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Rogaczewska, Maria and Tyrowicz, Joanna

Institute of Sociology, University of Warsaw, Department of
Economics, University of Warsaw

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ACTIVE LABOUR MARKET SERVICES PROVIDED BY NGOs - THE POTENTIAL FOR SOCIAL CAPITAL BUILDING IN POLAND

Maria Rogaczewska

Institute of Sociology, Warsaw University

Joanna Tyrowicz

Faculty of Economics, Warsaw University

JTyrowicz@wne.uw.edu.pl

Abstract

This paper bases on thirty case studies performed in Polish NGOs providing active labour market services to differentiated groups of beneficiaries. Paper describes behavioural patterns of Polish non-profits which substitute the public service in implementing active labour market policies, focused on high-risk groups of the unemployed. The described patterns emerge in an institutional environment which is characterized by powerful bureaucracy, scarcity of social capital, high level of generalized distrust and an the very low level of support for civic initiatives on the side of public administration and its agencies, still strongly prejudiced against non-profits.

In such situation NGOs see their task beyond handing out public money - they are trying to engage into multiple cooperative games at grass-roots level, building networks of fragmented groups of charities, independent experts and self-help initiatives. Forging such spontaneous alliances help to build bonds among different social groups (which rises the level of *bridging* social capital) and strongly supports the unemployed beneficiaries themselves, giving them access to new social networks.

On the other side, the strategy in which public employment services and local authorities are (self)excluded ends up with the impossibility to develop a long-term employment policy both on local and central level. Thus the only win-win strategy is the one in which the public - non-profit cooperation is enhanced through the effort of self-limiting on both sides. We support the thesis that engaging public agencies into cooperative games with NGOs and subsequent empowering of non-profits should lead towards remodelling of the whole labour market policy in Poland and improve the quality of employment services.

Key words: social capital, NGOs, ALMPs, Poland

JEL Codes: P2, P3

Introduction

The situation on the labour market in Poland has been extremely difficult for the past years, with the unemployment rates consistently above 18% thresholds (BAEL, 2006). In the age group 19-25 almost 40% of people able to work remain constantly unemployed (BAEL, 2006), while approximately 1 000 000 of young women has no or negligible work experience (CASE, 2004). At the same time labour activity in the group 50+ is among the lowest in the whole European Union, while only 10% of handicapped participate in any form in the labour market, most of which constitutes employment highly subsidised in the form of public refunds to employers (PFRON, 2005). Such situation inevitably leads to massive scale social exclusion with unemployed bearing themselves most burdens of their underprivileged situation. Less than 20% of unemployed still retain the right to benefit - the majority can only profit from social assistance (Ministry of Labour and Social Affairs, 2006).

Low efficiency of public employment services (PES) in ameliorating the situation on local labour markets - resulting itself from shortage of funds and institutional design promoting passivity - creates a vacuum filled by non-public providers of social and employment services. Non-governmental organisations are the main and the most natural partner for public authorities here, but, as the study demonstrated, the approach of the latter is strongly marked with prejudices and misperceived rivalry for European funds. This attitude of public employment services and local authorities is the principal obstacle to co-operative solving of social problems. Analogously, local

organisations representing the interests of businessmen troubled with their core activities are reluctant to engage into labour market undertakings unless their own recruitment is concerned. Overcoming their passivity and triggering commitment to long-run reliable involvement is the second major challenge for NGOs in this domain. Last, but not least, organisations face their target beneficiaries, usually already passive, mostly endangered by exclusion or already excluded. Social inclusion of these citizens requires creating trust in the organisation itself, but also encouraging reconstruction of self-esteem and active participation in the civic life.

Thus NGOs active in the labour market services, if they want to be successful in implementing their mission, have to inevitably create bridging capital with various stakeholders, where social barriers are strong and persistent. In this paper we attempt to analyse how Polish organisations cope with these problems thus finding indicators of their capacity to build the social capital. Our study is based on a case study analysis of 30 organisations working with differentiated target groups and operating in different regions in Poland. Standardised interviews were realised in the period of five months (between August 2005 and February 2006) both within the organisations and with their environment, with at least five interviews per organisation. This study should not be perceived as representative to the whole third sector in Poland, though. Organisations under scrutiny were chosen basing on their recognised activity in the field with the aim of seeking best practices.

The main issues raised in the paper may be summarised in two strands of research. First, we intended to inquire what are the methods and measures NGOs employ to effectively implement social change and raise the level of social capital enabling them to successfully realise their mission. Second, we attempted to verify whether these methods and measures are specific to high-risk groups usually targeted by NGOs. This latter question is an echo of frequently repeated claim, that NGOs should confine themselves to groups disfavoured, while the main stream of labour market activities should be left in the hands of public agencies.

The paper is organised as follows. In the next section we briefly discuss the concept of social capital employed in this study. We further move to describing the method of the study. In section III we demonstrate the methods used by NGOs with emphasis on their creativity and capital of innovation. Section IV discusses their capacity to build the social capital overcoming deficiencies of the institutional design. The last section concludes.

I. Social capital as communicative competences

Social capital is capital captured through social relations. It flows from the endowment of mutually respecting and trusting relationships which enable a group to pursue its shared goals more effectively than would otherwise be possible. "Social capital depends on the quality of the set of relationships of a social group. It can never be reduced to the mere possession or attribute of the individual. It results from the *communicative capacities* of the group: something shared in common and in which all participate" (Szreter, 2000 p.57). Thus, the better the communicative capacities, the higher the level of social capital.

Communicative capacities entail the ability to hear, to individualise the methods of communication, to constantly reflect upon one's own definitions and categories. Social capital means, that good communication becomes a norm, that partners of communicative act to be networked. Finally, when networked they feel obliged to share all possessed facilities and resources for common interest. If local labour market service agencies are networked and communicate, this enables them to act together more effectively to pursue shared objectives.

Putnam gives considerable emphasis to the tension between 'bridging' and 'bonding' forms of social capital. Bonding social capital refers to the links between like-minded people, or the reinforcement of homogeneity. It builds strong ties, but can also result in higher walls excluding those who do not qualify. Bridging social capital, by contrast, refers to the building of connections between heterogeneous, or isolated groups; these are likely to be more fragile, but more likely also to foster social inclusion (Schuller, Baron and Field, 2000 p.10).

In general, research indicates that the quality of social services in Poland when delivered by public agencies is very low, both measured with objective indicators and subjectively assessed by the beneficiaries. The problem resides predominantly in the low level of communicative capacities on the side of public agencies. Their representatives function according to routinised communicative rules, predefining all social problems with possibly few categories. They are seldom able to precisely diagnose a social problem and solve it but instead, they modify in a process of internal negotiation the meaning of what a beneficiary says about his or her situation so as to fit him into their matrix of few categories. These categories are usually defined by legal definitions of risk groups, explicitly: young, women, 50+ or handicapped. If a 54 year old woman with hearing

disabilities seeks assistance at local labour office, it is at the discretion of labour officer to offer the services. Typically, she would be stigmatised as handicapped and directed for social benefit instead of activation measures.

Consequently, most of the activities performed by public agencies representatives results in doing work which can be notified in statistical reports but which does not improve the actual situation of a beneficiary. The beneficiary himself usually cannot question such mode of acting because there are no publicly available standards of labour services, while they are often unable to judge the optimal level of service they require.

In this study we presumed that the standards of social services, as measured in local contexts of a given community, may vary significantly. It is by definition not only dependent upon the performance and communicative competences of public institutions themselves but also should respond to the performance and communicative competences of major stakeholders such as interest groups, intermediary associations, civic associations, social movements and voluntary associations. Accordingly, we presumed that the standards of labour market services in a local context is highly correlated with the stock of social capital - not an attribute of individuals but a function of bonds between agents and social institutions.

Innovations in therapeutic and activation techniques can only be successfully spread and disseminated through social bonds. Unlike in plain business activities, where lack of will can be compensated financially up to the economically effective level, in the domain of social services, mutual involvement of stakeholders is a necessary precondition. This is not to say that economic efficiency criterion must not be applied to social services analysis. However, as much as innovative capital is crucial for the outcome, social capital may be perceived as the sole mode of implementation.

This approach corresponds to the model of social services provision by the civic societies institutions in general. We summarise this approach in Scheme 1 below.



Scheme 1

II. Method

The study was realised by a case study technique in thirty non-governmental organisations active in the domain of the labour market services. The cases were chosen basing in their achievements with the particular attention to best practices. Thus, the selection was purposeful while the conclusions should not be generalised to the whole third sector in Poland.

The study was planned as a pilot research of the non-governmental initiatives in the labour market services, focused on high-risk groups. We sought organisations characterised by innovative approach (in any way), recognised as competent and professional. This last trait should not be perceived as an attempt to analyse solely commercialising organisations. Third sector is sometimes identified as charity, while management and methodology aspects are frequently neglected. In this study organisations with firm mission and sound methodology were sought. The basic selection criterion was their activity on the local labour markets.

The case selection had several stages. First a list of possible measures of labour activation and assistance for unemployed and endangered by exclusion. At the same time categories of beneficiaries were defined, basing on the legal definitions of risk groups as specified by the acts on labour market institutions but also including cases outside these strict classifications. The main intention was to grasp the types of beneficiaries requiring specific and possibly more extensive treatment. Consequently, a matrix emerged which represented possible measures and potential beneficiaries. For example, there were organisations occupied predominantly with the trainings for

former inmates or the ones voicing the rights of handicapped.

Secondly, the matrix was filled with the organisations from the KLON/Jawor database covering the majority of Polish NGOs¹. Further, the matrix was also filled with the EFS projects databases, information from regional labour offices as well as the Ministry of Labour and Social Affairs. Thus, it covered virtually all non-governmental organisations active in this domain. Simultaneously, quantitative research was conducted where about 1800 potential labour market organisations were inquired about basic indicators of their activity by the means of CATI, with the subsequent profound interviews with representatively chosen 300 of them.

Finally, the thirty cases were then selected from the matrix basing on recommendations from labour market experts and third sector practitioners. The additional principle applied in this stage was regional diversification, although it was not rigorously obeyed. The *rationale* behind this criterion was to seek organisations further from the metropolitan centres, as labour market situation is very diversified in Poland, requiring differentiated methods of working with the unemployed. This matrix is represented in Scheme 2 below, where the shades of blue represent an organisation (or a department of an organisation) under scrutiny.

Beneficiaries	Employment /voluntary work	Counselling/inter mediation	Financial support	Activation/ psychological assistance	Advocacy	Improving skills	Local pacts	Self-help, assistance to elderly
Risking to be unemployed								
Specific target groups								
Handicapped								
Young								
Entrepreneurs								
Women								
Elderly								

Scheme 2

Importantly, the majority of selected organisations is characterised by systemic approach to social problems, which does not hold for sector as a whole. They are also older than the mean and have more resources than average labour market organisation, both in terms of employed staff and with regards to financial and physical capital at their disposal.

For every organisation the environment was analysed with profound (at least one-hour) interviews with partners including public employment services, employers organisations, local administration and others. At the minimum, interviews with five different types of stakeholders per organisation were performed, allowing to collect a variety of stakeholders views on the activities of an organisation and on the local characteristics and dimensions of the particular social problems.

Every case study was realised according to a standardised interview consisting of three parts. First, we inquired about the particular programme of labour activation. Secondly, we asked about the organisation itself, its resources and other activities. Finally, some questions regarding the system of assistance to unemployed and future outlooks were raised². This diagnostic module provided fruitful source of fears and bad experiences organisations had with social partners (mainly public agencies and local authorities), thus allowing more profound comprehension of both the labour market difficulties and nature of differentiated social actors actual incentives.

¹ Klon/Jawor is a meta-level NGO specialising in collecting data on the activity of the third sector in Poland. Their database is actualised annually by means of computer-aided telephone interviews. Also, organisations have both the means as well as the strong incentives to carefully update their information, as it facilitates PR and dissemination. Portal www.ngo.pl maintained by Klon/Jawor is the most popular source of information the third sector in Poland.

² Before the interviews researchers gained knowledge of the organisation basing on official reports, press releases and projects databases. Interviews were realised on the location, while researchers were asked to asses themselves the resources of organisation. Each case was then summarised in a 8-10 pages detailed report. Tape recordings of the interviews are available upon request.

III. How do they do it? The creativity and capital of innovation

Most NGO activity in labour market services emerged as a result of two major deficits: insufficient communication between public agencies and their beneficiaries and insufficient impetus to mobilising dispersed local resources.

Firstly, some therapists and social workers in the course of their work identify intrinsic problems neglected by administratively established definitions of the unemployed, the excluded and their problems. They also develop techniques of dealing with these problems. For example, many of the soft labour activation methods are typically neglected by public agencies, while their role in the process of decreasing the distance to the labour market is significant. Similarly, some of the passive and thus not considered as unemployed, may pertain outside the target groups of public agencies despite their potential to actively participate on the labour market and in the society. NGOs redefine the basic conceptualisation of what work with high-risk groups means, thus challenging the officially established definitions.

This innovation of NGOs is only possible to highly creative approach towards the precise diagnosis of the problems. They develop and implement techniques of entry interviews of the beneficiaries, together with them they perform current status analyses, carrier planning and define individualised success indicators. Diagnosis is then continued in interim evaluations of both beneficiaries advancement and performance of the organisation and its representatives. After the completion of the programmes, most NGOs continue to maintain the close links with the beneficiaries, with two main advantages. Primarily, they are thus able to assess the appropriateness and effectiveness of the programmes in a longer perspective. Secondly, in some of the programmes former beneficiaries become involved in supporting the currently assisted. This latter element strongly reinforces strong bonds between the NGOs and the beneficiaries.

While the first deficit originates from adopting communicative rules different from the ones applied by public agencies, the latter trigger of NGOs activity in labour market services bases on a outward orientation of the third sector representatives. Successful reintegration requires placing the beneficiaries in employment, which is not always and not everywhere possible on the "open labour market"³. Some groups of beneficiaries, like the mentally dysfunctional or the heavily handicapped can never compete for regular positions for a number of reasons, sometimes highly objective. Some other groups of beneficiaries, like former inmates, alcoholics or addicted to drugs require some transitional employment before successful placement on the open labour market becomes feasible.

Dominant characteristic here is that NGOs perception extends beyond skills required on the labour market, but covers also life-skills, civilisational competences and the ability to self-manage ones life. They raise the value of human capital by trainings but also increasing the capacity to exist independently on the labour market *au lieu* of the demanding approach. This form of empowerment allows for eliminating dependency in terms of both income and overcoming difficulties in life, by providing access to social networks and increasing the understanding of one's rights and obligations. The key quality here is the one's ability in broad understanding of the term.

Moreover, in the best interest of the beneficiaries, NGOs set up social enterprises actually creating jobs for the unemployed and excluded. As much as this cannot be treated as an ultimate solution due to the scale effects, it allows to raise practical skills as well as to create new services (usually requiring low skills) and new markets (usually local, but economically efficient). These activities typically require initial investment, but if costs of supporting the excluded as well as curing the consequences of family violence and addictions treatment are included, these enterprises are undoubtedly economically viable⁴.

³ The name "open labour market" refers to the standard employment of 40 hours per week without any flexibility in the working hours and modes of working. This is a typical form of employment contract in Poland, while this country scores very low in as far as employment flexibility is concerned, especially on the accounts of areas of employee preferences (employers preferences are reflected mostly in part-time/full-time form of contract as well as in employment conditions).

⁴ As an example the paving enterprise from Mazovia voivodship can be considered. This service has not provided by any commercial firm in the region, while for former inmates and people sentenced to freedom punishment this enterprise serves as either first employment or as an opportunity to pay back their debt to the society. Providing references to former inmates or preventing the situation of imprisonment allows these people to escape the stigma of unreliable criminals to future employers. Realised within the EQUAL framework this enterprise is profitable in the short-run, whereas when the costs of imprisonment are considered, also long-run stability can be demonstrated. Nevertheless, if a commercial bank loan was used to finance this undertaking, break-even would never be reachable.

Table 1. The capital of innovation

The pursuit to standardising and the primacy of quality management in labour market services	The services are client-oriented /the principal criteria of success are individualised/
	Positioning beneficiaries on the local labour market /achieved by implementing precise and differentiated measures of employability/
	Referential levels and minimal standards defined /informing the beneficiaries up-front about services available/
	Defining the expectations of beneficiaries /questionnaires, in-depth interviews and other diagnostic tools/
	Codifying and diffusing best practices /professional publications by therapists and other practitioners/
Diagnostic tools	Auto-diagnosis of internal competences /internal evaluations on every level, management by objectives/
	Contextual diagnosis /multi-dimensional mapping social problems of the local community/
	Diagnosis <i>ex ante</i> (both individual and local community) /prevention by seeking people endangered by exclusion or loss of employment/
	Diagnosis <i>ex post</i> (both individual and local community) /working till success, thorough monitoring of beneficiaries once the sequence of intervention is successfully finished/
	External diagnostic tools /various methodologies of recruitment and methods of work with beneficiaries, international exchange of 'best practices' /
Resource management	Complex perception of human capital /not only education, but life-skills and self-management as key indicators of human capital/
	Empowerment /involving beneficiaries as co-partners as the process of activation advances/
	Seeking new social resources /targeting beyond legal definitions of risk and excluded groups /
	Involving stakeholders seemingly unrelated /co-operation with business/
Creating and generating jobs	New markets /generating new products and services markets/
	New methods /generating social entrepreneurship/

Summarising, NGOs active on a labour market change communicative rules on the local level. They communicate with the beneficiaries differently from the public agencies (thanks to precise diagnostic tools). Moreover, they also communicate differently with all the potential stakeholders, redefining the role of local business, local philanthropists etc. Not only do the NGOs creatively redefine social problems, but are also able to make others *internalise* these definitions. In this respect they alter the situation in the comparison to public agencies in the role of main local actor, as employment and social assistance offices most frequently follow the administrative definitions (typically poorly suited for local level diagnosis) and impose them. NGOs alter also the self-perception of unemployed and excluded.

IV. What do they achieve? The social capital and bridging

The core problem of our study was to understand how innovation generated by NGOs active on the labour market (e.g. their specific innovative methods of dealing with high-risk groups) can interplay with social capital embodied. The precise question was whether, and to what extent social

capital helps to diffuse innovative knowledge and competences. Are they better diffused in the competitive environment? How far can the economic competitiveness and rivalry for public funds be sacrificed in the name of co-operative spirit?

Our research has shown that social capital acts as a multiplier of innovation in two ways. First, it *stabilizes the innovative way of acting* and ensures the reproduction of innovative methods implemented by an NGO. Secondly, it *guarantees the real impact of innovation* on the biographies of beneficiaries, the local environment and local labour market.

Establishing innovation means that because if an NGO dispose of high level of social capital (e.g. it is networked with many stakeholders), it can continue acting innovatively even in situation when public agencies stop their financial support and refuse co-operation. In such a situation, the researched NGOs used to successfully seek, *hidden resources*, for example mobilising the beneficiaries and their families themselves to support organization, mobilising informal networks of local people, media and so on. The innovative services for high-risk groups, when they cannot be supported by public agencies, can nevertheless function because of permanent commitments on the side of many involved stakeholders.

Secondly, social capital helps to guarantee the real impact of innovative services on the beneficiaries, the local environment and labour market. Specificity of labour market services for high-risk groups lies in the fact that the process of rising the employability of a beneficiary lasts long. It does not end in one defined moment, when the project is finished or after completion of all courses and therapy. A beneficiary, even when already employed, needs constant support, and he himself is also needed by others as a living example of successful rising life-chances. Given the spectacular results of innovative methods of rising the employability and life chances, the permanence of the process of social rehabilitation can only be guaranteed, if an NGO disposes of a *bridging social capital* - which means, that even if a beneficiary has no family or friends, he or she would never be isolated but would have access to institutions, organizations and networks which, even if they are weak-tied with an NGO, can give the necessary support.

Table 2. Social capital

Co-operation with local authorities and public agencies on local level (including public employment services)	Agreements of co-operation /amending local strategies for solving social problems/
	Territorial employment pacts /participating in advisory bodies, exchanging information about programmes and beneficiaries/
	Actual co-operation of local stakeholders /co-operation in creating and implementing local development strategies, specialisation/
	Generating institutional change /stimulating the awareness of local actors, increasing the understanding of local problems, voicing the needs of beneficiaries, popularisation of solutions/
Building co-operation networks	Co-operation among the beneficiaries /self-help groups, social enterprises/
	Co-operation between the beneficiaries and the society /overcoming the social isolation, generating inclusion/
	Co-operation between the NGO and the external stakeholders /popularising the knowledge of problems, synergy of experience/
	Co-operation between NGO and local partners /triggering reliable and consistent leads promoting employment/
Implementing subsidiary and decentralised approach to solving social problems	Empowerment of local communities /mobilising local partners, shaping social consciousness /

This leads to the model of co-opetition instead of purely competitive or economically immeasurable co-operation. Some organisations specialise in therapy, while others have more links with business organisations and yet others promote the very idea of social reintegration, thus

preventing premature exclusion and enabling earlier reaction to social problems. Yet others specialise in meta-level services, providing administrative, technical and technological support. Partnership based on trust and specialisation allows for efficient allocation of always scarce resources in the pursuit of combating social problems. Importantly, it is not the attempt to benefit mutually that drives successful partnerships - the trust is the key ingredient.

Examples from the research are internally differentiated. One of the organisations, engaged in preventing violence within the families, after 8 years of activity created a network in which participated: local authorities (providing material base as well as some of the operational opportunities) as well as associations of: (1) district attorneys and judges (favouring servicing the punishment to imprisonment in justified cases), (2) lawyers (promoting this approach and providing academic credentials in public discussions), (3) state penitentiaries (commencing labour activation already in the service period), (4) former inmates successfully reintegrated and activated on labour market, (5) their families, (6) victims of family violence, etc. Strategic approach has led this organisation to identifying the core of the problems, hence potential stakeholders, thus suggesting a network. Working within the network for consecutive years allowed to create trust among the members, allowing the eventual emergence of partnership vitally engaged in realising a common aim. Innovations included labour activation of the inmates (usually outside penitentiaries), some therapeutic techniques (including strong emphasis on the syndrome of adult children of alcoholics), but also tools for *ex-post* diagnosis and social entrepreneurship with new services provided on local markets.

Conclusions

Partnership has emerged as an increasingly popular approach to privatization and government - non-profit relations generally, but it is not very advanced as a means of social policy in Poland due to low level of social trust and also due to under-developed organizational identity of Polish NGOs. Looking for potential partners for government in the effort of improving the quality of labour market services in Poland, we have thoroughly researched best-practice Polish NGOs, which have been known as experienced implementers of donor-driven active labour market policy, known for their efficiency and results, responsible for meeting individuals' needs vested in the 'units of social life' closest to the individual (e.g., the family, parish, community and non-profit organizations). Our research has been planned to answer the question whether the key to future success of local and regional strategies of social policy in general is partnership between public services and NGOs.

The results of our research show that the role of NGOs in dealing with the consequences of unemployment is remarkable, especially when we take into account the problems of high-risk groups, the person who are in the danger of social exclusion and those who demand special reintegration measures. One should not conclude, however, that NGOs are only good for some marginal target groups of beneficiaries, because while working with them, they were able to gain unique experience and universal competences in labour market services. They succeed in implementing quality standards, they launch innovative solutions, and they effectively empower their beneficiaries, thus giving them life-skills and the instruments to fight for their own interests in the society.

Hence, while specific groups of the unemployed are the unique target of some labour market organizations, the rest of NGOs, even if they have started with specific cases of unemployed, later were able to broaden their target groups. The optics of public work service and local administration is harmful for NGOs because public agendas used to treat them as narrowly specialised in marginal social problems of highest-risk groups. Such flawed perception leads to exclusion of NGOs as potential valuable partners in strategic planning and launching local social policy.

In the attempt to overcome these problems, some NGOs have also developed extremely valuable competences of creating bonds not only within the society, but also with the administration representatives perceived when necessary as merely public officials with their own agenda. The ability to involve essentially uninterested officials with the actual change in the process of "making the difference" is one of the key indicators of NGOs maturity and ability to create strong social bonds, thus increasing the level of social capital.

The main advantage of NGOs is their capability to mantle differentiated competences which may seem to be even contradictory. They individualise their services so as to adapt them to each particular case but at the same time, they strive to standardise of the quality of their services. It seems important to note that the achievements analysed as "best practice" in this study are a product of just a few years - it proves that the potential of NGO in the sphere of building social

capital in the local environment, mainly through social inclusion and active labour market services is remarkable. Non-governmental activity can also be perceived an indicator of a systemic weakness of public employment services in Poland.

Our research should be considered as an argument in a wider debate on systemic change in social policy in Poland. The leaders of the civic organizations dealing with social problems on grass-roots level agree that the most serious risk in coming years would be the bureaucratisation of social services and reinforcing the state monopoly by defining too strictly the standards of social services.

Importantly, isomorphisation of any kind is no good on the market of services which should be individualised by definition. NGOs have worked out unique methods of working with the unemployed thus already increasing the level of social capital as well as capacity to improve it in the future. The basic threat is that the government will establish a system in which they will not fit with their unique, extensive, individualised methods of social work, thus marginalising the entire social capital created both in terms of financing and growth opportunities.

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