



Social enterprises and their eco-systems: A European mapping report

Updated country report: Poland



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Updated country report: Poland

This report provides an overview of the social enterprise landscape in Poland based on available information as of July 2016. The report updates a previous version, submitted by ICF Consulting Services to the European Commission in 2014.¹

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LIST OF ACRONYMS

- BGK – National Economy Bank (*Bank Gospodarstwa Krajowego*)
- CIS – Social Integration Centre (*Centrum Integracji Społecznej*)
- CSO – Central Statistical Office of Poland (*Główny Urząd Statystyczny*)
- EaSI - Employment and Social Innovation Programme
- EIF – European Investment Fund
- ENPO – Entrepreneurial Non-Profit Organisation
- ESF – European Social Fund
- EU – European Union
- FIO – Civic Initiative Fund (*Fundusz Inicjatyw Obywatelskich*)
- FISE – Foundation for Socio-Economic Initiatives (*Fundacja Inicjatyw Społeczno-Ekonomicznych*)
- FTE – Full-time equivalent
- IM – Micro Initiative (*Inicjatywa Micro*)
- KIS – Social Integration Club (*Klub Integracji Społecznej*)
- KKRES – State Committee for Social Economy Development (*Krajowy Komitet Rozwoju Ekonomii Społecznej*)
- KPRES – National Programme for Social Economy Development (*Krajowy Program Rozwoju Ekonomii Społecznej*)
- KRS – National Court Register (*Krajowy Rejestr Sądowy*)
- KSES – State Secretariat for Social Economy (*Krajowy Sekretariat Ekonomii Społecznej*)
- LB – Labour Fund (*Fundusz Pracy*)
- MPiPS – Ministry of Labour and Social Policy (*Ministerstwo Pracy i Polityki Społecznej*)
- MRPiPS – Ministry of Family, Labour and Social Policy (*Ministerstwo Rodziny, Pracy i Polityki Społecznej*)
- NPO – Non-Profit Organisation
- NPR – National Reform Programme (*Narodowy Program Reform*)
- OWES – Social Economy Support Centre (*Ośrodek Wsparcia Ekonomii Społecznej*)
- OZRSS – National Audit Association of Social Cooperatives (*Krajowy Związek Rewizyjny Spółdzielni Socjalnych*)
- PBO – Public Benefit Organisation (*Organizacja Pożytku Publicznego*)
- PFRON – State Fund for Rehabilitation of Disabled Persons (*Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych*)
- ROPS – Regional Centre for Social Policy (*Regionalny Ośrodek Polityki Społecznej*)
- SMEs – Small and medium-sized enterprises
- SOF-1 – Research on foundations, associations and similar organisations, conducted by CSO
- SOF-4 – Research on economic and occupational self-government, and employers' organisations, conducted by CSO
- TISE SA – Social and Economic Investment Company SA (*Towarzystwo Inwestycji Społeczno-Ekonomicznych SA*)
- WISE – Work Integration Social Enterprise

WTZ – Occupational Therapy Workshop (*Warsztat Terapii Zajęciowej*)

WUP – Province Employment Agency (*Wojewódzki Urząd Pracy*)

WWII – Second World War

ZAZ – Professional Activity Establishment (*Zakład Aktywności Zawodowej*)

ZPCh – Supported Employment Enterprise (*Zakład Pracy Chronionej*)

EXECUTIVE SUMMARY

Background

Polish social enterprises have their roots in voluntary engagement and cooperative movements dating long before the Second World War. These traditions survived despite the communist regime and then revived in the democratic revolution after the breakthrough of 1989, enabling associations and foundations to bloom in the following years. More recently, Poland's entry to the European Union played a key role in boosting the development of social enterprises. This factor introduced social enterprise as a theoretical concept. This resulted in two parallel processes: the evolution of traditional legal forms—such as foundations and associations—toward market orientation, and the legal recognition of totally new legal types, such as social cooperatives.

Social enterprises roots and drivers

According to the EU operational definition, four types of social enterprises can be distinguished. These are: type 1: Social Cooperatives, type 2: Entrepreneurial Non-Profit Organisations (ENPOs), type 3: Professional Activity Establishments (*Zakład Aktywności Zawodowej* – ZAZ) and type 4: Non-Profit.

Social cooperatives can be regarded as social enterprises par excellence, and—along with ENPOs—they are situated in the very centre of the 'constellation' of Polish social enterprises. ZAZ and non-profit companies can be included in the social enterprise 'constellation', although they are situated a little further from its very centre.

Social enterprises in Poland are regulated by legal frameworks specified for each type. This is due to the fact that no commonly shared legal definition of a social enterprise has yet been agreed upon. However, some steps toward the legal recognition of social enterprises have been made in the National Programme for Social Economy Development (KPRES), which was accepted by the Council of Ministers in 2014. It recognizes social enterprises as various legal types demonstrating particular features. Legal recognition of a social enterprise is also declared by the draft Act on Social Enterprises and Supporting Social Economy, which—if enacted—will introduce a social enterprise status that could be obtained by organisations regardless of their legal types if they fulfil certain conditions.

Mapping

The analyses conducted in this study have revealed that 20 784 social enterprises existed in Poland in 2014. At this time, social enterprises employed 265 801 individuals, but their employment potential, measured in the full-time equivalent (FTE), was estimated at 103 201 workers. As far as types of social enterprises are concerned, the most numerous are entrepreneurial non-profit organisations, estimated at 19 400. They are followed by 1 269 social cooperatives, 88 ZAZ and only 27 non-profit companies. The total number of WISEs is estimated at 1 357 entities.

Eco-system of social enterprises in Poland

The policy on social enterprises in Poland is shaped in the first place by the Ministry of Family, Labour and Social Policy and by the Department of Public Benefit located within the structure of this Ministry.

The support structure for social enterprises consists of social economy support centres (OWES), which provide tailored services for social enterprises.

Policy schemes supporting social enterprises consist of two pillars: support measures addressing all enterprises that fulfil specific criteria, and support measures addressing social economy/non-profit organisations. The first pillar encompasses grants provided to all types of enterprises that meet particular criteria, for example if they employ disabled workers or persons from disadvantaged groups who have problems with (re)integration into the labour market. These grants are provided by the Labour Fund (LB) and by the State Fund for Rehabilitation of Disabled Persons (PFRON). At the same time public procurement law favours enterprises employing particular types of employees and taking into consideration particular social aspects. The second pillar is shaped in the first place by KPRES, which specifies the key directions of public intervention in the field of the social

economy and social enterprises at the national level. It also identified specific tasks that provinces are expected to carry out in the field of social economy and social enterprises. Additional support measures include loans and loan agreements for social economy organisations, a tax assignation system addressing these entities and co-financing of salaries of workers employed by particular legal types.

Networks

The system of networks integrating and representing social enterprises in Poland is under construction. Only two networks have been investigated in this study. These are the National Audit Associations of Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych* – OZRSS) and the Union of ZAZ Employers and Other Social Enterprises (*Ogólnopolski Związek Pracodawców Zakładów Aktywności Zawodowej i innych Przedsiębiorstw Społecznych*), which gathers mostly ZAZ.

Research, education and skills development

Poland has developed a comprehensive system of social enterprises investigation. It consists of various organisations collecting data on different legal forms. Poland has also developed a system of education addressing social enterprises, which implies the introduction of curricula in several private and public universities, and a special 'educational package' used in the form of manual for teachers working in primary and secondary schools.

Financing

The major financial intermediaries, which provide financial support secured for social enterprises by the European funds, consist of public institutions such as the Ministry of Family, Labour and Social Policy and the National Economy Bank (*Bank Gospodarstwa Krajowego* – BGK). In the distribution of funds, they are assisted by two non-profit organisations, such as the Social and Economic Investment Company TISE SA (*Towarzystwo Inwestycji Społeczno-Ekonomicznych SA*) and the Micro Initiative (*Inicjatywa Micro*). Other non-profit organisations, such as the Polish-American Community Assistance Fund (PAFPIO), NESsT and several locally-organised initiatives mainly provide micro loans supplementing the Polish system of financial intermediaries.

The financing system for social enterprises is characterised by the following deficiencies: a limited number of institutions providing the financing for social enterprises, difficulties in meeting the application criteria to qualify to receive funds, the domination of instruments supported by the EU. Some legal types are also less interested in financing addressing social enterprises than the legal types they represent.

Perspectives

The main problems facing social enterprises in Poland are: conceptual confusion in defining social enterprise, ambiguities in understanding the roles played by social enterprises and a lack of consensus on the need to create specific legal frameworks designed for social enterprises. These problems are interwoven with a number of barriers encountered by Polish social enterprises. These include reluctance to undertake and carry out economic activities among non-profit organisations; limited demand for goods and services provided by social enterprises from public authorities, market enterprises and individual recipients; poor managerial skills among managers of social enterprises; poor economic condition of social enterprises; inefficiency in redistribution of returnable financial instruments provided for social enterprises in the programming period 2007-13; poor intermediary structures and networks representing social enterprises and negative public perception of social enterprises.

At the same time, there are several opportunities to be seized by social enterprises. These are: a strong voluntary tradition, European funds that have consistently supported Polish social enterprises, vibrant debate about social enterprises at the national level, the potential of research institutions collecting data on social enterprises and the introduction of a new law on public procurements. The most important challenge that Polish social enterprises are currently facing is, however, a strong tendency to conflate these entities with work integration social enterprises.

1. BACKGROUND ⁽²⁾

The emergence of social enterprises in Poland cannot be attributed simply to Poland's integration to the European Union in May 2004, although this factor is probably considered the most salient one, both in the literature and in public debate. Particular types of organisations that are nowadays regarded as social enterprises have, in fact, strong and complicated traditions. Cooperatives, foundations and associations appeared before the beginning of the 20th century. Since then, they have undergone very turbulent developments, wavering during the communist period, and experiencing significant changes after the year 1989.

This difficult history has strongly contributed to the socio-economic potential, developmental opportunities, trends, challenges and obstacles faced by present-day social enterprises. Therefore, a short investigation of social enterprises' roots and drivers before the beginning of the transition period seems to be justified.

1.1. Before 1989

Two types of organisations that were doomed to form future social enterprises existed before the Second World War (WWII). These were non-profit organisations (foundations and associations) and cooperatives. The main role of associations and foundations was to provide support to disadvantaged groups (the young, the poor, the disabled, the unemployed) and to fulfil the unmet needs of these groups; they also engaged in informal pro-independence activities. Before WWII, Polish associations and foundations also engaged in a broader spectrum of activities, including cultural ones and local development, sports, arts, education, etc. However, these fields were less developed due to the difficult socio-political situation of the resurgent Polish welfare state⁽³⁾. Cooperatives also contributed strongly to socio-economic development (Leś, 2004). They were established in many areas, including in particular mutual small credit organisations, agriculture, consumer and housing (Piechowski, 2013).

After the Second World War, the situation of non-profit organisations and cooperatives dramatically changed. For more than forty years (1945-1989), they were highly influenced by the communist authorities. Just after WWII, associations and foundations played a key role in delivering welfare services. This was due to the fact that the newly created communist authorities focused on enhancing their political and economic position instead of carrying out activities that could fulfil public needs in fields such as education, childcare, poverty or social care. This short-term period of institutional pluralism, however, ended in the late 1940s and early 1950s, when communist authorities implemented a number of instruments to marginalise, or even to destroy, all grassroots initiatives. All foundations and the majority of associations were dissolved by the communist authorities despite their well-grounded experience. The assets and properties of these foundations and associations were taken over by the state authorities, without payment of any compensation, and were incorporated into the state infrastructure. Newly created, mass or state-sponsored, social organisations were instead established; they could neither choose their governing officials, nor set their goals, nor undertake activities without the permission of public authorities. Associations became part of the national economy and played the role of marginalised quasi-public agencies within that system. In a similar fashion, this was also the fate of cooperatives. They were incorporated into the state economy in accordance with the idea of collectivisation. They became a part of the so called 'socialised ownership', together with the public sector (Leś and Piekara, 1988).

In the late 1970s, the common disappointment with socialism, which was the result of a complicated political situation and rising economic crisis, influenced the emergence of new civil society groups and organisations. Such organisations, like for instance the Workers' Defence Committee (*Komitet Obrony Robotników*), Movement for the Defence of Human and Civil Rights (*Ruch Obrony Praw Człowieka i Obywatela*) or others from the political

⁽²⁾ This paragraph is based on Ciepielewska-Kowalik et al. (2015, p. 8-11) with modifications and revisions made for this study.

⁽³⁾ After 123 years of the partitions, Poland regained its independence in 1919.

opposition camp formed a so called ethic or alternative society. According to Wnuk-Lipiński (2008), this was a highly effective instrument for social emancipation. An increasing revival of the activities of grassroots initiatives was also connected to the emergence of the Solidarity movement in the early 1980s. It was regarded in those days as a national social movement, which would one day overthrow socialism. At the beginning of the 1980s, many voluntary organisations that operated in the fields of human rights and social service delivery were established. Martial law, which was imposed in December 1981, did not stop the gradual revival of grassroots initiatives. However, the situation of associations became more complicated: many of them went underground or were delegitimised. Fortunately, they tried to continue their activities. Moreover, their presence in the welfare service domain became even more important a few years later. Communist authorities were pinned down by a rising inefficiency of public institutions in the provision of general interest services along with a multidimensional economic crisis. This resulted in the emergence of the first harbinger of further gradual tolerance for grassroots organisations in the late 1980s. One of these was the introduction of the Act of Foundations in 1984 and the new law for associations introduced in April 1989.

1.2. After 1989

The year 1989 changed dramatically the conditions and perspectives for organisations that were to form present-day 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 public needs, which emerging present-day social enterprises started fulfilling, while the first process guaranteed freedom for non-state initiatives' existence and operation. Each of these processes resulted in an increase in both the quality and quantity of organisations that can be regarded as social enterprises. However, one should bear in mind that the period after 1989 is not homogenous. Ciepielewska-Kowalik (2015) distinguishes three phases in the institutionalisation of social enterprises in Poland after 1989. She examines:

- **the first phase in 1989-1995, characterised as the renaissance of non-profit organisations along with a crisis of cooperatives.** In this phase non-profit organisations started to bloom: the number of associations grew by 14 times and that of foundations increased by 20 times (Mansfeldova et al., 2004). In 1995, there were 47 000 registered non-profit organisations. This unexpected growth was a result of democratisation, decentralisation and external support provided to newly created associations and foundations by the Western European countries and the USA. In 1989-1995 Polish associations and foundations gradually changed their main focus from mainly advocacy activities toward service provision; however the latter was underestimated and limited mainly to the fields which remained beyond the interest of the public sector and market enterprises. In 1989-1995 the position of cooperatives drastically weakened. They were totally discredited in the eyes of public opinion and received no recognition by the political elites. According to Leś (2004), cooperatives underwent a process of decline: indeed, between 1992 and 2004 the number of cooperatives decreased from 19 372 to 13 000. Just after 1989, the cooperative sector fell into a sharp multidimensional crisis, in which cooperatives' values were dismantled and the cooperatives themselves were left unprepared for new challenges that emerged during the transition toward a market economy;
- **the second phase in 1996-2002, characterised by the stabilisation of non-profit organisations in terms of numbers, an ongoing crisis in the cooperative sector, and the first legal recognition of new forms aimed at the social and vocational rehabilitation of disabled people (such as Professional Activity Establishments – ZAZ, Occupational Activity Establishments – WTZ and Supported Employment Enterprises – ZPCh);**
- **the third phase, which started in 2003, should be recognised as a turning point in the gradual recognition of social enterprises following EU integration.** The first pilot projects within the EQUAL Community Initiative aimed at supporting people at risk of social exclusion resulted in the introduction of the concept of social enterprises among policy makers, academics and non-profit organisations' representatives. Moreover, from 2003 onward, foundations and associations began to acquire a more entrepreneurial position, which was recognised by newly created legal frameworks (the 24 April 2003 Act on Public Benefit and Volunteer Work). On the other hand, newly established legal frameworks encouraged the creation of totally new legal types which constituted the social economy

sector and social enterprises. In the first case, there are social integration clubs and social integration centres (regulated by the Act of 13 June 2003 on Social Employment), while in the second there are social cooperatives (regulated by the Act of 27 April 2006 on social cooperatives).

2. SOCIAL ENTERPRISES ROOTS AND RIVERS

2.1. Defining social enterprise borders

2.1.1. The EU Operational Definition of Social Enterprise

This report draws on the organisational definition as included in the Social Business Initiative of 2011 that was further operationalised by the Mapping Study (EU Commission, 2014).

As defined by the Social Business Initiative of 2011, a social enterprise is “an undertaking:

- whose primary objective is to achieve social impact rather than generating profit for owners and shareholders;
- which uses its surpluses mainly to achieve these social goals;
- which is managed by social entrepreneurs in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity.”

This definition arranges social enterprise key features along three dimensions:

- the entrepreneurial dimension;
- the social dimension;
- the one relative to governance structure.

Provided that the pursuit of explicit social aims is prioritised through economic activities, these three dimensions can be combined in different ways and it is their balanced combination that matters when identifying the borders of the social enterprise.

Building upon this definition, a set operational criteria have been identified by the Commission during a previous step of this study (see Annex 1 for more details).

2.1.2. Concept and legal evolution in Poland

The Polish ‘constellation’ of social enterprises: concept

Neither legal definition nor academic agreement on which organisations can be called social enterprises has yet been achieved in Poland. However, having analysed various types of organisations meeting the EU operational definition criteria, one concludes that four types of social enterprises can be distinguished. These are:

- social cooperatives;
- Entrepreneurial Non-Profit Organisations (ENPOs);
- Professional Activity Establishments (ZAZ), and
- non-profit companies.

Each type of SE will be discussed below with reference to the dimensions in the EU operational definition, i.e. social dimension (social aim), entrepreneurial/economic dimension and inclusive governance (ownership dimension).

Type 1: Social Cooperatives

Social cooperatives form a new wave of cooperatives that received legal recognition in 2006. Social cooperatives form a distinct and vibrant part of the cooperative movement, which – as a whole – has been losing its social and economic significance since the beginning of the transition period. This is a result of the communist legacy that discredited the cooperative movement and the adoption of neo-liberal ideology, which, after 1989, favoured market institutions. As a result, cooperatives lost their character as social enterprises mainly by giving up their engagement in social activities and by reducing their inclusive governance practices. The decline of traditional cooperatives has been however

accompanied by the rise of new form of cooperatives – social cooperatives (Izdebski et al., 2015). Social cooperatives, unlike their traditional counterparts, are *par excellence* social enterprises and meet all EU operational criteria for this type of organisation.

Social dimension (social aim)

Social cooperatives by their very nature pursue social aims. According to the Act on social cooperatives, their provision is based on two equally important pillars. The first one consists of the employment of persons having difficulties in the labour market; the second is linked to the provision of cultural and educational activities for members and local communities. Social cooperatives are quite successful in meeting these legal criteria (Izdebski et al., 2015; MPiPS, 2015). They not only employ people who used to be marginalised on the labour market, but they are also increasingly more active in providing cultural and educational activities for their members and local communities.

Entrepreneurial/economic dimension

According to the Polish law, social cooperatives are considered to be private enterprises recorded in the National Court Register (KRS). They act as autonomous organisations independent from public institutions or market enterprises. Social cooperatives can be established by at least five natural persons, and since 2009 by at least two legal persons, i.e. units of local governments operating at all administration levels, faith-based charities and non-profit organisations. In case of social cooperatives established by legal persons, founders are members of a social cooperative; however, they have no direct control over it. Nevertheless, giving the right to establish a social cooperative to the unit of local government or non-profit organisation resulted in concern over the real autonomy of this social cooperative. The question is therefore: whether a social cooperative established by a legal person is or is not autonomous? And what is the real degree of such autonomy? This question seems to be justified when considering that over recent years the number of members of social cooperatives that belonged to legal persons increased, while those belonging to natural persons decreased.

The average number of people employed by social cooperatives is not high. In 2014 it was 7.43, while the overall number of jobs created by social cooperative sector was estimated at 5 500. The vast majority of those employed in social cooperatives (82 %) come from disadvantaged groups, such as the unemployed (the most numerous), the disabled, those addicted to alcohol or drugs, those released from prisons, the mentally ill and the homeless.

Social cooperatives, as with any other private enterprises, can go into bankruptcy. The bankruptcy process is similar to other private enterprises. It is also common for social enterprises to suspend their activities after settling their financial obligations. In those cases, they are still registered in the KRS but they do not perform any kind of activities.

Social cooperatives have tried to establish themselves in various branches of production and services. They are active mainly in accommodation and catering, healthcare and social assistance, education, culture and sports and construction (MPiPS, 2015). As an innovative form of enterprise, they carry out these economic activities simultaneously with the social activities mentioned above.

Social cooperatives seem to use cleverly generated income from trading (both for individuals and public institutions) and public grants. Social cooperatives are of great interest to public authorities. Therefore, they may count on state generosity and are allowed to use public funds, mostly coming from European projects. They are, however, also quite efficient in generating income from market sources, i.e. selling products and services. As a result, the average share of public grants in the overall income of social cooperatives does not exceed 40 % (Izdebski et al., 2015).

Inclusive governance – ownership dimension

According to the 2006 Act on Social Cooperatives, marginalised persons should make up at least 50 % of all social cooperatives' members at the time of their establishment. Legal persons (non-profit organisations and units of local governments) can also be members of social cooperatives.

The main governance body of a social cooperative is the general assembly of its members. It chooses the board of directors, which is responsible for the everyday activities of the cooperative, adopts annual reports and takes decisions crucial for the cooperative's development. Social cooperatives with more than 15 members are obliged to have a supervisory board.

The law forbids both the distribution of profits among social cooperative members and the use of profits to increase the equity fund. The profit gained should be divided between the fund dedicated to sustaining the cooperative's activities (*fundusz zasobowy*), reintegration activities for cooperative members and members of a local community, and an investment fund (*fundusz inwestycyjny*).

Type 2: Entrepreneurial Non-Profit Organisations (ENPOs)

Social enterprises of this type have emerged from the shift of foundations and associations⁽⁴⁾ toward a more entrepreneurial and more market-oriented position. ENPOs are organisations that are characterised by the following features:

- direct involvement in the provision of welfare and public services on a continuous basis, instead of focussing mainly on advocacy activities;
- strive to employ paid staff or at least achieve a successful combination of paid staff and volunteers, instead of relying only on volunteers;
- successful diversification of sources of income by combining public grants and trading. The latter encompasses selling products and services for both public authorities and individuals. As a result, ENPOs are expected to undertake and carry out economic activities aimed at receiving market income. In light of Polish regulations, ENPOs meet this requirement by receiving income from the following sources:
 - unrelated business activity
 - paid mission-related activity⁽⁵⁾
 - public procurement, and
 - dividends and interests;
- market income from the above-mentioned sources should comprise at least 25 % of the total income of the entities.

Social dimension (social aim)

In Poland, all non-profit organisations–ENPOs included–are created by citizens to perform public good activities. The social dimension of their activities is regulated by acts provided for particular legal forms, i.e. associations and foundations. According to these regulations, all Polish non-profit organisations are obligated to determine the specific aims pursued in their statutes.

Moreover, Polish non-profit organisations are allowed to perform public benefit work⁽⁶⁾ on the basis of the 24 April 2003 Act on Public Benefit and Volunteer Work. As non-profit

⁽⁴⁾ This study integrates the methodology of the Central Statistical Office of Poland when providing data on ENPOs. ENPOs are particular to the non-profit sector. Non-profit organisations are understood as follows in Poland: associations, foundations and faith-based organisations (investigated by CfSO on SOF-1 form) and professional and business associations and employers' organisations (investigated by CSO on SOF-4 form). However, faith-based organisations, as well as employers' organisations, exist in the types of associations and foundations. Therefore, in this study the authors decided to use only the term foundations and associations when investigating ENPOs.

⁽⁵⁾ The difference between unrelated business activity and paid mission-related activities is discussed in detail in Section 2.1.2.

⁽⁶⁾ According to the Act of 24 April 2003 on Public Benefit and Volunteer Work, public benefit work (general interest) shall mean work performed to the public benefit of society by non-profit organisations, unions of local self-governments units, social cooperatives, faith-based organisations, joint stock companies/limited liability companies and sports and clubs operating as companies in the area of public tasks. This area is very wide and it shall comprise the tasks performed in thirty three fields, including for instance social assistance, professional and social integration and reintegration of persons threatened by social exclusion, preserving national traditions, work to support the disabled/ the development of local communities/the elderly/families, ecology, education, sports, promoting human and civil rights/consumer rights/volunteering, aid extended to Polish community abroad, public order and security, national defence.

organisations, ENPOs may qualify for the status of public benefit organisation if they have a track record of undertaking public benefit activities for at least two years.

Polish entrepreneurial non-profit organisations are active in a very wide range of fields, which are specified in Section 3.2.

Entrepreneurial/economic dimension

Entrepreneurial Non-Profit Organisations are fully autonomous legal entities that are established by citizens and act independently from public authorities and market enterprises. ENPOs must register in the National Court Register (*Krajowy Rejestr Sądowy* – KRS).

Although there are no exact limits on the legal form's ability to trade, Polish entrepreneurial non-profits are allowed to conduct activities only in order to pursue their statutory aims. Consequently, they should always serve the statutory aims and any economic activity should only be aimed at raising funds for the pursuit of their statutory aims. What is important is the fact that associations and foundations are obliged to clearly separate the fields of their business activity from those related to statutory activities.

Entrepreneurial Non-Profit Organisations are allowed to hire paid staff on the same basis as public authorities and market enterprises.

Inclusive governance-ownership dimension

The only mandatory body in a foundation is the board of directors. However, the creation of other bodies, such as the assembly of the founders of the foundation, depends on the will of the founder and must be specified in the adopted statute of the foundation. Board members are in charge of the management of the activities of the foundation and they represent it externally. All decisions not reserved by law to another body belong to the board of directors.

The governance structure of the association is composed of: the General Assembly, which is the highest authority of the association, the audit committee and the board of directors. The board of directors represents the association externally and it is engaged in its ongoing economic activities. The audit committee is an internal control body over the activities of the association. Both bodies are elected by the General Assembly.

Entrepreneurial Non-Profit Organisations have an asset lock.

Type 3: Professional Activity Establishments (*Zakład Aktywności Zawodowej* – ZAZ)

Originally (Ciepielewska-Kowalik et al., 2015) Professional Activity Establishments (ZAZ) were considered to be a part of a larger group of organisations which consisted also of Occupational Therapy Workshops (*Warsztat Terapii Zajęciowej* – WTZ), Social Integration Clubs (*Klub Integracji Społecznej* – KIS) and Social Integration Centres (*Centrum Integracji Społecznej* – CIS). WTZ and ZAZ emerged in the mid-1990s to tackle the social and economic exclusion of disabled people. However, only after the Polish entry to the EU were they recognised as potential social enterprises. KIS and CIS, on the other hand, were created for people who experience problems with (re)integration into the labour market. These organisations are closely associated with an active social policy embraced by the Polish government just before Polish entry to the EU and enhanced after it.

Having analysed the EU operational definition, one considers that only ZAZ meet them in the most satisfactory way, and for this reason, they are the subject of this study.

Social dimension

ZAZ have an explicit social aim, which is the (re)integration of people with various mental and physical disabilities into the labour market. This aim is articulated in the Act of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Disabled Persons.

Entrepreneurial/economic dimension

ZAZ have no separate legal status. They are incorporated and can be set up by other institutions, such as non-profit organisations, local authorities and social cooperatives. ZAZ are addressing people with disabilities who have difficulties with (re-)integration into the labour market. However, these people do not have significant influence on actions taken by ZAZ. They also do not share the economic risk of running ZAZ. ZAZ are financially strongly supported by public institutions and they are supervised in their activities by these institutions.

Available data does not make it possible to estimate to what extent the economic activities of ZAZ are innovative, particularly to what extent ZAZ contribute to delivering new products and services that are not delivered by any other provider. The fact is that services provided by ZAZ are very specific and aimed at very narrow groups of beneficiaries. Therefore, their real social, professional and employment impact is difficult to evaluate.

Inclusive governance-ownership dimension

ZAZ are dependent upon their parent organisations. Therefore, forms of their governance are determined by the latter. No common governance model has been investigated in the case of ZAZ.

Type 4: Non-Profit companies*Social dimension*

The particular social aim is obliged to be written in a partnership agreement of every non-profit company. According to a database provided by a non-profit organisation Social and Economic Investment Company TISE SA (*Towarzystwo Inwestycji Społeczno-Ekonomicznych SA* – TISE SA) the social aims of non-profit companies are very diversified. This diversity indicates that non-profit companies have a significant development potential. Unfortunately, non-profit companies have so far been prevented from harnessing this potential, because they do not enjoy the same income tax privileges granted to associations and foundations.

Non-profit companies have access to some particular benefits that are regulated by the 24 April 2003 Act on Public Benefit and Volunteer Work. According to Article 3, provided that the profit of non-profit companies is used for social aims and it is not divided between equity partners, stakeholders or employees, their activities can be recognised as general interest activities. If this is the case, non-profit companies are eligible to apply for public funding. Non-profit companies are also allowed to apply for the status of public benefit organisation and thus benefit from the privileges granted to this type of organisation ⁽⁷⁾.

Entrepreneurial/economic dimension

Non-profit companies are regulated by Act of 2 July 2004 on Freedom of Economic Activity. Therefore, their activities and their structure are similar to market enterprises. Their distinguishing feature is that they exist not to seek profit but to fulfil social aims. Polish law does not explicitly recognise non-profit companies. It basically creates the possibility to set up a non-profit company to achieve any licit aim, including the conducting of activities of general interest.

There are few non-profit companies in Poland. According to the only available database on non-profit companies, there are around 27 organisations of this type ⁽⁸⁾. However, this database does not allow for further investigation into non-profit companies, which makes the data fragmentary and not comprehensive.

There is one particular reason why there are so few non-profit companies in Poland. They enjoy no income tax privileges. Although they use their income to fulfil social aims, their income is taxed in the same way as market companies (Barański, 2011). For that reason,

⁽⁷⁾ Public benefit organisations that should be treated as general interest organisations, are described in details in Section 2.1.3.

⁽⁸⁾ <https://tise.pl/powstala-baza-spolek-non-profit/>

rather than setting up a non-profit company to achieve social aims, it is usually more reasonable to set up an association or a foundation, which enjoy tax privileges.

Non-profit companies experience very wide autonomy. There is no legal regulation on how such a company should act. The key document for a non-profit company is the partnership agreement. It regulates the issue of ownership, voting rights and defines the social aim of a company. According to the TISE SA database, non-profit companies are active in the fields of education, professional training, integration of people with disabilities and food services.

The legal regulations on non-profit companies are the same as regulations on any other companies. To set up a non-profit limited company, equity partners have to collect at least PLN 5 000 (Article 154 of 15 September 2000 Code of Commercial Companies).

Inclusive governance

The most important governance bodies of non-profit companies are the partnership meeting and the board. The voting power of partners depends on their shares. It is up to a specific non-profit company to involve different kind of stakeholders in its everyday activities. The law does not impose limits to the involvement of social partners in the activities of non-profit companies.

The structure of the company consists of a stakeholder meeting and a board of directors. It is also possible for a company to have a board of trustees and an audit committee.

Summary: What kind of 'constellation'?

If Polish social enterprises are regarded as a kind of 'constellation', they would consist of the following types of organisations that meet the criteria of the EU operational definition:

- social cooperatives;
- Entrepreneurial Non-Profit Organisations (ENPOs);
- Professional Activity Establishments (ZAZ);, and
- non-profit companies.

Undoubtedly, social cooperatives are social enterprises *par excellence*. They meet all EU operational definition criteria. They are fully autonomous organisations that must register in a particular register; they act independently from public authorities and market enterprises; they carry out economic activities along with pursuing explicit social aims; they also engage stakeholders in their activities. However, the low number of social cooperatives is ascribed to the difficulty of both establishing and operating such entities.

Additional organisations composing the core of the social enterprises' 'constellation' are entrepreneurial non-profit organisations. They have a clear social mission; they are autonomous and must be registered in particular registers. Entrepreneurial non-profit organisations generate their incomes from trading and are limited in the distribution of profits. The majority of Polish entrepreneurial organisations also declare to have paid staff. Their most disputable feature is that the ENPOs, in particular when operating as foundations, do not engage a wide range of stakeholders in the decision making processes. They, in the first place, rely on decisions made by their boards of directors.

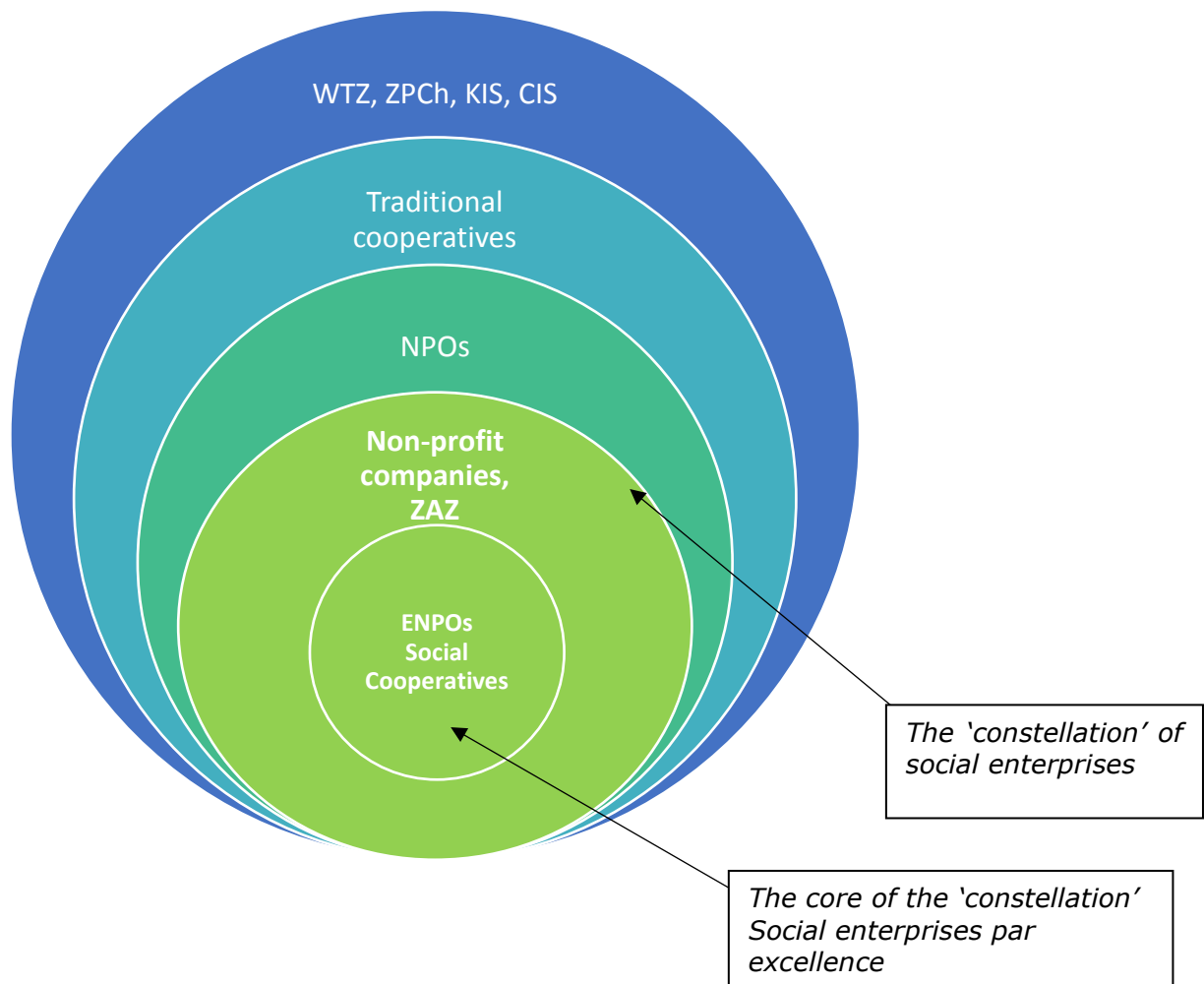
Two other types of organisations are located at the core of the Polish social enterprises' 'constellation', although a little further from its very centre. These are Professional Activity Establishments (ZAZ) and non-profit companies. They fulfil most of the EU operational definition criteria, including the pursuit of explicit social aims, the hiring of paid staff, the generation of income from trading, the contribution to the delivery of new products and services that are distinguished by a social nature.

Nevertheless, since ZAZ are, by definition, established by other entities, they are not autonomous. Moreover, stakeholders other than founders, share the economic risk, nor do they have any influence on decisions made in ZAZ.

Other types of organisations such as traditional cooperatives⁽⁹⁾, Social Integration Centres (CIS) and Social Integration Clubs (KIS), as well as other rehabilitation facilities (Occupational Therapy Workshops – WTZ and Supported Employment Enterprises – ZPCh), and non-profit organisations that have no income from trading, are located much further from the core of the 'constellation'.

⁽⁹⁾ There are some cooperative initiatives with a community orientation. Generally speaking however cooperatives other than social ones do not meet the great majority of the EU operational definition. Moreover, they do not regard themselves as social enterprises.

Figure 1. The 'constellation' of Polish social enterprises



Source: own elaboration.

Legal evolution

Legal frameworks for social enterprises

Besides specific regulations, a legal definition of social enterprise that is able to comprehend the different legal types that compose this universe, has not yet been agreed upon in Poland. However, a recent attempt to construct such a definition has been made in the National Programme for Social Economy Development (KPRES). KPRES (2014: 14) perceives social enterprises as permanent and visible entities in the social and economic life in the local and regional dimension. It estimates that more than 38 000 new jobs will be created in social enterprises with support of the Labour Fund (LB)⁽¹⁰⁾, the State Fund for Rehabilitation of Disabled Persons (PFRON) and the ESF by 2020 (KPRES 2014: 79).

The KPRES Programme is a governmental document that has been shaping policy schemes for social enterprises in Poland since 2014 (see more in Section 4.3.1). It defines social enterprise as an entity demonstrating the following features:

- Carrying out business activity, with clear organisational boundaries and own financial reporting.

⁽¹⁰⁾ The Labour Fund has been in existence since 1 January 1990. It is a state-dedicated fund administered since 2002 by the Ministry of Labour and Social Policy. Its main objective is to finance benefits for people losing their jobs and professional activation programmes for people looking for work and/or threatened by job loss. Labour Fund money is entrusted to self-governing bodies at the district and county levels. Labour Fund income comes from contributions paid by employers, subsidies from the national budget and other sources.

- The objective of business activity is either:
 - social and professional reintegration of people at risk of social exclusion. In this case, it is required to employ a minimum of 50 % staff from among those at risk of social exclusion or at least 30 % who are disabled; or
 - providing general interest services and at the same time fulfilling pro-employment objectives. In this case, it is required to employ a minimum of 20 % staff from those at risk of social exclusion.
- No distribution of profit or financial surplus among shareholders; using profits or financial surplus to increase company capital, and in a certain share for:
 - social and professional reintegration, in the case of enterprises with pro-employment objectives; or
 - providing general interest services for the local community where an enterprise operates.
- Democratic governance or at least a consultative and advisory role of employees and other stakeholders, and a salary cap for management staff.

According to the National Programme for Social Economy Development, social enterprises can be formed from the following legal types:

- Social cooperatives regarded as social enterprises *par excellence*;
- Non-profit organisations which carry out unrelated business activity; and
- Professional Activity Establishments.

The KPRES Programme envisages the adoption of the Act on Social Enterprise and Support for Social Economy Entities, which—if enacted—would introduce a social enterprise status. This means that various legal types of organisations could register themselves as social enterprises in the National Register Court, provided they fulfil particular conditions. According to the explanatory statement (2015), the Government’s rationale for creating social enterprise status is as follows:

- To define the term of social enterprise, which has already been ambiguously used. Otherwise, the lack of a clear and commonly shared definition of a social enterprise will result in ineffective use of public funds, including EU funds, in the programming period 2014-20.
- To enable clear identification of entities that are the subject of detailed public policies.
- To help relevant entities identify their position in the socio-economic system of the country.
- To build public awareness on social enterprises, their role and their offer, both as providers of products and services and as potential employers.

It is expected that for the purposes of public policy and public support for social enterprises, the conditions defined in this draft will *de facto* establish the definition of a social enterprise. The work on the law had been ongoing between 2008 and 2013, carried out by a dedicated advisory body, the Council on Systemic Solutions in the Field of Social Economy, in particular by the Legal Working Group located in this body. Once the final version of the draft act on social enterprise was passed to the Ministry of Labour and Social Policy by the Council on Systemic Solutions in the Field of Social Economy in July 2013, the process of inter-ministerial consultations started. In June 2015, the draft Act on Social Enterprise and Support for Social Economy Entities was proposed to the Polish Parliament as a private members’ bill by members of Parliament from the Civic Platform. In July 2015 the extraordinary subcommittee of the Polish Parliament aimed at dealing with the draft act started operating. Nevertheless, in early September 2015, due to the voices of the representatives of the social economy sector, this extraordinary subcommittee suspended its works on the draft Act on Social Enterprise. Since then no comprehensive activities aimed at the draft have been undertaken. However, on 21 April 2016, the Ministry of Family, Labour and Social Policy announced that it was to start working on comprehensive frameworks regarding the social economy sector and social enterprises.

The draft Act on Social Enterprise, in its final version of September 2015, provides for different legal types to qualify as social enterprises. It introduces a social enterprise status

and defines rules for receiving and losing this status. According to the draft act, social enterprise carries out activities aimed at the professional rehabilitation of its employees. This is to be performed by the employment of people from certain groups threatened by social exclusion, such as: the unemployed, the homeless, persons addicted to alcohol and drugs, persons with mental disorders, persons released from prisons, refugees and the disabled ⁽¹¹⁾.

Further conditions to obtain a social enterprise status include:

- the requirement to employ a minimum of 50 % of staff from among those at risk of social exclusion, defined as above, or at least 30 % of disabled staff;
- a wage cap for employees (three times the average monthly remuneration in the enterprise sector, as announced by the Chairman of the Central Statistical Office of Poland for the previous year);
- the requirement to set up a consultative-advisory body with representation of those employed. Volunteers are entitled to participate in this body. This body is not required in the case of social enterprises which employ fewer than 20 workers nor in social cooperatives;
- at least 10 % of profit from business activity shall be dedicated to general interest and or activities for those employed by a social enterprise.

The draft act on social enterprises, in its final version of September 2015, foresees some fiscal benefits for organisations that qualify for the status of a social enterprise. These are exemptions from paying into:

- the State Fund for Rehabilitation of Disabled Persons (PFRON); and
- the Labour Fund for disabled employees (for the duration of 36 months).

Both types of exemptions are regulated by the rules included in relevant laws, and are therefore available for other enterprises employing disabled persons as well. The final version of the draft Act excluded other fiscal benefits that had been originally designed for organisations having social enterprise status. These are reduced rates of tax on real estate/property according to local laws and reduced rates of income tax according to relevant laws. Starnawska (2015) argues that this limitation may be somehow justified by the opinion of the lawmaker, according to which the relevant number of benefits are currently available for Polish social enterprises. This opinion may even strengthen due to the programming period 2014-2020 that envisages well developed instruments of financial support dedicated to social enterprises. Nevertheless, organisations that could obtain social enterprise status are to be equipped with stable benefit structures that would encourage them to operate as social enterprise after 2020 (ibidem).

Moreover, the draft Act on Social Enterprise and Support for Social Economy Entities—when enacted—will introduce the Chamber of Social Enterprises, which will play a role of self-associating all social enterprises.

As stated earlier, the works on the Act of Social Enterprise have been now suspended. Therefore this act cannot be regarded as a source of law that could regulate the establishment and existence of Polish social enterprises. Despite this, however, it has been included in this study due to the fact that it is commonly regarded as a highly discussed legal framework which could, in the future, regulate Polish social enterprises (see more in Section 5.1).

Law frameworks regulating social enterprises depending on their legal forms

In Poland there is no legal framework for social enterprise that has the power to consider all of them, regardless of their legal forms, fields of activity and other specific features. Therefore, social enterprises base their activities on regulations, which support particular legal forms.

⁽¹¹⁾ According to the draft Act from July 2015, business activity of a social enterprise was aimed at the following activities: providing social assistance, running non-public preschools and other forms of pre-school education, providing support for people with disabilities and mental health. These particular fields of business activity have been deleted in the final version of the draft Act from September 2015.

Social cooperatives have been firstly recognised by the 13 June 2003 Act on Social Employment. It introduced professional activation in labour cooperatives of those threatened by social exclusion who had graduated from Social Integration Centres (CIS). At the same time, a catalogue of people at risk or affected by social exclusion was introduced⁽¹²⁾. Those who established labour cooperatives benefited from exemptions from paying into social security for 12 months. Nevertheless, this incentive was insufficient, and it did not encourage CIS graduates to establish labour cooperatives. In order to improve this situation, social cooperatives were introduced into Polish legislation in 2004 on the basis of the Act of 20 April 2004 on promotion of employment and labour market institutions. This Act amended the Cooperative Law Act of 16 September 1982 by adding to it Section V. Initially, in both acts, the role of social cooperatives was interpreted only in the context of WISE, and social cooperatives were perceived as a particular type of labour cooperative. It is the Act of 27 April 2006 on social cooperatives which regulated these entities, treating them as a separate legal form.

ENPOs are regulated by the same legal framework that regulates the whole non-profit sector in Poland. As a result, the establishment, existence and business activity of ENPOs structured as associations and foundations are regulated by:

- the Act of 7 April 1989 on Associations (Article 34) which states that an association may carry out business activity according to the general principles provided for by other regulations⁽¹³⁾. Proceeds gained from the activities run are expected to realise the statutory goals of association and may not be shared among the association's members;
- the Act of 6 April 1984 on Foundations (Article 5.1, paragraph 5) which states that a foundation may carry out business activity with a view to accomplishing its purposes.

Entrepreneurial non-profit organisations are also regulated by the Act of 24 April 2003 on Public Benefit and Volunteer Work. This regulation has introduced the category of paid mission-related activity (Article 8) consisting of operations within the framework of tasks considered public, as part of objectives pursued by non-profit organisations and public benefit organisations, for which remuneration is to be charged. Furthermore, paid mission-related activities consisting of the sales of products and provision of services in such areas as the social and professional rehabilitation of disabled persons, the social and professional integration and reintegration of those threatened by social exclusion, and sales of donation proceeds. The 2003 Act of Public Benefit and Volunteer Work (Article 8, paragraph 2) states that any income generated from paid mission-related activity shall be used only to perform tasks recognised as general interest.

The 2003 Act on Public Benefit and Volunteer Work clarifies the differences between two types of economic activities undertaken by Polish non-profit organisations. It states that paid mission-related activity shall be recognised as business activity when:

- remuneration from the sales of products and provision of services exceeds that resulting from simple calculations of the costs of such business; or
- remuneration of individuals due to their employment for purposes of performing paid mission-related activities shall exceed three times the average monthly remuneration in the enterprise sector, as announced by the Chairman of the Central Statistical Office of Poland for the previous year.

The 1989 Law on Associations (Article 34), the 1984 Act on Foundations (Article 5.1, paragraph 5) and the 2003 Act on Public Benefit and Volunteer Work, create the basis for undertaking and carrying out economic activities by Polish entrepreneurial non-profits.

Professional Activity Establishments (ZAZ) are regulated by the Act of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Disabled Persons.

⁽¹²⁾ Article 2 lists the following catalogue: the homeless implementing an individual programme of transition out of homelessness; those addicted to alcohol, drugs or other intoxicants; the mentally ill; persons released from prison and having problems with reintegration into the community; refugees participating in the individual reintegration programme; the long-term unemployed; the disabled, and people who are socially excluded because of their life situation, who are unable to meet their basic needs alone and are in a situation of poverty, which makes impossible or significantly restricts their participation in social, occupational or family life.

⁽¹³⁾ This is the Act of 2 July 2004 on freedom of economic activity (Dz. U. from 2004, no. 173, item 1807).

Non-profit companies are regulated by the 15 September 2000 Act Code of Commercial Companies, which states that limited liabilities companies and joint-stock companies may pursue social aims.

2.1.3. Fiscal framework

All legal types forming social enterprises in Poland enjoy significant tax privileges. Social cooperatives, entrepreneurial non-profits and organisations managing ZAZ enjoy tax exemptions on the basis of the 1992 Law on Income Tax from Legal Persons and legal regulations concerning particular legal types of organisations. There are also tax regulations on supported employment and public benefit organisations, which apply to several types of social enterprises. All these regulations create a relatively favourable tax environment for social enterprises in Poland. The only exceptions are non-profit companies, which are allowed to benefit from having public benefit organisation status but enjoy no tax privileges when compared to market enterprises.

This section discusses tax regulations addressing all types of Polish social enterprises. Moreover, regulations on supported employment and those benefitting from obtaining a status of public benefit organisation are elaborated. The discussion, which is summarised in Table 1, ends with the analysis of the benefits for SEs when compared to the system dedicated to small and medium-sized enterprises (SMEs).

Table 1. Fiscal framework for Polish social enterprises

Type	Reduced social security contributions/costs	Tax exemptions and lower rates	Tax reductions for private and/or institutional donors
All types of enterprises	Employment costs can be covered by PFRON, if disabled persons are employed.	Exemption from corporate income tax, property tax, tax on civil law transactions, stamp duty, court fees, if a social enterprise acts as public benefit organisation. This rule does not apply to social cooperatives.	Authorised to receive funds from 'a 1 % scheme', if a social enterprise acts as a public benefit organisation. This rule does not apply to social cooperatives.
Social cooperatives	Employment costs can be covered by a local government. If a social cooperative acts as a CIS, it is allowed to benefit from a partial reimbursement of its employees' salaries.	Exemption from income tax under certain conditions.	–
Entrepreneurial non-profit organisations (ENPOs)	If an entrepreneurial non-profit organisation acts as a CIS, it is allowed to benefit from a partial reimbursement of its employees' salaries.	Exemption from income tax under certain conditions. Exemption from VAT under certain conditions.	Tax deductions in case of individual and company donors.

Type	Reduced social security contributions/costs	Tax exemptions and lower rates	Tax reductions for private and/or institutional donors
Professional activity establishments (ZAZ)	Employment costs can be partially covered by PFRON.	Exemption from gambling tax, value added tax, duty tax, excise duty, income tax and means of transportation tax. Partial exemption from real estate tax, agricultural tax, forestry tax and civil law activity tax.	–
Non-profit companies	–	–	–

Source: own elaboration.

Benefits foreseen for particular legal types

Type 1: Social Cooperatives

Social cooperatives form the only branch of cooperatives that enjoy significant tax privileges. Social cooperatives are exempted from income tax, provided their income is spent on the social and work integration of their members (Article 17 of 1992 Law on Income Tax from Legal Persons). They also register in the National Court Register without charge.

In the case of social cooperatives, part of the employment cost could be financed by public institutions (Article 12 of the 2006 Act on social cooperatives). *Starosta* (a head of county local government) may sign an agreement with a social cooperative based on that which he/she funds:

- A part of employees' salaries which is devoted to contributions to retirement, health and disability pension insurances.
- A part of a social cooperative cost of employment which is devoted to retirement, disability pension and accident insurances.

Starosta covers all these costs during the first 25 months of someone's employment in a social cooperative. During the next 12 months, he/she covers only a half of these costs. *Starosta* uses funds from the Labour Fund to cover these expenses.

Type 2: Entrepreneurial Non-Profit organisations (ENPOs)

Non-profit organisations that perform economic activity are exempted from income tax if income is designated for the organisation's statutory aims (Article 17 of Law on Income Tax from Legal Persons). These aims have to be linked to scientific activities, technological-scientific activities, education, culture, sports, environmental protection, infrastructure projects in the countryside, charity, healthcare, social assistance, vocational and social rehabilitation of disabled people and religious practices. However, non-profit organisations are obliged to pay income tax if their income derives from the production or trading of electronic equipment, fuels, tobacco products and alcoholic beverages, and precious metals.

Non-profit organisations performing general interest activities in the fields of culture, art and national heritage protection are exempted from VAT⁽¹⁴⁾. This exemption covers only those activities that are linked to culture. Incomes from these activities have to be sporadic or be used for the improvement of the quality of organisation services.

Donations given to non-profit organisations (Article 3 of the 2003 Act of Public Benefit and Volunteer Work) can be excluded from income before taxation. However, this exclusion must not exceed 6 % of a donor's total income in the case of individuals (Article 26 of Law on Income Tax from Natural Persons) and 10 % in the case of companies (Article 18 of Law on Income Tax from Legal Persons).

Type 3: Professional Activity Establishments (ZAZ)

ZAZ are not separate legal entities (27 August 1997 Act on Vocational and Social Rehabilitation and Employment of Disabled Persons). They are managed by organisations which have legal personhood. These organisations are assigned a separate organisational part which forms ZAZ. Tax privileges concerning ZAZ apply only to activities of these separate organisational parts.

ZAZ are exempted from all taxes excluding: gambling tax, value added tax, duty tax, excise duty, income tax and means of transportation tax (Article 31 of the 27 August 1997 Act). They are also partially exempted from real estate tax, agricultural tax, forestry tax and civil law activity tax. Resources obtained from these exemptions must be given to a company fund for the rehabilitation of the disabled (90 %) and to the State Fund for Rehabilitation of Disabled Persons (PFRON) (10 %).

⁽¹⁴⁾ Ministry of Finance PT.8101.6.2015.KCO.PT1.130.

ZAZ could also be supported by PFRON in financing part of its costs of activity, including:

- a salary of an employee with a moderate or severe disability up to 100 % of minimal wage;
- salaries of ZAZ personnel;
- additional annual remunerations, retirement and death benefits and jubilee awards;
- employer's and employees' contributions to social insurances;
- employees' contributions to health insurance;
- employer's contributions to the Labour Fund and the Guaranteed Employee Benefits Fund⁽¹⁵⁾.

The actual level of financing activities of a particular ZAZ is defined in a contract between an organisation that manages ZAZ and a self-government at the province level.

Type 4: Non-Profit Companies

There is one particular reason why there are so few non-profit companies in Poland. They have no income tax privileges. Although they use their income to fulfil social aims, their income is taxed in the same way as for-profit companies (Barański, 2011). For that reason, it is more reasonable to set up an association or foundation that enjoys tax privileges than to set up a non-profit company for achieving social aims.

Currently, non-profit companies can benefit from at least some of the regulations of the 2003 Act on Public Benefit and Volunteer Work. If they do not act for profit, their income is used for social aims and their profit is not divided between equity partners, stakeholders or employees, their activities could be recognised as general interest activities. Only in that way could they apply for public funding.

Benefits foreseen for social enterprises due to employing persons from disadvantaged groups and obtaining public benefit status

Supported employment

Supported employment, also called social employment, is a form of employment which is regulated by the Act of 13 June 2003 on Social Employment. It addresses people who have significant problems with entering into the labour market. It is particularly oriented towards long term unemployed people. Supported employment is based on the contract between an employer and *starosta*, who is a head of county local government. The contract obliges an employer to hire – for at least 12 months – people who took part in activities of organisations which train people excluded from the labour market: CIS or KIS. In exchange for employing these people, a company is rewarded with a reimbursement of a part of their salaries during the first 12 months of their employment (Article 16 of the 13 June 2003 Act). In the case of one employee, this compensation must not be higher than:

- 100 % of unemployment benefit together with social insurance contributions during the first three months of employment;
- 80 % of employment benefit together with social insurance contributions during the next three months of employment;
- 60 % of employment benefit together with social insurance contributions during the next six months of employment.

Salaries reimbursement is financed from the Labour Fund.

Supported employment is important for social enterprises because social integration centres could use this form of employment. At the same time, CIS could be established by non-profit organisations and social cooperatives. Therefore, supported employment is considered to be a useful instrument for decreasing labour costs in the case of two types

⁽¹⁵⁾ The aim of Guaranteed Employee Benefits Fund is to secure employee financial claims in case of insolvency of their employer. The fund is managed by the Ministry of Family, Labour and Social Policy.

of Polish social enterprises, i.e. social cooperatives and Entrepreneurial Non-Profit Organisations.

Employment of disabled persons

According to the 1997 Act on Vocational and Social Rehabilitation and Employment of Disabled Persons and the 2004 Act on Promotion of Employment and Labour Market Institutions, all employers who employ disabled workers on the basis of permanent contracts may apply for:

- a monthly subsidy for remuneration paid out to the disabled worker. The amount of this subsidy depends on the level of workers' disability: for workers with a severe level of disability it is 180 % of the minimum wage, which is PLN 1 800 (approximately EUR 428), for workers with a moderate level of disability it is 100 % of the minimum wage, which is PLN 1 125 (approximately EUR 268), and for workers with a mild level of disability it is 40 % of the minimum wage, which is PLN 450 (approximately EUR 107) (as of 2016);
- reimbursement of certain costs incurred in order to adapt the workplace for people with disabilities (if a disabled person is employed for at least 36 months);
- reimbursement of workplace equipment for a disabled person (up to fifteen times the average wage);
- reimbursement of the cost of training disabled workers;
- reimbursement of the monthly costs of employing an employee assisting the disabled worker in activities connected to communication with the environment, and performing activities that are impossible or difficult to execute by disabled workers in their workplaces.

The above-mentioned subsidies and reimbursements are paid out from the sources of the State Fund for Rehabilitation of Disabled Persons.

Moreover, employers who employ disabled workers may be exempt from paying fines for not employing disabled persons which take the form of a contribution to PFRON⁽¹⁶⁾.

Public Benefit Organisations (PBOs)

Some organisations are eligible to apply for the status of a public benefit organisation. These kind of organisations are exempt from the following payments (Article 24 of the 24 April 2003 Act on Public Benefit and Volunteer Work):

- corporate income tax;
- property tax;
- tax on civil law transactions;
- stamp duty;
- court fees in relation to public benefit work performed by such organisation.

Public benefit organisations are authorised to receive funds which are donated from 'a 1 % scheme' (Article 27 of the 24 April 2003 Act on Public Benefit and Volunteer Work). Each payer of a personal income tax can indicate to which public benefit organisation 1 % of her/his tax should go.

The status of public benefit organisation can be obtained by:

- non-profit organisations;
- church legal entities;
- organisational units and local authority organisation unions;
- non-profit companies.

This means that the status of public benefit organisation could be acquired by Entrepreneurial Non-Profit Organisations (social enterprise type 2) and by non-profit

⁽¹⁶⁾ All employers who employ more than 25 employees (converted into full time) and do not generate a 6 % rate of employment of people with disabilities are obliged to pay a contribution to PFRON.

companies (social enterprise type 4). It is also possible that a non-profit organisation which established ZAZ (social enterprise type 3) has the status of public benefit organisation.

Social enterprises in the context of fiscal support for small and medium-sized enterprises (SMEs)

The fiscal support system for small and medium-sized enterprises (SMEs) has not yet been significantly developed in Poland. Polish governments representing different political options have promised to introduce such a system for a long time. SMEs on their side do not use tax preferences which are addressed to them (Wolański, 2012). At the same time, experts and practitioners do not consider financial support for SMEs as an important instrument to enhance the development of social enterprises in Poland. Probably, the reason behind this is that the majority of instruments which address SMEs address entrepreneurs who pay their taxes as natural persons, and therefore they are covered by the 1991 Law on Income Tax from Natural Persons (Wolański, 2012). Social enterprises, however, have legal personhood and they are covered by the Law on Income Tax from Legal Persons. Based on data provided by the Ministry of Finance (2010, 2011, 2013, 2014, 2015) it is impossible to indicate to what extent, if any at all, social enterprises have made use of tax exemptions addressing all legal persons over the years. On the basis of the above-mentioned data provided by the Ministry of Finance, it can be assumed that social enterprises are mainly interested in developing favorable tax solutions which address particular legal types that could form social enterprises. As a result, social enterprises are barely interested in taking advantage of the fiscal support system for SMEs.

3. MAPPING

3.1. Measuring social enterprises

Based on available data, which will be elaborated further in this section, the total number of social enterprises in Poland is estimated at 20 784 (as of December 2014), out of which 1 357 are work integration social enterprises.

Social enterprises employ 265 801, but their employment potential measured in the full-time equivalent (FTE) is estimated at 103 201 workers.

Table 2. Social enterprises in Poland, in 2014

Estimated number of social enterprises	Number of social enterprises			Number of employees	
	Total	WISEs	Other social enterprises		
Social cooperatives	1 269	1 269	X	5 500	
ENPOs	19 400	N.A.	19 400	On the basis of permanent contract 71 900 ^{a)}	62 000 ^{b)}
				On the basis of civil law contracts 183 600 ^{a)}	30 900 ^{b)}
ZAZ	88	88	X	4 801	
Non-profit companies	27	N.A.	27	N.A.	
Total	20 784	1 357	19 427	265 801 ^{a)}	103 201 ^{b)}

Source: own elaboration.

a) number of employees

b) volume of employment measured in full-time equivalent (FTE).

There is no official estimation of the number of social enterprises in Poland. Therefore, this study estimates the scale and dynamics of social enterprises on the basis of the available data sources which consider specific types of social enterprises. These are:

- For type 1 (social cooperatives): data provided by the National Audit Association of Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych* – OZRSS) and Ministry of Labour and Social Policy (MPIPS).
- For type 2 (ENPOs): data from SOF-1 ⁽¹⁷⁾ and SOF-4 ⁽¹⁸⁾ surveys conducted by the Central Statistical Office of Poland (CSO). Data are provided mostly for 2014; data for 2012 is added only to show dynamics of ENPOs.
- For type 3 (ZAZ): data provided by the State Fund for Rehabilitation of Disabled Persons (*Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych* – PFRON) and the Central Statistical Office of Poland.
- For type 4 (non-profit companies): data provided by Social and Economic Investment Company TISE SA (*Towarzystwo Inwestycji Społeczno-Ekonomicznych SA*).

⁽¹⁷⁾ The report on foundations, associations and faith-based charities.

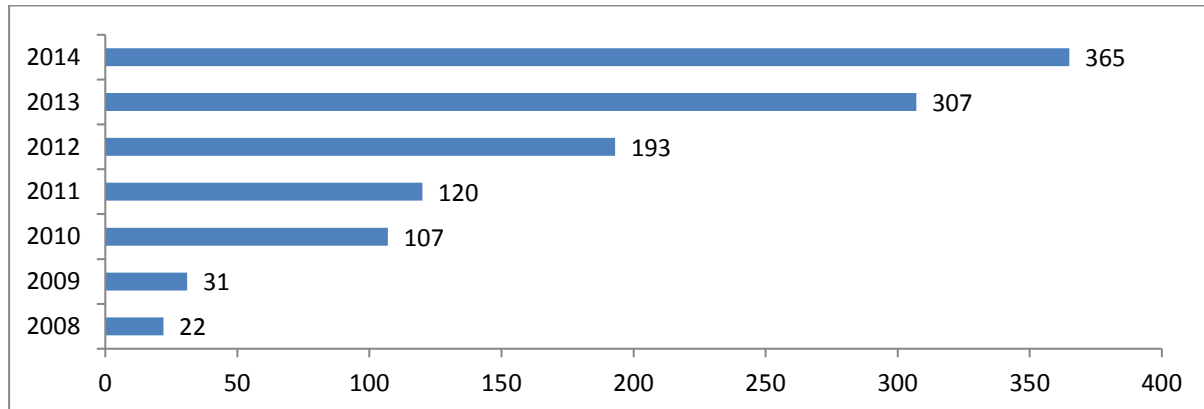
⁽¹⁸⁾ The report on professional and business associations and employers' organisations.

3.2. Social enterprise characteristics

Type 1: Social Cooperatives

Social cooperatives in Poland have been steadily developing in Poland since the moment they were legally recognised by the 2006 Act on Social Cooperatives (Figure 2).

Figure 2. Number of newly established social cooperatives



Source: Izdebski et al.(2015)

There were 1 269 social cooperatives registered in 2014. The number was almost 20 times higher than it was in 2006 (Izdebski et al., 2015).

Polish social cooperatives operate in many different branches, which are specified in Table 3. However they are most interested in manufacturing, construction, accommodation and catering, administrative and support services, human health, and social work activities: 67.9 % of cooperatives were engaged in these fields in 2014.

Table 3. Social cooperatives according to the Polish Classification of Economic Activities

	2007	2011	2014
Agriculture, forestry and fishing	4.1 %	2.5 %	2.2 %
Mining and quarrying	0 %	0 %	0.1 %
Manufacturing	16.3 %	12.5 %	12.9 %
Electricity, gas, steam and air conditioning supply	0.0 %	0.0 %	0.2 %
Water supply, sewerage, waste management and remediation activities	1.6 %	1.7 %	1.9 %
Construction	22 %	18.5 %	12.4 %
Trade, repair of motor vehicles	6.5 %	6.5 %	8.1 %
Transportation and storage	0 %	0.2 %	0.9 %
Accommodation and catering	12.2 %	13.7 %	16.3 %
Information and communication	3.3 %	3.2 %	2.4 %
Financial and insurance activities	0 %	0 %	0.5 %
Real estate activities	0.8 %	1 %	0.9 %
Professional, scientific and technical activities	1.6 %	3.2 %	3.6 %
Administrative and support service activities	13.8 %	18.5 %	15.7 %
Public administration and defense, compulsory social security	0 %	0 %	0.2 %
Education	3.3 %	4.0 %	4.6 %
Human health and social work activities	8.9 %	9.5 %	10.6 %
Arts, entertainment and recreation	3.3 %	3.2 %	3.7 %
Other service activities	2.4 %	1.7 %	2.9 %

Source: Izdebski et al. (2015)

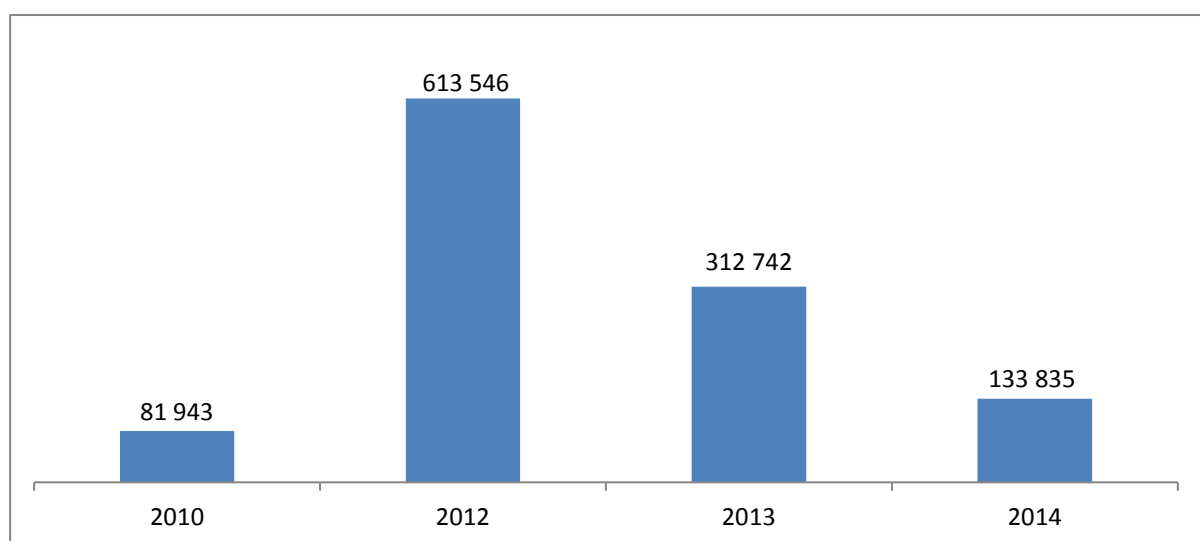
As for social activities, the average number of social activities undertaken by social cooperatives was 9.89 in 2014, and it was significantly higher than in the previous years

(Izdebski et al., 2015). Other research, conducted by the Ministry of Labour and Social Policy (MPiPS, 2015), reveals that in 2012-2013 47 % of existing social cooperatives provided cultural and educational activities for their members and local communities. These kind of activities were provided in the form of organising events, activities in various organisations/associations, integration meetings in their local community, self-help activities and education and cultural activities undertaken by social cooperatives with non-profit organisations. Social cooperatives also carried out professional and social integration and reintegration of the disabled and persons threatened by social exclusion. They also carried out social assistance, promoted employment and professional activation of the unemployed and individuals threatened with job loss, preserved national traditions, promoted economic growth and conducted work to support the elderly (ibidem).

Social cooperatives seem to have enhanced their positions as employers in recent years. They employ mostly people from disadvantaged groups, who are usually employed on the basis of stable contracts which are perceived in Poland as employment contracts providing the most stable conditions in terms of social security and worker's rights⁽¹⁹⁾. Almost three out of four workers working in social cooperatives had this type of employment contract in 2014 (Izdebski et al., 2015). Thus, social cooperatives seem to offer attractive jobs in times when the Polish labour market has been gradually dominated by less stable civil law contracts.

The annual income of social cooperatives, understood as payments received from selling goods and services as well from other sources like rents or investments, has been fluctuating in recent years (Figure 3). The annual income of social cooperatives increased significantly between 2010 and 2012. The reason for such a high income level in 2012 is difficult to explain (Izdebski et al., 2015). It is also impossible to explain why annual income has decreased since 2012.

Figure 3. Annual income of all social cooperatives (in thousand PLN)



Source: Izdebski et al. (2015)

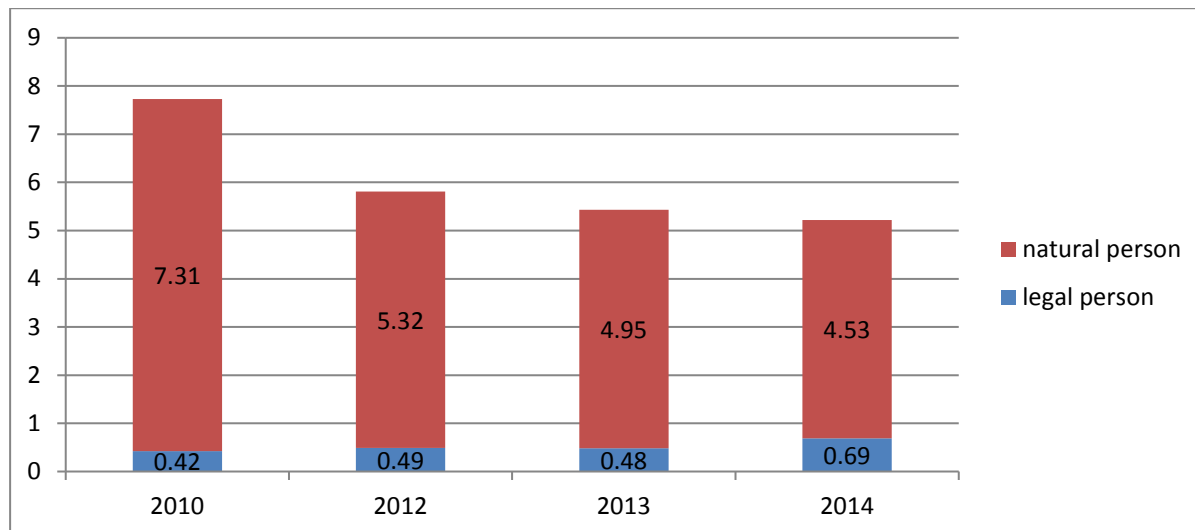
It is important to note that half of social cooperatives ended 2014 with losses or with no profit. This means that their income was equal or lower than the costs of their activities. This observation implies that a significant number of social cooperatives have problems with generating capital that can be invested in their future development.

During recent years, the average number of members of social cooperatives has decreased from almost eight members to a little over five members (Figure 4). At the same time, there was a small increase in the average number of legal persons as members of cooperatives. This could suggest that non-profit organisations, units of local governments

⁽¹⁹⁾ The Polish labour market has a dual structure. The core labour market consists of people who work on stable contracts regulated by labour law (permanent employment contracts). The rest of the labour market is based on civil law contracts. They provide people with short-term, precarious employment.

and faith-based charities have become more active in setting up social cooperatives. This tendency can pose questions concerning the autonomy of social cooperatives which was indicated in Section 2.1.2.

Figure 4. Average number of members in social cooperatives established by natural and legal persons



Source: Izdebski et al. (2015)

It is reasonable to conclude that social cooperatives are on the rise. Their number has significantly increased since 2006. In 2013 and 2014 over 300 social cooperatives were established annually. At the same time, an average social cooperative is relatively small and employs approximately seven persons, most of whom from disadvantaged groups.

Type 2 : Entrepreneurial Non-Profit Organisations (ENPOs)

As of December 2014, 19 400 entrepreneurial non-profit organisations existed, and this number was larger than in 2012, when it was estimated at 16 600.

The great majority of entrepreneurial non-profit organisations are located in cities, usually in large cities that have the status of a county and, less frequently, in smaller townships. Only a fifth of all entrepreneurial non-profit organisations are located in the countryside. ENPOs exist in all 16 provinces of Poland. However, they are most numerous in the well-developed provinces with the larger Polish cities such as Mazowieckie, Śląskie and Małopolskie provinces, while the smallest number of ENPOs are located in rural provinces in the Eastern part of Poland.

Entrepreneurial non-profit organisations operate in many fields⁽²⁰⁾, but the four most popular in 2014 were: sports, tourism, recreation and hobbies (declared by 29.6 % of all ENPOs); education, childcare and R&D activities (15.6 %); culture and arts (14.9 %); and social services and rescue services (11.9 %). These fields were followed by: environmental protection (declared by 11.3 % of all ENPOs) and healthcare (5.2 %). Local development (chosen by 2.8 % of ENPOs), professional affairs, employment and industrial (1.6 %), labour market (1.5 %) and third sector support (1.4 %) were far less popular. The smallest number of entrepreneurial non-profit organisations operated in the fields of human rights (1.1 %), religion (0.8 %) and international activities (0.7 %).

In terms of their range of activities, the majority of Polish entrepreneurial non-profits provided their products and services only for local communities. Less than a third of ENPOs declared carrying out activities at the national level, while operating abroad was pointed to occasionally in 2014.

⁽²⁰⁾ The popularity of fields of activities undertaken by ENPOs is measured by the kind of activity that consumes the largest part of their budget.

Polish entrepreneurial non-profit organisations can be regarded as important employers who generate quite a large number of jobs. They were the place of permanent employment for 71 900 workers in 2014. ENPOs' employment potential measured by the full-time equivalent (FTE)⁽²¹⁾ is estimated at 62 000 workers. This accounted for 0.42 % of the average number of all persons working in the national economy and 0.55 % of the average number of all employees working in the private sector (measured in FTE). Additionally, ENPOs employed 183 600 persons on the basis of civil law contracts in 2014; however when this number is converted into the FTE, one concludes that the potential of those employed on the basis of civil law contracts did not exceed 30 900. When both methodologies of estimation of employment in ENPOs are taken into account, one concludes that these social enterprises employed 255 500 workers both on permanent contracts and civil law contracts, but their employment volume did not exceed 92 900 full-time equivalents.

Several key characteristics describing the specificity in employment in ENPOs in comparison to the whole national economy have been identified. These are:

- a relatively high portion of employees working part time: according to CSO (2015a), in 2014, part-time workers constituted less than 8 % of the whole workforce in the national economy. At this time, part-time workers in ENPOs constituted 25.2 % of their whole workforce;
- ENPOs more often employed people from groups at a higher risk of social exclusion, including women and two particular age groups:
 - Women accounted for 70.6 % of all permanent employees of ENPOs, while this number was 48.6 % in the whole national economy.
 - Persons of post-working age (male over 65, female over 60) comprised 7.4 % of all workers in ENPOs, while post-working age workers comprised only 3.1 % of those working in the whole national economy.
 - Employees of pre-working age (under 18) comprised 0.6 % of all workers in ENPOs, while the share of this type of workers in the whole national economy did not exceed 0.1 %;
- ENPOs had better qualified workers, which was visible in a bigger share of employees with tertiary education (52.9 % in ENPOs and only 32.5 % in the national economy) and a smaller share of those who completed only primary and lower secondary school education (4.2 % in ENPOs and 5.9 % in the national economy).

One important fact is that quite a large number of Polish entrepreneurial non-profit organisations do not hire paid staff and rely primarily on volunteers. This was the case for 35 % (6 900) of entities in 2014. This leads to the conclusion that more than a third of Polish ENPOs are at the embryonic stage of their development.

When it comes to volunteers, one concludes that the use of voluntary work seems to be very important in the case of Polish entrepreneurial non-profit organisations. In 2014, 83.5 % of ENPOs reported that they benefited from voluntary work provided by their members, while 33 % of ENPOs declared the use of voluntary work provided by volunteers. After converting the volunteer work in ENPOs to the full-time equivalent (FTE), it turned out that the volunteer work provided by both members and volunteers was equivalent to 10 300 full-time employees.

Having analysed the structure of ENPOs income, one concludes that they combine market and non-market income but that the first was more important. Market income comprised 70.9 % of the overall income of ENPOs in 2014, while non-market income comprised 26.9 % of their overall income. Table 4 presents detailed data concerning all sources of income and their share in the overall income of ENPOs.

⁽²¹⁾ FTE is a term used in official statistics which relates to the conversion of time of work of part-time employees to full time.

Table 4. Income structure of ENPOs, in 2014

ENPOs (25%+)		2014
Total income	a	20 157 726
	b	100.0*
Market income from	a	8 216 640
	b	70.9
unrelated business activity	a	3 663 871
	b	31.6
paid mission-related activity	a	3 548 598
	b	30.6
public procurement	a	797 950
	b	6.9
interest, dividends	a	206 222
	b	1.8
Non-market income from	a	3 110 585
	b	26.9
public funds	a	2 132 497
	b	18.4
local government	a	955 395
	b	8.2
central government	a	637 941
	b	5.5
EU & other foreign public funds	a	1 962 149
	b	3.9
1 % of personal income tax	a	82 796
	b	0.7
private funds	a	978 088
	b	8.5
donations, transfers	a	365 994
	b	3.2
public collections	a	30 899
	b	0.3
membership dues	a	581 195
	b	5.0
Other	a	263 834
	b	2.2

Source: own calculations, based on results of SOF-1 and SOF-4 (2012, 2014) surveys carried out by the Central Statistical Office of Poland.

a: amount of income (in thousand PLN)

b: share of income (in %)

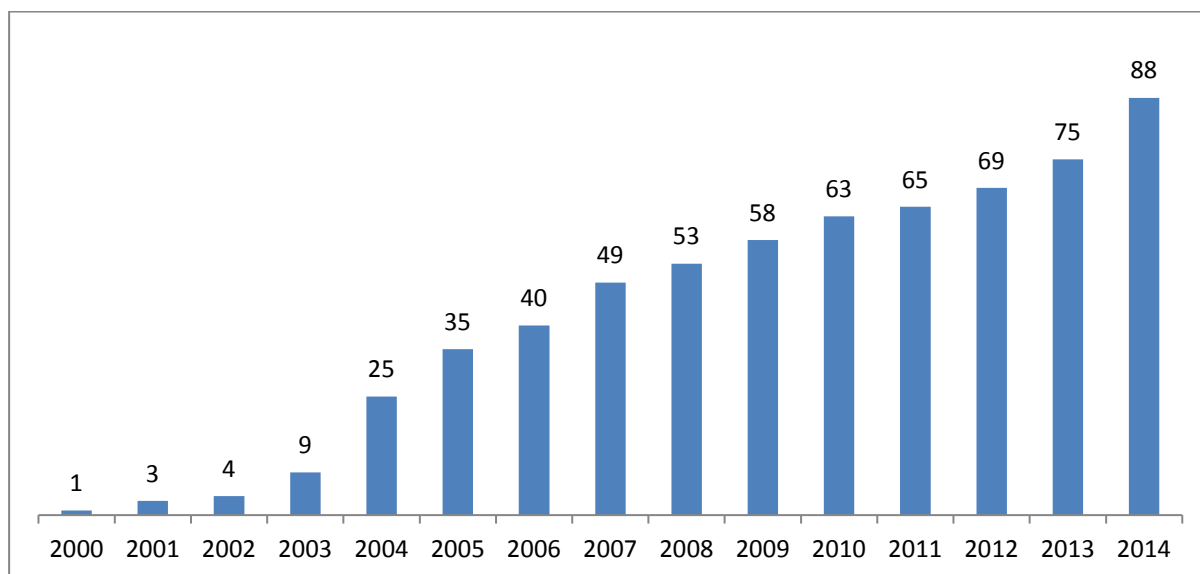
*Data may not add up exactly to 100 percent due to rounding.

Polish entrepreneurial non-profit organisations declared that they were facing some difficulties that hindered their existence in 2014. The most oppressive are the following four: difficulties in raising capital, problems caused by the law and legal procedures, insufficient number of volunteers, and problems in dealing with public administration.

Type 3: Professional Activity Establishments (ZAZ)

The number of ZAZ has steadily increased since 2000 (Figure 5). The annual average growth rate of ZAZ was 6.2 from 2000 to 2014.

Figure 5. Number of ZAZ, in 2000-14



Source: PFRON (2014); CSO (2015).

The majority of ZAZ are managed by foundations and associations (Table 5); only approximately a third of ZAZ are controlled by local authorities. This means that the majority of ZAZ are autonomous from the direct influence of state institutions.

Table 5. Proportion of ZAZ managed by local municipalities, in 2006-14

Year	Percentage
2006	37.5
2008	35.1
2012	37.7
2013	36.0
2014	31.8

Source: PFRON (2008, 2009); CSO (2015).

The most popular forms of economic activities performed by ZAZ in 2013 were gastronomical services, landscape services, printing services and services related to manufacturing and preserving clothes (Table 6). A majority of ZAZ combined service activities with manufacturing activities (79.3 %), some of them focused only on services (15.5 %) and only a minority of them were concentrated on manufacturing (5.2 %) (PFRON, 2014).

Table 6. ZAZ by fields of activities, in 2013

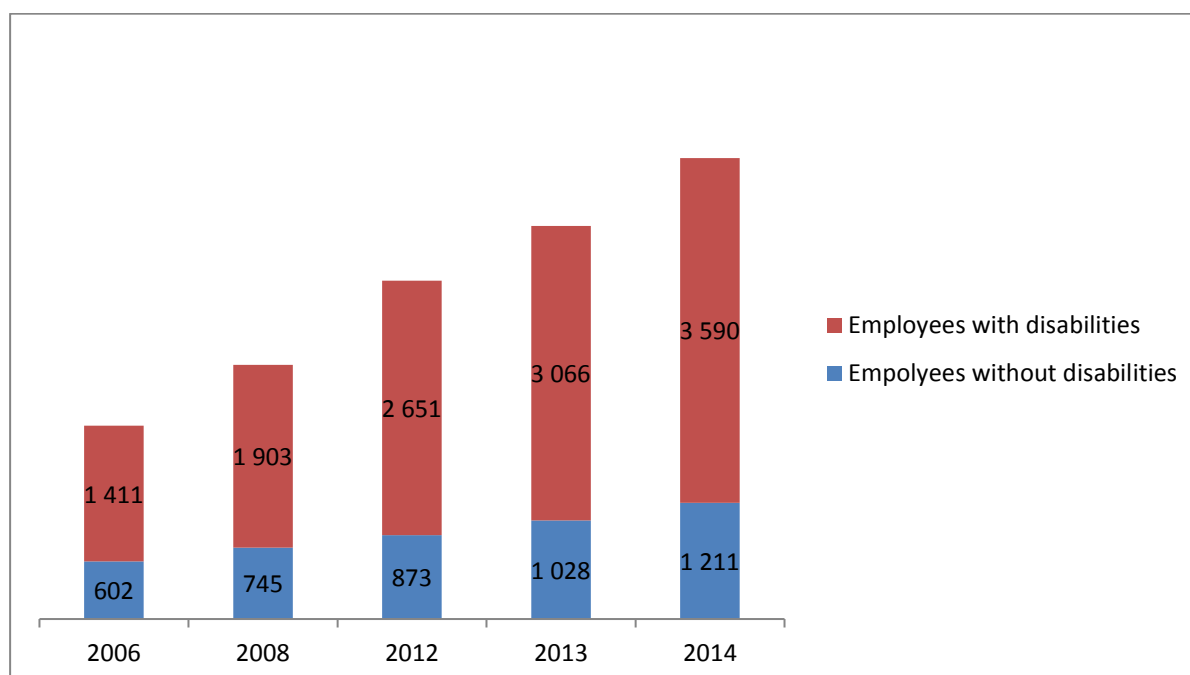
Type of activities	Number	%
Gastronomical services including catering	23	40
Landscape services	20	35
Printing services	17	29
Washing and (dry-)cleaning of textiles	15	26
Cleaning services	14	24
Tailoring services	14	24
Woodwork and carpentry	13	22
Assembly services	13	22
Artistic craftwork	13	22
Bookbinding services	10	17
Rehabilitation services	8	14
Tourist accommodation services	6	10
Horticulture services	5	9
Document shredding services	4	7
Production of firewood	3	5
Recycling	2	3
Hiring rehabilitation and recreational equipment	2	3
Production of clothing and related merchandise	1	2
Social services	1	2

Source: PFRON (2014).

Data in % do not add up to 100 because respondents were allowed to indicate more than one answer.

The number of people employed by ZAZ has been increasing (Figure 6). There were 2 013 people employed in ZAZ in 2006, and over twice as many in 2014. Also the rate of people with disabilities has been increasing over the years. People with disabilities comprised 70.1 % of employees of ZAZ in 2006. After eight years, their share increased to 74.8 %. It is worth mentioning that according to the Law on Vocational Rehabilitation, people with a disability are to comprise 70 % of all ZAZ' employees.

Figure 6. ZAZ: number of employees by their categories, in 2006-14



Source: PFRON (2008, 2009); CSO (2015).

The major source of income for ZAZ comes from the State Fund for Rehabilitation of Disabled Persons – PFRON (2014). It provided ZAZ with 53.6 % of their income (PLN 51 270 844) in 2012. This income is followed by trading, which comprised 26.85 % (PLN 25 665 342) of ZAZ total budget. Other sources of income came from self-governments at the level of provinces (PLN 6 000 026), organisers (PLN 7 652 811) and other sources (PLN 5 099 181) in 2012.

The level of financial support for ZAZ increased in 2014 (PFRON, 2015). The overall amount of money spent on supporting ZAZ activities was PLN 149 438 254. PFRON spent PLN 66 261 318, which consisted of 44.3 % of ZAZ financial support. This proportion is significantly lower than the financial support for ZAZ in 2012.

ZAZ employ people with various types of disabilities (Table 7). Almost a half of employees with disabilities are people with mental health problems, among whom the majority are employees with mental illness. The second largest group of disabled employees are people with disabilities of the locomotor system. The two other most numerous groups are people with hearing disabilities and people with epilepsy.

Table 7. ZAZ employees by type of disability, in 2013

Types of disability	%
Locomotor system	18.9
Visually impaired	10.6
Blind	4.0
Hearing impaired	8.1
Mental retardation	20.7
Mental illness	24.0
Epilepsy	8.1
Autism	1.3
Overall development disorder	4.1

Source: PFRON (2014).

In conclusion, there has been an increase in the number of ZAZ, in the number of people employed by them, in the level of financial support for ZAZ but at the same in the level of their financial independence from PFRON. ZAZ seems to be another example of a relatively successful form of Polish social enterprise. Despite the very difficult procedure of establishing ZAZ, they are on the rise. Their success should probably be attributed to the stable mechanism of financial support from the State Fund for the Rehabilitation of Disabled Persons. The financial assistance of this institution helps to establish a distinct type of Polish social enterprise which employed around 4 800 people of whom almost 75 % are people with disabilities.

Type 4: Non-Profit Companies

There is very limited data on non-profit companies in Poland⁽²²⁾. There is only one database on non-profit companies. It was created by a non-profit organisation named Social and Economic Investment Company, *TISE SA*, and the Department of Economy and Public Administration at the Cracow University of Economics in 2014. This database was created on the basis of the available information on non-profit companies which were accessed on the web and during interviews with representatives of a few companies⁽²³⁾. It is impossible to indicate to what extent this sample is representative of all non-profit companies in Poland. It is also impossible to elaborate on the characteristics of non-profit companies in Poland based on this data set. It is only secure to state that at least 27 non-profit companies existed in Poland in 2014.

⁽²²⁾ The database is available at <http://tise.pl/wp-content/uploads/2014/09/Pobierz-baz%C4%99-spolek-non-profit-TISE.xls>.

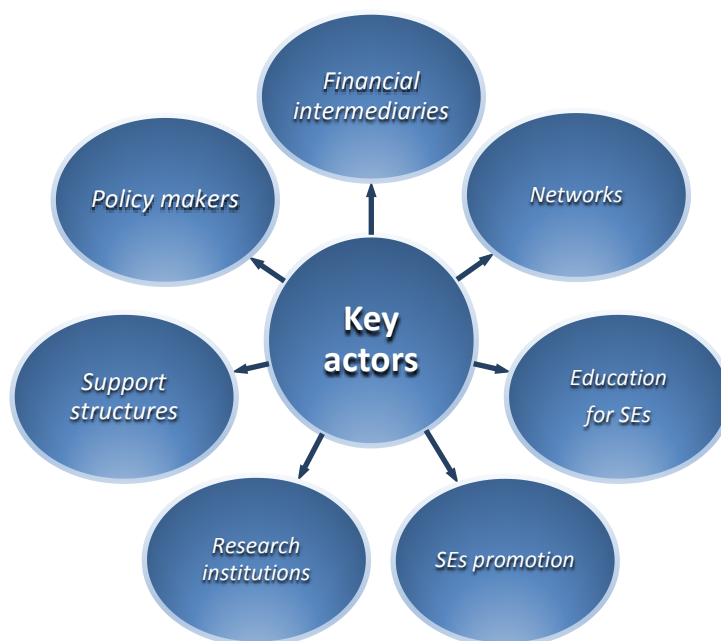
⁽²³⁾ <https://tise.pl/powstala-baza-spolek-non-profit/> [downloaded 07.06.2016].

4. ECO-SYSTEM OF SOCIAL ENTERPRISES IN POLAND

4.1. Key actors

There are several key actors that should be taken into account with regard to the eco-system for social enterprises in Poland. They operate at all administrative levels, i.e. national, regional and local, in order to create policy schemes for social enterprises and support their legal, financial and know-how development. This section provides information about the Polish key actors who create a comprehensive system as presented in Figure 7.

Figure 7. System of key actors in the eco-system for social enterprises in Poland



Source: own elaboration.

Policy makers

The main governmental institution in charge of shaping and implementing the eco-system for social enterprises at the national level in Poland is the Ministry of Family, Labour and Social Policy, with the Department of Public Benefit as its organisational unit.

In 2009-14, the Department of Public Benefit worked closely with another governmental body - the Council on Systemic Solutions in the Field of Social Economy (*Zespół ds. rozwiązań systemowych w zakresie ekonomii społecznej*). It was established by the Prime Minister in 2008, with the aim of constituting policy schemes for the social economy and social enterprises. This governmental body consisted of representatives of relevant ministries, local government and non-profit organisations. The Council consisted of four working groups, such as:

- the finance group, whose aim was to define and develop financing schemes and financial instruments addressing the needs of social enterprises, including the development of the system of preferential loans;
- the legal group, whose aim was to work out the legal schemes that regulate social enterprises, with a special regard to the exclusive legal act regulating social enterprises;
- the educational group, whose aim was to investigate and support various formal and non-formal education activities for social enterprises, with a special focus on the introduction of social enterprises into the curricula of general education; and
- the strategic working group, whose aim was to work out the strategy of the development of the social economy and social enterprises.

The mandate of the Team for Systemic Solutions in the field of Social Economy expired in 2014. However, in order to complete all the tasks, including in particular those connected

with entering into force the National Programme for Social Economy Development, in 2015, the Team for Systemic Solutions in the field of Social Economy was replaced by another governmental body named the State Committee for Social Economy Development⁽²⁴⁾ (*Krajowy Komitet Rozwoju Ekonomii Społecznej - KKRES*). This is a subsidiary body to the Minister of Labour and Social Policy. It plays a role of key instrument for the cohesion of public policies related to social economy and social enterprises. It coordinates activities undertaken in these fields at the national level, as well as making strategic decisions related to the KPRES Programme implementation. It also creates and monitors activities undertaken in the field of social economy and social enterprises at the national level (KPRES, 2014; Minister of Labour and Social Policy, 2015). It consists of various groups of stakeholders, i.e.:

- 16 representatives coming from the public administration at the national level (from relevant ministers, Central Statistical Office of Poland and the Polish Public Procurement Office), and regional level (from the Joint Central Government and Local Government Committee, Regional Centres of Social Policy and marshals of regions);
- eight representatives coming from various institutions engaged in the development of social economy and social enterprises, including in particular academics, bank association representatives, Public Benefit Works Council representatives, and trade union representatives; and
- 10 representatives of the non-profit sector.

The Minister of Labour and Social Policy is the Chairman, while the Director of the Department of Public Benefit is the secretary of the State Committee of Social Economy Development. The total number of members engaged in this body is 36. Moreover, 18 supporting members who are experts in the social economy and social enterprise have also been invited to the State Committee for Social Economy Development. KKRES is backed by the State Secretariat for Social Economy, which is located within the structure of the Department of Public Benefit. The State Secretariat is, among others, responsible for (KPRES, 2014):

- coordinating actions undertaken by public administration addressing the social economy and social enterprise sector;
- monitoring and generating knowledge and initiating public debates on the place of the social economy and social enterprises in public policies;
- undertaking activities for the social economy and social enterprise sector by assuring quality of the support system (accrediting services which provide services for the sector).

In order to incorporate the National Programme for Social Economy Development into provinces, Regional Committees for Social Economy Development were established in all 16 provinces in 2015. They coordinate provinces' actions in the field of the social economy and social enterprise. Regional Committees play consultancy and advisory roles for local authorities at the province level. They are composed of representatives of provincial authorities and the social economy, science, and business sectors (KPRES, 2014). Regional Committees for Social Economy Development are obliged to cooperate and support Regional Centres for Social Policy (*Regionalne Ośrodki Polityki Społecznej – ROPS*). The latter entities coordinate actions undertaken by public authorities at the province level in the field of social economy. ROPS are also responsible for coordinating the actions of provinces in the field of implementation of the multi-annual regional action plans for promotion and popularisation of the social economy and social enterprises⁽²⁵⁾ (KPRES, 2014).

Social Economy Support Centres (OWES) as examples of support structures at regional and local level

⁽²⁴⁾ The State Committee for Social Economy Development was established on the basis of the National Strategy for Social Economy Development and the Ordinance of the Minister of Labour and Social Policy of 27 February 2015 concerning the establishment of the State Committee for Social Economy Development.

⁽²⁵⁾ ROPS are obliged to realise this task on the basis of the Act of 12 March 2004 on Social Assistance (Journal of Laws, 2004, No 64, 593), amendment from 22 February 2013 (Journal of Laws from 2013, item 509).

Social Economy Support Centres (*Ośrodki Wsparcia Ekonomii Społecznej* – OWES) are basic instruments supporting the establishment and existence of social enterprises. In 2007-13 they were established as EU projects and funded from the ESF-funded Operational Programme Human Capital. In the programming period 2014-20, further financial support for OWES has been declared.

OWES operate mainly at a regional and local level. There is no official database concerning the numbers or their dynamics. However, the database provided by the Foundation for Social and Economic Initiatives (FISE) includes 350 projects from all over Poland that have been provided to support social enterprises (as of 20 May 2016). However, the list of initiatives that have ever functioned as social economy support centres is limited to 90.

OWES are expected to provide a wide range of tailored support for existing social enterprises as well as organisations or groups of persons that are interested in establishing a social enterprise. OWES also provide support for associations and foundations that are interested in launching unrelated business activity. Social economy support centres provide in particular legal, fiscal and marketing advisory services for their clients.

It is difficult to analyse the de facto scope of OWES activities. No research measuring OWES activities and their real impact on social enterprises' development has yet been conducted. Some overviews of the impact of existing social economy support centres has emerged from various regional reports. Nevertheless, a limited number of such reports and their descriptive–rather than analytical–character hinder any access to reliable data. Despite this, OWES' deficits in supporting social enterprises' development are commonly known. The basic weakness of social economy support centres, pointed to in the KPRES Programme (2014), concerns their excessive fragmentation and lack of sustainability. As mentioned above, OWES function as EU projects, and their existence is not assured by other public funds. As a result, the great majority of OWES are, generally speaking, labels for EU-funded projects conducted by various initiatives, including both the public administration institutions and associations and foundations. As a consequence, in the programming period 2007-13, some OWES functioned mainly during the period of the running of the Operational Programme Human Capital projects (typically up to two years) either closed or severely limited the scope of activities after the Human Capital support dried up. Not surprisingly, this could not be considered an effective way of serving the needs of newly emerging and already established social enterprises. Other deficiencies shared by social economy support centres are linked to the lack of the bodies that could represent them. In general, OWES have not cooperated with each other, and nor have they built comprehensive networks at the regional or local level. Consequently, they tend to overlap or duplicate their activities.

In order to make social economy support centres more effective in terms of long-term organisational and financial sustainability, the accreditation procedure for OWES started in 2015. It is expected that only social economy support centres which provide high-quality services could get the accreditation, and therefore will be allowed to use public finance. The accreditation standards have been designed by the Accreditation Committee operated by the Minister of Labour and Social Policy. This Committee consists of more than 20 representatives, coming from public administration institutions (mainly ministries and regional offices, and the Joint Central Government and Local Government Committee) as well as experts. The accreditation is given to OWES for a two-year period. Setting the standards for OWES and the accreditation procedure was completed at the end of 2015 in all provinces. However, due to the political shift, on the basis of Regulation No 45 of the Minister of Family, Labour and Social Policy of 31 December 2015 invalidating the accreditation granted in 2015, the process of accreditation of OWES was resumed as of January 2016 (NRP 2016). As of 13 April 2016, from a group of 73 social economy support centres that asked for re-accreditation, 67 succeeded ⁽²⁶⁾.

⁽²⁶⁾ www.mpips.gov.pl

Promotion for social enterprises

Since 2011, the Foundation for Socio-Economic Initiatives (*Fundacja Inicjatyw Społeczno-Ekonomicznych – FISE*) has been organising an annual competition for *the Best Social Enterprise of the Year*. The idea behind the competition is to reward individuals and organisations that make use of market mechanisms for the achievement of social objectives. The main financial reward amounted to PLN 30 000 (approximately EUR 7 000)⁽²⁷⁾. The following types of organisations are entitled to participate in the competition: ZAZ, non-profit companies, and foundations, associations and similar organisations that carry out unrelated business activity. In 2016 a sixth edition of this contest took place.

The quality certification schemes for social enterprises in Poland are as follows⁽²⁸⁾:

- the Social Economy Sign (eS)] which covers the whole of Poland. It is a kind of a quality certificate, granted by FISE to social enterprises that are finalists in the annual contest the Best Social Enterprise of the Year. Social enterprises of all legal types, including social cooperatives, ZAZ, non-profit companies and ENPOs, are allowed to apply for the Social Economy Sign (eS); however, in the case of ENPOs, only those who carry out unrelated business activity (but not paid mission-related activities) are entitled. As of June 2016, eight social enterprises have obtained the right to use eS;
- *Pro-social certificate* which is currently available for social economy entities and social enterprises in 12 (out of 16) provinces. It is granted by the Saint Jadwiga – the Queen of Poland Foundation (*Fundacja Królowej Polski Św. Jadwigi*). Similarly, to the Social Economy Sign (eS), social enterprises of all types are allowed to take part in the certification process; also in this case only ENPOs carrying out unrelated business activity may apply. Forty social economy entities and social enterprises have already received the award.

These certification schemes have well defined access/selection rules and hence are believed to select good social enterprises. They are also believed to help promote the idea of social enterprise in general, and products and services offered by social enterprises, and hence broaden the potential client base. Creating strong, well-recognised brands/certificates for products of social enterprises could in particular solve some dilemmas in the promotional activities of social enterprises that find it difficult, e.g. the difficult life situations of their employees such as those with disabilities.

The major event for the social enterprise and the wider social economy sector is an annual social economy meeting gathering policy makers, social enterprises, other social economy organisations, researchers, etc. In autumn 2016, the 10th meeting will take place.

An important communication and knowledge sharing platform for social economy stakeholders and social entrepreneurs in particular, is the web portal (*ekonomiaspoleczna.pl*) that was established in 2005 and is administered by the Foundation for Social and Economic Initiatives. It records around 15 000 visits a months and has a base of around 5 000 subscribers to its weekly newsletter.

⁽²⁷⁾ <http://www.fise.org.pl/x/625099>

⁽²⁸⁾ Information on these initiatives is available on the following websites, respectively: <http://www.znak-es.org/> and <http://www.zakupprospoleczny.pl/>

4.2. Policy schemes and support structures

Table 8. Typology of public support measures in Poland

	Addressed to all enterprises that fulfil specific criteria	Addressed to social economy/non-profit organisations	Addressed to social enterprises
Poland	<ul style="list-style-type: none"> Grants provided for all types of enterprises which meet particular criteria (e.g. if they employ disabled workers or persons from disadvantaged groups who have problems with (re)entering to the labour market. Grants provided by the Labour Fund and the State Fund for Rehabilitation of Disabled Persons. Public procurement law, which favours enterprises fulfilling particular criteria (e.g. employing particular employees and taking into consideration particular social aspects). 	<ul style="list-style-type: none"> The National Programme for Social Economy Development (KPRES) sets the direction and instruments for policy schemes for the social economy and social enterprises at the national level and identifies the specific tasks provinces are expected to realise. Loans and loan agreements for social economy organisations. Tax assignation system. Co-financing of salaries of workers working in particular legal types. 	<ul style="list-style-type: none"> No

Source: own elaboration.

4.2.1. Support measures addressing all enterprises that fulfil specific criteria

The comprehensive system of support measures addressing all enterprises, including social enterprises that fulfil specific criteria is very well developed in Poland. These specific criteria allow enterprises to benefit from various types of benefits if they employ disabled persons. In this case employers are allowed to apply for subsidies for the remuneration paid out to disabled workers, as well as being provided with grants for the adaptation and equipping of the workplace for the disabled workers. These grants are provided by the State Fund for Rehabilitation of Disabled Persons (for more details see Section 2.1.3).

Support measures are addressed to employers who decide to employ persons from disadvantaged groups who have problems with (re)entering to the labour market and are for this reason assisted by supported employment. In this case, a system of start-up grants considering the reimbursement of a part of the salary paid out to workers is provided by the Labour Fund (for more details see Section 2.1.3).

The above-mentioned support measures are followed by public procurement law ⁽²⁹⁾, which favours enterprises fulfilling particular criteria (e.g. employing particular employers and taking into consideration particular social aspects). They are described in detail below.

It is quite common in Poland to use the term 'social public procurements' (*społeczne zamówienia publiczne*) ⁽³⁰⁾ to describe these public procurements, which take into consideration at least one of following social aspects:

⁽²⁹⁾ The part of the report on social public procurement was written based on information provided by Katarzyna Ołdak-Bułańska from The Polish Public Procurement Office.

⁽³⁰⁾ <https://www.uzp.gov.pl/baza-wiedzy/zrownowazone-zamowienia-publiczne/spoleczne-zamowienia/podstawowe-informacje> [downloaded 22.08.2016].

- possibility of employment
- decent job
- accordance with social laws and with the right to work
- social integration
- equality of opportunities
- accessibility
- the principle of 'accessible and designed for everyone'
- sustainable development.

The above-mentioned social aspects could be taken into consideration at every step of a public procurement granting procedure.

Social clauses are considered to be a part of social public procurements. Social clauses enable public procurements to be limited to those entities which have over 50 % of employees with disabilities (Article 22 of the Act of 29 January 2004 Public Procurement Law). They also enable the setting of additional conditions for public procurements which are related to employment of people threatened by social exclusion (Article 29 and 36 of the 29 January 2004 Act Public Procurement Law). A description of procurement could include requirements concerning the employment of unemployed or young people, people with disabilities and others categories of disadvantaged people mentioned in the Law on social employment. The conditions of a public procurement on buildings works and services could also obligate a contractor to sign employment contracts with its workers.

Legal regulation also prohibits specific types of entities from taking part in public procurements. Contractors who fall behind with tax payments, social or health insurance payments or have been sentenced for a crime against workers' rights are excluded from public procurements (Article 29 and 36 the 29 January 2004 Act Public Procurement Law).

The Polish Public Procurement Office conducts regular research on social aspects of public procurements. The research covers 4 % of randomly chosen announcements of public procurements published in the given year. According to these studies, 2.04 % of public procurements included social aspects in 2011, 2.9 % in 2012, 4.5 % in 2013, 3.1 % in 2014 and 4.08 % in 2015.

The same office also studies how often social clauses are used in public procurements. The research covers only part of public procurements which are published in the Bulletin of Public Procurement and that are higher than EUR 30 000 and lower than European thresholds. In this group, 0.13 % of public procurements had social clauses in 2012, 0.23 % in 2013, 0.13 % in 2014 and 0.15 % in 2015.

Work is underway on the adjustment of the Public Procurements Law to the EU directives on public procurements such as Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, and Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC. The new, amended, law entered into force on 28 July 2016 ⁽³¹⁾.

The new law enables the limitation of public procurements to contractors whose main aim of activity is the social and labour integration of people threatened by social exclusion. These groups are listed in the new law. However, the list is only basic and could be extended. The list includes:

- people with disabilities;
- unemployed persons;
- prisoners and people released from a jail;

⁽³¹⁾ <http://www.ekonomiaspoleczna.pl/wiadomosc/1923294.html> [downloaded 06.07.2016].

- mentally ill people;
- homeless people;
- refugees;
- people seeking employment (up to 30 years old and over 50 years old);
- members of social minorities;
- members of otherwise marginalised groups.

The new law adds new types of social clause. An invitation to tender may now include 'other social aspects'. A contractor could now be obliged to fulfil other social requirements that are unspecified by the law. The new law also unconditionally obliges contractors and subcontractor of buildings works and services to sign employment contracts with their workers.

In the case of specific types of health, social and cultural services⁽³²⁾, a contracting authority is now allowed to give a contract only to entities meeting all the following conditions:

- by providing social services they fulfill public benefit aims, and they also pursue the social and vocational integration of marginalised people;
- they act not for profit, they use the entire income to achieve their statutory goals, and they do not distribute income between their equity partners, stakeholders and employees;
- their governance structure is based on co-management; employee share ownership or employee participation;
- during last 3 years they have not signed a contract with this current procurer based on the same regulation;
- they are allowed to sign a contract for no longer than three years.

4.2.2. Support measures addressing social economy/non-profit organisations

Polish social enterprises are entitled to use support measures addressing social economy organisations. This is in particular organised within the framework of the National Programme for Social Economy Development (KPRES). It is currently the fundamental document which sets policy schemes for the development of the social economy and social enterprises in Poland. This is due to the fact that the Act on social enterprises has not yet been enacted, thus—as a draft—it cannot be treated as a regulation that could shape policy schemes.

The KPRES Programme constitutes a part of the national strategic planning system which relays national horizontal strategies. They address the key issues and challenges of development in Poland. Consequently, the KPRES Programme discusses the role of the social economy and social enterprises in public policies, as well as creating a comprehensive eco-system, which includes legal, financial and support instruments for their development. The National Programme for Social Economy Development was prepared in 2012-14 with a specific strategic context. The basic point of reference was as follows:

- the Long-term National Strategy – Poland 2030 Third Wave of Modernity, which states that the strategic developmental objectives are to achieve welfare through work by supporting educational and professional activities and to increase general access to public services at every life stage;
- the National Development Strategy 2020 which envisages developing legislative and financial instruments supporting the social economy as one of the actions foreseen until 2020 to

⁽³²⁾ Administrative educational services, administrative healthcare services, administrative housing services, supply services of domestic help personnel, supply services of nursing personnel, supply services of medical personnel, pre-school education services, higher education services, e-learning services, adult education services at university level, training services, operation of an educational centre, tutorial services, library, archives, museums and other cultural services, sporting services, membership organisation services, services provided by youth associations and services which have CVP (Common Procurement Vocabulary) code from 85000000-9 (health and social work services) to 85323000-9 (Community health services).

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achieve objectives related to increased activity of people at risk of exclusion and those socially excluded;

- nine integrated horizontal strategies, which operationalise the National Development Strategy 2020. Among these nine strategies, the most important for the KPRES Strategy are:
 - the Social Capital Development Strategy and the Human Capital Development Strategy. Both documents mention social economy and social enterprises in their context. Social economy, according to these documents, is an innovative instrument which improves the social and professional integration of the socially excluded and strengthens social capital. Social enterprises are seen as one form of social economy entities that could satisfy the needs for employment of disadvantaged people and supplement the delivery of goods and services. Social enterprises are also perceived as those who generate social added value;
- the National Reform Programmes (NRP), updated every year in line with the European Semester, constitute the basic instruments for the implementation of the Europe 2020 Strategy by the Member States. On 26 April 2016, the Council of Ministers adopted the sixth NPR edition, which will set the directions in 2016/2017. This document mentions the social economy and social enterprises. It summarises actions undertaken in 2015-2016 for their development, for example:
 - the completion of the accreditation procedure for the Centres of Support to Social Economy in all provinces which was conducted within the project *Integrated system of support to social economy* (OWES are described in detail in Section 4.1);
 - having given loans for social enterprises (described in detail in Section 4.5 Financing);
- the National Reform Programme Update 2016/2017 also envisages the tasks to be continued in order to provide support for the social economy and social enterprises in 2016 and 2017. They are described as:
 - continuation of the repayable support – launch of the loan of guarantee funds;
 - the launching of the monitoring system of the social economy sector and social enterprises, within the project entitled *Integrated monitoring system of social economy sector*.

The tasks initially planned for 2016/2017 have already begun to be realised. The NPR points to the actors responsible for the implementation of these tasks, which is Ministry of Family, Labour and Social Policy, as well as creating financing frames for these tasks (as in Table 9).

Table 9. Financing of the tasks in the field of support for the social economy sector (the National Reform Programme. Update 2016/2017)

	2016			2017		
	total public finance sector expenditure	of which state budget	of which European fund budget	total public finance sector expenditure	of which state budget	of which European fund budget
	In thousand PLN					
Accreditation process of OWES	1 800	283	1 517	1 800	283	1 517
Loan fund	47 160	7 413	39 746	X	X	X
Development of instruments for comprehensive monitoring of the social economy sector	980	154	826	2 306	362	1 943

Source: The National Reform Programme. Update 2016/2017: 56.

The National Programme for Social Economy Development sets the directions and instruments for policy scheme for social enterprises at the national level. However, it also goes to the provinces which are expected to follow the directions and realise tasks set in the KPRES Programme to support the development of the social economy and social enterprises. These are in particular (KPRES, 2014):

- implementing regional programmes for social economy in every province. These programmes, similarly to the KPRES Programme, are in the first place aimed at the social economy; however, they also mention social enterprises. Regional programmes are currently being investigated in order to fit into the 2014-20 programming period;
- establishing a network of social economy support centres as entities accredited by the Ministry of Family, Labour and Social Policy;
- managing public policies on the social economy and social enterprise in the provinces;
- promotion of cooperation with local government units in terms of the social economy and social enterprise development.

The system of loans and loan agreements has been introduced in Poland in order to support social economy organisations, and it can be treated as the element of support measures addressing social economy organisations (for more details see Box 1 and Box 2 in Section 4.5).

Support structures existing in Poland also provide benefits for all organisations having public benefit status. These benefits are linked in the first place to the tax assignation system (for more details see Section 2.1.3).

Other benefits are foreseen for various legal types, including social cooperatives, non-profit organisations and Professional Activity Establishments. These support measures encompass the tax assignation system and co-financing salaries of employees (the latter only in the case of social cooperatives) – for more details see Section 2.1.3.

4.2.3. Support measures specifically addressing social enterprises

Poland has not yet developed a system of support measures specifically addressing social enterprises.

4.3. Networks

There exist a few umbrella organisations grouping social enterprises of different legal types. Examples include:

- Union of ZAZ Employers and Other Social Enterprises (*Ogólnopolski Związek Pracodawców Zakładów Aktywności Zawodowej i Innych Przedsiębiorstw Społecznych*). It was established in 2012. As of June 2016 it gathered 40 organisations, mostly ZAZ;
- National Audit Association of Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych - OZRSS*). It was established in 2007. As of 29 April 2016 it gathered 141 social cooperatives (less than 10 % of all such entities) ⁽³³⁾.

The above-mentioned organisations aim to represent their members and the broader group of social enterprises, to promote social enterprise in its various forms, and to provide support for member organisations. Nevertheless, in practice, they concentrate mainly on social enterprises representing particular legal forms, even if they declare carrying out broader activities. Moreover, when the number of organisations of each legal type united in each umbrella organisation is taken into consideration, one concludes that umbrella organisations represent only a small share of organisations of each type.

The effectiveness of the activities undertaken by umbrella organisations differs from organisation to organisation, and moreover this is difficult to investigate. No data showing the real influence of these organisations on public policy on social enterprises has been yet provided. Similarly, their impact on the development of social enterprises of each legal type or on the whole sector of social enterprises has not been recognised. Overall, the Polish social enterprise sector does not appear to have strong institutionalised representation. This may be owing to several factors, including the design of public support schemes for social enterprises, the relatively recent establishment of some social enterprises and thus their umbrella organisations, and a generally weak tradition of business representation in Poland. Moreover, the important factor that seems to weaken building strong representative and advisory bodies for social enterprises in Poland is linked to the strong fragmentation of Polish social enterprises. They lack a common identity, focussing more on their legal types' belongingness than building a common sector with one representation.

4.4. Research, education and skills development

There are several institutions in Poland that measure and monitor social enterprises in a constant way. One of the most important ones is the Central Statistical Office of Poland, which has been building up an elaborate body of statistical data on the third sector/social economy, also within the frameworks of satellite account. CSO collects complete and current data on the socio-economic potential of various legal forms, in particular non-profit organisations and ZAZ, which could form social enterprises. Beginning in 2008, the Central Statistical Office has conducted surveys every two years on so called SOF forms (SOF-1, SOF-4 and SOF-5). These surveys are not dedicated explicitly to social enterprises, but they investigate the whole non-profit sector. However, the database from SOF surveys, due to its completion, enables the analysis of those non-profit organisations that are market-oriented. SOF surveys have been included in the Public Statistics Research Programme (approved by the Council of Ministers every year), which guarantees the continuity and financial stability of SOF surveys.

The Central Statistical Office of Poland has been recently engaged into the *Integrated system of the monitoring of social economy Project*, which started on 1 June 2016 and will finish on 30 June 2020. The aim of this project is to work out a comprehensive system of monitoring and collecting data in the field of the social economy. This will help to integrate the social economy with public policies. The project envisages launching a detailed database in the form of a platform, which will enable its users to make their own calculations concerning the social economy. The Department of Public Benefit is an applicant in this project. The project is financed from EU funds, within one of the national programmes: Operational Programme Knowledge Education Development. The *Integrated*

⁽³³⁾ Data from <http://ozrss.pl/zwiazek/czlonkowie/> [downloaded 07.07.2016].

system of the monitoring of social economy Project has been granted PLN 5 million and is an executive instrument for the National Programme for Social Economy Development, which investigates a need to collect comprehensive and updated knowledge on the condition on the social economy sector and social enterprises.

The level of the scientific recognition of social enterprises depends on their legal type. Entrepreneurial non-profit organisations seem to be the best investigated in Poland, mostly due to regular SOF surveys conducted by the Central Statistical Office. The Central Statistical Office also provides statistical data on various types of integration entities, including ZAZ. Social enterprises of this type have been also investigated by the State Fund for the Rehabilitation of Disabled. This investigation has not been conducted regularly.

Social cooperatives are regularly investigated in Poland due to the formal obligation for the Council of Ministers to present, every two years to the Polish Parliament, the information about these legal types. Two comprehensive reports on social cooperatives have so far been released by the Department of Public Benefit (in 2013 and 2015). The effort of monitoring social cooperatives has been recently undertaken by the National Audit Association on Social Cooperatives (*Ogólnopolski Związek Rewizyjny Spółdzielni Socjalnych*), which collected a wide range of data integrated also into this report.

As mentioned in Section 2.1.2, non-profit companies have not received much recognition in Poland. It is only the Social and Economic Investment Company TISE SA which has made an effort to build a database of such entities. Nevertheless, this database has not been officially acknowledged.

In Poland several research units, including universities and non-profit organisations, carry out research on social enterprises. This research, however, has not been conducted on a continuous basis. In a few regions, observatories of social enterprises have been also established. These are, however, not autonomous organisations but projects financed by EU funds located in various public institutions, in particular in Province Employment Agencies (WUP) and Regional Centres for Social Policy (ROPS). Therefore, the stability and continuity of these observatories are highly debatable.

Several universities have already introduced elements related to social enterprises to their curricula. This has been organised either in the form of postgraduate studies or elements incorporated into the bachelor programmes within fields such as social entrepreneurship and CSR, local development, social policy and social assistance. It should be underlined, however, that none of the courses directly apply to social enterprises. They have investigated the social economy, while social enterprises were only one of several issues investigated in these courses.

Table 10. Education for social enterprises on the academic level

Name of the higher school	When?	Duration ^{a)}	Is it organised on a continuous basis?	Payment	Source of finance
Postgraduate studies					
Małopolska School of Public Administration, Cracow University of Economics	2009-15	2	No Several editions organised	No	EU funds
Institute of Social Policy, University of Warsaw	2009-15	2	No Several editions organised	No	EU funds
University of Wrocław	2015/2016 academic year	2	No data	Yes: PLN 1 800 per semester)	n/a
Janusz Korczak Pedagogical University in Warsaw	2008/2009 academic year	2	No 1 edition	No	EU funds

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Name of the higher school	When?	Duration ^{a)}	Is it organised on a continuous basis?	Payment	Source of finance
Higher Hanseatic School of Management in Slupsk	2014/2015 academic year	2	No 1 edition	Yes	n/a
Humanitas University in Sosnowiec		2	No 1 edition	Yes	n/a
Regular courses within bachelor programmes					
Institute of Social Prevention and Resocialisation at University of Warsaw	2015/2016 academic year, planned for 2016/2017	1	Yes	No	n/a

a) number of semesters

Source: own elaboration, based on the facilitation process in the Mapping study on social enterprises eco-system Project.

Further academic education activities related to social enterprises are provided in the KPRES Programme. They include, in particular, supporting research projects and introductory postgraduate studies related to social enterprises.

A special 'educational package' in the form of a manual for teachers was prepared by the Council on Systemic Solutions in the Field of Social Economy in order to promote social enterprises in primary and secondary schools. More recently, the National Programme for Social Economy Development envisages an investigation of the core curriculum for general education in order to supplement the curriculum of the subject *Fundamentals of Entrepreneurship* with information on the social economy and social enterprises. They can be then used in the implementation of pupils' educational projects for *Civics* classes or *Civic Education in Local Authority Schools* programme (project *Young Citizen* and others) aimed at developing entrepreneurship among young people (KPRES, 2014).

4.5. Financing

4.5.1. Demand for finance

No estimation of the demand for finance in the case of Polish social enterprises is available. The prevailing view appears to be that demand still exceeds supply. Some voices consider the lack of financing as one of the main reasons behind the small size and lack of coherency among social enterprises in Poland. At the same time, social enterprises usually try to secure funds from sources which are dedicated to particular legal types. For example, ZAZ are mainly concerned with financial support from PFRON which has been discussed in Section 3.2 However, based on available data, it is difficult to estimate to what extent the demand for financial support is met in the case of each type of social enterprise.

4.5.2. Supply of finance

Financial intermediaries

Several intermediaries providing financial support for social enterprises in Poland have been identified at the national level. They can be organised in two groups comprising:

- public actors. This group consists of public institutions such as the Ministry of Family, Labour and Social Policy which administers European funds provided for social enterprises. It works with the assistance of the state-owned bank the National Economy Bank (*Bank Gospodarstwa Krajowego – BGK*) which is responsible for managing these funds in the programming period 2007-13 and 2014-20;
- non-profit actors. This group consists of two non-profit organisations: the Social and Economic Investment Company TISE SA and the Micro Initiative which play the role of intermediaries in the distribution of the EU funds provided for social enterprises, and several other non-profit organisations which provide financial support for social enterprises from their own sources or from EU funds distinct from those managed by TISE SA and the Micro Initiative.

Financial intermediaries are described in detail below.

- A state-owned bank – the National Economy Bank (*Bank Gospodarstwa Krajowego – BGK*) is responsible for the management of the public funds, including those from European funds, supporting the social economy and social enterprises in Poland. In 2013-16 it played a role of manager in the *Support to financial engineering for the development of social economy* project (see Box 1). BGK, since April 2016, has managed the project *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship* (on the basis of the agreement with the Ministry of Family, Labour and Social Policy from 25 April 2016) (see Box 2).
- The Social and Economic Investment Company TISE SA in 2012-16 has been a partner of BGK in the pilot project financed by ESF under Measure 1.4 *Support to financial engineering for the development of social economy* – see Box 1. More recently, on 31 May 2016, the European Investment Fund (EIF) and TISE SA have signed a Social Entrepreneurship guarantee agreement aimed at supporting social enterprises in Poland under the European Commissions' Programme for Employment and Social Innovation (EaSI). This agreement allows TISE to provide a total of EUR 8 million to at least 60 social enterprises, many of whom face difficulties in accessing credit from traditional banking sources⁽³⁴⁾. TISE will provide loans for a maximum period of 7 years on highly concessional terms with the standard rate not exceeding 8.5 %. The maximum size of a loan is PLN 1.5 million⁽³⁵⁾.
- The Micro Initiative (*Inicjatywa Micro*) is the second Polish financial intermediary that has signed a Social Entrepreneurship guarantee within the EU Programme for Employment and Social Innovation (EaSI). This agreement allows the Micro Initiative to provide, by 2018, approximately PLN 200 million for 6 000 Polish enterprises of all types, including social enterprises.
- The Polish-American Community Assistance Fund (PAFPIO) supports non-profit organisations and other social economy entities, as well as social enterprises in implementing initiatives bringing positive changes to society. PAFPIO offers loans and warranties, as well as financial training and consulting. Its main activity, however, is to provide various types of loans such as: operational loans aimed at maintaining the financial stability of organisations, investment loans aimed at developing unrelated business activity and paid mission-related activities in organisations, and bringing loans for pre-financing activities when particular project payments are expected. In 1999-2015 PAFPIO supported 600 borrowers, the total amount for support exceeded EUR 44 million and 2 020 loans were given. Loans are given on concessional terms with a standard rate of just 10 % per annum. PAFPIO offers financial support for those associations and foundations which carry out both unpaid and paid mission-related activities⁽³⁶⁾.
- At the beginning of 2014, NESsT—an international non-profit organisation supporting enterprises that solve social problems in emerging markets (Southern Europe and South America)—began operating in Poland. NESsT offers tailored advisory services and management support together with financial support to social enterprises in the early stages of their development. Within the framework of a pilot programme, in 2014, NESsT selected several projects with the greatest potential social impact by way of a competition, and provided comprehensive training to the involved persons over a 6 month period. In the second phase, projects were supported by grants of approximately USD 15 000 to take their ideas forward. On 30 June 2016, NESsT launched its 'open window' for applicants from social enterprises who are creating access to jobs for young people and women in Poland. The programme will support selected social enterprises by providing each with USD 25 000 in seed funding, entrepreneurial training and guidance in developing a viable business plan⁽³⁷⁾.
- The Ministry of Family, Labour and Social Policy, which manages the funds for organisations with the status of public benefit. These are, in particular, funds from the Civic Initiatives Fund (*Fundusz Inicjatyw Obywatelskich – FIO*). FIO is a subsidy contest in which eligible entities receive funds for projects' realisation within the scope of public benefit. In 2005-07 FIO functioned in the form of a governmental programme. In 2009-13 and 2014-20 the contest operates within the Operational Programme Civic Initiatives Fund. In 2005-15 there were

⁽³⁴⁾ http://www.eif.org/what_we_do/microfinance/news/2016/easi_tise.htm

⁽³⁵⁾ <https://tise.pl/tise-wprowadza-nowy-produkt-dla-przedsiębiorstw-społecznych-dzięki-podpisanej-własnie-umowie-z-europejskim-funduszem-inwestycyjnym-w-ramach-programu-easi/>

⁽³⁶⁾ <http://pafpio.pl/pozyczki#oferta>

⁽³⁷⁾ <http://www.nesst.org/poland/open-window-for-polish-social-enterprises-officially-launched/>

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750 projects financed for an overall amount of money exceeding PLN 700 million⁽³⁸⁾. Since January 2016, the Ministry of Family, Labour and Social Policy has managed the Fund for Public Benefit Organisations Support. It is a new fund that has been entered into force, or enacted, on the basis of the amendment of the Act of Public Benefit and Volunteer Work from November 2015. The Ministry of Family, Labour and Social Policy played a key role of intermediary institution in the project *Support to financial engineering for the development of social economy* in 2013-16. It is also an intermediary institution in the project *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship* in 2016-23.

Two small initiatives, such as microloans and guarantee funds and social venture capital fund, organised ad hoc, should also be listed. These are:

- the Centre for Economic Development in Pasłęk, which in 2012-15 tested a model of capital support in labour market integration with support from EU funds. The project was to prepare people to lead social enterprises with a focus on return on capital along with the profit generated by social enterprises;
- the NIDA Foundation in Działdowo which operated as a loan fund for associations and foundations.

Financial intermediaries are involved in creating instruments addressing mainly social economy organisations. The first group of instruments has been created with the support of the EU. The Employment and Social Innovation (EaSI) programme and its Microfinance and Social Entrepreneurship axis have started to play an important role⁽³⁹⁾. Until now, several agreements have been signed between national providers of microfinance instruments for social enterprises and the European Investment Fund (EIF):

- TISE SA, one of the financial intermediaries described above, signed a guarantee agreement with the European Investment Fund (EIF) on 31 May 2016⁽⁴⁰⁾. This agreement will allow TISE SA to offer loans with the guarantee of EIF to social economy entities including social enterprises. Loans will be granted for a 7 year period and their maximum value will be PLN 1 500 000. Guarantees on loans will be secured by a social enterprise itself and by EFI. The agreement provides TISE with EUR 8 million. Thanks to the agreement, TISE SA will be able to support at least 60 social economy entities including social enterprises;
- TISE signed an agreement with EIF on microloans⁽⁴¹⁾. Microloans are addressed to companies which employ no more than 10 persons and that have been active for at least 12 months. The maximum value of a loan is PLN 100 000 and it should not be worth less than PLN 30 000. A loan has to be repaid up to 30 months. A loan must be guaranteed by real estate or other fixed capital;
- the Micro Initiative (*Incjatywa Mikro – IM*), described in detail above, signed an agreement with EIF⁽⁴²⁾. Due to the agreement, IM provides loans for micro-entrepreneurs up to PLN 600 000 for a maximum of 60 months. Loans are especially addressed to those small companies which have problems with obtaining financial support from other banks;
- there is also evidence that agreements were signed between EIF and others Polish providers⁽⁴³⁾ of microloans but there is no available information on the details of these agreements.

⁽³⁸⁾ www.pozYTEK.gov.pl

⁽³⁹⁾ [http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs_term_node_tid_depth=1386&combine=&field_amount_of_finance_range_value_i18n=All&field_source_s_of_finance_tid_i18n\[\]=2099&field_sources_of_finance_tid_i18n\[\]=2327](http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs_term_node_tid_depth=1386&combine=&field_amount_of_finance_range_value_i18n=All&field_source_s_of_finance_tid_i18n[]=2099&field_sources_of_finance_tid_i18n[]=2327)

⁽⁴⁰⁾ http://www.eif.europa.eu/what_we_do/microfinance/news/2016/easi_tise.htm?lang=-en; <https://tise.pl/tise-wprowadza-nowy-produkt-dla-przedsiębiorstw-społecznych-dzięki-podpisanej-własnie-umowie-z-europejskim-funduszem-inwestycyjnym-w-ramach-programu-easi/>

⁽⁴¹⁾ <https://tise.pl/offers/mikropozyczka-tise/>

⁽⁴²⁾ <http://www.inicjatywamikro.pl/europejski-fundusz-inwestycyjny-efi/>

⁽⁴³⁾ Providers are to interrelated banks: Biz Bank and FM Bank PBP SA.

The EU has also developed financial support for social enterprises through instruments aside from EaSI. These are:

- European Social Fund (ESF). As shown in Box 2, ESF helped to establish the *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship* project. The aim of the project is to increase the number of social economy entities that are allowed to use loans and loan agreements;
- The Regional Operational Programme for Podlaskie Province, which is financed by the European Regional Development Fund⁽⁴⁴⁾. The programme is worth PLN 24 000 000. It will provide people who want to establish a social enterprise with financial support up to PLN 20 000 but no higher than PLN 100 000 per one newly established social enterprise. The programme will also finance consulting services addressing social enterprises.

At the top of financial instruments supported by the EU, there are few instruments which have been developed at the national level. These are:

- Social StartUp (*Spółeczny StartUp*), which is a programme run in cooperation between Bank Pekao S.A., the Ashoka Foundation and the UniCredit Foundation⁽⁴⁵⁾. The aim of this programme is to support social enterprises by providing them with consultancy and 'development grants'. The programme is planned to support 15 social enterprises;
- Social Economy Fund, which was created by BGK and TISE. Its aim is to provide concessional loans for the development of the social economy for both the development of existing operations as well as new lines of products and services. The programme is discussed in Box 1;
- Foundation *Małopolska Fund for Social Economy in Małopolska (Małopolski Fundusz Ekonomii Społecznej)*. It was established in 2009 by private and public entities, and it has provided credit guarantees for social enterprises.

4.5.3. Market gaps and deficiencies

The financing for social enterprises in Poland is characterised by some deficiencies.

- Financial instruments addressing social enterprises are provided mainly by a limited number of institutional actors. The most prominent of them is TISE, which currently provides three programmes fostering social enterprises.
- In the 2007-13 programming period, particular social enterprises faced difficulties in gaining access to financing, due to the fact that they did not meet the application criteria set in the pilot projects. For instance, many ZAZ were excluded from some forms of financing because of their size (the support was provided for those who employed no greater than 50 persons, while according to the Polish regulations, ZAZ are obliged to employ at least 25 employees. For this reason, the great majority of them operate as enterprises much larger than the entities entitled to take part in the projects). Another kind of a barrier was the necessity of providing guarantees for taking loans or the time limit put on social enterprises activities.
- There are also specific sources of financing for each type of social enterprise in Poland. ZAZ are supported by PFRON, and there are particular programmes that address non-profit organisations. Therefore, some social enterprises are more interested in finding financing addressed according to their legal status than finding it according to their identity as social enterprises.
- The domination of instruments financed by the EU. Most of the financial assistance for social enterprises in Poland is—to varying degrees—supported by different European funds. The EU stands behind the development of financial instruments which address social enterprises and social economy entities.

⁽⁴⁴⁾ <http://www.bialystokonline.pl/24-mIn-na-przedsiębiorstwa-społeczne-w-województwie-podlaskim,artykul,91453,4,1.html>

⁽⁴⁵⁾ <http://media.pekao.com.pl/pr/320177/bank-pekao-s-a-wspiera-przedsiębiorstwa-społeczne-rusza-druga-edycja-programu-społeczny-startup>

Box 1 – Project *Support to financial engineering for the development of social economy*: ES Fundusz (Social Economy Fund) (2013-15 with update for 2015-16)

In 2013 the pilot project *Support for financial engineering for the development of social economy* of a Social Economy Fund commenced with the objective to provide concessional loans for the development of the social economy for both the development of existing operations as well as new lines of products and services.

The National Economy Bank (*Bank Gospodarstwa Krajowego – BGK*) selected Social and Economic Investment Company TISE SA, a private investment fund, to manage the five loan funds (one in each macro-region). Eligible beneficiaries (referred to as social economy entities) had to meet the following criteria:

- have an appropriate legal form which encompassed social enterprises in the types of social cooperatives, faith-based charities, non-profit companies and ENPOs (only those who carried out unrelated business activity);
- be of an appropriate size in terms of number of employees and turnover or balanced sheet total; only micro and small entities with fewer than 50 employees and turnover not exceeding EUR 10 million were eligible;
- have at least some business activity history; they must have registered business activity which must have been carried out for at least 12 months at the date of loan application.

Maximum size of a loan was fairly small – PLN 100 000 (approx. EUR 25 000) for a maximum period of 60 months (with a possibility of 6 months' grace period). Successful applicants were additionally offered free-of-charge advisory services throughout the duration of their projects.

Between 2013 and May 2015, 253 loans for social enterprises, mostly social cooperatives, associations and foundations conducting economic activity, were granted within the first turnover of funds (PLN 25.2 million). In December 2015 the Ministry of Family, Labour and Social Policy designated an additional amount of PLN 3 million, which will be provided for social enterprises until the end of 2016. Since June 2014, the second turnover has continued. This has given TISE an additional PLN 10.7 million⁽⁴⁶⁾. For this turnover, the maximum loan amount is PLN 100 000, with standard rate 0.88 %. These loans will be provided for a maximum period of 5 years⁽⁴⁷⁾.

Due to the additional funds assigned by BGK in 2015-16, the total budget of ES Fund accounts is around PLN 37 million (instead of the PLN 25 million planned); a total number of 400 loans have been already given. The last payments for social economy entities and social enterprises within the framework of the project *Support to financial engineering for the development of social economy* will be given by December 2016. Afterwards, financial support will be provided within the project *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship*.

Source: own elaboration.

⁽⁴⁶⁾ <https://tise.pl/nowe-srodki-dla-przedsiębiorstw-społecznych-dodatkowe-65-mln-złotych-na-preferencyjne-pozyczki-z-es-fundusz-tise/>

⁽⁴⁷⁾ <https://tise.pl/13-mln-złotych-z-es-funduszu-na-preferencyjne-pozyczki-dla-lubelskich-podlaskich-i-podkarpackich-przedsiębiorstw-społecznych/>

Box 2 – Project *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship (2016-23)*

The aim of the *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship* project is to increase the number of social economy entities that are allowed to use loans and loan agreements. The project is administered by the Ministry of Family, Labour and Social Policy.

The National Fund for Social Entrepreneurship will be financed from ESF funds and private funds (the latter are not yet specified). It will be located in the National Economy Bank (BGK).

Entities allowed to use financial support are understood as social cooperatives, non-profit organisations, reintegration entities such as Professional Activity Establishments (ZAZ), Occupational Therapy Workshops (WTZ), Social Integration Clubs (KIS), Social Integration Centres (CIS), cooperatives of blind and disabled persons, work cooperatives and non-profit companies.

There are two types of loans for social economy entities provided: a) loans to begin activity for those entities that have been operating for no longer than 1 year; the maximum amount of a loan is PLN 100 000 for a maximum of 5 years; b) loans for the development of entities that have been operating for longer than 1 year; the maximum amount of a loan is PLN 500 000 for a maximum of 7 years. The total amount designated to financial instruments for entities is PLN 158.9 million (of which PLN 154.5 million is for loans and PLN 4.4 million for loan agreements).

The project started in the first half of 2016 and it will finish on 31 December 2023.

This project (no POWR.02.09.0004/16) is realised from the European Social Fund within the frameworks of Operational Programme Knowledge Education Development 2014-20 (2.9 Social economy development).

Financial instruments will be provided in five macro-regions, which encompass: macro-region 1 for kujawsko-pomorskie, łódzkie and mazowieckie provinces; macro-region 2 for lubelskie, podkarpackie and podlaskie provinces; macro-region 3 for dolnośląskie, lubuskie, wielkopolskie and opolskie provinces; macro-region 4 for zachodniopomorskie, pomorskie and warmińsko-mazurskie provinces; and macro-region 5 for śląskie, świętokrzyskie and małopolskie provinces. Sources in each macro-region will be managed by financial intermediaries chosen by BGK by the end of the third quarter of 2016. First loans are expected to be paid in December 2016.

Financial support provided in the project *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship* is expected to support the creation of 1 200 job places⁽⁴⁸⁾.

Source: own elaboration.

⁽⁴⁸⁾ <https://www.mpips.gov.pl/aktualnosci-wszystkie/organizacje-pozarzadowe/art,7871,pozyczki-dla-podmiotow-ekonomii-spolecznej.html>

5. PERSPECTIVES

5.1. Overview of the social enterprise debate at national level

Two main issues—both conceptual and legal confusion—have dominated the debate on social enterprises at the national level in Poland.

Conceptual confusion is linked to the fact that the social enterprise concept is relatively new in Poland. It has been explicitly used by academics, government officials, professionals and the third sector representatives in the first projects within the EQUAL Community Initiative. As a result, social enterprises have existed no longer than 12 years in theoretical considerations and in the socio-economic landscape in Poland. Over the years, the influence of the leading approaches on social enterprise, such as, in particular the EMES approach or the perspective on social innovation represented by the Polish unit of Ashoka, have been utilised in Poland. However, they have neither resulted in building a universal definition, nor have they resolved the problem of how to define economic activity carried out by a social enterprise.

There is considerable discussion focussing on the issue of what constitutes a social enterprise, and how it should be defined. Some voices argue that social enterprise should exist as a label meant for various legal types that would meet particular criteria. This opinion is followed by the National Programme for Social Economy Development (2014) and the draft Act on Social Enterprises and Supporting Social Economy. Others claim that social enterprise should exist as an autonomous legal form.

There are two paths of investigation concerning the linked issue of what kind of economic activity is being conducted, and the economic risk faced by social enterprises in Poland. The first focusses on the statement that an organisation can be regarded as a social enterprise only when its income comes from the market. This means that social enterprises, in the first place, are expected to raise money from selling their products and services, while other income, in particular public funds, should not be used or, at best, should play only a marginal role in the budget of social enterprises. In this approach, taking an economic risk is attributed only to carrying out business activity. Other criteria from an entrepreneurial dimension, such as for instance relying on paid workers or contributing to delivering new products or services, seem to be underestimated. Despite this limitation, the 'business-activity approach' has been adopted on a wide scale in Poland. It has found its place in policy schemes for social enterprises, such as the National Programme for Social Economy Development and the draft Act on Social Enterprises. Moreover, carrying out business activity has been a basic criterion when qualifying to be given financial support in the form of loans or loan guarantees in the programming period 2007-13, which was provided in the project *Support to financial engineering for the development of social economy*.

There are many voices raised in opposition to the way in which economic activity has been defined in the KPRES Programme, and utilised in the financial support system in 2007-13. They claim that carrying out business activity being the only criterion that enables an organisation to qualify as a social enterprise and giving the right to use public funds for social enterprises is too narrow and arbitrary. Such a narrow approach excludes some organisations, including non-profits, which do not conduct unrelated business activity, from public funds. As a result, no more than 6 992 (8 %) of Polish associations and foundations (those declaring conducting unrelated business activity in 2014) are eligible to use public funds provided by social enterprises. If economic activity was defined also by the form of paid mission-related activity, another 18 354 (21 %) of associations and foundations would be entitled to use public funds for social enterprises.

It seems that understanding economic activity as a criterion qualifying various types of organisations to use loans and loan guarantees dedicated for social enterprises, has been extended in the current financial support system. In *Implementation of loans and loan agreements instrument within the National Fund for Social Entrepreneurship* Project which will be provided in 2016-23, a wide group of entities has been allowed to use support. Entities allowed to use financial support are understood as social cooperatives, all non-governmental organisations (instead of only those who carry out unrelated business

activity)), reintegration entities such as ZAZ, WTZ, KIS, CIS, cooperatives of blind and disabled persons, work cooperatives and non-profit companies.

Conceptual confusion is also linked to the ambiguity in defining social enterprises' fields of activity. Social enterprises, as stated earlier, emerged in the Polish debate due to the first projects within the EQUAL Community Initiative, aimed at the social and professional reintegration of people at risk of exclusion and the socially excluded. As a result, over the years, the tendency to conflate social enterprises with work integration social enterprises has even strengthened, which is visible in the roles assigned to social enterprises in the KPRES Programme. Different types of activities undertaken by social enterprises, including for instance local development or general interest service provision, have not been properly recognised in Poland.

Legal confusion shall be described as differences in perceiving the need to develop a regulatory framework designed exclusively for social enterprises. Some stakeholders argue that the existing regulatory frameworks designed for various legal types are efficient and that they should not be replaced by any exclusive act on social enterprises. Others claim that existing sectorial regulations have not been improved for many years. As a result, they do not correspond to current needs and deficiencies faced by various types of organisations that could form social enterprises. Moreover, this fragmentation of legal schemes hinders the building of a common identity of the sector of social enterprises. As a result, Polish organisations that form social enterprises do not recognise themselves as a united sector. They are embedded in their place of origin, as is, for instance, the non-profit sector. For them, social enterprise is more of a 'stylish' label than a marker of their real identity.

5.2. Constraining factors and opportunities

Recent years have witnessed an increase of interest in social enterprises in Poland. They have significantly improved their position, which can be attributed to social enterprises' gradual recognition by citizens, academics, the third sector and public administration representatives. Despite the lack of a common legal definition, social enterprises have continued to develop, also with EU funds' support. Nevertheless, they face several barriers that significantly hinder their development. On the opposite side, there are enabling factors that support the establishment and development of Polish social enterprises. Both--barriers and opportunities--are discussed below.

5.2.1. Constraining factors

- Conceptual confusion in defining social enterprises as mentioned in the penultimate paragraph.
- A gap in public support measures in the 2007-13 programming period:
 - A relatively strong support for newly created entities (social cooperatives in particular) contrasted with limited options for continued support. As a result, some social enterprises supported by public funds face weak sustainability.
 - A relatively strong support for support organisations such as OWES contrasted with relatively minor support redistributed directly to social enterprises.
- Strong isomorphic dynamics, which are a result of the expansion of public funding, including EU funds. Various legal types operate only in these fields, which have been currently supported by public funds. As a result, social enterprises follow procedures and concentrate on meeting criteria in EU fund projects managed by public institutions rather than trying to gain financial resources from economic activity. Consequently, during these projects social enterprises are beginning to resemble public institutions, and they sometimes operate as quasi-public agencies, realising public tasks, rather than autonomous organisations. This is, in particular, the case for social enterprises providing professional and social reintegration services for vulnerable groups.
- Reluctance to undertake and carry out economic activities among particular legal types that could form social enterprises. This barrier is clearly visible in the case of associations and foundations which avoid facing economic risk. This is attributed to many reasons, of which the most important are as follows:

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- anxiety of blurring their boundaries which can result in comparisons with market enterprises;
 - meeting social expectations, according to which foundations and associations should deliver services free of charge. This opinion was shared by 63 % of adult Poles in 2015 (Klon/Jawor Association, 2015). A tendency to avoid carrying out any economic activities is, in particular, strong among non-profit organisations providing welfare services, such as for instance education, healthcare or social assistance. Furthermore, these services, if provided by non-profit organisations, are financed by local governments. Consequently, associations and foundations are far more concerned with maintaining proper relations with local authorities than with engaging in economic activities (Ciepielewska-Kowalik, 2015);
 - poor managerial skills concerning the execution of economic activities on the part of managers of non-profit organisations;
 - relatively easy access to public funds, including EU funds, that may weaken the entrepreneurial spirit of non-profit organisations. Graff (2010) has even coined a special term – ‘grant-affected’ to refer to the domination of public sources in the overall budget of associations and foundations, which is particularly present in organisations that operate in the field of work integration/labour market and provide pro-employment services.
- Limited demand for goods and services provided by social enterprises from public authorities at all administrative levels, which is a result of:
 - the prevalence of public procurement based on price-only selection criteria (may be improved by 2016 changes in public procurement law);
 - commitment to the neo-liberal ideology that favours market enterprises;
 - the communist legacy, which resulted in a strong belief that public authorities should take care of the responsibilities for delivering public services, in particular welfare services.
 - The domination of a ‘grant-based culture without entrepreneurial spirit’ in supporting social enterprises (Rymsza, 2016). This means that over the years, due to the implementation of EU priorities aimed at the reintegration of vulnerable groups, Poland has promoted in the first place social enterprises in the type of WISE, in particular social cooperatives. They benefit from various incentives and are provided by refundable financial instruments. As a result, they have experienced a dynamic growth. Nevertheless, at the same time social cooperatives face a particular paradox. This can be explained by the fact that social enterprises are obliged to spend provided public funds, in a more or less rational way, but they are not allowed to accumulate this capital, which could be invested in social enterprise development. This, in turn, does not create opportunities to learn and practise entrepreneurship (ibidem).
 - Limited demand for goods and services provided by social enterprises from market enterprises and individual recipients. This barrier is a result of:
 - a limited knowledge about social enterprises and their competitive advantages;
 - a negative opinion about goods and services delivered by social enterprises due to the fact that they engage persons from vulnerable groups (‘goods and services of low quality’).
 - Poor managerial skills among managers of social enterprises and those types of organisations that could form social enterprises.
 - Poor economic condition of social enterprises which is a result of:
 - A relatively short-term period of Polish social enterprises’ existence in the socio-economic landscape.
 - Insufficient and inadequate availability of commercial financial infrastructures, such as traditional banks, which are not interested in supporting entities other than market enterprises.
 - Limited knowledge and misunderstanding among public administration representatives about the real economic condition of social enterprises and their roles in the socio-economic order. Social enterprises, in the first place, are expected to play a supplementary or complementary roles towards the public sector. Consequently, their real potential as providers of general interest services and goods has not yet been

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recognised. Such narrow recognition explains the limitations in commissioning public tasks to social enterprises. In many cases, financial support provided by public authorities to social enterprises does not correspond to the real range of commissioned tasks.

- Poor efficiency in redistribution of returnable financial instruments provided for social enterprises in the programming period 2007-13:
 - poor efficiency of loan and loan agreements provided for social enterprises in the project *Support to financial engineering for the development of social economy* due to requirements set in this project, (carrying out business activity is the only qualifying criterion for an organisation to be called a social enterprise);
 - due to harsh requirements and limited resources at social enterprises' disposal, including infrastructure, economic condition and workforce, a small number of social enterprises had access to loans and loan agreements;
 - returnable financing resulted in building a project-based support infrastructure for social enterprises, which lacks sustainable and comprehensive financial support regardless of currently available project sources.
- Poor intermediary structures and networks representing or gathering social enterprises.
- Negative reputation which can be explained by:
 - The fact that social enterprises are established by and work with persons from vulnerable groups. Therefore, they are perceived as reintegration entities rather than products and services providers. Fortunately, after the emergence, a decade ago, of the first social enterprises, this barrier is losing its significance in hindering the development of social enterprises.
 - The communist legacy, which distorted the perception of cooperatives in society. As a result, social cooperatives have faced some misunderstandings over their place in the socio-economic landscape.

5.2.2. Opportunities

- Strong voluntary tradition which dates back to the 19th century.
- European funds that should be regarded as the most important instrument fostering the development of social enterprises in Poland.
- Building an enabling legal environment which is, in particular, linked to:
 - legal recognition of social enterprises in the National Programme for Social Economy Development (2014);
 - fiscal frameworks.
- Ongoing debate about social enterprises at national level that may prevent conceptual confusion in defining social enterprises. Its early stage does not allow the formulation of further conclusions; however, borders defining social enterprises have a chance to be extended towards the inclusion of non-profit organisations that express market behaviour in the form of carrying out paid mission-related activities.
- Enhancing the potential of research institutions collecting data on social enterprises, mainly the Central Statistical Office of Poland.
- The introduction of social public procurements in relation to EU directives on public procurements.

5.3. Trends and future challenges

If we look at Polish social enterprises as a 'constellation' of separate legal entities, as has been done in this report, it is obvious that social enterprises are on the rise. The number of social cooperatives (type 1), Entrepreneurial Non-Profit Organisations (type 2) and ZAZ (type 3) has been increasing during recent years. Also the number of people employed by them has been increasing. Social enterprises are still a narrow part of the Polish economy but their significance has been steadily increasing. The only enigmatic part of the Polish 'constellation' are the non-profit companies, about which there is no reliable data.

It is also important to note that the significance of each type of social enterprise has been increasing within their own sectors. Social cooperatives are now a vibrant part of a cooperative movement. Entrepreneurial non-profits are invigorating the non-profit sector. At the same time, ZAZ play an important role in the social and vocational (re)integration of people with disabilities.

As discussed in this report, for each type of social enterprise, apart from non-profit companies, a quite effective structure of support has been created. Social cooperatives, Entrepreneurial Non-Profit Organisations and ZAZ are supported by a comprehensive system of actors, they enjoy tax exemptions and have a real chance to enhance their position in public procurements in the near future.

All these issues indicate that the future outlook for major types of social enterprise is positive. There are no indications that they might decrease in numbers or might lose their importance. However, social enterprises also experience some challenges, which are attributed mainly to the public perception of social enterprises.

Firstly, there is no agreement in Poland on what constitutes a social enterprise. There only seems to be a consensus regarding this for social cooperatives. These latter are rightly treated as an embodiment of the idea of social enterprise. They are also used as a point of reference during discussions on social enterprises in Poland. However, if we look beyond social cooperatives, the idea of social enterprise becomes much more blurry and unfocused.

Secondly, the documents that should define the discussion on social enterprises in Poland, i.e., the National Programme for Social Economy Development and the draft Act on Social Enterprise, have raised many questions. It is not clear to what extent they still guide actions undertaken by the government and other public institutions. Although the government adopted the National Programme for Social Economy Development in 2014, it is not clear how it has been influencing the institutionalisation of the social enterprise concept in Poland since that time. As a consequence, there are a very limited number of support schemes that are addressed nominally and directly at social enterprises. All types of social enterprises are supported by their own particular schemes, understood as regulations for particular legal types.

Another challenge in understanding the concept of social enterprise is its 'commercialisation'. Policy makers and stakeholders, in their majority, perceive social enterprises as a way of securing the independence of the third sector from the state. The third sector, for them, is over-dependent on the government and local municipalities. Economic activity is therefore considered in this perspective as a way of finding financing for the third sector independent from state institutions. As a consequence, social enterprises are very often counted as only those organisations which receive income from sources other than public funds. Social enterprises should, in line with this thinking, perform purely market activities.

This way of conceptualising social enterprise is at odds with the way in which it is understood at the European level. It also potentially excludes from the consideration of experts and practitioners many entities that meet many criteria of the EU operational definition of social enterprise.

Another kind of challenge lying ahead of social enterprises in Poland is that they are mainly associated with social and vocational integration of disadvantaged groups. Social cooperatives, Professional Activity Establishments (ZAZ) and, to some extent,

entrepreneurial non-profits are mainly considered as instruments which assist people in their return to the labour market and in rebuilding their ties to society. Economic activities carried out by social enterprises are seen mainly as a way of improving the professional skills of employees of these enterprises. Social enterprises are rarely considered to be significant producers of public services. This is the reason why the discussions of social enterprises in Poland are mostly associated with social integration policies and are not transferred into discussions in different public policy fields.

To summarise, social enterprises in Poland, which exist as particular legal types, are in the process of steady development. The connections between different types of social enterprises can be viewed from an analytical and academic point of view. Nevertheless, these connections are not present in everyday practice. Any unambiguous understanding of social enterprise is still to be developed. However, what is common to the public perception and legal recognition of social enterprises is a strong tendency to conflate these entities with Work Integration Social Enterprises (WISEs).

6. ANNEXES

6.1. Operational social enterprise definition

The following table represents an attempt to operationalise the definition of social enterprise based on the Social Business Initiative promoted by the EU Commission.

Main dimension	General definition	Relevant Indicators (not exhaustive list) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Entrepreneurial/ economic dimension	Social enterprises (SEs) are engaged in the carrying out of stable and continuous economic activities, and hence show the typical characteristics that are shared by all enterprises (49).	<ul style="list-style-type: none"> - Whether the organisation is or is not incorporated (whether it is included in specific registers) - Whether the organisation is or is not autonomous (whether it is controlled or not by public authorities or other for-profit/non-profits) and the degree of such autonomy (total or partial) - Whether members/owners contribute with risk capital (how much) and whether the enterprise relies on paid workers - Whether there is an established procedure in case of SE bankruptcy - Incidence of income generated by private demand, public contracting, and grants (incidence over total sources of income) - Whether and to what extent SEs contribute to delivering new products and/or services that are not delivered by any other provider - Whether and to what extent SEs contribute to developing new processes for producing or delivering products and/or services. 	SEs must be market-oriented (incidence of trading should ideally be above 25 %).	- We suggest that attention is paid to the development dynamic of SEs (i.e. SEs at an embryonic stage of development may rely only on volunteers and mainly on grants).

⁽⁴⁹⁾In accordance with Articles 48, 81 and 82 of the Treaty, as interpreted by the Court of Justice of the European Communities, "an enterprise should be considered to be any entity, regardless of its legal form, engaged in economic activities, including in particular entities engaged in a craft activity and other activities on an individual or family basis, partnerships or associations regularly engaged in economic activities."

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Main dimension	General definition	Relevant Indicators (not exhaustive list) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Social dimension (social aim)	<p>The social dimension is defined by the aim and/or products delivered.</p> <p>Aim: SEs pursue the explicit social aim of serving the community or a specific group of people that shares a specific need. By promoting the general interest, SEs overcome the traditional owner-orientation that typically distinguishes traditional cooperatives.</p> <p>Product: when not specifically aimed at integrating disadvantaged people into work, SEs must deliver goods/services that generate a beneficial societal impact.</p>	<ul style="list-style-type: none"> - Whether the explicit social aim is defined at statutory/legal level or voluntarily by the SE's members - Whether the product/activity carried out by the SE is aimed at promoting the substantial recognition of rights enshrined in the national legislation/constitutions - Whether the SE's action has induced changes in legislation - Whether the product delivered—while not contributing to fulfilling fundamental rights—contributes to improving societal wellbeing. 	Primacy of social aim must be clearly established by national legislation, by the statutes of SEs or other relevant documents.	<ul style="list-style-type: none"> - The goods/services to be supplied may include social and community services, services for the poor, environmental services up to public utilities depending on the specific needs emerging at the local level - In EU-15 countries (and especially in Italy, France and the UK) SEs have been traditionally engaged in the provision of welfare services; in new Member States, SEs have proved to play a key role in the provision of a much wider set of general-interest services (e.g. educational services up to water supply) - What is conceived to be of meritorious/general-interest nature depends on contextual specificities. Each national expert should provide a definition of what “public benefit” means in her/his country.

Social enterprises and their eco-systems

Updated country report : Poland

Main dimension	General definition	Relevant Indicators (not exhaustive list) (yes/no or range from low up to very high)	Initial minimum requirements (yes or no)	Examples/boundary cases comments
Inclusive governance-ownership dimension (social means)	<p>To identify needs and involve the stakeholders concerned in designing adequate solutions, SEs require peculiar ownership structures and governance models that are meant to enhance to various extents the participation of stakeholders affected by the enterprise.</p> <p>SEs often limit the distribution of profits. The non-profit distribution constraint is meant to ensure that the general interest is safeguarded. The non-profit distribution constraint can be operationalised in different ways.</p>	<ul style="list-style-type: none"> - Whether SEs are open to the participation and/or involvement of new stakeholders - Whether SEs are required by law or do adopt (in practice) decision-making processes that allow for a well-balanced representation of the various interests at play (if yes, through formal membership or informal channels –give voice to users and workers in special committees?) - Whether a multi-stakeholder ownership structure is imposed by law (e.g. France) - Whether SEs are required to adopt social accounting procedures by law or they do it in practice without being obliged to - Degree of social embeddedness (awareness of the local population of the key societal role played by the SE versus isolation of the SE) - Whether the non-profit distribution constraint is applied to owners or to stakeholders other than owners (workers and users): whether it is short-term (profits cannot be/are not distributed or they are capped) or long term (asset lock); or both short and long-term - Whether the cap is regulated externally (by law or defined by a regulator) or it is defined by the SE by-laws - Whether limitations to workers' and/or managers' remunerations are also imposed (avoid indirect distribution of profits). 	SEs must ensure that the interests of relevant stakeholders are duly represented in the decision-making processes implemented.	<ul style="list-style-type: none"> - Ownership rights and control power can be assigned to one single category of stakeholders (users, workers or donors) or to more than one category at a time – hence giving ground to a multi-stakeholder ownership asset - SEs can be the result of collective dynamics or be created by a charismatic leader (in principle a sole owner is admitted by certain national legislation provided that there is participation of stakeholders if enhanced through inclusive governance) or public agency - Different combinations concerning limitations to profit distribution envisaged (e.g. most successful solution: capped dividends supported by total asset lock – Italian social coops, CIC, SCICs).

6.2. Illustrations

Illustration [1] – Association For Development, Community Psychiatry and Care

[type 2: Entrepreneurial Non-Profit Organisation]

The Association For Development, Community Psychiatry and Care was established in Cracow in 1999 by professionals engaged in the field of community psychiatry, psychotherapy and the rehabilitation of mentally ill people. Its main aim is to promote and develop methods and instruments for the activation of the mentally ill in their communities. This shall be obtained by providing various services, such as (SnRPiOŚ 2016):

- running facilities for mentally ill persons, including:
 - professional therapy workshop for 75 persons;
 - Community Self-help Centre (*środowiskowy dom samopomocy*) for 25 persons, Rehabilitation Centre for 20 persons aged 45 and above.
- editing the journal 'For Us' which is managed by mentally ill persons;
- providing educational services for promoting social and professional activation of the mentally ill, as well as methods of treatment for these people;
- promoting volunteerism: 35 volunteers were engaged in the activities in 2015;
- hiring paid staff recruited from beneficiaries; as of 2015, the Association hired four mentally ill persons;
- running sheltered housing for mentally ill persons.

The Association For Development, Community Psychiatry and Care is famous for running 'U Pana Cogito' Boarding House and Restaurant. This three-star boarding house is located in the quiet, old city district (Debniki), within walking distance of the main attractions of Cracow. The Boarding House and Restaurant hires mentally ill persons, mainly those who had previously participated in professional therapy workshops run by the Association⁽⁵⁰⁾. As of 2015, 21 disabled persons were hired (14 FTEs), who worked as receptionists, waiters, gardeners and chambermaids. The Boarding House and Restaurant are run by the Association For Development, Community Psychiatry and Care in collaboration with the Association of Families 'Physical Health' (SnRPiOŚ 2016). The Boarding House and Restaurant were established in 2003, and since then they have been regarded as a social enterprise per se operating in the form of ZAZ.

In 2005, the Association For Development, Community Psychiatry and Care established a limited liability company, 'Cogito Laboratory', whose aim is to hire mentally ill persons, and to undertake activities for the development of other social enterprises which would hire the mentally ill and those recovering after a serious mental crisis. The 'Cogito Laboratory' also organises conferences and training in the field of community psychiatry and care. This limited liability company, which is itself an autonomous social enterprise operating in the type of a non-profit company, provides various services such as for instance, bicycle rental and catering.

The Association For Development, Community Psychiatry and Care carries out economic activities in the type of unrelated business activity and paid mission-related activity. The income from economic activities is not very large (it comprised 7.4 % in the overall budget of the organisation in 2015). However, it has been rising over the years. The main source of income is public money mostly from the State Fund for Rehabilitation of Disabled Persons, which comprised more than 77 % of the overall budget of the Association in 2015⁽⁵¹⁾.

In 2015, the Association hired 50 paid workers (31.7 FTEs) working on the permanent employment contracts and 34 persons working on civil law contracts; it had 52 members and had a status of public benefit organisation.

⁽⁵⁰⁾ <http://www.pcogito.pl/>

⁽⁵¹⁾ Data counted on the basis of Stowarzyszenie na rzecz rozwoju psychiatrii i opieki środowiskowej 2016.

The Association For Development, Community Psychiatry and Care was one of the finalists in the Social Enterprise of the Year Contest in 2015, and it obtained the right to use the 'eS' sign for high quality products and services provided by Polish social enterprises⁽⁵²⁾.

Illustration [2] – 'Jedyneczka' Social Cooperative

[type 1: social cooperative]

'Jedyneczka' Social Cooperative⁽⁵³⁾ was established in Suwałki (in the North Eastern part of Poland) in August 2013 by five women from disadvantaged groups (the unemployed and long-term unemployed in the post-working age of over 60 years old and the disabled). All of them have pedagogical backgrounds. As of December 2015, 'Jedyneczka' had six members and hired two other workers.

The establishment of 'Jedyneczka' should be regarded as a response to unmet social needs in yearly childhood education and care (children in the age group of 0 to 3). Only one public nursery run by the municipality and several private nurseries run by market enterprises operate in Suwałki. Nevertheless, they neither provide nursery places for all concerned children, nor do they offer services tailored to the needs of parents in terms of working hours and fees. As a result, 'Jedyneczka' plays a complementary and substitutive role for public and market providers of yearly childhood education and care services.

'Jedyneczka' Social Cooperative runs a non-public nursery for 25 children aged 20 weeks to 3 years. Since the beginning of 2015, the social cooperative has hired two 'day carers' on the basis of the Act of 4 February 2011 on care of children aged under 3 years old (*Ustawa o opiece nad dziećmi w wieku do lat 3*). Day carers provide flexible and tailored services for those parents who need to have their children taken care of for only a few hours per day. It should be noted that 'day carers' have been introduced to the local education law in Suwałki as a result of lobbying activities undertaken by 'Jedyneczka'. So far, only 'Jedyneczka' has been entitled in Suwałki to use this type of carer.

'Jedyneczka' Social Cooperative is planning to extend its services by establishing a non-public, pre-primary service for children aged 3 to 5 years in 2017.

'Jedyneczka' contributes to delivering new products, which should be linked to the use of new pedagogical methods of working with nursery children such as the Doman Method.

The main source of income for 'Jedyneczka' Social Cooperative consists of parents' fees. They are followed by public funds (donation) provided by the local government. Other income comes from support structures (OWES) and has a marginal share in the overall budget of the described social cooperative. 'Jedyneczka', as a social cooperative, is entitled to benefit from all tax benefits and reductions applied to this legal type; it also benefits from reductions of social security contributions applied to the labour costs of disadvantaged workers.

Illustration [3] – Association for Development of Bałtów Commune 'Bałt'

[type 2: Entrepreneurial Non-Profit Organisation]

The Association for Development of Bałtów Commune 'Bałt'⁽⁵⁴⁾ was established in January 2001 in Ostrowiec Świętokrzyski by 120 members of the local community. Its history is linked to the attempts aimed at rebuilding the potential of the commune Bałtów, which were undertaken by local community members after the closure of the Ostrowiec Steelworks. This resulted in mass unemployment (the unemployment rate exceeded 30 % in 2001) and increased the migration of young Baltovians to larger cities or even abroad. The Association was a response to this dramatic situation.

⁽⁵²⁾ www.fise.org.pl

⁽⁵³⁾ The illustration is based on the results of research conducted by A.Ciepielewska-Kowalik in 2015, within the framework of the research project *Social cooperatives in early childhood education and care services: a chance for social services provided by social enterprises?*, financed by the Ministry of Science and Higher Education.

⁽⁵⁴⁾ The illustration is based on <http://www.baltow.info/> [downloaded 14.07.2016].

The main aim of the Association is to run Baltavian Jurassic Park (opened in 2004), which provides an educational path and shows the evidence of the history of nature, mostly linked to dinosaurs' imprints. The main attraction of the Park is 50 full scale replicas of dinosaurs. The Association has been involved in an ongoing extension of its offer. As a result, the Park, with its attractions, encompasses more than 60 ha, and it is now the largest entertainment park in Poland. At the moment, the Park offers various attractions, such as for instance: a horse riding centre, learning about the history of the region, educational services for individuals and schools, organising integration events, etc. The Park is visited by several thousand tourists each year. As a result, the whole Bałtów community has been blossoming since the Park opened.

In 2016 the Association for Development of Bałtów Commune 'Bałt' established a senior club, whose aim is to integrate and provide services for seniors.

The Association hires more than 100 paid staff. Nowadays, the Association, in collaboration with Delta Association, runs two similar Jurassic parks, in Solec Kujawski (Kujawsko-Pomorskie Province) and Krasiejowice near Opole.

Generally speaking, the Association is involved in various activities aimed at activating the local community and rebuilding its socio-economic potential, as well as undertaking activities aimed at tourist revitalisation within the region.

In 2013, the level of the enterprises' economic self-sufficiency amounted to 100 %, which means that the Association generates all income from selling its goods and services.

The Association for Development of Bałtów Commune 'Bałt' has had the status of public benefit organisation since 2005 and therefore it benefits from all benefits intended for this type of organisation.

Illustration [4] – A hub of social enterprises: the Foundation of Mutual Help *Barka* and the Association of Organisations – Network of Cooperation *Barka*

[type 2: Entrepreneurial Non-Profit Organisation]

The Association of Organisations – Network of Cooperation *Barka* (NB) combines together around 30 organisations that are focussed on the social and labour reintegration of marginalised people. The whole network is built around the Foundation of Mutual Help *Barka* (FB). The foundation, which was established in 1989 by Barbara Sadowski and Tomasz Sadowski, tries to reintegrate marginalised people by developing partnerships between said marginalised people and professionals working with them (Węsierska-Chyc and Sadowska, 2014). It has been always focussed on reintegrating people into society by engaging them in different types of economic activities. Therefore, FB was one of the pioneers in establishing organisations which are now called social enterprises.

The first step taken by FB toward developing a proper social enterprise was done with the establishment of the H. Ch. Kofoed *Barka* School. The school's main aim was to improve the social and vocational competences of marginalised people. The school's income came from sale of its own services, private donations, and grants received from the Danish Ministry of Social Assistance, the City of Poznań, the Polish Ministry of Justice, the Regional Centre of Social Policy and the Wielkopolska Voivodship Office. The Kofoed School provided an example of how social integration could be merged with economic activities inside one organisation. This example helped to develop the concept of *Centrum Integracji Społecznej* (Centre of Social Integration) which became an important element of the Polish social economy.

FB was also involved in the propagation of the idea of a social cooperative. The foundation was involved in transferring the Italian experiences with social cooperatives to Poland. It was also

involved in formulating a law on social cooperatives. After its introduction in 2006, the majority of the economic activities of FB were transformed into social cooperatives ⁽⁵⁵⁾.

FB is also involved in the creation of non-profit companies. It is the major stakeholder of the Diaconal Employment Company, which cooperates with Volkswagen Poland. It is also involved in the Social Company *Barka* which manages a recreational centre near Ustka. FB is also involved in the Civic Institute of Monitoring and Recommendation. The centre is a social policy think tank.

FB has made an attempt to decentralise its structure in order to give more autonomy to organisations which had been supported or created by FB. As a result, many social cooperatives, CIS and associations currently have no formal ties with the Foundation. However, an umbrella organisation (the Association of Organisations – Network of Cooperation *Barka*) was created in 2004 for all organisations which had been established with the help of FB ⁽⁵⁶⁾. This umbrella organisation helps in exchanging experiences between different members of the 'Barka family'.

The case of NB shows that social enterprises may develop successfully in an environment in which non-profit organizations and social economy entities coexist with social enterprises. Such an environment encourages sharing a variety of types of recourses: knowledge, competences, experience and people.

Illustration [5] - Akces Lab – social cooperative in the field of IT

[type 1: social cooperative]

The majority of Polish social cooperatives are active in manufacturing, construction, accommodation, administrative services, human health and social work. However, there are several which try to establish themselves in different fields of economic activities. One of these is the Akces Lab (AL). This social cooperative, which was established in 2011, offers services related to the accessibility of websites to people with disabilities.

AL offers training, auditing and support for people and organisations that are interested in creating and maintaining web pages which are accessible for people with different types of disabilities. The point of reference for AL activities are the Web Content Accessibility Guidelines (WCAG) 2.0 ⁽⁵⁷⁾. The members of AL use WCAG 2.0 as a source of recommendation for their audit activities. They use specialist software and hardware to perform their research and to build new, more accessible websites.

AL has cooperated with several institutions including ⁽⁵⁸⁾: the Polish Upper House of the Parliament, the Museum of the History of Polish Jews POLIN, the Ministry of Infrastructure and Development and the Raiffeisen Bank. It is now developing new training courses under the name: 'Accessibility of European Projects for People with Disabilities' ⁽⁵⁹⁾. These courses have been created because accessibility for people with disabilities is now an inherent part of all European projects in the 2014-20 framework. Courses help potential project managers to understand the idea of accessibility and to show how it could be accomplished.

AL works with a team of 10 testers, consisting of people with different types of disabilities: blindness, deafness, motor disabilities, cognitive disabilities and dyslexia. They are able to

⁽⁵⁵⁾ <http://barka.org.pl/category/dzialania-i-projekty/spoldzielnie-socjalne> [accessed: 4 July 2016].

⁽⁵⁶⁾ <http://barka.org.pl/content/czlonkowie-sieci> [accessed: 4 July 2016].

⁽⁵⁷⁾ <http://www.akceslab.pl/index.php?strona=audyty> [accessed: 5 July 2016].

⁽⁵⁸⁾ <http://www.akceslab.pl/> [accessed: 5 July 2016].

⁽⁵⁹⁾ <http://www.akceslab.pl/index.php?strona=szkoleniesrodkiunijne> [accessed: 5 July 2016].

evaluate to what extent a given website is accessible for people with particular types of disabilities.

AL is also involved in several activities that assist to formulate policies toward people with disabilities. It cooperates with the Office of Public Procurements and with the Ministry of Administration and Digitalization. It is also a member of the Forum of Accessible Cyberspace.

Members of Akces Lab view their own involvement in this social cooperative mainly as a purely commercial endeavour⁽⁶⁰⁾. They do not have strong ties with other social cooperatives. In their opinion, AL took the form of a social cooperative because it is the most suitable way of performing business activities. AL is therefore an example of a commercial part of the social cooperative movement.

Illustration [6] – The School for Leaders – a social enterprise in the search of balance

[type 2: Entrepreneurial Non-Profit Organisation]

The School for Leaders (SL) was founded in 1994 by Zbigniew A. Pełczyński. At first, in 1997, it had taken the shape of an association and then it reinvented itself as a foundation in 2014. This transformation reflects on how a group of people with a charismatic leader is constantly searching for the most sufficient way of fulfilling their mission. SL is viewed by its members mainly as a non-profit organisation. The entrepreneurial aspect of its activities has been always perceived as yet another way of exercising its mission.

The SL's mission is to "support the development of civil society through training and support of leaders who perform their activities within the public sphere in NGOs, local government institutions and political parties"⁽⁶¹⁾. SL estimates that around 4 000 people have taken part in its educational and training projects. Quite a significant number of currently active public figures have been involved in SL's programmes: 171 members of local municipalities and nine members of the Polish Parliament. These public figures represent the entire political spectrum.

SL currently runs seven programmes (School of Leaders, 2016b): School of Political Leaders, Leaders of the Polish Polish-American Freedom Foundation, School of Polish Diaspora Leaders, Self-governance Academy, Laboratory of Local Innovations, Two Sector – One Vision and the programme 'It cannot be done without residents'.

SL also offers programmes that can be adjusted to the needs of a potential purchaser of SL's services. SL provides courses on:

- leadership;
- management of an organization or a team;
- personal efficiency;
- interpersonal skills;
- building organisations' external relations.

The SL addresses its offer to private companies, public administration, local municipalities and non-profit organisations.

According to the SL's financial report for 2015 (School of Leaders, 2016a), the organisation had a net income of PLN 359 405.77 from selling its services and an income of PLN 3 258 797.09

⁽⁶⁰⁾ [http://przekroczyprog.com.pl/udzial-niepelnosprawnych-w-cyberprzestrzeni-wymaga-gigantycznych-nakladow---adam-pietrasiewicz-\(04-grudnia-2012\),new,mg,22.html,130](http://przekroczyprog.com.pl/udzial-niepelnosprawnych-w-cyberprzestrzeni-wymaga-gigantycznych-nakladow---adam-pietrasiewicz-(04-grudnia-2012),new,mg,22.html,130) [accessed: 5 July 2016].

⁽⁶¹⁾ <http://www.szkola-liderow.pl/?lang=en> [accessed: 8 July 2016].

from others sources including grants (PLN 3 041 602.03). The overall profit of SL, in 2015, was PLN 208 968.09.

SL has been trying to make itself independent from grants given by the public administration. It has been developing a very varied spectrum of training services targeting potential buyers. However, it is very difficult to sell services to commercial entities. The SL's mission and type of services it provides, destines SL to work for the public administration and non-profit organisations. Still, SL demonstrates how an effective non-profit organisation can implement elements of economic activities in its public benefit mission.

Illustration [7] – Vocational enterprise for the handicapped (ZAZ) managed by the Foundation 'Home for Family Rehabilitation for Children with Cerebral Palsy'

[type 3: ZAZ]

The vocational enterprise for the handicapped (ZAZ) is a separate organisational part of the Foundation 'Home for Family Rehabilitation for Children with Cerebral Palsy' (*Fundacja 'Dom Rodzinnej Rehabilitacji Dzieci z Porażeniem Mózgowym'*) from Opole. This ZAZ was established in April 2014. Its main aim is the vocational reintegration of people with severe and moderate disabilities who suffer from autism, mental retardation or mental illness⁽⁶²⁾. The ZAZ employs over 50 people with disabilities at six workshops.

- Printing workshop, which employs 11 people. They design graphics and offer diverse printing services. The workshop is professionally equipped and all the personnel are trained in using professional software, as well in design composition and in handling printing equipment.
- Sartorial workshop, which employs seven people. They are trained to become professional needlewomen. Several products are manufactured at the workshop: promotional bags, sports jackets, protective clothing, pillows and other products manufactured according to a specific order.
- Arts and crafts workshop, which employs 10 people with disabilities and two instructors. The aim of the workshop is to manufacture unique products and gifts such as, for instance, greetings cards, jewellery, items made of paper wicker and graphic works.
- Gardening workshop, which employs 10 people with disabilities and two instructors. They design, cultivate and set up gardens. The workshop offers its services to companies as well to private persons.
- Screen printing workshop, which employs six persons. They print graphics on paper, carton, cardboard, fabrics, metals and plastics. The workshop produces mainly T-shirts, bags, caps and boiler suits with diverse overprints.
- Ceramic workshop, which employs six people with disabilities and an instructor. The workshop manufactures cake stands, bowls, pots, vases and other products made of ceramic according to a particular order.

ZAZ generates its income mostly from economic activities. In 2015, the income from paid mission-related activities accounted for PLN 410 420.60⁽⁶³⁾. Aside from its economic activities, ZAZ organises several types of activities for its disabled employees. These activities are strictly linked to events organised by the ZAZ's parent foundation. The foundation, which was established in 1991, has been able to create several initiatives addressing people with disabilities during its existence. Nowadays the foundation manages a non-public healthcare facility (established in 1998), a community self-help home (established in 2004), a sheltered workshop (established in 1993) and ZAZ. The foundation employs 157 people, including those working at ZAZ. The foundation had a profit of PLN 5 666 735.67 in 2014 and PLN 6 126 375.87 in 2015 and it had overall losses of PLN 568 311.10 in 2014 and PLN 334 666.33 in 2015.

⁽⁶²⁾ <http://zaz.opole.pl/index.php?n=Pracownie#Cele-i-zadania> (accessed: 8 July 2016).

⁽⁶³⁾ <http://www.fundacja-dom.opole.pl/sprawozdanie-z-dzialalnosci/category/13-sprawozdanie-z-dzialalnosci-fundacji-dom-rodzinnej-rehabilitacji-dzieci-z-porazeniem-mozgowym-w-opolu-za-okres-od-01-stycznia-2015r-do-31-grudnia-2015r?download=31:informacje-uzupelniajace-do-bilansu> (accessed: 8 July 2016).

The case of ZAZ lead by the Foundation 'Home for Family Rehabilitation for Children with Cerebral Palsy' shows that a social enterprise which is oriented toward a specific disadvantaged group, functions well in an environment that consists of several endeavours addressing the same disadvantaged group. People who work at ZAZ could profit not only from the benefits of ZAZ activities, but they could also take advantage of other initiatives taken by the foundation. This case also shows that the establishment of a social enterprise could be one of many steps taken by an organisation which has as its aim the social integration of disadvantaged people⁽⁶⁴⁾. Social enterprise could be an important element of an institutional environment focussed on achieving a public benefit purpose.

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6.4. The application of the operational definition to the various types of social enterprises in Poland

Dimension	Criterion	Type 1: Social Co-operatives	Type 2: Entrepreneurial Non-Profit Organisations ⁽⁶⁵⁾	Type 3: Professional Activity Establishments (ZAZ)	Type 4: Non-Profit Companies
Entrepreneurial/economic dimension	Engagement in economic activity	Yes	Yes, in two possible forms such as unrelated business activity and paid-mission related activity	Yes	Yes
	Autonomy	Yes, registered in the National Court Register	Yes, registered in the National Court Register	No, they have no separate legal status but are set up and incorporated by other legal types (local authorities, non-profit organisations and social cooperatives)	Yes
	The use of paid workers	Yes, they employed 5 500 workers in 2014	Yes, they employed 265 801 workers in 2014, however their employment potential accounted for 103 201 workers	Yes, they employed 4 801 workers in 2014	Yes, number of employees not applicable
	Share of income derived from trading, public grants and other sources	The average share of public grants in the overall income of social cooperatives does not exceed 40 %	Market income comprised 70.9 % of their total budget, while the share of non-market income, including public grants, in the overall budget did not exceed 27 %	Mostly public grants from PFRON, which provided ZAZ with 53.6 % of their income	Not applicable

⁽⁶⁵⁾ These are legal types of associations and foundations that carry out economic activity.

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Dimension	Criterion	Type 1: Social Co-operatives	Type 2: Entrepreneurial Non-Profit Organisations ⁽⁶⁵⁾	Type 3: Professional Activity Establishments (ZAZ)	Type 4: Non-Profit Companies
Social dimension (social aim)	Pursuing explicit social aim	Yes, in the two equally important forms: the employment of persons having difficulties in the labour market and the provision of educational and cultural activities of members and local communities	Yes, created by citizens to provide general-interest services	Yes, linked to (re)integration and (re)habilitation of people with various mental and physical disabilities into the labour market	Yes, specified by a partnership agreement
	Fields of activity	Many different branches, from which the most popular are manufacturing, construction, accommodation and catering, administrative and support services, human health and social work	Many fields, from which the most popular are the following: sports, tourism, recreation and hobbies; education, childcare and R&D activities; culture and arts; social and rescue services	Work integration as the key field; however, ZAZ carry out economic activities in many fields, including gastronomical services, landscape services, printing and services related to manufacturing and preserving clothes	Data not applicable
Inclusive governance	Limited distribution of profits	Yes	Yes	Yes	Defined in a partnership agreement
	Existence of asset lock	Yes	Yes	Yes	Can be defined in a partnership agreement
	Representation of various stakeholders	Representation of members; rather not other stakeholders	Often yes, but can only be assessed on a case-by case basis; rather poor in the case of foundations	Not a requirement	Defined in a partnership agreement
Total estimated number (2014) 20 784		1 269	19 400	88	27

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