

**EXPERIENCES OF SOCIAL ECONOMY IN POLAND**  
**Ideas and Practices**

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## **EXPERIENCES OF SOCIAL ECONOMY IN POLAND IDEAS AND PRACTICES**

Social economy has had a long tradition on the Polish territory, concerning the developing of co-operative movement in the second half of XIX centuries. Co-operative movement had created in this time whole system of social economy serving the national interests of Polish society under German empire. It was a thought about common economy, leading to support of Polish property in countryside and towns and the national life through establishing of libraries, reading – rooms, theatre’s assembles, chorus, orchestras. These patterns were multiplied on the other part of country, under Austria – Hungary and Russia occupation before 1918. These experiences were rich in the independent state the II Republic of Poland (1918 – 1939). During the II world’s war legal acting co-ops were the important part of The Polish Underground Country. Next, during over 40 years of the state of real socialism, co-operative sector acted in the planned economy as a sector of so called “social economy”, strongly dependent from state authority without spirit authentic co-operative movement.

The collapsing of system of real socialism opened the possibility of wide activity many different types of NPO (foundations, associations) and minimised role of co-ops on these area. After 1989/1990 socialist co-operative sector survived heavy transformation. International conferences of social economy (2002 in Prague, 2004 and 2005 in Cracow) as well as the UE policy interesting in possibility of the social economy, help to change the view on co-operative movement as a useful part of social policy and social economy leading to minimisation the big unemployment. It is a new discovery of co-operative idea via social policy of UE. Presentations of examples of social co-ops during mentioned above conferences allowed understand that we have a long and reach tradition of these activity under another name. There are approximately 40. thousands registered different NPO in Poland, buy not all are acting. Among them are about 40 – 60 social co-ops. Social co-ops are seen as a new idea useful in solving the problem of unemployment of weak category of people at the labour market as youth, women, disabled persons, ex – prisoners, long lasted unemployed. They organised work in production and many types of services. Computer services are the new area of activity for these co-ops, easy to reach for disabled persons. Usually Polish social co-ops try to find the space for them on the market organising work as an answer for new needs of different groups of society. At the beginning they look for support from NPO,

specific associations, local authorities. There were 39 social co – ops registered in the Countrywide Cooperative Council at the end of 2005. The lack of legislation was the strong barrier in their developing. Liberal oriented political forces wanted to minimise the scope of governmental support for enterprises and groups of person, which have right to ask of help. After long lasting discussion the Polish Parliament voted the special act concerning this kind of co – ops in April 2006. It facilitates problems of support them by public sources but many of social co – ops are looking for UE assistance funds. On May 2006 social co – ops established their countrywide union for articulate their interests. On September 2006 the I Countrywide Meeting of Social Economy Enterprises was held in Cracow, taking possibility for exchanging experiences, also wide view what was done and what is necessary to do for future. Next years (2007 and 2008) another conferences were organised in Warsaw with the support of UE funds. On 27th April 2007 the new law concerning social co – ops were voted in the Parliament [Dz.U. no 94, 651]. The main goal of social co – op was described as a workers co – operative of labour and as every co – ops' enterprise leads the common enterprises using the personally work of its members. According this, the member of social – co – ops should be the physical person, which has full possibility to legal acting and be able to making work in co – operative. Anyway, the law described rather narrow the frame of social engagement of members to this kind of companies. These co – ops are addressed to especial groups of persons, rather weaken on the market of labour and social exclusion people as:

- long lasting unemployed persons;
- homeless people or people, which realised the programme of overcoming the homeless;
- alcoholics, which finished the therapy in especial hospitals;
- narcotic and drugs dependent, which finished medical therapy in especial centres;
- mental ill persons;
- disabled people;
- refugees, which realise the especial program of integration
- former prisoners leaving jails, which have problems with reintegration with the society.

Social co – ops, in the Polish reality and conditions of mentioned above law, were created – from one side – as the enterprise realising important social goals of activity, oriented into overcoming the different social pathology and – from the other side – as a tool making possibility for its member to come back to the normal life regulated by social rules and into

the labour market. This two – measure point of view arises from necessary underline that social co – op has legal identity and should be register in the co- ops register of The National Co – operative Council. Also this enterprise obligatory should lead the common economic activity using the personal labour of its members, so they should be able to work. Social co – ops has so called personal character, which mean that it and its members can establish and stay in relations of collaboration according the co – operative contract of labour for long term time or for short supplementary time.

The most important attribute of co – operative's member is an obligation to the active democratic and partnership collaboration with others members in the realisation its goals according the principles of citizen's society, society, giving everybody the chance and possibility of living. Its activity is connected with realization many multipurpose goals addressed to the persons and local societies oriented into:

- coming back to work persons menaced of social exclusion and giving them possibility to work by facilitate to find job or establish own business;
- creation and developing interpersonal links of social reintegration and undertaking in co – ops activity towards rebuilding and cultivating among its members skills of participation in life of the local society as well making the social duty in heir place of living and work;
- undertaking and realization activity oriented into social and finance help for poorest groups co – ops' members and local society;
- realization tasks concerning health – care services, training, education and cultural services, protection of environment by participation in advisory, assistance and economic bodies, working for orders of local authorities and other organisations;

In fact the social co – op has not limited area of activity and as every co – op is oriented towards realisation its members' goals in defined economic and social environment.

Social co – op can be also seen as a subject and tool of social policy and democratisation of authority. It is necessary to underline the democratic mood of organisation, which is realized in essential principle – one member = one vote. New social co – ops as workers labour's co – op are existing in co – operative practice and output of social responsibility of enterprises. It creates social consensus between co – op and its incumbents. This consensus is established on consciously and voluntarily choose, dialogue of many actors collaborated for common interests.

The form of social co – op is very flexibly, it may be established by a small group members – minimum 5 persons, but not more than 50. Is it possible in especial condition to establish even bigger enterprise giving job for more than 50 persons. This scope of employment is good for cultivation social links and reintegration into society. It is also very important to create good, conducive conditions for partnership building of confidential, solidarity and common responsibility not only for economic results, but also for social reintegration of its members.

Social co – ops can also employ physical persons behind mentioned above groups. The high educated professionals or specialists may find place for them in this kind enterprise, but they can not be in majority, the law determines their participation no more than 20% of all staff. This solution gives the floor for real integration different groups of people inside co – ops. Social co – ops take big care on training and education of members, giving them possibility to get new knowledge and new skills for new jobs.

This way social co – op can enforce the efficiency of activity its members oriented into professional training, social engagement and reintegration. It is very important for these groups of people to support their ability to functioning in the local society and taking active role in their social environment. The big hope is connected on this field with organisation groups of common self – help support and meetings with psychologists, therapeutics, lawyers and medicines. Short or middle term educational tour – study or trainings also should be organise. Very useful can be also common participation in cultural or sport events as an area of attaching links with local society and social reintegration. There are the wide floor for collaboration in this direction with units of local authority and many types of NPOs, different centres, foundations, associations, which can present good practices of social co – ops. It is one of issues of assistances' programmes. One of good examples of the project “Social Economy in Poland” may be the net of honesty trade, financing by European Social Fund in the frame of EQUAL. EQUAL, establishing the international network of honesty trade units, invite the Polish and European social enterprises into collaboration. There are exchanging of information, showing good practice, advertising enterprises into network in internet. The international internet shop is one of the goals of this program, social co – ops can offer its goods and services in it.

The social co – op associated rather poor people, which need the support in organisational matters and have not enough capitals for the beginning the common economic activity. So, it is necessary to found the solid support of investor. Social co – op can receive certain funds from governmental the Fund of Labour. According the law from 20ve April

2004 (art. 46, p.1, 2) concerning the promotion of employment and the law about institution of market labour from 2004), the starost (foreman) of a district can give any unemployed person once support non repayable (not – refunding) for establishing the economic activity. It is also possible to cover costs of law assistance, consultation and advisory from this source. The scope of this materials support is limited up to 5. times the medium salary pay. In the example of social co – op, financial support can not be bigger than 3. times medium salary for one unemployed, which is a member establishing co – op and 2. times for person, which enters into established co – ops. Person, which got only once sources from the Labour Fund for establishing or entering into social co – op, is obliged to it give back with accrued interest if this person belonged to co- op during shorter period than 12 months or conditions of agreement (act of 20th April 2004 concerning the promotion employment and organisation of labour market, par.46,2) were transgressed.

These sources for unemployment people from the Labour Fund given one time for unemployed can be seen as public assistance *de minimis*. Entrepreneur can receive 100 000 PLZ one time during 3 years in spite of scope of its activity, branch and goals. This assistance can be given under conditions of especial programme or as an individual public assistance.

At the beginning social co – ops are rather small enterprise. If they associated less than 15 members, the creation of advisory council is not necessary. Every member has right not only to control co – op’s activity, but also to have influence on its work and future plans. Surplus in social co – op are not divided between its members, but the generally assembles turn it into reserve fund. It means some kind of protection co-op for consolidating it, or new investments or support important social goals, mainly training of members for new production or services. This solution is very important because underline the social character of the enterprise and has big meaning for its members, which – in many causes – lost their professional capacity during long lasting time of unemployment.

Inputs of social co – ops spending on mentioned above goals, including the in part appropriated into cover the cost of labour and organisation place of work, are solved from obligatory taxes. The social co – op can also provides the social, and cultural and educating activity for its members and local environment. It can also provides so called “activity social using” in area of public goals, tasks - according the Act on 23<sup>rd</sup> April 2003 concerning the activity for public interest and voluntary.

The statute’s activity of social co – ops obtains in majority the works for social reintegration their members, social and cultural events organising for them and local environments and social useful services, which has not been seen as economic profitable

works. Social – coop can also provides profitable activity [payable], but it is necessary to calculate it separately, in other system of booking for calculation the level of inputs, costs and financial results.

Social co – ops are specific form of enterprise in the Polish law, they are benefits of public sources of support, especially financial support and in cause of liquidation of co – ops, their estate created from public sources come back to the Labour Fund. When co – ops employees group of disabled persons, their estate created from governmental assistance turn back to the Labour Fund and also proportionally to the percentage of disable persons – to the State Fund Rehabilitation Disabled Persons. This solution opens the possibility to use the financial support by others co – ops in future.

Social co – ops have opened the way of collaboration with other type of enterprises. They can enter into joint stock companies or limited liability companies and companies of trade law. It is possible for them also to associate with other organisation – economic and social, especially – co – operative auditory and economic unions. This kind of collaboration diminish risk in activity and help in future development. Characteristically for social co – ops is that, they can make fusion only with other social co – op and division of jointed co – op can be done only by separating from its property specified parts for establishing from it the new social co – op. Also co- ops of disabled persons established earlier and co – ops for blending can be changes into social co – ops according the votes of its members during meetings of general assemblies. This resolution may be voted by normal majority of members' votes.

The establishing social – co – ops by unemployed persons leads into creation new job, place of work. Initiators take the benefits as one year free insurance payment, possibility of not repayable loans up to 70 thousands PZL. This co – op has also possibility to participate in assistance from public or international funds for future developing. This kind of enterprise also can be preferential, win in negotiations with local authorities and other enterprises in matters of jobs or interventional works. The good results on this area doesn't depends only from ability of new co- ops. It is a problem of relation with local authorities, its social policy and circumstances – mainly the level of unemployment.

The Act of 27<sup>th</sup> April 2007 open the wide possibilities for the way of establishing new co – ops answering for social needs. It regulates the common engagements – government, local authorities, other social economy enterprises and organisations from one side and – people waiting for job, future members of co – ops – from other side. There is a floor for big work in towns and countryside. The success of this project will depends also from executive instructions and local agreements. Mentioned above the law opened the field of organisation

new social co – ops, which had established their own auditory union. This union associated 19 co – ops at the beginning of 2008. Almost 90 social co – ops is arranging their registration now in whole country.

In spite of good social climate for these enterprises in the country with long lasting high percentage of unemployed, the reality shows strong, difficult barriers in practice. The initiators talk about it during many conferences and meeting concerning NPOs and social economy.

In spite of wide action of popularisation ideas and practices of social economy for many clerks is very difficult to understand that social co – operative is one of the youngest legal form of running activity. It is an independent association of persons voluntary united to satisfy their common aims. It is common property of its members and organizational unit administered with democratic power. The social co – operative belongs to the sector of social economy. It should be treated as organisation which realizes the goals of Lisbon strategy and European programme of counteraction the social exclusion. Fulfilling the aims of professional reintegration requires suitable growth of own capital value as well as financial support getting from company environment.

We can still observe the several barriers increases difficulties on way of establishing social – co – ops:

- misunderstanding the idea of his new type of co – operatives, especially the collaboration between different type of organisations and enterprises among [clerks and local authorities];
- long lasting bureaucracy practices leading to the registration this new co – ops;
- difficulties in banks with application for credit on beginning the activity of co – ops;
- lack of experiences in economic activity of future members;
- lack of own estate or capitals as quarantine for banks and other partners;
- lack of detailed executive law regulation – too much matters depend of deciders' goodwill;

Quick ratification of executive decrees enabling limitation and liquidation of barriers concerning working of social co – operative is necessary to fulfil the social expectations with success by these new companies.



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