

SOCIAL ENTREPRENEURSHIP IN POLAND

Assist. Prof. Barbara Węglarz, PhD
Pedagogical University of Krakow, Poland

Abstract: *Despite the fact that social entrepreneurship has been the subject of interest of researchers since the early 1980s, it has still not been clearly defined. There are two dominant approaches to this issue. The first is based on social enterprise and the second on social innovation. What the two approaches have in common is the entrepreneurial solving of social problems. One problem related to this issue is an inaccurate definition of social entrepreneurship. An example is Poland, where many researchers equate the notion of social entrepreneurship with the social economy. The above issue, as well as the approximation of the essence of social entrepreneurship, will be discussed in the first part of the presentation. In the second part, selected issues related to social entrepreneurship in Poland will be discussed.*

Keywords: *social entrepreneurship, social enterprise, social problems*

Introduction

The increased interest in social entrepreneurship is explained by social, economic and political changes, as well as the problems of the public sector in meeting and financing social needs and changes in the way public services are provided that took place at the turn of the 20th and 21st centuries. The emergence of social entrepreneurship resulted primarily from the increase in social inequalities and social problems combined with a decrease in public funding and a focus on market mechanisms in the distribution and redistribution of resources. This resulted in an increase in the demand for social services and was a reason to search for new forms and methods of operation, as well as their contractors, without increasing the intervention of public decision-makers and in a way that would also be acceptable to the private sector.

There is no single generally accepted definition of social entrepreneurship. The approach to the title issue is also varied. Comparative studies also prove that the genesis, understanding and legal regulations related to social entrepreneurship are different.

The purpose of the article, apart from explaining what social entrepreneurship is, will be an attempt to bring this issue in Poland, in particular in terms of the current legal status. For this purpose, a review and analysis of the literature on the subject was made, using articles, monographs, legal acts and documents on social entrepreneurship.

Social entrepreneurship - basic issues

Entrepreneurship refers to how to manage both economic and non-economic resources, such as individuals, families or other social institutions. Although it is usually measured by economic profit, there are other measures of entrepreneurship. Social entrepreneurship is a special type of economic activity, leading to the accumulation of both tangible and intangible goods, such as social capital. However, the measures of accumulation of the latter are not so easy to determine, which leads



to discussions and attempts to create models that allow to indicate the multidimensional profit resulting from social entrepreneurship.¹

While social entrepreneurship is not a new phenomenon, social entrepreneurship terminology began to appear in the academic literature in the 1990s.² Researchers indicate the presence of this term in the works of such authors as J. Banks, N. Chamberlain, A. Etzioni,³ or in the studies of D.R. Young.⁴ Social entrepreneurship is described in the literature using various terms. The most frequently used terms are: *social entrepreneurship*, *social entrepreneurship organization*, *social entrepreneur*. In addition, there are other terms in the literature, such as: *green entrepreneurship*, *non-profit startups*, *environmental entrepreneurship*, *social justice*, *social innovation*, *sustainable entrepreneurship* (H. Neck), *social business* (M. Yunus, K. Weber, P. Villotti); *societal entrepreneurship* (V. Ratten, I. M. Welppe); *social firms* (E. Gilbert); *social venture* (J. Mair, E. Noboa); *non-profit entrepreneurship* (S.T. Helm, F.O. Andersson); *social economy enterprise* (M. Vézina).⁵

Another problem related to social entrepreneurship is the lack of a single, universally accepted definition. Researchers dealing with this issue point to the complex and multifaceted nature of the concept, as well as a large number of definitions. In the literature on the subject, one can find attempts to organize and classify them. The most common is the division into subjective, objective and process definitions.⁶ The essence of social entrepreneurship in the subjective perspective is a social entrepreneur - a person with a visionary approach, able to recognize and use opportunities to achieve a social mission and create innovative solutions to social problems in the community.⁷ In the object approach, the focus is on the organization, i.e. on the social enterprise. Most often, they are defined as organizations that work to achieve social goals. They can take various legal forms, but they share a common element, consisting in the search for solutions based on business experience for the implementation of social goals and the possibility of allocating profits from activity to the implementation of activities beneficial to the community.⁸ The essence of this approach is the dual nature of this type of enterprise. On the one hand, these are market-oriented entities, i.e. generating profit, but at the same time focused on the implementation of social goals.⁹ Process definitions focus on the description of

¹Waligóra A., *Spoleczne umocowanie przedsiębiorczości społecznej*, Studia Oeconomica Posnaniensia, vol. 3, nr 7, 2015, s. 73

²Brock, Debbi D. and Kim, Marina, *Social Entrepreneurship Education Resource Handbook*, 2011, p. 8.

³Nicholls A., *Social Entrepreneurship. New Models of Sustainable Change*, Oxford 2006, p. 7.

⁴Bacq S., Janssen F., *The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria*, „Entrepreneurship & Regional Development”, nr 23(5–6)/2011, p. 375, <https://doi.org/10.1080/08985626.2011.577242>.

⁵Pacut A., *Rozwój przedsiębiorczości społecznej w Polsce*, Warszawa 2022, pp. 15-16.

⁶Pacut A., *Rozwój przedsiębiorczości społecznej- istota i kierunki analizy*, „Ekonomia Społeczna” 1/2015, p. 9.

⁷Hoogendoorn B., Pennings E., Thurik R., *What Do We Know About Social Entrepreneurship: An Analysis of Empirical Research*, Erasmus Research Institute of Management, ERIM Report Series, Reference No. ERS-2009-044-ORG, 2010, pp. 1-3, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1462018.

⁸Haugh H., *Przedsiębiorstwo społeczne: więcej niż wynik ekonomiczny i indywidualny zysk*, [w:] J. Mair, J. Robinson, K. Hockerts (red.), *Przedsiębiorczość społeczna*, tłum. K. Dzieciotłowicz. Warszawa 2010, p. 201.

⁹Weerawardena J., Mort G.S., *Investigating social entrepreneurship: a multidimensional model*, Journal of World Business, vol. 4/2006.

activities and processes undertaken to implement social activities, aimed at new and increasingly effective ways of solving social problems or meeting social needs. In this case, the process that takes into account the identification of a specific social problem and finding a solution for it, social impact assessment, business model and sustainability of the project is analyzed.¹⁰ Another attempt at classification can be found in the report of the European Commission. According to this classification, organizational and sectoral definitions are distinguished. Organizational definitions focus on the characteristics of a social enterprise. On the other hand, sectoral definitions apply only to certain enterprises. It is primarily about those that focus on the so-called social inclusion of people excluded from the labor market.¹¹

Social entrepreneurship in Poland

Terminological and definitional problems occurring in world literature can also be found in Polish literature. The most popular terms that can be found in Polish publications include: social entrepreneurship, social economy, social economy enterprises, social enterprises, social economy sector.¹²

Among Polish researchers there are those who identify or combine social entrepreneurship with the social economy. One can cite the views of H. Zboroń, according to whom social entrepreneurship consists in the activity of social economy entities.¹³ J. Herbst and J.J. Wygnański believe that the manifestation of the social economy is social entrepreneurship understood as the ability, readiness and willingness to take responsibility for the actions taken.¹⁴ J. Hausner, N. Laurisz and S. Mazur argue that a social enterprise is a key link in the social economy. However, it does not focus only on the production of specific goods and services, but also on mobilizing social capital and generating innovation. Although a social enterprise is part of a market economy, it locates its mission and goals outside the market.¹⁵

Some refer social entrepreneurship to the third sector, i.e. non-profit organizations. In the opinion of M. Leś, social entrepreneurship is understood as the activity of non-profit organizations, primarily associations and foundations.¹⁶ In the opinion of T. Kaźmierczak, the emergence of social entrepreneurship is a consequence of changes taking place in the third sector. The essence of these changes is the diversification of its structure and functions.¹⁷

¹⁰Robinson J., *Navigating Social and Institutional Barriers to Markets: How Social Entrepreneurs Identify and Evaluate Opportunities*, [w:] J. Mair, J. Robinson, K. Hockerts (red.), *Social Entrepreneurship*. New York 2006, p. 109.

¹¹Borzaga C., Galera G., Franchini B., Chiomento S., Nogales R., C. Carini, *Social enterprises and their ecosystems in Europe. Comparative synthesis report*, Luxembourg: Publications Office of the European Union; European Commission. (2020a).

¹²Praszkier R., Nowak A., *Przedsiębiorczość społeczna: teoria i praktyka*, Warszawa, 2015, p. 38.

¹³Zboroń H., *Ekonomia społeczna a ekonomia rynku – alternatywa czy dopełnienie?*, *Studia Oeconomica Posnaniensia*, vol. 3, nr 7/2015.

¹⁴Herbst J., Wygnański J.J., *W stronę przedsiębiorczości społecznej – ekonomizacja organizacji pozarządowych*, [w:] M. Grewiński, M. Rymśza (red.), *Polityka aktywizacji w Polsce. Usługi reintegracji w sektorze gospodarki społecznej*, Warszawa 2011, pp. 150-151.

¹⁵Hausner J., Laurisz N., Mazur S., *Przedsiębiorstwo społeczne – konceptualizacja*, [w:] J. Hausner (red.), *Zarządzanie podmiotami ekonomii społecznej*, Kraków 2008, pp. 9–11.

¹⁶Leś E., *Organizacje non profit w nowej polityce społecznej w Polsce na tle europejskim*, Warszawa 2013, p. 17.

¹⁷Kaźmierczak T., *Zrozumieć ekonomię społeczną*, [w:] T. Kaźmierczak, M. Rymśza (red.),



The dominant approach to social entrepreneurship is its understanding as one of the types of entrepreneurship. In the opinion of M.H. Kurleto social enterprise is an organized form of aid activity for which the implementation of designated social missions is more important than achieving economic profits. A social enterprise defined in this way uses business methods, functioning on the market in a micro, meso and macro environment, on the basis of strictly defined legal provisions in force in a given country.¹⁸ The supporters of such an approach, i.e. understanding social entrepreneurship as one of the types of entrepreneurship, include, among others: B. Glinka, J. Duraj, A. Kurczewska, M. Nawojczyk, T. Kraśnicka, M. Łaguna, M. Papiernik-Wojdera, M. Wronka.¹⁹ It is also important that supporters of such an approach to social entrepreneurship do not oppose it to business entrepreneurship. One can find the opinion that the latter is integrated into social entrepreneurship, because the social enterprise uses business strategies to generate income to achieve a social goal.²⁰ There is no doubt, however, that both types of entrepreneurship differ in their goals, motivations, working methods, type of clients, attitude to earned income and approach to risk, or achieved results..²¹

Some researchers trace the origins of social entrepreneurship in Poland in the 17th century, i.e. the period when citizens began to create organizations to solve various social problems. It was then that organizations of mutual fire-fighting assistance, called "fire orders", were established, then neighborhood companies, agrarian communities, craft guilds, and during the partitions, the cooperative movement was established and dynamically developed until the period of the Polish People's Republic.²² On the other hand, social entrepreneurship as a business form has been developing in Poland for about 20 years and is a model that reflects the Polish development of social and economic activity. An important role in the development of Polish social entrepreneurship was played by Poland's accession to the European Union. EU funds have played a key role in stimulating the activities of social enterprises.²³ An important step supporting the activities of social enterprises and unifying the principles of their operation was the entry into force of the Act of August 5, 2022 on social economy. Until 2022, social entrepreneurship in Poland was not regulated by law. This changed with the entry into force of the Act of August 5, 2022 on social economy. It is the first act of statutory rank in Poland, which refers to the issues of social economy and social entrepreneurship. Pursuant to the regulations, the act regulates, among others: organization and principles of operation of a social enterprise, principles of obtaining and losing the status of a social enterprise, supervision over a social enterprise as well as instruments supporting a social enterprise. The following entities may apply for the status of a social enterprise:

- social cooperative,
- a worker cooperative, including a cooperative for the disabled and a cooperative for the blind, and an agricultural production cooperative,

Kapitał społeczny. Gospodarka społeczna, Warszawa 2007, pp. 93-94.

¹⁸Kurleto M.H., *Model przedsiębiorstwa społecznego*, Warszawa 2016, p. 267.

¹⁹Pacut A., *Rozwój przedsiębiorczości społecznej w Polsce*, Warszawa 2022, p. 73.

²⁰Duraj J., Papiernik-Wojdera M., *Przedsiębiorczość i innowacyjność*, Warszawa 2010.

²¹Boschee J., *Migracja od innowacyjności do przedsiębiorczości*, [w:] J.J. Wygnański (wybór tekstów), *Przedsiębiorstwo społeczne. Antologia kluczowych tekstów*, Warszawa 2008, pp. 208–242.

²²Pacut A., *Rozwój przedsiębiorczości społecznej w Polsce*, Warszawa 2022, pp. 88-94.

²³Ofierska M., *Przedsiębiorczość społeczna w praktyce*, Nidzica 2020, p. 7.

- non-governmental organizations (excluding: Polish political parties, European political parties, trade unions and employers' organizations, professional self-governments, foundations established by political parties and European political foundations,
 - associations of local government units;
 - joint-stock companies and limited liability companies and sports clubs that do not operate for profit and allocate all income for the implementation of statutory objectives and do not allocate the profit to be distributed among their shareholders, shareholders and employees;
 - so-called "church entities", i.e. legal persons and organizational units operating on the basis of the provisions on the relationship of the State to the Catholic Church in the Republic of Poland, on the relationship of the State to other churches and religious associations, and on guarantees of freedom of conscience and religion, if their statutory objectives include conducting benefit activities public;
 - entities such as social integration centers, social integration clubs, professional activity centers, occupational therapy workshops.

The above-mentioned entities will be able to obtain the status of a social enterprise provided they meet certain conditions. One of them is the type of activity. It must relate to one of the following areas:

- family policy,
- family support,
- foster care system,
- social assistance,
- health promotion and protection,
- supporting people with disabilities,
- public education,
- counteracting unemployment,
- culture,
- physical culture and tourism,
- stimulating civic activity,
- housing,
- environmental protection,
- professional and social reintegration.

Pursuant to the Act, the activities of a social enterprise must also serve local development and aim at social and professional reintegration of people at risk of social exclusion or the provision of social services. The condition for obtaining the status of a social enterprise will also be that it conducts paid public benefit activity or economic activity or other paid activity. Another condition is the need to employ a certain number of people in the entity. Here, the act specifically mentions at least 3 persons employed under an employment contract or a cooperative employment contract, each of whom must be employed at least 1/2 full-time.

Additional obligations have been imposed on social enterprises whose activities focus on the social and professional reintegration of people at risk of social exclusion. At least 30% of all employees must be persons at risk of social exclusion, performing work on the basis of an employment contract or a cooperative employment contract, with each person at risk of social exclusion being employed at least 1/2 full-time. Additional obligations have been imposed on social enterprises whose activities focus on the social and professional reintegration of people at risk of social exclusion.



At least 30% of all employees must be persons at risk of social exclusion, performing work on the basis of an employment contract or a cooperative employment contract, with each person at risk of social exclusion being employed at least 1/2 full-time. The social enterprise develops and implements an individual reintegration plan for each employed person at risk of social exclusion, whose employment was supported in order to create a job. The document is developed with the active participation of a person at risk of social exclusion and aims to improve the professional qualifications and social competences of this person. The plan should include, in particular, information on:

- social and professional situation of a person at risk of social exclusion,
- planned activities in the field of social and professional reintegration,
- the assumed effects of the above activities and the method of their assessment.

Having the status of a social enterprise also entails new, additional reporting obligations. The social enterprise draws up an annual report and submits it electronically to the voivode. The model of this report is specified in the Regulation. The electronic list of social enterprises is available on the website of the ministry responsible for social security in the Public Information Bulletin.

The social enterprise must also have a consultative and advisory body which includes all persons employed in the enterprise. In a situation where the number of employees exceeds 10, the consultative and advisory body may consist of representatives of these persons in the number of not less than 3. In the case of a social cooperative which has obtained the status of a social enterprise and whose founder is a legal person, or where the number of members of the social cooperative is smaller than the number of non-member employees, the function of a consultative and advisory body is performed by a consultation meeting with employees. On the other hand, in the case of a limited liability company non-profit, the function of a consultative and advisory body is performed by the supervisory board or the audit committee. Another principle is that a social enterprise is prohibited from allocating the profit or balance sheet surplus obtained from gainful activity to be distributed among its members, shareholders, shareholders and persons employed in it. These entities are also bound by financial transparency. This involves the implementation of special solutions regarding cooperation with persons and related entities and the prohibition of:

- granting loans to legal persons organizationally related to it, or to its members, members of the bodies of this enterprise, persons employed in this enterprise or persons with whom persons employed in this enterprise are married, in cohabitation or in a relationship of consanguinity or affinity in a direct line, consanguinity or affinity in the collateral line up to the second degree or are related by virtue of adoption, guardianship
- transferring assets to related persons on terms other than in the case of third parties, in particular if the transfer is free of charge or on preferential terms,
- use of assets for related persons on terms other than in the case of third parties, unless this use results directly from the statutory purpose,
- purchase goods or services from legal persons organizationally related to it or entities in which related persons participate on terms other than in the case of third parties or at prices higher than market prices.

It is worth emphasizing that the mere fulfillment of the above conditions is not sufficient to obtain the status of a social enterprise. The status is obtained by way of a voivode's decision. To obtain it, an application should be submitted to the voivode

competent for the registered office of the entity. The voivode is also the body supervising the activity of the entity in terms of meeting the conditions necessary to obtain and maintain the status of a social enterprise.²⁴

Summary

In addition to the factors indicated in the introduction, i.e. social, economic and political changes, as well as the problems of the public sector in meeting and financing social needs and changes in the way public services are provided in the Member States, the activities undertaken by the European Union institutions also contributed to the increased interest in the subject of entrepreneurship. Following the introduction of the Social Entrepreneurship Initiative by the European Commission in 2011, one of its main objectives was to support the business model of social enterprises. As a result of this initiative, some European Union countries have not limited themselves to using funds allocated for this purpose, but have implemented legislation in this field or developed strategies to facilitate the development of social enterprises. On the one hand, the activities of the Commission undoubtedly contributed to the development of social entrepreneurship, on the other hand, the implementation of regulations at the national level resulted in great differences in both the way of understanding and the organization of social entrepreneurship in individual Member States, and even within them. Also in Poland, it is clear that both the definitions and concepts of social entrepreneurship functioning in the literature, as well as the very idea and understanding of this issue, are diverse. This situation is beginning to normalize thanks to the entry into force of the Act of August 5, 2022, which regulated a number of issues described in the article. One of them is the obligation to register social enterprises. Thanks to this provision, in 2022, for the first time, it was possible to determine the number of entities classified as social enterprises. As of December 2022, it is known that there are 1,819 social enterprises in Poland, including: 498 foundations, 2 church legal persons, 1 disabled people's cooperative, 681 social cooperatives, 467 non-profit companies, 168 associations and 2 unions of associations.

The main benefits related to the functioning of social enterprises in Poland include solving various social problems, such as poverty, unemployment, social exclusion, health care and environmental protection. The activities of these entities contribute to the improvement of the quality of life and well-being of local communities. In addition to creating new jobs, they work for the development of disabled and excluded people. This happens e.g. because social enterprises aim to generate a positive social impact, not just to maximize profits. Many of them involve the local community and promote citizen participation. Their contribution to the area related to social innovation is also important, because they introduce innovative solutions, both in terms of products and services, as well as in business models. In addition, they focus on a creative approach to solving social problems and often act as catalysts for social change and entities supporting sustainable development.

It is worth remembering, however, that despite the entry into force of the Act and the regulation of many issues related to the functioning of social entrepreneurship, they have not eliminated some problems. Social entrepreneurship is still poorly recognized and understood in Polish society. There is a need for more promotion and education about its essence and benefits. There are also a number of difficulties that social enterprises have to deal with. Access to external funds is a problem for the

²⁴Act of August 5, 2022 on social economy, Dz.U. 2022, poz.1812.



smallest. This is not only because there is a lack of appropriate support programs. This is also due to the fact that people running social enterprises do not have managerial knowledge and fundraising skills. The study conducted in 2019 by Eurofund also pointed out that despite the growing number of social enterprises in Poland, there is a big problem with their sustainability. It turns out that many entities operate until they receive financial support. It would also be worth noting that social enterprises need better cooperation with the public, private and third sectors. The creation of partnerships enables the exchange of knowledge, resources and increases the social impact of social entrepreneurship. Solving the above will require greater involvement of enterprises themselves, but also of various stakeholders, including the government, NGOs, financial institutions and civil society, to create a favorable environment for the development of social entrepreneurship.

Bibliography:

1. *Act of August 5, 2022 on social economy*, Dz.U. 2022, poz.1812.
2. Bacq S., Janssen F., *The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria*, „Entrepreneurship & Regional Development”, nr 23(5–6)/2011, <https://doi.org/10.1080/08985626.2011.577242>.
3. Boschee J., *Migracja od innowacyjności do przedsiębiorczości*, [w:] J.J. Wygnański (wybór tekstów), *Przedsiębiorstwo społeczne. Antologia kluczowych tekstów*, Warszawa 2008.
4. Borzaga C., Galera G., Franchini B., Chiomento S., Nogales R., C. Carini, *Social enterprises and their ecosystems in Europe. Comparative synthesis report*, Luxembourg: Publications Office of the European Union; European Commission. (2020a).
5. Brock, Debbi D. and Kim, Marina, *Social Entrepreneurship Education Resource Handbook*, 2011.
6. Duraj J., Papiernik-Wojdera M., *Przedsiębiorczość i innowacyjność 2010*.
7. Haugh H., *Przedsiębiorstwo społeczne: więcej niż wynik ekonomiczny i indywidualny zysk*, [w:] J. Mair, J. Robinson, K. Hockerts (red.), *Przedsiębiorczość społeczna*, tłum. K. Dzieciolowicz. Warszawa 2010.
8. Hausner J., Laurisz N., Mazur S., *Przedsiębiorstwo społeczne – konceptualizacja*, [w:] J. Hausner (red.), *Zarządzanie podmiotami ekonomii społecznej*, Kraków 2008.
9. Herbst J., Wygnański J.J., *W stronę przedsiębiorczości społecznej – ekonomizacja organizacji pozarządowych*, [w:] M. Grewiński, M. Rymśza (red.), *Polityka aktywizacji w Polsce. Usługi reintegracji w sektorze gospodarki społecznej*, Warszawa 2011.
10. Hoogendoorn B., Pennings E., Thurik R., *What Do We Know About Social Entrepreneurship: An Analysis of Empirical Research*, Erasmus Research Institute of Management, ERIM Report Series, Reference No. ERS-2009-044-ORG, 2010, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1462018.
11. Kaźmierczak T., *Zrozumieć ekonomię społeczną*, [w:] T. Kaźmierczak, M. Rymśza (red.), *Kapitał społeczny. Gospodarka społeczna*, Warszawa 200.
12. Kurleto M.H., *Model przedsiębiorstwa społecznego*, Warszawa 201.
13. Leś E., *Organizacje non profit w nowej polityce społecznej w Polsce na tle europejskim*, Warszawa 2013.

14. Nicholls A., *Social Entrepreneurship. New Models of Sustainable Change*, Oxford 2006.
15. Pacut A., *Rozwój przedsiębiorczości społecznej- istota i kierunki analizy*, „Ekonomia Społeczna” 1/2015.
16. Pacut A., *Rozwój przedsiębiorczości społecznej w Polsce*, Warszawa 2022.
17. Praszkie R., Nowak A., *Przedsiębiorczość społeczna: teoria i praktyka*, Warszawa, 2015.
18. Robinson J., *Navigating Social and Institutional Barriers to Markets: How Social Entrepreneurs Identify and Evaluate Opportunities*, [w:] J. Mair, J. Robinson, K. Hockerts (red.), *Social Entrepreneurship*. New York 2006.
19. Waligóra A., *Społeczne umocowanie przedsiębiorczości społecznej*, *Studia Oeconomica Posnaniensia*, vol. 3, nr 7/2015.
20. Weerawardena J., Mort G.S., *Investigating social entrepreneurship: a multidimensional model*, *Journal of World Business*, vol. 4/2006.
21. Zboroń H., *Ekonomia społeczna a ekonomia rynku – alternatywa czy dopełnienie?*, *Studia Oeconomica Posnaniensia*, vol. 3, nr 7/2015