

SOCIAL ENTREPRENEURSHIP AS A FACTOR OF A REGION'S COMPETITIVENESS

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Abstract: One of the most important factors taken into account in resource management and local development is the developing social entrepreneurship. It can be understood as the social and economic activity of the so-called third sector. These organisations are seen as an important issue affecting the competitiveness of a region. However, analysing the achievements of social economics entities and appreciating their contribution to stimulating the development of local communities, it seems that their role is often overestimated, as the scale of activity conducted by these organisations is rather limited. The aim of the research was to identify the impact of social economy entities on improving a region's competitiveness. As indicated by the results of research conducted in 2019, in the Warmia-Masuria voivodeship, the activity of social enterprises enables meeting the needs mainly on a local scale, in a manner that is not guaranteed by enterprises operating on the open market. However, the atmosphere of financial entitlement is created around social enterprises based mainly on the conviction of the members of these entities of the unique nature of their actions.

Keywords: social entrepreneurship, non-governmental organisations, competitiveness, regional and local development.

1. Introduction

Growing social problems and in particular their changing dimension and scope combined with the lack of a sufficient pool of public funds allocated to solve these problems are conducive to the development of social enterprises (Defourny, and Develtere, 1999; Pacut, 2010; Borzaga et al., 2008; Waśniewska, 2012; Wilkinson, 2014; Iwankiewicz-Rak, 2014).

Social economy entities, as in the case of the whole social economy, were created as a result of long-term transformations that concerned two specific spheres, namely the state and the market (Giza-Poleszczuk, and Hausner, 2008). These organisations are perceived as an important factor affecting the competitiveness of the region, because their social and economic activity is conducive to the development of entrepreneurship.

At present, social economy is in the process of seeking its dimension. This is mainly due to growing problems that have not been solved yet. And, what is important, depending on the country's economic culture, various strategies of the organisation of the social economics and social economy sector were created and developed.

By monitoring the activity of social economics entities, it can be concluded that two main fields of this activity are emerging, namely integration through work and provision of social and public services (Borzaga, and Defourny, 2004).

Krawczyk and Kwiecińska (2008) reduce the effects of the activity of the entities performing social activities to three premises of the following nature:

- internal, concerning the functioning of a specific enterprise or organisation, oriented towards confirming the usefulness and rightness of actions undertaken in the social dimension,
- external, resulting from competing with other social economics entities for access to external funds,
- external, concerning cooperation with public administration related to the coordination of public funds' spending, more efficient contracting of selected public services, coordinating the implementation of policies in the field of social professional activation or initiating social entrepreneurship.

Considering the condition and growing needs of the social economy sector, it should be assumed that the use of public funds addressed to social economics entities, including social enterprises, in a rational and long-term manner, is a major challenge (Pacut, 2010, p. 55). Many researchers emphasise that the operation of social economics entities brings benefits to a wider public, and, above all, reduces the level of poverty as well as social pathologies. The added value of social entrepreneurship relates more to the activity of this type of entities in the creation of public goods rather than private ones (Głowacki, 2010), economic activity as well as pro-social activity (Steyart, and Katz, 2004).

Social entrepreneurship can be understood as:

- looking for alternative financial strategies for *not-for-profit* initiatives or management programmes to build social value,
- practices of conducting socially engaged business,
- a way to alleviate problems and initiate social change (Mair, and Martí, 2006).

The area of activity of social enterprises is extensive. Three basic types of initiatives can be identified here:

- social and professional reintegration of groups affected by social exclusion (people capable of working but professionally inactive),
- social services, including, e.g., care for the elderly, pre-school education, tourism, services for households,
- local development (e.g. agritourism, social revitalisation, waste utilisation) (Leś, 2008).

Depending on the type of social enterprise, they have different goals, with the most important being:

- providing training and enabling the gain of work experience for the long-term unemployed and marginalised (Gerrard, 2018),
- development of professional, interpersonal and business skills in what is referred to as excluded social groups that did not have access to specialised vocational training or were excluded from the market,
- supporting personal development of people who implement the abovementioned goals in social enterprises programmes (support of a trainer, social worker, psychologist, etc.) (O'Donnell et al., 2012),
- a real way to reduce the state's dependence on social assistance,
- providing assistance to the extent not implemented by the state (Hillman et al., 2018),
- initiatives for the employment of elderly people,
- activities for the benefit of the disabled,
- activities aimed at activating the rural community (Bidet et al., 2018),
- building local patriotism,
- integration of and assistance to the disabled (Pniewski et al., 2011).

The indicated objectives fit in with the implementation of strategies and programmes employed by local government units at various levels. For these reasons, due to cooperation with local governments, the effectiveness of social enterprises improves. Both cooperating parties can achieve benefits because they support each other in reaching the goal that connects them. For example, a local government unit and a non-governmental organisation by organising an event together (e.g. cultural or sport) contribute to the region's attractiveness, which can bring measurable benefits to local governments in the form of attracting investors, tourists and activating the society, while the organisation will be provided with promotion and will obtain funds for further operations, etc. As Kerlin (2008, p. 131) notes, promoting the social entrepreneurship approach is conducive to the growing importance of social entrepreneurship in the process of revitalising the dynamics of society's development.

In reference to the regional development, competitiveness may relate to its adaptability to changing conditions, as well as the ability to maintain or improve its position in the ongoing competition between regions. The level of competitiveness of a region is characterised by:

- living standards of the residents,
- conditions of conducting business activity,
- opportunities to attract investors,
- location of institutions and events of national or international range (Góralski, and Lazarek, 2009, p. 307).

It can be seen that the regional dimension of competitiveness is created by such elements as interregional diversity and market size. Differences in efficiency and innovation in regions determine regional inequalities including those of a social nature. This means that social economics entities undertake intensive activities not only in the aspect of achieving statutory objectives, but also for the continuous solving of problems related to conducting this type of operation in specific socio-economic conditions that characterise a region. In Hausner's opinion (Hausner, 2008, p. 57), the most frequently cited problems concerning the functioning and development of social enterprises include: difficulties with "embedding" in the market, further dependence on public funds, entitledness, decline in initiative, the desire to escape responsibility and risk, routine, corrupt practices, formalisation and unfair competition, resulting in low efficiency of public funds.

The aim of the research was to indicate the impact of social economy entities on improving the region's competitiveness.

2. Methods

The list of entities included in the sphere of social economics in Poland is ambiguous, incomplete and depends on the institutions that make up this set. It is difficult to close the said list, whether on the basis of the assumptions of the theory of social economics or relying on the conducted studies and analyses of its practical dimension. This study includes social economics entities that are closely related to the emergence or duration of social enterprises operating in the field of social economy. This does not mean that this approach allows to compile a full list of these entities. Answers were obtained from 101 representatives of the entities operating in the Warmia-Masuria voivodeship, which met the characteristics of social entrepreneurship understood as types of organised economic practices that meet the requirement of economic rationality.

Due to the qualitative nature of the research, especially regarding its territorial scope, CATI method was used, i.e. computer-aided (direct record of obtained answers) telephone interview, which enabled direct contact with the representatives of individual entities.

The research results are presented in the form of charts and descriptions regarding the raised issues. The presented results refer to the whole population covered by the study.

3. Results

In the group included in the study, 94.06% of entities were based in a city. Nearly 3/4 of them have been operating for more than 10 years, and 60.4% have more than 10 active members. As for the work rhythm, 45.5% of the organisations conduct activity "systematically, daily", while 26.7% of the entities functioned systematically, but mainly performing the commissioned tasks, with a similar percentage of study participants declaring that their organisation conducts activity unsystematically, depending on needs.

In relation to the area of activity of the entities covered by the survey, the largest group of respondents indicated the area of a commune or poviat (25.7%), however, slightly fewer organisations operated in the immediate vicinity (24.8%), and the voivodeship as the area of their activities was indicated by 19.8% of respondents with the same percentage operating throughout the country.

As it was observed, the main area of activity for 17.8% of the surveyed organisations was sport, recreation, tourism and leisure. A slightly smaller percentage of respondents indicated social assistance as the main area of their activity (15.8%), as well as the development of interests through the implementation of courses and trainings, education system, education and upbringing (14.9% of research participants each), art and culture (8.9%), local or regional development (6.9%) and healthcare and rehabilitation (5.9%). Other areas of activity of the surveyed organisations covered various spheres of socio-economic life, important in the development of the region, including construction, transport and communication, environmental protection, agriculture (Figure 1).

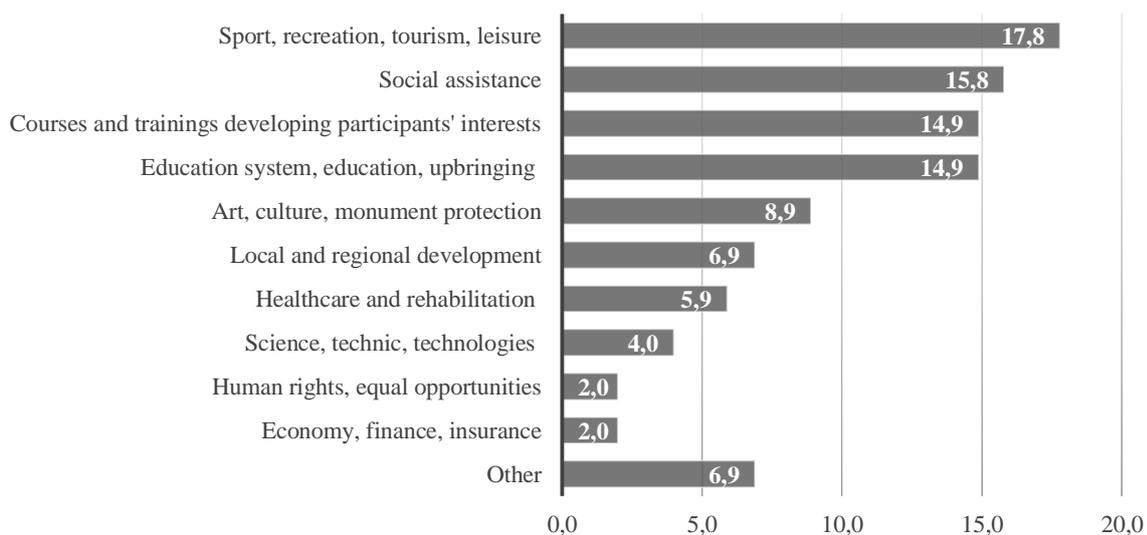


Figure 1. Main areas of activity of the surveyed organisations [%]. Source: own research.

Financial resources are necessary for organisations in order to achieve statutory goals, implement innovative solutions and, above all, develop themselves. Achieving organisation's statutory goals without adequate funding is difficult. As respondents declared, in the case of 38.6% of entities, their finances allocated to the implementation of the statutory objectives of the organisation in 2018 did not exceed PLN 5 thousand. 16.8% of the organisations owned a budget for achieving goals ranging from PLN 5 to 10 thousand, 10.9 % owned a budget between PLN 10 and 50 thousand, and 33.7% of the surveyed entities had a budget of more than PLN 50 thousand (**Błąd! Nie można odnaleźć źródła odwołania.**). Thus, one can notice the dichotomous stratification of organisations in terms of their financial involvement and the scale of activity. Organisations with a larger budget conduct economic and social activity on a wider spatial scale than the ones with a low budget. It is significant that these small organisations, most often operating locally, with small funds allocated for achieving their goals, dominate in terms of numbers.

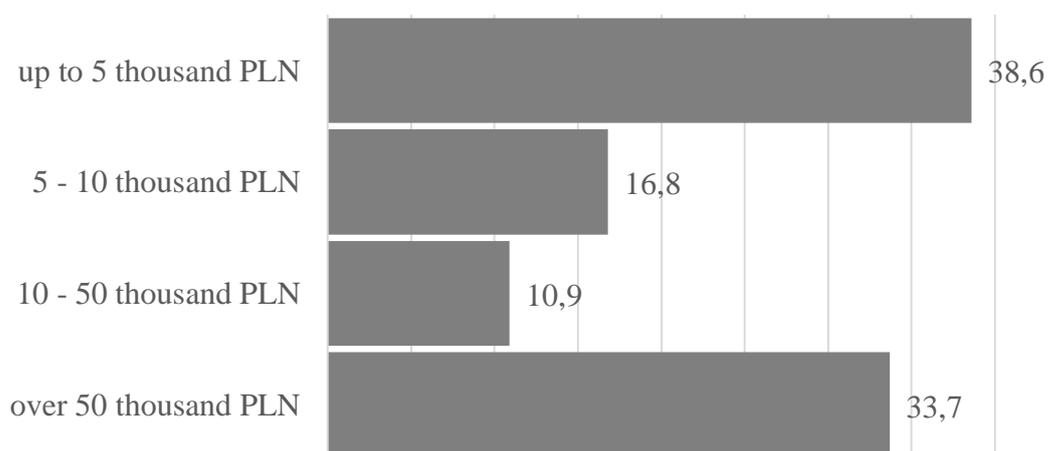


Figure 2. The budget of the organisations covered by the survey in 2018 [%]. Source: own research.

In the context of the impact of the third sector on the competitiveness of the region, it is important to indicate the sources of funding for the organisation. The biggest number of indications was received by the answers: "membership fees" (28.7%), "funds from the municipal or poviat offices' budget" (23.8%), "donations from institutions and companies" (12.9%) and "donations from natural persons" (10.9%). Much less frequently indicated answers were: funds obtained under EU projects, funds from voivodeship or marshal office, revenues from public campaigns and collections, income from economic activity, fees under paid statutory activities, subsidies from other institutions and organisations, or income tax to support public benefit organisations (**Błąd! Nie można odnaleźć źródła odwołania.**).

As it turns out, key contributions to NGOs' finances are undoubtedly own members' contributions and financial support from local government units' budget. This shows how important it is to achieve the statutory objectives of the organisation in cooperation with local

governments and local business entities. Without support, especially from the public sector, a large number of social economy entities would not function. This situation may also indicate the underdevelopment of the third sector. Despite the fact that all entities covered by the research declared that they could conduct business activity, a significant share of them accomplish statutory goals being dependent on other entities.



Figure 2. The most important sources of financing the activities of the entities covered by the survey [%]. Source: own research.

The cooperation of social economics entities with public and local government institutions is the basis for the functioning of non-governmental organisations because mutual assistance of these entities can bring many benefits to both interested parties. For instance, the activities of social economics entities may contribute to the development of a commune, poviast, village, city due to the potential increase in their attractiveness for investors or tourists who are more likely to visit a given region. However, practice proves that cooperation with public sector units, i.e. with communes, poviasts, marshal offices was assessed by the most numerous group of respondents as "satisfactory" (38.6% of responses). The cooperation is perceived positively by 35.6% of respondents, 10.9% of respondents rate it definitely positively, with 8.9% of answers being negative, and the remaining ones being definitely negative. This situation shows that organisations of the third sector actively participate in the socio-economic life of the region and find a partner for their activities in local government units.

The most frequently indicated areas of cooperation concerned obtaining financial support from local governments (answers of 70.3% of respondents) and substantive support regarding the preparation of applications and implementation of projects (13.9%).

It is worrying that when assessing the organisation's development prospects over the next three years, more than half (54.5%) of the representatives of these organisations are of the opinion that the situation will not change and organisations will continue to function the way they are operating today. Another 3.4% do not see any future perspectives. Although other

research participants positively perceive the immediate future of their organisation, it should generally be recognised that there is stagnation, and organisations lack the so-called "freshness" of action. It is also worth noting that 88.1% of research participants indicated obtaining additional financial support as the main factor that could contribute to the development of NGOs operations.

4. Summary

The activity of social enterprises allows to meet the needs mainly on a local scale, whose identification would be more difficult (if at all possible) for institutions and people from the outside of the local environment. Social enterprises meet the needs of local communities in a manner that is not guaranteed by enterprises operating on the open market. Stance of financial entitlement dominates among the representatives of social enterprises which is based mainly on the belief in the unique, inclusive nature of the activities undertaken by these organisations.

Social enterprises benefit from a specific atmosphere prevailing in local environments, by which their activity is widely disseminated and supported, especially by local governments. On the other hand, expectations of the uniqueness of the products and services they offer are formulated towards social economy entities. This multidirectional relationship means that social entities, meeting the expectations of local governments and other organisations financing their social and economic initiatives, adapt their activity to the expectations of the latter. Even though this form of cooperation postpones the achievement of the organisation's statutory goals, it seems to be important for organisations as well as for local governments. NGOs very often identify with the region in which they operate or try to promote the area in which they conduct their activities. Therefore, both parties can benefit from mutual cooperation.

As it was observed, 88.1% of respondents indicate additional financial support as the sine qua non condition for the further development of the organisation. Having adequate financial resources and their rational use may prove to be crucial for the future of many NGOs. However, greater involvement of these organisations should be expected in the search for new sources of support, including primarily from EU funds as well as their own revenues from economic activity.

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