Social Enterprise, Social Innovation and Social Entrepreneurship in Poland: A National Report

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# Table of Content

Introduction ........................................................................................................... 4
Methodology & statistics ...................................................................................... 4
Terminology ........................................................................................................... 4
Non-profit ............................................................................................................. 4
Social economy .................................................................................................... 5
Social enterprise .................................................................................................. 5
Social cooperative ............................................................................................... 5
Social entrepreneurship ....................................................................................... 5
The historical perspective .................................................................................... 6
  1st period: after Poland regained its independence and full democracy, until the
  Second World War (1918 – 1939) ..................................................................... 6
  2nd period: during the Nazi occupation of Poland (1939 – 1945) ...................... 6
  3rd period: after the war, during the totalitarian Soviet domination (1945 – 1980)
  ............................................................................................................................. 7
  5th period: after gaining independence and bringing back democracy (1989 –
  present) .............................................................................................................. 10
Current situation and early experiences ............................................................... 11
  Legal framework ............................................................................................... 11
  Main (social, labour and political) issues ........................................................... 12
Main steps, changes and evolution ..................................................................... 14
  Factors .............................................................................................................. 14
  Which needs did such experiences try to meet? ................................................ 15
  SE going through a process of state recognizing their role .................................. 18
  The transformation of the sector ...................................................................... 18
The influence of EU and other organizations on the development of social economy
........................................................................................................................... 20
  The role of institutions ..................................................................................... 22
  The role of the educational system ................................................................... 24
  The role of the financial sector (banking) ......................................................... 26
  The role of other institutions, e.g. trade unions ............................................... 27
The conceptual development: growth, critique, gaps and issues to be addressed
........................................................................................................................... 27
Main challenges: ............................................................................................... 30
  Increasing importance of self-governance and local leadership ....................... 30
  Changing the mindset ........................................................................................ 31
SIC (Social Integration Centers) ........................................................................ 31
Governmental institutions .................................................................................. 31
Support for social enterprises ........................................................................... 32
Examples of initiatives and their consequences ............................................... 32
  Participatory Budgets ...................................................................................... 32
  Equal ................................................................................................................ 33
  Leader’s local action groups (LLAG) ................................................................. 33
  Local development driven by the community (LDDC; present) ................. 33
  Large family card (E. Smuk) ........................................................................ 33
Summary and conclusions ............................................................................... 34
Appendix 1. Social entrepreneurship as multi-faceted change-making: a skyrocketing phenomenon ................................................................................................. 35
Appendix 2. Main responsible Polish Ministry .............................................. 36
References (35 entries) ...................................................................................... 36
Introduction

Methodology & statistics

This report is based on (1) the literature review Social economy and social entrepreneurship in Poland¹ and (2) the interviews with stakeholders².

There were 9 interviews carried on between 15th April and 17th May 2014. The methodology for selecting the target group was to identify stakeholders who are most experienced and best informed on the field of social economy. The identification of those key players was done through a snowball technique, through recommendations received by the first few interviewees.

There were 7 male and 2 female interviewed in the age range of 46-71 years old (M=57; SD = 9,52).

Terminology

The following terms are related to the considered field:

1. Non-profit
2. Social economy / 3d sector
3. Social enterprise
4. Social cooperative
5. Social entrepreneurship

Non-profit

The emphasis is on the distribution; the revenues may be generated from donations or economic activity channeling the income into the mission-oriented goals (Defourny & Develtere, 1999).

¹By Ryszard Praszkier, Ph.D. and Agata Zablocka-Bursa, Ph.D; submitted to EFESEIIS on April 22, 2014.
²Done by Ewa Jozwik
Social economy
Business activity which merges economic and social goals. The emphasis is on the democratic and participatory ways of management (Defourny&Develtere, idem).

Social enterprise
Social enterprise is defined as profit-oriented with the goal to distribute profit among the communities (e.g. visionary impaired community, local development, etc.). Social enterprises are usually local (Bohdziewicz-Lulewicz, 2013).

Social enterprises are setting new paths, differing both from classical profit-oriented enterprises as well as from those non-profit. They are doing that through focusing on production and generating profit both for redistribution to social goals as well as, in some cases, to the partners (Bacchiega&Borzaga, ).

The most comprehensive definition of a social enterprise seems to be introduced by Wygnanski&Franczek (2006):

The social enterprise is a private, autonomous organization delivering products or services for the broadly understood community, which were founded by a group of citizens and which profit is limited. The social enterprise attaches importance to its autonomy and is ready to undertake an economic risk related to its continuous social-economic activity (p. 18).

Social cooperative
The members of social coops should be at least in 50% individuals who are endangered with social seclusion. The statutory goal is to help the members on their way back to the mainstream activities. The social coop is based predominantly on its members’ work.

Social entrepreneurship
Social entrepreneurship as a broad, change-making phenomenon is being described in a later section.
Some social entrepreneurs use social enterprises / social economy to support their programs, some don’t due to some limitations of their specific mission, e.g. specific environmental or conservation projects.

The historical perspective

1st period: after Poland regained its independence and full democracy, until the Second World War (1918 – 1939).

This is a period of dynamically developing social economy, e.g. Duszyk, Adam Benon & Kupisz, Dariusz (2004); (Szustek, 2008). Especially the cooperatives movement is being spread, i.e. Jan Wolski i… (2008), Abramowski (2010).

There were also individual initiatives, such as priest’s Wacław Blizinski’s, who tuned an underserved rural community of Liskow into an enterprising and fast-developing area (Kazmierczak, 2008; Praszkier, 2011).

2nd period: during the Nazi occupation of Poland (1939 – 1945)

Poland was partitioned and occupied by the invaders Germans and Soviets, operating under their harsh special laws.

Under the German occupation there was no official social economy, as most of the firms were controlled by the Nazis and aimed at supporting the German war efforts; there developed though a strong underground business sector, especially thriving on the marketplaces.

Many firms, workshops and ventures were covers for underground activities, e.g. underground education, as Poles were not allowed to have high schools or universities, so there was a system for illegal courses. While the Polish legal government was located in London, the underground structures reflected the whole spectrum of political parties and
the government, especially the underground army preparing for an uprising. There was also an underground system for supporting the families of those arrested by Nazis.

Under the Soviet occupation were no individual or bottom-up initiatives as the entire economy was controlled top-down; the official philosophy pointed entrepreneurial initiatives as states’ enemies, resulting in arrests, atrocities, expels to Siberia, etc.

There survived some cooperatives, e.g. the one inspired by the famous founder of the idea of cooperatives, Jan Wolski, called The Association of Cooperatives in Poland (Związek Spółdzielni Pracy i Wytwórczych w Polsce) (Milewska, 2010).

3d period: after the war, during the totalitarian Soviet domination (1945 – 1980)

This Association of Cooperatives in Poland survived also a few years after the 2nd WW, until 1949, when the Communist government banned all independent initiatives.

This period was the extremely unfavourable for people’s economic initiatives. The top-down, highly controlled economy was forced on the Poles, illegalizing individual undertakings. The predominant philosophy was one of a zero-sum game: if someone succeeds on the market it means that he has out-cheated the poor who lost the same amount as won by the “smart guy” (Praszkier, 1996). The emerging, usually grey or black, entrepreneurs were severely punished for taking initiatives.

There developed, luckily, some underground economy, often kept vibrant through corruption which became nearly official and predominant. The best example were the markets where under cover of grocery sale there used to thrive a grey market offering a tapestry of diverse goods; however, periodically the police made raids on the markets, arresting some and forcing others to more corruption.


During the decade of the 1980s, the Solidarity movement successfully united the majority of the Polish society in a Gandhi-like, nonviolent operation; at the end (1989) it overthrew
the totalitarian regime and set in motion the wheels of freedom in other Central and Eastern European countries (Ash, 2002; Kenney, 2001; Kenney, 2008; Kubik, 1994; Osa, 2003).

The pro-independence and pro-democratic drive enabled the essentially leaderless (the original leaders were either in prison or in hiding), decentralized, and unorganized movement – to become powerful, widespread and efficient (10 million out of a population of 40 million participated; Brown, 2003). Especially that it came to fruition within a structure that was unconventional and erratic, with new groups constantly emerging and dissolving. For example, in the absence of any top-down management it was still possible to publish regularly and disseminate widely illegally printed materials and run educational services thrive underground.

An example: the phenomenon of well-orchestrated national demonstrations of civil disobedience, for example, in big cities, people effectively boycotted the government-sponsored TV news: at exactly 7:30 p.m., when the broadcast began, people left their homes to take walks around their neighbourhoods, socializing with other families along the way, until 8:00 p.m. sharp, when the nightly news ended and everybody returned home for dinner. The police were helpless, given that nobody was verbally or physically confronting the regime. However, the collective action taking place at a specific time had a powerful impact and sent a strong, albeit sub rosa, message.

Furthermore, the publication and distribution of illegal materials was implemented nationwide without the availability of printing presses or chemical ingredients for printing ink. Solidarity activists set up a secret technical unit charged with addressing these obstacles. They demonstrated an uncanny ability to experiment with whatever was available on the market. For example, they found a way to make printing ink by mixing together cleaning agents and boot polish, and a way to build portable printing equipment that could fit into a backpack. Manuals on how to fabricate the equipment were disseminated and, as a consequence, thousands of small publishing units were
tasked with the ongoing job of printing and disseminating illegal newsletters, magazines, and banned books. Brown (2003) shows that it was the strength of this private sphere, and the social cohesion resulting from it, that enabled people to constitute a civil society so rapidly. The rich variety of independent social organizations (e.g., discussion clubs, political forums, illegal educational activities, home theatres) that were flourishing countered the totalitarian system’s attempts to control the public sphere and, ironically, empowered the civic sphere as a whole. Through underground enterprising the society became prepared to take over and implement a free market economy.

It is important to add that people organized themselves not only around higher-level issues such as education, art or social actions, but also around basic issues of everyday life. For example the supply shortages made people share with the goods they were able to purchase; finally, it became normality to share with family or friends (close-knit networks). Also there was a vibrant exchange of goods between the urban and rural areas, supplying cities with farming products (weak ties connections).

It’s worth highlighting that, there was a continuous police presence, but for the most part, the Solidarity movement survived their arrests and physical assaults. How was this possible? Does the answer lie in the shared societal determination to stand up for freedom, without the use of violence? Or does the answer lie in Poland’s centuries-long history of battling invaders and the self-organizing tradition it engendered? According to Osa (2003: 179), “In authoritarian systems, networks must play an additional role: social networks must substitute for media when a society lacks a free press. Since information is the basic currency for social action […] government authorities move quickly to cut telephone and telex lines, jam radio broadcasts, and shut down post offices….”

The underground endeavours were complex, with a pan-national impact, highly effective and were organized in a bottom-up way, having been based on personal initiatives and connections. In addition, these undertakings were effectuated by many
self-driven, creative entrepreneurs who knew how to weave their networks and coordinate human interaction.

**5th period: after gaining independence and bringing back democracy (1989 – present)**

The Solidarity movement led to a cycle of peaceful round-table discussions with the regime, resulting in the first free election in 1989, won by the Solidarity. The economy was transferred in a rapid, U-turn-like way through so called “market-shock therapy” (e.g. Sachs, 1994; Marvin, 2010).

After 1989 there was an eruption of economic and social initiatives. This was supported by the new Polish Constitution (valid since 1997) which strongly emphasized the significance of social economy (Gajda – Kantorowska, 2010).

In Poland the vast majority of social organizations (NGOs) are registered either as associations or as foundations; initially barely mission-oriented they are increasingly more involved in building their financial sustainability (Report, 2012). According to the Klon/Jawor national database (bazy.ngo.pl) there are 157 191 registered NGOs in Poland (April 05, 2014).

Over 80% NGOs do not employ workers, relying mostly on volunteers. Only 7% of them are pursuing an economic activity. (Hausner & Izdebski, 2007; Rymsza, 2006).

The 2013 statistics reveal that 11 000 NGOs out of 82500 (i.e. 13%) were, at that time, providing not-for-profit business activities. Moreover, there are around 600 registered cooperatives, half of them active (April, 2014, see: http://www.spoldziesniesocialne.org/). There are also around 80 workshops for vocational activation (see: http://ceson.pl/index.php?page=ogolnopolski-zwiazek-pracodawcow-zakladow-aktywnosci-zawodowej-i-innych-przedsiebiorstw-społecznych).

The legal act initiating social cooperatives was implemented in April 2004, and modified in April 2006 (Sienicka, 2011).
In Poland in 2011 there were 320 social cooperatives formally registered, though the number is growing (ekonomiaspoleczna.pl, 2011).

The research revealed that the downsides of most of the NGOs are that there is no long-term strategy, a low level of competence of the board members and a prevailing underestimation of marketing (Przywara, 2013).

On the other hand, the social enterprises are often filling a significant gap on the job market and are becoming an only chance for the disenfranchised persons (Fraczek, & Laurisz, 2012).

Current situation and early experiences

Legal framework

So far, social entrepreneurship in Poland went through a number of legal regulations among which the most important were the act of law on Public Benefit and Volunteer Work (2003) and the first law on Social Employment (2003). Within couple of years another acts were enacted, such as the law on Associations and Funds, the law on Professional Activation Centers and the law on Social Cooperatives (2006) with its subsequent amendments. The advantage of the Polish regulations is that they give a possibility to choose between numerous organizational forms according to planned activities. The most popular social enterprises are: social cooperatives, NGOs, non-profit companies, associations and foundations.

The diversity of organizational and legal forms is regarded by many as a strong side of Polish entrepreneurship which guarantees flexibility and a possibility to choose the one that best suits the needs of the social entrepreneurs (M. Andrukiewicz). On the other hand, there is a desire for a more unified approach, which would result in one general law on social enterprises. Soon the draft of such a law will enter the government’s work. This regulation will attempt to determine the necessary conditions for the company to consider it in terms of social enterprise. Such recognition of the enterprise would lead to
certain privileges. In addition to that, the parliament would create a new chamber devoted to social entrepreneurship. In practice, this would mean the emergence of new centers of support for social enterprises, which would provide business and legal consulting, venture capital, etc. (K. Wieckiewicz). Apart from the already existing acts of law, there are some other regulations which aim to stimulate social enterprises. One of the most relevant is a formula thanks to which local governments can order certain public tasks from social enterprises without the need of putting a project out to tender (T. Schimanek).

The majority of changes in the legislative system have been carried out thanks to insistence of social leaders and the social entrepreneurship society itself. In general, experts believe that current legal solutions are quite satisfying. However, there are several issues that still require changes. The first is the adoption of the general law on social enterprises. Another issue concerns necessary changes in specific laws, e.g. according to some social leaders, the number of people necessary to establish associations should be reduced. This would facilitate a process of their establishment. In addition, it would be advisable to simplify certain regulations concerning social enterprises’ accounting, start-ups etc. Some interviewees pointed out the need for legal deregulation as well as reducing bureaucracy as certain ways to allow citizens to act more actively.

**Main (social, labour and political) issues**

Poland as a relatively young democratic country still struggles with shadows of the post-communism. Communism disabled citizens to act on their own and to introduce bottom-up initiatives. An average citizen was afraid to expose oneself by acting as a leader. Despite the change of the regime, post-communistic mentality has persisted and is characterized, among others, by lack of faith in the success. Hardly anyone believes that it is possible to undergo a metamorphosis from a loser into a resourceful person knowing how to lead a business. Furthermore, times of communism contributed to the justification
of certain negative social effects such as the lack of confidence in public authorities (T. Sadowski).

Polish history had a significant impact on the labour market and it explains the current social problems. People still complain because they cannot develop the political freedom. The lack of knowledge and skills in this domain is largely due to a fact that Polish elite and intelligentsia were killed during the war. People living in the eastern Poland constitute a good example of a community which, despite high potential, ceased to believe in their own strength. This phenomenon derives from many years of being under occupation. The relatively high level of unemployment in Poland is also considered to be a result of a lack of belief in own abilities and ideas. At the moment, people dream to get permanent jobs and their main problem is that they want to be hired to work. Meanwhile, work is next door and can be properly rewarded, however not everyone knows how to take up the initiative (T. Sadowski).

The inertia and a social apathy are also problems of the countryside. Polish villages used to be more active in the past and many initiatives took place there. The situation has changed and such bottom-up processes are quite rare nowadays. People have come to the conclusion that it is better not to take risk. After the transition period, in the early 90 'villages lost their vigor and dynamism. Currently, the situation begins to alter, however, it is a process that will still take many years (E. Smuk).

Another social problem is unemployment, which affects virtually all social groups: young adults, workers over 50, as well as socially excluded people, among them disabled, mentally ill, homeless and addicted. A stable level of unemployment constitutes a very expensive problem for the state. Debtors in Poland are a good example especially that the number of them drastically increases. Majority of them is unemployed and unfortunately it is not obvious how to solve their problem. It is because the debtors frequently realize that finding a job will not be beneficial for them since all money they earn will be taken away from them towards the repaid debt.
Another example of a social problem is an increasing group of people who do not have any perspectives for future. Every day thousands of people come to Warsaw from surrounding areas in order to work hard for 1600-1800 PLN per month. Moreover, it is often the only salary in the family. Such families are living in the poverty and the number of them is increasing (A. Machalica).

Another issue is insufficient amount of housing for rent provided by the state. In result many young people fall into debt for 30 years just to receive their so called 20 square meters.

**Main steps, changes and evolution**

**Factors**

Many experts believe that the real foundations for the social economy as complementary to traditional business have been created recently and that the sector has been just evolving for the last 20 years. Currently, the social economy is still not a solution, but only a problem to be solved which requires adjustment of the legal, financial and institutional systems (K. Wieckiewicz). Some experts are very critical and claim that social entrepreneurship in Poland as such does not exist because it is stimulated by the state. Moreover, they point out that the funds are used rather to solve economic than social problems.

Another issue is a distinctive division between old and new social economy in Poland. The new social economy consists of entities which were established after transformation period in 1989 as a result of the civil movement and non-governmental organizations, whereas the old economy is a heterogeneous area of cooperatives known from the times of communism. A specific problem to solve is to make the old cooperative movement begin to function in a new way - on the one hand, independent of the state, on the other hand, ruled by some other laws than the typical market economy.
The development of social entrepreneurship has been possible due to the significant impact of social activists who lobbied changes in legislation in order to facilitate the establishment of social enterprises. Important steps towards the development of the Polish economy had also ‘the Social Economy Conference’ in Poland, which has become a place to meet and a possibility to exchange experience within the environment of social entrepreneurs.

Additionally, the crucial factors affecting the development of social entrepreneurship in Poland were: the transformational change in 1989, a new constitution and the movements spreading the ideas of freedom, e.g. “Solidarnosc”, as well as authorities, such as the Pope John Paul II who underlined the values of community (T. Sadowski).

The development of the social entrepreneurship sector was also possible due to external sources, such as financial aid from the European Union and the support of international organizations such as Ashoka.

*Which needs did such experiences try to meet?*

One of the problems, which the social entrepreneurship attempts to address, is the employment of those who do not have jobs and are socially excluded. Social enterprises act as a facilitator of integration and reintegration. People who are at risk of exclusion have a chance to perform work that is valued and socially useful. Thanks to the reintegration process, those who have changed their lives can escape the circle of worseness in order to create a new social order in the place they live. Above all, social entrepreneurship gives the work which is linked to people potentials, a job that gives them joy and pleasure. Instead of being a burden on the budget, socially excluded become contributors.

In recent times, the employment of people with disabilities gained more and more interest. Moreover, social cooperatives arise next to correctional institutions. There are more ideas that respond to specific social needs, such as enterprises, in which mentally ill
people are engaged in environmental activities, including garbage segregation. These are examples of activities that do not stigmatize people, but stimulate to find suitable work for them.

Moreover, social entrepreneurship is likely to evoke significant changes in individuals involved in this activity. People working in social enterprises become prosocial, they tend to help others who are in a difficult situation (A. Machalica). Quite often such people start their own business or become donors in the future. Social enterprises create spaces that allow others to recover and to regain good self-esteem and self-respect. They help to find a meaning in life. People working in social enterprises develop in surprisingly quick time their professional competences and interpersonal skills. At the beginning they tend to be frightened and uncertain and then in result they start to flourish by gaining self-confidence. They acquire additional psychological skills, including assertiveness and a very important ability of making good decisions in private life. It often turns out that the persons excluded are those who are lucky to have a solid, safe and predictable job in the times of crisis and uncertainty.

In addition, social entrepreneurship plays an important role in changing negative stereotypical thinking about excluded groups such as disabled, addicted, or homeless. Bringing to light new social problems raised greater awareness and sensitivity in society to the issues which has been previously neglected. Social actions attempted to solve a problem of unemployment among people with disabilities, different sexual orientation, autistics, refugees and former prisoners (T. Schimanek).

Promoting the idea of democracy has lately become another challenge for the social entrepreneurship. Cooperatives promote democratic attitude, teach joint management and consensus decision-making (C. Miezejewski). Therefore, social entrepreneurship decreases social apathy as people have more courage to speak openly about their problems and express their own needs. This is particularly important in specific environments such as rural areas where residents are not used to reveal publicly
their opinions (E. Smuk). There are few places in Poland where integration of the local community led to the awakening of residents’ dormant potentials. Local community with the support of local government dealt with current social problems, such as feeding children in schools.

Integration and reintegration mechanisms are crucial in building social bonds which is extremely important in forming human capital. It constitutes the core of citizenship and social trust. Community which provides trust is able to generate added value, whereas trust produces both a sense of freedom and responsibility in society (K. Wieckiewicz).

The social entrepreneurship sector has also played a significant role in the education of local government and business in the field of social community and participatory forms of management. Some experts underline the positive impact of social entrepreneurship on the public administration.

Social entrepreneurship has also become an answer to the problems of unemployed young people, or those who might be at risk of unemployment. Thanks to social entrepreneurship young people can make up their own business. On the one hand, it provides essential services to the public and on the other hand guarantees workplaces for those who are entering the labour market. In addition, other residents are often curious about the actions taken up by young artists, which in turn has a consolidating impact on the local community.

Social entrepreneurship played also an important role in the employment of senior people, sometimes excluded by society because of serious diseases, such as women after mastectomy. People who normally would not have the possibility to find a job are able to establish their own social cooperatives (T. Schimanek).

In conclusion social entrepreneurship introduced positive social change, however, in the opinion of experts, these changes are still on a small scale and do not address the significant social problems in the country. Specialists in the field add that there were few moments when it seemed that social entrepreneurship could bring changes with regard
to renewable energy sources but ultimately it did not take place, partly because a large part of social enterprises commercialized (P. Frączak).

**SE going through a process of state recognizing their role.**

According to some experts, social entrepreneurship is developing due to the initiative of the state. On the other hand, the government treats it sometimes as an instrument of social policy and unfortunately forgets that it is crucial to maintain bottom-up activities and not permit to replace them by the top-down approach. (T. Schimanek). The law on social cooperatives enabled local governments to create them for their own use and thus treat them as an instrument in their hand. Unfortunately, in such companies a real social participation does not take place.

In general, social enterprises are increasingly recognized by the state. The biggest input had so far the Ministry of Labour and Social Policy. In the nearest future the government will work on the law on social enterprises which will provide appropriate tools to support these legal entities. Nevertheless, the idea of social enterprises is poorly spread among Polish citizens who often do not know what it deals with.

**The transformation of the sector**

Currently, the Polish system offers a variety of legal and organizational forms, such as: foundations, associations, non-profit companies, etc. The law on social cooperatives has increased the popularity of this legal solution and gained many followers. In addition to that, there still exists the old model of cooperatives deriving from the times of communism.

Social enterprises were mainly created thanks to informal networks of friends and families. These groups typically ranged from a few to several people and often consisted of specialists in various fields, such as scientists, journalists, politicians, psychologists and sociologists. However, some experts underline the need to separate work from family.
Excessive mixing professional and private life can lead to negative effects, such as family breakdowns or a professional burnout.

Maintaining contact with social entrepreneurs from other European countries such as France, Germany, Denmark has become a common practice. It allows consolidating and duplicating good practices from abroad on the Polish ground. Moreover, thanks to support networks small initiatives can survive especially in the situation of social apathy. Currently, social enterprises communicate frequently with entities from abroad which results in mutual exchanges of volunteers. Networking is a good practice popular also within the country. In practice, it is possible thanks to social entrepreneurship conferences and joint visits between companies which aim to develop closer ties, as well as to create innovative ideas.

After many years we can observe a growing cooperation between social enterprises and the state, particularly local governments, as well as with the Offices of Labour and Social Welfare Centres. On the other hand, the relationship between the administration and social enterprises is still characterized by a high degree of bureaucracy as a consequence of the low level of confidence in the citizens.

Initially, the activities of social enterprises focused mainly on the employment of excluded people. Over the years, social companies has started to provide more specialized services, such as care services for the elderly, cleaning and catering services. It also evolves in the domain of arts and crafts. Social enterprises, to a greater extent than ever before, have become competitive to business, although it is still the beginning of this process (M. Andrukiewicz).

The activities of some social enterprises exert also a positive impact on the integration of non-governmental organizations which often have influence on the formation of the local law. Some organizations such as ‘Barka’ in Poznan grew to such an extent that the current leaders are educated in order to launch and conduct further communities abroad.
The influence of EU and other organizations on the development of social economy

Many international institutions have had a considerable impact on the development of social entrepreneurship and social enterprises in Poland, both in a direct and indirect way. The direct impact of the European Union was possible through various programs and financial tools. EU funds both stimulated the development of a market economy and contributed to the formation and development of non-governmental organizations, including social enterprises. The most important programs of the EU are those which underline the importance of the integration and reintegration processes as well as human potential (K. Wieckiewicz) (E. Smuk). They have a significant indirect impact which helps to build social capital and civil society. However, there is still much to be done in this area.

One of the most important and frequently mentioned mechanisms, influencing development of the social entrepreneurship in Poland was the community initiative called EQUAL. It was famous for its contribution to the emergence of the law on social cooperatives in Poland (T. Schimanek, C. Mizejewski K. Wieckiewicz). Thanks to this initiative many social enterprises were created and later developed. This movement was especially popular in 2005-2008. In addition, it has defined the directions and perspectives for the domestic social economy development till 2020. Unlike EFS programmes, which used to be very bureaucratic, the Equal Initiative provided great freedom of action, which resulted in innovation creation. (T. Schimanek, C. Miżejewski).

In addition, experts appreciate a positive impact of both domestic and international programmes initiated by the European Commission and the national Ministry of Labour. Among the most popular one could mention the National Programme for the Development of the Social Economy (T. Schimanek), as well as the Human Capital Operational Programme created to support social inclusion, guarantee equal
opportunities, increase social networking as well as support centers dedicated for social cooperatives (K. Wieckiewicz).

Almost all interviewees have positively evaluated actions taken by the Ashoka Organization which seeks to promote the ideas of social entrepreneurship presenting it as a result of human activity and not as an instrument of the state (T. Schimanek). Its biggest success lies in connecting and networking activists. (E. Smuk).

It is worth noting, however, that although the European funds and European managing authorities offered (and still offer) a number of funding mechanisms, it is difficult to find innovative projects that would arise from these funds (P. Frączek). The underlying reasons are various and they are based both on the system as a whole, as well as on single units.

First of all, the Polish authorities are still learning how to spend EU money. Secondly, the EU programs are extremely bureaucratic which often discourages many institutions from submitting proposals. Thirdly, and paradoxically, grants “spoil” grantees, who just live thanks to them and do not try to “become independent”. Instead of that, they should learn how to earn their own incomes.

The interlocutors negatively assessed the way in which money from the European Social Fund (ESF) have been used. Some of them claimed that Polish authorities had no plan of how to distribute these funds. Most of the financial support was given to the centers which support social cooperatives, whereas it would be more advisable to spend that money on education or the promotion of social entrepreneurship among young people (T. Schimanek). In addition, significant funds that came from the ESF did not lead to the emergence of new specific workplaces nor enterprises. Some cooperatives bankrupted after the funding ceased. It is worth mentioning that, according to interviewees, the last distribution of funds was more conscious and better planned.

Nevertheless, a financial capital is needed, especially at the initial phase, when an enterprise is being established, as well as later at the stage of development and
promotion. At this point it would be advisable to think about future strategy, which would guarantee financial independence and self-reliance of such companies (M. Andrukiewicz, C. Miezejewski).

There exists one more problem of a general nature. It concerns the issue of growth and slowdown. Initially, after the accession of Poland to the EU, there was a significant development of social institutions, numerous initiatives have been launched, often very innovative. Later, this rapid development slowed down. On the one hand, it was a natural phenomenon, but on the other hand, it was useful to consider how to deal with this mechanism in order to stimulate further development.

The role of institutions

The opinions on the role of key institutions in shaping and development of social entrepreneurship in Poland are divided.

According to some experts none of legislative solutions influenced in a significant way the functioning of social enterprises, although they admit that there were certainly important social campaigns that promoted social entrepreneurship sector. What can be surprising, C. Miezejewski is of the opinion that government policy considers cooperatives as harmful. Any attempts to regulate the relationship in the area of cooperatives are still being blocked. Most European countries encourage citizens to accumulate capital in cooperatives whereas in Poland the situation is the opposite. The reasons for that are of a historical nature - cooperatives in Poland used to be regarded as a relic of the communist regime, and therefore "co-operative mean worse." Despite this, thanks to some politicians, there is the law that allows the transformation of cooperatives into commercial companies. This procedure often helps them to function, but unfortunately it can also serve the private interests of their owners (C. Mizejewski).
Both the Auditing Union of cooperatives and the National Council of Cooperatives played an important role in shaping and developing the idea of social entrepreneurship and social enterprises. (K. Wieckiewicz).

K. Wieckiewicz is of a different opinion. He claims that currently there is a good atmosphere in Polish government which supports the development of social enterprises. There are many formal and informal initiatives created to support social entrepreneurs such as: the parliamentary team for Social Economics, Parliamentary Team for Cooperation with NGOs. Soon the draft law on social enterprises will enter the government’s work. It will determine the boundary conditions necessary to define the organization as a social enterprise. In addition to that, the parliament would create a new chamber devoted to social entrepreneurship. In practice, this would mean the emergence of new centers of support for social enterprises, which would provide business and legal consulting, venture capital. (K. Wieckiewicz)

The positive impact on the development of social economy had a former Minister of Labour and Social Policy prof. Jerzy Hausner (K. Wieckiewicz), as well as such institutions as: the Ministry of Labour and Social Policy, the Department of Public Benefit, the Stocznia Foundation, the Foundation for Economic and Social Initiatives in Warsaw, the Barka Foundation. (M. Andrukiewicz).

Interviewees underlined the importance of other, non-governmental organizations and institutions, among them: Social Welfare Centres, Centers for Family Help, Employment Agencies, Municipal Offices. Some pointed out a significant role of the church (E. Smuk).

The role of institutions in shaping and development of entrepreneurship and the social economy can be summarized by T. Sadowski, who says that all the ministries are important, because each gives a different type of grants for various projects and by this inspires action and supports business initiatives. It is worth noting that the 20th Article of the Polish Constitution can be carried out only through effective coordination among several ministries. All ministries are responsible for the progress. (T. Sadowski).
Institutions could help by simplifying the regulations which would facilitate the process of establishment and maintenance of social organizations in order to support further development of the idea of entrepreneurship.

**The role of the educational system**

All interviewees emphasized the important role of the education system in shaping and developing social entrepreneurship in Poland. It is particularly important to show the practical side of entrepreneurship which is considered to be the best way of teaching innovation. P. Frączak is of the opinion that the only effective method of teaching Social Entrepreneurship is learning it in practice and showing good examples of successfully prospering social enterprises. Unfortunately, most of social companies have managed to develop through additional EU funding, hence their owners believe that they would have no chance to evolve and to keep functioning without financial aid.

The vast majority of the experts assessed that currently the Polish education system plays no significant role in developing the idea of entrepreneurship (and particularly social entrepreneurship). Moreover, schools often tend to discourage students from acting together and kill the idea of cooperation. In the past, students used to run small school shops by themselves, whereas nowadays this practice does not exist anymore and this kind of activities are usually conduct by external companies.

The Polish education system introduced a subject called “Entrepreneurship" in secondary and high schools. Unfortunately, the biggest problem is that there are no qualified teachers who could teach it. “Entrepreneurship" is usually conducted by a teacher of another subject and treated by the students, as well as their parents as "something unnecessary" or "a subject which can improve your general average grade."

In addition, the core curriculum and learning content concerning this subject are criticized. The entrepreneurship classes lack practice and there is no place for any innovation (T. Schimanek). Although it should be noted that the Ministry of Education and Sports (through Centre for Education Development) attempts to introduce interesting and
innovative projects of teaching the Entrepreneurship subject by providing numerous grants for the creation of innovative curricula and the pilot implementation of these programs (A. Zablocka-Bursa).

It is important to present students the idea of community, to show them local surrounding, not only the parliament or the president, etc. (C. Miżejewski). An average student should learn that entrepreneurship is a certain activity, a way of thinking and treating problems. It is important to distinguish the social economy as a separate subject. It is also crucial to sensitize students to the common good, to educate young citizens to develop their social skills and empathy. Generally, too little attention is paid to education and shaping positive attitude towards social economy, social commitment and responsibility. This process should start in kindergarten. There is also lack of the exemplary core curriculum and skilled educators who could teach it. Unfortunately, our education system promotes test points and the race towards better work and better studies but no one speaks about building relationships, cooperation, partnership, joint management (K. Wieckiewicz). This phenomenon is also described by employers (A. Zablocka-Bursa).

Schools, at every level of education, should teach both the theory of social entrepreneurship and practice. Many schools teach currently design thinking, which is good. However, the design thinking to some extent hinders innovation. There are different rules which apply to the creation and implementation of the project, and others which lead to innovations. It would be advisable to teach students both strategies and above all to teach them how to turn their dreams into reality. Unfortunately, it is easy to depart from dreams while creating projects and to lose the first idea which was so inspiring. It is good to think about financial benefits of investments, but it would be good to connect it with something more, with some social good, commitment, a sense of unity with the community and a mission. (K. Wieckiewicz)
Another problem of the Polish education is due to a fact that the formal education system goes towards bureaucracy and standardization (e.g. all 6-year-olds are supposed to have the same manual). This approach makes teachers lose their innovation and creativity. There is little freedom in schools. E. Smuk indicates that it would be advisable to follow the idea of folk high schools which promote freedom from bureaucracy. She continues by saying: "Freedom leads to social innovation. When everything is planned the teacher has neither the strength nor the time. "(E. Smuk). Innovation develops more frequently in non-formal education compared to formal one.

It should be also noted that universities in Poland prepare students by providing general knowledge. Though, it is not enough for countries that have just gained their freedom and mental liberty. Students should gain practice already during their studies, they should learn how to establish associations, to participate in building a variety of initiatives, as well as to participate in foreign internships. Practical issues are extremely important in education but unfortunately completely neglected at the moment.

However, in order to teach well, the rulers and the society should learn at the beginning what social entrepreneurship really is and later on apply it to the education system. Whereas schools should distinguish and teach what social entrepreneurship, social entrepreneurs and social enterprises are. It requires a whole new generation of initiators and those who show that it is possible. (T. Sadowski)

In summary, one can ironically tell that "the best way to educate what social entrepreneurship is would be to forbid teaching it in schools. Maybe then it would gain real interest."(P. Frączak). At the moment there are no people who could teach it at schools. Teachers do not believe in these ideas. It is important to give the idea and the content an interesting and attractive form.

**The role of the financial sector (banking)**

Banks have played a minor role in the development of social economy. They are reluctant to offer loans neither for the start-ups nor for the development of social enterprises.
Generally, they require security on property. Often, people who plan to establish social enterprise need to pledge their own flats / houses in order to get a loan from the bank.

However, there are financial institutions that promote the development of social enterprises, such as: the National Economy Bank, which provides loans for a start and development of social activities (K. Wieckiewicz).

**The role of other institutions, e.g. trade unions**

Interviewees pointed to the significant role of the Stocznia Foundation (P. Frączak) and the Ashoka Foundation (T. Schimanek; P. Frączak) as catalysts for innovations and the idea of social entrepreneurship.

It is noticeable that according to all experts, trade unions have played no role (T. Schimanek, C. Miżejewski K. Wieckiewicz, M. Andrukiewicz; P. Frączak) or a very modest one in social entrepreneurship development (T. Sadowski). Trade unions are in some way dependent on the owners. They attempt to keep their position by various actions which seem to be a bad idea. Currently, we undergo a general crisis of trade unions in Europe. We cannot speak about a productive trilateral cooperation, however a bilateral cooperation between the government and the local governments has greatly improved.

**The conceptual development: growth, critique, gaps and issues to be addressed**

The significant progress concerning development of social entrepreneurship could have been observed during the last decade. The government enacted certain laws such as the law on Professional Activation Centers and the law on Social Cooperatives as well as the act of law on Public Benefit and Volunteer Work. They were all together designed to develop social capital (T. Sadowski). However, there is still much to do in this field. Complicated rules are still a particular obstacle to the establishment of new social enterprises and the development of existing ones. It would be advisable to deregulate
laws to enable people to be more active, involved and not afraid of the law, which is particularly limiting in Poland and controls the business at every stage of its functioning (T. Schimanek).

The complexity of regulations seems to be maintained due to bureaucratic EU rules. Many activists resign from participation in projects because of overwhelming bureaucracy. Others hire companies specialized in writing projects. As a result, the initial - innovative idea, changes into "normal" – unnecessary project, however written in a way which guarantees the funding. Moreover, the competitions are often won by institutions that simply know how to write a project and gain funds, and not those that actually want to do something good and innovative. It is alarming that the funds go to the companies which know how to meet administrative requirements and not to the companies that actually could make a difference (P. Frączak). There are also many companies that specialize in writing projects, but do not have any idea of substantive work. Some people regard it also as a form of business and in result money does not go to the people who need it most (A. Machalica). Such companies usually pass "perfectly" all inspections, know how to be prepared from the formal side. Unfortunately, these kinds of controls rarely check projects on their merits.

This approach probably stems from the mentality of Poles as well as from distrust to citizens. In result, some projects may be carried out without beneficiaries, but no one even asks about them, because all documentation is carried out correctly (A. Machalica).

At this point it is worth noting that the coalition governments have declared their willingness to loosen national legislation in the field of business and social issues for 25 years. If this finally happens, it will facilitate the process of establishment and running social enterprises.

Another big issue concerns the domain of finance. On the one hand, there are different funding mechanisms designed for innovative entrepreneurial initiatives, particularly in the form of grants. On the other hand, there is a lack of financial support
from the side of banks and other financial institutions. Foundations and associations still exist in the mindset of society (and thereby, in the mentality of business owners and decision makers in corporations) as institutions "asking for help" (or even "begging"). Another negative phenomenon is that institutions are used to taking subsidies. Nevertheless, it is worth mentioning that thanks to donations they can survive a difficult period, but after 2021, when financial aid will be cut they can find themselves in debt (T. Sadowski). Easily accessible bank loans on preferential terms (not grants) would give an opportunity for social enterprises to build self-reliance and responsibility and to make them independent from subsidies. They would also make them think about business side of their initiatives and not only about the social side.

So far, in spite of a carefully developed strategy, there is still to less examples of good projects of implementation of innovative ideas in practice. Polish strategy is consistent with the EU (T. Schimanek), but there are only few projects that managed to introduce innovative ideas. Once again, a reason for that lies in the problem of mentality and the legacy of communism, which weaned Polish people from initiating bottom-up activities (T. Sadowski). And although the Polish and EU policy is coherent with regard to absorb funds, the biggest problem is probably the fact that organizations are fleeing from the local government, local territory and community in which they live. Cooperation among formal political institutions, local and community organizations is unfortunately very weak. Without the cooperation of the government, many companies will not be able to develop their potential. Instead, they should realize that their development depends largely on the local capital. The absence of bottom-up initiatives is linked to another issue. At the moment, people dream to get stability of employment. Polish history, especially times of communism, two world wars and previously annexed territory diminished a tendency for bottom-up activities among citizens. The problem therefore lies very deep in the mentality of Poles and in the history of the nation (as already mentioned before). While the Poles have already learned how to benefit from money provided by the EU, most of
society treats social economy as something incomprehensible and unnecessary. The social economy should be part of science, a complementary part of the economy as a whole. The idea is to build a theoretical basis, based on verifiable scientific thesis.

Social entrepreneurship is characterized by certain attitude and behavior which leads to production and distribution in the name of the common good. It is connected with a different than economic understanding of profit and closely related to thinking about values. Social entrepreneurship should be an organic and autotelic need. Entrepreneurship is a special kind of an approach and behaviour that should be included in the theoretical framework and taught in the field of economics (K. Wieckiewicz). For many years the policy has focused on the employment and activation of people at risk of social exclusion. This approach is of course desirable, but it cannot be the main stream of social economy. The social economy should be understood in a broader context (P. Frączak).

The historical approach to the problem of mentality also carries positive inclinations. The advantage of current situation can be that Poles are now at the stage where they can build everything from the beginning. Work is within reach, may be awarded and has a market value. Therefore, the aim should be to create jobs, stimulate democracy and construct a social market economy. (T. Sadowski).

**Main challenges:**

*Increasing importance of self-governance and local leadership.*

Social entrepreneurship should be based on self-government; it is important to build it basing on the local leader (mayor, village headman, etc.) It is important that local leaders, organizations and stakeholders form together programs and action plans (T. Sadowski).
Changing the mindset

The main change that should occur in order to build social entrepreneurship is a mental change. Although Poland, especially the eastern wall, has a very high potential in the form of a strong sense of community, people who live there, ceased to believe in their own strength due to many years of occupation. (T. Sadowski).

Boosting education without previous mental change is also a negative phenomenon. In addition, education turns out to be not very effective because it is too theoretical. (T. Sadowski). Educational programs should be in higher extent based on practice and joint action.

Another problem is that the Professional Activation Centers often do not remunerate workers properly. The salary of disabled people often does not correspond to the effects of work, which they achieve.

SIC (Social Integration Centers)

Another issue concerns SIC (Social Integration Centers) which focus on reintegration of foreigners, immigrants and addicted people. Only some of them achieve high income, but again, it is not related with participant’s earnings. Social entrepreneurship should be based on a fact that an employee observes a relation between the efforts put into work and received salary.

Governmental institutions

State institutions do not outsource jobs, despite the fact that this kind of right is enclosed in the social clause. Social entrepreneurs are just preparing to make a campaign concerning this issue. In other countries, such as the United States it is a common practice. Some public works and orders are sent to the centers for the unemployed, or disabled. In Poland such tasks are rarely announced.
Support for social enterprises

There is no special support for social entrepreneurs, however there is for the social economy. Some experts believe that a good solution would be to establish cooperation among strong market companies and small social enterprises. The latter could focus around a big company in a role of subcontractors. This kind of symbiosis could be later followed as a model for other enterprises that employ excluded persons. When it comes to social enterprise support centers, unfortunately there are no people that would have enough business experience to advise social entrepreneurs. (Machalica)

Examples of initiatives and their consequences

Participatory Budgets

The opinions on participatory budgets are divided. Some experts believe that this solution has been a good example of the adverse impact. According to some, participatory budgets do not evoke real involvement of citizens. To the contrary they shift the responsibility from citizens and build civic passivity (P. Frączak). Some others do not disagree with above mentioned thesis posing that Participatory Budget has many features that lead to the growth of local communities by

- supporting the integration of the local community
- supporting the self-governing community raises the level of public confidence in local government
- decisions taken by the inhabitants are binding (as opposed to public consultation)
- allows more effective money management
- helps to identify the most important needs of the largest part of the population
- allows authorities to effectively respond to the expectations, and
- brings a greater transparency of local government and involving citizens in the process of governance in local authorities.
Equal

Equal was a program in which many social activists put their hope. However, in majority of cases it did not bring any innovation. According to some experts only large organizations could benefit from it (P. Frączak). Others (e.g. K. Wieckiewicz, M. Andruszkiewicz) have seen a positive and inspirational role of the Eual project.

Leader’s local action groups (LLAG)

In the opinion of P. Frączak it was a program with a potential that has been used improperly by the administration.

Local development driven by the community (LDCC; present)

The concept of this program is to treat the community as a big social enterprise. In the opinion of P. Frączak it is in fact a very good idea. However, the problem lies in a fact that the effects of the program are still unclear and it is not obvious whether people will be able to take responsibility for their own destiny and build a joint co-operation (P. Frączak).

Large family card (E. Smuk)

The idea of the current Minister of Labour and Social Policy which aims to facilitate the access of big families to culture, sport, discount in the communication (and hence increasing mobility).
Summary and conclusions

The backbone of Polish social economy is mission-oriented. However, the current predominant trend is to change the many mission-oriented undertakings into sustainable, economic activities with diversified revenues-generating, including own sustainable methods of raising funds.

The other predominant source of income are projects, many of them EU-based. However, those projects require an immense bureaucracy (as compared with the US style of financing competitive projects) and as such, are time- and energy consuming, leaving less time for the substance. The other downside is that many social activists diverted from taking risk and experimenting / piloting own ideas and became grant-hunters, specialized in filling the forms instead of operating boldly on the market.

However, there exists a pallet of nationally recognized, positive social undertakings, having an impact both on increasing the pool of social good as well as on the people’s mindsets.

One of the leading examples is the Barka Foundation (http://barka.org.pl/taxonomy/term/28) which makes a U-turn in the approach to homelessness: instead of “relief” it provides a tapestry of opportunities, with most of the projects run by ex-homeless, who train not only other people in poverty, but also social workers from many countries, on how to deal with poverty in a way that empowers people and enhances their own potential. They run their own cheap-house production, own training centers, social enterprises, etc. The ex-homeless-led organization Barka influenced the Polish law for combating poverty and is spearheaded in conceptual exploration (see: Sadowska, 2009). Currently operating also in Great Britain and other European countries.

Many of the Polish social entrepreneurs spread their programs to other countries, including the ex-Soviet areas (e.g. Krzysztof Stanowski, see: https://www.ashoka.org/fellow/krzysztof-stanowski).
Appendix 1. Social entrepreneurship as multi-faceted change-making: a skyrocketing phenomenon

In 1994 / 1995 Ashoka, Innovators for the Public (www.ashoka.org) was launched in Poland. This is an international association operating since 1980, currently (2014) in 80 countries, which one of the goals is to identify, select and empower social entrepreneurs. The definition is based on Ashoka’s selection criteria i.e.: having a new system-changing idea, being creative and entrepreneurial, reaching an at least national or regional impact and being highly ethical. So defined social entrepreneurs usually initiate, through a bottom-up approach, a chain of autocatalytic systemic changes initiatives, making the process endogenous and empowering people, groups, communities and societies (see: Praszkier & Nowak, 2012).

Social enterprises may, or may not be a part of their change-making activities. The example of the first is an Ashoka Fellow, Michał Wroniszewski, M.D. who developed a national and regional-scope systemic change for autistic person (see: https://www.ashoka.org/fellow/michal-wroniszewski), a part of which is a market-oriented sheltered workshop for autistic adults. The example of the latter is Jacek Bozek, spearheading in environmental protection (see: https://www.ashoka.org/fellow/jacek-bozek). Both introduced new methods, influenced the law-setting, changed the existing patterns and procedures, educated broad public through strategic media campaigns, altered the old mindsets and became globally recognized.

Currently in Poland there are 80 social entrepreneurs – Ashoka Fellows who are operating in diverse fields: child care, disabilities, education, unemployment, community development, homelessness, women issues, environmental protection, etc. (see: the Polish Ashoka website: http://poland.ashoka.org/).
Appendix 2. Main responsible Polish Ministry

Ministry of Labour and Social Policy – the leading Ministry for social economy and social enterprises. Facilitates several initiatives which promote social economy, e.g. FIO (The Civic Initiatives Fund).

References


3 The Director of this Fund, Krzysztof Wieckiewicz, was one of the persons interviewed in this project.


