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THE IMPACT OF SOCIAL ENTERPRISES AND CO-OPERATIVES UPON SOCIO-ECONOMIC DEVELOPMENT IN POLAND

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INTRODUCTION

This paper aims to explore the possible role of *social enterprises* as vehicles for socio-economic development at both national and local level with special regard to the Polish case.

For the purpose of this paper, social enterprises are conceived of as autonomous legal entities, providing goods or services with an explicit aim to benefit the community, owned or managed by groups of citizens and in which the material interest of investors is subject to limits. Put differently, the term social enterprise¹ (SE) is here used to describe a "different way" of doing business.

The interest in social enterprise stems from its capacity of tackling crucial economic and social problems and challenges in a number of domains including social services, health, education, environment, and economic general interest services (for instance: electricity; public transportation; water supply). Hence the relevance of this institutional arrangement for central and eastern European countries, including new member countries such as Poland that are facing severe social and economic concerns, including gaps in service delivery given their weak welfare systems, and high unemployment rates generated by the transition to a free-market economic system.

The social enterprise definition proposed excludes non-profit organizations that display either an advocacy or a re-distributive function, independently from the legal framework covered. Furthermore, it excludes for-profit enterprises that adopt socially responsible practices. By contrast, it embraces co-operatives that are characterized by a social connotation, which form an important part of the European legacy, including Poland that saw a significant development of these types of organizations in pre-communist time and has recently witnessed a re-emergence of these institutions in a number of sectors affected by market failures (i.e. credit and others). Hence the key criteria for identifying social entrepreneurial organizations become the explicit social goal pursued and the assignment of ownership rights and control power to stakeholders other than investors. Accordingly, traditional co-operatives are included as long as they display important social and economic functions that have a positive impact upon the local community.

Following a description of the *social enterprise* as a concept, attention is devoted to the impact of social enterprises upon local development in transitional countries. Next, the second part of this contribution focuses on the outcomes of an empirical analysis – conducted in May-June 2007 - that involved 26 social enterprises located in 7 *voivodships* in Poland. Given

¹ The vast array of socio-economic institutions other than investor-owned (the market) and public agencies (the state) has been termed in various ways depending the definition used on the specific tradition, national context, and specific features emphasized. The "non profit-sector approach" has been developing since the second part of the 1970s to grasp the US situation. It relies on strict limits on the appropriation of the organization's surplus in the form of monetary gain by those who run and control (Anheier and Ben-Ner, 2003). The term "voluntary sector" – also fitting in the non-profit school - is mainly used in Great Britain to refer to those organizations that are located in a societal space between the State and the Market. The "social economy" approach, French in origin, was forged to bring together co-operatives, mutual societies, and associations. The social economy definition stresses the specificity of the mission of these organizations, namely their aim to benefit either their members or a larger community, rather than to generate profits for investors.

This paper uses the term of "non-profit" entities to refer to traditional organizations (associations and foundations) that are mainly engaged in advocacy activities rather than in the production of services. The term social enterprise refers to productive non-profit organizations and co-operatives that display relevant social functions. The concept of the social enterprise was worked out by a group of researchers – the EMES Network (The Emergence of Social Enterprise in Europe). It refers to both socio-economic entities that are newly created organizations and existing non-profit organizations refreshed by a new dynamic. (Borzaga and Defourny, 2001).

the goal of assessing the impact of social enterprises on the socio-economic development of the localities they fit in, this contribution emphasizes the role of social enterprises in: supplying general-interest services, favouring a more balanced use of local resources, generating new employment, enhancing the social capital that is accumulated at local level, and institutionalizing informal activities.

1. THE EMERGENCE OF SOCIAL ENTERPRISE AS A CONCEPT

As emphasized in the previous paragraph, the development of economic activities in the frame of a social project is not a new phenomenon. However, it can be said that the use of social entrepreneurship and social enterprise as defined concepts is a recent accomplishment in both the USA and Europe. Nonetheless, both social entrepreneurship and social enterprises are still under-researched as fields of scholarly enquiry and continue to be largely phenomenon-driven (Mair and Marti, 2006). Thus, despite their rapidly rising field of practice (Roper and Cheney, 2005), social entrepreneurship and social enterprise remain ill-defined concepts that can take on a variety of meanings (Weerawardena, Sullivan Mort, 2006).

Considerable differences are to be noticed especially between the USA and European approach that are mainly ascribable to the specific context in which the concept was constructed. The latter mirrors a prevailing private and business focus in the US, where private foundations provide most outside financial support for SEs and the welfare state has traditionally been weak, and a government and social service focus in Europe (Kerlin, 2006).

In Europe it was mainly the rediscovery of nonprofit organizations as service providers that paved the way for the conceptualization of the "social enterprise". The term is often used to describe a "different way" of doing business, which encompasses the more entrepreneurial component of the nonprofit sector and innovative component of the co-operative movement.

In the United States, as defined concepts, social entrepreneurship, social entrepreneur, and social enterprise started to be employed, often interchangeably, when nonprofits experienced cutbacks in government funding. That is to say when nonprofit service providing organizations started to dramatically expand commercial activity in order to fill the gap left by governmental retrenchment (Kerlin, 2006). The dissatisfaction with the pace and management of standard non-profit organizations, namely charities and foundations, called indeed for innovative alternatives.

Worth noticing is that in the United States the existence of an institutional arrangement specifically designed to the pursuit of a social goal is not considered as a necessary condition for being qualified as social enterprise. Hence the emphasis on the individual dimension of the social entrepreneur as agent of change that is capable of implementing innovative solutions apt to tackle social problems that are overlooked by other actors in a wide variety of fields of general-interest, including among the others welfare, health, education, employment, housing. Special attention is addressed by some authors to "extraordinary individuals" that are conceived of as transformative forces, as they are value-driven entrepreneurs totally possessed by their vision for change (Roberts and Woods, 2005).

As concerns Poland, the adoption of an European approach² is preferred as it allows to understand the pre-communist co-operative tradition, current evolutionary trends, and

² The concept of social enterprise, as something capable of encompassing national differences in Europe, was analyzed in particular by the EMES European Research Network, which succeeded in developing a common approach to the study of social enterprises (Borzaga, Defourny, 2001). By referring to entrepreneurial dynamics focused on social aims, the conceptual framework proposed by EMES attempts to bridge the two existing and wide-known concepts used to define organizations other than public agencies (state) and for-profit enterprises (the market): the non-profit sector and the social economy. More specifically, the concept of social enterprise

prospects for development in EU-27. Furthermore, such an approach contributes to bridge the European tradition of co-operative organizations with the new socio-economic initiatives that have recently developed in a number of European countries³, which represent a radical innovation in the traditional non-profit sector. The approach favored emphasizes the collective nature that is prominent in the history of European social entrepreneurial initiatives (Spear, 2006). According to this perspective, social enterprises are conceived of as specific institutions and more generally as a facet of social entrepreneurship, which is used as an umbrella term encompassing a set of initiatives and societal trends, blurring the public, for-profit, and nonprofit sectors (Johnson, 2000).

For the purpose of this paper, the term social enterprise encompasses the multiplicity of entrepreneurial organizations that pursue goals other than profit, which have developed alongside private for-profit enterprises and public organisations across Europe, including Poland, before the nineteenth century onwards: that is to say organisations that have an entrepreneurial connotation, albeit the overall aim of their activities excludes the pursuit of profit as an ultimate goal and its distribution to the owners.

Hence the key criteria for identifying social entrepreneurial organizations become the specific goal pursued and the assignment of ownership rights and control power, rather than the "nondistribution constraint".

To conclude, the term social enterprise is used to identify enterprises that display a general-interest function. That is to say organizations that fulfil crucial economic and social tasks aimed at promoting the interests of the community at large or of specific fragile segments of society. Against this background, the services delivered can range to a great extent ranging from social and health, work integration, environment, education up to the supply of economic general interest services, including among the others electricity, water supply, and transportation. Organizations traced back to the social enterprise concept in Poland are: foundations and associations; co-operatives and vocational enterprises for the disabled; traditional co-operatives that have a strong communitarian dimension, and social co-operatives. Accordingly, the empirical analysis described in paragraph 4 refers to the above mentioned legal forms.

2. SOCIAL ENTERPRISE AND SOCIO-ECONOMIC DEVELOPMENT

Before moving to the empirical analysis, a brief analysis of the impact of social enterprises on socio-economic development is provided. In the search for innovative development strategies beyond the current difficulties faced by mainstream paradigms, social enterprises represent indeed an innovative approach that can contribute to re-distributing welfare to the advantage of the entire community.

The positive impact of social enterprises upon social and economic development can be seen from various perspectives. Social enterprises supply general-interest services and goods, contribute to a more balanced use and allocation of resources, generate new employment, play a role in enhancing the social capital that is accumulated at local level, and support the institutionalization of informal activities.

First, social enterprises complement the supply of general-interest services that public agencies and for-profit enterprises fail to deliver for a number of reasons, including budget constraints, their incapacity to respond to the needs arising in society, and market failures (i.e.

introduced by EMES is intended to enhance third sector concepts by shedding light on entrepreneurial dynamics focused on social aims within the sector (Borzaga, Defourny, 2001).

³ This is the case of *Community Interest Companies* in the UK and *Social Enterprises* in Italy, as envisaged by the law currently under discussion.

induced by information asymmetries or positive externalities). Evidence from Central and Eastern European Countries shows that these problems can be efficiently faced through the self-organization and self-reliance of the citizens concerned. Social enterprises have a demonstrated capacity to innovate, since they can react to external challenges and meet new needs arising at local level. As locally embedded institutions they can adapt to the evolution of the local context and be considered as such problem solving mechanisms able to tackle crucial social and economic problems (Borzaga and Tortia, 2006).

Second, social enterprises contribute to a more balanced use and allocation of resources available at a local level to the advantage of the community, since they directly influence on the management of economic and social development. Thanks to wide participation by local stakeholders, social enterprises succeed in promoting inclusive governance models that empower the local community in strategic decision-making (Sugden and Wilson, 2005). Additional support to this argument is that social enterprises support the "internalization" of the economic growth generated to the advantage of the whole community. Through the decentralization of power that they promote they can be successful in fulfilling the needs of various social groups, given their capacity of identifying them at local level and their greater flexibility (Elstub, 2006). Their community dimension and local roots allow social enterprises to adjust to the local context, evolution of specific needs, and accordingly also to the changing preferences of users. While taking stock of local resources, including economic and non-economic ones that would not be otherwise directed to welfare and development issues, social enterprises are especially suited to provide innovative responses to problems resulting from context-specific economic, social, geographical, or cultural conditions. Community involvement through social mobilization also contributes to positive changes in attitude, as communities become aware that they can take stock of their own situation and solve their own problems by establishing participatory institutional arrangements (Christen, 2004). The social enterprise model provides the arena for effective solutions that can change society for the better, while ensuring that the social goals pursued will address the general interest of the community rather than particularistic interests. Moreover, thanks to the interactions that they establish with other sectors, including public agencies and for-profit enterprises, social enterprises can have a role in transforming the social and economic system in which they operate to the advantage of the community as a whole. The communitarian and participatory approach embraced by social enterprises enhances the sense of social responsibility of the community towards general-interest issues. This sense of common belonging can weaken the profit motive and self-seeking approach that has spread in all post-communist countries following the transition to a free-market economy as a reaction to the previous "compulsory" volunteerism and solidarity.

Third, social enterprises play a crucial role in generating new jobs. In general, social enterprises develop new activities and contribute to creating new employment in the sectors in which they operate, i.e., the social and community service sectors, that show a high potential to create new employment. Moreover, they employ in a number of cases unoccupied workers, for instance women with children, who seek flexible jobs (part-time jobs, for example) and they contribute to create innovative models of industrial relations (Borzaga and Tortia, 2007; Borzaga and Depedri, 2005). More specifically, some social enterprises aim to integrate into work disadvantaged workers with minimal opportunities to find a job in traditional enterprises and to train these workers (Nyssens, 2006). In addition, the social enterprise model plays a role in developing new forms of work organization, which can enhance participation of workers in the decision making processes. The employment capacity of social enterprises in Poland is especially relevant, given the high unemployment rates that affect in particular certain segments of the population that are especially at risk of exclusion from the traditional

labour market. New pockets of marginalized and excluded people have been created by the closure of crucial economic activities- including for instance the liquidation of *kolchos*, *sovchos*, small schools, kindergartens, and pre-schools in rural areas- that previously ensured the full employment of the active population and the supply of a wide range of general-interest services that ceased to be guaranteed to the local population, following the transformation of the previous welfare system.

Fourth, social enterprises help foster social cohesion and enhance social capital, since they supply goods and services that are characterized by a high social potential that strengthens trust relations among the agents involved. Furthermore, the inclusive and participatory approach favoured by some social enterprises results in the active participation of citizens in the encountering of social and economic issues affecting the local community. This mobilization enhances the sense of social responsibility towards the belonging community and the accumulation of social capital that is embedded in a community. Social enterprises engaged in the production of general-interest services face in a practical way one of the major problem of post-communist and post-socialist countries: the low citizen trust in political institutions and participation in democratic processes (Raiser, Haerpfer, Nowotny, Wallace, 2001). Given that the promotion of cohesive communities cannot be imposed artificially by external agencies, social enterprises appear as an effective tool for enhancing social cohesion (Cabinet Office, 2006). Furthermore, the development of these institutions in addition to other third sector organizations and public actors plays a part in strengthening pluralism and thus the possibility that different interests of various social groups are channelled and represented. In turn, pluralism can improve the functioning of democratic process.

More specifically, social enterprises help to overcome the marginalization of some segments of society, which can lead to the formation of socially excluded groups. As emphasized by the Global Entrepreneurship Monitor, women and certain minority groups appear to be more likely to turn into social entrepreneurs rather than traditional entrepreneur (Global Entrepreneurship Monitor, 2004). Hence, the potential contribution that this institutional model can give to attenuating the most negative consequences of the economic transition among certain segments of society that are at risk of social exclusion.

Finally, social enterprises can support the institutionalization of informal activities belonging to the underground economy. Several social enterprise-like initiatives arise informally and become formal once they are legally recognized. By contrast, other social-entrepreneurial initiatives may be prevented from becoming part of the formal economy as a result of inappropriate legal, financial, and fiscal system. What is worth noting is that when social enterprise initiatives develop in an enabling environment, they can facilitate irregular workers to get out of the black market and regularize their positions.

3. SOCIAL ENTERPRISES IN POLAND

Recent research demonstrates the relevant roles covered by social enterprises in EU-15 as welfare providers and new employment agents (Borzaga and Defourny, 2001; Nyssens, 2006). By contrast, research on central and eastern European countries is still lacking, and this dearth of information has been accompanied by strong perplexities induced by the social enterprise concept as such, as well as the bad reputation characterizing some organizational models (e. g. co-operative enterprises). Not surprisingly, the weak involvement in collective initiatives is confirmed by data that show that at the national level less than 1% of Polish farmers are organized in associated-type initiatives; this weakens substantially their negotiating power and prevents them from playing a competitive role in the agricultural sector (Piechowski, 1999).

This empirical research firstly aims to contribute to a better understanding of the social enterprise phenomenon, which appears as a structural dynamic also in eastern European countries, including Poland. Secondly, the analysis of the role of social enterprises and impact upon local communities is considered to be important in light of the weak welfare systems that characterize post-communist countries. This paves the way for an increasing reliance on private providers for the supply of social and general-interest services, given the severe budget constraints faced by public agencies.

The first stage of the empirical analysis was designed to identify a representative sample of social enterprises. Accordingly, Polish contacts – consisting of both academicians and practitioners – were presented with a precise social enterprise definition, the salient features of which is:

- the social goal pursued;
- the non-profit distribution constraint;
- the assignment of ownership rights and control power to stakeholders other than investors coupled with an open and participatory governance model.

Drawing on this definition the Polish contacts identified 26 representative organizations, located in both urban and rural areas in 7 *voivodships* of Poland; these organizations were engaged in three fields:

- provision of traditional welfare services (services to families - elderly care; child-care etc - soft health services)
- work-integration (through enterprises inherited from communist time and/or new organizational forms)
- supply of other than welfare and health general-interest services (including: credit; cultural and recreational services; activities aimed at protecting and regenerating the environment; services aimed at supporting the economic development of specific communities).

A questionnaire was delivered to the selected social enterprises and interviews were also carried out with at least one representative of each organization. The questionnaire was developed with the language support of one interpreter, who participated as well in the meetings with organizations. The latter happened to be extremely interactive, given the great interest shown by the selected organizations, which were eager to participate actively in the discussion beyond the scope of the questionnaire's questions. This contributed to obtaining a clearer picture of the development dynamics, drivers, obstacles, and challenges that characterize each organization.

Out of the 26 organizations, 7 are social co-operatives, 2 are co-operatives-vocational enterprises for the disabled, 8 are associations, 7 are foundations, and 2 are traditional co-operatives. Ten organizations perform their activities mainly in urban localities, 3 in rural areas, and 13 both in urban and rural areas.

The organizations selected, while sharing a core set of features - in terms of goals pursued, profit distribution constraints, ownership asset, and governance structure - are characterized by completely different development paths, having been established in different historical periods.

Three of twenty-six organizations were founded before the collapse of communism, out of which one co-operative was set up before the nineteenth century and the remaining twenty-three were established after the change of regime (tab.1). This choice is not incidental, having the goal of tentatively representing the various typologies of organizations that can be classified as social enterprises in Poland. While acknowledging that social enterprises are

traceable to a new wave of development of productive non-profit organizations, it should be taken into account that these types of organizations had existed in the pre-communist period and some organizations similar to social enterprises existed under socialism as well, although they were subjected to centralization and control by state bodies.

The three organizations that were founded before the collapse of the communist system are: one consumer co-operative and two co-operatives aimed at favouring the work integration of disabled persons. Twenty organizations (over 60 percent) have been established during the last 5 years, out of which 7 co-operatives in the last 2 years, following the adoption of a new legal framework in June 2006 (Dz. U. from 5 of June 2006) that has formally recognized social co-operatives in Poland.

Table 1 - Organizations according to the legal form

Legal Form	Number of organizations	Period of founding
Traditional co-operative	1	Before 1900
Traditional co-operative	1	1990
Co-operative- enterprise for the handicapped	2	1946-1950
Association/foundation	15	1989-2006
Social co-operatives	7	2005-2006
Total	26	

Concerning the development phase undergone by the social enterprises under consideration, 19 organizations are going through a growth phase, which shows the expansion potential of the sectors where they perform their activities. None of the organizations interviewed is facing difficulties that might lead to a cessation of its activity.

Despite the relatively short life of most of the organizations, the majority of social enterprises under consideration (65.4 percent) declare that the communist background has had an impact on the development of the initiative. This is especially the case of organizations employing workers who are over 50 years old: these organizations claim that evident negative legacies are the lack of self-confidence and belief in one's own abilities coupled with insufficient entrepreneurial skills.

In particular, one interviewee describes the widespread difficulties in embarking on common actions on equal grounds as barriers for developing new co-operative initiatives. A strong commitment of individual leaders with a consequent difficulty of building strong teams and replacing founders emerges as a specific feature of Polish social enterprises. This characteristic is shared by most social enterprises interviewed, which are managed by charismatic founders. The weak team-work that distinguishes most social enterprises can be regarded as a negative legacy of communism, which has developed into a general distrust towards collective initiatives. This latter issue is conceived of as either important or very important in jeopardizing the development of social enterprise initiatives by 13 organizations.

In this respect, associations seem to be preferred as legal structures as they allow also for hierarchical relations to be maintained, whereas co-operatives presuppose a democratic management of the enterprise according to the rule "one person, one vote". Moreover, the negative image of traditional co-operatives is ascribed to the circumstances that most people continue to perceive them as a relict of the previous regime without realizing that the development of co-operatives is a much older phenomenon dating back to the 19th century (Piechowski, 1999).

One organization that was founded right after the change of regime highlights as a negative legacy of communism the lack of consciousness of third sector's organizations role in society. By contrast, one organization set up during communism describes the "frames of thinking" about self-organization of people with disabilities that were built at the time as a positive legacy that continues to survive today.

In particular, previous solidarity networks inherited from communist time are regarded as important by 6 organizations, very important by 4 organizations, and not important by the remaining 16 SEs. Interestingly, organizations that regard as important or very important previous networks perform their activities either in the rural area or both in urban and rural, confirming the existence of stronger stocks of social capital that have managed to survive the change of regime in small localities.

Fields of activity of the social enterprises considered are multiple and vary to a great extent, with most organizations displaying various roles at a time, including in most cases a productive and advocacy role. The latter continues to be an important role covered by foundations and associations of the sample in addition to other productive activities that are currently carried out.

Table 2 - Activities carried out by social enterprises

Activities	Number of organizations	Main activity Carried out
Advocacy/lobby activities	16	1
Re-distribution of money resources	4	0
Production of services/goods of general interest to support other institutional activities	2	1
Production of services/goods of general-interest (social services; credit services; water supply, etc.)	17	15
Production of general-interest activities in order to integrate disadvantaged persons to work	6	2
Engagement in economic sectors other than the production of general-interest services in order to integrate disadvantaged persons to work	11	7

Most organizations are mainly engaged in productive activities - out of which 15 are engaged in the production of goods and services of general interest. An exception is provided by 1 organization that has marked advocacy and lobby as the main activity performed. The latter is a networking organization that mainly supports the spin-off of social co-operatives and associations supporting the integration of socially marginalized groups, as well as training activities in the fields of social animation according to an interdisciplinary approach that combines social support with education, ecology, housing construction, culture, and sport.

3.1. Social enterprises and the production of general interest services

Types of services supplied and target groups addressed

The social enterprises under investigation supply a wide set of general-interest services (Tab. 4) that range from welfare services responding to primarily social needs – rehabilitation, training, educational services - up to cultural, sport, and tourist services. As for social co-operatives, work integration dominates, being the main goal of these types of social enterprises. More specifically, 20 organizations deliver social services, 14 organizations supply cultural, sport, and leisure services, and 9 are engaged in the sale of commodities. Whereas associations and foundations are mainly focused on carrying out welfare services, social co-operatives and co-operatives for the disabled are engaged in a variety of economic

sectors. Three social co-operatives and 2 co-operatives for the disabled declare that they do also supply social services, but their main sectors of engagement are the sale of commodities, handy-craft/manufacture, and gardening plus other sectors, including housing and publishing.

The increasing relevance of other than welfare and work-integration services parallels the evolution trend followed by social enterprises in EU-15, where an expansion of the fields of activity of social enterprises has taken place in recent years confirming the general commitment of social enterprises towards coping with a variety of needs other than basic necessities. As for Poland, stands out for instance the goal of strengthening social cohesion at a local level through the promotion of leisure, sport, and cultural activities, which confirms the emergence of a new demand responding to more complex needs that characterize more economically developed societies.

Table 3 - Sectors of activity according to legal form

Sectors of activity	Social Coops	Coops for disabled	Coops	Associations-Foundations	Total number
Social services	3	2	-	15	20
Credit	-	-	1	-	1
Agriculture	2	-	-	2	4
Gardening services	3	-	-	4	7
Environmental services	2	1	-	3	6
Handy-craft/manufacture	3	2	-	-	5
Sale of commodities	4	2	1	2	9
Catering services	1	1	-	2	4
Laundry services	-	-	-	1	1
Building industry (reparation/construction)	1	-	-	3	4
Home-based services/cleaning		1		4	5
Computer, printing, call centre services	1	1	1	3	6
Culture, leisure, sport	1	1	2	10	14
Other	4	2	1	11	18

The total exceeds 100% as each organization carries out more than one type of activity

Incomes generated by the supply of goods and services

As in other central and eastern European countries, the economic weight of social enterprises in Poland appears to be still weak if compared to EU-15 countries (Deforny and Borzaga, 2001). According to the organizations interviewed, despite the acknowledgment of the role of third sector organizations and SEs by the government, public resources are still lacking. Hence, social enterprises' capacity to create wealth is far from being fully exploited in the interviewees view.

As far as social enterprise reach is concerned, the number of total users benefiting each year from the services supplied by the 26 SEs under consideration amounts to 167,770 individuals. The number of individuals daily served by the 26 social enterprises is 137,097. When compared to other Central Eastern European countries, social enterprises' capacity to improve the quality of life of local communities and shape locally situated development strategies turns out to be significant. This can be partially accounted for to the circumstance that the Polish law is friendly oriented towards the carrying out of economic activities by third sector organizations: several organizations do carry out economic activity on the market without encountering strict legal constraints, if compared to the situation faced by similar organizations in other countries of the region. Some constraints are introduced by the new Bill

on the Public Benefit Status, which foresees though the possibility that public benefit organizations can carry out economic activities under cost, with costs to be defined by the public administration.

The main source of incomes of the organizations under investigation are revenues from sales of goods and services (30.34%), followed by grants from public agencies (24.94%), and other sources (22.97%), out of which emerge EU funds and membership fees. Moreover, 17.2% of the SEs have a contract with public agencies that ensures a stable income (tab.5).

Table 4 - Sources of income of the 26 social enterprises

Types of income	Average
Revenues from sales of goods and services	30.3
Contracts with public agencies	17.1
Grants from donors	3.3
Grants from public authorities	24.9
Monetary and in kind donations from individuals	1.3
Other	23.0

When looking at average incomes according to legal frameworks, the picture changes substantially (tab.6). Indeed, revenues from sales of goods and services are the main source of income for co-operatives, followed by other kind of revenues, out of which prevail EU funds under the European Social Funds. Two social co-operatives, one credit co-operative, and one consumer co-operative rely exclusively on commercial revenues. By contrast, associations and foundations rely mainly on grants from public authorities, followed by contracts with public agencies. This confirms the stronger entrepreneurialization of co-operative structures vis-à-vis associations and foundations, which appear though to have stronger relationships with public authorities.

Table 5 - Sources of income incomes according to legal framework

Type of income	Social Co-operatives	Co-operatives for disabled	Co-operatives	Associations-foundations
Revenues from sales of goods and services	58.88	82.00	100.0	4.5
Contracts with public agencies	3.13	.00	.00	26.8
Grants from donors	0.00	.00	.00	5.4
Grants from public authorities	0.83	.00	.00	40.6
Monetary and in kind donations from individuals	0.00	.00	.00	2.20
Other	37.17	18.00	.00	20.5

3.2. The contribution of social enterprises to a more balanced use of local resources

The contribution of social enterprises to a more participatory governance model at local level can be seen from various perspectives.

Re-distributive role displayed by social enterprises

This research shows that the general orientation of Polish social enterprises is that of addressing the needs of more marginalized segments of society, rather than the community as

a whole – i.e. tackling social exclusion and unemployment, which are among the most pressing issues in contemporary Poland. This corroborates findings of similar studies (Hausner, 2008, Piechowski, 1999). More specifically, the commitment of Polish social enterprises is towards the provision of new general-interest services that meet new needs arising in society (i.e. alternative education; assistance to homeless people), previously unsatisfied needs (i.e. work integration of persons with psychiatric disabilities; medical and social assistance to drug addicts and HIV/AIDS positive), as well as needs that cannot be encountered anymore by public providers owing to severe budget constraints (i.e. health and educational services).

Interestingly, most social enterprises under investigation declare that they supply services to users that are unable to pay, either fully (16 percent) or partially (56 percent) by relying on a contract established with the public administration. This is an important indicator of the increasing institutionalization of social enterprises as welfare providers that co-operate strongly with local agencies. Out of the organizations declaring to rely fully on a contract established with the public administration, 2 are located in the Sleskie region in a municipality where relations among local organizations and local authorities appear to be rather co-operative; one is a traditional co-operative; and one is a foundation that was set up in the frame of a EU Leader project.

The social enterprises under study were in all cases driven by the need of encountering crucial problems affecting the local community that are mainly associated to the social costs of the transformation, including the weakening of social bonds and the emergence of new pockets of marginalized persons, following for instance the closure of state farms. The main issue that prompted social enterprise founders to set up social enterprise initiatives is the aim of satisfying a new and/or unmet need arising in society that other actors are either unable or not interested in encountering (Tab. 6).

Grant opportunities offered by foreign donors were mentioned as the main issue explaining the social enterprise existence just in one case, showing a positive trend towards independence from foreign sources.

Table 6 - Issues that stimulated the setting up of the social enterprise

Main issues	N° Enterprises	Social
Meet needs unsatisfied by the existing supply	12	
Overcome problems affecting the labour market	2	
Offer work opportunities to unemployed members	7	
Grant opportunities offered by external donors	1	
Networking strategies of other NP organizations	1	
Other	3	
Total	26	

The prevalence of general-interest issues – the tackling of a crucial problem of the local community as a whole - vis-à-vis a mutual interest of facing a personal disadvantage is also considered by most organizations as the main goal pursued by the starting-up group. 22 organizations assert to have an extroverted goal - either the promotion of the local community as a whole, or of segments of marginalized groups and individuals. In 4 cases (2 social co-operatives and 2 co-operatives for the disabled) the organizations under investigation specified that the social enterprise addresses its activities mainly to its members. However, in these latter cases, the organizations interviewed clarified that the open-door policy adopted

allows for any member of the local community to join the social enterprise, thus paving the way for the enlargement of the membership and the taking of additional issues concerning the local community into account.

When dealing with welfare services, all social enterprises interviewed claim that the services supplied differ from the ones delivered by other actors on the ground that SEs are capable of providing more comprehensive and personalized services, including training, assistance and therapeutic services. Furthermore, two organizations (both foundations) emphasize the circumstance that the delivery of social services by SEs is based on trust relations and is more responsive to the needs of the beneficiaries. Interestingly, the circumstance that the quality of services is considered in most cases as an issue that is currently addressed is a positive indicator of the willingness of the SEs interviewed to improve their performance.

The capacity of social enterprises of redistributing resources to the advantage of their beneficiaries depends upon the mobilization of resources of the local community. One characteristic that distinguishes social enterprises and third sector organizations from public and for-profit organizations is their capacity of attracting volunteers. Volunteers are currently involved by most social enterprises under consideration (18) and their number has in the 50% of cases increased in recent years or remained unchanged. Two organizations dealing with medical and rehabilitation services have witnessed a decrease in number of volunteers in recent years, which can be accounted for to their strong professionalization recently occurred.

Another important issue is social enterprise capacity of transmitting the re-distributive function displayed to their member and to the local community. This is done by almost all organizations through various means ranging from the organization of recreational and sport events up to local partnerships – that allow for the strengthening of the links between the social enterprise and the surrounding environment that hosts it. Only 3 social enterprises – all social co-operatives that seem to be working in isolation from the local community - declare not to transmit the social mission pursued to the local community.

To conclude, organizations supplying goods and services with a high merit character appear to be more capable of mobilizing resources and redistributing them to their beneficiaries. They are indeed more rooted at local level, since they tend to involve beneficiaries and family members as volunteers, and interact steadily with the local community that hosts them.

Social enterprise governance and participation

Another crucial issue that has an impact upon social enterprise capacity to contribute to a more balanced exploitation of local resources is the number of stakeholder groups involved in the setting up and management of the enterprise. Depending upon the type of social enterprise under consideration, ownership rights and control power can be assigned to a single category of stakeholders (users, workers, or donors) or to more than one category at a time – hence giving ground to a multi-stakeholder ownership asset.

As far as the setting up of the social enterprises under consideration is concerned, 18 organizations (Tab. 7) number volunteers among the stakeholder groups that set up the social enterprise. The involvement of volunteers equals the number of workers, who participated in the social enterprise promotion in 18 cases and were mainly motivated by occupational reasons.

Social co-operatives number among their founders mainly workers and volunteers, who nevertheless do not continue to offer their unpaid work after the setting up of the enterprise, as well as other non-profit organizations that supported substantially the founding of the social enterprises concerned. Associations and foundations appear to be more eager to involve

various categories of stake-holders in the starting up of their initiatives, including also for-profit enterprises in 2 cases and local donors in 4 cases in addition to workers and volunteers.

Table 7 - Stakeholders involved in the founding of the SE

Stakeholders	N° Social Enterprises
Volunteers	18
Workers	18
Public authorities	7
Non-profit organizations	9
For-profit enterprise	3
Local donor	4
International non-governmental donor	2
Other	12

The percentage exceeds the 100%

The relevance of occupational issues is confirmed by the circumstance that 10 organizations (out of which 7 social co-operatives) consider the need to find a job as the main factor pushing members to join the social enterprise as opposed to 6 that are driven by altruistic motivations (all associations and foundations).

Table 8 - Members' motivations

Motivations	Social Co-operatives	Co-operatives for disabled	Co-operatives	Associations-foundations	Total
Occupational reasons	7	1	1	1	10
Have access to goods/services supplied to members	0	1	1	0	2
Attracted by the SE institutional asset	0	0	0	1	1
A family member is a beneficiary	0	0	0	2	2
Interested in contributing to a local social project	0	0	0	6	6

The involvement of various stakeholders is a positive indicator of the endeavour of social enterprises of representing various interests at play at local level and hence to approach the interest of the community as a whole. Associations and foundations are more eager to involve various kinds of stakeholders in the social enterprise governance system. Interesting multi-stakeholder experiences are provided for instance by two foundations that work in the field of local development that are characterized by wide partnerships at local level, involving both for-profit and non-profit actors. Another best practice is provided by a foundation engaged in the field of education in rural areas, which numbers among its members: teachers-workers; disadvantaged workers; users; volunteers; representatives of non-governmental donors; and representatives of public institutions.

By contrast, membership in social co-operatives appears to be rather homogeneous, involving almost exclusively disadvantaged workers that establish the enterprise for occupational reasons. This circumstance is regarded as not conducive to the full social integration of the disadvantaged workers employed in society, nor seems to be contributing to the self-

sustainability of the enterprises set up, given the severe disadvantages characterizing some of the workers employed.

Twelve organizations have working-members in their membership, out of which 5 organizations have less than 5 working members and 4 have a number of working-members ranging from 8 up to 30. Three organizations account for more than 192 working members. Nine organizations have disadvantaged working members, out of which emerge the two co-operatives for the disabled pre-transformation that account respectively for 277 blind persons and 88 invalids. The 7 social co-operatives under study have among 3 and 11 disadvantaged working members. Interestingly, only 2 social co-operatives out of 7 have workers that are not characterized by specific disadvantages.

Volunteers appear as members in 8 organizations (all associations and foundations), which distinguish themselves for being especially rooted at local level and committed to supply goods and services highly meritorial (educational, medical care, social assistance).

Representative of public institutions are members of 2 SEs, out of which one was set up in 1999 and is a good case in point of an organization that has managed to establish throughout the years co-operative relations with public entities, whereas the other one was set up on the initiative of public authorities in 2006 with the goal of supporting the development of entrepreneurship and mutual support in Byczyna.

As far as the board of the organizations under study is concerned, 12 organizations (10 associations/foundations and 2 traditional co-operatives) number working-members, ranging from 1 up to 7. Disadvantaged members are involved in the board of all social co-operatives, in one co-operative for disabled, one association, and one traditional co-operative. Volunteers appear in the board of 7 organizations (all associations and foundations). Public representatives are members of the board of two organizations (1 association and 1 foundation).

Table 9 - Number and types of stakeholders involved in the board

Stake-holder groups	Social Co-operatives		Co-operatives for disabled		Co-operatives		Associations-foundations	
	Number Soc. Coop	Number workers	Number Coops	Number Workers	Number Coops	Number Workers	Number Organ.	Number workers
Working members	0	0	1	1	2	2-3	8	1-7
Disadvantaged working members	7	2-9	1	36	1	2	1	1
Volunteer members	0	0	0	0	0	0	7	2-10
Representatives of non-profit organizations	0	0	0	0	0	0	3	1-3
Representatives of for profit organizations	0	0	0	0	0	0	3	1-3
Representatives of public institutions	0	0	0	0	0	0	2	2-4

From this description emerges the prevalence of multi-stakeholder memberships when dealing with welfare services other than work integration. In the latter cases – both traditional ones

that existed also under the previous regime and newly established ones via social co-operatives – membership are rather homogeneous, involving almost exclusively disadvantaged workers. When looking in depth at the associations and foundations under study, 4 are managed by a plurality of stakeholders.

3.3. The capacity of social enterprises of generating employment

The employment of remunerated workers is of crucial importance for the carrying out of economic activities in a stable and continuous way. Almost all social enterprises under consideration but two account for remunerated personnel and some social enterprises have been specifically set up to integrate to work persons that experience difficulties in finding a job on the open labour market (e.g. social co-operatives and co-operatives for the disabled).

This analysis confirms the strong occupational orientation of Polish social enterprises. Whereas less than 50% of the organizations under study declare to have a percent of workers over total members that is less than 55%, showing a substantial involvement of other-than worker members in the pursuit of the general-interest goal of the social enterprise, the remaining organizations have a percent of workers over members that is above the 55% (co-operatives and social co-operatives). Interestingly, 4 organizations of the sample (all social co-operatives) account for the involvement exclusively of workers as members of the organization, confirming the occupational orientation of this typology of SE. Three other organizations, out of which two inherited from socialist time and one newly established, account for more workers than members. This can be accounted for to the circumstance that the institutional goal of these organizations is to integrate to work persons that are unable to be hired on the traditional labour market.

Two organizations declare not to be able to hire workers and hence to be forced to rely exclusively on volunteers. Most of the SEs under study account for less than 10 workers, whereas 32% have between 10 and 50 workers. Twenty-four percent of the organizations have more than 50 workers, out of which 2 co-operatives that were respectively founded under communism and in pre-communist time account for more than 400 workers.

Table 10 - Workers employed

Number of workers employed	Percentage
Less than 10 workers	44%
Between 10 and 50 workers	32%
More than 50 workers (out of which 2 with more than 400 workers)	24%

From the analysis of data emerges the prevalence of small organizations that account for few employees. The social enterprises under consideration tend to employ more women than men through flexible contracts (e.g. part-time contracts), as well as workers affected by specific disadvantages.

As far as the human capital of the social enterprises under investigation is concerned, 15 organizations – most of which account for a high percent of workers that were trained under communism – consider important or very important the educational level of leaders educated under communism. Half of the workers employed have earned an upper secondary school diploma, showing thus the high level of human capital engaged in these organizations and hence the development potentials of such institutions if endowed with a proper upgrading of skills. This is especially the case of associations and foundations, which rank high in terms of general skills, but show a lack of managerial competences.

By contrast, social co-operatives are the social enterprises under study showing the lowest number of skilled worker. In addition, most social co-operatives interviewed report a severe lack of entrepreneurial skills and managerial competences as opposed to technical skills, which are by contrast well developed. This can be partially accounted for to the high percent of disadvantaged workforce that is requested by law for a social co-operative to be set up. When dealing with specific types of disadvantages – homeless; former prisoners; alcoholics etc. – the endowment of technical skills is often accompanied by a lack of any other types of qualifications, which prevent social enterprises from developing as efficient and self-sustainable organizations.

However, when dealing with the development of entrepreneurial capabilities, 48 percent of the SEs believes that the lack of entrepreneurial skills has jeopardized the development of the SE initiative. The endowment of entrepreneurial capabilities is indeed considered as an aspect of strength that is conceived of as important or fully important for the SE capacity to supply goods and services in an efficient and effective manner by 24 organizations.

Similarly, most social enterprises under consideration consider important the improvement of the competences and skills of their workers. Out of 26 organizations, 12 implement differentiated training programmes in order to improve the quality of the services supplied, to contribute to the professional growth of workers, or to improve the management of the social enterprise.

As far as workers' motivations are concerned, 12 organizations assert that workers chose to work in the social enterprise because in search of a job. Out of these 12 organizations, 7 are social co-operatives, 3 are co-operatives, and the remaining two are foundations. 10 organizations (all associations-foundations) pinpointed both items, being characterized by both explaining factors for workers' engagement. However, only 3 organizations emphasized as an explaining reason for workers' involvement the willingness to contribute to a social project.

Thus, it can be said that half of the workers are pushed by self-seeking motivations and half either by a mix of motivations (both self- and other-regarding) or – as is the case of 3 organizations – by the willingness to share the distributive goal pursued by the social enterprise.

Table 11 - Workers' motivations

Motivations	N° Social Enterprises	Percentage
Occupational reasons	12	48.0%
Sharing of the SE mission	3	12.0%
Both	10	40.0%
Total	25	100.0%

When looking at individual organizations, associations and foundations are characterized by workers that are more eager to contribute to the pursuit of the social goal of the organization, whereas co-operatives mainly engage workers that are pushed by personal motivations – e.g. occupational reasons. This can be accounted for to the severe problems of unemployment in contemporary Poland, which are mirrored by the specific features taken on by Polish social enterprises.

Concerning the employment growth of the SEs of the sample, most organizations (17) have witnessed an increase in number of remunerated workers (overall variation of 1 up to 38

employees) hired during the years 2004-2006; only one organization out of 26 has been subjected to a decrease of 8 workers. This shows a clear expansion of the sectors of engagement of social enterprises. The number of new employees has involved social co-operatives the most; all social co-operatives but one have witnessed a positive variation of the workers hired.

Eighteen organizations out of 26 employ disadvantaged workers, out of which emerge those organizations that are specifically aimed at providing work opportunities to people with specific disabilities, namely co-operatives for the disabled, social co-operatives and one centre of social integration. Eight additional organizations that mainly pursue goals other than work integration, happen to have also disadvantage workers employed (ranging from 1 up to 6, in two large organizations).

Table 12 - Typologies of disadvantaged workers integrated to work

Disadvantaged workers	N° Social Enterprises
Physical disabled	11
Psychical disabled	4
Drug-addicts and alcoholics	8
Unemployed adults	13
Homeless	8
Immigrants	1
Members of minority groups	1
Prisoners	3

Most disadvantaged persons employed are unemployed adults, followed by physical disabled, drug-addicts and alcoholics, and homeless people.

The main goal of the services supplied is that of ensuring a stable occupation of the beneficiaries (9 organizations), rather than contribute to a subsequent re-entry of the beneficiaries in the traditional labour market (2 organizations). However, 6 SEs investigated assert that the ultimate goal pursued is not previously defined, depending upon the capabilities and skills of the persons integrated.

Table 13 - Main goal of the work integration services supplied

Goal of integration	N° Social Enterprises
Ensure a stable work integration of the beneficiaries	9
Ensure a transitory integration of the beneficiaries	2
Ultimate goal depends upon the capabilities/skills of the disadvantaged worker	6
Total	17

Social co-operatives are the organizations integrating the highest percentage of disadvantaged workers (over than 85% up to 100%). Four organizations – out of which one co-operative for the disabled and 3 associations-foundations – account for between 30 and 70% of disadvantaged workers; 2 social enterprises – 1 traditional co-operative and 1 foundation integrate between 10-20% of disadvantaged persons.

Table 14 - Percentage of disadvantaged workers integrated according to legal form

Percentage of workers integrated	Social Co-operatives	Co-operatives for disabled	Co-operatives	Associations-foundations
5%	-	1	0	0
10-20%	-	0	1	1
30-70%	-	1	0	3
85-100%	7	0	0	0

3.4. Social enterprise and the enhancement of the social capital

As it is the case of other countries of the region, the level of social capital in Poland is rather low. A considerable number of people are dependent on the state, although they do not trust it, just as they do not trust each other (Hausner, 2008). Whereas this phenomenon hampers on the one hand the development of third sector initiatives, on the other hand it can be positively weakened by locally based participatory initiatives.

Against this background, the data gathered confirm that social enterprises can contribute to revitalize trust relations as long as they are locally rooted and embedded in local communities. The potential of social enterprises of enhancing the social capital that is accumulated at local level is jeopardized when such institutions work in isolation and when their establishment is prompted by external actors, rather than being authentically strived by local forces.

All organizations interviewed have stable relations with relevant local external stakeholders. All social enterprises have for instance relationships with public entities. Relations with public authorities are mainly formal and stable (17 organizations). This confirms a positive trend towards the institutionalization of social enterprises as welfare actors by public policies.

By contrast, relations of the majority of SEs with local donors are either absent (9 organizations) or informal and occasional (7). The types of relations established with local donors shows the still marginal role displayed by national donors in supporting the development of social enterprises.

Fourteen social enterprises under study have stable relations with other non-profit organizations, whereas only 2 have no relations. This shows the prevalence of networking efforts vis-à-vis competitive relationships between institutions sharing similar goals, which is a clear signal of the relative maturity of the sector. However, in the case of 4 organizations (social co-operatives) stable and formal relations are established with the "mother" organization and not with external non-profit organizations.

The majority of organizations under investigation do not have any relations with trade unions (23) and political parties (20), confirming thus their relative autonomy and emancipation from political and quasi-political entities. One organization that was set up under socialism and one post-transformation social enterprise have stable and formal relations respectively with both trade unions and political parties, and trade unions.

The independence of SEs from previous identity bonds is also confirmed by the weak relations of SEs with religious groups. Eighteen organizations declare not to have any relations with religious groups as opposed to 2 that establish formal and stable relations, the remaining organizations maintaining either informal occasional (4) or informal and stable (2) relations.

Another indicator of SE contribution to the enhancement of social capital at local level, is the carrying out of educational activities aimed at promoting co-operative and solidarity values at a community level. Most organizations (19) declare to promote initiatives at local level to this end, including lectures addressed to co-operative members and future social entrepreneurs, training programmes, and local partnerships.

Furthermore, 24 organizations have contributed to the setting up of other initiatives at local level, out of which 18 are non-profit initiatives, 11 other SEs, and 5 for profit organizations. This trend shows the high capacity of SEs of multiplying their benefits through additional initiatives of various kinds that have a positive impact in terms of new services and employment opportunities offered at local level.

Table 15 - Organizations supported by the SE

Type of organizations	N° Social Enterprises
Non-profit Initiatives	18
Other SEs	11
For profit enterprises	5
Total	34

In most cases (19 organizations) members of social enterprises are also involved in other non-profit activities that are promoted by other actors at local level. This confirms the involvement of individuals that are rather other-regarding and commit themselves to various initiatives at local level.

All organizations declare that the goals of the organization – expressed by the founding members – are consistent with the goals of the single stake-holder groups involved. Similarly, all SEs consider the goals of the organizations – expressed by the board of directors – consistent with the goals of the single stake-holders involved. Both items confirm the internal cohesiveness of the SEs under consideration and consistency of the social goals pursued since their inception.

Another important issue related to social capital enhancement, is the capacity of social enterprises of strengthening internal networks, amongst members and workers. Most organizations (92.3 percent) under consideration assert to have managed to establish trust relations among themselves and all consider the work environment favourable (65.4 percent) or rather favourable (34.6 percent), thus confirming the capacity of SEs of improving or maintaining fruitful relations among members.

Concerning the impact of the social enterprises upon the local community in terms of strengthening of the relations among its inhabitants, 21 organizations declare that the social enterprise offers the opportunity to meet and exchange opinions. Three organizations partially disagree with this statement. This can be accounted for to the circumstance that they all 3 work in rather isolation from the local community.

One crucial aspect that can contribute to assess the local embeddedness of the social enterprises is the involvement of volunteers. Four social co-operatives and 1 consumer co-operative declare not to involve any volunteers and to have never done it neither in the past, reinforcing the strong commitment of these organizations towards providing occupational opportunities to disadvantaged persons rather than establishing links with the local community at large, including people simply interested in sharing the social goal of social

enterprise. Eleven organizations, out of which 10 associations/foundations account for more than 40 volunteers. Most volunteers are engaged in activities where employees are not involved. In 6 cases (all foundations and associations) volunteers participate actively in decision making process, as they are members of the board. In the remaining cases, they limit themselves to assist employees in dealing with their tasks. Volunteers are involved in a continuous way by 18 organizations and occasionally by 7 organizations, which all show strong links with the local community.

Seventeen organizations interviewed claim that the SE contributes to maintain a high level of trust, whereas 8 partially disagree (4 co-operatives and 4 associations/foundations), arguing that the impact of social enterprises is in this respect irrelevant. Most organizations (84.6 percent) join second-level associations-federations-consortia, thus giving emphasis to the high level of cooperation among organizations pursuing similar goals (77.3 percent join national second-level organizations; 68.2 percent join local second-level organizations), which is a positive indicator of the potentials of the sector in terms of lobbying for creating a more enabling environment for social enterprises.

Overall, associations and foundations' embeddedness at local level appears to be stronger than co-operatives' one (both social and traditional). This can be accounted for to two main circumstances. First, the specific characteristics of the services supplied, which are mainly not relational services in the case of co-operatives. That is to say services whose quality does not depend upon the interaction between workers and users. Second, social co-operatives tend to involve almost exclusively workers affected by various kinds of disadvantages, who run the risk of performing their activities in isolation from the local community, with an almost insignificant involvement of other stakeholders, namely volunteers and other types of workers.

3.5. The capacity of social enterprises of institutionalizing informal activities

The analysis of the data gathered shows that several social enterprises have allowed for the formalization of initiatives that developed spontaneously, following a mobilization of the local community. The institutionalization of such initiatives has been made possible thanks to the availability of legal structures that have "crystallized" the reaction of the local community into private-participatory institutions, and made possible their subsequent acknowledgement by public authorities, in some cases also through the direct funding of the services supplied by such organizations.

A good case in point of the grass-rooted mobilization of the local community against the closure of well equipped schools that relied on valuable facilities and human resources, is provided by one foundation located in the Podlaskie region. Following the closure of public schools in rural areas, 700,000 children ceased to have access to pre-school educational activities, with families having to take care of their children themselves. Hence, parents and local community mobilized, triggered also by the fear that the closure of schools would also accelerate the collapse of entire villages. The end result has been the bottom-up establishment of 23 schools in rural areas managed by a foundation, with the parallel hiring of teachers previously left unemployed.

Another interesting example is provided by a grass-rooted foundation that numbers among its founders 6 local third sector organizations and 4 for-profit enterprises. It works in the field of local economic development, being specifically aimed to promote environmentally-friendly tourist initiatives. This initiative was developed against the background of tackling local unemployment that resulted from the liquidation of *kolchozes* previously engaged in timber production.

As it is confirmed by this brief analysis a crucial contribution of social enterprises is that of allowing for irregular workers to get out of the black market and regularize their positions. People's engagement in the underground economy was partially triggered by some social policy measures undertaken during the 90s, which relied on monetary transfers and pushed unemployed persons to organize themselves in the black market.

Thus, "patching up" incomes from various social transfers coupled with occasional works on the black market have become widespread (Gumkowska, M, Herbst, J and Wygnanski, 2007).

Against this background, the expansion of new forms of jobs promoted by certain social enterprises – such as the possibility offered by social co-operatives to integrate to work persons otherwise condemned to social and work exclusion, including homeless, psychiatric patients, former prisoners, etc. – allows for the regularization of workers that would be otherwise doomed to work irregularly in the underground economy. This is the case of 5 social co-operatives under consideration that are specifically aimed at integrating to work persons that are not characterized simply by a physical disability.

3.6. Opportunities and obstacles for social enterprise development in Poland

Most organizations (14) consider the national and local climate not favourable to social enterprise development. Fifty percent of the organizations interviewed report as hampering factors the lack of financial resources, the lack of clarity of accounting procedures, and too strict EU regulations. Interestingly, one organization that was set up on the initiative of the local administration reports the weak participation of local inhabitants coupled with the insufficient commitment of volunteers as the main problems that have prevented the social enterprise from carrying out all the activities pre-identified. This confirms the importance of relying on an authentic mobilization of citizens for a sustainable social enterprise initiative to be developed.

As it occurred during the 1990s in EU-15 countries (Defourny and Borzaga, 2001), EU programs are considered positive factors that contribute to the development of social enterprises at local and national level (25 organizations) in addition to the increase in interest of relevant stakeholders at national and local level (policy-makers; researchers; donors; etc.), the decentralization of administrative competences, the increasing interest of public administrations to contract out, new university courses and training programmes launched.

In spite of the over-mentioned obstacles, most organizations (24) foresee a positive development scenario for social enterprises in Poland, as they believe that these institutions will develop further, thus contributing substantially to social and economic capacity within local communities.

4. CLOSING REMARKS

The empirical analysis has confirmed that social enterprises are engaged in very different activities alongside other co-ordination mechanisms (the "market" and the "state"). Social enterprise intervention is specifically related to the solution of economic and social problems and especially of certain welfare issues and challenges induced by global and regional economic trends.

Overall, emerges a high potential of social enterprises as agents of socio-economic development. Nevertheless, the capacity of pursuing a social goal through the carrying out of economic activity is still unexploited to a great extent. Associations and foundations are in general rooted at local level (hence the higher number of volunteers involved and the multi-stakeholder character of their governance if compared to social co-operatives), their mission is clearly extroverted, and benefit from stable relations with public agencies. Their capacity to

contribute to social cohesion is stronger at local level, but it is accompanied by a much weaker economic dimension – in terms of commercial incomes and number of workers employed, if compared to social co-operatives. This can be partially accounted for to legal constraints limiting the possibility of carrying out economic activities by associations and foundations coupled with a cultural attitude shared by some traditional organizations against the carrying out of economic activities. By contrast, social co-operatives, which are the legal form that allegedly approaches the theoretical social enterprise definition the most, albeit limited to disadvantaged workers' employment, appear as highly entrepreneurial. Their strong economic dimension results from the high percent of incomes gained from commercial activities, number of workers employed, and types of economic activities run. Nevertheless, they seem to be still weak in building trust networks at local level. The number of volunteers involved, homogenous membership represented almost exclusively by disadvantaged workers, and low impact upon social capital enhancement confirm this assumption. In this respect, the high threshold required by the law on social co-operatives, prescribing that 80% of the workforce has to be represented by disadvantaged workers, seems to bear some responsibilities, given the lack of stable and continuative interaction with people not affected by specific disadvantages induced.

Thus, the overall picture is one of a social enterprise sector that is still in its inception phase with positive indicators coming from a rather enabling legal system and strong endowment of human capital. The main obstacles that hamper social enterprise development are low stocks of social capital and poor entrepreneurial skills of workers and managers. In spite of this, several best practices confirm the role of social enterprises as generators of participatory developmental strategies at local level and pave the way for the possible replication of similar initiatives in other localities. As a result, the prospects of development and consolidation of the social enterprise sector appear to be very broad in contemporary Poland.

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