REGIONAL COOPERATION WITH SOCIAL ENTREPRENEURSHIP FROM PODLASIE PROVINCE

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Abstract
The lack of particular vision in functioning and development of the majority of social companies poses a serious threat to them. The eternal problem of social companies located in Podlasie is the constant developmental distance in relation to provinces of Western Poland and other EU countries. The main problem described in this article is the defective financing system of social entities in Podlasie Province. The aim of the present article is to verify the hypothesis that the main condition to improve financial situation of the researched social units in this particular region of Poland is the intensified regional cooperation with other social partners from small-, medium-size or big social companies from Podlasie, generally defined as cooperation of at least two entities, which in this way aspire to a better realization of their aims or achievement of a common goal in their activity.

Keywords: regional cooperation, entrepreneurship, social economy.

Introduction
Companies, which function in Podlasie Province are characterized by a big variety of organizational forms and tasks. There are entities which main function is leading of economic activity and the social aims are realized based on the saved financial surplus (associations, mutual insurance companies). There are entities for whom an economic activity is necessary to implement social aims (social companies, some associations). There are also entities which do not lead economic activity but are supported by subsidies or membership fees (some associations, foundations) or which lead economic activity in a small degree. Their common feature is joining economic activity with realization of social aims in different proportions and simultaneously functioning in the commercial environment, i.e. realization of their social mission in conditions of marketing allocation. Nevertheless, access to the capital is one of the most serious problems of companies which are economically weaker. The main problem described in the present article is defective financing system of social companies in Podlasie Province.

So far, the traditional source in financing social economy entities has been the state’s budgeting means and the philanthropic subsidies. However, during critical tightening of our belt, it is more and more difficult to get money. Some companies which seek money on development, decide to incur a credit in commercial banks out of necessity. However, this financial tool is available only for such entities which can manage their finance well and can prove experience in paying off loans or credits, and particularly if such entities are oriented on the maximization of profits [5]. Meanwhile, financial situation of companies in Podlasie Province which implement social aims is not the most profitable. In 2012 the analyzed entities reached revenues from total activity in the amount of 30,917,610 PLN, getting worse result in comparison with companies from Świętokrzyskie Province (37,364,712 PLN) or West Pomerania Province (40,065,508 PLN) [8].

The aim of this article is to verify the hypothesis that the condition of improving financial situation of the analyzed entities from Podlasie Province is the regional cooperation between social companies which can enable financing by means of social investments. Investment in social companies can be attractive particularly in the times of crisis. Many investors resign from the risk connected with “hot money” and seek more stable and permanent sources of capital accumulation. Placing capital in investments which can give not only economic profit but also social benefit is the best instrument to achieve this aim. From pure financial causes, investors can be interested in potential which is in the global market of social investments. Its value is currently estimated at about $400 bn. and during the nearest 10 years it may reach even billion dollars. Popularity of social investment is increasing together with the development of social business sector. The more companies joining an economic activity implementing social aims, the bigger chance that the socially-oriented investors will assign capital on their development [5].

In order to verify the established hypothesis, the authors made its division into two particular hypotheses. Having as the criterion the division of regional cooperation based on the character of conducted activity, it could be distinguished the regional cooperation between social companies which invest in an economic activity and which invest in the development of services. A set of two particular analytic functions, which will be verified hereunder, was established. With reference to the above, in this article will be used hypothetical and deductive method, permitting to verify effectively the hypothesis, to divide it into two particular hypotheses for the possibility of explaining and to attempt to solve the researching problem.
1. Assessment of system financing companies which realize social aims in Podlasie Province

Definition of a social company joins two attributes: entrepreneurship and community. The first concerns conducting an economic activity, i.e. making products or services by using available material and intellectual resources in such a way which leads to produce the added value. In that process, a social company leads an activity which is inseparable connected with the economic risk and the economic verification of the effects in such an activity [1].

With reference to the above, in the last years, social economy has become one of essential instruments of the policy solving social problems in Podlasie Province. The social economy which is based on the principles of solidarity, participation and self-government plays significant role in counteraction to the social elimination and softening of the negative results of marketing economy. By the use of the marketing instruments it may realize social aims such as generating new places of work, strengthening social consistency or building civil community. Social economy can be the driving power in local and regional development. Based on local resources, it can contribute to renewed heydays of disappearing jobs and revitalization of rural areas as well as to the restoration of declined industrial districts in towns. Social economy can also be an essential factor of the social and economic development by creating new places of work, offering wide variety of products and services and at the same time using local knowledge, technology and local job resources. Nevertheless, the following table shows not very satisfactory financial situation of companies which implement social aims in Podlasie Province (table 1).

### Table 1. Financial situation of companies which implement social aims from particular provinces in 2010-2012

<table>
<thead>
<tr>
<th>Specification</th>
<th>Revenues from total activity</th>
<th>Costs of obtaining revenues from total activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>1,760,304,662</td>
<td>1,672,335,004</td>
</tr>
<tr>
<td>Opole Province</td>
<td>22,276,760</td>
<td>21,213,479</td>
</tr>
<tr>
<td>Lubuskie Province</td>
<td>28,885,544</td>
<td>29,651,567</td>
</tr>
<tr>
<td>Podlasie Province</td>
<td>28,460,129</td>
<td>30,917,610</td>
</tr>
<tr>
<td>Lublin Province</td>
<td>39,632,381</td>
<td>48,948,562</td>
</tr>
<tr>
<td>Warmia-Mazuria Province</td>
<td>26,028,220</td>
<td>30,342,275</td>
</tr>
<tr>
<td>Podkarpackie Province</td>
<td>56,493,848</td>
<td>65,676,698</td>
</tr>
<tr>
<td>Świętokrzyskie Province</td>
<td>36,186,689</td>
<td>37,364,712</td>
</tr>
<tr>
<td>Kujawy-Pomerania Province</td>
<td>70,209,027</td>
<td>77,798,043</td>
</tr>
<tr>
<td>West Pomerania Province</td>
<td>32,931,278</td>
<td>40,065,508</td>
</tr>
<tr>
<td>Łódź Province</td>
<td>68,957,781</td>
<td>83,209,536</td>
</tr>
<tr>
<td>Pomerania Province</td>
<td>76,249,791</td>
<td>97,532,625</td>
</tr>
<tr>
<td>Lower Silesia Province</td>
<td>140,603,453</td>
<td>164,326,404</td>
</tr>
<tr>
<td>Wielkopolska Province</td>
<td>196,871,056</td>
<td>224,744,597</td>
</tr>
<tr>
<td>Śląskie Province</td>
<td>199,295,781</td>
<td>239,193,011</td>
</tr>
<tr>
<td>Małopolska Province</td>
<td>132,930,979</td>
<td>161,986,817</td>
</tr>
<tr>
<td>Mazovia Province</td>
<td>602,291,945</td>
<td>719,398,320</td>
</tr>
</tbody>
</table>

Data published in the Table 1 show unequivocally that in 2010-2012 social companies, including economic entities which implement the idea of Corporate Social Responsibility and which are located in Podlasie Province, were on 13th or 14th place out of 16 based on the amount of revenues from total activity. We could also notice a similar situation with reference to the costs of obtaining revenues from total activity. The last was Opole Province and Lubuskie Province, whereas the first - the Mazovia Province. Taking into consideration the above data we can state that the financial situation of economic entities, and also of social companies from Podlasie Province is not very satisfactory what confirms the defective financing system of the researched entities in the context of widely defined social economy.

Source: [8]
Strengthening and widening the range of activities of social economy sector is one of aims of the Operational Programme Human Capital 2007-2013. In this Programme within the frames of Priority VII Promotion of the social integration was set Detailed Aim 2: Strengthening and widening the range of activities of social economy sector. The following results were expected [3]:

- ensuring the functioning of institutions which strength social economy (at least two in every province),
- 30% of own revenues of social economy units in total value of their revenues.
- The product ratios were to be [3]:
- the number of institutions supporting social economy, which received support within the Priority,
- the number of initiatives from social economy which were supported from the European Social Fund,
- the number of people who were supported from the social economy institutions.

In the Detailed Description of Priorities of the Operational Programme Human Capital of 13 march 2008, within the Priority VII appeared Activity 7.2 Counteraction to the Elimination and Strengthening of the social economy sector, which in subactivity 7.2.2 directly concerned the supporting of the social economy, whose aim was to choose in tender offer contests institutions of the social economy sector sphere, which could offer services for entities of the social economy. On that aim was assigned the amount of €163,055,136, what in exchange rate of December 2011 contributed the equivalent of 677,966,950 PLN. According to state of the end of 2011, 358 contracts for project co-financing were signed for the total sum of 376,342,908 PLN, within which companies filed motions for payments on the amount of 190,172,468 PLN. According state on first half of 2011, that programme used 292 institutions supporting social economy. This number considerably exceeds the initial assumptions, according to which the activity of forty entities (at least two in every province) was planned to be financed. Till the end of 2011 the help through the institutions supporting social economy received nearly 5.4 thousand of entities of social economy and within their framework - 77.3 thousand of people including 49.6 thousand of women. Reports from the OP HC implementation do not include detailed information about types of entities which received help. We may estimate that there were mainly non-governmental organizations leading economic activity, paid statutory activity or they were interested in starting such an activity. Accordingly to the report of Central Statistical Office, due to the support from the European Social Fund in social economy entities were created about 1.4 thousand places of work and 1.8 thousand were kept [3].

Till the end of 2011 within the framework of Priority VII Promotion of the social integration, 11 social associations were created (3.7% of target value). All institutions were created in the area of Mazovia. It should be explained that the possibility to create social associations within the framework of Activity 7.2 were introduced in June 2010, whereas, first tender offer contests for that kind of support took place in 2011 in majority of regions. Additionally, within Priority I OP HC are realized system projects supporting the development of social economy of the total value 60 bn PLN. In total, considerable money for supporting the sphere of the social economy was assigned. At the present stage of implementing the programme it is possible to partially estimate previous activities. As the support analyses within OP HC indicate, the assumed idea did not ensure effective and permanent system of support for social economy entities due to too low services quality offered by entities supporting the development of social economy. The researched entities do not fulfill expectations of their main receivers. Also indirect support for social companies adequate to the needs did not accompany building the sphere of social economy [5].

According of the OP HC Managing Institution, competition procedure in selecting projects and therefore using not enough instruments as selection criterion caused that [3]:

- in majority of regions the number of designated institutions supporting social economy (centres for social economy support) significantly exceeded the target values assumed in OP HC;
- in many cases there is no continuation of activities of particular centres, because they cannot get additional financing from the European Social Fund for future activity what may lead to a state where the potential worked out by that entities is not used;
- significant part of centres stops implementing activities supporting social economy when additional financing from the European Social Fund is ended. Meanwhile, with accordance to the logic of ESF intervention, beneficiaries should ensure constancy of the projects after ending their realization from EU money. However, centres supporting social economy often are run by entities which are from social economy sector, e.g. by the non-governmental organizations, which do not have enough resources to lead that type of activities without the help of the state.

In 2011 on subsidies for 75 people EU and our government spent total 819.6 thousand PLN. Analogical expenditures were not noticed in Lubuskie, Łódź, Podkarpackie, Pomerania provinces, and especially in Podlasie Province. However, the biggest amount 175.1 thousand PLN was spent on that aim in Warmia-Mazuria Province. Data show that this instrument is not used sufficiently. In the case of making contribution to social associations from the money from the State Fund for Rehabilitation of People with Disabilities, in 2011 that form of support used 17 people, on the total sum of 435,704 PLN, in comparison to the sum of 465,905 PLN in 2010. Therefore, in 2007-2011 there was a distinct disproportion between...
support for social economy entities and support for the development of infrastructure [7]. It should be acknowledged that in spite of the essential effort aimed at promotion of social economy and building a chain of support, some part of money was disperse by the lack of comprehensive policy for the development of social economy and unfinished procedures enabling the support from EU without of the qualitative dimension and effect of constancy [3].

Meanwhile, places of work created within the framework of the social entrepreneurship are particularly valuable, because they are open for disabled people, lengthy unemployed, with low qualifications, etc., to whom it is exceptionally difficult to enter into the labour market and remain on it [6]. Difficulty in access of those people into the labour market in Poland is depicted in the available statistics which concern the employment ratio. Social economy can be one of instruments increasing chances of those people for activity and independence. Social economy means also new places of work in the areas with low level of social and economic development located in Podlasie Province (mainly villages), where their creation is not profitable. In these areas of the country, social entrepreneurship, based on local resources, may become the factor of change stimulating activities of the local actors and contributing local economy growth.

2. Investments in the economic activity of the companies implementing the concept of Corporate Social Responsibility (CSR) from the Podlasie Province

One of the most desirable forms of investment by companies is the one which main aim is to increase the profits from conducted economic activity. Burst of investment capital should lead to extension of that activity and increase of income. It can be also assign to generate new source of income what is particularly popular among companies starting their economic activity. This kind of investment may have the equity or private-equity character and in the contract the two sides include information that they will divide profits only after reaching their appropriate level [5].

In the activity companies of this kind the essential role plays the concept of Corporate Social Responsibility (CSR). It is voluntary, exceeding minimal law requirements, including by companies social and environmental problems in their commercial activity and relations with interested sides [4].

With reference to the above, investment in an economic activity, even the most popular, is noticed as one of the most difficult in leading, too. Its requires diligent knowledge of market needs on services and products offered by a company. Staff in a company must manage their finances and risk very well and show good planning skills [2]. Otherwise, there is risk that a company will not stay on the market, will not generate profit and will not pay off investor’s share. Therefore, to achieve it is necessary regional cooperation, i.e. cooperation of companies implementing the concept of corporate social responsibility with other partners located in the area of Podlasie Province, who also want to lead their activity according to the intention of investing in an activity with "the social character".

3. Investments in the development of services offered by social companies from Podlasie Province

Second popular type of investments is investment in the development of services (for example by creating social company), which allows to expand the activity and in consequence to increase income. According to the data of New Philanthropy Capital this kind of investment is the most desirable among the researched entities but also the most difficult to achieve. It is often a long-term investment on a big scale. It can have equity, private equity and patient capital character. It often happens that this kind of investment is at first joined with grant or the business counselling. Investment can be leaded when a company decides to expand and when there is an actual demand for its services. Risk of it not paying off is similar as in the case of investments in an economic activity.

Rationally conducted regional cooperation of service companies with entities of similar character of activity, joined with each other by some technological course should positively influence development especially of those smaller units, enabling in this way to reach the synergetic and multiplier effects. Development of smaller companies which realize social aims and which are located in the area of Podlasie Province depends on widely defined cooperation.

Conclusion

Access to the capital is one of the most serious problems of companies located in the area of Podlasie Province, trying to implement the concept of Corporate Social Responsibility (CSR). Therefore, the main researched problem described in this article was the defective system of financing social companies in Podlasie Province. The condition for the improvement of financial situation of the analysed entities from Podlasie Province is the regional cooperation between social companies which can make possible financing with the help social investments.

Investments in economic activity of companies realizing the concept of Corporate Social Responsibility (CSR) and investments in the development of services offered by the researched entities seem attractive particularly in the times of crisis, especially as the social economy is becoming one of
instruments which increasing chances of entrepreneurs to increase activity by wider cooperation in Podlasie Province. Social economy means also new places of work in the areas with low level of social and economic development located in Podlasie Province and where their creation is not profitable. In such areas of the country social company based on local resources may become the factor of change stimulating activities of local actors and contributing local economy growth.

References

Anotacija

REGIONINIS BENDRADARBIAVIMAS SKATINANT SOCIALINĮ VERSLUMĄ PALENKĖS PROVINCIJOJE


Raktiniai žodžiai: regioninis bendradarbiavimas, verslininkystė, socialinis ūkis