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## FROM UNEMPLOYMENT TO RUNNING ONE'S OWN BUSINESS: THE IDEATIONAL EMBEDDEDNESS OF ENTREPRENEURSHIP IN POLISH AND EU PUBLIC POLICY

Nowadays the entrepreneurship phenomenon is of great importance. Small business is considered a critical factor of economic progress, innovation, and employment growth. Its economic significance implies both a certain policy shape and specific social practice. The process of setting up, maintaining and developing firms has become a subject of common approval and growing legitimization as well as of intensive governmental support in various forms. In public debate and public policy, the idea of deregulation, relating to actions limiting the administrative barriers for entrepreneurs, is justified based on neoclassical economic theory. However, both in the public debate and public policy, providing entrepreneurs with subsidies and other kind of support is based on the interventionism doctrine. Therefore, an ideational entrepreneurship system is created at the public authority level which seeks to explain and justify a certain shape of support policy for entrepreneurs. The paper argues that entrepreneurship could be perceived as an ideational embedded economic action. In order to illustrate the ideational embeddedness of entrepreneurship, EU and Polish public policy discourse from 2000–2010 was analysed. The objects of qualitative discourse analysis were, among others, governmental documents, strategies, and public statements.

Key words: ideational embeddedness, entrepreneurship, public policy, discourse, EU

### INTRODUCTION

The prominent role of small and medium-sized enterprises (SME)<sup>1</sup> in the economy is mostly emphasised by their effect on the labour market, their share in total output, and innovation. It is regarded as obvious that such businesses, depending on their sphere of operation

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<sup>1</sup> In the paper I understand the term entrepreneurship as an action referring to the process of setting up, maintaining and developing firms (Kochanowicz et al. 2007: 38). SMEs are the most popular legal form of entrepreneurship. In the paper I use the EU definition of SME: 'an enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million' (Commission Recommendation 2003).

(regional, national, or EU-wide) and the moment of analysis, account for the majority of jobs and gross value added, as well as developing and implementing new and future-oriented business and technical solutions. Indeed, a glance at the official documents shows the undoubted importance of the sector in question. According to these documents in 2010 SMEs in the EU Member States employed approximately two-thirds of the total workforce (66.9%) and generated much more than half of the gross value added (58.6%) (Wymenga, Spanikova, Derbyshire, Barker et al. 2011: 8). However, such elaborations frequently create a specific system of ideas which expresses a perspective on the way the economy and state economic policy should be run or what kind of relations between economic actors should look like. This system called, in this case, *entrepreneurialism* or *entrepreneurial ideologies* pertains to all ideas, opinions, beliefs, and views which “are espoused by or for those who exercise authority in economic enterprises, and which seek to explain and justify that authority” (Bendix 1956: 2). This system could also be defined as an *ideational system* presenting an essence and meaning of entrepreneurship and of the socio-occupational category of enterprise owners. The *ideational entrepreneurship* may often serve as evidence justifying a specific public policy. Not infrequently, it is based on stereotypes, too far-reaching generalisations and a particular ideology, an ambiguous understanding of the concept of entrepreneurship, instrumentally used. As a consequence, due to public legitimisation, the approach of authorities is often favourable to entrepreneurs and combines two different economic doctrines: *neoclassical economics* and *interventionism*. On the one hand, as further analysis showed, owing to the current economic situation, associated with uncertainty and crisis, entrepreneurship is regarded as a vital factor in stabilisation and growth, to be supported by direct state intervention. On the other hand, the evoked official documents express the necessity of a traditional approach in economic policy, consistent with mainstream economics, according to which entrepreneurship and entrepreneurs should only be supported indirectly, primarily through limiting state activity in the economy (i.e. deregulation, passing more flexible regulations or conducting a particular macroeconomic policy).

This paper draws on the pattern proposed in the concept of embeddedness of economic action to show policy conditions for entrepreneurial activity. In order to illustrate the system of *ideational embeddedness* of entrepreneurship in public policy and its selected characteristics the 2000–2010 discourse on European Union (EU) and Polish policies in this area was analysed. Specifically, the paper examines selected entrepreneurship-related EU and Polish strategic documents and public statements recorded in writing. Secondly, in order to illustrate the process of the influence of this system on practice – the certain shape of institutions – the introduction and effects of start-up subsidies for unemployed persons, an important measure of the entrepreneurship support policy in Poland, was considered.

## THEORETICAL APPROACH

The theoretical approach brings together economic sociology and critical social theory. As for economic sociology the concept of embeddedness of economic action was used. Despite

its ambiguity this idea has occupied an unchallenged position in the New Economic Sociology (NES) (Krippner 2001: 775). Therefore, the paradigm of embeddedness of economic action is one of the most influential sociological perspectives of analysing phenomena in the economy (Beckert 2007: 7). At its most general, this approach emphasises the existence of various processes determining market activities, particularly those concerning psychological, structural and institutional issues (DiMaggio and Zukin 1990: 16). The second theoretical approach pertains to critical social theory. It refers to the assumption that all social and physical phenomena have a given meaning which is historically produced and reproduced through an identifiable set of practices. Therefore, a category of discourses is used and understood as “concrete systems of social relations and practices that are intrinsically political” (Howarth 2000: 9). Based on the argument of Block and Somers, I assume that markets, and consequently all economic activity running within them, are embedded in rules and institutional arrangements (Somers and Block 2005: 263–264). These rules and institutional arrangements are shaped *inter alia* by the public authority. Entrepreneurship as one economic activity is subject to a certain practice of understanding and conceptualising by the authority. As a consequence the authority creates a specific system of theories, ideas, and values justifying its actions (Rose and Miller 1992: 175). This system of theories, views and values may alter “reality” to reflect abstract theoretical models). Programmes, strategies, and documents through which authorities seek to embody and give effect to governmental ambitions constitute what Rose and Miller called *governmental technologies* (Rose and Miller 1992: 175). This theoretical approach may be used for showing entrepreneurship as an ideational embedded phenomenon. Both the operating conditions for entrepreneurs and the levels and measures of support are determined by public policy. Therefore, entrepreneurship could be interpreted through the prism of the sensemaking process. In the paper I assume that the widespread way of understanding entrepreneurship in official authority documents, based on different connotations and referring to a broad category of phenomena, results in a particular shape of formal institutions (legal regulations, sectoral policy), created on the basis of views, values and opinions. In turn, the shape of institutions determines social practices, which in the case in question is reflected in a certain level of legitimisation of the category of entrepreneurs.

## METHODS AND MATERIAL

The paper mainly draws on the method discourse analysis of some of the most important strategic EU and Polish documents: public statements recorded in writing, examined in terms of approach to entrepreneurship and entrepreneurs. These texts posed the reference point to particular policy instruments supporting and promoting entrepreneurship in the EU and in Poland and reflect the ideational system of entrepreneurship of public authority (a certain type of entrepreneurial ideology). In the paper the analysed documents include the following: the European Charter for Small Enterprises (ECHSE 2004); Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions – “Think Small First”: A “Small Business Act for Europe”

(SBA 2008); Ten years of the European Employment Strategy (EES 2007); Entrepreneurship-Development-Jobs. The economic strategy of the SLD-UP-PSL government; National Development Plan 2004–2006 (NDP 2004–2006); National Strategic Reference Framework 2007–2013 in support of growth and jobs (NSRF 2007–2013); stenographic records from sessions of the Special Committee on assessing bills related to the government “Programme of ordering and constraining public expenditure”, working on a bill on employment promotion and labour market institutions (SC 2004); and The Capitalist Manifesto, a proclamation of the Polish Confederation of Private Employers (CM 2000).

In these texts, analysis mostly focused on the ways of understanding and evaluating entrepreneurship and justifying a particular policy in this field. The paper also discusses the case of the process of elaborating and assessing the effects of implementing one instrument for entrepreneurship promotion and support in Poland: start-up subsidies granted to unemployed persons, introduced under the act on employment promotion and labour market institutions. In order to illustrate the process of influence of an ideational system of entrepreneurship on social practice the introduction and effects of this instrument was considered.

## IDEATIONAL EMBEDDEDNESS OF ENTREPRENEURSHIP

In social sciences, particularly in neoclassical economics, sociology, and psychology, there is a dominant interpretation (perception) and understanding of the concept of entrepreneurship of small businesses and small-scale economic activity. Enterprises, especially small and medium-sized, are described as the basis for creating the wealth of the state, the prerequisites for the stability of the social system, or a reflection of individual success (Nawojczyk 2009: 33–54). Profit-making is the core function of entrepreneurship which, as universally assumed, is directly translated into public welfare. We could define the set of such views as an ideology of entrepreneurship (Bendix 1956: 2). As a result of all this, individual enterprise and social entrepreneurship belong to the most commonly used key terms to describe the current economic situation, together with innovation, human capital or flexibility. At the same time, individual enterprise or collective entrepreneurship is perceived as an integral element of national, regional or individual competition.

The discourse justifies conducting an economic policy fostering small and medium-sized enterprises at the expense of other socio-economic actors (Parker 2000: 240). The underlying reason is the widespread conviction that the economic and social role of small and medium-sized companies cannot be overestimated and continues to grow. According to this approach, in the economically advanced countries such operators enable production growth and account for a predominant share of employment, thus mitigating the socially harmful phenomenon of unemployment, as well as constituting the main source of innovation. Their importance is also stressed with regard to the specific characteristics of the modern market economy: crisis-ridden, unpredictable and requiring continual adjustments from market players. In this context, small and medium-sized enterprises are deemed to be relatively resilient to turmoil and flexible in their adapting to changes in the environment. In modern capitalist economies

the promotion of individual initiative and entrepreneurialism is regarded as the best tool for resolving socio-economic problems such as unemployment (Parker 2000: 242). It is particularly due to the growing influence of theories predicting a looming crisis in large corporations, caused by macro-trends such as post-industrialism and decentralisation of previous industrial structures (Steinmetz and Wright 1989: 987).

Such dominant interpretations, in turn, may influence the shape of social institutions (public policy). There are two classical approaches to small and medium-sized enterprises and entrepreneurship (Gancarczyk 2010: 139). They could be described as *liberal* (neo-classical) and *interventionist* (neokeynesian) (Wasilewski 2011: 26–32). The former is about carrying out a particular macroeconomic policy, characterised by limiting market interventions, among others. Direct financial assistance granted to economic operators is seen as distorting the optimal functioning of market mechanisms, an undesirable and counter-productive phenomenon, disrupting the conditions of competition, and interfering with the optimal allocation of resources. Therefore, according to this notion, the state should concentrate on deregulatory or privatisation measures, aimed at creating the best possible business environment, following the principle that less intervention is better for entrepreneurship. The tools to be used include fiscal policy (low taxes), labour market policy (flexible labour laws) and regulations governing economic activity (stable, transparent, not very complex). In other words, public authority should provide equal opportunities to all operators, protect private property, and ensure the rule of law. The *interventionist* approach, in turn, assumes the existence of imperfections in the market mechanism (market failures), such as asymmetry in access to information and capital as well as externalities, and bearing in mind the crucial importance of private companies to modern economies, it seems necessary for public authority to take action. Such action allows the alleviation of negative developments such as economic slowdown and rising unemployment. Thus, it is acceptable for the state to apply direct aid measures. Those mainly concern facilitating access to capital in the form of loans and subsidies, providing training courses, and encouraging businesses to take initiatives on research, development or innovation. The contemporary policy change is about bringing together these two approaches (*neoliberal* and *interventionist*) to entrepreneurship.

The ideational system of entrepreneurship, the basis for SME-supporting policy created in scientific papers and expert opinions, is interpretable in ideological terms, reposing on certain simplifications. (Ogbor 2000: 605). The classic economic approach highlights that the entrepreneur is an exceptional individual – the innovator, the risk taker or a person with special traits (Schumpeter 1960: 134–150). It is also argued that entrepreneurship is a rather complex process, contingent on a number of factors, including individual, social, economic, and cultural (Dudek 2011: 100–102). However, in contemporary policy documents and strategies it seems that it is presented as a rather simple process that can easily be shaped or stimulated (e.g. by granting financial support). Entrepreneurship is also often seen as a characteristic that can be taught and trained. An impression is thus created that the entrepreneur is a role available to everybody. Moreover, general figures on the share of output and employment contributed by the sector of small and medium-sized

enterprises often serve as justification for a particular shape of policy to promote entrepreneurship. Such argumentation, based on quantitative macroeconomic data, aims to provide objective knowledge and is frequently selective in nature. References to simple quantitative information often serve the function of transferring true knowledge, gaining the status of being objective. It is a frequent practice to influence government policies. (Godin 2006: 22–25).

The arguments given in strategic documents are about a subjective choice of information and it has an influence on the description of small and medium-sized enterprises and their owners (entrepreneurs). This description is often selective. A different perception of SMEs could be created based on other data or research. Firstly, public statistics, both EU-wide and Polish, document the fact that large companies account for the relatively largest share in gross value added (41.6% and 46.0% respectively) (PARP 2011: 13). Secondly, employment in small and medium-sized enterprises is usually characterised as being of a lower quality. On average, workers in small and medium-sized businesses earn lower salaries and wages (for instance, in 2010 the EU-average wage in large firms was 2.6 times higher than that of micro-enterprises), often work on a part-time basis or flextime arrangements, less frequently attend internal and external training courses, and are less active than trade union members (Wymenga, Spanikova, Derbyshire, Barker et al. 2011: 9; De Kok, Vroonhof, Verhoeven, Timmermans et al. 2011: 127). Moreover, the research concerning relationships between entrepreneurship and selected important economic measures shows ambiguous results. The correlation between GDP per capita and the self-employment rate in advanced economies in 1990–2004 proved it to be strong and negative (-0,96). In other words, in the countries covered by analysis higher economic development levels were accompanied by lower rates of self-employment in total employment. Furthermore, the relationship between unemployment and entrepreneurship was both negative and positive (Audretsch, Carree and Thurik 2002: 10). Small-scale economic activity was frequently regarded as a substitute for paid employment (taken when no other job opportunities were available). It is argued that self-employment did not result in any improvement in the labour markets of the analysed countries (Kryńska 2007: 52–68).

## IDEATIONAL EMBEDDEDNESS OF ENTREPRENEURSHIP IN THE EU STRATEGIC DOCUMENTS

The foundation for the EU policy for entrepreneurship is the treaty principle of ensuring equal conditions of competition in the common internal market for all economic operators. It primarily shows a neoclassical approach to the notion of entrepreneurship. However, the community's institutions do not refrain from active measures targeted at enterprises of varying size. This approach was intensified with regards to the implementation of the Lisbon Strategy, aimed at making the EU the most competitive knowledge-based economy in the world. One of the main implementation measures was to promote and support entrepreneurship, particularly

small and medium-sized businesses. The policy in question was based on recognising the most important economic, and consequently social, role of small and medium-sized enterprises. In the analysed strategic EU documents such operators were associated with unambiguously positive expressions: *development, new, better, dynamic, competitive, improvement, success, innovation, and potential*. Small and medium-sized companies were granted credit for favourable socio-economic processes, such as a new economy, GDP growth, job creation, social cohesion, innovation, employment, social integration, and welfare (ECHSE 2004).

As it is stated in a community document, SMEs determine the overall economic well-being. The prerequisite for a particular treatment of such operators is the belief in the specific character of today's world, witnessing previously unseen phenomena: uncertainty, globalisation, technological change, and competition, but also an inferior position of European societies in relation to the USA (SBA 2008).

At the same time, it follows from the selected documents that policies of the EU and its member states should take account of the unfavourable position of small businesses. Therefore, the situation requires initiatives favouring this category of economic operators. Such measures must be SME-friendly and oriented towards meeting their needs. Therefore, public authority in the form of community institutions declares its readiness to act. Direct support is offered, for instance in enhancing entrepreneurial values, facilitating access to resources, financial assistance, taking account of interests of SME owners in institutional actions, as well as a commitment to pursuing economic policy with a reduced degree of regulation, requirements, and control over entrepreneurs (ECHSE 2004).

Declarative statements are translated into specific support instruments. The main implementation measure of direct EU support for small and medium-sized enterprises has been structural funds<sup>2</sup>. The texts selected for analysis reflect a distinct emphasis on the privileged treatment of entrepreneurs in relation to other groups (employees) in the EU economic policy (EES 2007). The reason given for such an approach is the implementation of economic objectives set by the organisation in the area of competitiveness and a knowledge-based society. It is worth pointing out that the frequently indicated vagueness of notions representing the goals of community entrepreneurship policy can only serve to increase the legitimisation of specific measures. To a certain extent, this ambiguity of definitions makes the plausibility of actions referring to such terms open to question. The recognition of the role of small and medium-sized enterprises and their legitimisation is additionally based on associating entrepreneurship with science and innovation. In this context, small and medium-sized firms seem to be the justification for conducting research, to be undertaken in consideration of its subsequent applications in small business.

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<sup>2</sup> In the EU financial perspective 2007–2013 these are: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), and the European Agricultural Fund for Rural Development (EAFRD). Within the framework of the EARRD, support is granted for starting economic activities in rural areas. The ESF and the ERDF offer various aid measures aimed at cooperation of economic operators, environmental protection, business start-ups, and the application of information technology.



## IDEATIONAL EMBEDDEDNESS OF ENTREPRENEURSHIP IN POLISH PUBLIC DISCOURSE

The treatment of entrepreneurs and entrepreneurship in Poland, based on neoclassical economics, also resulted from the fact that this socio-occupational category was heavily promoted by international and advisory organisations from the beginning of the political and economic transition (Bateman 2000: 293). This orientation is still very strong in public debate and results in undertaking particular measures of indirect support for entrepreneurs. Over time, particularly as a result of Poland's joining the EU, the need for granting direct support for entrepreneurs began to be relatively more frequently emphasised. Consequently, the policy implemented was eclectic, combining characteristics of both *neoclassical* and *interventionist* doctrines.

Support from the mainstream scientific and expert discourse, as well as from EU institutions, was conducive to an increasing impact on the shape of the government development and labour market policies. In the period covered by the analysis, the discourse on entrepreneurship in Poland was also based on mutual negotiations of positions between public authority and entrepreneurs. On the one hand, the future and existing entrepreneurs stressed the need for assistance from the state in the form of various direct and indirect measures (Parren and Jennings 2005: 181) (CM 2000). Simultaneously, official government documents highlighted the significance of entrepreneurs in Poland. For public authority they represented a guarantee of economic growth, well-being, employment, introducing innovation, and civilisational development (EDL 2002). As a result, both sides legitimised their actions. Statements of entrepreneurs justifying the necessity of deregulatory actions include a motive of having been wronged by the administration, the state. Self-employed persons had to struggle, permanently and heroically, with red tape impeding their operations. According to entrepreneurs, without various facilities it would be impossible to act in general interest, i.e. to maintain or expand employment, develop, innovate, or compete in the European and world markets (CM 2000). This viewpoint was also shared by the public authority (EDL 2002, NDP 2004–2006).

As in the case of the EU strategic documents, Polish government papers regard measures for entrepreneurs as priorities. The government was supposed to act directly towards improving the financial standing of companies, particularly of small and medium-sized enterprises. Its measures were intended to facilitate the setting-up and management of firms, stabilise their economic situation through positive financial results, and create a business-friendly environment (EDL 2002, NSRF 2007–2013). The authors of the analysed strategy see the necessity to gear the occupational structure in Poland towards the target composition found in the EU Member States. Promotion and support for entrepreneurship should serve as a means of curbing the underground economy and reducing agricultural and industrial employment in favour of services. Potential recipients of assistance – prospective entrepreneurs – are assumed to have insufficient knowledge and qualifications to start a business. Therefore, such barriers should be overcome through advisory services and training. Start-ups should also be granted financial assistance for a specific period of time.



Simultaneously, the reason given for direct support for existing companies is the necessity to adapt to changes resulting from ever-more fierce competition and the emergence of new technologies (NSRF 2007–2013).

## FROM ENTREPRENEURSHIP IDEOLOGY TO PRACTICE: THE CASE OF START-UP SUBSIDIES FOR UNEMPLOYED PERSONS IN POLAND

In Poland as well as in the other EU countries SMEs play a very important economic role. Their contribution to the overall economic output and employment is significant. For instance, according to Polish Agency for Enterprise Development (PAED) data for 2000–2005 the share of SMEs output in Poland's GDP amounted to approximately 47–49%<sup>3</sup>. Moreover, in the same period the share of employed in these entities in the total number of employed persons amounted to around 66–68% (Wolański 2009: 223–227). It should be underlined that the SME sector was the “backbone” of the whole EU economy as well: over two-thirds of all jobs and over half of the gross value added were attributed to SMEs (Wymenga, Spanikova, Derbyshire, Barker, et al. 2011: 8). They comprised 1.67 million active entities out of 4.1 million of all registered enterprises in 2008 in Poland (*Raport o stanie sektora* 2011: 15). The size and branch structures of SMEs were similar in Poland and in the EU. However, compared to the EU as a whole, there were micro-firms and entities active in trade sector in the domestic economy that prevailed (SBA Fact Sheet). Another distinctive feature of Polish SMEs was a relatively high share in employment, but not in value added, which might suggest a lower level of productivity than the EU average (SBA Fact Sheet).

The reason behind public policy in favour of entrepreneurs in Poland was linked with the specific socio-economic situation of a country undergoing a process of transition. Such policy was aimed at fostering overall economic development and limiting unemployment phenomena, among others. Indeed, in the period in question the SME sector had a relevant contribution to the domestic economy (Figure 1). Firstly, from 2000 to 2009 the share of this sector in the Polish GDP remained stable and high. Secondly, the number of active enterprises was negatively associated with the unemployment rate.

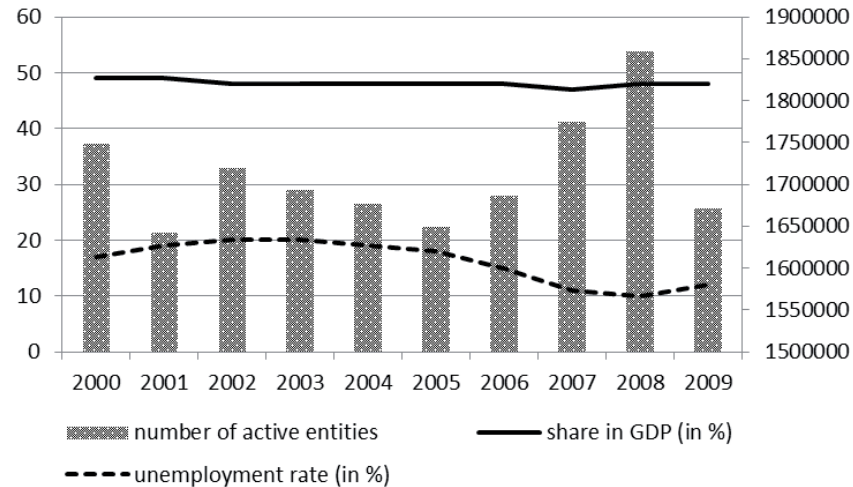
The overall economic policy and the direct support policy for entrepreneurship in Poland favoured entrepreneurs and those intending to start small and medium-sized enterprises. The policy was to reduce the role of the state in the economy, take stabilisation measures and ensure low taxes<sup>4</sup> (Kaliński 2009: 132–141; Wasilewski 2008: 40). Over the past decade a number of indirect solutions, also favourable for entrepreneurs, have been introduced to Poland's economic policy. Those include: cutting, simplifying and making more uniform the various taxes on economic activity; reducing the number of required reports, declarations, and returns; reducing the frequency of inspections by authorities; introducing more flexible solutions in labour law; and shortening judicial proceedings in commercial courts. At the same time, in the period in question

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<sup>3</sup> The share of SMEs output in Poland's GDP in the years 2006–2009 was about 47–48%.

<sup>4</sup> In Poland economic operators, regardless of their legal form, are subject to a flat-rate income tax of 19%, one of the lowest rates in the EU.

entrepreneurship in Poland received significant and comprehensive public support (Bienias and Opałka 2010: 53–63). As a consequence, economic transition and subsequent systemic changes resulted in the formation of a differentiated social structure. The system created conditions for development of and wealth accumulation for the rather numerous categories of SME owners (entrepreneurs) (Słomczyński and Janicka 2005: 175).



**Figure 1.** Share of MSP output in GDP, number of active MSP and unemployment rate in Poland in the years 2000–2009.

Source: own elaboration based on Polish Agency for Enterprise Development data

The case of implementation of an embedded ideational system of entrepreneurship could be illustrated by one of the extant and important labour market instruments aimed at promoting entrepreneurship in Poland and in EU Member States: public start-up subsidies granted to unemployed persons. Their design and implementation effects point to a particular approach of public authority to entrepreneurship. In the case in question, entrepreneurship serves as a tool for combating unemployment and stimulating economic activity. State support (mostly financial assistance) for starting and developing a business was seen as a means of resolving the social problem of unemployment and of generating entrepreneurial behaviours in disadvantaged groups.

The launching of start-up subsidies in Poland in 2004 should be attributed to several causes. At that time unemployment was a widespread phenomenon, defined in the public debate as one of the gravest and most pressing social issues. In 2001–2003 the unemployment rate ranged from 18% to 20% and ranked among the highest in Europe. In this regard, according to a popular belief (shared mostly by experts) it was crucial to change the previous labour market policy towards an increased share (in terms of quantity and amount) of active

labour market measures (*Krajowy Plan Działania* 2005). Start-up subsidies for unemployed persons represented one such active instrument addressing the shortage of jobs. In addition, as a no less important reason for introducing this measure, it was necessary to adapt the existing labour market instruments to the requirements of receiving EU financial assistance. Under the previous legislation, it was possible to grant start-up loans to the unemployed. The novelty was the possibility of granting one-off and non-repayable subsidies. At the preparation stage, the authors of the bill gave the following reasons for changing the legal framework:

It concerns a one-off source of funding for starting a business. An unemployed person receives a start-up subsidy. We have moved away from the concept of loans as those are not acceptable within the European Social Fund. At the same time, job creation subsidies represent an approved measure. In the case of subsidies it is possible to receive reimbursements from the European Social Fund, whereas no such possibility is offered for loans (SC 2004).

The above-mentioned act, thus the instrument of subsidies for unemployed persons, was part of the government programme Entrepreneurship-Development-Jobs II, aimed at implementing the Lisbon Strategy through the creation of a system working towards and hampering growth in unemployment. Simultaneously, such instruments were supposed to implement the goals of the European Employment Strategy, the European Social Charter and the Charter of the Fundamental Social Rights of Workers. The reasons given for such changes included, apart from necessary adjustments to the *acquis communautaire*, the need for Poland to catch up with the EU Member States in terms of increasing the employment scale and reducing the unemployment rate (*Bill on employment...* 2004). Start-up subsidies were intended to strengthen the effects of public action in the area of curbing unemployment<sup>5</sup>. During the process of elaborating a bill, a government representative gave the following reasons for actions planned:

Should we allocate half of the Labour Fund appropriations to unemployment benefits, received by a mere 15% of unemployed persons, or rather earmark them for activation measures? The funds not used for unemployment benefits will not be gone forever, but instead will be assigned to other, more future-oriented goals (SC 2004).

Support for business start-ups was perceived as a key element of combating unemployment. In particular, this was the opinion of a representative of a political party regarded as liberal in economic terms:

(...) self-employment releases positive energy in the population and shapes the future of the economy. Therefore, since we are working on such a revolutionary act, it should be as comprehensive as possible. As you will see, the bill also comprises the motives for self-employment, and I will attempt to draw on them as much as possible to include measures to stimulate this mechanism better than before (SC 2004).

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<sup>5</sup> The goal was to cut the so-called protective measures (unemployment benefits, pre-retirement benefits) in favour of active labour market instruments.

as well as the view of a representative of a private employers' organisation:

I wish to support the honourable gentleman in his efforts to emphasise the importance and meaning of the self-employment mechanism in combating unemployment, particularly that the self-employment instrument represents a major component of the European Employment Strategy. It is a step in the right direction (SC 2004).

Start-up funds have been granted since 2005, up to a maximum amount of six times the national average wage. Those take the form of one-off funding, granted under contracts concluded between *poviat* labour offices and unemployed persons after their applications have been approved. The requirement for receiving financial aid is to keep the business running for a minimum period of 12 months. The launch of the instrument in question was accompanied by an abrupt fall in the unemployment rate in Poland. In 2004 the registered unemployment rate was approximately 18%. Three years later the rate dropped to nearly 10% and has remained relatively low ever since. However, the decreasing unemployment rate should be attributed to the economic upturn and Poland's integration into the EU (from 2004 Polish nationals began to migrate on a large scale to the EU-15 countries which had opened up their labour markets) rather than to the application of the discussed measure (Dolny 2011: 36).

**Table 1**

Employment efficiency (EE) and cost efficiency (CE) of active<sup>6</sup> labour market programmes in Poland in 2006–2010

Year	training courses		intervention works		public works		community service or work		traineeships		start-up subsidies		workplace equipment	
	EE	CE	EE	CE	EE	CE	EE	CE	EE	CE	EE	CE	EE	CE
2006	45.1	2,911	72.2	4,869	46.0	9,102	35.0	1,285	51.1	8,458	100.0	10,700	100.0	9,200
2007	44.4	3,477	74.3	5,118	46.9	10,050	44.0	1,039	55.2	7,615	100.0	11,904	100.0	9,654
2008	39.2	4,374	73.4	5,737	46.6	12,578	43.4	1,277	54.2	11,309	100.0	13,402	100.0	13,685
2009	34.3	6,762	71.8	6,415	48.0	13,122	39.8	1,423	49.5	13,085	100.0	17,102	100.0	18,143
2010	36.7	7,431	70.8	7,549	46.0	14,069	39.8	1,597	48.4	13,977	100.0	18,037	100.0	18,380

Source: own study based on data from the Ministry of Labour and Social Policy

The data on implementation effects of all the active labour market programmes between 2006 and 2010 show that start-up subsidies for unemployed persons brought equivocal results (Table 1). As far as job creation is concerned, the instrument in question apparently contributed to optimum effects. But reaching 100% efficiency resulted from the specific structure

<sup>6</sup> Employment efficiency is the ratio of the number of persons who, in a given year, obtained employment within three months of completing a given programme to the total number of participants. Cost efficiency is the cost of re-employment: the ratio of funds assigned to a specific instrument in a given year to the number of persons who obtained employment.

of the ratio. Its values might be interpreted as “objectively” (in quantitative terms) reflecting the purposefulness of the labour market policy conducted and legitimise support measures for entrepreneurship. However, the majority of such businesses did not last. According to a survey of the beneficiaries of funds received from labour offices, 93% wound up their companies within three years from the receipt of assistance (EU-Consult 2011: 81)<sup>7</sup>. It is worth stressing that the instrument of granting start-up financial assistance from the Labour Fund was important, both for creating new enterprises and, although to a much lesser extent, for combating unemployment. In 2008–2010 the total number of unemployed persons who started businesses with the aid of Labour Fund subsidies represented over a fifth of the total number of new economic operators registered in the period in question (EU-Consult 2011: 16). It should be added that it is a relatively costly measure, which is a characteristic feature of most active labour market instruments (Boeri and van Ours 2011). In this context, other tools such as training courses, community service, or work and traineeships proved to be relatively cheaper and contributed to hiring unemployed persons at a rather high level. It should be emphasised that, as shown by research and surveys, training courses play a particularly significant and positive role in unemployed persons finding work, although it usually occurs within several years. They are considered to be an effective, and relatively the least costly, form of economic activation (Wiśniewski 2011: 2–13). For this reason, appropriations for the instrument in question were given priority in labour market policies of the majority of the EU-15 countries. They accounted for roughly one-third of the total funds allocated to active labour market programmes (Błaszczuk, Fedorczyk and Kliszko 2008: 110). After the launching of the non-repayable start-up subsidies (for unemployed persons and others) and the results of implementing this type of instrument, arguments pointing out their several shortcomings were raised (Bartkiewicz and Dębowski 2010: 46–47, 109–110; Dolny 2011: 48–51; Dolny, Maksim and Zawadzki 2011: 206–208).

## SUMMARY AND DISCUSSION

The paper discusses the concept of *ideational* embeddedness of entrepreneurship. According to the analyses of EU discourses, Poland's policies for entrepreneurs, and of launching and implementation effects of a selected Polish labour market instrument – start-up subsidies for unemployed persons – the discourse on entrepreneurship support has been based, to a certain extent, on a particular ideology, drawing on a specific understanding of the notion of entrepreneurship: entrepreneurial ideology. The described ways of justifying conducted policies were selective and frequently based on under-defined concepts. The language of official documents of public authority was found to have served an increased legitimisation of the socio-occupational

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<sup>7</sup> At the same time, the fact that most such economic operators remained on the market for over a year could have resulted from the legal obligation of unemployed persons to continue economic activity. The majority of the beneficiaries of financial aid granted by labour offices ran their businesses for a period exceeding the required minimum of 12 months. Those continuing economic activity for the periods of: 12–18 months, 18–24 months and 24–36 months accounted for 36%, 27% and 30% respectively.

category of SME owners, which could be translated into the shaping of formal social institutions as favourable for interests of the group in question. It was reflected in the eclectic character of public policy for entrepreneurship, combining two different economic doctrines: *neoclassical* economics and *interventionism*. On the one hand, paradoxically, entrepreneurship policy was intended to actively support broader enterprise and entrepreneurship (scale of financial assistance, number of direct instruments). On the other hand, it was recognised that entrepreneurship must be fostered indirectly, through limiting market interventions by the state and deregulating the system governing economic activity.

One might be under the impression that there is a drift in power relations in the social system to the advantage of entrepreneurs, i.e. entrepreneurs being privileged in their influence on public authority, reflected in specific consequences: political legitimisation. At the same time, the above-mentioned conditions indicate that, contrary to what neoclassical economics emphasizes, public authority is an inseparable, essential aspect of creating and developing entrepreneurship (economic activity). This confirms the thesis derived from economic sociology, that economic activity – entrepreneurship in this case – is embedded in rules and institutional arrangements. Therefore, the conditions of relations between the public authority and those engaged in economic activity can be described in terms of *ideational embeddedness* of economic action in the form of entrepreneurship.

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#### OD BEZROBOCIA DO PROWADZENIA WŁASNEJ FIRMY:

#### IDEACYJNE ZAKORZENIENIE PRZEDSIĘBIORCZOŚCI W POLITYCE POLSKI I UNII EUROPEJSKIEJ

Współcześnie przedsiębiorczość jest zjawiskiem wielkiej wagi. Małe firmy są uznawane za fundament postępu ekonomicznego, innowacji oraz kreacji nowych miejsc pracy. Ich znaczenie ekonomiczne przekłada się zarówno na określony kształt polityki publicznej oraz praktyki społeczne. Proces tworzenia, utrzymania i rozwoju firm stał się przedmiotem wzrastającej legitymizacji oraz intensywnego wsparcia publicznego. W debacie publicznej ideę deregulacji, związaną ze znoszeniem barier administracyjnych wobec przedsiębiorców, uzasadnia się, odwołując do teorii ekonomii neoklasycznej. Jednakże zarówno w dyskursie publicznym, jak i w polityce publicznej mamy do czynienia ze wzrastającym, bezpośrednim wsparciem drobnej przedsiębiorczości, co opiera się na doktrynie interwencjonizmu państwowego. W tym kontekście, na poziomie władzy publicznej tworzona jest ideacja przedsiębiorczości, której funkcją jest uzasadnienie określonego kształtu polityki sektorowej. W artykule przedsiębiorczość postrzegana jest jako zakorzenione działanie ekonomiczne typu ideacyjnego. W celu zilustrowania ideacyjnego zakorzenienia przedsiębiorczości dokonano analizy unijnego i polskiego dyskursu polityki publicznej w latach 2000–2010. Przedmiotem badań były m.in. ważne dokumenty i strategie władzy publicznej, jak i oficjalne wypowiedzi jej przedstawicieli.

Słowa kluczowe: ideacyjne zakorzenienie, przedsiębiorczość, polityka publiczna, dyskurs, UE