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## Economic Efficiency of Polish Social Cooperatives Operating in Tourism and Event

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Submitted 07/10/21, 1st revision 10/11/21, 2nd revision 25/11/21, accepted 10/12/21

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**Abstract:**

**Purpose:** The aim of this study is to examine the economic effectiveness of Polish social cooperatives operating in the tourism and events sector and the factors determining this effectiveness.

**Design/methodology/approach:** The study used such research methods and techniques as, analysis of primary and secondary documents, dynamics indexes, sales profitability analysis. The documents enabling the determination of the economic situation of the cooperative were the current financial statements, balance sheets, profit and loss accounts and reports on activities obtained from the National Court Register. The selection of a cooperative for research was guided by the fact that the financial statements had been submitted and that it had been operating on the market for at least 3 years. The research covers data up to and including 2019, i.e., from the period before COVID-19. All Polish social cooperatives operating in the tourism and events industry were analyzed.

**Findings:** In the years 2006-2017, 168 cooperatives were established in Poland in the area of tourism and events, 64% of which are in operation. Despite the obtained financial support, 61 (36%) entities, including (82%) established by natural persons, did not survive. The results of this study show that the financial condition of social cooperatives operating in the field of tourism and events is poor. Only 26% of them achieve profits, 50% balance their activities with a small profit, and 24% achieve no profit and have declining revenues. Almost half (48%) of the surveyed entities generate annual revenues of up to PLN 100 thous., and 36% in the range from PLN 100 to 300 thous. Research shows that the economic efficiency of cooperatives results mainly from their legal form and the possibility of diversifying their activities.

**Practical implications:** The research results are helpful for organizations supporting activities in the field of social economy and social cooperatives. In order to improve the functioning and increase the number of social cooperatives operating in the tourism industry and to improve their economic efficiency, it is necessary to change the way of their management and legislative changes.

**Originality/value:** For the first time, all Polish social cooperatives operating in the field of tourism and events were analyzed and a critical analysis of the financial situation of social cooperatives was made in relation to their legal form.

**Keywords:** Social entrepreneurship, social cooperative, economic efficiency, cooperative of legal persons, cooperative of natural persons, tourism and events.

**JEL:** D69, O35.

**Paper Type:** Research article

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## 1. Introduction

By acting for employment, social and professional reintegration and supporting local development, social entrepreneurship makes a significant contribution to economy. The potential of social economy entities in EU countries is 13.6 million paid jobs (over 6% of the EU-28 working age population, 82.8 million volunteers, 232 million members of cooperatives, mutuals, associations, 2.8 million entities and enterprises of social economy (European Social Economy Regions, 2019).

A specific form of social enterprises are social cooperatives. Their role is to implement the general interest of the community in promoting employment, personal development and social integration of people with special needs (excluded, disabled) by providing social, social and educational services (Borzaga *et al.*, 2014).

Polish social cooperatives are modeled on the model of Italian social cooperatives (European Commission, 2011). Their activity is regulated by the Act on social cooperatives (Journal of Laws of 2006, No. 94, item 651, as amended). This act has already been amended many times, taking into account the suggestions of cooperatives and representatives of their supporting institutions. The most important changes concerned the possibility of establishing social cooperatives by legal persons (since 2009), reducing the number of people entitled to establish cooperatives and reducing the percentage requirement for the participation of people at risk of social exclusion. Legal persons that can establish such enterprises are non-governmental organizations, local government units and church legal persons. Social cooperatives are the basic form of social entrepreneurship in Poland.

Depending on the voivodeship, they constitute from 42.2% to 81.7% of all cooperative entities favoring social inclusion (Adamska *et al.*, 2019). In the last two decades, they can benefit from EU funds, and above all from domestic funds spent in accordance with the assumptions of the National Program for the Development of Social Economy, adopted by the Council of Ministers in 2014 (National Program, 2014).

The aim of this study is to examine the economic effectiveness of Polish social cooperatives operating in the tourism and event sector and the factors determining this effectiveness. The aim of the research was to obtain comprehensive knowledge about these entities, diagnose their economic and social condition, and learn about their real position on the labor market. For the first time, all Polish social cooperatives operating in the field of tourism and event were analyzed and a critical analysis of the financial situation of social cooperatives was made in relation to their legal form.

The structure of the article is organized as follows. Section 2 reviews the literature. Section 3 introduces the methods and techniques, while section 4 presents social

cooperatives operating in the tourism and event industry in Poland. Section 5 includes discussion.

## **2. Literature Review**

Social enterprises are created to foster integrated and holistic approaches to sustainable development, notwithstanding the complexities of managing them, including the various resource types mobilised, the inclusive governance and participation of stakeholders, etc., (Borzaga *et al.*, 2020).

The distinguishing features of social economy entities include primarily, bringing social benefits, a democratic management style, involving recipients in the activities and involvement of public authorities in social activities (Defourny and Nyssens, 2010; Kerlin 2006; Mair and Martí, 2006; Pearce, 2003; Mauro *et al.*, 2015). Social enterprises serve to meet the demand for social innovation aimed at a new way of solving existing problems and emerging difficult social issues (Borzaga *et al.*, 2011). Social enterprises are subject to the same market laws as any entity engaged in an economic activity. This means that in order to counterbalance the economic, environmental and social impacts, social enterprises are willing to accept a double or triple view of financial performance management (Doherty *et al.*, 2009).

In many European countries, over the past few decades, social enterprises have developed extremely dynamically, faster than other sectors of the economy (Borzaga *et al.*, 2017). In this context, no less important is the demand for this type of activity and its perception in the socio-economic environment, which largely depends on the level of economic and civilization development of a given region (Goyal, 2020). Research by Gramescu (2016) shows that social entrepreneurship develops much better in countries with a high level of national income, such as Denmark, Norway, Sweden or Switzerland, than in post-communist countries in a worse economic situation.

In the development of social entrepreneurship, the use of public-private partnership, which additionally provides financial support to social economy entities, works better than the independent, exclusively social, functioning and financing of these organizations (Gabriel, 2014; Weber *et al.*, 2012).

A significant part of analyzes and observations concerning the activities of social economy entities focuses on individual and collective benefits resulting from their activities. They show the innovative (Kaufman *et al.*, 2007; 2015;), and at the same time missionary, charitable, human and noble dimension of this activity (Mazur and Zimnoch, 2017; Czternasty 2014), apart from the need to provide it with appropriate sources of financing. The fact that social entrepreneurs are not oriented towards achieving economic profits deprives them of a key factor of development inherent in enterprises operating in the commercial sphere.

For the successful functioning of cooperatives, the context in which they operate is important (Kerlin, 2017; Urbano *et al.*, 2017; Kispál-Vitai *et al.*, 2019). Social cooperatives usually develop thanks to the enthusiasm of leaders who want to take advantage of the social advantages of cooperatives (Pansera and Rizzi, 2020). The role of local self-governments is to support this process without violating the company's autonomy by creating a friendly environment and order market.

Among the activities undertaken by social cooperatives, tourism plays an important role. This is especially ecotourism (Peric and Durkin, 2013), tourism based on the local community (Moscardo, 2008) and social tourism understood as tourism intended mainly for people who are economically disadvantaged or otherwise disadvantaged or excluded (Idziak, 2011).

Several articles have been written on social entrepreneurship in tourism that relate to other countries, such as Croatia (Matošević Radić, 2020) and Canada (De Lange and Dodds, 2017), but no author has studied economic efficiency. It also studied models and success factors for social enterprises in tourism (Von der Weppen and Cochrane, 2012).

### **3. Research Methods and Techniques**

The research used such research methods and techniques as, analysis of primary and secondary documents, dynamics indexes, Return on Sales (ROS). The primary documents analyzed, enabling the determination of the economic situation of the cooperative, were the current financial statements, balance sheets, profit and loss accounts and reports of the cooperative on its activities obtained from the National Court Register. The content of websites of social cooperatives and organizations supporting them was also analyzed. Secondary documents were reports on research conducted by the Ministry of Family, Labor and Social Policy and statistics of the Central Statistical Office, as well as content from publications and websites of other organizations and people in which these cooperatives were presented.

The collected data was analyzed using dynamics indices (previous year = 100) taking into account the revenues and revenues obtained in 2017, 2018 and 2019. Due to the fact that the studied social cooperatives perform mainly service activities, the Return on Sales ratio was also examined -  $ROS = \text{net profit} / \text{sales revenues} \times 100\%$ . The focus was on examining the economic condition that can be a determinant of sustainability. Due to the fact that the surveyed cooperatives provide only services, the amount of income reflects the financial situation that allows to determine the activity of the enterprise, and at the same time is a reference point for assessing the amount of profit and involvement of resources.

In the case of a bad financial situation, the cooperative is *de facto* unable to pursue social goals, as it has no funds to do so, or to fulfill its functions related to reintegration. In the case of a stable economic condition (when a cooperative is able

to balance its economic activity with a zero profit), it may fulfill reintegration functions, but there are no funds for statutory purposes. On the other hand, when the condition is good, the cooperative performs both economic and social functions (Czetwertyński, 2017).

All Polish social cooperatives operating in the tourism and events industry were analyzed. The selection of a cooperative for research was guided by the fact of submitting the financial statements and operating on the market for at least 3 years, i.e., from 2017. The comparison of social cooperatives in terms of the profile of activity and legal subjectivity of their founders was made. Detailed data on the founders, business profile, year of establishment and the financial situation of individual entities were obtained from the National Court Register (KRS). Data was collected on cooperatives founded by natural persons and established by legal persons. Cooperatives conducting hotel activities (accommodation and agritourism) and organizing tourist events with a division into integration, sports, recreational and tourist attractions events were examined.

#### **4. Social Cooperatives Operating in the Tourism and Events Industry**

According to the data of the National Court Register, 1,709 social cooperatives were operating in Poland at the end of December 2019. Over 60% of social cooperatives located their activities in one of the five dominant sections of the Polish Classification of Activities (PCA), industrial processing (17.2%), wholesale and retail trade, repair of motor vehicles (14%), activities in the field of administration services and support activities (12.9%), construction (9.2%) and activities related to accommodation and catering services (7.2%) (Information..., 2020).

According to the Polish Catalogue of Social Cooperatives, 168 cooperatives were operating in the field of tourism and recreation as at December 31. 2017, which constituted 9.8% of registered cooperatives. The research shows that there are much fewer active cooperatives. Many cooperatives have already been closed or are no longer operating. They were created largely thanks to the support from the European Union funds and ceased to operate after the end of the funding.

However, the costly and lengthy process of liquidating the cooperative means that they are still entered in the register. According to information from the Central Statistical Office (CSO), in 2016, out of 1.4 thous., social cooperatives registered in the National Economy Register (REGON), 0.9 thous., entities, that is 62% of registered cooperatives (Social..., 2018). The number of registered social cooperatives in Poland shows a large regional differentiation, which is consistently maintained in the following years. The leaders were the following voivodeships: Greater Poland, Masovia and Silesia, that is those characterized by dynamic economic development as well as high activity and entrepreneurship of local communities.

The smallest number of cooperatives occurred and is present in the following voivodeships, Podlaskia, Opole and Holy Cross. Such an arrangement of cooperatives shows, however, that they are not created where they would be most needed, i.e., in areas threatened with marginalization or high unemployment, only where entities establishing social cooperatives are more efficient in obtaining subsidies for running a business (Koptiew and Puzio-Wacławik, 2019).

The surveyed social cooperatives were created mainly thanks to the possibility of financing. The condition for non-returnable aid is a certain period of operation of the cooperative. According to the regulations on granting subsidies from the Labor Fund, there is an obligation of annual membership in the cooperative, while in the case of subsidies from the State Fund for Rehabilitation of Disabled Persons (PFRON), membership is required for two years. The founders of the cooperative could also count on preferential loans and grants for public benefit activities related to tourism, including grants available to all entrepreneurs under Regional Operational Programs and special grants for cooperatives operating in rural areas under the Rural Development Program.

The final report of the evaluation study on the evaluation of support in the field of the social economy granted from the European Social Fund (ESF) under the Human Capital Operational Program (HCOP) shows that the launch of non-returnable instruments significantly accelerated the creation of new social enterprises - mainly social cooperatives. Had it not been for the received subsidies, 80% of these entities would not have been established, and the creation of the remaining 20% would have been uncertain (Stronkowski *et al.*, 2013).

In a survey conducted in 2018 by the Ministry of Family, Labor and Social Policy (Social..., 2019) as many as 86% of the surveyed social enterprises indicated that in the next 12 months they would need additional funds to conduct their current and development activities. These entities, however, have very limited possibilities to diversify external sources of financing and most often obtain them in the form of subsidies from: the European Social Fund, the Labor Fund or PFRON or a loan from the National Social Entrepreneurship Fund.

According to the data of the Central Statistical Office (Social..., 2018) 39% of social cooperatives in 2016 achieved revenues covering the costs incurred (that is a profit of 0 was achieved), 37% recorded a loss, and only 24% recorded a positive financial result. Economic activity is only an additional source of financing their activities. Public funds dominate (EU funds, state earmarked funds, subsidies of local governments (Schimanek, 2015). This raises justified concerns about the stability of the functioning of such entities after the end of EU support.

A similar situation applies to social cooperatives operating in the tourism and event industry. The results of the research are shown in Table 1. The examined cooperatives were classified into three groups, distinguishing cooperatives with

good, stable and bad financial condition. Entities in good financial condition achieved in 2017-2019 growing revenues and profit from their activities and a positive ROS (Return on Sales).

In the group of cooperatives with a stable financial condition, there are entities that achieve annual revenues, profit above or equal to zero and ROS above or equal to zero at a comparable level within three years. Cooperatives in bad financial condition are characterized by decreasing revenues, growing loss resulting from the conducted activity and negative ROS. In addition to the data on the financial condition, Table 1 shows the number of entities operating in 2020 for at least 3 years. The percentage of the cooperatives registered since the beginning of the Polish Act on Social Cooperatives, i.e., since 2006, is given in parentheses. The table also shows the number of entities established in rural areas and the number of entities established by legal persons.

**Table 1.** Social cooperatives operating in the tourism and event industry in Poland in 2020

Type of activity	Number of operating entities	Number of entities in rural areas	Number of founded by legal persons	Good financial condition	Stable financial condition	Bad financial condition
Agritourism	3 (50%)	67%	0	0	67%	33%
Tourist attractions	17 (57%)	82%	53%	41%	41%	18%
Integration events	23 (68%)	48%	52%	22%	56%	22%
Sports and recreational events	29 (59%)	48%	55%	34%	41%	25%
Accommodation	16 (66%)	63%	25%	6%	56%	38%
Equipment rentals	19 (76%)	53%	47%	37%	47%	16%

*Source:* Own study based on the conducted research.

Of the 168 cooperatives operating in the tourism and events industry, established from 2006 to 2017, 107, that is 64%, survived by 2020. The research shows that most entities remained on the market in the field of tourist and recreational equipment rentals (76%), followed by the organization of integration events (68%) and accommodation (66%). Only half of the cooperatives dealing with agritourism (50%) survived, and not much more with tourist attractions (57%) and sports and recreational events (59%). The relatively good financial situation of cooperatives renting equipment may result from the fact that they also conduct other types of activity, e.g. catering and accommodation services. Cooperatives that rent traditional tourist and recreational equipment, such as bicycles, kayaks, skis, are in a stable financial situation.

Among them, high revenues and positive ROS (37%) are achieved by cooperatives providing niche services, e.g., a cooperative dealing with the rental of sound systems and lighting; a company that rents out inflatable equipment for children, and that rents tents, banquet tables and benches, and projection screens. Sixty-eight percent of the cooperatives organize integration events for companies and organized groups. Research shows that there is a demand for such services, as more than half (56%) of cooperatives achieve a stable financial situation thanks to such activities. Most entities in a bad financial condition (38%) provide accommodation services.

This is due to the fact that most of them (75%) were founded by natural persons. Entities established by legal persons providing accommodation services have a stable financial situation and provide, for example, accommodation in a knight's castle, in a castle, in a training and recreation center. In terms of numbers, the largest number (29) exists on the Polish market of social cooperatives organizing sports and recreational events, of which survived from the beginning of the Act of social cooperatives until 2020 (59%). 34% of cooperatives are in a very good financial situation, which run, for example, adventure parks, parachuting, paintball, field games, city games, horse riding classes, crossfit, kettlebells, martial arts training.

More than half of them (55%) are established by legal persons. In this case, they are mainly associations operating on the local market. In the case of 41% of entities from this group, their financial situation can be described as stable. The best financial results are achieved by entities providing tourist attractions (there are 17 of them), mainly in rural areas. As many as 41% of entities that offer attractions such as geotourism, activities in a knight's castle, fotowalks, workshops in a Christmas bauble factory, a museum of living history are in a very good financial condition.

Only 57% of cooperatives offering tourist attractions remained on the market, half of them (53%) established by legal entities. Very interesting ideas, such as the ornamental bird park, country and Indian shows, a theme park stylized as a computer game, and the Goths castle in Kashubia, have not survived. The fewest social cooperatives in Poland offer agritourism services. Research shows that at least 50% of cooperatives operating in the field of tourism are based in rural areas. The largest number (as many as 82%) operates cooperatives dealing with the organization of tourist attractions, 67% agritourism and 63% overnight stays. Social entrepreneurship can influence the development of entrepreneurship and support a sustainable model of business development in rural areas based on the use of their potential to meet the needs of rural communities (Yonous and Gokdeniz, 2018).

In most cases, the cooperatives surveyed (around 50%) were established by legal entities - mainly municipalities and associations. The exceptions are accommodation companies, where only 25% of the initiators were legal persons and cooperatives dealing with agritourism, which due to their specificity are established mainly by natural persons. It is worth noting that the role of local self-governments is to support the process of social entrepreneurship development without violating the



company's autonomy, by creating a friendly environment and a market of orders. An example of such an undertaking is the Blues Hostel from the city of Konin. The idea for this type of activity was born in 2013, and a year later the city supported the activities of the social cooperative by lease of the renovated spaces of the tenement house in the Old Town for free.

**Table 2.** Year of establishment of the surveyed cooperatives and their basic activities

Year	Tourist attractions	Integration events	Sports and recreational events	Accommodation	Equipment rentals	Agritourism
2017	6%	9%	7%	-	20%	-
2016	28%	-	10%	13%	5%	-
2015	6%	4%	3%	6%	-	-
2014	18%	39%	38%	44%	40%	67%
2013	-	19%	11%	13%	10%	-
2012	18%	22%	21%	6%	10%	-
2011	-	9%	7%	-	10%	-
2010	-	4%	-	6%	-	-
Earlier	24%	-	3%	12%	5%	33%

*Source:* Own study based on the conducted research.

Among the active social cooperatives in 2020, in most cases, except for cooperatives dealing with tourist attractions, approx. 40% have been operating on the market since 2014. About 20% of cooperatives dealing with tourist attractions, integration events and sports and recreation have been operating for eight years. The remaining cooperatives that remained on the market were established evenly at the level of approx. 10% in individual years, without any noticeable trends. The data contained in the list suggests that the survival of social cooperatives over ten years is relatively low, as it amounts to 12% of all entities.

However, the fact that they remained on the market for such a long time may prove that these cooperatives have found a market niche in which they realize themselves and increase their economic potential. Among the companies that have found their market niche, the "Promotion" cooperative dealing with geotourism in the Giant Mountains and the organization of sports events can be mentioned; "Austeria Krokus" combining agritourism with cultural activities operating in the Owl Mountains, the "Glass World" cooperative, combining the production of Christmas balls and artistic classes, and the "Castle" social cooperative organizing accommodation and living history lessons in a replica of a knight's castle.

Two of these cooperatives were established on the initiative of local authorities ("Castle" and "Promotion") and the remaining ones with the help of non-governmental organizations. All of them have an established position and generate revenues more than PLN 100 thous. Half of them are in good financial condition and the other half are in stable financially form.

**Table 3.** Average annual revenues achieved by the cooperatives surveyed in 2017-2019, broken down into cooperatives of legal persons (LP) and natural persons (NP)

Type of activity	>100 thous. PLN	< 100 thous. PLN	< 300 thous. PLN	< 500 thous. PLN
Agritourism NP	67%	33%	-	-
Tourist attractions NP	45%	33%	22%	-
Tourist attractions LP	38%	25%	25%	12%
Integration events NP	55%	36%	-	9%
Integration events LP	42%	50%	-	8%
Sports and recreational events NP	54%	31%	15%	-
Sports and recreational events LP	62%	38%	-	-
Accommodation NP	50%	33%	22%	-
Accommodation LP	50%	-	25%	25%
Equipment rentals NP	64%	27%	-	9%
Equipment rentals LP	11%	67%	11%	11%

*Source:* Own study based on the conducted research.

As shown in Table 3, the vast majority of entities, apart from cooperatives of legal persons dealing with the rental of tourist equipment, earn very low revenues - below 100 thousand. zloty. Annual revenues in this amount make it impossible to employ five people full-time, which proves that activity in cooperatives operating in the tourism industry may be for some members only an additional activity, e.g., seasonal or occasional, or only part-time. In most cases, cooperatives of legal persons have better financial results than cooperatives of natural persons, but these are not significant differences.

The biggest difference in revenues concerns cooperatives dealing with equipment rental, where as many as 67% of cooperatives of natural persons achieve revenues of up to PLN 100 thous., while only 11% of cooperatives of legal persons are in this range. Revenues over PLN 300 thous., and PLN 500 thous., only a few cooperatives achieve, and only those that conduct diversified activities. These include cooperatives whose activity consists in the comprehensive provision of tourist services, including meals, accommodation, organizing events and renting equipment, e.g. cooperatives "Sunny Hill", "Kuyavian pantry" and "Haven" running holiday resorts by the lake, "Castle" from Byczyna.

Among the cooperatives in good financial condition there are also those that combine tourist services with other types of activity, e.g. the cooperative "Together to Success" (rental of tourist equipment and cleaning and construction services), "Panato" (tourist services and sewing bags and backpacks) and "Glass World". A comparison of the financial condition of cooperatives, taking into account their legal subjectivity, presented (Table 4) shows that in each type of activity, the financial situation of cooperatives established by natural persons is worse. The biggest differences can be noticed among cooperatives involved in organizing sports and recreational events (a difference of 18 percentage points) and organizing integration events (a difference of 10 percentage points).

**Table 4.** Financial condition of the cooperatives surveyed in 2017-2019, broken down into cooperatives of legal persons (LP) and natural persons (NP)

Type of activity	Bad	Stable	Good
Agritourism NP	33%	67%	-
Tourist attractions NP	25%	63%	12%
Tourist attractions LP	22%	22%	56%
Integration events NP	27%	46%	27%
Integration events LP	17%	66%	17%
Sports and recreational events NP	31%	38%	31%
Sports and recreational events LP	13%	56%	31%
Accommodation NP	33%	59%	8%
Accommodation LP	25%	75%	-
Equipment rentals NP	17%	56%	27%
Equipment rentals LP	12%	44%	44%

*Source:* Own study based on the conducted research.

Among cooperatives with a good financial condition, cooperatives of legal persons prevail. Especially in the case of the organization of tourist events (a difference of 44 percentage points) and the rental of equipment (a difference of 17 percentage points). The exceptions are entities dealing with the organization of integration events and accommodation. In these two situations, cooperatives established by natural persons have an advantage of 10 and 8 percentage points, respectively. A stable financial situation is dominant for both types of social enterprises, with the exception of cooperatives of legal persons dealing with the organization of tourist attractions.

## 5. Discussion

The obtained results confirm the conclusion obtained by that 1) social entrepreneurship grows the sustainable hospitality and tourism sector, creating more options for visitors, 2) social entrepreneurship increases competitive pressures on existing firms from new innovative sustainable firms so that the industry is increasingly sustainable as a whole, 3) social entrepreneurship creates a base for other more profitable activities thus spurring sustainable economic development, 4) social entrepreneurship facilitates implementation of environmental and social regulations, and 5) social entrepreneurship fosters local economic development and attracts international attention (De Lange and Dodds, 2017).

Due to the complex structure of the tourist product and the specific way of selling it on the market, implementation of social entrepreneurship in tourism requires social enterprises that offer a variety of products and services while also implementing social innovation strategies (Matošević Radić and Jukić, 2020).

Social cooperatives fill niches in the tourist offer, creating, for example, open-air museums, organizing events related to historical reconstruction as well as

integration, sports and recreational events. Most of them (60%) provide products and services in places that are not conducive to conducting profitable business, i.e., in rural areas. The research shows that social enterprises in the tourism and event industry do not operate on a large scale in Poland and generally their effectiveness is not high. In 2020, only 107 of them functioned, out of 168 registered in 2006-2017, i.e., 64%. This means that as many as 36% of cooperatives disappeared from the market after the financial support was exhausted.

Among those entities that ceased their activities, the vast majority (82%) were established by natural persons. Such a situation, supported by research results of other cooperatives (Błażejowska, 2020a; 2020b), proves the need to change the system of their support. Access to financial support should be granted to cooperatives that achieve sustainable results, and not opportunistic cooperatives solely because of the availability of resources. Research shows that work in 48% of cooperatives, of those that survived on the market, cannot be the only source of income for their members, because for three years (2017-2019) they achieve average annual revenues below PLN 100 thous.

Every third cooperative (36%) generates revenues in the range from PLN 100 to 300 thous., and only a few (7%) achieve very high revenues (over PLN 500 thous.), and this is due to the diversification of their activities. Most entities remained on the market in the field of equipment rental (76%), followed by the organization of integration events (68%) and accommodation (66%). From the financial point of view, the most profitable activity is organizing tourist attractions. As many as 41% of cooperatives providing this type of services are in good financial condition and only 18% are in bad financial condition. It is also profitable to run a rental of equipment - 37% of entities offering this type of services are in a good financial situation and only 16% in a bad situation.

These types of activities are most often combined with other types of services. The presented research shows that cooperatives of legal persons have higher incomes, better financial condition and survivability. This is an argument to introduce changes to the act on social cooperatives - encouraging the creation of cooperatives of legal persons. This is supported by the fact that the activity of social enterprises is often based on cooperation with local governments and non-governmental organizations. The diversification of the activities carried out has a positive effect on the financial condition of social cooperatives and their survival rate. This correlates positively with the mission of social cooperatives, for which economic activities are a means of achieving social goals, unlike in the traditional economy, where social resources are a tool for achieving commercial goals.

The obtained results confirm that although our investigation found that success cannot be attributed to any one factor (or even to a group of factors in one management area) but to a combination of these, it can be suggested that essential success factors concern awareness of market conditions, including the need for a

good product (and, by extension, the need to match product to market), and for strong leadership to shape a coherent organisational culture that provides the context for different stages of enterprise growth, and to create a balance between financial and social/environmental aims. These factors appear to be valid for social enterprises in tourism regardless of the primary business activity or the model chosen (Von der Weppen and Cochrane, 2012).

The empirical work was exploratory because of the novelty of the topic within the tourism industry and due to limitations related to data availability. The research topic discussed in the article needs to be continued. This applies in particular to the need to investigate the impact of the covid 19 pandemic and the post-pandemic situation on the functioning of social cooperatives operating in the field of tourism and events.

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