Social Enterprise in Poland: Institutional and Historical Context

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As intermediary products, ICSEM Working Papers provide a vehicle for a first dissemination of the Project’s results to stimulate scholarly discussion and inform policy debates. A list of these papers is provided at the end of this document.

First and foremost, the production of these Working Papers relies on the efforts and commitment of Local ICSEM Research Partners. They are also enriched through discussion in the framework of Local ICSEM Talks in various countries, Regional ICSEM Symposiums and Global Meetings held alongside EMES International Conferences on Social Enterprise. We are grateful to all those who contribute in a way or another to these various events and achievements of the Project.

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PART A: UNDERSTANDING CONCEPTS AND CONTEXT

Introduction

At the beginning of this paper it should be emphasized that a common definition of social enterprise in Poland has not, to date, been established. Moreover, despite the gradual development of social enterprises and their growing legal recognition in Poland, no unanimity or agreed understanding of this notion has yet been reached.

The term “social enterprise” has recently been regarded in Poland as a particularly vague notion. Two major reasons account for this situation. First, “social enterprise” is a relatively new term in Poland. The term has been explicitly used by academics, government officials, professionals, and third sector organisations only in the years following Poland’s integration into the European Union in 2004. The term was introduced in tandem with the discussions concerning the nature of social enterprise that have been taking place in Western Europe. Therefore, part of the ambiguity of the term was introduced from outside. Another reason is the link with the long history of social enterprises in Poland. Long before the introduction of the term, there were a considerable number of organisations possessing features of social enterprise in Poland, and there is no settled agreement as to which of those organisations should be called social enterprises.

However, there are some projects of legal acts under construction, which may lead to the clarification of the notion of social enterprise in the near future. Of these, the most important is the project of Act on Social Enterprise and Support for the Social Economy, which was passed to the interdepartmental governmental agreements in 2013. The second important project is the governmental project of the National Program on Social Economy Development (in Polish, KPRES), which is still undergoing public consultation. We shall refer to these two documents later in the paper (part C).

The aim of this paper is to investigate the main models of Polish social enterprise against the background of their historical and institutional contexts. To do this, the authors have decided to divide the content into three parts. The first part (part A) presents the concept of social enterprise in Poland. It consists of an introduction and short overview of the history of social enterprises in Poland. We consider that this historical part can assist in understanding the complexities of the institutionalisation of Polish social enterprises that have taken place since Poland’s entry into the EU in 2004. The historical part is followed by an examination of the main concepts of social enterprise in Poland. The second part (part B) identifies the main models of Polish social enterprises, namely cooperatives, entrepreneurial non-profit organisations, and work and social integration social enterprises. The final part of the paper (part C) investigates the institutional trajectories of the SE models presented in part B.
The history of social enterprise in Poland: diversification and development

It should be underlined that the emergence of social enterprise in Poland cannot be attributed simply to Poland’s integration into the EU, although this factor is probably considered to be the most salient one, both in the literature and in public debate. Social enterprise organisations in Poland have strong and complicated traditions, reaching back to long before the Second World War; in some cases (including cooperatives and non-profit organisations), they even appeared before the beginning of the nineteenth century. Since then, they have undergone very turbulent developments, wavering during the communist period, and experiencing a revival after 1989. This difficult history of social enterprise organisations has contributed strongly to the socio-economic potential, developmental opportunities, trends, challenges and—finally—obstacles for present-day models of social enterprise. Therefore, in order to understand better both the history of Polish social enterprises and their present condition, we distinguish three basic historical periods of their development: the period prior to the Second World War (the first period); during the communist rule, i.e. between 1945 and 1989 (the second period); and the transition period, after 1989 (the third period). Given the complexity of the transition period, we have decided to distinguish three phases of the institutionalisation of social enterprises in Poland after 1989: between 1989 and 1995 (the first phase); between 1996 and 2002 (the second phase); and since 2003 and until now (the third phase).

The first period—before the Second World War

Before the Second World War, there were two types of social enterprise organisations in Poland. The first consisted of associations, foundations and other voluntary organisations, while the second one was formed by cooperatives. The main role of social enterprise organisations of the first type was to provide support to disadvantaged groups (the young, the poor, the disabled, the unemployed) and to fulfil the unmet social needs of these groups; these organisations also engaged in informal pro-independence activity. During that period, social enterprises of the second group—i.e. cooperatives—contributed to economic development by assuming the roles of non-existent public institutions, bolstering the national spirit and providing educational and social support (Les 2004). Moreover, before the Second World War, the cooperative movement had a significant economic potential. It is estimated that 1/5 of adult Poles belonged to a cooperative. In 1938, the annual cooperative share in the overall retail turnover was 4-5%, and in the case of provision of agricultural products, it amounted to 12% (Piechowski 2008).

The second period—during the communist rule (1945-1989)

The post-War voluntary and cooperative movement was strongly influenced by the communist party. Associations, foundations and cooperatives could neither choose their governing officials, nor set their goals, nor undertake activities without the permission of the authorities. In the late 1940s and early 1950s, all foundations, and the majority of associations, were dissolved by the communist authorities. The assets and properties of these foundations and

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1 This part of the WP is based entirely on Ciepielewksa-Kowalik (2013, forthcoming 2015).
associations were taken over by the state, without payment of any compensation, and were incorporated into the state infrastructure (state-sponsored organisations). Cooperatives were incorporated into the state economy in accordance with the idea of collectivisation. Those social enterprise organisations that were neither dissolved nor incorporated into state-sponsored organisations became part of the so-called "socialised ownership", together with the public sector (Les and Piekara 1988). In effect, the communist authorities deprived voluntary organisations of their greatest strength, namely their capacity to define democratic principles enabling them to meet needs and represent interests independently from the government (Les and Kolin 2009). Associations became part of the national economy and played the role of marginalized quasi-public agencies within the system. In a similar fashion this was also the fate of cooperatives. In the late 1980s, due to the economic crisis that worsened the material status of Polish society, associations became the basic domain of social identity and self-help initiatives. Despite the fact that, under communist rule, associations only supplemented the activities of the state, and were hence highly dependent on the communist authorities, these associations should be perceived as the significant example of the promotion of civic values that finally defeated socialism in the late 1980s (see e.g. Siellawa-Kolbowska 2002; Geremek 1994; Les and Piekara 1988; Ciepielewska-Kowalik forthcoming 2015; Rymsza 2008).

The legacy of the communist regime strongly influenced Polish social enterprises in the transition period, as evidenced by the poorer socio-economic condition of Polish social enterprises compared to their Western counterparts. In Poland, most social enterprises, including non-profit organisations (associations, foundations and other voluntary organisations) had to build their economic potential from scratch. Moreover, in the case of cooperatives, it seems that they have had to struggle with the ambiguous attitude within Polish society, which views cooperatives as a negative relic of the communist regime.

The third period—the transition period (after 1989)

For better or worse, the year 1989 changed the conditions for social enterprises in Poland. This change should be attributed to the democratisation, decentralisation and transformation of the welfare state. The latter two processes opened up new areas of unmet social needs, which emerging social enterprises started fulfilling, while the first process guaranteed freedom for non-state actors’ existence. Each of these processes resulted in an increase in both the quantity and quality of Polish social enterprises. In order to gain a clearer and more accurate view of this situation, Ciepielewska-Kowalik (2013, forthcoming 2015), after having analysed Polish literature on the legal and organisational frameworks for social enterprises (as well as topics linked to social enterprise-related policies), distinguishes three phases in the institutionalisation of social enterprises in Poland. She examines the first phase, which she terms the renaissance of social enterprise organisations (1989-1995); the second phase, characterised by the stabilisation of social enterprises in terms of numbers and their enhancement in terms of quality (1996-2002); and finally, the third phase, marked by the institutionalisation of social enterprises under the impact of the EU (since 2003 until now).

During the first and second phases of the development of social enterprise organisations post-1989, non-profit organisations started to bloom. In Poland, during the first decade of the 1990s, the number of associations grew by 14 times and that of foundations increased by 20 times (Mansfeldova et al. 2004, p. 104). In 1995, there were 47,000 registered non-profit organisations. The number of new social organisations created between 1989 and 1999 exceeded the number of such entities existing at the time of the Polish People’s Republic (Piątek
It should be said that during the first decade of the 1990s, non-profit organisations were strongly supported by external donors (mainly from the third sector), who provided financial and technical support for the newly created Polish voluntary organisations. In the Polish literature, non-profits, from the 1990s onward, were perceived as the third pillar of the new structure of the post-socialist welfare state (Golinowska 1994). They were trying to find their place between the public and the private for-profit sector, supplementing the activity of the evolving state, on the one hand, and of growing private for-profit initiatives, on the other hand. However, in reality, owing to a lack of agreement concerning the shape of the post-socialist welfare state (which resulted in a simple copying of Western European patterns and a concomitant disregard for long-standing Polish traditions, dating back to the 19th century), social enterprise organisations existed only as entities whose purpose was to ease the effects of political, social and economic reforms. In this respect, they constituted the props of the welfare state rather than its pillars. In the first and second phases, the adoption of a neo-liberal ideology can be seen as the main factor which slowed down the development and institutionalisation of social enterprises. The proponents of this ideology sought to build a post-socialist welfare state on public and private organisations; hence, they neglected the role of social enterprise organisations as significant welfare suppliers and policy makers. According to Leś and Kolin (2009), the institutionalisation of the market economy (which was a prime goal of the Polish transformation) resulted in little attention being paid to innovative solutions for the reconstruction of welfare systems; it also moved the new dynamic of the third sector toward the monetary production of services in a managerial way. New Public Management, with its tools such as privatisation and outsourcing of welfare services, became the new model of the changing social architecture. As Księżopolski (2004) points out, in the 1990s and the beginning of 2000s, a “paternalistic-market hybrid” in Poland was created. This pattern eliminated the role, potential, experience and traditions of social enterprise organisations in building the new welfare state. Consequently, on the one hand, social enterprise organisations, like associations and foundations, were only “patching the transformation gaps” (Rymsza 2008) and carrying out tasks not accomplished by the public sector. However, there were areas where the role of voluntary organisations was significant. In the 1990s, with the state’s financial support, they ran for example the majority of homeless shelters; more than half of physically disabled people in care homes were clients of non-profit organisations (Leś and Nałęcz 2002). In Warsaw, in 2001, associations and foundations ran 57% of social service institutions, while public administration (central and local authorities) ran 27% of such institutions (Wygnański 2002). On the other hand, in the 1990s, co-operatives were completely discredited in the eyes of public opinion and existed merely as the legacy of the communist regime. Their socio-economic potential was dilapidated owing to the cessation of their activities; work places were closed, and the number of cooperative members experienced a rapid decline. As a result, cooperatives found themselves in the shadow of public interest and now form a forgotten and “wrecked” model of Polish social enterprise.

According to Ciepielew ska-Kowalik (2013, forthcoming 2015), the third phase of the institutionalisation of social enterprises, which started around 2003, brought a significant change in the recognition of such organisations in Poland. This is to be attributed mostly to the Polish accession to the EU. Social enterprises gained visibility in national and local developmental strategies and political practice; they were supported by public funds, including European funds; and they achieved for the first time legal recognition in Poland. From 2004 onward, associations and foundations began to acquire a more entrepreneurial position in terms of the diversification of their sources of revenue (including the combination of public funds and economic activity); the implementation of new methods of production and delivery of goods and services (striving to hire paid staff); and a greater openness to the wider community, instead of focussing on their members only. Newly established legal frameworks
also encouraged the creation of new types of social enterprises, such as social cooperatives and centres and clubs of social integration, that became strategic partners of public administration in the tasks connected to active social policy and other public tasks including, in particular, education, local development and welfare services.

The increasing interest in social enterprises in Poland since 2004 is also attributable—beside the influence of integration in the EU—to the growing insufficiency of the public sector to fulfil social needs. In many welfare services, the present needs and expectations could not be met under the current conditions of financing and provision of services. The decrease in national and local governmental budgets responsible for welfare services led to a need to redefine the role of the public sector and other providers of welfare services, including social enterprises. The neo-liberal reforms of the social sphere implemented after 1989 have now turned out to be insufficient. That is why the necessity of changing the welfare state towards a greater openness to non-state but non-commercial actors has been emphasised in the public debate.

Although there are harsh public budget constraints which have weakened the role of the public sector in delivering welfare services, and although growing socio-economic inequalities have left many groups of people unprotected, the role of social enterprises as welfare service providers still remains underestimated in Poland. This is evident in the modest socio-economic and developmental potential of Polish social enterprises when compared to the older EU members. Moreover, social enterprises are rarely a subject of research and public discourse, since they have only been partially integrated into policies and laws (Łeś and Kolin 2009)—a situation which we describe in part C of this WP. It should also be underlined that the current condition and developmental trends of Polish social enterprises vary depending on the social enterprise model considered. They are linked to the social and economic position as well as socio-political recognition of each model of social enterprise. Nevertheless, as we try to show in this section, one can find, behind the diversified condition of each model of Polish social enterprises, a historical background dating back to the time before the transition period.

**In search of the social enterprise concept in Poland**

In considering the most recent literature and the results of Polish research on social enterprises, one can state that in Poland, similarly to what is the case in Western Europe, there are three dominant approaches that influence the conceptual definition of social enterprise. According to Defourny and Nyssens (2013), who characterize the Western European countries’ tracks, they are: the “earned income” school of thought; the “social innovation” school of thought; and the EMES “classic” school of thought concerning social enterprise. In Poland, the first and second conceptions are frequently used, but the third one is the most popular.

In Poland, when apprehending the earned income school of thought, the first stream within this school, described as the commercial non-profit approach, must be at the forefront of our attention. It was popularised at the time when Poland joined the EU; in those days, this approach was described as a tool supporting the financial independence of non-profit organisations in a time of public budget constraints.

However, over the last decade Poland has also seen an increase of interest in the second stream of the earned-income school, i.e. the mission-driven business approach. According to this approach, in Poland, any kind of business, including for-profit firms investing in social
mission and goals, are perceived as social enterprises. For example, Hausner\(^2\) (2013) concludes that whether the entity becomes a social enterprise does not depend on its property form but is a result of its relations with the environment. In this perspective, the founders of a social enterprise may come from the third sector (from foundations and associations in particular) but they might just as well come from the private for-profit sector. It should be emphasised that the impact of the mission-driven business approach is visible in official governmental strategies represented by the Act on Social Enterprise and Supporting Social Economy and the National Program on Social Economy Development, mentioned earlier in this paper.

Even if the notion of social enterprise in Poland is rooted in the “earned income” school of thought, it also takes from (and refers to) the perspective of the “social innovation” school of thought, represented by Schumpeter and adopted by Young (1986) and Dees (1998). However, in Poland, this perspective is far less developed than the earned income school of thought or the EMES definition. It has been popularised by selected think-thanks, in particular the Polish unit of the Ashoka Foundation since the mid-1990s. It enhances innovative entrepreneurs, mainly from Polish associations and foundations, who have been carrying out new modes of social change and tools for solving social problems.

In recent years the EMES definition of social enterprise, which distinguishes a range of social and economic criteria, has dominated the debate on social enterprise in Poland. The EMES classic criteria\(^3\) have been modified in the Polish academic discourse in order to fit into the Polish socio-economic and historical context. We consider these EMES criteria as defining a social enterprise’ ideal-type in Weber’s sense.

The most important modification concerns the “significant economic risk” criterion. Leś (2013) links it not only with the conduct of economic activity by the organisation (narrow approach) but also with the permanent existence of a social enterprise and its on-going delivery of products and services (broad approach). In her opinion there is a danger in using the narrow interpretation of economic risk, to the extent that it may decrease public support (in particular, financial support) for social enterprises. As Leś (2013) also brings to light, a too restricted and arbitrary understanding of the criterion of economic risk may exclude some organisations from the group of social enterprises. This applies to vocational enterprises for the handicapped (ZAZ), social integration centres (CIS) and social integration clubs (KIS) in particular. Indeed, their existence is determined mostly by public funds. This is also the case for those Polish foundations and associations that are still strongly supported by public grants and have not developed a stable economic activity.

In light of EMES classic definition, in Poland, only social co-operatives fulfil the criteria of social enterprise. Indeed, even though there are several other legal and organisational forms that correspond to the notion of social enterprise, none of them fulfils all the EMES criteria. For example, a great majority of Polish associations and foundations do not hire paid staff; they rely on volunteers. Moreover, they only rarely conduct economic activity in a strict sense. Other entities, such as vocational enterprises for the handicapped (ZAZ), social integration centres (CIS), social integration clubs (KIS) and vocational therapy workshops (WTZ), do fulfil the EMES criteria. However, they have no legal form; they usually exist only within third sector

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\(^2\) Jerzy Hausner is the former minister of Social Policy and one of the academics who have developed the Polish debate on social enterprise.

\(^3\) The criteria developed by Defourny and Nyssens (2006) as well by Borzaga (2001) are considered to be the classic EMES criteria of social enterprise.
organisations, mainly associations and foundations. On the other hand, while social integration clubs, centres and vocational enterprises for the handicapped fully combine volunteers and paid workers, they depend for their financial viability on public sources rather than on the collective efforts of their members and workers in the market. Additionally, some entities that are regarded as social enterprise, such as traditional co-operatives, do not demonstrate a strong participatory nature; the involvement of their members is limited. They are characterised by a low degree of empowerment and weak development of participatory management.

Bearing in mind all the risks of oversimplification, we can state that in Poland social enterprises are understood as third sector organisations whose purpose is to deliver public welfare services. To be considered as a social enterprise, an organisation: (1) should belong to the family of third sector organisations and (2) should conduct an economic activity to pursue social goals.

Models of social enterprise in Poland

Having analysed the ongoing public and academic debate on social enterprise organisations in Poland, it may be noticed that three models of social enterprise emerge. Each of them derives from a different “pillar” of organisations that stay close to a set of the EMES classic social and economic criteria for social enterprise. Each model derives from a different organisational field. These models of social enterprise are listed here and described in more detail in Part B.

Model 1 consists of co-operatives. The cooperative movement has a long and complex history in Poland. Cooperatives’ autonomy was severely restricted during the communist times; since the beginning of the transformation, they have been trying to return to their original values and rules. For analytical purposes, it is useful to distinguish between two subtypes of cooperatives: traditional cooperatives (model 1a) and social cooperatives (model 1b). Traditional cooperatives are cooperatives with a long organisational history. Social cooperatives represent a new type of cooperatives that have arisen in recent years as a result of specific legal frameworks providing supportive measures for their set-up and operation. These cooperatives directly relate to the idea of a modern social enterprise.

Model 2 consists of entrepreneurial non-profit organisations (foundations, associations and other voluntary organisations). This model emerged under the influence of the EU. Social enterprises of this type resulted from the evolution of classic non-profits towards a direct involvement in the delivery of welfare and public interest services on a continuous basis. This type of social enterprise also encompasses foundations, associations and other voluntary organisations that combine volunteers and paid staff (rather than relying on volunteers only). In addition, they try to diversify their sources of income by combing public funds with market revenues (rather than depending on external sources, such as foreign donors or public funds) in order to enhance their financial independence from the state.

Model 3 consists of forms of work and social integration social enterprises. They comprise two sub-models: social enterprises for the disabled (model 3a) and social enterprises for wider group of persons threatened by social and economic exclusion (model 3b). Social enterprises for the disabled—such as vocational rehabilitation facilities, including vocational enterprises for the handicapped (ZAZ) and sheltered workshops (WTZ)—emerged in the mid-1990s to tackle social and economic exclusion among disabled people. Although they have existed in
the system since the 1990s, they were recognised as social enterprises after Poland’s entry into the EU. Model 3b consists of organisations that have been created for people who experience problems of integration in the labour market. These organisations are part of an active social policy embraced by the Polish government.

PART B: IDENTIFICATION OF SOCIAL ENTERPRISE (SE) MODELS

Model 1: Co-operatives

In model 1, the authors distinguish two sub-models of cooperatives. One group consists of traditional cooperatives (sub-model 1a) that have developed over more than two centuries. Consequently, the presentation of the historical and institutional background for model 1 largely focuses on this first sub-model. Internally, traditional cooperatives have become a very heterogeneous group, and so it is impossible to suggest a single type as representative of the traditional model. For the purposes of this paper, we have chosen worker cooperatives as an example of these cooperatives. The other sub-model (sub-model 1b) comprises social cooperatives. They have existed in the social enterprise landscape for almost ten years now, thanks to government legislation deliberately aimed at the social and work integration of marginalized groups. Their features are discussed in the further sections of this paper.

The historical and institutional background for model 1

The historical roots of model 1 social enterprises are linked to the development of traditional cooperatives in Poland. Cooperatives in Poland have a long history, which can be traced back to the times before the famous Rochdale Society was instituted, i.e. before 1844. They were established in the areas of mutual small credits, agriculture, consumer and housing. The emergence of the cooperative movement in Europe at that time arose as a response to the growing problems among workers and in areas with poor inhabitants.

World War II pushed cooperatives underground. Once the war was finished, cooperatives developed as a response to the post-war socio-economic situation, characterised by large numbers of war veterans and victims who were obliged to cope with physical dysfunctions. Additionally, cooperatives became a part of the centrally planned economy at that time, and were used principally as a mechanism of economic policy in many markets, such as food supply and processing, agriculture and housing. The central administration defined the cooperatives’ aims and scope of activity, as well as the methods and means of achieving these aims. This implied large intervention and control over the ways in which cooperatives operated. State involvement provided them with a good market position but, at the same time, led to a loss of ideals and of cooperative identity. This lasted for about 40 years, until 1989 and the beginning of the transition of the Polish economy. In 1990 regulations for cooperatives, called “special act”5, were introduced. They aimed to restructure

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4 One of the first noted cases is the “Hrubieszów Society for Self-support of Farmers in Difficult Situations” (Hrubieszowskie Towarzystwo Rolnicze Ratowania Się Wspólnie w Nieszczęściach), started by Stanisław Staszic. Other authors (Leś 2004), acknowledge the roots of the movement to Karol Marcinkowski, Fryderyk Skarbek, the priest Augustyn Smarzewski and Stefczyk, who founded the credit unions known as “Stefczyk co-operatives”, based on the Raiffeisen model and popular among poor farmers.

5 In Polish, spec ustawa, which means “special legislative act aimed at significant transformation of socio-economic system”.

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the socio-economic landscape in Poland and to bring about changes in the cooperative sector (Abramczuk and Herbst 2008, p. 29). They were heavily focused on dismantling the old cooperative structures. One might assume that some significant and valuable changes in the legislation would be introduced once the free market mechanisms and democracy were initiated. But the effort made was not sufficient to guarantee a supportive regulatory framework for cooperatives. According to Frączak (2011), also on the government and societal level, the belief in cooperative values and ideals was missing at that time, which created many more barriers and increased “control attitude” via excessive legislation instead of effective support measures. In addition, the priority established for the new legislation was to guarantee the independence of the cooperatives from the state. Cooperative values and ideals were somehow lost, and did not work as building pillars of cooperative development in the 1990s. Members did not regard cooperatives as their own enterprises and the membership was very passive (Raport 2010, p. 33). This has raised some challenges that the cooperative movement still faces in Poland today, 25 years after the start of the transition of the economy.

The transition in the early 1990s brought about many changes along with the concentration and vertical integration of the sector. Strong groups called branches emerged, such as dairy, banking, and housing, and their strength began to increase. New types of cooperatives, which Leś (2004) calls “new-wave” cooperatives, also arose, such as social cooperatives (model 1b), agricultural manufacturing cooperatives and credit unions. As we observed earlier in this paper, cooperatives experienced a slow-down in comparison to other organisations such as non-profits. This resulted in many job reductions and huge social and economic losses related to restructuring process. Some internal dynamics resulted in the growth in numbers of some cooperatives and a decrease in others. For example, some cooperatives—such as cooperative banks—merged into bigger structures, whereas others—such as large housing cooperatives—split into smaller ones. But generally speaking, in the landscape of social enterprise organisations, traditional cooperatives have begun to lose their importance; social cooperatives represent the only exception to this trend.

Cooperatives: their place and identity in Poland

Both sub-models—traditional and social cooperatives—are included in the system of organisations aiming to prevent social exclusion (Leś and Kolin 2009). Co-operatives are registered in Poland as private enterprises\(^6\). Although the academic and cooperative movement discourse views them as an important element of civil society and the social economy, government documents and public opinion tend to disregard them. Moreover, many cooperatives are not included in official statistics as a part of civil society\(^7\) (Strategia Wspierania 2008, from Piechowski 2013). There have also been some changes in the cooperative movement, partly reflecting the problems encountered in other countries and contexts. Brzozowska (2012), in outlining the situation in Poland, discusses different cooperative crises. In Poland’s case, the following are particularly significant:

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\(^6\) This means that they are entities of the national economy, recorded in the National Official Business Register (REGON). REGON registers legal persons, organisational entities that do not possess legal entity status and natural persons running an economic activity.

\(^7\) For example, the strategic document of Polish Government on the civil society development refers to coops only 5 times when talking about social coops and housing coops (Piechowski 2013, 34). Only recently, the strategic documents discussing the development of social economy as a whole (KPRES, 2013), social cooperatives are subject to significant reference in the context of social economy (Piechowski 2013).
• An “environment crisis”, meaning a lack of appreciation of the role of coops among other stakeholders, i.e. businesses, the general public, politicians.

• A “past-times” crisis, mentioned by Brzozowska as another important challenge. In Poland, co-operatives are regarded as the legacy of the former communist regime. This problem has led, as mentioned above, to the underdevelopment of the cooperative movement in the early 1990s.

• A “present-times” crisis, which can be observed among individuals who are too focused on individual success, disregarding their local environments. This results from a weak civil society, inadequate to support co-operative ideals.

• An “identity crisis”, showing that successful co-operatives have become much like business enterprises, as evidenced by Starnawska (2014). It can be argued that co-operative values themselves are no longer a strong rationale as to why and how co-operatives operate today (Brzozowska 2012; Frączak 2011). It is the benefits, rather than the values, that drive interest in cooperatives and their membership.

Legal framework for social cooperatives and worker cooperatives in Poland

The historical overview shows that the legal form under which cooperatives have operated has not been a critical factor for their development in Poland. It matters little that bottom-up activity of individuals took the form of associations or cooperatives; these activities have always been flexible and managed to adapt to changing institutional frameworks (Frączak 2011). As explained above, the first model of social enterprise, model 1a, refers to traditional cooperatives. Among many other types, it includes worker cooperatives, which are used in this paper as an example. It should be noted that worker cooperatives should not be considered as a representative case of the traditional model of cooperative, since the cooperative sector in Poland is extremely heterogeneous. Their legal framework is the same as in the case of all cooperatives; it is based on the Act on cooperatives in Poland (Ustawa 1982). What distinguishes worker cooperatives from other cooperatives is that the employment of workers is based on a cooperative work contract, and they do not follow the non-profit distribution requirement.

In case of model 1b, namely social cooperatives, the social cooperative law was introduced in 2006 by the Polish parliament. The aim of social cooperatives is the social and work integration of marginalized groups. Social cooperatives act for the social and work reintegration of their members via the creation of new work places (Act 2006). They do so through running economic activity and, at the same time, they are expected to run initiatives.

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8 The first signs of legislation appeared in legal acts in 2003 which defined issues of social exclusion and social employment in Social Integration Centres and Clubs. The concept of social cooperatives appeared in the Act on the promotion of employment and institutions on the labour market of April 20, 2004. This act significantly changed the Act on cooperatives of 1982, by introducing social cooperatives as a special type of worker cooperatives that were not profit-oriented.


10 The individuals in danger of social exclusion, the unemployed and people with low employability prospects belong to marginalized groups. Regulations clearly define what the marginalized groups are (the unemployed, the physically or mentally disabled, other marginalized groups such as the homeless, alcohol or drug addicts, ex-prisoners, refugees). Members from marginalized groups must represent at least 30% of all members. The cooperative may also provide educational and cultural activities for its members and for the local community.
that serve the members of the local community. This law is quite similar to laws regulating social cooperatives in other countries, such as Italy, for example.

Social cooperatives are a new phenomenon in the social enterprise landscape in Poland. Therefore, at this stage, a majority of social cooperatives are in the first stages of their development; they are going through the test of time while securing adequate resources to ensure their economic sustainability and the achievement of their social mission. By contrast, the position of worker cooperatives is stable. They carry higher economic risks, and they are very often treated as any other business enterprise in the market. Yet, they need to make more efforts as they do not have opportunities to rely on public subsidies. It is interesting to note that these two models of cooperatives do not use the support of volunteers at all.

**Cooperatives and their resource potential**

The current data issued by the Polish National Council of Co-operatives (Krajowa Rada Spółdzielcza, or KRS) shows that there are about 11,655 cooperatives in Poland, including those in shutdown process (Raport 2010). Most traditional cooperatives (such as housing, manufacturing, rural agricultural, worker and bank cooperatives, cooperatives for the disabled and other types of traditional cooperatives) declined in numbers after 1989. More than 60% of all cooperatives were established before 1989 (Raport 2010). As we have emphasized throughout the paper, there is considerable heterogeneity within the cooperative group (there are 15 branches of cooperatives). It is therefore difficult to provide any full and comprehensive picture of their situation. The whole cooperative sector is dominated by housing cooperatives, which represent 38% of the total number of cooperatives. Worker cooperatives constitute 8.5% of all cooperatives. Only social cooperatives, as a new type, have recently emerged in the social economy landscape, thanks to the new legislation of 2006; from then on, their number has grown dynamically. In 2007, there were only 70 social cooperatives; by 2011, their number had increased by 470% (Informacja 2012), and this unprecedented growth is still occurring. The new legislation entailed supportive measures for the start-up and operation of social cooperatives, especially in the area of job creation. However, model 1b still represents the smallest group in the cooperative landscape.

Social cooperatives owe their growing popularity to wide support via regional grant opportunities in Operational Programs from the European Social Fund, including institutional pressures to distribute the European public funds to the beneficiaries to the greatest possible extent until 2014. Many supportive measures have also been implemented, such as social security reductions and exemptions, tax benefits and many others, leading to even higher growth in the numbers of social cooperatives between 2012 and 2014. One may only hope that the interest in social cooperatives is not inspired solely by the available funding or other monetary sources. Social cooperatives themselves should learn to become more independent from external funding in running sustainable business and maintaining their social focus.

The cooperative movement in Poland has today about eight million members (Raport 2010). Altogether cooperatives employ around 400,000 people. As mentioned earlier, these numbers encompass a large internal heterogeneity. Since 2005, traditional cooperatives have, on average, lost 8,000 job places per year. Overall, between 1989 and 2010, employment in co-operatives fell by 87.5% (Ciepielewska-Kowalik 2013). In the years following the transition, the contribution of cooperatives to employment in the national economy represented 4.1%; it
has fallen to 2.5% in recent years (Nałęcz and Konieczna 2008, p. 50). And although one of the cooperative types, i.e. social cooperatives, has experienced tremendous growth in numbers, their size and contribution to the employment in the economy is not significant. The average number of members in social cooperatives is 7.5, and the average number of employees who are not members is 2.3 (Informacja 2012).

Model 2: Entrepreneurial non-profit organisations

Another category of Polish social enterprises consists of entrepreneurial non-profit organisations. These are NPOs that try to bring on elements of economic activities in their everyday routines. This introduction is neither common nor popular among Polish non-profit organisations.

As mentioned in part A of the paper, entrepreneurial non-profit organisations are part of the organisational field of non-profit organisations. They do not form a distinct part of this field. There is no specific network of NPOs which share the characteristics of social enterprises. The term “entrepreneurial non-profit organisation” is not an official one; it is analytical and was developed for the purposes of this paper. The term relates to organisations which attempt to implement some kind of entrepreneurial activities (for characteristics, see part A, “Models of social enterprise in Poland”). These organisations do not share any common identity. They try to use, largely independently of each other, the mechanisms of social economy to their advantage.

Since the term “entrepreneurial non-profit organisation” is a purely analytical one, developed for the purpose of this paper, there are some limits on the availability of data. There has been no effort, thus far, to investigate systematically those non-profit organisations with social enterprise characteristics. For this reason, the data that is analysed in this paper concerns all non-profit organisations. It is explored only to understand the activities of entrepreneurial non-profit organisations.

Despite this limitation, it is worth profiling entrepreneurial non-profit organisations as a separate model of Polish social enterprises. Indeed, they do form a separate group of social enterprises. They come from a very well-defined organisational field—namely that of non-profit organisations—and they mostly consider themselves as representatives of this type of organisations and not as social enterprises.

Entrepreneurial non-profit organisations also exemplify one of the most vital issues regarding contemporary Polish non-profit organisations: the issue of profit seeking. Profit-seeking activities were considered unsuitable for non-profit organisations for a long period of time in Poland. The accepted understanding was that non-profit organisations should rely on altruistic actions only. This opinion has begun to change with Poland’s accession to the EU. Non-profit organisations began to consider profit-seeking activities as a potential way of raising financial means for their activities. Nonetheless, the controversy around profit making is still very much alive.

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11 It has to be noted, though, that cooperatives seem to make some specific contribution to social problem solving in the Polish socio-economic landscape: 11.6% of their workers (against 3.6% of workers in the national economy) are disabled people (Raport 2010). However, as just underlined, their contribution to employment has fallen down significantly in recent years.
The organisational field and the impact of historical tradition on the current condition of entrepreneurial non-profit organisations

As mentioned in part A, Polish non-profit organisations have been shaped by a tradition established long before World War II. In those days they promoted the affairs of disadvantaged people, fulfilled unmet social needs, delivered welfare services ignored by the public sector and, to some extent, they engaged in informal pro-independence activities (grassroots movement activities aiming to support the effort for making the state independent from the three invaders). Unfortunately, after the Second World War, the continuity of associations, foundations and other voluntary organisations was broken, owing to the communist regime’s policy of eliminating non-state initiatives. Most of them, including all foundations, were excluded from the public system, while the majority of associations was reshaped into state-supported mass organisations. Such a solution resulted in the weakness of the socio-economic and developmental potential of Polish non-profits after 1989, which is still visible today—after 25 years of Polish transition.

However, in the first phase of the transition period (1989-1995), in Poland, like in other Central and East European countries, a renaissance of associations and foundations took place.

As stated earlier, Polish entrepreneurial non-profit organisations have been enhancing their position since 1989, both in terms of quantity and in terms of quality. According to public statistics, there were around 78,000 non-profits—namely foundations (8,500), associations and other voluntary organisations (69,600)—in Poland in 2012. The great majority of them were established after 1989 and built their economic potential from scratch; this accounts for their modest income in comparison to their counterparts in EU-15 countries.

During the first phase of the transition period, entrepreneurial non-profit organisations existed as an expression of new democratic rules. They were also a kind of pragmatic solution for a society which was under economic pressure; some of them were trying to deliver welfare services, mostly for unprotected groups (such as the long-term unemployed, the poor, the disabled, etc.) after the state’s withdrawal. In the 1990s, Polish associations and foundations were significantly supported—both financially and in terms of know-how—by foreign non-profits. It should also be said that during the second phase of the transition (1996-2002), enterprises of this type stabilized in terms of number of organisations and focused on enhancement of quality. In reality, they still played an advocacy role or functioned as watchdog organisations, focusing on disadvantaged populations or monitoring the level of development of the nascent Polish democracy, rather than delivering products and/or services or being active in policy-making processes.

This has changed in the third phase (since 2003), which is marked by the strong impact of EU legislation. A more entrepreneurial behaviour emerged among Polish non-profit organisations. Economic activities and the fact of taking risk in the market have been treated as a tool for increasing the independence of Polish non-profits from other sources, mainly public ones, which faced rigorous constraints. However, a decade after Poland joined the EU, the main source of revenue for Polish foundations, associations and other voluntary organisations remains, according to official statistics, public financing from central government and local authorities. According to Łęs and Ciepielewska-Kowalik (2014a, p. 28),
the greatest part of non-profits’ revenues (45%) comes from public subsidies. Revenues from market sources (selling goods and/or services) constitute the second most important funding base (31%); this source of income is supplemented, in 33% of cases, by external private donations.

This data confirms that the “enterprising” trend among non-profit organisations has been much slower in Poland than in Western European countries. Moreover, it has not gained as much impetus as was expected in the first years after the European integration. There are several reasons that can explain why Polish non-profits did not achieve a significant entrepreneurial position. The first reason is linked to the inflow of public funds, mostly from European sources and local governments. This weakened the willingness of associations and foundations to gain financial sources from the market. Wygnański and Frączak (2012) declare that, due to the increased supply of European funds, the only risk that Polish non-profits currently face is linked to the acquisition and management of funds from the public administration. These authors anticipate that non-profit organisations will continue to rely on public funds in the years to come. This may be true, taking into account the amount of European support for Poland anticipated for 2013-2020. In such case, the cooperation between public administration and non-profits should be weakened if financial sources diminish with the end of EU funding in 2020. This is more likely to occur among non-profit organisations involved in pro-employment activities, since this field is more closely monitored by the public authorities in Poland. Graff (2010) has even coined a special term—“grant-affected”—to refer to the domination of public sources in the overall budget of non-profit organisations, which is particularly present in organisations engaged in work integration and pro-employment activities. According to Ciepielewsk a-Kowalik (2013, forthcoming 2015), the second main reason why Polish non-profits demonstrate little interest in conducting economic activities involving an economic risk is to be attributed to their strong attachment to their “open” and “independent”/“intermediary” identity—“open” referring to the fact that they are open to as many beneficiaries as possible, regardless of these beneficiaries’ material status, and “independent”/“intermediary” referring to their status of organisations located between the government and for-profit enterprises making money. This means that the reliability of associations and foundations, at least in welfare services such as education, childcare, health care, support for the poor/homeless, could be strongly correlated with their not conducting any economic activity. Furthermore, these services, if provided by non-profit organisations, are mostly financed by local government. Consequently, small non-profit organisations are far more concerned with maintaining good relations to local authorities than with engaging in profit-making activities.

The issue of market risk is connected with another aspect: continuous activity. There is no data on this subject but a lot of non-profit organisations might engage only periodically in market activities. This is indeed highly plausible, because market activities are very often coupled to grants received from public institutions. Very often, non-profit organisations transform themselves into entrepreneurial non-profit organisations to obtain financial support from public institutions. Once this support is terminated, the market activity of these organisations often ceases too. As a result, the market activities of non-profit organisations can be periodical.

According to the literature, Polish entrepreneurial non-profit organisations do not seek to the same extent as their Western European counterparts to hire paid workers. According to Leś and Ciepielew ska-Kowalik (2014a, p. 27), among foundations, associations and other voluntary organisations, the employment-generating function is not an explicit role. These organisations are rather producers of goods and services for their members and broader

communities, and they rely predominantly on temporary employment as a less costly form. Indeed, the bad financial situation of many small non-profit organisations compels them to use less expensive options, not permanent jobs. The “convenience” of this type of employment in the non-profit sector is reflected in the data on dynamics between temporary and permanent positions. In 2010, only 15% of non-profits employed permanent workers. Non-profits generated a significant portion of temporary positions, which constituted 23% of all paid employment in the Polish non-profit sector, but 62% of associations and foundations did not have any paid staff at all (GUS 2014). In 2012, the use of volunteer work was declared by 90% of Polish non-profits; the overall number of volunteers in the country exceeded 2 million people (CSO 2014). All in all, Polish non-profit organisations hire no more than 100,000 workers (no more than 75,000 on permanent basis). This is why, in Poland, the economic potential of associations, foundations and other voluntary organisations, measured by the number of full-time paid work posts created in the sector, is lower than in the former EU-15 countries: in 2008, in the EU-15, non-profit organisations created 4.8% of national off-farming employment; in Poland, this figure was 11 times lower (0.43%; see Ciepielewsk-Kowalik 2013).

It seems that Polish entrepreneurial non-profit organisations are deeply embedded in a social—rather than economic—dimension. Foundations and even more so associations are created by citizens to achieve a public benefit. The process of decision-making is not linked to capital ownership, and the distribution of profit is strictly prohibited. The only characteristic, among EMES social indicators, which is not self-evident for entrepreneurial non-profit organisations is their participatory nature. The majority of non-profit organisations, especially foundations with governing councils/boards, do not include a wide range of stakeholders in their decision-making process. Nevertheless, some of them try to incorporate different interested parties into their actions.

The major challenge faced by entrepreneurial non-profit organisations is to develop a stable and “real” market activity. Their market activities should not be so closely tied to financial resources provided by public institutions. Currently, market activity of non-profit organisations is performed too often with a “safety rope” of public finance resources. Such a situation does not lead to the creation of a market risk but to the creation of an “administrative risk”. Entrepreneurial non-profit organisations are often more focused on carrying out bureaucratic procedures than on pursuing economic opportunities. Accordingly, entrepreneurial non-profit organisations become more dependent on public institutions, and they do not develop the skills necessary to perform proper market activities.

The operational autonomy of non-profit organisations is guaranteed by Polish law. It is one of the most substantial characteristics of those organisations. In order to emphasise their autonomy, especially from the state, they are very often described as “non-governmental organisations”. Nonetheless, it is worth mentioning that in recent years there has been an increasing awareness, among non-profit organisations, that their reliance on public financing could well lead to their dependence on public institutions. Therefore, the introduction of market could be considered as one way of escaping the influence of public authorities, be they European, national or local.

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12 Non-profit organisations are regulated by three major sets of regulations: the law on foundation of 1984, the law of association of 1989 and the law on public benefit activities and volunteering of 2003.
Model 3: Work and social integration social enterprises

The third and last model discussed in this paper includes work and social integration social enterprises. These entities began their activities with the social aim of reducing inequalities in the labour market. After the political changes at the turn of the 1990s, the structure of the workforce was not adapted to the proper needs of the Polish market. This resulted in an increase in the unemployment rate and in social dissatisfaction. The social enterprises presented in this model try to contribute to the process of reduction of the discrepancies on the Polish labour market and to the social reintegration of groups of people who are excluded from society.

Two sub-groups can be distinguished within model 3. The first one (3a) targets the disabled. During the first phase of the transition period, at the beginning of the 1990s, workshops for the disabled, organised by occupational therapy workshops, were established. These work integration social entities started to work with the purpose of socially reintegrating the target group of disabled participants. Subsequently, during the second phase, there was a noticeable increase in institutionalisation. Since August 27, 1997, the Polish Act of Social Rehabilitation and Employment of the Disabled People has been in force; its goal is the promotion of social and work integration on the part of social entities which endeavour to provide rehabilitation programmes for their beneficiaries. In addition to the occupational therapy workshops, one can also point to the existence of sheltered work facilities and vocational rehabilitation facilities. These institutions try to provide support for their participants and to help them to be part of the labour market. They provide their participants with opportunities to be part of society, and to be able to work in the future. After the introduction of the act, in 1997, and the decree of the Polish Ministry of Labour and Social Policy of December 14, 2007, an increase in the number of vocational enterprises for the disabled has been observed. However, since 2003, the last phase of the transition period has also resulted in a significant decrease—by 50%—in the number of sheltered work facilities, whose funding from government sources has diminished.

The second group of social enterprises (3b) in model 3 is constituted by social integration centres and clubs. The beginning of their activities goes back to the first years of the twenty-first century, i.e. the last phase of the transition period. The main goal of these organisations is the social and work integration of people who are excluded from the labour market, or who have difficulties in getting a job because of their individual backgrounds (lack of skills or experiences or other personal problems). The first national act that defined the environment of these work integration social enterprises was adopted on June 13, 2003. An additional document that supports the activities of these social enterprises is the Act of Employment Promotion and Labour Market Institutions of April 20, 2004. This document defines the duties of the government to support employment promotion and employment reactivation, and to reduce the effects of unemployment. During the last 10 years, a significant growth in their activities has been observed. Based on the report provided by the Polish Ministry of Labour and Social Policy at the end of 2011, there were 74 active social integration centres, while data from the end of 2010, supported by the Departments of Social Policy of province authorities, estimates that around 223 social integration clubs ran their activities continuously.
Within Model 3, we single out social integration centres, social integration clubs and vocational enterprises for the handicapped and the disabled, including occupational therapy workshops, sheltered work facilities and vocational rehabilitation facilities. The National Programme for the Development of the Social Economy (2014) mentions these enterprises as components used to support the Polish social economy through work and social integration. These reintegrating organisations prepare their workshops’ participants for further work on the labour market. Furthermore, these organisations concentrate their attention on two main aspects: they focus both on the work integration and on the social integration of those who participate in the workshops.

**Vocational enterprises for the handicapped**

The main goal of the activity of vocational enterprises for the handicapped (3a) is to provide a rehabilitation programme for their beneficiaries. This process can be divided into work rehabilitation, social rehabilitation and therapeutic rehabilitation of the disabled. All vocational enterprises for the handicapped are managed by their board and concentrate on providing the disabled with the opportunity to take part in work and social rehabilitation. Occupational therapy workshops achieve these goals by providing therapeutic rehabilitation, whereas sheltered work facilities and vocational rehabilitation facilities divide their activities into work and social rehabilitation of their participants.

Data reported by the Government Plenipotentiary for Disabled People (2014) indicate that, at the end of 2013, there were 1,416 sheltered work facilities (Zakłady Pracy Chronionej, or ZPCH) in the country; among their employees, 79.91% were disabled workers.

Based on previous research at the national level (TNS OBOP 2009; PFRON 2014), it should be noted that vocational rehabilitation facilities (Zakłady Aktywności Zawodowej, or ZAZ) generally focus on social and therapeutic rehabilitation; the work rehabilitation dimension is little developed. 71.9% of employees are beneficiaries (disabled), whereas the other 28.1% are regular employees, such as physiotherapists, doctors, nurses, psychologists and job instructors. Considering the data from 2012 provided by the State Fund for the Rehabilitation of the Disabled (PFRON), there were 58 vocational rehabilitation facilities operating in Poland then. At present, it is estimated that there are around 70 organisations that conduct their economic activities under this form. Generally speaking, they are organised by non-governmental organisations (56.9%) and local authorities (43.1%); they are thus launched by civil society organisations. A significant minority of vocational rehabilitation facilities focus their operation on providing services (24.5%) or goods (7.5%), but a majority of organisations combine both activities (67.9%). Their outputs are sold on local markets (73.1%), on regional markets (17.7%) and on the national market (7.6%); only a small percentage is exported (1.6%), according to the report by PFRON (2014). One can thus point out a strong concentration of their activities on the local level. The State Fund for the Rehabilitation of the Disabled is a major founder of vocational rehabilitation facilities, both during the process of creation of enterprises and when they are already in operation: it covers around 82% of their expenses. Consequently, vocational rehabilitation facilities may not be considered as obviously meeting the criterion of taking significant economic risk. However, they do sell goods and provide services within a competitive market.
According to the legal acts, vocational enterprises for the handicapped are obliged to include, within their employment structure, at least 70% of disabled employees (with different degrees of disability) from their target group. This condition appears to be met in both types discussed above. Moreover, their surpluses must be reinvested in the rehabilitation process of their members.

Unfortunately, in the case of occupational therapy workshops (Warsztaty Terapii Zajęciowej, or WTZ), the latest research at the national level dates back to 2005 (Chorąży et al. 2008). At this time, there were 608 social enterprises conducting their activities under this form; almost 60% of these had been launched by non-governmental organisations. The activities of these social enterprises are based on providing therapy rehabilitation to a targeted group of people. On average, one occupational therapy workshop provides courses for 32 people. Data demonstrate that all these enterprises’ activities are addressed to the disabled only, and that the intellectually disabled represent more than 60% of the total participants. At the end of 2005, PFRON’s financial support covered almost 97% of occupational therapy workshops’ total revenues. It can thus be considered that public funding reduces the level of economic risk (particularly liquidity risk) in Polish occupational therapy workshops and that these enterprises are indirectly influenced by local governments.

**Social integration centres and social integration clubs**

The main goal of social integration centres and social integration clubs (3b) is the reduction of the inequalities experienced by their target groups; they pursue this goal through the work and social integration of these groups into society. The local activities of these organisations are targeted at the unemployed, the homeless, alcohol and drug addicts, the mentally disabled, ex-prisoners, refugees, and other disabled. The services provided by social integration centres and social integration clubs are mostly targeted at people with a low level of education (Karwacki 2009). Over the period 2004-2011, 77% of participants in social integration centres had only a primary and vocational education, while only 23% had a secondary or higher education. Nowadays, we observe an increase in the number of participants who are highly educated.

Social integration centres and social integration clubs, apart from reintegration, also provide educational, psychological and legal support for their target groups. Social integration centres can run market activities and employ their participants within the framework of work integration. Their participants receive a monthly salary (benefit) which is equal to 80% of the Polish unemployment benefit. Social integration clubs focus their actions mainly on supporting their participants in their search for regular jobs. They may organise programmes of temporary employments (social internships) and may provide legal support as well. These institutions mostly employ supporting workers who are highly educated.

Based on the report provided by the Polish Ministry of Labour and Social Policy (2012), at the end of 2011, there were 74 active social integration centres; among these, 20 had been created by local government units and 54 were run by third sector organisations. This confirms that these work integration social enterprises are mostly instigated by civil society organisations or a group of citizens who are involved in activities concerned with critical local social issues. Nevertheless, in the case of Polish social enterprises, it is also common that government entities initiate these kinds of social activities. Within this form, the decision-making process is
initiated by the board of the entity. Participants in social integration clubs, in general, have a rather modest influence on the decision-making process; they only have a consultancy role. A detailed analysis of the income structure of social integration centres shows that they are highly dependent on public support: their revenue mix is composed of income from own activities (12.3% of the overall budget), revenue from public sources (59.4%),\footnote{Revenue from European social funds (38.3% of the overall budget), local government units (16.8%), provinces (4.1%), State Fund for the Rehabilitation of Disabled People (0.2%).} and private sources (28.2%) such as labour funds. This significant dependence on public sources results in a significant reduction of economic risk, particularly liquidity risk, and in the indirect influence of local governments on these enterprises. This dependence may also contribute to a lower degree of autonomy of Polish social integration centres. The analysis of social integration clubs’ resources reveals that they do not meet EMES criterion regarding autonomy either: indeed, on the basis of information provided by the Polish Ministry of Labour and Social Policy, it can be estimated that about 62% of social integration clubs are run by local government units, while the rest are administered by non-governmental organisations. This demonstrates that public authorities play a major role in the direct and indirect management of these entities. Furthermore, as was observed in the case of social integration centres, social integration clubs are governed by their board members, among which participants are not represented. Consequently, participants in the activities provided by these social enterprises do not have any impact on the decision-making processes. As can be noted, none of these reintegration enterprises play a key role in the process of work reintegration: even though, as of 2010, the number of social integration clubs was three times higher than the number of social integration centres, the total number of social integration clubs and centres remains low. Analysing the data from the end of 2010 (provided by the Departments of Social Policy of provincial authorities), one can find that approximately 223 social integration clubs ran their activities continuously; unfortunately, there is a lack of detailed information about their incomes and statistics. Indeed, Polish acts passed before 2011 do not provide for any procedures/processes of information sharing or publishing by these entities.

In summary, the success of social integration centres and clubs in Poland is due mainly to the fact that these institutions are included in the framework of the process of the social and the work reintegration. According to the Polish legislation, from 2004, solutions devised to deal with the problems of unemployment and the support to excluded groups, have enabled these enterprises to achieve this stage. They are exploited by public authorities and organisations from the third sector as a tool to work on a social and work reintegration of their participants.

**PART C: INSTITUTIONAL TRAJECTORIES OF THE MAIN SE MODELS**

As mentioned in the previous sections, Polish social enterprises today base their activities on the Acts and official regulations which support them exclusively within each of the presented models or activity domains. Unfortunately, a unique (separate) framework, which would treat all of them, regardless of their legal forms, activity domains and other specific features, is still lacking. As a solution to this situation, the Polish Government has, in recent years, attempted to introduce common regulations which would be widely applicable. In 2008, a governmental body, under the title of the Council on Systemic Solutions in the Field of Social Economy, was established to support the process of developing key solutions for the Polish field of social economy. Within this process, particularly worth mentioning are the draft of the National Programme for Social Economy Development (KPRES) and the draft of the Legal Act on Social Enterprise (Ustawa o Przedsiębiorstwie Społecznym), whose goals are to define and to describe...
the legal framework for social enterprises in Poland. Beside these two projects, the Council also works on the Loan Fund for Social Enterprises and on the System of Accreditation for Social Economy Support. In this part of the paper, we discuss the two major projects mentioned above in the light of their legal framework.

The National Programme for Social Economy Development (KPRES) is a governmental project which determines the key directions of public support for the social economy. It was created with the aim of providing the best possible conditions for the stable development of the social economy and social enterprises in Poland. The propositions of this document are addressed both to the authorities and to those entities that propose and implement public policies in the field of the social economy, as well as to people who are involved in the activities of social enterprises.

The project (KPRES 2014) defines actions which should be undertaken by Polish public authorities, and which would exploit the public financial support to strengthen the sector of the social economy. Additionally, the purpose of this document is to contribute to the achievement of national developmental goals, such as an increase in the employment rate, particularly within the group of people who have difficulties in getting a job on the labour market. The programme defines the main goal for the year 2020, which states that the Polish social economy should contribute significantly to the increase in employment, social coherence, and development of social capital. Achieving this local development might require a context characterised by a strong and mature local society, a high rate of social capital, and a well-developed policy on the social economy. Within the framework of the KPRES national programme, five main sections define the way in which the national programme should be implemented. The first section defines the actions that would be necessary to build a strong pillar of society which would be interested in contributing to the development of local actions within the social economy. The second section provides for actions to introduce a supporting policy for the social economy. The Act on Social Enterprises is one of the crucial tools for—and a perfect example of measure supporting—the realisation of this priority. The third section includes proposals about financial state support. The fourth section provides solutions as to the ways in which the field of the social economy should be coordinated at the national level, and how it is to be monitored. Finally, the last section describes the actions required to instruct and to educate Polish society in the field of the social economy.

This KPRES project was discussed many times with different groups of interest. On the one hand, many opinions have been expressed that the Polish sector of the social economy needed some radical changes in terms of legislation, which should cover the whole social sector; in such perspective, the working programme was evaluated positively by some of the local authorities. On the other hand, however, the view has been voiced many times that this national strategy is limited in crucial aspects, such as the definition of the social problems which should really be addressed by the state (mentioned in Part A). Furthermore, some also point out the risks that may arise from framing the environment of the social sector. One such risk is that of depriving social enterprises of their innovative possibilities: social entities might start to follow only the direction most likely to fulfil the required criteria, thus losing touch with their innovative nature. Another risk would be to make them completely dependent on future public support. Furthermore, the KPRES project identifies social enterprises as entities that face economic risk but, as was noted in Part B (“Identification of social enterprise (SE) models”), within model 3 there are social enterprises that do not fulfil this EMES criterion, but which we still consider as social enterprises. Work and social reintegration social enterprises are indeed entities that currently base their activities on public financial sources. For these institutions, the level of the economic risk (particularly liquidity risk) is significantly reduced; as a result, within
the created legal framework, these organisations, which do not fit the “desired” model of social enterprise, might be left out, which would result in their exclusion from the programme of financial support.

To date (i.e. on August 12, 2014), the National Programme for Social Economy Development was accepted by the Polish Ministry as Resolution number 164 as a whole, in accordance with the National Development Strategy 2020. If further opinions are positive, then the National Programme for Social Economy Development will be voted on by the Polish Parliament in the coming months.

The Legal Act on Social Enterprise is a draft of official regulation and has not, as yet, been incorporated into Polish law; as such, it has had the status of a project for the last 7 years. It has been discussed and consultations about it have been organised at the level of the government, experts and other stakeholders.

Schimanek (2013) provides a succinct overview of the work on the legal regulatory framework for social entrepreneurship and social enterprise for the period between 2008 and 2013. He also highlights that the first discussions leading to the formulation of guidelines on the idea of social enterprise in the legal area took place as early as 1997. This was the time when Poland participated in the EQUAL project. All of the efforts that had been undertaken previously, until the implementation of the EQUAL project, resulted in government measures for the development of a social economy in Poland. Since Poland joined the EQUAL project, the main idea has been to outline the subject of social enterprise without creating a new, specific legal form. It was suggested that the purpose of social enterprise would be to prevent social exclusion and unemployment by serving the cause of social integration for the excluded.

After almost 10 years of efforts within the EQUAL project, some formal recommendations were submitted to the government, and in 2009 the Prime Minister established an expert group to work on this topic. Finally, as a result, the draft of the Act on Social Entrepreneurs and Support for the Social Economy was prepared by the Ministry of Employment and Social Policy in 2013\(^{14}\). According to this act, to gain the status—we could even say the “label”—of social enterprise, an organisation needs to register under one of the available legal forms (such as limited company, joint-stock company, workers’ cooperative, social cooperative, NGO,…), run an economic activity and meet a number of requirements\(^{15}\) (which we list below). The act distinguishes between two types of social enterprises. One type focuses on the work reintegration of the socially excluded. There are clear guidelines which define the required share of excluded individuals in the overall employment. The other type of social enterprise focuses on providing particular services, which are listed in the regulations\(^{16}\). Both types must employ the socially excluded for the purpose of their social and work reintegration\(^{17}\). Social enterprises must be registered in the National Court Register (NCR)\(^{18}\), just like any other

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\(^{15}\) Article 4 of the proposed Act.

\(^{16}\) These services include social help, care for children under 3 years old, running non-public nursery schools, mental health care support and support for the disabled.

\(^{17}\) Article 5 of the proposed Act.

\(^{18}\) The National Court Register is a body registering enterprises in Poland.
enterprise in Poland. The profit gained by the social enterprise must be reinvested into its aims, its own development, or into any activity related to public benefit. At the same time, there are regulations to which a social enterprise must conform, via financial and other reporting activities. In return, social enterprises get benefits under the form of reduced property taxes, reductions of the Corporate Income Tax and in-payments from government bodies redistributing funds for the disabled; they can also use volunteer support. Another important point is that a social enterprise must establish an advisory internal body with employees or volunteers as members, optionally involving other stakeholders such as representatives of local governments or clients.

It is highly debatable whether the proposed legislation is likely to support SE development. There are many different voices raised in opposition to these ideas and proposals. Some argue that the existing regulatory framework for particular types of SE models is sufficient and does not need to be replaced by any official Act on Social Enterprise. Others claim that existing sectorial regulations have not been improved for many years, that this shows the lack of efficiency on the part of the government, and that there is no guarantee that the proposed regulation is likely to offer a solution for all the problems and challenges in social enterprise development in Poland, nor that it will lead to a common identity of the SE field in the future. In terms of the legal framework, the proposed regulation appears to respond adequately to the EMES guidelines on social enterprise. No special legal form for social enterprise will be introduced into the legal framework; this resonates with Hausner’s opinion, referred to earlier in this paper, according to which whether an organisation becomes a social enterprise or not does not depend on its property form, but rather on its relations with its environment. The new regulation will also allow for a variety of organisations, from joint-stock companies to associations focusing their activities on social objectives, to gain this status and operate under common conditions.

**SUMMARIZING CONCLUSIONS**

This paper has expanded on the current discussion on social enterprise in Poland by proposing three social enterprise models: cooperatives (Model 1, within which two sub-models can be distinguished, namely traditional cooperatives and social cooperatives), entrepreneurial non-profit organisations (Model 2), and work and social integration social enterprises (Model 3). Each of these three models operate in their own organisational fields and, moreover, they are internally heterogeneous. They have followed different institutional trajectories since their beginnings. Non-profit organisations and cooperatives obviously grew dynamically, as a response to a variety of social needs and under the influence of industrialisation before the Second World War.

The authors distinguish three major periods in the history of social enterprise development in Poland: the period prior to the Second World War; the period of communist rule (1945-1989); and the transition period (after 1989). The diversification and greatest development took place in the first and the third periods, but the three models followed different development paths and restructuring in the transition period. The various models’ institutional trajectories were described in the present paper, as was the evolution of the Polish legislation, which is likely to change in the coming months with the introduction of the Legal Act on Social Enterprise. The

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19 Article 7 of the proposed Act; Articles 9-11 of the proposed Act. To get the status of social enterprise, an organisation must be evaluated by the Chamber for Social Entrepreneurs (Schimanek 2013).

20 Article 17 of the proposed Act.

21 Articles 20-21 of the proposed Act.
authors point out that there is no unified opinion as to whether and how this act will contribute to social enterprise development in Poland. They also briefly outline the National Programme for Social Economy Development, which is very likely to have a significant impact upon social enterprise in Poland.

It is necessary to consider some more extensive research concerning social enterprises in Poland, as the existing data on the different models referred to in this paper is scarce and not up-to-date.
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