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Proposal of alternative typology of social economy

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ABSTRACT

Due to the growing interest in the field of social economy and the increasing popularity of social entrepreneurship, these areas of theoretical knowledge and economical practice are constantly a subject of new analyses. The dominant classification of social enterprises is the division into the old and new social economy. These propositions do not cover all existing forms of social enterprises in Poland. The aim of the article is to present an alternative proposal of division in social economy focused on the social functions of its entities – social enterprises. The proposed solution serves to fulfil the dominant discourse of the social economy in new ways of thinking about the reasons and motivations connected with creating social enterprises. The proposed Matrix of social enterprises creates a possibility to describe (and understand better) the manifestations of this social and economic phenomenon. The presented conclusions were considered in the light of Piotr Sztompka's social capital theory and the theory of social cost developed by Ronald Harry Coase..

Keywords: social economy, the matrix of social economy, social capital, social enterprises, social cooperatives.

1. Introduction

The aim of the article is to present an alternative proposal of division to the dominant one in the discourse of the social economy division into old and new entities of social economy, to understand and create a possibility to describe the manifestations of this social and economic phenomenon.

For the purposes of this paper, the following order of definitions was adopted. Social economy is understood here as an area of interdisciplinary, theoretical considerations, whereas social entrepreneurship is defined as types of organized business practices, also going beyond the existing legal framework for social responsibility, positively evaluated in relation to social and symbolic values, meeting the requirement of economic rationality¹. Social enterprises are therefore both old and new social economy entities, and other types of entities in an open market that balance their economic and social goals. The article is a development of the considerations presented in the dissertation entitled *Determinants of diversity in social entrepreneurship types in Poland*.

2. Literature review

In the social economy, the most common division is defined as the old (19th century) and the new (20th and 21st century) social economy. This solution is primarily connected with the time of establishing social enterprises. The second important variable is the initiative and the purpose for which these companies were formed. The following table shows the main differences between traditional (old) and modern (new) social enterprises.

The presented division of social enterprises seems to be dominant for other categorization attempts in the area of social economy. This is due to several factors. The discussed division refers to the economics and legislation in force, which seems to provide binding and least debatable knowledge. This division seems to be disjointed - theoretically it allows for a distinct classification of social enterprises in which the possibility of non-social enterprises of mixed type does not (formally) exist². In the above-mentioned division, attention is drawn to the fact that the creation of social enterprises can influence the development of social capital, not taking into account the fact that the existing social capital influences the emergence of new forms of social enterprises.

¹ The presented definition of social entrepreneurship was created by the author and first mentioned in her dissertation.

² The problem of the formation of social enterprises combining different perceptions as functionally detached features is currently being discussed in the Italian legislature.

Piotr Sztompka defines social capital as a moral space based on trust, loyalty, mutuality, solidarity, respect and justice [Sztompka 2016, p. 12]. The more developed the social capital is, the more civil the society becomes. These

arrangements have particular importance in the context of the development of new forms of social entrepreneurship, demonstrating the densification of social capital in Poland.

Table 1: Comparison of old and new social economy

	OLD SOCIAL ECONOMY	NEW SOCIAL ECONOMY
RESPONSE TO PROBLEMS GENERATED BY THE ECONOMY	exploitation, alienation	exclusion, unemployment
PROFIT AND SOCIAL OBJECTIVES	profit at least as important as social goals	social goals are definitely more important than profits
NATURE OF SOCIAL GOALS	PRODUCT TYPE: not specific TYPE OF WORK: not specific POSITIVE EXTERNAL EFFECTS: eradication of exploitation and alienation as a result of management in collective forms of ownership	PRODUCT TYPE: goods (primarily services) which are not interested in the market and the public sector TYPE OF WORKERS: employment of people with the weakest position on the labour market POSITIVE EXTERNAL EFFECTS: development of social capital, local development
FORMS	cooperatives, associations, mutual assistance societies	various forms of social enterprises, social cooperatives and others
ROLE OF THE STATE	support (postulate)	support, subsidy, protection
MARKET RELATION	competition	operates in areas of market failure
MACROSTRUCTURAL EFFECTS	weakening class conflict	increase of social cohesion

Source: [Każmierczak 2007, p. 106].

Second, significant for the presented findings, is connected with the theory of social cost developed by Ronald Harry Coase. In his original works this author dealt, among others, with ecological problems caused by industry. Coase claimed that air pollution and other ecological damages are a kind of cost for factories which should be paid to the society because of using common good such as clean air. These propositions of understanding social costs were intended to avoid more serious harm [Coase 1960, p. 2]. Today, the theory of social costs is applicable in the sense of how to understand the social costs associated with running a social policy in the labour market. The theory of social costs makes it possible to understand long-term unemployment as a social cost, while its reduction as a social gain. Entities that are

able to generate such profits for the society are, among others, social enterprises. This way of understanding the importance of social entrepreneurship allows to redefine the notion of the costs that the society has to bear in terms of the values of the society's recognition.

3. Methodology

The basis for the presented conclusions were the studies of subject literature and multi-faceted qualitative research. Literature studies were mainly focused on a chronological overview of the economic theory, social development, legislation and social enterprise organizations from the 17th century until now. These analyses had a multithreaded dimension and referred to the socio-political context of the formation of social enterprises, the influence of

culture, including the traditions and beliefs that stimulate the development of entrepreneurial attitudes, but also charitable among social entrepreneurs. Literature studies also referred to the characteristics of the entrepreneurs of social economy entities. This research activity has tracked legislative changes in the area of social entrepreneurship, which are understood here as a consequence of a social change resulting from the changes in the density of social capital. Literature studies also included in the results of the studies on the nature of social entrepreneurship development reports commissioned by government agencies, third sector actors focused on civil society, and market research.

In field research, participatory observations of open and closed nature were conducted, alongside individual in-depth interviews and expert interviews with leaders in the field of social economy in Wielkopolska. In the research process, the results of the research conducted by researchers such as Marek Rymśa, Jakub Wygnański and organizations such as the

Institute of Public Affairs and the Association for Social Cooperatives were taken into consideration.

The research was conducted for 4 years. Literature studies covered Poland, Italy, Great Britain and the United States of America and other countries. Field studies covered Poland, and in particular social enterprises operating in Poznan. The study was completed by the observation of a social company operating in Italy.

4. Results and Discussion

The result of conducted theoretical and empirical research is the Matrix of social enterprises. The proposal that follows focuses both on the importance of social capital for these types of companies and how the effects of individual types of enterprises affect the reduction of social costs.

The matrix is divided into four parts, each of which presents an orientation for specific values. These values determine the legal form of social enterprises, specific characteristics of

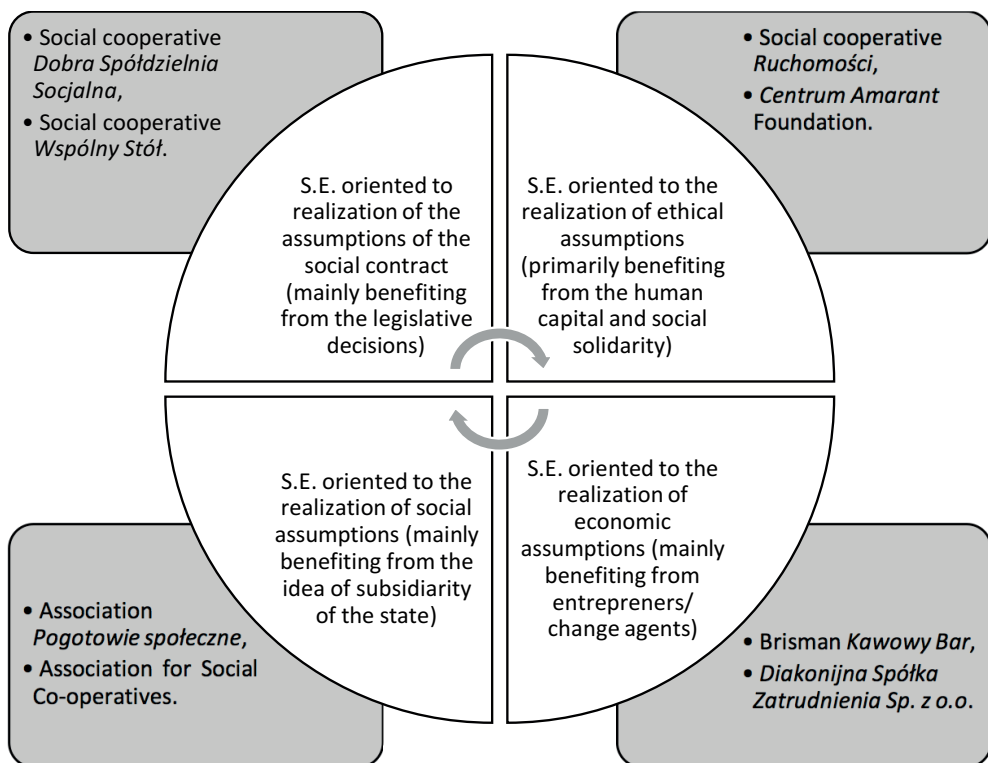


Figure 1: Matrix of social enterprises

the consumer and the services offered by the social enterprise, the source of funding for the business and the way in which the funds are redistributed. For all types, the assumption is that the more dominant values there are in them (the more social capital there is around them), the better they accomplish their goals. This factor also influences the sustainability of individual social economy entities and the expansiveness of their activities. Each quarter³ was assigned examples of social enterprises that best⁴ reflect the proposed understanding of the distribution of social enterprises.

The first quarter consists of social enterprises oriented to the realization of the assumptions of the social contract (mainly benefiting from the legislative decisions). Entities that dominate the implementation of the social contract assumptions are primarily benefited from legislative decisions resulting from the assumptions of the social economy adopted in Poland. Second, this category of social enterprises is characterized by entities whose activities are based on the accepted and constantly reconciling the diversity of both the members of the social enterprise and the recipients of their products and services. Diversity is linked to such factors as health and social conditioning that characterize individuals as members of social co-operatives.

One of the main goals of Cooperative Wspólność Stół and Cooperative Dobra is social activation of their members. Cooperative members are supposed to increase their competences and specialize in the gastronomic professions, thereby strengthening their social position and developing interpersonal relations. The social contract is understood here as a socially accepted strategy of involving excluded people (e.g. through long-term unemployment or lack of experience in the labour market, a difficult personal situation or disability) to the social world, including the "world" of the profession.

The second quarter consists of social enterprises oriented to the realization of ethical assumptions (primarily benefiting from the human capital and social solidarity). Entities that are predominant in ethical principles are primarily benefiting from human capital and social solidarity. The characteristic feature of these types of entities is the pursuit of sustainability of activities related to broadly under-

stood socio-cultural animation with activities of economic nature. Service recipients of the entities with a dominant orientation towards ethical assumptions identify themselves with worldview beliefs manifested in actions undertaken by social entrepreneurs; this identification, in turn, is associated with consumer choices. These companies include in their offer the unpaid activities they benefit from, but also ones in which the beneficiaries are included in the offer. Entities that dominate the ethical orientation are characterized by the uniqueness of the goods and offered services.

Social cooperative Ruchomości was created in response to the specific needs of the social group organized around the anarchist movement, according to which social co-operatives are the most democratic of the available forms of economic activity. Centrum Amarant Foundation was created in response to the specific expectations of the local community that demanded a shared space where broadly understood social and cultural animation and artistic activities took place.

The third quarter consists of social enterprises oriented to the realization of social assumptions (mainly benefiting from the idea of subsidiarity of the state). Entities that dominate the implementation of social objectives are principally beneficiaries of the idea of state subsidiarity: they are oriented towards building jobs for people in socio-economic difficulties, and also for the self-employment of their dependents. These entities also mediate the acquisition of work by market-based workers or the acquisition and transfer of grants for their economic self-reliance.

Enterprises oriented to the realization of social assumptions carry out activities related to the animation of entrepreneurial attitudes among disadvantaged social groups. The activities of this type are subject to individual aid or assistance in creating social enterprises. From the other types of entities, they distinguish, among others, the fact that their activities are financed from various sources (including public and non-public and national and EU funds), which are meant to equalize the broadly understood social opportunities of citizens.

The fourth quarter consists of social enterprises oriented to the realization of economic assumptions (mainly benefiting from entrepreneurs / change agents). Entities that dominate the implementation of economic assumptions

³ Descriptions and examples of social enterprises used in the paper are taken from the case studies presented in the dissertation.

⁴ In the quadrant of social enterprises whose activity is oriented towards the realization of economic assumptions, Diakonijna Spółka Zatrudnienia Sp.o.o. replaced the originally assigned Brisman Coffee Bar. In the meaning of the author, Diakonijna Spółka Zatrudnienia Sp.o.o. is a more complex and thus more interesting example of a social enterprise of the analyzed type from the perspective of discussed considerations.

are used primarily by entrepreneurs and change agents – experienced individuals oriented towards the realization of specific assumptions that, through human and social capital, induce a social change. Companies run by such entities are demand-driven entities, both for specific products and services and for the way they are consumed. Another characteristics of entities dominating the economic assumptions is the constant readiness to learn – both, the market and the customer.

Described entities are best suited to the definition of a company operating on the open market. This quarter includes companies defined as social enterprises (e.g. Diakonijna Spółka Zatrudnienia Sp. z o.o.) and entities that go beyond these standardization (e.g. Makerspace). This type of social enterprise builds its position mainly on the basis of a free-market game by participating in public tenders and, above all, by carrying out business activities. Brisman Coffee Bar operates on the basis of direct trade rules. Diakonijna Spółka Zatrudnienia Sp. z o.o. carries out production and service activities, employing people who have experienced social exclusion (e.g. those who have returned from unpaid economic migration), and who are also involved in social rehabilitation.

It seems important to emphasize that the presented division is inseparable, and like the division of social economy into old and new, it is a proposal to organize thinking about what social economy is and what aims it is to achieve. The Matrix of social enterprises were also developed because it seems important to emphasize the interdisciplinary nature of considerations in this area of theoretical analyses. The examples of social enterprises referred to in the Matrix have been selected taking into account that at different stages of their development they can move between the quarters. In the presented division, the formal and legal accent of the division of social enterprises was transferred to social categories (e.g. using, creating and thickening social capital), which are treated here as a cause rather than a consequence (side effect) of the development of social enterprises in Po-

land. Social economy management is not (only) about supporting people who do not manage the labour market. It is also a conscious choice, which may result from changes in the value system of the economic activity of Poles. The presented understanding of divisions in the field of social entrepreneurship serves to crystallize the scientific discourse in the area of emerging disciplines (subdisciplines?) – social economy, which can be clearly and exclusively included in the fields of interest of economics, sociology or social policy.

5. Conclusions

Social economy is a developing discipline of knowledge, evidenced by numerous discussions about its sense, purpose, disciplines in the world of science, and on the interface of theoretical knowledge and practical experience. Social entrepreneurship is developing, as evidenced by the increasing number of entities in this area of the economy. The presented model reflects the current moment in the history of the development of the social economy discipline and there is no doubt that it will develop and change over time.

The presented abstractions and conclusions relate to social capital at a certain stage of its development (thickening). It seems important to emphasize that not only as it is adopted in the classical divisions does social capital liberate the potential of social entrepreneurship. Social entrepreneurship seems to have the ability to produce this specific kind of capital.

Assuming that it is possible to treat the development of social entrepreneurship as an economic activity (activation) of a society, it is possible to treat the promotion of this type of activity in order to reduce social costs, and to properly generate profits in this regard. This way of thinking could open up a new perspective in understanding and interpreting social economy in the scientific theory.

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