

Polish and Indian model of social economy: comparative analysis

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Abstract

Objective: To make a comparative analysis of the Polish and Indian model of social economy and to answer the question about sources of developmental dynamics of Indian social entrepreneurship. The Polish model of the social economy after dynamic development at the beginning of the 20th century was distorted during the communist period.

Methods/Findings: After 1989, Poland took over many solutions applied in the European Union, including the model of social economy. The European model of the social economy focuses on counteracting the exclusion of social groups that are neglected on the labor market, such as the disabled, the homeless, the unemployed and former prisoners. In India an original mix of spirituality has been existing, entrepreneurship and social commitment, creating a fertile ground for the development of the social economy sector.

Application: Indian social economy has made significant progress in recent years. It includes over 600,000 cooperative enterprises and 250 million users, making it the largest social economy in the world. These enterprises are active in promoting inclusive growth. Poland and India, despite large cultural differences, have also some common features. One of them is a large share of cooperative enterprises in the agricultural sector.

Keywords: Social economy, Social entrepreneurship, Personalistic entrepreneurship.

1. Definitional problems of social economy

Social entrepreneurship (social economy) in economic practice appeared in the nineteenth century, however, as a scientific term began to function in the 90s of the twentieth century. Since then, social entrepreneurship has become one of the key issues of economic and social sciences. This issue is currently undertaken in the theoretical and practical dimension. The most frequently cited theoretical and research assumptions of the social economy are [1]:

1. Rejecting the reductionist concept of homo oeconomicus,
2. Focus on the local environment,
3. Emphasis on social capital as an important factor of development,
4. A critical look at the welfare state's policy.

The social economy is identified with a solidary or alternative economy, but these are not completely identical names. The solidarity economy is based on the exchange of gifts, assuming the future reciprocation of the donated party (the gift is not conditioned by reciprocation). The concept of social economy is the subject of numerous discussions. Some researchers believe that the more appropriate concepts would be: a social market economy or social entrepreneurship. One precise definition of the social economy has not been developed. In Polish literature, definition is often quoted, according to which "Social economy is a sector of the economy in which organizations are oriented to social utility, and the excess created by them serves to achieve the social goal". This definition captures the essence of the analyzed problem from the macroeconomic perspective.

The definition of CEP-CMAF (European Standing Conference of Co-operatives, Mutual societies, Associations and Foundations) is more useful for comparative analysis of the Polish and Indian model of the social economy. This definition defines the social economy as a specific form of entrepreneurship, which is primarily assessed by its contribution to the field of solidarity, social cohesion and local development. In [2] the Indian literature, the term "social entrepreneurship" is commonly used as the equivalent of social economy. Definition given by [3] is often cited, according to which social entrepreneurship is an innovative activity that creates social values that can occur inside or across the sector of the non-profit, business and public sectors. The definition given by [4] is also often mentioned.

They define social entrepreneurship as an innovative use of a combination of resources in the search for opportunities to create an organization and/or take actions that bring and consolidate social benefits.

The social enterprise, according to [5] is based on the following principles:

1. The enterprise's goal is to eliminate poverty or achieve a different social goal, eg to provide poor access to education, health care, new technologies, care for environmental protection, etc.,
2. The enterprise is not working to maximize profits, but must be economically self-sufficient,
3. Investors, after a set time, receive a return on expenses incurred to start up the enterprise, profits generated in the following years remain in the enterprise and serve its further development,
4. The enterprise operates on the principles of sustainable development,
5. Employees employed in a social enterprise receive payment in accordance with the conditions of a specific country,
6. Work in the social enterprise is the basis of a happy life.

In [6] emphasizes the dependence of social entrepreneurship on economic factors. Social entrepreneurship is a permanent activity whose aim is to produce goods or sell services. A social enterprise should be characterized by a high level of autonomy. Defourny draws attention to the fact of high economic risk, which must be taken into account by the founders of such an enterprise. In his opinion, social entrepreneurship has much in common with traditional commercial activity due to the fact of employing employees who should be rewarded according to their involvement and qualifications.

The definitions of a social enterprise cited above indicate two main goals that such enterprises should take into account in their operation, in addition to the economic perspective; they should also take into account social issues. Social economy is therefore a new vision of human economic activity, which leads to a change in the positivist paradigm inherent in economic sciences: social enterprises are an exemplification of a new humanistic-personality paradigm. The definitions of a social enterprise cited above indicate two main goals that such enterprises should take into account in their operation, in addition to the economic perspective; they should also take into account social issues. Social economy is therefore a new vision of human economic activity, which leads to a change in the positivist paradigm inherent in economic sciences: social enterprises are an exemplification of a new humanistic-personalistic paradigm.

The essence of the social economy is to take into account such values as: justice, solidarity, freedom and social responsibility. The social economy is characterized economically in terms of a normal market economy, bearing the economic risk and using market mechanisms to achieve social objectives. Social criteria of the social economy are: socially useful purpose of the activity (providing services for members and community instead of performing instrumental role in the interest of external capital), civic nature of undertaken initiatives (shaping civic attitudes through actions for people and activating local communities), democratic management system by participation (autonomous decision making regardless of the capital held by the shareholder or owner), the community nature of the ventures and the distribution of profits for socially useful purposes.

2. Polish model of social economy

The Polish model of social economy has a peculiar genesis, after undoubted development in the early twentieth century; it was distorted during the communist regime (1945-1989), when the state's monopoly in solving social problems took place (the redistributive model). The model of socialist economy that has been in operation for over 40 years has shaped attorneys' attitudes and specific mentality of citizens described as homo sovieticus. After changes in the economic system in 1989, Poland took over many solutions applied in European Union countries, including the social economy model. The essential features of the Polish model of the social economy are: entrepreneurship and commitment, subsidiarity and solidarity, concern for the empowerment of individuals and communities. As part of the Polish and European model of the social economy, actions are implemented aimed at counteracting the exclusion of numerous social groups, often overlooked on the labor market, such as the disabled, the homeless, the unemployed, former prisoners. In Poland, social entrepreneurship has been dynamically developing since the beginning of the 20th century. Edward Abramowski and priest Wacław Błaziński are considered to be precursors of Polish social entrepreneurship.

Edward Abramowski is recognized as the ideological father of Polish social entrepreneurship (the cooperative movement). Abramowski recognized human freedom as the overarching goal of social doctrine and at the same time a key moral postulate. He understood freedom as the abolition of all coercion and all violence of the collective over a person. He recognized freedom of speech, printing, meetings, strikes, associations, conscience and religion, the inviolability of the person and the home as its inalienable components. Abramowski not only propagated his ideas, but also created institutions that were to propagate and implement these ideas. The most important organizations created by him are: circles of ethics, People's Education Circles, Association of Social Self-Help Societies. Abramowski's greatest accomplishment was the Society of Cooperatives, which in 1908 created the consumers' co-operatives PSS "Społem" associating before World War II 1776 cooperatives with 397 thousand members.

Father Waclaw Blizinski in 1900 began working as a parish priest in a very poor village called Liskowo [7]. The first step of the young priest was to recognize the social and economic situation of the parish. Widespread was lack of education, illiteracy and alcoholism. He began social change from education. He bought and distributed several dozen newspapers, then met with parishioners and talked, trying to convince them to the idea of community work. Father Bliziński, despite many obstacles, convinced his parishioners to work together. The first undertaking was the completion of the church construction, the second - the creation of the first social enterprise in Lisków: it was, opened in 1902, a cooperative grocery-agricultural store. The store supplied the village with necessities, new varieties of cereals and potatoes, artificial fertilizers, agricultural machinery and equipment as well as building materials and fuel. From 1908, the store was run by the Food Association "Host". The "Host" Association also ran a variety of social activities, eg. Agricultural circles, reading rooms and a social club, constituted material and organizational facilities for further social initiatives such as weaving workshops, a bakery, a dairy, a brickyard and a Small Credit Fund. Bliziński discovered social capital hidden in Lisków and found a way to free him. When the inhabitants of the village saw how one venture supports the next, as the level of their wealth increases, they themselves have also engaged in the change of their village. The civic movement initiated in Lisków became the model for all villages in Poland: Lisków was considered a model village. Bliziński broke through the centuries-old, negative stereotype of a Polish peasant unable to act collectively, backwardly, lazy and stubborn.

Currently, social entrepreneurship is a new area of analysis in Poland, both in the theoretical and practical dimensions, concerning the activity of people, especially from excluded groups on the labor market, which through social employment are activating professionally and socially. However, today the activities of social enterprises have a different context than in the past. That is why the activity of contemporary social enterprises in Poland is described as a new social economy. The new role of social enterprises is primarily a stronger link between their activities and institutions of local social policy, including social assistance centers and family support centers, where social workers create social and professional activity of people at risk of social exclusion and the labor market. Entities of the social economy fulfill a very important task in the context of the social welfare system, because they create real jobs for people who are becoming independent in the process of social work and in the process of support under other social services. Researchers dealing with the issues of the social economy assume that its rebirth in Poland took place in 2005. Two main factors influenced this. One of them was the possibility of supporting activities in the field of social economy from the European Social Fund under the Community Initiative EQUAL, implemented in Poland in 2005-2008, the second factor was the Social Employment Act and the Social Cooperatives Act prepared by the Polish government.

The EQUAL initiative made it possible to learn the practice of social entrepreneurship in other European Union countries and to start a discussion on defining what the social economy in Poland is and what its role in solving social problems is to be. As part of the projects implemented in the subject of "Social Economy" IW EQUAL, a dozen or so social enterprises were created, 30 entities supporting them, and many practical solutions and mechanisms in the field of social economy were developed.

3. Indian model of social economy

India is one billion 200 million inhabitants and one of the fastest growing economies in the world. It is estimated that between 2007 and 2022 India's per capita GDP will increase by four times. In 2009, nearly 30% of people (around 400 million) lived below the poverty threshold (below \$ 1.90 per day). In 2015, this number decreased to 170 million people (12.4%), which means a drop by 230 million (worldbank 2018). The Indian social economy entities have a significant share in this process. The Indian subcontinent is characterized by an original mix of spirituality, entrepreneurship and social commitment that creates a fertile ground for the development of the social economy sector. This is evidenced by the actions of Muhammed Yunusaa and the Grameen bank in Bangladesh, the Nobel Prize Amartya Sen or several dozen years of successes of the Gujaratan cooperatives such as SEWA (Self-Employed Women's Association) and Amul. The Indian social economy has made significant progress in recent years. It includes over 600,000 cooperative enterprises and 250 million users, making it the largest social economy in the world. Social enterprises have a huge range, covering 500,000 villages. They play an important role in the Indian economy, especially in the field of agriculture and crediting agricultural entrepreneurship, distribution of agricultural production resources, storage of fertilizers, and housing construction. These enterprises are active in promoting inclusive growth [8].

India is often referred to as a center for investing in social innovation and global laboratories are testing new ideas here. Multi-million investments in social enterprises and successes such as Husk Power Systems, Rangsutra, dLight, Waterlife and Vaatsalya Healthcare have made India an important market for the social economy. In contrast to other countries, such as the United Kingdom, Italy, Korea and Singapore, where programs in this area are usually implemented by governments and large private enterprises, India's journey to the world of social entrepreneurship is guided by the vision and energy of outstanding people. Mahatma Gandhi, like in Poland Edward Abramowski, is widely regarded as the father of Indian social entrepreneurship. Mahatma was a man obsessed with sustainable development, environmentally friendly, making the best use of local resources, development of villages, cooperatives, promoting local initiatives and innovations based on local communities. If social entrepreneurs can be described as visionaries who solve old problems, relying on new ways of thinking, Gandhi certainly fits this pattern.

Gandhi supported the local home industry (Khadi), a self-sufficient and own-owned family farm. The Khadi movement was born in 1920 in India at the initiative of Gandhi. Khadi aimed to activate professional communities in rural areas, promote self-employment and develop small businesses. An example of the use of local resources is its "salt march" to Dandi, where Gandhi called for local salt production after the British introduced a salt tax. Gandhi's propagation of the Panchayat Raj system, the empowerment of women and the ban on imports can be considered as the seeds of social transformation, sustainable development and self-sufficient local communities [9].

Vergheese Kurien is one of the leaders of Indian social entrepreneurship and is called the "father" of the dairy revolution in India [10]. It all began in 1946, when Tribhuvandas Kishibhai Patel established the Milk Producers Cooperative in Kaira (Gujarat Co-operative Milk Marketing Federation Ltd - currently Amul). But it was Vargheese Kurien, who came from the USA after completing his Master's degree, and started the development of cooperative enterprises based on households. Amul is currently owned by 3.6 million milk producers in Gujarat. Kurien's contribution to the social entrepreneurship movement in India is monumental. His visions, planning and implementation of projects, called the "white revolution", caused that India passed from the country importing milk to the world's largest producer. Kurien's activity lasting nearly 60 years has resulted in the creation of around 30 institutions of "excellence", such as GCMMF, the Institute for Rural Areas Management, Anand (IRMA) and the National Commission on Dairy Products (NDDB).

The Association of Women Working Alone (SEWA), which was founded in 1972 by Ela Bhatt, is a very important and interesting project. The association is a sort of trade union for women who earn a living in three major categories, such as hawkers, home manufacturers, manual workers and service providers. In fact, these professions are very difficult to organize. Initially, the association focused on improving the working conditions of its members by influencing local policymakers and local police. SEWA has about 315,000 members and is considered the first and largest group of trade unions in the social sector.

The Association cooperates with many other sister institutions, for example with banks, providing funding for the academy, which conducts training and research [11]. SEWA is currently considered an international institution working for women and workers movements around the world. The association organizes groups of women who deal with economic, social and health issues. The Association organizes the working conditions of women, helps them in access to health care and supports self-employed and non-affiliated organizations by granting loans. SEWA played an important role, by negotiating with the Indian government, in creating legislation conducive to self-employment and social entrepreneurship. SEWA co-creates an international network that supports the work of women in the social sector: Women in Informal Employment Globalization and Organizations (WEIGO).

4. Discussion and Conclusions

The social enterprise is an entity that embodies the idea of social economy. It is an enterprise because it produces goods and services in a stable way, and the owners (shareholders) bear the economic risk and take autonomous decisions. It also emphasizes its social dimension, because it realizes the supremacy of providing services to members and the community over profit, uses social resources (donations, subsidies, volunteering), releases a community initiative, does not make decisions (power) dependent on the amount of capital contributed.

Social entrepreneurship has given a new dimension to business. It is a combination of the traditional role of the entrepreneur with care for various social issues that occur in the enterprise and its environment. There is now a need for new solutions to social problems that require different approaches. Governments and various charities are unable to solve all social issues in developing societies. New models and forms of social entrepreneurship are emerging. Social entrepreneurs are looking for better ways to solve social problems. They are considered to be moderators of social change, who simultaneously protect basic social values. During the management process, social entrepreneurs show their responsibility to the general public.

With the growing popularity of this type of activity, there are doubts about its limits, ie the problem of an adequate definition appears. The division of economic activities into for-profit and non-profit is not appropriate, because non-profit organizations also strive for profit, but give it a different meaning than in classical economics. It is interesting to propose the conversion of a non-profit organization into more adequate "social-oriented organizations". This proposal coincides with the personalistic approach to entrepreneurship. According to this approach, an enterprise is a community of people (community of work, church of work) which performs specific tasks within the framework of the enterprise's mission, while maintaining the main principles of personalist ethics (solidarity, participation, subsidiarity, organicity) [12-13].

The concept of a personalistic enterprise is related to the concept of "social innovation", which means a cultural change. The personalistic project, promoting the empowerment of employees, strengthens the sense of freedom, which an indispensable factor of creativity and an important factor for the sustainable development of any organization. Despite the lofty and universal goals, the social economy has no easy field to act between the market and the state, and more specifically between supporters of the selfishly realized business and people waiting for social benefits "due" to them from the state. Social economy is characterized by active rather than demanding attempts to solve social problems. Social entities are looking for financially effective ways of meeting diverse needs, without waiting for philanthropic alms. Instead of philanthropic material help, the social economy shows a way out of a difficult situation, encourages people to take up their own activity instead of a passive expectation of change of destiny. Activities in the social economy are based on solidarity and aim for the common good, not a particular interest. An important role in the social economy is played by wise, prudent and effective provision of assistance and raising the beneficiaries of this help to cooperate, to undertake work and responsibility for themselves and others.

In the 21st century, Poland and India have different problems to solve. In 2018 Poland was promoted to the group of developed countries. Unemployment and poverty are no longer key social problems. Social enterprises narrowed their activity to excluded groups due to social maladjustment. Their activities are related to the institutions of local social policy, including social welfare centers and family support centers.

In India, unemployment and poverty are still the key social problems. The main goal of Indian social enterprises is to activate the unemployed and reduce poverty. The economies of Poland and India, despite the large cultural differences, also have certain common features. One of them is a large share of cooperative enterprises in the agricultural sector. A serious problem is traditional entrepreneurship education at all levels of education. In the formal Indian education system there is no specific curriculum on social entrepreneurship. In Poland, there are also no courses in social entrepreneurship in the business schools' curricula, which leads to the lack of competent social entrepreneurship leaders.

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