

2 INNOVATIONS IN SOCIAL ECONOMY

2.1 Introduction

This study analyses selected social innovation issues which are related to the implementation of social reforms by social economy subjects, mainly by social companies.

For social economics – related to political economics – the priority is man, his environment, living and working conditions. It refers chiefly to the activity of the non-governmental and partially public sector, covering many various areas of social life. Its subjects basically strive for improving the financial situation, securing against life risks and levelling out life opportunities for the weakest groups [1]. Their activity is most frequently related to the areas where it is necessary to solve major social challenges.

The innovative character is inextricably linked with enterprise; it refers to technological innovations [2], whereas social innovations include all kinds of solutions aimed at improving the quality of life of various social groups. They are implemented chiefly by social companies [3]. This notion, having its roots in commercial experiences, appeared for the first time in the United States at the end of the 1990s. That time also saw the beginning of European subjects of social enterprise providing services on behalf of: restoring the employment of people and local economic development. These organisations, related to the non-governmental sector, use new and unique forms of implementing social reforms and achieving specific social goals in the face of system imperfections and situational challenges; among others they use the institution of partnership: public-private, public-social or public-social-private [4]. The activities of social companies are characterised by creativity and a new quality of initiatives subjected to a social change.

Issues concerning social economics and social enterprise in Poland were undertaken in 2003 in the programme area [5]. Previously there were some subjects of social economics in Poland, chiefly in the form of cooperative movement, cooperative banks. However, the development of social economics occurred as a result of European integration processes. In the latest documents the European Union assumed that all member states should create premises for social transformation and make relevant changes [6]. The order of the European Parliament on European Union Programme on behalf of social changes and innovations, COM as of 2011, Internet: eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=com:2011:0609:fin:pl.pdf.

2.2 The essence of a social company as a subject of social economics

A social company is a basic institution of social economics referring to the phenomenon of enterprise in the context of a broader concept of a civil society. Social enterprise is treated like an active innovative activity focussed on creating a social value within the framework of one or two sectors [7]. The notion “social companies” includes both institutions set up by citizens’ social organisations and companies that take origins in the private business sector. It is worth mentioning that the activity of market enterprises is not limited to the obtaining of profits, but it is often open to social needs [8]. Social economics subjects may also create public sector institutions [9].

A basic feature of social companies is the fact that functioning in economy they accept the superiority of social goals over capital and profit. In practice these companies are geared towards economic and social goals as well as economic and social innovations, thus manifesting new social enterprise [10]. Social companies are characterised by values which are the basis of their activity. These include e.g. autonomy, participation, independence, democracy, solidarity, cohesion, commitment, trust, co-responsibility. Social companies are also characterised by [11]: adoption of a mission for creating and maintaining the social value; searching for opportunities to implement this value; undertaking the activities irrespective of limitations and resources owned, as well as showing the sense of implementing the values and responsibility towards the society. Social companies are also characterised by a legal form within which they undertake their activities.

Taking into consideration the subject of activity, social companies undertake activity in various areas, especially the ones in which profit-oriented organisations are not interested or areas from which other entities are withdrawing [12]. Therefore, the activity of social enterprises includes e.g. social welfare, security services, health, consumer's issues, the activity of associations, the housing sector, trade, neighbourly services, education, culture, sport and pastimes etc.

Social companies focus on the implementation of broadly understood social and economic goals, which are complementary both towards the market and the state [13]. Social goals concern e.g. [14, 15] the support of local communities, the strengthening of local social structures, activation of citizens, social capital development, social reintegration etc.

The specificity of social companies is also determined by subjects participating in their activities. Apart from non-profit organisations, public administration and market enterprises, these are chiefly people in a difficult situation on the labour market as well as persons threatened with or affected by social exclusion, which prevents them from taking part in social life [16]. This concerns different groups, including the youth, the disabled, women, ethnic minorities etc. The effectiveness of activities geared towards such people depends not only on their attitudes, possibilities or willingness to undertake employment. It is necessary to provide relevant support, not only within the framework of professional integration, but also in the sphere of social integration. Social companies may create premises for the solution of problems related to the unequal access to the labour market of people who need support, e.g. through alternative employment forms, professional training, apprenticeship etc. They can also use other auxiliary instruments.

What makes social economics enterprises different from other subjects engaged in economic activity [4, 10, 14] is: the primacy of individual and social goals over capital, voluntary and open membership, automatic management, independence from public authorities, the right to control an enterprise by the members (except foundations), harmonisation of the interests of members and users with the general social interest, the achievement of mutual benefits by the members, the development of the solidarity and responsibility principle, earmarking the basic part of surplus for the implementation of common goals (e.g. sustainable development) as well as services on behalf of members, communities or selected groups.

2.3 Innovative organisational and legal forms of social enterprise

The legal system which creates possibilities for social companies functioning in Poland is based chiefly on the following acts: the General Interest Activity and Voluntary Service Act dated 24th April, (Journal of Laws as of 2003 r. No. 96, item 873) the Social Employment Act dated 13th June, (Journal of Laws No. 122, item 1143 with subsequent changes) the Employment Promotion and Labour Market Institutions Act as of 20th April 2004, (Journal of Laws No. 99, item 1001 with subsequent changes) the Law on Occupational and Social Rehabilitation and Employment of the Disabled as of 27th August 1997, (Journal of Laws No. 123, item 776 with subsequent changes) the Social Cooperatives Law as of 27th April 2006, (Journal of Laws No. 94 item 651 with subsequent changes) the Cooperative Law dated 16th September 1982 (I.e. Journal of Laws as of 2003, No. 188, item 1848 with subsequent changes). The above mentioned legal acts define formal and organisational bases of the most frequent legal forms of the following social companies in Poland. They include: Social Integration Centres, Social Integration Clubs, social cooperatives and vocational development centres [17].

Each of the above mentioned social companies performs different tasks within the framework of social and occupational reintegration. Social Integration Centres undertake reintegration activity by running educational programmes for persons threatened with social exclusion, in particular for: the homeless, the addicted, the mentally ill, persons unemployed for a long period of time, persons released from penal institutions or refugees. The said educational programmes include among others the acquisition of qualifications, requalification, the enhancement of vocational qualifications as well as the acquisition of other skills necessary in everyday life. On the other hand, Social Integration Clubs provide support to individuals and their families so that they can rebuilt and maintain their skill of participating in the local community life, come back to their social roles and enhance vocational qualifications. The club helps people to undertake common initiatives and enterprises within the scope of vocational activity, including the ones aimed at creating their own workplaces [17].

Cooperatives – which are voluntary associations of an unlimited number of people with a changeable composition and changeable share fund engaged in a common economic activity on their own behalf as well as in the social and educational-cultural activity on behalf of their members and environment – undertake another kind of activity. From the point of view of social economics we can distinguish: work cooperatives, disabled persons cooperatives and social cooperatives. Social cooperatives in European Union countries, apart from mutual insurance companies, foundations and associations, are considered major social companies (In subject literature the inclusion of mutual insurance societies and associations in the group of social companies is questioned [9]). In Poland a social cooperative is a market-oriented social enterprise which at the same time respects the problems of persons having difficulties with employment [18]. They constitute an important form of employment for persons who decided to undertake activity so as to achieve independence. Therefore, the goal of a social cooperative is to restore and maintain: the skill of participating in the local community life and performing social roles in a workplace, of living or staying as well as the ability to provide one's own work on the labour market [17]. Such a cooperative can also undertake socially useful activity in the area of public tasks.

Apart from cooperatives, tasks on behalf of the disabled can be carried out by a vocational development centre. It is an organisationally and financially separated unit which is characterised by a specified rate of employment of the disabled included in a considerable and moderate disability class [1].

2.4 Innovation of social companies

As it has been mentioned before, what makes social companies different from other social economics subjects is a special ability to use innovative solutions. They can use the accessible resources in a creative and original way while trying to find solutions to the existing problems important from the point of view of a given community, including among others: fighting the existing unemployment and social exclusion as well as limiting their unfavourable effects.

Tab. 2.1 Selected areas of social companies' innovation
Study: on the basis of [19, 15, 20, 21]

Innovation dimension	Innovative activities
New products, new quality of a product	Restoring the employment of persons having low qualifications, Creating new kinds of activity, Better adjustment of services to the needs of various social groups (e.g. Children, elderly people, refugees, immigrants, the unemployed), Training through work.
New methods of organisation	Engagement of various partners, various forces and means while implementing the same project, Combining the demand with supply in the cooperation of service providers and users when organising and managing some services.
New factors of operation (production)	Motivating various participants to work, Enriching the classic status of employees by recognizing them as full members of managing bodies, entitled to exercise control and take decisions.
New market relations	Finding the existing forms of organisation in the process of competition, also with commercial enterprises, e.g. Within the framework of participation in tender offer submission, Introducing the models from the market environment in one's activities, Breaking the state's monopoly for the provision of services, Increasing the economic risk related to the financing of activities.
New legal forms of enterprise	Public interest company (Czech Republic), High public utility organisation, Social cooperative (Italy), Social goal company (Belgium), Limited liability social cooperative (Portugal), Social services cooperative (Spain), Cooperative company of general interest (France), General interest enterprise (Great Britain)
New solutions within the scope of financing	Economic activity, Support from the public sector (e.g. Subsidising of remunerations, training subsidies, hidden subsidies in the form of work and making the rooms available), Volunteers' work, Various manners of obtaining funds and donations.

Through their enterprises they contribute to the economic development and help to strengthen social cohesion. While supporting social development, these companies can use new or even experimental solutions. Such solutions may refer in particular to new areas of activity or may involve e.g. using the previously applied solutions to address the problems of new social groups.

Social companies become innovative on their own. This occurs chiefly as a result of striving to find adequate solutions, which can help the socially neglected groups and influence the satisfaction of their needs. By adopting a particular mission and determining the real possibilities of its implementation under given conditions, compatible with the vision, these enterprises create concrete innovative solutions. They include not only products and services, but also the methods of operation and the existing relations. Solutions adopted by the discussed entities become a basis of a business plan, which should take into consideration especially such questions as: market relations, flexibility of operation and organisation, the creation of relations and connections with various subjects as well as participation of the very interested parties, local conditions etc. (tab. 2.1).

Innovative activities of social companies refer to the areas of social life which are not functioning properly from the point of view of social needs. By adopting relevant solutions, they try to propagate the ones allowing the fulfilment of the set goals. Their innovation in this scope means achieving better results while using little resources, which bring benefits to the greatest possible number of the community members. Activities initiated by social companies are considered the most innovative possibility of opening to changes [22].

2.5 Ending

A welfare state crisis is accompanied by the development of the civil sector and social economics institutions, including social companies. Striving to fulfil the ever increasing social gaps, they operate chiefly in the areas from which the state administration is withdrawing and which have not been developed by the market. The activity of enterprises is based mainly on the production of goods and the provision of services on a local level, while simultaneously engaging the labour resources. By building local solidarity networks and supporting the local development, social companies fulfil their social functions. They combine economic and social aspects, business culture with social activity, thus materialising the democratic thought, characteristic of social economics.

Searching for the tools of social mission and adopted values, social companies adapt traditional solutions with participation of non-typical resources. In their activities they use creative and innovative solutions, regarding in particular new products, innovative methods of organisation and management as well as production factors. Operating in market relations in various legal forms, they base their activities on co-participation of labour resources. When searching for means for their activity, they use available possibilities of their financing. Within this framework they create premises for local participation and partnership, promoting social unity and cohesion.

Affiliation to the third sector allows social companies to act according to the adopted framework, without bureaucratic procedures and regulations typical of public administration. Owing to that they can supplement public social programmes, grant support to persons

not included in the integrated aid system, activate environments which are clients of public institutions as well as integrate people threatened with social exclusion with the society. By developing social bonds, social companies influence the social capital development, shape solidarity and co-responsibility and develop voluntary service. Being major social economics subjects, they provide services not only for individuals, but also for local governments and enterprises. Their activities allow streamlining the costs of reforms and social welfare as well as enabling their reduction in the long term.

The positive meaning of social economics and social enterprise lies in the fulfilment of tasks on behalf of particular social groups which the local administration, burdened with too many tasks and lacking a guarantee for the continued financing of undertaken enterprises, is not able to complete – public administration should effectively support the activities of these institutions in the substantive, organisational and financial sphere, also on the supra-local level.

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