SOCIAL ENTREPRENEURSHIP REVIEW

VOL. 1/2023

Publisher

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DPT

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ul. Rakowicka 27, 31-510 Kraków

ISSN: 2720-7277
The online journal is the primary and reference version.

ISSN: 2081-321X (printed version 2007–2020)
eISSN: 1898-7435 (online version, since 2007)

All articles are double-blinded, peer-reviewed by at least two independent reviewers.

The detailed list of reviewers is published on our website once a year.

The journal is distributed free of charge.

All articles published in SER are tagged with an identification number employing the Digital Object Identifier (DOI) System.

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The journal is available at ser.uek.krakow.pl

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Social Entrepreneurship Review
2023, Vol. 1

10.15678/SER.2023.1.01

Income and the sense of happiness in the light of empirical research

Marcin Banaszek

Abstract: Background: This paper examines the role of subjective well-being as a factor motivating people in the Aristotelian and popular economic perspectives. Both imply that at a deeper level, all human endeavours are intended to increase happiness, although the role of utility in decision-making should not be understated.

Research objectives: The primary aim of the study was to determine whether and if so, what links exist between the income levels of the surveyed residents of Świętokrzyskie Voivodship (a province in south-central Poland) and their self-reported sense of happiness.

Research design and methods: The theoretical part of the study draws on a critical literature review, including selected methods for measuring subjective well-being, whereas the empirical one employs a diagnostic survey based on a questionnaire as a research tool. To analyse the data, descriptive statistics were obtained and a correlation study was performed.

Results: Empirical research reveals that respondents with higher incomes report a higher sense of happiness, but only up to PLN 3,000. Further income increases no longer result in proportional increases in perceived happiness.

Conclusions: Awareness of the relationship between income and happiness can affect financial decision-making, including the motivation to ensure material security, which has a positive impact on the overall quality of life.

Keywords: money, income, happiness, well-being.
JEL Codes: D61, D03

Suggested citation:
Banaszek, M. (2023). Income and the sense of happiness in the light of empirical research. *Social Entrepreneurship Review*, *1*, 5–24. https://doi.org/10.15678/SER.2023.1.01

1. Introduction

What truly makes us happy has always been a central concern in the development of mankind. Initially and until the second half of the 20th century, answers were sought in philosophical reflection, but now the task has been taken over by empiricists who have set themselves the goal of identifying the determinants and correlates of happiness (Wąsowicz-Kiryło, 2008, p. 154). In the 1960s, psychological well-being and the quality of life became the focus of interest for psychologists and sociologists. Economists, on the other hand, did not recognise the indicators of subjective well-being as measures of the utility of money until several years later. Subsequently, the fusion of economics and psychology produced a plethora of multidisciplinary research that continues to supply intriguing evidence on the links between two major human pursuits: money and happiness (Czapiński, 2012, p. 51).

The main aim of this paper is to try to answer the following research question: Is there a relationship between the income of the inhabitants of the Świętokrzyskie Voivodship and their self-reported sense of happiness?

2. Literature review

2.1. Subjective well-being: Aristotle vs. the economists

First, let us define happiness. According to Władysław Tatarkiewicz (2012), it is a lasting, complete, and reasonable satisfaction with life, whereas a happy existence – a life characterised by lasting, complete, and reasonable satisfaction (p. 45). Janusz Czapiński (1994) views happiness as a subjectively perceived well-being, a desirable quality of one's own life, hence the concept of mental well-being is often used as a synonym for happiness (p. 12).

The idea that all human behaviour is indirectly driven by the desire to promote subjective well-being is attributed to Aristotle's writings as the first documented source (Csikszentmihalyi, 1999, pp. 821–827). For instance, according to Sonja Lyubomirsky (2001), an increasing body of research supports Aristotle's claim that happiness is "the goal and end of human existence" (pp. 239). Aristotle is relevant here since his theories continue to influence modern psychological thinking. Numerous psychologists, notably those representing positive psychology, believe that all human actions strive to promote subjective well-being, and that their efforts can be rated as more or less effective based on how successfully they contribute to achieving this goal (Kahneman et al., 1999).

Like many modern psychologists, Aristotle viewed motivation as a series of chains of means and ends. He begins his *Nicomachean Ethics* with the observation that people perform a wide variety of activities: from saddle-making to politics, and each activity has its purpose. He notes that each of these activities has a different goal, e.g. a good saddle ensures comfortable and effective riding. Horsemanship, on the other hand, has its own goal, such as winning a battle. This chain of means and ends could go on indefinitely if there were no final end, which Aristotle called "the good" (Reynolds & Gutman, 1988, pp. 11–31). This final good (final in the unqualified sense) is that which is always chosen as an end in itself and never as a means to something else. This applies above all to happiness (*eudaimonia*), which is always chosen as an end in itself and never for the sake of something else (Reynolds & Gutman, 1988, pp. 11–31). A simplified hypothetical example of how several goals can lead to the terminal value of subjective well-being is shown in Figure 1A on the left.

According to Aristotle, there must be one terminal value above all other values, and that value is subjective well-being – the single terminal value model (Figure 1A). In principle, it can be argued that any value other than subjective well-being takes a privileged place at the top of the hierarchy of values, and to some extent economics does so when it advocates utility as a single terminal value. However, the relationship between utility and subjective well-being is complex and inconsistently applied (Ahuvia, 2008, p. 493). With the exception of subjective well-being, all other constructs in Figure 1 are arbitrary examples included for illustration only.

Historically, economic concepts of utility emerged from Aristotelian ideas of happiness (Bruni, 2004, pp. 19–43). Modern economics began with Jeremy Bentham's concept of utility, which developed from Aristotle's eudaimonia (i.e. subjective well-being). But Bentham differed from Aristotle on two key points. First, Aristotle believed that while all actions tend to produce subjective well-being, only ethical ones are effective in achieving this goal. In contrast, Bentham argued that people can derive personal utility from both ethical and unethical actions. Second, Bentham's utility was more mundane than Aristotle's eudaimonia because it focused more directly on physical and mental pleasures. Nevertheless, both Aristotle's eudaimonia and Bentham's utility constituted specific representations of a more general construct of subjective well-being, since both referred to specific psychological experiences that were seen as the essence of the good life (Ahuvia, 2008, pp. 493–495).

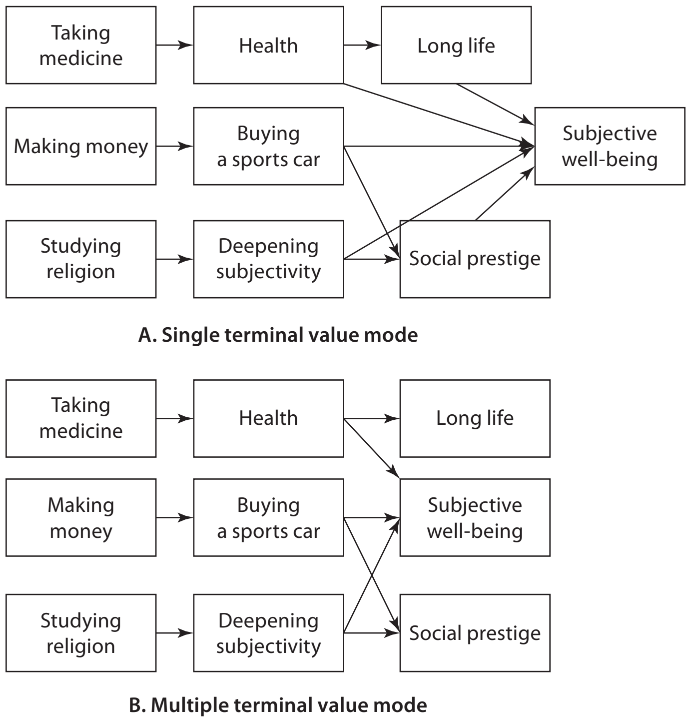


Figure 1. Single and multiple terminal value models

Source: (Ahuvia 2008, p. 493).

Lionel Robbins and subsequently Paul Samuelson, who radically redefined utility, ushered in a massive revolution in economic theory. Utility, according to this new definition, is not a psychological experience that occurs during or after consumption but rather refers to what people prioritise when deciding between alternative courses of action. As a result, it became known as "decision utility", as opposed to the older concept of "experienced utility", which denoted a positive mental state (Frey & Stutzer, 2002, pp. 402–435). Inasmuch as choices reveal preferences, which in turn can reveal a person's utility function, the revealed preferences determine the utility of the decision. As a result, each freely made and fully informed choice maximises the utility of the decision (Ahuvia, 2008, pp. 493–495).

The utility of decisions presents economists with a dilemma when dealing with normative issues. Anyone who freely makes a choice based on accurate information has by definition maximised his or her utility, no matter how unhappy that person may be as a result of that choice. For example, a gambler who understands that his odds of winning are slim yet decides to keep playing anyway, loses his home, job, and family, ends up living on the sidewalk, has maximised his utility. This is possible because decision utility is not a psychological state, it is simply a hypothetical construct that economists use to model the decision-making process (Ahuvia, 2008, pp. 493–495).

The challenge for normative economics is that if one takes this definition of choice utility seriously and maintains that there is no necessary connection between utility and subjective well-being, it is difficult to argue that all instances of maximising decision utility are beneficial. What if the decision utility that people maximise makes them physically unwell and emotionally unhappy? Would they still want to maximise it? Due to this profound limitation on the concept in question, economists and policy analysts tend to use the term "utility" to refer to a type of experience-based utility akin to subjective well-being, even though they typically refrain from qualifying these statements, noting that they have abandoned the economic assumptions that underpin such concepts as revealed preferences.

For example, trying to refute Richard Layard's claim that an increase in income above $20,000 per year does not significantly increase happiness (Layard 2003, pp. 25–29), Andrew Kling (2003) equates utility with happiness: economists take it as given that if people strive for higher incomes, then higher incomes must make them happier. The claim that income above $20,000 a year does not promote happiness is absurd from the standpoint of revealed preference. From this, an economist would deduce that for most people, the point at which income provides less and less happiness must considerably exceed $20,000 given that even those with very high salaries continue to work. If the $20,000 was the point of diminishing returns on happiness, people who earn more would spend less time at work and enjoy their leisure time (Kling, 2003).

Kling thus demonstrates how difficult it is for economists to adhere to the rigorous definition of decision utility. In practise, the term "utility" can be interpreted in two ways: depending on circumstances, it may simply refer to the usefulness of decisions or to a certain form of psychologically experienced usefulness that might be subsumed under the general heading of subjective well-being (Ahuvia, 2008, pp. 493–495).

Regardless of Kling's loose application of the term utility, his argument has intuitive appeal. Like Aristotle, many people feel that subjective well-being is the ultimate objective behind all human efforts. According to rational choice theory, revealed preferences imply motivation. So, by this logic, if people pursue money, it must be because they believe it will boost their happiness at some conscious or unconscious moment in their lives. People should eventually acquire a good idea of what makes them happy and what does not.

The implications of Aristotle's concept of subjective well-being are still relevant today. People cannot progress towards happiness until they have sufficiently experienced and reflected on their nature and life's values. Perhaps a better understanding of these principles will enable them to live a more worthwhile life, and the path to subjective well-being will be simpler and more fulfilling.

2.2. Methods of measuring subjective well-being

Understanding and measuring a person's subjective well-being is becoming more and more crucial in today's world. An essential component of research on the quality of life is figuring out how satisfied and happy people are. There are several ways to gauge subjective well-being, which enables scholars to investigate and evaluate life satisfaction. In this paper, several of them will be briefly discussed. In order to analyse socioeconomic development, efforts are being undertaken to construct indicators that more accurately reflect the standard of living (quality of life), apart from the more conventional metrics such as gross domestic product (GDP) and gross national income (GNI) per capita.

Subjective well-being refers to how people feel about and evaluate their lives, as well as the specific areas and activities in which they engage. Over the last decade, there has been a considerable surge in interest in data on subjective well-being from scientists, lawmakers, national statistics offices, the media, and the general public. The importance of this information stems from its potential contribution to monitoring the population's economic, social, and health status, as well as potentially informing governmental decisions in these areas. (Krueger et al., 2009, pp. 9–10).

Three basic concepts of subjective well-being have been identified (Mackie & Stone 2013, pp. 15–19):

– life satisfaction in general;
– hedonistic well-being – experiencing pleasant and unpleasant feelings, such as happiness, joy, stress or anxiety;
– eudaimonistic well-being – evaluating one's life in terms of its significance and value.

Happiness or subjective well-being can be measured in terms of life satisfaction, the presence of positive and the absence of negative experiences and feelings. Such measures, while subjective, are a useful complement to objective data that enable comparisons of life across countries in terms of quality. The OECD Life Satisfaction Index measures how people rate their lives in general rather than their current feelings. Respondents are asked to rate their overall life satisfaction on a scale of 0 to 10 (OECD Better Life Index, n.d.).

The Polish Ministry of Regional Development and the United National Development Program have collaborated to develop the Human Development Index (HDI). This index, known as the Local Human Development Index (LHDI) at a sub-national level, evaluates aspects of health, education, and social welfare. Data from Statistics Poland and the Warsaw School of Economics revealed considerable disparities in social development in 2007–2010. Analyses have shown that cities fared better than rural areas. Subsequently, Poland declared that its Long-Term National Development Strategy: Poland 2030 will apply LHDI and GDP as key development indicators. Local and regional governments have also used the LHDI to plan, monitor, and evaluate activities, as well as improve public policy. This has proven beneficial in aligning regional/local with national strategic goals (OECD Better Life Index, n.d.).

Research on measuring well-being is based on 11 dimensions that cover current well-being (income and wealth, housing, work and job quality, health, knowledge and skills, environmental quality, subjective well-being, safety, work-life balance, social connections, and civic engagement) and four resources for future well-being (natural, human, economic, and social capitals). Each issue of the survey considers how people's well-being changes over time and how it is distributed across different population groups, while a number of thematic chapters provide an in-depth look at its specific aspects (OECD, 2020).

Another statistic is The Economist Intelligence Unit's where-to-be-born-index, formerly known as the quality of life index. It is a metric that assesses the overall quality of life of a region's residents and is divided into several categories, including health, education, housing, and social and economic position. It is used as a tool by organisations, scientists, and governments to monitor and compare living conditions worldwide (Statista, 2013).

The Economist Intelligence Unit has developed a quality of life index, which is based on a methodology that combines the results of surveys of subjective satisfaction with life with objective factors of the quality of life in various countries. The parameters include (Economist Intelligence Unit, 2005):

- material status – GDP per capita in USD based on purchasing power parity;
- health – life expectancy;
- political stability and security;
- family life – divorce rate (per 1,000) on a scale of 1 (*lowest*) to 5 (*highest*);
- community life – a measure of church attendance and trade union membership; the variable takes the value of 1 or 0;
- climate and geography – latitude, used to differentiate between hot and cold climates;
- job stability – unemployment rate;
- political freedom – an index of political freedom and civil rights, range from 1 to 7 (1 = *complete freedom*, 7 = *no freedom at all*);
- gender equality – based on proportions of average earnings of men and women, latest available data.

Other indicators include the Happy Planet Index (HPI) and the Subjective Well-Being Index (SWB).

The official Happy Planet Index website states: "HPI measures what matters: Sustainable well-being for all. It tells us how well nations are doing at achieving long, happy, sustainable lives" (HPI, 2019). The index was developed by the New Economy Foundation to measure the well-being and impact of people on the environment. It consists of four components that show how effectively people use environmental resources to lead a long and happy life. It is calculated using the following formula (Rybka, 2019, p. 223):

$$\text{HPI} \approx \frac{\textit{Average life expectancy} \times \textit{Perceived well} \times \textit{inequality of outcomes}}{\textit{Ecological footprint}}$$

HPI is criticised for being a measure of how well the environment promotes prosperity rather than a measure of personal happiness, among other things, and for not being regularly published. On the other hand, HPI's advantages include easy access to the needed data and straightforward calculations. Additionally, the ecological footprint component of the index combines the use of natural resources with the capacity of the planet to replenish them (Rybka, 2019, pp. 223–224).

The Cantril Ladder, developed by social researcher Hadley Cantril, is used to calculate the subjective well-being index (SWB). First, the respondent completes a questionnaire in which they evaluate their current and future lives in terms of happiness (Krok 2016, p. 50) by visualising a ladder with rungs numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life, while 0 represents the worst. Next, the participant is expected to answer two questions (Gallup, 2019):

- On which step of the ladder would you say you personally feel you stand at this time?
- On which step do you think you will stand about five years from now?

The first question concerns the respondent's current happiness, whereas the other concerns his or her projected happiness. Both scores are then combined in order to improve the scale's validity.

According to statistical analysis, these two questions assess a shared dimension of well-being, because they correlate very highly with each other, resulting in an independent and reliable indicator. By examining two time perspectives, the likelihood that the respondent's answer about overall perceived well-being is conditioned by their current level of satisfaction is reduced (Rybka, 2019, p. 225).

These indicators represent alternatives to GDP. HPI and SWB take into account both ecological and subjective components of human well-being. As they purport to quantify an individual's sense of satisfaction with life, it is possible to compare the average levels of subjective well-being for a country with e.g. national wealth indices and to examine how they are related (Rybka, 2019, p. 225).

In conclusion, measuring subjective well-being is extremely important nowadays. It is worth noting that each of the above-mentioned methods has both advantages and disadvantages and is selected for specific research needs. Undoubtedly, however, a better awareness of an individual's life satisfaction and their sense of happiness is important not only in scientific research but also in public policy and decisions taken in various areas of life.

2.3. Income and happiness

Research consistently shows that once a person's basic needs have been met, an increase in income produces short-term pleasure, but has almost no lasting effect on happiness (Ahuvia, 2007; 1998, pp. 153–168; Diener & Biswas-Diener, 2002, pp. 119–169; Layard, 2002). Most studies of income and subjective well-being use measures to assess variables such as emotional states, life satisfaction, psychological adjustment and/or meaning in life, and then correlate them with income. In developed countries, income typically only explains approximately 25% of the variance in subjective well-being (Ahuvia, 2007). An advanced multilevel analysis by Philippe Schyns (2000) showed that individual income accounted for only 2.5% of the difference in subjective well-being between people. The rate is slightly higher in studies using improved measures of economic status that take into account wealth, cost of living, family size and other variables, but still remains relatively low at around 5% in developed economies, thus leaving 95% of the variance in subjective well-being to be explained by other factors (Heady et al., 2004). This basic finding is supported by research findings, which show that people with higher incomes do not spend more time enjoying themselves than those at the other end of the income spectrum, but they are exposed to more stress (Kahneman et al. 2006, pp. 1908–1910).

For all but the truly destitute, the likelihood that increased income will improve subjective well-being may be even lower than studies using linear correlations suggest. According to research, the relationship between income and happiness reaches a very rapid turning point at the income level at which basic necessities are satisfied (Lever, 2004, pp. 1–33). Part of this considerable difference in subjective well-being between the very poor and everyone else is due to the difficulties inherent in living in poverty and misery on a daily basis, and part may be due to money's capacity to act as a buffer against the impact of unexpected negative events – a buffer that the poor lack (Johnson & Krueger, 2006, pp. 680–691).

The correlations between income and happiness mentioned above are mostly based on linear statistical models that average strong income effects for the poor with much weaker income effects for the non-poor. Therefore, most of the variance explained by these correlations comes from alleviating the misery of the very poor rather than improving the standard of living of the non-poor (Burchardt, 2005, p. 57).

Even if the correlation between money and subjective well-being is weak, most of it could be misleading. After all, while unemployment reduces income, it also causes a drop in subjective well-being well beyond what can be explained by the latter alone. Large amounts of consumer debt are more common among people with lower incomes and have been shown to impair subjective well-being regardless of their material status (Ahuvia, 2008, pp. 493–495).

Surprisingly, rather than wealth generating subjective well-being, causation can go the other way. A positive personality trait, such as optimism, has been linked to higher earnings (Argyle, 1996, pp. 18–45). The impact of these personality variables can be as strong as noted in the review by Robert Cummins in 2000 that when income is included in models along with psychological variables – such as optimism, control, and self-esteem – income ceases to be exceptionally significant (pp. 133–158).

Research suggests that for the wealthy, trying to improve subjective well-being by increasing income appears to be misguided. How does this fact affect consumer behaviour? If all human actions are ultimately motivated by the desire for subjective well-being, and it can be demonstrated that increased income does not promote subjective well-being in the long run, will there be a time when low-consumption lifestyles migrate from the social periphery to become the social norm?

The answer is primarily determined by what is the true driving force behind the apparently universal human desire to increase consumption. Quite likely, most people have not yet heard of research that reveals a weak association between income and happiness and/or do not believe it, and they overestimate the long-term psychological impact that an increase in wealth will have on them (Kahneman et al., 2006, pp. 1908–1910). High levels of consumption may thus reflect a lack of reliable information. This is only a very sketchy justification for why higher incomes continue to appeal to the less fortunate, though. Let us consider a typical scenario when incorrect information is actually the main issue: for instance, when someone is driving somewhere and realises they are heading the wrong way, they simply turn the car around. Even so, people rarely change their behaviour once they have found that making more money is unlikely to result in long-term subjective well-being.

3. Research method

The main aim of the study discussed in this paper was to determine whether and, if so, what the relationship is between the incomes of the residents of Świętokrzyskie Voivodship and their self-reported sense of happiness. The diagnostic survey method and survey technique were employed in the quantitative investigation. A specially designed anonymous questionnaire, delivered to participants via e-mail, was used as a research tool. The study lasted from early May until the end of June 2022, and included 281 purposively selected adult residents of the area in question.

The questionnaire comprised closed questions with fixed response options, which expedited the survey process while also providing the opportunity to standardise responses. It was accompanied by an introductory letter that explained the goal of the research and encouraged the recipients to participate.

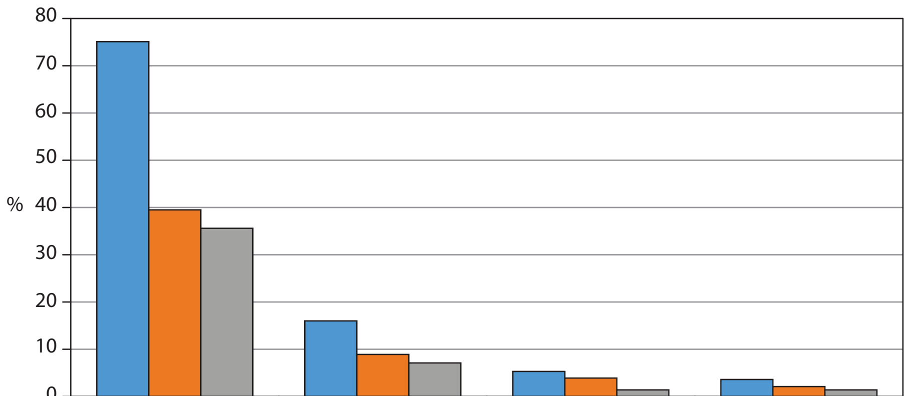
The sense of happiness index was produced by adding the answers to two questions about general life satisfaction and individual perception of its value according to the following key: 1 = *very satisfied*, 0.5 = *somewhat satisfied*, 0 = *undecided*, *somewhat dissatisfied*, and *very dissatisfied*. The total possible score ranged from 0 to 11. The greater the value, the greater the individual's sense of happiness. The total scores were then divided into three bands representing the sense of happiness: 0–3 = *low*, 4–7 = *moderate*, 8–11 = *high*.

The empirical data thus obtained were statistically analysed using the SPSS (Statistic Package for the Social Sciences) version 25 and Microsoft Excel 2022.

The conventional significance level α = 0.05 was adopted, but the findings of the probability of the test statistics at the level of $0.05 < p < 0.1$ were interpreted as significant for the statistical tendency.

It should be noted that the study was not representative, therefore its findings do not permit valid generalisations about the entire community. All the relationships discussed below pertain to the sample under consideration.

Women accounted for the majority of the survey participants (54% of the total), with men constituting the remaining 46%. Respondents aged 18–25 represented 75% of the total population and were by far the most numerous. Only 16% of those polled were between the ages of 26 and 35. Even fewer (5%) respondents were in the 36–45 age band. Those aged 46 to 55 comprised the smallest group (4%). Nearly 40% of the women were between the ages of 18 and 25; those between the ages of 26 and 35 (16%) came in second, and those between the ages of 36 and 45 (5.3%) came in third. Only 3.6% of women belonged in the 46–55 age band. Male respondents aged 18–25 made up nearly 36% of the surveyed population, whereas those aged 26–35 (7.1%) came in second. The 36–45 and 46–55 age groups had the fewest men, with only 1.4% each (Figure 2).



	18–25	26–35	36–45	46–55
Total	75.10%	16.00%	5.30%	3.60%
Women	39.50%	8.90%	3.90%	2.10%
Men	35.60%	7.10%	1.40%	1.40%

Figure 2. Distribution of respondents by age

Source: own study based on survey results.

Respondents with higher education (51.2%) slightly outnumbered those with secondary education (48.4%). Both groups made up 99.6% of all respondents. Table 1 shows the survey participants' education, marital status, current professional status, and monthly net income. The surveyed sample included both residents of rural areas (52.3%) and those living in cities, with the latter accounting for 47.7% of the total.

Table 1. Distribution of respondents by selected characteristics

Education	*n*	%
primary	1	0.4
basic vocational	0	0
secondary	136	48.4
higher	144	51.2
Marital status	*n*	%
unmarried	231	82.2
married	48	17.1
divorced	2	0.7
widowed	0	0
Current employment status	*n*	%
employed in the public sector	43	15.3
employed in the private sector	60	21.4
employed in a non-governmental organization	3	1.1
entrepreneur – I run my own business	15	5.3
entrepreneur – I run my own business and at the same time I am employed	1	0.4
student/apprentice	156	55.5
unemployed	2	0.7
other	1	0.3
Monthly net income (PLN)	*n*	%
up to 1000	32	11.4
1001–2000	33	11.7
2001–3000	60	21.4
3001–4000	32	11.4
4001–5000	19	6.8
above 5000	15	5.3
not applicable	90	32.0

Note: $N = 281$.

Source: own study based on survey results.

Owing to the high proportion of young respondents, more than 80% of individuals in the research sample were single and unmarried. Married people constituted 17.1% of the total. The study covered both professionally active and inactive people. Over 37% of respondents worked in private or public sectors; however, students made up the largest category (over 55% of the total). Income was another distinguishing characteristic. Almost 45% of those surveyed said that their net monthly income does not exceed PLN 3,000 (Table 1). Only 23.5% of the sample reported higher incomes.

4. Results and discussion

4.1. Life satisfaction of the surveyed residents of Świętokrzyskie Voivodship

The respondents are generally satisfied with their lives (69.4% are very satisfied or moderately satisfied). Only 11% of them stated that they are very dissatisfied or moderately dissatisfied (Figure 3). Taking gender into consideration, women (39.5%) are more likely than men (29.9%) to be satisfied with their lives.

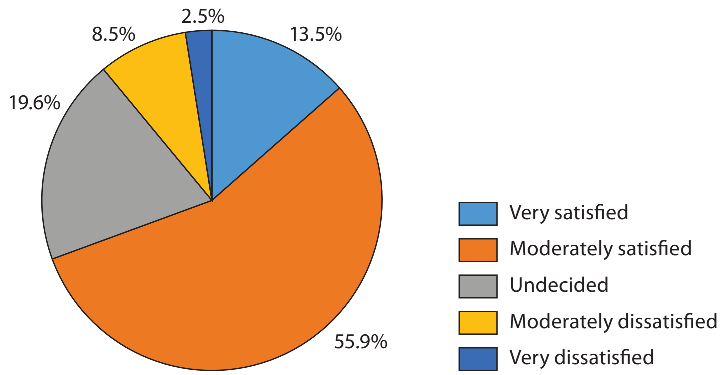


Figure 3. Distribution of answers to the question: Are you generally satisfied with your life?

Source: own study based on survey results.

Survey participants were also asked about the sources of satisfaction in their lives (Table 2). Social and family ties proved to be the source of satisfaction for a sizeable proportion of respondents. Their vast majority (85.7%) said they are very satisfied or moderately satisfied with their friends and closest acquaintances. Nearly 90% of respondents who are married or in a relationship are happy with their long-term relationship, whereas 84% of parents feel satisfied with their kids.

Respondents are generally satisfied with their place of residence (66.5%). Their opinion in this regard is primarily affected by their standard of living. Approximately 80% of respondents are satisfied with the material conditions, such as housing and equipment, while approximately 13% are dissatisfied.

Respondents also appear to be mostly satisfied with their income. More than half are satisfied, nearly 20% are dissatisfied, whereas 25.6% remain undecided.

Just over two-thirds of respondents (68.3%) are happy with their education and qualifications, and nearly 40% are satisfied with their professional career (53% of those who have ever worked). Dissatisfaction in these areas was reported by 10.3% and 18.1%, respectively (and 26% of those with professional experience). Respondents who are satisfied with their education and qualifications are more likely to have a university degree and work in the private sector, whereas those with secondary education, students, and the unemployed are the least likely. In terms of their present status, public-sector employees with a university degree are more likely than others to report satisfaction with their career.

Nearly 80% of respondents are satisfied with their health, while 10% are dissatisfied. Respondents under the age of 35 have a more positive perception of their health, while those above 45 tend to express a more negative view. Almost 62% of respondents are pleased with their prospects for the future. In contrast, almost 16% feel pessimistic about the future. The respondents' perception of their prospects for the future is mostly affected by their age and current economic status.

Table 2. Proportions of respondents satisfied with particular areas of life

Are you generally satisfied with:	Very satisfied	Moderately satisfied	Undecided	Moderately dissatisfied	Very dissatisfied	n/a
	%					
your children*	11.4	2.1	2.5	0	0	84.0
your marriage/long-term relationship*	30.6	18.9	4.3	1.1	0.44	44.8
your friends, closest acquaintances	34.5	51.2	7.8	5.7	0.7	0
your place of residence	25.6	40.9	13.2	17.4	2.8	0
your professional career*	10.7	27.0	14.6	14.9	3.2	29.5
your material living conditions (housing, equipment, etc.)	33.5	45.6	8.5	12.1	0.4	0
your education and qualifications	16.0	52.3	19.9	8.5	1.8	1.4
your health	29.5	49.8	10.7	8.9	1.1	0
your prospects for the future	13.5	48.4	22.4	13.5	2.1	0
your income and financial situation	12.5	37.7	25.6	12.8	6.4	5.0

Note: $N = 281$.
* Only those respondents who have had experience as parents, spouses, people in long-term relationships, and employees reported their satisfaction with these areas of life.

Source: own study based on survey results.

Spearman's rank correlation coefficient indicates the strength and direction of the relationship between specific aspects of life and the overall assessment of life satisfaction.

Table 3. Spearman's rank correlation coefficient the relationship between specific aspects of life and the overall assessment of life satisfaction

Satisfaction with specific aspects of life:	ρ	Significance (*p*)
children***	0.229	0.000**
marriage/stable relationship***	0.123	0.040*
friends, closest friends	0.277	0.000**
place of residence	0.514	0.000**
professional career***	0.121	0.043*
material living conditions – housing, equipment, etc.	0.372	0.000**
education and qualifications	0.394	0.000**
health	0.301	0.000**
prospects for the future	0.412	0.000**
income and financial situation	0.477	0.000**

Note: $N = 281$.
* Correlation significant at 0.01 (two-tailed); ** Correlation significant at 0.05 (two-tailed); *** Only those respondents who had experience as parents, spouses, people in permanent relationships, and employees rated their satisfaction with these areas of life

Source: own study based on survey results.

The analysis shows a statistically significant correlation between all aspects of life listed in Table 3 and the overall rating of life satisfaction. The highest correlation coefficient (0.514) refers to the place of residence, which suggests that it is very important for the survey participants to live in a place that provides them with a sense of security and satisfaction with the environment.

Other factors that strongly correlate with the overall rating of life satisfaction are income and financial situation (0.477), prospects for the future (0.412), and material living conditions (0.372). All of these point to the importance of financial stability and future prospects for overall life satisfaction.

Health (0.301), education (0.394), as well as relationships with children (0.229) and friends (0.277) all show a weaker correlation with life satisfaction than the previously mentioned factors.

The fairly low coefficients for professional career (0.121) and marriage/stable relationship (0.123) indicate a weaker association with life satisfaction in general, which does not mean that these characteristics are unimportant to respondents.

Overall, the correlation results demonstrate that people appreciate not only basic necessities such as financial stability, but also psycho-social factors such as relationships with family and friends, education, and health. It should be noted, however, that the strength of the association between particular components and total life happiness is not consistent and varies depending on the factor under consideration.

4.2. Income and the sense of happiness

Most of the studied sample reported a moderate sense of happiness (i.e. 49.1% of respondents gave it a rating between 4 and 7). A high sense of happiness was indicated by 35.6% of respondents, while a low one by 15.3% (Figure 4).

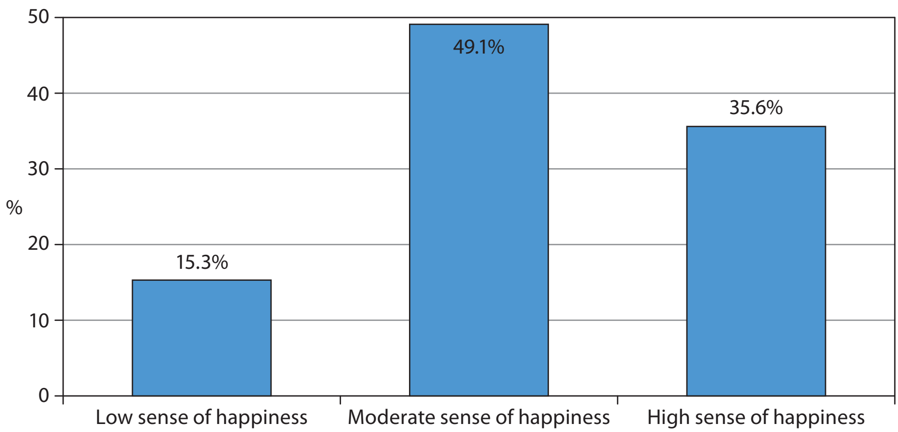


Figure 4. Respondents' sense of happiness

Source: own study based on survey results.

A chi-square test was then performed to determine whether there is a relationship between the surveyed population's income and their perception of happiness (Table 4). This finding suggests that the higher the income, the greater the sense of happiness. It is worth noting that the relationship in question is not linear – the greatest increase in happiness occurs with the first gains in income; subsequent increases in the latter do not translate into a proportional boost in the sense of happiness. It is worth mentioning, however, that Cramer's V of 0.221 indicates a modest association between income and happiness.

Respondents with a higher income report a higher sense of happiness, but only up to a particular threshold, namely PLN 3,000 in the surveyed group. Incomes above this level are not associated with a higher declared sense of happiness.

Table 4. Relationship between income and happiness – chi-square test of independence

Monthly income (PLN) / Sense of happiness	Low		Moderate		High		Total		χ^2	*df*	*p*	V_c
	n	%	*n*	%	*n*	%	*n*	%				
up to 1000	10	28.6	15	18.5	7	9.3	32	16.8	18.79	10	0.044	0.221
1001–2000	4	11.4	17	21.0	12	16.0	33	17.3				
2001–3000	6	17.1	28	34.6	26	34.7	60	31.4				
3001–4000	5	14.3	9	11.1	18	24.0	32	16.8				
4001–5000	4	11.4	8	9.9	7	9.3	19	9.9				
above 5000	6	17.1	4	4.9	5	6.7	15	7.9				

Note. $N = 281$.
N – number of observations; χ^2 – chi square test statistics; *df* – degrees of freedom; *p* – significance level; V_c – Cramer's *V*.

Source: own study based on survey results.

In the next part of the study, respondents were asked to state what actually makes them feel happy (Table 5). The three criteria that respondents attributed the most happiness to were good interpersonal relationships, love, and money. Interestingly, more men than women (88 vs. 47%) reported that love makes them happier, whereas the vast majority of women (92%) declared that money contributes to their sense of happiness. There were no significant distinctions between sexes in terms of interpersonal relationships. Social status, expensive products, and branded clothing had the least impact on their satisfaction.

Table 5. Perceived significance of happiness-enhancing factors

Which of the following makes you feel happy:	%
good relationships with people	63.7
love	52.0
money	50.2
mental health	40.6
stress-free life	37.4
physical health	36.3
self-satisfaction	30.2
sporting activities	27.0
good job	25.6
sufficient length and quality of sleep	24.9
positive attitude	21.7

Which of the following makes you feel happy:	%
area in which I live	13.2
helping others	12.5
successful sex life	12.1
having a spouse	11.4
faith, religion	11.0
social status	6.0
luxury goods	1.4
branded clothing	0.4
other	0.4

Note: $N = 281$.
Percentages do not add up to 100 because respondents were allowed to choose more than one option.

Source: own study based on survey results.

Even though the popular adage says that money cannot buy happiness, more than half of the survey participants disagreed with it (Table 6). Almost 90% of them felt that spending money on current needs is preferable to saving. Women are more likely than men to purchase more than they need, whereas men typically only buy what they have planned beforehand. Over 70% of respondents do not feel inferior because their friends and acquaintances have more material possessions. For 68% of the survey participants, money is a tool for exerting influence and impressing people. Almost 60% say that a lack of money is neither a sign of failure nor a source of embarrassment and degradation in life. Almost a quarter of those polled disagree. Even when money is tight, the vast majority of respondents can still enjoy themselves.

Table 6. Responses to statements on consumer attitudes

Statement	Definitely agree	Moderately agree	Undecided	Moderately disagree	Definitely disagree
	%				
Money does not make one happy	7.8	16.0	24.9	30.2	21.0
Saving money does not make sense, it is better to spend it as needed	0.4	5.3	7.1	25.3	62.3
I'd rather save than spend on my whims	19.6	46.3	19.6	14.2	2.5
Many of my friends have money to waste	9.6	29.2	26.7	32.0	4.6
When shopping, I usually buy more than I need	7.8	31.7	15.3	33.1	15.3
Usually, I only buy what I have planned in advance	11.0	43.4	12.8	27.0	7.8
I feel inferior when I cannot have what my friends have	3.9	16.4	9.3	35.9	34.9
Money is a means of influence and impression	21.7	46.3	14.9	10.3	7.1
Lack of money is a symbol of failure in life, as well as a source of embarrassment and degradation	4.3	20.6	18.9	34.2	22.4
I can't enjoy myself if money is tight	0.4	4.3	7.1	40.6	48.0

Note: $N = 281$.

Source: own study based on survey results.

Despite the currently prevailing consumerist attitudes, over 70% of respondents (Figure 5) believe that material goods cannot provide greater satisfaction with life than intangible values, such as love, friendship, respect or help. Women are more likely than men to hold such views, as are those with a secondary education who live in rural areas.

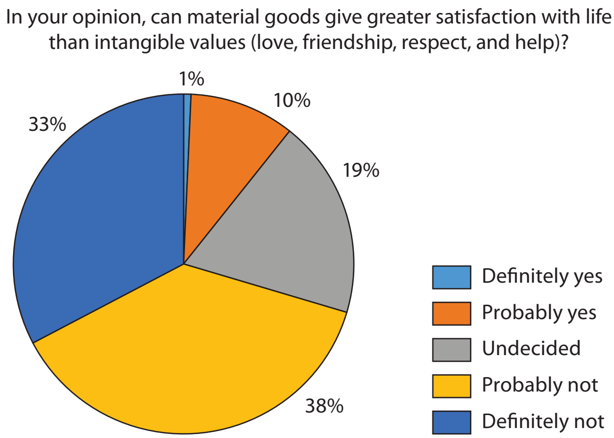


Figure 5. Responses to the question about the importance of material goods vs. intangible values

Source: own study based on survey results.

The breakdown of responses to the question "Would you be happier if your net income increased by PLN 2,000?" warrants the conclusion that having more money increases one's sense of happiness, which is supported by 83% of the respondents (Figure 6). Such a view is more likely to be expressed by women, people aged 18 to 25, and those with a university degree.

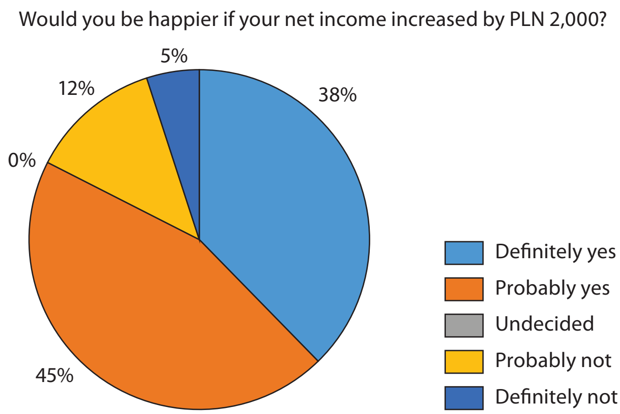


Figure 6. Responses to the question about the effect of income increase on happiness

Source: own study based on survey results.

Naturally, these figures do not mean that one should solely focus on acquiring money; after all, what is the point in amassing huge amounts of money and having no time for family, friends, and acquaintances due to long working hours? According to the findings of the study, money ranks third in terms of improving happiness, trailing only good relationships with others and love. Thus, happiness is dependent not only on having control over one's own life, convenience, or more opportunities, but also on love and intimate relationships with others.

Table 7. Relationship between a hypothetical increase in net income of PLN 2,000 and a self-reported rise in happiness – chi-square test of independence

Income (PLN)	Would you be happier if your net income increased by PLN 2,000?				χ^2	*df*	*p*	V_c
	Definitely yes	Probably yes	Probably not	Definitely not				
	n	*n*	*n*	*n*				
up to 1000	10	13	9	0	95.49	15	0.000	0.707
1001–2000	13	10	10	0				
2001–3000	25	32	2	1				
3001–4000	5	21	5	1				
4001–5000	5	11	0	3				
above 5000	1	1	5	8				

Note. $N = 281$.
N – number of observations; χ^2 – chi square test statistics; *df* – degrees of freedom; *p* – significance level; V_c – Cramer's *V*.

Source: own study based on survey results.

A hypothetical rise in net income of PLN 2,000 results in a statistically significant correlation between income and the reported increase in the sense of satisfaction, according to the results of the chi-square test of independence. Furthermore, the large statistic (95.49) indicates a substantial correlation between these variables.

The strength of the relationship between these variables can be inferred from Cramer's V coefficient, which at 0.707 in this case illustrates a strong association. In other words, a PLN 2,000 increase in net income causes increases the self-reported sense of happiness.

Table 8. Responses to the question about a money windfall

If you unexpectedly received a certain amount of money, e.g. PLN 10,000, how would you use it?	%
I would spend it all on current needs or treat myself to a small luxury	1.1
I would spend most of it and save a little	2.1
I would spend about one-half and save the other half	12.8
I would save or invest most, and only spend a little	45.6
I would save or invest everything	28.8
I would pay off a loan, part of it, or settle other debts	5.3
I would keep it at home in a piggy bank	1.8
I would not know what to do with it	0.7
Other	1.8

Note: $N = 281$.

Source: own study based on survey results.

A significant finding from the study is that being aware of the relationship between income and happiness may affect financial decisions and thus motivate a person to achieve a stable financial status, which in turn is likely to improve a his/her perception of overall quality of life.

The breakdown of responses to the question about how to use a money windfall supports the inclination of the survey participants to save. Almost half of them (Table 8) said they would keep or invest most of any unexpectedly received money (PLN 10,000 in this case), and would only spend a small portion of it, whereas nearly 30% declared that they would save or invest everything. As a result, it is possible to conclude that respondents have prudent and rational attitudes towards money management.

5. Conclusions

In summary, the respondents from Świętokrzyskie Voivodship report a moderate level of happiness. Up to the level of PLN 3,000, more income is associated with a greater sense of happiness; however, further increases do not translate into a proportional rise in the latter. The findings of the study show that both socioeconomic factors (housing quality, financial security, and relationships with family and friends) and psycho-social ones (such as education and health) have an impact on their overall rating of life satisfaction. The three factors that contribute most to the respondents' sense of happiness are good relationships with others, love, and money, whereas their social standing, luxury products, and branded clothing have the least bearing on the quality in question. Men differ from women in several of their responses; for example, the former are more likely to identify love, whilst the latter are more likely to mention money as a source of happiness.

It should be noted that the self-reported levels of happiness are affected by factors other than income. As a result, in order to achieve long-term happiness, it is critical to emphasise the importance of balancing the material and non-material aspects of life.

Many people believe that having more money will make them happier, and as a result, they act as though the two were directly linked. This may be because people are misinformed or motivated by something other than the pursuit of happiness. There appear to be three reasons why people welcome extra income even if it does not make them happier. First, happiness is merely one of many values, and it is not the only goal that people consciously set for themselves. Good interpersonal interactions and love are also essential. Second, even when people attempt to maximise happiness, their proclivity to exaggerate short-term benefits leads to overestimating the short-term rewards provided by income. And third, value-based decision-making conflicts with other incentive systems and evolutionary desires. One may even argue that the use of money and consumption as a social tool has the greatest overall impact on the desire to increase income to the point where it no longer contributes to an individual's sense of happiness.

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Acknowledgements and Financial Disclosure

None reported.

Conflict of Interest

The author declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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Published by the Krakow University of Economics – Krakow, Poland

Ministry of Education and Science
Republic of Poland

The journal is co-financed in the years 2022-2024 by the Ministry of Education and Science of the Republic of Poland in the framework of the ministerial programme "Development of Scientific Journals" (RCN) on the basis of agreement no. RCN/SP/0391/2021/1 concluded on December 9, 2022 and being in force until December 8, 2024.

Social Entrepreneurship Review
2023, Vol. 1

10.15678/SER.2023.1.02

Implementation of EU policy on circular economy and social inclusion in Poland – opportunities for synergies

Maciej Sabal

Abstract: **Background:** The circular economy (CE) is a concept that is increasingly influencing European Union (EU) policy. Environmental goals are being increasingly financed by European funds. This approach culminates in the new Community Strategy – the European Green Deal. At the same time, EU funds have also been earmarked for social objectives for decades, a fundamental element of cohesion policy. Both CE and social policy measures are implemented with structural funds, through appropriate provisions in national and regional programs. Despite the fact that many activities from both areas are part of sustainable development, Polish strategic programs do not provide for joint activities that affect both environmental and social issues. The article analysed Polish national programs in terms of pro-environmental and social measures. The choice of the research topic is related to the fact that increasingly in the literature there are calls for the inclusion of social issues in the CE theme.

Research objectives: The aim of the research is to characterize national programs in Poland dedicated to CE and social welfare in the 2014–2020 perspective (Operational Program Infrastructure and Environment, Operational Program Intelligent Development, Operational Program Knowledge Education Development, Eastern Poland Operational Program, Regional Operational Program for Małopolskie Voivodeship), to identify challenges in narrowing the use of a narrowed understanding of pro-environmental measures, and to propose an approach that takes into account the synergies of the two areas in the context of the 2021–2027 perspective.

Research design and methods: The article uses an analysis of EU documents (regulations and directives; structural and investment programs), Polish national and regional programs. A compilation of priority axes from key programs related to CE and social policy in Poland was made, and then a combination of selected areas was proposed.

Results: As the analysis shows, the solutions used in the EU and in Poland in the 2014–2020 perspective do not take into account the social context of the circular economy. The plans for the new financial perspective 2021–2027, as well as the long-term strategy of the European Green Deal, do not exclude joint actions, so it is largely up to the member states to focus separately on selected aspects of CE and social inclusion, or to combine actions in both areas. Planning joint activities in at least part of the programs could contribute to the overarching community goal of sustainable development.

Conclusions: An interdisciplinary approach to the topic of CE, especially the social aspects, could make EU policy more comprehensive and effective in relation to the identified challenges. The EU, which is one of the leaders of pro-environmental changes in the world, should include a broader approach to both CE issues and social policy.

Keywords: circular economy, social inclusion, social policy, European Union, strategy
JEL Codes: B55, Q50

Suggested citation:
Sabal, M. (2023). Implementation of EU policy on circular economy and social inclusion in Poland – opportunities for synergies. *Social Entrepreneurship Review*, *1*, 25–43. https://doi.org/10.15678/SER.2023.1.02

1. Introduction

The circular economy (CE) has for at least a decade become one of the key concepts influencing European Union (EU) policy. It is reflected in multi-year strategies, directives, funds, national and regional programs. More and more resources are being allocated to pro-environmental measures, as reflected in the Community financial perspective for 2014–2020, with even more funds earmarked for this area for 2021–2027. CE is part of sustainable growth, i.e. the transformation towards a competitive and low-carbon, resource-efficient economy. Sustainable growth is one of the three priorities of the Strategy for smart, sustainable and inclusive growth – Europe 2020 (European Commission, 2010). The other priorities are smart growth and inclusive growth. As for the latter, it is also an area that has been supported by very large amounts of funding in recent years. Using Poland as an example, it can be seen that both areas, i.e. CE and social inclusion, have been included in most of the priority axes of national and regional programs. At the same time, it can be observed that they have been treated separately, it is very rare that they are combined.

The way of solving the challenges identified in the EU by treating different areas separately and including them in other packages of activities can be justified by the need to show indicators after the implementation of individual programs. At the same time, this approach carries the risk of a narrow view of sustainability. Its achievement is achieved by combining economic development with environmental protection, as well as social justice. At the stage of formulating the EU strategy, activities at various levels of the community are analyzed, and the greatest threats accompanying economic development are diagnosed. Among them are mentioned the exploitation of natural resources, production requiring more and more resources, as well as the growing consumption (Laurent, 2020). However, at the stage of formulation of individual comprehensive approaches give way to separate actions.

The purpose of the paper is to describe national programs in Poland dedicated to CE and social welfare in the 2014–2020 perspective (Operational Program Infrastructure and Environment, Operational Program Intelligent Development, Operational Program Knowledge Education Development, Eastern Poland Operational Program, Regional Operational Program for Małopolskie Voivodeship), and to identify areas where synergies are possible, taking into account measures aimed at improving CE and social inclusion. An opportunity to change the approach in this area is the New Green Deal, which should be considered not as a package of energy and climate actions, but a strategy that sets the transformation of the entire community. Accordingly, CE issues should be included not only in programs related to the economy, but also those related to social policy.

2. Literature review

Because of the progressive exploitation of the environment that accompanies economic development, many scientists and politicians have come to the conclusion that it is necessary to transform the economic system in a way that takes into account not only profit, but also sustainability. A discussion on this topic will be prompted by the Club of Rome's report entitled "Limits to Growth" (Meadows et al., 1972). The authors, researchers at the Massachusetts Institute of Technology, wrote the report, which is reminiscent of humanity's warning that there are limits to economic growth. In the late 1970s, the circular economy (CE) concept gained popularity. Since then, a number of definitions have emerged to describe CE, often with significant differences. It is worth citing the universal understanding described by the Ellen MacArthur Foundation, according to which it is the consideration, as early as the design stage, of repair and remanufacturing and maintaining at all times the highest utility and value of products, components and materials, separating technical and biological cycles (Ellen MacArthur Foundation, 2015). This definition is representative of the CE discussion, as it focuses on technical and economic aspects. The basic problem addressed in the CE discussion is the repetition of a pattern in which resources are turned into products and the latter into waste. The main challenge, therefore, is to counter waste so that as many materials as possible are recirculated (Hobson & Lynch, 2016, pp. 5–25). More and more countries around the world, as well as international organizations (including the EU), are implementing CE demands on the premise that increased resource efficiency through closed material loops will reduce material extraction, waste disposal, and thus pressure on the environment (Ghisellini et al., 2016, pp. 11–32). This is to decouple economic growth from environmental degradation (Kama, 2015, pp. 16–23; Webster, 2013, 542–554). There is current research in this direction, but also legislation in many countries (Mavropoulos & Nilsen, 2020). A very important problem is also the issue of the activities of enterprises that have a problem with the implementation of CE, which is related to the low translation of the assumptions into business operations (Khan et al., 2021). Actions taken by international organizations, as well as individual countries, face difficulties that take place at three levels: policy, organization and individual consumers (Holmes et al., 2021, pp. 55–74). With that said, it can be noted that the perspective of individual consumers is least emphasized.

However, for several years, research and discussion of CE has been accompanied by critical analysis related to the fact that it should be broadened to include a social perspective (Korhonen et al., 2018). More and more researchers believe that a broader view of the concept will allow for systemic change. The circular economy is considered the main goal of economic prosperity, followed by environmental quality, while its impact on social justice and future generations is barely mentioned (Kirchherr et al., 2017). These ideas are expressed to some extent by EU policy, although, as will be shown, in many respects in a way that does not comprehensively address CE.

A separate area in the EU is social policy in the broadest sense, developed practically from the beginning of the Community. Legislation on social cohesion, together with financial instruments, developed since 1957 in the European Union, formed the European Social Model. This model defined integrated economic and social development as part of the European identity (Vaughan-Whitehead, 2015). This model has led to Europe's high-quality public services, access to education and health care. The model has been a source of inspiration for many other countries and regions. It is the basis for stability and social peace, despite temporary crises it is still being developed.

In recent years, CE and social inclusion have become major issues under discussion in the EU, so the primary points of reference in the coming years will be the European Green Deal and the European Pillar of Social Rights. While the former is a reference point for national and regional programs dealing with the economy, the latter relates to social issues. Economic issues have been an area of interest for the EU since its inception, as it was one of the reasons why they began to interact within the community. As for social policy, while this was also an area of interest for the EU from its inception, it was not primary. It can be said that the area of social policy took on a new prominence in the second decade of the 21st century, which can be called a response to the 2008 crisis. In 2015, then-European Commission President Jean-

Claude Juncker announced that the social market economy can only work if there is social dialogue, which suffered during the crisis years (European Commission et al., 2017). In doing so, he referred to the Val Duchesse social dialogue process enacted 30 years earlier, which resulted in the promulgation of policy statements on employment, education and training and other social issues. Following Juncker's announcement of the New Start for Social Dialogue, work began on the European Pillar of Social Rights initiative. This work was completed in 2017, after the document was adopted by the European Commission, the EU Parliament and the EU Council (European Commission, 2017). The pillar took the shape of 20 principles, a signpost to lead toward a fair, inclusive Europe. The pillar is not legally binding, it is a recommendation by the European Commission.

The European Green Deal has a completely different rank in the community. It is not just a package of energy and climate measures, but a comprehensive strategy setting the course for transforming EU policy. It's an initiative announced by European Commission President Ursula von der Leyen in December 2019. The European Green Deal is intended to help transform the EU into a modern, resource-efficient and competitive economy with zero net greenhouse gas emissions by 2050. Additionally, according to the demands of the Deal, there is to be a decoupling of economic growth from resource consumption (European Commission, 2019). The key document in this regard is the so-called European Climate Law, passed on June 30, 2021, which establishes a target – to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels (European Parliament & Council of the European Union, 2021a). Taken broadly, it is the European Green Deal that will set the direction of the European community. The Fit for 55, legislative proposals to amend and update EU regulations and introduce new initiatives, in line with climate goals, are under discussion in the EU (European Council, 2022). It is worth considering whether the regulations and laws that will follow Fit for 55 will be narrowed to economic issues, or whether this is an opportunity for a broader treatment of sustainable development, taking into account the social perspective expressed in the European Pillar of Social Rights.

Such a situation may have consequences related to, among other things, a lack of acceptance of the changes being made, especially if they affect a part of the population. That is why it is so important to link CE-related policies with social policies (Häusermann et al., 2022, pp. 462–484). And don't overlook lifestyle changes that may involve environmental policies (Koch, 2022, pp. 447–459). In this context, i.e., the relationship of CE with various aspects of social policy, it is worth reaching for the umbrella concept. This is how it is defined by some researchers (Blomsma & Brennan, 2017, pp. 403–414). The term in question was coined by Paul Hirsch and Daniel Levin, who define an umbrella concept as "a broad concept or idea used loosely to encompass and explain a set of diverse phenomena" (Hirsch & Levin, 1999, pp. 199–212). According to the authors, umbrella concepts create relationships between pre-existing theories and fields that were previously unrelated by focusing on their common quality or characteristic. This concept can also be used to describe the adaptive capacity to manage the environment and respond to the consequences associated with environmental degradation (Klein et al., 2003, pp. 35–45).

The broader view of CE issues observed in recent years, including in conjunction with social issues, seems to be a positive development, primarily in terms of the application aspect. Nevertheless, a certain research gap can be observed regarding the use of EU programs in implementing more comprehensive solutions.

3. Research method and material

The study analyzed EU documents, such as regulations and directives; structural and investment programs, as well as Polish national and regional programs. The text tabulates priority axes against key programs related to CE and social policy in Poland. On this basis, common areas were proposed, which are likely to realize the goals of sustainable development. The article also conducts a literature analysis, both of scientific studies and reports and documents prepared on behalf of EU bodies, mainly the Commission and the European Parliament. It also traces the process of EU policy formation in two areas – CE and social inclusion – based on the community's strategies over the past decades.

The article uses a comparative analysis of key nationwide programs implemented in Poland in terms of two areas: CE and social affairs. These are the Operational Program Infrastructure and Environment, Operational Program Intelligent Development and Operational Program Knowledge Education Development. In addition, the specific Eastern Poland Operational Program and a sample regional program – the Regional Operational Program for Małopolskie Voivodeship – were analyzed. The subject of detailed analysis was the priority axes, which on the one hand are formulated ambiguously, and on the other hand, determine the intention of the creators and a kind of "philosophy" of action. A document called Detailed Description of Priority Axes was developed for each EU program. It is these documents that are created in a long process of negotiation between representatives of the European Commission and managing institutions from the member countries (in Poland this is the Ministry of Development and the Provincial Governments). These inconspicuous documents are a key source of knowledge about the intervention directions, which is why they were analyzed.

On this basis, recommendations were formulated, based on the plans of the European Union in the new financial perspective. An important element of the method used is the location of these recommendations in the Polish perspective. This is an interesting case, since a significant number of EU directives are either under discussion or before implementation. Therefore, the article also proposes a model for linking the areas of CE and social inclusion, along with matching the European Green Deal with actions taken in Poland.

4. Results

Development of social policy in the European Union

The importance of social policy in the EU at the time of the founding of the community was low. Although the 1957 Treaty of Rome included as one of the tasks of the European Commission the promotion of close cooperation between member states in the context of the right of association and collective bargaining between employers and employees, the provision referred more to social dialogue than to social policy as understood today (Treaty of Rome, 1957). At that time, the focus was primarily on economic issues, as well as political ones. This was the case for the first two decades of the European Community. The change in approach can be seen mainly at the level of the member states, where issues of social inclusion began to take on broader significance. Social policy issues "moved up" to the main issues in the community in 1985, when French politician Jacques Delors became head of the European Commission. It was the then president of the EC in Val Duchesse (Belgium) in November 1985 that led to a meeting of trade unions, the employers' union and the Commission, which initiated an in-depth discussion of European social policy. The passing of the Single European Act, in February

1986, should be seen as a breakthrough in this regard. This document is considered a breakthrough in the context of the functioning of the entire European Union, as it established the creation of a common European market, but also strengthened political cooperation among member states. It is worth noting that then the Community entered areas that had previously been overlooked, such as social policy, but also environmental protection (Anderson, 1995). As for the legal provisions themselves present in the document, 118a can be considered the most important article, which dealt with protection, safety and health of workers, as well as some changes in the working environment (Single European Act, 1986). The value of this document is that it was followed by other EU directives regulating social issues. As a consequence of the adoption of the Single European Act, one can consider the 1989 Community Charter of Fundamental Social Rights of Workers, a political declaration by the leaders of the community, covering 12 fundamental rights, including social protection, care of the elderly, protection of children and young people, and care of the disabled. The Charter has not taken the form of an official legal document, but it has had a major impact on shaping EU law. The content of the Charter was reflected in the Social Protocol annexed to the Maastricht Treaty of 1992 (Treaty on European Union, 1992). The process of ratification of the Treaty in the various countries of the European Union, which ended in 1993, triggered a discussion on the dimension of Community social policy. This discussion was followed by the development of a Green (1993) and then a White Paper (1994) on European social policy (European Commission, 1993; European Commission, 1994; Grimes, 1994). The first document announced changes in European social policy, the second was a program of Community social policy, which addressed future policy issues and emphasized the need for harmonious development of social policy, socio-economic cohesion and included a diagnosis of the social situation in the EU area.

The Amsterdam Treaty of 1997 treated social rights more formally, including by enshrining the Union's main social objectives, among which were to ensure adequate social protection, combat the isolation of socially disadvantaged groups, develop employment and combat unemployment (Treaty of Amsterdam, 1997). These principles were reaffirmed in the Treaty on the Functioning of the European Union, known as the Lisbon Treaty. The chapter titled "Social Policy" stipulated that the Union's bodies and the member states aim to promote employment, improve living and working conditions so that they can be equalized while maintaining progress, but also social protection (Treaty on the Functioning of the European Union, 2007). In addition, the Treaty was accompanied by an updated Charter of Fundamental Rights of the European Union, which introduced provisions on equality between men and women in all areas, including in matters of employment, labour and wages, granted rights to the elderly and people with disabilities (Charter of Fundamental Rights…, 2000). To enforce the described provisions, the European Parliament and the EU Council were obliged to issue directives in this regard. The member state, on the other hand, was obliged to create appropriate conditions by issuing legal acts guaranteeing the demands of the Treaty and the Charter.

It can be said that the culmination of the road the EU has travelled in the direction of protecting social rights is the aforementioned European Pillar of Social Rights. Parallel to the legal acts, concepts aimed at realizing the objectives were incorporated through financial instruments. These came mostly from the European Social Fund (ESF). The Fund itself was established as early as 1957, on the basis of the EEC Treaty; it was the first structural fund of the Community. Initially, the Fund's main objective was to promote employment and provide opportunities for the development of workers. This approach persisted through the first decades of the Community's operation, due to the fact that the EEC was established for political and economic integration, other areas, including social issues, were in the background. This approach can also be explained by the fact that the 6 countries that made up the EEC were characterized by relatively good social security for citizens. Until 1970, the fund reimbursed vocational training and resettlement allowances for workers affected by economic restructuring. Since 1971, the Fund's resources have been significantly increased, and since the 1980s, the Fund's activities have been oriented toward combating youth unemployment and supporting the regions most in need of assistance.

The Single European Act laid the groundwork for comprehensive reform by introducing a coordinated approach to ESF programming. The Maastricht Treaty broadened the scope of ESF support to include issues related to adaptation to changes in industry and production systems. In the past 2014–2020 perspective, the ESF focused on promoting sustainable and quality employment and supporting labour mobility; supporting social inclusion and combating poverty and discrimination; investing in education, training and vocational training for skills acquisition and lifelong learning; and strengthening the institutional capacity of public authorities and stakeholders and the efficiency of public administration. The budget for the period was 75 EUR billion (European Parliament, 2021). The renewed ESF+ Fund for 2021–2027 will have a record 99.3 EUR billion at its disposal (European Commission, 2022a).

CE in the European Union

As far as policies related to environmental protection in the broadest sense are concerned, this topic appeared relatively late in the Community. Admittedly, the provisions on this subject already appeared in the Treaty of Rome, which drew attention to the pursuit of "a high level of protection and improvement of the quality of the environment", but they were so general that it must be considered that they remained at the stage of postulates (Treaty of Rome, 1957). It was only as a result of the first United Nations conference on the environment that the European Council in 1972 indicated the need to develop an environmental policy linked to economic development. However, this was only a declaration. The Single European Act of 1986 introduced the title "Environment", which provided the legal basis for a common environmental policy. The Maastricht Treaty recognized the environment as one of the EU's policies. The Treaty of Amsterdam, meanwhile, indicated that all EU sectoral policies would include an obligation to protect the environment. This issue, defined as combating climate change, was promoted to the top EU goals in the Lisbon Treaty (Treaty on the Functioning of the European Union, 2007). The EU's approach to environmental protection has evolved over time and can be characterized as an effort to prevent and clean up pollution at the source, with enforcement of polluter responsibility, including companies. Operators engaged in activities that generate pollution and environmentally hazardous substances are obliged to take preventive measures and remedy any damage. An expression of this approach was the communication "Closing the loop – an EU action plan for a circular economy" issued by the European Commission in 2015. The document enshrined a package of actions that were to contribute to maximizing value and ensuring the use of all raw materials, products and waste, while contributing to energy savings and reducing greenhouse gas emissions. These actions were to cover the entire life cycle: from production and consumption to waste management and the market for secondary raw materials. It also set an EU target of recycling municipal waste at 65% by 2030, recycling of packaging waste at 75% by 2030, and reducing landfill to a maximum of 10% by 2030. The goals described in "Closing the loop" proved to be too unambitious for the European Commission, and in March 2020 it issued the Communication "The EU's new circular action plan paves the way for a cleaner and more competitive Europe" one of the main elements of the European Green Deal.

Funding for pro-environmental measures in the EU dates back to the mid-1970s, when the European Regional Development Fund (ERDF) began operating. Although the Fund itself was established mainly for the purpose of sustainable economic development throughout the community, in the late 1980s and early 1990s, pro-environmental measures began to be financed from this pot (European Council, 1988). This happened as a result of the 1988 reform of regional policy and structural funds. Today, this scope of the fund's influence is expressed explicitly in EU law (European Parliament & Council of the European Union, 2021b). Another fund with resources for pro-environmental measures is the Cohesion Fund (CF), established in 1992, which is linked to the establishment of Economic and Monetary Union. This temporary instrument was intended to reduce economic and social disparities and promote sustainable development (Council of the European Communities, 1993). It's a fund intended only for countries with gross national income per capita below 90% of the EU average. The Cohesion Fund was intended to support two areas: the environment and transport infrastructure. This ties in with the concept of sustainable development, so that economic growth in the weakest member states does not come at the expense of environmental degradation and reduced quality of life. The fund was originally intended to last until 1999, but is still in operation today.

In addition, pro-environmental measures are supported by the European Agricultural Fund for Rural Development (EAFRD), established as a result of the reform of the Common Agricultural Policy completed in 2005. Among other things, the fund is intended to contribute to sustainable development by encouraging, in particular, farmers and forest holders to adopt land use methods compatible with the need to preserve the landscape and the environment and to protect and improve natural resources (European Commission, 2021a). Funds provided for activities aimed at maintaining environmental sustainability are also provided under the European Maritime and Fisheries Fund (EMFF), under other names operating since 1993 (European Commission, 2021b).

Structural and investment funds

The funds described: European Social Fund+, European Regional Development Fund, Cohesion Fund, European Agricultural Fund for Rural Development, and European Maritime and Fisheries Fund make up the EU's structural and investment funds. The European Commission and member countries manage them. They focus on 5 areas: research and innovation, digital technologies, supporting a low-carbon economy, sustainable management of natural resources, and small businesses (European Commission, 2021c).

In addition to the main funds in the EU, there are other financial instruments that support various areas in the Community, including the European Union Solidarity Fund and the Fund for a Just Transition. These instruments are adapted to the economic and social situation. In addition, mention must also be made of programs that do not come directly from any of the funds, including the Horizon Europe Program, the LIFE Program and the Erasmus+ Program. The main axis of the European Union's policy, set out in the Europe 2020 Strategy, was:

- Cohesion Policy: European Social Fund+, European Regional Development Fund, Cohesion Fund;
- Common Agricultural Policy: the European Agricultural Fund for Rural Development;
- Common Fisheries Policy: European Maritime and Fisheries Fund.

The Community strategy that, next to agricultural policy, is the most important and cost-intensive area of the EU is cohesion policy. It is in this area that activities related to social assistance as well as pro-environmental measures fall. As defined in the Single European Act of 1986, cohesion policy is designed to "reduce disparities between regions and counteract the backwardness of disadvantaged regions" (Single European Act, 1986). Between 2014 and 2020, cohesion policy is scheduled to account for about 32.5% of the total EU budget, or EUR 350 billion.

The Europe 2020 Strategy identifies 3 priorities:

– smart growth, or growth based on knowledge and innovation;
– sustainable growth, i.e. transformation towards a competitive and low-carbon, resource-efficient economy;
– inclusive growth, i.e. supporting an economy with a high level of employment and ensuring economic, social and territorial cohesion (European Commission, 2010).

To achieve these priorities, the European Commission has set 5 overarching, measurable EU targets:

– the employment rate of people aged 20–64 should be 75% (Target 1);
– 3% of the Union's GDP should be invested in research and development (target 2);
– 20% of energy production should come from renewable sources, a 20% increase in energy efficiency, a 20% reduction in greenhouse gas emissions from 1990 levels (Target 3);
– the number of school dropouts should be reduced to 10%, and at least
– 40% or more of the younger generation should pursue higher education (Target 4);
– the number of people at risk of poverty should be reduced by 20 million (Target 5).

The passing perspective of the European Union proves that funds from the three main funds that make up cohesion policy are channelled into activities that are precisely dedicated to specific problems. The Commission's goals can be divided into pro-environmental (goals 2, 3) and social (goals 1, 4 and 5).

The Europe 2020 strategy clearly indicates that it is the pro-environmental and social areas that are key in the Community. These goals have been pursued by placing relevant activities in national programs, financed by structural and investment funds. The example of Poland shows that the two spheres are treated separately.

Polish operational programs

This distinctiveness can be clearly seen in the main Polish national operational programs in the 2014–2020 perspective: Operational Program Infrastructure and Environment, Operational Program Intelligent Development, Operational Program Knowledge Education Development, Operational Program Digital Poland, Operational Program Eastern Poland and Technical Assistance. The programs are divided into priority axes, which relate to specific areas that require support. The tables 1–5 show the programs by individual axes, along with an indication of the area: circular economy (CE) and social inclusion (SI). There are 16 regional programs, much of it very similar to each other. For example, the program for the Małopolska region is presented.

Table 1. Priority axes of the Operational Program Infrastructure and Environment

Operational Program Infrastructure and Environment	CE	SI
Axis 1. Reducing the carbon intensity of the economy	✓	–
Axis 2. Environmental protection, including adaptation to climate change	✓	–
Axis 3. Development of the TEN-T road network and multimodal transport	✓	–

Operational Program Infrastructure and Environment	CE	SI
Axis 4. Road infrastructure for cities	✓	✓
Axis 5. Development of railroad transport in Poland	✓	–
Axis 6. Development of low-carbon public transport in cities	✓	–
Axis 7. Improving energy security	✓	–
Axis 8. Protection of cultural heritage and development of cultural resources	–	–
Axis 9. Strengthening strategic health care infrastructure	–	–
Axis 10. Technical assistance	–	–
Axis 11. REACT-EU	–	–
Axis 12. REACT-EU technical assistance	–	–

Source: own elaboration.

Table 2. Priority axes of the Operational Program Intelligent Development

Operational Program Intelligent Development	CE	SI
Axis 1. Support for conducting R&D work by enterprises	–	–
Axis 2. Support for the environment and the potential of enterprises to conduct R&D&I activities	–	–
Axis 3. Support for innovation in enterprises	✓	–
Axis 4. Increasing scientific and research potential	–	–
Axis 5. Technical assistance	–	–

Source: own elaboration.

Table 3. Priority axes of the Operational Program Knowledge Education Development

Operational Program Knowledge Education Development	CE	SI
Axis 1. Labor market open to all	–	✓
Axis 2. Effective public policies for the labor market, economy and education	–	✓
Axis 3. Higher education for economy and development	–	–
Axis 4. Social innovation and transnational cooperation	–	✓
Axis 5. Support for the health area	–	✓
Axis 6. Technical assistance	–	–
Axis 7. REACT-EU support for the health area	–	✓
Axis 8. REACT-EU technical assistance	–	–

Source: own elaboration.

Table 4. Priority axes of the Eastern Poland Operational Program

Eastern Poland Operational Program	CE	SI
Axis 1. Entrepreneurial Eastern Poland	–	–
Axis 2. Modern transport infrastructure	✓	–
Axis 3. Supra-regional railroad infrastructure	✓	–
Axis 4. Technical Assistance	–	–

Source: own elaboration.

Table 5. Priority axes of the Regional Operational Program for Małopolskie Voivodeship

Regional Operational Program for Małopolskie Voivodeship	CE	SI
Axis 1. Knowledge economy	–	–
Axis 2. Digital Małopolska	–	–
Axis 3. Entrepreneurial Małopolska	–	–
Axis 4. Regional Energy Policy	✓	–
Axis 5. Environmental protection	✓	–
Axis 6. Regional Heritage	–	–
Axis 7. Transport infrastructure	–	–
Axis 8. Labor market	–	✓
Axis 9. Socially cohesive region	–	✓
Axis 10. Knowledge and competencies	–	✓
Axis 11. Revitalization of regional space	✓	–
Axis 12. Social infrastructure	–	✓
Axis 13. Technical assistance	–	–

Source: own elaboration.

5. Discussion

New signposts in the EU, namely the European Green Deal and the European Pillar of Social Rights, which translate into new programs, may be an opportunity to break down this separation of areas. Above all, the Fair Transition Mechanism can play an important role.

The 2021–2027 Cohesion Policy is to be implemented primarily through the European Regional Development Fund, the Cohesion Fund and the European Social Fund+. In addition, these funds are to be supplemented by the Fair Transition Fund, which is part of the European Green Deal. The Fund is a new financial instrument within the framework of the Cohesion Policy to provide support to areas facing serious socio-economic challenges resulting from the transition in the pursuit of climate neutrality (European Parliament & Council of the European Union, 2021c).

The transfer of these funds will take place within the framework of the aforementioned Just Transition Mechanism. According to the plan, the mechanism is expected to support the regions most affected by the negative socioeconomic effects of the transformation with about 55 billion euros over the period 2021–2027 and mitigate these effects. The fund is expected to benefit residents of the regions most affected by the transition, including through greater opportunities in terms of employment in new and transitioning sectors, opportunities for retraining, or investment in combating energy poverty. Businesses under the mechanism are to be supported in their transition to low-carbon technologies and economic diversification based on climate-resilient investments and jobs. For member states, the fund envisions supporting the transition to low-carbon and climate-resilient activities, creating new jobs in the green economy or investing in public, sustainable transport (Flisowska, Moore, 2019). The vast majority of the funds are to accrue to countries facing still high use of fossil energy, such as Poland, Germany, the Czech Republic, Bulgaria, Romania, Slovenia and Croatia.

The proposed solutions under the Equitable Transformation Fund are the first example in the European Union in which areas of support from two fields, CE and social policy, have been combined. The activities proposed in the fund are an CE example of synergy that approaches the problem holistically. The fund is part of the EU's extraordinary Next Generation EU, which is designed to help rebuild the EU after the COVID-19 pandemic and support investment in green and digital transformation. However, funds from the Fair Transformation Fund are a small slice of Next Generation EU. The bulk of the funds will be distributed under the Recovery and Resilience Facility. Financed in the form of loans and grants, the Facility is the basis for national reconstruction plans developed by member states. It is worth noting that both the Facility and the reconstruction plans were structured in a way that treats CE and social policy issues separately, so the Just Transition Fund can be seen as an exception in this regard. Especially since the cohesion policy for 2021–2027 in Poland and the rest of the EU is to be implemented for the most part through "traditional" national funds and regional operational programs, which will resemble in structure those of 2007–2013 and 2014–2020. While this is a convenient solution from the point of view of the distribution of funds and the implementation of indicators, the treatment of key areas that are subject to EU intervention separately may hinder the implementation of the main strategic objectives of the Community. The scale of the distribution of funds for Poland for 2021–2027, taking into account the sources of financing, is shown in the Table 6. The statement does not include funds from React EU and the Common Agricultural Policy.

Table 6. EU funds for Poland 2021–2027

Source	Next Generation EU		Multiannual Financial Framework
Fund	The Recovery and Resilience Facility	Just Transition Fund*	Structural and Investment Funds* ESF+, ERDF, CF, EMFF
Amount in billion euros	35.4	3.5	72.5

* Funds allocated to cohesion policy

Source: own elaboration, European Commission, 2022b; European Commission, 2022c.

The EU's most important strategy is the European Green Deal, which aims to transform Europe as a climate-neutral place by 2050. Optimally, all sources of funding (Next Generation EU and the Multiannual Financial Framework) should be subordinated to this goal. In the meantime, the European Commission indicates precisely which funds and to what extent it is to finance European Green Deal activities: EU countries must allocate at least 37% of the funding from the Instrument for Reconstruction and Enhanced Resilience, at least 30% of the funds they receive from the ERDF and 37% of the funds from the CF (European Commission, 2022d). The Commission does not require member states to fund climate action with ESF+ funds. Funding for the European Green Deal is at a record high, so naming ESF+ as another source of funding would not matter in terms of the scale of support, but it would be important in terms of synergies, i.e. linking environmental and social goals. Meanwhile, such a connection applied in the case of the Just Transition Fund, a small scale in relation to the total funds for the coming years. In the case of the European Pillar of Social Rights, the extent to which activities in this area should be financed by individual funds has not been indicated in detail, but they will mainly come from ESF+. No environmentally sensitive activities are envisaged in this area. Because of the importance of the European Green Deal to the Community Strategy, a solution in which it is envisaged to finance part of the environmental tasks from ESF+ should be considered optimal.

Table 7. Strategic areas of the main sources of funding for EU policies in 2021–2027

Source	Next Generation EU		Multiannual Financial Framework
Fund	The Recovery and Resilience Facility	Just Transition Fund*	Structural and Investment Funds* ESF+, ERDF, CF, EMFF
Strategic areas	I. Green transition II. Digital transformation III. Economic cohesion, productivity and competitiveness IV. Social and territorial cohesion V. Health, economic, social and institutional resilience VI. Policies for the next generation	I. Alleviate the impact of the transition by financing the diversification and modernisation of the local economy II. Mitigating the negative repercussions on employment	I. Single market, innovation and digital II. Cohesion, resilience and values III. Natural resources and the environment IV. Migration and border control V. Security and defence VI. Neighbourhood and the world VII. European public administration

Source: own elaboration, European Commission 2022e; European Parliament & Council of the European Union 2021c; European Parliament, 2022.

At the level of the main goals and pillars, shown in Table 7, it is not excluded that CE and social policy issues can be combined in some areas. As mentioned, in the case of the Equitable Transformation Fund, this is indicated explicitly. As for cohesion policy, the examples from 2014–2020 shown in Tables 1–5 indicate that CE and social inclusion areas are treated separately. In the case of the Equitable Transformation Fund, much depends on national reconstruction plans, in which there is a certain amount of discretion when it comes to writing down activities. It is in the individual member states that a discussion should take place on the appropriateness of combining the areas described both in terms of cohesion and reconstruction policy. The strategic framework that has been prepared at the level of the entire Community provides the opportunity to do this. In documents such as the Lisbon Strategy or the New Green Deal, economic and social issues are treated together, holistic solutions are proposed. At a lower level, i.e. in the planning of national and regional programs, these issues go into separate activities. In this way, CE and social policy issues very rarely “meet” with each other.

Meanwhile, it is possible to find such problems occurring at the community level that could be addressed more comprehensively. Using the example of the Polish Program European Funds for Infrastructure, Climate, Environment 2021–2027 (Ministry of Funds and Regional Policy, 2022), approved in October 2022, and the preliminary draft of the Program European Funds for Social Development 2021–2027 (Office of the Prime Minister, 2022), suggestions for the possibility of linking specific goals are presented. It should be noted that the latter program is currently in the working phase, so individual objectives are subject to change. Importantly, in the case of the European Funds for Infrastructure, Climate, Environment 2021–2027 program, it is indicated which priority axis will be financed by the ERDF and which by the CF. In the case of the European Funds for Social Development 2021–2027 program, all of it will be financed by ESF+. In addition, an attempt was made to match these proposals with the activities described in the annex Action Plan to the European Green Deal Communication (European Commission, 2022f). The proposed combination of activities was presented using the example of funds from the Multiannual Financial Framework. However, with Next Generation EU funds, joint initiatives

Table 8. Proposal to combine the areas of CE and social inclusion along with matching the European Green Deal with action

Specific Objectives – European Funds Program for Infrastructure, Climate, Environment	Proposal for linkage to the Program European Funds for Social Development 2021–2027	European Green Deal – proposal for linking to activities
Priority II – Support of Energy and Environment Sectors from the ERDF. Specific objective: to promote energy efficiency and reduce greenhouse gas emissions.	Priority I – Better policies for social development. Specific objective: to support the social integration of people at risk of poverty or social exclusion, including those most in need and children.	Climate ambition.
Priority II – Support of Energy and Environment Sectors from the ERDF. Specific objective: to promote renewable energy in accordance with Directive (EU) 2018/2001, including the sustainability criteria set forth therein.	Priority VI – Social innovation Specific objective: Macro-innovation.	Clean, affordable and secure energy.
Priority III Urban Transport Specific objective: To promote sustainable multimodal urban mobility as part of the transformation towards a zero-emission economy.	Priority I – Better policies for social development. Specific objective: to support active social inclusion in order to promote equal opportunities, non-discrimination and active participation, and to increase employment opportunities, especially for disadvantaged groups.	Sustainable and smart mobility.
Priority VI: Health Specific objective: Ensure equitable access to health care and support the resilience of health care systems, including primary health care, and support the transition from institutional to family and community-based care.	Priority IV – Health and long-term health care Specific objective: to support the adaptation of workers, businesses and entrepreneurs to change, to promote active and healthy aging and a healthy and well-adapted work environment that takes into account health risks.	Greening the Common Agricultural Policy.
Priority VII – Culture. Specific objective: Strengthen the role of culture and sustainable tourism in economic development, social inclusion and social innovation.	Priority VI – Social Innovations. Specific objective: macro- innovations; micro- innovations.	Preserving and protecting biodiversity.
Priority V – Support for the transport sector from the ERDF. Specific objective: To develop and improve sustainable, climate-resilient, intelligent and intermodal mobility at national, regional and local levels, including improved access to TEN-T and trans-border mobility.	Priority I – Better policies for social development. Specific objective: to support the social integration of people at risk of poverty or social exclusion, including those most in need and children.	Sustainable and smart mobility.

Source: own elaboration.

are also possible. The summary presented in Table 8 is the author's proposal indicating areas of potential synergy between CE and social policy, based on documents developed by the Polish government and the European Commission.

Both the gradual introduction of CE objectives and the spread of social inclusion in the EU, as presented in the article, are linked to the evolution of Community policies towards greater intervention by states in these two strategic areas. They have become, perhaps unevenly, the most important guideposts for the coming years. It can be said, according to Karl Polanyi's concept, that both areas fulfil the social purpose of the economy. This is achieved through statist state intervention. Both areas, CE and social inclusion, are clearly subordinated to national regulation, as well as at the level of the European community. The term embeddedness, proposed by a Hungarian scholar, seems key to describing this condition. Polanyi emphasizes the role of institutional regulation, binding markets to societies (Polanyi, 1944). The economy is subordinated to social relations and relies on the principle of reciprocity, exchange between different parties. Meanwhile, contemporary scientific discourse rarely incorporates social aspects into the concept of CE, focusing instead on the environmental and economic dimensions (Geissdoerfer, 2017). It can be said that social embeddedness is relatively rarely referred to in the study of the economy, and economists rarely refer to the Hungarian researcher's concepts. Polanyi's thought is more often cited by sociologists and political scientists (Cangiani, 2011). Social references are equally rare in relation to CE. For several years, there have been calls for the inclusion of social aspects in the CE debate, so that approaches to environmental issues should be more complex and complete (Blomsma & Brennan, 2017). J. Kirchherr, D. Reike and M. Hekkert, who analysed more than 100 definitions of CE, found a small share of terms referring to broad social issues (Kirchherr et al., 2017).

CE is a concept that is still evolving and requires new boundaries to be drawn when it comes to spheres of influence (Merli et al., 2018). Social issues arise in the broad concept of sustainability, but they are more about the human impact on the environment and the intergenerational distribution of resources (Sauve et al., 2016). Meanwhile, at the level of EU strategic documents, such as the Next Generation EU and the Multiannual Financial Framework, a number of pillars are envisioned that could expand the CE category to include other social areas. At the strategic level (Table 8), areas have been enshrined that can be treated broadly, i.e. including both perspectives. These include, for example, economic cohesion, productivity and competitiveness; policies for the next generation; mitigating the effects of transition by financing the diversification and modernization of the local economy or mitigating negative effects on employment. In this context, it is worth referring again to the measurable goals indicated in the Europe 2020 strategy, in the context of the new perspective. These are, first and foremost, Goal 2, concerning investment in research and development, Goal 3 related to renewable energy production, and Goal 5 relating to reducing the percentage of socially excluded people. A skilful selection of priorities and goals in the new financial perspective, assuming synergy of CE and AI activities, would be a soulful opportunity to push through even more ambitious indicators. This would require new initiatives, such as linking education to pro-environmental issues, creating programs to support employment in the CE-related sector, or fighting energy poverty more effectively. However, the example of translating the strategy into operational programs in Poland for 2014–2020 (Tables 1–5) shows that combining these areas is rare.

6. Conclusions

The issues described in the article relate to two key strategic areas in the EU: CE and social inclusion. Although the latter area has been present in Community policy for decades, and resources allocated to social objectives continue to increase, CE issues will dominate the EU for years to come. This is evidenced by the prominence of the European Green Deal. This is why it would be optimal to integrate social issues into pro-environmental measures in the EU.

The evolution of the EU's approach to environment and social inclusion, analysed in the article, indicate that the Community is responding quickly to current political, social and economic challenges. Right now, at the threshold of the beginning of the new financial perspective, but also at the moment of the greatest challenges in climate protection and energy policy, the EU can apply pioneering solutions to the inclusion of social issues in the construction of the CE model. However, this requires appropriate transformation of provisions from the strategic to the operational level. Even if some of the cohesion policy programs are ready, there is still a chance to modify other instruments, including those from the Next Generation EU.

The example of Poland proves that supporting areas related to CE and social inclusion separately is a more convenient solution from the point of view of implementation of indicators. A breakthrough of sorts could be the implementation of goals related to the Fund for Equitable Transformation, everything depends on the operational provisions prepared by member countries. Nothing prevents all operational programs from treating these areas together, which may translate into a more complete realization of the set goals.

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Acknowledgements and Financial Disclosure

None reported.

Conflict of Interest

The author declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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Published by the Krakow University of Economics – Krakow, Poland

Ministry of Education and Science
Republic of Poland

The journal is co-financed in the years 2022-2024 by the Ministry of Education and Science of the Republic of Poland in the framework of the ministerial programme "Development of Scientific Journals" (RCN) on the basis of agreement no. RCN/SP/0391/2021/1 concluded on December 9, 2022 and being in force until December 8, 2024.

Social Entrepreneurship Review
2023, Vol. 1

10.15678/SER.2023.1.03

Social economy entities as a place to develop green skills – research findings

Elżbieta Szczygieł, Renata Śliwa

Abstract: **Background:** Inner potential of social economy entities to drive an economy toward more circularity, energy renewability, sustainable food production opens their organizational schemes to green skills generation. Organizations operating in social economy can play a key role in learning-by-doing, rising consciousness, stimulating new solutions and operations.

Research objectives: The aim of the research analyzed in this paper was to identify opportunities for the acquisition and development of green skills among those taking up employment or internship in social economy entities.

Research design and methods: Various statistical methods were used to analyze the source material and verify the hypotheses, including: descriptive statistics, Pearson's linear correlation coefficient, Kruskal--Wallis ANOVA test. Testing was performed using Statistica 13.3 software.

Results: The conclusions withdrawn from the research conducted confirm the existence of the potential for the development of green skills inherent in social economy entities.

Conclusions: The organizational nature of the analyzed entities is conducive to the emergence of skills with less specialized requirements, but with possible qualities conducive to the development of circular behavior. Developing design thinking, creativity, the ability to adapt to future creeds and building resilience are seen as particular opportunities for the development of green skills, as activities involving circular behavior followed along with the desire to acquire these skills.

Keywords: social economy entities, green skills, circular behaviours
JEL Codes: B55, I25, Q59

Suggested citation:
Szczygieł, E., Śliwa, R. (2023). Social economy entities s a place to develop green skills – research findings. *Social Entrepreneurship Review*, *2*, 44–56. https://doi.org/10.15678/SER.2023.1.03

1. Introduction

Creating a low-carbon and circular economy (CE), recycling industries, recycling management for the better quality of life (Szczygieł, 2020) call for structural changes in a majority of traditional industries and enterprises (production and service processes, product offers). Here is where the emphasis on using skills green skills is put.

The potential of innovativeness of social economy entities (SEE) to drive an economy toward more circularity, energy renewability, sustainable food production encompasses green skills stimulation. The adjustment toward green transition opens for social economy entities an important role to play within learning-by-doing schemes, rising consciousness processes, stimulating new solutions and operations. Environmentally friendly projects aiming to avoid generation of waste, keep raw materials in the economy circuit as long as possible or increase sensitivity to energy savings lead the way toward green transition. To have an effect, green skills applied throughout an economy are indispensable. A special position is held herein by social economy entities. Their organizational schemes featured by a high degree of self-sufficiency/self-reliance/self-sustainability, social value creation, quick assessment of the unfulfilled needs and aspirations of society naturally induce the necessity of green skills application. Creating of a range of self-supporting organizational patterns throughout the collective efforts of social economy entities teams to create social benefits support building a movement towards creating a better environment, raising a voice for a green products and practices, making people realize their responsibility, launching products and services in the markets and creating new markets of environmentally friendly products and services. Social economy types of organizations harbor potential to orientate citizens towards environmental considerations, customers toward more care about food waste, workers and enterprises to save money out of energy or water saving attitudes. The necessity of the circular economy and the benefits perceived in the short-run perspective increased the pressure to adjust skills of workers demanded by the industries concentrating on more ecologically sustainable technologies. Growing need for the skills to perform ecologically-oriented tasks introduce the green skills as a promising field to develop.

The paper includes core sections on the circular economy and green skills literature analysis and empirical results of the research that is targeted at identifying opportunities for the acquisition and development of green skills among employers or trainees in social economy entities.

2. Literature review: Green skills and the Circular Economy

There is an increased demand for additional skill profiles identified to be applied in enterprises, to be trained, to complement a range of existing job positions.

Therefore, workers are expected to be equipped with the skills to resolve the energy and resource allocation more efficiently. The required skills can be perceived within the dimensions concerning knowledge; tools, machinery, and technological developments; understanding and consciousness of materials used; production of goods and services (Strietska-Ilina et al., 2011).

The property of SEE is to provide small-scale, low-cost solutions adapted to local conditions (Huybrechts et al., 2012), which gives them the power to act, and stimulate them to adopt more innovative and more cost-effective attitudes. In addition, the high level of self-sufficiency, the ability to quickly assess social needs and expectations (Light, 2006), and the adaptive potential geared towards organizational structures based on value creation on the basis of team effort can provide a good ground for formulating answers to problems arising from the search for solutions geared towards stimulating a resource-efficient economy (Korsunova et al., 2018; Wastling et al., 2018), including the development and adaptation of green skills. Social entrepreneurship is marked by processes of arriving at solutions by trial and error within the framework of discovery, selection, failure, destruction with the perspective of multiplying the value of the common good (Valter et al., 2017; Dart, 2004; Peredo et al., 2006).

Social transformation in its sustainability overtones is considered to be significantly catalyzed by social entrepreneurship as the creator of innovative solutions to social problems, mobilizer of ideas, multiplier of capacities and resource (re)allocation, social changer in long-term perspective. The transformative power of social economy entities in realization of social goals is a manifestation of development, in which the need to achieve a social goal is combined at the same time with the search for new ways to social goals and new forms of economic organization. SEE in supporting production of social capital stimulate learning processes in societies of diverse structures (Hasan, 2005). They participate in developing "effective knowledge and learning for (…) fostering a resilient future for them and their future generations" (Kong, 2019). In using business models to solve social or environmental problems (Rhoden, 2014), they play a major role in the conservation and protection of natural environment sustainability, where green skills are of a key importance. Social enterprises are conductive through their context of day-to-day practice within which citizens are oriented towards social and environmental services and products. Considering that social enterprises' primary aim and structure is explicitly environmental because of their social sensitivity, the costs of their activities (recycling, promoting organic food, saving energy), their endeavors to achieve social aims through the most environmentally sustainable manners (Smith, 2005), their exploration as a space for green skills to thrive is by all means justified.

Green entrepreneurship is an approach to the market involving solutions to tackle local problems emerging from a larger social system. It is attuned to triggering the "cascade of mutually-reinforcing changes that create and sustain transformed social arrangements" (Alvord et al., 2004).

To evolve in the green entrepreneurship domain there are green skills that define the potential to perform in profit-maximizing sphere without endangering natural ecosystem – to establish/constitute sustainable economic prosperity tracks.

Green skills designate and determine the green transition to enable environmentally friendly solutions in production, consumption and investment processes, to offer environmentally-safe products and services (Kowalska et al., 2022), and to support the circulation of products at their highest level of value.

Circular behaviors which are strictly connected with green skills depend on the easiness and effectivity introduced (Zrałek et al., 2020). Through such attitudes as the ones of households that is: using less running water and electricity, being more focused on reducing waste within the processes of buying food and other products, undertaking daily activities being of circular nature to save money as well as to caring about world environment, one can confirm the visible value of the application of small step method, not too complicated actions to undertake, soft skills with no expertise knowledge required (Szczygieł et al., 2022) which also dominate in the organizational culture of SEE.

3. Research Method and Material

The aim of the research was to identify opportunities for the acquisition and development of green skills among those taking up employment or internship in SEE. In this regard, not only the declaration of representatives of enterprises was taken into account, but reference was made to specific activities undertaken by social enterprises and concerning the implementation of the idea of circular economy. The article adopted the following research hypotheses:

H1: Work/activities in a social enterprise are conducive to the acquisition of selected green skills depending on the frequency with which CE implementation activities are undertaken in practice.

H2: CE implementation activities are undertaken in social enterprises based on the similarity of these activities.

The article uses data from an international survey of social enterprises carried out by a diagnostic survey method using an online survey questionnaire and an in-depth interview questionnaire. The research was conducted from March to June 2022 in four European Union countries: Belgium, the Czech Republic, Greece and Poland. The sample consisted of a total of 81 social enterprises, of which 20 each came from Belgium, the Czech Republic and Greece, and 21 from Poland. In-depth interviews were also conducted with 15 of these entities. The sample selection for the study was purposive. The Authors used the available directories of such entities, deliberately making a sample selection by subject of activity. Entities related to the industries assumed in the project (i.e. rural development, renewable energy, reuse and recycling, sustainable housing and agriculture). The average number of years of these entities operation amounted more than 8 years (in Poland it was 7.4 years, in Belgium – 3.1 years, in Czechia – 12.8 years and in Greece – 8.5 years), with the shortest activity being 0.5 year and the longest being 32 years. The longest operating entity was located in the Czech Republic. Due to the limited size imposed by the requirements of the project, the conclusions of the analysis can only apply to the surveyed social enterprises, possibly similar ones operating in the same industries. Nevertheless, the conclusions may provide a starting point for conducting further analysis in the studied area. The Circular Economy behaviors studied included 16 potential activities undertaken by enterprises in this regard, rated on a scale from 1 (never) to 5 (always):

1) If I design my organization's product I consider its life cycle,
2) We reduce or manage post-production waste,
3) We buy recyclable products,
4) We turn off lights in unused rooms,
5) We unplug appliances when we are not using them,
6) We take care of small electronic and technical equipment, thus prolonging its life,
7) When choosing electronic and technical equipment, we are guided by its energy class,
8) We use water sparingly,
9) We use solar panels or photovoltaic collectors,
10) We use renewable energy resources,
11) We share equipment with others or use it on a rental basis (not buy),
12) We use paper more than once (e.g., printed on one side, we use it for dirty writing),
13) We use used electronic and technical equipment (e.g., leased laptop),
14) We use used furniture, repairing or refurbishing it to use again,
15) Repair broken small electronic and technical equipment (e.g. telephone, electric kettle),
16) Repair large electronic and technical equipment (e.g., computer).

Various statistical methods were used to analyze the source material and verify the hypotheses, including: descriptive statistics, Pearson's linear correlation coefficient, Kruskal-Wallis ANOVA test. Testing was performed using Statistica 13.3 software. Considering the significance level $\alpha = 0.05$, the following statistical significance was assumed: $p < 0.05$ – existing statistical significance (*); $p < 0.01$ – high statistical significance (**); $p < 0.001$ – very high statistical significance (***).

4. Results and Discussion

The social economy entities surveyed most often took uncomplicated actions to implement CE principles (Figure 1). The circular actions implemented most often by them were primarily related to: turning off lights in rooms that are not being used (behavior No. 4; mean 4.23) and using water sparingly (behavior No. 8, mean 4.19). The surveyed companies were least likely to take actions related to: using photovoltaic panels (behavior No. 9, average 2.1) and using renewable energy sources (behavior No. 10, average 2.21).

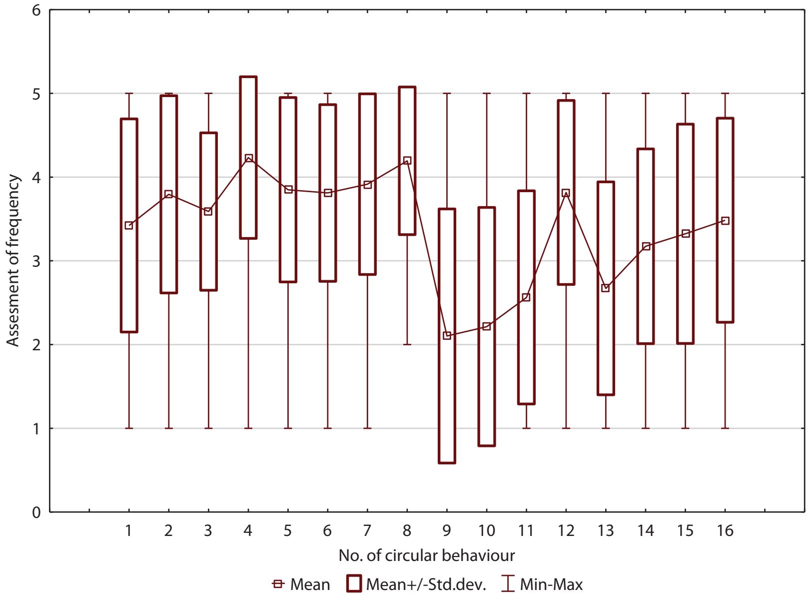

Figure 1. Distribution of frequency of circular behaviors undertaken in surveyed social economy entities

Source: own elaboration based on survey results.

The average frequency of engaging in all circular behaviors was 3.39 for the surveyed entities, indicating slightly more frequent (than average) activity in activities aimed at implementing CE (Table 1).

Table 1. Frequency distribution for the average level of circular behavior

	Average	Standard deviation	Minimum	Maximum	Coefficient of variation
Belgium	3.28	0.52	2.78	4.62	15.85
Czech Republic	3.19	0.96	1.38	4.75	30.04
Greece	3.27	0.65	1.69	4.0	19.69
Poland	3.76	0.44	2.81	4.6	11.74
Total	3.39	0.71	1.38	4.75	20.88

Source: own elaboration based on survey results.

This average provides a benchmark for verifying the assumptions made in hypothesis 1. A statistically significant moderate positive linear correlation was observed between the frequency of circular behaviors undertaken and the assessment of the possibility of acquiring green skills by employees or trainees in the surveyed companies. The value of Pearson's linear correlation coefficient was ($r = 0.442$). As for the assessment of opportunities for the development of specific skills, a statistically significant positive correlation was indicated between soft skills and the adoption of circular behavior by the surveyed companies (Table 2). This means that in the surveyed SEE it is much easier to acquire those of the skills that do not require specialized knowledge, while the circular behavior undertaken seems to be an opportunity for their development.

Table 2. Pearson's linear correlation coefficient value between the ability to acquire detailed green skills and the overall frequency of circadian behavior

Specific skills	Pearson's linear correlation coefficient
Engineering and technical	0.2376
Scientific	0.1666
Operational management	0.2880*
Monitoring	0.3160*
Design thinking	0.4001*
Creativity	0.5022*
Ability to adapt to future challenges	0.6008*
Building resilience	0.5561*

Source: own elaboration based on survey results.

Analysis of differences in the frequency of undertaking circular behaviors by the surveyed social enterprises versus the ability to acquire specific skills showed that they were statistically significant for design thinking ($p = 0.0067$), creativity ($p = 0.0036$), the ability to adapt to future challenges ($p = 0.0003$) and building resilience ($p = 0.0013$). The results of the Kruskal-Wallis ANOVA test further indicated that the differences were in the individual frequencies of engaging in circadian behavior relative to the specific frequency of the declared ability to acquire skills. In other words, a more frequent declaration of the possibility of acquiring green skills was accompanied by a more frequent undertaking of circular practices in a given enterprise. This was particularly true for four skills (Table 3; Figure 2).

Table 3. Results of the Kruskal-Wallis ANOVA test for differences between the ability to acquire detailed green skills and the frequency of circadian behavior

Szczegółowe umiejętności	The value of empirical statistics	*p* for the differences			
		total	between		
			never and *often*	*never* and *always*	*rarely* and *always*
Engineering and technical	2.36	0.6691			
Scientific	2.32	0.6768			
Operational management	4.91	0.2960			
Monitoring	6.62	0.0848			
Design thinking	14.17	**0.0067****	**0.0446***	**0.0067****	
Creativity	15.61	**0.0036****	**0.0186***	**0.0100***	
Ability to adapt to future challenges	20.81	**0.0003*****	**0.0143***	**0.0008*****	**0.0247***
Building resilience	17.96	**0.0013****	**0.0249***	**0.0158***	**0.0479***

Source: own elaboration based on survey results.

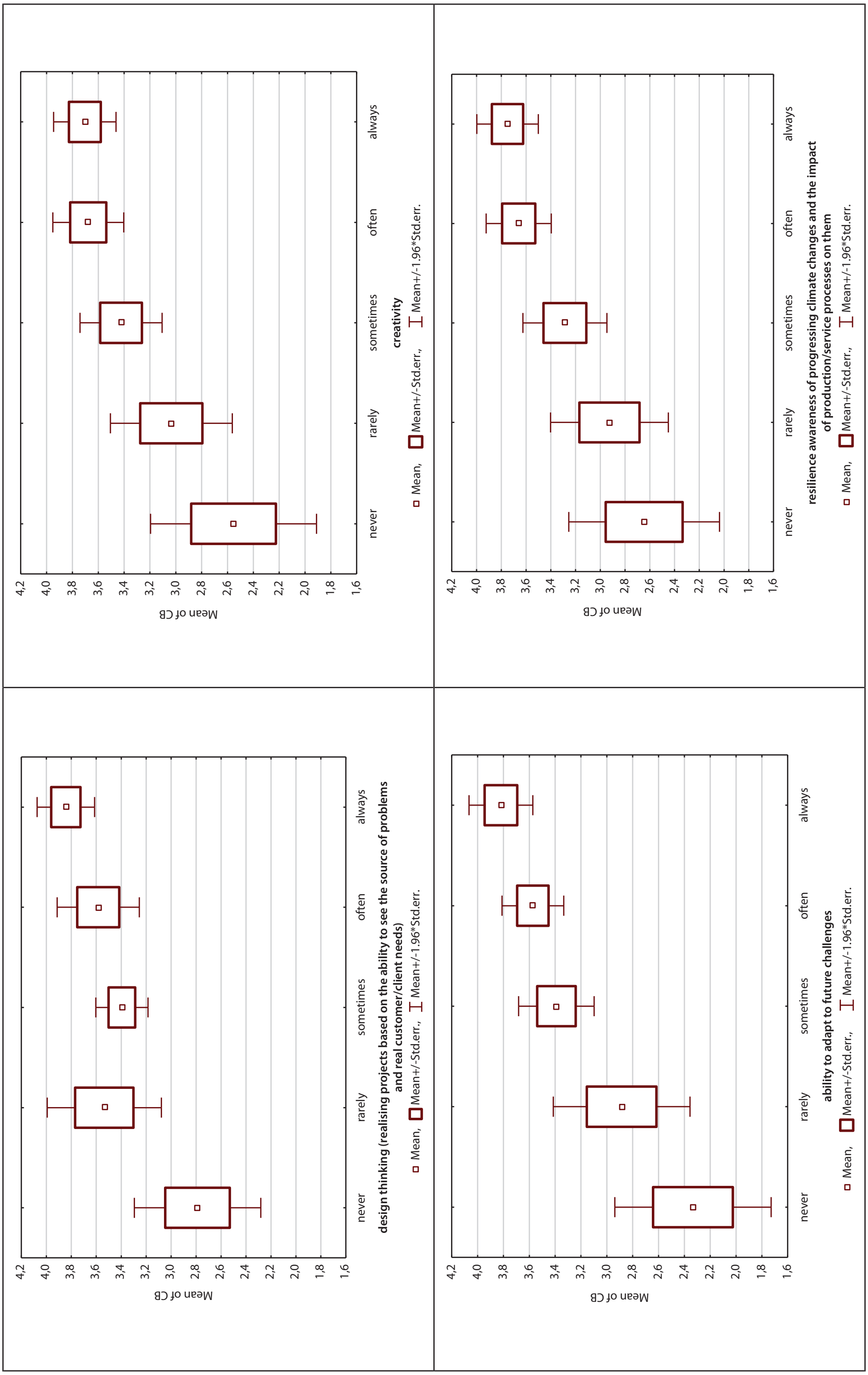

Figure 2. Declared frequency of skill acquisition vs. frequency of circular behavior in surveyed social enterprises

Source: own elaboration based on survey results.

On this basis, it can therefore be assumed that the relationship established in the first research hypothesis was confirmed. For those involved in work at the surveyed social enterprises, the possibility of acquiring selected green skills significantly increased if, at the same time, the enterprise declared a higher frequency of circular activities.

Analyzing the patterns of activities undertaken by the surveyed social enterprises, they were classified into similar clusters. Combining behaviors into clusters used Ward's Method, while distances were calculated as the square of the Euclidean distance. The results of this analysis indicated that circular behaviors in the surveyed enterprises could be divided into four groups (Figure 3).

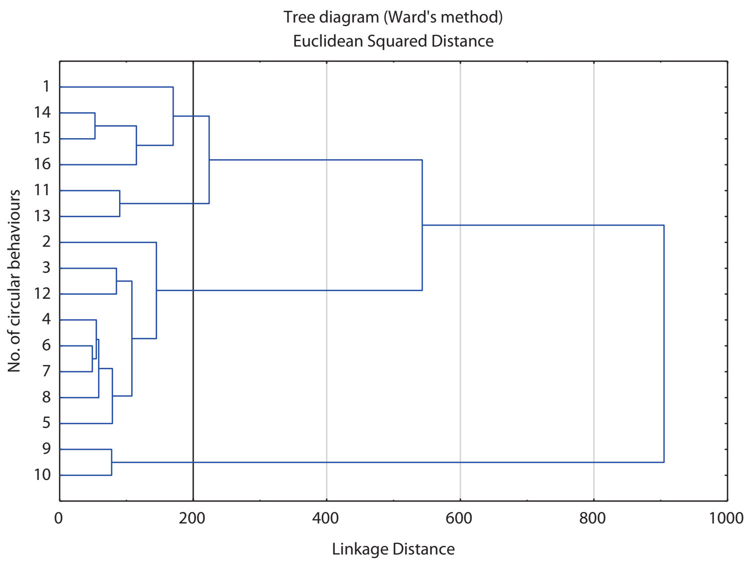

Figure 3. Hierarchical tree diagram for the declared frequency of circular behavior undertaken in the surveyed social enterprises

Source: own elaboration based on survey results.

Based on bond analysis, the order of formation of nodes, that is, the similarity of the frequency of undertaking circular behaviors in the surveyed companies, was indicated. Table 4 shows the behaviors included in each group and the order of formation of nodes within each group (starting with the most similar behaviors).

Included in the first group are activities related to repairing electronic equipment or furniture and guiding the design of products through their life cycle. These are related activities because repair and reuse may be accompanied by a reflection on how the product should be designed to make such activities go easily and efficiently. Hence, if social enterprises are engaged in this type of production, they can anticipate needs based on their own experience. The second group includes activities related to sharing and using used equipment. These activities, too, are marked by similarities, probably due to the business philosophy adopted. The change from „ownership" to „access to functionality" of this equipment is often the result not so much of a pro-environmental approach, but of economic viability. The third group includes activities that, although undertaken in different spheres of the enterprise's opera-

Table 4. Grouping circular behaviors based on their agglomeration results

Group 1	Group 2	Group 3	Group 4
14. We use used furniture, repairing or refurbishing it to use again 15. We repair broken small electronic and technical equipment (e.g. telephone, electric kettle) 16. we repair large electronic and technical equipment (e.g. computer) 1. If I design a product of my organization I take into account its life cycle	11. We share equipment with other entities or use it on a rental basis (not buy) 13. We use used electronic and technical equipment (e.g., leased laptop)	6. We take care of small electronic and technical equipment, thus prolonging its life 7. When choosing electronic and technical equipment, we are guided by its energy class 4. We turn off lights in unused rooms 8. We use water sparingly 5. We unplug devices from the contact when we are not using them 3. We buy recyclable products 12. We use paper several times (e.g., printed on one side, we use it for a dirty pen) 2. We reduce or manage post-production waste	9. We use solar panels or photovoltaic collectors 10. We use renewable energy resources

Source: own elaboration based on survey results.

tion, are similar in nature. They mainly concern day-to-day activities related to the daily use of equipment (care, choosing energy-efficient ones), the economical use of resources (electricity, water) or the reuse of materials (paper, post-production waste). Thus, these are activities that do not require complicated actions or large financial or organizational outlays. The final, fourth group includes activities related to the use of renewable energy sources, especially solar energy. These activities are associated with the need for large investments at the outset and require changes in the organization of the organization's operations. Therefore, the second research hypothesis, which assumed that CE implementation activities are undertaken in SEE on the basis of similarity of these activities, can be confirmed in this case as well. In other words, undertaking certain activities related to the implementation of the closed-loop economy may result in the addition of other similar activities.

Summarizing this analysis, it is worth pointing out that some correlations can be seen between specific activities aimed at implementing CE in the surveyed social enterprises (belonging to each of the clusters) and the declared ability to acquire skills (Table 5).

For the first group of activities, a correlation was found with seven skills, although the most common correlation was with the last four (design thinking, creativity, adapting to future challenges, and building resilience). Looking at the circular activities included in this group, one can find a high correlation with the development of these particular skills. In the case of the second group, the correlation with both activities was related to monitoring and resilience-building skills. The sharing of equipment and the use of used equipment can indeed be linked to these two skills, through the need to monitor changes and available offerings in the market and, for example, to optimize costs as part of building advantage (and thus resilience of the company).

Table 5. Spearman's rank correlation results for declared rang frequencies of circular activities and skill acquisition opportunities

CB	Engineering and technical	Scientific	Operational management	Monitoring	Design thinking	Creativity	Ability to adapt to future challenges	Building resilience
Grupa 1								
4	0.0696	0.0176	0.2019	0.1594	**0.3635***	**0.3424***	**0.3265***	**0.3363***
5	0.1405	0.0742	**0.2469***	**0.2967***	**0.3846***	**0.3975***	**0.4661***	**0.4302***
6	0.1665	**0.2742***	**0.2557***	**0.2567***	**0.3753***	**0.3363***	**0.4328***	**0.2355**
	0.2188	0.2342	0.2306	0.1785	**0.4505***	**0.4313***	**0.3459***	**0.4315***
Grupa 2								
1	0.2352	0.2121	0.1514	**0.2855***	0.2045	**0.3422***	**0.3764***	**0.4077***
3	0.0522	0.1047	0.2333	**0.2960***	0.2089	0.2041	0.2023	**0.2784***
Grupa 3								
	−0.0225	−0.0165	0.0421	0.0317	0.1989	0.1981	**0.4040***	**0.3534***
	−0.0756	0.0002	0.1059	0.1512	0.1967	**0.2420***	**0.4140***	**0.3522***
	0.0627	0.0556	0.0574	0.0662	**0.2349***	**0.2679***	**0.3413***	**0.2732***
	−0.0209	−0.0051	0.0627	0.0652	0.1475	0.2275	**0.2851***	0.1498
	−0.0015	−0.0333	−0.0243	0.1167	**0.2486***	0.2391	**0.3493***	**0.3355***
	0.2060	0.2126	0.2268	0.2734*	**0.3128***	**0.3167***	**0.5110***	**0.4320***
2	0.1274	0.0541	0.1823	0.0649	**0.2404***	**0.4212***	**0.3805***	**0.2726***
	0.0205	−0.1456	−0.0176	−0.1232	0.1028	0.1188	**0.2949***	0.1598
Grupa 4								
	0.1947	0.0862	0.1137	0.1736	−0.0407	0.1382	0.0395	0.1732
0	**0.2484***	0.0859	0.1068	**0.2421***	0.0052	0.2409	0.1458	0.2353

Note: CB – number of circular behavior

Source: own elaboration based on survey results.

For the third group, circular activities were mostly related to the ability to adapt to future challenges. In this case, current, non-complex activities developed habits useful in the future. The view of the relevance of actions related to fighting or adapting to climate change is now widely accepted, so it will be necessary to make changes in the functioning of businesses and entire societies. Undertaking „today" behaviors to counteract the negative consequences of climate change, may provide an advantage „tomorrow." For the fourth group, which included activities related to the use of renewable energy sources, the correlation with engineering and monitoring skills proved to be important. In this case, there is rather little doubt that such activities require such skills and undertaking them by SEE provides an opportunity to acquire and develop them in the employees or associates of such entities.

5. Conclusions

The presented conclusions of the empirical research conducted within the framework of this article confirm the existence of potential for the development of green skills inherent in social economy entities.

The organizational nature of the analyzed entities is conducive to the growth on their grounds of skills with less specialized requirements. The formation of these skills is largely due to the nature of the activities undertaken by the entities. The more circular they are, the greater the likelihood of developing green skills among employees and trainees in social economy entities.

Developing design thinking, creativity, the ability to adapt to challenges and building resilience are seen as particular opportunities to develop green skills. However, they are, as it were, a result of what the entity itself undertakes. If there is an active pro-circular attitude in the entity expressed in undertaking such activities, the easier it is to acquire green skills through involvement in the activities of such an entity.

People working for the analyzed organizations had increased opportunities to acquire and develop green skills, and the activities undertaken for circularity were introduced based on the similarity of these activities, which indicates a kind of cascade process, when one activity entails another similar to the previous one.

The four groups of circularity activities identified (Table 4) showed connections to the identified skills during the study: group one of circular activities in particular with design thinking, creativity, adapting to challenges or increasing resilience; group two with monitoring skills (tracking changes, availability of market offers) and increasing resilience (optimizing costs); group three with adapting to challenges by developing useful habits; group four was correlated mainly with engineering and monitoring skills, which are required to operate technology related to renewable energy sources.

Therefore, for the organizations and the society in general, social economy entities represent a particular field of potential to develop green skills. They contribute by constituting the specific circularity–, resilience– and adaptability–led features of organizational culture. The research findings presented above indicate a link between circular activities implemented by social economy actors and the possibility of acquiring and developing green skills. Simple activities that have the effect of reducing the need for new resources can lead to the development of workers' skills potential. This is more important because knowledge of green skills (e.g. from training or awareness-raising campaigns) should be accompanied by a concrete example, even if not directly realised, of behaviour aimed at implementing circular economy principles.

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All authors have read and agreed to the published version of the manuscript.

Acknowledgements and Financial Disclosure

The research was funded by Erasmus + Programme within the project „Socially Driven Green Labs – Harnessing the potential of the Social Economy towards a green transformation through the establishment of Socially Driven Green Labs within Universities (2021-1-PL01-KA220-HED-000032077).

Conflict of Interest

The author declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

Published by the Krakow University of Economics – Krakow, Poland

Ministry of Education and Science
Republic of Poland

The journal is co-financed in the years 2022-2024 by the Ministry of Education and Science of the Republic of Poland in the framework of the ministerial programme "Development of Scientific Journals" (RCN) on the basis of agreement no. RCN/SP/0391/2021/1 concluded on December 9, 2022 and being in force until December 8, 2024.

Social Entrepreneurship Review
2023, Vol. 1

10.15678/SER.2023.1.04

Social aspects of clustering as an innovative form of entrepreneurship in agribusiness

Roman Chorób

Abstract: **Background:** Trust is the primary outcome of social cooperation rules rooted in national and group culture, which make up social capital, and is particularly important in fostering integration. Actors in an integrated system invest their trust in one another, but especially in the cluster head. Trust provides an opportunity to reduce transaction costs, which are critical where particularisms and excessive regulation may disrupt both the cluster's operation and the dominance of corporate and bureaucratic culture.
Research objectives: The main aim of the study is to emphasise the importance of trust in initiating and developing innovative integration ties as part of cluster structures.
Research design and methods: The data was obtained from a survey conducted among entrepreneurs – participants in cluster initiatives in the agrifood industry in Podkarpackie Voivodship. The study covered all 99 members of the above-mentioned clusters. Descriptive statistics, Cramer's V coefficient, and Pearson's chi-squared test were used to analyse the data.
Results: The findings of demonstrate that trust, as a critical component of social capital, serves as the foundation for any cooperative network structure.
Conclusions: One of the most important prerequisites for an economy's dynamic expansion is the development and operation of effective integration structures.
Keywords: trust, integration processes, cluster structures, coopetition, agribusiness
JEL Codes: D41, F15, L20, O31, R11

Suggested citation:
Chorób, R. (2023). Social aspects of clustering as an innovative form of entrepreneurship in agribusiness. *Social Entrepreneurship Review*, *1*, 57–68. https://doi.org/10.15678/SER.2023.1.04

1. Introduction

There are strong correlations between the structure and volume of food consumption and the level of agribusiness development. On the one hand, consumer food demands chart the course for agribusiness growth, while on the other, the degree of the latter determines the level at which consumer food needs are met. Active socioeconomic policy programmes in rural regions should be pursued in order to revive local economies, taking into account the vertical and horizontal connections (or integration) between all the links in the agribusiness chain. The increasingly common, particularly in rural areas, creative integration links, or agro-industrial clusters, are an example of this integration. They contribute to the reduction of production costs, stimulate economic activity, and, as a result, boost the local competitive advantage. Innovative integration processes in agribusiness affect not only production and distribution, but also the entire rural institutions system and the awareness of the local community. The process contributes to the emergence of communities made up of people who value entrepreneurship, innovation, and are ready to learn.

The main aim of the theoretical part of this study is to identify entrepreneurial behaviour as one of the critical factors influencing the development and operation of innovative forms of integration links in agribusiness. The notion of clustering is briefly introduced, followed by an exploration of the role of trust in an innovative organisation. Finally, the significance of cooperation in such structures is demonstrated. The empirical part of the study focuses on the operation of four clusters that bring together enterprises in the food industry to characterise the scope of collaborative operations carried out by their member organisations. The selection of cluster structures as the subject of the analysis, namely the AGRO-KARPATY Podkarpackie Agricultural and Food Cluster, the Podkarpackie Smaki Cluster, the Podkarpackie Ecological Food Cluster, and the Serwatkowa Kraina Cluster, was deliberate, as they were the only clusters with their headquarters and operating in the said region at the time the research was conducted.

The basic cognitive aim of the study underlies the research hypothesis that cluster structures have a positive effect on the local and supra-local communities, primarily in terms of building trust and benefits from cooperation, thereby favouring the growth of their competitiveness and economic innovation. The literature on the idea of clustering and its advantages, the importance of trust in corporate connections, and the role of cooperation is discussed in the opening part of the paper. The research methodology is covered in the second section, which is followed by a presentation of the author's original research's findings and their interpretation. These findings are then compared with those obtained by other authors in the discussion section, which proved to be a challenge, given the fact that this study fills a certain gap, particularly in terms of the selected industry and the area of focus. The study concludes with a summary of findings and a handful of suggestions for further research.

2. Literature review

Contemporary economic development is affected by two main factors. One of them is knowledge, both at the level of direct production and management; and the other innovation defined by the OECD as all technological, scientific, organisational, financial and commercial activities aimed at developing and implementing new products or processes or significantly improving them (OECD, 2018). On a global, national, and regional scale, investing in innovation and the knowledge-based economy is currently a prominent and effective development strategy. As a result, the concept has emerged as a crucial component of the Europe 2020 Strategy, which recommends that the most pressing contemporary challenges – including climate change, dwindling energy supplies, population ageing, and declining health of societies worldwide – should be approached in terms of innovation (Babiak, 2011, pp. 155–156; Dworak et al., 2014, pp. 75–94; Jagódka, 2021; Pająk, 2016, pp. 211–223).

The concept of clustering fits neatly into this trend, which is today regarded as one of the tried-and-true methods of implementing innovation strategies. In general terms, a cluster is a type of vertical and horizontal link among enterprises, the world of science, and numerous organisations (the terms group and industrial bundle are frequently used in the literature). The major purpose of such collaboration is to achieve a state of synergy or the integration of the operations of numerous organisations in order to reduce product development and promotion costs, which has a favourable effect on profits. Without a doubt, it promotes innovation in enterprises, for example, by facilitating the transfer of information and scientific concepts into production. Such an approach reflects a fairly new way of thinking about enterprise competitiveness; yet, in many industrialised countries, it is a feature that contributes to the prosperity of regions where business sectors are already organised in this manner (Babiak, 2011, p. 157).

The goal of the cluster-based regional development policy (CBP) is to coordinate operations in many spheres of the political, economic, and scientific life. This results in the development of a coherent system and a distinctive system of communicating vessels, where research supports production technology, education meets the actual needs of the labour market, and fostering the competitiveness of local businesses encourages foreign investment, among other things. The primary distinction between the concept under discussion and the conventional regional development model is the decision by local governments to forgo the customary direct or, to put it more bluntly, manual control of the local economy in favour of indirect and stimulatory policies. Under such circumstances, clusters become a support and activation mechanism, unlocking natural entrepreneurship. This is one of the most significant advantages of implementing a CBP: the benefits accrue throughout the entire region, not only to the entities involved in the project (Wierżyński, 2013).

An important issue in this area is trust, which is the main product of the norms of social cooperation, anchored in national and group culture, which make up social capital (Fukuyama, 2000). Contemporary research reveals direct relationships between trust and other processes in the economic environment. Transparency of economic and public relations requires a minimum level of trust secured in interpersonal relations (Krannich, 2013, p. 55). It is important to note that trust is built on expectations of other people, therefore recognising these expectations is critical to developing this type of relationship that presupposes a comparable or related range of values and shared meanings. Many scientists, including F. Fukuyama (1997) have underscored the role of shared meanings and values as the foundation of trust. Shared values provide a framework for social standards that promote predictability and credibility, permitting complex cooperative efforts (Uslaner, 2002).

An important aspect of empirical experience for creating networks or cluster structures is the belief that trust can be built even between people from different organisational cultures or individuals who do not share any values other than their limited commercial goals (Huotari & Iivonen, 2005). Trust offers opportunities to reduce transaction costs, which are critical in the functioning of mechanisms where, on the one hand, all manner of particularisms and, on the other hand, an excess of regulations and procedures may disrupt both the cluster's very operation and the dominance of corporate and bureaucratic culture. Moreover, social capital, including its component known as organisational culture, with trust prominent among other cultural values, can regulate specific aspects of human behaviour in personal and inter-organisational relations to reduce the inevitable transaction costs within enterprises and among business partners (Krannich, 2013, p. 58; Putnam, 2000; Bourdieu, 1986; Coleman, 1988; Knack, 2002).

Organisation members (mainly managers) can strengthen and consolidate trust by building social capital and adapting new elements of organisational culture (Fukuyama, 2000). These relations can be formed both within and between cooperating organisations. Each trust-building element and the links among them should be intimately known and understood by managers. It is worth noting that in the business environment, many countries support the creation of industrial clusters, where companies can develop their skills to compete with global industry leaders (Kuei-Hsien, 2010, pp. 141–155; Knop & Stachowicz, 2013), among others by sharing resources, innovation opportunities, and knowledge transfer. Researchers are increasingly demonstrating the importance of clusters in boosting a company's competitive advantage as well as regional competitiveness. Since industrial clusters provide a unique setting for access to knowledge resources in a streamlined process of information absorption, organisational knowledge based on the use of trust is vital (Saxenian, 1994; Knop & Stachowicz, 2013; Choròb, 2019).

The reality of the market economy demonstrates that the price mechanism, which manifests itself largely as competition among firms, is accompanied by the emergence of cooperative relations between competitors. Coopetition, also known as co-opetition, as a new approach for controlling the behaviour of economic entities results from the symbiotic relationship of competition and cooperation that develops in specific industries or relationships between organisations (Jankowska, 2012, p. 54). The term combines the principles of cooperation and competition and is closely tied to cluster development. Although the notion in question first appeared in economic sciences in the 1980s, it is only now that it is gaining traction, along with the growing relevance of clusters for the development of a contemporary, innovative economy. The increasing importance of creative industries caused by the globalisation of markets reflects intensifying competition among the participants in globalising industries, more complex customer expectations, and a strong appreciation for intangible resources such as brands and know-how (Chorób, 2013).

The essence of coopetition is that enterprises strive to gain a competitive advantage thanks to their unique resources, competencies, and market position, while trying to integrate their strengths with those of their rivals, suppliers, customers, and other business partners. On the one hand, coopetition involves the joint use of competitive potential by coopetitor firms, and on the other, a constant fierce competition through cost leadership or differentiation of market shares, and stimulating technological changes in the industry. The ability to take advantage of this kind of relationship poses a considerable challenge (Jankowska, 2012, p. 58). Figure 1 shows the approach to coopetition proposed by Bengtsson et al. (2003).

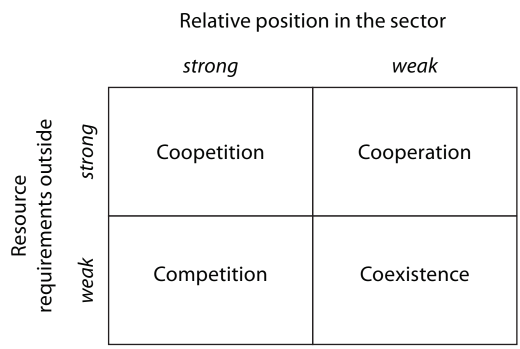

Figure 1. Coopetition as one of the types of relations between competitors

Source: Bengtsson et al. 2003, pp. 3–4, as cited in Jankowska, 2012, p. 58.

Enterprises wishing to benefit from coopetition must recognise the importance of both competition and cooperation. In coopetitive relations, it is particularly important to create conditions conducive to fair cooperation and competition, and managing trust in business partners is an extremely valuable skill. The key challenge is to develop such management skills that will allow one to combine these opposing strategies and protect the business secrets of each company.

3. Research method and material

The empirical study conducted in 2015 focused on innovative integration ties emerging in the agrifood industry in Podkarpackie Voivodship among the entrepreneurs-participants of four cluster initiatives (clusters) in the studied area. It covered all 99 members operating in these clusters, who were asked to complete a questionnaire and participate in an in-depth interview. The contacts and data for the survey were provided by representatives of institutions managing individual clusters. Those entrepreneurs-participants who declared their membership in more than one cluster were requested to complete one questionnaire. Nineteen entrepreneurs – cluster members refused or did not respond to the survey questions; in view of the above, the research findings are based on 80 correctly filled questionnaires, which constitute a representative research sample.

The choice of the survey as a research method was dictated by the fact that some data cannot be obtained in any other way. Admittedly, its major drawback is that it provides intersubjectively unverifiable information (Stachak, 1987, p. 157); as a result, in-depth interviews were conducted by individuals with appropriate experience, including personally by the author of this study.

In the following part, the author attempts to determine the relationship between the emergence of innovative integration links and selected variables that characterise the participating entities, such as organisational form, number of employees, duration of business operations, and net income. As is the case with other entities, a variety of external and internal stimulating and disintegrating factors that affect the development of innovative integration links have been considered. Furthermore, management in an integrated system is characterised by a higher degree of complexity, a higher level of risk, and more difficult tasks to complete than that in non-integrated entities.

4. Results and discussion

The idea of a cluster expands the concept of social capital by considering the mechanisms through which network relations in a given geographic location benefits individual businesses. These advantages derive from mutual trust and organisational interdependence, which are enhanced by ongoing encounters and awareness of shared interests in a given region. They strongly encourage the development of interactions that promote efficiency, stimulate innovation, and lead to the establishment of new enterprises. Efficient communication facilitates these processes, which, if managed properly (e.g. by using marketing communication tools), may stimulate the creation of even stronger ties among the cluster participants (Porter, 2001, pp. 246–248).

The research findings support the above-mentioned considerations in the context of the relevance of trust and cooperation for the establishment of innovative integration ties. Figure 2 shows the factors that entrepreneurs believe affect the formation and expansion of cluster structures.

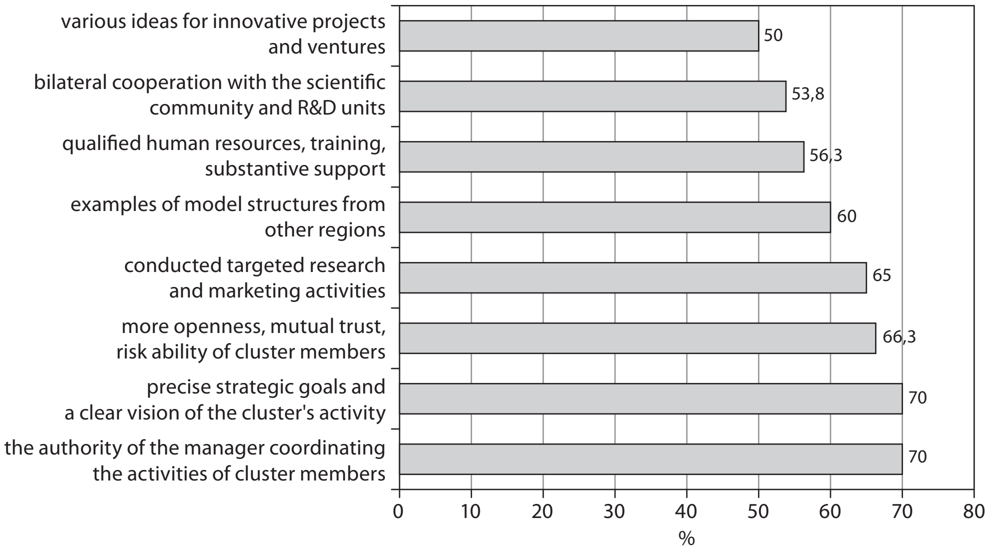

Figure 2. Determinants of the development of cluster structures in the opinion of entrepreneurs

Source: own study.

The data presented in Figure 2 clearly shows that according to the vast majority of the surveyed entrepreneurs, the key factors that contribute to initiating and developing clusters are: the authority of the coordinating manager, specific strategic goals and a clear vision for the cluster (70.0% of responses each). Given the topic at hand, the third item merits special attention: increased transparency, mutual trust, and the ability to take risks in business (indicated by 66.3% of the respondents). The survey participants also mentioned targeted research and marketing activities (65.0%) and examples of similar proven structures in other regions (60.0%) as factors that may contribute to the cluster's success. These were followed by qualified human resources, training, substantive support; cooperation with the scientific community, R&D units and ideas for the implementation of innovative projects and ventures.

Figure 3 lists the activities that respondents believe contribute the most and least to the formation of clusters, in order of frequency of responses (arithmetic mean).

This questionnaire item required respondents to score each of the variables on a scale of 1 (least important) to 10 (most important). According to the data in Figure 3, the most important factor is local government assistance in the region where the cluster operates (arithmetic mean 7.78). The development of the sector in which the cluster operates is the second most important factor (7.05), and the third one, ensuring the cluster's economic efficiency (6.80), closely followed by coordinated marketing operations such as advertising and public relations (arithmetic mean 6.66). The creation of new jobs is also noteworthy, since it reveals the entrepreneurs' investment in future stability. Entrepreneurs ranked the following as the least important for cluster development: creation of technology centres and incubators to cater for cluster needs; shaping the cluster's technical infrastructure; and technology transfer and commercialisation (arithmetic means 3.78, 3.60, and 3.03, respectively).

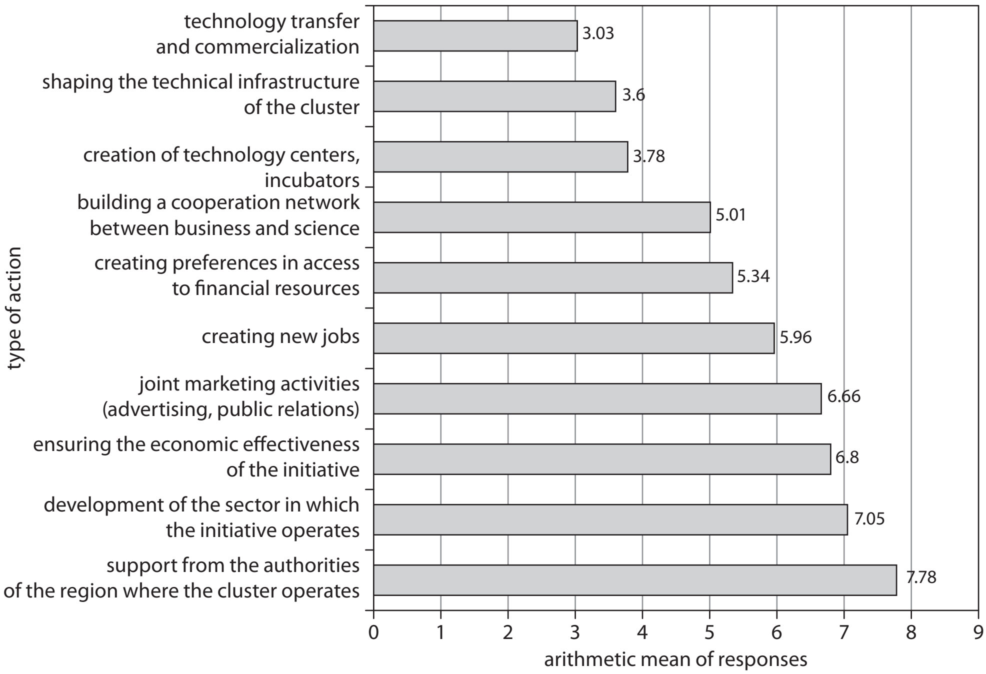

Figure 3. Key cluster development activities according to entrepreneurs

Source: own study.

Entrepreneurs were also asked if, apart from competition, there were any signs of cooperation between businesses within the cluster structure. In this case, coopetition – which encompasses both rivalry and collaboration and serves as the reason for the cluster's existence – becomes critical. The breakdown of responses was as follows: 62.5% said yes, 12.5% said no, and 25.0% did not know. This demonstrates that being a part of the cluster structure considerably promotes cooperation among the entities that make up the organisation.

Selected variables (i.e. organisational form, number of employees, duration of business operations, and net revenue), which in combination with other features may contribute to the creation or strengthening of existing innovative integration links, are presented in Table 1 in order to assess the relationship between the development of innovative integration links and certain characteristics of entities involved in cluster initiatives. Associations between individual factors (identified in 2015) were sought using Pearson's χ^2 test (significant at $\alpha = 0.05$). The numerical values of these coefficients, which represent the strength of the association between the two features on nominal scales, are also included for comparison. The coefficients take values between 0 and 1. The closer this value is to unity, the stronger the association between the factors under consideration.

Table 1. Relationships between selected characteristics of the surveyed participants in cluster initiatives (2015)

Listed features degree of dependence between:	χ^2	$\chi^2_{(\alpha;\, v)}$	$\chi^2 \geq \chi^2_{(\alpha;\, v)}$	Cramér's V	Pearson's CC
Organisational form of the company and signs of cooperation observed in the sector (apart from rivalry/competition) between companies – cluster members	13.593	7.815	Yes	0.4122	0.3811
Number of employees in the company and increase in competitiveness of the company –member of the cluster	20.021	7.815	Yes	0.5003	0.4474
Number of employees in the company and signs of cooperation between companies – cluster members observed in the sector (apart from rivalry/competition)	16.564	7.815	Yes	0.4550	0.4142
Duration of business operations and signs of cooperation observed in the sector (apart from rivalry/competition) between companies – cluster members	19.589	7.815	Yes	0.4948	0.4435
Company's net income from the sale of goods, products, services and financial operations and increase in the competitiveness of the company – member of the cluster	23.111	5.991	Yes	0.5375	0.4734
Company's net income from the sale of goods, products, services and financial operations and manifestations of cooperation between companies – cluster members observed in the sector (apart from rivalry/competition)	8.889	5.991	Yes	0.3333	0.3162

χ^2 = Pearson's χ^2 test significant at $\alpha = 0.05$

Source: own study based on research.

The strongest relationships, as determined by the analysis of Cramer's V and Pearson's coefficients shown in Table 1, were found between:

– the company's net income from the sale of goods, products, services and financial operations and the increase in competitiveness of the company participating in the cluster (0.54);
– the number of employees in the company and the increase in competitiveness of the company participating in the cluster (0.50);
– the duration of business operations and the manifestations of cooperation between companies – cluster members (0.49);
– the number of employees in the company and signs of cooperation between companies participating in the cluster (0.45);
– organisational form of the company and signs of cooperation between companies participating in the cluster (0.41);
– the company's net income from the sale of goods, products, services and financial operations and the signs of cooperation between companies participating in the cluster (0.33).

The study found that, apart from rivalry/competition, manifestations of cooperation among companies participating in clusters correlate with all four above-mentioned characteristics, the only difference being the strength of the relationship between features expressed in nominal terms. This supports the conclusion that one-person enterprises, those employing up to nine people, those in business for up to 20 years, and those with a net income of up to PLN 27 million are the most inclined to engage in this type of cooperation. Another association was discovered with regard to two features of these businesses, namely the number of employees and net income. The strength of this association varies only in terms of the increased competitiveness of the enterprise participating in the cluster. In this case, it demonstrates that firms with a net income of up to PLN 27 million and employing up to nine people are the most affected by the increase in their own competitiveness as a result of entering the cluster.

The positive effect of clusters on the economy's innovation level is an extremely important observation that has already been emphasised several times. The tendency may be strengthened, among other things, by encouraging cooperation and fostering mutual trust among the individual members of the triple helix. According to 72.5% of entrepreneurs who participate in cluster initiatives, these arrangements considerably boost the level of innovation in the economy at large. Only 13.7% expressed the opposite view, while 13.8% were unsure. The study's findings support the claim that properly operating clusters have a major positive impact on both the competitiveness of their member entities and the level of innovation in the economy.

As other authors have repeatedly stated, the role of trust grows in uncertain and volatile times such as the current economic reality; thus, it appears that it is one of the fundamental qualities that should characterise the culture of contemporary organisations, both in their internal relations and in their institutional dimension (Krot & Lewicka, 2016, p. 68). The standards and values associated with a trust-based organisation should be universally applicable. In this context, one might even speak of a culture of trust, which Sztompka (2007) defines as "normative rules widely adopted by a community that demand trust and credibility, enforced by social sanctions". Embracing shared values, treating people with respect and as partners, openness to change, as well as a willingness to learn and share knowledge are all characteristics of a culture of trust.

Trust is an s incredibly valuable asset in today's corporate environment. As a result, many scholars emphasise the importance of consciously developing a trust-based organisational culture in order to maintain the position of an enterprise focused on competing through innovation, in order to fully exploit its human potential, achieve higher efficiency and competitive advantage. A climate conducive to innovation requires deeply rooted and unambiguously communicated values and norms, as well as the tools to support them, such as incentive systems and organisational support for innovators, codes of ethics, training in maintaining good relations and encouraging cooperation, as well as procedures for resolving conflicts or disputes (Chorób, 2019, p. 158).

Trust is the main product of the norms of social interaction anchored in national and group culture, that make up social capital (Fukuyama, 2000). Contemporary research reveals direct relationships between trust and other processes in the economic environment. Transparency of economic and public relations requires a minimum level of trust anchored in interpersonal relations (Krannich, 2013; Chorób & Chorób, 2015), whereas shared values provide a reference framework for social norms that promote predictability and credibility, and thus provide an opportunity for complex cooperative action.

The cluster, as A. Rundo rightly points out, enables a continuous improvement of workforce qualifications and skills, which rank among the key competitiveness factors and inevitably lead to better opportunities for achieving a higher degree of innovation. Close cooperation, a high degree of trust, and numerous interactions constitute a perfect environment for new ideas, a microclimate conducive to innovation that can be tested and implemented at a lower cost. Companies enter into relationships with partners and suppliers within the cluster, which is another factor promoting process efficiency as well as cooperation (Rundo, 2013, pp. 57–58).

The empirical research findings discussed above demonstrate that mutual trust is required to develop friendly and lasting relations amongst cluster members, without which the cluster would be nothing more than an empty shell. Overcoming the mental barrier of distrust towards business partners is critical to the overall success of the endeavour. It is worth emphasising, as the author of this study affirms, that cluster structures may offer a remedy for Poland's persistent trust deficit and the best illustration of how cooperation based on mutual respect simply pays off (Wierżyński, 2014).

5. Conclusions

The literature review and research findings demonstrate that trust plays a key role in many organisational processes and phenomena, having a substantial impact on the outcomes and accomplishment of the set goals. One of these goals is to build a strong competitive advantage by consistently deploying innovations. Thus innovation is the primary focus of business activity, which is substantially affected by its membership in a cluster, a system that enables companies to take advantage of a wide variety of growth opportunities.

The cluster organisation permits continuous improvement of workforce qualifications and skills, which is an essential component of its competitive advantage and leads to increased levels of innovation. Close cooperation, a high degree of trust, and numerous interactions offer an ideal environment for new ideas, offering a microclimate conducive to innovations that can be evaluated and implemented at a lower cost. Companies seek partners and suppliers within the cluster, which is another factor that improves process efficiency and promotes cooperation.

Managing a cluster structure also increases the demand for building trust among its members as the value of participation in a cluster – apart from the direct and indirect acquisition of knowledge resulting from engagement with other entities – is mostly based on trust. As a result, overcoming mental barriers caused by a lack of trust in market actors' reputations, corporate cultures, or even integrity is critical to the emergence and growth of cluster structures. Trust, as a major component of social capital, serves as the cornerstone of every network structure built on coopetition.

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Acknowledgements and Financial Disclosure

The research results were obtained as part of a research project funded by the National Science Centre, decision number DEC-2011/01/D/HS4/03911.

Conflict of Interest

The author declares that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

Published by the Krakow University of Economics – Krakow, Poland

Ministry of Education and Science
Republic of Poland

The journal is co-financed in the years 2022-2024 by the Ministry of Education and Science of the Republic of Poland in the framework of the ministerial programme "Development of Scientific Journals" (RCN) on the basis of agreement no. RCN/SP/0391/2021/1 concluded on December 9, 2022 and being in force until December 8, 2024.

Social Entrepreneurship Review
2023, Vol. 1

10.15678/SER.2023.1.05

Cooperation of third sector entities and business for the implementation of the circular economy

Katarzyna Kowalska, Paulina Szyja

Abstract: **Background:** The introduction of elements of the circular economy requires major structural changes in economies, the involvement of a wide range of actors, including primarily businesses. However, it is worth noting the importance of other organizations, including the so-called third sector.

Research objectives: The purpose of this article is to introduce the issue of cooperation of business and the third sector entities for the development of the circular economy.

Research design and methods: For the purpose of the research paper, the following research method was used: a classic literature review and case study.

Results: Collaboration between business and third sector providers has enormous potential for development and innovation.

Conclusions: In Polish conditions the benefits and possibilities of cooperation between business and the third sector are not properly appreciated, and they are connected with a huge potential for the entities themselves and the possibilities of implementing the circular economy.

Keywords: business, circular economy, third sector

JEL Codes: B55, L31

Suggested citation:

Kowalska, K., & Szyja, P. (2023). Cooperation of third sector entities and business for the implementation of the circular economy. *Social Entrepreneurship Review*, *1*, 69–81. https://doi.org/10.15678/SER.2023.1.05

1. Introduction

We are currently observing complex processes aimed at transforming the economies of European Union member states due to the very serious challenges of climate change.

The aforementioned processes have been intensified by the 2008–2010 crisis in the real economy, and have been initiated in the EU by measures related to the creation of a low-carbon economy, followed by a circular economy. The purpose of the article is to introduce the issue of cooperation of market and non-market actors for the development of a circular economy. The considerations made are based on a review of the literature on the issue of the essence of the circular economy sensu stricto, the scope of the subject undertaken in the literature in this regard. Subsequently, attention was paid to issues related to the actors involved in the circular economy and the creation of new business models. In addition, an analysis of data on cooperation between enterprises and entities of the so-called third sector in Poland was carried out in order to get acquainted with possible areas for establishing cooperation and thus developing conditions for effective implementation of the circular economy.

2. Genesis, concept and conditions of the implementation of circular economy

The crisis of the real economy (2008–2010), preceded by the crisis in the financial markets (initiated in the United States in September 2007), contributed to discussions and then concrete decisions and actions (taken not only at the level of the European Union) on the need for structural changes in economies so that they are more resistant to similar events in the future. The essential question concerned the qualitative dimensions of these changes in the context of human impact on pollution and environmental degradation and climate change. As early as 2007, the need for a green economy was pointed out internationally through the New Economics Foundation (NEF, 2008), UNEP (UNEP, 2009) and the OECD (OECD, 2011). And in the European Union, efforts have been made to implement clean „smart investment", which „means investing in the right skills for tomorrow's needs; investing in energy efficiency to create jobs and save energy; investing in clean technologies to boost sectors like construction and automobiles in the low-carbon markets of the future; and investing in infrastructure and inter-connection to promote efficiency and innovation" (EC, 2008). The transition to a low-carbon economy has thus begun. The low carbon economy is based on three direction of actions: increase of energy efficiency, cut down of greenhouse gases emission and increase of renewable energy. In an interval also turned to the circular economy, because of its importance in reducing resource use and waste management. The issue of circular economy is related with one of flagship initiative under the Europe 2020 strategy „A resource-efficient Europe" (EC, 2011), in which we can read: „Natural resources underpin the functioning of the European and global economy and our quality of life. These resources include raw materials such as fuels, minerals and metals but also food, soil, water, air, biomass and ecosystems. The pressures on resources are increasing. (…) It is necessary to develop new products and services and find new ways to reduce inputs, minimise waste, improve management of resource stocks, change consumption patterns, optimise production processes, management and business methods, and improve logistics" (EC, 2011). The circular economy represents a departure from „a linear model of resource consumption that follows a 'take-make-dispose' pattern" (EMF, 2013, p. 6) to circular one. However, it should be highlighted that the theoretical basis of the circular economy can be traced back to the 1960s of the XX century and the article „The Economics of the Coming Spaceship Earth" by K. E. Boulding (Michalak et al., 2020, p. 60).

The term of circular economy is definitely more presented through features, activities rather than some succinct, explicit shots. For example, Martin Geissdoerfer et al. describes it „as a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops. This can be achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling" (Geissdoerfer et al., 2017). In turn Ellen Macarthur Foundation highlights: „The circular economy is based on three principles, driven by design:
- Eliminate waste and pollution,
- Circulate products and materials (at their highest value),
- Regenerate nature.

(…) A circular economy decouples economic activity from the consumption of finite resources. It is a resilient system that is good for business, people and the environment. The circular economy is a systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution" (EMF, n.d).

According to the European Parlament: „The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended. In practice, it implies reducing waste to a minimum" (EP, 2015).

The common elements of these descriptions are the challenges of implementing the circular economy – pollution and environmental degradation, the climate change, and the need of changes of production processes and consumption as to use less in much more rational way.

To summarize, circular economy implies:

– changing the approach to the use of resources at the input of production processes,
– designing products in such a way as to use as few resources as possible for its production, to make the product's life cycle as long as possible and as little burdensome for the environment as possible, to be able to repair it and, when it ceases to be useful, to be able not only to recycle it and recover as many components as possible to be used in another way or to use these products in another way (giving it a second life),
– changing the approach to the use of wastes at the output of proces.

In the literature, the issue of the circular economy is taken up in a very broad way, including both the terms and subjective scope. In the first one, the authors presents the following issues:

1. theoretical aspects related to:

– conceptualization according to sustainable development (Korkhonen et al., 2018),
– definition (Ekins et al., 2019; Figge et al. 2023),
– linkage to ecological economics (Korkhonen et al., 2018),
– the issue of transition to circular economy (Ellen Macarthur Foundation, 2013),
– circular economy indicators (de Oliveira et al., 2023),
– circular economy assessment tools (Chrispim et al., 2023);

2. practical aspects related to:

– implementation of circular economy (Mao et al., 2018, pp. 151–170), bariers related to implementation of it (Galvão et al., 2018),
– public awareness and attitudes about circular economy (Smol et al., 2018),
– adoption of circular economy by sectors, for example by construction sector (John et al., 2023),
– flow of material (Mao et al., 2018, pp. 87–102), flow of energy in circular economy (Mao et al., 2018, pp. 103–126),
– natural resource management (Brears, 2018),
– waste management (Ghosh, 2020),
– circular supply chain management (Farooque, 2019, pp. 882–900),
– sectoral transition to circular economy, e.x. textile industry (Härri et al., 2022).

Mentioned above term „transition", means „a change from one form or type to another, or the process by which this happens" (Cambridge, n.d.). Implementation of circular economy needs changes related to production processes, the life cycle of products, the waste management and also changing consumer practices to more rational and economical ones. Implementing these changes requires an ingenious systemic approach using a range of instruments, including: legal, political, programmatic, financial, organizational-administrative and educational ones. They must be interrelated and make it easier for producers to make changes in production processes (from the I – input, to the end – output) and the products themselves, and for consumers to consume more rationally and in an environmentally friendly manner.

Implementation of circular economy needs (Michalak et al., 2020, p. 79):
- conscious and consistent economic policy,
- product and process design,
- new production and consumption models
- consumer attitude.

The introduction of these elements requires different types of tools, instruments, activities and, very importantly, the cooperation of different actors.

3. The role and importance of business and third sector entities in the circular economy and cooperation between them

In the literature, in the context of the actors involved in the creation process circular economy, the most important role is played by companies due to the fact that its essence concerns the model of economy in terms of production processes. This view is held by, among others, R. De Angelis. Next thing, which should be highlighted is related which activities and goals of companies: extractions of materials, using them in process and selling (EMF, 2013, p. 6). They are therefore important considering, on the one hand, the level of resources used in production processes and, on the other, the products offered to customers.

Implementation of elements of the circular economy forces them to act at the input and output stages. Input requires greater rationality in the amount of resources sourced, but also waste as base materials for production. And this second element assumes particular importance, since it is necessary to implement production technologies that will allow the use of waste, generated in this or other industries, as a basic raw material. This also requires new skills of production workers. And then it involves also changing products. Sourcing waste from other partners requires exchanging information, creating and developing cooperation among these companies. But this is only one dimension of cooperation there are others, with different subjects. Atasu et al. (2021) propose three types of circularity strategies:
- Retain product ownership – the producer rents or leases its product to the customer rather than selling it,
- Product life extension – Companies applying this strategy focus on designing products to last longer, which may open up possibilities for markets in used products,
- Design for recycling – Companies applying this strategy redesign their products and manufacturing processes to maximize recoverability of the materials involved for use in new products. This strategy often involves partnering with companies that have specific technological expertise or that may be best able to use the materials recovered.

However, mentioned above De Angelis, presents the issue of difficulties conceptualizing of circular business model: „The term circular business model, (…), overlaps with the concept of closed-loop supply chains, and always involves recycling, remanufacturing, reuse or one of their sibling activities (e.g. refurbishment, renovation, repair)' (…). CBMs are regarded as tools for creating value through the circulation of materials and resources once conceived as waste at the end of life but there are also some shortcomings in this conceptualisation of the CBM. It does not make explicit links to all the BMs components. Value capture is not considered, and the description of value creation appears to be used as synonym for value capture and as if containing elements of the value proposition dimension" (De Angelis, 2018, pp. 58–59). So this is an issue that needs to be worked out in theoretical terms. However, for this to happen, it is necessary to practice cooperation not only between companies, but also between companies and other entities, for example, the so-called third sector. According to Salamon and Sokolowski (2014) the conceptualizations of it vary across Europe. Department of Social Economy in Polish Ministry of Ministry of Family and Social Policy defines it as follows: „the totality of private organizations, and those operating socially and not for profit, i.e. non-governmental organizations (non-profit organizations)" (DES, n.d.). In turn National Audit Office in the United Kingdom highlights: 'Third sector organisations' is a term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and community organisations (both registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutuals and co-operatives (NAO, n.d.).

Particular importance of this third sector in circular economy should be attributed to the area of waste management. For example: „Third sector organisations (TSOs) make a valuable contribution to waste management and resource recovery in many areas across Europe. This is often hidden because due to the nature of TSOs, their value is not quantified, reported and publicised. As a consequence, their contribution to local, national and international regions in terms of supporting civil society, alleviating poverty and recovering value from resources is not properly recognised or appreciated. (…)" (Williams et al., 2012).

Third sector organisations are driven by the need to supply to low-cost household items to people in hardship; such items include furniture, electrical equipment (e.g. computers, mobile phones, cookers and microwaves), textiles (clothing and bedding), foodstuffs and children's books/toys. They also provide opportunities for long-term unemployed and other socially-excluded individuals to gain practical skills and re-engage with society, and for anyone to volunteer for the overall benefit of civil society. Many TSOs are regarded as social enterprises – in order to achieve their social objectives, which also carry environmental improvements, they contribute to service provision in certain areas. Being not-for-profit and having a low cost workforce (a high proportion of trainees and volunteers) enables them to operate competitively with public and private sector services – realising triple bottom-line (TBL) benefits (N.B. the TBL is a framework for encouraging institutional concern about sustainability and incorporates the 3P's – people, planet and profit)" (Williams et al., 2012).

4. Cooperation between business and the third sector in the area of circular economy – Poland

Forms of social action within the third sector can include foundations, associations, enterprise cooperatives social cooperatives.

The role of third sector actors in socio-economic life is very important and particularly pronounced in highly developed countries, where these actors show considerable activity, as well as the scale and intensity of intra- and inter-sectoral cooperation.

The third, being equipped with the right tools to achieve their goals, which are delivered in the form of social services (Chlebisz, Żak, 2018, pp. 11–12):

- is an expression of the exercise of the right of association and collective action,
- is a factor conducive to the development of democracy, social participation,
- shapes public awareness by providing important, often niche information, influences social change by making citizens aware of the scale of social problems, the causes of their emergence and the possibilities of their prevention. Entities in this sector can, for example, shape consumer attitudes, motivate and direct market actors to hold companies accountable, or consumer boycotts in the case of unethical actions striking at social welfare,

– undertakes a real fight against social problems, and makes effective the creation of institutions set up to represent the interests of the strata at risk of marginalisation in social and economic life,
– is not infrequently an inspirer, an initiator, of circular solutions or an enabler of them for enterprises and other market participants,
– as entities of higher public trust, with greater empathy and sensitivity towards society and the market, they increase the chances of realising socio-economic development by mediating the relationship: state-society as well as enterprise-society.

NGOs undertake intra- and inter-sectoral cooperation.

GUS monitors and publishes research on the cooperation of non-profit organisations with other entities every year. The latest research is from 2021. According to these data, 96,800 associations and similar social organisations, foundations, social religious entities and economic and professional self-governments were active in Poland in 2021. Thus, in 2021, non-profit organisations mainly cooperated with public institutions. 77.4 per cent (74,900) of organisations cooperated with the government administration, local government or its subordinate units. The second most frequently indicated group of entities with which cooperation was established was other entities of the same sector (50.6 thousand; 52.3%), while cooperation with enterprises was unfortunately undertaken the least frequently (26.5 thousand; 27.4%) (GUS, 2021).

NPOs can work in parallel with partners from different sectors. Only 18.7% chose to partner with all groups at the same time. Cooperation with public institutions and other NPOs was undertaken by 26.8% and this was the largest group in terms of total cooperation. Cooperation with non-profit organisations and enterprises was indicated by only 1.7% of the surveyed units, while no cooperation was undertaken by 13.9% of the organisations (GUS, 2021). The main motives for cooperation between NGOs and businesses are presented in Figure 1.

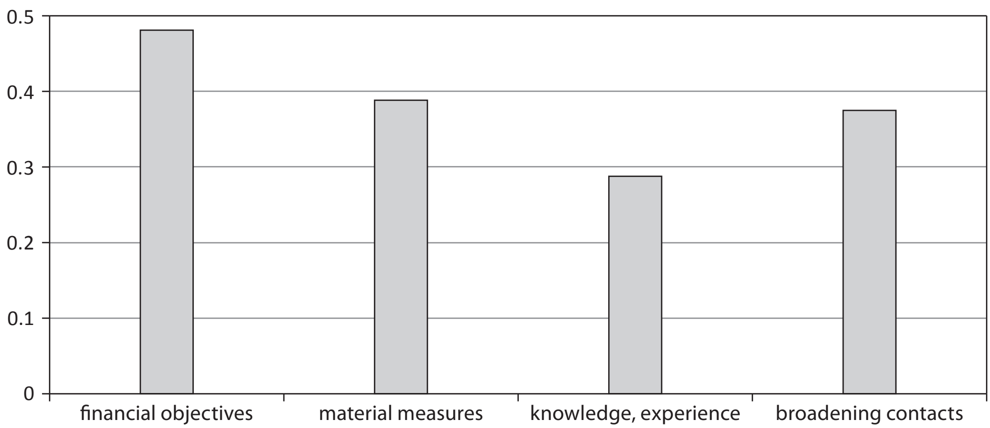

Figure 1: Percentage of NPOs in 2021 by purpose/motivation of collaboration with business

Source: compiled on the basis of (GUS, 2021).

Undertaking joint activities with the business sector was mainly dictated by material motives. Almost half of the non-profit organisations started cooperation to obtain financial resources (48.1%), and 39.8% of the units declared that the motivation to undertake joint activities with business was the possibility of benefiting from material support (GUS, 2021). It is noteworthy that less than 29% of the surveyed organisations indicated the motive of acquiring, knowledge and experience (valuable resources) through cooperation with businesses.

Interestingly, NPOs relatively rarely declared the presence of barriers to collaboration with other actors. In 2021, their share was: 21.7% for organisations cooperating with the commercial sector. Attention was drawn in this respect to the lack of knowledge on the part of the partner about the cooperation (11.5%), lack of partnership relations (5.4%), conflict of interest (3%), possibility of taking over resources (people, capital, knowledge – 2.3%) possibility of losing independence, reputation (3.8%), unclear regulations and legal procedures (4.2%) (GUS, 2021).

In turn, the Monitoring of innovativeness of Polish enterprises carried out by the Polish Agency for Enterprise Development (PARP) in 2021 shows that in the case of innovation-active companies, cooperation with external partners was declared by 53.6% of respondents who introduced innovations and 58.3% who implemented an innovation project in an ineffective manner, i.e. interrupted, abandoned or did not complete it (PARP, 2022).

However, it is important to note that third sector entities were not mentioned among the entities with which firms collaborated in undertaking innovative activities. Public sector entities; customers, suppliers, competitors; the academic sector; clusters and business environment institutions played a key role (PARP, 2022, pp. 62–64).

One can only wonder whether and to what extent, within the framework of cooperation with the public sector and, more precisely, with local authorities, enterprises have cooperated with third sector entities in the discussed scope. The public sector, looking for cheaper and bottom-up methods of operation, increasingly seeks to cooperate with the third sector by outsourcing various tasks to it.

Companies are entities with particular market potential. The position of many of them is strong and steadily increasing thanks to the market position they have achieved, the marketing and logistics assets they have built up, and their outstanding ability to manage these resources.

They secure the growth of their performance largely by participating in various types of linkages, relational or network arrangements. These can have the function of transferring distinctive resources, complementing them or strengthening them and overcoming barriers to market access.

The above-mentioned realities, which are the basis for the success of many companies, significantly change the conditions of competition in the market, contribute to the raising of barriers to market access, and to the elimination from the market of companies that are not able to meet the new requirements. These requirements include, in addition to the need to reduce traditionally understood business risks (e.g. quality of services, delivery times), also the reduction of so-called reputation risks and the network-relational organisation of activities.

Such networks can in practice take the form of corporate and cooperative ties. The latter form of networking/relationality is of interest from the point of view of the work topic undertaken.

The resources and skills already mentioned are the primary source of companies competing in the market. These resources can be divided into active resources, which include, among others, technological and IT infrastructure, and intangible resources, among which employee knowledge and corporate image dominate. The latter also include organisational culture, research and development facilities, the information system and customer loyalty. The value of intangible resources is of particular importance to companies – as they can be used in different places at the same time, most often gaining in value.

The aforementioned resources are in the form of assets whose value is dependent on their possession of durable (difficult to copy), unique and strategically oriented competences for their management (Śmigielska, 2007). These competencies are derived from the knowledge, skills and organisational experience of managers and other employees in performing various types of tasks more effectively than competitors. Such competences allow for better or faster exploitation of opportunities and reduction of threats arising in the environment. These include, among others, solving consumer problems in a unique way, motivating and developing the skills of employees, creating and developing relationships with stakeholders.

It can therefore be said that resources and the skilful sourcing and management of them determine the success of market players.

Another author emphasises that the foundation of an efficient organisation is cooperation, responsibility and commitment. These are key skills that increase a company's chances of success in the market (Kozielski, 2017).

This cooperation can be carried out with different stakeholder groups, one of which are third sector actors.

The manner and effects of such cooperation depend on the model of cooperation pursued within the framework of this responsibility.

In the traditional approach to social engagement, companies have pursued charitable or philanthropic activities. Today, they seek strategic solutions that minimise the broader risks of the business and maximise the company's chance of success in the long term. Companies, especially the largest ones, are seeking solutions that are effective while taking into account sustainability principles, including environmental issues (FOB, 2014, pp. 23–26).

In this optic, companies are increasingly pursuing a model called strategic philanthropy. Through it, the company not only builds long-term positive relationships with the external environment, but also engages and builds the sensitivity of its employees, among others, in cooperation with the third sector. The company not only donates money to social causes, but also mobilises the skills it has and the relationships it has with other actors (FOB, 2014).

A model that combines the economic goals of a company with the social goals of a particular enterprise is cause-related marketing (CRM). An example of a CRM activity could be donating a percentage of the profit from the sale of a product to a specific social cause or NGO (FOB, 2014).

A marketing innovation that fits in with the CSR trend and the circular economy model are social marketing solutions in the form of Corporate Social Marketing (CSM). It refers to marketing activities aimed at bringing about a lasting change in the behaviour (especially consumption) of customers. This type of marketing makes it possible to simultaneously introduce a socially relevant change and create a market for a new type of service or products (FOB, 2014).

An example of such an innovative marketing strategy on the Polish market, meeting the criteria of CSR and CSM, can be the ‚Conscious Energy' programme run by RWE Polska. The aim of the campaign was to bring about permanent changes in the way energy is used. Specialised educational materials were developed for this purpose, including the „RWE Home Guide". In addition to the public sector, non-governmental organisations can also be good partners and even initiators of such projects; due to their social and environmental credentials, they can be valuable partners for similar projects (FOB, 2014).

Project partnerships and especially strategic partnerships of a long-term nature (FOB, 2014) are also of great importance.

Collaboration with the third sector is also a valuable source of business innovation and third sector opportunities.

As an example of fruitful and circular cooperation between partners, AmRest's innovation, the Harvest Programme, started in January 2017 and operates in more than 240 KFC restaurants in five countries: Poland, Spain, Bulgaria, Serbia and Hungary (approximately 35% of all units). AmRest's initiative to share surplus production with those in need also means reducing the carbon footprint generated by the restaurants and significantly reducing the company's landfill costs. We therefore have economic, environmental and social benefits thanks to a new operating procedure – a special system for freezing and storing ready-made chicken meals. This innovation required a number of microbiological tests and cooperation with the sanitary authorities. KFC donates ready-to-eat chicken meals to charities, working with more than 30 local branches of Food Banks and more than 70 NGOs. In less than a year, AmRest has donated more than 280 tonnes of ready-to-eat food to recipients, which translates into nearly one million protein-rich meals (Deloitte, 2018, pp. 112–113). KFC is the first restaurant brand in Poland to promote a project preventing food waste on such a large scale. The action taken directly influences the perception of the brand in the region and builds employee engagement. However, the project was made possible by innovation in the area of partnerships, including with third sector actors (Deloitte, 2018).

Another example is the activity of the Sendzimir Foundation, which has developed concepts for blue-green infrastructure systems, supervises the preparation of detailed designs and the implementation of these investments. The entity implements various installations based on nature-based solutions to increase landscape retention (rain gardens, retention basins, infiltration roundabouts, flower meadows, water purification islands, etc.) (Sendzimir Foundation (2018).

The Foundation conducts practical training courses for city officials, designers and business representatives in the field of blue-green infrastructure, thus disseminating green solutions to different stakeholder groups. In its innovative projects, it seeks to involve interdisciplinary groups of participants by providing opportunities to confront different skills and points of view (Sendzimir Foundation, 2018). The attractiveness of cooperation between companies and third sector entities is therefore evidenced by the greater opportunities for both sides of the partnership to achieve benefits (in relation to individual actions) that meet the requirements of today's market.

For businesses, these benefits are primarily:

- access to key resources: knowledge, skills, information and experience in the implementation of social projects,
- increase in social sensitivity of employees at various levels,
- reduction of operating costs,
- shaping an attractive offer on the market, adapted to the needs and requirements of the market,
- increase in innovation capacity,
- increase in sales revenue,
- increasing the ability to defend effectively against competition through image enhancement and cost-saving considerations.

For NGOs, on the other hand, the benefits of cooperation are (FOB, 2014):

- access to modern management methods,
- more effective implementation of statutory objectives,

– increased level of commitment to important social goals,
– a better public image and thus more opportunities to engage in other programmes,
– increased opportunities to obtain project funding.

Improving the competitiveness of market players today requires, among other things, the creation of lasting partnerships with all stakeholder groups.

According to the concept of relationship marketing, it is about creating and maintaining bilateral and multilateral relationships between the company and buyers and other stakeholders in the process of creating and delivering products and services.

Relationships with stakeholders within the sector as well as those in other sectors are therefore important. The participation of partners in the creation of the company's offer is intended to contribute to the improvement or creation of a new offer that meets the needs of purchasers, also taking into account social needs and translating into the realisation of the circular economy.

5. Conclusions

Cooperation between business and third sector entities has great potential for development and innovation. A number of circular projects between businesses and the third sector can, and indeed should, be implemented on the basis of cooperation and exchange of resources, skills and competencies of both groups of partners.

At present, the benefits and prospective possibilities of such cooperation in Polish conditions are not properly appreciated.

Changing this situation requires a lot of encouragement and promotion of information, mainly from the public sector, about the advantages of cooperation between the two sectors. It is also a necessity to promote circular solutions that create space and opportunities for partnerships between these actors.

In this respect, there is a need to improve the system of incentives (taxes, subsidies, entitlements, and licences) for entrepreneurs inducing them to act towards a circular economy.

There is also a need for greater availability of bank offers offering special financial instruments to support companies pursuing the idea (circular economy projects often escape standard financial evaluation) (Deloitte, 2018). Socially responsible public procurement is also key in this respect.

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All authors have read and agreed to the published version of the manuscript.

Conflict of Interest

The authors declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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Published by the Krakow University of Economics – Krakow, Poland

Ministry of Education and Science
Republic of Poland

The journal is co-financed in the years 2022-2024 by the Ministry of Education and Science of the Republic of Poland in the framework of the ministerial programme "Development of Scientific Journals" (RCN) on the basis of agreement no. RCN/SP/0391/2021/1 concluded on December 9, 2022 and being in force until December 8, 2024.

Social Entrepreneurship Review
2023, Vol. 1

10.15678/SER.2023.1.06

Entrepreneurial and social significance of larps: A case study of the Kuńkowce Fantasy Village

Krzysztof Sala

Abstract: **Background:** The author's personal scientific interests and the existing research gap motivated him to pursue the topic. The article discusses the impact of larps on entrepreneurship and local communities.
Research objectives: To analyse larp as a component of social and entrepreneurial engagement, with a special focus on its origins, definitions, and development paths based on a case study of the Kuńkowce Fantasy Village.
Research design and methods: The research technique included a review of existing data, relevant literature, and a direct interview conducted in February 2023 with a purposively selected group of people involved in organising larps.
Results: The research questions were intended to evaluate the impact of larps on local entrepreneurship and social initiatives.
Conclusions: The findings permitted the author to identify the entrepreneurial and social dimensions of the Kuńkowce Fantasy Village as well as other larp projects pursued worldwide and in Poland.
Keywords: activity, economy, role-playing games, society
JEL Codes: O10, O35

Suggested citation:
Sala, K. (2023). Entrepreneurial and social significance of larps: A case study of the Kuńkowce Fantasy Village. *Social Entrepreneurship Review*, *1*, 82–92. https://doi.org/10.15678/SER.2023.1.06

1. Introduction

The market economy is widely regarded as an allocative system that is particularly conducive to entrepreneurship by promoting new and original initiatives. Live action role-playing games, or larps, are examples of social activities that stimulate entrepreneurship and can be organised in both metropolitan and structurally challenged rural areas.

The topic of larps is relevant because of their growing popularity; nonetheless, it is important to demonstrate their full significance, which is not limited to entertainment or a way of spending free time. Larps can now serve a variety of educational, therapeutic, sociological, and economic functions.

The aim of this paper is to discuss larps as a factor that stimulates social and entrepreneurial development. It explores the origins, definitions, and evolution paths of larps worldwide and in Poland. The Kuńkowce Fantasy Village receives special attention, since it has significantly contributed to the promotion of larps in rural areas surrounding Przemyśl, a city in south-eastern Poland.

The author opted to address the topic in question because of his personal scientific interests and the existing research gap. His main contribution is the identification of larps' impacts on entrepreneurship and local communities in Poland and worldwide based on the most recent publications and an interview with a group of individuals actively involved in organising these events.

2. Literature review

Larps have been discussed extensively in international literature. The educational aspect of the activity in question was addressed by S. L. Bowman (2014, pp. 112–131), and recognised as important by C. Brom et al. (2019, pp. 64–90), as well as by A. Vanek and A. Peterson (2016, pp. 219–240) and D. Simkins (2011; 2014). The value of fostering relationships, alliances, and communication among larp participants was emphasised by B. O. Kamm and J. Becker (2016, pp. 35–51), as well as J. T. Harviainen et al. (2018, pp. 87–106) and A. Tychsen et al. (2006, pp. 252–275). Among Polish authors, M. Mochocki (2009) attempted to clarify their definition. The existing research gap reflects the lack of up-to-date studies on the development and achievements of Polish larp organisations. A broader examination of the impact of larps on the development of national entrepreneurship, as well as a discussion of their social dimensions are also lacking.

3. The concept and origins of larps

The English acronym spelled LARP, Larp, or larp (live action role-playing) refers to a distinctive form of entertainment. In the literature, the terms 'improvised theatre' and 'live role-playing games' are used interchangeably (Mochocki, 2009). In a very broad sense, larp is a form of role-playing game in which participants dress up in unique costumes and collaborate to enact and experience a story. Their roles might be compared to improvised theatre, and the plot can be set in the actual or fictional world. The entire game is overseen by the so-called game master or larp master (Ciechański & Domański, 2021).

In the literature, larp is defined in a variety of ways. According to the Oxford Dictionaries, it is "a type of game in which players pretend to be imaginary characters in a story, usually using special clothes and objects to make the story appear more real" (Oxford Learners Dictionaries, n.d.). Dogma99 defines it as "a meeting of players who, through their roles, relate to each other in a fictional world" ("Dogma99", 2019). Larpbase, on the other hand, describes a larp as an event where participants take on roles with the assumption of the identity of the player body and the character, having a set of rules and a beginning, and thus not having a rigid script. Furthermore, Larpbase underlines the importance of the following conditions:

- the event has a beginning,
- the event has a set of rules,
- for at least one character there is a set of features that distinguish the player from the character,
- for at least one player there is a physical body identical to the character's body,
- at least one character lacks a predetermined storyline,
- at least one character meets the three above-mentioned criteria at the same time (Kulis, 2012).

The purposes of larps are strictly defined. Players pursue goals in a fictional setting represented by real-world environments, while interacting with each other as characters. The outcome of a player's actions may be mediated by the rules of the game or determined by consensus between players. The organisers of the events (the game masters) decide on the setting and the rules to be applied and facilitate the game (*Czym są larpy?*, n.d.).

Larps are unique in that they combine interests and passions associated with playing computer games, specifically their characters, history, legends, as well as theatre and art. Larp participants can immediately try out their skills, but most importantly, get away from home entertainment, mingle and meet new people who share their passion (Nordic Larp Talks, 2012).

In the early 1970s, the first larps were conceived and performed independently in Europe, North America, and Australia. They were originally inspired by board role-playing games and genre fiction, but were also influenced by children's make-believe, play, fighting, costume parties, roleplay simulations, commedia dell'arte, improvisational theatre, psychodrama, military simulations, and historical re-enactment groups such as the Society for Creative Anachronism (Cramer, 2010).

Since the early 1980s, the activity has spread internationally and undergone a perceptible evolution. It can take the shape of a game or be more focused on dramatic or artistic expression, but it can also be used to promote educational or political objectives. The fictional genres used range from realistic present or historical settings to fantastic or futuristic times. Production values can be low at times, yet tend to feature lavish locales and costumes. Larps can vary in size from brief, intimate activities lasting a few hours to large, public events involving hundreds of participants and spanning several days ("Larp", n.d.).

The widespread appeal of larps, particularly in Europe, has led in the formation of a number of distinct varieties that reflect their character and location (Smolański, n.d.). The best-known types of larps are presented in Table 1.

Table 1. The most common types of contemporary larps

Larp type	Characteristics
Anglo-Saxon	Involve entertainment and combat using safe, i.e. padded or foam mock weapons. Most are set in fantasy worlds.
Nordic	Focused on message and artistic value. Most are set in contemporary or historical realities.
Chamber larp (stationary, in small enclosed spaces, such as rooms)	Organised in enclosed spaces, with a limited number of players, frequently with characters created entirely by the game author according to his/her creative vision, and usually with very few props. The major criteria are the author's choice and the available space.
Field larp (open-space larp)	Takes place exclusively outdoors and usually involves a larger number of players. Characters are usually developed in collaboration between the author and the players, and realistic props are used. Field larp players often use safe weapons.
Action larp	An action-oriented genre. The game's design features numerous events and techniques that induce players to act.
Parlour larp	Focuses on conversation. Game design encourages conspiracy and broadly-conceived political games.
Jeepform (Freeform)	Scandinavian live-action role-playing games that take place in front of and with the participation of an audience.
Urban games	Classified by some sources as a genre of larp. They are characterised by a minimal distance between the player and the character (usually, the only difference between the player and the character is their motivation for playing the game) and an open game space.

Source: (Tabisz, 2010).

Depending on their design, larps may have one or several objectives, but what matters more than winning is the shared experience of the game. Their primary functions are:
- ludic,
- educational,
- therapeutic,
- creative (Karwowski, 2013).

The ludic component of larps is their most important participant-related function. However, developing, coordinating, and managing a larp demands a greater level of participation from businesspeople and the general public, involving:
- the emergence of a growing number of new entities involved in the organisation of larps,
- increasing participation of entities producing costumes, props, preparing stage design, etc.,
- an increasing number of entities that offer accommodation and catering services.

The social aspect of larps allows a wide variety of people to participate, including those who share an interest and fascination with fantasy themes, or a proclivity to integrate (Karwowski, 2013). Larp participants may include:
- school and university students,
- employees of companies, corporations,
- professionals,
- local residents.

Many contemporary larps have given rise to a new tourism segment, they may include an educational component, whereas their so-called Nordic version inspires a truly spiritual reflection. Larps may also serve as a tool for social change or even a form of psychotherapy. Many people look forward to a break from everyday life – taking on new roles allows them to experience positive character changes. Participation in war larps provides an entirely new experience complete with a rush of excitement, while those focused on disabilities teach respect and understanding for the disabled.

Since the 1990s, larp theorists and scholars have been studying the phenomenon in question. Originally, the Scandinavian countries were the most active centres of dedicated research, but since the turn of the century, the study of larps has grown in popularity in other countries, including Poland. Larps are particularly appealing to game academics, sociologists, psychologists, and theatre experts.

Knutepunkt (Norwegian for ‘meeting place’) is a Nordic academic conference on larp that has been held annually in Scandinavia since 1997. It is the world’s largest larp-only conference, distinguished by its international nature (English is the working language). Since 2001, at least one publication containing articles on larp and its philosophy written in English by authors from all over the world has been released on the occasion of the conference. All publications are available free of charge (“Knutepunkt”, 2023). Denmark has the greatest proportion of larp participants in Europe, with over 100,000 regular players. In some schools, the technique is used to teach history, literature, and social studies. Larps are very important commercially in nations such as Germany and China, where the number of participants may range from 10,000 to 20,000 at any given moment. This level of interest significantly contributes to the social dimension and stimulates local entrepreneurship.

4. Research methodology

The literature review was followed by a face-to-face interview with a carefully chosen group of people involved in the organisation of larps. The former was designed to both summarise and address the available information on larps, whereas the latter served to provide the most recent direct information via an interview performed in February 2023 with a carefully selected group of ca. ten persons. The group included people from all over Poland who professionally organise larp events or lead larp associations. The goal of this qualitative survey was to gather the most important information on the specifics of national larps through a casual conversation. Respondents' answers were extensive rather than limited as would have been the case when using a traditional questionnaire. The questions were based on an assessment of the impact of larps on local entrepreneurship and community initiatives.

5. Research findings

In Poland, larps have flourished since the early 1990s, after the period of political transformation. Local larps derive their popularity from scouting field games, such as treasure hunts, which are typically played in woodlands and may include earning scout ranks (Maracewicz, 2020; Śliwerski, 1990). Questing, whose origins stretch back to the middle of the 19th century, has a comparable, outdoor aspect, as do historical reconstructions (Bogacki, 2006, pp. 34–36).

In 1991, as part of the Kontur convention in Supraśl, north-eastern Poland, participants played one of the country's first outdoor games called Space Academy, which involved walking around a park with wooden weapon replicas. The novelty of the game combined with original costumes caused quite a stir in the local community (Franczak, 2018). The Cieszyn Drama known as Urban Tribes, which began in 1998 and continues to this day, is also one of the earliest and longest-running larps in Poland. It involves young individuals who belong to specific tribes or are tasked with finding them (Rogers, 2018).

Larps typically develop in Poland as part of gaming and fantasy festivals (such as Pyrkon, Falkon, and Grojkon) and larp-related events (such as Hardkon, New Age, Orkon, Flamberg, Fantazjada, Limes Mundi, Sorontar, and Teomachia). At festivals, primarily chamber larps and jeepforms are played, whereas at dedicated events, one huge game or a number of larger and smaller games of various sorts are played, depending on the chosen formula. Larp-related events are also prepared throughout Poland by small groups of players and specialised organisations. The most important of these are as follows:

- Stowarzyszenie Fantazjada (Wrocław),
- Stowarzyszenie Larpownia (Kraków),
- BlackBox 3City, Larpventure, Zardzewiały Topór (Gdańsk),
- Lublarp (Lublin),
- Żywia (Białystok),
- Sabat Team (Człuchów),
- Bractwo Ofensywa, Warszawskie stowarzyszenie larpowe Wawa larp, Terra Fantastica (Warszawa),
- 5 Żywiołów (Prudnik),
- Turbolarp (Katowice),
- Liveform (Ustroń).

The interview

Representatives and leaders of larp organisations were asked (personal communication) about the effect of larps on business and society. The aim of the interview was to obtain as detailed information as possible about the issues studied. Katarzyna Jankiewicz of Stowarzyszenie Fantazjada emphasised that "the commercial side of larps is associated with the need to pay fees and cover additional costs".

Piotr Milewski of BlackBox 3City claims that "the phenomenon of larps, as opposed to other games, consists in engaging all the senses. Additionally, the interest in larps contributes to their increasing commercialisation".

Lublarp's Marcin Słowikowski emphasises the "educational nature of larps combined with the broad participation of enthusiasts from different social backgrounds. Social media are used to spread event information and get in touch with potential participants".

Bartosz Bruski of Terra Fantastica believes that "the social role of larps lies in their popularity among all interested people regardless of where they live. Larp organisers choose venues that are often far from the headquarters of a given organisation, but theme-appropriate". He adds that while too few Poles are aware of larps, he feels that, apart from involving their creators, larps frequently boost local entrepreneurship (e.g. restaurants, volunteer fire service, local companies).

Mikołaj Wicher from Turbolarp believes that "larps contribute directly to the creation of new jobs. Furthermore society", many members of the local community volunteer to help organise them, thus becoming a civil.

Apart from the organisations mentioned above, larps are promoted by the largest Facebook group of this kind, LARP Poland (https://www.facebook.com/groups/larp.poland). Since 2012, larps have been promoted in domestically through a series of scientific conferences known as The Larp Conferences, hosted in various cities. The first two (2012, 2013) took place in Wrocław, followed by Gdynia (2014), Katowice (2015), and Warsaw (2016). As with Knutepunkt, a publication featuring papers on larps and Larp theory is released each year and is available free of charge in the Larpbase library (http://larpbase.pl/).

According to estimates, several hundred larps are held annually in Poland, with several thousand people participating. More and more of these are professionally produced events for hundreds of participants. The organisers rent a castle, provide the players with costumes, lodging, and meals, whereas players cover the costs of costumes, props, travel, accommodation, and other expenses (Rutkowska, 2018).

The largest larp-based educational project in Poland took place in 2012. Over 1,100 lower secondary school students participated in 64 larps as part of the DEMOkracja Project, which was organised by Stowarzyszenie Pospolite Ruszenie Szlachty Ziemi Krakowskiej. The plot revolved around the Zebrzydowski Rebellion of 1606, and attendees played the parts of politically active nobles representing various factions (Projekt Demokracja, n.d.).

According to Dr Michał Mochocki of Kazimierz Wielki University in Bydgoszcz, "the lecture is a form of delivery that engages people cognitively. But a larp, on top of that, stimulates the affective, emotional, and behavioural layers. It enables one to experience situations, conflicts and successes on the fly". He added that larps can develop qualities such as empathy, creativity, and teamwork, otherwise known as 21st-century skills.

Dastin Wawrzyniak of 5 Żywiołów believes that "in Poland, there is still a widespread misconception that larps are only for children. The situation, though, is dynamic. With the emergence of high-budget commercial events, this kind of entertainment started to enter the mainstream. Setting a game in an interesting, popular world and, naturally, perfect preparation is what counts in achieving commercial success. For example, the Witcher School is an investment of tens of thousands of zloty. Not to mention several months of work on each successive event. To make a greater impression, all the lighting on the castles is changed from electric to candles and torches". Wawrzyniak underscores the impact of larps on local entrepreneurship (crafts, catering, and accommodation), as well as attracting a large number of people to take part in a shared activity in an area.

Dominik Dębiński of Liveform believes that "larps are a form of entertainment geared at a wide spectrum of people, from pupils going on school trips to adults. The main advantage of a larp is the opportunity to become someone else or step into a new role, as well as the thrill associated with doing so. Their impact on entrepreneurship stems from increased demand for the services required to organise such events. Participation can cost up to PLN 1,000". Dębiński also believes that the settings of larps should be strongly tied to their topic.

As fantasy, history, and art enthusiasts with excellent social and organisational skills, larp masters play an important part in the events. In the wake of the Covid-19 pandemic, their importance has grown due to the need to resume or expand larp activities across the country. Current information is available on topic-related websites (*Polskie larpy*, n.d.).

Larps have also been addressed in academic writing and teaching. In 2013, Kazimierz Wielki University in Bydgoszcz devised a major called Humanities 2.0. Its Gamedec specialty instructs students in, among other things, larp design and introduces them to larp theory (https://gamedec-humanities.pl/).

The case study

The Fantasy Village in Kuńkowce near Przemyśl in south-eastern Poland is a recreational theme park featuring a replica of a fortified medieval settlement. The village offers educational and outdoor activities, as well as medieval-themed events. It is an example of an enterprise similar to theme parks and villages that have long been popular in Poland and all over the world (Sala, 2016, pp. 117–126; 2018).

The village's origins can be traced back to the establishment in 2008 of Przemyska Gildia Fantastyki, a non-profit organisation of about ten young fantasy, history, theatre, and computer gaming aficionados. From the very start, the organisation set itself the goal of raising funds for a historical investment.

The village was built as part of the project Kuńkowce Fantasy Village, which was supported by the EU's Youth in Action initiative and carried out in collaboration with the Przemyśl Regional Development Agency (Ziętal, 2010). The municipality provided the land, and the Development Association became a partner in the project's completion. Remigiusz Maciupa, a local activist, was the primary creator and initiator of the Fantasy Village. He believes that "at the time of its establishment, it was the first and largest village of its kind in Poland".

The organisers set out to create a replica of a mediaeval walled settlement in a virtually unknown village with no tourist attractions. Its value as an investment location was, however, enhanced by the presence in its vicinity of one of the fortifications of the Przemyśl Fortress, the San River, and the city of Przemyśl.

The Fantasy Village began to take shape in 2010, but even though the necessary portion of the work had been completed, much more effort and time were still required for the location to take on the desired appearance. It is challenging to predict the completion date accurately, because there are so many ideas for improving and expanding the village, and every year, more and more features are added (Iuks, 2018).

The Village currently boasts:

– a defensive fort with a watchtower,
– ten huts,
– a functioning inn and a smithy,
– a bathhouse,
– gazebos with fireplaces,
– a stable,
– a network of fortifications with a palisade, towers, and ramparts.

So far, several hundred thousand zlotys have been spent. During the tourist season, the enthusiasts reside permanently in the village, which is designed to be self-sufficient. Its goal is to attract both larp enthusiasts and tourism in general. To generate long-term revenue, the village, which is largely a seasonal business, advertises itself not only to larpers but also to schools, private clients, and specialised larp planners (e.g. the company Larp Adventures). On site, visitors can learn archery (PLN 5 per arrow) or rent a medieval warrior's outfit for a day for PLN 100. The village also serves as a backdrop for music videos and film footage, which provides extra revenue.

The village offers paid accommodation in huts, catering services, baths in its medieval bathhouse (Wawrzyn, 2012), as well as a wide range of regular and occasional events:

– unforgettable field games full of adventure,
– the May Festival,
– the annual winter game in the world of George Martin's "Song of Ice and Fire,"
– educational, training and integration games,
– games for children,
– workshops, demonstrations, living history lessons,
– special events.

According to Maciupa, "The Fantasy Village is intended to familiarise the public, especially young people, with everyday life, rituals, and culture in the Middle Ages". Participants in the Slavic picnic learn about old crafts, antique clothing, food, or participate in mock battles and archery competitions. They find out about the Kupala Night, Jare Gody, and Slavic mythology figures like Marzanna and Dziewanna on site. This can be a fascinating and innovative alternative to standard education classes. Winter activities urge participants to read fantasy literature and try their hand at performing. For many, this may be their first encounter with such attractions. Moreover, the village hosts music events and meetings with writers (Solski, 2022). Organised larps are attended by an average of 20 to 300 people from home and abroad, but especially from southern parts of Poland. Maciupa claims that "most participants are primary and secondary school students, but occasionally older people also participate".

The activities offered by the village have resonated with the local community. Due to their popularity with tourists, accommodation, catering, but notably trades and crafts involved in making costumes and props have become increasingly busy. Another effect of the village's operations is the development of new attractions in the nearby Kukowice area. The 2200 m long Ogrodziska ecological and cultural trail deserves special mention. During the 45-minute walk, which begins at the Fantasy Village, hikers pass through eight sites that showcase the area's natural and historical treasures.

Plans for the future are even more interesting: there will be farmland, orchards, farm animals, a field hospital, and dugouts to be used as hiding places. The settlement can now house 70 people, but will soon house more.

Two noteworthy events are scheduled for 2023: a global LARP Host, set on a Nordic theme and intended for an adult community from around the world, and The Sky Goes Dark at Night, a LARP geared towards younger people.

The study's conclusions have both theoretical and practical implications. New larp organisations emerge primarily by imitating and learning from the existing ones, with leaders playing a critical role. Larps are also created in collaboration with a number of subcontractors from across the country as well as local firms; as a result, their growing popularity has a noticeable effect on the local economy. However, some larp organisations suspend or cease their operations over time, which can be attributed to economic and organisational challenges. For this reason, their dynamically changing environment needs more in-depth research. Constraints may include difficulties in reaching a sufficiently large sample of organisational leaders and the volatility of their immediate environment, particularly its economic dimension.

5. Conclusions

Due to their increasing popularity, larps, such as the Kuńkowce Fantasy Village, undeniably contribute to the development of entrepreneurship not only on a local level. Larps are organised by specialised enterprises that continually attract new committed participants. Over time, many members of the original organisations create offspring ventures tasked with devising new larps. Revenues are generated not only by paid events but also by collaboration with costume, prop, and scenery manufacturers as well as emerging businesses that offer typical services for tourists, such as catering and accommodation.

The social dimension of larps is associated with the involvement of people of various ages and occupations in playing new roles, moving around, and spending their leisure time together. A part of the larp programme is aimed at corporate clients as part of team-building activities. Apart from visitors, local citizens and their leaders (community centres, farmers' clubs) play an important role in larps.

The theoretical component of this paper consists in obtaining significant information on the entrepreneurial and social impacts of larps from directly involved individuals, while its practical component concerns the potential application of the findings to future larp initiatives.

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Acknowledgements and Financial Disclosure

None reported.

Conflict of Interest

The author declares that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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Published by the Krakow University of Economics – Krakow, Poland

Ministry of Education and Science
Republic of Poland

The journal is co-financed in the years 2022-2024 by the Ministry of Education and Science of the Republic of Poland in the framework of the ministerial programme "Development of Scientific Journals" (RCN) on the basis of agreement no. RCN/SP/0391/2021/1 concluded on December 9, 2022 and being in force until December 8, 2024.

Social Entrepreneurship Review
2023, Vol. 1

OPEN ACCESS

10.15678/SER.2023.1.001

Book review of *Social entrepreneurship. A practical introduction* by R. L. Weaver

Bunmi Lawoyin

Abstract: Authored by Rasheda Weaver the book Social entrepreneurship. A practical introduction offers detailed information on designing, funding and launching a social enterprise. Weaver's teaching, research, and professional experience centres on entrepreneurship, social enterprise, and social entrepreneurship as a tool for community development. She developed this book from her research on the social, legal, and economic attributes of a hundred and fifteen social enterprises in the United States and current research on social enterprise and social entrepreneurship worldwide. This book publicizes multiple aspects of social entrepreneurship unavailable in academic journals. It provides a realistic picture of launching, designing, and running a social enterprise. It is highly recommendable for aspiring social entrepreneurs as it shares information on resource acquisition, marketing techniques, and the sustenance of a social enterprise.
Keywords: social entrepreneurship, United States, social enterprise
JEL Codes: L31, M31, G51

Suggested citation:
Lawoyin, B. (2023). Book review of *Social entrepreneurship. A practical introduction* by R. L. Weaver. *Social Entrepreneurship Review*, *1*, 93–96. https://doi.org/10.15678/SER.2023.1.001

1. Introduction

Several scholars argue that social entrepreneurship is an innovative and effective strategy for solving large-scale social problems. However, most academic journals still need to include the standard requirements for establishing and running a social enterprise. Authored by Rasheda Weaver, the founder and director of Weaver Social Enterprise Directory, a global social entrepreneurship training company based in the United States, the book *Social Entrepreneurship. A Practical Introduction* (2023; Routledge, 123 pp. $45.95, ISBN 9781032129433) offers detailed information on designing, funding and launching a social enterprise. Weaver's teaching, research, and professional experience centres on entrepreneurship, social enterprise, and social entrepreneurship as a tool for community development. She developed this book from her research on the social, legal, and economic attributes of a hundred and fifteen social enterprises in the United States and current research on social enterprise and social entrepreneurship worldwide.

2. Chapter Summary

Weaver introduces this book by highlighting wicked social problems and how social enterprises can be viable instruments for combatting these problems. This book has twelve chapters in total. Chapter one defines social entrepreneurship as using commercial business techniques to generate revenue to combat social problems (p. 6) and a social enterprise as any organization that embraces social entrepreneurial practices. A social enterprise's unique features are the structural flexibility to combine social, economic, and sometimes environmental missions and the liberty to operate as a private, non-profit, or hybrid.

Chapter two uses a contextual perspective involving legal and institutional arrangements to enhance the reader's understanding of the emergence of social enterprises from a cross-national lens. Congruent with non-profit theories of development, specifically market/government failure theory, interdependence theory, and supply-side theory (Salamon & Anheier, 1998), the growth of a social enterprise ecosystem depends on the presence of government support (institutional support) or lack thereof and high human demand (institutional void), and social entrepreneurs' identification of social needs and opportunities to generate enough revenue to combat them (institutional sufficiency).

Chapter three outlines the significance of identifying, understanding, and assessing the needs of customers and beneficiaries. As a strategic intervention approach, Weaver encourages using entrepreneurial tools such as design thinking and empathy mapping as this allows for studying social problems in a community and developing empathetic solutions that match the needs of beneficiaries. Chapter four examines how a social enterprise may tap from various community resources to advance missions. Here, a community represents a place-based and issue-based setting, with the latter description involving individuals with similar interests in addressing a social concern.

Chapter five centres on multiple avenues through which a social enterprise can combat diverse, complex social concerns. A few examples include social hiring, social marketing, and social procurement. Chapter six offers start-up financing advice and provides a long list of financing options categorized as traditional and grassroots financing. Start-up social enterprises are encouraged to use bootstrapping techniques such as working from home or sharing office space to control and reduce operational costs and connect with social entrepreneurship networks to keep abreast of innovativeness. Chapter seven explores various social enterprise revenue and income streams. Additionally, it captures the funding variation between European and American social enterprises. While the former relies more on government funding for sustainability and growth, the latter depends more on sales for the same reasons.

Chapter eight uncovers the essence and components of social business planning. When designing a social business, the following themes are necessary considerations: vision and people, revenue modelling, marketing messaging, communication, customer discovery, and understanding. According to Weaver, a good business plan is inspirational, informative, adaptive, and valuable. Chapter nine outlines the benefits of a social enterprise conducting social impact assessment. Weaver posits that this exercise informs a social enterprise about its strengths and weaknesses, assists with adequate allocation of resources, enhances value proposition communication, and demonstrates success and progress to potential funders and investors.

Chapter ten identifies crucial determinants of a social enterprise's growth and increase in social impact as human capital acquisition, development, and retention. Value-based decision-making is encouraged during paid and volunteer recruitment and stakeholder and community relationship building to avoid onboarding individuals and stakeholders incompatible with the organization's mission. Chapter eleven explores the challenges social enterprises encounter and success enablers. Weaver mentions professional networking, funding availability, and market acceptance as success indicators. At the same time, limited resources and the inability to retain talented employees are growth challenges. In instances where failure is inevitable, social entrepreneurs are encouraged to see such failures as opportunities to learn.

Finally, chapter twelve analyses the legal structure of social enterprises within the United States and the benefits and challenges of a social enterprise operating as private, non-profit, or hybrid. Hybrid social enterprises are the most advantageous as they can generate resources through commercial activities and donations. Despite legal variance, social enterprises are required by law to prioritize social missions over profits. Weaver ends her writing with inspiring words of encouragement for social entrepreneurs.

3. Strengths

First, it provides a general overview of operationalizing social entrepreneurship in an easy-to-digest writing style. The book provides opportunities for aspiring social entrepreneurs to weigh the feasibility of their plans and make necessary adjustments before launching a social enterprise. More so, a researcher can access practical social entrepreneurship information that is not easily accessible in academic journals. An example of such information is the financial requirements for launching a social enterprise. Second, it offers a cross-national perspective that extends its relevance beyond the United States in a contextual manner. Third, Weaver's transparency about social entrepreneurship is commendable, as most scholars only promote its positive aspects, making it seem like a flawless concept. Lastly, Weaver's choice of combining personal, professional, and research sealed any possible theory and practice gap criticism as readers can conceptualize social entrepreneurship multi-dimensionally.

4. Weaknesses

The book leaves unanswered questions on how informal minority-led non-profits can successfully adopt social entrepreneurship, as the content is most suited for highly professional social enterprises and less so for other categories. It omits contents on the type of local government institutional arrangements that can foster or deter the growth of social enterprises.

5. Conclusions

This book publicizes multiple aspects of social entrepreneurship unavailable in academic journals. It provides a realistic picture of launching, designing, and running a social enterprise. It is highly recommendable for aspiring social entrepreneurs as it shares information on resource acquisition, marketing techniques, and the sustenance of a social enterprise. Overall, the book is insightful and a must-read for individuals interested in pursuing social mission causes.

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Acknowledgements and Financial Disclosure

None reported.

Conflict of Interest

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Social Entrepreneurship Review
2023, Vol. 1

10.15678/SER.2023.1.002

Book review of *The Social Economy Act. A Commentary* edited by M. Małecka--Łyszczek and R. Mędrzycki

Irena Lipowicz

Abstract: The aim of this review is to examine and reflect on the recently published Commentary to the Social Economy Act, edited by Magdalena Małecka-Łyszczek and Radosław Mędrzycki (2023). Not only is social economy an enormously important and still underappreciated topic, as stated below, but it is also too often addressed in isolation in its numerous institutions. The Commentary's strength is its comprehensive examination of the fundamental components and principles of social economy. Its content goes beyond the scope of a standard commentary in that it helps the reader interpret the relevant theoretical concepts as well as general clauses and undefined terms; moreover, the authors demonstrate axiological consistency in their approach to the issues discussed. It is a text of high scholarly quality, written in clear and accessible language while maintaining a firm grasp of the subject matter. The book will be a valuable resource for theorists and practitioners alike, especially the interpretations of social economy processes, which the reviewer believes are overly complicated and, like the entire Act, do not represent a particularly high legislative standard. The publication is also of great practical significance as it reflects the changing perspective on anthropological pessimism that has afflicted regulations in this field for too long. The authors provide the necessary knowledge in a synthetic manner, but never at the expense of an in-depth theoretical background or an insightful analysis of practical experience. The cross-sectional coverage of the literature on the subject is particularly noteworthy, as the authors provide a representative overview of the doctrine, especially in the context of the European Union Member States.
Keywords: social economy, social enterprise, local government
JEL Codes: K12, K15

Suggested citation:
Lipowicz, I. (2023). Book review of *The Social Economy Act. A Commentary* edited by M. Małecka-Łyszczek, R. Mędrzycki. *Social Entrepreneurship Review*, 1, 97–101. https://doi.org/10.15678/SER.2023.1.002

Regrettably, the historical significance of social economy in Poland is not matched by a broader awareness of its institutions as an opportunity for a fundamental paradigm shift in helping those in need. This model of assistance extends beyond the social clauses already known to local authorities and applied by them, albeit with great reluctance. Such clauses, for instance, make it possible to give preference to cooperatives of disabled persons in securing catering or cleaning contracts. The widespread application of current social clauses can already significantly expand the range of support and, more importantly, permanently engage the weaker side of administrative-legal relations, transforming it into an actual partner in the national socioeconomic processes. However, a step further must be taken to recognise the equality of the social economic model in terms of administrative-legal norms and to encourage its institutionalisation.

As the authors point out in the commentary to Article One, the Act itself has a modest – possible even too modest – subjective scope; however, it constitutes a logical extension of specific regulations. The authors emphasise that the concept under consideration builds upon and strengthens social capital; moreover, the basic values on which it is founded promote democracy and local dialogue. Social economy has emerged as the only real sign of hope in Poland's recent years of galloping recentralization in terms of promoting the yet untapped new capacity of local government, which serves as the axis for the Commentary in many places. The authors also regard social economy as a flagship example of glocalization, which I believe is justified.

Social economy is an important harbinger of a certain deeper change currently taking place in social sciences, unfortunately not yet in administrative policy. The move entails a shift away from the underlying anthropological pessimism in the image of man, who has long been viewed as a 'rational egoist.' In more contemporary doctrine, this vision of man, which may be represented by the slogan 'the economy comes first,' implies that human beings are typically logical in their decisions and are largely motivated by egoism. As noted in the literature, this implies dismissing from anthropological reflection other important (aside from egoism, of course, which is also encountered), more noble emotions and motives such as solidarity, compassion, empathy, and cooperation, which, after all, have always existed alongside egoism or aggression, and this is unjustified.

Welfare models in Western European countries have long been pervaded by this anthropological pessimism. Its long-overlooked practical and legal ramification was the perception of man as a subject who must be constantly monitored and pressured, and whose socially desirable behaviours, such as professional activation, necessitate the deployment of a series of specific incentives that will satisfy his selfish interests. Specifically, this system has been meticulously applied to higher education and education in general. Numerous studies show that when teachers and researchers are subjected to meticulous supervision and become part of a system of selfish incentives, they are no longer driven by a teaching mission or scholarly curiosity; instead, they more concerned with appeasing the bureaucracy and complying with the set parameters. As a result, there is no positive qualitative change, despite increasing numbers of publications and credits. Changing this paradigm allows for a fuller consideration of a different picture of human beings and the realisation of their potential involving empathy, cooperation, and solidarity. The entire Commentary is prepared precisely in this new spirit and, in this sense, leads us towards new horizons relevant to the general theory of administrative law.

All pertinent information is presented by the authors in an organised and comprehensible manner. They do, however, provide a thorough theoretical framework and a critique of practical experience. The excellent cross-sectional coverage of the literature on the topic deserves special mention. The reader is given a representative sample of how diverse social economic concerns have found their reflection into the legislation adopted by other European Union countries. Some of these publications are not well known, and they have been appropriately placed in the Polish context. This will be very helpful for doctoral and master's students, among others, who are looking for representative bibliography items on the subject.

Any commentary on a legal act should provide a thorough overview of the relevant issues, acting as a guide for those applying its provisions – especially in this still-uncharted territory – while also dispelling any reservations and doubts that may arise. This is what the reader receives, but the *Commentary* also delves a little deeper into the prospects for the development of the social economy institution itself. Publications on social economy already exist, including one other commentary (Stachowicz et al., 2023) but they are typically quite rare and scattered throughout the doctrine, including in scholarly journals.

The book also covers the stages of development of the institutions themselves, social cooperatives, social entrepreneurship and, finally, social economy in general. It closes a critical knowledge gap by discussing all pertinent topics in an accessible but by no means simplistic manner. The authors organise the concepts, propose their consistent application, and formulate not only *de lege lata*, but also *de lege ferenda* conclusions.

The comments to Article Two, for instance, are very helpful in understanding the historical and international context of the concept of social economy. The authors consistently demonstrate how both the horizontal and vertical development of the institutions under consideration enable their widespread application in order to effectively prioritize social goals over financial ones, create communities, as well as apply the principles of solidarity and responsibility. Certain features of management, such as recruiting people from socially vulnerable groups or doing business ethically, are shared by all kinds of social economy enterprises. Thanks to the Commentary, readers can see the sometimes laconic Polish legal formulations in a broader context. Going beyond the confines of the 'non-profit sector' is by no means easy. The authors obviously favour comprehensive and precise regulation; yet, the reviewer believes that the evident ambiguities or inconsistencies they have noted are treated much too leniently, despite the fact that it is clearly not their responsibility to strongly criticize legislative shortcomings.

Apart from being just informative, a good commentary ought to save the reader from having to go through numerous sources by referencing pertinent legal issues; precisely this function is served by the reviewed publication thanks to the authors' excellent and thorough work.

The Commentary will be quite straightforward to use and helpful for anyone who has previously struggled with concepts such as occupational workshops or social cooperatives. Moreover, references to case law, particularly administrative case law, are commendable since they enable both beneficiaries and administrative institutions to avoid a number of specific pitfalls.

Social integration centres or clubs are a new type of social economy entities that are gaining in popularity; in this regard, the authors of the Commentary excel in their capacity as guides through the complex normative content. The prejudice against cooperatives in Poland is one of the main deficiencies brought on by the communist regime's historical legacy. Today, however, this prejudice may also partly explain why Poland is lagging behind in the European Union, as new cooperatives especially in energy-related spheres, are becoming increasingly effective in addressing the emerging challenges.

The Act is notable for its extensive use of collective, generic, and undefined notions. However, what gives the legal professions the necessary latitude to and allows institutions to act mostly autonomously may constitute a barrier to the application of specific norms by their addressees. In this context, the Commentary proves to be exceptionally useful, since it guides the reader step by step through the difficult issues related to social services or professional integration.

Even though the work deserves praise as a whole, it is still possible to single out some of its individual parts. Magdalena Małecka-Łyszczek and Agnieszka Pacut wrote extremely informative and clear sections on social economy's objectives, its theoretical underpinnings, and operational legal framework. The discussion of the social enterprise and the intricate process of its development and operation by Dorota Sylwestrzak, Radosław Mędrzycki, and Agnieszka Pacut are also particularly noteworthy; the clarity of the argument and the quality of the analysis are particularly outstanding.

Agata Barczewska-Dziobek analyses Article 28 of the Act in an excellent manner, synthesising the notions used in the regulation that may be particularly difficult to apply for the norm's addressees, such as coordination, the concept, and methods of assistance. It that she has achieved a commendable balance between theory and practice.

Studies by other authors – Małgorzata Mędrala and Wojciech Fill – on complex forms and hidden barriers to funding, which are difficult even for lawyers, let alone for social workers without legal expertise, are of great theoretical and practical importance. Even though they may have used more examples, the writers decided to be brief, which is commendable. Since the entire work has been carefully edited, there are no notable differences the writers' styles, which is not often the case with multi-author research. Overall, the Commentary addresses significant, current administrative concerns and will be extremely helpful for people working for social economy organisations or researching this issue for professional or academic purposes.

Finally, some general reflections. The authors guide the reader through a veritable maze of procedures, which only serves to demonstrate how complex current regulation of social welfare, innovation, and activation has become. This should be regarded as a very negative development. The convoluted language and inconsistencies in a number of provisions, which the authors so expertly point out, should not be present at all in sensible legislation. The intended recipients of the regulations – public administration, entrepreneurs, and social activists, not to mention excluded persons or those at risk of exclusion – should be able to apply them directly, without professional assistance. In fact, however, without the Commentary, the conceptual clarifications, and the identified procedural pitfalls, it would be next to impossible to implement the useful new and important forms of social economy. This is not meant to be construed as a criticism of the authors – on the contrary, they should be proud of their ability to deal with such a complex matter, especially in terms of procedure. However, it should elicit a general reflection from us in relation to the above-mentioned perspective of paradigm shift. Is it not true that overcomplicating legislative matters in an otherwise admirable effort to prevent all conceivable abuses undermines the primary purpose of regulation? Is it not time to simplify social economy legislation without viewing every social entrepreneur, activist or beneficiary as a potential fraudster and cease enforcing such extremely stringent procedures?

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Acknowledgements and Financial Disclosure

None reported.

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