

HUMAN CAPITAL AND THE DEVELOPMENT OF SOCIAL COOPERATIVES

ĽUDSKÝ KAPITÁL A ROZVOJ SOCIÁLNYCH PODNIKOV

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Abstract

The commitment to multidimensional and harmonious development of human capital – the commitment that has turned into one of the key factors in intensifying the rate of economic development – is becoming increasingly important. The role of this determinant in shaping attitudes distinguished by activeness and creativity can hardly be overrated. From there it is just one step to stimulating entrepreneurship in general and social entrepreneurship in particular. One form of the latter are social cooperatives that play a significant role in development processes as they create broad opportunities for employment support and integration for people most threatened with social exclusion.

There are many aspects to the functioning of social cooperatives. The subject of this paper is to characterize the nature of social entrepreneurship and social cooperative movement; to define the role of human capital in developing this movement; and to determine the impact of human capital on the development opportunities of social cooperatives.

Key words: human capital, social entrepreneurship, social cooperatives.

Abstrakt

Závazok multidimenzionálneho a harmonického rozvoja ľudského kapitálu - záväzok, ktorý sa premenil na jeden z kľúčových faktorov intenzifikácie tempa hospodárskeho rozvoja - sa stáva čoraz dôležitejším. Úlohu tohto determinantu pri formovaní postojov vyznačujúcich sa aktivitou a tvorivosťou možno len ťažko preceňovať. Odtiaľ je to len jeden krok k podnecovaniu podnikania všeobecne a sociálneho podnikania osobitne. Jednou z foriem sociálneho podnikania sú sociálne podniky/družstvá, ktoré hrajú významnú úlohu v procese rozvoja, pretože vytvárajú široké možnosti pre podporu zamestnanosti a integrácie pre osoby najviac ohrozené sociálnym vylúčením.

Existuje mnoho aspektov fungovania sociálnych podnikov/družstiev. Predmetom tohto príspevku je charakterizovať povahu sociálneho podnikania a sociálneho družstevníctva; definovať úlohu ľudského kapitálu vo vývoji tohto hnutia; a určiť vplyv ľudského kapitálu na rozvojové príležitosti sociálnych podnikov/družstiev.

Kľúčové slová: ľudský kapitál, sociálne podnikanie, sociálne podniky/družstvá.

INTRODUCTION

Individual and collective entrepreneurship is one of the basic factors in increasing the rate of economic development. The scale of entrepreneurship is a function of many variables. In the age of information society and knowledge-based economy a key role is played by human capital.

A unique form of economic activity is social entrepreneurship, combining economic and social objectives. One of the varieties of social entrepreneurship are social cooperatives. These are entities that provide opportunities for employment and social integration to those excluded or in danger of occupational and social exclusion. As market entities, social cooperatives are subject to the laws and factors regulating the working of the market. The environment forces them to adjust to the changing economic and socio-cultural conditions.

Therefore, an important role in the process of social cooperatives development is played by factors that determine innovation and competitiveness and thus shape the market position of enterprises. One of these factors, of fundamental significance, is human capital.

The aim of this paper is to characterize the nature of social entrepreneurship and social cooperative movement, to define the role of human capital in the development of social cooperatives and to determine the influence of human capital on the opportunities for developing such cooperatives.

1. THE NATURE OF SOCIAL ENTREPRENEURSHIP AND SOCIAL COOPERATIVE MOVEMENT

In functional terms, entrepreneurship means an organized process of intentional and deliberate actions leading to the formation and development of economic entities.¹ Efficient working of companies is largely determined by entrepreneurial behaviours of managers who create and use opportunities for development,² and of workers. Success or failure in this area is closely connected with the psycho-social characteristics of both management and staff and with the sociological circumstances. Thus, what counts is knowledge, abilities, social skills, attitudes, value system etc.³

While the issue of social entrepreneurship, which is a special and specific form of economic activity, is discussed in publications by many authors, no universal definition has been developed so far. All discussions, however, strongly emphasize the role of social enterprises in effecting social benefit and economic development. Also stressed is their innovation, closely associated with the human factor.

Defourny [2001], for example, points out that social enterprises have a high level of autonomy and thus their financial independence is determined by the capabilities of the organization's members. He also underlines the social dimension of the functioning of these economic entities. As he indicates, regardless of the sector they work in, they are involved in the redistribution of cash flow in favour of disadvantaged individuals.⁴

The aspect of social benefit and the role of human capital in social enterprises can also be found in discussions by other authors. According to Martin and Osberg [2007], social entrepreneurs identify the causes of individuals' marginalization and social exclusion. In

¹ Dyduch, W., *Pomiar przedsiębiorczości organizacyjnej*, Wydawnictwo Akademii Ekonomicznej w Katowicach, Katowice 2008, ISBN/ISSN: 978-83-7246-919-9, p.18.

² Koźmiński A.K., *Zarządzanie w warunkach niepewności*, PWN, Warszawa 2005, p.163; Bratnicki M., *Przedsiębiorczość i przedsiębiorcy współczesnych organizacji*, Wydawnictwo Akademii Ekonomicznej w Katowicach, Katowice 2002, ISBN 83-7246-190-2, p.30.

³ Sobiecki R., *Przedsiębiorca, przedsiębiorstwo – przedsiębiorczość* [in:] Godlewska-Majkowska H., (ed.) *Przedsiębiorczość. Jak założyć i prowadzić własną firmę?*, SGH, Warszawa 2009, p. 17; Kapusta F., *Przedsiębiorczość. Teoria i praktyka*, Wydawnictwo Forum Naukowe, Poznań – Wrocław, 2006, p.19-20.

⁴ Defourny J., *From Third sector to social enterprise* [in:] *The Emergence of Social Enterprise*, Borzaga C., Routledge, London 2001, p. 8-16, as quoted in: Góźdz B., *Przedsiębiorczość społeczna*, http://zif.wzr.pl/pim/2013_1_1_16.pdf (retrieved 2014-10-10).

search for inspiration to overcome the limitations resulting from disability, for example, or different kinds of addiction, they take action to free their “trapped” potential, ease their suffering and ensure a better life.⁵ Success in achieving this goal is, obviously, possible provided that social entrepreneurs release their commitment and their inner virtues necessary to carry out the intended plans.

Zahra [et al., 2009] remarks that the core of social entrepreneurship is innovation seen through the prism of creating new undertakings or innovative management of the existing organizations. Such innovation includes any actions or processes taken up by the company aiming at discovering, determining and using market opportunities for society enrichment.⁶

In her definition of social entrepreneurship, Chell [et al., 2010] also refers to the innovation of social enterprises (the definition being: “*innovative activity with a social objective*”) and mentions a wide range of entities that can carry it out.⁷

To sum up, the essence of social entrepreneurship are formalized activities taken up by individuals from high-risk groups, business entities, non-governmental organizations or local government units in order to foster employment and social inclusion of marginalized people. These activities increase the dynamic of development processes.

As has already been mentioned, social enterprises are market entities and thus are subject to market laws. Their success depends on many internal and external factors. The outside factors are, among others:

- institutional and organizational as well as legal and financial solutions in the area of supporting the development of social entrepreneurship,
- demand for products/services offered by the enterprise and their supply, which are related to the level of economic development,
- human capital structure, social activeness of the population and the related traditions reflecting the level of social development.

Among internal factors, besides the material base, the crucial role is played by the potential and embodied capital represented by the organization’s members themselves.

The specificity of social enterprises, including social cooperatives, results, as already mentioned in the introduction, from the very nature of their operations. Social cooperatives consist in running a joint enterprise basing on individual work of its members. As economic entities, the cooperatives participate in legal transactions, conduct economic activity based on economic calculation (cost-benefit analysis) and have unlimited liability for their obligations. They also can acquire or dispose of rights and obligations on their own behalf.

Despite the numerous similarities, social cooperatives are nevertheless profoundly different from business corporations because economic purposes are accompanied by social goals. These goals concern social and occupational reintegration of cooperatives’ members, i.e. people most endangered with being excluded from the labour market and local community. These include the disabled, people released from penitentiary institutions, those struggling with addiction, unemployment or homelessness, as well as immigrants. Social cooperatives, through their socially-oriented activity, facilitate rebuilding or gaining skills necessary to

⁵ Martin R.J., Osberg S., Social entrepreneurship: The case for a definition [in:] *Stanford Social Innovation Review*, Spring, 2007, p. 33 as quoted in: Gózdź B., *Przedsiębiorczość społeczna* http://zif.wzr.pl/pim/2013_1_1_16.pdf [retrieved 2014-10-10].

⁶ Zahra S.E., Gedajlovic E., Neubaum D.O., Shulman J.M., A typology of social entrepreneurs: Motives, search processes and ethical challenges [in:] *Journal of Business Venturing*, Vol. 24(5), 2009, p. 519.

⁷ Chell E., Nicolopoulou K., Karatas-Ozkan M., Social entrepreneurship and enterprise: International and innovation perspectives [in:] *Entrepreneurship: Regional Development*, Vol. 22, 2010, p. 485.

form and uphold relationships and fulfil different social roles, as well as to function independently on the labour market.⁸

Since Polish social cooperatives operate nowadays in a turbulent environment, their development success largely depends on human capital. This refers both to the given organization's members and the people shaping the atmosphere and instruments that support the development of this form of entrepreneurship.

2. HUMAN CAPITAL AS A DETERMINANT OF INNOVATION AND COMPETITIVENESS OF ENTERPRISES

One reason the dynamically changing external conditions are especially challenging to enterprises is the fact that they bring about changes in the structure of factors determining the company's developmental success in the long run. Today, the crucial aspect here is human capital. Its position in shaping the innovation and competitiveness of enterprises is related to the growing role of the so-called soft factors in the form of skilled and creative employees and professional business infrastructure.⁹

While the interest in the role of human capital in developmental processes is relatively short, the classic take is much different from the contemporary one. The notion of human capital in the theory of economics first appeared in the second half of the 20th century (1961). Back then it was said that *"all human abilities [are] either innate or acquired. Every person is born with a particular set of genes which determines his innate ability. (...) Attributes of acquired population quality, which are valuable and can be augmented by appropriate investment, will be treated as human capital."*¹⁰

Nowadays, attention is drawn to the fact that human capital can be seen both from a narrow and a broad perspective.¹¹ When a narrow perspective is taken, human capital is perceived as the skills, competence, intellectual astuteness, motivation, ability to cooperate and creativity of the people connected with the enterprise and its mission.¹² Seen from a broad perspective (society, nation), it is perceived as:

- capital constituted by people including their health,¹³ knowledge, skills, vitality (i.e. different kinds of capital contained in a given population)¹⁴ and psychological and social factors (standards, norms, value systems developed in a given community, attitudes towards work and education, creativity and entrepreneurship),

⁸ More on the subject: Borek J., Social Cooperative as an Instrument of Social Economy Combating Social and Occupational Exclusion of the Disabled [in:] Lapinová E., Korimová G., (eds.) *Determinanty sociálneho rozvoja: Sociálna ekonomika ako priestor podpory európskeho občianstva*, Ekonomická fakulta UMB, Katedra verejnej ekonomiky a regionálneho rozvoja, Inštitút ekonomických vied EF UMB, Bańska Bystrica 2013, ISBN 978-80-557-0600-9.

⁹ Rosińska M., Regionalne aspekty lokalizacji bezpośrednich inwestycji zagranicznych (w ujęciu teoretycznym), *Acta Universitatis Lodzensis Folia Geographica Socio-Oeconomica* 7, Łódź 2006, p. 37-52.

¹⁰ Schultz T.W., *Investing in People: The Economics of Population Quality*, University of California, Berkeley 1981, p. 21, as quoted in: Fitz-Enc J., *Rentowność inwestycji w kapitał ludzki*, Oficyna Ekonomiczna, Kraków 2001, ISBN 83-88597-48-5, p. 8; Grodzicki J., *Rola kapitału ludzkiego w rozwoju gospodarki globalnej*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 2003, ISBN 83-915508-0-X, p. 9.

¹¹ Domański S.R., *Kapitał ludzki i wzrost gospodarczy*, PWN, Warszawa 1993, ISBN 83-01-10647-6, p. 86.

¹² Bartnicki M., *Pomiar kapitału intelektualnego*, „*Ekonomika i Organizacja Przedsiębiorstw*” 2000, no. 11, p.12.

¹³ Mirvis D.M., Chang C.F., Cosby A., Health as an economic engine: evidence for the importance of health in economic development, *Journal of Health and Human Services Administration*, vol. 31, no. 1.

¹⁴ Domański S.R., *Kapitał...*, op. cit., p.16.

- the research and development (R+D) area.¹⁵

Equipped with this competence, a person is an entity responsible for creating reality, organizing economic life and production, as well as a recipient of production, i.e. a consumer.¹⁶

Skills that are important for development opportunities of enterprises and for shaping their market position are:

- general skills (ability to read and write, necessary to process information and use it in problem solving, and to learn),
- specialist skills (concerning the operation of process technologies with different levels of difficulty),
- technological and scientific knowledge (concerning the access science institutions have to organized knowledge and analytical technologies related to production processes).¹⁷

Human capital – as a vehicle of economic energy – makes it possible to do work, and in consequence is the source of income streams, and thus the source of economic prosperity¹⁸ and/or satisfaction.¹⁹ Contemporary economy is not called knowledge-based for no reason. As shown by research, it is human capital that is key in achieving success by enterprises, and inappropriate management of this capital is often the cause of failure.²⁰ This proves, therefore, the enormous significance and impact human capital has on building innovation and competitiveness of enterprises, i.e. their market position.

Innovation is now perceived through the prism of all the research and development processes that are aimed at implementing and using improved solutions in organization, engineering and technology.²¹ It is also identified in terms of implementing a new or much improved product, service or process, or a marketing and organization method (in economic practice, workplace organization or relations with the environment).²² Overall innovation potential of enterprises is determined both by their internal and external innovation potential. The former is created by:

- knowledge, abilities, skills and experiences of people connected with the enterprise, management methods and resources available in this area,
- technology (computers and ICT, machines and devices and how state-of-the-art they are),

¹⁵ Woźniak M., *Wzrost gospodarczy. Podstawy teoretyczne*, Wydawnictwo Akademii Ekonomicznej w Krakowie, Kraków 2004, p. 123-124.

¹⁶ Marce H., *Świat w roku 2020. Potęga, kultura i dobrobyt – wizja przyszłości*, Dom Wydawniczy ABC, Warszawa 1996, p. 23.

¹⁷ Fuente, de la A., Ciccione A., *Human Capital in a global and knowledge-based economy. Final report*, Instituto de Analisis Economico (CSIC), Uninersitat Pompeu Fabra, 2002, p. 9.

¹⁸ Dobija M., Kurek B., *Concepts of physics in accounting and the money goods economy, Capital and labour issues* [in:] Dobija M., Martin S., (eds.) *General Accounting Theory: Towards Balanced Development*, Cracow University of Economics, Kraków 2005, p. 51-86.

¹⁹ Fitz-Enc J., *Rentowność inwestycji w kapitał ludzki*, Oficyna Ekonomiczna, Kraków 2001, p. 8; Grodzicki J., *Rola kapitału ludzkiego w rozwoju gospodarki globalnej*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 2003, p. 42.

²⁰ *Monitoring Environmental Progress: A Report on Work in Progress*, Washington D.C., 1995, as quoted in: Szopik-Depczyńska K., Korzeniewicz W., *Kapitał ludzki w modelu wartości przedsiębiorstwa*, *Studia i Prace Wydziału Nauk Ekonomicznych i Zarządzania* no. 24, p. 178, as quoted in: http://www.wneiz.pl/nauka_wneiz/sip/sip24-2011/SiP-24-12.pdf (rertieved 2014-10-10).

²¹ Pomykański A., *Zarządzanie innowacjami*, PWN, Warszawa-Lódź 2001, ISBN 97-883-0113-480-8, p. 25.

²² *Podręcznik Oslo, Zasady gromadzenia i interpretacji danych dotyczących innowacji* [Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data], OECD and Eurostat publication, 3rd edition, Ministerstwo Nauki i Szkolnictwa Wyższego, Departament Strategii i Rozwoju Nauki, Warszawa 2008, ISBN 978-83-61100-13-3, p. 48.

➤ research and development (R+D units, the work they do, the work that is commissioned etc.).²³

External innovation potential of the enterprise is a combined result of the impact of higher education institutions and research and development facilities, competition, consumers and suppliers.

Innovation determines the competitive position of businesses.²⁴ Since it is based not only on technological capacity but above all on the creativity of the people connected with the company, it is the source of capabilities that distinguish the enterprise and make it possible to turn innovative solutions into competitive advantage. Contributing to the developmental success of enterprises, human capital thus makes the process of economic and social development more dynamic.²⁵

It should be noted that the essence of businesses' competitive advantage are the so-called key competences, referring to the area of management, technology and production. They are a combination of rare employee skills allowing the enterprise to achieve long-term synergy effects, and in consequence to diversify its operations and expand towards areas that are seemingly not very attractive or not connected with its core activity.²⁶

Strategic *sensu largo* resources of the organization – resources determining its competitive potential – consists of *sensu stricto* resources (numerical, measurable, available to the entity at a given moment) and of skills and competences that enable the enterprise to turn these *sensu stricto* resources into effective tools shaping its competitive advantage.²⁷ It is often emphasized that a fundamental role in building competitive advantage is played not so much by a suitable composition of the resources but by the cause and effect relationships (internal connections within the organization) that form the basis for building those resources.²⁸

Another significant aspect that impacts the building of company's competitiveness, apart from organization architecture (that affects how the firm's business network, both internal and external, is perceived)²⁹ and its capacity for creating effective innovative solutions, is its reputation, perceived in terms of brand or public relations. The role of human capital in determining the company's market position shows that this factor, seen both from a narrow and a broad perspective, is crucial also for the development of social cooperatives.

3. HUMAN CAPITAL AS A DETERMINANT OF THE DEVELOPMENT OF SOCIAL COOPERATIVES

²³ Żołnierski A., Potencjał innowacyjny polskich małych i średniej wielkości przedsiębiorstw, PARP, Warszawa 2005, ISBN 83-60009-07-4, p. 44; more on the subject: W. Sońta, Formy wykorzystania mienia komunalnego, Wydawnictwo Politechniki Radomskiej, Radom 2010, p. 54, ISSN 1642-5278.

²⁴ Pietruszka-Ortyl A., Proces zarządzania kapitałem intelektualnym, *Przegląd Organizacji*, 2004, no. 6, p.11.

²⁵ It is pointed out that human capital determines the rate of long-term economic growth [see:] Jabłoński Ł., Kapitał ludzki a konwergencja gospodarcza, *Academia Oeconomica*, C.H.Beck, Warszawa 2012, p. 106.

²⁶ Hamel G., Prahalad C.K., The Core Competences of the Corporation, *Harvard Business Review*, May-June 1990, as quoted in: Pierścionek Z., *Strategie konkurencji i rozwoju przedsiębiorstwa*, PWN, Warszawa 2006, p. 224-231.

²⁷ Stankiewicz M., Konkurencyjność przedsiębiorstwa. Budowanie konkurencyjności przedsiębiorstwa w warunkach globalizacji, Dom Organizatora, Toruń 2005, p.103.

²⁸ Krupski R. (ed.) *Zarządzanie przedsiębiorstwem w turbulentnym otoczeniu. Ku superelastycznej organizacji*, PWE, Warszawa 2005, ISBN: 83-208-1582-7, p. 161-194.

²⁹ Pierścionek Z., *Strategie konkurencji i rozwoju przedsiębiorstwa*, PWN, Warszawa 2006, p. 231-238.

Poland is a country with conspicuous disproportions in the level and rate of economic and social development, which results in divergence processes. These differences concern areas that are of key importance for the shaping of development opportunities and human capital structure, such as GDP per capita, outlays incurred by the government and/or business enterprises on education, health care, research and development, accessibility and quality of social infrastructure services and the like.³⁰ Spatial diversification of these figures (and how fast they are changing) is visible both at the level of voivodeships (provinces) and subregions. It is even more evident at the level of counties (*powiat*) and municipalities (*gmina*).

One consequence of this is the spatial diversification of human capital, caused to a large extent by the migration of educated and entrepreneurial people from economically backward areas to national and foreign “development centers.” As shown by statistics and the available research on Polish social cooperatives, the level of socio-economic development, including human capital, corresponds to the number of operating social cooperatives (in 2010 there were 286 social cooperatives active in Poland which comprises 16 voivodeships. As many as 36.6% of those operated within the area of 3 leading voivodeships in terms of the level and rate of economic development, with 14% operating in Silesian Voivodeship, 12.6% in Greater Poland Voivodeship and 10% in Mazovian Voivodeship).³¹

The aforementioned research also points to the difficulties resulting from the low quality of management of public administration units. This is shown by low involvement of local governments in supporting social cooperatives (despite favourable legal situation) and the cooperatives’ difficulties with getting contracts for products or services on the open market as well as with getting jobs commissioned by public administration.³²

Another issue concerning the impact of human capital on the development of social cooperatives refers to the narrow view of the subject. The quality of human capital is largely determined by the labour potential of the enterprise, i.e. the members of social cooperatives, including the management, along with their skills and competences, determining the opportunities for building competitive advantage. Taking into account that these are entities offering opportunities of employment and social integration or reintegration for people most endangered with social exclusion (the disabled, those released from penitentiary institutions, struggling with addictions, unemployment or homelessness, and immigrants), several questions emerge: firstly, what is the level of knowledge, abilities and social skills of the members of these communities? Secondly, are social cooperatives able to meet the requirements of market economy and labour market? Thirdly, if not, is it necessary to increase the scope of support for their activity by external entities? There are a number of reasons for raising such doubts: disadvantageous structure of education of the disabled and the long-term unemployed, problems that those released from penitentiaries and addiction treatment centers, and the homeless have with social relations, and the low level of knowledge about how enterprises operate in market economy.

The above concerns are confirmed by the research on the Polish social cooperatives that shows their major weakness was human capital management and the management of the company. In the majority of social cooperatives members’ education and skills were not taken into account when choosing the area of their business (70.2%), 72.3% of cooperatives did not

³⁰ More on the subject: Borek J., Rynek pracy w województwie mazowieckim [in:] Rakowski W. (ed.) *Rocznik Żyrardowski, Wyższa Szkoła Rozwoju Lokalnego w Żyrardowie, Żyrardów 2010*, ISBN 978-83-7204-990-2; W. Sońta, *Formy wykorzystania...*, op.cit. and Bank Danych Lokalnych – www.stat.gov.pl (retrieved 2014-10-10).

³¹ Izdebski A., Oldak M., *Spółdzielczość socjalna w Polsce w świetle wyników badania Monitoring spółdzielni socjalnych 2010*, p. 115 (<http://recesja.icm.edu.pl/ips/problemyps/pps20/IzdebskiOldakPPS20-2013.pdf> - retrieved 2014-10-15)

³² Op.cit., p. 126

identify market needs before selecting their business profile, and 25% did so but using a strategy completely disregarding their resources and needs. In every third cooperative, on average, there were internal conflicts and problems concerning lack of knowledge about instruments supporting the functioning of social cooperatives.³³ In the context of the impact of human capital on enterprises' competitiveness, it seems that weaknesses concerning the human factor underlay the functional problems of the researched cooperatives (in 2010 half of these cooperatives had a negative financial result, 27% had a result equal to 0, and only 23% made a profit).³⁴

SUMMARY AND CONCLUSION

Based on the analysis of relations between human capital and enterprises' market position, it can be concluded that:

1. social cooperatives – as a form of social entrepreneurship – are an important element of the labour market. Developing this form of activity contributes to limiting the sphere of social exclusion and poverty and at the same time makes socio-economic development more dynamic;
2. socio-economic dimension of social cooperatives encourages the government to take action to support their founding and operating, even though the research on social cooperatives in Poland shows that the development of this form of entrepreneurship is a slow process and runs into numerous economic, social and legal limitations;
3. the market position of social cooperatives depends on many factors. One of them is human capital. Identifying individuals with unique competences, incorporating them into the enterprise's structure and providing them with suitable organizational and material support enables the company to achieve competitive advantage;
4. in case of social cooperatives, combining economic objectives with social goals (employment support and social integration), the basic criterion for selecting the staff is their exclusion from the labour market, not their professional competence. Exclusion is usually combined with low level of both professional and social skills. As a result, this significantly decreases competitiveness and thus the basis for social enterprises' functioning in market economy;
5. human capital in Poland is spatially diversified (at the level of voivodeships, subregions, counties and municipalities) and is related to the level of regional and local economic development;
6. low level of human capital corresponds spatially to other factors that constitute obstacles to entrepreneurship development:
 - social factors, such as low level of social activity of the population, e.g. measured with the number of active NGOs;
 - economic factors, such as high unemployment rate and low household income, limiting people's purchasing power;
 - institutional factors, such as low level of local government's involvement in creating social cooperatives;
7. the accumulation of factors restricting development opportunities of social cooperatives in economically backward areas is not met with an adequate reaction in the form of effective solutions in the government's policy to support such enterprises;

³³ Izdebski A., Ołdak M., Spółdzielczość socjalna..., op.cit., p.126.

³⁴ Izdebski A., Ołdak M., Spółdzielczość socjalna...op.cit., p.122.

8. creating equal opportunities for the development of social cooperatives in Poland requires a diversified government policy for supporting this form of social entrepreneurship and a rational approach to spatial socio-economic disproportions;
9. it seems justified to associate the diversity and the weight of financial instruments supporting the development of social cooperatives with the level of socio-economic development in the given area;
10. a relatively low level of education and social skills of cooperatives' members, reflected in their operational strategies, justifies the need to draw up and promote a training program addressed at founding members of social cooperatives, especially the management;
11. insufficient knowledge of both the management and staff of social cooperatives about the opportunities for using instruments supporting these enterprises point to the need to create a system of institutional assistance for social cooperatives and a complex information base;
12. since one of the factors affecting the building of competitiveness of a social cooperative is its reputation, seen in terms of brand or public relations, it seems justified to implement instruments supporting brand promotion of such entities (e.g. by local governments, economic organizations, socially responsible business etc.).

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