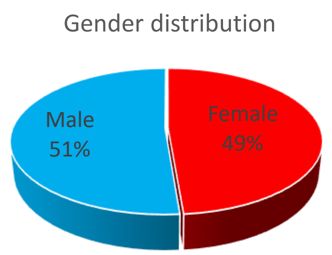
The research team from Gestalt Solutions Llc. prepared a Questionnaire according to relevant documents available in the South-East planning region and implemented a research on a research sample of 150 unemployed people from the region. The questionnaire was published and made available online, while the researchers from our company also contacted (by phone) young unemployed people from the company's evidence from Strumica, Radovish, Valandovo and Gevgelija. The number of respondents that participated in the research was much higher (206 people took the survey in total), however for the needs of the research only the unemployed people's responses were taken into consideration. Out of the total number of respondents (206), 150 were unemployed, while 56 respondents were employed people. The distribution of the research sample by municipality, gender, age and education is as follows:



note: N= 150
g.1 - Distribution of the research sample by municipality

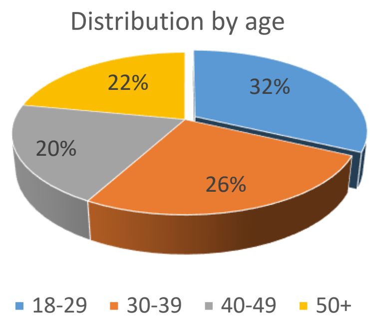
Most of the respondents were from the biggest municipality in the South-East planning region – Strumica. 56 of the 150 respondents were from Strumica, which is expected having into consideration that Strumica is the municipality with the biggest number of unemployed people. 33 of the respondents were from Radovish, 17 from Vasilevo, 13 from Valandovo, 11 from Gevgelija while the other municipalities were with lower number of respondents which correspondents with the number of unemployed people within them.

Regarding the gender distribution, 73 of the respondents were women (49%), while 77 (51%) were men. This shows that gender balance has been taken into consideration regarding the research sample.



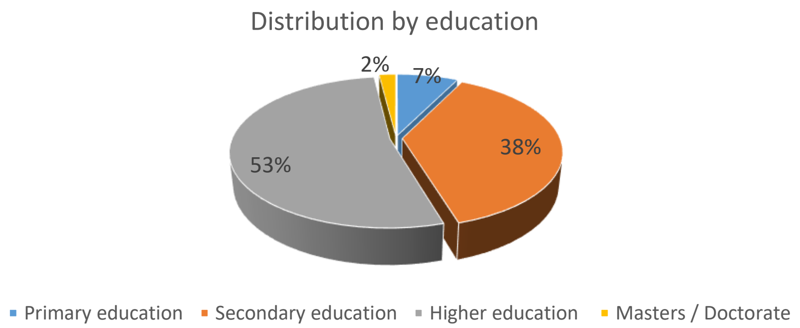
note: N= 150
g.2 - Distribution of the research sample by gender

The research sample included unemployed people from different age categories which can be seen through the following graphic:



note: N= 150
g.3 - Distribution of the research sample by age

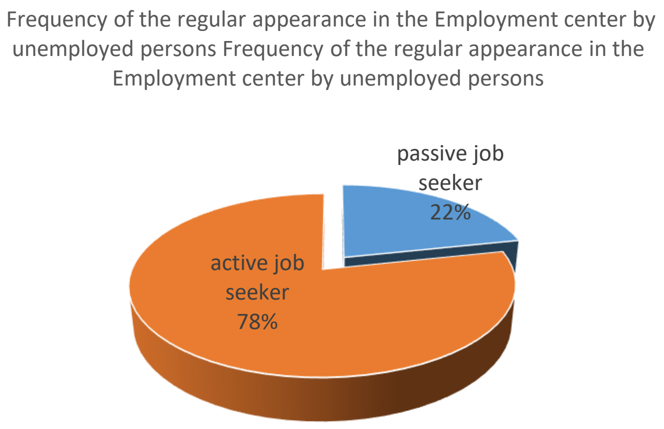
48 from the respondents (32%) were young unemployed people up to 29 years of age, 39 were between 30 and 39 years of age (26%), 30 (20% of the total respondents) were unemployed people between 40 and 49 years of age, while 33 were above 50 years of age (22%). Regarding the distribution of the research sample (unemployed people) in regards to the education we can note that more than half of the respondents (53% of them) were unemployed people with higher education, while 38% (57 of the total number of respondents) were unemployed people with completed only secondary education. Only 2% of the research sample were unemployed people with master's degree and / or doctorate, which is a good indicator that people with master's degree or doctorate can find job easier in the South-East planning region.



note: N= 150
g.4 - Distribution of the research sample by completed education

97 from the unemployed people that participated in the research are registered in the evidence of the Employment Service Agency (ESA) of Republic of North Macedonia. 76 of them (78%) are registered as active job seekers, while 21 (22%) are registered as passive (other) job seekers.

[In order to have access to the services for unemployed persons offered by the Employment Service Agency, one should be entered in the appropriate register in the Employment Center, based on completed and personally signed application form - Application for entry into records. Depending on each personal choice, a person can be registered as unemployed person actively seeking job opportunities – active jobseeker or other jobseeker – passive job seeker. The unemployed person actively seeking for a job makes a regular appearance on every 30 days in the local Center for Employment, while other jobseekers visits the local Center for employment on a 6 month period.]

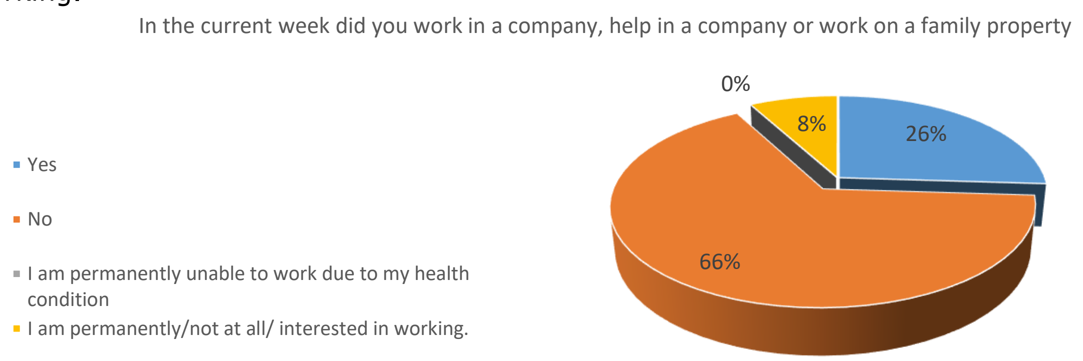


note: N= 150

g.5 - Distribution of the respondents regarding the frequency of the appearance in the local Employment center

Regarding the length of their registration in the evidence of the Employment Service Agency of Republic of North Macedonia, most of the respondents (total of 86 respondents) noted that they have been registered in the ESA for less than a year, 35 of them have been registered between one and three years, while 31 of them have been registered for more than 3 years.

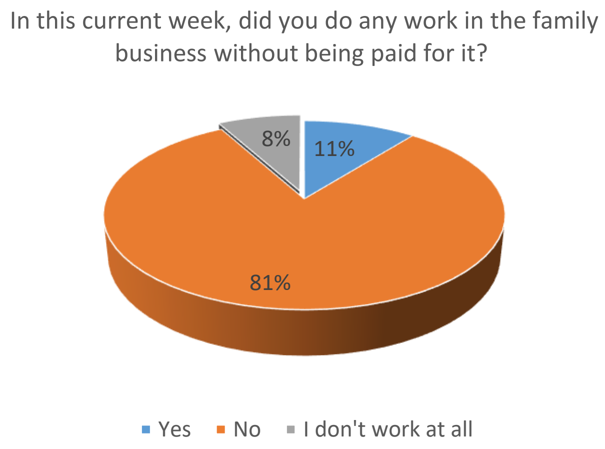
The results of the survey showed that only 26% of the respondents helped in a company or worked on a family property (farm or agricultural property) in the current week. 66% of the respondents (99 respondents in total) did not help in a company or work on a family property in the current week, while 8% (12 respondents) declared that permanently not interested in working.



note: N= 150

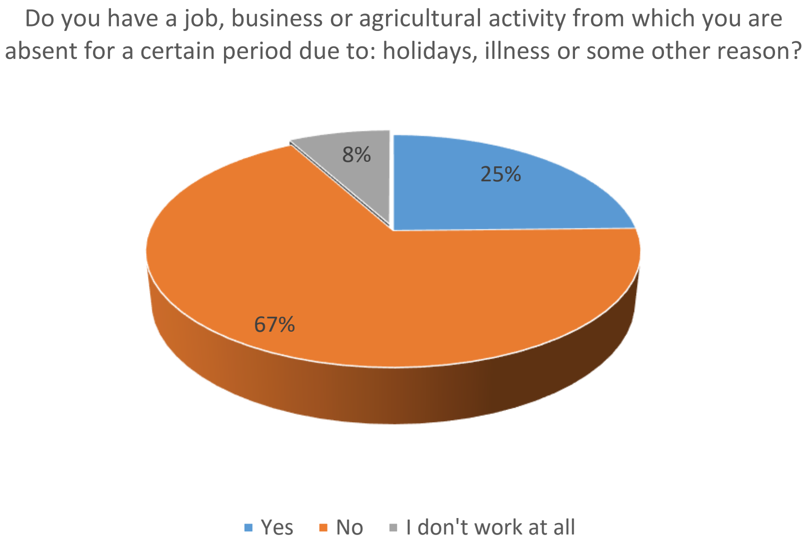
g.6 – Percent of respondents that worked/helped in a company or family property in the week when the survey is taken

Only 11% of the respondents from the sample worked without being paid in a family business in the current week, while 81% stated that they didn't do any unpaid work in a family business in the current week.



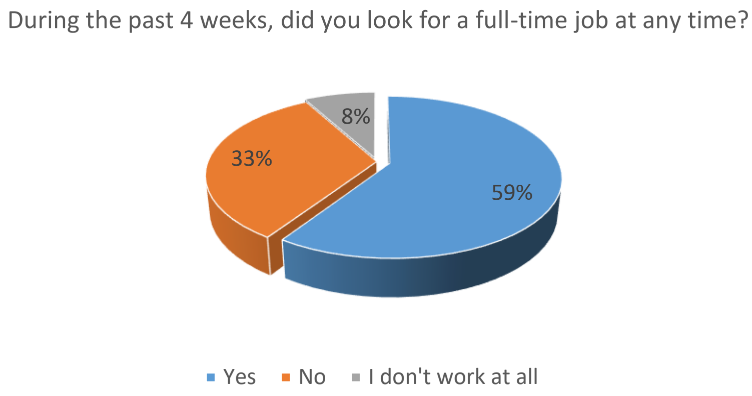
note: N= 150
g.7 – Percent of respondents that worked in a family business without monetary compensation the week when the survey is taken

67% of the respondents stated that they haven't had a job, business or agricultural activity from which they were absent for a certain period due to: holidays, illness or some other reason. 25% of the respondents stated that they were absent for a certain period from a previous job due to illness or holiday, while 8% stated that they don't/haven't worked at all.

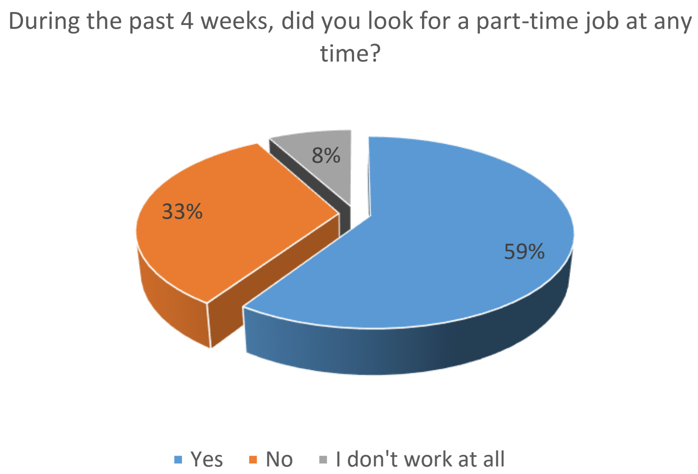


note: N= 150
g.8 – Percent of respondents that had a job, business or agricultural activity from which they were absent for a certain period due to: holidays, illness or some other reason

59% of the respondents (89 out of the 150 respondents in the research) stated that have searched for a full and / or part-time job at any time in the last month, 33% (49) haven't searched for any job in the last month, while 8% stated that they don't work at all.



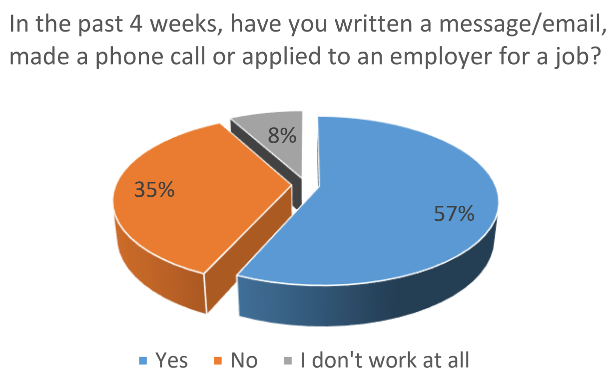
note: N= 150
g.9 – Distribution of respondents regarding searching for a full and/or part-time job in the month prior to the survey



note: N= 150
g.10 – Distribution of respondents regarding searching for a part-time job in the month prior to the survey

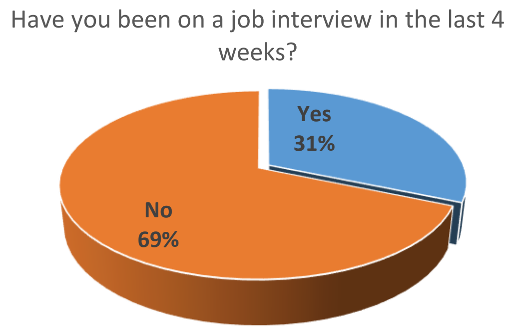
Having into consideration that the sample was consisted of unemployed residents of the region, 33% stated that haven't searched for any kind of job in the last 4 weeks which is a very high percentage, and a percentage that needs further analysis in order to see the reason for the presented high value of it.

Even further, only 57% of the respondents applied for a job and / or wrote message/e-mail and / or made phone call to an employer in the last 4 weeks. 35% of the respondents from the sample stated they haven't had any conversation / application for a job in the last 4 weeks, while 8% stated that they don't work at all.

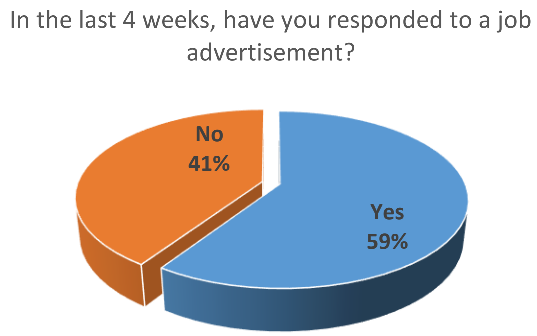


note: N= 150
g.11 – Distribution of respondents that contacted a potential employer in the month prior to the survey

Although 59% of the people included in the sample stated that they have responded on a job advertisement in the last 4 weeks, only 31% of the respondents have been on a job interview in the same period.

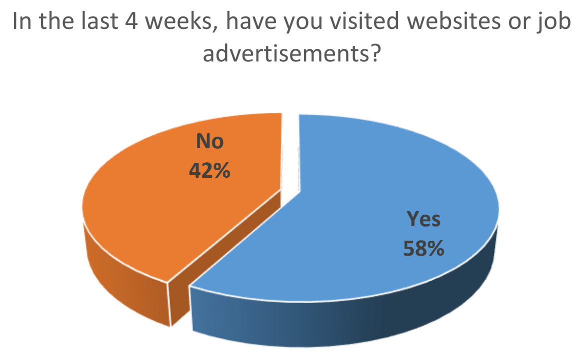


note: N= 150
g.12 – Distribution of respondents regarding being on a job interview in the month prior to the survey



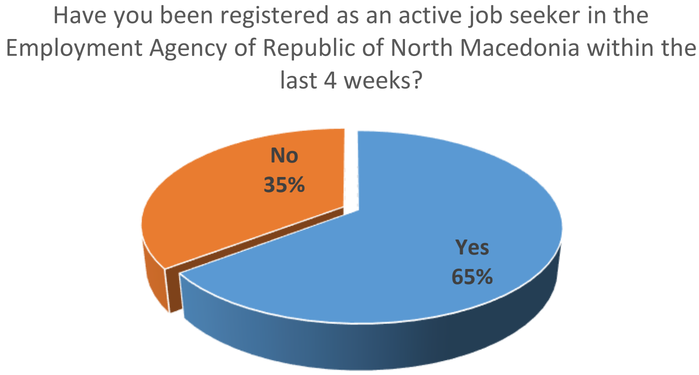
note: N= 150
g.13 – Distribution of respondents that answered back to a job advertisement in the month prior to the survey

58% of the respondents have visited websites with / and job advertisements, while 42% of them stated that they haven't visited these kinds of websites.

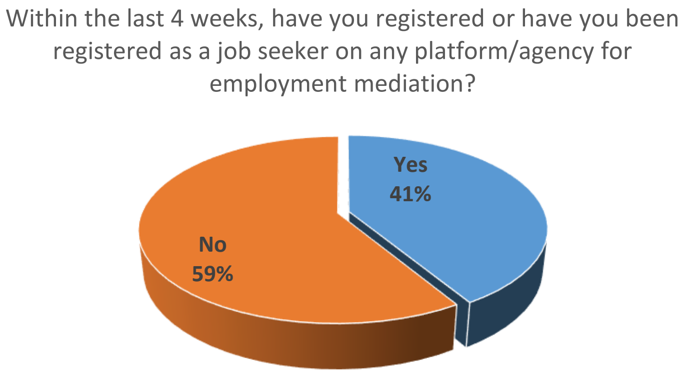


note: N= 150
g.14 – Distribution of respondents that actively searched for a job online in the month prior to the survey

65% of the respondents (97 people in total) stated that are been registered as active job seekers in the Employment Agency of Republic of North Macedonia within the last 4 weeks, and only 41% (62) of the respondents have been registered as a job seeker on any platform/agency for employment mediation.

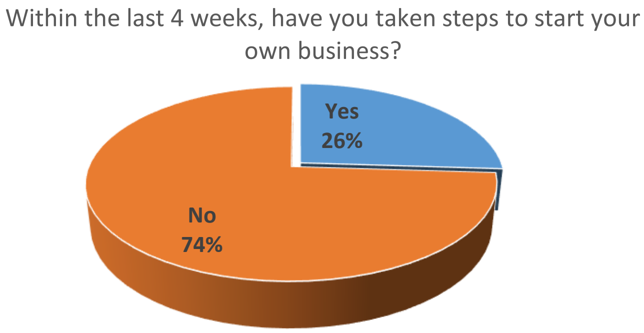


note: N= 150
g.15 – Distribution of respondents entered into records in order to have access to the services for unemployed persons offered by the Employment Service Agency of Republic of North Macedonia in the month prior to the survey



note: N= 150
g.16 – Distribution of respondents entered into records of any platform/agency for employment mediation in order to have access to the services for unemployed persons in the month prior to the survey

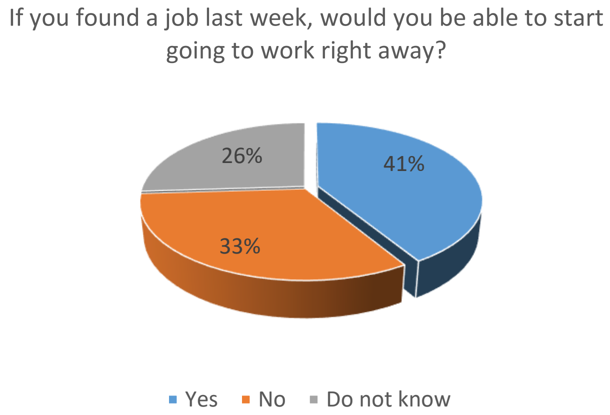
The analysis of the data gathered with the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region presented modest entrepreneurial spirit among the sample of the unemployed people from the region. Decent 26% of the respondents (39 respondents in total) have undertaken steps to start their own business in the last 4 weeks before the survey, while 74% of them (111) had not undertaken steps to start their own business in the last 4 weeks. This shows that unemployed people from the South-East planning region that took part in this survey are prefer a job with an employer instead of starting a process of entrepreneurship, i.e. starting their own business in order to secure their economic existence and future.



note: N= 150

g.17 – Distribution of undertaking activities towards establishing business in the month prior to the survey

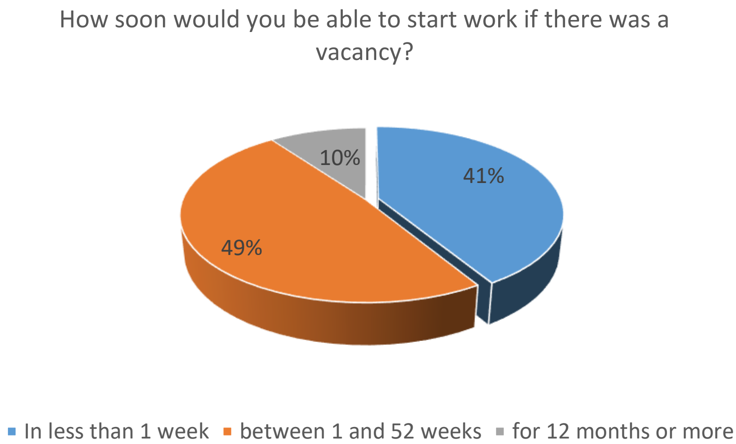
Although most of the respondents from the sample were registered as an active job seekers within the ESA of Republic of North Macedonia, only 41% of them (62) stated that they would be able to start going to work right away if they found a job. 33% of them (49) stated they wouldn't be able to start going to work right away if they found a job last week, while 26% of them were not sure if they would you be able to start going to work right away.



note: N= 150

g.18 – Distribution of the respondents ready to start going to work right away

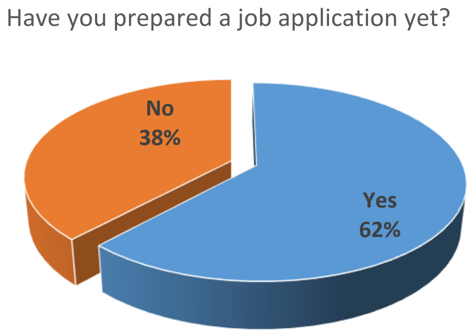
In regards to the readiness of unemployed people from the region to start with work, 49%, i.e. 73 unemployed people from the research sample stated that they can start with work in a period between 1 and 52 weeks, while 41% (62 respondents) stated that they can start with work in a period of 1 week. 10% (15) of the unemployed people can start with work after 12 months.



note: N= 150

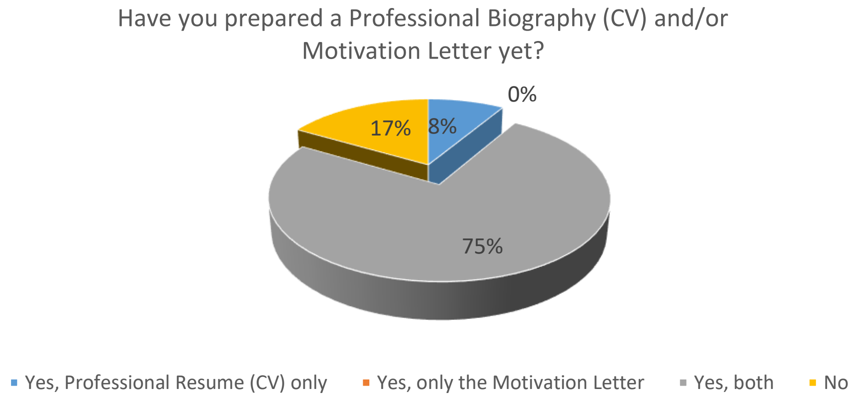
g.19 – Distribution of the timeframe regarding the time needed to start going to work

The respondents of the survey showed possession of solid general employability skills. 62% of them responded that they have previously prepared a job application, which a solid percentage, having in mind the age distribution of the research sample. 57 of the respondents (38%) have never prepared a job application before.



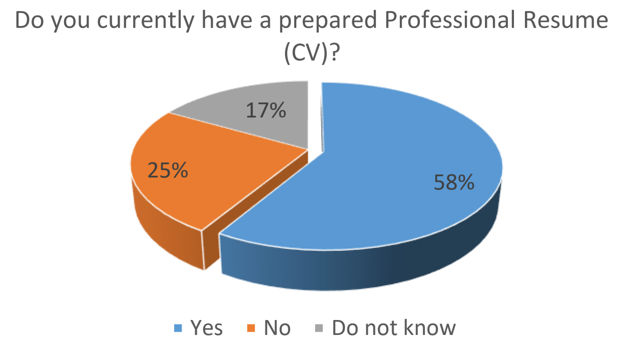
note: N= 150

g.20 – Experience with preparation of a job application

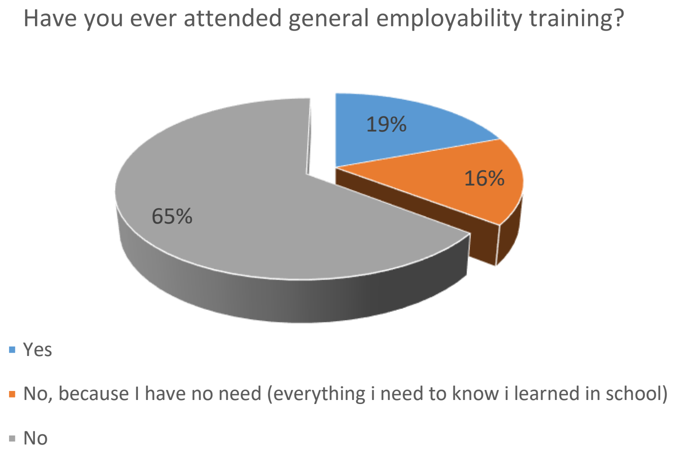


note: N= 150
g.21 – Experience with writhing job application documents

38% of the respondents (57) have never prepared a job application before. 75% (112 of the total 150 respondents) of the respondents stated that they have previously prepared both a Professional Biography (CV) and a Motivational Letter, while 58% of the respondents (88 of the total 150 respondents) currently have a Professional Biography (CV) prepared.



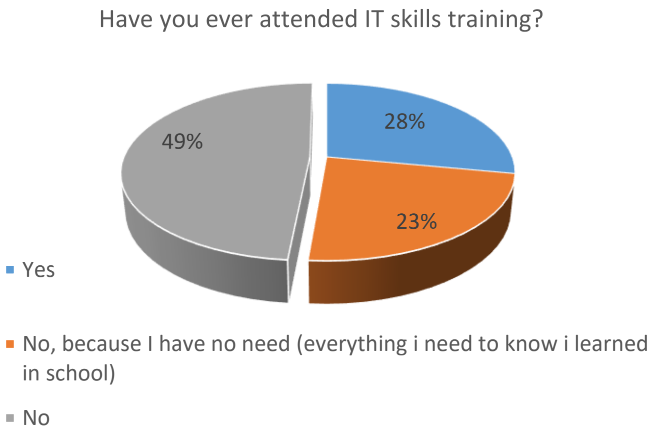
note: N= 150
g.22 – Distribution of respondents with an updated Professional Resume



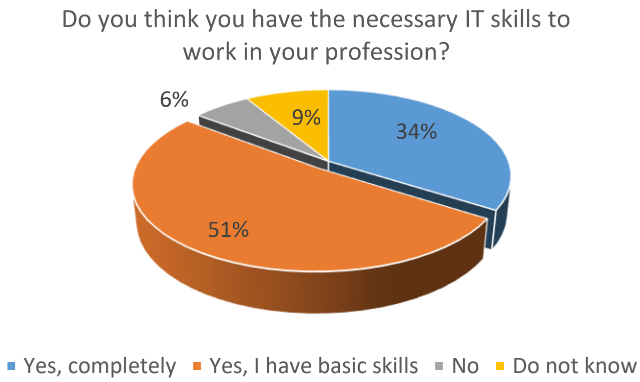
note: N= 150
g.23 – Distribution of respondents with attended general employability training

The results of the research showed that 19% (29) of the respondents (unemployed people from the region) have attended a general employability training. 65% (97) of the respondents have never before attended a general employability training, while 16% stated that they have never attended general employability training because they learned everything they need in school.

Although only 28% of the respondents from the sample have attended IT skills training, 34% of them believe that they completely have all the necessary skills to work in their profession. Additional 51% of them believe that they possess basic IT skills necessary to work in their profession. 49% of the respondents have never attended IT skills training, while 23% stated that they have never attended IT skills training because they learned everything they need in school.



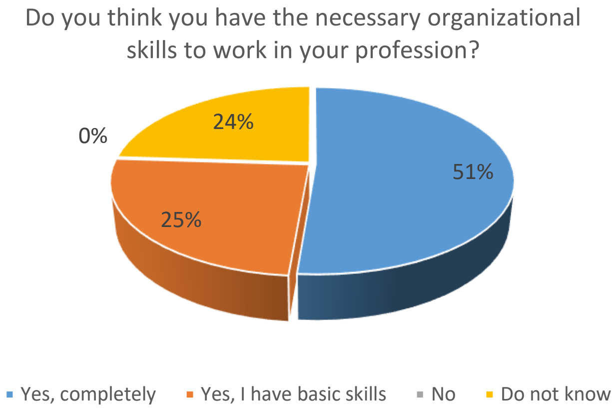
note: N= 150
g.24 – Distribution of respondents with attended IT skills training



note: N= 150
g.25 – Degree of possession of necessary IT skills to work in the profession - Self-assessment

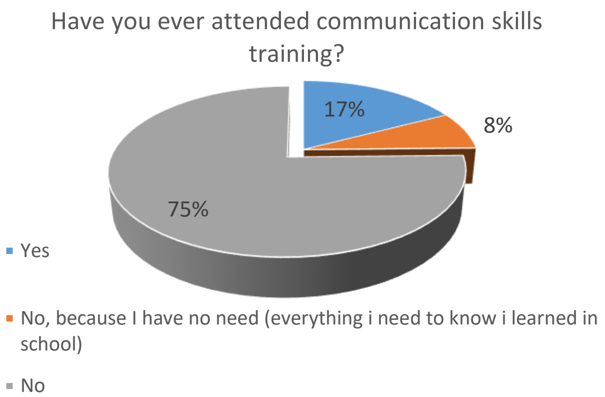
91% of the respondents (137 out of the 150 unemployed people) have never attended an organizational skills training, however 51% of them believe they completely have all the necessary organizational skills to work in their profession, while 25% stated that they have some basic organizational skills.

note: N= 150
g.26 – Distribution of respondents with attended organizational skills training

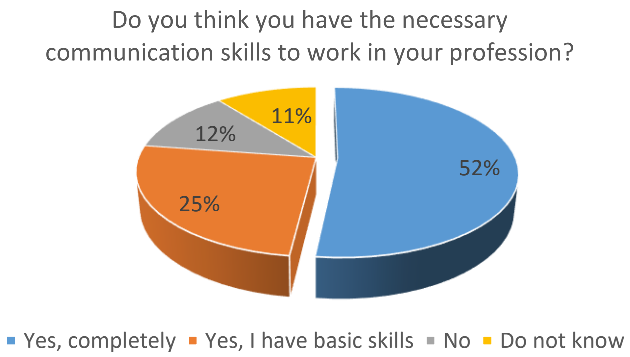


note: N= 150
g.27 – Degree of possession of necessary organizational skills to work in the profession - Self-assessment

75% of the respondents (113 out of the 150 unemployed people) have never attended communicational skills training, however 52% of them believe they completely have all the necessary communicational skills to work in their profession, while 25% stated that they have some basic communicational skills. 12% of the respondents stated that don't have the necessary communicational skills to work in their profession, while 11% didn't know if they possess the necessary communicational skills.

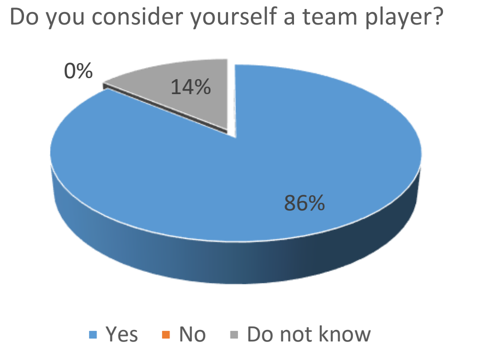


note: N= 150
g.28 – Distribution of respondents with attended communication skills training



note: N= 150
g.29 – Degree of possession of necessary communication skills to work in the profession - Self-assessment

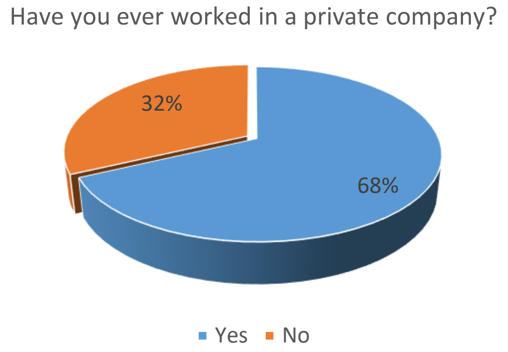
129 out of the 150 unemployed people included in the research stated that they consider themselves as team players, which represents 86% of the research sample, while only 14% of the respondents don't consider themselves as team-players.



note: N= 150

g.30 – Willingness to help a team member or cooperate with others - Self-assessment

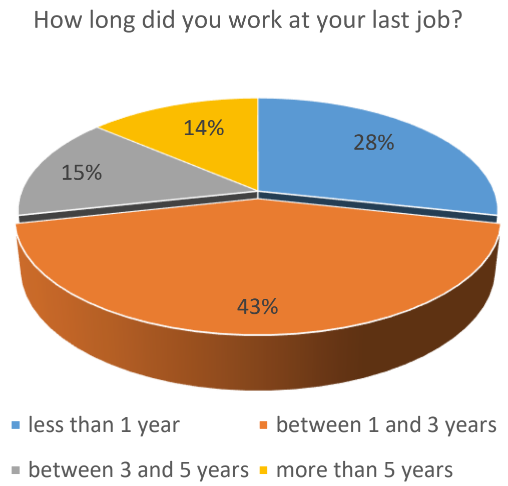
68% of the respondents (102) have previously worked in a private company, while 32% (48) have never worked in a private company.



note: N= 150

g. 31 – Distribution of respondents with experience with working in a private sector

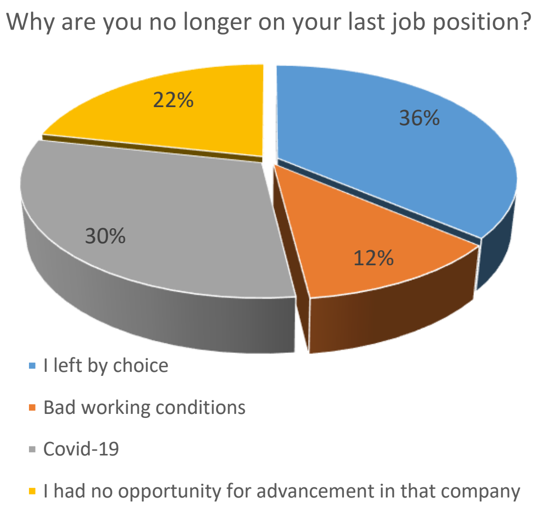
Regarding the length on their last job place in the private sector, the respondents gave the following answers: 43% of them (44 out of the 102 respondents that have previously worked in a private company) worked between 1 and 3 years on the last job, 28% of them (29) worked for less than a year on their last job, 15% worked between 3 and 5 years, while only 14% worked for more than 5 years on their last job.



note: N= 102*
(*only respondents with experience with working in a private sector)
g. 32 – Distribution of the duration of employment in the last work place

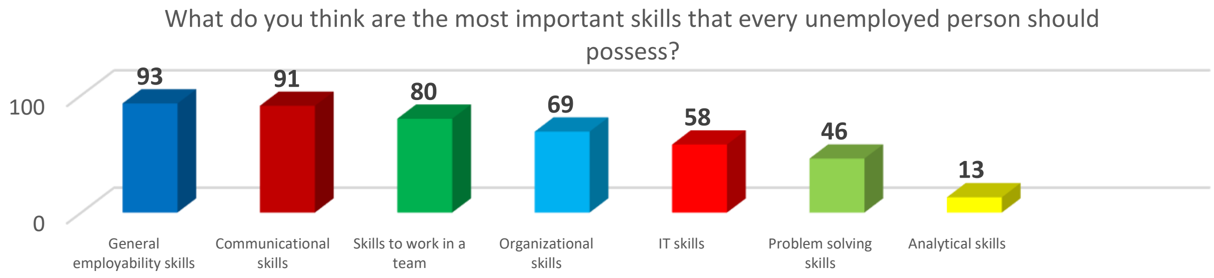
The respondents (those who had previously worked in the private sector) stated that the main reasons for them leaving their last job were:

- Personal choice (36% of the 102 respondents stated that they left because of their own choice)
- Covid-19 pandemic (30%)
- Lack of opportunity for advancement in the company they worked (22%)
- Bad working conditions (12%)



note: N= 102*
(*only respondents with experience with working in a private sector)
g. 33 – Main reasons for leaving the last job

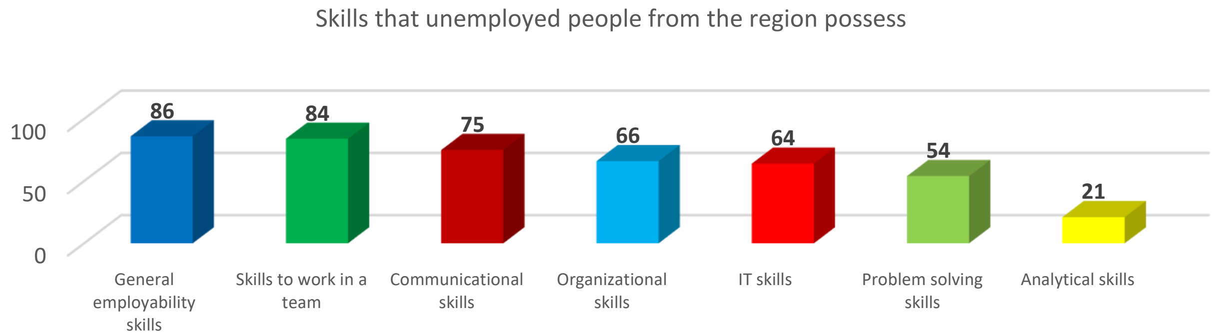
In regards to the skills unemployed people should possess, 62% of the respondents (93 out of the total 150 respondents in the sample) agree that General Employability skills are the most important skills that each unemployed person should have. 60% of them (91) agree that Communicational skills are second most important skills for an unemployed person to possess in order to get a job. Next on the list are the team-player skills for which 53% of the respondents (80) noted that are skills that every unemployed person possesses. 46% of the respondents (69 out of the total 150 respondents in the sample) stated that organizational skills are very important skills that every unemployed person should possess, while 39% of the respondents (58) noted the IT skills as one of the most important skills for unemployed people.



note: N= 150
g. 34 – Skills that every (un)employed person should possess – ranked by importance

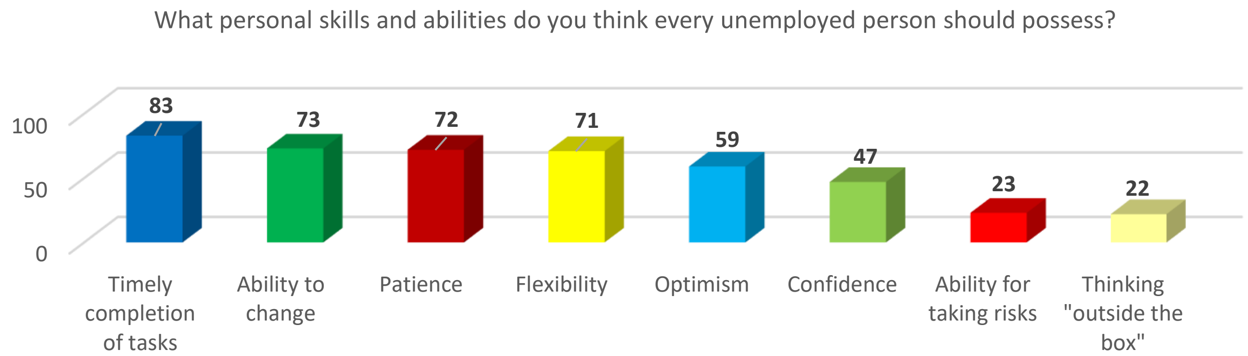
The respondents from the sample noted that they possess the following employability skills:

- General employability skills - 57% (86 of the respondents stated that they possess general employability skills)
- Team-players skills – 56% (84 of the respondents stated that they possess team-player skills)
- Communicational skills – 50% (75 of the respondents stated that they possess communicational skills)
- Organizational skills – 44% (66 of the respondents stated that they possess organizational skills)
- IT skills – 43% (64 of the respondents stated that they possess IT skills)
- Problem solving skills -36% (54 of the respondents stated that they possess problem solving skills)
- Analytical skills – 14% (21 of the respondents stated that they possess analytical skills)



note: N= 150
g. 35 – Skills that unemployed persons from the sample possess – self-assessment

In regards to the personal skills and abilities unemployed people should possess, 55% of the respondents (83 out of the total 150 respondents in the sample) agree that the personal skill: Timely completion of tasks is the most important personal skill / ability that each unemployed person should have. 49% of them (73) agree that Ability to change is the second most important personal skill for an unemployed person to possess in order to get a job. Next on the list are the personal skills and abilities for: Patience (48% of the respondents (72) noted that this personal skill is very important for an unemployed person to possess. 47% of the respondents (71 out of the total 150 respondents in the sample) stated that Flexibility is a very important personal skill that every unemployed person should possess, while 39% of the respondents (59) noted Optimism as one of the most important personal skills and abilities for unemployed people.



note: N= 150
g. 36 – Personal skills and abilities that (un)employed persons should possess – ranked by importance

The respondents from the sample noted that they possess the following personal skills and abilities:

- Timely completion of tasks - 54% (81 of the respondents stated that they possess the personal skill Timely completion of tasks)
- Patience – 49% (73 of the respondents stated that they possess the personal skill Patience)
- Flexibility – 47% (70 of the respondents stated that they possess the personal skill Flexibility
- Optimism – 45% (68 of the respondents stated that they possess the personal skill Optimism)
- Confidence – 40% (60 of the respondents stated that they possess the personal skill Confidence)
- Ability to change -30% (45 of the respondents stated that they possess the personal skill Ability to change)
- Thinking "outside the box" – 18% (27 of the respondents stated that they possess the personal skill Thinking "outside the box")
- Ability for taking risk – 17% (26 of the respondents stated that they possess the personal skill Ability for taking risk)

note: N= 150

g. 37 – Perception for personal skills and abilities that (un)employed persons from the region possess

IV. Conclusions and recommendations

The analysis of the results of the Survey for determining the strengths and weaknesses of the labor force in the South-East planning region shows that the unemployed people from the region have solidly developed general employability skills, but need to work on some of their personal skills and abilities in order to change their views in regards to employment, entrepreneurship and establishing their own businesses in order to shorten the time between two employments.

The included unemployed people in the research showed developed skills for:

- ✓ General employability skills
- ✓ Team player skills
- ✓ Communicational skills
- ✓ Personal skills and abilities for: Timely completion of tasks, Patience, Flexibility and Optimism

while need improvements in regards to:

- Entrepreneurial skills
- Decision making
- Undertaking calculated risk.

The Centre for development of the South-East planning region should look at the possibilities for organizing and implementing training / workshops from the areas of entrepreneurship for unemployed people from the region. Additionally, the Centre should look at possibilities for organizing employability skills trainings from the area where unemployed people showed low skills, areas such as: Organizational skills, IT skills, Problem solving skills and Analytical skills. The unemployed people from the region showed low knowledge in the process of creating a complete job application, so recommendation can be given in direction of implementation of trainings for creation of full job applications.

The respondents showed only relative knowledge of the process of creating a complete job application, so as a recommendation it can be mentioned the need for creating a programme for career counseling of unemployment people. Job mentors have shown great results in developing countries in both increasing the employability skills of unemployment people and lowering the unemployment rates in countries such as Republic of North Macedonia. So, the Centre for development of the South-East planning region should look at the possibilities in creating a pool of mentors that will work with interested unemployed people from the region.

As a potential recommendation we can also mention organization of networking events (employment fairs, job fairs, career expos, etc.) since the unemployed people from the sample showed little activity towards joining online job advertisement web sites and portals.

ANNEX 2: Analysis of the results of the Survey for determining the entrepreneurial capacities and skills of the current and potential entrepreneurs

I. Background

Gestalt Solutions Llc., Shtip, as part of the project "**Business eco-system as an integrated system**" implemented a research in order to prepare analysis of the entrepreneurial capacities, skills and knowledge of the current and potential entrepreneurs in the South-East planning region of Republic of North Macedonia. This research was implemented according to the Methodology and Questionnaire, prepared by Gestalt Solutions Llc., Shtip and approved by the Centre for development of the South-East planning region as a project partner of the Be In project. The implemented Survey (research) will serve as a background for the preparation of the analysis of the overall current state of entrepreneurship in the South-East planning region and the skills and expertise, needs and deficiencies of the entrepreneurs in the South-East region. The research was implemented online and by phone on a research sample consisted of 156 current and potential entrepreneurs from the 10 (ten) Municipalities from the South-East region and provided information about the believes of entrepreneurs from the South-East planning region in regards to entrepreneurship and establishing their own businesses.

II. Overall current state of the entrepreneurship in the South-East planning region

Before the start of this research, Gestalt Solutions Llc. carried out a desk research to analyze the current state of the entrepreneurship in the South – East planning region. The desk research included a review of existing documents, online researches (statistical information, reports from relevant institutions), other relevant studies on national and regional level, such as:

1. Programme for the development of the South-east planning region, 2021-2026
2. Strategy for the development of women entrepreneurship, 2019 - 2023
3. Strategy for women's entrepreneurship of the municipality of Strumica with action plan, 2019 - 2024
4. National strategy for the development of social enterprises in the Republic of North Macedonia
5. Action plan for the implementation of the National Strategy for the development of social enterprises in the Republic of North Macedonia
6. Strategy for Entrepreneurial Learning
7. National strategy for small and medium-sized enterprises, 2018-2023
8. Programme for Social entrepreneurship for the municipality of Strumica, 2019-2023

The Survey was implemented in the period November 2022 – January 2023 and as a result of it, this Analysis is created, Analysis that included detailed information about the topics included in the survey, as well as information about the current state of entrepreneurship in the South-East planning region.

According to the data of the State Statistical Office of the Republic of North Macedonia for 2021 (the last year for which there are available data), there are a total of 5.813 private entities (companies) in the 10 Municipalities of the South East planning region. The distribution of the companies, per Municipality and size, is given in the following table:

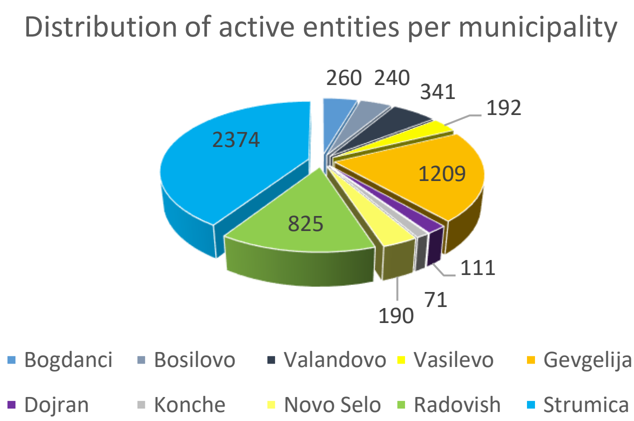
Municipality	**Number of active* companies**				
	micro**	**small****	**medium****	**large****	**TOTAL**
Bogdanci	160	91	6	3	**260**
Bosilovo	142	93	4	1	**240**
Valandovo	216	116	9	0	**341**
Vasilevo	110	76	5	1	**192**
Gevgelija	723	453	20	13	**1209**
Dojran	65	43	2	1	**111**
Konche	54	16	1	0	**71**
Novo Selo	117	69	2	2	**190**
Radovish	547	269	6	3	**825**
Strumica	1493	822	36	23	**2374**
TOTAL	**3627**	**2048**	**91**	**47**	**5813**

t.1 – Active business entities by municipality for 2021 (source: State Statistical Office)

note: * Active business entities are all business entities that contribute to the gross domestic product, and the basic criterion for determining the activity of the entity is the data on income and/or employees.

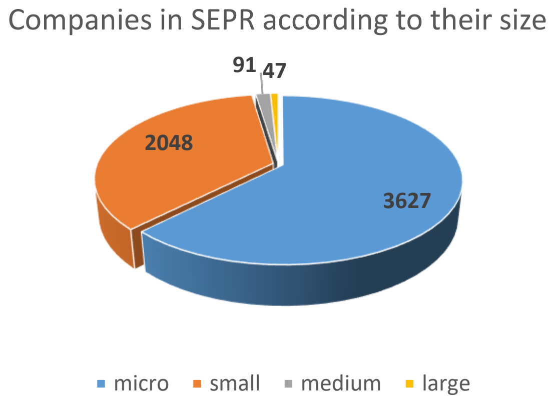
** Micro enterprise: less than 10 employees, annual turnover less than 50.000 EUR; Small enterprise: from 11 to 50 employees, annual turnover of up to 2.000.000 EUR and asset value 2.000.000 EUR; Medium enterprise: from 51 to 250 employees, annual turnover of up to 10.000.000 EUR and asset value 11.000.000 EUR; Large enterprise - more than 250 employees.

The Municipality of Strumica is the municipality with the highest number of active companies in the South-East planning region with a total of 2.374 micro, small, medium and large companies. Gevgelija has a total of 1.209 active entities that operate in this Municipality, while Radovish has a total of 825 private companies that currently operate on different markets. According to this data most of the respondents of this survey (current and potential entrepreneurs) come exactly from these three municipalities. The distribution of active private entities in the South-East planning region per municipality is given on the following PIE diagram.



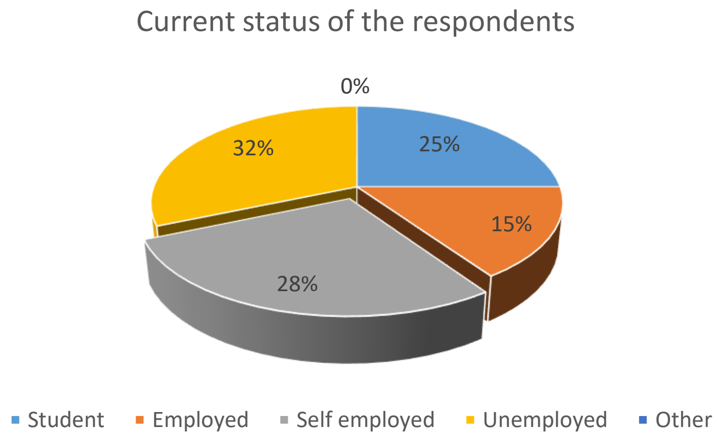
g.1 - Distribution of active entities per municipality

The conducted desk research also showed that most of the companies in the South-East planning region are micro and small companies (97,6% of the total number of companies are either micro or small companies). There are a total of 3.627 micro companies in the region, 2.048 small companies, 91 medium size companies and only 47 large size companies. The distribution of active private entities in the South-East planning region per size is given on the following PIE diagram.



g.2 - Companies in SEPR according to their size

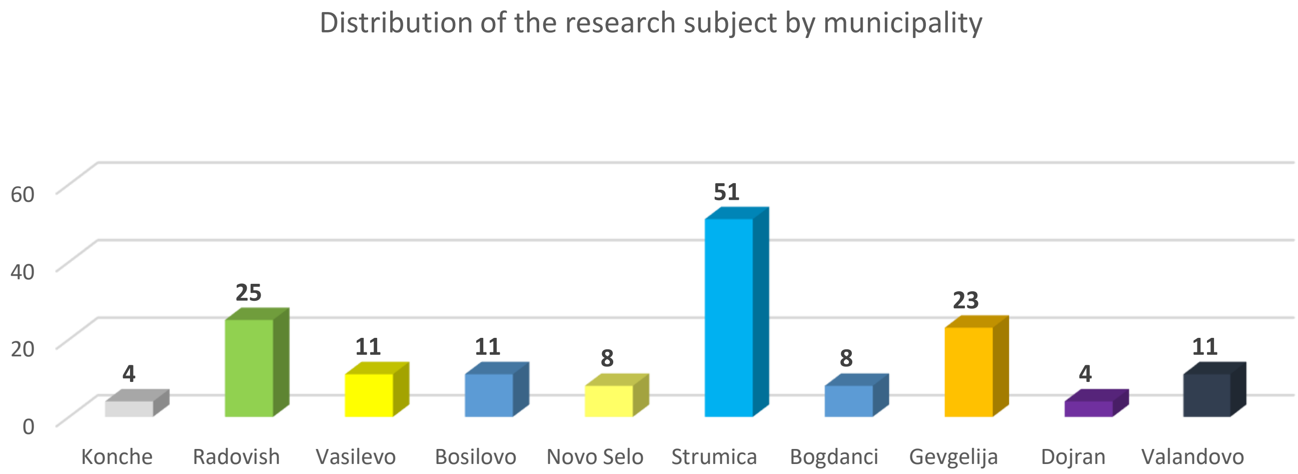
Regarding the current status of the respondents in the research, balanced structure was secured, so 32% of the respondents were unemployed, 28% were self-employed (entrepreneurs), 25% were students, while 15% were employed within someone else's companies.



note: N= 156
g.3 - Current status of the respondents

III. Skills and expertise, needs and deficiencies of the entrepreneurs in the South-East region

After the implementation of the desk research, the research team from Gestalt Solutions Llc. prepared a Questionnaire according to relevant documents available in the South-East planning region and implemented a research on a research sample of 156 current and potential entrepreneurs from the region. The questionnaire was published and made available online, while the researchers from our company also contacted (by phone) current entrepreneurs from the region. The distribution of the research sample by municipality, gender, age and education is as follows:

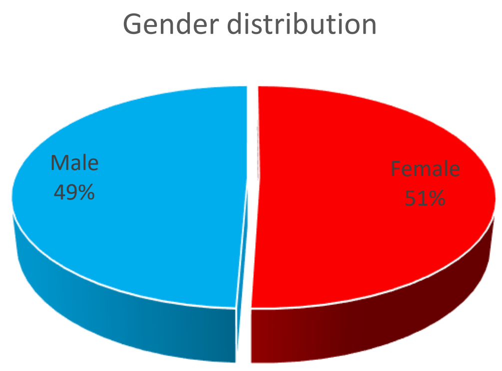


note: N= 156

g.4 - Distribution of the research sample by municipality

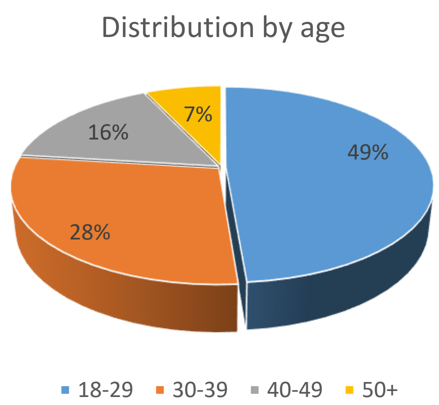
Most of the respondents were from the biggest municipality in the South-East planning region – Strumica. 51 of the 156 respondents were from Strumica, which is expected having into consideration that Strumica is the municipality with the biggest number of active private entities and municipality where most of the inhabitants in the South-East planning region live. 25 of the respondents were from Radovish, 23 from Gevgelija while the other municipalities were with lower number of respondents which correspondents with the number of inhabitants of these Municipalities and the number of private companies within them.

Regarding the gender distribution, 79 of the respondents were women (51%), while 77 (49%) were men. This shows that gender balance has been secured within the research sample.



note: N= 156
g.5 - Distribution of the research sample by gender

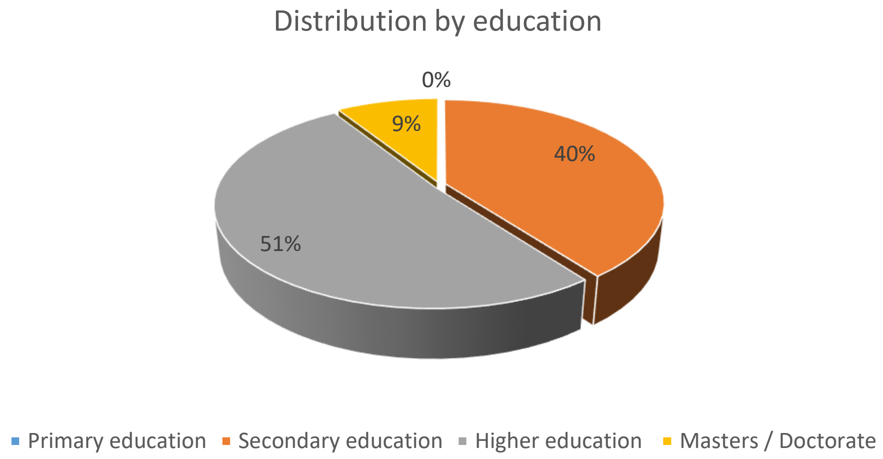
The research sample included entrepreneurs (current and potential) from different age categories which can be seen through the following graphic:



note: N= 156
g.6 - Distribution of the research sample by age

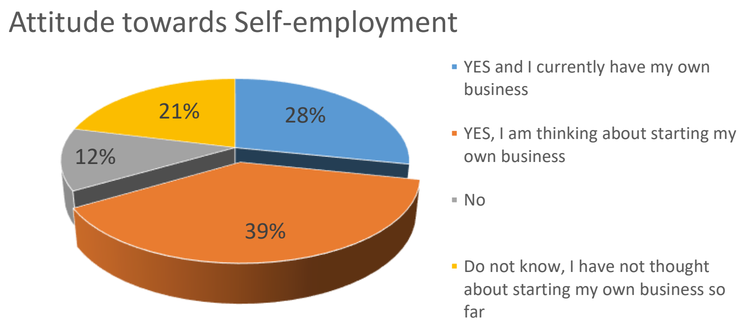
76 from the respondents (49%) were young people up to 29 years of age, 44 were between 30 and 39 years of age, 25 (16% of the total respondents) were between 40 and 49 years of age, while 11 were above 50 years of age.

Regarding the distribution of the research sample in regards to the education of the respondents, we can note that more than half of the respondents (51% of them) were with higher education, while 40% (62 of the total number of respondents) were with only completed secondary education. Only 9% of the research sample were with master's degree and / or doctorate. None of the respondents are with completed only primary education.



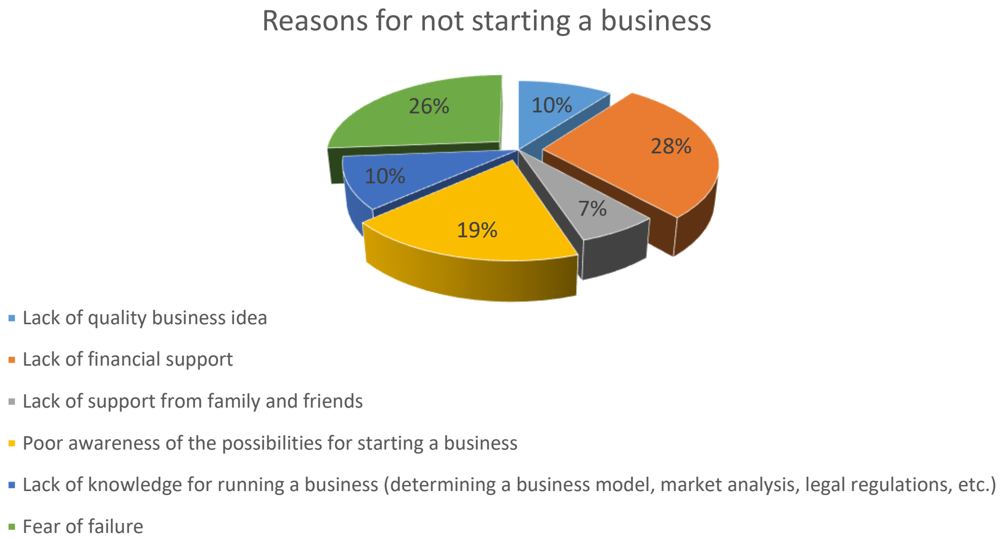
note: N= 156
g.7 - Distribution of the research sample by completed education

One of the most positive data gathered with this research is that the vast majority of the respondents have positive attitude towards self-employment. A total of 67% of all respondents stated that they are thinking of starting their own business or already have their own business. 39% (60 of the total 150 respondents within the research sample) stated that they are thinking of starting their own business, while 28% (44 respondents) already have their own business. 21% of the research sample stated that they have not thought about starting their own business so far, while only 12% (19 respondents) stated that they have never thought about starting their own companies. This indicates relatively high entrepreneurial spirit among the inhabitants of the region.



note: N= 156
g.8 - Distribution regarding attitude towards self-employment

Regarding the reasons for people from the South-East planning region not starting their own companies, most of the respondents (28%) think it is because of lack of financial support, while 26% believe it is because of fear of failure. 19% of the respondents believe that the main reason why people from the region don't establish their own companies is their poor awareness of the possibilities for starting a business. 10% of the respondents believe that the main reasons for people not opening their own businesses are the lack of quality business idea and the lack of knowledge for running a business, while only 7% believe that the lack of support from family and friends is the main reason why people from the South-East planning region don't establish their own businesses.



note: N= 156

g.9 - Distribution regarding Reasons for not starting a business

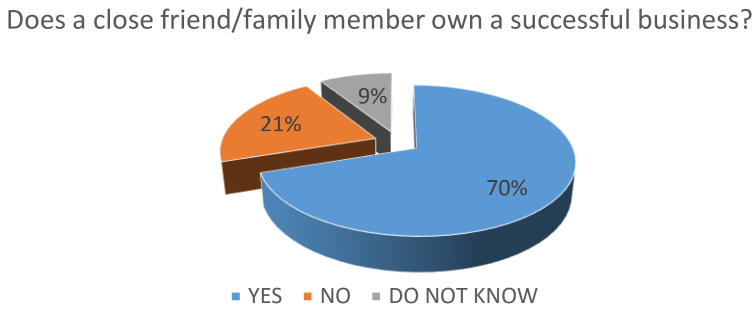
Regarding the entrepreneurial manners, the respondents from the research sample provided us with the following insight into their mindset and behaviors:

note: N= 156

g.10 - Insight into perception of entrepreneurial manners, mindset and behaviors of the people from the South-East planning region

The presented distribution shows that the vast majority of the respondents - current and/or potential entrepreneurs from the South-East planning region, strongly want to create something that people will appreciate and when they start something, most of them, believe that they can finish it successfully. The positive attitude towards these two statements shows highly developed entrepreneurial characteristic: Orientation towards success. The respondents also show developed entrepreneurial characteristics for Striving towards continuous upgrading and learning (80 of the respondents strongly agree that from every failure they can learn something), Solid Negotiation skills (64 stated they strongly agree that when they negotiate something, they always try to make both sides satisfied) and Undertaking responsibility (60 of the respondents strongly agree that everyone shapes his own destiny).

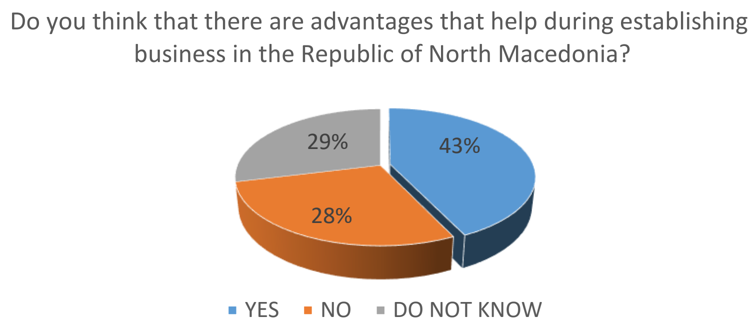
70% of the respondents included in the research have a close friend or a family member that manages a successful business which can be seen as a potential positive indicator for creating future entrepreneurs from the potential entrepreneurs included in the research.



note: N= 156

g.11 - Insight into perception of successful business owner from the surrounding

Regarding the business and entrepreneurship incentives from the Government, almost half of the respondents (43%) believe that there are incentives in the country that help during the process of establishing a business. Having into consideration that the desk research that Gestalt Solutions Llc. conducted before the implementation of this research showed that there are several programmes that help potential entrepreneurs in establishing a company, but work needs to be done in order all potential entrepreneurs from the region are introduced with these programmes.



note: N= 156

g.11 - Insight into perception of state support for establishing a business in Republic of North Macedonia

IV. Conclusions and recommendations

The results of the conducted researches regarding entrepreneurship in the South-East planning region show that the current and potential entrepreneurs from the region have solidly developed entrepreneurial skills. The included entrepreneurs in the research showed developed entrepreneurial skills for:

- ✓ Orientation towards success
- ✓ Striving towards continuous upgrading and learning
- ✓ Negotiation skills
- ✓ Undertaking responsibility

while need improvements in regards to the entrepreneurial skills for:

- Decision making
- Undertaking calculated risk
- Financial skills.

The Centre for development of the South-East planning region should look at the possibilities for organizing and implementing training / workshops from the areas where the entrepreneurs from the region need improvements, especially the area of financial management of companies.

The current entrepreneurs are aware of the available programmes for support of entrepreneurship in the Republic of North Macedonia, while the potential entrepreneurs have shown less awareness about them. As a potential recommendation we can mention the need for bigger and better promotion of the available programmes and instruments for support of entrepreneurship, such as the Self-Employment programme of the Employment State Agency of Republic of North Macedonia and the instrument dedicated to start-up and spin-off businesses of the Fund for Innovation and Technological Development.

The implemented desk research showed that there aren't any programmes and instruments regularly available for the entrepreneurs from the region. Ad-hoc (periodical) programmes and instruments for support of entrepreneurs can be seen within some of the municipalities of the region (local programme for support of Youth Start-up businesses of the Municipality of Strumica), however there is a lack of local / regional programmes that can allow potential entrepreneurs to plan ahead and start their own businesses with municipal / regional support. Recommendation of the research team of Gestalt Solutions Llc. is for the Centre for development of the South-East planning region to analyze the possibilities for establishing regional entrepreneurial fund that will award financial support to potential entrepreneurs from the region on yearly basis.

ANNEX 3: Analysis of the results of the In-depth interviews with managers and responsible persons from the MSME's from the South-East planning region

I. Background

Gestalt Solutions Llc., Shtip, as part of the project "**Business eco-system as an integrated system**" implemented a research (series of interviews) with responsible people from the Micro, Small and Medium size Enterprises (MSME's) from the South-East planning region in order to determine the current capacities of the companies from the South-East planning region, their ability to adjust to the current economic processes and to adapt and respond to crisis using technology and innovation. This research was implemented according to the Methodology and Questionnaire, prepared by Gestalt Solutions Llc., Shtip and approved by the Centre for development of the South-East planning region as a project partner of the Be In project. The implemented in-depth interviews (research) served as a background for the preparation of this Analysis and included a research sample consisted of 50 companies from the 10 Municipalities from the South-East planning region. Before the start of this research, the Gestalt Solutions team implemented an extensive desk research that served as a background for choosing the sample on which the interviews were conducted. The In-depth interviews were done with managers and/or responsible persons from Human resources from the companies from the region.

II. Overall current state of the capacities of the companies in the South-East planning region

Before the start of the implementation of the In-depth interviews, Gestalt Solutions Llc. carried out a desk research to analyze the current state of the companies in the South – East planning region. The desk research included a review of existing documents, online researches (statistical information, reports from relevant institutions), other relevant studies on national and regional level, such as:

1. Programme for the development of the South-east planning region, 2021-2026
2. National strategy for small and medium-sized enterprises, 2018-2023
3. Study on the potential and use of renewable energy sources in the cross-border region
4. Guide for Investing in the South East Planning Region
5. Strategy for local economic development of the Municipality of Strumica 2022-2026
6. Strategy for local economic development of the Municipality of Strumica 2016-2020
7. Plan for local economic development of the Municipality of Gevgelija 2023-2026
8. Strategy for SME support and employment of the Municipality of Radovish 2019-2025
9. Program for Local Economic Development of the Municipality of Valandovo for 2023
10. Strategy for local economic development of the Municipality of Bosilovo 2022-2027
11. Integrated plan for local development of the Municipality of Vasilevo (2021-2024)

The series of in-depth interviews was implemented in the period November 2022 – February 2023 and as a result of it, this Analysis is created, Analysis that included detailed information about the topics included in the interviews, as well as information about the current state of the capacities of the companies in the South-East planning region.

According to the data of the State Statistical Office of Republic of North Macedonia for 2021 (the last year for which there are available data), there are a total of 5.813 private entities (companies) in the 10 Municipalities of the South East planning region. The distribution of the companies, per Municipality and size, is given in the following table:

Municipality	**Number of active* companies**				
	micro**	**small****	**medium****	**large****	**TOTAL**
Bogdanci	160	91	6	3	**260**
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TOTAL	**3627**	**2048**	**91**	**47**	**5813**

t.1 – Active business entities by municipality for 2021 (source: State Statistical Office)

note: * Active business entities are all business entities that contribute to the gross domestic product, and the basic criterion for determining the activity of the entity is the data on income and/or employees.

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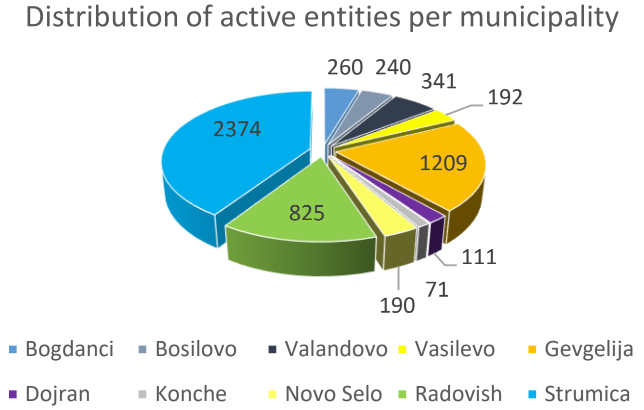
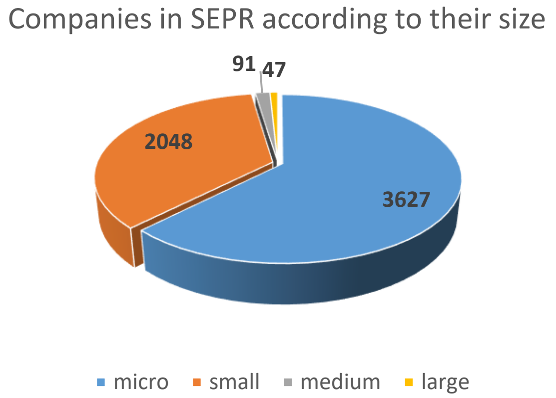
The Municipality of Strumica is the municipality with the highest number of active companies in the South-East planning region with a total of 2.374 micro, small, medium and large companies. Gevgelija has a total of 1.209 active entities that operate in this Municipality, while Radovish has a total of 825 private companies that currently operate on different markets. According to this data, most of the respondents of this survey (managers and responsible persons of the MSME's) come exactly from these three municipalities. The distribution of active private entities in the South-East planning region per municipality is given on the following PIE diagram.



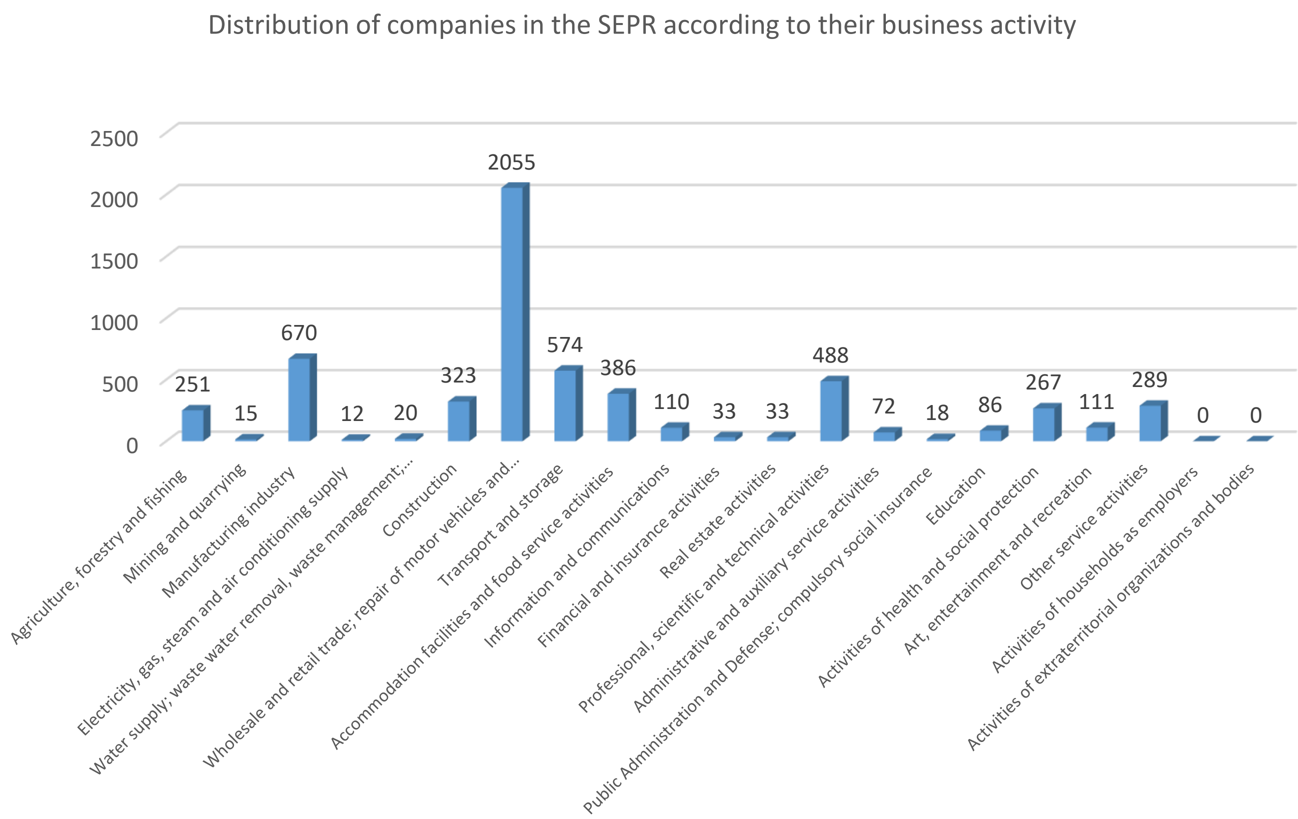
note: N= 5813
g.1 - Distribution of active entities per municipality

The conducted desk research also showed that most of the companies in the South-East planning region are micro and small companies (97,6% of the total number of companies are either micro or small companies). There are a total of 3.627 micro companies in the region, 2.048 small companies, 91 medium size companies and only 47 large size companies. The distribution of active private entities in the South-East planning region per size is given on the following PIE diagram.



note: N= 5813
g.2 - Companies in SEPR according to their size

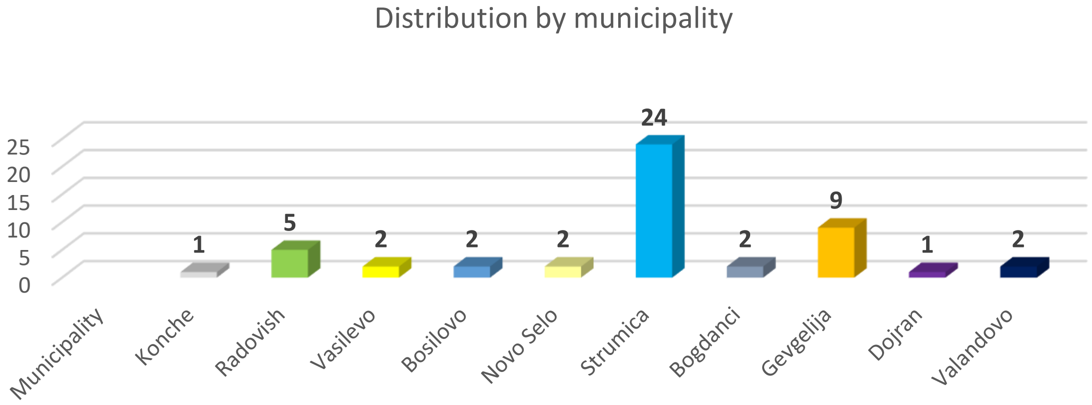
Most of the companies from the South-East planning region work in the business area of Wholesale and retail trade; repair of motor vehicles and motorcycles. A total of 2055 active entities from the 10 municipalities in the region are registered in this business activity. 670 companies work in the Manufacturing industry, 574 in the area of Transport and storage, 488 have registered business activity in the area of Professional, scientific and technical activities, 386 active business entities work in the area of Accommodation facilities and food service activities, while 323 are registered as Construction companies, i.e. companies that work in the business area of Construction. More than 200 companies work in each of the business areas of: Other service activities (289 companies), Activities of health and social protection (267) and Agriculture, forestry and fishing (251), while other business activities have lower number of registered companies that work within those business areas. The distribution of the companies from the region, per business activity, is given in the following table:



note: N= 5813
g.3 - Companies in SEPR according to business activity

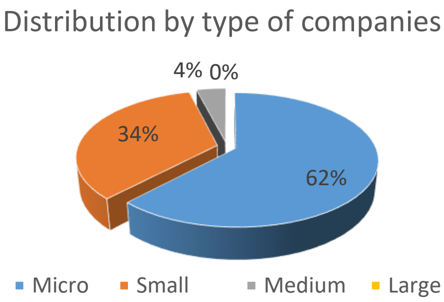
III. Entrepreneurial capacities and the ability of the companies in the SE region to adapt and respond to crisis using technology and innovation

After the implementation of the desk research, the research team from Gestalt Solutions Llc. prepared a Questionnaire according to relevant documents available in the South-East planning region and implemented an in-depth interviews on a research sample of 50 companies from the 10 Municipalities from the South-East region. The in-depth interviews were conducted in direct communication with the Managers and/or other responsible persons from the selected companies. The distribution of the research sample by municipality and type of company is as follows:



note: N= 50
g.4 - Distribution of the research sample by municipality

Most of the companies included in the in-depth interviews were from the biggest municipality in the South-East planning region – Strumica. 24 of the 50 companies were companies registered in the Municipality of Strumica, which is expected having into consideration that Strumica is the municipality with the biggest number of active private entities in the South-East planning region live. 9 of the companies were from Gevgelija, 5 from Radovish while the other municipalities were with lower number of companies included in the interviews, which correspondents with the number of registered companies within these municipalities.
Regarding the type of companies included in the in-depth interviews, 31 of the companies were micro companies (62%), 17 were small companies (34%) while 2 (4%) were medium size companies.



note: N= 50
g.5 - Distribution of the research sample by type

Regarding companies' perception for their business activities in comparison to their competitors on the market:

- 30 of the interviewed companies stated that their earnings are higher than their competitors, 14 stated that their earnings are on the same level as the competitors while only 6 of the interviewed companies think that their earnings (incomes) are smaller than the other companies in the South-East planning region, companies with the same or similar activity and size.
- 24 of the interviewed companies stated that they have smaller number of employee in comparison to their competitors on the market, 15 stated that their number of employees is about the same as their competitors while only 11 companies think that they employ more people than their competitors.
- 25 of the interviewed companies stated that their number of clients is higher than their competitors, 20 stated that the number of their clients is on the same level as the competitors while only 5 of the interviewed companies think that the number of their clients is smaller than the other companies in the South-East planning region, companies with the same or similar activity and size.

32 of the interviewed 50 companies from the region are import / export companies that have business activities in regards to exporting and importing products / goods / raw-materials, so their perception about their export / import activities in comparison to their competitors is as follows:

- only 9 of the interviewed companies think that their import activities (import quantity) are higher than their competitors, 8 companies think that the level of their import activities are about the same as their competitors, while 15 companies stated that their import activities are lower than their competitors
- only 7 of the interviewed companies think that their export activities (export quantity) are higher than their competitors, 11 companies think that the level of their export activities are about the same as their competitors, while 14 companies stated that their export activities are lower than their competitors

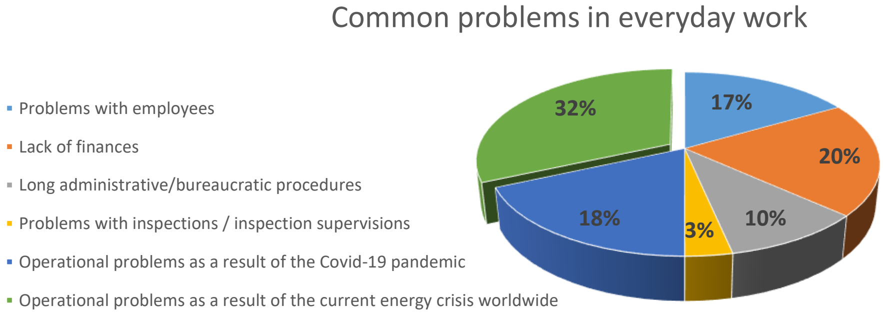
How would you rate the current situation of your company in relation to other companies in the South-East planning region, companies with the same or similar activity and size in terms of:			
	bigger	smaller	same
Total Earnings	30	6	14
Number of employees	11	24	15
Number of clients	25	5	20
Import quantity	9	15	8
Export quantity	7	14	11

note: N= 50

t.2 – Perception of the responsible persons of the companies regarding earnings, number of employees and clients and import and export quantity

Most of the interviewed companies consider that management experience and skills is the most important aspect for the successful work of a company, followed by aspects such as: provision of finance, business skills, electricity and the economic environment.

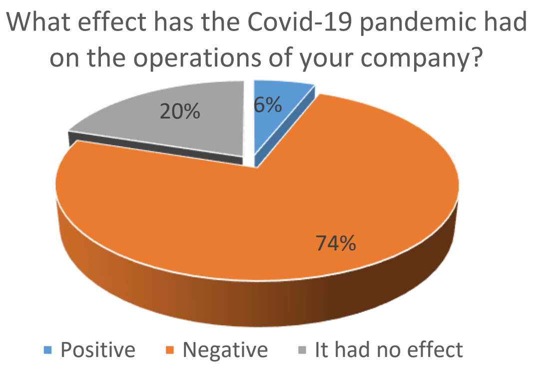
Most of the companies noted the operational problems as a result of the current energy crisis as the biggest problem in their everyday work. 32% of the interviewed companies stated that the current energy crisis represents their biggest everyday challenge in their work. 20% of the companies stated that the lack of finances are the biggest challenge they face, 18% noted the Operational problems as a result of the Covid-19 pandemic as a biggest everyday problem for them, while 17% of the companies stated the Problems with employees as their biggest challenge.



note: N= 50

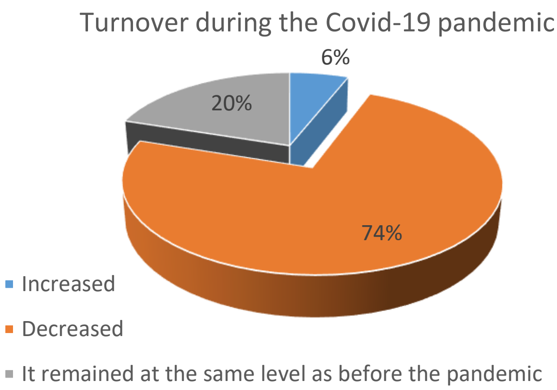
g.6 – Depiction of common problems in everyday work

74% of the interviewed companies stated that the Covid-19 pandemic had negative effect for their work and everyday operation, while 20% of the companies stated that this pandemic had no effect on their work. A positive fact is that 6% of the interviewed companies (3 out of the 50 interviewed companies) stated that the Covid-19 pandemic had positive effect in relation to increased incomes, sales and number of clients. Similar results were gathered in regards to the companies' turnover during the Covid-19 pandemic. 74% of the companies included in the in-depth interviews stated that their turnover decreased during and/or as a result of the Covid-19 pandemic, 20% stated that their turnover stayed at approximately same level as before the pandemic, while 6% of the companies had increased income during the Covid-19 pandemic.



note: N= 50

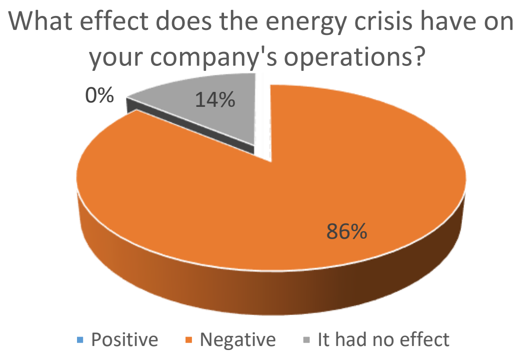
g.7 – Effect of Covid 19 pandemic on company's Covid-19 operations



note: N= 50

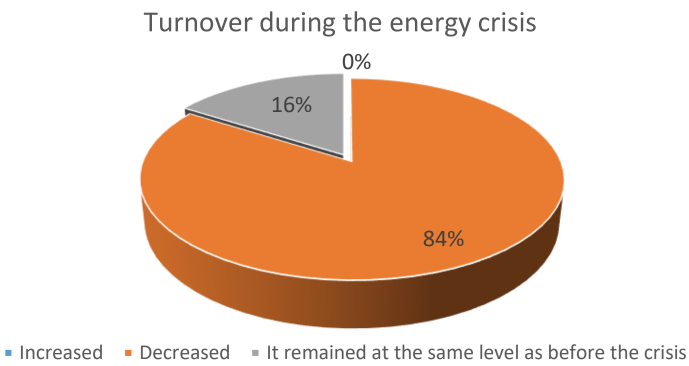
g.8 – Depiction of turnovers during pandemic

Similar answers were given by the companies in regards to the current energy crisis. 86% of the interviewed companies stated that the energy crisis had negative effect fort their work and every-day operation, while 14% of the companies stated that this energy crisis had no effect on their work. Similar results were gathered in regards to the companies' turnover during the energy crisis. 84% of the companies included in the in-depth interviews stated that their turnover decreased during and/or as a result of the energy crisis, while 16% stated that their turnover stayed at approximately same level as before the energy crisis. Not a single company stated that the energy crisis had a positive effect on their every-day work and / or their overall turnover.



note: N= 50

g.9 – Effect of energy crisis on company's energy operations

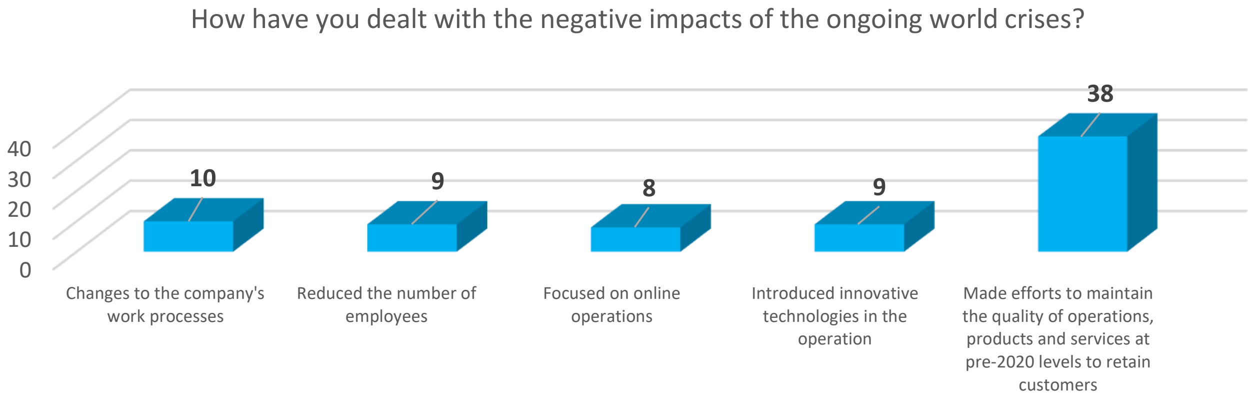


note: N= 50

g.10 – Depiction of turnovers during the crisis

Regarding the ways the interviewed companies coped with the negative impacts of the Covid-19 pandemic and the energy crisis the following data can be stated:

- 38 of the companies stated that they made efforts to maintain the quality of operations, products and services at pre-2020 levels to retain customers as a way of coping with the ongoing world crises;
- 10 of the companies made changes in their work processes in order to respond adequately to the mentioned world crises;
- 9 of the companies reduced the number of employees and introduced innovative technologies in their operations
- 8 of the companies focused on online operations in order to adequately respond to the ongoing crises



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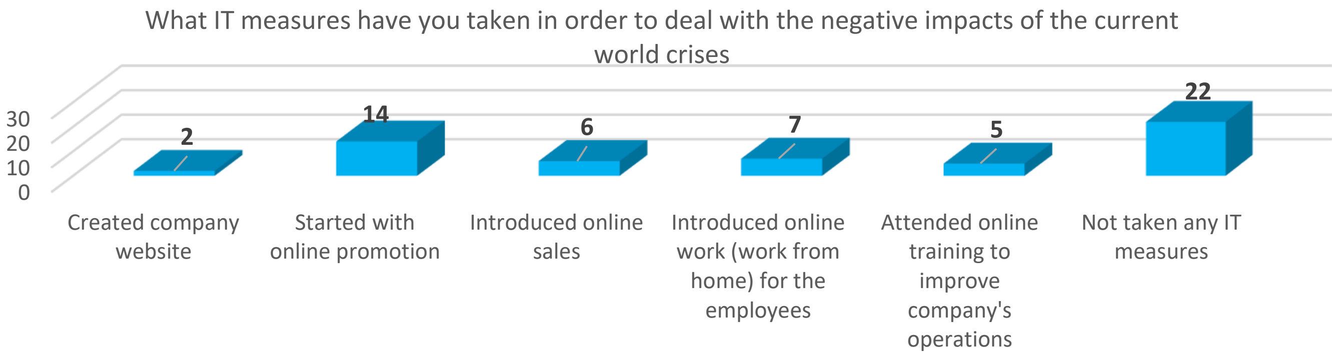
g.11 – Depiction of strategies companies took to cope with the negative impact of the ongoing world crises

A positive data that was gathered during the in-depth interviews is that the companies had undertaken one or several IT measures in order to deal with the negative impacts of the current world crises (Covid-19 pandemic and energy crises). 28 of the 50 companies included in the research (56%) stated that they undertook one or more IT measures while 22 of the companies mentioned that they didn’t take any IT measures as a respond to the ongoing crises:

- 14 of the companies stated that they started with online promotion in order to deal with the negative impact of the world crises;
- 7 of the companies Introduced online work (work from home) for the employees in order to respond adequately to the negative impact of the world crises;
- 6 of the companies stated that they introduced online sales in order to deal with the negative impact of the world crises;
- 5 of the companies attended online training to improve company's operations;
- 2 of the companies created company websites in order to deal with the negative impact of the world crises.



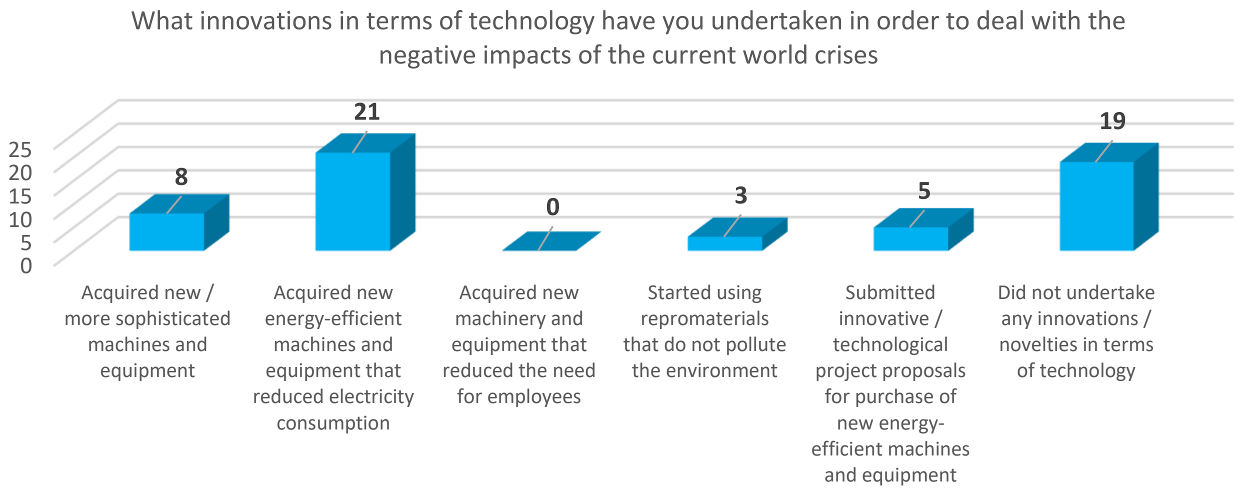
note: N= 50

g.12 – Depiction of IT measures companies took to cope with the negative impact of the ongoing world crises

Another positive result from the in-depth interviews is that most of the companies had undertaken one or several technology innovations in order to deal with the negative impacts of the current world crises (Covid-19 pandemic and energy crises). 31 of the 50 companies included in the research (62%) stated that they undertook one or more innovations in terms of technology while 19 of the companies mentioned that they didn’t take any measures as a respond to the ongoing crises:

- 21 of the companies stated that they acquired new energy-efficient machines and equipment that reduced electricity consumption in order to deal with the negative impact of the world crises;
- 8 of the companies acquired new / more sophisticated machines and equipment in order to respond adequately to the negative impact of the world crises;
- 5 of the companies stated that they submitted innovative / technological project proposals for purchase of new energy-efficient machines and equipment;

- 3 of the companies started using raw-materials that do not pollute the environment in order to deal with the negative impact of the world crises.



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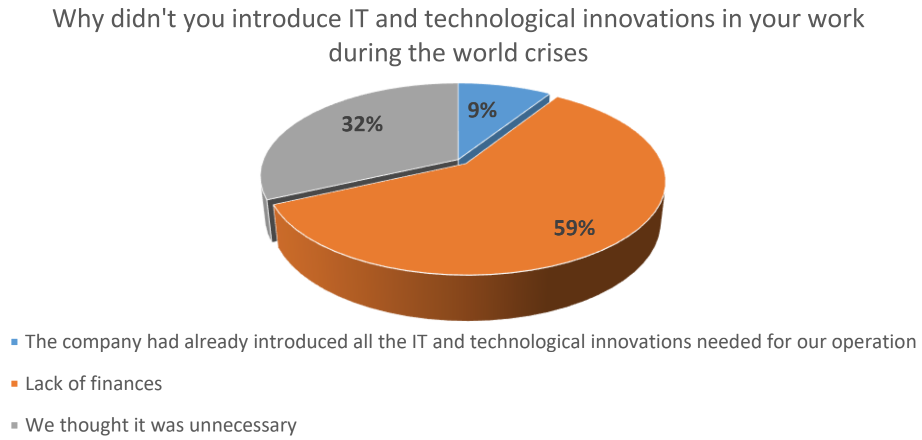
g.13 – Depiction of technology innovations companies took to cope with the negative impact of the ongoing world crises

Regarding the reasons why the companies did not introduce IT and technological innovations during the world crises, 59% of the companies that stated that they did not introduce any innovations noted that they didn't do that because of the lack of finances, 32% of those companies stated that they didn't see the necessity of introducing innovation during the world crises, while 9% of the companies stated that they have already introduced all IT and technological innovations needed for their ever-day work.

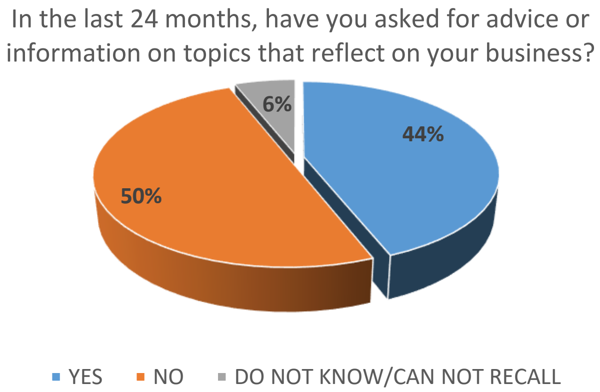


note: N= 50

g.14 – Depiction of reasons for not introducing IT and technological innovations in everyday work during the ongoing world crises

IV. Skills deficiencies and needs for capacity building

A concerning result gathered with the in-depth interviews is that 50% of the companies included in the research have not asked for advice or information regarding topics that concern their business. Having into consideration that the last 24 month were months fulfilled with challenges and obstacles for each company not only in Republic of North Macedonia but in the World, the very high percentage of companies that did not seek for advice / information is very concerning. 44% of the companies included in the in-depth interviews stated that they have asked for advice or information on topics that reflect on your business in the last 24 months, while 6% of the companies did not recall if they asked for advice or sought for information in regards to their business.



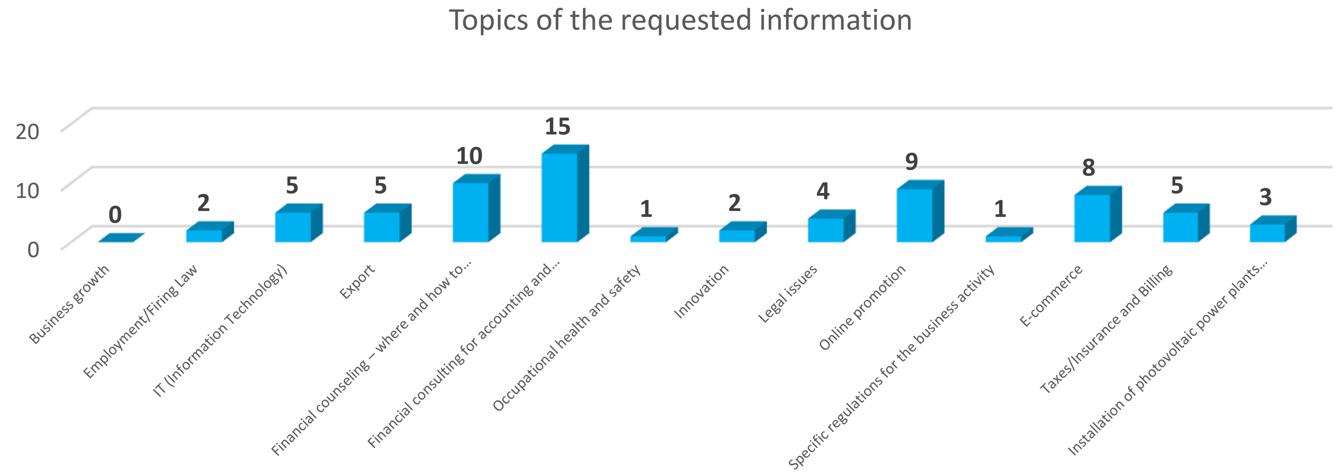
note: N= 50

g.15 – Distribution of companies that asked for advice or information regarding their business 24 months prior the interview

In regards to the topics of information that the 22 companies that stated that they asked for advice or sought for information in regards to their business:

- 15 of the companies stated that they asked for advices and information from the area of Financial consulting for accounting and general management of finances in the company;
- 10 of the companies stated that they asked for advices and information from the area of Financial counseling – where and how to get finance;
- 9 of the companies stated that they asked for advices and information for Online promotion;
- 8 of the companies stated that they asked for advices and information from the area of E-commerce;
- 5 of the companies stated that they asked for advices and information from the areas: IT (Information Technology), Export and Taxes/Insurance and Billing;
- 4 of the companies stated that they asked for advices and information in regards to Legal issues;
- 3 of the companies stated that they asked for advices and information in regards to Installation of photovoltaic power plants (photovoltaics) on the properties and roofs of the company's facilities;
- 2 of the companies stated that they asked for advices and information from the areas: Employment/Firing Law and Innovation;

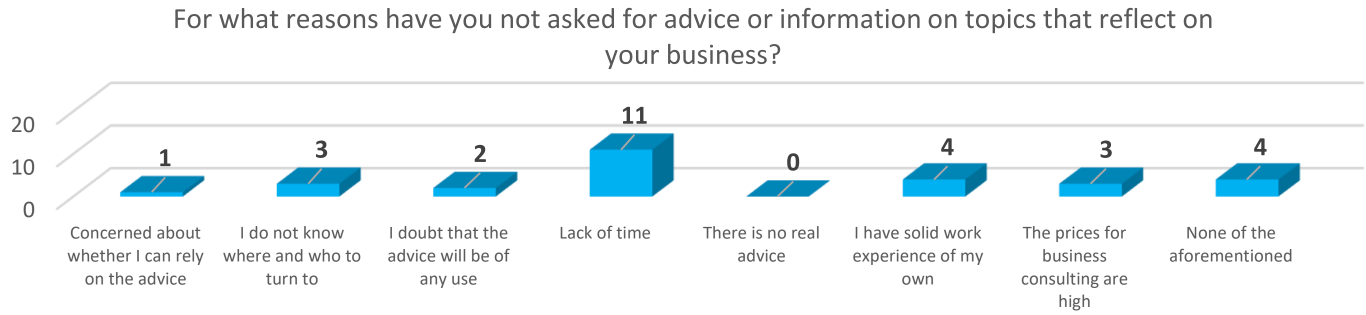
- 1 company stated that they asked for advices and information from the areas: Occupational health and safety and Specific regulations for the business activity.



note: N= 22
g.16 –Topics of the requested information and their frequency

In regards to the reasons why the companies (those who stated they didn't ask for advices / information) didn't asked for advice or sought for information in regards to their business:

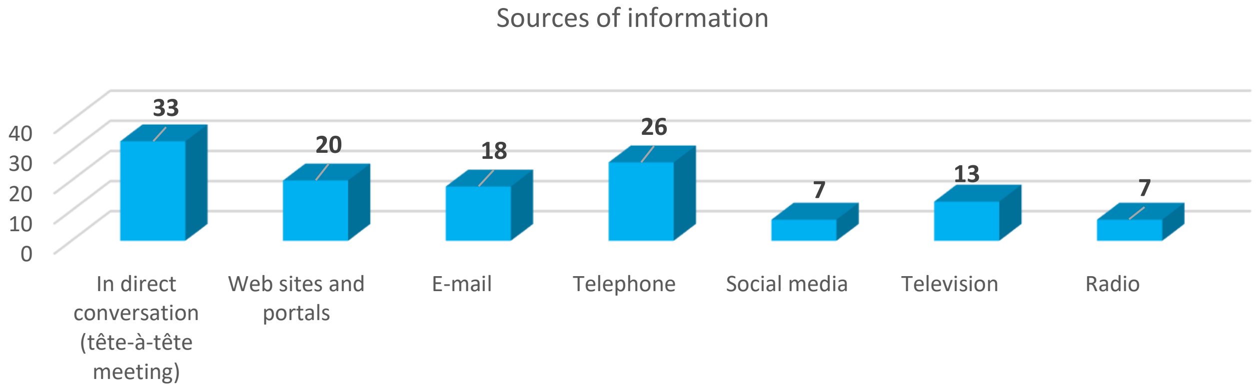
- 11 of the companies stated that they didn't asked for advice or sought for information in regards to their business because of the lack of time;
- 4 of the companies stated that they didn't asked for advice or sought for information in regards to their business because they have solid work experience;
- 3 of the companies stated that they didn't know where and who to turn to in order to get the needed advice and / or information;
- 3 of the companies stated that they think that the prices for business consulting are high;
- 2 of the companies stated that they doubt that the advice will be of any use while 1 of the companies was concerned about whether they can rely on the advice



note: N= 25
g.17 – Rationales of the companies for not asking for advice and information

33 of the companies included in the in-depth interviews stated that most of the time they receive the necessary information through direct conversation (tête-à-tête meeting), 26 of the companies stated that they receive the necessary information via telephone, 20 of the companies through web sites and portals, 18 of the companies mostly receive information by e-mail, 13 via

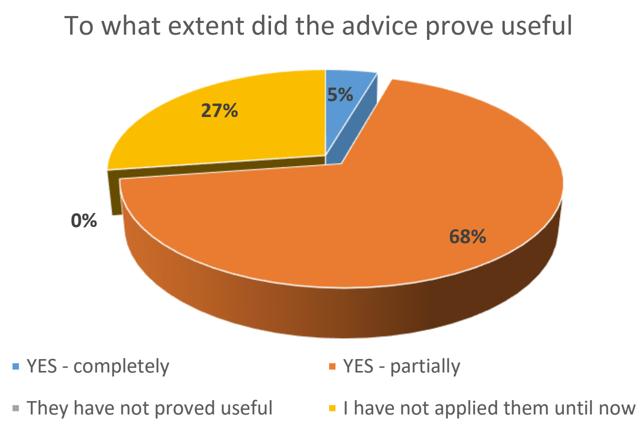
TV, while 7 of the companies stated that they mostly receive the necessary information by radio and social media.



note: N= 50

g.18 – Common canals of communication and sources of information for companies of the SEPR

68% of the companies that asked for advices / information in the last 24 months are partially satisfied from the received information, 27% of the companies stated that they have not applied yet the received advices / information so they cannot be sure if they are satisfied or not, while only 5% of the companies are completely satisfied with the received information and / or advices in regards to their businesses. This last percentages can be a little concerning and additional researches need to be done in order to see the reason behind this, i.e. to see if the companies know where to turn for correct and quality information in regards to their everyday operations.



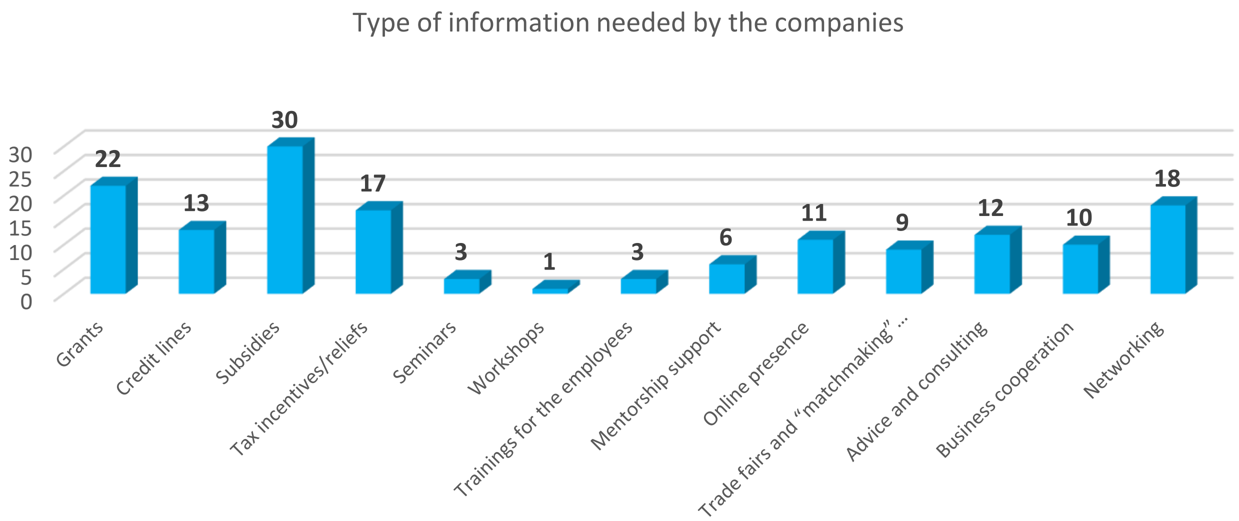
note: N= 22

g.19 – Perception of usefulness of the received advices

The companies included in the research had different needs in regards to the type of information they need in their everyday operations. Most of the companies stated their need for financial information (information about grants, credit lines, subsidies and tax relieves / incentives), however there were companies that stated their need for non-financial information, information about: seminars, workshops, employee trainings, online promotion, mentorship support, trade fairs and "matchmaking" events, advices and consulting, business cooperation and networking:

- 30 of the companies stated that they need information in regards to subsidies;
- 22 of the companies stated their need for information in regards to available grants for financing their investment projects;
- 18 of the companies stated that they need information for networking events where they can have B2B meetings with other companies from their area of operation;
- 17 of the companies stated their need for financial information in regards to tax incentives and tax relieves;
- 13 of the companies stated that they need information in regards to loans and credit lines;
- 12 of the companies stated that they need information in regards to available consulting services and advices;
- 11 of the companies stated their need for information in regards to increase online presence;
- 10 of the companies stated that they need information in regards to possibilities for business cooperation.

The companies included in the in-depth interviews also stated the need for information in regards to: trade fairs and "matchmaking" events (9 companies stated the needs for information from these areas), mentorship support (6), trainings for employees (3), seminars (3) and workshops (1). The distribution of types of information needed by the companies is given in the following table:



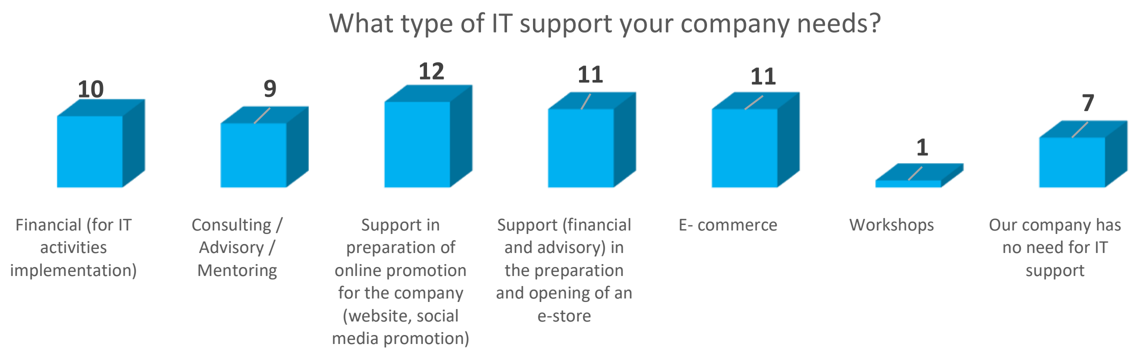
note: N= 50

g.20 – Type of information needed by companies of the SEPR

The companies from the South-East planning region stated their need for IT support during their every-day operations:

- 12 of the companies stated that they need for support in preparation of online promotion for the company (website, social media promotion);
- 11 of the companies stated the need for IT support in regards to: financial and advisory support in the preparation and opening of an e-store and in the area of E- commerce;
- 10 of the companies stated that they need for financial support for implementation of IT activities;
- 9 of the companies stated that they need consulting / advisory / mentoring IT support.

Only 7 of the interviewed companies stated that they don't have any need for IT support. The distribution of types of IT support that the companies from the South-East planning region need is given in the following table:



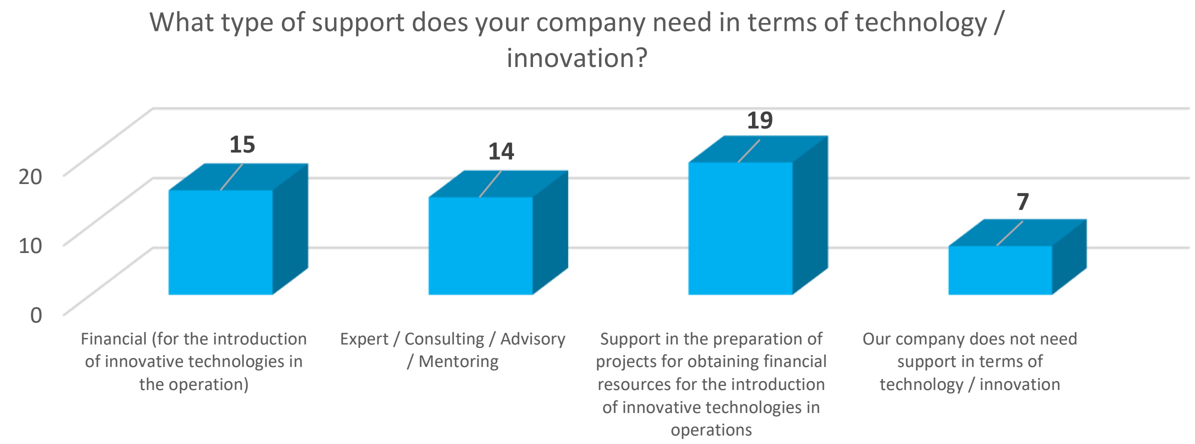
note: N= 50

g.21 – Forms of IT support needed by SEPR companies

Most of the companies included in the in-depth interviews stated the need for technology / innovation support during their every-day work:

- 19 of the companies need support in the preparation of projects for obtaining financial resources for the introduction of innovative technologies in operations;
- 15 of the companies have the need for financial support during the introduction of innovative technologies in their operations;
- 14 of the companies stated that they need expert/consulting/advisory/mentoring support in regards to technology / innovation.

Only 7 of the interviewed companies stated that they don’t have any need for technology / innovation support during their every-day work. The distribution of types of technology / innovation support that the companies from the South-East planning region need is given in the following table:



note: N= 50

g.22 – Forms of technology and innovation support needed by SEPR companies.

V. Conclusions and recommendations

The companies from the South-East planning region had to overcome hard and real obstacles during the 2 major crises that hit the world hard in the last few years. Vast majority of the companies stated that they had lower incomes and profits during the crises, however the financial stability they had before the crises helped them cope with all the obstacles and only a few of them had to lower the number of employees because of the Covid-19 pandemic and the world energy crisis. This speaks highly about the way the companies from the region are managed. Additionally, most of the companies during the in-depth interviews were represented by their Managers and Owners, which represents high awareness of the companies' manager structure about the economic researches done in the region. The companies from the region are highly aware that they need different help during this post crises period and they are prepared to receive different type of help, starting with financial, through advisory all the way to mentorship and consulting help, especially in the area of online promotion and sales.

The results of the conducted in-depth interviews show that the companies from the region are led by owners and general manager with solidly developed managerial skills, skills that helped them cope with all the difficulties that arouse during the above mentioned world crises. The biggest problems that the companies face during their everyday operations are:

- operational problems (problems with equipment (old) and technology, long administrative and bureaucratic procedures)
- high energy costs
- lack of finances (lack of finances for financing their investment projects)
- employee problems (lack of quality and qualified work force)

The in-depth interviews showed that the companies lack information and even more when they receive certain information they don't use them because they are not sure about the source of the information. The companies from the South-East planning region have different needs in regards to the type of information they need for their every-day operations. The information that the companies from the region need can be divided into two main groups:

- Financial information: information about available grants for financing their innovative and technological project; information about available credit lines that can help their everyday operation; information about subsidies and tax incentives / reliefs
- Nonfinancial information: information about available networking events where the companies can have B2B meetings with other companies from their area of operation; information about available consulting services and advices; information about online promotion and sales;

Having this into consideration, the following recommendations can be given in order to support the micro, small and medium size companies from the South-East planning region:

- ✓ The Centre for development of the South-East planning region should look at the possibilities for providing information to the companies from the region for available grants for installing photo-voltaic systems in order to lower the energy costs of the companies;
- ✓ Enhance access of rural and agricultural SMEs to bank and state finance by increasing awareness of SMEs on financial services, developing and piloting advisory packages for investment plans and loan applications;
- ✓ Implementation of a series of trainings for available financial sources for the companies from the region, including providing regular information about credit lines available in the commercial banks, information about active calls for innovative and technology investment projects;
- ✓ Support SMEs in increasing their financial literacy and management capacities by promoting strategies for SME management and developing advisory packages;
- ✓ Introducing of a Mentorship programme dedicated for start-up companies, with accent put on online promotion and online sales;
- ✓ Organization of B2B events with companies from the cross-border regions (Greece and Bulgaria)
- ✓ Implementation of students fairs in order to provide companies with information about the future work force available in the region
- ✓ Engagement of innovation and technology international experts that will work with the companies from the South-East region in introducing innovative technologies in their everyday work and preparing and implementing innovative projects within the companies;
- ✓ Build capacities and/or create regional agencies, business associations and consultancies in regards to the needs of the SMEs from the region, as well as establishing communication mechanisms among key market players to support the further development of the SMEs from the South-East planning region.