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Social Enterprises in Poland: Competetive Advantages, Challenges, Obstacles and Innovative Ways Forward. A case of Early Childhood Education and Care Services

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Introduction

Poland's transition to democracy revived civicness and stimulated the upsurge in the formation of associations, foundations, other civil society initiatives, among them social enterprises. Rationale for social enterpises in Poland has been mainly responding to the human costs of the liberal transformation strategy: mass unemployment, poverty, social exclusion and profoundly reduced institions of the welfare state generating the welfare gap.

This paper presents the definitional discourse on the Polish social enterprises among academic experts, and practitioners and policy makers, analyzes their competitive advantages, identifies major challenges and barriers and provides some key recommendations on how social enterprises can be supported in Poland. With an eye on early childhood education & care services we outline the performance and impact of social enterprises in this policy area and implications for academic understanding of social enterprise. The analysis is based on quantitative and qualitative studies conducted in the years 2011-2013. It describes the scale, specificity and socio-economic potential of social enterprises in childcare. The national and local policy towards social enterprises, as well as their role in fostering private regulation schemes in childcare policy are examined in this paper.

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Definitional discourse

Social enterprise is a new term in Poland. It has emerged after the 1989 from the concept of third sector as its subtype. The concept of social enterprise has received initial recognition among policy makers, researchers and third sector practitioners due to EU programs on social inclusion and economic reintegration such as EQUAL and Human Capital. Social enterprises are understood as the subtypes of the third sector and as a new development within this sector covering existing organisations (i.e. associations and foundations) as well as its new types (Leś, Kolin 2009).

In Poland there is neither a common definition of social enterprise nor separate legal act regulating its activities. However, there are some widely understood by common customs forms of social enterprises, i.e. associations, foundations and social coops. A recent attempt to construct a definition of a social enterprise has been made in the draft National Programme for the Social Economy (National Programme 2013). The Draft National Programme for Social Economy proposes a provisional core definition. An entity can be considered to be a part of the social enterprise so long as it meets the following defining features: 1. no distribution of profit or financial surplus among investors, directors, managers, members or others, but only use of profit or financial surplus to increase company capital, and in a certain portion for social and employment integration, in case of enterprises with pro-employment objectives, or providing public benefit services for the community. 2. Democratic governance or consultative role of employees, members and other stakeholders; 3. A salary limits for managerial staff; 4. The profit from economic activity i.e. market sales of goods and services is the sole source of income generating.
According to this Document among the social services eligible for a social enterprise status are: childcare, healthcare, social assistance and selected forms of social services for the disabled persons. The proposed Polish definition compared with the modified three EMES criteria (Defourny, Nyssens 2012) and a working EU operational definition appears to be more restrictive and does not consider “in-scope” of the social enterprises all entities that are covered by both above mentioned conceptualizations (limits social aims to eligible fields of activities or employment integration, requires salary cap for employees and stipulates

that no share can be distributed to owners / shareholders and excludes public legal persons of the government and local authorities).

According to the Draft Law on Social Enterprises many entities so far considered as a part of social enterprises (Social Integration Clubs, Social Integration Centres, Social Cooperatives, Establishments of Vocational Activity, Workshops of Occupational Therapy) become "out of scope" as they do not meet some of the defining feature of the social enterprises. To help to settle this issue, it is important to agree to embrace within the concept of the social enterprise at least the entities whose products or services are sold at the market for economically meaningful/reasonable prices as well as those entities, which have a hybrid funding base. This would allow us to include within the national concept of social enterprise at least two more clusters of social enterprises in Poland (Leś 2013).

It is estimated that in 2012 there were some 85,000 third sector entities, including associations and similar organisations, foundations and cooperatives (Central Statistical Office, 2013). Depending on the definition applied the number of the entities would be ranging from about 3,000 (Draft Law Defintion), over 5,000 (The Operational Defintion), to over 20,000 social enterprieses (Modified Emes Criteria).

Competetive advantages

There are several competetive advantages of social enterprises that merit attention. According to the Report based on the in-depth interwievs with key social policy analysts, researchers, policy makers and practitioners (Leś, Korycki 2014), among the competetive advantages of social enterprises are:

Firstly: in addition to the public sector social enterprises and the third sector are one of those complementary mechanisms of market economy and social policy;

Secondly: social enterprises are established to generate jobs where the market and typical for profit companies do not offer job openings;

Thirdy: social enterprises are locally oriented and aim at generating social capital and not only economic profit;

Fourthly: social enterprises are a specific type of an enterprise, which generates profit, but is subjected to total prohibition on profit distribution to directors, investors, managers, or others. The profit may only be transferred to support the enterprise's mission.

The respondents have also pinpointed social enterprises' "natural" abilities to "feel" and diagnose social needs to a much higher extend than public or commercial bodies can exibit. Furthermore, their experimentation cost is low which creates another competetive advantage in comparision with the two other sectors (Ibid.). Their competetive advantages is sometimes connected with the fact that they operate within the niche markets (creative industries, socially responsible tourism, atypical services).

Major challenges and barriers

The insufficiency of enabling environment at all levels of the administrative system: national, regional and local level. Among the different challenges that Polish social enterpises face some issues merit special attention. First: the leaders of social enterprises often overlook competitive advantagies of the social firms. Second: This is in most cases the consequence of their insufficient knowledge and skills. Third: It reflects statistically wide phenomenon of low or no-interest of public authorities in integrating social enterprises into the local social and economic system. For example, the cost of contracts with SEs are not included into the local budget estimates. However, local policy makers do acknowledge the positive impact the social firms have on local social problems' solving (Jarosz 2013).

Nevertheless, the crucial barrier for the stable development of social enterprises in Poland has been the character of the socio-economic system introduced after the breakthrough of 1989. Instead of social market economy model, which has been enshrined in the Polish Constitution and ordoliberal modernization, Poland at the beginning of the 1990s has favourized the anglo-saxon model of economic transformation. This, in result, has led to commercialisation strategies of the welfare regimes significantly hindering the institutionalization of the partnership model between social enterprises and public sector in shaping and realizing public policies.

Polish social enterprises after 25 years of neoliberal modernization are at their childhood phase of institutional capacities. Their potentials are still untapped in national economy.

Some key recommendations

Among *recommendations on how social enterprises can be supported in Poland* the following issues merit attention:

- Reduction of the asymetrical relationships between public bodies and social enterprises through fair compensation for the production and delivery of goods and services by social enterprises.
- Enhancing cooperation between local public authorities and social enterprises by delegation of public tasks and contracting-out of services in favor of social enterprises and community development.
- Improving legislation on social clauses so they could be much frequently used by public sector to fulfil pro-employment objectives and social and employment integration of populations at the risk of social exclusion (operationalized as employing a minimum of 50 per cent of staff from among those at risk).
- Need of a fiscal system and support services for social enterprises comparable to those established for SMEs.
- Need of an education and training for SEs employees, managers, institutional supporters (staff of social assistance centres, labour officies and local authorities) to sustain their growth.

Other support policies social enterprises should work towards are:

- Critical evaluation of the national financial support policies and measures of the EFS financial support instruments in the financial perspective 2008-2013.
- Monitoring, evaluation of the forthcoming 2014-2020 EU financing period supporting third sector/social enterprise goals and recommendations for local, regional, national and European levels.
- Establishing permanent links with research community.

Social enterprises delivering early childhood education and care services in Poland

A long tradition of social enterprises in early childhood education and care in Poland

Despite common opinion, social enterprises in childcare in Poland are not only "a side-effect" of the breakthroughs of the year 1989. In Poland the history of early childhood education and care services derives from the self-organisation of the society. As a result, foundations, associations, other social organisations and cooperatives in childcare have been shaped by a long tradition. In the 18th and 19th centuries, in partitions' time, they were the only entities that established, organised and financed care and education for children at the age of 0-6. Before the Second World War, in the Second Republic of Poland (within the years 1919-1939) there existed the embryonic form of legal frameworks in childcare that engaged public sector in care services for children. Nevertheless, social enterprise organisations still organised early education and childcare. The role of social enterprise organisations in childcare in 1919-1939 was described as not only supplementary for the public sector, but as a basic one in comparison to the activities of the public sector and political elites. Strong social engagement in childcare was attributed to the political situation that allotted the interest and resources to different ("more important") fields like defense or creating independent public institutions in the years of the rebirth of the Polish state. Wladyslaw Szenajch – one of Polish social activists in the Second Republic of Poland, rightly pointed out that "all things done in childcare, were done by the society without any support from the national and local authorities" (Szenajch 1917: 88).

Directly after the Second World War (1945-1947) social enterprise organisations supported the public sector in fulfilling social needs in childcare. In the years 1947-1989 social organisations operating in childcare, like in other domains, were strongly under the influence of communist rule. Associations, foundations and cooperatives could neither choose the

direction of their activity nor set the goals nor undertake activities without the permission of the authorities. In the late 1940s and early 1950s all foundations and many associations were dissolved by communist authorities. Social organisations' assets and properties were taken over by the state without any compensation and incorporated into national infrastructure. Other social organisations, including those in childcare, were obligatory consolidated with other (state-supported) non-profits. This solution enabled the state to transform social organisations into so-called social "mass-organisations" which were financed by the public sector but were fully dependent on communist authorities and made to carry out their activity according to the communist's ideas and values. On the other hand, cooperatives were incorporated into national economic policy according to the idea of collectivisation, that deprived them independency and asset.

However, in 1960s and 1970s the role of social enterprise organisations was visible in childcare. Some associations, even if they were controlled by the state, were conceived as a structural tool in solving the problem of the lack of preschool facilities in rural areas and cities. As far as childcare is concerned, mass-organisations and few private for-profit initiatives were perceived as an institutional alternatives for the state. In the mid-1980s the economic crisis worsened material status of the society, which resulted in limited tolerance of social organisations on the part of communist authorities. Associations became a domain of social identity and self-help initiatives. This is the case of some parents associations in education of disabled children, which were formally and legally included in mass-organisation but informally played the role of sub-sector delivering welfare services for the families with mentally disabled children. There should be said that, despite the fact that during the communist rule voluntary organisations and cooperatives only supplemented the public sector, they should be perceived as the significant example of promoting civic values that finally contributed to the fall of socialism in late 1980s. This is the case of education and the care for the disabled children domains, in particular.[3]

[3] According to one of the leading anti-communist activists – Geremek (1994: 238-239) –Polish voluntary organisations operating in non-politic sphere, including education and exchanging information as well as other bottom-up self-help initiatives had significant anti-totalitarian potential in the late 1980s.

To sum up, although the institutional continuity of social enterprise organisations was broken during the time of communist rule, the long-standing traditions of bottom-up initiatives dated to the time before the Second World War, revived the social activity in transition. As a consequence, since the year 1989 social enterprise organisations have not been developing in the mental vacuum but they might have derived from the past experience.

The emergence of social enterprises in early childhood education and care after the year 1989: socio-political considerations

Looking closely to the literature on legal/organisational frameworks on social enterprise and public policy towards them, Ciepielewska-Kowalik (2012, 2013) distinguishes three phases of institutionalisation of such entities in early childhood education and care in Poland after the year 1989. They apply to the years 1989-1995 (the first phase), 1996-2002 (the second phase) and since 2003 until now (the third phase).

In the first and second phase, despite the lack of political agreement in creating post-socialist welfare state and the role of social enterprise organisations in it, there was total political approval for breaking the state monopoly and boosting the engagement of civil society organisations in welfare services. According to policy makers, institutional pluralism was perceived as one of the main concepts of transition. Similar opinion presented experts, who indicated the need of civil society and non-profit (also called non-governmental) organisations' revival in the new architecture of welfare state. As a result, such entities were perceived as the third pillar of new welfare state (Golinowska 1994). For example, education was one of the first domains, in which social enterprise organisations' activities were legally acknowledged in the early 1990s. They became an expression of the grass-roots parental and education leaders pressure on building the socially trustful and state independent education system in Poland. As a result, social enterprise organisations started playing a significant role in education. However, their potential measured by the number of schools and children attending them was modest in the 1990s when compared to the public sector. Moreover, social enterprise organisations in education narrowed their activities to primary and secondary levels, while they abandoned early childhood education and care services.

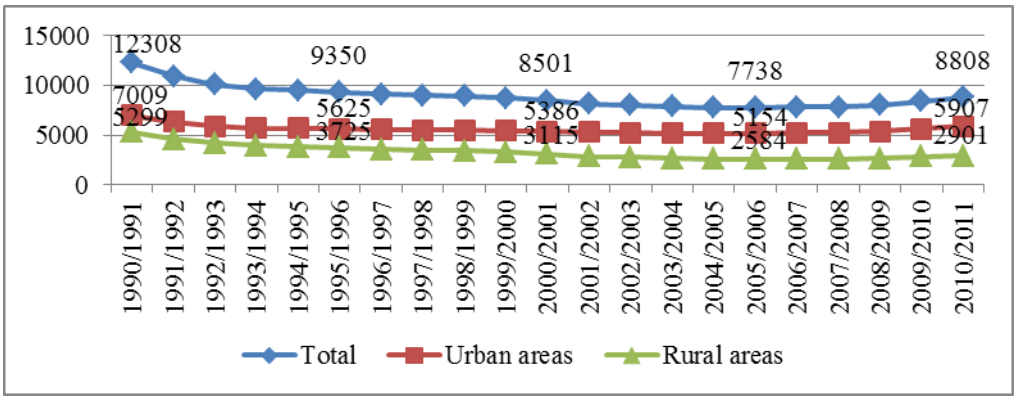
The introduction of legal recognition of social enterprises in early childhood education and care coincides with the Polish entrance to the EU in May 2004. We can say that it definitely starts the third phase of institutionalisation of such initiatives. The rapprochement to the EU is a key factor that made social enterprise concept visible in national and local developmental strategies as well as contributed to the improvement of financial viability of social enterprise organisations delivering childcare. Thanks to newly established legal frameworks[4] that enable third sector organisations to conduct business activity, some of them, including associations and foundations, started obtaining more entrepreneurial position. Simultaneously, newly established social enterprises operating in pro-employment activities such as social cooperatives emerged in 2006.

The increasing interest in social enterprises in early childhood education and care after the year 2004 is also attributed to the growing insufficiency of the public sector in fulfilling social needs. The fulfillment of present needs and expectations in many welfare services has become impossible with the upholding of the current principles of financing and providing such services. The decrease of public budgets on national and local levels lead to a question about the involvement of non-state providers, including for-profit actors and social enterprises, in providing welfare services. As mentioned in the first part of this paper, the neo-liberal reforms of Polish welfare state implemented after the year 1989 seem to be insufficient. In education a deep institutional gap emerged due to the previous reforms. The State's withdrawal from the social sphere, which took place in the 1990s, resulted in a dramatic change in the access to childcare and preschool education in respect of all its dimensions: financial, territorial, organisational and connected with quality around the year 2004 (Ciepielewska-Kowalik 2010). In Poland many preschools have been closed or privatized since 1989. Within ten years (1994-2004) the number of preschools decreased by 20% (in rural areas above 30%). In 1900s such a dramatic decrease was a result of structural changes in demography (decrease in birth rates) and labor market (increasing numbers of unemployed women) which legitimated political decisions on preschools liquidation made by communes. It should be underlined that due to the decentralization, preschools were

[4] Ustawa z dn. 24 kwietnia 2004 r. o działalności pożytku publicznego i o wolontariacie, Dz.U 2004, nr 96, poz. 873 z późn. zm. (The Act on public benefit activities and volunteer work from April 24, 2004, Journal of Laws No. 96, item 873, as amended)

taken over by communes in the early 1990s. Until 2013 Polish communes were not financial state-supported in the early childhood education and care. This led to the dramatic decrease in the number of preschools in the 1990s, while nowadays it is still one of the main barriers in the development of preschools (table 1).

Table 1. Number of preschools in Poland 1990-2011



Source: own calculation based on CSO 2011.

It should be underlined that no preschool was in 850 communes in 2008. According to the most present government's estimation, in 2012 more than 100 thousand preschool were missing. Moreover access to childcare in Poland is also strongly differentiated in regional and local dimension. In the school year 2012/2013 69.7% children at the age of 3-5, including 65.5% 4-year-olds (82.2% cities, 38.5% rural areas) were in preschools. While rates of popularity of preschool education for 4-year-olds in EU-27 was 88.6% in 2010. Considering the European Counsel instructions from 2009, according to which the EU members states are to assure the rate of the popularity of preschool education for 4-year-olds on the level of 95% till 2020, Poland is still far away. Moreover territorial inequalities in preschool services have rather permanent character and haven't been significantly reduced by amendments so far.[5]

[5] In 2007 Polish Parliament passed the act which simplified the process of creating preschool institutions in order to improve the access to preschool education. This act has created two new forms of preschools such as pre-primary points and pre-primary education groups. They are dedicated to children aged 3-5 and established for smaller groups (no more than 25) and based on simpler legal frameworks in regard to sanitary and fire. In 2009 Polish Parliament decided to lower school age to 6 years old in order to create more preschool places for children aged 3-5. Due to the strong social resistance it has been postponed until 2014.

More recently, social enterprises have been addressing new social policy challenges which have been induced by present public budget constraints both on national and local levels. They are also perceived as innovative tools for new social risks' management in demography (to tackle ageing society)[6], economy (to enhance labor market resources)[7] and social sphere (to enhance social cohesion and tackle social exclusion)[8]. As a result, the current model of collective needs in early childhood education and care based on traditional triad (state-family–market) need to be in Poland supplemented in greater extent by social enterprises. This leads to a question of state of the art in social enterprises in early childhood education and care.

Social enterprises in early childhood education and care: state of the art

Public sector, mainly local authorities, is still the main provider of early childhood education and care services in Poland. In school year 2012/2013 local authorities run 69.5% preschools, providing 77% of preschool places for 79.8% children attending preschools. Various for-profit enterprises run 22.5% preschools with 17.8% preschool places for 15.3% children attending preschools. The third provider - social enterprises organisations' sector run 8% preschools with 5.2% preschool places for 4.9% children attending preschools. Data above confirms that the contribution of social enterprise organisations to preschool education is smaller than made by public and for-profit providers. However, the role of social enterprises in preschool education has been rising since 1989. In 1997 the total share of such entities in preschool

[6] Demographic challenges such as ageing society and deinstitutionalization of the family. In comparison to western European countries, Polish society is regarded as a young one. Nevertheless, the process of ageing has intensified since 1989 mainly due to the birth depression. In transition period Poland has moved from a group of countries with the highest to the lowest total fertility rate (TFR) in Europe.

[7] Inappropriate number of preschools' places in Poland is regarded as main reason for family model domination. It lowers women's activity rate, especially among young women - mothers (25-29 years old) and grandmothers (around 50 years old) who due to family and domestic tasks became professionally inactive and constitute the unused or insufficiently utilized labor resources. In 2005, after giving a birth to a child, 60% of women with children at the age of 0-3 and 50% bringing up children aged 4-6, resigned from work (Kotowska et al. 2009). This is why in Poland, the activities for creating labor market with as much professional active workers as possible is intensified. For example, the Long-term Strategy for National Development declares a significant growth of vocational activity rate among people aged 20-64 (to 71% in 2020 and to 75% in 2030).

[8] In Poland in 2013 1/3 of population threatened by poverty consisted of children below 18 years old. According to the studies, children attending preschools have better social skills and school performance than their peers who spent their childhood at home with non-working parents or nannies. Taking such results into consideration, the need of universal system of preschool education is obvious. High quality of human capital protects against social exclusion and social segregation.

education was very modest. They delivered preschool services for no more than 1.4% children attending preschools (Leś 2013), while in 2013 this share raised to 8% (as in figure 1).

Figure 1. The share of social enterprises in early childhood education and care services

	1997	2005	2011	2013
	In %			
Preschools run by social enterprise organisations	n/a	5.6	6.7	8.0
Children attending preschool run by social enterprise organisations	1.4	3.7	4.1	4.9

Source: own elaboration.

It is worth empathizing that the rising diversification among preschool providers is clearly visible when so called pre-primary institutions are concerned.[9] In 2013 the public sector run 32.2% of such institutions, while the rest of them were run by non-public providers, including ¼ of such institutions run by social enterprise organisations, mainly associations, foundations and other voluntary organisations. Nevertheless, it should be outlined that only 8% of associations, foundations and other voluntary organisations declared delivering childcare/preschool education services in 2008. However, this share has raised since 2005 when it was 0.56% of such entities. Social cooperatives have also existed as preschool services providers in Poland since 2012. However, their contribution is marginal and it can be counted in several cases.[10] Similarly, the contribution of traditional cooperatives to preschool education still needs investigation. In 2013 there existed only one traditional agricultural cooperative which provided preschool services. However, it is known that

[9] These are the institutions like pre-primary education groups and pre-primary education points which have existed in Polish education system since 2008/2009 school year. Both types of institutions deliver preschool services for children at the age 3-5. They are perceived as "simplified" preschools when building and sanitary requirements are concerned. Pre-primary points and education groups usually are attending by a smaller number of children in comparison to traditional preschools.

[10] There are no more than 20 social cooperatives delivering preschool services, mainly in pre-primary institutions forms.

preschool- like services are delivered by some of the housing cooperatives in Poland. Nevertheless, their activities is neither entered into public statistics nor it is formalized. They usually run their preschool activities as informal cultural clubs, community centers or even university of the third age forms.

It is worth emphasizing that in Poland the definitional discourse on what entity should be called a social enterprise applies organisations in early childhood education and care as well. As showed in the first part of this paper, the way of the conceptualisation a social enterprise is not only an academic problem but it should be perceived as a key factor for the range of public support. On the one hand, taking the Draft National Programme for Social Economy into consideration, one can state that childcare is one of the domains eligible for a social enterprise status. On the other hand, entities perceived as social enterprises rarely do fulfill the restricted criteria of making the profits from the economic activity. Ciepielewska-Kowalik (2012, forthcoming 2014) indicates that the majority of Polish associations, foundations and other voluntary organisations in childcare associates conducting economic activity with a departure from the social mission. In their opinion, social enterprise status may discredit the organisation as socially trustful and fully grassroots one. Such approach confirms that Polish social enterprise organisations are still strongly committed to the egalitarian values (for as many beneficiaries as possible, regardless their material status) and "independent"/"intermediary" (between the government and for-profit enterprises making money) identity. This means that Polish social enterprises' reliability/thrustworthiness? , at least in education and childcare, might be strongly correlated with not conducting any economic activity. On the one hand in 2008 the main sources of financing the activity of social enterprise organisations providing childcare and preschool services were from public sources (2/3 of their total budget), while only 1/5 of their budget came from the market sources. Using public sources was declared by ¾ associations, foundations and other voluntary organisations operating in early childhood education and care services. Furthermore, early childhood education and care services if provided by social enterprise organisations are mostly financed by local governments. As a result, small (local) social enterprises providing preschool and childcare services are more concerned about proper relations with local authorities rather than profit making activities (Ciepielewska-Kowalik, forthcoming 2014). On the other hand, in 2008 less than 1/3 of these organisations

conducted economic activity, while the income from this source consisted less than 1/5 of total budget of these entities.

Such poor recognition in "enterprising"[11] social enterprises delivering early childhood education and care services moved the authors of this paper towards the enlargement of the definition of social enterprise when childcare is concerned. Taking this domain into consideration one can state that the EMES definition is more appropriate. It distinguishes a range of economic, social and governance criteria[12] instead of focusing solely on economic risk and market sales as a funding base of social enterprises. Being less restricted, the EMES definition shows different classes of social enterprises in childcare and preschool education (as in the figure 2).

Figure 2. The three sets of EMES criteria for social enterprises in relation to childcare/preschool education

Economic and entrepreneurial dimensions of social enterprises		**Childcare/preschool education domain**
Part A	Part B	Part C
A continuous activity producing goods and/or selling services	SEs, unlike traditional non-profit organisations, are not engaged in advocacy activities as a major goal or in the redistribution of financial flows, but they are directly involved in the production of goods or the provision of services to people on a continuous basis. The productive activity thus represents the reason, or one of the main reasons, for the existence of social enterprises.	The provision of preschool education/childcare services for direct beneficiaries (mainly children and their parents) and indirect beneficiaries – members of the local community (e.g. pro-employment, social security and leisure/free time activities)
A significant level of economic risk	Unlike most public institutions, social	Most of Polish social

[11] Understood as taking a significant economic risk in market activities.

[12] The EMES European Research Network developed the first theoretical and empirical analysis of social enterprises. A list of four economic and five social indicators was presented in order to describe social enterprises around 2001 in classical works such as Borzaga & Defourny (2001) and Nyssens (2006). In 2012-2013, after a decade of first EMES analysis, it seems more appropriate to present these nine indicators in three subsets, including participatory governance. Such change is connected with the view of social enterprises in a comparative perspective with US schools of thought.

	enterprises' financial viability depends on the efforts of their members and workers to secure adequate resources.	enterprises' financial viability in childcare/preschool education domain depends on public sources rather than market activities.
A minimum amount of paid work	As in the case of most traditional non-profit organisations, social enterprises may also combine monetary and non-monetary resources, and voluntary and paid workers. However, the activity carried out in social enterprises requires a minimum level of paid workers	The criteria fulfilled. 79% of Polish associations, foundations and other voluntary organisations declares hiring paid staff.
Social dimensions of social enterprises		
An explicit aim to benefit the community	One of the principal aims of social enterprises is to serve the community or a specific group of people. In the same perspective, a feature of social enterprises is their desire to promote a sense of social responsibility at the local level.	All organisations delivering preschool/childcare services answer institutional gap of low access to preschools. Moreover, they engage the members of local communities both directly (membership in the organisation) and indirectly (various pro-activity activities for members of local communities)
An initiative launched by a group of citizens or civil society organisations	Social enterprises are the result of collective dynamics involving people belonging to a community or to a group that shares a well-defined need or aim	SEs delivering preschool education/childcare services are the result of a collective dynamic involving people from one community or a group gathered around the problem with the low accessibility of preschool/childcare services
A limited profit distribution	The primacy of the social aim is reflected in a constraint on the	All SEs delivering childcare/preschool education

	distribution of profits. However, social enterprises do not only include organisations that are characterised by a total non-distribution constraint, but also organisations which – like cooperatives – may distribute profits, but only to a limited extent, thus allowing to avoid a profit-maximizing behavior	services are defined with a constraint on the distribution profits. It may be a total non-distribution constraint (associations, foundations, other voluntary organisations) or profit distribution in a limited extent (traditional and social cooperatives)
Participatory governance of social enterprises		
A high degree of autonomy	Social enterprises are created by a group of people on the basis of autonomous project and they are governed by these people. They may depend on public subsidies but they are not managed, be it directly or indirectly, by public authorities or other organisations. They have both the right to take up their own position ("voice") and to terminate their activity ("exit")	All SEs delivering childcare/preschool education services are established, run and governed by a group of people. However, according to Polish legal frameworks, social enterprises in forms of social cooperatives may be run by local authorities. This leads to a partially fulfillment of this criterion.
A decision-making power not based on capital ownership	This refers to the principle of "one member, one vote" or at least to a decision-making process in which voting power is not distributed according to capital shares on the governing body	Fully fulfilled.
A participatory nature, which involves various parties affected by the activity	Representation and participation of users or customers, influence of various stakeholders on decision-making and participative management often constitute important characteristics of social enterprises. Thus we can say that one of the aims of social enterprises is to further democracy at the local level	SEs delivering childcare/preschool services engage various stakeholders such as parents, children, teachers as well as local authorities and members of local communities.

Source: own elaboration based on Defourny, Nyssens 2012 (part A and B) and Ciepielewska-Kowalik (part C).

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